

Community Development
Financial Institutions Fund

FY 2013

President's Budget
Submission

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Section 1 – Purpose

1A – Mission Statement

The mission of the Community Development Financial Institutions (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

Resources Available for Obligation	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		% Change FY 2012 to FY 2013	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:								
Bank Enterprise Award Program	-	\$21,956	-	\$18,000	-	\$15,000	0.00%	-16.67%
Community Development Financial Institutions Program	-	144,660	-	146,035	-	127,953	0.00%	-12.38%
Native American CDFI Assistance Program	-	11,976	-	12,000	-	12,000	0.00%	0.00%
Administration	84	22,954	79	22,965	79	21,047	0.00%	-8.35%
Bank on USA Program	-	-	-	-	-	20,000	0.00%	100.00%
Healthy Food Financing Initiative	-	25,000	-	22,000	-	25,000	0.00%	13.64%
Subtotal New Appropriated Resources	84	\$226,546	79	\$221,000	79	\$221,000	0.00%	0.00%
Other Resources:								
Reimbursables	-	\$568	-	\$500	-	\$53	0.00%	-89.40%
User Fees/Offsetting Collections	-	900	-	1,000	-	1,000	0.00%	0.00%
Recovery from Prior Years	-	790	-	790	-	790	0.00%	0.00%
Unobligated Balances from PY	-	29,945	-	53,257	-	51,157	0.00%	-3.94%
Subtotal Other Resources	-	\$32,203	-	\$55,547	-	\$53,000	0.00%	-4.59%
Total Resources Available for Obligation	84	\$258,749	79	\$276,547	79	\$274,000	0.00%	-0.92%

NMTC Program Administration and Bond Guarantee Program Administration are included in the Administration budget activity within the FY 2013 CDFI Budget Request. Separately, \$13.5 million is available through September 30, 2012, for administration of the Bond Guarantee Program as provided in PL 111-240.

1B – Mission Priorities and Context

The CDFI Fund's overarching mission is to increase economic opportunity and promote community development investments in America's underserved and distressed communities. The CDFI Fund also advances the Department of the Treasury's Strategic Goal No. 2: *Enhance U.S. Competitiveness and Promote International Financial Stability and Balanced Global Growth*. Since its creation in 1994, the CDFI Fund has awarded more than \$1.4 billion to CDFIs, community development organizations, and FDIC-insured depository institutions through the CDFI Program, the Native American CDFI Assistance (NACA) Program, and the Bank Enterprise Award (BEA) Program. In addition, the CDFI Fund has allocated \$29.5 billion in New Markets Tax Credit (NMTC) investment authority through the NMTC Program to Community Development Entities (CDEs), \$80 million to awardees through the Capital Magnet Fund (CMF), and \$4.1 million through the Financial Education and Counseling (FEC) Pilot Program, including the Hawaii FEC Pilot Program.

The CDFI Fund's strategic goals were formulated to carry out its mission of increasing economic

opportunity and promoting community development investments in distressed and underserved communities:

1. *To expand the capacity of financial institutions to provide credit, capital, and financial services to low-income and underserved populations.*¹
2. *To improve economic conditions in distressed communities through increased public and private investment.*
3. *To expand access to financial services and improved financial education for underserved populations.*
4. *To increase resource and human capital management to maximize performance, efficiency, and program results.*

The communities targeted by the CDFI Fund's programs are distressed even in good economic times. As the country recovers from the worst economic conditions since the Great Depression, these very communities are especially vulnerable to local economic dislocation, tight credit conditions, home foreclosures, and unemployment, and are disproportionately affected by predatory lending.²

As specialized, community-based financial institutions for underserved communities and low-income people, CDFIs have been vital to community stability and will be essential to economic recovery. For example, in 2010, CDFI Program awardees provided loans and investments that contributed to the creation of or that maintained 25,199 full-time jobs in underserved communities.³ These achievements are especially impressive and important in the context of extraordinarily daunting community conditions, heightened needs, and diminished resources available from mainstream financial institutions and financially strapped state and local governments.

As important and effective as they have been, CDFIs face several timely challenges. First, like other financial institutions, CDFI loan and investment portfolios have been stressed by the economic turbulence that confronts their borrowers and communities. Most CDFIs have weathered this challenge better than might be expected, with overall assets and capital under management for all reporting CDFIs beginning to recover from the severe contraction during the

¹ The language in these strategic goals is meant to summarize the various program objectives which vary slightly across programs, although all of these are defined in long-standing program regulations published in the Federal Register. For example in general "low-income communities" are those in census tracts where the median income is less than or equal to 80% of the area median family income, although the exact denominator varies slightly by program. In general, "distressed communities" refers to those which have high unemployment and poverty rates and low median family income. Within any one program, each term has a precise and published definition. However, to fully and carefully define these terms would be beyond the purview of this document.

² The Center for Community Capital has generated maps by congressional district illustrating the prevalence of subprime lending in low-income communities: Center for Community Capital, University of North Carolina. "Subprime Lending and Low-Income Communities." Available at: <http://www.ccc.unc.edu/subPrime.php>

³ See CDFI Fund Agency Financial Report, FY 2011, pages 16-17 for a discussion of the source and method for compiling this data from reporting awardees.
http://www.cdfifund.gov/news_events/CDFI%20Fund%20FY%202011%20Agency%20Financial%20Report%20FINAL%2011%2016%2011.pdf

recession and delinquency rates rising quite modestly. The CDFIs have avoided excessive leverage and continued to work closely with borrowers to address emerging problems.

Second, many mainstream financial institutions have pulled back from partnerships with CDFIs.⁴ as they have from other lending and investing activities in underserved communities and more generally. Other financial partners are requiring CDFIs to maintain greater capital reserves at a time of diminished capital investment in CDFIs.

It is critical for the CDFI Fund to continue to capitalize and otherwise support CDFIs. The CDFI Fund is the only federal government entity whose primary mission is to build the capacity of CDFIs so that they can provide loans, investments, business counseling, basic banking services and financial literacy training to underserved communities.

