

## Community Development Financial Institutions (CDFI) Fund

### Mission Statement

To expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.

### Program Summary by Budget Activity

(Dollars in Thousands)

Appropriation	FY 2009		FY 2010 Enacted	Request	FY 2011	
	ARRA	Enacted			\$ Change	% Change
Community Development Financial Institutions Program	\$90,000	\$59,750	\$107,600	\$140,000	\$32,400	30.3%
Bank Enterprise Award Program	N/A	\$22,000	\$25,000	\$0	(\$25,000)	(100.0%)
Native Initiatives	\$8,000	\$8,500	\$12,000	\$12,000	\$0	-
Capital Magnet Fund	N/A	N/A	\$80,000	\$0	(\$80,000)	(100.0%)
Administration	\$1,933	\$10,550	\$13,797	\$23,000	\$5,000	27.8%
New Markets Tax Credit Program Administration*	\$67	\$4,200	\$4,203	Inc.	Inc.	Inc.
Financial Education and Counseling	N/A	\$2,000	\$1,000	\$0	(\$1,000)	(100.0%)
Hawaii Financial Ed and Counseling	N/A	N/A	\$3,150	\$0	(\$3,150)	(100.0%)
Bank on USA	N/A	N/A	N/A	\$50,000	\$50,000	100.0%
Healthy Food Financing Initiative	N/A	N/A	N/A	\$25,000	\$25,000	100.0%
<b>Total Appropriated Resources</b>	<b>\$100,000</b>	<b>\$107,000</b>	<b>\$246,750</b>	<b>\$250,000</b>	<b>\$3,250</b>	<b>1.3%</b>
<b>Total FTE</b>	<b>-</b>	<b>60</b>	<b>84</b>	<b>90</b>	<b>6</b>	<b>7.1%</b>

\*NMTC Program Administration is included in the Administration budget activity for the FY 2011 Budget request

### FY 2011 Priorities

- To administer all programs and initiatives effectively, efficiently, and in a timely manner, and to improve all management processes through continuous assessment of the CDFI Fund's policies and procedures.
- To enhance the CDFI Fund's compliance monitoring capabilities to handle the increase in the number and types of awards resulting from new programs and funding.
- To implement an external program evaluation of the CDFI Program and Native American CDFI Assistance (NACA) Program.
- To take steps to enhance the CDFI Fund's information technology applications, including contracting with a shared service provider for a more cost effective approach to managing the increased application workload, compliance monitoring, and research reporting.
- To launch the Bank on USA initiative that will promote access to affordable and appropriate financial services and basic consumer credit products for households without access to such products and services.
- To support the Healthy Food Financing Initiative for the purpose of increasing 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.
- To find adequate office space and take the necessary steps to move the operations of the CDFI Fund in a rapid seamless and cost-effective manner.
- To evaluate the impact of Capital Magnet Fund (CMF) grants so that future resource decisions can be informed by this analysis.
- To evaluate the enhancements made to the BEA Program in FY 2009 and FY 2010 and apply this analysis to future funding and programmatic decisions.

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## **Section 1 – Purpose**

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### **1A – Description of Bureau Vision and Priorities**

The mission of the Community Development Financial Institutions (CDFI) Fund is to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.

The CDFI Fund has established the following priorities to meet this mission:

**Priority 1: Administer all programs and initiatives effectively, efficiently, and in a timely manner.** To improve all management processes through continuous assessment of the CDFI Fund’s policies and procedures.

**Priority 2: Enhance compliance monitoring capabilities.** To enhance the CDFI Fund’s compliance monitoring capabilities to handle the increase in the number and types of awards resulting from new programs and funding.

**Priority 3: Conduct research, evaluation, and performance reporting.** To implement an external program evaluation of the CDFI Program and NACA Program to assess the long-term impact of increased access to financial services for economically distressed communities and underserved populations. Additionally, the CDFI Fund plans to evaluate CMF and the BEA Program to inform future resource decisions.

**Priority 4: Initiate a significant information technology applications upgrade.** To take steps to enhance the CDFI Fund’s information technology applications, including contracting with a shared service provider for a more cost effective approach to managing the increased application workload, compliance monitoring, and research reporting.

**Priority 5: Launch the Bank on USA Initiative.** To promote access to affordable and appropriate financial services and basic consumer credit products for households without access to such products and services. 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.

**Priority 6: Implement the Healthy Food Financing Initiative.** 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.

**Priority 7: Relocate to a new headquarters.**

To find adequate office space and take the necessary steps to move the operations of the CDFI Fund in a rapid, seamless and cost-effective manner.

## **1B – Program History and Future Outlook**

For FY 2011, the CDFI Fund proposes to administer three core award programs and two new initiatives in support of its mission: the CDFI Program; the NACA Program; the NMTC Program; the Healthy Food Financing Initiative (a component of the CDFI Program); and the Bank on USA Initiative. In addition to administering these award programs and initiatives, the CDFI Fund will continue to certify organizations as CDFIs and CDEs, contract with third-party entities to provide training and technical assistance to CDFIs, and conduct strategic research and program evaluations.

For the FY 2010 rounds of the CDFI and NACA programs (whose application deadlines have passed as of the date of this submittal), the CDFI Fund:

- Received 408 CDFI Program applications requesting \$467.4 million in assistance, a 97 percent increase from the \$237.7 million requested through the original, pre-Recovery Act application solicitation of the FY 2009 round.
- Received 61 NACA Program applications requesting \$23.7 million in assistance, a 30 percent increase from the \$18.3 million requested through the original, pre-Recovery Act application solicitation of the FY 2009 round.

In the 2009 round of the NMTC Program, the CDFI Fund:

- Received 249 applications requesting a total of \$22.5 billion in investment authority.

## **CDFI Industry**

CDFIs play a unique role in their local markets that is distinct from traditional banks and the continued survival of CDFIs through the current downturn would provide essential financial services to these communities. As of July 2009, there were 784 certified CDFIs, representing \$26.7 billion in assets. Of these institutions, there are 64 banks (\$17.3 billion in total assets) and 137 credit unions (\$4.5 billion in assets), as well as 583 loan funds and venture capital funds (\$4.9 billion in assets).

CDFIs fill a gap in the market through their focus on low-to-moderate income (LMI) communities and are required through their certification by the CDFI Fund to allocate 60 percent of their efforts in LMI communities. CDFIs serve communities that traditional banks often find unattractive, and many CDFIs provide non-conforming financial services and products at below-market pricing. In addition, some CDFIs use “mission-driven” deposit funding made by foundations and other socially motivated investors in CDFIs to finance their lending. Moreover, CDFIs maintain a significant focus on small business lending, and in the current economic environment, CDFIs are registering greater demand for loans as traditional lenders have curtailed lending activities in many LMI communities. Indeed, 61 percent of respondents to the CDFI Market Conditions Survey in the third quarter of 2009 reported an increase in applications over the previous year. By and large, CDFIs have survived the economic downturn, but they have been severely buffeted by rising unemployment in LMI communities which is well above national

averages, resulting in deteriorating CDFI loan portfolio performance. Nonetheless, in the third quarter 2009, non-performing loans averaged 5.4 percent as a percentage of total loans for all reporting CDFIs in the CDFI Market Conditions Survey versus 3.7 percent for traditional peer banks. It is in this context that communities served by CDFIs recognize that they may not see new entrants if existing CDFIs fail.

