



FOR IMMEDIATE RELEASE

Contact:

Jeannine Jacokes

CEO, Community Development Bankers Association

(202) 689-8935 ext. 222

jacokesj@pcgloanfund.org

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

The CDFI Fund announced \$18.6 million in 2016 Bank Enterprise Award grants to mission-focused banks for their service in high poverty communities. This Fund – which yields an enormously high impact with a near-negligible proportion of the federal budget – is under threat in the immediate years to come.

Washington, DC, August 22, 2017 – Last week, small banks serving America’s impoverished communities were recognized by the US Department of Treasury’s Community Development Financial Institutions (CDFI) Fund with \$18.6 million in Bank Enterprise Awards. Community development banks across the country requested a total of \$145.6 million from the program, which exceeded available funding by a staggering 760%. With limited resources, the BEA program provided grants to a record-breaking 102 banks and thrifts headquartered in 22 states and the District of Columbia. The highest proportions went to rural Mississippi and Louisiana. 92% of the money was awarded to 86 mission-focused banks that are certified as Community Development Financial Institutions (CDFIs). Last year, 19 fewer recipients received awards that were on average \$36,000 higher. With approximately the same amount of money for this year’s BEA Awards, the CDFI Fund cast a wider net to impact a broader array of America’s most distressed rural, urban, and Native American communities.

The CDFI Fund stimulates significant private investment in community development with a very small percentage of government funding. Last year, the BEA program enabled participating banks to infuse new capital into economically distressed areas, including:

- \$61.8 million in qualified equity investments, grants, loans and deposits in CDFIs
- \$550.8 million in qualified loans to 3,181 businesses
- \$37 million in qualified consumer loans to 2,193 residents
- \$3.6 million in qualified financial services

These loans and financial services have enabled entrepreneurs to start small businesses, managers to create new jobs, workers to become first-time homeowners, and low-income renters to avoid payday loans. “The magic of the BEA Program is that it uses a tiny amount of public resources to spark big impact in needy communities that require it most,” said Jeannine Jacokes, CEO of the Community Development Bankers Association, who represents the interests of CDFI banks on Capitol Hill.

Despite the enormous success of the program in revitalizing the disenfranchised communities in areas of the country that are often ignored in the federal budget, the Trump Administration has proposed immediate cuts to the CDFI Fund in FY 2018. These cuts would imperil economic prospects for communities that benefit from programs like the BEA. The House has voted to retain funding for the CDFI Fund and BEA Program. The Senate is expected to mark-up its FY 2018 bill after Labor Day.

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 US 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% 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 68 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. We convene community banking peers who strengthen a different kind of banking through collaboration, partnership, and learning. Of the 86 CDFI-certified banks receiving awards from the 2016 BEA Program, 50 are CDBA members. 41 of those 50 received the maximum award of \$227,282.

###