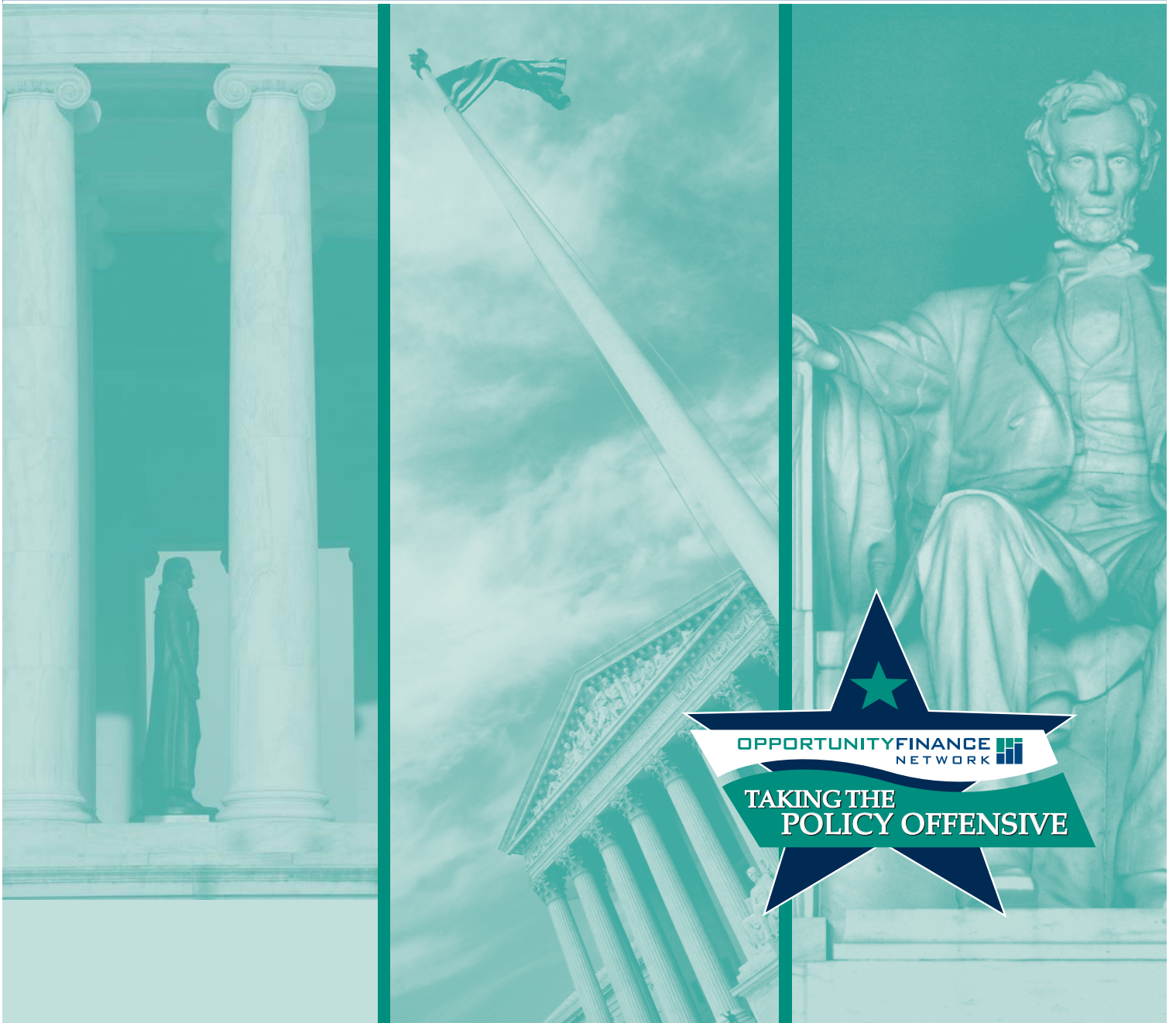


# INTO THE ECONOMIC MAINSTREAM

A CDFI's Guide to Opportunity Finance Advocacy







## Introduction

Public policy is one of Opportunity Finance Network's key activities. To accomplish our public policy goals, we have three complementary advocacy strategies: from our Washington, D.C. office, we meet with legislative staff on Capitol Hill and solicit their support for the industry; from our Philadelphia office, we do research, provide comment and information on priority issues, and update Members on issues important to the industry; and from local communities, Opportunity Finance Network Member institutions tell legislators about their work.

This advocacy cannot be successful without the grassroots work of our Members who connect the facts to their local work. We can make the best arguments we have on Capitol Hill, but what lawmakers really want to hear—and what really convinces them—are real stories from real constituents.

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## About Our Advocacy & Your Participation

### The purpose of our advocacy work is to:

- Help Member CDFIs gain familiarity with and understanding of advocacy;
- Educate legislators about the opportunity finance industry;
- Create relationships with elected officials, regulators, and others; and
- Gather support for our policy priorities.

It may seem intimidating to think about approaching Members of Congress or your state and local policymakers. You are a constituent of the lawmaker, though, and part of his or her job is to respond to constituents' concerns. You simply want to give the best and most compelling reasons for him or her to do so.

### Remember, the public sector is an investor. In many ways, your approach to legislators is the same as your approach to other funders:

- You may not get results after the first meeting, and it will probably take several contacts to build a solid relationship, but the end result is worth it.
- You need to provide evidence that an investment in your organization will produce real results.
- Your “pitch” should talk about how your mission and strategies match the legislator’s overall goals.
- You can prepare the same general argument for any elected official, and then “tweak” it to suit particular legislators’ interests.

When talking with a policymaker, the first rule is to **make it personal**. Numbers are important and provide sound backup for your original request. But no one ever marched on Washington, D.C. because of a pie chart.

“Several times a year I visit Washington, D.C. to meet with our Congressional delegation from Illinois. Opportunity Finance Network’s policy staff offers tremendous support and information—in fact, I can’t imagine discussing the CDFI Fund without them by my side. And as we have implemented our regional expansion and gone out to meet elected officials we haven’t worked with before, the policy staff has provided great background, support, and ideas for these visits. They helped us plan local visits for Washington, D.C. staff, too.”

TRINITA LOGUE

ILLINOIS FACILITIES FUND

“Opportunity Finance Network’s policy staff has provided us with invaluable assistance in navigating the policy landscape. Opportunity Finance Network’s staff has always been available to provide guidance to us on issues such as setting up meetings with legislators or preparing materials to send to a public official.”

ABBIE McBRIDE

LOW INCOME INVESTMENT FUND

### When you prepare your story or talk for a policymaker, be sure to:

- Link the issue to the legislator’s constituency. He or she will want to know how it affects the voters “back home” in the district.
- Use examples—short ones—about the real people who have had their lives improved by your financing. Talk about the people who found new homes, were able to start businesses, secured affordable childcare, or opened their first savings accounts. Explain how your financing was critical to making these things happen.

These simple rules hold true when you are communicating with policymakers at any level, and whether you are writing a letter, making a phone call, visiting Washington, D.C., or hosting a site visit. This guide provides more details about the specific workings of each kind of legislative contact, including instructions for successful communication and sample documents.

### Of course, one important resource that we can’t reproduce on paper or pixels is the Opportunity Finance Network policy staff. Our job is to help you be effective advocates. We can:

- Help you find the right people in legislators’ offices;
- Find background information about policymakers’ interests and history with opportunity finance issues;
- Help set up and accompany you on Washington, D.C. meetings, and help with follow up for other meetings and visits;
- Provide sample documents and help you with customization;
- Attend site visits and help you coordinate them; and
- Work through your “pitch” and materials with you.

## Frequently Asked Questions

### **What is Opportunity Finance Network trying to accomplish?**

We are trying to accomplish two things by distributing this guide. First, we want Members to be actively engaged in the legislative process. The government is playing an increasingly bigger role in the daily operation of CDFIs, but many of our Members are unsure or hesitant about how to respond. Opportunity Finance Network is hoping that this guide will provide the impetus for Members to get involved for the first time, or to increase their involvement in policy.

Second, it is important for you to develop connections with elected officials at all levels of government. If Opportunity Finance Network is going to be a leader in economic development, then we need to have relationships with those who make public policy—at all levels.

### **Doesn't Opportunity Finance Network lobby? Why should I do this?**

Opportunity Finance Network has staff dedicated to government education and lobbying. Staff has frequent meetings with Members of Congress. However, there are more than 100,000 registered lobbyists in Washington, D.C. (Opportunity Finance Network is one). Officials at every level of government hear from hundreds of interests daily. The challenge is to differentiate us from all the other groups.

The answer is grassroots lobbying. Elected officials want to hear from their constituents, not “hired guns” on issues. As the saying goes, “all politics is local,” and officials at all levels of government place a strong emphasis on local concerns. If an elected official knows that you, as a voter, are concerned about an issue and it affects the district he or she represents, the official is going to listen.

### **Is it legal for me to lobby?**

Absolutely. Many Opportunity Finance Network Members are concerned about breaking laws when they lobby since they work for a nonprofit organization. But in the United States, it is legal for nonprofits to lobby the government on issues related to mission, the sector, etc. Nonprofits cannot endorse or oppose a candidate for office, but they can get involved in the legislative and regulatory processes, such as passing legislation, opposing a particular regulation, etc.

### **I'm not a lobbyist. How do I know what to do at a meeting with an elected official?**

Lobbying is an art, not a science. The goal of grassroots lobbying is to create relationships with officials and make them care about your cause. This advocacy guide contains many tips on lobbying, what to say in a meeting, what not to say, and what you can expect. Elected officials are human beings with their own desires, likes, and dislikes. Treat them like you would any other person you are asking for help. And always remember that the job of the elected official is to help his or her constituents with their problems and concerns. You are a constituent and you have concerns.

### **Do I have to travel to Washington, D.C. to meet with my federal representatives?**

No. You can meet with your legislators in their Washington, D.C. offices if you happen to be there, or you can make appointments to see them in their district offices, when they are visiting “home.” The procedures and expectations for either location are basically the same. If you plan a meeting in your local office, it's best to do so during the Congressional “home district work periods” that occur several times a year.

## Writing a Letter to an Elected Official

One of the easiest ways to communicate with your legislators is to write a letter. As few as three letters on an issue can get a legislator's attention. The letters may not change the elected official's mind, but it's a sufficient number to have a staffer assigned to look into and follow the issue.

### When writing a letter to a Member of Congress, you should keep the following points in mind:

- With few exceptions, it is best to write only to your own elected officials. A letter from a California CDFI doesn't do a whole lot of good to an Illinois representative. Elected officials care most about their constituents and districts.
- To be most effective, the letter must be personalized. It should take only a few minutes to customize the letters that Opportunity Finance Network prepares on our advocacy issues by adding a short description of your organization and a story about a successful borrower. If you build a library of borrower profiles, your job will be even easier.
- Send the letter by fax or e-mail. Because of security precautions the government takes, postal mail faces significant delays in reaching Congressional offices. Both e-mail and faxes are best if you can direct them to a specific staffer. Opportunity Finance Network can help you determine whom to contact. Sometimes legislators use forms on their Web pages to help direct e-mail to the right place, but these e-mails are less effective than sending a fax because they can often collect for long periods of time without being distributed to the correct staff.
- Keep your letter short and to the point. One page is best. Address only one issue in the letter.
- Be clear about what you want the legislator to do: support an appropriation, vote for or against a bill, etc. Include the bill numbers, if appropriate.
- Don't write to a Senator about a bill or vote in the House, or vice-versa.
- Use one brief paragraph to talk about your organization, its mission, its results, and its place in your (and the legislator's) community.
- Include an example or two of borrowers who have benefited from your organization's financing. These stories are the key to demonstrating your organization's impact. (If you work over a wide area, choose stories that are relevant to the legislator to whom you're writing. The maps in the back of the Opportunity Finance Network's, "U.S. Congress Handbook" show Congressional district lines, or our policy staff can help.)
- Close with an offer to be a resource for more information.
- Make sure to use the proper form of address. The address section of a letter should always be, "The Honorable First and Last Name." For the salutation:
  - > Assembly: Dear Mr./Ms. Last Name
  - > Senate: Dear Senator Last Name
  - > House of Representatives: Dear Representative (or Congressman) Last Name
  - > Governor: Dear Governor Last Name
  - > Administration: Dear Mr./Madam Secretary Last Name
- Send a copy to the Opportunity Finance Network.

"Facilitative public policy, including effective legislation and smart subsidy, is essential to CDFIs' efforts to help create opportunities for better jobs, housing, education, healthcare and services in our communities. Chicago Community Loan Fund's commitment to engaging in public policy efforts is driven by this understanding, and our level of activity is made nearly effortless by the support that Opportunity Finance Network provides to our board and staff. Our public policy voice is amplified substantially by the real time information and user-friendly technology that Opportunity Finance Network puts at our fingertips."

**CALVIN HOLMES**

**CHICAGO COMMUNITY LOAN FUND**

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## SAMPLE LETTER ABOUT APPROPRIATIONS

[Date]

The Honorable [First Name Last Name]  
United States Senate  
141 Russell Office Building  
Washington, D.C. 20510

Fax: 202.228.2853; **Please deliver to [Name of Staffer].**

Dear Senator [Last Name]:

On behalf of the [Your CDFI], I am contacting you to express my strong support for an appropriation of at least \$80 million for the Community Development Financial Institutions (CDFI) Fund in Fiscal Year [Year of Appropriations] and encourage you to add your name to the list of Senators who have already signed onto Senator [Lead Senator]'s letter to the Appropriations Committee requesting this.

This appropriation will be used to leverage an additional \$1 billion in private sector investment for our nation's emerging domestic markets. This investment is needed to preserve the CDFI's core programs including financial assistance, Native American CDFI Initiatives, technical assistance, and Bank Enterprise Award programs.

CDFIs are financial institutions that specialize in underserved markets with the goal of bringing those markets into the economic mainstream and bringing the economic mainstream into those markets. In its first ten years, the CDFI Fund has successfully invested in CDFIs working in urban, rural, and reservation-based markets in all 50 states to produce jobs, quality affordable housing, and facilities for vital social services.

In 2006, the [Your CDFI] received a core award from the CDFI Fund that when matched by private investors allowed us to lend more than \$1.2 million to approximately 20 borrowers over an 18-month period. This capital would otherwise not have been available for ethnic minority and women-owned businesses and businesses in low-moderate income areas, since they would not qualify for traditional financing. Many of these businesses are now "bankable" and contributing to their communities and tax base. The CDFI award also increased the visibility of [Your CDFI] and its outreach in the state of [Your State].

