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Trump Proposes to Immediately Slash Job Creation Program Aimed at Nation's Most Economically Distressed Communities

Immediate Cuts to the US Treasury Community Development Financial Institutions Fund will imperil economic prospects for millions in America's most distressed rural, urban and Native American communities

Washington, DC, March 28, 2017 – Mid-way through the 2017 fiscal year, the Trump Administration today offered a proposal to immediately slash Federal community development programs totaling \$18 billion. The Community Development Financial Institutions (CDFI) Fund, widely recognized as one of the most effective Federal programs to spur private investment, create jobs, and promote small businesses in economically distressed rural and urban communities, would be substantially eliminated with a \$210 million cut.

The President has proposed the cuts as Congress works to complete action of pending FY 2017 appropriations. Much of the Federal government is operating on a Continuing Resolution (CR) for FY 2017 that expires on April 28, 2017. Congress must take action on the CR by April 28 or risk a government shutdown.

"The people and places that benefit from the work of the CDFI Fund and CDFI banks are hardworking small business owners, farmers, and families who are the backbone of our country and who the President pledged to help during the 2016 Presidential campaign." said Jeannine Jacokes, CEO of the Community Development Bankers Association, the national trade association for CDFI banks. "Eliminating or reducing the CDFI Fund will result in loss of jobs and economic opportunity for these people who need the most help."

On March 16, 2017, the Administration released a FY 2018 budget outline that included elimination of the U.S. Department of the US Treasury's CDFI Fund. As 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. The new FY 2017 proposal would make the cuts effective immediately.

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

“One of our greatest success stories, the CDFI Fund supports the community development banks throughout the US who bring capital and financial services to people who otherwise couldn’t access it to create jobs, expand small business, build housing and make a good education possible for people . Instead of cutting this budget, we should invest more in strengthening hardworking people - not pushing them down.” said” 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 grants to benefit 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 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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