

February 21, 2020

The Honorable Richard Shelby
Chairman
Senate Appropriations Committee
S-128 The Capitol
Washington, D.C. 20510

The Honorable Patrick Leahy
Ranking Member
Senate Appropriations Committee
S-128 The Capitol
Washington, D.C. 20510

Re: FY 2021 Programmatic Appropriations Request for CDFI Fund Programs

Dear Chairman Shelby and Ranking Member Leahy:

On behalf of Opportunity Finance Network (OFN), a community development financial institution (CDFI) membership organization, I am writing to request your support for \$304 million for the CDFI Fund program in the fiscal year (FY) 2021 appropriations process, as well as a continuation of the CDFI Bond Guarantee Program with \$500 million in guarantee authority for this zero-subsidy program. We represent and serve a diverse membership of more than 270 CDFIs of various asset sizes and lending types working on the ground in all 50 states. Through 2018, OFN's network originated \$74 billion in communities across all 50 states, including rural, urban, and Native areas.

Community Development Financial Institutions (CDFIs) are private sector financial institutions that invest, lend, and deliver responsible, affordable financial products and services to disinvested communities across the country. This work would not be possible without the seed funding provided by the Treasury Department's CDFI Fund programs. The more than 1,100 certified CDFIs, including community development banks and credit unions, loan funds, and venture capital funds, invest billions of dollars annually in communities that are not served by conventional financial institutions. They fill a market gap left by the private sector caused by insufficient lending by larger depository institutions such as commercial banks.

The CDFI Fund programs build the capacity of CDFIs to provide loans, investments, business counseling, basic banking services, and financial literacy training to underserved and distressed communities. CDFI Fund grants are awarded competitively to the organizations that best demonstrate how they will partner with their communities to address their economic development needs, allowing local decision-making over how funds are deployed.

An appropriation of \$304 million will allow the CDFI Fund to begin to meet more of the exceptionally high demand for these resources. CDFI Fund financing is extremely effective and enables CDFIs to leverage significant private investment: for every \$1 in CDFI Fund awards, CDFIs generate \$12 in financing to communities and residents left out of the economic mainstream. This institutional level capital is not readily available from other sources. It is essential to allow CDFIs to continue providing much-needed capital to consumers and small businesses in underinvested rural, urban and Native communities. Increasing the funds available through the CDFI Fund will allow more CDFIs to go deeper into communities of the greatest need.



Please feel free to reach out to me with any questions. Thank you for your consideration of our request.

Sincerely,

Lisa Mensah
President and CEO
Opportunity Finance Network