I believe it is time to increase our investment in programs that work to make sure that all people have the opportunity to participate fully in economic prosperity. This funding will ensure that the CDFI Fund continues to administer its critically important investment programs for use in [Your State].

Senator [Last Name], I urge your support and thank you for your consideration. Please contact [Hill Staffer] of Senator [Lead Senator]'s office at [Phone] to add your name to this important letter.

Sincerely,

cc: Opportunity Finance Network

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## SAMPLE LETTER ABOUT A SPECIFIC BILL

[Date]

The Honorable [First Name Last Name]  
United States House of Representatives  
141 Longworth House Office Building  
Washington, D.C. 20515

Fax: 202.228.2853; **Please deliver to [Name of Staffer].**

Dear Representative [Last Name]:

Current federal law allows predatory lending practices that strip billions of dollars of assets from working families, the elderly, and minority groups. An effective law, such as H.R. [Bill Number], will strengthen protections for homeowners, close loopholes to cover more loans and abusive practices, and preserve the ability of states to address predatory lending issues at the local level.

Representatives [Bill Sponsors] introduced H.R. [Bill Number] based on anti-predatory lending legislation already effective in several states, including North Carolina, the home of many of the nation's largest banks. Predatory lending has decreased dramatically in North Carolina while subprime lending continues to flourish. One study estimates that North Carolina citizens saved \$100 million during the first year alone.

Today unscrupulous lenders can strip equity by inserting exorbitant fees into a mortgage loan. They can repeatedly refinance the same mortgage until the borrower's equity is gone. They can prevent victims of predatory lending from protecting their homes against foreclosure after lenders have sold their loan. Given these practices, it is not surprising that one in five subprime mortgages goes into foreclosure. Here in the [Your area] region, the number of foreclosures increased from just over [number of foreclosures in your area] in 1995 to more than [number] in 2002.

H.R. [Bill Number] would correct the above issues in a comprehensive way. By contrast, a bill introduced by Representatives [Bill Sponsors], H.R. [Bill Number], would be harmful to homeowners. Rather than encouraging responsible lending practices, this bill would allow abusive practices to continue. Moreover, it would provide no meaningful way to enforce the weak protections offered, and it would override successful state laws.

I urge you to contact [Hill Staffer] in Representative [Lead Sponsor]'s office today at [Phone] to add your name to the growing list of cosponsors for this worthwhile cause.

Sincerely,

cc: Opportunity Finance Network

## Meeting with Elected Officials

You can meet with your federal legislators in their Washington, D.C. offices if you happen to be there, or you can make appointments to see them in their district offices, when they are visiting “home.” The procedures and expectations for either location are basically the same, although it’s usually easier to meet with the elected official in the district office. You will generally meet with a staff member during a Washington, D.C. visit. If you plan a meeting in your local office, it’s best to do so during the Congressional “home district work periods” that occur several times a year: during the month of August, around holidays including Memorial Day, Independence Day, Presidents’ Day, and others. Contact Opportunity Finance Network or see the House of Representatives and Senate homepages<sup>1</sup> for more information on Congressional schedules and recesses.

The two keys to a useful and productive meeting with an elected official sound deceptively simple, but can make the difference between success and failure:

1. Ask the official to do something; and
2. Give the official a reason to care about doing it.

### Setting up the meeting

- Contact the legislator’s scheduler by fax or e-mail, about ten to 14 days before you’d like to meet. The scheduler for each office is listed in the Opportunity Finance Network’s *U.S. Congress Handbook*, with the title “Scheduler,” “Appointment Secretary,” or “Executive Assistant.” See the “Sample Appointment Request” as a guide to your letter.
- Follow up the appointment request to be sure the right person received it and to find out the name of the specific staffer with whom to continue your follow-up efforts.
- Follow up by phone or e-mail to confirm your appointment a day or two before the meeting.

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<sup>1</sup>Senate: [www.Senate.gov](http://www.Senate.gov); House: [www.House.gov](http://www.House.gov).

### Preparing for the meeting

- Decide who will attend. Three to four people is the maximum for a productive meeting. In addition to staff, your group could include Board Members and borrowers. You may also want to coordinate a visit with other CDFIs in your state or region, and include representatives from several organizations.
- Know what you want from the meeting, including specific action you want from the legislator. It’s also all right, especially if you are visiting Washington, D.C., simply to introduce yourself, your organization, and the issues that matter to you and your elected officials. You will still want to ask for his or her support, generally, for the things that are important to you.
- Find out what matters to the legislator and information about his or her background. This basic research will help you tailor the stories you share, or discover connections between the legislator and the meeting participants. You will want to find out:
  - > What kinds of issues does the legislator tackle? On what committees does he or she serve? What are his or her priorities?
  - > Biographical information, such as: where did s/he go to college? What was his/her previous profession? Has or does s/he serve on any local boards or in civic institutions?

You can find much of this information on legislators’ Web sites.<sup>2</sup> Basic legislators’ background is also in the Opportunity Finance Network’s *U.S. Congress Handbook* and, of course, you can always contact the Opportunity Finance Network staff for additional information.

- Armed with this research, select a story or two to highlight. If you can, choose borrowers from the legislator’s hometown, financing that supports a “pet” issue, or a project that will otherwise resonate with a legislator.
- If more than one person will participate in the meeting, spend some time organizing your presentations. Roles for participants include introductions, sharing stories, and framing the “ask.”

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<sup>2</sup>The general format for federal legislators’ Web sites is <http://lastname.House.gov> and <http://lastname.Senate.gov>. Directories are on the homepages of both the House and Senate Web site, as well.

- Prepare materials to bring to the meeting. Plan on bringing two copies per meeting since a staffer will likely sit in on the meeting. It's often helpful to compile your materials in a folder that you can leave behind with the office. Your "packet" could include:
  - > A one-page fact sheet outlining the issue, your position on it, and the action you want from the legislator. See the Opportunity Finance Network Web site ([www.opportunityfinance.net](http://www.opportunityfinance.net)) for fact sheets about issues in the Opportunity Finance Network policy agenda.
  - > Information about your organization, such as a recent newsletter, annual report, program description, or marketing materials.
  - > Borrower stories.

### At the meeting

- Expect the meeting to be short—15 to 20 minutes. Space is in short supply in Capitol Hill offices, so you might meet in a crowded space, in the reception area, or even in the hall. You should arrive early, though the meeting may start later than scheduled.
- You are more likely to meet with staff than with legislators. Don't be disappointed by this, and don't underestimate the value of meeting with a staffer. Legislative staff does research on issues, recommend positions to the legislators, and often represent the legislator in public and in Capitol Hill discussions. The staffer may know more about a specific issue than the elected official, and the legislator will rely on staff in making decisions. A relationship with the right staffer can make a real difference in advancing your cause.
- Be concise. Having talking points, a clear "ask," and a rough script will help make sure your meeting covers all the ground you need in the time you have.
- Make no assumptions about what the staffer knows about your issue. Often, legislative staff must make last-minute schedule changes and sometimes the person who takes the meeting is not the one with whom it was scheduled. Be prepared to explain the basics of your work and your issues.
- By the same token, don't assume a legislator will or won't be "on your side." Politics makes strange bedfellows. Your legislator may be an unlikely ally, or on the other hand have an objection based on some long-past incident.

- Don't feel like you must answer every question. It's fine to say, "I don't know." Just make sure you follow that with, "But I will find out for you." In this way, being asked a question you can't answer is *good* because you have an excuse to follow up and continue corresponding with the office.
- End the meeting by reiterating the action you want the legislator to take, and offering to serve as a resource for opportunity finance and community development issues.

### After the meeting:

- Be sure to send a thank-you note! You can send your thank you by fax or e-mail. In the thank-you letter, be sure to:
  - > Include any information you promised to provide (contact the Opportunity Finance Network for help if you were asked a question you don't know how to answer).
  - > Remind the legislator or staffer of what action you'd like the policymaker to take, and briefly review why.
- Let the Opportunity Finance Network staff know that you had the meeting and how it went. We can have more productive Washington, D.C. meetings if we know about constituent activity and relationships. We can also follow up to make sure the legislator does what he or she promised to do, or to nudge the office to take action.

"I really see the public policy work of the Opportunity Finance Network as the single most important benefit of membership to both organizations. Collectively, our industry puts thousands of people to work, in homes, and in business each year. Through advocacy, we could exponentially increase that impact with a stroke of a pen—through public policy.

During a recent trip to Washington, D.C., I contacted Opportunity Finance Network to let the policy staff know that I would be in town. The policy staff arranged for two meetings with staffers on the Hill. Opportunity Finance Network had the connections to set up the meetings—which ran very efficiently. The meetings allowed our organization to re-introduce ourselves to our representatives and thank them for their support. At the same time, the visit reinforced the strategy of increasing resources for opportunity finance nationwide."

ED SIVAK

ENTERPRISE CORPORATION OF THE DELTA

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## SAMPLE APPOINTMENT REQUEST

[Date]

The Honorable [First Name Last Name]  
United States Senate  
141 Russell Office Building  
Washington, D.C. 20510

Fax: 202.228.2853; **Please deliver to [Appointment Scheduler or Executive Assistant's name].**

Dear Senator [Last Name]:

I will be in Washington, D.C., on [date] and would like to meet with you during my visit to tell you about the work that [Your CDFI] is doing in [Your State].

[Your CDFI] is [description of organization]. We are also a certified community development financial institution (CDFI). [If applicable.]

My organization is a Member of the Opportunity Finance Network, a national network of more than 160 financial institutions that creates growth that is good for communities, investors, individuals, and the economy. Its members include CDFIs and other opportunity finance institutions that work just outside the margins of conventional finance to bring those markets into the economic mainstream and to help the economic mainstream flow into those markets.

I hope to talk with you about [Your CDFI] and the CDFI Fund, a program in the Department of the Treasury that has allowed us to [describe growth or new program].

I would like to schedule a meeting [at any time on (date) OR between (hours you are available if your time is limited)]. You can reach me at [Phone] to confirm a time for my visit or if you need additional information. I will follow up this request in the next few days to find out when we can meet.

Thank you.

Sincerely,

cc: Opportunity Finance Network

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## SAMPLE MEETING SCRIPT

### Staff members of four CDFIs are visiting their Senator's office in Washington, D.C.:

**Alice:** CEO of a large housing and facilities loan fund.

**Bill:** Lending Director for a microenterprise fund that is five-years old.

**Carol:** Executive Director for a loan fund working in the state's rural areas.

**Denise:** Development Director for a facilities loan fund.

These group members have reviewed their Senator's biography and the Opportunity Finance Network talking points on issues. The Senator is not on the Appropriations Committee, but is fairly senior in the legislature, is in his fifth term, and is a high-ranking member of the Small Business Committee. His biography indicates that he is or has served on the board of arts organizations.

The group's goal is to ask for the Senator's support for CDFI Fund appropriations. Because Denise has visited with the Senator before, the group decides that she will manage the meeting.

Denise will introduce group members, give background on opportunity finance, and note that their primary issue is the CDFI Fund. In introducing their organizations and giving borrower examples, the CDFIs will focus on:

- Alice: affordable housing needs among working families and first-time homebuyers.
- Bill: small business and the importance of technical assistance.
- Carol: special needs of the state's rural areas.
- Denise: arts facilities funding for groups like the ones the Senator supports.

Each person will also specifically mention the assistance their organization has received from the CDFI Fund and the ways it has helped their organization.

Denise will close with the "ask" that the Senator support \$80 million for the CDFI Fund, and contact the Chair of the Appropriations Committee with his support.

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## SAMPLE BORROWER STORY

### **JACKSONVILLE YOUTH SANCTUARY**

**Jacksonville, FL**

**Financed by Florida Community Loan Fund**

Jacksonville Youth Sanctuary (JYS) has been serving youth in foster care since 1987. Since opening its doors, the Sanctuary has provided housing to more than 850 abused, abandoned, and neglected young people. The mission of JYS is to create and provide a safe, nourishing environment where youth in foster care can live, learn, trust, and thrive. Many times, JYS is the “last stop” for these youth before there are no other placement options available for them. This group home setting offers a variety of services: education tutoring, mental health counseling, behavior modification, social skills training, independent living skills training, vocational training, and support and services tailored to meet the individual needs of each child. With its \$320,000 loan from the Florida Community Loan Fund, a Member of Opportunity Finance Network, JYS was able to complete the purchase of a former Ronald McDonald House, allowing JYS to expand its current group home program from serving 24 to 48 youth.

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## SAMPLE APPOINTMENT THANK YOU

[Date]

[First Name Last Name]

[Title]

Office of [Senator First Name Last Name]

United States Senate

141 Russell Office Building

Washington, D.C. 20510

Dear [Staffer's First Name]:

Thank you for taking time to meet with me when I visited Washington, D.C. I appreciate having the chance to talk with you about our work in [Your State]. I have attached some additional information about [requested information], since you asked about that area during our meeting.

As I mentioned, the CDFI Fund is critical to supporting our efforts. I hope that Senator [Last Name] will express his support for \$80 million for the CDFI Fund this year, both in the Appropriations subcommittee markup and in conversations with his colleagues on the Appropriations Committee.

As we discussed during our meeting, my organization would be delighted to host you or the Senator on a tour of some of our projects when you or he is in [Your State]. To set up a visit, or if you have any questions about our organization, opportunity finance, or the CDFI Fund, please do not hesitate to contact me at [Your Phone].

Thank you again for meeting with me. It was a pleasure meeting you.

Sincerely,

cc: Opportunity Finance Network

## Meeting with Elected Officials: Dos & Don'ts

### Do

- Be professional, courteous, positive, direct, clear, concise, factual, credible, and specific.
- Prepare and do your homework.
- Always follow up with information you promised to provide.
- Be sensitive to partisan politics, but always try to come across as non-partisan.
- Use correct salutations and titles to address Senators and Representatives.
- Type your fact sheets, letters, and testimony. Be sure they include your contact information.
- If you are meeting in a group, present a united front. Work out compromises privately.
- Treat your legislator as a friend and an intelligent citizen.
- Establish a reputation for reliability and credibility.
- Be reasonable and realize that everyone thinks his or her issue is the most important one being considered.
- Show your elected official how your legislative platform will help him/her when you can.
- Pass along anything nice you may have heard about him/her, but don't over do it. Get down to business quickly.
- Treat your legislator as you would like to be treated. Use common sense.
- Thank legislators for meeting with you and for their support or consideration at the end of the meeting.
- Follow up your visit with a thank-you note and reinforce your request.

