

Community Development Financial Institutions Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2019	FY 2020	FY 2021	FY 2020 to FY 2021	
	Operating Plan	Enacted	Request	\$ Change	% Change
Community Development Financial Institutions Program	\$160,000	\$165,500	\$0	(\$165,500)	-100.00%
Bank Enterprise Award Program	\$25,000	\$25,000	\$0	(\$25,000)	-100.00%
Native American CDFI Assistance Program	\$16,000	\$16,000	\$0	(\$16,000)	-100.00%
Administrative	\$27,000	\$28,500	\$14,000	(\$14,500)	-50.88%
Healthy Food Financing Initiative	\$22,000	\$22,000	\$0	(\$22,000)	-100.00%
Small Dollar Loan Program	\$0	\$5,000	\$0	(\$5,000)	-100.00%
Subtotal, Organization Title	\$250,000	\$262,000	\$14,000	(\$248,000)	-94.66%
User Fees	\$880	\$1,000	\$1,200	\$200	20.00%
Recovery from Prior Years	\$364	\$500	\$500	\$0	0.00%
Unobligated Balances Brought Forward	\$32,542	\$194,145	\$8,000	(\$186,145)	-95.88%
Total Program Operating Level	\$283,786	\$457,645	\$23,700	(\$433,945)	-94.82%
Direct FTE	67	76	39	(37)	-48.68%
Total Full-time Equivalents (FTE)	67	76	39	(37)	-48.68%

FY 2019 Other Resources and Full-time Equivalents (FTE) reflect actuals.

Summary

The FY 2021 Budget requests an appropriation of \$14,000,000 for the Community Development Financial Institutions Fund (CDFI Fund) to oversee the existing portfolio of loans and grants and to administer the CDFI Fund's other programs. The CDFI Fund supports Treasury's strategic goals of Boosting U.S. Economic Growth and Transforming Government-wide Financial Stewardship.

The CDFI Bond Guarantee Program (BG Program) was originally authorized in the Small Business Jobs Act of 2010 (P.L. 111-240) for a period of four years to provide a source of long-term capital in low-income and underserved communities. The BG Program is implementing significant administrative reforms in FY 2020, including new collateral and cash requirements to increase taxpayer protections. The CDFI Fund will also pursue additional risk mitigation strategies and streamlining of administrative processes such as new liquidity premiums, escrow procedures and a designated bonding authority. The Administration requests an extension of the BG Program through December 31, 2021, and legislative changes to eliminate the relending account, as it is currently not utilized and redundant. The Administration encourages Congress to adopt these and other necessary reforms to promote further private sector participation in BG Program financing and support the growth of a self-sustaining CDFI industry.

The Budget eliminates funding for the CDFI Fund's five discretionary grant and direct loan programs: the Community Development Financial Institutions Program (CDFI Program), the Bank Enterprise Award Program (BEA Program), the Native American CDFI Assistance Program (NACA Program), Healthy Food Financing Initiative (HFFI), and the Small Dollar Loan Program (SDL Program). The CDFI industry has matured, and these institutions should have access to private capital needed to build capacity, extend credit, and provide financial services to the communities they serve.

Legislative Proposals

The CDFI Fund's BG Program supports CDFI lending and investment activity by providing a source of long-term capital in low-income and underserved communities. The Budget proposes to extend the program's authorization with an annual guarantee level not to exceed \$300 million. The Administration also requests an extension of the BG Program through December 31, 2021, and legislative change to eliminate the relending account, as it is currently not utilized and redundant.

The Budget also proposes to eliminate new allocations into the Capital Magnet Fund (CMF) effective in FY 2021. This would eliminate recurrent funding of the CMF through allocations from the Government-Sponsored Enterprises, Fannie Mae and Freddie Mac.

Fund Performance Highlights

Budget Activity	Performance Measure	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
		Actual	Actual	Actual	Target	Target
Community Development Financial Institutions Program	CDFI - Percentage of Loans & Investments Originated in Eligible Distressed or Underserved Communities by Dollar Amount of Loans (Annual %)	81.2	73.7	75.6	60	N/A
Administration	All Award Cycle Time (Months)	6.3	5.8	6.4	6.5	6.5
Administration	ALL- Number of Affordable Housing Units Developed or Produced	27,433	34,083	61,000	21,500	21,500
New Markets Tax Credit Program	NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	77.5	73.6	80	75	N/A

Description of Performance

For the FY 2019 CDFI Program round, the CDFI Fund awarded \$132 million in Financial Assistance to 261 organizations. The CDFI Fund also awarded \$18.2 million in Persistent Poverty Counties-Financial Assistance (PPC-FA) to 125 CDFIs specifically to serve Persistent Poverty Counties nationwide. In addition, the CDFI Fund awarded \$22 million in HFFI-Financial Assistance to 14 CDFIs, as well as \$3 million in Disability Funds-Financial Assistance awards to 16 CDFIs to help finance projects and services to assist individuals with disabilities. A total of 60 organization were also awarded more than \$7.2 million in Technical Assistance.

Through the FY 2019 round of the NACA Program, the CDFI Fund awarded \$12 million in Financial Assistance to 23 organizations in 11 states. In addition, 11 organizations received \$1.5 million in PPC-FA awards. More than \$1.9 million in Technical Assistance was also awarded to 13 organizations.

In FY 2019, the CDFI Fund awarded \$3.5 billion in calendar year 2018 New Markets Tax Credit Program (NMTC Program) allocation authority to 73 organizations out of a pool of 214 applicants that requested \$14.8 billion in NMTC allocations. Due to the expiration of the

extension of the allocation authority at the end of calendar year 2020, no target has been set for FY 2021.

In FY 2019, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (75.6 percent) and the number of CDFI loans (78.5 percent) made to eligible distressed communities and underserved populations. No target is set for the FY 2021 measures because no appropriation is proposed for the CDFI Program for this fiscal year.

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 2019, the number of HFFI Retail outlets created was 23, thereby exceeding the target of 20 new retail outlets for that year. No target is set for the FY 2021 measures because no appropriation is proposed for the HFFI Program for this fiscal year.

The All Award Cycle Time metric is an efficiency measure of 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 2019 was 6.4 months, surpassing the target of seven months. This achievement reflects improved efficiency in making awards, which is largely a function of the implementation of the Awards Management Information System (AMIS).

CDFI Program, NMTC Program, and CMF award and allocation recipients reported over 61,000 affordable housing units developed or produced as a result of CDFI Fund program awards, thereby exceeding the FY 2019 target for affordable housing units. The target reflects projected outcomes for program investments from prior-year award recipients' reported eligible affordable housing projects. The FY 2021 target is set to 21,500 units to reflect reduced projected outcomes for program investments from prior-year award recipients due to fewer resources for affordable housing projects.