

Community Development Financial Institutions Fund

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2020	FY 2021	FY 2022	FY 2021 to FY 2022	
	Operating Plan	Operating Plan	Request	\$ Change	% Change
Community Development Financial Institutions Fund Program	\$163,500	\$165,000	\$215,383	\$50,383	30.54%
Economic Mobility Corps	\$2,000	\$2,000	\$2,000	\$0	0.00%
Bank Enterprise Award Program	\$25,000	\$26,000	\$26,000	\$0	0.00%
Native American CDFI Assistance Program	\$16,000	\$16,500	\$21,500	\$5,000	30.30%
Administrative	\$28,500	\$29,000	\$33,617	\$4,617	15.92%
Healthy Food Financing Initiative	\$22,000	\$23,000	\$23,000	\$0	0.00%
Small Dollar Loan Program	\$5,000	\$8,500	\$8,500	\$0	0.00%
Subtotal, Organization Title	\$262,000	\$270,000	\$330,000	\$60,000	22.22%
Offsetting Collections - Reimbursable	\$1,043	\$1,164	\$1,200	\$36	3.09%
Recovery from Prior Years	\$600	\$500	\$500	\$0	0.00%
Unobligated Balances Brought Forward	\$193,017	\$13,569	\$31,169	\$17,600	129.71%
Total Program Operating Level	\$456,660	\$285,233	\$362,869	\$77,636	27.22%
Direct FTE	70	82	89	7	8.54%
Total Full-time Equivalents (FTE)	70	82	89	7	8.54%

Summary

The FY 2022 Budget requests an appropriation of \$330,000,000 for the Community Development Financial Institutions Fund (CDFI Fund) to administer the CDFI Fund's programs and oversee the existing portfolio of awards.

The CDFI Fund expands the availability of credit, investment capital, and financial services in distressed urban and rural communities and for underserved populations. The CDFI Fund carries out the Community Development Banking and Financial Institutions Act of 1994, as well as certain programmatic provisions of the Community Renewal Tax Relief Act of 2000, the Housing and Economic Recovery Act of 2008 (HERA), the Small Business Jobs Act of 2010, and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P. L. 116-260) that provided \$3 billion for emergency support for CDFIs and communities responding to the COVID-19 pandemic. In the spring of FY 2021, \$1.25 billion of these funds will be awarded 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. Beginning in FY 2022, the CDFI Fund will award the remaining \$1.75 billion to support lending in minority communities and minority lending institutions CDFIs to expand their lending, grant making and investments activity in low- or moderate-income minority communities and minorities that have significant unmet capital or financial service needs.

The CDFI Fund supports the creation and expansion of diverse Community Development Financial Institutions (CDFIs), which provide loans, investments, business counseling, basic banking services, and financial literacy training to underserved communities. Working primarily through CDFIs, the CDFI Fund facilitates business development, commercial real estate, housing

development and home ownership. The CDFI Fund’s activities leverage billions of private sector investment dollars from banks, foundations, and other funding sources on a cumulative basis.

The FY 2022 Budget proposes funding for the CDFI Program and the Native American CDFI Assistance (NACA) Program, the Bank Enterprise Award Program, the Small Dollar Loan Program, and the Healthy Food Financing Initiative (HFFI). 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. Treasury’s request also includes funding for the administration, operational support, and management associated with these programs, the New Markets Tax Credit (NMTC) Program, and the CDFI Bond Guarantee Program.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2021 Enacted	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

Budget Adjustments

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

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

This increase will result in larger Financial Assistance (FA) awards and will support Small and/or Emerging Community Development Financial Institutions Assistance applicants, providing more funding for capacity building grants through the technical assistance component.

NACA Program +\$5,000,000 / +0 FTE

This increase will result in larger FA awards, as well as be used to increase participation by Native communities by improving technical assistance and capacity building for Native CDFIs.

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

This increase will allow the CDFI Fund to focus on hiring, data collection and infrastructure needs that have been deferred in past years due to budget constraints.

Legislative Proposals

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

Performance Highlights

Budget Activity	Performance Measure	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
		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 %)	73.7	75.6	75.0	60.0	60.0
Administration	All Award Cycle Time (Months)	5.8	6.4	5.5	6.5	6.5
Administration	ALL- Number of Affordable Housing Units Developed or Produced	34,083	61,839	44,361	I	I
New Markets Tax Credit Program	NMTC - Percentage of Loans and Investments That Went Into Severely Distressed Communities	73.6	80.3	77.2	75.0	75.0

Key: I - Indicator

Description of Performance

For the FY 2020 CDFI Program round, the CDFI Fund awarded \$127 million in financial assistance to 230 organizations. The CDFI Fund also awarded \$18.5 million in PPC-FA to 106 CDFIs specifically to serve Persistent Poverty Counties nationwide. In addition, the CDFI Fund awarded \$22 million in HFFI-Financial Assistance to 13 CDFIs, as well as \$4 million in Disability Funds-Financial Assistance awards to 17 CDFIs to help finance projects and services to assist individuals with disabilities. A total of 127 organization were also awarded more than \$15.8 million in Technical Assistance (TA) awards

In 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.

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

Highlights of Select Performance Measures

In the FY 2020, the CDFI Program surpassed the 60.0 percent threshold for the percentage of both the dollar amount (75.0 percent) and the number of CDFI loans (79.6 percent) made to eligible distressed communities and underserved populations.

In FY 2020, the NMTC Program recipients reported that over 77 percent of NMTC investments made in FY 2019 were in highly distressed areas. These are communities with low median incomes and high rates of poverty and unemployment.

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 2020 was 5.5 months, surpassing the target of 6.5 months. This achievement reflects improved efficiency in making awards, which is

largely a function of the implementation of the Awards Management Information System (AMIS). For FY 2022 the target will remain at 6.5 months because the CDFI Fund will be standing up additional programs, including the Minority Lending Program (MLP) and the Small Dollar Loan (SDL) Program.

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 award and allocation recipients. In FY 2020, recipients reported 44,361 affordable housing units developed or produced as a result of CDFI Fund program awards, thereby exceeding the FY 2020 target for affordable housing units. The target attempts to project outcomes for program investments from prior-year award recipients' reported eligible affordable housing projects. 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.