CDFIs Making History Interview

Bill Bynum
CEO, Hope Enterprise Corporation and Former Board Member, OFN

Mark Pinsky, President & CEO of OFN, conducted this interview on July 15, 2014.

Mark: Let me open this up by just inviting you. Is there one or a few moments, events, accomplishments, things of whatever sort that really stand out to you? Looking backwards, over the last, whether it's 10 or 20 or 30 years, that are formative? That are important to the industry? That are important for people to know or understand?

Bill: You're right, there are so many. I guess having been at this for 30 years it gets a little fuzzy, and details are certainly going to not be as sharp as I like. As I thought about it a little bit, I think back to some of the early meetings in Washington of the... Gosh, what was our...? The National Association of Community Development Loan Funds.

Mark: That was us.

Bill: Getting to know other people who were involved in this work. Starting to realize that you're not out there on an island by yourself. That there are other kindred spirits who are tackling these issues. That was very important, very useful.

I remember meeting Cliff, I think, there early on. Oh gosh, Dan, who was the... Martin?

Mark: Martin Trimble.

Bill: Martin Trimble. Just some of those folks who were trying to build a community around this work was very helpful. As we evolved, we broadened the family. There were the practitioners from the loan funds, the CDCs. I was at Self-Help then, early on.

Later, when I went to the Rural Center, to do micro-enterprise development work. There were some of us who were of this fledgling micro-enterprise field that were somewhere between AEO, that had gone to an organizer meeting building an AEO out in Berkeley. I think
that was an important piece of the fabric of the CDFI field. I think those early meetings out of organizing of AEO is connected.

The inclusion of foundations, but other interested funders. The religious funding network. They were critical to some of the early work. The Sisters, who really were passionate about this work. The folks at Calvert, who were working to try to bring more investment capital. To tap that source of funds was really important.

As the NACDLF evolved into NCCA...

Mark: See, your memory is not fuzzy. I kind of wish it were, but your memory is not fuzzy on this one.

Bill: We've gone through some name changes, but the mission, the commitment, never shifted.

Obviously all of that got an injection of steroids when President Clinton announced that he was expanding the number of community development banks and community development loan funds, the micro-enterprise funds, as a cornerstone of his economic development agenda when he was running for President. That was obviously one of the big game changers in this industry. We all kind of ran with that.

I remember sitting on the floor of the Eisenhower Building with Michael Barr and a lot of other folks, trying to put the details behind what the CDFI Fund would look like. Several of us were fortunate enough to be participants in that first round of awardees, once the fund was off the ground.

Mark: HOPE Enterprise, or then whatever you were called? You changed names too.

Bill: Yeah, we changed names too. We all try to figure it out, and I don't think we... We were Enterprise Corporation of the Delta... [CROSSTALK]

Mark: OFN has been a bad influence on you, got you to change your name. But you were an awardee in that first round?

Bill: We were, we were one of the first CDFIs to receive an award. Get certified. We got one of the first awards.

Mark: What was that like, Bill? What was that experience?
Bill: The emergence of a federal agency to support this work was one of the reasons that I made the decision to move from North Carolina to Mississippi.

Mark: Really?

Bill: This was an area that had tremendous need and the availability of a program that would help to provide capital to respond was very important.

I was hopeful that the president's home region would get some strong consideration. It's certainly an area of high poverty that would benefit from those resources. So we were fortunate to get those resources.

It gave us credibility. Having a federal agency of the Department of Treasury give you that seal of approval—even though certification was not so much an endorsement, but this said you met certain criteria—it opened up doors for banks to look at us more closely for other... for foundations.

It just broadened our base of support dramatically. That the equity that the CDFI Fund provided was a cornerstone of our growth.

Mark: Can I take you back to something you said a minute ago?

Bill: Sure.

Mark: You said that it actually personally... You know, that the idea that there was going to be this CDFI Fund—or that there was a CDFI Fund, I don't remember the exact timing—really influenced your decision to move from North Carolina to Jackson, Mississippi. Because there was a government program that could do something. Of course there had been lots of efforts—some more successful than others—to try and make federal money work in, not just in Mississippi, but in Alabama, you know as a result of the Civil Rights Movement, right?