## **Future Challenges**

### **Changing Economic Environment:**

In recent years, the community development finance industry has been significantly challenged by the current economic crisis; the need to provide financial services to people who do not currently have or have never had a formal relationship with the mainstream financial services industry (the “unbanked”); the hurricane devastation in the Gulf Coast; and the disinvestment of low-income communities as a result of rising foreclosure rates. Also, the challenges in the debt and equities markets have led to a significant contraction of capital support for many CDFIs. This contraction in capital support is coming at a time when many CDFIs are seeing an increased demand for their products as many of the traditional mainstream lenders are reducing their lending activities.

The role of CDFIs have been given an important boost by the arrival of the new Administration, which views the CDFI industry as a key part of its strategy to address the economic challenges within distressed communities. The first major step was the passage of the American Recovery and Reinvestment Act (ARRA) that provided the CDFI Fund extra funding—\$100 million beyond its annual appropriation for fiscal year 2009—to enhance the lending capacity of CDFIs. The new legislation also contained an additional \$3 billion of New Markets Tax Credit allocation authority that is being evenly divided between the 2008 and 2009 rounds of the program.

The CDFI Fund implemented the Recovery Act funding with remarkable success. Just four and a half months after the enactment of the Recovery Act, the CDFI Fund announced financial assistance awards to 59 CDFIs and to 10 Native CDFIs. In just 60 days following the award announcement, the CDFI Fund had disbursed 100 percent of the funds awarded to CDFIs through the Recovery Act. In addition, the CDFI Fund also re-opened the New Markets Tax Credit Program application round to award an additional \$1.5 billion of Recovery Act allocation authority within 100 days of enactment, and closed all of the award agreements within 30 days of the award announcement.

These ARRA awards and the 2010 and 2011 Budget requests are a part of the Administration’s efforts to invest directly in communities and support community institutions across the country that address a wide variety of economic development issues. These investments are generating capital for first-time homebuyer loans, providing investments in small businesses and microenterprises, and supporting the development of affordable housing and community facilities across the country. Additionally, many of the CDFIs that have received support are engaged in innovative

lending to support foreclosure prevention efforts, encouraging entrepreneurs to launch small businesses, expanding bilingual credit unions, and offering alternatives to payday and predatory lenders.

Finally, award disbursements represent only one way that the CDFI Fund has been helping to address the economic crisis. Last fall, as the crisis deepened, the CDFI Fund formed a new Advisory Board Subcommittee to determine the impact of the crisis on the institutions that the CDFI Fund supports and to offer policy recommendations to increase our support. Many recommendations have already been implemented, including the launching a new Capacity-Building Initiative for CDFIs.

**Staffing:**

The CDFI Fund will implement and manage new and expanding award programs and initiatives in FY 2011. In order to accomplish successful implementation and management of these Administration priorities, the CDFI Fund has requested funding in FY 2011 to support additional staff and office space. To support the Healthy Food Financing Initiative, new subject matter experts with extensive knowledge in the financing of grocery stores and other healthy food retailers in underserved communities will be required. In addition, to support the Bank on USA initiative new subject matter experts with significant experience developing consumer credit products for households and consumer awareness will be required.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.1 – Budget Adjustments Table

(Dollars in Thousands)

<b>Community Development Financial Institutions Fund</b>	<b>FTE</b>	<b>Amount</b>
FY 2010 Enacted	84	246,750
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$289
FERS % Change	-	22
Non-Pay Inflation Adjustment	-	85
Pay Annualization	-	54
Pay Inflation Adjustment	-	128
Efficiencies Savings:	-	(\$151)
Procurement Savings	-	(151)
Subtotal FY 2011 Changes to Base	-	\$138
<b>Total FY 2011 Base</b>	<b>84</b>	<b>246,888</b>
Program Changes:		
Program Decreases:	-	(\$109,150)
Bank Enterprise Award Program	-	(25,000)
Capital Magnet Fund	-	(80,000)
Financial Education and Counseling	-	(1,000)
Hawaii Financial Ed and Counseling	-	(3,150)
Program Increases:	6	\$112,262
Bank on USA	-	50,000
Healthy Food Financing Initiative	-	25,000
CDFI Program	-	32,400
Administration	6	4,862
New Markets Tax Credit Program	-	Inc.
Subtotal FY 2011 Program Changes	6	\$3,112
<b>Total FY 2011 Budget Request</b>	<b>90</b>	<b>250,000</b>

### 2A – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs) .....+\$289,000 / +0 FTE**

Non-Pay Inflation Adjustment +\$85,000 / +0 FTE

Funds are requested for non-pay related items such as contracts, travel, supplies, equipment, and GSA rent.

Pay Annualization +\$54,000 / +0 FTE

Funds are requested for the FY 2011 cost of the January 2010 pay raise.

Pay Inflation Adjustment +\$128,000 / +0 FTE

Funds are requested for the January 2011 pay raise.

FERS Percent Change +\$22,000 / +0 FTE

Funds are requested for the increase in agency retirement contribution percentages for GS employees from 11.2 percent to 11.5 percent for FY 2011 as required by OPM.

**Efficiencies Savings .....-\$151,000 / +0 FTE**

Procurement Savings -\$151,000 / 0 FTE

Reducing non-competitive actions and implementing the use of social-economic programs such as 8(a) and small business set-asides can achieve procurement savings. Other methods to achieve savings will be proper acquisition planning, strategic sourcing

(use of agency and government-wide contract vehicles) in order to obtain better pricing for commonly acquired goods and services.

**Program Increases .....\$112,262,000 / +6 FTE**  
**CDFI Program +\$32,400,000 / +0 FTE**

The FY 2011 Budget seeks to increase funding to support the greater demand for CDFI Program resources. In FY 2010, the CDFI Fund received 408 applications requesting \$467.4 million in assistance, a 97 percent increase from the \$237.7 million requested through the original, pre-Recovery Act application solicitation of the FY 2009 round. In FY 2009, the CDFI Fund awarded \$143 million through its financial assistance program to 121 certified CDFIs. An analysis of the CDFI Fund's application pool found that there were still 216 highly qualified and unfunded applicants for financial assistance grants that requested \$328,510,806. CDFIs use these awards to increase their overall capacity, and their ability to offer loans, investments and other financial services in underserved communities. Awards are used by CDFIs to, among other things, increase their net assets, create loan loss reserves, and offer subordinated debt products. As a result, CDFIs are able to significantly leverage CDFI Program awards. This translates into significantly more lending in support of small businesses and microenterprises, first time homeowners, and the development and rehabilitation of low-income housing and community facilities, such as charter schools and day care centers.