Fiscal Year 2011 Accomplishments: In the FY 2011 funding round of the CDFI Program, the CDFI Fund received applications from 407 organizations, requesting \$514 million in financial and technical assistance awards and the Healthy Food Financing Initiative (HFFI). The CDFI Fund awarded more than \$167.3 million in grants to 167 CDFIs serving distressed communities in 40 states and the District of Columbia, including \$25 million under the Administration's HFFI— and many qualified applicants were not awarded or fully funded. This activity shows that the demand for CDFI Fund financing continues to be robust.

The CDFI Fund's other major program, the NMTC Program, is likewise oversubscribed. In the 2011 round of the NMTC Program, the CDFI Fund received 314 applications requesting more than \$26.6 billion in tax credit allocation authority — exceeding the \$3.5 billion authorized by Congress.

During FY 2011, the CDFI Fund administered the FY 2011 round of the BEA Program, and began developing the Bond Guarantee (BG) Program, a new program authorized and funded under the Small Business Jobs Act of 2010 (P.L. 111-240).

In addition, in FY 2011, the CDFI Fund consulted and collaborated with Treasury's Office of Small Business, Community Development and Housing Policy, with respect to Treasury's implementation of the newly created Small Business Lending Fund.

Fiscal Years 2012 and 2013 Priorities: In FY 2012, the CDFI Fund will continue to execute its financial and technical assistance programs and complete development of the BG Program. In FY 2012, the BG Program plans to promulgate its implementing regulations, develop and release the application materials, and procure additional contracting services, as necessary. With the introduction of a new program, the CDFI Fund uses its resources:

⁴ "The Financial Crisis and CDFIs: A Brief Look at 2007-2009 CIIS Data." CDFI Fund, March 1, 2011. This analysis of the 94 CDFI Fund awardees that reported in all three years from 2007 to 2009 found that while 69 percent of total capital under management came from bank sources in 2007, the bank share had declined to 32 percent by 2009. See: http://www.cdfifund.gov/impact_we_make/research/CDFI%20Crisis%20Trend%202007-2009%20Presentation.pdf

- To develop application materials;
- To establish application review policies and procedures;
- To establish reporting requirements and compliance monitoring protocols;
- To engage in program outreach; and
- To conduct research and manage existing research and evaluation contracts.

The introduction of a new program, as well as the increase in awards made under its existing programs, adds to the CDFI Fund's growing awardee compliance monitoring portfolio.

Fiscal Year 2013: The Administration requests the following for FY 2013:

- \$128 million for the CDFI Program to support financial and technical assistance grants. Through the CDFI Program, the CDFI Fund offers federal resources to invest in and to build the capacity of CDFIs to serve low-income communities lacking adequate access to affordable financial products and services. The FY 2013 Budget supports monetary awards for financial assistance (FA) and technical assistance (TA) to CDFIs to further goals such as:
 - Economic development (job creation, small business lending, and commercial real estate development);
 - Affordable housing (housing development and homeownership);
 - Financial services (such as basic banking services to underserved communities); and
 - Development services (such as financial literacy or homebuyer counseling and education).
- Up to \$25 million in award funding for the HFFI to CDFIs to expand the offering of affordable financing for healthy food retail options in distressed communities. The HFFI is a multi-year effort to increase the availability of affordable, healthy foods in underserved urban and rural communities, particularly through the development or equipping of grocery stores and other healthy food retailers.
- \$12 million to support the NACA Program. Through the NACA Program, the CDFI Fund provides FA awards, TA grants, and training to CDFIs that primarily serve Native Communities and to entities proposing to become or create Native CDFIs, thereby increasing access to credit, capital, and financial services in Native Communities.
- \$15 million to support the BEA Program. Through the BEA Program, the CDFI Fund provides grants to FDIC-insured banks and thrifts to invest in CDFIs and to increase their lending and financial services in economically distressed communities.
- Up to \$20 million for the Bank on USA Program, as authorized in section 1204 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, to promote access to affordable financial services and basic consumer credit products to the “unbanked” and “underbanked.”
- \$21 million in administrative funding to support a variety of purposes, including:

- Staffing and resource demands created by the unprecedented growth across all programs;
- Administration of non-monetary award programs and activities (CDFI and CDE certification and recertification), the issuance of \$1 billion in bond guarantees for the BG Program, and administration of the NMTC Program, including a new \$ 2 billion Manufacturing Communities Tax Credit that would support qualified investments in communities affected by military base closures or mass layoffs, such as those arising from plant closures;
- Fulfillment of significantly increased compliance monitoring requirements;
- Continuation of research and program evaluation of the effectiveness of CDFI Fund grants and awards and the NMTC program; and
- Enhancement of existing management and information systems and improvement of operational efficiency and effectiveness.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Community Development Financial Institutions Fund	FTE	Amount
FY 2012 Enacted	79	\$221,000
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$269
Maintaining Current Levels	-	\$269
Non-Recurring Costs:	-	(\$300)
Census Data Analysis	-	(\$300)
Efficiency Savings:	-	(\$780)
Office Lease Savings	-	(\$500)
Procurement Savings	-	(\$280)
Subtotal FY 2013 Changes to Base	-	(\$811)
Total FY 2013 Base	79	\$220,189
Program Changes:		
Program Decreases:	-	(\$22,189)
CDFI Program	-	(\$18,082)
Bank Enterprise Award Program	-	(\$3,000)
Administration	-	(\$1,107)
Program Increases:	-	\$23,000
Bank on USA Program	-	\$20,000
Healthy Food Financing Initiative	-	\$3,000
Total FY 2013 Request	79	\$221,000

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs) +\$269,000 / +0 FTE

Maintaining Current Levels +\$269,000 / +0 FTE

Funds are requested for inflation adjustments (1.7 percent) in non-labor expenses such as GSA rent adjustments, postage, supplies and equipment and health benefits and the increase in Federal Employees Retirement System participation. Funds are also requested for the proposed 2013 pay raise (0.5 percent).

Efficiency Savings -\$780,000 / +0 FTE

Office Lease Savings -\$500,000 / +0 FTE

This savings results from procuring leased office space at a lower price.

