Community Development Financial Institutions Fund

FY 2017 President's Budget

February 9, 2016

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Section 1 – Purpose

1A – Mission Statement

The mission of the Community Development Financial Institutions Fund (CDFI Fund) is to increase economic opportunity and promote community development investments for underserved populations and in distressed communities in the United States.

1.1 – Appropriations Detail Table

Dollars in Thousands

Community Development Financial Institutions Fund	FY 2015		FY 2016		FY 2017		FY 2016 to FY 2017			
Appropriated Resources	Enacted		Enacted		Request		$ Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Community Development Financial Institutions Program	0	152,400	0	153,423	0	153,423	0	0	0%	0%
Bank Enterprise Award Program	0	18,000	0	19,000	0	19,000	0	0	0%	0%
Native American CDFI Assistance Program	0	15,000	0	15,500	0	15,500	0	0	0%	0%
Administration	79	23,100	79	23,600	87	26,000	8	2,400	10.13%	10.17%
Healthy Food Financing Initiative	0	22,000	0	22,000	0	22,000	0	0	0%	0%
Small Dollar Loan Program	0	0	0	0	0	10,000	0	10,000	0%	N/A
Subtotal New Appropriated Resources	**79**	**$230,500**	**79**	**$233,523**	**87**	**$245,923**	**8**	**$12,400**	**10.13%**	**5.31%**
Other Resources:										
User Fees*	0	1,040	0	1,059	0	1,269	0	210	0%	19.83%
Recovery from Prior Years	0	3,924	0	5,200	0	5,200	0	0	0%	0%
Unobligated Balances from Prior Years	0	10,856	0	5,500	0	5,500	0	0	0%	0%
Subtotal Other Resources	**0**	**$15,820**	**0**	**$11,759**	**0**	**$11,969**	**0**	**$210**	**0%**	**1.79%**
Total Budgetary Resources	**79**	**$246,320**	**79**	**$245,282**	**87**	**$257,892**	**8**	**$12,610**	**10.13%**	**5.14%**

*Portion reflects authorization of the Bond Guarantee Program

1B – Vision, Priorities, and Context

The CDFI Fund's vision is to economically empower America's underserved and distressed communities. Our priority is to advance the Department of the Treasury's Strategic Goal No. 1: *Promote domestic economic growth and stability while continuing reforms of the financial system.* The CDFI Fund is uniquely positioned as the federal government entity whose primary mission is to build the capacity of CDFIs to provide loans, investments, business counseling, basic banking services, and financial literacy training to underserved and distressed communities.

Since its creation in 1994, the CDFI Fund has awarded almost $2.3 billion to CDFIs, community development organizations, and insured depository institutions through the CDFI Program, the Native American CDFI Assistance Program (NACA Program), Healthy Food Financing Initiative (HFFI), and the Bank Enterprise Award (BEA) Program. In addition, the CDFI Fund has allocated $43.5 billion in New Markets Tax Credit (NMTC) allocation authority through the NMTC Program to Community Development Entities (CDEs), and awarded $80 million through the Capital Magnet Fund (CMF). Under the FY 2013, FY 2014, and FY 2015 authorities in the CDFI Bond Guarantee Program, the Department of the Treasury provided seven bond guarantees totaling $852 million to Qualified Issuers that provided bond loans to sixteen Eligible CDFIs.

The CDFI Fund continues to experience growth in the demand for its award programs:

- CDFI Program -- For the FY 2015 funding round of the CDFI Program, the CDFI Fund received 356 qualified applications **requesting more than $435 million** in total funding. In addition, the CDFI Fund received applications from 33 qualified organizations **requesting**

over $101 million for the Healthy Food Financing Initiative-Financial Assistance (HFFI-FA) Program. In September 2015, the CDFI Fund announced that 152 organizations received $160 million in CDFI Program awards. Additionally, 11 organizations received $22 million in HFFI-FA awards.

- NACA Program -- For the FY 2015 NACA Program funding round, the CDFI Fund received 54 qualified applications **requesting $34 million** in funding. In September 2015, the CDFI Fund announced that 43 organizations received nearly $20 million in NACA Program awards.
- NMTC Program -- For the CY 2014 NMTC Program allocation round, the CDFI Fund received 263 qualified applications **requesting approximately $19.9 billion** in total allocation authority, and made 76 awards totaling approximately $3.5 billion. The CDFI Fund opened the CY 2015 NMTC Program award round in October 2015.
- BEA Program -- For the FY 2015 BEA Program funding round, the CDFI Fund received 103 qualified applications **requesting approximately $177 million** in awards. In September 2015, the CDFI Fund announced that 83 organizations received approximately $18.1 million in BEA Program awards.
- CDFI Bond Guarantee Program -- For FY 2015, the maximum guarantee authority was $750 million and the CDFI Fund received six guarantee applications seeking a total of $680 million in guarantee authority. In FY 2015, the Department of the Treasury provided three bond guarantees totaling $327 million to Qualified Issuers that provided bond loans to nine Eligible CDFIs.

FY 2015 Priorities and Progress
In FY 2015, the CDFI Fund focused on a number of priority initiatives related to its award programs and business processes.

Priority 1: CDFI Program Evaluation: The CDFI Fund released two evaluation reports in March 2015 that provide the first-ever analysis and evaluation of the effectiveness of CDFIs compared to mainstream lenders. The first report, *CDFIs Stepping Into the Breach: An Impact Evaluation Summary Report*, undertaken by Michael Swack, Eric Hangen and Jack Northrup from the Carsey School of Public Policy at the University of New Hampshire, is an analysis of the impact of financial assistance awards from the CDFI Program on CDFI loan fund recipients. The second report, *Introduction to Risk and Efficiency among CDFIs: A Statistical Evaluation using Multiple Methods*, conducted by Gregory Fairchild from the Darden School of Business at the University of Virginia and Ruo Jia from the Stanford Graduate School of Business, is an analysis of CDFI banks and credit unions to assess their risk of failure and their operational efficiency relative to mainstream financial institutions.

