

Department of the Treasury
Community Development
Financial Institutions Funds

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2022

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Section I – Budget Request

A – Mission Statement

To expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors and financial service providers.

B – Summary of the Request

The Community Development Financial Institutions Fund (CDFI Fund) requests the following for fiscal year (FY) 2022:

- \$215.4 million for the Community Development Financial Institutions Program (CDFI Program) to provide Financial Assistance (FA) and Technical Assistance (TA) awards, training and technical assistance. Through the CDFI Program, the CDFI Fund makes awards to invest in and build the capacity of Community Development Financial Institutions (CDFIs) to serve low-income communities lacking adequate access to affordable financial products and services. Increased investment in the CDFI Program supports the need for greater capital flow to communities and geographies where access to capital is least efficient and most needed, including rural areas and persistent poverty counties, and to CDFIs seeking to build both capital and capacity to deploy resources. The proposed budget supports FA and TA awards to CDFIs to further goals that include, among others:
 - Economic development (job creation, small business lending, and commercial real estate development);
 - Affordable housing development (housing development and homeownership);
 - Provision of financial services (such as basic banking services to underserved communities); and
 - Provision of development services (such as financial literacy or homebuyer counseling and education).
- \$2 million for the AmeriCorps CDFI Economic Mobility Corps, to be operated in conjunction with Corporation for National and Community Service (CNCS) to place national service members at Certified CDFI's to strengthen the capacity of CDFI's to perform activities related to financial literacy, financial planning, and other financial counseling activities, giving priority to positions in rural areas and to veterans.
- \$26 million for the Bank Enterprise Award Program (BEA Program), which incentivizes insured banks and thrifts to invest in CDFIs and increase their lending and financial services in economically distressed communities.
- \$21.5 million for FA and TA awards for the Native CDFI Assistance Program (NACA Program), which provides awards and training to CDFIs that primarily serve Native Communities and to entities proposing to become or create Native CDFIs. These awards will increase access to credit, capital, and financial services in Native Communities.
- \$33.6 million in administrative funding to support a variety of purposes, including:
 - Staffing and resource demands created by significant growth across all programs, including the NMTC Program and the CDFI Bond Guarantee Program (BG Program);
 - Administration of non-monetary programs and activities, including compliance monitoring and CDFI Certification;

- Enhancement of the Awards Management Information System (AMIS) including automation of key elements of the compliance and reporting systems and continuing improvements to operational efficiency and effectiveness; and
- Continued refinement of the CDFI Program Assessment and Risk Management (ARM) Framework - a suite of tools that the CDFI Fund uses to assess the financial and programmatic risk of CDFI Program applicants and award recipients, enhance data-driven decision-making, and mitigate post-award compliance reporting risks.
- \$23 million for Healthy Food Financing Initiative (HFFI) awards to CDFIs to expand financing for healthy food options in underserved urban and rural communities.
- \$8.5 million for the Small Dollar Loan Program (SDL Program) to provide grants for Loan Loss Reserves and Technical Assistance to CDFIs to establish and maintain small dollar loan programs. The SDLP Program funding is intended to expand consumer access to mainstream financial institutions by providing alternatives to high cost small dollar lending. The SDLP Program funding is also intended to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2020		FY 2021		FY 2022		FY 2021 to FY 2022	
	Operating Plan		Operating Plan		Request		% Change	
New Appropriated Resources	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Community Development Financial Institutions Fund Program	0	\$163,500	0	\$165,000	0	\$215,383	NA	30.5%
Economic Mobility Corps	0	\$2,000	0	\$2,000	0	\$2,000	NA	0.0%
Bank Enterprise Award Program	0	\$25,000	0	\$26,000	0	\$26,000	NA	0.0%
Native American CDFI Assistance Program	0	\$16,000	0	\$16,500	0	\$21,500	NA	30.3%
Administrative	70	\$28,500	82	\$29,000	89	\$33,617	8.5%	15.9%
Healthy Food Financing Initiative	0	\$22,000	0	\$23,000	0	\$23,000	NA	0.0%
Small Dollar Loan Program	0	\$5,000	0	\$8,500	0	\$8,500	NA	0.0%
Subtotal New Appropriated Resources	70	\$262,000	82	\$270,000	89	\$330,000	8.5%	22.2%
Other Resources								
User Fees	0	\$1,043	0	\$1,164	0	\$1,200	NA	3.1%
Recoveries from Prior Years	0	\$600	0	\$500	0	\$500	NA	0.0%
Unobligated Balances from Prior Years	0	\$193,017	0	\$13,569	0	\$31,169	NA	129.7%
Subtotal Other Resources	0	\$194,660	0	\$15,233	0	\$32,869	NA	115.8%
Total Budgetary Resources	70	\$456,660	82	\$285,233	89	\$362,869	8.5%	27.2%

FY 2020 Other Resources and Full-time Equivalents (FTE) reflect actuals.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Operating Plan	82	\$270,000
Program Changes:		
Program Increases:	7	\$60,000
CDFI Program	0	\$50,383
Native American CDFI Assistance (NACA) Program	0	\$5,000
Administration	7	\$4,617
FY 2022 President's Budget Request	89	\$330,000

C – Budget Increases and Decreases Description

Program Increases +\$60,000,000/ +7 FTE

CDFI Program +\$50,383,000 / +0 FTE

The CDFI Fund will increase the amount of Financial Assistance (FA) and Technical Assistance (TA) awards. An increase of \$50.4 million to the CDFI Program will result in larger FA awards to increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products offered by CDFI awardees. This increase would also support Small and/or Emerging Community Development Financial Assistance applicants and provide more funding for capacity building grants through the technical assistance component.

