To amend the Community Development Banking and Financial Institutions Act of 1994 to establish a CDFI National Crisis Fund, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. Schatz (for himself, Ms. Baldwin, Mr. Van Hollen, Mrs. Gillibrand, Mr. Wyden, Ms. Warren, Mrs. Feinstein, Mr. Blumenthal, Mr. Sanders, and Mr. Heinrich) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To amend the Community Development Banking and Financial Institutions Act of 1994 to establish a CDFI National Crisis Fund, and for other purposes.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. CDFI NATIONAL CRISIS FUND.

(a) In General.—The Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4701 et seq.) is amended by inserting after section 122 (12 U.S.C. 4719) the following:
SEC. 123. CDFI CRISIS FUND.

“(a) DEFINITIONS.—In this section:

“(1) AFFECTED AREA.—The term ‘affected area’ means—

“(A) a State that is subject to a covered crisis;

“(B) a county that is subject to a covered crisis described in paragraph (3)(B); or

“(C) a Tribal government that is—

“(i) located in a State that is subject to a covered crisis; or

“(ii) subject to a covered crisis.

“(2) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term ‘community development financial institution’ shall include small and emerging community development financial institutions, as defined in the most recent relevant regulations from the Department of the Treasury.

“(3) COVERED CRISIS.—The term ‘covered crisis’ means—

“(A) the emergency involving Federal primary responsibility determined to exist by the President under section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5191(b)) with respect to the Coronavirus disease 2019 (COVID–19);
“(B) a major disaster exists in the State for which assistance is authorized under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5174) for a county;

“(C) a major disaster exists in the State for which assistance is authorized under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5174) for individuals who live in an area of the State in which a majority of the residents of the State reside;

“(D) an increase in statewide 6-month average unemployment rate, seasonally adjusted, by not less than 0.5 percentage points more than the lowest recorded unemployment rate over the preceding 12-month period; or

“(E) an increase in the national 3-month average unemployment rate, seasonally adjusted, by not less than 0.5 percentage points more than the lowest recorded unemployment rate over the preceding 12-month period.

“(4) CRISIS FUND.—The term ‘Crisis Fund’ means the CDFI National Crisis Fund established under this section.
“(5) **LOW-INCOME.**—The term ‘low-income’ means having an income, as adjusted for family size, that is—

“(A) for metropolitan areas, less than 80 percent of the area median income; and

“(B) for nonmetropolitan areas, the greater of—

“(i) less than 80 percent of the area median income; or

“(ii) less than 80 percent of the statewide nonmetropolitan area median income.

“(6) **MINORITY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.**—The term ‘minority community financial institution’ means a community development financial institution that—

“(A) if a privately-owned institution, 51 percent is owned by 1 or more socially and economically disadvantaged individuals;

“(B) if publicly-owned, 51 percent of the stock is owned by 1 or more socially and economically disadvantaged individuals; and

“(C) in the case of a mutual institution, where the majority of the Board of Directors, account holders, and the community which the institution services is predominantly Black
American, Native American, Hispanic American, or Asian American.

“(7) NATIVE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—

“(A) IN GENERAL.—The term ‘Native community development financial institution’ means a community development financial institution—

“(i) the activities of which not less than 51 percent serve Native Americans; or

“(ii) that is not less than 51 percent owned or controlled Native Americans.

“(B) NATIVE AMERICANS.—In this paragraph, the term ‘Native Americans’ has the meaning given the term in section 3765 of title 38, United States Code.

“(8) STATE.—The term ‘State’ means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

“(9) TRIBAL GOVERNMENT.—The term ‘Tribal government’ has the meaning given the term ‘Indian tribal government’ in section 102 of the Robert T.
Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122).

“(10) VERY LOW-INCOME.—The term ‘very low-income’ means having an income, as adjusted for family size, that is—

“(A) for metropolitan areas, less than 50 percent of the area median income; and

“(B) for nonmetropolitan areas, the greater of—

“(i) less than 50 percent of the area median income; or

“(ii) less than 50 percent of the statewide nonmetropolitan area median income.