The reports concluded that CDFIs are resilient and a reliable resource for capital in underserved communities, manage risk as well as more conventional lenders, and perform as efficiently as mainstream financial institutions. The reports recommended that the CDFI Fund better measure the performance and impact of CDFIs. In response to these findings, the CDFI Fund developed the Annual Certification and Data Collection Report that all certified CDFIs will be required to complete. The CDFI Fund will use this data to better understand the structure and performance of the CDFI industry. As discussed below, this is one component of the CDFI Fund's risk assessment framework.

Priority 2: Expanding CDFI Investments in Underserved Areas: In FY 2014, the CDFI Fund launched a new multi-year capacity building initiative called "Expanding CDFI Investments in Underserved Areas." This initiative was developed in response to a Congressional request, backed by funding in the CDFI Fund's FY 2014 appropriation, to expand the reach of CDFIs into underserved communities. In FY 2015, the CDFI Fund provided advanced training and technical assistance to CDFIs, including one-on-one assistance and peer cohort forums, to increase their presence and investment activity in underserved communities. The CDFI Fund's Virtual Resource Bank made the materials and toolkit from the three free, in-person training sessions conducted in FY 2015 available to the public. In FY 2016, the CDFI Fund will conduct 15 recorded technical assistance webinars on topics related to expanding CDFI coverage in underserved areas and provide additional online resources on topics related to market analysis, expanding business operations and models, capitalizing CDFIs, forming new entities, measuring CDFI impact, and increasing collaboration and partnerships.

Priority 3: Native CDFI Capacity and Sustainability: In FY 2014, the CDFI Fund launched a multi-year capacity building initiative called "*Building Native CDFIs' Sustainability and Impact*" to develop a multifaceted training and technical assistance program to support Native CDFIs' efforts to become sustainable and achieve greater impact in Native Communities. In FY 2015, this initiative provided a wide range of specialized training, technical assistance, and peer learning opportunities designed to meet the unique needs of Native CDFIs at all stages of growth. Additionally, the CDFI Fund commissioned a report on access to capital for Native Communities to be released in FY 2016.

Priority 4: CDFI Fund Capacity Building Initiative Innovation Challenge: In May 2015, the CDFI Fund launched an Innovation Challenge as part of its capacity building activities. This initiative was developed using funding provided in the FY 2015 appropriation to expand CDFI investments in underserved communities. The goal of the challenge was to support the development of methods, models, tools, or products that the CDFI industry could use to expand or increase investments in underserved areas. The CDFI Fund awarded a contract of $947,000 to the Association for Enterprise Opportunity (AEO) to build and test an online tool for matching CDFIs with small businesses in low-income areas that need investment.

Priority 5: Implement the Award Management Information System (AMIS): In FY 2015, the CDFI Fund began replacing its legacy awards management system with the launch of AMIS, an integrated, enterprise-wide cloud-based solution. The benefits of AMIS will include increased efficiency in processing grant, loan, bond, and tax credit applications, greater accuracy, and transparency of program data, and better integration of information across programs. AMIS will be implemented in phases over several years. In FY 2016, the CDFI/NACA, CMF, BEA and NMTC Programs will be converted to AMIS, including certification, funding applications, and disbursement of awards. Subsequent phases to be implemented in FY 2017 include conversion of the BGP and compliance for all programs.

Priority 6: CDFI Assessment and Risk Management Framework: The CDFI Assessment and Risk Management Framework is a set of tools that will allow the CDFI Fund to improve the certification and award-making processes, more accurately assess the performance of CDFIs, more efficiently manage compliance risk and better track industry-wide trends. In FY 2015, the CDFI Fund completed Minimum and Prudent Standards (MAPS) that will serve as the core risk metrics for CDFIs across programs and completed a review of key performance measures and risk factors for the Annual Certification and Data Collection Report (see below). In FY 2016, the CDFI Fund will design and test application assessment tools for the CDFI/NACA program and for compliance. The build out and implementation of these tools will begin in FY 2017.

Priority 7: Annual Certification and Data Collection Report: In 2015, the CDFI Fund developed the Annual Certification and Data Collection Report that all certified CDFIs will be required to complete. Data collected from the report will be entered into an industrywide database that will help the CDFI Fund better understand the structure and performance of the industry as a whole. The report has been approved by the Office of Management and Budget (OMB) in accordance with the Paper Reduction Act. The report will be implemented in calendar year 2016.

Priority 8: Bank Enterprise Award (BEA) Program Evaluation: In 2015, the CDFI Fund began an evaluation of the BEA Program. The objective is to assess the program's performance and determine the extent to which the program has increased bank investments in CDFIs and underserved areas. The evaluation will include a detailed analysis of the evolution of the program, the characteristics of applicants and awardees, and the types and levels of activities undertaken by applicants, awardees, and peer banks in the communities they serve. A written survey and in-depth interviews will also be conducted by the research team led by A. Reddix and Associates, the Woodstock Institute, and the National Community Reinvestment Coalition. The evaluation will be completed in 2016.

Priority 9: NMTC Program Compliance Risk Research: In FY 2015 the CDFI Fund began work on a study to address issues related to monitoring NMTC Program outcomes and mitigating compliance risks throughout the seven-year tax credit reporting period. The NMTC Program allocation agreement establishes programmatic and compliance reporting requirements to ensure the tax credit is delivering maximum public benefit to qualified low-income community businesses. The study will analyze the financial structures associated with different investments and project types and their programmatic and compliance outcomes. The key compliance risks include the complexity of investment structures and the variation in project types and costs, which make it difficult to determine the investor rate of return, the costs of capital to qualified borrowers, and the fees to borrowers and investors. In addition, there is a recognized need to improve financial monitoring of allocatees and sub-allocatees and to assess the effectiveness of the financing structure in bringing investment projects to completion. The research will be completed by March 31, 2017.