Native American CDFI Assistance (NACA) Program +\$5,000,000 / +0 FTE

The CDFI Fund will increase the NACA Program by \$5 million, which will result in larger FA awards to increase the number of business and microenterprise loans, home improvement and purchase loans, residential real estate transactions, and other consumer loans and products in Native Communities. It will also be used to increase participation by Native communities by improving technical assistance and capacity building for Native CDFIs.

Administration +\$4,617,000 / +7 FTE

An increase of \$4.6 million in administration funding will support the hiring of seven new staff for program, compliance, performance reporting and data collection, and IT system development. It will support research on the *Growth and Self-sufficiency of the CDFI Sector and its Impact on Underserved Communities, Minorities and Economic Inequality*. In addition, it will enable the CDFI Fund to prepare for updating all its program eligibility data based on the forthcoming Decennial Census data, and update the CDFI Impact Mapping System (CIMS) used for compliance and performance reporting across programs. Finally, it will provide more support for IT contracts related to system enhancement and development, especially new program applications and improved efficiency and automation of compliance validation processes.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual Obligations	FY 2021 Estimated Obligations	FY 2022 Estimated Obligations
11.1 - Full-time permanent	9,539	10,319	11,173
11.9 - Personnel Compensation (Total)	9,539	10,319	11,173
12.0 - Personnel benefits	3,170	3,489	3,818
Total Personnel and Compensation Benefits	\$12,709	\$13,808	\$14,991
21.0 - Travel and transportation of persons	23	72	70
24.0 - Printing and reproduction	0	2	2
25.1 - Advisory and assistance services	4,484	3,938	1,743
25.2 - Other services from non-Federal sources	44	20	20
25.3 - Other goods and services from Federal sources	6,630	9,410	10,171
25.7 - Operation and maintenance of equipment	386	1,918	2,600
26.0 - Supplies and materials	24	25	26
31.0 – Equipment	3,912	4,807	6,494
41.0 - Grants, subsidies, and contributions	422,332	236,000	323,383
Total Non-Personnel	\$437,835	\$256,192	\$344,509
Total Obligations	\$450,544	\$270,000	\$359,500
Full-time Equivalents (FTE)	70	82	89

Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p style="text-align: center;">DEPARTMENT OF THE TREASURY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND</p> <p style="text-align: center;">SALARIES AND EXPENSES</p> <p>To carry out the Riegle Community Development and Regulatory Improvement Act of 1994 (subtitle A of title I of Public Law 103–325), including services authorized by section 3109 of title 5, United States Code, but at rates for individuals not to exceed the per diem rate equivalent to the rate for EX-III, [\$270,000,000]\$330,000,000. Of the amount appropriated under this heading—</p> <p>(1) not less than [\$167,000,000]\$217,383,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)) with regard to Small and/or Emerging Community Development Financial Institutions Assistance awards, is available until September 30, [2022]2023, for financial assistance and technical assistance under subparagraphs (A) and (B) of section 108(a)(1), respectively, of Public Law 103–325 (12 U.S.C. 4707(a)(1)(A) and (B)), of which up to \$1,600,000 may be available for training and outreach under section 109 of Public Law 103–325 (12 U.S.C. 4708), of which up to [\$2,374,500]\$3,153,750 may be used for the cost of direct loans, of which up to \$6,000,000, notwithstanding subsection (d) of section 108 of Public Law 103–325 (12 U.S.C. 4707 (d)), may be available to provide financial assistance, technical assistance, training, and outreach to community development financial institutions to expand investments that benefit individuals with disabilities, and of which not less than \$2,000,000 shall be for the Economic Mobility Corps to be operated in conjunction with the Corporation for National and Community Service, pursuant to 42 U.S.C. 12571: Provided, That the cost of direct and guaranteed loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further , That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$25,000,000: Provided further, That of the funds provided under this paragraph, excluding those made to community development financial institutions to expand investments that benefit individuals with disabilities and those made to community development financial institutions that serve populations living in persistent poverty counties, the CDFI Fund shall prioritize Financial Assistance awards to organizations that</p>	

invest and lend in high-poverty areas: Provided further, That for purposes of this section, the term "high-poverty area" means any census tract with a poverty rate of at least 20 percent as measured by the 2011–2015 5-year data series available from the American Community Survey of the Bureau of the Census for all States and Puerto Rico or with a poverty rate of at least 20 percent as measured by the 2010 Island areas Decennial Census data for any territory or possession of the United States;

(2) Not less than [\$16,500,000]\$21,500,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, [2022]2023, for financial assistance, technical assistance, training, and outreach programs designed to benefit Native American, Native Hawaiian, and Alaska Native communities and provided primarily through qualified community development lender organizations with experience and expertise in community development banking and lending in Indian country, Native American organizations, Tribes and Tribal organizations, and other suitable providers;

