



April 2, 2024

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

The Honorable Kay Granger  
Chair  
Committee on Appropriations  
United States House of Representatives  
2303 Rayburn House Office Building  
Washington DC, 20515

The Honorable Susan Collins  
Vice Chair  
Committee on Appropriations  
United States Senate  
413 Dirksen 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 Murray, Chairwoman Granger, Vice Chair Collins and Ranking Member DeLauro:

On behalf of the undersigned banking trade associations, we urge you to support FY 2025 funding for the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury. Specifically, we ask you to support \$341 million for the CDFI Fund, which includes a \$40 million allocation for the Bank Enterprise Award (BEA) Program. 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 Biden Administration's budget proposes only \$325 million for the CDFI Fund, a modest increase which does not begin to meet the needs of the underserved communities it supports.

The \$341 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. These monies are critically important: The \$341 million will leverage up to 12-times its initial value in private capital and be channeled to local businesses, nonprofits, and others to help vulnerable communities.

Collectively our organizations represent thousands of FDIC-insured depository institutions across the United States. Since 1996, hundreds of banks have participated in the programs of the CDFI Fund. The programs of the CDFI Fund have a documented record of creating impact, and they have become invaluable in helping banks find ways to serve credit markets and communities that otherwise might not be served. It is one of the Federal Government's best market-based strategies for leveraging and channeling needed resources to our most distressed communities.

The principal channel for bank participation in CDFI Fund programs is the BEA. Since 1996, the BEA Program has awarded \$642 million in grants and helped facilitate billions in new investments that benefit the most difficult to serve markets. 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.”*

FY 2023 BEA results bear out the program’s effectiveness in channeling resources to the most distressed communities. During the FY 2023 round, the 184 awardees collectively increased: (1) Commercial loans and investments in distressed communities by \$825 million; (2) Consumer lending in distressed communities by \$84.8 million; and (3) loans and deposits to certified CDFIs by \$59.1 million.

Additionally, BEA principally benefits small CDFI and community banks. Over the past five years, 97% of all award dollars have gone to certified CDFI banks. By size, 52% of all 2023 award dollars went to the smallest banks with total assets of less than \$376 million, and 94% of awards went to banks with less than \$1.5 billion in total assets.

**In the interests of promoting job creation and economic vitality in neglected rural and urban communities, we urge you to: (1) appropriate \$341 million in FY 2025 for the CDFI Fund; and (2) support the BEA Program at \$40 million.**

Sincerely,

American Bankers Association  
1333 New Hampshire Ave NW  
Washington, DC 20036  
[www.aba.com](http://www.aba.com)

Community Development Bankers Association  
1201 15th Street NW, Suite 200  
Washington, DC 20005  
[www.cdbanks.org](http://www.cdbanks.org)

Independent Community Bankers of America  
1615 L Street NW, Suite 900  
Washington, DC 20036  
[www.icba.org](http://www.icba.org)

National Association of Affordable Housing Lenders  
1025 Connecticut Ave NW #710, Washington, DC 20036  
[www.naahl.org](http://www.naahl.org)

National Bankers Association  
1513 P Street, NW  
Washington, DC 20005  
[www.nationalbankers.org](http://www.nationalbankers.org)