Procurement Savings -\$280,000 / +0 FTE

The CDFI Fund can achieve procurement savings by reducing non-competitive and high-risk contract actions and by implementing the use of socio-economic programs, such as 8(a) and small business set-asides. Other methods to achieve savings include strategic sourcing, advanced acquisition planning, and GSA discount savings.

Non-Recurring Costs -\$300,000 / +0 FTE

Census Data Analysis -\$300,000 / +0 FTE

This is a one-time administrative cost savings resulting from the decennial census data analysis requirement. The CDFI Fund will be required to launch a new version of the Community Investment Mapping System (CIMS) when the 2010 decennial census data is released in late 2012. The CDFI Fund will not need to fund this requirement in FY 2013.

Program Decreases-\$22,189,000 / +0 FTE
CDFI Program -\$18,082,000 / +0 FTE

The CDFI Fund will reduce the amount and number of financial assistance and technical assistance awards. The CDFI Fund will also have to reduce the funding level for its multi-year Capacity-Building Initiative, which provides technical assistance and capacity-building services to CDFIs and the financial services industry.

Bank Enterprise Award Program -\$3,000,000 / +0 FTE

The CDFI Fund proposes to reduce the BEA Program by \$3 million in FY 2013. Based on the current fiscal environment and competing CDFI Fund priorities, the CDFI Fund proposes to allocate these resources to other programs. The CDFI Fund will continue to evaluate the effectiveness of this program to determine future funding requests.

Administration -\$1,107,000 / +0 FTE

The CDFI Fund proposes to reallocate current resources at a reduced cost providing internal capacity, particularly to the compliance monitoring area.

Program Increases+\$23,000,000 / +0 FTE

Bank on USA Program +\$20,000,000 / +0 FTE

The Bank on USA Program will facilitate access to, and evaluate the effectiveness of, affordable, high-quality financial products, services, and education to unbanked and underbanked individuals. These households face a number of problems, including high fees for alternative financial services such as check-cashing; barriers to saving and building credit; and increased exposure to risks such as fraud and theft. Additionally, many of these households lack access to reasonably-priced, short-term consumer credit to meet emergency or regular needs, and often turn to payday loans, refund anticipation loans, pawn shops, and other generally high-priced alternatives.

If funds are appropriated to support the program, the Bank on USA Program would have several distinct components, including:

1. Community Grant Program – Grants would be provided to community collaborations (including local governments, non-profits, CDFIs and other financial institutions) to plan, launch, expand or improve new or existing efforts to serve unbanked or underbanked populations.
2. Innovation Awards – Funds would be utilized to fund prizes, awards, competitions and demonstrations to spur new product or service development or adoption. Treasury would engage partner organizations to help administer these programs, and would also seek other financing partners to help leverage Treasury’s award dollars.
3. Technical Assistance – Funds would be used to support technical assistance and capacity-building for local Bank on USA initiatives serving communities in need.

Healthy Food Financing Initiative +\$3,000,000 / +0 FTE

The FY 2013 budget provides additional funding for the HFFI to continue increasing the availability of affordable, healthy foods in underserved urban and rural communities. The CDFI Fund will make CDFI Program awards to CDFIs that will finance healthy food alternatives in low-income neighborhoods.

2.2 – Operating Levels Table

Dollars in Thousands

Community Development Financial Institutions Fund	FY 2011		FY 2012		FY 2013	
	Actual	President's	Enacted	Proposed	Proposed	Request
	Budget			Reprogra	Operating	
			mmings	Level		
FTE	65	90	79	0	79	79
Object Classification						
11.1 - Full-time permanent	6,560	8,655	7,362	0	7,362	7,388
11.9 Personnel Compensation (Total)	\$6,560	\$8,655	\$7,362	\$0	\$7,362	\$7,388
12 - Personnel benefits	1,842	2,313	2,579	0	2,579	2,590
21 - Travel and transportation of persons	181	119	186	0	186	179
22 - Transportation of things	4	20	6	0	6	6
23.1 - Rental payments to GSA	1,539	1,153	1,470	0	1,470	1,144
23.2 - Rental payments to others	0	190	37	0	37	37
23.3 - Communication, utilities, and misc charges	180	368	411	0	411	422
24 - Printing and reproduction	167	20	50	0	50	25
25.1 - Advisory and assistance services	5,483	0	7,323	0	7,323	5,815
25.2 - Other services	918	4,671	5,781	0	5,781	1,033
25.3 - Other purchases of goods and services from Govt. accounts	3,786	3,334	2,173	0	2,173	2,289
25.5 - Research and development contracts	0	1,500	1,350	0	1,350	0
26 - Supplies and materials	38	111	99	0	99	86
31 - Equipment	111	111	27	0	27	33
41 - Grants, subsidies, and contributions	193,931	204,694	192,146	0	192,146	199,953
Total Budget Authority	\$214,740	\$227,259	\$221,000	\$0	\$221,000	\$221,000
Budget Activities:						
Bank Enterprise Award Program	21,956	0	18,000	0	18,000	15,000
Community Development Financial Institutions Program	162,830	125,869	146,035	0	146,035	127,953
Native American CDFI Assistance Program	11,352	12,000	12,000	0	12,000	12,000
Administration	18,602	22,965	22,965	0	22,965	21,047
Bank on USA Program	0	41,425	0	0	0	20,000
Healthy Food Financing Initiative	0	25,000	22,000	0	22,000	25,000
Total Budget Authority	\$214,740	\$227,259	\$221,000	\$0	\$221,000	\$221,000

