



February 12, 2025

The Honorable Bill Hagerty
Chair
Appropriations Subcommittee on
Financial Services and General Government
United States Senate
251 Russell Senate Office Building
Washington, DC 20510

The Honorable David Joyce
Chair
Appropriations Subcommittee on
Financial Services and General Government
United States House of Representatives
2065 Rayburn House Office Building
Washington, DC 20515

The Honorable Jack Reed
Ranking Member
Appropriations Subcommittee on
Financial Services and General Government
United States Senate
728 Hart Senate Office Building
Washington, DC 20510

The Honorable Steny Hoyer
Ranking Member
Appropriations Subcommittee on
Financial Services and General Government
United States House of Representatives
1705 Longworth House Office Building
Washington, DC 20515

Dear Chair Hagerty, Chair Joyce, Ranking Member Reed and Ranking Member Hoyer:

On behalf of the undersigned banking trade associations, we strongly urge you to continue to provide support for FY 2025 funding for the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury. As you work to finalize FY 2025 appropriations, we ask you to support annual appropriations for FY 2025 at not less than the \$354 million previously approved by the Senate Appropriations Committee. This includes an allocation for the Bank Enterprise Award (BEA) Program of not less than \$40 million. The topline request for the CDFI Fund represents a necessary increase in funding over levels approved in the FY 2024 appropriations act, and it is justified by the significant demand and over subscription of the programs.

The \$354 million request in CDFI funding is modest relative to the size and scope of the CDFI industry. According to the Federal Reserve Board of New York, as of Q1 2023, 1,487 CDFIs collectively held approximately \$452 billion in total assets. The \$354 million will leverage up to 12-times its initial value in private capital and be channeled to local businesses, affordable housing, and other drivers of economic growth in underserved rural, urban and Native American markets.

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 documented record of creating impact, and they 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 distressed communities.

The principal channel for bank participation in CDFI Fund programs is the BEA. Since 1996, the BEA Program has helped facilitate billions in new investments that benefit the lowest income census tracts (30% poverty, 1.5 times the national unemployment rate). From 2016 through 2024, BEA Program award recipients increased their lending and direct investments in these underserved communities by more than \$4.5 billion. Additionally, BEA principally benefits small CDFI and community banks. Over the past five years, 97% of all award dollars have gone to certified CDFI banks. By size, 53% of all 2024 award dollars went to the smallest banks with total assets of less than \$391 million, and 90% of awards went to banks with less than \$1.6 billion in total assets.

In the interests of promoting job creation and economic vitality in neglected rural, urban and Native American communities, we urge you to: (1) Preserve FY 2025 appropriations for the CDFI Fund at not less than the \$354 million previously approved by the Senate Appropriations Committee; and (2) support the BEA Program at not less than \$40 million.

Sincerely,

American Bankers Association
1333 New Hampshire Ave NW
Washington, DC 20036
www.aba.com

Community Development Bankers Association
1201 15th Street NW, Suite 200
Washington, DC 20005
www.cdbanks.org

Independent Community Bankers of America
1615 L Street NW, Suite 900
Washington, DC 20036
www.icba.org

National Association of Affordable Housing Lenders
1025 Connecticut Ave NW #710
Washington, DC 20036
www.naahl.org

National Bankers Association
1513 P Street, NW
Washington, DC 20005
www.nationalbankers.org