### Don't

- Don't give inaccurate information or purposely lie. It is better to admit that you don't know the answer to a question but will follow up with additional information.
- Don't threaten or be rude to a legislator and/or his/her staffer.
- Don't make moral judgments based on a vote or an issue.
- Don't underestimate a staffer's influence. Staff members are crucial to the decision-making process in any Congressional office.
- Don't begin by saying "As a citizen and taxpayer...."
- Don't hold grudges or give up.
- Don't be argumentative or abrasive.
- Don't interrupt.
- Don't expect a Congressional meeting to last more than 15 minutes. Therefore, be on time, be prepared, and be concise in your presentation.
- Don't cover more than one subject during a visit unless asked.
- Don't blame legislators for all the things that go wrong in government.
- Don't be offended if the elected official or staffer forgets your name or who you are, even if it is just five minutes after your visit.

## Hosting a Site Visit

### Why do a site visit?

Nothing gives investors—including the public-sector investors who are your elected officials—a better picture of your work than seeing it firsthand. One way to give them that picture is to host a site visit for them to meet your borrowers and tour the sites of your projects.

A site visit can take several forms. It can be a brief addition to a ribbon cutting, annual meeting, or other planned event. It can be a half-day tour developed specifically to host legislators. It can be a quick meeting with borrowers and policymakers, or a short briefing about your impact.

Benefits and opportunities that come with hosting a site visit include:

- Building relationships with your Members of Congress;
- Generating positive publicity for your organization;
- Showcasing innovative and unusual projects; and
- Getting involved in advocacy at home, without having to travel to Washington, D.C.

With the help of this guide and the Opportunity Finance Network staff, you'll find that hosting your elected officials is simpler than you might have thought and can pay great dividends.

### Planning the Site Visit

The best time to host a site visit is during the “home district work periods” when Congress is in recess and legislators are home from Washington, D.C. These periods include the month of August and several holiday periods including Memorial Day, Independence Day, and Presidents' Day. Contact Opportunity Finance Network or see the House of Representatives and Senate homepages for more information on Congressional schedules and recesses.<sup>4</sup>

If you are able to host a legislator in person, you should expect no more than an hour—and possibly less—of his or her time. If the visit involves legislative staff, you may have half a day to tour various sites financed by your organization and other local CDFIs.

### Selecting a Borrower and a Site

You'll want to host the visit with a borrower who underscores the success of your organization. But you'll also want to choose one who will attract the interest of your legislator. So, you should consider in choosing a borrower to showcase:

- Your legislators' interest. If he or she has particular priorities that mesh with your activities—for example, minority business lending, childcare, financial services, or a particular town or neighborhood in your service area—you should try to identify a borrower that will highlight your work in that area. Opportunity Finance Network can help research the background and interests of your legislators.
- A borrower who can articulate the help you provided, particularly the way your financing and technical assistance was crucial to making the project happen.
- An innovative or difficult project to emphasize that your work is creative and finds ways to take advantage of opportunities to invest in emerging domestic markets.
- A location that makes sense. If you have only a short time with the legislator or staff, choose somewhere that's easy for them to get to between other appointments. If there's time for lunch, consider going to a restaurant you financed.
- Other events you may be hosting that dovetail with your site visit.

### Planning the Visit

After you've identified the borrower(s) or event, you can begin to plan the visit. Planning for the visit includes “scripting” the day and managing the logistics, inviting legislators and staff, and organizing public relations.

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<sup>4</sup> Senate: [www.Senate.gov](http://www.Senate.gov); House: [www.House.gov](http://www.House.gov).

## Inviting Legislators

You can get “more bang for your buck” if you invite multiple legislators, including your Congressmen, Senators, and even state and local officials. To invite elected officials:

- Fax an invitation to the Scheduler in the Washington, D.C. office and the staff member responsible for CDFI issues, at least a month prior to the date you’d like to host the visit. You can offer some options on dates, but this may be difficult if you’re coordinating with other CDFIs or if your borrower has limited availability. You should also send a copy of the invitation to the local office nearest you—you can find information about local offices on the legislator’s Web site or in the Opportunity Finance Network’s *U.S. Congress Handbook*.
- Follow up on the invitation a day or two after you’ve sent it. You should begin by contacting the Washington, D.C. office. That office may refer you to the local office to coordinate details; different legislators organize their offices and scheduling differently. Note that you may need to resend the invitation—this is common.
- About a week before the visit, confirm with the specific staffers who have said they’ll be joining you. You can do this by e-mail.
- Confirm again the day before.

## Coordinating the Day

You will want to “script” your site visit and help speakers prepare. This preparation includes:

- Plan an agenda. Decide who will speak when. You will want to cover introductions, sharing stories, and framing the “ask,” if any.
- Assisting the borrower with preparation. You may need to coach your borrower through talking with the legislator. The borrower should be able to articulate why your financing was critical to his or her project, what you provided that another financial institution didn’t, the value of your technical assistance, and other relevant information, as well as the end results of the loan or investment.

- Build travel time into your schedule if the visit includes multiple sites (no more than three is best). Make sure you’ve organized travel arrangements, especially if you won’t finish at the same place you started.
- Make contingency plans in case things are running late or don’t go as scheduled.

## Press and Public Relations

You may want to invite press participation in your site visit, especially if you are hosting a legislator. It may also be possible to coordinate with the legislator’s office and press secretary; he or she may be able to and prefer to handle press relations.

At the very least, make sure you have assigned someone to take pictures for your Web site, newsletters, and annual report.

## After the Visit

Whew! Even after all the work preparing for the visit and pulling it off, you’re not quite done. There are just a few things to do after the site visit:

- Send a thank-you note. The thank you should express your appreciation for the legislator’s time, briefly reiterate any action you’d like the legislator to take and why, and offer your organization as a resource for opportunity finance.
- Think of the site visit as one step in a long-term relationship. Add the staffers who attended to your mailing list, make sure they receive copies of any press coverage, and invite them to future events.

“Opportunity Finance staff makes putting on a legislative site visit and tour a nearly turn-key type activity: all you need to do is provide the invite list and stir. We did two tours last year, one in Idaho and one in Nevada, and Opportunity Finance policy staff made it all possible.

These events are invaluable for building the crucial informal contacts with Congressional Members and their staff.”

CHUCK PRINCE

IDAHO-NEVADA COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION, INC.

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## SAMPLE SITE VISIT INVITATION

[Date]

The Honorable [First Name Last Name]  
United States House of Representatives  
141 Longworth House Office Building  
Washington, D.C. 20515

Fax: 202.228.2853; **Please deliver to [Name of Staffer]; [Appointment Secretary/Scheduler].**

Dear Representative [Last Name]:

As you are aware, job creation and job growth in [Your State] is driven by small businesses and entrepreneurs. The [Your CDFI] is proud to support these jobs by providing financing to small businesses, many of which cannot access traditional sources of capital. As a community development financial institution (CDFI), [Your CDFI] partners with banks, public agencies and others to help [Your State]'s working families build assets and secure their futures.

We would be honored to have you join us in [City/State] on [Date] to visit some of the people of [Your State] who with [Your CDFI]'s help are creating jobs and strengthening the economy. We will be joined by representatives of Opportunity Finance Network, and we would encourage you to take advantage of this opportunity to have lunch with business owners and others in the [City] area who have benefited from our efforts.

The site visit in [City] will take place from [Time] on [Date]. The tour will begin at [Time] in [Your CDFI]'s office at [Address]. We will then proceed to [Location], a local [description]. Lunch will follow at [Name of Restaurant]'s restaurant from [Time]. The tour will focus on [Your CDFI]'s economic development efforts in [State]. We hope that the entire Congressional delegation or their representatives will join us.

The [Your CDFI], with assistance from the Treasury Department's CDFI Fund, has generated more than \$150 million for entrepreneurs, homebuyers and community development projects, and assisted more than 10,000 individuals.

We look forward to this opportunity to highlight [Your CDFI]'s success and its potential for you and your staff. We hope that your schedule will allow you to share this special day with us. We will follow up with confirmed participants by [Date]. In the meantime, should you have questions or require additional information, please contact [Your CDFI Staff Member] at [Phone].

Sincerely,

cc: Opportunity Finance Network

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## SAMPLE SITE VISIT AGENDA

### **[Date] Site Visit Schedule** **for [List Elected Officials and Staff attending]**

10:00 a.m.	Meet at [Location] in [City] and drive together to [Location].
10:30 a.m.	First Project.
11:15 a.m.	Tour of [CDFI 1]'s work in [City]: new home construction, home rehabilitation.
11:30 a.m.	Visit with Homeowner.
Noon	Lunch with [all CDFIs involved in tour], Mayor of [City] and other community partners (six to ten total people including guests).
12:45 p.m.	Drive to [City].
1:15 p.m.	Tour [Location] (a project of [CDFI 2]).
1:45 p.m.	Tour [Location] (a project of [CDFI 3]).
2:00 p.m.	Conclude tour.

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## SAMPLE SITE VISIT THANK YOU

[Date]

[Hill Staff First Name Last Name]  
Office of [Senator First Name Last Name]  
United States Senate  
141 Russell Office Building  
Washington, D.C. 20510

Fax: 202.228.2853 [Can also e-mail]

Dear [Hill Staff First Name]:

Thank you for spending the day with [Name of CDFIs] and seeing some of the results of our work.

In response to your question about the leverage of CDFI Fund investments, I contacted the Opportunity Finance Network, a network of institutions like ours. The Treasury Department's research indicates that each dollar of their equity investments in CDFIs leverages \$27 in additional private investment. If you have additional questions, you can contact me or Sandra Kerr at the Opportunity Finance Network; her number is 703.370.1991.

Friday's tour showed you and your colleagues only a fraction of the vibrant CDFI industry that invests in the emerging markets of [Your State]. And our work in [City] is only a fraction of our lending; I have attached some information about our other projects across the state.

I hope that the tour demonstrated how important the CDFI Fund is to our efforts, and how critical it is that Senator [Last Name] do all he can to support an \$80 million appropriation for it in FY[Year]. I would be happy to answer any other questions you have about CDFIs, the CDFI Fund, or ways that Senator [Last Name] can support it. Thank you again for visiting us.

Sincerely,

cc: Opportunity Finance Network

## Participating in Town Meetings & Other Public Events

Elected officials often hold press conferences, town meetings, and public events to tout their records and solicit opinions from their constituents. Most politicians, though, are not likely to be talking much about opportunity finance. We've prepared this set of questions to help change that.

These questions are intended to find out more about policymakers' positions on opportunity finance and get them on the record about how they would support it. You can ask these questions of officials at all levels, from your town council to federal legislators. Some questions refer to support for specific programs or funding streams, while others are broader and seek to have the lawmaker clarify his or her general philosophy on government support for issues that matter in opportunity finance.

Many legislators may not understand opportunity finance and the work that you do, so asking them questions also provides an opportunity for you to educate them about CDFIs. If someone says that he or she doesn't know enough about the issue to give a good answer, offer to send materials and/or meet with them to talk more about your concerns.

### **You can use these questions in several ways:**

- Ask them at public events like town meetings or candidate forums;
- Send them to the policymaker's office, asking for answers to publish in your newsletter or other publications;<sup>5</sup> and
- Partner with other organizations to have the questions asked at formal events or press conferences.

### **The list of questions includes several general questions about opportunity finance and community reinvestment, and additional questions dealing with more specific topics including:**

- Small business and microenterprise;
- Affordable housing;
- Predatory lending;
- Community facilities;
- Faith-based initiatives;
- Rural issues; and the
- Community Reinvestment Act.

You can personalize the questions to talk about your organization, what you do, and what issues are most important to you. Please contact Opportunity Finance Network staff if you would like information on how to tailor a question for a particular politician—for example, to see if he or she has been supportive of particular issues or has a specific interest.

### **General Questions**

- Our work reflects the central mission of opportunity finance and its commitment to ensuring that all people and communities can participate fully in the economic mainstream. Even in times of economic prosperity, however, not all Americans have shared in the nation's economic growth. How do you think the government can ensure economic opportunity for all Americans?
- CDFIs finance small businesses and the self-employed; support immigrants in building assets and in self-employment; focus on the inner-city and rural markets just outside the economic mainstream but soon to be in it; catalyze the development of individual and community assets. What policies and programs would you support to promote increased access to capital and financial services? How do you think that the federal government can best support CDFIs and their efforts?

### **Small Business**

- Small businesses and microenterprises are the engines of job growth, particularly in minority communities and among low-income people. What do you think the government can do to encourage and stimulate those businesses?

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<sup>5</sup> Sending to elected officials is fine. If you want to send to candidates for office, you will have to tailor the questions more carefully. See *Lobbying Issues for CDFIs: Election Considerations*.

## Affordable Housing

- What do you think are the most important government programs to ensure affordable housing?
- Expanding homeownership is certainly a laudable goal. But we can never reach 100% homeownership, since homeownership simply isn't right for some people, including very low-income people and those with special needs. What would you do to increase the supply of affordable rental housing?
- Homeownership is a staple of the American Dream, and one of the activities financed by CDFIs. The government has chartered three enterprises—Fannie Mae, Freddie Mac, and the Federal Home Loan Bank system—collectively the government-sponsored enterprises or GSEs, to help people achieve that dream. In light of the calls for reform of the GSEs, how can they best fulfill their mission to increase the supply of affordable housing and stimulate economic development?

## Community Facilities

- Financing of community facilities that provide needed services and enhance quality of life is an expanding market for opportunity finance. CDFIs have developed expertise in lending to childcare facilities, charter schools, arts facilities, and other nonprofits with unconventional financing needs. How can the government best channel private capital to these kinds of projects?

## Predatory Lending

- Even though homeownership is at record levels, too many people face the risk of losing that asset by falling victim to predatory and abusive lenders. What do you think the government can do to stop this predatory financial activity?
- In addition to abusive mortgage lending, financially unsophisticated consumers and those living in areas with few alternatives are also prone to abuse by check-cashers and pawnshops; unscrupulous credit card companies; rent-to-own businesses, and other “fringe” banking services. What can the government do to provide access to affordable, responsible credit and financial services?

## Rural Issues

- Much of the U.S. rural policy is usually wrapped into legislation called the “Farm Bill.” However, many aspects of our rural economy are not farm related. How can Congress think more broadly about the issues of job creation, homeownership, and capital access in rural areas?
- We sometimes have difficulty getting administrators of government programs to understand that poverty “looks” different in rural areas than it does in cities. Policies often reflect this misunderstanding—using geographically-based rather than income-based eligibility criteria, for example. What do you think is the best way to define poverty in rural areas, and how can government programs support that definition?

## Community Reinvestment

- What do you think the financial services industry—banks, thrifts, insurance companies, securities firms—could be doing better to meet the needs of underserved people and communities?