(3) not less than \$26,000,000 is available until September 30, [2022]2023, for the Bank Enterprise Award program;

(4) not less than \$23,000,000, notwithstanding subsections (d) and (e) of section 108 of Public Law 103–325 (12 U.S.C. 4707(d) and (e)), is available until September 30, [2022]2023, for a Healthy Food Financing Initiative to provide financial assistance, technical assistance, training, and outreach to community development financial institutions for the purpose of offering affordable financing and technical assistance to expand the availability of healthy food options in distressed communities;

(5) not less than \$8,500,000 is available until September 30, [2022]2023, to provide grants for loan loss reserve funds and to provide technical assistance for small dollar loan programs under section 122 of Public Law 103–325 (12 U.S.C. 4719): Provided, That sections 108(d) and 122(b)(2) of such Public Law shall not apply to the provision of such grants and technical assistance;

(6) up to [\$29,000,000]\$33,617,000 is available until September 30, [2021]2022, for administrative expenses, including administration of CDFI Fund programs and the New Markets Tax Credit Program, of which not less than \$1,000,000 is for *the* development of tools to better assess and inform CDFI

<p>investment performance <i>and CDFI Fund program impacts</i>, and up to \$300,000 is for administrative expenses to carry out the direct loan program; and</p> <p>(7) during fiscal year [2021]2022, none of the funds available under this heading are available for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of commitments to guarantee bonds and notes under section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a): Provided, That commitments to guarantee bonds and notes under such section 114A shall not exceed \$500,000,000: Provided further, That such section 114A shall remain in effect until December 31, [2021]2022: Provided further, That of the funds awarded under this heading, except those provided for the Economic Mobility Corps, not less than 10 percent shall be used for awards that support investments that serve populations living in persistent poverty counties: Provided further, That for the purposes of this paragraph and paragraph (1), the term "persistent poverty counties" means any county, including county equivalent areas in Puerto Rico, that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990 and 2000 decennial censuses and the 2011–2015 5-year data series available from the American Community Survey of the Bureau of the Census or any other territory or possession of the United States that has had 20 percent or more of its population living in poverty over the past 30 years, as measured by the 1990, 2000 and 2010 Island Areas Decennial Censuses, or equivalent data, of the Bureau of the Census. <i>(Department of the Treasury Appropriations Act, 2021.)</i></p>	<p>Extension of the Bond Guarantee Program through December 31, 2022 to allow more time to close complex and time-consuming bond commitments</p>
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E – Legislative Proposals

The Budget proposes to expand the Capital Magnet Fund by \$12 billion as part of the American Jobs Plan.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The CDFI Fund’s mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President’s Budget to reflect new departmental strategic goals and objectives.

The CDFI Fund’s award recipients provide loans, investments, business counseling, basic banking services, and financial literacy training in some of the most distressed communities in the nation. These are the communities where job opportunities remain stagnant and that otherwise lack access to more mainstream forms of capital – the places in the United States that are not progressing economically as other parts of our economy have improved. CDFI Fund award recipients use their awards to increase access to capital and help improve the quality of life and boost the local economy in these communities.

The CDFI Fund has articulated five goals in its FY 2018-2022 Strategic Plan aimed at 1) increasing the impact of the CDFI Fund network by supporting the growth, reach, and performance of CDFI Fund awardees; 2) building the capacity of the CDFI Fund and its network to better capture, produce, and utilize data to improve decision-making, performance and accountability; 3) ease the customer experience and create on-ramps for new and emerging CDFIs and CDEs to access CDFI Fund programs; 4) promote awareness of CDFIs in order to expand their access to new resources; and 5) create organizational excellence by increasing workforce engagement, enhancing team performance, and improving operational efficiency.

The FY 2022 Budget will advance these goals by allowing the CDFI Fund to administer and fully staff all programs including those that are authorized by Congress but do not require annual appropriations (i.e., the NMTC Program). In addition, the CDFI Fund will continue to conduct ongoing program compliance for prior-year award recipients for all programs.

The Budget request is also intended to cover the cost to administer certification of CDFIs, as required by the Riegle Act, as well as Community Development Entities (CDEs), as required by the NMTC program. CDFI certification is a prerequisite for eligibility for the BG Program, the SDL Program and the Capital Magnet Fund (CMF), as well as other federal programs outside of the CDFI Fund. CDE certification is a prerequisite for eligibility for the NMTC program.

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P. L. 116-260) provided \$3 billion to the CDFI Fund to CDFIs deliver immediate assistance in communities impacted by the COVID-19 pandemic. In the spring of FY 2021, the CDFI Fund plans to award \$1.25 billion of these funds through its newly established CDFI Rapid Response Program (CDFI RRP), which is designed to quickly deploy capital to CDFIs through a streamlined application

and review process. Through the CDFI RRP, CDFIs will be provided with resources necessary to respond to the economic impacts of the COVID-19 pandemic in distressed and underserved communities and people.

To further assist distressed and underserved communities in responding to the economic impacts of the COVID-19 pandemic, the CDFI Fund will also begin the process of making \$1.75 billion in funds available to support lending in minority communities and minority lending institutions through its Minority Lending Program (MLP) in FY 2022. Of these funds, \$1.2 billion is reserved for award to minority lending institutions, which are CDFIs, that are designated as Minority Depository Institutions (MDIs) or meet other standards for accountability to minority populations as determined by the CDFI Fund; and, \$550 million will be awarded to CDFIs to expand their lending, grant making, or investment activity in low- or moderate-income minority communities and to minorities that have significant unmet capital or financial service needs.