Priority 10: Capital Magnet Fund (CMF): CMF was authorized by the Housing and Economic Recovery Act of 2008 (HERA), which requires the Government Sponsored Enterprises (GSEs), Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) to set aside annual allocations to fund CMF. The Federal Housing Finance Agency (FHFA), acting as the GSEs' conservator, temporarily suspended these allocations before they began, and Congress appropriated $80 million to fund an initial round of the CMF in FY 2010. In December 2014, the FHFA lifted its suspension of the GSEs' allocation and directed the GSEs to begin allocating funds for the CMF for calendar year 2015. The CDFI Fund anticipates opening the second round of funding in early 2016.

Priority 11: CDFI Fund Strategic Plan: The CDFI Fund is creating a new five-year strategic plan. In order to create a viable plan informed by the needs of communities, the CDFI Fund hosted a national listening tour during the summer of 2015. Intended to foster discussion and engagement among local community development leaders and practitioners, the listening tour was co-hosted by the CDFI Fund, the Federal Reserve Bank of San Francisco, Federal Reserve Bank of Kansas City-Denver Branch, Federal Reserve Bank of Chicago, Federal Reserve Bank of New York, and Federal Reserve Bank of Atlanta. Participants at each session included community development experts, thought leaders, and practitioners, including speakers from the Federal Reserve Banks and local CDFIs. Over 300 individuals participated in-person and another 70 participated in conference calls. Another 280 individuals responded to an electronic survey with questions that mirrored the topics discussed in the listening sessions. The CDFI Fund will use input from the sessions to shape the high-level framework, as well as a strategic plan that aligns with Treasury's strategic plan. The CDFI Fund expects to complete its strategic plan by the end of FY 2016.

FY 2016 and FY 2017 Priorities

In FY 2016 and FY 2017, the CDFI Fund will continue to implement the following programs:

- CDFI Program,
- Native American CDFI Assistance Program,
- Healthy Food Financing Initiative,
- New Markets Tax Credit Program,
- Bank Enterprise Award Program,
- CDFI Bond Guarantee Program, and
- Capital Magnet Fund.

Additionally, the CDFI Fund will continue to prioritize the use of data and evidence in its programs and operations. Specifically, during FY 2016, the CDFI Fund will:

- Continue efforts to develop and implement the CDFI Assessment and Risk Management Framework;
- Fully implement AMIS to automate business processes, strengthen internal operations and enhance reporting capabilities;
- Deploy the CDFI Annual Certification and Data Collection Report;
- Release the BEA Program evaluation;
- Continue work on the compliance research project for the NMTC Program begun in October 2015, which is scheduled to be completed by March 31, 2017;
- Continue to build capacity for CDFIs to expand investments in underserved rural areas; and
- Release the "Access to Credit and Capital in Native Communities" report.

FY 2017 Budget Request
The CDFI Fund requests the following for FY 2017:

- $153.4 million for the CDFI Program to provide FA and TA awards, training and technical assistance. Through the CDFI Program, the CDFI Fund makes awards to invest in and build the capacity of CDFIs to serve low-income communities lacking adequate access to affordable financial products and services. 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).

- $19 million for the BEA Program, which incentivizes insured banks and thrifts to invest in CDFIs and increase their lending and financial services in economically distressed communities.

- $15.5 million for FA and TA awards for the 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.

- $26 million in administrative funding to support a variety of purposes, including:
  - Staffing and resource demands created by significant growth across all programs, including the CDFI/NACA Program, NMTC Program, CDFI Bond Guarantee Program, and Capital Magnet Fund;
  - Administration of non-monetary programs and activities, including compliance monitoring and CDFI certification;
  - Enhancement of existing management and information systems including the integration of the Community Investment Impact System into AMIS and improvement of operational efficiency and effectiveness.
  - Development of the Community Development Impact Measuring Estimator (CDIME) modeling tool to standardize the reporting of job and social impact performance measures.

- $22 million for HFFI awards to CDFIs to expand financing for healthy food options in underserved urban and rural communities.

- $10 million for the Small Dollar Loan Program to provide CDFIs with FA grants to establish loan loss reserve funds and TA grants for capacity building. This funding will encourage CDFIs to address the issue of predatory lending in their communities and provide an alternative to payday lenders.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Community Development Financial Institutions Fund	FTE	Amount
FY 2016 Enacted	**79**	**$233,523**
Changes to Base		
Maintaining Current Levels (MCLs)	0	$412
Pay-Raise	0	$100
Pay Annualization	0	$33
Non-Pay	0	$279
Non-Recurring Costs	0	($337)
Research and Evaluation (Data Collection)	0	($337)
Subtotal Changes to Base	0	$75
Total FY 2017 Base	**79**	**$233,598**
Program Changes		
Program Increases	0	$12,325
Administration	8	$2,325
Small Dollar Loan Program	0	$10,000
Subtotal Program Changes	0	$12,325
Total FY 2017 Request	**87**	**$245,923**

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) .... +$412,000 / +0 FTE

Pay-Raise +$100,000 / +0 FTE

Funds are requested for the proposed January 2017 pay-raise.

Pay Annualization +$33,000 / +0 FTE

Funds are requested for annualization of the January 2016 pay-raise.

Non-Pay +$279,000 / +0 FTE

Funds are requested for non-labor costs such as travel, contracts, rent, and equipment.

Non-Recurring Costs:... -$337,000 / +0 FTE

Administration - Research and Evaluation (Data Collection) -$337,000 / +0 FTE

The CDFI Fund will non-recur a portion of research and evaluation funding. This reduction will not impact on-going research and evaluation initiatives.

Program Increases:... +$12,325,000 / +8 FTE

Administration +$2,325,000 / +8 FTE

This increase will allow the CDFI Fund to allocate an estimated $74 million in awards under the Capital Magnet Fund (CMF) and to develop the Community Development Impact Measuring Estimator (CDIME) modeling tool. Awards made through the CMF program will be funded by annual transfers from Fannie Mae and Freddie Mac pursuant to the Housing and Economic Recovery Act of 2008 (HERA).