Bill: Sure.

Mark: What was it about this that made you say, "I'm willing to take my family and go right back in the heart of it, right, where this came from?"

Bill: I had never been to Mississippi before I decided to take this job. Fortunately, I had done homework and knew there was certainly a
demand, and there was good leadership to build on. You've got to capitalize. I'd been doing this work since the mid-1980s. I moved to Mississippi in '94. I was at the signing of the legislation for the CDFI program.

When I was at the Rural Center, we got one of the first Presidential Awards for Excellence in Micro-Enterprise Development.

Mark: Is that right?

Bill: I knew how legitimizing a stamp of approval by the Treasury Department, by the Clinton administration could be. He was serious about it. The flexibility of the funds. The ability to match grants, to get equity, was critical.

But, the combination: just the type of funding, the level of funding, and the credibility. That being certified said that you are a viable organization with the right systems, with a commitment to community development, with the commitment to providing quality financing in low-income communities was very important to us.

Mark: Yeah. It turned out to be the right decision, obviously. What you've been able to achieve at Hope Enterprise is extraordinary. Do you see that? I mean it's an extraordinary leap into the flames. I don't know how else to describe it.

There wasn't capacity, I don't think much capacity at all. There was Robert Jackson at Quitman County, and there were a couple of other credit unions, right? But there wasn't a lot of capacity for community development finance in Mississippi at the time?

Bill: No, one of the reasons that the former governor of Mississippi, the chairman of Walmart, the head of the largest electric utility in the region decided it was important to take a more market-driven approach to the persistent challenges that had faced this region. They had seen a lot of efforts, but not the results that I think anyone was satisfied with.

They felt that a more market-driven, more disciplined approach was important, so they put their resources behind it. We had a million and a half dollar funding from an initial foundation grant from PEW to get out of the gate. But we had to go match that three to one. The CDFI Funds were a part of that match. It allowed us to capitalize and get out of the gate.
Mark: Amazing. Two other things I really want to ask you about. Were you the first chairman of the advisory committee for the CDFI Fund or not? I know you were for a long time.

Bill: No, I wasn't. I suspect I was the longest serving.

Mark: Yeah.

Bill: No, I followed Clara, I think.

Mark: Oh that's right.

Bill: You and I were on... I think you nominated me, Mark. You said, "You should do it," and I said, "You should do it." I think I drew the short straw.

Mark: Yeah, I do remember that. I got thrown off because of things I said. The Bush administration didn't like me for some reason.

Bill: I think Cliff might have been on it as well, for a little bit.

Mark: Yeah, Cliff was on it a little later, I think that's right.

Bill: But no, I went in at the end of the Clinton administration and served through Bush and the first few years of the Obama term.

Mark: Yeah. Let me take you to another moment that I know you played a really critical role in, and were very involved in, which was the—I don't remember what they called it—it led up to the New Markets Tax Credit, was President Clinton's New Markets Tour. I don't remember what they called it exactly. You were right in the middle of that stuff, right?

Bill: We hosted President Clinton in Clarksdale. In one of the little cabinet manufacturers that we financed, Waterfield.

Mark: Yeah.

Bill: Yeah, New Markets was another big inflection point in the industry. The President wanted to bring—and we all felt it was a great idea—providing the incentives to bring private capital into these communities. He loves Kentucky. He came to Clarksdale, went across the country.
The Treasury Department gave us a lot of latitude in organizing that visit. We had Bank of America, we had Entergy Corporation, a large electric utility, Federal Express, who joined the President to make announcements about their commitment to investment in the region.

Quite frankly, that helped us organize commitments by all of those entities.

Mark: I bet.

Bill: The President wanted some announceables, and we were able to leverage that moment to get FedEx to talk about [INAUDIBLE] opening their markets to businesses in the region. Same thing with Bank of America made an investment. But more importantly, I think, we were able to, after that, negotiate with Entergy. Entergy made a $5 million commitment, which I think at that time was probably the largest grant by a private corporation in a CDFI.

Mark: Mm-hmm [AFFIRMATIVE]. Could be.