## Compiling Borrower Stories

Borrower stories— anecdotes that highlight the end users of your financing and illustrate the impact of your work—are one of the most effective means of showing legislators the difference you make. You are probably already collecting information about customers for your annual report, newsletter, or reports to funders and investors. With just a little effort, you can create a portfolio of “borrower profiles” to showcase your work.

### To put together your library of stories:

- Collect profiles that demonstrate all your lines of business in all your market areas. Some legislators will respond with more interest in job creation, some are enthusiastic about homeownership, others are impressed by asset building. If you work across Congressional district boundaries or in multiple states, you will want profiles from each of those states and districts.
- Highlight the end impact of your investment. How many jobs did it create? How many housing units? What was the borrower able to do that he or she couldn't before (go to school, provide for a family, realize a dream)?

“We find that our borrower profiles accomplish many objectives. They help others know what we are doing and why; they provide exposure to our clients—Florida nonprofit organizations. They also help us keep grounded about both needs and opportunities in a state as large as Florida. We've also found them to be an extremely powerful tool in helping elected officials really connect with our work. And making the connection is easy, because over the years we've developed a pretty large library of wonderful stories throughout the sunshine state.”

**IGNACIO ESTEBAN**

**FLORIDA COMMUNITY LOAN FUND**

“PeopleFund clients are the best ambassadors for illuminating the power of our work. Each year we photograph and write summary stories about a handful of them to send to legislators, funders, and other stakeholders. We have ready-made promotional pieces at our finger tips to provide to those who may be interested in opportunity finance. Our clients never come across as the talking heads that we do.”

**MARGO WEISZ**

**PEOPLEFUND**

- Be sure to discuss the reason the borrower or project came to you. Why couldn't a conventional financial institution make the loan? What did you offer that helped make the deal happen?
- If a particular policy or funding program (i.e., CDFI Fund) made it possible for you to do a particular deal, say so.
- Include a photograph, but make sure it's high quality and will reproduce well.
- You could use a designer and printer for your one-page stories, but they will be almost as effective and cheaper (and you'll have more flexibility) if you do them in-house using simple desktop publishing or even word-processing software.

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## SAMPLE BORROWER STORY

### **UPTOWN HABITAT FOR HUMANITY**

**Chicago, IL**

**Financed by the Chicago Community Loan Fund, the Chicago Rehab Network,  
and Habitat for Humanity International**

Several years ago, in the walkway between two buildings in West Humboldt Park, Al and Precious were playing a spirited game of basketball. The kids lived in an Uptown Habitat For Humanity building, where their families had moved into affordable condominiums. Thanks to a unique financing partnership between the Chicago Community Loan Fund (CCLF), a Member of Opportunity Finance Network, and the Chicago Rehab Network, construction began on the formerly run-down, drug-infested building next door.

Uptown Habitat For Humanity began rehabilitation of the building. CCLF, Chicago Rehab Network, and Habitat for Humanity International later took over the project, and converted the building into seven large, condominiums designed to be affordable to individuals and families who earn well below 65% of the area median income (e.g., \$45,000 or less annually for a family of four).

For a down payment as low as \$750 and a monthly mortgage payment of \$400 to \$500, as well as 300 hours of volunteer time spent working on the building, buyers were able to afford safe, newly refurbished housing.

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## SAMPLE BORROWER STORY

### **HOMES IN LANCASTER CITY**

**Lancaster, PA**

**Financed by Community First Fund**

Dwain London, owner of London Real Estate, is making an impact in the most distressed neighborhoods of Lancaster City. Community First Fund (CCF), a Member of Opportunity Finance Network, has provided Mr. London with five microloans since 2002, each to purchase and rehabilitate a home in Lancaster City (most of them “dollar homes” owned by the city) in order to restore the property for resale to low-income individuals and first-time homebuyers. Mr. London has been involved with and committed to renovation projects in the city for years, and continually updates his education and training in center city projects to provide the best service possible to blighted neighborhoods. CFF client Dwain London is a catalyst for lasting economic growth in communities that need it most.

Community First Fund creates lasting economic growth for our communities by providing equitable financial services, technical knowledge and advocacy. CFF has a 15-year history of providing a continuum of services to help new entrepreneurs and existing business owners develop and grow strong businesses in central Pennsylvania. CFF has built a locally-based system to work with business owners to spur economic and community development, create and retain jobs, create wealth in underserved communities, and build tax bases. By providing opportunities and education to individuals and businesses in these distressed communities, CFF advances its vision to see opportunities for economic prosperity available to everyone in the communities we serve.

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## SAMPLE BORROWER STORY

### **ROSIE'S DAY CARE**

**Austin, TX**

**Financed by PeopleFund**

Using a big smile and an even bigger heart, Rosantina (Rosie) Herrera has worked for more than 25 years teaching and caring for young children. Committed to providing a high quality, bilingual learning environment for children from lower-income families, she decided to purchase her own childcare facility in 1995. In no time, the center was at full capacity and Rosie began planning to expand into a second center. She came to PeopleFund, a Member of Opportunity Finance Network, in 2000 for a loan to purchase an additional facility a mile away. Today, Rosie's Day Care serves 70 children, and once again Rosie is seeking ways to expand her care and her reach.

## Position Papers & Fact Sheets

Any supporting documents you provide a lawmaker should be factual, brief, concise, and to the point. You can bring longer, supporting documentation if necessary, but do not depend on someone reading it. It is best to bring your organization brochure (make sure it includes your Web site address), a position paper, and a fact sheet to leave behind at any meeting with legislators or their staff. Position papers and fact sheets should be one page in length.

Position papers should represent ONE issue only. If more than one issue is important to you or is part of your discussion with a legislator, write a separate paper for each topic. Explain clearly what position you are taking on the issue. You should briefly explain both what you are for and what you are against. Be short but specific. A “call to action” is a good idea; tell people what you think they ought to do.

### A position paper should include the following:

- **Issue:** A brief statement that describes the issue.
- **Position:** One sentence that states your position (support/oppose) and lists the bill number, if appropriate.
- **Background:** Two to three paragraphs explaining the issue, where it stands, and why you have taken your position.
- **Summary:** One to two paragraphs summarizing key issues and the impact of the proposed legislation on your community.
- **Contact Information:** Make sure to list a contact name, address, phone, and e-mail whom the reader can contact for more information. If you are using Opportunity Finance Network’s fact sheets, simply staple your business card to the page.

### A fact sheet should include the following:

- **Position:** One sentence that states your position (support/oppose) and lists the bill number, if appropriate.
- **Facts:** Bullets that list facts about the issue. Fact sheets provide the most important information and talking points about the topic.
- **Contact Information:** Always include contact information.

“Our work with our region’s legislators is very positive and long term. We recognize that they are inundated with data constantly. Therefore, when we have their time we provide information that is concise, well organized, and speaks to the topic at hand. This makes a HUGE difference for them and, in turn, they make themselves more available to meet with us.”

CHRISTOPHER SIKES

WESTERN MASSACHUSETTS ENTERPRISE FUND

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## SAMPLE POSITION PAPER

### Community Development Financial Institutions Fund Position Paper

**Issue:** In his budget proposal for next year, the President proposed \$7.9 million for the Treasury's CDFI Fund to administer the New Markets Tax Credit program only. This is an almost 86% reduction in funding for the program in Treasury and eliminates valuable core programs at the CDFI Fund including CDFI Financial and Technical Assistance, Native American CDFI Initiatives, and the Bank Enterprise Award programs.

**Position:** Opportunity Finance Network **opposes** the elimination of these core programs at the CDFI Fund, and **supports** an appropriation of *at least* \$80 million for the CDFI Fund.

**Background:** CDFIs finance small businesses, homeownership, affordable rental housing, childcare facilities and charter schools. About 1,000 CDFIs operating in the United States manage more than \$10 billion in assets, providing much-needed financial services to low-income communities across the United States. CDFIs use capital to leverage social, economic, and political change by giving economically underserved people and communities the opportunity to enter the economic mainstream.

The CDFI Fund, a federal program housed in the Treasury Department, issues funds to CDFIs based on performance and community need, and with the requirement to match dollar for dollar federal funds with private investment. Since 1995, the CDFI Fund's \$771 million in equity investments has generated an additional \$16 billion in non-federal financing in emerging domestic markets.

In each round of CDFI Fund Financial Assistance awards, CDFIs ask for, and can deploy, nearly five times the amount available. Unlike other programs dependent on federal spending, CDFIs leverage \$27 in non-federal funds for each federal dollar invested.<sup>6</sup> CDFIs are a sound federal investment because they make sound investments. CDFIs' net charge offs came to 0.5 percent of their loans in 2004. The average was 0.61 percent for commercial banks during that same period. CDFIs, which are private institutions, are experts at managing risk.

**Summary:** CDFIs are an established strategy for successfully blending public and private sector resources. CDFIs are experts at the prudent use of scarce public funds, which they use to provide financing to emerging domestic markets. They are able to lend successfully in these markets in part because CDFIs build their borrowers' capacity by combining their financing with technical assistance such as homeownership counseling, entrepreneurial training, and financial literacy education.

Because the federal government will have less to spend on domestic priorities in the next few years, it must invest wisely in programs with a proven track record, such as the CDFI Fund. It must target funding priorities and additional resources to programs that are successful in leveraging marginal federal investments. By increasing investments in these programs, the federal government can cut spending to reduce the deficit while still helping communities most in need.

**Contact:** For more information about this issue or other issues relating to opportunity finance, contact:

Your Name  
Your CDFI  
Address  
City, State, Zip  
Phone  
Fax  
E-mail

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<sup>6</sup> CDFI Fund figures available at [http://www.cdfifund.gov/impact\\_we\\_make/overview.asp](http://www.cdfifund.gov/impact_we_make/overview.asp)

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## SAMPLE FACT SHEET

### Community Development Financial Institutions Fund Fact Sheet

Opportunity Finance Network **supports** substantial additional funding for the Community Development Financial Institutions (CDFI) Fund. Congress should appropriate at least \$80 million for the CDFI Fund, and maintain the program in the Treasury Department. Please consider:

- **Investing in CDFIs through the CDFI Fund is a sound investment of scarce federal resources.** Unlike with other programs dependent on federal spending, CDFIs leverage \$27 in non-federal funds for each federal dollar invested.
  - > CDFIs' net charge off rate in Fiscal Year 2004 was only 0.5%, compared to a rate of 0.61% for all banks in the same period. CDFIs, which are private institutions, are experts at managing risk and have a proven track record.
  - > Through fiscal year-end 2004, Members of the Opportunity Finance Network had loaned and invested \$9.6 billion to create economic opportunities for women-owned, minority-owned, and other small businesses; quality, affordable housing; and essential community facilities and services.
  - > That financing generated or maintained 141,000 jobs and 28,900 businesses, 317,000 housing units, and 4,700 community facility projects in urban, rural, and Native communities in all 50 states.
- **CDFIs reach the country's neediest people and communities.** In FY 2004, CDFI customers were 58% minority and 70% low income.
- **CDFIs have expertise in and are responsive to local markets.** CDFIs put the CDFI Fund's investments to work at the regional, community, and local level. They find and finance opportunities that target emerging domestic markets including inner cities, remote rural communities, Native American reservations, first-time homebuyers, minority, and immigrant populations. CDFIs develop special financing and technical assistance tools to meet the needs of these markets, and provide products and services responsive to local market demand.
- **The CDFI Fund invests in permanent private-sector institutions, not specific projects.** The CDFI Fund invests in CDFIs with proven track records and solid business strategies, using a competitive application process. It builds permanent solutions in disinvested communities. CDFIs use the "seed capital" from the CDFI Fund to attract private-sector capital, ensuring continued community investment well beyond the CDFI Fund.

**Contact:** For more information about this issue or other issues relating to opportunity finance, contact:

Your Name  
Your CDFI  
Address  
City, State, Zip  
Phone  
Fax  
E-mail

## Leveraging Your Board & Volunteers

Your CDFI probably relies on volunteers for many things: sharing expertise on your Board, lending committees and advisory boards, mentoring and training for borrowers, fundraising, and other expert support. Your Board and volunteers should also be an asset to your advocacy work. After all, these are people who clearly believe strongly in your CDFI and its work—the kind of people from whom policymakers ought to hear your praises!

### **To make your Board, committees, advisory boards, and volunteers into an ongoing advocacy resource, you can:**

- Make sure everyone on your Board and advisory committees can articulate your message. They can be some of the best ambassadors for your organization, but they need to be comfortable with the “sound bite” about you and your mission.
- Explain your policy priorities (or Opportunity Finance Network’s, if you don’t have your own yet) to your Board, and make sure they know which programs are key to your success and why.
- Find out about other connections your Board Members have: are they on other Boards? Where did they go to school? What organizations or issues are they active with? This kind of information can help you discover common areas of interest and “hooks” for attracting your legislators’ interests. (See the “Meeting With Legislators” chapter for more information on how to use this kind of information.)
- Consider spending time at a Board meeting discussing the importance of advocacy and the ways you can participate.
- Regularly update your Board and volunteers on policy issues. Include updates in your newsletter, at Board meetings, or in special policy-focused e-mail updates. Always check Opportunity Finance Network’s Web site ([www.opportunityfinance.net](http://www.opportunityfinance.net)) for the latest updates at the federal level.
- Add a policy committee to your Board, or a policy advisory committee to your governance structure. The committee would have responsibility for setting policy priorities (usually based on key sources of public funds), paying attention to the national, state, and local political environment, and leading volunteers’ advocacy.

### **To tap into the resource you’ve built, use your Board and volunteers in your advocacy:**

- Ask them to participate in campaigns from Opportunity Finance Network and other associations that matter to you. In regulatory and legislative campaigns, more contacts mean more impact! Adding your supporters to sign-on letters and having them e-mail policymakers can add volume to our voice.
- Bring them with you on legislative visits and other meetings with policymakers. Board members and volunteers have a different perspective on the organization than staff, and can bring credibility by being committed to your CDFI as volunteers. Having a volunteer with you will be especially valuable if you have uncovered an important connection with the policymaker; the connection can serve as an icebreaker (if the legislator and your Board member went to the same college at the same time, for example) or as a way to make the policymaker pay attention to your issues.
- Find ways to make it easy for them to participate. In the same way that Opportunity Finance Network provides you with talking points and sample letters, you can provide sample paragraphs and other information about your organization and borrowers so that your volunteers can easily personalize their comments. The alerts on the Opportunity Finance Network Policy Action Center include a “Tell-A-Friend” feature that you can use to send them a link to our alerts, along with your suggestions for personalization.

With just a few steps to make your volunteers aware of how important advocacy is and to make their participation easier, you can multiply the influence of your organization and the opportunity finance industry.

