Congress Extends Government Funding Until December 20

The president signed a continuing resolution (CR) into law last week that extends government funding until Friday, December 20. This is the second CR of fiscal year (FY) 2020 and comes amid ongoing uncertainty over Congress’ ability to pass all 12 appropriations bills to fund the government this year. Reports over the weekend suggest that lawmakers have reached an agreement on funding levels for FY 2020 appropriations bills, but disputes over funding for a border wall and the ongoing impeachment inquiry add an additional element of uncertainty to any foreseeable legislative activity.

LIIF is maintaining a close eye on our top two priorities for the end of the year – an extension of the New Markets Tax Credit (NMTC) and strong funding levels for the CDFI Fund. We continue to raise our support for NMTC with lawmakers – including signing the NMTC Coalition’s Sign-On Letter – and urge Congress to act before the credit expires. LIIF has also been strongly urging Congress to enact the House’s proposed $304 million for the CDFI Fund in FY 2020, an increase of $54 million over current funding levels.

Regulators Expected to Move Separately on CRA Rule Changes

The three federal banking regulators have been jointly considering changes to CRA regulations since the Office of the Comptroller of the Currency (OCC) requested public comments on proposed changes last year. Comptroller of the Currency Joseph Otting – the head of the OCC and the person spearheading the CRA modernization conversation – recently indicated that the regulators were unable to come to consensus on a proposed rule. The Federal Deposit Insurance Corporation (FDIC) appears to still be considering joining the OCC, while the Federal Reserve has signaled that it does not agree with the OCC’s approach to implementing a metrics-based evaluation system.

The OCC – and possibly the FDIC – will move forward with a proposed rule in December. Engagement in the CRA regulatory process is critical given the far-reaching implications that changes could have on the community development finance ecosystem.

Senator Booker Introduces ECE Bill

Last week Senator Booker introduced the Preparing and Resourcing Our Student Parents and Early Childhood Teachers (PROSPECT) Act, which would invest $9 billion over five years to establish competitive grants that would support infant and toddler child care talent, training, and access at community colleges and Minority Serving Institutions. The bill includes three types of grants:

- Access grants, which would provide free child care for up to 500,000 children under age 3 who have a parent attending a community college or Minority Serving Institution;
Impact grants, which would provide infant and toddler child care providers with training, mentorship, technical support and expansion funding; and Pipeline grants, which would fund early childhood education programs at community colleges and Minority Serving Institutions and establish partnership with regional institutions to grow, diversify and improve the child care workforce.

Earlier this year Senator Booker also introduced the Respect, Advancement, and Increasing Support for Educators (RAISE) Act which would make educators, including those in ECE, eligible for between $1,000 and $11,500 in tax credits.

LIIF thanks Senator Booker for championing the cause of ECE and looks forward to working with his office to address the facilities needs among child care providers.

Lawmakers Introduce Green New Deal for Public Housing Act

This month Senators Bernie Sanders (I-VT), Jeff Merkley (D-OR) and Elizabeth Warren (D-MA) and Representative Alexandria Ocasio-Cortez (D-NY) announced the Green New Deal for Public Housing Act which would invest up to $180 billion over 10 years to retrofit, rehabilitate and decarbonize public housing. The bill would create a series of grant programs, administered through federal-state partnerships, to sustainably transition public housing and “create sustainable communities by building new child care and senior centers, expanding access to clean transit, and creating community gardens and other community amenities.”

LIIF thanks these offices for their attention to the critical intersection of housing and climate impacts. The well-publicized introduction of these ambitious housing proposals by leading Democratic candidates reflects the growing recognition of the lack of affordable housing as a first-tier national challenge. Notably, for the first time in recent memory, candidates in a Presidential nominating debate were asked about affordable housing. LIIF was among the over 1,000 organizations that signed a letter encouraging debate moderators to include such a question.

Media Coverage of Opportunity Zones Sparks Lawmakers to Take Action

Opportunity Zones (OZs) have received significant media coverage since they were enacted in the Tax Cuts and Jobs Act of 2017, but as uncertainty about the effectiveness of the financing tool increases, so too has the federal response:

- Four Democrats have asked the Government Accountability Office (GAO) to evaluate the effectiveness of OZs, including how the OZ census tracts compare to the census tracts that were not chosen, and how the Treasury Department can report on the program’s effectiveness. These lawmakers include House Ways and Means Committee Chairman Richard Neal (D-MA), Senate Finance Committee Ranking Member Ron Wyden (D-OR), Chair of the Ways and Means Oversight Subcommittee John Lewis (D-GA), and Senator Cory Booker (D-NJ).
- Senator Ron Wyden introduced legislation that would implement new restrictions on OZ investments, including increasing the amount of property that must be used within
the zone and expanding the list of businesses that do not qualify for the tax break, as well as adding new reporting requirements on investors.

- Chairman Neal and Ranking Member Wyden announced an investigation into potential Treasury Department interference in the OZ designation of a census tract in Nevada. The Treasury Department has since denied any interference.
- Representatives Ron Kind (D-WI), Terri Sewell (D-AL), and Mike Kelly (R-PA) introduced a bill to impose more reporting requirements in OZs. This bill is companion legislation to Senators Tim Scott (R-SC), Cory Booker (D-NJ), Maggie Hassan (D-NH) and Todd Young's (R-IN) reporting requirements bill that was introduced earlier this year.

LIIF supports efforts to ensure OZs are targeted to low-income people and places and responsive to local needs. We submitted a comment letter to the Treasury Department in May on the importance of including strong data collection and reporting requirements in OZ regulations.

For questions or comments, please contact:

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