

# Congress of the United States

Washington, DC 20515

May 15, 2025

The Honorable Tom Cole  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Rosa DeLauro  
Ranking Member  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable David Joyce  
Chairman  
Subcommittee on Financial Services  
and General Government  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Steny Hoyer  
Ranking Member  
Subcommittee on Financial Services  
and General Government  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Cole, Ranking Member DeLauro, Chairman Joyce, and Ranking Member Hoyer:

We write to express our strong support for full funding of programs to support diverse and mission-driven community financial institutions throughout the country, including those that serve rural, suburban, urban, and tribal communities. Just a few days ago, the Trump Administration released an initial fiscal year 2026 (FY26) budget proposal that would gut the Community Development Financial Institutions Fund (CDFI Fund) and replace its \$291 million in discretionary awards with a much smaller \$100 million program focused solely on rural communities.<sup>1</sup> In issuing the budget plan, the White House characterized the CDFI Fund as a “woke program,” “cultural Marxism,” and “abused to advance a partisan agenda,”<sup>2</sup> despite the fact that 61% of CDFI locations are in Congressional Districts represented by Republicans,<sup>3</sup> and that Republicans and Democrats worked together in Trump’s first term to secure a historic \$12 billion to support CDFIs as well as minority depository institutions (MDIs).<sup>4</sup>

We support efforts to ensure all communities, including rural communities, have access to affordable credit, and the best way to do so is to reject the President’s misguided budget to zero out discretionary funds for CDFIs and instead provide at least \$333 million for the CDFI Fund in the FY26 appropriations. This is an inflation-adjusted amount based on what President Biden requested last year, and we would request a 40 percent set aside of funds made available to support minority lending institutions (MLIs). As part of this funding, and based on legislative reforms that the House has previously passed,<sup>5</sup> we request: awards be provided to address technology needs of community development financial institutions (CDFIs) and minority depository institutions (MDIs);<sup>6</sup> incentives to

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<sup>1</sup> White House, [FY26 Skinny Budget Request](#) (May 2, 2025).

<sup>2</sup> White House, [Cuts to Woke Programs Fact Sheet](#) (May 2, 2025).

<sup>3</sup> [CDFI Trades Letter](#) to Senate CDFI Caucus (Mar. 18, 2025).

<sup>4</sup> FSC, [Fact Sheet on \\$12 billion package for CDFIs and MDIs](#) (Dec. 2020).

<sup>5</sup> See [H.R. 7978](#) (117<sup>th</sup> Cong.), [Promoting and Advancing Communities of Color Through Inclusive Lending Act](#), sponsored by Rep. Waters. This legislation was passed by the House twice in 2022. Specifically, it was included as an [amendment](#) offered by Rep. Waters that was part of a bipartisan *en bloc* amendment to H.R. 7900, National Defense Authorization Act for Fiscal Year 2023. The legislation was also included in H.R. 2543 (117<sup>th</sup> Cong.), [Financial Services Racial Equity, Inclusion, and Economic Justice Act](#), sponsored by Rep. Waters. Also see FSC hearing, [An Unprecedented Investment for Historic Results: How Federal Support for MDIs and CDFIs Have Launched a New Era for Disadvantaged Communities](#) (Feb. 16, 2022).

<sup>6</sup> *Id.* Also see GAO, [Economic Development: Additional Training Could Help Small Lenders Implement Technology](#) (Mar. 28, 2024), which was requested by Rep. Maxine Waters and Sen. Mark Warner (Press Release, [Waters & Warner Request for GAO Study on Technology Challenges Faced by CDFIs and MDIs](#), Jun. 15, 2022).

encourage CDFIs to provide start-up capital for young entrepreneurs; a study of securitization options to further support the work of CDFIs to serve underserved communities; and the establishment of a searchable map for all CDFIs and MDIs so the public may locate nearby institutions. Moreover, we also request \$4 million to the National Credit Union Administration's (NCUA) Community Development Revolving Loan Fund (CDRLF), as requested by President Biden, with a 40 percent set aside for MDI credit unions. Though the President has issued an Executive Order attempting to roll back longstanding equity-focused initiatives like the CDFI Fund, Congress retains the power and the responsibility to preserve and fund these programs.

