



August 23, 2021

Secretary Janet Yellen
United States Department of the Treasury
1500 Pennsylvania Avenue
Washington, D.C. 20220

Re: Emergency Capital Investment Program (ECIP)

Dear Secretary Yellen,

Thank you for your continued efforts to make the Emergency Capital Investment Program (ECIP) a success. I write to you today on behalf of Inclusiv credit union members seeking clarification and offering recommendations on ECIP that we believe will improve understanding and enable those credit unions making the deepest impact on excluded communities to access the program.

The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 included a substantial allocation of capital to preserve and grow the network of community development and minority depository institutions (CDFIs and MDIs) to serve low-income and communities of color, with a particular emphasis on those most negatively impacted by the pandemic. ECIP has the greatest potential to transform the movement and its ability to direct capital to historically excluded individuals and communities. By targeting \$9 billion in deeply subordinated long-term capital, ECIP has the potential to inject a level of capital that would be transformational for minority-owned, and -controlled, and CDFI credit unions, allowing them to dramatically increase their impact in the communities hit hardest by the COVID-19 pandemic.

[Inclusiv](#) is a national association of community development and minority designated credit unions. We are a certified CDFI intermediary that raises and deploys capital into credit unions, builds capacity and supports credit unions to grow and serve their communities. Inclusiv has been the longest and most active private secondary capital lender to credit unions. CDFI and MDI credit unions number nearly 800 institutions with more than \$187 billion in assets under management. There are 350 Black credit unions and 172 Latinx credit unions around the country. These institutions lend deepest within their communities providing capital to unbanked and underserved consumers, homeowners and businesses.

Inclusiv was from the start an extremely vocal advocate for the passage of the \$12B of capital in the COVID bill for CDFI and MDIs urging that capital be made available to these institutions to meet the historic need from the pandemic. We and our members are deeply invested in the success of these programs. Since passage, we have advised and advocated that the implementation of ECIP should be streamlined and easily accessible to a wide range of diverse institutions. We have met with and provided written remarks to Treasury, transition officials and NCUA to encourage a coordinated and streamlined process.



Since January, we have been engaging in continuous training and technical assistance to support CDFI credit unions through the paces to access ECIP resources. On August 17, 2021, Treasury participated in a Town Hall session hosted by Inclusiv to review and answer questions related to ECIP and the updates. We appreciate Treasury's responsiveness and work in this watershed moment to further advance an equitable and inclusive recovery for our most underinvested and vulnerable communities.

We are currently sharing guidance, tools and templates to help credit unions (unfamiliar with grant writing processes) to better understand the ECIP application, process and Lending/Investment plan. It is through these efforts that we have identified numerous questions with the process overall and specific questions on the application.

Based on the materials and Town Hall session, our understanding is that applicants that have not yet submitted their ECIP application will be required to update their lending analysis and application based on the 2020 census data. Credit unions that submitted their ECIP applications before the release of the additional guidance are not required to make these adjustments.

There were several changes, however this letter will focus on the questions and concerns related to the references to 2020 Census data and Area Median Income and its impact on the applications and review process.

Issues and Impact:

There are a few different issues this will cause:

1. Insufficient information and lack of public data to complete request.

The terms and data sets required to do this analysis have not been fully defined. The "2020 Census" requirement is not clear on the difference between the decennial census and American Community Survey (ACS). If Treasury is referring to ACS data, there are dozens of data tables that can be selected for race/ethnicity calculation – each with different pros and cons that may not always be compatible with one another. Treasury will need to identify the specific ACS tables that applicants would use. Further, the data sets regarding income are not all publicly available.

The additional guidance references Area Median Income (AMI). There are multiple sources of AMI datasets and assessments (inter alia, FIPs, county, state, types of household, family size). Without clear definitions, it will not be possible for applicants to provide the necessary data or for Treasury to review the applications in a standardized way.

These updates have the potential to introduce further subjectivity and lack of consistency across the analysis.



Based on our assessment and feedback from current and potential applicants, there are significant concerns on the level of effort and work completed is unduly burdensome and not possible to complete within the less than two weeks we have left before the new deadline.

One solution would be for Treasury to provide a reference table with the income and majority/minority breakout for the Census tracts, but as the guidance is currently structured, there is insufficient information to complete this analysis.

2. Lack of parity and consistency in impact analysis and evaluation across applications.

Our understanding is that this new requirement for using 2020 census data will only apply to applicants that did not submit their applications before the new guidance. The 2020 census data results were not even available when the application was released or per the initial deadline. The impact analysis and applications would be completed and assessed using different datasets, resulting in lack of parity in the review process. This adds unnecessary complexities to the evaluation process and takes away from the subjective and equitable evaluation process. While unintended, it will have the de facto impact of being punitive to applicants that were waiting for the additional guidance from Treasury before submitting their applications.

3. Potential attrition from ECIP.

As described above, the changes and requirements in reference to the 2020 Census data are not possible to implement or execute in a meaningful way. The changes, near the end of the application period along with different standards for applications, lack of clarity, and the additional work required, may lead to applicants either not updating their applications or deciding not to apply at all for these critical resources.

Recommendations and Remedies

ECIP is a tremendous opportunity to help advance equity and build a more inclusive recovery. However, the recent changes to the guidelines will decrease the potential of this opportunity. With less than seven work days until the close of the applications, a swift and reasonable solution must be obtained. One remedy would be to update the guidance and change the language from requirements to preferences in use of Census 2020 data.

We would like to discuss other potential remedies and workable solutions with Treasury. Please let us know your availability for a call to further discuss the updated guidance and to continue our conversations on the Emergency Capital Investment Program.

The Inclusiv membership appreciates the thoughtful consideration of the Treasury and its staff as the Emergency Capital Investment Program is implemented. This is a wonderful opportunity to expand the positive influence of a long-standing market-based solution within COVID-impacted communities, and we sincerely appreciate the opportunity to comment and offer feedback. We look forward to future discussions on these important issues.



If you have any questions, or to schedule a call, please contact me at cmahon@inclusiv.org or Pablo DeFilippi, SVP of Membership and Network Engagement at pablo@inclusiv.org.

Sincerely,

A handwritten signature in black ink that reads "Cathleen A. Mahon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Cathleen A. Mahon
President and CEO