B – Budget and Performance by Budget Activity

2.1.1 – Administration Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$23,600	\$26,000	\$27,000	\$27,000	\$28,500	\$29,000	\$33,617
Budget Activity Total	\$23,600	\$26,000	\$27,000	\$27,000	\$28,500	\$29,000	\$33,617
Full-time Equivalents (FTE)	77	74	66	67	76	82	89

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan. The FY 2016 - FY 2020 columns represent realized resources for full-time equivalents.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
All Award Cycle Time (Months)	7.6	6.3	5.8	6.4	5.5	6.5	6.5	6.5
All-Time to Initial Disbursement (#Months)	B	7.5	7.0	7.0	4.4	4.5	4.5	4.5
ALL- Number of Affordable Housing Units Developed or Produced	35,251	27,443	34,083	61,839	44,361	21,500	I	I

Key: B – Baseline; I – Indicator

2A – Administration Budget and Performance

(\$33,617,000 from direct appropriations):

This encompasses the CDFI Fund’s operational support and management activities for each of its ongoing award programs. It includes, among other activities, developing notices of award availability and application materials; reviewing and evaluating certification and award applications; selecting awardees; finalizing the terms of award agreements; making disbursements; collecting and evaluating performance data; monitoring awardees’ compliance; and award closeout processes.

Description of Performance:

The CDFI Fund's three administrative performance measures focus on organization-wide efficiency, measuring how quickly awards are made and funds are disbursed, and the creation of affordable housing units across all CDFI Fund programs.

- The All Cycle Time measures the average time from the date when applications are received to the date of award announcement (calculated in months as an average across all programs). The Award Cycle Time in FY 2020 was 5.5 months, thereby exceeding the target of 6.5 months. This achievement reflects improved efficiency in making awards, which is largely a function of the implementation of the AMIS system. For FY 2021 and FY 2022 the target will remain at 6.5 months because the CDFI Fund will be standing up additional programs funded by the Consolidated Omnibus Act, 2021 and the SDL Program.
- The Time to Initial Disbursement indicates how quickly the CDFI Fund completes award agreements and makes the first disbursement of funds or issues tax credits. The FY 2019 program disbursement results were tabulated in FY 2020 at 4.4 months which exceeded the 4.5 month target due to improved efficiencies through the AMIS system. The target will remain at 4.5 months for FY 2021 and FY 2022.
- The Number of Affordable Housing Units Developed or Produced metric measures the number of affordable housing units developed or produced as a result of CDFI Fund awards as reported by CDFI Program, NMTC Program, and CMF awardees and NMTC allocation recipients. The FY 2020 actual result of 44,361 affordable housing units was well above the target of 21,500 affordable housing units. This measure is being converted to an indicator because of the variability in projecting annually the number of affordable housing units funded for three programs makes it difficult to project a reliable target. See section C: Proposed Changes to Performance Measures.

2.1.2 – Community Development Financial Institutions Program Resource and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$153,423	\$161,500	\$160,000	\$160,000	\$165,500	\$167,000	\$215,383
Budget Activity Total	\$153,423	\$161,500	\$160,000	\$160,000	\$165,500	\$167,000	\$215,383

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY2021 Target	FY2022 Target
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	80.9	81.2	73.7	75.6	75.0	60.0	60.0	60.0
CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Number of Loans	81.5	83.0	72.1	78.8	79.6	60.0	60.0	60.0

2B – Community Development Financial Institutions Program

(\$217,383,000 from direct appropriations)

The CDFI Program makes FA awards to CDFIs that have comprehensive business plans for creating community development impact and that demonstrate the ability to leverage private sector sources of financing, as well as TA grants to CDFIs and entities proposing to become CDFIs. CDFIs use FA awards to further goals such as:

- Economic development (job creation, business development, and commercial real estate development);
- Affordable housing (rental housing and homeownership); and
- Financial services (provision of basic banking services and financial literacy training to underserved people and communities).

For the FY 2020 CDFI Program round, the CDFI Fund awarded \$142.8 million in Base-FA and TA awards to 357 organizations in 45 states, the District of Columbia, and Puerto Rico. In addition to the Base-FA awards, the CDFI Fund will also provide the following supplemental FA awards:

- \$22 million to 13 CDFIs through the Healthy Food Financing Initiative-Financial Assistance (HFFI-FA) awards, a supplemental program designed to encourage investments in businesses that provide healthy food options for communities;
- \$4 million to 17 CDFIs through the Disability Funds-Financial Assistance (DF-FA) awards, a supplemental program designed to help CDFIs finance projects and services that will assist individuals with disabilities; and
- \$18.5 million to 106 CDFIs through the Persistent Poverty Counties-Financial Assistance (PPC-FA) awards, which is a supplemental program designed to encourage investments in Persistent Poverty Counties nationwide.

