



**Written Testimony Submitted to Joint Legislative Public Hearing  
2026 Joint Legislative Budget Hearing  
FY 27 Executive Budget Proposal  
February 26, 2026  
Economic Development**

Thank you, Chair and members of the Committee, for the opportunity to submit testimony on Empire State Development's role in supporting local Community Development Financial Institutions, and the broader role nonprofits play in driving equitable economic development across New York State.

**About Nonprofit Finance Fund (NFF)**

NFF is a nonprofit lender, consultant, and advocate headquartered in New York. Since 1984, NFF has helped organizations access the capital and supportive resources they need to realize their communities' aspirations. Alongside others, NFF is working to build community wealth and well-being and put affordable housing, essential services, quality jobs, and excellent education within reach of more people.

As a federally certified Community Development Financial Institution (CDFI), NFF manages a portfolio of \$350 million. Since 1980, NFF has provided over \$1.7 billion in financing and access to additional capital in support of over \$6.3 billion in projects for nearly thousands of organizations nationwide. In New York, this translates to \$425 million in lending to New York-based borrowers, supporting over \$2 billion in total projects. Further, and since 2023, we have provided over 2800 hours of financial management consulting to New York based nonprofits.

We provide financing both upstate and downstate. For example, we partnered with New York City Energy Efficiency Corporation (NYCEEC) to provide a \$6.4 million loan to finance the construction of two community solar projects in the rural landscapes of Oneida County. These solar arrays will reduce utility bills for income-eligible residents through a monthly credit on their bill for energy produced by the arrays, with an estimate of over \$13 million in utility cost savings for 100% low-income residents in New York State over the next 25 years. Downstate, NFF recently financed the purchase of facilities for Council of Peoples Organization (COPO) in Coney Island. This reduced their costs from a monthly \$25,000 in rent to \$8,000 in monthly mortgage payment, allowing COPO to pump the savings into community services like a food pantry, meals for seniors, health insurance enrollment, and other legal resources.

## **How We Support Economic Aspirations of Communities Across New York**

As a CDFI and financial intermediary that centers nonprofits in our products and services, we see every day how important flexible and reliable capital can be. Access to the kind of financing that CDFIs provide allows nonprofits to invest in their facilities and infrastructure, build long-term financial strength instead of operating contract-to-contract, and manage delayed government payment. CDFI financing also provides a pathway for traditional banking institutions to invest their capital in community projects. This is especially important for nonprofits in communities that have historically faced barriers to traditional financing.

Nonprofits are not on the sidelines of our economy. They are central to it. Nationwide, nonprofits contribute an estimated \$1.4 trillion to the economy and employ nearly 12.5 million people, making the sector one of the largest employers in the country. Their work supports housing, job training, education, health care, and other essential services that keep communities stable and growing.

Nonprofits help hold communities together. They anchor neighborhoods, provide preventative services that reduce long-term public costs, and create pathways for people to participate fully in the economy. At the same time, they are operating under real strain. Public funding has declined in many areas, costs have risen, and demand for services continues to increase beyond what current resources can support.

Government outsources the provision of many social services to nonprofits. They pay nonprofits on a reimbursement basis, after the nonprofit has delivered services and incurred related costs. Additionally, they often pay late and at rates that don't cover the organization's full costs. Our State of the Sector Nonprofit Survey found significant delays in payment from federal, state, and local government, with only 19% of New York City nonprofits receiving payments on time. These practices weaken the very organizations our communities depend on. When funding structures are unstable, impact suffers. Strengthening funding systems, ensuring timely payments, and continuing to support CDFIs that work closely with nonprofit partners are practical steps toward more sustainable economic development.

## **How New York Can Support a Strong CDFI industry**

We appreciate the creation of the New York State CDFI Fund ("Fund") and the partnership with the Empire State Development Corporation in administering the Fund. Modeled after the US Treasury's CDFI Fund, the Fund serves mission-driven financial institutions that take a market-based approach to supporting economically disadvantaged communities across the state. We are thankful for the initial \$25 million capitalization and see it as an important first step in meeting the economic needs across the state. However, as we look at the wide spectrum of

housing and community development needs that CDFIs and the nonprofit sectors are striving to meet, the current level of capitalization is simply insufficient. Further, eligibility should be more broadly expanded to CDFIs whose core missions include financing affordable housing and community facilities such as early childhood centers. We also advocate that eligibility be expanded to nonprofit cooperative financial institutions that provide financial coaching and counseling in underbanked communities.

We respectfully request that the Legislature begin efforts to increase the size and scope of the Fund to reach an eventual capitalization level of \$100MM. We understand that fiscal pressures are high, and that this may require thoughtful deliberations over the next several fiscal years, but expansion of the Fund will help CDFIs meet the expansive economic needs across the state. This expansion will be a strategic investment. According to information published by Opportunity Finance Network, the national association of CDFIs, every public dollar invested through funding like the Fund attracts \$8 in additional private and philanthropic investment, bringing additional financial resources to address New York's greatest areas of need. These leveraged funds flow directly into a diverse range of projects, from affordable housing developments and early-stage small business loans to critical community facilities.

NFF urges policymakers to prioritize and expand state support for CDFIs that provide capital and stability to community-based nonprofits; ensure that economic development investments reflect the true cost of delivering services, including fair compensation and infrastructure; and promote funding practices that offer predictability and flexibility so nonprofits can plan for the long term.

Nonprofits are not simply service providers. They are employers, community anchors, and drivers of local economic activity. Supporting them, and the CDFIs that finance them, is an investment in a stronger and more equitable New York.

Thank you.

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