2B – 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>To carry out the Community Development Banking and Financial Institutions Act of 1994 (Public Law 103–325), including services authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for [ES-3, notwithstanding section 4707(e) of title 12, United States Code with regard to Small and/or Emerging Community Development Financial Institutions Assistance awards] EX-3, \$221,000,000, to remain available until September 30, [2013] 2014; of which \$12,000,000[, notwithstanding section 4707(e) of title 12, United States Code,] shall be 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; of which, notwithstanding section 108(d) of such Act, up to [\$22,000,000] \$25,000,000 shall be for a Healthy Food Financing Initiative to provide [grants and loans] <i>financial assistance, technical assistance, training, and outreach</i> 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; of which [\$18,000,000] \$15,000,000 shall be for the Bank Enterprise Awards program; <i>of which up to \$20,000,000 shall be to implement section 1204 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203)</i>; and of which up to [\$22,965,000] \$21,047,000 may be used for administrative expenses, including administration of the New Markets Tax Credit <i>Program, up to \$550,000 for the CDFI Bond Guarantee Program, and up to \$300,000 for the direct loan program</i>; of which up to [\$10,315,000] \$8,337,500 may be used for the cost of direct loans[; and of which up to \$250,000 may be used for administrative expenses to carry out the direct loan program]: <i>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 awarded under this heading, not less than 10 percent shall be used for projects that serve populations living in persistent poverty counties (where such term is defined as any county 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 decennial censuses)] amounts provided under this heading shall be available for the cost of guarantees pursuant to and as authorized by section 114A of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et seq.): Provided further, That funds for the cost of guarantees are available to subsidize total loan principal not to exceed \$1,000,000,000: Provided further, That, pursuant to such section 114A, up to \$1,000,000 collected from administration fees may be used for administrative expenses of the CDFI Bond Guarantee Program, and shall be in addition to funds otherwise provided for administrative expenses of the CDFI Bond Guarantee Program. (Department of the Treasury Appropriations Act, 2012.)</i></p>	<p>Removing the matching funds requirement waiver. Not provided in previous budget submissions.</p> <p>To expand the objectives of HFFI.</p> <p>Funds Bank on USA Program created in Dodd/Frank.</p> <p>Was added by Congress and has never been included in the President’s request. This requirement is unnecessary as it is already being met by CDFI Fund Programs included in this legislative language.</p> <p>To implement the Bond Guarantee Program as required by section 502 of the Congressional Budget Act of 1974.</p>

2C – Legislative Proposals

The CDFI Fund does have any legislative changes.

Section 3 – Budget and Performance Report and Plan

3A – Administration

(\$21,047,000 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 (NOFAs), 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 these support activities allow the CDFI Fund to carry out its overall mission. The goal owner for this budget activity is the Deputy Director of the CDFI Fund.

Description of Performance:

The CDFI Fund has made significant progress enhancing its program administrative business processes, enabling quicker award disbursements. In consultation with Treasury's Office of Performance Budgeting (OPB), new administrative efficiency measures were implemented beginning in FY 2010. These measures replaced the old administrative efficiency measure, which was based on the cost per application processed for each program. The new administrative measure has two components: cycle time from the date when applications are received to the date of award announcement, and time from the date of award announcement to date of disbursement.

These administrative measures (*All-application-award* and *All-award-disbursement cycle times*) were initially applied to each of the CDFI Fund's programs, and were first tested through the deployment of the CDFI Fund's Recovery Act funding rounds. In FY 2010, the two administrative measures were analyzed across all programs to formulate two composite, CDFI Fund-wide efficiency measures based on the weighted average of the number of awards per program.

In FY 2011, these two CDFI Fund-wide composite administrative efficiency measures were baselined to set performance targets in FY 2012 and 2013. Each cycle time is measured in months and calculated as a weighted average of the number of awards in each round across all CDFI Fund programs. In FY 2011, the CDFI Fund set an experimental benchmark target of 7.5 months for program application-award cycle time target, which the CDFI Fund managed to reach despite the delays in the appropriation process. In addition, an experimental benchmark target for award-disbursement cycle time was set for disbursing 85 percent of the awards within two months of announcing the awards to test CDFI Fund's administrative processes. This target was met. At this time, the CDFI Fund expects to keep the two administrative targets steady for the next two years, although the award-disbursement target has been raised to 2.5 months to ensure the necessary quality assurance in accordance with internal controls.

In consultation with OPB, the CDFI Fund has developed other composite performance measures that add up performance across programs. A discussion of these composite measures is reported in this section because they summarize the outcomes of all programs. Starting in FY 2011,

program-level job creation/maintenance measures and affordable housing and businesses financed measures were standardized and consolidated into CDFI Fund-wide measures to reflect the outcome of all programs (rather than reporting individual program-level measures). In particular, the job creation/maintenance measure was standardized across programs. “Jobs created” are new jobs created after the loan or investment is made. “Jobs maintained” are jobs at the business at the time the loan or investment is made. Total jobs are derived for a given year from (i) all business loans originated in the CDFI awardee portfolio; (ii) all loans or investments made by NMTC allocatees in qualified low-income community business and tenant jobs; and (iii) all loans or investments made by other CDFI Fund program awardees. Total jobs are computed as full-time equivalents.

In FY 2011, baseline data for the new composite *All- jobs created and maintained* measure totaled 55,274. This jobs created/maintained performance baseline data reflects the partial impact of Recovery Act investments deployed in this period, and this influence was considered when setting targets on a budget-adjusted basis for future years. Thus, the targets for FY 2012 and FY 2013 reflect lower requested budget levels and projected inflation adjustment, as well as the tapering off of Recovery Act investments.

In FY 2011 the baseline information for the composite *All-affordable housing* measure totaled 19,083 units and includes real estate construction and rehabilitation units financed in part by CDFI Program financial assistance awardees and NMTC allocatees. In FY 2013 the *All-affordable housing* measure will include CMF units financed, which will require the preliminary target established for FY 2013 to be revised upward based on detailed analysis of CMF awardees’ business plans and forecasts. Please note that when interpreting the outcome data reported for any performance measure in a given fiscal year, the outcomes are the results of prior year funding.

With respect to administrative performance plans in FY 2012, the CDFI Fund will develop baseline compliance reporting on the percent of awardees in default. In FY 2013, CDFI Fund staff will perform compliance desk reviews and, continue with plans for modernizing and automating the compliance review process. Moreover, the CDFI Fund will continue to implement an initiative to recertify CDFIs that have not undergone this process recently (within the past three years). It is important to maintain the integrity and strength of CDFI certification; beyond making CDFIs eligible for CDFI Fund funding programs, CDFI certification is a brand that carries with it other important tangible and intangible benefits, such as assisting CDFIs in raising additional capital from mainstream banks, corporations, foundations, and state and local governments.