Through the CDFI Program, the CDFI Fund will continue the Capacity-Building Initiative launched in FY 2009 that will make new, specialized technical assistance and training available to CDFIs nationwide, enabling them to expand their lending activities and to spur economic growth in the communities they serve. Training will cover key issues currently affecting CDFIs and the communities they serve, including affordable housing and business lending, portfolio management, risk assessment, foreclosure prevention, financing of healthy food options, training in CDFI business processes, and assistance with liquidity and capitalization challenges. The Capacity-Building Initiative will also offer direct on-site technical assistance and individualized capacity-building plans in addition to focusing on extending CDFI coverage to underserved communities – including a specialized focus in rural areas.

**Healthy Food Financing Initiative +\$25,000,000 / +0 FTE**

The 2011 Budget provides funding for a new multi-year Healthy Food Financing Initiative (HFFI) that will 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. To support this initiative, the Departments of Agriculture, Health and Human Services, and Treasury have partnered to make available over \$400 million in financial and technical assistance to community development financial institutions, other nonprofits, public agencies, and businesses with sound strategies for addressing the healthy food needs of communities. These organizations will use federal grants, below-market rate loans, loan guarantees and tax credits to attract private sector capital for an even greater investment in projects that increase access to fresh produce and other healthy foods. The goal is to substantially reduce the number of food deserts in our nation over the next several years.



Food deserts are communities in which residents do not have access to affordable and healthy food options. Instead of supermarkets and grocery stores, these communities are typically served by fast food restaurants and convenience stores that offer little if any healthy options. This lack of access contributes to a poor diet and can lead to higher levels of obesity and other diet-related diseases, such as diabetes and heart disease. Most often, these communities are economically distressed and less attractive, under conventional financing, to retailers of healthy food. But effective local programs have shown that well-targeted financing and technical assistance can create viable business outcomes and access to healthier food options. Targeting federal financial assistance to these areas will not only increase the supply of healthy foods and create new markets for farmers, but also create jobs and support broader development efforts to revitalize distressed communities.

CDFIs are specialized financing institutions that have developed innovative and successful models to respond to a variety of needs in underserved communities, including demand for healthier food options. Grants and technical assistance to CDFIs will spur private sector investment, which will increase affordable financing for grocery store development; supplies and equipment to improve food production technology; improvements and modernization of food distribution mechanisms and infrastructure; and the development of outreach and training programs to bring healthy food options to even more communities.

*Bank on USA Initiative +\$50,000,000 / +0 FTE*

The Bank on USA Initiative will promote access to affordable and appropriate financial services and basic consumer credit products for households without access to such products and services. 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.

The Bank on USA Initiative would have several distinct components, including:

1. A grant program to seed local initiatives to bank the unbanked and provide appropriate financial products and services to unbanked and underbanked low- and moderate-income people;
2. Outreach and technical assistance, including the development of outreach and partnerships, education tools, and the maintenance of a web-based toolkit for practitioners, to states, localities and other entities engaged in efforts to achieve these goals;
3. Research and development on expanding access to bank accounts, including the development of model low-cost, simple banking products, as well as the development of model implementation and outreach strategies, which will include the integration of financial access and financial education;

4. Outreach to a broad array of financial institutions including national and community banks and credit unions, including but reaching well beyond CDFIs, to encourage adoption of model products and services;
5. An awareness campaign at the national and local levels aimed at the unbanked;
6. The facilitation of partnerships between local and national stakeholders, including partnerships between federal agencies, state and local governments, financial institutions, and non-profit organizations to improve coordination and effectiveness of efforts to bank the underbanked and unbanked.

Administration +\$4,862,000 / +6 FTE

Resources will be realigned to cover additional administrative support costs for IT enhancements, analyze the outcomes and impact of the CDFI Fund's programs, and to stand up and administer two high-priority initiatives—the Bank on USA Initiative (+4 FTE) and the Healthy Food Financing Initiative (+2 FTE). The CDFI Fund will set aside funds to cover costs associated with the projected move from its current location, due to the lease expiration in early 2012, and to monitor a growing portfolio of awards.

Additionally, resources will be utilized to administer and oversee a rapidly growing number of NMTC allocations and CDEs, in addition to assessing how changing economic conditions have affected the investment environment for NMTCs.

**Program Decreases.....-\$109,150,000/ -0 FTE**

Capital Magnet Fund -\$80,000,000 / -0 FTE

The CDFI Fund is proposing not to fund the CMF in FY 2011. Treasury will undertake a careful review of the impact of FY 2010 funding, and future resource decisions will be informed by this analysis.

Bank Enterprise Award Program -\$25,000,000 / -0 FTE

The CDFI Fund is proposing not to fund the BEA Program in FY 2011. Instead, the Fund will evaluate the enhancements made to the program in FY 2009 and FY 2010 and apply this analysis to future funding and programmatic decisions.

Financial Education and Counseling - \$1,000,000 / -0 FTE

The CDFI Fund is proposing not to fund the Financial Education and Counseling Pilot Program in FY 2011. The Bank on USA initiative will employ an educational campaign to improve the financial awareness of the underbanked and unbanked.

Hawaii Financial Education and Counseling - \$3,150,000 / -0 FTE

The CDFI Fund is proposing not to fund the Hawaii Financial Education and Counseling Program in FY 2011. The Bank on USA initiative will employ an educational campaign to improve the financial awareness of the underbanked and unbanked.

## 2.2 – Operating Levels Table

(Dollars in Thousands)

