

Banking and Finance Law Daily Wrap Up, BANKING OPERATIONS—Executive Action cuts CDFI and Minority Business Development Agency functions, (Mar. 17, 2025)

Banking and Finance Law Daily Wrap Up

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By Suzanne Cosgrove

Legislators push back, noting the CDFI sector leverages at least \$8 in private sector investment for every \$1 in public funding.

The White House has announced an Executive Action that targets seven government entities for cutbacks, including the Community Development Financial Institutions (CDFI) Fund and the Minority Business Development Agency—an action that expands on a previous Executive Order “to reduce unnecessary governmental entities and federal advisory committees.”

In [a release](#) and an accompanying [fact sheet](#), the White House did not enumerate what cost savings might be achieved by its latest action, nor did it explain what duplicative efforts would be eliminated by reducing the functions of the agencies, which largely serve small business owners and minority businesses.

The order stated the head of each governmental entity had seven days to submit a report to the direct of the OMB confirming their compliance with the order and explaining which components of the governmental entity, if any, were statutorily required.

Bipartisan support for Fund. Responding to the announcement, Sens. Mark R. Warner (D-Va.) and Mike Crapo (R-Idaho), co-chairs of the Senate Community Development Finance Caucus, said “we are proud to rearm our bipartisan commitment to support the CDFI Fund’s mission.”

“When the CDFI Fund was developed 30 years ago, it was created in the form of a private-public partnership to promote access to capital in our most underserved urban and rural communities,” the senators said. “Since 1994, the CDFI sector has grown to over 1,400 institutions, located in every state and territory in the nation—and leveraging at least \$8 in private sector investment for every \$1 in public funding received,” Warner and Crapo said in [a statement](#).

Minority businesses seen diminished. Congresswoman Maxine Waters (D-Calif.), the leading Democrat on the House Financial Services Committee, [pushed back further](#), calling the order to dismantle the CDFI Fund and the Minority Business Development Agency (MBDA) “an assault on underserved communities.”

“The MBDA was established in 1969 within the first 100 days of President Nixon’s presidency as the only federal agency solely dedicated to the growth of minority business enterprises,” Waters noted. “Not even Nixon could turn a blind eye to how rigged the system was against communities of color.”

“As history shows, generations of segregation and subjugation faced by communities of color have contributed to a lack of wealth building opportunities and a horribly unequal playing field,” Waters said. **CDFIs during Covid.** “We saw just how crucial a role CDFIs played during the pandemic when our nation’s biggest banks refused to deliver badly needed relief to small businesses who were hit hard by the pandemic – instead prioritizing their wealthy concierge clients,” Waters said.

“In fact, Democrats and Republicans worked together during Trump’s first term to ensure CDFIs could serve as lifelines for these communities during a difficult time and played a pivotal role in helping many small businesses keep the lights on and protect what they worked so hard to build.

“More recently, Trump’s new Secretaries of Treasury as well as Housing and Urban Development claimed that CDFIs were ‘very important’ and had ‘value,’ but this announcement marks a significant betrayal of those words and past bipartisan efforts,” Waters said.

USICH also affected. In addition to the CDFI Fund and the MBDA, the Executive Action also targeted the U.S. Interagency Council on Homelessness (USICH), an agency assigned to coordinate the federal response to homelessness and create a partnership between the government and the private sector to reduce and end homelessness in the U.S.

The USICH was last reauthorized by the 2009 Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act.

It’s clear that President Trump is unaware of USICH’s purpose, [Waters said](#). “USICH’s role is to reduce bureaucracy to make federal efforts to end homelessness more coordinated, streamlined, and effective,” she said.

“USICH also helps local communities end homelessness by providing technical assistance, which is especially critical in rural areas where homelessness is worsening rapidly,” Waters continued.

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