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February 12, 2025

The Honorable Susan Collins
Chair
Committee on Appropriations
United States Senate
413 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tom Cole
Chair
Committee on Appropriations
United States House of Representatives
2207 Rayburn House Office Building
Washington, DC 20515

The Honorable Patty Murray
Vice Chair
Committee on Appropriations
United States Senate
154 Russell Senate Office Building
Washington, DC 20510

The Honorable Rosa DeLauro
Ranking Member
Committee on Appropriations
United States House of Representatives
2413 Rayburn House Office Building
Washington DC, 20515

Dear Chair Collins, Chair Cole, Vice Chair Murray and Ranking Member DeLauro:

The members of the Community Development Bankers Association (CDBA), the national trade association for the CDFI bank sector, strongly urge you to continue to provide support for FY 2025 funding for the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury. As you work to finalize FY 2025 appropriations, we ask you to support annual appropriations for FY 2025 at not less than the \$354 million previously approved by the Senate Appropriations Committee. This includes an allocation for the Bank Enterprise Award (BEA) Program of not less than \$40 million. The topline request for the CDFI Fund represents a necessary increase in funding over levels approved in the FY 2024 appropriations act, and it is justified by the significant demand and over subscription of the programs.

The \$354 million request in CDFI funding is modest relative to the size and scope of the CDFI industry. According to the Federal Reserve Board of New York, as of Q1 2023, 1,487 CDFIs collectively held approximately \$452 billion in total assets. The \$354 million will leverage up to 12-times its initial value in private capital and be channeled to local businesses, affordable housing, and other drivers of economic growth in underserved rural, urban and Native American markets.

CDFIs emphasize the importance of economic opportunity and growth by investing in people and places hard hit by long- and short-term economic disruption. By leveraging a small amount of federal dollars from the CDFI Fund, CDFIs extend a “hand up,” providing much-needed financial services that help create jobs, promote growth, and revitalize communities.

CDFI Fund CDFI Program

The CDFI Fund is one of the Federal government's best market-based strategies for leveraging private dollars to restore economic vitality. Since 1996, the CDFI Fund has awarded approximately \$9.1 billion to CDFIs, community development organizations, and financial institutions working in low-income communities.

CDFI banks create jobs and economic vitality by serving the smallest businesses that big banks do not find profitable enough to serve. They loan money to entrepreneurs who are willing to work hard and take responsibility for their own futures. Today, CDFI banks collectively have a portfolio of approximately \$86 billion in loans outstanding. Most CDFI banks' small business loans go to mom-and-pop businesses on Main Street. CDFI banks enable hardworking families to become homeowners. They finance affordable rental housing. CDFIs also enable growing charter schools to build facilities, support expansion of community health centers, and finance other economy boosting projects.

In FY 2023 alone, the CDFI Fund's "flagship" CDFI Program awardees made more than 2 million loans or investments totaling more than \$57 billion. This financing included \$20.2 billion for consumer loans, \$14.1 billion for home improvement and purchase loans, \$9.8 billion for small business loans, and \$5.8 billion for residential real estate transactions. CDFIs also financed nearly 77,000 affordable housing units.

CDFIs are also making a difference in distressed rural communities with 25% of FY 2024 CDFI Program awardees serving rural or small (micropolitan) markets. We urge Congress to provide strong funding levels to enable CDFIs to continue to do this important work.

Bank Enterprise Award Program

CDBA strongly supports increasing the allocation for the Bank Enterprise Award (BEA) program within the CDFI Fund's overall appropriation. The BEA Program has awarded \$682 million in BEA grants since 1996. Over the past five years, an average of 97% of all award dollars have gone to certified CDFI banks. BEA provides incentives for banks to: (1) provide grants, loans, investments, and other support to CDFIs; and (2) promote investment in the nation's most distressed communities.

BEA is highly effective in channeling resources to the most distressed communities. The justification for increasing the BEA allocation within the CDFI Fund is based on its strong impact, leverage and demand:

- Serving Low-Income Communities: 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.”

