

## **Testimony of Amalia de la Iglesia, Cooperative Developer at Center for Family Life**

### **Before the New York State Senate Finance Committee and New York State Assembly Ways and Means Committee.**

*February 16, 2022*

Chairs Krueger and Weinstein and committee members, thank you for the opportunity to testify on behalf of Center for Family Life (CFL), a New York City-based social services organization with deep roots in Sunset Park, Brooklyn. Since 1978, CFL has grown with the Sunset Park neighborhood, responding to emerging needs with effective programs in counseling, employment, education, the arts and recreation. Today, our services engage more than 17,000 people each year at 8 community locations. The immigrant communities we work with are largely excluded from economic opportunity, and we have witnessed firsthand the impact that investing in local economies and businesses has for our clients and the broader community.

This year's budget presents an historic opportunity to make bold investments that will drive equitable local economic development for years to come. We urge both houses of the Legislature to allocate \$100 million for the NYS CDFI Fund and \$100 million in matching funds to help local governments capitalize public banks, and to adopt the NY Public Banking Act (S1762A/A8290), which creates a safe and appropriate regulatory framework for local public banks in New York.

#### **I. Allocate \$100 million for the NYS CDFI Fund to Promote Equitable Economic Development in Historically-Redlined Communities**

Community Development Financial Institutions (CDFIs) – such as community development credit unions and loan funds that serve low-income people and small businesses – stimulate economic development in historically-redlined neighborhoods by providing responsible loans and financial services. With 83 CDFIs serving every county, New York State has the second highest concentration of CDFIs in the nation. From 2003-2018, New York CDFIs channeled \$4.3 billion in loans to low-income neighborhoods and communities of color, creating 53,718 affordable housing units, supporting the start-up and expansion of 73,137 small businesses (including worker cooperatives like the businesses we support at CFL), and creating 64,980 jobs. CDFIs have played an important role during the pandemic delivering PPP funds, emergency loans, and much more to New Yorkers in need.

In 2020, New York State finally funded the NYS CDFI Fund, the first state-based fund of its kind, to help CDFIs expand their infrastructure and deliver responsible financial services to more low-income New Yorkers and neighborhoods. This was a major victory for the NYS Community Equity Agenda coalition, of which CFL is a member, and others who fought for this historic investment. New York's allocation of \$25 million over five years is a good start, but it is a drop in the bucket compared to the urgent need in communities.

Because CDFIs leverage every grant dollar with at least 12 additional dollars from other sources, appropriating \$100 million to New York's CDFI Fund this year would generate more than \$1.2 billion in direct lending and services in low-income communities and communities of color statewide.

## **II. Advance Local Public Banking to Stimulate Economic Development in Communities Hardest-Hit by the COVID-19 Pandemic**

Public banks are lending and depository institutions created by governments and chartered to serve the public interest. Through public banking, local governments can leverage public funds to stimulate local economic development, including by partnering with CDFIs and others to expand financial services and lending in historically-redlined communities. More than 900 public banks have long existed in diverse countries and economies worldwide, from Costa Rica and Chile to Germany and beyond. Public banks play important roles investing in small businesses, renewable energy and other sectors, and have enabled governments to respond quickly and effectively during the COVID-19 crisis. Here in the U.S., for example, the century-old Bank of North Dakota was credited with helping North Dakota small businesses secure more PPP loans, per capita, than in any other state.

### **A. Adopt the NY Public Banking Act to Create a Safe and Appropriate Regulatory Framework for Local Public Banking**

The momentum to bring local public banking to New York State is growing by the day. Last month, 150 community, labor, and small business groups (including CFL) signed a letter in support of the "New York Public Banking Act" (S1762A/A8290), which creates a safe and appropriate regulatory framework and provides consistent statewide guidance for New York cities, counties, and regions seeking to establish public banks. The legislation has been co-sponsored by 50 Assemblymembers and 27 Senators and has the backing of numerous local elected officials who want to bring public banking to their communities. We urge the Governor and Legislature to adopt the NY Public Banking Act as part of the FY23 budget.

### **B. Create a First-in-the-Nation Matching Fund to Help Local Governments Capitalize Public Banks, and Stretch Stimulus Funds over Decades**

NYS has an historic opportunity to ensure that federal stimulus dollars serve NY communities well-beyond this budget cycle, by pairing the NY Public Banking Act with a first-in-the-nation matching fund to help capitalize local public. Using the U.S. Bureau of Economic Analysis Regional Input-Output Modeling System we estimate that, for every \$100 million in matching funds New York provides, local public banks will be able to lend an additional \$1.2 billion to support local economic development. Over ten years that would translate into \$15 billion in new economic activity and 47,000 new jobs in New York State. This is the kind of bold investment New York must make, as we pursue a just recovery and future for all New Yorkers.