## Testifying Before a Congressional Committee

Committee hearings are excellent opportunities to provide legislators with information about issues that matter to opportunity finance. Testifying also helps you gain experience and credibility with important public officials.

When announcing public hearings, most committees will set deadlines for acceptance of applications to testify, so as soon as possible, notify the committee of your desire to present testimony.

### **Here are some tips on testifying before a legislative committee.**

- Let Opportunity Finance Network policy staff know immediately if you have an interest in testifying before a committee. We'll help you with much of the work.
- Find out the rules established by the committee. Rules include time allocations, filing your testimony in advance, and the number of copies of your testimony that should be provided.
- Study the legislation for which you'll be providing testimony... read the bill (and amendments and commentary)!
- Prepare your testimony well in advance of the hearing. Make sure you have consensus on your statements if you are representing more than just your organization.
- You may get both friendly and unfriendly questions, so make sure you know the other side's arguments and points of view.
- Arrive early to the hearing.
- If possible, meet with members of the committee, or their staff, prior to the hearing. This can help you gain insight into the types of questions that will be asked and where committee members stand on the topic.
- Provide copies of your testimony to your own elected representatives, as well as other elected officials interested in the topic (or should be interested in the topic).
- Provide copies of your remarks to the local media.
- Make your testimony personal. Relate your own experiences with the issue being debated. Inform the committee of the effect that the proposed legislation has on your borrowers.
- Prepare both written testimony and an outline of your oral testimony. Your written testimony can be longer, go into more detail, and provide more examples than you might have time for in the period allotted for oral testimony.
- File a written statement if you are not able to present your testimony in person.
- Do not be disappointed if only a few committee members are present. Staff and department officials are always present and will relay your comments.
- If you don't know the answer to a question, say so. Offer to research and write a detailed response. Many times, the member asking the question already knows the answer and an incorrect guess can be deadly to your testimony.
- Write a thank-you letter to committee members for the opportunity to testify.

## Lobbying Issues for CDFIs

CDFIs are sometimes reluctant to make their voices heard in the legislative process, in part because they may not know what the rules are, or may hold the misconception that “nonprofits can’t lobby.” In fact, CDFIs can and should be advocates for opportunity finance! Advocacy is an important way to educate decision makers about the issues facing the industry. Engaging in advocacy is an expression of First Amendment freedom of speech rights, though the Internal Revenue Service does place some restrictions on the kinds and amount of activity in which nonprofit organizations can engage.

This overview is intended to provide a basic understanding of the rights and responsibilities for nonprofit lobbying, and to make you more comfortable participating in Opportunity Finance Network’s advocacy activities. It is not intended as legal advice or as a replacement for legal counsel; if you are uncertain about any activities, please contact your own attorney or a lawyer with expertise in nonprofits and advocacy.

### What CDFIs Can and Can’t Do

The Internal Revenue Service has very specific definitions of “lobbying” that apply to 501(c)(3) organizations. Only these definitions have any bearing on nonprofits’ advocacy activities; other activities that you might think of as “lobbying” may not concern the IRS.

These very specific definitions mean that there is a lot of room for your CDFI to participate in advocacy. Generally, only activities on particular legislation constitute “lobbying,” and the IRS permits your organization to participate in even these activities.

#### What CDFIs can do without limits:

- Provide technical assistance or advice to a legislative body or committee in response to a written request. Please note that the request must come from a legislative body such as a committee, not an individual legislator.
- Make available nonpartisan analysis, study, or research. “Nonpartisan” does not mean “neutral” or “objective;” your analysis can espouse a point of view so long as it presents facts fully and fairly, and does not include a call to action based on the findings of the research.
- Update your constituents and stakeholders on the status of specific legislation or issues, without asking them to take specific action.

- Communicate with legislators about matters that might affect the existence or powers and duties of the organization (what the IRS calls “self-defense” communications).
- Make statements on broad social or political issues that are not related to specific legislation.
- Administrative or executive branch advocacy—writing comment letters or contacting federal agencies—is not included in the IRS definition of lobbying. CDFIs may work on regulatory change, for example, participating in Opportunity Finance Network letter-writing campaigns on the Community Reinvestment Act regulations, without the IRS viewing this activity as “lobbying” and having it count in the expense and time calculations.

#### What CDFIs can do, within limits:

Much of what constitutes “lobbying” in IRS terms includes communication on specific legislation. Of course, this kind of communication is often exactly what the Opportunity Finance Network asks you to do! Activities that the IRS considers “lobbying” include:

- Direct communication with legislators to influence the outcome of legislation: asking legislators to vote a particular way or to support or oppose a bill. This kind of communication is “lobbying” even if it concerns a proposal on which no specific bill has been introduced.
- Calls to action: asking others to contact or communicate with legislators in the hopes of influencing specific legislation or proposals.

While there are limits on these types of activities, the IRS restrictions are not so cumbersome that they will impede your CDFI’s participation in the legislative process and as a partner in Opportunity Finance Network’s advocacy activities. It is critical that your CDFI track and report properly on lobbying activities. See the “IRS Guidelines” section for more detail on how much leeway the IRS allows and what your obligations are.

#### What CDFIs cannot do:

Under no circumstances can nonprofits use federal money for lobbying. CDFIs that receive federal funds can lobby under the guidelines outlined above, but cannot use the federal money for the advocacy activity.

## IRS Guidelines on Lobbying Levels

You can perform a substantial amount of legislative lobbying without running afoul of the IRS. The IRS does not prohibit lobbying by nonprofits, but it places some caps on the amount of lobbying an organization may do without penalty. You can approach your lobbying activity in one of two ways:

- The level of expenditures that you devote to lobbying activities (“Expenditure” test); or
- A general “Substantial Part” test.

### Using the “Expenditure” Test

Under the expenditure test, nonprofits can spend up to 20% of their budget on legislative lobbying. Using this test, an activity counts as lobbying only if it triggers an expenditure by the organization, so this test is generally easier to comply with for CDFIs that want to be involved in advocacy than the “Substantial Part” test.

As an example, a CDFI with a \$1 million budget could, under the expenditure test, spend up to \$200,000 on lobbying—and only have to count staff time and resources spent on lobbying for specific legislation. If your CDFI responded to every Action Alert sent by Opportunity Finance Network, visited Washington, D.C. twice, made five visits to legislators’ local offices, and held a site visit all in the same year, you might use ten to 12 days of staff time, and would probably fall well short of reaching the 20% threshold.

To fall under the broad latitude of the expenditure test, a CDFI must elect to do so by filing IRS form 5768. Because the guidelines for nonprofit lobbying come from Section 501(h) of the Internal Revenue Code, filing this form is sometimes called, “Taking the ‘H’ election.”

Filing Form 5768 is a one-time activity, but a CDFI that elects to use the expenditure test must report its lobbying expenditures on its annual Form 990.

### Expenditures include:

- The cost of lobbying communications;
- Staff time spent on the communication;
- The cost of preparing the communication, including staff time, facilities, and allowable overhead.

## Using the “Substantial Part” Test

Under the substantial part test, lobbying may not constitute more than an insubstantial part of the organization’s activity. The IRS has never defined the term substantial part, however, so using this test is less clear cut for organizations that want to lobby. Using the substantial part test means that lobbying activities that do not involve spending—such as advocacy by volunteers, including Board members—must be counted.

## Penalties

Penalties for exceeding the lobbying thresholds or engaging in prohibited activities range from payment of excise taxes to loss of nonprofit status.

Generally, if your organization exceeds the amount of lobbying it is permitted under either the Expenditure or the Substantial Part tests, you will have to pay tax on the portion above the threshold. The IRS generally treats lobbying above the guidelines as “Unrelated Business Expense”—expenses incurred that are not related to your organization’s core business—and imposes a tax of 25% of the excess.

It takes significant violation of the lobbying rules for an organization’s 501(c)(3) status to be threatened. To lose your 501(c)(3) designation, your lobbying expenditures must not just exceed the threshold but exceed it by 50%, and not just one year but over a four-year period. You could conduct “excess” lobbying in a particular year that could trigger tax, but if that is the only year in which you exceed the threshold, you are not likely to lose tax-exempt status; you will, however, have to pay the appropriate taxes incurred for the excess.

## Lobbyist Registration

**An organization must register with the House of Representatives and Senate if it meets ALL the following conditions:**

- An employee makes more than one lobbying contact; AND
- The employee spends more than 20% of his or her time lobbying for the organization; AND
- The organization spends more than \$24,500 in a six-month period on lobbying by the employee.

**If your CDFI hires a lobbyist or consultant to lobby, he or she must register if:**

- The lobbyist makes more than one contact on behalf of the organization; AND
- More than 20% of the lobbyist's time is spent on lobbying for the organization; AND
- The lobbyist receives more than \$5,000 from the organization in a six-month period.

If a lobbyist you hire registers and reports, the report (publicly available on the House and Senate Web sites) will include the name of the organization, the issues involved, and the amount spent. Please note that disclosure and reporting are managed by Congress and not by the IRS, so definitions are slightly different. In this case, executive branch contacts, such as comment letters, count toward the time allocation and expenditure thresholds.

## Conclusion

Opportunity Finance Network's public policy activities depend upon participation from our Members. Our issues have a stronger voice in Washington, D.C. and across the nation if CDFIs are passionate advocates for opportunity finance. Legal concerns should not frighten nonprofit CDFIs and deter their participation in the legislative process. Following IRS rules on lobbying is simple and allows 501(c)(3) organizations ample opportunity to communicate with policymakers. So take advantage of these opportunities and resources and add your voice to ours.

## RESOURCES FOR FURTHER INFORMATION

This document provides basic information for CDFIs and the legal aspects of advocacy and lobbying. A number of additional, more detailed, resources are available online, including:

- The Independent Sector (<http://www.independentsector.org>), particularly resources on nonprofit organizations and lobbying at: [http://www.independentsector.org/programs/gr/advocacy\\_lobbying.htm](http://www.independentsector.org/programs/gr/advocacy_lobbying.htm)
- Independent Sector's Nonprofit Lobbying Guide, is particularly valuable: <http://www.independentsector.org/programs/gr/lobbyguide.html>
- NP Action (<http://www.npaction.org>), which has excellent collections of resources on lobbying law, as well as general information on effective lobbying for nonprofits at: <http://www.npaction.org/article/archive/248>
- Center for Lobbying in the Public Interest (<http://www.clpi.org>) is a clearinghouse for tools and information for nonprofit lobbying.
- An April 2006 report from the Congressional Research Service provides detailed legal analysis of the regulations governing nonprofits' political activity. The report can be downloaded from: <http://www.independentsector.org/programs/gr/CRSreptTAXexempt.pdf>
- Information on reporting and registering with Congress can be found, for the House: [http://clerk.House.gov/pd/lobbying\\_registration/index.html](http://clerk.House.gov/pd/lobbying_registration/index.html). Senate: [http://www.Senate.gov/pagelayout/legislative/g\\_three\\_sections\\_with\\_teasers/lobbyingdisc.htm](http://www.Senate.gov/pagelayout/legislative/g_three_sections_with_teasers/lobbyingdisc.htm)

Form **5768**

(Rev. December 2004)

Department of the Treasury  
Internal Revenue Service

## Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation

(Under Section 501(h) of the Internal Revenue Code)

For IRS  
Use Only ►

Name of organization

Employer identification number

Number and street (or P.O. box no., if mail is not delivered to street address)

Room/suite

City, town or post office, and state

ZIP + 4

**1 Election**—As an eligible organization, we hereby elect to have the provisions of section 501(h) of the Code, relating to expenditures to influence legislation, apply to our tax year ending .....and all subsequent tax years until revoked. (Month, day, and year)

**Note:** This election must be signed and postmarked within the first taxable year to which it applies.

**2 Revocation**—As an eligible organization, we hereby revoke our election to have the provisions of section 501(h) of the Code, relating to expenditures to influence legislation, apply to our tax year ending ..... (Month, day, and year)

**Note:** This revocation must be signed and postmarked before the first day of the tax year to which it applies.

Under penalties of perjury, I declare that I am authorized to make this (check applicable box) ►  election  revocation on behalf of the above named organization.

.....  
(Signature of officer or trustee)

.....  
(Type or print name and title)

.....  
(Date)

### General Instructions

Section references are to the Internal Revenue Code.

Section 501(c)(3) states that an organization exempt under that section will lose its tax-exempt status and its qualification to receive deductible charitable contributions if a substantial part of its activities are carried on to influence legislation. Section 501(h), however, permits certain eligible 501(c)(3) organizations to elect to make limited expenditures to influence legislation. An organization making the election will, however, be subject to an excise tax under section 4911 if it spends more than the amounts permitted by that section. Also, the organization may lose its exempt status if its lobbying expenditures exceed the permitted amounts by more than 50% over a 4-year period. For any tax year in which an election under section 501(h) is in effect, an electing organization must report the actual and permitted amounts of its lobbying expenditures and grass roots expenditures (as defined in section 4911(c)) on its annual return required under section 6033. See Schedule A (Form 990 or Form 990-EZ). Each electing member of an affiliated group must report these amounts for both itself and the affiliated group as a whole.

To make or revoke the election, enter the ending date of the tax year to which the election or revocation applies in item 1 or 2, as applicable, and sign and date the form in the spaces provided.

**Eligible Organizations.**—A section 501(c)(3) organization is permitted to make the election if it is not a disqualified organization (see below) and is described in:

1. Section 170(b)(1)(A)(ii) (relating to educational institutions),
2. Section 170(b)(1)(A)(iii) (relating to hospitals and medical research organizations),
3. Section 170(b)(1)(A)(iv) (relating to organizations supporting government schools),
4. Section 170(b)(1)(A)(vi) (relating to organizations publicly supported by charitable contributions),
5. Section 509(a)(2) (relating to organizations publicly supported by admissions, sales, etc.), or
6. Section 509(a)(3) (relating to organizations supporting certain types of public charities other than those section 509(a)(3) organizations that support section 501(c)(4), (5), or (6) organizations).

**Disqualified Organizations.**—The following types of organizations are not permitted to make the election:

- a. Section 170(b)(1)(A)(i) organizations (relating to churches),

- b. An integrated auxiliary of a church or of a convention or association of churches, or
- c. A member of an affiliated group of organizations if one or more members of such group is described in a or b of this paragraph.

**Affiliated Organizations.**—Organizations are members of an affiliated group of organizations only if (1) the governing instrument of one such organization requires it to be bound by the decisions of the other organization on legislative issues, or (2) the governing board of one such organization includes persons (i) who are specifically designated representatives of another such organization or are members of the governing board, officers, or paid executive staff members of such other organization, and (ii) who, by aggregating their votes, have sufficient voting power to cause or prevent action on legislative issues by the first such organization.

