



DCUC
DEFENSE CREDIT UNION COUNCIL

1627 Eye St, NW
Suite 935
Washington, DC 20006

202.734.5007
www.d cuc.org

Jason Stverak
Chief Advocacy Officer

September 2, 2025

The Honorable Roger Williams
Chairman
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

The Honorable Nydia Velázquez
Ranking Member
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

Upcoming Hearing: “Wired for Growth – How Expanding Broadband Can Revitalize Rural Small Businesses”

Dear Chairman Williams and Ranking Member Velázquez:

On behalf of the Defense Credit Union Council (DCUC) and our over 40 million members across the United States and around the world, I want to express our sincere appreciation for your leadership in addressing the needs of rural small businesses and veteran entrepreneurs. DCUC is the premier trade association representing credit unions serving military and veteran communities worldwide, and we are dedicated to ensuring that those who have served our country have access to the financial resources necessary to thrive in civilian life. We applaud the Committee’s attention to the critical infrastructure challenges facing rural America, as well as the opportunities to strengthen access to capital for our nation’s heroes.

We commend the Committee for convening the upcoming hearing titled *“Wired for Growth: How Expanding Broadband Can Revitalize Rural Small Businesses,”* scheduled for September 3, 2025. This hearing addresses a vital issue: the digital divide facing rural entrepreneurs. Reliable high-speed internet is no longer a luxury; it is a lifeline for small businesses to reach customers, access markets, and operate efficiently. Yet rural communities continue to lag in connectivity. According to the FCC, 17% of Americans in rural areas lack access to baseline broadband service, compared to only 1% of urban Americans. This gap in broadband access directly hinders the productivity and growth of rural small businesses – without broadband, it is harder to engage in e-commerce, manage supply chains, or tap into online services that urban businesses take for granted. In fact, recent research shows that rural counties with high broadband adoption see dramatically higher business growth (over **200%** more) than those with low connectivity, whereas communities without broadband access actually lose businesses each year. Clearly, expanding broadband infrastructure in rural America will unlock entrepreneurship, job creation, and economic resilience. DCUC’s member credit unions, many of which serve rural and remote military communities, witness firsthand how improved internet access helps local businesses and enhances the delivery of financial services (e.g. online banking, remote deposit, and digital loan applications) to underserved areas. We strongly support efforts to bridge the digital divide in rural America as a means to revitalize Main Street businesses and communities.

Serving Those Who Serve Our Country

Challenges in Access to Capital for Veteran and Rural Entrepreneurs

While investing in broadband will provide rural small businesses with new opportunities, we must also ensure these entrepreneurs have the capital to seize those opportunities. Here, we draw the Committee's attention to the unique challenges faced by veteran-owned small businesses, many of which operate in rural or underserved areas after our servicemembers return to civilian life. Veteran-owned businesses are a vital part of the American economy – **approximately 1.76 million veteran-owned businesses** employ about **5.3 million Americans** and generate nearly **\$1 trillion** in annual revenue. Despite their significant contributions, veterans often struggle with access to credit and financing. Studies show that veteran entrepreneurs tend to apply for financing more frequently than their non-veteran counterparts, yet they are denied loans at disproportionately higher rates. Several factors contribute to this credit gap: many veterans have thin or limited credit histories due to frequent relocations and deployments, which can make it harder to qualify for traditional business loans. In addition, a significant number of veteran entrepreneurs rely on personal savings to fund their ventures, leaving them financially vulnerable and limiting their growth potential. These challenges have taken a toll – the share of U.S. businesses owned by veterans dropped from 11% in 2014 to just 8.1% by 2020. We should be alarmed that those who served our nation are finding it *harder* to launch and grow businesses back home. Removing barriers to capital for veteran entrepreneurs isn't just the right thing to do; it will bolster the economies of countless communities, from rural towns to bustling cities, where veterans bring leadership and innovation to the marketplace.

Credit unions – especially defense credit unions located on or near military bases – are uniquely positioned to support veteran and rural small businesses. Our institutions are mission-driven, member-owned, and deeply embedded in the communities we serve. Often, in rural areas and military communities, credit unions fill the void left by larger lenders by offering personalized small business loans, financial education, and mentoring. However, outdated regulatory constraints are **limiting the ability of credit unions to fully meet the needs** of veteran entrepreneurs and other small business owners in these communities. Chief among these constraints is the **Member Business Lending (MBL) cap**, an arbitrary limit set by law in 1998 that restricts the total amount of business loans a credit union can make to 12.25% of its assets. In practice, this cap means that even when a credit union has ample capital and a willing borrower – say, a veteran-owned startup needing a modest loan to expand – the credit union may be forced to turn that borrower away once the cap is reached. This one-size-fits-all limit does not reflect market realities or member demand in many communities. Notably, the cap's impact is felt most acutely by the very groups we are discussing today: **veteran-owned businesses and rural borrowers**. DCUC has long argued that the MBL cap disproportionately hurts veterans and rural communities by choking off a key source of affordable credit. Credit unions ready and willing to do more find their hands tied by an outdated regulation that puts an artificial ceiling on lending. Additionally, other regulatory hurdles – such as field of membership restrictions that can prevent credit unions from serving adjacent rural areas in need – further constrain our ability to reach underserved entrepreneurs. In short, while defense credit unions stand on the front lines of providing capital to military and rural communities, current law and regulations limit how effectively we can respond to the demand for small business financing.