The request includes \$2 million for the AmeriCorps CDFI Economic Mobility Corps (EMC), which is a joint initiative of the CDFI Fund and CNCS that places full-time national service members in Certified CDFIs to enhance their capacity to provide financial literacy, financial planning, budgeting, saving, and other financial counseling activities. Award funding for the inaugural round of EMC was made available through the CNCS FY 2021 AmeriCorps State and National Grant program Notice of Funding Opportunity (NOFO) that was released September 2020. EMC awards will be announced May 2021.

Description of Performance:

The CDFI Program has two measures: (1) the percentage of loans and investments originated in eligible distressed communities or made to underserved populations, as measured against the total dollar amount of loans originated by awardees; and (2) the percentage of loans and investments originated in eligible distressed communities or to underserved populations, as measured against the total number of loans originated by awardees.

Certification criteria require that all certified CDFIs originate at least 60.0 percent of their loans and investments in eligible distressed census tracts or to underserved populations. The target is set at a level that allows CDFIs to balance their mission to serve distressed communities and underserved populations with their safety and soundness considerations.

In FY 2020, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (75 percent) and the number of CDFI loans (79.6 percent) made to eligible distressed communities and underserved populations.

2.1.3 – New Markets Tax Credit Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget Activity Total	0	0	0	0	0	0	0

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	74.5	77.5	73.6	80.3	77.2	75.0	75.0	75.0

2C – New Markets Tax Credit Program

(\$0 from direct appropriations):

The NMTC Program stimulates capital investment in low-income communities nationwide by permitting individual and corporate taxpayers to receive a non-refundable tax credit against federal income taxes for making equity investments in CDEs. CDEs that receive the tax credit allocation authority under the program are domestic corporations or partnerships that provide loans, investments, or financial counseling in low-income urban and rural communities.

On December 27, 2020, legislation was enacted extending allocation authority of the NMTC Program for five years through calendar year (CY) 2025 at \$5 billion.

Description of Performance:

In FY 2020, the CDFI Fund awarded \$3.5 billion in CY 2019 NMTC Program allocation authority to 76 organizations out of a pool of 206 applicants that requested \$14.7 billion in NMTC allocations.

In FY 2020, CDEs reported that 77.2 percent of NMTC investments were made in severely-distressed communities, exceeding the target of 75 percent. The expectation is that the NMTC investments performance report for FY 2021 and FY 2022 will meet or exceed the 75 percent target.

2.1.4 – Bank Enterprise Award Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$19,000	\$23,000	\$25,000	\$25,000	\$25,000	\$26,000	\$26,000
Budget Activity Total	\$19,000	\$23,000	\$25,000	\$25,000	\$25,000	\$26,000	\$26,000

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants (\$ million)	539	522	646	429	469	530	DISC	DISC
Bank Enterprise Award Program (BEA) leverage ratio is the dollar sum of all award recipients' qualified activities to the dollar sum of all awards in a given year.	NA	NA	NA	NA	NA	NA	B	B

Key: B – Baseline, DISC - Discontinued

2D – Bank Enterprise Award Program

(\$26,000,000 from direct appropriations):

The BEA Program provides monetary awards to regulated banks and thrifts for increasing their investments in CDFIs through grants, stock purchases, loans, deposits, and other forms of financial and technical assistance, and for increasing their lending, investment, and service activities in economically-distressed communities where at least 30 percent of residents have incomes less than the national poverty level and where the unemployment rate is at least 1.5 times the national unemployment rate.

Description of Performance:

The BEA Program measures applicants' increase in qualified community development activities over the prior year. For the FY 2020 BEA Program round, the CDFI Fund awarded \$25.2 million in grants to 138 organizations.

In FY 2020, the BEA Program reported \$469 million in qualified community development activities, which was below the target of \$530 million. However, the FY 2020 results are the last year for reporting on this performance measure as it is being replaced by a new performance measure. The new BEA Program performance measure is a leverage ratio of the dollar sum of all award recipients' qualified activities to the dollar sum of all awards in a given year. See section C: Proposed Changes to Performance Measures for an explanation of the change.

2.1.5 – Native American CDFI Assistance Program Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$15,500	\$15,500	\$16,000	\$16,000	\$16,000	\$16,500	\$21,500
Budget Activity Total	\$15,500	\$15,500	\$16,000	\$16,000	\$16,000	\$16,500	\$21,500

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
NACA - Percentage of NACA Loans and Investments in Native Areas (\$ Amount of Loans)	61.2	47.9	84.9	78.0	57.2	50.0	50.0	50.0
NACA - Percentage of NACA Loans and Investments in Native Areas (# of Loans)	96.3	95.1	94.4	86.0	72.1	50.0	50.0	50.0

2E – Native American CDFI Assistance Program

(\$21,500,000 from direct appropriations):

Through the NACA Program, the CDFI Fund assists entities in overcoming barriers that prevent access to credit, capital, and financial services in American Indian, Alaska Native, and Native Hawaiian communities. The NACA Program makes monetary awards to increase the number and capacity of existing or new Native CDFIs (i.e., CDFIs that serve Native communities). In addition, the NACA Program provides training to help strengthen and develop Native CDFIs. Native CDFIs lend where other mainstream financial institutions do not and serve the poorest individuals, families, and businesses in Native communities

For the FY 2020 round of the NACA Program, The CDFI Fund awarded \$15.2 million in FY 2020 NACA Program Base-FA and TA awards to 40 organizations in 18 states. In addition, the CDFI Fund awarded \$1.6 million in NACA Program PPC-FA awards to 11 Native CDFIs.

