

June 19, 2020

The Honorable Richard Shelby
Chairman
Committee on Appropriations
United States Senate
S-128, The Capitol
Washington, DC 20510-6025

Dear Chairman Shelby:

On behalf of the undersigned Alabama-based Community Development Financial Institutions (CDFIs), a group which is comprised of the entire cohort of Alabama CDFIs, we strongly urge you to support \$1 billion in emergency funding for the Community Development Financial Institutions Fund (CDFI Fund) of the U.S. Department of the Treasury in the next economic stimulus package. We also urge Congress to waive any matching funds requirements to get funds onto the street expeditiously.

The impact of the coronavirus on the health, economy, state and local government resources, and overall well-being of the nation is unprecedented. In April, the U.S. Department of Labor reported that 43 states registered jobless rates higher than at any point since the government started keeping records more than 40 years ago -- putting the national unemployment rate at 14.7 percent.

An Alabama Workforce Council survey of 1,704 businesses in May found the economic crisis taking a heavy toll -- particularly on Alabama's small businesses. Fully 33% of firms reported laying off employees and 53% implementing hiring freezes during the pandemic. Nearly 36% reported lack of market demand as the biggest factor limiting business activity. A whopping 82% of businesses expect coronavirus to affect them negatively with 53% rating the business climate as "bad." To exacerbate the problem, the State of Alabama reported that tax collections fell by 33% in April -- with a 70% decline in business tax revenues and a 57% decline in individual tax revenues -- which will dramatically effect government services and availability of resources to revive the economy.

During the Great Recession, CDFIs played a pivotal role in stabilizing the local economies and preserving and creating jobs in low- and moderate-income communities. In 2009, Congress channeled \$100 million in stimulus funds into CDFIs through the American Renewal and Recovery Act (ARRA). CDFIs were able to quickly and successfully mobilize and deploy funds to help businesses, consumers and others to survive the Great Recession, particularly in the most economically fragile communities.

Alabama is home to 26 CDFIs. Collectively Alabama CDFIs have received \$190 million from the programs of the CDFI Fund. Yet, 77% of this amount (\$146.6 million) was been awarded in the last 5 years. This dramatic rise is due to a large increase in the number of organizations that have recently become certified and successfully competed for funding. We believe Alabama is well positioned to maximize its receipt of future CDFI Fund dollars.

Over the past 25 years, the CDFI Fund has proved to be one of the Federal government's best market-based strategies for restoring economic vitality in underserved markets. The \$1 billion request is modest relative to the size and scope of the CDFI industry. Currently, 1,126 organizations are certified CDFIs. Collectively, the CDFIs have \$211 billion in total assets with total outstanding portfolios of \$158.7 billion. The \$1 billion request represents a modest 0.47% of total CDFI industry assets. Yet, these funds are

critically important at this time. This capital can leverage up to 12-times (\$12 billion) the \$1 billion in private monies that will be channeled to local businesses, nonprofits, and others to help recover from the devastating effects of the recession and begin rebuilding.

As the senior Senator of our great state and Chairman of the U.S. Senate Appropriations Committee, we strongly urge you to allocate \$1 billion in stimulus funding to the CDFI Fund with a waiver of any matching funds requirements. We believe these resources will be vital to stabilizing Alabama's economy, preserving jobs, and creating new job opportunities.

Sincerely,

Bronze Valley Corp
Birmingham, AL
<https://bronzevalley.com/>

Commonwealth National Bank
Mobile, AL
<https://www.ecommonwealthbank.com/>

Demopolis Federal Credit Union
Demopolis, AL
<http://demopolisfcu.com/>

First Bank of Linden
Linden, AL
<https://www.firstbanklinden.com/>

First National Bank and Trust and
First Suncoast Trust Bancshares, Inc.
Atmore, AL
<https://www.fnbandt.com/>

Five Star Credit Union
Dothan, AL
<https://www.fivestarcu.com/>

Friend Bank and
SNB Holdings, Inc.
Slocomb, AL
<http://www.friendbank.net/>

Merchants & Farmers Bank of Greene County and
Merchants & Farmers Bancshares, Inc.
Eutaw, AL
<https://www.mfbusa.com/>

Bank of Moundville and
Moundville Bancshares, Inc.
Moundville, AL
<https://www.bankofmoundville.com/>

New Pilgrim Federal Credit Union
Birmingham, AL
<http://npfcu.com/>

North Alabama Revolving Loan Fund
Huntsville, AL
<https://www.neighborhoodconcepts.org/narlf>

Robertson Banking Company and
RBC, Inc.
Demopolis, AL
<https://www.robertsonbanking.com/>

Sabre Finance
Birmingham, AL
<https://sabrefinance.org/>

Southern Independent Bank and
Southern Independent Bancshares Inc.
Opp, AL
<https://www.southernindependentbank.com/>

The Bank of Vernon and
First Vernon Bancshares, Inc.
Vernon, AL
<https://www.bankofvernon.bank/>

The Samson Banking Company, Inc.
Samson, AL
<https://www.samsonbanking.com/>

United Bank and
United Bancorporation of Alabama
Atmore, AL
<https://www.unitedbank.com/>

West Alabama Bank & Trust
Reform, AL
<https://www.wabt.com/>

Alabama CDFIs

Estimated percent of all people that are living in poverty as of 2014-2018.