Community Development Financial Institutions Fund	FY 2009 ARRA	FY 2009 Enacted	FY 2010 President's Budget	Congressio nal Action Including Rescission	FY 2010 Enacted Level	Proposed Reprogra mmings	FY 2010 Proposed Operating Level	FY 2011 Requested Level
<b>FTE</b>	<b>0</b>	<b>75</b>	<b>84</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90</b>
Object Classification:								
11.1 - Full-time permanent	1,324	6,230	8,223		8,223	0	8,223	8,424
12 - Personnel benefits	326	1,619	2,060		2,060	0	2,060	2,060
21 - Travel and transportation of persons	0	114	119		119	0	119	119
22 - Transportation of things	0	20	20		20	0	20	20
23.1 - Rental payments to GSA	0	1,447	1,553		1,553	0	1,553	1,553
23.2 - Rental payments to others	0	189	190		190	0	190	190
23.3 - Comm, utilities, and misc charges	0	332	368	0	368	0	368	368
24 - Printing and reproduction	0	20	20	0	20	0	20	20
25.1 - Advisory and assistance services	350	2,522	1,023		1,023	0	1,023	4,323
25.2 - Other services	0	630	1,035		1,035	0	1,035	3,334
25.3 - Other purchases of goods and services from Govt. accounts	0	911	867		867	0	867	867
25.5 - Research and development contracts	0	0	1,500	0	1,500	0	1,500	1,500
26 – Supplies and materials	0	111	111		111	0	111	111
31 – Equipment	0	75	111	0	111	0	111	111
33 - Investments and loans	0	530	800	0	800	0	800	0
41 - Grants, subsidies, and contributions	98,000	92,250	225,600	3,150	228,750	0	228,750	227,000
<b>Total Budget Authority</b>	<b>100,000</b>	<b>\$107,000</b>	<b>\$243,600</b>	<b>\$3,150</b>	<b>\$246,750</b>	<b>\$0</b>	<b>\$246,750</b>	<b>\$250,000</b>
Budget Activities:								
Community Development Financial Institutions Program	90,000	59,750	113,600	-6,000	107,600	0	107,600	140,000
Bank Enterprise Award Program	0	22,000	22,000	3,000	25,000	0	25,000	0
Native Initiatives	8,000	8,500	10,000	2,000	12,000	0	12,000	12,000
Capital Magnet Fund			81,300	-1,300	80,000		80,000	
Administration	1,933	10,550	12,497	1,300	13,797	0	13,797	23,000
New Markets Tax Credit Program	67	4,200	4,203	0	4,203	0	4,203	Inc.
Financial Education and Counseling	0	2,000	0	1,000	1,000	0	1,000	0
Hawaii Financial Ed and Counseling				3,150	3,150		3,150	
Bank on USA Initiative	0	0	0	0	0	0	0	50,000
Healthy Food Financing Initiative	0	0	0	0	0	0	0	25,000
<b>Total Budget Authority</b>	<b>\$100,000</b>	<b>\$107,000</b>	<b>\$243,600</b>	<b>\$3,150</b>	<b>\$246,750</b>	<b>\$0</b>	<b>\$246,750</b>	<b>\$250,000</b>

## 2.3 – Appropriations Detail

(Dollars in Thousands)

Resources Available for Obligation	FY 2009 Enacted		FY 2009 ARRA Enacted		FY 2010 Enacted		FY 2011 Request		% Change FY 2010 to FY 2011	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>New Appropriated Resources:</b>										
Community Development										
Financial Institutions Program		\$59,750		\$90,000		\$107,600		\$140,000		30.01%
Bank Enterprise Award		\$22,000				\$25,000		\$0		-100.00%
Native Initiatives		\$8,500		\$8,000		\$12,000		\$12,000		0.00%
Capital Magnet Fund						\$80,000		\$0		-100.00%
Administration	60	\$10,550		\$1,933	69	\$13,797	90	\$23,000		27.78%
New Markets Tax Credit Program	15	\$4,200		\$67	15	\$4,203		Inc.		0.00%
Financial Education/Counseling		\$2,000				\$1,000		\$0		-100.00%
Hawaii Financial Ed and Counseling						\$3,150		\$0		-100.00%
Healthy Food Financing Initiative								\$25,000		100.00%
Bank on USA								\$50,000		100.00%
<b>Subtotal New Appropriated Resources</b>	<b>60</b>	<b>\$107,000</b>		<b>\$100,000</b>	<b>84</b>	<b>\$246,750</b>	<b>90</b>	<b>\$250,000</b>	<b>7.14%</b>	<b>1.32%</b>
<b>Other Resources:</b>										
Recoveries		500		0		500		0		N/A
Unobligated Balance		986		0		500		0		N/A
Offsetting Collections		500		0		500		899		N/A
Available multi-year/no-year funds		402		0		402		0		N/A
<b>Subtotal Other Resources</b>	<b>0</b>	<b>\$2,388</b>			<b>0</b>	<b>\$1,902</b>	<b>0</b>	<b>\$899</b>		
<b>Total Resources Available for Obligation</b>	<b>60</b>	<b>\$109,388</b>		<b>\$100,000</b>	<b>84</b>	<b>\$248,652</b>	<b>90</b>	<b>\$250,899</b>	<b>7.14%</b>	<b>0.90%</b>

## 2B – Appropriations Language and 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 sections 4707(d) and 4707(e) of title 12, United States Code, \$166,750,000] \$250,000,000, to remain available until September 30, [2011] 2012; of which \$12,000,000 shall be for financial assistance, technical assistance, training and outreach programs, under sections 105 through 109 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4704-4708), 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 [\$1,000,000 shall be available for the pilot project grant program under section 1132(d) of division A of the Housing and Economic Recovery Act of 2008 (Public Law 110-289); of which \$3,150,000 shall be for an additional pilot project grant to an eligible organization located in the State of Hawaii for financial education and pre-home ownership counseling as authorized in section 1132(d) of division A of the Housing and Economic Recovery Act of 2008 (Public Law 110-289), and], notwithstanding section 4707(d), up to \$25,000,000 shall be for a Healthy Food Financing Initiative to provide grants and loans 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 [up to \$18,000,000 may] \$50,000,000 shall be for financial assistance, technical assistance, training and outreach programs to community development financial institutions, other financial service organizations, non-profit organizations, states, and local governments, and partnerships of such entities (or a financial service organization designated as a fiscal agent on behalf of such entity) for the purpose of seeding local initiatives to establish bank accounts for low and moderate-income persons who do not have bank accounts with financial institutions, and providing appropriate financial products and services to underbanked persons, and for the purpose of encouraging such persons to enter into formal banking</p>	
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<p>relationships and access financial services and development services, and to evaluate the results of such efforts; of which up to \$23,000,000 may be used for administrative expenses, including administration of the New Markets Tax Credit; of which up to \$10,200,000 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: Provided, That the cost of direct 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.</p> <p>[For an additional amount to be transferred to the ``Capital Magnet Fund'', as authorized by section 1339 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 1301 et seq.), as amended by section 1131 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289), to support financing for affordable housing and economic development projects, \$80,000,000, to remain available until September 30, 2011: Provided, That, for fiscal year 2010, section 1339(h)(3) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by section 1131 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289), shall be applied by substituting the term ``at least 10 times the grant amount or such other amount that the Secretary may require'' for ``at least 10 times the grant amount''.] (Department of the Treasury Appropriations Act, 2010.)</p>	
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## Section 3 – Budget and Performance Plan

This table lists all FY 2011 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Department of the Treasury Strategic Plan, which is a corporate level plan for The Treasury Department that provides a description of what the agency intends to accomplish over the next five years.