In FY 2012, the CDFI Fund began the initial phases of replacing its legacy business systems with the Awards Management Information System. Ultimately, the new system will result in a more efficient and reliable system that fully integrates all phases of the certification and awards information data system lifecycle, including certification and recertification, application reviews, awards agreements, disbursements, modifications, performance reporting and compliance status and close-outs.

3.1.1 – Administration Budget and Performance Report and Plan

Dollars in Thousands

Administration Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$0	\$0	\$9,630	\$12,483	\$13,797	\$22,954	\$22,965	\$21,047
Total Resources	\$0	\$0	\$9,630	\$12,483	\$13,797	\$22,954	\$22,965	\$21,047

Budget Activity Total	\$0	\$0	\$9,630	\$12,483	\$13,797	\$22,954	\$22,965	\$21,047
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
ALL - Affordable Housing Units Created	N/A	N/A	N/A	N/A	N/A	19,083	16,419	16,018
ALL - Award Cycle Time (Months)	N/A	N/A	N/A	N/A	N/A	7.4	7.5	7.5
ALL - Disbursement Cycle Time (Months)	N/A	N/A	N/A	N/A	N/A	2.1	2.5	2.5
ALL - Jobs Created/Maintained	N/A	N/A	N/A	N/A	N/A	55,274	43,335	43,335

Key: DISC - Discontinued and B - Baseline

1/ In addition, \$13.5 million is available through September 30, 2012 for administration of the Bond Guarantee Program provided in PL 111-240 through FY 2012.

2/ In FY 2009, the CDFI Fund received \$1.9 million for administration of American Recovery and Reinvestment Act (ARRA), Public Law 111-05.

3B – Community Development Financial Institutions Program

(\$127,953,000 from direct appropriations)

The program funded by this budget activity 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 financial assistance awards to CDFIs that have comprehensive business plans for creating community development impact and that demonstrate the ability to leverage private sector sources of capital, as well as technical assistance grants to CDFIs and entities proposing to become CDFIs. The goal owner for this budget activity is the Program Manager for the CDFI Fund Program.

Description of Performance

As detailed in Table 3.1.2, in FY 2011, CDFI awardees reported originating 16,313 loans totaling more than \$1.2 billion based on their portfolio of activities in FY 2010.⁵ Because these

⁵ In FY 2011 the CDFI Program added two new performance outcome measures: *Number of loans/investments originated by CDFI awardees in the reporting year* and *Amount of loans/investments originated by CDFI awardees*

measures were new in FY 2011, the data on the amount and number of loans or investments originated provides baseline information to benchmark and target program performance in the upcoming fiscal year. Of these transactions, \$296.8 million were originated for 5,233 business and microenterprise loans, \$357.3 million for 5,010 home improvement and purchase loans, and \$289 million for 679 residential real estate transactions. CDFI Program awardees provided funds for projects that created or maintained 25,199 jobs.⁶ Program performance targets are set slightly lower in the forthcoming fiscal years based on the level of budget requests and inflation adjustment.

The *Percentage of eligible areas served by CDFI awardees* measured 22.1 percent for the reporting period, with this metric providing a program coverage measure of the percentage of all program-eligible census tracts that had one or more transactions originated by a CDFI awardee. This data provides baseline information for this new performance metric to benchmark and target program performance for upcoming fiscal years: on a budget-adjusted basis the final 2012 target and proposed 2013 target are set at 20 percent.⁷ Targets are set slightly lower in the forthcoming fiscal years because there is uncertainty about the number and distribution of eligible census tracts with the adoption of the new five-year American Community Survey census data.

in the reporting year. These two new measures replace the CDFI Program's private sector leverage measure, which was viewed as too sensitive to macroeconomic factors and has now been converted to an indicator.

⁶ See CDFI Fund Agency Financial Report, FY 2011, pages 16-17. This jobs data is based on loans and investments originated by the CDFIs awardees during the reporting year (a change from the prior reporting convention which was based on loans/investments outstanding).

⁷ The percentage of eligible areas served by CDFI awardees measures the percentage of all eligible census tracts receiving at least one origination in the past three years. This methodological change reduces fluctuations and ensures more accurate forecasting.

3.1.2 – CDFI Program Budget and Performance Report and Plan

Dollars in Thousands

Community Development Financial Institutions Program Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$30,969	\$31,881	\$52,250	\$149,750	\$107,600	\$144,660	\$146,035	\$127,953
Total Resources	\$30,969	\$31,881	\$52,250	\$149,750	\$107,600	\$144,660	\$146,035	\$127,953

Budget Activity Total	\$30,969	\$31,881	\$52,250	\$149,750	\$107,600	\$144,660	\$146,035	\$127,953
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
CDFI - Amount of Loans/Investments Originated (Annual) (Dollars in Millions)	N/A	N/A	N/A	N/A	N/A	1,228.0	1,188.0	1,156.0
CDFI - Number of Loans/Investments Originated (Annual)	N/A	N/A	N/A	N/A	N/A	16,313	16,000	16,000
Percentage of Eligible Areas Served by CDFI Awardees	N/A	N/A	N/A	N/A	N/A	22.1	20.0	20.0

Key: DISC - Discontinued and B - Baseline

1/ The CDFI Program received \$90 million of ARRA funding in FY 2009.

3C – New Markets Tax Credit Program

(\$0 from direct appropriations)

Through the NMTC Program, the CDFI Fund attracts private sector capital to low-income communities by allowing individual and corporate investors to receive a tax credit against their federal income taxes in exchange for making equity investments in Community Development Entities (CDEs); in turn, CDEs use the money to finance businesses and real estate projects in their communities. The investor's tax credit equals 39 percent of the amount invested and is drawn over seven years. This activity supports the CDFI Fund's Strategic Goal No. 2: *To improve economic conditions in distressed communities through increased public and private investment.*

In addition, the FY 2013 President's Budget proposes to reauthorize the NMTC Program through 2013, requesting \$7 billion of allocation authority annually. The CDFI Fund is also requesting a statutory change to enable investors to use NMTC as an offset against their Alternative Minimum Tax. Of the \$7 billion requested for the NMTC Program in 2013, the CDFI Fund anticipates allocating \$250 million to support financing healthy food options in distressed communities as part of HFFI. Within the FY 2013 allocation request, the Budget also proposes to provide a new allocated tax credit, the Manufacturing Communities Tax Credit, which would support qualified investments in communities affected by military base closures or mass layoffs, such as those arising from plant closures. This credit could be structured using the mechanism of

the New Markets Tax Credit or an alternative allocated investment credit mechanism. The proposal would provide about \$2 billion in credits per year for qualified investments approved in 2012, 2013 and 2014. The goal owner for this budget activity is the NMTC Program Manager.