Bill: On the heals of the President's announcement.

Mark: Yeah, I think that may be. That was a remarkable time, I remember. That felt really different. The President was always a big supporter of the CDFI Fund, but this was different for him. I just remember, the national media was a little bit about Kentucky, it was more about the Delta. [CROSSTALK]

Bill: As you said, it brought a lot of focus on this work. The banks stepped up more than they had. Just the potential for a... What was the first round of New Markets? Was it $3 billion?

Mark: $3 billion, yeah.

Bill: You're starting to talk about real numbers then. Again, getting in private capital, not just the philanthropic CRA dollars, but people who started to think that there was a legitimate return on investing in these communities at a higher level than they had in the past.

Mark: I think that's right. Let me, in respect for your time, let me ask, because I don't want to miss this. You know you are, and you've been, a great leader and a great visionary. Look forward. Next 30 years, you and I won't be doing this in 30 years.
Bill: You're probably right.

Mark: Yeah, so what's your vision? What do you see as critical? And maybe it's something we're doing today, or something we need to do differently than what we're doing today. When you look 30 years out, what do you think about?

Bill: It's hard to look forward, without looking back a bit and looking around at what's going on now. I've seen CDFIs, you know, for our organization, and I think it's happened in New York and in other crises. CDFIs have been at the forefront of responding to some serious challenges that this country faces.

Katrina was a big influence on our activities and our growth, and how we evolved as an organization.

The Great Recession. You know, you and I and others, we held a... When President Obama was elected, we met with the transition team and really encouraged him to look at CDFIs as a cornerstone of financial systems' response to the crisis. Fortunately, he did increase funding significantly, and we were able to put several programs in place that helped vulnerable people navigate the financial crisis much more effectively than they would have without CDFIs.

Hurricane Sandy, the same thing. CDFIs played a critical role in the response. I think we are uniquely equipped to respond to market inefficiencies through crises. When people are vulnerable and need innovative, properly-structured financial support, CDFIs are the best vehicle for responding to that need.

Inevitably, there will be ups and downs in the economy. I think... I expect the CDFI industry to continue to grow—not necessarily in numbers of entities, there may be some consolidation—but I think in terms of scale. I hope that CDFIs are becoming a permanent part of the nation's financial industry landscape.

I think that we have become more sophisticated, the type of tools that we provide, ranging from small business loans, to mortgages, to community facilities, to basic tools to help people avoid and get out of debt traps and predatory lending.

It’s really been amazing to see how the industry has evolved in a relatively short time. We're still young, but I think that the model is sound. I think unfortunately, as you say, the poor will always be with
us. I think there will always be a need and a role for CDFIs. I think we are, unfortunately, not going to work ourselves out of a job.

You and I will go to the farm and hopefully relax a bit. But I think there will be smart people who continue to push the envelope and find efficient ways to serve low-income people and communities.

I would like to see, if I had the keys to Bank of America, I would make a serious bet on serving people at the bottom of the pyramid. Because there’s a lot of people in that 99% who are not being served well by traditional financial institutions. I think the bank that figures that out and models their products to be more responsive can do quite well.

Mark: You think there is a break-through opportunity at the bottom of the pyramid. In this country.

Bill: Absolutely. But I don't see banks getting it. In the meantime, we'll have to do more with less, and I think we do it quite well.

Mark: Yeah. It may have to be Hope Enterprise that figures out how to do that. Bill, listen, I don't want to take up too much of your time. I want to make sure you save me a rocking chair seat on the porch at the farm there.

Bill: [LAUGHS] You got it.

Mark: We don't have a lot of farms in Philly, but you know, down around Jackson maybe. Is there anything else you wanted to say before I just say thank you, thank you, thank you?

Bill: No Mark, thanks for all you do. 30th anniversary, where you going to be? Oh, in Denver?

Mark: In Denver, and we're hoping we'll get you there to be part of this. But we'll see. But, you know, we can't tell this story without talking to you, and talking to Martin, and talking to Jeremy, and talking to Nancy, and talking to Elyse, and Calvin, and...

So, anyway, thank you.