For detailed information about the FY 2007-2012 Department of the Treasury Strategic Plan, please go to: <http://www.treas.gov/offices/management/budget/strategic-plan/>

### 3.1 – Budget by Strategic Outcome

(Dollars in Thousands)

Treasury Strategic Outcome	FY 2010 Enacted	FY 2011 Request	Percent Change
Economic competitiveness	246,750	250,000	1.32%
<b>Total</b>	<b>\$246,750</b>	<b>\$250,000</b>	<b>1.32%</b>

**3A – Community Development Financial Institutions Program** (*\$140,000,000 from direct appropriations*): Through the CDFI Program, the CDFI Fund provides Financial Assistance (FA) in the form of grants, loans, and equity investments to CDFIs, and Technical Assistance (TA) grants to CDFIs and entities that plan to become CDFIs.

- **FA** awards are in the form of grants, loans, and equity investments to CDFIs that have comprehensive business plans for creating community development impact and that demonstrate the ability to leverage private sector sources of capital.
- **TA** awards are for CDFIs and entities proposing to become CDFIs in order to build their capacity to advance community development and meet capital access needs in their target markets. TA awards can also be accessed by larger and more established CDFIs to support their continued development.

In February 2009, the CDFI Program received \$90 million in funds through the American Recovery and Reinvestment Act (the Recovery Act). In order to disburse the funding as quickly and efficiently as possible into the national economy, the CDFI Fund used the Recovery Act funding for awards made through the initial funding round. Applicants that did not receive an award in the initial funding round were also considered for an award during the supplemental funding round (using FY 2009 appropriated dollars), as described above. The Recovery Act waived the matching funds requirement, as well as the \$5 million limit on awards that an awardee can receive in a three-year period.

In the initial funding round (using Recovery Act dollars), the CDFI Program considered 125 applicants requesting a total of \$229.7 million. Fifty-nine awards were made totaling \$90 million, with individual awards ranging from \$500,000 to \$2 million. (Please see Table 1 for details.) Awards were announced on June 29, 2009, and funds were fully disbursed within 60 days.

In FY 2010, the CDFI Program received 408 applications requesting an estimated \$467 million.

### 3.2.1 – Community Development Financial Institutions Program Budget and Performance Plan

(Dollars in Thousands)

Community Development Financial Institutions Program Budget Activity						
Resource Level	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011
	Obligated	Obligated	ARRA	Obligated	Enacted	Request
Appropriated Resources	\$31,881	\$52,886	\$90,000	\$59,750	\$107,600	\$140,000
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$31,881</b>	<b>\$52,886</b>	<b>\$90,000</b>	<b>\$59,750</b>	<b>\$107,600</b>	<b>\$140,000</b>

<b>Budget Activity Total</b>	<b>\$31,881</b>	<b>\$52,886</b>	<b>\$90,000</b>	<b>\$59,750</b>	<b>\$107,600</b>	<b>\$140,000</b>
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Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
	Actual	Actual	Target	Actual	ARRA	Target	Target
Administrative costs per Financial Assistance (FA) application processed (E)	7,180	7,200	6,920	3,283	N/A	DISC	DISC
Administrative cycle time from the date when applications are received to the date of award announcement in months (E)	N/A	N/A	N/A	N/A	N/A	8	8
Administrative time from date of award announcement to date of disbursement in months (E)	N/A	N/A	N/A	N/A	N/A	2	2
Dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund Financial Assistance (\$ millions) (Oe)	778	621	635	1,298	N/A	600*	700*
Number of full-time equivalent jobs created or maintained in underserved communities by businesses financed by CDFI Program Awardees (Oe)	35,022	29,539	30,000	70,260	4,700#	85,000	85,000

Key: Oe – Outcome Measure, E – Efficiency Measure, Ot - Output/Workload Measure, DISC - discontinued. \*Note that the matching funds requirement was waved by Congress for FY 2009 and FY 2010 due to the economic crisis. In addition, the performance data for FY2010 and 2011 will be based on the prior year activity (2009 and 2010 respectively) and the targets are set at half the level indicated by trends prior to the financial crisis. # Note that the FTE job target for ARRA funds per OMB guidance must exclude leveraged funds and must only report the proportional contribution of CDFIs lending on job creation. Reports of FTE job creation for other years represent the full effects of leveraged funds and project leverage for the CDFIs loan portfolio.

*Description of Performance:* In FY 2009, CDFIs reported leveraging from private investment in the prior year nearly \$1.3 billion (based on reporting from program year 2008 results), which was more than double the target of \$635 million; this success was largely due to increased program funding which was met by private sector commitments before the full onset of the financial crisis. As a result, CDFIs helped provide funds for projects that created or maintained 70,260 jobs, which exceeded the target of 30,000 jobs.

**3B – New Markets Tax Credit Program** (*included under Administration appropriations*): The NMTC Program spurs the investment of new private sector capital into low-income areas through CDEs, which in turn use the privately managed investment vehicles to make loans and equity investments in businesses and real estate projects in low-income communities.



By making an equity investment in a CDE, individual and corporate investors can receive a tax credit against their federal income taxes worth 39 percent of the value of the amount invested in the CDE over seven years.

In FY 2009, NMTC Program received 249 applications requesting a total of \$22.5 billion in investment authority through the NMTC Program.

### 3.2.2 – New Markets Tax Credit Program Budget and Performance Plan

(Dollars in Thousands)

New Markets Tax Credit Program Budget Activity						
Resource Level	FY 2007 Obligated	FY 2008 Obligated	FY 2009 ARRA	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	\$4,258	\$4,120	\$67	\$4,200	\$4,203	Inc.
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$4,258</b>	<b>\$4,120</b>	<b>\$67</b>	<b>\$4,200</b>	<b>\$4,203</b>	<b>Inc.</b>

<b>Budget Activity Total</b>	<b>\$4,258</b>	<b>\$4,120</b>	<b>\$67</b>	<b>\$4,200</b>	<b>\$4,203</b>	<b>\$5,200</b>
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Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	ARRA	FY 2010 Target	FY 2011 Target
Administrative costs per number of New Markets Tax Credit (NMTC) applications processed (\$) (E)	5,320	7,400	4,875	3,254	N/A	DISC	DISC
Administrative cycle time from the date when applications are received to the date of award announcement in months (E)	N/A	N/A	N/A	N/A	N/A	6	6
Administrative time from date of award announcement to date of disbursement in months (E)	N/A	N/A	N/A	N/A	N/A	2	2
Community Development Entities' (CDEs) annual investments in low-income communities (\$ billions) (Oe)	2.5	3.3	2.5	3.6	N/A	2.5	2.5
Number of full-time equivalent jobs projected to be created or maintained in underserved communities.	N/A	N/A	N/A	N/A	N/A	B	60,000

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, B - baseline, and DISC - Discontinued

*Description of Performance:* In FY 2009, the NMTC Program competitively awarded \$6.5 billion in NMTC allocation authority to CDEs, including both Recovery Act rounds, which provided tax credit allocation authority to Community Development Entities (CDEs) for targeted investments in low-income communities. As reported in FY 2009 (based on reporting from program year 2008 results), cumulative investments in low-income communities by CDEs rose to \$12.5 billion (exceeding the performance target by \$1.1 billion), and an annual increase of \$3.6 billion over the prior year (exceeding the annual target by \$1.1 billion).