Description of Performance

The 2010 NMTC authority was allocated in FY 2011 due to the late passage of *The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010* in December 2010. For the 2010 round, the NMTC Program awarded, through its annual competitive application process, \$3.5 billion in NMTC allocation authority to CDEs for targeted investments in low-income communities.

In FY 2011, NMTC allocatees reported annual investments of nearly \$4.7 billion in low-income communities by CDEs, exceeding the annual target of \$3.1 billion, largely due to the continued impact of Recovery Act tax credit authority. Of these new investments, more than \$2.2 billion went into non-real estate businesses, and more than \$2.3 billion went into real estate activities. In FY 2011, NMTC allocatees reported 30,075 jobs to be created by businesses, and another 37,669 construction-related jobs (which are not tabulated in the *All-Jobs* measure which only counts non-construction jobs). Future targets reflect the tapering off of Recovery Act investments and are inflation adjusted.

To date, the cumulative CDE investment total has risen to \$20.9 billion. More than 72 percent of new investments went to severely distressed communities, exceeding the target of 68 percent and reflecting the continued effect of Recovery Act tax credit authority.⁸ Future targets reflect the tapering off of Recovery Act investments and the uncertainty associated with the adoption of the of the new five-year American Community Survey census data (2006-2010) for defining program-eligible census tracts and the number and distribution of severely distressed communities.

⁸ See the CDFI Fund's Agency Financial Report FY 2011, page 24 for source data. "Severely distressed" communities include Census tracts with poverty rates above 30 percent; or median family incomes below 60 percent of the metropolitan or state median; or unemployment rates greater than 1.5 times the national average.

3.1.3 – New Markets Tax Credit Program Budget and Performance Report and Plan

Dollars in Thousands

New Markets Tax Credit Program Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$4,254	\$4,258	\$4,120	\$4,267	\$4,203	\$0	\$0	\$0
Total Resources	\$4,254	\$4,258	\$4,120	\$4,267	\$4,203	\$0	\$0	\$0
Budget Activity Total	\$4,254	\$4,258	\$4,120	\$4,267	\$4,203	\$0	\$0	\$0

Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Community Development Entities' Annual Investments In Low-Income Communities (\$ billions)	2.0	2.5	3.3	3.6	3.1	4.7	4.0	4.0
NMTC-Percentage of Loans and Investments that Went Into Severely Distressed Communities	71.0	76.0	73.0	81.0	73.4	72.4	70.0	70.0

Key: DISC - Discontinued and B - Baseline

1/ The NMTC Program received \$67 thousand of ARRA funding in FY 2009.

2/ NMTC Program Administration is included in the Administration budget activity for the FY 2013 Budget request.

3D – Bank Enterprise Award Program

(\$15,000,000 from direct appropriations)

Through the BEA Program, the CDFI Fund encourages insured depository institutions to increase investments and services in community development activities in distressed and low-income communities and to provide financial assistance to CDFIs. These objectives align with 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.* The goal owner for this budget activity is the BEA Program Manager.

Description of Performance: In FY 2011, the CDFI Fund received 82 eligible applications requesting a total of approximately \$78 million, compared to 76 applications requesting a total of approximately \$94 million in FY 2010. The CDFI Fund selected 77 FDIC-insured institutions to receive approximately \$22 million in BEA Program awards. The average award was \$285,143. Awardees reported an increase in community development activities of \$268 million in 2011. FY 2011 BEA Program awardees increased loans and investments in distressed communities by \$201.1 million; increased equity investments, loans, deposits, and technical assistance to CDFIs by \$66 million; and increased the provision of financial services in distressed communities by \$1.2 million. These increases in community development activities are largely a result of the mission focus of community development banks. FY 2011 awardees are headquartered in 21 states and the District of Columbia, compared to the 20 states and the District of Columbia

represented in the prior year. Due to delays related to finalizing the FY 2011 appropriations, the awards were not announced until the first quarter of FY 2012.

3.1.4 – Bank Enterprise Award Program Budget and Performance Report and Plan

Dollars in Thousands

Bank Enterprise Award Program Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$13,417	\$12,551	\$20,000	\$22,000	\$25,000	\$21,956	\$18,000	\$15,000
Total Resources	\$13,417	\$12,551	\$20,000	\$22,000	\$25,000	\$21,956	\$18,000	\$15,000

Budget Activity Total	\$13,417	\$12,551	\$20,000	\$22,000	\$25,000	\$21,956	\$18,000	\$15,000
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
BEA-Increase in Community Development Activities Over Prior Year For All BEA Program Applicants (\$ million)	318.0	227.0	232.0	292.0	290.0	268.3	245.0	200.0

Key: DISC - Discontinued and B - Baseline

3E –Native American CDFI Assistance Program

(\$12,000,000 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. This budget activity 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 NACA Program, 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. The goal owner for this budget activity is the NACA Program Manager.

Description of Performance

As detailed in Table 3.1.5, in FY 2011 NACA awardees reported originating more than 1,000 loans amounting to \$14.7 million.⁹ Because these performance metrics were new in FY 2011, the data on the amount and number of loans originated provide baseline information to target program performance in the upcoming fiscal year on an inflation-adjusted basis; as a result

⁹ In FY 2011 the NACA Program added two new performance outcome measures: *Number of loans/investments originated by NACA awardees in the reporting year*; and *Amount of loans/investments originated by NACA awardees in the reporting year*. These two new measures replace the NACA Program’s asset growth measure, which has now been converted to an indicator because it was viewed as unstable and difficult to forecast due to the influence of external and macroeconomic factors. With respect to this asset growth indicator, NACA awardees reported a 4.7 percent increase in their assets in FY 2011.

targets are slightly lower. However, in a continued effort to achieve high future performance in key outcomes, the CDFI Fund, in partnership with Federal Reserve Board of Governors, several Federal Reserve Banks, and several federal agencies, will convene with Native and tribal representatives a series of regional events entitled “Growing Economies in Indian Country Workshops” to establish open dialogue, identify regional concerns, highlight federal funding opportunities for Native Communities, and showcase successful development models.

