United States Senate
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
WASHINGTON, DC 20510–6075

April 19, 2023

The Honorable Jerome H. Powell
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Dear Chair Powell:

In the wake of the failures of Silicon Valley Bank and Signature Bank, we have seen the critical role that liquidity plays in the stability of our financial system. In addition to the Federal Reserve, FDIC, and U.S. Treasury Department invoking the systemic risk exception, the Federal Reserve utilized their 13(3) lending powers to establish the Bank Term Funding Program to offer enhanced liquidity to eligible financial institutions.

In short, the Bank Term Funding Program was created to support American businesses and households by making additional lending available to eligible depository institutions to help make sure they can meet any liquidity needs. State-chartered credit unions play a similar role to other credit unions and banks in their communities and have similar liquidity needs as those institutions. In the past, privately-insured, state-chartered credit unions have been included in programs implemented in emergency situations, such as the Paycheck Protection Program Liquidity Facility, and many of them are eligible to use the Federal Reserve's discount window.

While we encourage privately-insured, state-chartered credit unions to use other liquidity sources that they are eligible for, like the Central Liquidity Facility, we are concerned that these institutions were not included in the Bank Term Funding Program. We urge the Federal Reserve to consider these concerns in any modifications to the Bank Term Funding Program and consider other ways to increase liquidity options for these institutions under the unique circumstances arising from the recent bank failures.

Sincerely,

Sherrod Brown
Chairman

JD Vance
U.S. Senator