The CDIME modeling tool will standardize the reporting of job and social impact performance measures. This web-based modeling tool will draw on a variety of data sources from major federal statistical agencies including the Census Bureau, Center for Economic Studies, Bureau of

Economic Analysis, Department of Labor and Housing and Urban Development to develop statistical estimates for industry- and community-level outcomes, such as job creation and retention rates, and various community impacts for a given level of investment. The CDIME will improve reporting data quality and lay the foundation for more robust performance measurement. Currently, the impact data collected by the CDFI Fund is self-reported and not validated. CDIME will allow for external validation of impact data, making it a more reliable tool for evaluating program effectiveness.

Small Dollar Loan Program + $10,000,000 / + 0 FTE
The CDFI Fund requests $10 million to support the Small Dollar Loan Program. This funding will be used to encourage CDFIs to address the issue of predatory lending in their communities and provide an alternative to payday lenders. Small dollar loans typically carry higher credit risk and transaction costs than other types of loans in a CDFI's portfolio. Financial Assistance grants will provide funding for loan loss reserves to mitigate the increased risk of default by the borrower. Technical Assistance grants will assist in offsetting higher loan origination and servicing costs. Section 1206 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (P.L. 111–203) defines small dollar loans as those that do not exceed $2,500. CDFIs will be required to provide non-federal matching funds in an amount equal to 50 percent of the amount received from the CDFI Fund. An estimated 10 awards will be provided through this initiative.

Section 2 – Budget Adjustments and Appropriations Language

2.2 – Operating Levels Table

Dollars in Thousands

Community Development Financial Institutions Fund Object Classification	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
11.1 - Full-time permanent	7,869	8,030	8,163
11.9 - Personnel Compensation (Total)	**7,869**	**8,030**	**8,163**
12.0 - Personnel benefits	2,046	2,238	2,273
Total Personnel Compensation and Benefits	**$9,915**	**$10,268**	**$10,436**
21.0 - Travel and transportation of persons	177	93	93
22.0 - Transportation of things	4	4	4
23.3 - Communication, utilities, and misc charges	225	225	225
24.0 - Printing and reproduction	125	100	100
25.1 - Advisory and assistance services	6,473	6,073	7,073
25.2 - Other services	118	118	118
25.3 - Other purchases of goods & serv frm Govt accounts	4,954	6,130	7,722
25.5 – Research and development contracts	1,023	500	163
26.0 - Supplies and materials	56	59	59
31.0 - Equipment	30	30	30
41.0 – Grants, subsidies, and contributions	207,400	209,923	219,900
Total Non-Personnel	**220,585**	**223,255**	**235,487**
Subtotal New Appropriated Resources	**$230,500**	**$233,523**	**$245,923**
Budget Activities:			
Community Development Financial Institutions Program	156,457	165,023	165,123
Bank Enterprise Award Program	18,132	19,000	19,000
Native American CDFI Assistance Program	18,695	15,500	15,500
Administration	29,986	23,759	26,269
Healthy Food Financing Initiative	23,050	22,000	22,000
Small Dollar Loan Program	0	0	10,000
Total Budgetary Resources*	**$246,320**	**$245,282**	**$257,892**
FTE	**79**	**79**	**87**

*This table includes all available resources, including annual appropriations, available multi-year appropriations, reimbursable resources and offsetting collections and user fees

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND To carry out the Riegle Community Development and Regulatory Improvements 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-3, $**[**233,523,000**]***245,923,000*. Of the amount appropriated under this heading—	
(1) not less than $153,423,000, 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, **[**2017**]***2018*, 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 $**[**3,102,500**]***2,882,500* may be used for the cost of direct loans: *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;	Revises the direct loan cost allowance based on updated subsidy rate.
(2) not less than $15,500,000, notwithstanding section 108(e) of Public Law 103–325 (12 U.S.C. 4707(e)), is available until September 30, **[**2017**]***2018*, for financial assistance, technical assistance, training and outreach programs designed to benefit Native American, Native Hawaiian, and Alaskan 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 $19,000,000 is available until September 30, **[**2017**]***2018*, for the Bank Enterprise Award program;	
(4) not less than $22,000,000, 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, **[**2017**]***2018*, 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) up to $**[**23,600,000**]***26,000,000* is available until September 30, **[**2016**]***2018*, 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 capacity building to expand CDFI investments in underserved rural areas, and] up to $300,000 is for administrative expenses to carry out the direct loan program; [and]	Extends the availability of Administration funding by one year to match program funding availability and removes capacity building text which is not part of the FY 2017 request.
(6) not less than $10,000,000 is available until September 30, 2018, to provide grants for loan loss reserve funds and to provide technical assistance for small dollar loan programs under section 1206 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203);	Provides funding for the Small Dollar Loan Program.
(**[**6**]***7*) during fiscal year **[**2016**]***2017*, 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 $**[**750,000,000**]***1,000,000,000*: *Provided further*, That such section 114A shall remain in effect until September 30, **[**2016**]***2017*. *(Department of the Treasury Appropriations Act, 2016.)*	Extends the Bond Guarantee Program through FY 2017.

2C – Legislative Proposals

Treasury recommends extension of the CDFI Bond Guarantee Program through FY 2017.

Justification

The CDFI Bond Guarantee Program provides CDFIs access to a significant source of capital. By providing guarantees of bonds issued by Qualified Issuers, the CDFI Bond Guarantee Program injects new and substantial capital into our nation's most distressed communities. CDFIs can gain from the potential scale of the CDFI Bond Guarantee Program, which offers low-cost, long-term credit for the development of commercial real estate, rental housing, senior living, daycare or healthcare centers, small businesses, and rural infrastructure, among others. This will further close the gap of financing in these communities, generate new credit information in these market segments, and yield the benefit of lower financing costs for borrowers in these underserved communities. These benefits will be realized at no cost to taxpayers because the program requires no subsidy.

