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Trump Budget to Eliminate Program Responsible for Creating Jobs in the Nation's Most Economically Distressed Communities

Proposed Elimination of US Treasury Community Development Finance Fund will close off economic opportunity for millions of hardworking people in America's hardest hit communities

Washington, DC, March 16, 2017 – The proposed 2018 budget outline released by the Trump Administration today would eliminate one of the most effective Federal programs to spur private investment, create jobs, and promote small businesses in economically distressed rural and urban communities.

The budget would eliminate the U.S. Department of the US Treasury Department's Community Development Financial Institution's (CDFI) Fund, one of the Federal government's best market-based strategies for leveraging private dollars to restore economic vitality. The CDFI Fund is currently funded at \$233.5 million under the FY 2017 Continuing Resolution at FY 2016 levels. The President's proposal would cut the CDFI Fund by \$210 million and eliminate the Community Development Financial Institution (CDFI) Program and the Bank Enterprise Awards Program. The proposal would leave only administrative funds to run non-discretionary initiatives.

Since 1994, the CDFI Fund has awarded more than \$2.4 billion to community development banks and other Community Development Financial Institutions (CDFIs) to work in low-income communities.

"A key theme of the 2016 Presidential campaign was the need to create jobs and revitalize the economies of disenfranchised rural communities and neglected inner cities. CDFI banks work in the exact communities that were the focus of this conversation," said Jeannine Jacokes, CEO of the Community Development

Bankers Association, the national trade association for CDFI banks. "Eliminating or reducing the CDFI Fund would stymie economic growth in the communities that need it most."

CDFIs enable hard working 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.

"Loss of funding for these programs would be devastating. With a very modest amount of Federal money, CDFIs are able to leverage significant private investment to create jobs, expand small businesses, build affordable housing, and expand access to education opportunities and healthcare for people in communities who need it most," said Brian Argrett, Chairman of the Community Development Bankers Association and President & CEO of City First Bank in Washington, DC. "The CDFI Fund is one of the great success stories."

A CDFI Fund analysis of Fiscal Year 2015 CDFI Program awardees found that this subset of CDFIs made over 41,000 loans or investments totaling over \$3 billion. The awardees financed over 12,000 small businesses with average loan size was \$73,000. The CDFIs also financed over 25,000 affordable housing units, 14,000 microloans, 11,807 consumer loans, and 12,500 home improvement loans.

The Bank Enterprise Awards Program provides incentives for banks to target resources to the most impoverished communities. A CDFI Fund analysis found that 90% of all BEA monies go to the lowest income communities with 30% poverty and 1.5 times the national unemployment rates. BEA awards principally go to small community banks; 44% of all award dollars have gone to small banks with total assets of less than \$250 million and 87% of awards went to community banks with less than \$1 billion in total assets over the past five years.

About the CDFI Fund

The Community Development Financial Institutions (CDFI) Fund was created by the Riegle Community Development and Regulatory Improvement Act of 1994. A bureau of the US Treasury Department, the CDFI Fund operates programs that use modest amounts of Federal money to leverage a multiple of private sector capital to promote revitalization of low-income communities and bring disenfranchised populations into the economic mainstream.

About CDBA

The Community Development Bankers Association (CDBA) is the voice and champion of the community development banking movement. CDBA and its 67 member banks are shaping a movement to change the banking industry to make it a force for good. Collectively, CDBA and its member banks promote financial inclusion and create economic opportunity in the nation's most economically distressed urban and rural communities. CDBA convenes community banking peers, who, through collaboration, partnership and learning, strengthen a different kind of banking—where people and communities come first.

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