

## THE WHITE HOUSE

WASHINGTON

July 10, 1997

TO: GENE SPERLING

FROM: EMIL PARKER

SUBJECT: Budget deal: CDFI appropriations

As mentioned in Paul Weinstein's e-mail, the VA-HUD bill reported by the House Appropriations Committee this past Tuesday included the full \$125 million requested by the President for the Community Development Financial Institutions Fund (CDFI). As you know, the CDFI Fund is listed on page 8 of the budget agreement summary documents as a protected domestic discretionary priority, to be funded at the level proposed in the FY 1998 budget.

There are, however, rumors that the Senate VA-HUD Appropriations Subcommittee may not provide any funding for CDFI. Senator Bond, the Subcommittee chair, apparently has a history of animosity toward the CDFI Fund. Secretary Rubin has put a call in to Bond and will also be calling Senator Mikulski, the ranking member on the Subcommittee, who is thought to be supportive of the program. The Senate markup is scheduled for this Tuesday.

On the House side, Representative Spencer Bachus (R-AL) may offer an amendment on the House floor to zero out CDFI. Bachus, in his capacity as chair of the Banking Oversight Subcommittee, is conducting an investigation of the most recent round of CDFI grants and is apparently alleging that, among other improprieties, record-keeping was inadequate and the First Lady exercised undue influence over the selection process.

Treasury legislative staff are confident that given the support for CDFI from Representatives Lewis and Stokes (the chair and ranking member of the House VA-HUD Subcommittee), Bachus would not have the votes to pass the amendment, should he offer it.

You might want to flag this issue at tomorrow morning's budget meeting, to confirm that OMB and WH Legislative Affairs are following developments and are ready to apply pressure if necessary.