Treasury proposes the following legislative changes: (i) to extend the CDFI Bond Guarantee Program through FY 2017; (ii) to reduce the minimum bond issue size from $100 million to $25 million; (iii) to permit the Secretary to adjust the risk-share pool payment requirement, based on the borrower's credit quality, from zero to four percent; (iv) to collect a mandatory one percent fee from all borrowers; and (v) to revise the relending account language to correct a technical drafting error.

Suggested Legislative Language (same language proposed in the FY 2016 President's Budget)

SEC. 126. AMENDMENTS TO COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS BOND PROGRAM. Section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4713a) is amended— (a) in subsection (c)(2) by striking ", multiplied by an amount equal to the outstanding principal balance of issued notes or bonds"; (b) by amending subsection (d) to read as follows— "(d) RISK-SHARE POOL.— Each qualified issuer shall, during the term of a guarantee provided under the Program, establish a risk-share pool, capitalized by contributions from eligible community development financial institution participants in amounts that shall not exceed 4 percent of the guaranteed amount outstanding on the subject notes and bonds, which contribution amounts shall be determined by the Secretary for each eligible community development financial institution participant based on the Secretary's assessment of the participant's credit quality."; (c) in subsection (e)(2)(B), by striking "$100,000,000" and inserting "$25,000,000"; (d) in subsection (g) by amending the subsection to read as follows: "(g) FEES.— "(1) IN GENERAL.— "(A) QUALIFIED ISSUER.—A qualified issuer that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary, in an amount equal to 10 basis points of the amount of the unpaid principal of the bond or note guaranteed. "(B) ELIGIBLE CDFI PARTICIPANT.—An eligible community development financial institution participant that receives a bond loan under this section shall pay a fee to the Secretary, in an amount equal to 1 percent of the unpaid principal of the bond or note guaranteed. "(2) PAYMENT. — "(A) QUALIFIED ISSUER.—A qualified issuer shall pay the fee required under paragraph (1)(A) on an annual basis. "(B) ELIGIBLE CDFI PARTICIPANT.—An eligible community development financial institution participant shall pay the fee required under paragraph (1)(B) at the time of loan disbursements to the participant."(3) USE OF FEES.—Fees collected by the Secretary— "(A) under paragraph (1)(A) shall be used to reimburse the Department of the Treasury for any administrative costs incurred by the Department in implementing the Program established under this section and shall be available until expended; and "(B) under paragraph (1)(B) shall be deposited by the Secretary into an account that shall be available to the Secretary to cover credit subsidy costs and to pay principal and interest on the guaranteed bonds or notes in the event of a delinquency in repayment of loans to eligible community development financial institution participants."; and (e) in subsection (k), by striking "2014" and inserting "2017".

Section 3 – Budget and Performance Plan

3A – Administration
($26,000,000 from direct appropriations):
This budget activity encompasses the CDFI Fund's operational support and management activities for each of its award programs and supports the CDFI Fund's Strategic Goal No. 4: To increase resource and human capital management to maximize performance, efficiency, and program results. This includes, among other activities, developing regulations, notices of funding availability, and application materials; reviewing and evaluating certification and funding applications; selecting awardees; finalizing the terms of award agreements; making disbursements; collecting and evaluating performance data; and monitoring awardees' compliance. All of these tasks support activities that allow the CDFI Fund to carry out its overall mission.

Description of Performance:
The CDFI Fund's administrative performance metrics measure progress in enhancing its program administrative business processes to enable quicker award decisions and disbursement of award funds.

The CDFI Fund's two administrative measures are organization-wide efficiency measures based on the weighted average of the number of applications/awards across all programs.

- The *All-application-award Cycle Time* performance target was set at 7 months for FY 2015 and FY 2016. In FY 2015, the application-award target was missed by more than one month because of a change in matching funds requirements under the December 2014 appropriation language which required supplemental notification of applicants and additional reviews of the applicant's matching funds documentation. The seven-month target has been retained for both FY 2016 and 2017 because the CDFI Fund has revised its internal policies and procedures to improve the cycle time performance through implementation of new application review and matching funds procedures. In addition, once the CDFI Fund's new Awards Management Information System (AMIS) is fully deployed, the application cycle time should benefit from the automation of application intake and review.
- The *All-Award-Disbursement Cycle Time* measures in months how quickly the CDFI Fund manages to disburse 85 percent of program funds after the award announcement. The FY 2015 target was set at 4 months. The FY 2015 results will be available in February 2016, four months after the last award announcement, when the relevant data is available. Internal projections indicate the CDFI Fund will not meet its FY 2015 target due to changes in award disbursement processes required by the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance requires that grant funds be disbursed in tranches as opposed to single disbursements. Accordingly, the CDFI Fund plans to revise this measure to reflect time to initial disbursement and establish new baseline targets in FY 2016.

The *All-Affordable Housing* measure captures the number of affordable housing units developed or produced as a result of CDFI Fund awards, as reported by CDFI, NMTC and CMF program awardees. The actual results of 27,004 affordable housing units for FY 2015 fell short of the ambitious target of 36,000 units. The target was missed due to changes in housing investments across programs. There were declines in housing lending by CDFI awardees largely due to a decline in the number of awardees focusing on housing (3,000 fewer units than the prior year), a slight decline in NMTC housing investments (540 fewer than the prior year) and a deferral of the completion of 1,300 CMF funded housing units to 2016. These trends illustrate the difficulty in projecting targets for activities not directly required under awardees' assistance agreements. A provisional target is retained for 2016 which does not factor in results from future rounds of funding for CMF. Please note that for CMF awards made in FY 2016, the outcomes will not be reported until FY 2018.

