



March 13, 2014

The Honorable Tom Udall
Chairman
Subcommittee on Financial Services &
General Government Appropriations
United States Senate
110 Hart Senate Office Building
Washington, DC 20510

The Honorable Anders Crenshaw
Chairman
Subcommittee on Financial Services &
General Government Appropriations
United States House of Representatives
B-300 Rayburn House Office Building
Washington, DC 20515

The Honorable Mike Johanns
Ranking Member
Subcommittee on Financial Services &
General Government Appropriations
United States Senate
404 Russell Senate Office Building
Washington, DC 20510

The Honorable Jose Serrano
Ranking Member
Subcommittee on Financial Services &
General Government Appropriations
United States House of Representatives
2227 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Udall, Chairman Crenshaw, Ranking Member Johanns and Ranking Member Serrano:

On behalf of the undersigned banking trade associations, we urge you to support FY 2015 funding for the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury at \$226 million, including an \$18 million allocation for the Bank Enterprise Award (BEA) Program. The requested funding is consistent with funding provided by Congress in FY 2014. The President's proposed FY 2015 budget requests \$224.9 million for the CDFI Fund – but alarmingly no allocation for the BEA Program. We strongly urge you to restore funding to this critically important program.

The BEA Program is the only one of the CDFI Fund's programs that the CDFI bank sector has been able to access on a significant and regular basis. The BEA Program is very important to CDFI banks and the communities they serve in channeling resources to the most underserved people and places.

On average, over the past five years, 73.4% of all BEA awards have gone to CDFI banks that have a primary mission of promoting community development. As a result, among all of the CDFI Fund's programs, the BEA Program is the most targeted to distressed communities, with 89.5% of all monies going to the lowest low-income census tracts; only 61.1% of CDFI Program and 82.9% of New Markets Tax Credit Program resources were targeted to the most distressed places during this period.

Demand for the BEA Program is high. In 2013, the CDFI Fund received \$91 million in requests – but only had sufficient resources to make \$17.1 million in awards. The number of applicants increased by 28% between FY 2012 and FY 2013.

BEA uses a small amount of grant money to leverage significant dollars for low income communities. Over 2011-2013, \$57.1 million in BEA awards have leveraged \$203 million in support to CDFIs, \$1.55 billion in loans and investments in Distressed Communities, and facilitated delivery of \$73.4 million in financial services to underserved communities. In 2013 alone, the BEA Program enabled 85 awardees to generate \$417.3 million in net new community benefits, including increasing by \$10.3 million the provision of financial services and by \$383.3 million loans and investments in the poorest communities that have at a 30% poverty rate and 1.5 times the national unemployment rate. In addition, awardees increased by \$54.5 million the amount of loans, deposits and technical assistance provided to CDFI loan funds and credit unions.

BEA is a resource to help small community banks reach low income communities. Over the past five years, 85% of all BEA awards have gone to banks with less than \$1 billion in assets (considered a small bank by industry standards) with the majority (48%) going to the smallest banks with less than \$250 million in total assets. Only a modest 3.8% has gone to the largest money center banks. Awards to the largest banks were used primarily to support CDFIs.

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 continued economic recovery in the hardest hit rural and urban communities of our nation, we urge you to fund the CDFI Fund at \$226 million and restore support to the BEA Program to not less than \$18 million.

Sincerely,

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