

United States Senate

March 26, 2020

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 urban, rural, and Native communities markets that traditional financial institutions cannot. Over the last 25 years, CDFIs have provided 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. In addition, the FY20 appropriations also provided new funding for the Small Dollar Loan Program and Economic Mobility Corps.

For Fiscal Year (FY) 2021, we urge the Committee to continue its support for the CDFI Fund by providing an appropriation of at least \$300 million. We appreciate the efforts to secure \$262 million in funding for FY2020; however, a funding level of \$300 million for FY2021 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 \$38 million would leverage over \$450 million in additional resources, 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.

The critical need for this financing for low-income communities is evident in applicant demand for FY 2019. The CDFI Fund received 663 applications totaling over \$729 million for its CDFI programs, BEA program and NACA. Nationwide, CDFIs are increasingly making a difference in

rural communities that have been left outside the economic mainstream and areas of persistent poverty, where poverty is over 30 percent or median incomes are under 60 percent of the area median.

Critically important to the CDFI Fund is the impact it is having in underserved communities. In FY 2019, CDFI program awardees made over 772,000 loans or investments totaling nearly \$21.5 billion, including loans to over 23,000 small businesses. The average size of each loan or investment was \$28,000. CDFIs also financed 51,359 affordable housing units, made 697,854 consumer loans totaling more than \$9 billion, and provided 42,006 home improvement and home purchase loans totaling over \$4.4 billion.

The CDFI Fund also administers the New Market Tax Credit Program, the Capital Magnet Fund, and the CDFI Bond Guarantee Program, which are designed to generate lending and investing to promote community revitalization, business development, affordable housing, 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 2021 appropriations bill.

Sincerely,

Robert Menendez
United States Senator

Angus S. King, Jr.
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

Jack Reed
United States Senator

Joe Manchin, III
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

Brian Schatz
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 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

Martin Heinrich
United States Senator

Doug Jones
United States Senator

Thomas R. Carper
United States Senator

M. Michael Rounds
United States Senator

Tom Udall
United States Senator

Bill Cassidy
United States Senator

Jacky Rosen
United States Senator