3.1.1 – Administration Budget and Performance Plan

Dollars in Thousands

Administration Budget Activit Resource Level	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Appropriated Resources	$13,797	$18,602	$22,965	$21,764	$24,636	$23,100	$23,600	$26,000
Budget Activity Total	**$13,797**	**$18,602**	**$22,965**	**$21,764**	**$24,636**	**$23,100**	**$23,600**	**$26,000**

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
ALL - Award Cycle Time (months)	N/A	7.4	6.5	6.8	7.1	8.3	7.0	7.0	7.0
ALL - Disbursement Cycle Time (months)	N/A	2.0	3.1	4.5	4.5	4.5*	4.0	4.5	4.5
ALL - Number of Affordable Housing Units Developed or Produced (units)	N/A	19,083	27,433	26,391	32,621	27,004	36,000	29,000	29,000

Key: DISC - Discontinued
*Projected results. The earliest this measure can be reported is February 2016 (four months after the last award announcement).

3B - Community Development Financial Institutions Program

($153,423,000 from direct appropriations):

The CDFI Program supports the CDFI Fund's Strategic Goal No. 1: To expand the capacity of financial institutions to provide credit, capital, and financial services to low-income and underserved populations. Through the CDFI Program, the CDFI Fund 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.

Description of Performance:

The CDFI Fund revised its performance measures for the CDFI financial assistance program to better measure the impact of CDFI awardees in distressed communities and on underserved populations. The CDFI Fund worked with Treasury's Office of Performance Budgeting (OPB) and Office of Strategic Planning and Performance Improvement (OSPPI) to develop two new measures: (1) percentage of loans and investments originated in eligible distressed communities or made to underserved populations as measured against the total 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 by the total number of loans originated by awardees.

These two measures demonstrate the impact of CDFI awardees in serving eligible distressed communities and underserved populations by lending reported during the program year. Certification procedures require that all certified CDFIs must originate 60 percent or more of their loans and investments in eligible distressed census tracts or to underserved populations. The target is a threshold that must be met or exceeded recognizing the need for CDFIs to balance their mission to service distressed communities and underserved populations against their safety and soundness considerations. In FY 2015 the CDFI Program surpassed the 60 percent threshold for both the percentage in the amount and number of CDFI loans made to eligible distressed communities and underserved populations. There are annual fluctuations in the percentage loans deployed to distressed communities and underserved populations due to annual changes in the cohort of CDFI awardees and changes in their loan originations necessary to maintain their safety and soundness considerations while meeting their commitments and mission as a certified CDFI.

3.1.2 – CDFI Program Budget and Performance Plan

Dollars in Thousands

CDFI Program Budget Activity Resource Level	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Enacted	FY 2017 Request
Appropriated Resources	$107,600	$162,830	$146,035	$138,397	$146,364	$152,400	$153,423	$153,423
Budget Activity Total	**$107,600**	**$162,830**	**$146,035**	**$138,397**	**$146,364**	**$152,400**	**$153,423**	**$153,423**

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
CDFI - Percentage of Loans & Investments Originated to Eligible Distressed communities or Underserved Populations by Dollar Amount (percentage)	74.80%	66.30%	84.90%	77.10%	70.80%	80.10%	60.00%	60.00%	60.00%
CDFI - Percentage of Loans & Investments Originated to Eligible Distressed communities or Underserved Populations by Number of Loans (percentage)	65.10%	60.60%	70.30%	79.60%	60.70%	80.20%	60.00%	60.00%	60.00%

Key: DISC - Discontinued

3C – New Markets Tax Credit Program

($0 from direct program appropriations):

Through the NMTC Program, the CDFI Fund facilitates new investment in low-income communities by attracting private sector capital to these communities through tax credits. These objectives align with the CDFI Fund's Strategic Goal No. 2 – Increased public and private investment in distressed communities eligible to be served by the CDFI Fund's programs. Individual and corporate investors may receive a credit against their federal income taxes in exchange for making equity investments in Community Development Entities (CDEs) that, in turn, use such proceeds to finance businesses and real estate projects in low-income communities. The investor's tax credit equals 39 percent of the amount invested and is taken over seven years. On December 18, 2015, Congress extended the authorization of the NMTC program for $3.5 billion per year through 2019.

Description of Performance:
The 2014 NMTC investment authority was allocated in FY 2015 due to delayed passage of the authorizing legislation. In the 2014 round, the NMTC Program awarded $3.5 billion in NMTC investment authority to 76 CDEs, out of a pool of applicants requesting $19.9 billion.

The target for qualified low-income community investments (QLICIs) in FY 2015 was set at $5 billion to reflect the actual annual tax credit authority requested. The target was not met because the prior year's tax credit authority was limited to $3.5 billion, although actual investments reported were $3.02 billion. The 2011-2013 trends reflect the effect of higher tax credit authority at $5 billion and the subsequent decrease in 2014 for QLICIs reflects the lower levels of tax credit authority rather than program's effectiveness. The CDFI Fund will consider replacement measures in FY 2016.

A complementary measure of the NMTC program performance is the percentage of loans and investments in severely distressed communities. 75.2 percent of loans and investments were made in severely distressed communities in FY 2015, exceeding the target of 72 percent. This performance indicates that NMTC investors continue to meet their commitments in severely distressed communities. The targets for FY 2016 and FY 2017 are set at 72 percent.

3.1.3 – New Markets Tax Credit Program

Dollars in Thousands

New Markets Tax Credit Budget Activity Resource Level	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Appropriated Resources	$4,203	$0	$0	$0	$0	$0	$0	$0
Budget Activity Total	**$4,203**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
Community Development Entities' Annual Qualified Low-Income Community Investments ($ billions)	3.1	4.7	5.5	4.8	4.0	3.0	5.0	3.5	3.5
NMTC-Percentage of Loans and Investments that went into Severely Distressed Communities (percentage)	73.4%	72.4%	70.4%	78.5%	73.8%	75.2%	72.0%	72.0%	72.0%

Key: DISC - Discontinued

3D – Bank Enterprise Award Program

($19,000,000 from direct appropriations):
Through the BEA Program, the CDFI Fund encourages insured depository institutions to increase investments and services in distressed communities and to provide financial assistance and support to CDFIs. These objectives align with the CDFI Fund's Strategic Goal No. 2 – Increased public and private investment in distressed communities eligible to be served by the CDFI Fund's programs.

