

Congress of the United States
Washington, DC 20515

April 4, 2019

The Honorable Mike Quigley
Chair
Subcommittee on Financial Services
and General Government
U.S. House of Representatives
Washington, DC 20515

The Honorable Tom Graves
Ranking Member
Subcommittee on Financial Services
and General Government
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Mike Quigley and Ranking Member Tom Graves:

As you work on the Fiscal Year 2020 Financial Services Appropriations bill, we respectfully request that you provide no less than \$10 million to fund the Small Dollar Loan Program (SDLP) under Section 1206 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

This Dodd-Frank provision authorizes the establishment of grants toward loan loss reserve funds that encourage Community Development Financial Institutions (CDFI), including CDFI-banks and credit unions, to establish safe and affordable small dollar loan programs. The ultimate goal of SDLP is to help consumers enter the financial mainstream and access more affordable alternatives to higher-cost small dollar loan products.

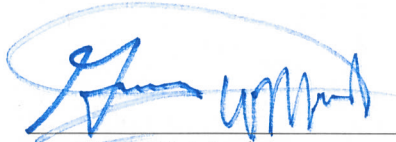
According to the Federal Deposit Insurance Corporation's 2017 *National Survey of Unbanked and Underbanked Households*, over 25 percent of Americans rely on alternative financial services, including payday loans, refund anticipation loans, rent-to-own services, pawn shop loans, and auto title loans. Encouraging CDFIs, including certified nonprofits, banks and credit unions, to go deeper in the credit scoring pool in a safe and sound way has the potential to increase competition, encourage better underwriting standards, and ultimately drive down the price of relatively high cost credit.

This program should not be perceived as an ongoing taxpayer-provided subsidy, but rather as an initial investment in the financial health of America's most underserved financial consumers. When the Treasury Department requested funding for SDLP in its FY17 budget request, the Department testified that SDLP "will not be designed to offer permanent subsidy to CDFIs providing such loans". Rather, the program would help with the initial start-up costs and perceived regulatory risks that historically discouraged banks and credit unions from entering the small dollar loan space. The Treasury Department estimated that losses under a well-run SDLP program would typically range from 2 to 6 percent, consistent with most unsecured loans.


Furthermore, the House Committee on Financial Services requested \$10 million to fund this program in its Budget Views and Estimates for Fiscal Year 2020.

Considering the billions in fees Americans pay annually in higher cost financial products, \$10 million is a small investment Congress can make that can go a long way toward improving the financial health of Americans by increasing competition while encouraging better consumer practices in the small dollar lending space. This investment will assist America's most underserved financial consumers in urban, rural, and Native American communities where lack of access to the financial mainstream is a common, persistent and costly challenge.

Sincerely,



Gregory W. Meeks
Member of Congress



Maxine Waters
Member of Congress



Carolyn B. Maloney
Member of Congress



Al Green
Member of Congress



Bill Foster
Member of Congress



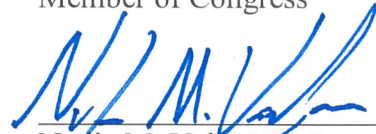
Al Lawson, Jr.
Member of Congress



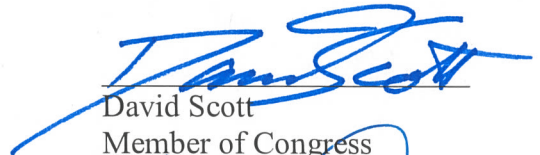
Ayanna Pressley
Member of Congress



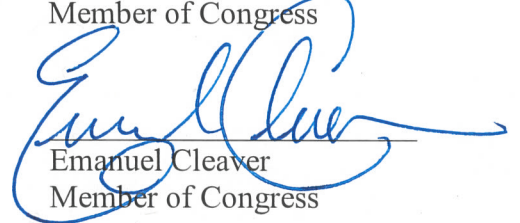
Anna G. Eshoo
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Nydia M. Velazquez
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David Scott
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Emanuel Cleaver
Member of Congress



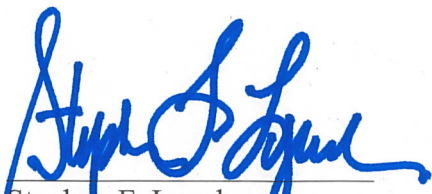
Vicente Gonzalez
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Cynthia Axne
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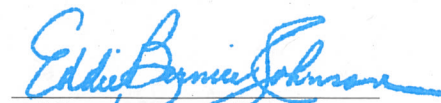
Alexandria Ocasio-Cortez
Member of Congress



