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After Rescission Scare, Federal Program Disperses Economic Development Funds to a Record Number of Distressed Communities in Mississippi

The CDFI Fund announced \$22.8 million in 2017 Bank Enterprise Award grants to mission-focused banks for their service in high poverty communities.

These awards were at risk of being rescinded by the Trump Administration's proposed \$15 billion cutbacks package. The rescission failed to pass by its June 22, 2018 deadline, and the 2017 BEA Awards were subsequently unfrozen and released.

Washington, DC, June 27, 2018 – Earlier today, small banks serving America's impoverished communities were recognized by the U.S. Department of the Treasury's Community Development Financial Institutions (CDFI) Fund with \$22.8 million in Bank Enterprise Awards (BEA Awards).

The Awards had been at risk as a result of the Trump Administration's proposed \$15 billion rescission package, which failed to pass by its 45-day deadline of June 22, 2018. The failure of this package resulted in the Awards' long-awaited release to a record-breaking 113 banks and thrifts headquartered in 23 states and the District of Columbia. Mississippi received the by far the highest proportion of these awards, with 37 recipient banks headquartered within the state.

In total, 119 community development banks across the country requested a total of \$131.7 million from the program, which exceeded available funding by nearly 580 percent. Ninety seven percent of the money was awarded to 103 mission-focused banks that are certified as Community Development Financial Institutions (CDFIs), 63 of whom are members of the Community Development Bankers Association (CDBA).

The awards come at a critical time for Mississippi. According to the most recent benchmark report from the US Census Bureau, income inequality continues to rise. This problem is most acute in Mississippi, with a poverty rate of 20.8 percent and the lowest median household income in the nation. 59 percent of Mississippi's 82 counties face persistent poverty.

The BEA Program is a performance-based incentive that banks compete to receive based on documented increases in lending and services in economically distressed communities such as Mississippi's persistent poverty counties. Awards received are used to support new activity in these areas. Over a year-long assessment period, the 113 recipients to the 2017 BEA Awards reported:

- a \$470.4 million increase in their loans and investments in distressed communities;
- a \$18.6 million increase in their loans, deposits, and technical assistance to CDFIs;
- a \$7.3 million increase in the provision of financial services in distressed communities; and
- a \$2.5 million increase in their equity and equity-like loans and grants to CDFIs.

These loans and financial services help encourage entrepreneurial activity, job creation, homeownership, and safe small dollar lending options for low-income communities.

"But for the banks committed to serving the nation's most impoverished urban and rural markets, these are communities that otherwise would be left behind. The BEA Program is highly effective in getting capital to the places that need it most." said Jeannine Jacokes, CEO of the Community Development Bankers Association, the national trade association of community development banks.

Despite the enormous success of the BEA program in revitalizing disenfranchised communities since 1996, the Trump Administration sought to rescind the 2017 awards, as well as eliminate funding for the program in the fiscal year (FY) 2018 and FY 2019 budgets. Congress voted to maintain robust funding for the CDFI Fund and the BEA Program in FY 2018 and FY 2019.

About the CDFI Fund

The Community Development Financial Institutions (CDFI) Fund was created by the Riegle Community Development and Regulatory Improvement Act of 1994. As a bureau of the U.S. Treasury Department, the CDFI Fund operates programs that use modest amounts of Federal money to leverage a multiple of private sector capital to promote revitalization of low-income communities and bring disenfranchised populations into the economic mainstream.

Awarded annually, the Bank Enterprise Award (BEA) Program enables banks to financially support Community Development Financial Institutions (CDFIs) and to increase lending and services in the most economically distressed communities in the nation with 30 percent poverty and 1.5 times the national unemployment rate.

About CDBA

The Community Development Bankers Association is the voice and champion of the community development banking movement. CDBA and its 75 CDFI-certified member banks work to make the banking industry a force for good by collectively promoting financial inclusion and creating economic opportunity in the nation's most economically distressed rural and urban communities.

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