To: Marybeth Nassif, House Appropriations FSGG  
From: Dafina Williams, Opportunity Finance Network  
Date: May 21, 2018  
Re: CDFI Industry Data

I. CDFI Fund Appropriations  
a. OFN’s Ask: $275 million for the CDFI Fund in FY 2019  
   b. Justification  
      i. The CDFI Fund programs are highly oversubscribed. In just the most recent FY 2017 funding round, although only $171.1 million was available through the Financial Assistance and Technical Assistance program, the CDFI Fund received applications requesting more than $567 million from 434 eligible organizations.\(^1\)  
      ii. The requested increase of $25 million over FY 2018 levels will help the CDFI Fund meet the demand for these resources, which far exceeds the supply of funds.  
      iii. Since CDFIs leverage federal dollars, an increase of $25 million would leverage an additional $300 million in financing, providing much-needed capital and services to consumers and small businesses in rural and urban low-income communities.  
   c. Appropriations History:  
      i. FY 2019 - President’s budget proposal: $14 million  
      ii. FY 2018 - $250 million  
      iii. FY 2017 - $248 million

II. CDFI Performance  
a. CDFIs are responsible lenders with excellent asset quality and portfolio management. OFN’s Side by Side publication, which compares data from 222 CDFIs in OFN’s membership, found that for the second year in a row, our Network’s annual net charge-off rate outperformed FDIC-insured institutions.\(^2\)  
   b. OFN Members generated an annual net charge-off rate of 0.26% in 2016 and 0.40% in 2015, while FDIC-insured institutions generated rates of 0.47% in 2016 and 0.44% in FY 2015. OFN Members’ cumulative loan loss rate fell slightly to 1.14% in FY 2016, down from 1.20% in FY 2015.\(^3\)

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\(^1\) CDFI Program Award Book FY 2017,  
https://www.cdfifund.gov/Documents/FINAL%202017%20CDFI%20Award%20Book%20091817_for%20web.pdf  
\(^3\) Ibid.
III. The Reach of the CDFI Industry: Industry Data

a. Aggregate CDFI Lending Outcomes by Fiscal Year: 2005-2016
   i. Between FY2005 to FY2016, CDFI Fund grantees provided $35.3 billion in financing to communities that: created 508,304 permanent and construction jobs, including 266,900 permanent jobs, 316,266,974 square feet of commercial space, created 815,702 education and childcare seats, provided 9,568,343 patient and healthcare visits, developed 444,570 housing units, and financed 137,541 microenterprises and small businesses, and provided 255,995 consumers with access to affordable, responsible consumer financial products and service.

b. Rural Communities
   i. Between FY2005 to FY2016, CDFI Fund grantees provided $6.9 billion in financing to rural areas that: created 57,306 permanent and construction jobs (40,000 permanent), developed 30,289,097 square feet of commercial space, created 29,392 education and childcare seats, provided 1.6 million patient and healthcare visits, developed 37,919 housing units, financed 22,953 microenterprises and small businesses, and provided affordable financial products and services to 67,075 consumers.

c. Native Communities
   i. Between FY2005 to FY2016, CDFI Fund grantees provided $744 million in financing to Native areas that: created 8,091 permanent and construction jobs (6,268 permanent), developed 3,836,391 square feet of commercial space, created 1,513 education and childcare seats, provided 13,228 patient and healthcare visits, developed 2,503 housing units, financed 2,903 microenterprises and small businesses, and provided affordable financial products and services to 22,820 consumers.

IV. The Role of the CDFI Fund

a. Equity Capital Drives Growth
   i. The availability of the CDFI Fund’s flexible, institution-level capital is unique among federal programs creates an equity base for CDFIs to attract and leverage debt capital from traditional financial institutions and other funders.

   ii. The CDFI Fund programs also build the capacity of CDFIs to provide loans, investments, business counseling, basic banking services, and financial literacy training to underserved and distressed communities.

b. Local Decision-Making

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^ All data in sections III and IV is from OFN’s CDFI Fund Transaction Level Report Database, 2018
i. 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.

c. Leverage

   i. For every $1 in CDFI Fund awards, CDFIs generate $12 in financing to bring economic opportunity, growth, and prosperity to rural, urban, and Native communities where mainstream capital is scarce. With a relatively small administrative budget, the CDFI Fund is a great deal for the American taxpayer.