

**Congress of the United States**  
**Washington, DC 20515**

May 6, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
H-232, The Capitol Building  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
H-204, The Capitol Building  
Washington, D.C. 20515

Dear Speaker Pelosi and Minority Leader McCarthy:

Thank you for your leadership in the passage of the *Paycheck Protection Program and Health Care Enhancement Act (H.R. 266)* to further address the public health and economic crises caused by COVID-19. As Congress considers additional relief packages, we urge you to include a set-aside within the Small Business Administration's (SBA) Paycheck Protection Program (PPP) specifically for Community Development Financial Institutions (CDFIs) and other small Community Financial Institutions with assets of \$1 billion or less.

The Community Development Financial Institutions Fund (CDFI Fund) plays a critical role in building economic opportunity in underserved communities by leveraging federal dollars with private capital to award funding to CDFIs. These institutions then provide financial assistance and resources to individuals and communities to help create jobs, build businesses, and revitalize neighborhoods. Despite the important role CDFIs play in improving access to capital in underserved communities, they were left out of the small business relief portion of the *CARES Act (H.R. 748)*.

The Paycheck Protection Program and Health Care Enhancement Act created a \$30 billion set-aside for "Community Financial Institutions" with assets under \$10 billion, including CDFIs, Minority Depository Institutions (MDIs), certified development companies, microloan intermediaries, and State or Federal Credit Unions. However, since 97 percent of all banks fall below the \$10 billion threshold, CDFIs are competing with thousands of other lenders to receive loans.<sup>1</sup>

By not including direct funding in the bill to both CDFIs and other small Community Financial Institutions, low-income individuals and minority and underserved small businesses, many of which have been the hardest hit by the pandemic, are prevented from accessing capital. Limiting access to capital will only exacerbate income disparities and the racial wealth gap during this crisis and beyond.

To ensure funding goes to the small businesses most in need, the next package should include a set-aside of \$10 billion in PPP funding for use only by CDFIs and other small Community Financial Institutions with assets of \$1 billion or less. Small lenders and CDFIs should also be provided technical assistance to help undercapitalized businesses access relief, survive the current pandemic and succeed after it passes. For the PPP to be successful in helping all communities, especially those most impacted by this crisis, we must ensure there is a particular focus on minority access to capital, lenders servicing a majority of minority-owned small businesses, and those institutions providing loans less than \$350,000.

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<sup>1</sup> Theodos, Brett, et al. "Opportunity Lost with the Expansion of the Paycheck Protection Program." *Urban Institute*, 23 Apr. 2020, [www.urban.org/urban-wire/opportunity-lost-expansion-paycheck-protection-program](http://www.urban.org/urban-wire/opportunity-lost-expansion-paycheck-protection-program).

Providing relief during an economic emergency to small and underserved borrowers through CDFIs is not unprecedented. In response to the Great Recession, Congress invested \$100 million in the CDFI Fund through the American Recovery and Reinvestment Act to enable CDFIs to make loans available to communities and small businesses. Similar support is needed to ensure all communities devastated by the pandemic have equal access to relief during and after the current public health and economic crises.

Again, thank you for your work during these difficult times. We appreciate your consideration of this request and look forward to working with you on this important issue.

Sincerely,



Marcia L. Fudge  
Member of Congress

**Sent on behalf of the following signatories:**

Anthony G. Brown  
Member of Congress

Adriano Espaillat  
Member of Congress

Jerry McNerney  
Member of Congress

Tony Cárdenas  
Member of Congress

Dwight Evans  
Member of Congress

Eleanor Holmes Norton  
Member of Congress

André Carson  
Member of Congress

Al Green  
Member of Congress

Jamie Raskin  
Member of Congress

Ed Case  
Member of Congress

Raúl M. Grijalva  
Member of Congress

Kathleen M. Rice  
Member of Congress

Steve Cohen  
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Henry C. "Hank" Johnson, Jr.  
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Diana DeGette  
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Marcy Kaptur  
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Val B. Demings  
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Mike Doyle  
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Carolyn B. Maloney  
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David Trone  
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