**3C – Bank Enterprise Award Program (\$0 from direct appropriations):** The CDFI Fund is proposing not to fund the BEA Program in FY 2011.

### 3.2.3 – Bank Enterprise Award Program Budget and Performance Plan

(Dollars in Thousands)

#### Bank Enterprise Award Program Budget Activity

Resource Level	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011
	Obligated	Obligated	ARRA	Obligated	Enacted	Request
Appropriated Resources	\$12,551	\$19,981	\$0	\$22,000	\$25,000	\$0
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$12,551</b>	<b>\$19,981</b>	<b>\$0</b>	<b>\$22,000</b>	<b>\$25,000</b>	<b>\$0</b>
<b>Budget Activity Total</b>	<b>\$12,551</b>	<b>\$19,981</b>	<b>\$0</b>	<b>\$22,000</b>	<b>\$25,000</b>	<b>\$0</b>

Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
	Actual	Actual	Target	Actual	ARRA	Target	Target
Administrative costs per number of Bank Enterprise Award (BEA) Applications processed (\$) (E)	1,950	3,070	1,455	2,366	N/A	DISC	N/A
Administrative cycle time from the date when applications are received to the date of award announcement in months (E)	N/A	N/A	N/A	N/A	N/A	6	N/A
Administrative time from date of award announcement to date of disbursement in months (E)	N/A	N/A	N/A	N/A	N/A	2	N/A
Commercial real estate properties financed by BEA Program applicants that provide access to essential community products and services in underserved communities (Oe)	301	287	285	500	N/A	DISC	N/A
Increase in community development activities over prior year for all BEA Program applicants (\$ million) (Oe)	227	232	202	292	N/A	210	N/A

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and DISC - Discontinued

*Description of Performance:* The CDFI Fund received 58 applications requesting a total of \$57 million in FY 2009, compared to 60 applications requesting approximately \$47 million in FY 2008. The CDFI Fund selected 55 FDIC-insured institutions to receive approximately \$22 million in awards. The FY 2009 applicants are headquartered in 25 states and the District of Columbia, compared to the 19 states represented in the prior year.

FY 2009 applicants provided \$310.6 million in qualified loans or investments in distressed communities, \$173.7 million in qualified loans, deposits and technical assistance to CDFIs, and \$53.2 million in qualified financial services in distressed communities.

FY 2009 BEA awardees increased their qualified community development activities by \$292.3 million over the prior year:

- \$214.2 million increase in loans and investments in distressed communities;
- \$74.6 million increase in loans, deposits, and TA to CDFIs; and
- \$3.5 million increase in financial services and deposit in distressed communities.

BEA awards are made based on an increase in the applicant's community development financing activity from one year to the next. The increase in lending in distressed communities reported in the FY 2009 funding round is significantly higher than FY

2008's increase in similar activities. This is partly attributable to the increase in the percentage of CDFI bank awardees as compared to FY 2008. The FY 2009 funding round also saw an increase in financing provided to CDFIs over FY 2008 application levels.

In FY 2009, the CDFI Fund issued a revised interim rule for the BEA Program that required BEA Program awardees to use BEA award proceeds for certain qualified community development financing purposes (in addition to having demonstrated the increase in prior year community development activity).

**3D – Native Initiatives** (\$12,000,000 from direct appropriations): The Native Initiatives are intended to assist entities in overcoming barriers that prevent access to credit, capital and financial services in Native American, Alaskan Native, and Native Hawaiian communities. Native Initiatives' central program is the NACA Program, which increases the number and capacity of existing or new CDFIs serving Native Communities. In addition, the Native Initiatives provide training to help strengthen and develop Native CDFIs.

In February 2009, the CDFI Fund received \$8 million in appropriations under the Recovery Act for the NACA Program. In order to disburse the funding as quickly and efficiently as possible into the national economy, Recovery Act funding was used for awards made through the initial funding round.

The Recovery Act waived the matching funds requirement as well as the \$5 million limit an awardee can receive in a 3-year period. During FY 2009, the NACA Program considered 10 applicants requesting \$8 million for Recovery Act funding. Awards were made to all the awardees for \$8 million with awards capped at \$730,000. Awards were made for FA as well as TA. Awards were announced on July 1 and fully disbursed within 60 days.

In FY 2010, the NACA Program received 61 applications requesting an estimated \$23.7 million.

### 3.2.4 – Native Initiatives Budget and Performance Plan

(Dollars in Thousands)

Native Initiatives Budget Activity						
Resource Level	FY 2007 Obligated	FY 2008 Obligated	FY 2009 ARRA Obligated	FY 2010 Enacted	FY 2011 Request	
Appropriated Resources	\$5,816	\$7,327	\$8,000	\$8,500	\$12,000	\$12,000
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$5,816</b>	<b>\$7,327</b>	<b>\$8,000</b>	<b>\$8,500</b>	<b>\$12,000</b>	<b>\$12,000</b>
<b>Budget Activity Total</b>	<b>\$5,816</b>	<b>\$7,327</b>	<b>\$8,000</b>	<b>\$8,500</b>	<b>\$12,000</b>	<b>\$12,000</b>

Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
	Actual	Actual	Target	Actual	ARRA	Target	Target
Administrative costs per number of Native American CDFI Assistance (NACA) applications processed (E)	13,510	10,990	9,090	3,162	N/A	DISC	DISC
Administrative cycle time from the date when applications are received to the date of award announcement in months (E)	N/A	N/A	N/A	N/A	N/A	6	6
Administrative time from date of award announcement to date of disbursement in months (E)	N/A	N/A	N/A	N/A	N/A	2	2
Annual percentage increase in the total assets of Native CDFIs (%) (Oe)	19	19	15	23	N/A	15	19

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and DISC - Discontinued

*Description of Performance:* In FY 2009, the Native Initiatives, which provides financial assistance, technical assistance, and training to Native CDFIs and other Native entities seeking to become or create Native CDFIs, registered a 23 percent increase in the total assets of Native CDFIs in the program year.

**3E – Capital Magnet Fund (\$0 from direct appropriations):** The CMF, authorized by the Housing and Economic Recovery Act of 2008, is a program administered by the CDFI Fund for the purpose of increasing capital investment for the development, preservation, rehabilitation, or purchase of affordable housing for low-, very low-, and extremely low-income families, and related economic development activities. As initially conceived, the CMF was to be capitalized through proceeds from Fannie Mae and Freddie Mac, projected by the Congressional Budget Office to exceed \$156.1 million in FY 2011. The CDFI Fund is proposing not to fund the CMF in FY 2011 but will monitor the FY 2010 award disbursements and evaluate the community development impact.