Description of Performance:

The two measures of performance for the NACA Program are: (1) the percentage of the number of loans, and (2) the dollar amount of loans, made in tribal lands (based on Federal Designations of Tribal Areas) or to Native people. In accordance with their Assistance Agreements, NACA awardees are required to originate 50 percent or more of their loans and investments in Native areas or to Native populations. This threshold is set to allow the awardees to balance their mission of serving Native areas and populations with safety and soundness considerations.

In FY 2020, NACA recipients reported outcome data for their 2019 activities, which showed that 57.2 percent of loans by dollar amount and 72.1 percent of the number of loans originated were in Native Areas or to Native borrowers, thereby exceeding the target of 50 percent for both measures.

2.1.6 – Healthy Food Financing Initiative Detail Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2021 Request
Appropriated Resources	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$23,000	\$23,000
Budget Activity Total	\$22,000	\$22,000	\$22,000	\$22,000	\$23,000	\$23,000	\$23,000

The FY 2016 - FY 2020 appropriated resources represents the approved operating plan.

Performance Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2020 Target	FY 2021 Target	FY 2022 Target
HFFI - Retail Outlets Created/Preserved	19	24	20	23	25	20	I	I

Key: I – Indicator

2F – Healthy Food Financing Initiative

(\$23,000,000 from direct appropriations):

The HFFI aims to eliminate “food deserts” – low-income urban and rural areas in the United States with limited access to affordable and nutritious food – by financing interventions that expand the supply of, and demand for, nutritious foods. The objectives include increasing the distribution of agricultural products, developing and equipping grocery stores, and strengthening producer-to-consumer relationships.

Through the HFFI, the CDFI Fund provides awards to Certified CDFIs to help address the need for healthy food in underserved and low-income communities. These organizations use federal grants, below market-rate loans, loan guarantees, and tax credits to attract private sector financing for projects that increase access to healthy food options.

Description of Performance:

The primary HFFI performance measure is the number of healthy food retail stores created and maintained in low-income areas that have been identified through detailed census tract analysis as having limited access to healthy food options. In FY 2020, the number of HFFI Retail outlets created was 25, thereby exceeding the target of 20 new retail outlets for activities carried out in 2019. See Section C: below for a discussion of the changes to the HFFI performance measure which is being converted to an indicator.

2.1.7 – Small Dollar Loan Program Resource and Measures

Dollars in Thousands

Resource Level	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Appropriated Resources	\$5,000	\$8,500	\$8,500
Budget Activity Total	\$5,000	\$8,500	\$8,500

FY 2020 appropriated resources represents the approved operating plan.

2G - Small Dollar Loan Program

(\$8,500,000 from direct appropriations):

Authorized by Section 1206 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), the SDL Program provides grants for Loan Loss Reserves and Technical Assistance to CDFIs to establish and maintain small dollar loan programs. SDL Program funding is intended to expand consumer access to mainstream financial institutions by providing alternatives to high cost small dollar lending. The SDL Program funding is also intended to help unbanked and underbanked populations build credit, access affordable capital, and allow greater access into the mainstream financial system.

Description of Performance:

This is a new program and the performance measures are still being developed in consultation with Office of Strategic Planning and Performance Improvement (OSPPI) and the Office of Performance Budget (OPB).

2.1.8 – Capital Magnet Fund Program Resource Detail Table

Dollars in Thousands

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Resource Level	Actual	Actual	Actual	Actual	Actual	Actual	Estimate
GSE Distribution	\$100,292	\$119,413	\$144,917	\$131,884	\$175,809	\$382,748	\$200,000
Budget Activity Total	\$100,292	\$119,413	\$144,917	\$131,884	\$175,809	\$382,748	\$200,000
FTE	0	4	4	3	5	5	6

2H. – Capital Magnet Fund Program

(\$0 from direct appropriations):

The CMF Program authorized by the Housing and Economic Recovery Act of 2008 (P.L. 110-289), establishes recurrent funding of the CMF through allocations from the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. Through CMF, the CDFI Fund provides grants to CDFIs and qualified non-profit housing organizations to finance affordable housing, community service facilities, and economic development facilities. Award recipients can use funds to create financing tools such as loan funds, loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees.

Description of Performance:

The primary performance measures of the CMF are the number of affordable housing units for which CMF funding was a source of financing, and the degree to which private funding sources were leveraged by CMF financing. Data on affordable housing units are included in performance table 2.1.1.

Based on award recipients' projections, the FY 2020 round of the CMF will leverage an estimated \$5.3 billion in public and private investment. The award recipients plan to develop more than 23,000 affordable housing units, including nearly 20,300 rental units and more than 2,600 homeownership units. Of these:

- 97 percent of all housing units will be developed for low-income families (80 percent of the area median income or below).

- 98 percent of the homeownership units will be developed for low-income families (80 percent of the area median income or below).
- 61 percent of the rental units will be developed for very low-income and extremely low-income families (50 percent of the area median income or below).

