

# THE IMPACT OF CDFIS IN CALIFORNIA



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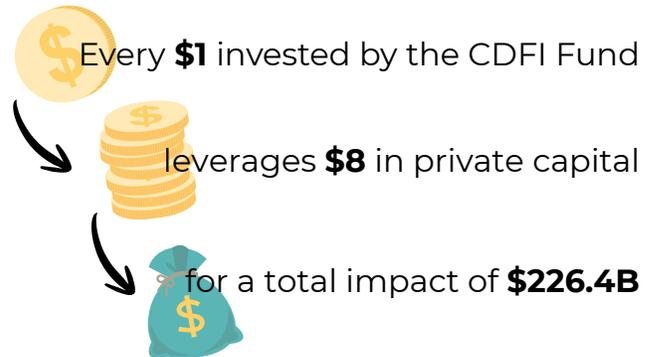
## What Are CDFIs?

Community Development Financial Institutions (CDFIs) are mission-driven lenders certified by the US Treasury Department to invest in inclusive economic growth and opportunity in low-income communities.

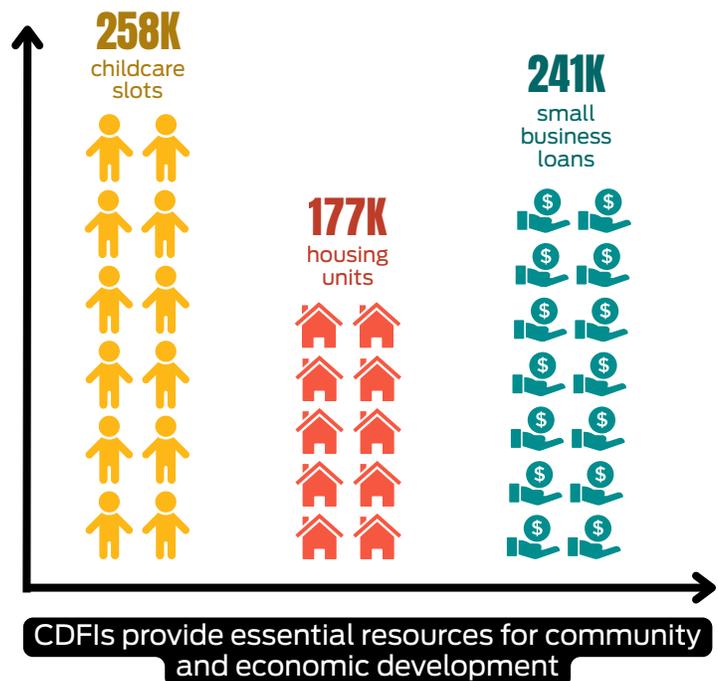
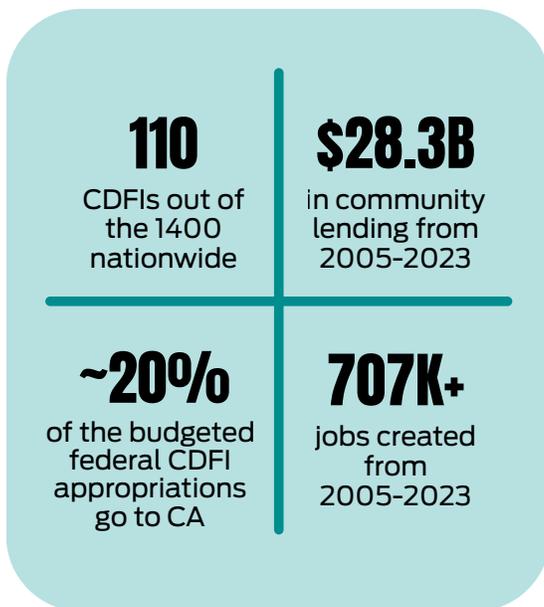


CDFIs provide affordable financing to meet critical local needs, supporting state government priorities and playing a crucial role in California's economic and community development.

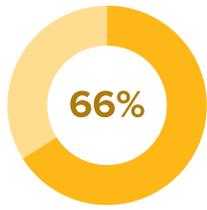
The CDFI Fund provides awards to organizations that make credit, capital, and other vital financial services available to disadvantaged businesses and low-income communities throughout the country.



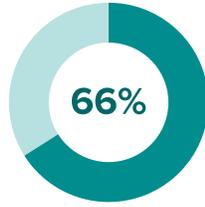
## CDFIs Have Impact!



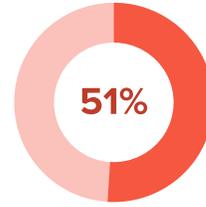
## Who CDFIs Serve



Low to  
Moderate  
Income



Minority  
Communities



Women

## The Current Challenge: CDFI Fund at Risk

- The Trump Administration **zeroed out the CDFI Fund** in its FY 2026 federal budget proposal and issued **Reduction in Force (RIF) notices**.
- While bipartisan support—including a letter from **105 Republican members of Congress**—helped pause the cuts, the risk remains.
- The most recent shutdown agreement rescinded RIFs *temporarily*.
- This year Congress is likely to fund the program at **\$324M**, at the FY 2025 level which is significantly more than the Administration’s proposal.
- The Administration is expected to zero out the CDFI Fund in future budgets and OMB Director Russel Vought has said he is not obligated to release appropriated funds, adding further to uncertainty.

## Solutions

- Funding for **California Investment and Innovation Program (Cal IIP)** that provides much needed capital to California’s CDFI’s. We are advocating for the renewal at \$50 million for 3 years. Our long-term goal is to make the funding permanent.
- Currently, **eligibility for Cal IIP** requires federal CDFI certification. In the intermediate-run, update the California code to guarantee continued eligibility in case federal program dies. In the long-run, we recommend a **state CDFI certification** program.
- Implement the **California Resilience Fund**, a public-private partnership, similar to the California Rebuilding Fund.
- We recommend the passage of a modern state **Community Reinvestment Act** similar to Illinois and Massachusetts to ensure private investment in our disadvantaged communities and acknowledge that private companies are holding our money as well as our data.

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