May 10, 2018

The Honorable Richard Shelby  The Honorable Rodney Frelinghuysen
Chairman, Committee on Chairman, Committee on
Appropriations Appropriations
U.S. Senate U.S. House of Representatives
Washington, DC 20510 Washington, DC 20515

The Honorable Patrick J. Leahy The Honorable Nita M. Lowey
Vice Chairman, Committee on Ranking Member, Committee on
Appropriations Appropriations
U.S. Senate U.S. House of Representatives
Washington, DC 20510 Washington, DC 20515

The Honorable James Lankford The Honorable Tom Graves
Chairman, Chairman, Financial Services &
Financial Services & General General Government Subcommittee
Government Subcommittee Committee on Appropriations
Committee on Appropriations Committee on Appropriations
U.S. Senate U.S. House of Representatives
Washington, DC 20510 Washington, DC 20515

The Honorable Christopher A. Coons The Honorable Mike Quigley
Ranking Member, Ranking Member, Financial Services &
Financial Services & General General Government Subcommittee
Government Subcommittee Committee on Appropriations
Committee on Appropriations Committee on Appropriations
U.S. Senate Washington, DC 20510 U.S. House of Representatives
Washington, DC 20515 Washington, DC 20515

Dear Chairs and Ranking Members of the Appropriations Committees and FSGG Subcommittees:

I write to you today to express Opportunity Finance Network’s (OFN) opposition to the elimination of funding for the Department of Treasury’s Bank Enterprise Award (BEA) program and the Capital Magnet Fund (CMF) as proposed by the rescissions package released earlier this week by the Trump Administration. OFN is a community development financial institution (CDFI) membership organization of more than 240 CDFIs. Many of our members utilize funds through the BEA program and CMF to provide access to financial services, capital, and affordable housing options in underinvested communities.

Both the BEA program and CMF were listed in the rescission package as programs from which funds were recommended to be rescinded. There are several reasons why rescinding funds from these two programs would be problematic.

The rescissions package proposes eliminating $23 million in funding for the BEA program which was appropriated by Congress for FY 2017. Under Public Law 115–31, this funding for the BEA program remains available through September 30, 2018. The BEA program plays a crucial role in encouraging FDIC-insured financial
institutions to invest in economically distressed communities. Awardees of the BEA program are awarded amounts based off the percentage of their increase in qualified activities—for example investing, lending, or providing financial services—in distressed communities for the previous annual reporting period. For the FY 2017 funding round, a total of 119 organizations applied to the BEA program and requested awards of more than $131.7 million. This award request is almost 6 times more than the $23 million allocated for the BEA program, and applicants were expecting an announcement soon of award recipients.

The Capital Magnet Fund program is not funded through annual congressional appropriations. Funding for CMF comes from a small fee on total new business purchases of the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac from the previous year. As stated in the President’s rescission proposal, these 2017 GSE allocations were only made available to Treasury by the GSEs on May 1, 2018, 7 days before the rescissions recommendation was made.

Opportunity Finance Network respectfully urges you to reject the Administration’s rescissions recommendations for these two valuable CDFI Fund programs

Sincerely,

Jennifer A. Vasiloff
Chief External Affairs Officer
Opportunity Finance Network