



February 25, 2011

The Honorable Richard Durbin
Chairman
Subcommittee on Financial Services and
General Government Appropriations
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Jerry Moran
Ranking Minority Member
Subcommittee on Financial Services and
General Government Appropriations
United States Senate
Russell Senate Office Building, Courtyard 4
Washington, DC 20510

Dear Chairman Durbin and Ranking Member Moran:

On behalf of the undersigned banking trade associations, we urge you to support continued funding at FY 2010 levels (\$247 million) for the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury. Of this amount, we ask that at least \$25 million be reserved for the Bank Enterprise Award (BEA) Program.

As the Senate prepares to take action on the Continuing Resolution for FY 2011 funding, we are gravely concerned about recent actions by the U.S. House of Representatives to slash CDFI Fund appropriations to \$50 million – an 80% cut. As you know, low income families and communities are among the hardest hit during periods of economic distress. This recession has been no exception. If the CDFI Fund's appropriations are cut to \$50 million, the loss of jobs, affordable housing, and small business credit will be felt across the nation. For example, in the first year alone, proposed cuts in the CDFI Program will result in more than 19,000 fewer jobs created, 3,200 fewer small businesses with access to credit, 14,000 fewer affordable housing units, and a loss of \$1.6 billion in private investment in low income communities. A cut or elimination of the BEA Program will likely result in a loss of more than \$60 million in new bank investments in CDFIs and a loss of millions of dollars in new credit in low income communities.

The CDFI Fund's BEA Program is very important to banks and the communities they serve; it supports new investment in CDFIs of all types and provides resources to reach the most underserved communities. BEA resources are well targeted to the neediest communities and smallest banks. In fact, since 2007, CDFI banks have received 78% of all BEA awards and the smallest banks (with less than \$250 million in total assets) have received more than 57% of all funding.

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 proven, documented track record of creating impact and 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 challenged communities.

In the interests of promoting new jobs and economic recovery in the hardest hit rural and urban communities of our nation, we urge you to maintain FY 2010 funding levels of \$247 million for the CDFI Fund in FY 2011 with at least \$25 million allocated to the BEA Program.

Sincerely,

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