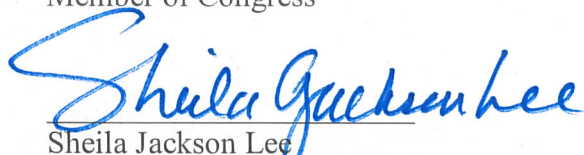
Stephen F. Lynch
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Dean Phillips
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Eddie Bernice Johnson
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Sheila Jackson Lee
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Diana DeGette
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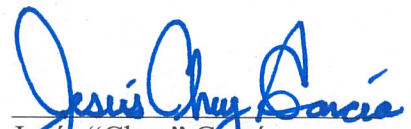
Alma S. Adams
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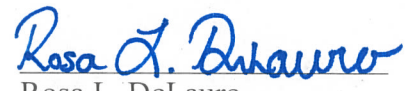
Henry C. "Hank" Johnson, Jr.
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Jackie Speier
Member of Congress



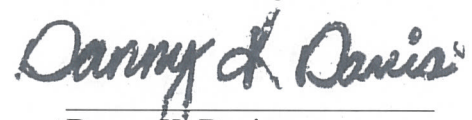
Jesús "Chuy" García
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Rosa L. DeLauro
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Bennie G. Thompson
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Danny K. Davis
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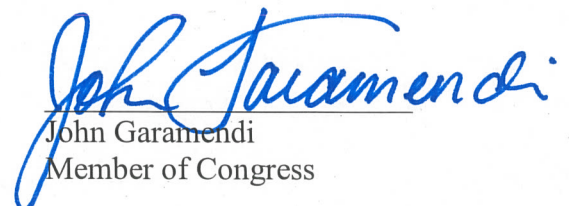
Barbara Lee
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Steve Cohen
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André Carson
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John Garamendi
Member of Congress



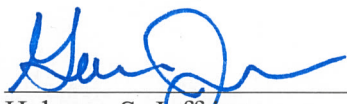
David N. Cicilline
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Terri A. Sewell
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Tony Cárdenas
Member of Congress



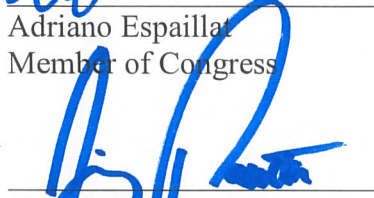
Hakeem S. Jeffries
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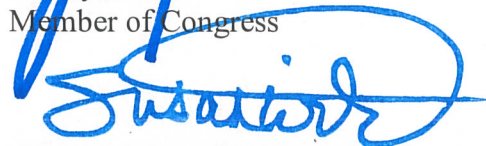
Seth Moulton
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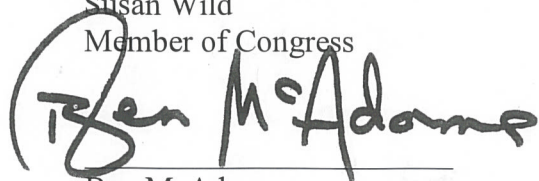
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Jimmy Panetta
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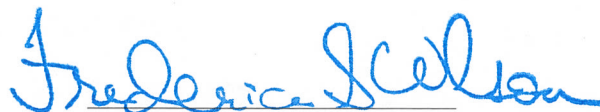
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Ben McAdams
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Cedric L. Richmond
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Frederica S. Wilson
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Tulsi Gabbard
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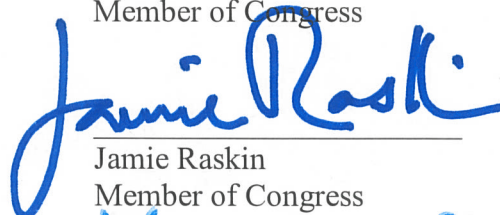
Mark DeSaulnier
Member of Congress



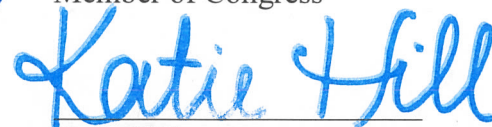
Kathleen M. Rice
Member of Congress



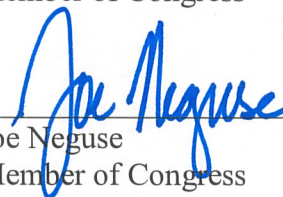
Ro Khanna
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Jamie Raskin
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Katie Hill
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Joe Neguse
Member of Congress



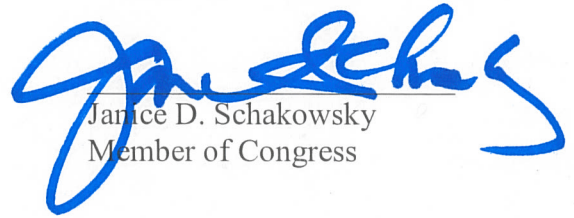
Ilhan Omar
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Haley M. Stevens
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Kim Schrier
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Janice D. Schakowsky
Member of Congress