“(b) PURPOSE.—The purpose of this section is to create a fund to support community development financial institutions during acute periods of crisis in their mission to provide uniquely supportive financial products and services to otherwise underserved clients.

“(c) ESTABLISHMENT.—There is established in the Treasury the CDFI National Crisis Fund, which shall be within the Fund.

“(d) AVAILABILITY OF CRISIS FUND.—Amounts in the Crisis Fund shall be available, until expended, to provide grants to community development financial institutions as provided under this section.
“(e) GRANTS.—

“(1) IN GENERAL.—The Crisis Fund shall be authorized to make grants to community development financial institutions to enable those institutions to provide emergency assistance in the form of financial products and services to help small businesses and low-income and very low-income populations respond to and recover from covered crises in the affected area.

“(2) APPLICATION.—

“(A) IN GENERAL.—The Secretary shall—

“(i) accept applications during the period beginning upon notification of a covered crisis under subsection (f) and ending on the date that is 6 months after the date of the notification;

“(ii) approve or deny any application submitted for a grant under paragraph (1) not later than 30 days after receipt; and

“(iii) upon request by an applicant for a grant under paragraph (1), provide technical assistance for the applicant.

“(B) SELECTION FORMULA.—
“(i) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Fund shall—

“(I) develop a selection formula as may be necessary for the selection of community development financial institutions to receive assistance under this section and guidance to aid those institutions in meeting the formula; and

“(II) post the information described in subclause (I) on a publicly available website.

“(ii) CONSIDERATIONS.—In establishing the selection formula under clause (i), the Fund shall take into account—

“(I) the program capacity of a community development financial institution to provide emergency assistance in the form of financial products and services to help targeted populations or populations in investment areas recover from covered crises in the affected area; and
“(II) the need for simplicity in the selection formula given the varying capacities of community development financial institutions and the time frames required under this section.

“(3) AMOUNT OF GRANTS.—

“(A) Determination of Amount.—The amount of a grant made to a community development financial institution under this section shall be determined based on the previously demonstrated capacity of the community development financial institution to make impactful financial services and products available, as determined by the Secretary of the Treasury.

“(B) Grant Amount.—

“(i) Maximum.—With respect to grants made under this section, the grant shall be in an amount that is not more than 10 percent of the total amount in the Crisis Fund for each fiscal year in which the community development financial institution receives a grant.

“(ii) Minimum.—The Fund shall establish minimum grant amounts under this
section for each fiscal year in which an
community development financial institu-
tion receives a grant under
this section based on the demonstrated ca-
pacity of and the cost of grant require-
ments for the applicant.

“(C) LIMITATION OF ASSISTANCE.—The
total aggregate amount outstanding and com-
mitted to any community development financial
institution in grants under this section in any
fiscal year shall not exceed 15 percent of the
total amount of the Crisis Fund.

“(D) DISTRIBUTION OF ASSISTANCE.—The
Secretary shall disburse the full amount of a
grant under this section to an approved appli-
cant not later than 30 days after the date on
which the application is approved.

“(E) Set asides.—

“(i) NATIVE CDFIS.—Of the amounts
in the Crisis Fund, 10 percent shall be set
aside for grants made to Native commu-
nity development financial institutions,
which set aside may also qualify under
clause (ii).
“(ii) MINORITY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—Of the amounts in the Crisis Fund, 30 percent shall be set aside for grants made to minority community development financial institutions.

“(F) USE OF GRANT FUNDS FOR MORE THAN 1 COVERED CRISIS.—The Secretary may retroactively approve use of grant funds for covered crises in affected areas that took place after the grant was made.