The House Financial Services Committee has done extensive work to examine the critical role MDIs and CDFIs play to provide access to credit in low- and moderate-income (LMI) communities and communities of color.<sup>7</sup> While regulators have a mandate to preserve and promote MDIs, the number of MDI banks (149 as of June 2024) and MDI credit unions (493 as of December 2023) declined by roughly one-third following the 2008 financial crisis. Additionally, there are 1,440 CDFIs located in all 50 states, D.C., Guam, and Puerto Rico, and they offer a range of financial products and services to consumers and small businesses in rural, urban, native, and other communities.<sup>8</sup> These banks, credit unions, and loan funds are certified by the CDFI Fund, which is administered by the U.S. Department of the Treasury and provides grants and other financial and technical assistance to support CDFIs.

While the mission of CDFIs has not changed, the service of CDFIs during the pandemic highlighted just how critical the role of those community financial institutions' were to communities across our nation, especially historically underserved communities, and why it is necessary that Congress provide them with greater support as our economy recovers. When the COVID-19 pandemic further disadvantaged LMI communities and communities of color, CDFIs and MDIs maintained their focus on helping businesses in their target areas minimize the economic impacts. After Congress established the Paycheck Protection Program (PPP), we were dismayed to learn big banks were prioritizing their wealthy, existing clients instead of helping hard hit small and minority-owned businesses. A Brookings analysis of the April 2020 PPP loan data found that "Black business owners were more likely to be denied PPP loans compared to White business owners with similar application profiles due to outright lending discrimination." The same analysis found that businesses in majority Black neighborhoods experienced significant delays in receiving PPP loans and were more likely to be pushed toward online lending, citing factors such as a lack of relationships between larger banks and minority-owned businesses, as well as an especially steep decline in community banks within communities of color. In the second round of PPP funding, Congress worked to ensure CDFIs and MDIs had a greater opportunity to participate as PPP lenders, which helped deliver a lifeline to small and minority-owned businesses that needed help. In testimony from the CDFI Coalition, "According to the SBA, through May of 2021, CDFIs made 1.3 million PPP loans totaling over \$30 billion or 21% of total loans. Their average loan size was \$21,653 compared to \$41,560 across all lender classes, and nearly 40% of their loans reached business in low- and moderate-income communities, compared to 28% across all lending sources. Additionally, [community financial institution (CFI)] loans reached more small businesses. For example, 78% of their PPP loans went to businesses requesting less than \$250,000. Moreover, 15.7% of CFI-made loans were made to businesses in rural communities, closely keeping with the 16.6% of all loans (some \$45.5 billion) that went to rural businesses."

Furthermore, significant portions of the Promoting and Advancing Communities of Color Through Inclusive Lending Act, sponsored by Ranking Member Waters, were included in the

<sup>7</sup> For example, see FSC hearing, [An Unprecedented Investment for Historic Results: How Federal Support for MDIs and CDFIs Have Launched a New Era for Disadvantaged Communities](#) (Feb. 16, 2022).

<sup>8</sup> See Treasury, [CDFI Certification](#) (accessed Apr. 25, 2025).

Consolidated Appropriations Act of 2021. Specifically, the law provided \$12 billion in capital investments and grants to support CDFIs and MDIs. These funds have largely been distributed, however one of the programs, the Emergency Capital Investment Program, was oversubscribed by more than \$4 billion, demonstrating CDFIs and MDIs have the capacity to leverage further support to serve their communities. Additionally, the law set aside 40 percent of grants made available to CDFIs to minority lending institutions, a new category of CDFIs that predominantly serve minority communities and are either MDIs or meet other standards for accountability to minority populations as determined by the CDFI Fund. This set aside is critically important, as minority-owned CDFIs have been significantly outpaced by white-owned CDFIs going back to at least 2003, and there remains a persistent asset gap between white and minority-owned CDFIs. Therefore, we urge you to build on the Consolidated Appropriations Act of 2021 to make 40 percent of CDFI grants available to MLIs for FY 2026.