For more details, see section 4911 and section 501(h).

**Note:** A private foundation (including a private operating foundation) is not an eligible organization.

**Where To File.**—Mail Form 5768 to the Internal Revenue Service Center, Ogden, UT 84201-0027.

## Lobbying Issues for CDFIs: Election Considerations

The Internal Revenue Service places some additional restrictions on what nonprofits can and cannot do around campaigns and elections. This guide is a brief overview of regulations governing political activity by nonprofits. If you intend to participate in election-related activity, consult with your attorney or an attorney with expertise in this area. Any election-related work must also comply with the overall rules for lobbying outlined in the “Lobbying Issues for CDFIs” section of this guide.

### **Broadly, 501(c)(3) organizations can:**

- Conduct voter registration and nonpartisan voter education;
- Educate all candidates and parties—not just those of a particular party or who have previously demonstrated support—on issues important to opportunity finance;
- Conduct or participate in a nonpartisan candidate forum;
- Make presentations on opportunity finance issues to platform committees, campaign staff, candidates, media, and the general public;
- Continue normal lobbying on your issues.

### **501(c)(3) organizations cannot:**

- Endorse or oppose a candidate, either implicitly or explicitly;
- Coordinate activities with a candidate or contribute resources to any candidate;
- Set up, fund, or manage a political action committee (PAC).

### **Essentially, 501(c)(3) organizations’ activity related to an election must:**

- **Be nonpartisan.** If your organization hosts a forum, sends a questionnaire, or conducts outreach to candidates, it must approach candidates of all parties fairly and equally.
- **Avoid even the impression of endorsing a candidate.** For example, be careful with any materials or statements that mention an incumbent legislator’s position or voting record. Such statements could constitute an implied endorsement of the candidate (or his or her opponent).
- **Be consistent with your ongoing activities.** Any election work your CDFI undertakes should be in the same markets and support the same activities in which you are already involved. For example, voter registration or get-out-the-vote activity in a neighborhood that is not part of your established market could raise a red flag.

### **RESOURCES FOR MORE INFORMATION ON NONPROFITS AND ELECTORAL ACTIVITY:**

- The Independent Sector provides quick resources on electoral work at: <http://www.independentsector.org/programs/gr/ElectionResources.html>  
  
See, in particular, the Independent Sector publication, *Playing by the Rules*, available for download at: [http://www.independentsector.org/programs/gr/Playing\\_by\\_the\\_Rules.pdf](http://www.independentsector.org/programs/gr/Playing_by_the_Rules.pdf)
- The Alliance for Justice (<http://www.allianceforjustice.org>) holds inexpensive workshops, including online training, for nonprofits interested in electoral work. See a complete listing at: [http://www.allianceforjustice.org/events/trainings\\_workshops/index.html](http://www.allianceforjustice.org/events/trainings_workshops/index.html)
- The Internal Revenue Service Fact sheet outlines IRS guidance on election-year activities and “Political Campaign Intervention:” <http://www.irs.gov/newsroom/article/0,,id=154712,00.html>

## Ten Easy Ways to Get Involved

Many CDFIs think that getting involved in policy work will take lots of time and effort, or that they will have to start up new, specialized activities to be involved in “policy.” Neither of those things has to be true! You can have a big impact on the policy process with some small steps, including some things you might already be doing that you didn’t realize helped influence public policy.

### Here are ten quick—and easy—ways to get involved in advocacy.

1. **Put elected officials on your mailing list.** Send them your newsletters and annual reports. Getting information about your successes and track record will help elected officials get to know your organization. For state and federal officials, don’t forget to include their local as well as Washington, D.C. or State Capitol offices. If you know a staff member, it is good to include him or her on your mailing list as well. Don’t assume the staffer automatically gets the mailing sent to the elected official or vice-versa.
2. **Keep an up-to-date, handy file of your success stories.** Having a few success stories about borrowers, investors, or customers along with information about your activities and impact in an electronic file makes it easy to customize correspondence. When you visit Opportunity Finance Network’s Policy Action Center to send an e-mail, or want to customize an op-ed, you have information at hand to cut and paste easily into the letter.
3. **Visit Opportunity Finance Network’s Policy Action Center often.** At least once a week, visit <http://www.capwiz.com/oppfin/> to get updates on issues that matter to you and opportunities to easily weigh in on crucial issues. With only a few clicks, you can make your voice heard to Congress, regulators, and media.
4. **Invite policymakers to your events.** Since they’re on your mailing list, elected and appointed officials, as well as staff, will know about your annual meeting and other special events. But you should also call or write to invite them specifically. You can invite them to speak or participate in a photo opportunity, but what you are really doing is making sure they know about you and your accomplishments.
5. **Find out the name of the Congressional staffer handling your issues.** Staff in Congressional and legislative offices do research, recommend positions, and bring issues to Members’ attention. You will want the right person handling the right issues to understand your work. Directing your correspondence and phone calls to a specific person will go a long way toward getting the attention of policymakers.
6. **Leverage your volunteers.** Members of your Board or other volunteers may have relationships that you can tap into to get the attention of local, state, or federal officials. They can also lend their voices to a letter-writing or call-in campaign, multiplying the impact your organization has on the policy process.
7. **Leverage your staff.** Just like your volunteers, your staff may also have relationships that you can tap into with elected officials. And don’t forget to ask ALL of your staff to join in on a letter-writing campaign. The more letters received on an issue, the better.
8. **Make someone on staff explicitly responsible for policy and advocacy.** As you can see from these examples, being engaged in policy doesn’t have to take a lot of time. It’s even easier if someone is actively thinking about how to leverage your activities and influence. It might be the Executive Director or CEO, who is most visible in the community; the fundraising staff, since, after all, government is ultimately a public-sector funder; or a loan officer with a particular interest in policy. With a designated staffer in your organization, your elected officials and Opportunity Finance Network’s policy staff can build an ongoing relationship.
9. **Share information with Opportunity Finance Network.** If you visit an elected official, write a letter, or make a call, let Opportunity Finance Network know so that the policy staff can follow up on your contacts and continue your good work.
10. **And, last but not least, ask Opportunity Finance Network policy staff for help!** We can help you find the right contact, craft sample letters and talking points, and help with all policy activities.

## State Legislative Initiatives

In recent years, we have seen a dramatic shift of responsibility for domestic policy from the federal level to the state level. To complement the work of Opportunity Finance Network at the federal level, you should look at local politics and consider changes at the state and local levels. This chapter is designed to provide Members with basic information about the state legislative and regulatory process as well as how to develop an effective legislative advocacy program. Because state-level activity requires significant local and grassroots influence, your CDFI and its partners must take on the lion's share of the groundwork in state advocacy.

### Understanding the State Legislative Process

Before starting any legislative effort, you must first become familiar with the organization and structure of your state government. While it may appear that there is no system at all, there is a standardized system of operation.

While each state legislature is unique, they usually have several things in common. Most state legislatures meet every year, although a few still meet every other year. With a couple of exceptions, most state legislatures are part time and the elected officials have other jobs in professions outside the state government. Although most are not full time, many state legislatures have study committees that hold hearings between sessions.

You can obtain information about your state legislature from a variety of sources. One invaluable source is the National Conference of State Legislatures: <http://www.ncsl.org>. Another place to turn for information is the public information office of your state legislature.<sup>7</sup> This office often has handbooks for new legislators or publishes booklets designed for the general public.

### Government Branches

Just like the federal government, states are made up of three branches: Judiciary (courts), Executive (Governor), and Legislative. Of these, the legislative branch creates law. All state legislatures are bicameral (which means that they consist of two chambers) except Nebraska, which is unicameral (or a one-House chamber). The two chambers are the Senate and the House of Representatives (or Delegates or Assembly). Usually, representation is apportioned on the basis of population in both chambers. Almost all legislatures begin in January and end by May or June. Six state legislatures meet year round, and a few meet into the summer (ending by August). Many states hold special sessions that can last for anywhere from a week to several months depending what must be addressed.

### Committees

Most legislative work is done through committees, which carry out the day-to-day operations of the legislature. Committees determine which bills move through the process and which “die” without any further action. Each chamber has its own committees and the number of committees varies from state to state.

Committee chairs yield a tremendous amount of power since they determine when and if a bill is considered by the committee or if it is referred to another committee. If a bill has several components, it may have to go to more than one committee for consideration. For example, if a bill has a budget component, it will likely have to go to the state's “fiscal committee,” which considers and votes on legislation that financially impacts the state.

### Leadership & Key Players

Every legislative body has some sort of hierarchy. In the Senate, the top position is either the president or the president pro tempore. In states where the Lieutenant Governor presides over the Senate, the majority of the Senate will elect a president pro tempore, who normally is the true presiding officer. Other important positions include majority leader, majority floor leader, minority leader, and minority floor leader.

In the Assembly, the leader is usually the “speaker.” The speaker is elected by a majority vote, so he/she is usually a member of the majority party. Other important positions include the speaker pro tempore, majority floor leader, minority leader, and minority floor leader.

In addition to legislature leadership, other key players include committee staff, personal staff, and heads of state departments, including those preparing the state budget, monitoring state expenditures, and analyzing the fiscal impact of proposed legislation.

Finally, never overlook the Governor in discussions about the legislative process. Because a particular piece of legislation typically must be signed into law by the Governor, he or she is vital to the legislative process. In most states, the Governor has the power to veto or kill a bill once it is passed by the legislature. Several Governors have line-item veto power that allows them to veto certain sections of legislation.

The Governor, usually with the advice and consent of the Senate, also appoints directors of departments, commissions, and boards. The Governor is also responsible for preparing the state's budget and submitting it to the legislature for approval.

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<sup>7</sup> The general format for state Web sites is [http://www.state.\[Two-letter Postal Abbreviation\].us](http://www.state.[Two-letter Postal Abbreviation].us). There will likely be a prominent link to the state legislature on the homepage.

## Introducing Legislation

In order to get a bill introduced, you must first identify a legislator who is willing to introduce your bill. It is best to introduce your bill in both the House and Senate for consideration at the same time, so you will need a sponsor (author), for each chamber.

You should approach a potential sponsor who has some understanding of the issue. It helps if that sponsor is a member of the majority party and a member of the committee that will consider the bill. At the same time, you should also identify co-sponsors from both parties so the sponsor will know that he or she has support even before the legislation is “officially” introduced.

Before asking an elected official to introduce your bill, it is imperative to think through the proposed legislation. Make sure to double check your facts and figures before presenting them to the potential sponsor. Because of limited staffs, state legislators must often trust outside resources to provide them with all the information to make a decision. Do not abuse this opportunity by not presenting all the facts, including the pros and cons, flaws, and hurdles that the bill must overcome. Your thoroughness will ensure that the sponsor will not be subjected to any unwelcome surprises.

The most important thing of all is that you must commit to supporting your bill through the entire process. It is usually a very long road to success, often taking years of hard work and dedication. The sponsor must know that you are willing to make the same commitment you are asking of him/her. This support includes providing information about the bill, attending hearings, and securing co-sponsors for the legislation. Other activities include writing to legislators, testifying, and meeting with members of both chambers. This can mean the difference between success and failure.

Check with Opportunity Finance Network before you begin work on a bill. We may have “model legislation” that you can use as a starting point for you and your legislators to write a bill.

## Interacting with State Legislators

Remember, it is much easier to “kill” a bill than it is to get it passed. It is important that you do everything you can to inform legislators of your bill’s importance. To effectively influence legislation, there are a number of approaches and techniques available to interact with elected officials.

## Monitoring Legislation

In order to identify, assess, and influence legislation, it is important to develop an efficient monitoring process. Many state legislatures publish records of daily legislative activities including committee schedules and votes. You can usually request the records from the Secretary of State’s office, the Secretary of the Senate, or the Chief Clerk of the Assembly. Ask to be placed on their e-mail or mailing lists.

There are also numerous subscription services available such as Westlaw and Lexis. These services are very expensive, however and cover all 50 states. You may be able to find a monitoring service for your state only. You can ask the Secretary of State’s office if they know of any such services. Finally, you can also find information in your local newspaper. Many publications post schedules and summaries of proposed legislation.

## Communicating with State Legislators & Staff

The basics of communicating with legislators are the same, whether the policymakers are state, federal, or local. See the “Writing a Letter to a Legislator,” “Meeting with Legislators,” “Meeting With Elected Officials: Dos & Don’ts,” “Hosting a Site Visit,” “Compiling Borrower Profiles,” and “Position Papers and Fact Sheets” sections of this guide.

## Coalition Building & Grassroots Networks

One of the most effective ways to interact with your state legislature is by getting other individuals and groups involved through a grassroots network. The goal is to identify others who are interested in your issue and actively engage their participation.

### Coalition Building

Coalitions provide a structure for groups with similar goals to effectively focus collective resources. Coalitions are usually created for a specific purpose (i.e., passage of a particular bill) and for a defined period of time. This can prevent duplication of efforts and present a united front for the greatest impact. Coalitions are especially helpful for building volunteer support, gaining allies, and achieving goals that may not be possible otherwise.

Coalitions should encourage diverse membership including for-profit companies and industries that might be interested in the issue (i.e., home builders, small business associations, etc.). You should invite all potential supporters to be involved. If your coalition needs a name, make it issue-related, i.e., The Coalition for the Illinois CDFI Fund.

At the beginning of a coalition, it is important to delegate duties: designate someone to be responsible for all communication, someone to facilitate consensus building, and someone to assume fiscal responsibilities (if any), etc. The coalition should:

- Create a purpose statement and outline an action plan;
- Clarify the decision-making process;
- Specify achievable goals;
- Hold regular meetings;
- Define and assign tasks;
- Establish short-term goals to maintain enthusiasm for the project;
- Measure actual results against planned goals;
- Address concerns early; and
- Produce tangible products (fact sheets, position papers, etc.).

Coalitions can be powerful tools for promoting issues and coordinating efforts. The key to success is commitment by all involved.

### **Grassroots Network**

Grassroots lobbying takes a lot of work and effort, but it is an extremely effective way to influence the legislative process. The goal is to identify persons who have a personal relationship with a state legislator or who is willing to establish a relationship to promote your issue. You may be surprised to know that legislators welcome this opportunity to have a key contact as a resource to whom they can turn to for advice and counsel.