“(4) USE OF FUNDS.—A recipient of a grant under this section—

“(A) shall use—

“(i) not less than 90 percent of the grant funds for activities described in paragraph (1) in the affected area of the covered crisis;

“(ii) not less than 25 percent of the grant funds for activities described in paragraph (1) that benefit very low-income individuals; and

“(iii) not less than 15 percent of the grant funds for activities described in paragraph (1) that benefit individuals with
incomes of not more than 30 percent of
the area median income, which set aside
may also qualify under clause (ii);
“(B) may use not more than 10 percent of
the grant funds for administrative costs, costs
related to outreach and partnership building,
and financial products and services to areas
surrounding the affected area; and
“(C) may use any remaining grant funds
approved for a covered crisis in an affected area
for another covered crisis in an affected area
occurring after the grant was made, if the Sec-
retary approves the use of those funds under
paragraph (3)(F).
“(5) UNEMPLOYMENT MEASURES FOR TRIBAL
GOVERNMENTS.—The Commissioner of the Bureau
of Labor Statistics shall coordinate with the Assist-
ant Secretary of Indian Affairs to develop reliable
unemployment measures for American Indian, Na-
tive Alaskan, and Native Hawaiian communities in
order to understand when the requirements for a
covered crisis under subsection (a)(1)(C) are met
with respect to a Tribal government.
“(f) NOTIFICATION OF COVERED CRISIS.—
“(1) Emergency or Major Disaster.—The Administrator of the Federal Emergency Management Agency, through the Secretary of the Treasury, shall notify the Fund when the requirements for a covered crisis under subparagraph (A) or (B) of subsection (a)(1) are met, which shall include the date on which the requirements are met and the relevant affected areas.

“(2) Unemployment.—The Secretary of Labor, through the Secretary of the Treasury, shall notify the Crisis Fund when the requirements for a covered crisis under subsection (a)(1)(C) are met, which shall include the date on which the requirements are met and the relevant affected areas, including for Tribal governments.

“(g) Data.—The Fund shall post updates on—

“(1) the disbursements of funds from the Crisis Fund, including the distribution of funds going to low-income and very low-income populations and demographic data regarding the areas and populations receiving funds from the Crisis Fund; and

“(2) all other applications made, denied, and disbursed on a monthly basis during a covered crisis.

“(h) Repository of Best Practices.—Based on the recommendations of the Comptroller General of the
United States and data that the Secretary of the Treasury may collect from recipients of grants under this section, the Secretary of the Treasury shall—

“(1) develop a publicly accessible database of best practices for effective use of those grants, including past case studies of success and other useful information; and

“(2) issue guidance, restrictions, and regulations with respect to those grants.

“(i) AUTHORIZATION OF APPROPRIATIONS.—

“(1) CRISIS FUND AUTHORIZATION.—To carry out this section, there are authorized to be appropriated to the Crisis Fund $2,000,000,000 for fiscal year 2021, to remain available until expended.

“(2) FUTURE FISCAL YEARS.—For every fiscal year following fiscal year 2021, there is authorized to be appropriated to the Crisis Fund an amount equal to the amount by which—

“(A) $2,000,000,000 (or, if greater, the amount determined for such fiscal year under paragraph (3)); exceeds

“(B) the balance of the Crisis Fund as of the last day of the fiscal year preceding the fiscal year involved.

“(3) INFLATION ADJUSTMENT.—
“(A) IN GENERAL.—Subject to subparagraph (B), the amount determined under this paragraph for a fiscal year is the product of—

“(i) $2,000,000,000; and

“(ii) the quotient obtained by dividing—

“(I) the Consumer Price Index for all-urban consumers published by the Department of Labor for the 12-month period ending with September of the preceding fiscal year; and

“(II) the Consumer Price Index for All-Urban Consumers published by the Department of Labor for the 12-month period ending with September 2019.

“(B) RULE OF APPLICATION.—In no case shall the application of this paragraph result in the application under paragraph (2)(A) of an amount for a fiscal year that is less than the amount that applied under such paragraph (2)(A) for the preceding fiscal year.

“(4) ADMINISTRATIVE EXPENSES.—Of the amounts made available under paragraph (1), the
Crisis Fund may use not more than 0.5 percent for
administrative costs and expenses.

“(j) REGULATIONS.—The Secretary of the Treasury
may prescribe such regulations as necessary to carry out
this section.

