United States Senate

WASHINGTON, DC 20510

April 16, 2019

The Honorable John Kennedy
Chairman
Subcommittee on Financial Services
& General Government
Senate Appropriations Committee
The Capitol, S-131
Washington, D.C. 20510

The Honorable Chris Coons
Ranking Member
Subcommittee on Financial Services
& General Government
Senate Appropriations Committee
The Capitol, S-131
Washington, D.C. 20510

Dear Chairman Kennedy and Ranking Member Coons:

We write in support of appropriations for the Community Development Financial Institutions Fund (CDFI Fund), which administers a range of innovative and effective programs that enable Community Development Financial Institutions (CDFIs) to address the needs of underserved markets. CDFIs help urban, rural, and Native communities reach market sectors that traditional financial institutions cannot. CDFIs provide the flexible, patient capital and financial services that consumers, small businesses and communities need to grow and thrive.

CDFI Fund programs include Financial Assistance (FA) and Technical Assistance (TA) awards to small and emerging CDFIs as well as established CDFIs, the Native American CDFI Assistance (NACA) Program aimed at increasing the number and capacity of CDFIs serving Native communities; and the Bank Enterprise Awards (BEA) program providing monetary awards to FDIC-insured banks that invest in low-income communities and/or CDFIs. CDFIs use these awards to provide a range of financial products and services aimed at revitalizing communities and increasing economic opportunity.

For Fiscal Year (FY) 2020, we urge the Committee to continue its support for the CDFI Fund by providing an appropriation of at least $300 million. This will allow the CDFI Fund to meet the exceptionally high demand for these resources, which far outpaces the availability of funding. With CDFIs' demonstrated success, leveraging $12 in private capital for dollar in federal support, a small increase of $50 million would leverage some $600 million providing much-needed capital and services to consumers and small businesses in rural and urban low-income communities. Communities will put those dollars to work, improving access to healthy food, financing affordable housing, building and repairing community facilities, expanding businesses, and improving opportunity for persons with disabilities.

One indication of the need for these awards is the applicant demand. In 2018, for all its programs—Financial and Technical Assistance, Healthy Food Financing, Persistent Poverty County awards, and Disability Financial Assistance – the CDFI Fund received over 800 applications totaling $700 million.

Critically important to the CDFI Fund is the impact it is having in underserved communities. In FY 2018, CDFI program awardees made over 280,000 loans and investments totaling over $11

billion, including loans to nearly 15,000 small businesses. The average size of each loan or investment was $39,821. CDFIs' loans and investments included 17,963 microloans totaling $2.1 billion; 207,657 consumer loans totaling $3.5 billion; 19,050 home improvement or home purchase loans equaling $2.1 billion; 33,613 affordable housing units financed; and 343,471 individuals received financial literacy training.[1] CDFIs served both urban and rural communities. In fact, twenty-eight percent of award recipients primarily serve rural areas.

The CDFI Fund also administers the New Market Tax Credit Program, the Capital Magnet Fund, and the CDFI Bond Guarantee Program, each designed to generate lending and investing to promote community revitalization, business development, and job creation in economically distressed communities.

We appreciate the important work that CDFIs do in our home states financing new and growing businesses, delivering financial services to distressed urban neighborhoods and remote rural areas, and facilitating the development of strong economically vibrant communities.

For these reasons, we strongly urge you to continue supporting the work of CDFIs by including $300 million for the CDFI Fund in the FY 2020 appropriations bill.

Sincerely,

Robert Menendez
United States Senator

Brian Schatz
United States Senator

Christopher S. Murphy
United States Senator

Jeanne Shaheen
United States Senator

Cory A. Booker
United States Senator

Tammy Duckworth
United States Senator

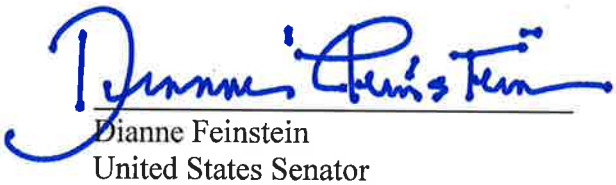
[1] Source: Audit of the CDFI Fund's 2018 and 2017 financial statements by the Treasury Dept. Office of Inspector General

Jack Reed
United States Senator

Martin Heinrich
United States Senator

Catherine Cortez Masto
United States Senator

Margaret Wood Hassan
United States Senator



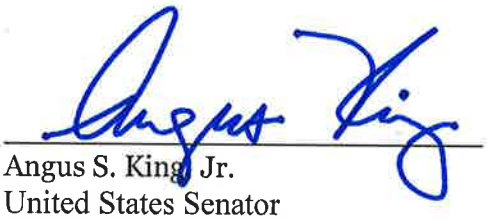
Dianne Feinstein
United States Senator

Ron Wyden
United States Senator

Kirsten Gillibrand
United States Senator

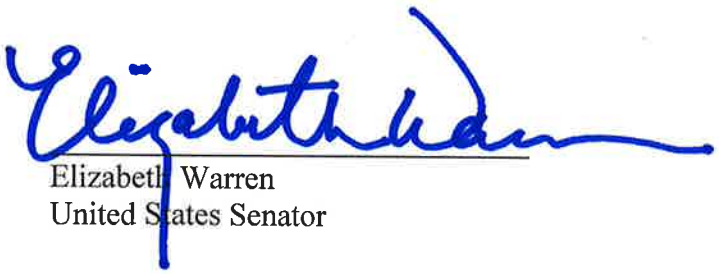
Debbie Stabenow
United States Senator

Maria Cantwell
United States Senator



Angus S. King Jr.
United States Senator

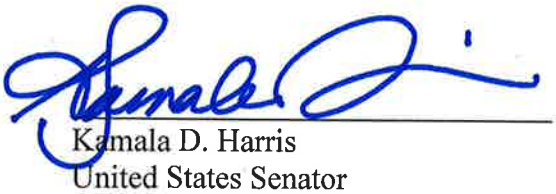
Kyrsten Sinema
United States Senator



Elizabeth Warren
United States Senator

Amy Klobuchar
United States Senator

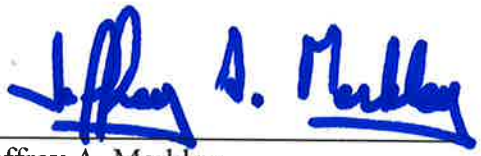
Sherrod Brown
United States Senator



Kamala D. Harris
United States Senator

Jon Tester
United States Senator

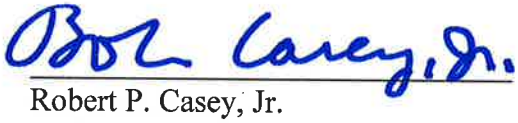
Mark R. Warner
United States Senator



Jeffrey A. Merkley
United States Senator

Sheldon Whitehouse
United States Senator

Gary C. Peters
United States Senator



Robert P. Casey, Jr.
United States Senator

Richard Blumenthal
United States Senator

Mazie K. Hirono
United States Senator

Chris Van Hollen
United States Senator

Bernard Sanders
United States Senator

Edward J. Markey
United States Senator

Benjamin L. Cardin
United States Senator

Richard J. Durbin
United States Senator

Tina Smith
United States Senator

Tammy Baldwin
United States Senator

Joe Manchin, III
United States Senator