Percent of People in Poverty

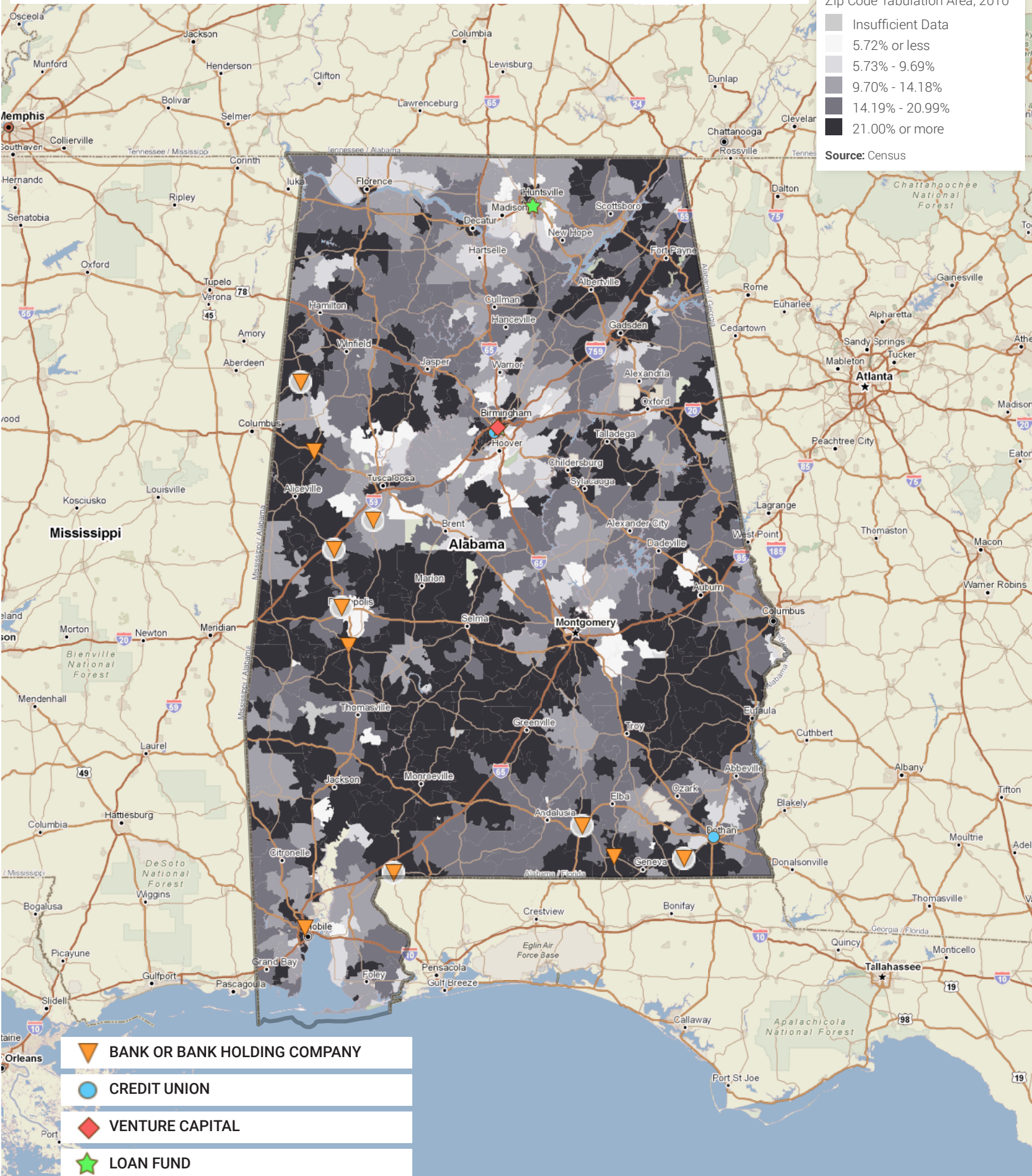
Year: 2014-2018





Shaded by:

Zip Code Tabulation Area, 2010

- Insufficient Data
- 5.72% or less
- 5.73% - 9.69%
- 9.70% - 14.18%
- 14.19% - 20.99%
- 21.00% or more

Source: Census



-  BANK OR BANK HOLDING COMPANY
-  CREDIT UNION
-  VENTURE CAPITAL
-  LOAN FUND