- **Demand:** BEA has strong demand and is far oversubscribed. In 2024, the program received 171 applications requesting \$101.5 million; yet, the program had only \$40.1 million available to award. Only \$1 in FY 2024 funding was available for every \$2.5 in requests.
- **Helps Small Banks:** BEA principally benefits small CDFI and community banks, not big banks. Over the past five years, 97% of all award dollars have gone to certified CDFI banks. By size, 53% of all 2024 award dollars went to the smallest banks with total assets of less than \$391 million, and 90% of awards went to banks with less than \$1.6 billion in total assets.
- **Impact:** During the FY 2023 BEA round alone, the 171 awardees collectively increased: (1) Commercial loans and investments in distressed communities by \$224.3 million; (2) Consumer lending in distressed communities by \$22.1 million; (3) Provision of financial products and services in distressed communities by 55.8 million; and (4) Loans and deposits to certified CDFIs by \$77.8.1 million.

In the interests of promoting job creation and economic vitality in neglected rural, urban and Native American communities, we urge you to: (1) Preserve FY 2025 appropriations for the CDFI Fund at not less than the \$354 million previously approved by the Senate Appropriations Committee; and (2) support the BEA Program at not less than \$40 million.

If you have questions or comments, please contact Jeannine Jacokes, Chief Executive Officer, at (202) 689-8935 ext. 222 or jacokesj@pcgloanfund.org.

The Membership of the Community Development Bankers Association

Adelphi Bank (OH)	Bank of Zachary (LA)
Amalgamated Bank (NY)	The Bank of Vernon (AL)
American Metro Bank (IL)	Bank of Winona (MS)
American Pride Bank (GA)	BankFirst Financial Services (MS)
Anstaff Bank (AR)	BankPlus (MS)
Asian Bank (PA)	Bay Bank (WI)
Banescos USA (FL)	Beneficial State Bank (CA)
Bank of Anguilla (MS)	BNA Bank (MS)
Bank of Brookhaven (MS)	BOM Bank (LA)
Bank of Commerce (MS)	California International Bank (CA)
Bank of Franklin (MS)	Carver Federal Savings Bank (NY)
Bank of Holly Springs (MS)	Carver State Bank (GA)
Bank of Kilmichael (MS)	Central Bank of Kansas City (MO)
Bank of Lake Village (AR)	Century Bank of the Ozarks (MO)
Bank of Moundville (AL)	Citizens Bank, Columbia (MS)
Bank of Oak Ridge (LA)	Citizens Bank & Trust (AL)
Bank of St. Francisville (LA)	Citizens Savings Bank & Trust Company (TN)
Bank of Winona (MS)	City First Bank, N.A. (DC)

Climate First Bank (FL)
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Cross Keys Bank (LA)
Decatur County Bank (TN)
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First Bank (MS)
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First Eagle Bank (IL)
First Independence Bank (MI)
First Missouri Bank of SEMO (MO)
First Missouri State Bank (MO)
First National Bank USA (LA)
First NaturalState Bank (AR)
First Security Bank (MS)
First Security Bank and Trust Co. of
Oklahoma City (OK)
First SouthWest Bank (CO)
First State Bank and Trust Company (MO)
FNB Oxford Bank (MS)
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Freedom Bank (TX)
Friend Bank (AL)
Gateway First Bank (OK)
Genesis Bank (MS)
Gibbsland Bank & Trust Company (LA)
Grand Bank for Savings, FSB (MS)
Great Southern Bank (MS)
Greater State Bank (TX)
Guaranty Bank and Trust Company (MS)
Industrial Bank (DC)
International Bank of Chicago (IL)
Kentland Federal Savings and Loan
Association (IN)
Landmark Bank (LA)
Legacy Bank and Trust Company (MO)
LifeStore Bank (NC)
LimeBank (MO)

Local Bank (OK)
Locus Bank (VA)
Lone Star National Bank (TX)
Magnolia State Bank (MS)
McGehee Bank (AR)
M&F Bank (NC)
Merchants and Planters Bank (MS)
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Mission National Bank (CA)
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Mountain Valley Bank (TN)
National Cooperative Bank (VA)
Native American Bank, N.A. (CO)
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Pan American Bank and Trust (IL)
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The Citizens National Bank of Meridian (MS)
The Cleveland State Bank (MS)
The Commercial Bank of Ozark (AL)
The Commercial Bank (MS)

The Cottonport Bank (LA)
The First National Bank and Trust (AL)
The First State Bank, Abernathy (TX)
The First, A National Banking Assoc. (MS)
The Harbor Bank of Maryland (MD)
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