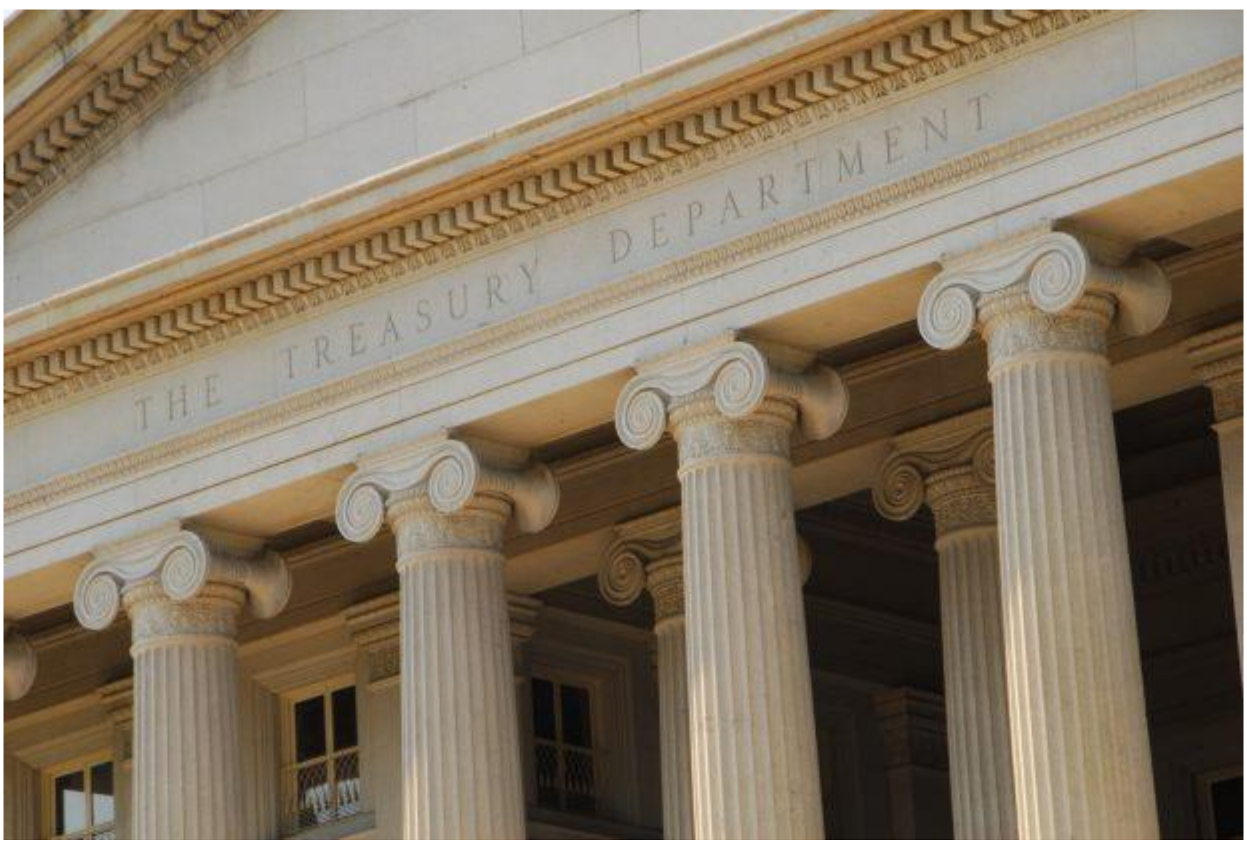
Trump Administration Targets Cuts to CDFI Program Again, but Touts Its Success

In 2019, the Treasury Department awarded $223.2 million in grants from its CDFI Fund, including $30.2 million to 47 credit unions.

By **David Baumann** | February 10, 2020 at 02:16 PM



U.S. Treasury Department building in Washington, D.C. (Source: dashingstock/Shutterstock)

Although his own Treasury Department calls the **Community Development Financial Institutions** program a “thriving model of public-private partnership,” President Trump on Monday once again proposed eliminating the program.

The proposal was included in the Trump Administration’s $4.8 Trillion FY21 budget released Monday.

The budget also proposes to subject the CFPB to the annual appropriations process, a Republican proposal that Congress has refused to adopt. And it repeats its estimate that the **credit union tax exemption** will cost $21.878 billion between 2020 and 2029.

The presidential budget is designed to be a statement of the administration’s funding positions on myriad programs and often is ignored by congressional appropriators.

The Trump budget includes cuts to dozens of popular programs that Congress has continued to fund, ranging from financial assistance to postsecondary students to home energy assistance payments to low-income people.

And it includes the CDFI program, which Trump has proposed eliminating since he took office.

This year, the **program received a $12 million increase**, to $262 million, in the end-of-year spending deal enacted in December.

The proposed cuts came, even after Treasury Secretary Steven Mnuchin told a House appropriations subcommittee in April that the administration had not conducted research into the program’s impact.

The budget document released Monday did not cite new research.

Instead, the budget stated that the administration “proposes to eliminate funding for the Fund’s four discretionary grant and direct loan programs because continued over-reliance on Federal funds hinders long-run sustainability of this now mature industry.”

But the administration’s own CDFI website states, “This strategic relationship not only injects vital sources of new capital into economically underserved areas, it also ensures that important investment decisions are made locally by the organizations that know their communities best.”