



February 10, 2022

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

The Honorable Rosa L. DeLauro
Chairwoman
Committee on Appropriations
United States House of Representatives
2365 Rayburn House Office Building
Washington DC 20515

The Honorable Richard Shelby
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

Re: Community Development Financial Institutions (CDFI) Fund Fiscal Year 2022 Federal Appropriations

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

On behalf of the undersigned banking trade associations, we strongly urge you to continue bipartisan support of the US Department of the Treasury’s Community Development Financial Institutions (CDFI) Fund. Specifically, we ask that you support at least \$360 million for the CDFI Fund, with a \$42 million allocation for the Bank Enterprise Award (BEA), in the final Financial Services and General Government (FSGG) bill for Fiscal Year 2022.

The \$360 million provided in the current Senate bill (including \$42 million allocated for the BEA program) represents a necessary increase in funding, and it is justified by the significant demand, over subscription of the programs¹, and dire need of the nation as we continue to suffer from the COVID-19 health and economic crisis.

Demand for the BEA program far outstrips the current funding. The CDFI Fund has just released 2021 BEA Program data revealing that **a total of 161 applications were received requesting awards of more than \$288 million, which is over double the amount requested last round and over 11 times the amount available (\$26 million).** The applications reflect the success of these institutions’ persistent efforts to meet the needs of low- and moderate-income (LMI) communities: **Applicants demonstrated an increase of over \$1.1 billion above “baseline period” activity,** in qualified lending, investment and financial services targeting severely economically distressed communities.

¹ CDFI Fund Releases Application Demand for FY 2021 Round of BEA Program, January 31, 2022, www.cdfifund.gov/news/438

We respectfully note that the proposal is still modest relative to the size and scope of the rapidly growing CDFI industry. **Currently, there are 1,298 CDFIs, of which 167 are newly-certified since the onset of the pandemic – an increase of 15%. The increase in the combined number of CDFI banks and bank holding companies (BHCs) is even higher at 25%, from 239 pre-pandemic to 301 today.** As the CDFI industry expands to promote economic and community development in LMI communities, the monies provided by the CDFI Fund must continue to grow to meet the needs of the industry. Members of our associations are on the front lines, working to reduce economic hardship in LMI communities, which are historically the most vulnerable during good times and bad. We believe our members are best positioned to help LMI communities overcome many of the issues that have placed them at an economic disadvantage. Unfortunately, due to the comparatively smaller size of most CDFIs, they are not always able to respond as quickly or with as much scale as the current economic situation in LMI communities demands.

The CDFI Fund and CDFIs are one of the Federal Government’s best market-based strategies for leveraging and channeling needed resources to our most distressed communities. CDFI Fund monies will leverage up to 12-times the private capital that will be channeled to local businesses, nonprofits, and others to aid in the ongoing recovery from the devastating effects of the COVID-19 economic crisis. **In the interests of promoting economic stabilization and vitality in neglected rural, urban and Native American communities, we urge you to: (1) appropriate \$360 million to the CDFI Fund and (2) support the BEA program at \$42 million in Fiscal Year 2022.**

Thank you for considering our recommendations. If you have questions or comments, please contact Jeannine Jacokes, Chief Executive Officer of the Community Development Bankers Association (CDBA), at (202) 689-8935 ext. 222 or jacokesj@pcgloanfund.org.

Sincerely,

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www.aba.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
1025 Connecticut Ave NW #710,
Washington, DC 20036 h
www.naahl.org

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

cc: The Honorable Chris Van Hollen, Chairman, Senate Appropriations Subcommittee on Financial Services and General Government
The Honorable Mike Quigley, Chairman, House Appropriations Subcommittee on Financial Services and General Government
The Honorable Cindy Hyde-Smith, Ranking Member, Senate Appropriations Subcommittee on Financial Services and General Government
The Honorable Steve Womack, Ranking Member, House Appropriations Subcommittee on Financial Services and General Government