2.1.9 – CDFI Bond Guarantee Program Resource Detail Table

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Obligations	\$265,000	\$245,000	\$150,000	\$150,000	\$100,000	\$500,000	\$500,000
Loan Limitation Obligation Authority	\$750,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000

2.1.10 – CDF Bond Guarantee Program Financing Account – Non-Budgetary Summary

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Operating Plan	FY 2022 Request
Obligations	\$265,000	\$245,000	\$150,000	\$150,000	\$100,000	\$500,000	\$500,000
Collections*	9,377	\$19,789	\$34,337	\$51,493	\$61,621	\$79,473	\$97,396

*Includes the principal and interest repayments and a 10 basis point fee for administrative expenses pursuant to Section 1134 of the Small Business Jobs Act of 2010. These amounts assume a zero subsidy rate with bond loan disbursement of \$230 million and \$305 million in FY 2021 and FY 2022, respectively.

2I. – CDFI Bond Guarantee Program Budget and Performance

Through the BG Program, Treasury provides a 100 percent guarantee of bonds (including principal, interest, and call premiums) issued by Qualified Issuers. Bonds issued through the program support CDFI lending and investment activity in underserved communities by providing a source of long-term capital. Qualified Issuers use bond proceeds to finance loans to eligible CDFIs for community and economic development purposes.

Since the inception of the program, the total amount of bonds guaranteed is \$1.692 billion. A total of 26 Eligible CDFIs and three Qualified Issuers participate in the BG Program. Upon the closing of each bond, the eligible CDFIs have five years to lend or disburse the bond proceeds.

The table below provides the year-to-date (FYE) and proposed disbursement for the top eight asset classes:

Assets Classs	Disbursments (\$Millions)	Disbursments (%)	Proposed Disbursments (\$Millions)	Proposed Disbursments (%)
Charter Schools	\$349.23	27.14%	\$438.44	25.91%
Rental Housing	\$350.61	27.25%	\$473.91	28.01%
Comercial Real Estate	\$245.73	19.10%	\$285.74	16.89%
Financing Entity	\$117.12	9.10%	\$136.73	8.08%
Healthcare Facilities	\$89.33	6.94%	\$111.34	6.58%
Not-For-Profits	\$57.90	4.50%	\$86.63	5.12%
Small Business	\$48.96	3.80%	\$61.22	3.62%
Senior Living and Long Term Care Facilities	\$14.95	1.16%	\$68.00	4.02%
Daycare Centers	\$12.92	1.00%	\$29.99	1.77%
Total	\$1,286.75	100.00%	\$1,692.00	100.00%

C – Changes in Performance Measures

In FY 2021, the CDFI Fund worked with OSPPI and the OPB to make improvements and changes to existing performance measures and to develop new measures for new programs in FY 2022. The table below details the proposed changes to existing measures. In addition, the CDFI Fund is working with OSSPI and OPB to develop a performance measure for the Small Dollar Loan Program.

Performance Measure or Indicator	Proposed Change and Justification
1. Performance Measure: Bank Enterprise Award Program (BEA) leverage ratio is the dollar sum of all award recipients' qualified activities to the dollar sum of all awards in a given year.	The Bank Enterprise Award Program performance measure is recommended for replacement. The current metric measures the BEA-Increase in Community Development Activities Over Prior Year for All BEA Program Applicants (\$ million) which was based on all applicant data. The variability of annual reported activity was volatile and hence unstable to forecast a reliable target based on applicants' baseline forecasts. The new measure will establish a baseline from which to compute a target threshold for the leverage ratio that must be met or exceeded by the program's annual eligible activities.
2. Indicator Name: The Number of new Healthy Food Financing Initiative (HFFI) Retail Outlets	The HFFI performance measure is recommended to be converted to an indicator because the variability of investments in new retail HFFI outlets makes it difficult to forecast

	<p>an annual target. The current measure reports the number of new healthy food retail stores created or maintained in low-income areas that have been identified by the USDA as having low-income and limited access to healthy food options.</p>
<p>3. Indicator Name: The All-Affordable Housing measure</p>	<p>The All-Affordable Housing measure tabulates the number of affordable housing units developed or produced as reported by CMF, CDFI and NACA programs and NMTC Allocations award recipients. The measure is recommended for conversion to an indicator because the variability in investments made annually by the three programs that fund affordable housing units has made it difficult to reliably project a target.</p>

