March 11, 2020

The Honorable Richard Shelby
Chairman
Committee on Appropriations
United States Senate
304 Russell Senate Office Building
Washington, DC 20510

The Honorable Nita Lowey
Chairwoman
Committee on Appropriations
United States House of Representatives
2365 Rayburn House Office Building
Washington DC 20515

The Honorable Patrick Leahy
Ranking Member
Committee on Appropriations
United States Senate
437 Russell Senate Office Building
Washington, DC 20510

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
United States House of Representatives
1026 Longworth House Office Building
Washington, DC 20515

Dear Chairman Shelby, Chairwoman Lowey, Ranking Member Leahy and Ranking Member Granger:

On behalf of the undersigned banking trade associations, we urge you to support FY 2021 funding for the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury. Specifically, we ask you to support $304 million for the CDFI Fund, which includes a $35 million allocation for the Bank Enterprise Award (BEA) Program. We are gravely concerned that the Administration's FY 2021 budget proposes to eliminate funding for the CDFI Fund's programs.

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 documented record of creating impact and they 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 distressed communities.

The request for the CDFI Fund represents a modest increase in funding over levels approved in the FY 2020 appropriations act, and it is justified by the significant demand and over subscription of the program. For example, in 2019, the BEA Program received $150 million in requests – six times the $25 million of funds available.

Since 1996, the BEA Program has made $472 million in awards and helped facilitate billions in new investments that benefit the most difficult to serve markets. 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). A 2017 evaluation of the BEA program by a third party firm concluded that *"The BEA Program drives investment into the neediest communities, areas that might otherwise remain marginalized, and complements CRA (the Community Reinvestment Act) by providing incentives to serve more highly distressed communities."*

BEA is highly effective in channeling resources to the most distressed communities. During the FY 2019 BEA round, the 113 awardees applicants collectively increased: (1) loans and investments in distressed communities by $362.2 million; (2) grants, loans, deposits, equity, equity-like loans and technical assistance by $26.5 million; and (3) provision of financial services in highly distressed communities by $36.1 million. During the BEA Program's annual assessment period (2017), the applicants collectively reported qualified activities totaling more than $2.1 billion, compared to the nearly $1.2 billion in qualified activities made during the 2016 baseline period. This represents an overall increase of nearly $941 million in lending, investment and financial services.

BEA primarily benefits small banks and banks working in the most distressed communities. In FY 2019, 99% of all award dollars have gone to certified CDFI banks and 88% of awards went to community banks with less than $1 billion in total assets.

In the interests of promoting job creation and economic vitality in neglected rural and urban communities, we urge you to: (1) appropriate $304 million in FY 2021 for the CDFI Fund; and (2) support the BEA Program at $35 million.

Sincerely,

American Bankers Association
1120 Connecticut Avenue, NW
Washington, DC 20036
www.aba.com

Bank Policy Institute
6000 13th Street NW, Suite 400
Washington DC 20005
www.bpi.com

Community Development Bankers Association
1444 I Street, NW, Suite 201
Washington, DC 20005
www.cdbanks.org

Independent Community Bankers of America
1615 L Street NW, Suite 900
Washington, DC 20036
www.icba.org

National Association of Affordable Housing Lenders
025 Connecticut Ave NW #710, Washington, DC 20036
https://naahl.org/

National Bankers Association
1513 P Street, NW
Washington, DC 20005
www.nationalbankers.org