Developing a grassroots network takes a lot of coordination and you should assign someone to this task. The first step is to identify interested individuals and groups. A good starting point is Opportunity Finance Network's membership for other CDFIs in the state who will likely share your interests. Responsibilities for the network coordinator include:

- Identify key legislators;
- Contact potential participants and identify personal relationships;
- Recruit participants for all key legislators;
- Create a database of participants, including notes from meetings;
- Provide each participant with Opportunity Finance Network's Advocacy Guide as well as legislative contact information, and outline exactly what you need (e.g., meet with Senator X, ask for support of legislation during committee meeting, and report back on the meeting);
- Stay in contact with participants. Provide them with progress updates, sample letters, and other important information that they can relay to the elected officials; and
- Coordinate all key activities and meetings.

## **CHECKLIST FOR SUCCESS IN STATE ADVOCACY**

### **In General:**

- What will be included in the bill and what will it accomplish?
- What is the political climate in your state as it applies to the possible success of the effort?
- Do you need funding for this project? If so, how much?
- What is the breakdown of expenses (at least a one-year budget)?

### **Coalition/Grassroots:**

- Which groups (both for- and nonprofit) are likely allies to this effort?
- Which groups (both for- and nonprofit) will likely oppose this effort and why?
- Is a coalition needed? Which groups are likely to join?
- Who has key contacts with legislators?
- Is a professional lobbyist needed? Where will the funding come from?

### **Legislative:**

- What is the legislative process for your state?
- Who are the legislative leaders in your state (both Senate and Assembly)?
- What are the committees that this legislation will likely go through?
- Which legislators are on the committees of interest?
- Who is the committee chair(s)?
- Which legislators are likely to support this legislation?
- Which legislators are likely to oppose this legislation?

### **Administrative:**

- Will the Governor likely be for or against this legislation?
- Does the Governor have line-item veto authority?
- Who are the key staffers in the Governor's office?
- Which state department(s) will this legislation affect? Who are the directors/key staffs?

## Working with a Lobbyist

As opportunity finance specialists and practitioners, your time is valuable and limited. Effective lobbying can be expensive and resource intensive. Since legislative efforts take a great deal of time, it may be more cost effective in the long run to consider hiring a professional lobbyist.

If you decide you need a lobbyist, you should develop clear objectives and goals. You want to hire the right lobbyist for the job, so it is important that you know what you want and expect. Define the scope of the lobbying effort and determine if you want someone full time or on an as-needed basis. Determine if you are looking for someone to monitor legislation or actively pursue passage of specific legislation. Do you want someone to represent you at meetings or set up meetings?

Lobbying is a very specialized field and it may take time to find the right person to represent your interests. Remember, a lobbyist that is brilliant with homeland security may not be good at opportunity finance. You should talk with other organizations, legislative staff, and even the legislators themselves for recommendations. Finding the right match is the key to success.

Once you have identified two to three potential lobbyists, you should develop a very specific job description and outline your expectations. This process includes identifying your issues of interest, setting your legislative agenda, short- and long-term goals, the level and type of representation you expect, and if you want nonlegislative services, such as grassroots building and preparation of materials.

Interviewing a potential lobbyist is just like interviewing for any other position in your organization. You should ask open-ended questions and guide, but not dominate the discussion. You should request references and a list of past and current clients. And don't just request this information, follow up with the references.

Lobbyists work under a contract. You should have this contract written by an attorney. It should include the length of the contract, work expected including goals and objectives, fees, payment schedule, who is responsible for incidental expenses such as copies, lunches, etc., and a termination clause. You should evaluate the lobbyist's performance at least annually.

## Working with Regulators

Legislators create laws and regulatory agencies interpret, implement, and enforce the laws. They can reverse all your legislative gains through adverse interpretations and rulings. On the other hand, these agencies can also be your strongest allies, especially guarding against adverse legislation.

In interpreting the law, regulators sometimes use inaccurate, problematic terminology, so it is important that you work closely with them. Also, where no law exists, many states give their regulatory agencies significant power and latitude in enforcement.

The process that creates the regulations is of vital importance. Unfortunately, if you thought the legislative process was complex, the formulation of regulations can be positively bewildering. Nevertheless, the regulatory process often has a much more immediate impact on opportunity finance.

There are two opportunities for influencing regulatory language: during the drafting of proposed language and when the proposal is submitted for public comment. Luckily most regulators are committed to their work and are receptive to the opinions of those who have expertise or are most affected by the regulations. Suggestions for working with regulators include:

- If you formed a coalition to pass legislation, it is a good idea to keep the group together through the issuance of final regulations.
- Work out any disagreements on the proposed regulations and stand united. If this is not possible, comment only on areas that are important to your organization. Stay focused on your issue.
- Emphasize the public good, not just the good for your organization.
- Try to understand and give credence to the agency's issues. Together, you may be able to work out an acceptable solution.
- Provide accurate, complete, and timely information.
- Providing draft language can expedite decisions since agencies are often short staffed.
- Know who shares your point of view and who doesn't and why.
- Make sure your suggestions and requests make good policy sense, are permissible within the agency's legal authority, and are consistent with the original legislation.
- Offer to continue to work with the agency as issues arise.
- Remember, agencies are generally not risk takers.

## The Federal Lawmaking Process

Ideas take a long path through the legislature and the Administration to become final laws. This section discusses the federal legislative and regulatory processes.

### Legislation

The process of transforming an idea into a bill into a law is enormously complex. It often takes years to see action on any single piece of legislation. Of the literally thousands of bills presented before Congress each session, only a handful ever become law.

The legislative branch of our government is the Congress. Congress is the only branch that can create laws. The Congress consists of two bodies: the Senate and the House of Representatives. Although essentially equal in their legislative powers, there are significant differences between the two. There are 100 Senators, two from each state, who are elected for six-year terms, with one-third of the Senators standing for election in each even-numbered year. There are 435 Members of the House of Representatives, apportioned among the states according to population, all of whom are elected for two-year terms in each even-numbered year. There are also five non-voting Delegates in the House, from the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands.

A Congress lasts for two years (each year is a “session”), beginning in January of the year following the election. For example, the 109th Congress began in January 2005 and ended late in 2006; therefore, 2006 was the second session of the 109th Congress. Because of the election cycle, the Senate enjoys continuity between Congresses while the House of Representatives is elected at the start of each new Congress. Any bill introduced in a session of Congress that does not become law by the end of the session dies, no matter where it was in the process. It must be reintroduced in the next session.

With certain exceptions, both the Senate and the House have equal legislative functions and powers. The Constitution provides that only the House of Representatives can originate revenue bills, including most tax bills. By tradition, the House also originates appropriation bills. The Senate, in addition to making laws, also advises and consents to treaties and certain nominations by the President.

### The legislative process can be summed up in 14 basic steps.

**Step 1: Drafting a Bill.** Anyone may draft a bill; however, only Members of Congress (i.e., a Senator or a Member of the House of Representatives) can introduce or sponsor legislation. There are four basic types of legislation: bills and joint resolutions, both of which make law; and concurrent resolutions and simple resolutions, neither of which makes law but rather “express the sense” of the legislature. The official legislative process begins when a bill or resolution is numbered: “H.R.” signifies a House bill and “S.” signifies a Senate bill.

Bills and joint resolutions must go to the President for review and signature before they become law. While there is no technical requirement to do so, the tradition is that joint resolutions are used for amending the Constitution, for continuing appropriations, or for disapproving executive or federal agency actions.

Concurrent resolutions must pass both the House and the Senate in order to be enacted, but do not go to the President. They are used to give a “sense of Congress,” but without the full force of law. Examples of concurrent resolutions would be to create a new joint committee of the Congress, to establish a congressional budget, or to authorize use of the Capitol rotunda for a ceremony. Simple resolutions are used to give a “sense of the Senate or the House.” They do not go to the other body of Congress, or to the President. They are used to create a new committee or to propose changes in the rules of procedure.

Although the Executive branch cannot make laws, the President can originate legislation either by personally addressing a joint session of the two chambers or by sending messages in writing to Congress. Bills to carry out the recommendations of the President are usually introduced “by request” by the chair of the appropriate committee.

Bills are often introduced that appear quite similar. When this happens, the committee considering them may add the best features from each of the bills to create one bill or may draft an entirely new bill. There can be only one prime sponsor of a bill or resolution, but commonly other Members are included as co-sponsors.

**Step 2: Referral to Committee.** With very few exceptions, all bills are referred to standing committees in the House or Senate. Senate and House committees are appointed by resolution at the beginning of each Congress, with larger committees (e.g., appropriations) having several subcommittees. In the 109th Congress, for example, there were 16 standing committees in the Senate and 20 standing committees in the House of Representatives. Select and special committees have varying powers and obligations, and increasingly have been given legislative jurisdiction. In current practice, the committee chair is a member of the Majority party. He or she is chosen by order of the Senate or the House, and is usually, but not always, the senior Member of the Majority Members of the committee.

Senate and House Members may also serve on joint committees (comprised of members from both chambers), whose duties and responsibilities are set forth in the respective resolutions creating them. Joint Committees have included the Joint Economic Committee, the Joint Committee on the Library, the Joint Committee on Printing, and the Joint Committee on Taxation.

The majority party leaders in each chamber decide the number of Majority and Minority seats on each committee after “consultation” with the Minority leaders. In practice, the degree of consultation is minimal in the House and slightly greater in the Senate. While the Senate approximates the ratio of seats to the Majority and Minority of the membership of the chamber, the House does so for only five of its 20 standing committees.

**Step 3: Committee Action.** When a bill is sent to a committee, it is placed on the committee’s calendar. A bill can be referred to a subcommittee or considered by the committee as a whole. At this point, a bill is examined carefully and its chances for passage are determined. Committees do not have to act on bills referred to them. A committee can simply not act on a bill, which will result in the death of the bill. In the Senate, a Member can enter a motion to discharge a committee from further consideration of any bill, but this is rarely done. By unanimous consent, some bills can be referred from one committee to another.

**Step 4: Subcommittee Review.** Bills often are referred to a subcommittee for study and hearings. Hearings provide the opportunity to record the views of the executive branch, experts, public officials, supporters, and opponents of the legislation. Testimony can be given in person or submitted as a written statement. Most committees have standing subcommittees, and frequently appoint ad hoc subcommittees to study and report on particular pieces of legislation or to make a study of a certain subject. A subcommittee makes reports to the full committee, and the latter may adopt such reports without change, amend them, reject them or adopt an entirely different report.

**Step 5: Markup.** When all hearings are completed, the subcommittee may meet to “markup” the bill, which means making changes and amendments prior to recommending the bill to the full committee. If a subcommittee votes not to report to the full committee, the bill dies. At a committee’s “markup” session (usually held just prior to reporting a bill or resolution back to the full chamber), the committee makes its final decisions about the content and form of the measure.

**Step 6: Committee Action to Report a Bill.** After receiving a subcommittee’s report on a bill, the full committee can conduct further study and hearings, or it can vote on the subcommittee’s recommendations and any proposed amendments. The full committee then votes on its recommendation to the House or Senate. This procedure is called “ordering a bill reported.”

**Step 7: Publication of a Written Report.** After a committee votes to have a bill reported, the committee staff members prepare a written report on the bill. This report describes the intent and scope of the legislation, impact on existing laws and programs, and views of dissenting members of the committee. Members of Congress and advocates including Opportunity Finance Network often use “report language” to suggest changes or direct programs to provide information, without writing such guidance into formal law.

**Step 8: Scheduling Floor Action.** The chair, or a designated member of the committee, reports bills to the chamber, and when reported, the bill is placed on the calendar. The Speaker of the House and the Senate Majority Leader largely determine if, when, and in what order bills come up for consideration on the floor.

**Step 9: Debate.** This is the step when most of us usually start paying attention to the action. When a bill reaches the floor of the House or the Senate, rules adopted by each body govern the debate including the conditions and amount of time allocated for general debate. The Majority and Minority Leaders, as the spokespeople for their parties, and in consultation with their respective policy committees, implement and direct the legislative schedule and program.

On highly controversial matters, the Senate may resort occasionally to “cloture” to work its will. If three-fifths of the Senators (60) vote in the affirmative, further debate on the question will be limited to no more than one hour for each Senator, and the time for consideration of the matter will be limited to 30 additional hours, unless increased by another three-fifth's vote.

**Step 10: Voting.** Once a bill or resolution is before the chamber, it is subject to further amendments. In general, any member may propose amendments to any part of the bill not already amended, and while an amendment is pending, an amendment to the amendment can be made. However, an amendment that is a substitute for a bill (where new language is inserted replacing the entire bill), whether reported by a committee or offered by an individual member, may be considered an original question and therefore amendable.

There are certain special procedures that can limit the amendment process. For example, during the consideration of general appropriation bills in the Senate, amendments are subject to the strictures of “Rule XVI,” which prohibits non-germane amendments (such as those proposing new or general legislation) or increasing the amount of an appropriation if that increase has not been previously authorized or estimated in the President's budget, or unless approved by three-fifths of the Senate (60). In addition, amendments considered under cloture must have been submitted in writing before the Senate's vote on cloture.

A committee amendment (manager's amendment) is often a total substitute that inserts new language for the entire bill. The only amendments from the floor in order during the consideration of such a committee amendment are amendments to the committee amendment, or sometimes to the part of the bill the committee amendments would affect.

After the approval of any amendments, the bill is passed or defeated by the members voting. The methods are: voice vote, division, and yea and nay. When the yeas and nays are ordered, the names of members are called alphabetically and each member must declare his or her assent or dissent to the question, unless excused from voting. No member is permitted to vote after the Presiding Officer has announced the decision, but may, with unanimous consent, change or withdraw his or her vote.

In the House, most bills require a simple majority vote (218) to pass. However, the rules of the House require a three-fifths vote (261) to pass a bill, joint resolution, amendment, or conference report that contains certain types of federal income tax rate increases. In the Senate, a bill is passed with a simple majority vote (51) except in the case of filibusters and cloture, which take an affirmative vote of three-fifths (60) of all Senators.

After the passage of a bill by one body, technically it becomes an Act (not yet effective as a law), but nevertheless continues to be referred to generally as a bill.

**Step 11: Referral to Other Chamber.** When the House or the Senate passes a bill, it is referred to the other chamber where the process starts all over again. This chamber may approve the bill as received, reject it, refer it to committee, change it, or simply ignore it.

**Step 12: Conference Committee Action.** If only minor changes are made to a bill by the other chamber, it is common for the legislation to go back to the first chamber for concurrence. Sometimes, however, the actions of the other chamber significantly alter the bill, and in this case, a conference committee is formed to reconcile the differences between the House and Senate versions.

Conference committees are composed of Members of both the Senate and House. However, conference committees do not vote as a body, but rather as separate delegations, and only to recommend a resolution to their own chamber. Since the conferees of each chamber vote as a unit, it doesn't matter how many conferees are chosen from each chamber.

