



March 14, 2017

The Honorable Shelly Moore Capito  
Chairman  
Subcommittee on Financial Services &  
General Government Appropriations  
United States Senate  
172 Russell Senate Office Building  
Washington, DC 20510

The Honorable Tom Graves  
Chairman  
Subcommittee on Financial Services &  
General Government Appropriations  
United States House of Representatives  
2000 Rayburn House Office Building  
Washington DC 20515

The Honorable Christopher Coons  
Ranking Member  
Subcommittee on Financial Services &  
General Government Appropriations  
United States Senate  
127A Russell Senate Office Building  
Washington, DC 20510

The Honorable Mike Quigley  
Ranking Member  
Subcommittee on Financial Services &  
General Government Appropriations  
United States House of Representatives  
2459 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Moore Capito, Chairman Graves, Ranking Member Coons and Ranking Member Quigley:

On behalf of the undersigned banking trade associations, we urge you to support FY 2017 and FY 2018 funding for the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury.

With regard to the outstanding FY 2017 FSGG appropriations that are operating under a Continuing Resolution, we urge you to support \$250 million<sup>1</sup> for the CDFI Fund, including a \$23 million allocation for the Bank Enterprise Award (BEA) Program<sup>2</sup>. We are gravely concerned that the Administration's forthcoming FY 2018 budget may propose cuts to the CDFI Fund. We strongly urge you to maintain strong funding levels. Specifically, we ask you to support \$250 million in FY 2018 for the CDFI Fund, including a \$35 million allocation for the Bank Enterprise Award (BEA) Program.

Both requests are generally consistent with funding provided by Congress in FY 2016 and in the pending FY 2017 bills passed by the Senate and House Appropriations Committees during the 114<sup>th</sup> Congress.

The justification for increasing the BEA Program allocation within the CDFI Fund's overall appropriations is based on strong demand, high private sector leverage, and impact. The dollar amount of BEA requests has increased 200% since 2012 – from \$88.5 million in 2012 to \$179 million in 2015. In that time, the BEA Program allocation has risen by just \$1 million – a 5% increase. In 2015, only \$1 in funding was available for every \$10.40 in requests – the highest of all CDFI Fund program. In 2015, the program received 106 applications – the most in

<sup>1</sup> \$250 million is amount passed in HR 5485 (House FY 2017 Financial Services appropriation bill).

<sup>2</sup> \$23 million is amount passed in S 3067 (Senate FY 2017 Financial Services appropriations bills).

its history; yet, the program had only \$18.7 million available to award. An analysis by the CDFI Fund found that 90% of all BEA monies go to the lowest income census tracts (30% poverty, 1.5 times the national unemployment rate). Since 1996, the BEA Program has made \$429 million in awards and helped facilitate billions in new investments that benefit the most difficult to serve markets.

During the 2016 Presidential campaign, the need to create jobs and revitalize the economies of disenfranchised rural communities and neglected inner cities was a key theme. CDFI banks work in the exact communities that were the focus of this conversation. Community based financial institutions are uniquely positioned to understand local credit needs which is why there is historic bipartisan support for the CDFI Fund.

Collectively our organizations represent thousands of FDIC-insured depository institutions across the United States. Since 1996, hundreds of banks have participated in the programs of the CDFI Fund. The programs of the CDFI Fund have a proven, documented track record of creating impact and have become invaluable in helping banks find ways to serve credit markets and communities that otherwise might not be served. It is one of the Federal Government's best market-based strategies for leveraging and channeling needed resources to our most challenged communities.

**In the interests of creating new jobs and creating economic opportunity in the most distressed communities, we urge you to support: (1) \$250 million for the CDFI Fund with \$23 million for BEA in FY 2017; and (2) \$250 million for the CDFI Fund with \$35 million for BEA in FY 2018.**

Sincerely,

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