



April 24, 2013

The Honorable Frank Lautenberg
Chairman
Subcommittee on Financial Services and
General Government Appropriations
United States Senate
133 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Johanns
Ranking Minority Member
Subcommittee on Financial Services and
General Government Appropriations
United States Senate
133 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Lautenberg and Ranking Member Johanns:

On behalf of the undersigned banking trade associations, we urge you to support FY 2014 funding for the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of the Treasury at the \$225 million requested in the President's budget. We were disappointed, however, to see that the President's budget significantly cut from \$18 million to \$10 million the allocation within the CDFI Fund's overall budget to the Bank Enterprise Award (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 under served people and places.

On average, over the past five years, 75% 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; whereas only 61.1% of CDFI Program and 82.9% of New Markets Tax Credit Program resources were targeted to the most distressed places. In 2012 alone, the BEA Program enabled 59 awardees to generate \$409.9 million in net new community benefits, including increasing by \$5.5 million provision of financial service and 383.3 million in loans and

investments in the poorest communities that have at least 30% poverty and 1.5 times the national unemployment rate. In addition awardees increased by \$21.1 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, 86% 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 (53%) going to the smallest banks with less than \$250 million in total assets. Only a modest 3% 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 \$225 million and restore support to the BEA Program to not less than \$18 million.

Sincerely,

American Bankers Association
1120 Connecticut Ave, NW
Washington, DC 20036
www.aba.com

Community Development Bankers Association
1444 Eye Street, NW, Suite 210
Washington, DC 20005
www.cdbanks.org

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

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