Description of Performance: This measures the Bank Enterprise Award (BEA) applicants' increase in qualified community development activities over the prior year. The BEA target of $723.5

million was not met in FY 2015 but the results are consistent with trends over time. In FY 2014, the measure hit an all-time high of $723.5 million but fell to $459.9 million in FY 2015. The decline most likely reflects a delayed response by applicants to reductions in program funding and uncertainty about the future of the program. The targets for FY 2016 and FY 2017 have been set at the FY 2015 performance level pending an ongoing program evaluation.

The CDFI Fund initiated an evaluation of the BEA Program in FY 2015. The evaluation will examine the program's performance and potentially lead to the adoption of alternative program performance measures. The current measure can fluctuate widely from year to year, as shown in table 3.1.4, due to external factors such as the level of funding set by Congress. The evaluation is scheduled to be complete in FY 2016.

3.1.4 – Bank Enterprise Award Program

Dollars in Thousands

Bank Enterprise Award Program Budget Activity Resource Level	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Appropriated Resources	$25,000	$21,956	$18,000	$17,058	$18,000	$18,000	$19,000	$19,000
Budget Activity Total	**$25,000**	**$21,956**	**$18,000**	**$17,058**	**$18,000**	**$18,000**	**$19,000**	**$19,000**

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
BEA - Increase in Community Development Activities Over Prior Year For All BEA Program Applicants ($ million)	290.0	268.3	432.4	493.5	723.5	459.9	723.5	460.0	460.0

Key: DISC - Discontinued

3E – Native American CDFI Assistance Program

($15,500,000 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 CDFI Fund 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 others have not, and are serving the poorest in Native communities. In order for Native CDFIs to make a larger economic impact within their communities, they require further technical assistance and capacity building. With increased capacity building, Native CDFIs could, for example, expand their lending from an initial offering of micro-loans to making larger small business loans to better promote economic activity. These objectives align with the Department of the Treasury's Strategic Goal 1: *Promote domestic economic growth and stability while continuing reforms of the financial system*.

Description of Performance: These output measures reflect the number and amount of loans or investments originated by Native American CDFI awardees in a given year. In FY 2015, the target was missed for originations but exceeded for number of loans. These measures are difficult to forecast due to variability in NACA awardee originations. The CDFI Fund is exploring potential changes to these measures to mirror those of the CDFI Program (see above table 3.1.2), which track the impact of a program on target populations as opposed to aggregate output. The targets for FY 2016 and FY 2017 have been set at the FY 2015 performance level pending a review of potential changes.

3.1.5 – Native American CDFI Assistance Program

Dollars in Thousands

Native American CDFI Assistance Program Budget Activity Resource Level	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Appropriated Resources	$12,000	$11,352	$12,000	$11,372	$15,000	$15,000	$15,500	$15,500
Budget Activity Total	**$12,000**	**$11,352**	**$12,000**	**$11,372**	**$15,000**	**$15,000**	**$15,500**	**$15,500**

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
NACA - Amount of Loans/Investments Originated (Annual) (Dollars in Millions)	N/A	14.7	21.2	23.2	100.5	68.0	164.0	68.0	68.0
NACA - Number of Loans/Investments Originated (Annual)	N/A	1,004	1,170	1,508	2,230	2,424	1,860	2,424	2,424

Key: DISC - Discontinued

3F – Healthy Food Financing Initiative

($22,000,000 from direct appropriations):

The Healthy Food Financing Initiative (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, including increasing the distribution of agricultural products, developing and equipping grocery stores, and strengthening producer-to-consumer relationships.

This budget activity supports the CDFI Fund's Strategic Goal No. 1: *To expand capacity of financial institutions to provide credit, capital, and financial services to low-income and underserved populations.* Through the HFFI, the CDFI Fund awards CDFI Program funds 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 options 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 2015, the number of HFFI Retail outlets created was 35, which is well short of the target of 47 outlets. There is considerable variation in both size and type of HFFI retail outlet investments, making accurate targeting difficult. Additional research is being conducted to develop more robust target estimates, although this may require additional data collection from awardees. The targets for FY 2016 and FY 2017 have been set at 35 outlets created or preserved.

3.1.6 – Healthy Food Financing Initiative

Dollars in Thousands

Healthy Food Financing Initiative Budget Activity								
Resource Level	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Enacted	FY 2017 Request
Appropriated Resources	$0	$0	$22,000	$20,849	$35,000	$22,000	$22,000	$22,000
Budget Activity Total	**$0**	**$0**	**$22,000**	**$20,849**	**$35,000**	**$22,000**	**$22,000**	**$22,000**

Measure	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2015 Target	FY 2016 Target	FY 2017 Target
HFFI - Retail Outlets Created/Preserved	N/A	N/A	B	31.0	33.0	35.0	47.0	35.0	35.0

Key: DISC - Discontinued

3G - Capital Magnet Fund Program

($0 from direct appropriations):

The Capital Magnet Fund (CMF), administered by the CDFI Fund, was authorized by the Housing and Economic Recovery Act of 2008 (HERA), which called for recurrent funding of the CMF through assessments on securities of the Government-Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac. GSE funding for CMF was temporarily suspended in November of 2008 by the Federal Housing Finance Agency (FHFA) under its HERA authority. In FY 2010, Congress appropriated $80 million for an initial CMF funding round; however, no appropriations were made in subsequent years. In December 2014, the FHFA instructed the GSEs to begin setting aside and allocating funds to the CMF pursuant to HERA. This budget activity aligns with the Department of the Treasury's Strategic Goal 1: Promote domestic economic growth and stability while continuing reforms of the financial system.