“(k) REPORT.—Not later than 1 year after the date
of enactment of this section and periodically thereafter,
the Comptroller General of the United States shall submit
to Congress a report—

“(1) evaluating the impact of this section in
meeting intended outcomes, focusing on the use of
the Crisis Fund in aiding community development fi-
nancial institutions in to support their communities
and helping them respond to and recover from nat-
ural disasters and economic crises; and

“(2) making recommendations to the Fund and
to Congress.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—
The table of contents in section 1(b) of the Riegle Commu-
nity Development and Regulatory Improvement Act of
1994 (Public Law 103–325; 108 Stat. 2160) is amended
by inserting after the item relating to section 121 the fol-
lowing:

“Sec. 122. Grants to establish loan-loss reserve funds.
“Sec. 123. CDFI Crisis Fund.”.
SEC. 2. RESILIENCE GRANTS.

Section 108 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4707) is amended—

(1) in subsection (a)(1)—

(A) in subparagraph (A), by striking “and” at the end;

(B) in subparagraph (B), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(C) grants to community development financial institutions (as defined in section 123) to improve resilience to the impacts of covered crises (as defined in section 123) in any State (as defined in section 123).”;  

(2) in subsection (d)—

(A) in paragraph (1), by striking “paragraph (2)” and inserting “paragraphs (2) and (3)”;

(B) by redesignating paragraph (3) as paragraph (4);

(C) by inserting after paragraph (2) the following:

“(3) RESILIENCE GRANTS.—With respect to resilience grants described in subsection (a)(1)(C), each grant made a fiscal year shall be in an amount
that is not more than 10 percent of the total amount
appropriated for resilience grants for that fiscal
year.”; and

(D) in paragraph (4), as so redesignated,
by striking “paragraphs (1) and (2)” and in-
serting “paragraphs (1), (2), and (3)”; 
(3) by redesignating subsections (e) through (h)
as subsections (f) through (i), respectively; and
(4) by inserting after subsection (d) the fol-
lowing:
“(e) RESILIENCE GRANTS.—
“(1) IN GENERAL.—With respect to resilience
grants described in subsection (a)(1)(C), the Sec-
retary of the Treasury shall award the grants based
on criteria established by the Fund, including—
“(A) making awards for projects that the
Fund determines will have the greatest impact
in improving resilience for low-income popu-
lations; and
“(B) coordinating with the Federal Emer-
gency Management Agency, the Department of
Housing and Urban Development, and with the
Small Business Administration, as relevant, to
ensure that the awards meet unmet resilience
needs.
“(2) USE OF FUNDS.—A recipient of a resilience grant described in subsection (a)(1)(C) shall use—

“(A) not less than 25 percent of the grant funds for activities described in paragraph (1) that benefit very low-income individuals; and

“(B) not less than 15 percent of the grant funds for activities described in paragraph (1) that benefit individuals with incomes of not more than 30 percent of the area median income.

“(3) SET ASIDES.—

“(A) NATIVE CDFIS.—Of the amounts made available under this subsection, 10 percent shall be set aside for resilience grants made to Native community development financial institutions, which set aside may also qualify under subparagraph (ii).

“(B) MINORITY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS.—Of the amounts made available under this subsection, 30 percent shall be set aside for grants made to minority community development financial institutions.
“(4) Repository of Best Practices.—Based on the recommendations of the Comptroller General of the United States and data that the Secretary of the Treasury may collect from recipients of resilience grants described in subsection (a)(1)(C), the Secretary of the Treasury shall—

“(A) develop a publicly accessible database of best practices for effective use of those grants, including past case studies of success and other useful information; and

“(B) issue guidance, restrictions, and regulations with respect to those grants.

“(5) Authorization of Appropriations.—To provide resilience grants described in subsection (a)(1)(C), there is authorized to be appropriated to the Fund $30,000,000 for fiscal year 2021, to remain available until expended.

“(6) Definitions.—In this subsection, the terms ‘low-income’, ‘minority community development financial institution’, ‘Native community development financial institution’ and ‘very low-income’ have the meanings given those terms in section 123.”.