After deliberation, the conferees usually come to a compromise, but if the conferees are unable to reach agreement, the legislation dies. If conferees reach agreement, they prepare a conference report describing the committee members' recommendations for changes. Both the House and the Senate must approve the conference report.

**Step 13: Final Action.** When the two chambers reach agreement, the papers are delivered to the Enrolling Clerk of the chamber where the bill originated. The Enrolling Clerk prepares a copy of the final bill and sends it to the Government Printing Office for “enrollment,” which historically means, “written on parchment.”

Upon receipt of an enrolled bill from the Government Printing Office, either the Secretary of the Senate or the Clerk of the House endorses it, certifying where the bill originated. A slip is then attached stating that the bill, identified by number and title, has been examined and found truly enrolled. It is then presented to the Speaker of the House for his signature, which is announced in open session. The bill is then transmitted by messenger to the Senate, where the Vice President signs it.

**Step 14: Presidential Action and Veto.** After both the House and Senate have approved bills with identical language, the legislation is sent to the President. The President, under the Constitution, has ten days (Sundays excepted) after the bill is presented in which to act.

If the President approves the legislation, he signs it and it becomes law. Or, the President can take no action for ten days, while Congress is in session, and it automatically becomes law. If the President opposes the bill, he can veto it. If he takes no action after the Congress has adjourned its second session, it is a “pocket veto” and the legislation dies.

If the President vetoes a bill, Congress may attempt to override the veto. This requires a two-thirds roll call vote of the members who are present in sufficient numbers for a quorum. The term “veto-proof” describes those votes with a margin sufficient to override a veto, should it occur. A veto-proof majority is 290 in the House and 67 in the Senate.

## Appropriations

Appropriations legislation follows the same general path outlined in the previous section, passing through the House and Senate and then to the President for signature. However, by tradition, the House originates appropriation bills. Because one of Opportunity Finance Network’s primary advocacy activities—and the one in which we invite your participation most often—involves CDFI Fund appropriations, it is worth understanding the appropriations process in more detail.

**President’s Budget Proposal.** In early February, the President delivers his budget proposal for the upcoming fiscal year to Congress. This budget blueprint outlines the Administration’s priorities and proposes, and funding levels for each discretionary federal program and department (not including what is called “mandatory” spending on Social Security, Medicare, and similar programs). This proposal, however, is just that—a proposal. The President sends it to Congress as a starting point; Congress is under no obligation to set spending at the level the President suggests. The Office of Management and Budget organizes the Administration’s budget preparation.

**Congressional Budget Resolution.** Each house of Congress develops and passes a *budget resolution*. The budget resolution does not include specific recommendations for each line item or program; rather, it divides the total overall budget in general budget categories. The “Community and Regional Development” Function (Function 450) includes the CDFI Fund.

This first Congressional step in the budget process is usually controversial and often drags out past the informal April timeline to complete it. Often, the House and Senate proceed under different resolutions rather than agree on a final one; sometimes one house will go through nearly the entire appropriations process without a final budget resolution.

The budget resolution is one place where Congress can express disagreement with the general priorities of the President’s proposal. For example, in 2005 when the President proposed consolidating a number of community development programs into the “Strengthening America’s Communities Initiative,” Congress effectively killed that proposal by restoring funding to the affected budget category.

**Appropriations Committee and Subcommittees.** Each chamber has a committee charged with putting together funding levels for each item of discretionary spending. The Appropriations Committee allocates funding among the various subcommittees. Each subcommittee then produces draft legislation providing appropriations for the specific programs under its jurisdiction.

The Appropriations Committee is divided into ten subcommittees in the House and 12 in the Senate. To further muddle the process, the subcommittee jurisdictions are in no way related to the functional budget categories in the President’s budget and the budget resolution. The subcommittees include groups of departments: the CDFI Fund is considered by the Subcommittee on Transportation, Treasury, Housing and Urban Development, and Related Agencies in the Senate; the corresponding House subcommittee also includes District of Columbia Appropriations. Both are abbreviated as TTHUD.

The members of the House and Senate TTHUD Appropriations Subcommittees are the most important people in securing spending for the CDFI Fund. These 15 Representatives and 19 Senators are the people who are “in the room” when decisions about CDFI Fund appropriations are made, and those who can most directly influence the process.

The Budget Committee of each chamber allocates funding levels to each appropriations subcommittee, called 302(b) allocations. Each subcommittee then, within those overall funding levels, determines the levels for each program under its jurisdiction. For example, if the Senate TTHUD Subcommittee has an allocation of \$69 billion, the subcommittee decides how much of that \$69 billion goes to the CDFI Fund, to Amtrak, to various Department of Housing and Urban Development programs, and to other departments and programs in the bill.

**Oversight Hearings.** To begin the appropriations process, most subcommittees hold oversight hearings. In these hearings, witnesses from the Administration and other interested parties deliver testimony supporting their preferred funding levels. Representatives of the Administration who testify at oversight hearings, including CDFI Fund officials, must defend the President’s budget proposal regardless of personal opinion or even professional assessment of the amount of funding the program needs. These hearings generally occur in February and March.

**Subcommittee Markup.** Each subcommittee holds a meeting to “markup” its draft appropriations legislation. In the markup, the subcommittee reveals and votes on funding levels for the programs it oversees. The House and Senate subcommittees each hold their own markups and set their own funding recommendations, though the House almost always holds theirs first.

The days leading up to House and Senate subcommittee markups are one of the times when Opportunity Finance Network contacts you and asks for your participation and advocacy, particularly if you work in the state or district of a member of the subcommittee.

**Full Committee Markup.** The full Appropriations Committees consider the legislation after the subcommittee markup, usually within two days. Most often, the full committee endorses the subcommittee levels, although sometimes the full committee adopts amendments to or substitutes for the subcommittee bill. If the full committee makes changes, it usually does so only to large or controversial parts of the bill.

The full Appropriations Committee “reports out” the bill. The report not only includes the legislation, but also documents the appropriators’ intent and any non-legislative instructions to executive agencies and departments about spending priorities.

**Floor Consideration.** Like all legislation, appropriations bills must pass the full House and Senate. Again, the House almost always considers the bills first. There is usually extensive debate about appropriations bills, and often amendments are introduced from the floor. Because of the budget allocations for each bill, any amendment to increase funding for a particular program must include an offset—a reduction in funding for another program or another way to keep the overall spending in balance.

**Conference Committee.** Because the appropriations bills are so large and contain so many “moving pieces,” the House and Senate usually produce very different versions of the spending bills. To resolve the differences, the leaders of each chamber appoint Members to a conference committee. The conferees are usually the members of the Appropriations Subcommittees. They meet to hammer out compromise legislation and to arrive at an acceptable funding level for each program.

Conference committees are composed of Members of both the Senate and House. However, conference committees do not vote as a body, but rather as separate delegations, and only to recommend a resolution to their own chamber. Since the conferees of each chamber vote as a unit, it doesn't matter how many conferees are chosen from each chamber. Often the conference leadership consults with the Administration in developing a compromise bill.

The conference negotiations are another key time that Opportunity Finance Network asks you to communicate with your legislators on appropriations matters.

**Final Enactment.** After the conference committee finalizes a bill and report, each chamber must vote on it; then it goes to the President for signature. The President can sign or veto appropriations legislation in the same way he can veto any bill.

**Continuing Resolution.** Often, Congress does not complete its work on all the appropriations bills in time for them to be final when the government fiscal year begins on October 1 of each year. In these cases, Congress must pass a continuing resolution to keep government departments operating. The continuing resolution provides funding to departments that have not had the next year's appropriations enacted.

Three appropriations numbers become very important at this time because the budget is set at the lowest of the Senate proposed appropriation, the House proposed appropriation, or the current year budget. Continuing resolutions can last for a day or up to several months.

**Omnibus Appropriations Bill.** When Congress has not finished its appropriations work by October 1, it often abandons efforts to consider each appropriations bill separately. Instead, several bills are bundled into one or more omnibus bills providing funding for many departments. Conference negotiations for bills that are part of an omnibus are usually conducted separately, but the bills pass together as a single piece of legislation.

### **What to ask when lobbying for appropriations levels.**

Your specific message on appropriations legislation depends on the position of your legislator and his or her colleagues, but generally is one of four messages:

- If the legislator is on the TTHUD Subcommittee, he or she should support and advocate for the highest level of funding for the CDFI Fund.
- If the legislator is a member of the full Appropriations Committee but not the TTHUD Subcommittee, he or she should advocate at this committee level for the subcommittee's proposed amount (if acceptable) or a higher amount of funding.
- If the legislator is not on the Appropriations Committee, but another legislator from your state is, he or she should convey to the appropriators the importance of the CDFI Fund to your state and ask the Appropriations Committee and Subcommittee to support increased appropriations.
- If the legislator is not a member of the Appropriations Committee, he or she should contact colleagues on the Appropriations Committee and Subcommittee, and Committee and Subcommittee leadership, to support appropriations.

You can always contact Opportunity Finance Network for assistance in crafting a specific message for particular legislators.

### **Regulations**

The legislative process is only half of the story. The process that creates the regulations that interpret the laws is of vital importance. The regulatory process often has a much more immediate effect on opportunity finance.

The Code of Federal Regulations (CFR) is a codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal government. The executive branch, through the federal department charged with complying with the code, develops and issues regulations to help interpret and apply the law.

## U.S. Regulations

Regulations are created to define and explain the position on various laws and to set rules for complying with those laws. There are generally three kinds of regulations.

- **Legislative regulations** are issued by the department or agency because it is specifically directed to do so by law. Legislative regulations, generally, are considered to have the weight of law.
- **Interpretative regulations** are issued by the department or agency to describe its position on a specific law or issue. Since they are not issued under specific legislative authority, interpretative regulations are usually not binding in court, but they bind the department or agency to the interpretation given in the regulation.
- **Procedural regulations** are issued to create and explain rules. With a few exceptions, the department or agency is bound by procedural regulations.

## Creating New Regulations

Usually, the creation of a regulation begins with a period of study and drafting inside the department or agency. Depending upon the circumstances, the department or agency may spend a considerable amount of time developing a regulation.

Once the proposal is ready, the promulgation of regulations generally follows a four-step process.

1. **Notice of Proposed Rulemaking.** The first step in the development of new regulations is usually the release of a proposed regulation that is issued in a "Notice of Proposed Rule Making," published in the Federal Register ([www.regulations.gov](http://www.regulations.gov)). In addition to providing the text of the proposed regulation, the Notice explains how and when interested parties may comment on the proposal and sets forth the effective dates (usually after the issuance of final regulations).
2. **Public Comment.** Interested parties are invited to provide written comments and suggestions on the proposed regulations. Occasionally, a public hearing is scheduled to provide an additional opportunity for input.
3. **Review.** Once the period for comment has ended, the department or agency staff responsible for the proposed regulation reviews and considers all of the comments and may make changes in the proposed regulations, issue a new proposal for additional comment, or withdraw the proposed regulations.
4. **Final Regulations.** At some point after the comments have been received, the department or agency will usually issue a final regulation to replace the proposed regulation.

**NOTE:** Departments or agencies may also issue a "Temporary Regulation" and sometimes will issue a "Temporary and Proposed Regulation." Temporary or a Temporary and Proposed Regulation generally must be followed even though final regulations have not yet been issued. Temporary Regulations also usually contain an expiration date, but in any case must expire within three years of the date they are issued.

Agencies sometimes will issue an "Advance Notice of Proposed Rulemaking" (ANPR) before beginning the formal process, soliciting public comment that does not deal with a specific proposal but rather with an issue generally.

CDFIs can have a significant impact on the regulatory process by submitting comments and suggestions in response to proposed regulations. Opportunity Finance Network monitors Notices of Proposed Rule Making and frequently offers comments on proposed regulations.

## About Our Policy Work

Opportunity Finance Network's core purpose is to align capital with social, economic, and political justice.

The guiding principle of our policy work is to leverage a steadily increasing flow of private capital to benefit low-income and low-wealth people. To that end, two principles form the foundation for our policy agenda:

1. Opportunity finance institutions are important to expanding economic growth and improving markets; and
2. Government investment in opportunity finance is a highly productive use of government resources.

These principles focus our policy efforts on ways to leverage capital for CDFIs to help the opportunity finance industry transform into a high-volume financing system through structural and systemic changes.

We believe that the federal government can and should invest in opportunity finance by supporting programs, regulations, and practices that promote, encourage, and complement the work of CDFIs and other opportunity finance institutions. For this reason, our advocacy rests on a two-tiered approach that both protects our base issues and pushes us forward by focusing our time and resources on policies to bring significant new capital to the industry.

### 1. Preserve and protect our primary, established sources of funding:

- **CDFI Fund:** Ensure adequate CDFI Fund appropriations, continue to build bi-partisan support for appropriations, and promote program priorities useful for the industry.
- **New Markets Tax Credit (NMTC):** Work to ensure the NMTC continues to serve its intended audience of low-income and low-wealth people and communities in opportunity markets. Work to increase geographic and business diversity.
- **Government Sponsored Enterprise (GSE):** Work to ensure that Fannie Mae and Freddie Mac meet or exceed meaningful affordable housing goals and stay true to their missions of providing affordable housing and economic development for low-income people and communities. Work with the Federal Home Loan Banking System to open doors to CDFIs for a significant source of capital.
- **Community Reinvestment Act (CRA):** Respond to 100% of regulatory opportunities to protect the CRA, and ensure that the CRA continues to be a useful tool for opportunity finance.
- **Predatory Lending:** 100% response to federal opportunities to fight predatory lending.

### 2. Develop select new opportunities to bring significant capital or leverage financing in support of our work to the opportunity finance industry. Ideas include:

- **Bond Financing:** A federally-backed bond guarantee program to finance CDFIs for community economic development at below-markets rates.
- **Small Business Disaster Fund:** A national recovery fund for small businesses in disaster-affected areas of the country.
- **GSE Reform:** A meaningful affordable housing fund and leverage grant fund for community economic development.
- **Environment:** Develop new sources of capital for "green" building, businesses, and other related markets, such as transportation, that benefit low-income and low-wealth people and communities.

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## About Opportunity Finance Network

Opportunity Finance Network, the national network of more than 160 financial institutions, creates growth that is good for communities, investors, individuals, and the economy. Its members include CDFIs and other opportunity finance institutions that work just outside the margins of conventional finance to bring those markets into the economic mainstream and to help the economic mainstream flow into those markets.

*Finding and financing opportunities that others miss.™*

### CONTACT US

If you have questions about opportunity finance or need additional information, please contact Opportunity Finance Network's policy staff:

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