From the 2010 funding round, the CDFI Fund announced $80 million in competitively awarded grants to 23 CDFIs and qualified non-profit housing organizations serving 38 states. The CMF awards have been used to increase capital investment for the development, preservation, rehabilitation, and purchase of affordable housing for low-, very low-, and extremely low-income families, and for related economic development activities, including community services facilities. No CMF funding has been appropriated since FY 2010.

Awardees received their Assistance Agreements in July 2011 and disbursements of grant funding later that year. As required by the Assistance Agreement, funds were committed to projects within two years of the agreement (July 2013) and disbursed within three years of the agreement (July 2014). All projects must be completed within five years of agreement (July 2016). Awardees committed to leveraging the CMF award by at least 10 times with other sources of capital, as well as committed to projects that meet percentages of targeted incomes and geographies.

The CDFI Fund reopened the CMF program in January 2016 following FHFA's decision to lift its suspension of the GSEs' allocations under the Housing and Economic Recovery Act of 2008. The CDFI Fund estimates $74 million will be awarded in the FY 2016 round.

Description of Performance:
The primary performance measures of the CMF were 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 are included in performance table 3.1.1 above.

Awardee reports available through September 30, 2015 indicate the following results for CMF-financed affordable housing and community development activities, based on investments through the end of the awardees' prior year activities:

Total number of affordable homes under development or completed with CMF financing include: 9,887 (net addition of 1,129);

- Affordable rental homes financed: 8,813 (net addition of 900);
- Affordable homeowner-occupied homes financed: 1,074 (net addition of 229); includes assistance to 328 income-eligible first-time homebuyers;
- Leverage: 1:20 (This ratio does not include leverage from the reinvestment of funds. The target set by Congress was 10 times leveraging.)

3H - CDFI Bond Guarantee Program
The Small Business Jobs Act of 2010 (Public Law 111-240) created the CDFI Bond Guarantee Program. Bonds issued under the program support CDFI lending activity in underserved communities by providing a source of long-term capital. Qualified Issuers (CDFIs or their designees) issue bonds that are guaranteed by the Secretary of the Treasury and use the bond proceeds to make loans to Eligible CDFIs for eligible community and economic development purposes. Bond maturity cannot exceed 30 years. Under the FY 2013, FY 2014, and FY 2015 guarantee authorities, Treasury provided seven bond guarantees in the total amount of $852 million to Qualified Issuers that provided bond loans to sixteen Eligible CDFIs. The CDFI Bond Guarantee Program provided longer term capital to the Eligible CDFIs in comparison to their traditional sources of debt capital. The weighted average bond loan term-to-maturity under the program is 18.78 years versus the average loan maturity of ten years or less for the loans provided by the majority of the lenders to the CDFI industry. The CDFI Bond Guarantee Program provides the Eligible CDFIs five years from the bond issuance date to disburse the bond loans. Since the inception of the program, the Eligible CDFIs disbursed $165 million or 19% of the bond loans to three of the twelve asset classes: commercial real estate, charter schools, and rental housing. The proposed disbursement plan for the Eligible CDFIs includes the remaining nine asset classes: small business, healthcare facilities, rural infrastructure, senior living and long-term care, daycare centers, owner-occupied homes, not-for-profit organizations, loans to CDFIs, and loans to financing entities.

The following objectives have been identified for the program for FY 2017:

- Approval of up to $1 billion in guarantees; and
- A review of the annual compliance assessment of the Master Servicer/Trustee, Qualified Issuers, and Eligible CDFIs.

3.1.7 – Bond Guarantee Program Resource Detail Table

Dollars in Thousands

Bond Guarantee Program Resource Level	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Request
Obligations			$325,000	$200,000	$327,000	$750,000	$1,000,000
Loan Limitation Obligation Authority			-	$750,000	$750,000	$750,000	$1,000,000

3.1.8 – Financing Accounts – Non-Budgetary Summary

Dollars in Thousands

Bond Guarantee Program Resource Level	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimated	FY 2017 Request
Obligations			$325,000	$200,000	$327,000	$750,000	$1,000,000
Collections			-	$356	$2,966	$13,400	N/A

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 disbursements of $38 million, $119 million, and $235 million in FY 2014, FY 2015, and FY 2016, respectively.

Section 4 – Supplemental Information

4A – Summary of Capital Investments

As part of its FY 2017 capital investment strategy, the CDFI Fund plans to spend approximately $6.58 million on Information Technology (IT). The CDFI Fund has no major IT investments, nor any capital investments other than IT.

Non-Major IT Investments

For FY 2017, the CDFI Fund has identified two non-major IT investments; AMIS, described below, and the Community Investment Impact System (CIIS), which will be retired in FY 2017 as its IT system capabilities will be implemented within AMIS.

The CDFI Fund's capital investment strategy is to become a consumer of commodity IT services (e.g., IT infrastructure services) and to focus its limited resources on IT solutions that directly support the mission of the CDFI Fund. One important mission-focused IT modernization activity is the implementation of AMIS — an enterprise, commercial, cloud-based solution that will replace the CDFI Fund's legacy business systems. The first AMIS deployment went live in September 2015 with full deployment planned for September 2016. AMIS capabilities will continue to be expanded by adding the CDFI Program Risk Assessment Framework, and reporting capabilities currently provided by CIIS.

IT Infrastructure Investments

The CDFI Fund's IT infrastructure is managed via an Interagency Agreement with the Alcohol and Tobacco Tax and Trade Bureau (TTB). Treasury has seen numerous benefits from the CDFI Fund/TTB arrangement. It increases utilization of Treasury data centers, and enables the CDFI Fund to leverage existing Disaster Recovery and Continuity of Operations capabilities. With TTB, the CDFI Fund avoids software upgrade costs by using TTB's enterprise software licenses, stops duplicative services (such as Web monitoring and filtering), and eliminates contracts used to maintain the CDFI Fund's IT infrastructure.

A summary of capital investment resources, including major information technology and non-technology investments, can be viewed and downloaded at: http://www.treasury.gov/about/budget-performance/pages/summary-of-capital-investments.aspx.

This website also contains a digital copy of the plan.