In FY 2011 the NACA Program received 82 applications requesting a total of \$29.4 million. The CDFI Fund awarded \$11.85 million to 35 groups in 17 states. Of the \$44.6 million in loans outstanding held by reporting Native CDFIs, more than 46 percent went to business loans, nearly 25 percent for home purchase or home improvement loans, more than 19 percent for consumer loans, and the balance to residential and commercial real estate loans.

3.1.5 – Native American CDFI Assistance Program Budget and Performance Report and Plan

Dollars in Thousands

Native American CDFI Assistance Program Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$5,810	\$5,816	\$8,000	\$16,500	\$12,000	\$11,976	\$12,000	\$12,000
Total Resources	\$5,810	\$5,816	\$8,000	\$16,500	\$12,000	\$11,976	\$12,000	\$12,000

Budget Activity Total	\$5,810	\$5,816	\$8,000	\$16,500	\$12,000	\$11,976	\$12,000	\$12,000
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
NACA - Amount of Loans/Investments Originated (Annual) (Dollars in Millions)	N/A	N/A	N/A	N/A	N/A	14.7	14.5	14.5
NACA - Number of Loans/Investments Originated (Annual)	N/A	N/A	N/A	N/A	N/A	1,004	1,000	1,000

Key: DISC - Discontinued and B - Baseline

1/ The NACA Program received \$8 million of ARRA funding in FY 2009.

3F – Healthy Food Financing Initiative

(\$25,000,000 from direct appropriations)

The HFFI, a component of the First Lady’s *Let’s Move!* Campaign, is an inter-agency partnership between the Department of the Treasury and the Departments of Agriculture and Health and Human Services, made funding available to CDFIs, community and/or economic development organizations, non-profits, public agencies, and businesses to help address the need for healthy food in underserved and low-income communities. These organizations will use Federal grants, below market-rate loans, loan guarantees, and tax credits to attract private sector

capital to projects that increase access to healthy food options, with a broad goal of eradicating food deserts by 2017.

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 will award CDFI Program funds to CDFIs that will finance healthy food retail outlets in communities lacking adequate access to healthy food options. The goal owner for this budget activity is the HFFI Program Manager.

Description of Performance

The primary HFFI performance measurement is the number of retail food outlets created and maintained in low-income areas that have been identified through detailed census tract analysis as having limited access to healthy food retail options. In addition, HFFI projects will report on all other required CDFI performance data through the CDFI Fund’s Community Investment Impact System. Performance measures were developed in FY 2011, with baseline reporting slated to begin in FY 2013.¹⁰

3.1.6 – Healthy Food Financing Initiative Budget and Performance Report and Plan

Dollars in Thousands

Healthy Food Financing Initiative Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$0	\$0	\$0	\$0	\$0	\$25,000	\$22,000	\$25,000
Total Resources	\$0	\$0	\$0	\$0	\$0	\$25,000	\$22,000	\$25,000

Budget Activity Total	\$0	\$0	\$0	\$0	\$0	\$25,000	\$22,000	\$25,000
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
HFFI - Retail Outlets Created/Preserved	N/A	N/A	N/A	N/A	N/A	N/A	B	N/A

Key: DISC - Discontinued and B - Baseline

¹⁰ HFFI awardees have one core program measure to report on which identifies low-income areas with low-access to healthy food options. In addition, all HFFI awardees must also report on all other required institutional and transaction data fields that any non-HFFI awardee must report on. For more detail on all of the non-HFFI performance reporting metrics please see the complete documentation for the Community Investment Impact System: http://www.cdfifund.gov/what_we_do/ciis.asp

3G – Bank on USA Program

(\$20,000,000 from direct appropriations)

Through the Bank on USA Program, the CDFI Fund will work in partnership with Treasury’s Office of Financial Education and Financial Access to promote access to, and innovations in, affordable and high-quality financial services, basic consumer credit products, and financial education for the “unbanked” and “underbanked.” According to the Federal Deposit Insurance Corporation (FDIC), 25 percent of all Americans are unbanked or under-banked (i.e., they have a bank account but also use alternative service providers such as check cashers or payday lenders).¹¹ This budget activity supports the CDFI Fund’s Strategic Goal No. 3: *To expand access to financial services and improved financial education for underserved populations.* This budget activity provides access to basic financial services and consumer credit products to unbanked or underbanked communities. The goal owner for this budget activity is a CDFI Fund Senior Advisor.

Description of Performance

The Bank on USA Program will measure performance based on the number of new accounts opened by persons who were previously unbanked, which will indicate whether institutions are providing unbanked and under-banked consumers access to affordable and appropriate financial products and services. This measure will be baselined in FY 2014. Additional performance indicators, such as additional financial products and services provided to new clients, and the number of clients provided with financial and credit counseling services, will be collected internally by the CDFI Fund from Bank on USA awardees to more accurately evaluate awardee performance and overall program effectiveness.

