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Federal Program Disperses Economic Development Funds to Record Number of Distressed Communities Across the Nation

The CDFI Fund announced \$25 million in 2018 Bank Enterprise Award grants to mission-focused banks for their service in high poverty communities.

Washington, DC, December 19, 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 \$25 million in Bank Enterprise Awards (BEA Awards) to a record-breaking 119 banks and thrifts headquartered in 24 states and the District of Columbia.

In total, 124 community development banks across the country requested a total of \$218.1 million from the program, which exceeded available funding by over 772 percent. The highest proportions went to Mississippi and Louisiana. Ninety-four percent of the money was awarded to 105 mission-focused banks that are certified as Community Development Financial Institutions (CDFIs). Of the awardees, 61 are members of the Community Development Bankers Association (CDBA), who received a total of \$13.8 million in awards (55 percent of the total award dollars). In total, 88 percent of CDBA members received awards this year.

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. Awards received are used to support new activity in these areas. Over a year-long assessment period, the 119 recipients to the 2018 BEA Awards reported:

- a \$578 million increase in their loans and investments in distressed communities;
- a \$38.6 million increase in their loans, deposits, and technical assistance to CDFIs;
- a \$6.8 million increase in the provision of financial services in distressed communities; and
- a \$16.7 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.

“The BEA program is critically important to CDFI banks and the low-income communities they serve,” said Jeannine Jacokes, CEO of the Community Development Bankers Association, the national trade association of community development banks, “BEA is a smart use of federal resources because it uses a very modest amount of dollars to generate significant new investments in places that need it most.”

Despite the enormous success of the BEA program in revitalizing disenfranchised communities since 1996, the Trump Administration sought to rescind the 2018 awards, as well as to eliminate funding for the program in the fiscal year (FY) 2019 budget. The U.S. House and Senate Financial Services and General Government subcommittees still have not reached a compromise on the FY2019 Appropriations bill, but have maintained government funding through a second Continuing Resolution through December 21, 2018 to prevent a government shutdown. The House has designated \$223 million dollars to the CDFI Fund in FY 2019, while the Senate has put forward a higher figure of \$250 million dollars. The House's figure would allocate \$23 million to the 2019 BEA Awards, while the Senate's figure is \$2 million higher.

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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