### 3.2.5 – Capital Magnet Fund Budget and Performance Plan

(Dollars in Thousands)

Capital Magnet Fund Budget Activity							
Resource Level	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011	
	Obligated	Obligated	ARRA	Obligated	Enacted	Request	
Appropriated Resources		\$0	\$0	\$0	\$80,000	\$0	
Reimbursable Resources		\$0	\$0	\$0	\$0	\$0	
<b>Total Resources</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,000</b>	<b>\$0</b>	
<b>Budget Activity Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,000</b>	<b>\$0</b>	

Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
	Actual	Actual	Target	Actual	ARRA	Target	Target
Number of affordable housing units developed or produced (Oe)	N/A	N/A	N/A	N/A	N/A	Baseline	N/A
Number of jobs produced (e.g., construction jobs at the housing development) (Oe)	N/A	N/A	N/A	N/A	N/A	Baseline	N/A
Leverage ratio (outside dollars raised to CMF grant) (Oe)	N/A	N/A	N/A	N/A	N/A	Baseline	N/A
Deployment rate (time from receipt of grant to obligation of funds) (E)	N/A	N/A	N/A	N/A	N/A	Baseline	N/A

Key: Oe - Outcome Measure, E - Efficiency Measure, and Ot - Output/Workload Measure

*Description of Performance:* The CDFI Fund will use its existing CDFI program metrics, with some customization, to measure performance of the Capital Magnet Fund.

Awardees will be required to report annually for five years using the existing electronic reporting system at the CDFI Fund. Proposed metrics include:

- Number of affordable housing units developed or produced
  - Number/percentage of low-income renters/owners
  - Number/percentage of very low-income renters/owners
- Number of jobs produced (e.g., construction jobs at the housing development)
- Leverage ratio (outside dollars raised to CMF grant)
- Deployment rate (time from receipt of grant to obligation of funds)

**3F – Administration** (\$23,000,000 from direct appropriations): This budget activity encompasses the CDFI Fund’s operational support and management activities for each of its award programs. This includes finalizing the terms of assistance agreements with awardees, making disbursements, and monitoring awardee compliance with the terms of assistance and allocation agreements.

The CDFI Fund will continue to enhance compliance monitoring of all awardees in each CDFI Fund program in FY 2011. The CDFI Fund has developed IT systems that allow awardees to report information to the CDFI Fund through on-line reporting tools, as well as IT systems that monitor the report submissions against the awardee’s assistance agreement to flag any incidence of non-compliance. CDFI Fund staff also engage in compliance site visits to further review the activities and record-keeping of CDFIs and CDEs.

Through strategic research, the CDFI Fund will analyze the impact and outcome of its programs as well and determine how changing economic conditions have affected the operating environment and altered the supply and demand for capital and financial services in underserved and economically distressed communities.

In FY 2011, the CDFI Fund will continue its efforts to improve business processes and realize efficiency gains in program administration, completing the transition to the shared service provider model in its financial management and IT support functions begun in FY 2009.

Since the CDFI Fund’s inception in 1994, the business processes and types of programs have evolved and undergone changes and modifications. The corresponding changes in the IT systems and applications used to manage the awards process, however, have not been made based on a unified architecture and/or a common technology platform. Instead, the IT system has been under recurrent modifications subject to stove-piped designs and varying business requirements. The management information system needs to be replaced with a more efficient, reliable, scalable, and cost effective system that fully integrates all phases of the information system lifecycle.

The CDFI Fund's responsibilities are expanding as new award programs are entrusted to it for management and oversight—increasing the need for a reliable, efficient, and scalable awards management information system. The current IT systems applications are not flexible or scalable enough to fully support additional projects. The CDFI Fund will explore ways to improve IT systems, including contracting with a shared service provider that can support CDFI Fund's grants management current and future needs more efficiently.

The Administration budget activity also includes resources to implement an external program evaluation of the CDFI Program and NACA Program to assess the long-term impact of increased access to financial services for economically distressed communities and underserved populations. In addition, the CDFI Fund must find adequate office space and take the necessary steps to move the operations of the headquarters of the CDFI Fund in a rapid seamless and cost-effective manner. The estimated cost to relocate is approximately \$2 million.

### 3.2.6 – Administration Budget and Performance Plan

(Dollars in Thousands)

Administration Budget Activity						
Resource Level	FY 2007 Obligated	FY 2008 Obligated	FY 2009 ARRA	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	\$9,410	\$8,997	\$1,933	\$10,550	\$13,797	\$17,800
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$9,410</b>	<b>\$8,997</b>	<b>\$1,933</b>	<b>\$10,550</b>	<b>\$13,797</b>	<b>\$17,800</b>
<b>Budget Activity Total</b>	<b>\$9,410</b>	<b>\$8,997</b>	<b>\$1,933</b>	<b>\$10,550</b>	<b>\$13,797</b>	<b>\$17,800</b>

Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	ARRA	FY 2010 Target	FY 2011 Target
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Please see programmatic budget activity performance tables for administrative cost and cycle time measures

Key: *Oe* - Outcome Measure, *E* - Efficiency Measure, and *Ot* - Output/Workload Measure

#### Description of Performance:

The CDFI Fund has made significant progress enhancing program administrative business processes, enabling quicker award disbursements. A new “administrative productivity measure” will be implemented beginning in FY 2010. This measure will replace the old “administrative efficiency” measure, which was intrinsically difficult to compute because it required allocating a share of organizational overhead to each program. The new program-level measure has two components:

- Cycle time from the date when applications are received to the date of award announcement; and
- Time from date of award announcement to date of disbursement.

These new administrative measures will be developed for each program administered by the CDFI Fund. These measures were first tested in deploying the CDFI Fund's Recovery Act programs. In FY 2009, the CDFI Fund, exactly two months after awards

were announced for community development grants through the Recovery Act, completely disbursed all \$98 million to 59 CDFIs and 10 Native CDFIs. In addition, The CDFI Fund entered into allocation agreements with CDEs for \$1.5 billion in Recovery Act Tax Credit Authority within 60 days of providing them with a Notice of Award.

In fiscal year 2009, the following performance measures capture the administration efficiency of the CDFI Fund.

