

March 18, 2025

Sent via Electronic Submission

The Honorable Scott Bessent
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

RE: Executive Order on Continuing the Reduction of the Federal Bureaucracy

Dear Secretary Bessent,

On behalf of the Independent Community Bankers of America (ICBA), I am writing in regard to the White House's March 14, 2025 Executive Order (EO), "Continuing the Reduction of the Federal Bureaucracy," which directs Treasury to eliminate the non-statutory components of the Community Development Financial Institutions (CDFI) Fund. The EO further directs Treasury to submit a report to the Director of Office of Management and Budget, explaining which components of the CDFI Fund are statutorily required.

While all community banks are the economic engines of thousands of towns and communities across this country, CDFI community banks are uniquely positioned to serve low- and moderate-income (LMI) communities, especially in rural areas. The CDFI Fund plays a vital role in ensuring CDFIs can serve these hard-to-reach communities. The CDFI impact is well-documented, with some highlights noted below:

Significant Investment in Underserved Communities

- As of 2025, there are 1,432 certified CDFIs, including 359 banks.
- CDFIs leverage \$12 in private capital for every \$1 of federal investment.

Extensive Geographic Reach

- CDFIs have a physical presence in all 50 states and U.S. territories, with 5,872 headquarters and branch locations nationwide.
- 92% of congressional districts have at least one CDFI actively serving their communities, ensuring broad national impact.

Job Creation and Economic Growth

- In a recent five-year period, CDFIs financed over 252,000 small businesses, creating or maintaining over 2.2 million jobs.
- CDFIs provided more than \$28 billion in loans and investments in a single year, significantly stimulating local economies.

Strong Performance in Crisis Response

- During the pandemic, CDFIs processed more than \$34 billion in Paycheck Protection Program (PPP) loans, supporting 1.1 million small businesses.
- Default rates for CDFI loans remain below 1.5%, demonstrating responsible lending practices despite serving higher-risk borrowers.

ICBA believes this proven track record is an important context for Treasury as it prepares its response to the White House’s EO. Time and time again, CDFI community banks have proven to be incredibly effective in leveraging and deploying their capital to hard-to-reach communities that are overlooked by larger financial institutions. We applaud the Administration’s concerted focus on revitalizing Main Street America and look forward to working together to enhance the ability for community banks and our CDFI members to serve customers in the rural and underserved parts of the country.

Thank you for your leadership and support.

Sincerely,

/s/

Anne Balcer
Senior Executive Vice President
Chief of Government Relations and Public Policy

- Cc: The Honorable Tim Scott, Chairman of the Senate Banking, Housing, and Urban Affairs Committee
The Honorable Elizabeth Warren, Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee
The Honorable French Hill, Chairman of the House Financial Services Committee
The Honorable Maxine Waters, Ranking Member of the House Financial Services Committee
The Honorable Mark Warner, Co-Chair of the CDFI Caucus
The Honorable Mike Crapo, Co-Chair of the CDFI Caucus