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May 7, 2025

The Honorable Susan Collins, Chair  
U.S. Senate Appropriations Committee  
413 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Tom Cole, Chair  
U.S. House Appropriations Committee  
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Washington, D.C. 20515

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**Re: President Trump's FY 2026 Budget Request Defunding the CDFI Fund and Native American CDFI Assistance (NACA) Program**

Dear Chair Collins, Chair Cole, and fellow members of Congress,

On behalf of the **Native CDFI Network (NCN)** and the **XX** co-signatory **Native community development financial institutions (CDFIs)** and other key Indian Country partners and stakeholders that have co-signed this letter, we are writing to express concerns regarding President Trump's **FY 2026 Discretionary Budget Request**, or "skinny budget," which features a **90% reduction in funding for the CDFI Fund** from its FY 2025 funding level of \$324 million to just \$33 million. In arguing for this reduction, the Administration [stated](#):

*“Consistent with the President’s goal of reducing the Federal bureaucracy, the Budget recommends eliminating CDFI Fund discretionary awards. Past awards may have made race a determinant of access to loan programs to ‘advance racial equity,’ funded products and services that built so-called ‘climate resiliency,’ and framed American society as inherently oppressive rather than fostering unity. The CDFI industry has matured beyond the need for ‘seed’ money and should at this point be financially self-sustaining. Remaining funding supports oversight and closeout of prior awards, maintaining CDFI certification, and support for New Markets Tax Credit administration and the zero cost Bond Guarantee Program.”*

Given that the Native American CDFI Assistance (NACA) Financial (FA) and Technical Assistance (TA) award programs are technically considered discretionary awards, Congressional approval of this [Budget Request provision \(see page 35\)](#) **would eliminate the NACA program altogether**. Based on our experience, we do not agree with the Administration’s blanket characterization that the “CDFI industry has matured beyond the need for ‘seed’ money,” as it does not accurately reflect conditions in Indian Country. With very few exceptions, the asset size of the average Native CDFI is below \$15 million, a clear indication that the Native CDFI industry is still in its early stages and continues to require foundational support.

Native CDFIs rely heavily on NACA FA and TA awards to ensure their stability and accelerate their growth to meaningfully address the extensive and critical needs of Native communities. This is particularly true of the roughly two dozen “emerging” Native CDFIs that have only recently been established to fill the significant capital access needs of Native communities, needs that have been willfully ignored for decades by mainstream banking institutions. Without NACA TA and FA awards, many of these will not be able to take root and grow, as they will find it difficult to replace this vital funding from other sources. The Administration’s claim that state governments and the private sector will instantly and adequately replace the federal government’s sacred obligation to ensure capital flows throughout Indian Country is both unrealistic and contradicted by decades of evidence to the contrary.

We also respectfully disagree with the [Administration’s assertion](#) that CDFI Fund awards – which include NACA awards – and we quote, “have been abused to advance a partisan agenda.” Native CDFIs are mission-driven institutions focused solely on expanding access to capital and economic opportunity for Native communities. Our work is rooted in service to *all* Native people, regardless of political affiliation. The issues facing Indian Country transcend partisan lines and should be approached as a shared responsibility of the federal government. Both Republican and Democratic administrations, and Congress as a whole, have consistently affirmed the federal trust and treaty obligations to Tribal Nations, communities, and Native-led organizations. These commitments – enshrined in the Constitution, upheld by the courts, and reaffirmed through decades of bipartisan action – should continue to guide federal policy and funding decisions.

On a related note, the Administration’s FY 2026 Budget Request calls for the creation of a \$100 million [Rural Financial Award Program \(see page 34\)](#) to “provide access to affordable financing and spur economic development in rural America.” While preliminary indications suggest the Administration intends for at least some of this \$100 million to be awarded to Native CDFIs, there are important questions – based on our collective experience – about (1) whether Native CDFIs would receive an equitable share of this relatively limited pool of resources, and (2) the considerable effort that would likely be required to compete for those funds on an ongoing basis. The NACA Program was specifically designed to address these challenges – ensuring that Native CDFIs are not forced to compete on an

uneven playing field with larger, more established non-Native institutions, and that funding is available to meet the distinct needs of Native communities in ways that reflect their priorities and circumstances.

Congress also must continue to support Native CDFIs because they have proven for the past three decades to be a force multiplier for economic development across the country, particularly in rural communities. We are mission-driven institutions who are on the ground in Native communities, investing in their infrastructure, catalyzing their economic growth, and enhancing the ability of Native people to achieve self-sufficiency and grow wealth. To that end, instead of eliminating funding for the NACA Program, Congress should, in fact, **increase it to \$50 million for FY 2026**. This increase is warranted when one considers that the unmet capital needs of Native CDFIs for homeownership, small business, and consumer lending are significant and growing. Consider, for example:

- A 2024 NCN survey of 51 Native CDFIs found their projected three-year unmet loan capital needs collectively totaled \$8 billion.<sup>i</sup>
- Continuing a long trend, for FY 2024 only 70% (\$43.2 million) of the total NACA Base-Financial Assistance (FA) funding requested by applicant Native CDFIs (\$61.6 million) was awarded by the CDFI Fund. In addition, just 67% (\$3.7 million) of the total NACA Technical Assistance (TA) funding requested by applicant Native CDFIs (\$5.5 million) was awarded.<sup>ii</sup>
- According to the Treasury Department, investments made in CDFIs produce an eight-fold return, with each \$1 creating \$8 in private sector investments.<sup>iii</sup>

In closing, we strongly urge you to objectively re-examine the Administration's proposal to essentially defund the CDFI Fund and NACA Program and instead support Native CDFIs commensurate with their demonstrated funding needs. We appreciate your thoughtful consideration of this request, and we welcome the opportunity to discuss it with you in further detail.

Sincerely,

Pete Upton  
CEO/Board Chair  
Native CDFI Network

**Co-Signatory Organizations:**

[List TBD]

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<sup>i</sup> NCN, *NCN Market Demand Study*, April 2024.

<sup>ii</sup> CDFI Fund, *Native American CDFI Assistance Program Award Book FY 2024*, 2024 (<https://www.cdfifund.gov/media/8016696/download?inline>, accessed January 24, 2025).

<sup>iii</sup> Treasury Secretary Janet Yellen (Native CDFI Network (NCN), *Native CDFIs: Stepping Up to Serve Indian Country Through the Pandemic and Beyond*, Native CDFI Network, July 2021, p. 1 (<https://nativecdfi.net/wp-content/uploads/2021/09/NCN-Pandemic-Report.pdf>).