Moreover, we have learned of challenges CDFIs and MDIs face with respect to their technological capabilities, and the importance of improving the use of technology to help these institutions better reach underserved communities. We have also learned efforts to promote securitization could bolster efforts by CDFIs to reach underserved communities. Additionally, young entrepreneurs face unique challenges in accessing capital to start a small business, while many constituents have expressed an interest in seeking products and services from CDFIs and MDIs, but face challenges in locating or otherwise connecting with these community financial institutions. Therefore, we urge you to incorporate targeted award and other programs to address each of these issues.

Furthermore, the NCUA operates the Community Development Revolving Loan Fund, which provides grants and loans to low-income credit unions, including many MDI credit unions. NCUA has reported high demand for these grants during the pandemic, so we would urge you to appropriate at least \$4.1 million to the CDRLF for FY26, and set aside at least 40 percent of those funds to support MDI credit unions. Doing so will help support these credit unions as they continue to serve their communities during and after the pandemic.

Despite the President's recent Executive Order aimed at curtailing programs that advance equity and opportunity, including the CDFI Fund, we stand firmly in defense of this critical program which has long had bipartisan support and support from industry and community groups.<sup>9</sup> The attempt to undermine the CDFI Fund runs counter to the bipartisan legislative mandate under which it was established and sustained. The Executive Branch cannot unilaterally dismantle programs created by Congress. Article I of the Constitution vests the power of the purse in Congress, and we intend to exercise that authority to ensure the federal government continues to serve all communities—particularly those historically excluded from our financial systems.

This is not the time to walk away from programs with demonstrated impact. The COVID-19 pandemic reaffirmed the essential role CDFIs and MDIs play when traditional financial institutions fail to serve small, minority-owned, and rural businesses. To weaken the CDFI Fund amid persistent racial wealth gaps, widening capital divides, and rising economic inequality would be both reckless and unjustified.

Thank you in advance for your consideration of these requests. Please contact Glen Sears or Dr. Chelsea Crittle with Ranking Member Waters' office at [glen.sears@mail.house.gov](mailto:glen.sears@mail.house.gov) or [chelsea.crittles@mail.house.gov](mailto:chelsea.crittles@mail.house.gov) for any questions about this letter.

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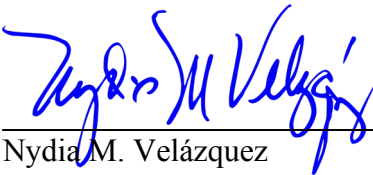
<sup>9</sup> FSC, *Ranking Member Waters, Congressman Foster Lead 88 House Democrats in Demanding Trump Administration Reverse Order Eliminating CDFI Fund* (Apr. 21, 2025); and FSC, *Trump's Late-Night Assault on Community Development Financial Institutions Will Harm Rural and Other Underserved Communities* (Mar. 25, 2025).

Sincerely,



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Maxine Waters  
Ranking Member  
Committee on Financial Services



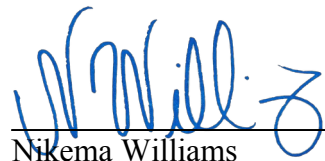
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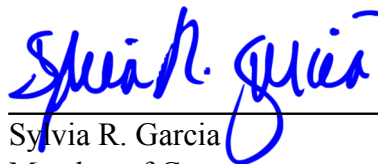
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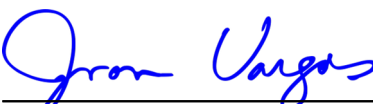
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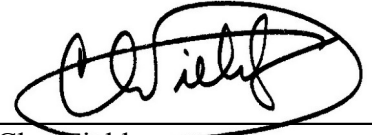
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Lizzie Fletcher  
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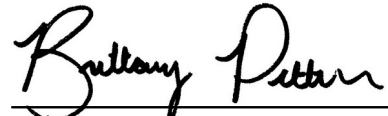
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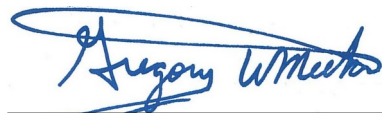
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