S. 1469. A bill to amend the Community Development Banking and Financial Institutions Act of 1994 with respect to community development finance institutions in rural areas; to the Committee on Banking, Housing, and Urban Affairs.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFI) TECHNICAL CORRECTIONS ACT

Mr. CONRAD. Mr. President, I rise today to introduce the Community Development Financial Institutions Fund Technical Corrections Act.

This legislation will make the CDFI program more responsive to low-population rural areas. It will allow the program to fulfill its mission of building the capacity of financial institutions in parts of the country that have experienced chronic, sustained out-migration in recent years.

As many of my colleagues know, the CDFI Fund was established by the Riegle Community Development and Regulatory Improvement Act of 1994. This program is intended to stimulate the creation and expansion of diverse community development financial institutions. The fund invests federal resources in—and builds the capacity of—private, for-profit and nonprofit financial institutions, leveraging private capital and private-sector talent and creativity. The fund invests in CDFI's using flexible tools such as equity investments, loans, grants, and deposits, depending upon market and institutional needs.

The Core Component is the CDFI Fund's main program. In order to be certified for funding, an entity must demonstrate that it has a primary mission of promoting community development, principally serves an under-served investment area or targeted population, makes loan or development investments as its predominant business, provides development services, maintains accountability to its target market, and is a non-government entity.

In order for a geographical area to be eligible for investment, one of a number of objectively-defined economic distress criteria must be met.

The problem, Mr. President, is that the objective measures of economic distress as currently defined by the CDFI Fund do not fully reflect economic distress in low-population areas. Allow me to share just a couple examples with my colleagues.

First, significant parts of low-population rural states like North Dakota have historically low unemployment rates and therefore cannot qualify on that basis. In many rural areas unemployment remains statistically nearly non-existent despite—and in fact because of—a lack of non-agricultural jobs. In rural North Dakota, the unemployment rate is the little choice but to leave for urban areas.

The result is unemployment rates as low as two or three percent in rural parts of my state and the misleading impression of a strong economy. It is also worth noting that such rural areas often suffer from high underemployment.

Additionally, the CDFI Fund program considers an area economically distressed if median family income is at or below 80 percent of the national average, or if the percentage of the population living in poverty is at least 20 percent. Here again, Mr. President, these criteria do not accurately capture the level of economic distress in low-population rural areas. Prolonged out-migration in many rural areas due to the loss of family farms and a shortage of non-agricultural jobs keeps median incomes at higher levels.

There are other economic distress criteria in the CDFI program. Mr. President, but they all share one thing in common: they all fail to fully register the unique economic distress found in a good part of rural America.

This leads me to the most frustrating aspect of the CDFI program for many low-population rural areas. Current CDFI guidelines consider an area economically distressed and suffering from out-migration if county population loss between 1980 and 1990 was at least 10 percent. This effort to utilize out-migration figures as a measure of economic distress is laudable. However, the CDFI program does so in a manner that does nothing for many parts of rural America, including my state.

Mr. President, change in the size of a population has two components. One is what demographers term natural population growth. This is computed by subtracting deaths from births. The other variable is migration, which is determined by subtracting departures from arrivals.

If you assumed that out-migration-related economic distress was determined under the CDFI program by looking at out-migration numbers, you would be mistaken. In fact, birth and mortality rates are effectively factored into calculations of out-migration.

Instead of net migration loss, the determinate criterion under current CDFI guidelines is the change in the overall sum total of the population from 1980 to 1990. Consequently, many counties that have experienced a contraction in population to the cities, but also which have robust birth rates and long life expectancies, have not qualified for the CDFI program.

Mr. President, this makes no sense. Natality and mortality rates have nothing to do with out-migration.

Just a couple of statistics illustrate why this problem needs to be fixed. Nearly every non-metro county in North Dakota experienced a more than 10 percent net migration loss between 1980 and 1990. Yet, only slightly more than two thirds of rural North Dakota counties qualify for the CDFI program because the program's guidelines measure overall population change, not net migration loss. Birth rates have been high enough and life-spans long enough to hide the real story of out-migration in a dozen counties in my state.

Mr. President, instead of wheat or sunflowers, the top export in many parts of farm country is people. Unless they can find work in the shrinking agriculture industry, increasing numbers of Americans who were born and raised in the rural Upper Great Plains are being forced to the cities to find work. They become statistics in a continuing and under-recognized exodus driven by economic depression, one that is destroying two of our nation's greatest assets: its small towns and family farms.

Mr. President, I want to see the CDFI program work for rural America, to help our rural communities and keep people on the land. Today, I am introducing legislation that will help it do just that.

Mr. President, my bill is very simple. It amends the Riegle Community Development and Regulatory Improvement Act of 1994 to allow non-metro counties to qualify for the CDFI program if net migration loss—rather than just overall population loss—was at least 10 percent during the years 1980 to 1990.

Let me be clear: my bill does not strike any part of the Riegle Act and does not make major revisions to that landmark legislation. Rather, my bill makes a technical, perfecting correction that will help make the CDFI Fund work as intended for rural America. Consequently, I have entitled this measure the CDFI Technical Corrections Act.

Eighteen states and the District of Columbia, had populations of fewer than two million people during the 1990 Census, Mr. President. That is roughly one-third of the states. Yet of all the Core Component loans the CDFI Fund has made over the past three years, only about 12 percent have been to entities in these low-population states. The CDFI economic distress criteria need to be changed to more accurately reflect the level of economic distress in much of rural America. I urge my colleagues to join me in fixing the CDFI economic distress criteria by passing my technical corrections bill.

By Mr. LAUTENBERG:

S. 1470. A bill to amend the Clean Air Act to ensure that adequate actions are taken to detect, prevent, and minimize the consequences of accidental releases that result from criminal activity that may cause substantial harm to public health, safety, and the environment; to the Committee on Environment and Public Works.