Support for the Veterans Member Business Loan Act (VMBLA)

To address these barriers and empower veteran entrepreneurs, DCUC strongly supports H.R. 4867/S. 539, the **Veterans Member Business Loan Act (VMBLA)**. This bipartisan, bicameral legislation – introduced in the House by Representatives Vicente Gonzalez (D-TX) and Brian Fitzpatrick (R-PA), and in the Senate by Senators Mazie Hirono (D-HI) and Dan Sullivan (R-AK) – would amend the Federal Credit Union Act to **exclude loans made to veteran-owned small businesses from the credit union MBL cap**.

In effect, loans to veterans would no longer “count against” the arbitrary 12.25% cap, freeing up credit unions to lend more to veteran entrepreneurs **without increasing any systemic risk** to the financial system. This is a prudent, targeted reform. By carving out veteran business loans, Congress can unleash existing capacity in the credit union sector to support those who have served, all at no cost to taxpayers and with no reduction in safety and soundness.

We believe the benefits of the VMBLA would be immediate and profound. **Exempting veteran business loans from the cap would open the spigot of capital for thousands of veterans looking to start or grow a business.** According to a 2018 report by the SBA and the Federal Reserve, veteran-owned firms are more likely to be seeking credit, often in small-dollar amounts, yet are more likely to be denied – indicating a clear unmet demand. By allowing credit unions to meet this demand, VMBLA will help **veteran entrepreneurs secure the funding they need to expand operations, hire employees, and invest in their communities.** Over time, this will translate into more local jobs and economic activity. In particular, rural areas (which have high concentrations of veterans and fewer alternative lenders) would see a boost – DCUC anticipates that **lifting the loan cap for veterans will spur new economic opportunities in underserved rural communities** that have been starved of capital. This is truly a win-win: veterans gain access to opportunity, and communities gain the businesses, services, and jobs those veterans create.

In addition to VMBLA, we encourage the Committee to explore complementary steps to improve small business financing for veterans and rural communities. Modernizing SBA loan programs – such as streamlining the 7(a) loan process and increasing outreach through SBA’s Veteran Business Outreach Centers – could enable more community-based lenders like credit unions to participate and extend guaranteed loans to veteran-owned firms. We also support efforts to ensure regulatory parity so that credit unions are not unfairly disadvantaged compared to other financial institutions in serving small businesses. For example, leveling the playing field with the Farm Credit System (which enjoys greater lending authorities in rural areas) would encourage **partnership rather than competition** in meeting rural credit needs. Ultimately, all policy levers should be aligned toward one goal: **eliminating the obstacles that prevent those who wore our nation’s uniform from achieving their entrepreneurial dreams.** Our veteran small business owners have already proven their leadership and dedication; now we must ensure they have the tools – from high-speed internet to affordable loans – to succeed in the next chapter of service to their communities.

Call to Action

We respectfully urge the Committee to take the following actions:

1. **Support and pass the Veterans Member Business Loan Act (H.R. 4867/S. 539).** This legislation is a critical step toward removing an unnecessary barrier that limits access to capital for veteran-owned small businesses. By advancing VMBLA, Congress will send a powerful message that America’s veterans *deserve more than gratitude – they deserve a fair chance to build and grow businesses here at home.* We ask that the House Small Business Committee formally endorse this bill and work with the Financial Services Committee to move it forward.
2. **Champion rural access to capital through credit unions.** In your oversight and legislative work, we urge you to promote policies that enable credit unions to expand services in rural and underserved areas. This includes supporting initiatives to modernize field of membership rules and to increase credit union participation in SBA and USDA lending programs. By cutting red tape and fostering collaboration (for example, expanding USDA loan guarantee partnerships with credit unions), Congress can help channel more investment into rural small businesses.
3. **Continue investing in rural broadband and technical assistance.** We heartily support the Committee’s focus on rural broadband as seen in this hearing. We encourage continued bipartisan efforts to fund broadband deployment and digital inclusion programs for rural entrepreneurs. Pairing improved infrastructure with small business technical assistance (such as training on e-commerce, digital marketing, and cybersecurity) will ensure that rural businesses can fully leverage new connectivity to grow and compete. As the Committee has recognized, infrastructure and capital go hand-in-hand in driving rural economic revitalization.

Thank you for your leadership and for the opportunity to provide our perspective for the record. Expanding broadband access and lifting antiquated lending caps are complementary strategies that will **empower rural communities and those who served our nation** to prosper in the modern economy. DCUC and our member credit unions stand ready to work with you to achieve these goals. We deeply appreciate your consideration of our views. Please do not hesitate to reach out if we can provide any further information or assistance to the Committee.

If you have any questions, please do not hesitate to email me at jstverak@dcuc.org or contact me via the phone at 202.557.8528.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Stverak", with a long horizontal flourish extending to the right.

Jason Stverak
Chief Advocacy Officer
DCUC

CC: Members of the Committee