D– Evidence-Building Activity

The table below describes the CDFI Fund’s major evidence-building activities and corresponding resources. Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
Evaluation <i>Collection and analysis of data to assess effectiveness and efficiency of programs, policies, or procedures</i> Estimated share of all Evidence-Building Activities: <u>10 %</u>	Major activities: <ul style="list-style-type: none"> Use of ARM framework to conduct certification and award application data evaluation, post-award compliance, and reporting risks FY21 and FY22 projects: <ul style="list-style-type: none"> Rapid Response Program evaluation 	<ul style="list-style-type: none"> FS&R: 2 FTEs, series 1101, CCME: 4 FTEs, series 1160, CDFI/NACA: 4 FTEs, series 1101, 1160 IT support: 1 FTE, series 2210 ARM Contract IT Services Task Order: <ul style="list-style-type: none"> FY21: \$ TBD IAA with GSA OES: TBD 	<input checked="" type="checkbox"/> For internal policy decision-making <input checked="" type="checkbox"/> During internal strategic management processes <input checked="" type="checkbox"/> By external partners (government) <input type="checkbox"/> By external partners (non-government) <input type="checkbox"/> By unaffiliated external researchers <input type="checkbox"/> Other (describe)
Research <i>Modeling or other systematic use of data to explore emerging issues or potential scenarios to generate new knowledge</i> Estimated share of all Evidence-Building Activities: <u>10 %</u>	Major activities: <ul style="list-style-type: none"> PPC research with MITRE Tentative FY22 projects: <ul style="list-style-type: none"> 25 Years and Counting: An Examination of Growth and Self-Sufficiency in the Community Development Financial Institutions (CDFI) Industry CDFI Sector’s Impact on Underserved Racial and Minority Communities and Inequality 	<ul style="list-style-type: none"> MITRE task order FS&R: 2 FTEs, series 1101 FS&R: 2 FTEs, series 1101, CDFI 25 Years Contract: est. @ \$500K CDFI Minority Impact contract: est. @ \$200K 	<input checked="" type="checkbox"/> For internal policy decision-making <input checked="" type="checkbox"/> During internal strategic management processes <input checked="" type="checkbox"/> By external partners (government) <input type="checkbox"/> By external partners (non-government) <input type="checkbox"/> By unaffiliated external researchers <input type="checkbox"/> Other (describe)
Analysis <i>Routine and frequent use of data that produces insights for decision making and program management</i>	Major activities: <ul style="list-style-type: none"> Certification, Compliance and Performance data collection and reporting: ACR, NMTC, CDFI, CMF, BEA 	<ul style="list-style-type: none"> FS&R: 4 FTEs, series 1101 CCME: 4 FTEs, series 1160 	<input checked="" type="checkbox"/> For internal policy decision-making <input checked="" type="checkbox"/> During internal strategic

Type of Evidence Building Activity	Major Activities and Planned Projects	Resource Types	Use
<p>Estimated share of all Evidence-Building Activities:</p> <p><u>75 %</u></p>	<p>FY22 projects:</p> <ul style="list-style-type: none"> ARM framework: Scope possible changes to the: Certification Assessment Tool (CAT) due to deployment of new certification application, the Non-Compliance Scorecard, (NCS), and the Application Assessment Tool (AAT). Additional will be based on need and budget availability. 	<ul style="list-style-type: none"> BEA: 4 FTEs, series 1160 IT support: 2 FTEs, series 2210 Data Collection IT TOs: <ul style="list-style-type: none"> FY21: \$650,000 FY22: \$ TBD FS&R: 2 FTEs, series 1101 CCME: 4 FTEs, series 1160 CDFI/NACA: 4 FTEs, series 1101, 1160 IT support: 1 FTE, series 2210 ARM IT TO: <ul style="list-style-type: none"> FY22: \$ TBD 	<p>management processes</p> <p><input checked="" type="checkbox"/> By external partners (government)</p> <p><input type="checkbox"/> By external partners (non-government)</p> <p><input type="checkbox"/> By unaffiliated external researchers</p> <p><input type="checkbox"/> Other (describe)</p>
<p>Statistics <i>Collection, compilation, and processing of data for describing or estimating characteristics or insights concerning groups</i></p> <p>Estimated share of all Evidence-Building Activities:</p> <p><u>5 %</u></p>	<p>Major activities:</p> <ul style="list-style-type: none"> InfoUSA or comparable database to replace Business Analyst for ESRI. STATA software concurrent licenses for 5-7 staff. <p>FY21 and FY22 projects:</p> <ul style="list-style-type: none"> Decennial Census data update of all CDFI Fund program eligibility requirements. CIMS Mapping System update 	<ul style="list-style-type: none"> Procurement est.: @ \$10K Procurement est.: \$10-12K Hire 1 FS&R FTE series 1101 to manage Census data and CIMS updates. 	<p><input checked="" type="checkbox"/> For internal policy decision-making</p> <p><input checked="" type="checkbox"/> During internal strategic management processes</p> <p><input checked="" type="checkbox"/> By external partners (government)</p> <p><input checked="" type="checkbox"/> By external partners (non-government)</p> <p><input checked="" type="checkbox"/> By unaffiliated external researchers</p> <p><input type="checkbox"/> Other (describe)</p>

Section III – Additional Information

A – Summary of Capital Investments

As part of its FY 2022 capital investment strategy, the CDFI Fund plans to spend approximately \$8.64 million for enhancements, operations, and maintenance of its IT infrastructure. The CDFI Fund has no major IT investments, nor any capital investments other than IT.

Non-Major IT Investments:

For FY 2022, the CDFI Fund has identified two non-major IT investments: AMIS and the CDFI Fund public website. AMIS is an enterprise-wide commercial, cloud-based solution that supports CDFI Fund certification, tax credit allocation, bond guarantee, and all grant programs. The CDFI Fund public website, another cloud-based solution, provides access to general information about the CDFI Fund and is used to ensure the public can obtain information and guidance regarding CDFI Fund programs. In FY 2022, the CDFI Fund plans to provide Operations and Maintenance (O&M) support for these two investments, as well as enhancements to AMIS. O&M includes system updates, help desk support, and software licenses. AMIS enhancements include annual program updates and improvements to program compliance monitoring and reporting.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:

<https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>.