3.1.7 – Bank on USA Program Budget and Performance Report and Plan

Dollars in Thousands

Bank on USA Program Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
Total Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000

Budget Activity Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,000
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
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BankOn - Number of Accounts Opened	N/A	N/A	N/A	N/A	N/A	N/A	N/A	B
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Key: DISC - Discontinued and B - Baseline

¹¹ See: “FDIC National Survey of Unbanked and Underbanked Households”, December 2009, <http://www.fdic.gov/householdsurvey/>

3H – Financial Education and Counseling Pilot Program and Hawaii Consolidated
(\$0 from direct appropriations)

Awardees for the FY 2009 funding round received their awards in August 2010 and were required to submit initial performance reporting results in January 2011. Awards for the FY 2010 round were made in October 2010 and awardees were required to report their initial performance results in July 2011. Baseline data for each round are consolidated and reported in a single table with targets projected based on both initial results and the original business plans submitted by applicants. Program outcomes align with the CDFI Fund’s Strategic Goal No. 3: *To expand access to financial services and improved financial education for underserved populations.*

3.1.8 – Financial Education and Counseling Pilot Program and Hawaii Consolidated Budget and Performance Report and Plan

Dollars in Thousands

Financial Education and Counseling Budget Activity

Resource Level	FY 2006 Enacted	FY 2007 Enacted	FY 2008 Enacted	FY 2009 Enacted	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Appropriated Resources	\$0	\$0	\$0	\$2,000	\$4,150	\$0	\$0	\$0
Total Resources	\$0	\$0	\$0	\$2,000	\$4,150	\$0	\$0	\$0

Budget Activity Total	\$0	\$0	\$0	\$2,000	\$4,150	\$0	\$0	\$0
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
FEC - Number of Prospective Homebuyers Served	N/A	N/A	N/A	N/A	N/A	1,135	2,200	2,124

Key: DISC - Discontinued and B - Baseline

1/ FY 2010 includes \$3.1 million for Hawaii Financial Education and Counseling.

[Detailed information about each performance measure, including definition, verification and validation](#) is available.

Section 4 – Supplemental Information

4A - Capital Investment Strategy

For FY 2013, the CDFI Fund plans to spend approximately \$4.33 million on Information Technology (IT) as its capital investment strategy. The CDFI Fund has no major IT investments, nor any capital investments other than IT.

Non-Major IT Investments

The CDFI Fund's Capital Investment Strategy is to become a consumer of commodity IT services (e.g., IT infrastructure services) and to focus limited IT resources on IT solutions that directly support the mission of the CDFI Fund. One important mission-focused IT modernization activity is the acquisition of an Award Management Information System (AMIS) — an enterprise commercial off-the-shelf product that will replace the CDFI Fund's legacy business systems. By streamlining business processes and leveraging modern automation and technology, the CDFI Fund will be able to handle larger volumes of grants, tax credits, and loan portfolios while achieving more transparency and better data quality, and providing better service to our customers.

Last year, the CDFI Fund identified three non-major IT investments: Community Investment Impact System (CIIS), CDFI Fund Public Website, and CDFI LAN. For FY 2013, the CDFI Fund will maintain CIIS and the CDFI Fund Public Website funding levels flat compared to FY 2011. The CDFI LAN investment, which consisted of funding for both the grant processing systems and the supporting IT infrastructure, will be separated into two steady state, non-major IT investments. With AMIS to be deployed in the FY 2013/FY 2014 timeframe, this budget cycle is appropriate to separate maintenance of the CDFI Fund's mission-based systems from supporting infrastructure.

In addition, the CDFI Fund will create a steady, non-major investment for IT Security and Privacy services. Separating IT Security and Privacy costs from other IT infrastructure costs will better represent the investment the CDFI Fund is making to secure its business systems, protect sensitive information, and provide proactive protection from viruses, spyware, and other threats.

IT Infrastructure Investments

The primary CDFI Fund IT infrastructure activity is the Data Center Consolidation Initiative. Beginning in 2010, the CDFI Fund has been decommissioning its current data centers and receiving commodity IT infrastructure services from another Treasury bureau, the Alcohol and Tobacco Tax and Trade Bureau (TTB). The scope of the Data Center Consolidation Initiative includes telecommunication services (e.g., network and Internet services), data center services (i.e., shutting down our data center), and end-user services (e.g., desktop management and consolidated software licenses).

The benefits of the Data Center Consolidation Initiative are numerous. It provides better availability and security for the CDFI Fund's business data and systems, 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 CDFI Fund's IT infrastructure. [A summary of capital investment resources, including major information technology and non-technology investments](#) is available.

4B – Bond Guarantee Program

The Small Business Jobs Act of 2010 (Public Law 111-240) created the CDFI Bond Guarantee (BG) Program. These bonds will support CDFI lending and investment activity in underserved communities by providing a source of long-term capital. Qualified issuers can use funds raised through the bonds to issue or to refinance loans for eligible community and economic development purposes. Treasury may guarantee up to \$1 billion in bonds each year, at a minimum of \$100 million per bond. During FY 2012, the CDFI Fund will complete BG Program development, including promulgation of the program implementing regulations. In FY 2013, the CDFI Fund anticipates administering \$1 billion in bonds to qualified CDFIs. The following objectives have been identified for the BG Program for FY 2013:

- To approve Qualified Issuers to issue bonds;
- As a portfolio risk management tool, to request an audit of CDFI borrowers in the BG Program in compliance with OMB Circular A-133; and
- To conduct on-site reviews of a representative sample of CDFI borrowers in the BG Program. On site reviews will be conducted by the Designated Bonding Authority (DBA).

4.1 – Resource Detail Table

Dollars in Thousands

Bond Guarantee Program Resource Level	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	% Change FY 2012 to FY 2015
Obligations ¹	-	-	-	\$1,001,000	100.00%
Loan Limitation Obligation Authority ¹	-	-	-	\$1,001,000	100.00%

¹Includes the 10 basis point fee for administrative expenses. Includes the 10 basis point fee for administrative expenses (pursuant to Section 114A (g)(1) of the Riegle Community Development and Regulatory Improvement Act of 1994, as amended by Section 1134 of the Small Business Jobs Act of 2010.

4.2 – Financing Accounts - Non-Budgetary Summary

Dollars in Thousands

Bond Guarantee Program Resource Level	FY 2010 Enacted	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	% Change FY 2012 to FY 2015
Obligations ¹	-	-	-	\$1,001,000	100.00%
Collections ²	-	-	-	\$1,633	100.00%

¹Includes the 10 basis point fee for administrative expenses.

²Includes the 10 basis point fee for administrative expenses plus 19 basis points on the disbursement of \$333,333,333. The fee is calculated as a result of the equation to make a representative pool of CDFIs loans have a zero subsidy in the BG Program. Zero subsidy = Default Rate (net of recoveries) + (12.5) bps (financing spread to the Federal Financing Bank) + (300) bps (risk share pool per statute) + (19) bps (fee on disbursement). OMB will determine default rate for each CDFI loan pool based on BG Program credit subsidy model.