

March 16, 2025

The Honorable Scott Bessent  
Secretary  
United States Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Secretary Bessent:

The National Bankers Association (NBA) is very concerned about the latest Executive Order titled “Continuing the Reduction of Federal Bureaucracy” and its potential impact on the Community Development Financial Institutions Fund.

Many NBA member banks are also Community Development Financial Institutions (CDFI) that have become community banks of the last, or often only, resort for consumers and businesses who are underserved by traditional banks and financial service providers. Members of our association are on the front lines serving low-to-moderate income, rural and underserved communities across the United States.

The Community Development Financial Institutions Fund actively works to enhance the ability of CDFIs to enhance financial access and opportunity by investing federal resources—which are matched with private funding—in CDFIs working to serve low-income and underbanked people and communities. The CDFI Fund offers both Financial Assistance and Technical Assistance awards to CDFIs. Technical Assistance grants are offered to CDFIs and Certifiable CDFIs to build their organizational capacity. Financial Assistance awards are made in the form of loans, grants, equity investments, deposits, and credit union shares, which CDFIs are required to match dollar-for-dollar with non-federal funds. This requirement enables CDFIs to multiply the impact of federal investment to meet the demand for affordable financial products in economically distressed communities. These competitive awards support and enhance the ability of our institutions to meet the needs of the communities they serve.

Since 1996, the Bank Enterprise Award (BEA) Program has helped facilitate billions in new investments that benefit the lowest income census tracts, which are defined as tracts where 30% of residents have incomes below the poverty level and unemployment at least 1.5 times the national average. 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 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.

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



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initial value in private capital and be channeled to local businesses, affordable housing, and other drivers of economic growth in underserved markets.

Since its inception, hundreds of banks have participated in CDFI Fund programs. These programs 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.

We understand the administration's focus on right sizing the federal budget and agree that there can indeed be tremendous benefit to this effort. However, we are very concerned that the potential shuttering of the CDFI Fund will have an outsized impact on communities across the country that can least afford it. We hope to work with you and the administration on this matter and look forward to engaging on the work our members do and the impact it has on millions of Americans.

Thank you for your support of community banking and your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'N Elam', is written in a cursive style.

Nicole A. Elam, Esq.  
President & CEO