- CDFI Program administrative cost per financial assistance application processed was \$3,283, less than half of the target of \$6,920, largely due to improved cost accounting for the actual direct and imputed costs for processing applications and the higher volume of applications due to Recovery Act awards.
- Native American CDFI Assistance Program administrative cost per financial assistance application processed was \$3,162, substantially below the target of \$9,090, due largely to improved cost accounting for application processing and a higher volume of applications associated with Recovery Act awards.
- New Market Tax Credit Program administrative costs per application were \$3,254, substantially below the target of \$4,875. The improvement was largely due to improved cost accounting for application processing and a higher volume of applications as a result of Recovery Act awards.
- The Bank Enterprise Award Program administrative cost per application processed was \$2,366, 61 percent higher than the target of \$1,455, but significantly below the 2008 cost of \$3,070. Higher costs were largely due to the procurement of additional services to assist in processing high volumes of applications.

**3G – Healthy Food Financing Initiative** (\$25,000,000 from direct appropriations): A component of the CDFI Program, HFFI will expand the financing of healthy food alternatives in low-income neighborhoods.

### 3.2.7 Healthy Food Financing Initiative Budget and Performance Plan

(Dollars in Thousands)

Healthy Food Financing Initiative Budget Activity						
Resource Level	FY 2007 Obligated	FY 2008 Obligated	FY 2009 ARRA Obligated	FY 2010 Enacted	FY 2011 Request	
Appropriated Resources	\$0	\$0	\$0	\$0	\$0	\$25,000
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>
<b>Budget Activity Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$25,000</b>

Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
	Actual	Actual	Target	Actual	ARRA	Target	Target
Administrative cycle time from the date when applications are received to the date of award announcement in months (E)	N/A	N/A	N/A	N/A	N/A	N/A	6
Administrative time from date of award announcement to date of disbursement in months (E)	N/A	N/A	N/A	N/A	N/A	N/A	2
Additional performances measures are currently under development							

Key: Oe - Outcome Measure, E - Efficiency Measure, and Ot - Output/Workload Measure

*Description of Performance:* Performance measures will be developed during FY 2010 and implemented in FY 2011.

**3H – Bank on USA Initiative (\$50,000,000 from direct appropriations):** To promote access to affordable and appropriate financial services and basic consumer credit products for households without access to such products and services. 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.

### 3.2.8 - Bank on USA Initiative Budget and Performance Plan

(Dollars in Thousands)

Bank on USA Initiative Budget Activity							
Resource Level	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011	
	Obligated	Obligated	ARRA	Obligated	Enacted	Request	
Appropriated Resources		\$0	\$0	\$0	\$0	\$0	\$50,000
Reimbursable Resources		\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>
<b>Budget Activity Total</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,000</b>

Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
	Actual	Actual	Target	Actual	ARRA	Target	Target
Administrative cycle time from the date when applications are received to the date of award announcement in months (E)	N/A	N/A	N/A	N/A	N/A	N/A	6
Administrative time from date of award announcement to date of disbursement in months (E)	N/A	N/A	N/A	N/A	N/A	N/A	2
Additional performances measures are currently under development							

Key: Oe - Outcome Measure, E - Efficiency Measure, and Ot - Output/Workload Measure

*Description of Performance:* Performance measures will be developed during FY 2010 and implemented in FY 2011.

**3 I – Financial Education and Counseling (\$0 from direct appropriations):** The CDFI Fund is not proposing to fund the Financial Education and Counseling Pilot Program in FY 2011. The Bank on USA initiative will employ an educational campaign to improve the financial awareness of the underbanked and unbanked.



### 3.2.9 – Financial Education and Counseling Budget and Performance Plan

(Dollars in Thousands)

Financial Education and Counseling Budget Activity						
Resource Level	FY 2007 Obligated	FY 2008 Obligated	FY 2009 ARRA	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	\$0	\$0	\$0	\$0	\$1,000	\$0
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,000</b>

<b>Budget Activity Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$0</b>
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Measure	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	ARRA	FY 2010 Target	FY 2011 Target
Administrative cycle time from the date when applications are received to the date of award announcement in months (E)	N/A	N/A	N/A	N/A	N/A	6	6
Administrative time from date of award announcement to date of disbursement in months (E)	N/A	N/A	N/A	N/A	N/A	2	2
Number of people receiving counseling (Oe)	N/A	N/A	N/A	N/A	N/A	B	N/A
Number of hours or training provided (Oe)	N/A	N/A	N/A	N/A	N/A	B	N/A

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and B - baseline

*Description of Performance:* The Financial Education and Counseling (FEC) Pilot Program has yet to issue any awards and the CDFI Fund is developing performance metrics based on number of clients provided critical financial literacy or for prospective homebuyers provided financial education and counseling services, and will develop outcome measures to track resulting impacts on the number who increased their credit score, and the number who were able to purchase a home at a good rate. The CDFI Fund staff will review data to be requested of awardees and set appropriate measures. The CDFI Fund will further develop these performance measures during FY 2010 and implement them in FY 2011.

**3J – Hawaii Financial Education and Counseling (\$0 from direct appropriations):** The CDFI Fund is not proposing to fund the Hawaii Financial Education and Counseling Program in FY 2011. The Bank on USA initiative will employ an educational campaign to improve the financial awareness of the underbanked and unbanked.

### 3.2.10 – Hawaii Financial Education and Counseling Budget and Performance Plan

(Dollars in Thousands)

Hawaii Financial Education and Counseling Budget Activity						
Resource Level	FY 2007 Obligated	FY 2008 Obligated	FY 2009 ARRA	FY 2009 Obligated	FY 2010 Enacted	FY 2011 Request
Appropriated Resources	\$0	\$0	\$0	\$0	\$3,150	\$0
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,150</b>	<b>\$0</b>

<b>Budget Activity Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,150</b>	<b>\$0</b>
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Measure	FY 2007	FY 2008	FY 2009			FY 2010	FY 2011
	Actual	Actual	Target	Actual	ARRA	Target	Target
Administrative cycle time from the date when applications are received to the date of award announcement in months (E)	N/A	N/A	N/A	N/A	N/A	6	6
Administrative time from date of award announcement to date of disbursement in months (E)	N/A	N/A	N/A	N/A	N/A	2	2
Number of people receiving counseling (Oe)	N/A	N/A	N/A	N/A	N/A	B	N/A
Number of hours or training provided (Oe)	N/A	N/A	N/A	N/A	N/A	B	N/A

*Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and B - baseline*

*Description of Performance:* Performance measures will be consistent with the Financial Education and Counseling measures and will be implemented in FY 2011.

For detailed information about each performance measure, including definition, verification and validation, please go to: <http://treas.gov/offices/management/budget/>

## **Section 4 – Supporting Materials**

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### **4A – Human Capital Strategy Description**

The CDFI Fund's Human Capital and Operational strategy is to implement an operational structure and procedures to best further the mission and operations of the Fund through staff employment/retention, recognition, employee relations, and performance and development.

The CDFI Fund's Human Capital Strategic Plan has been developed to respond to three major strategic goals aligned with the CDFI Fund's mission: Organizational Effectiveness, Recruitment and Diversity, and Employee Retention and Satisfaction.

#### **Organizational Effectiveness**

During FY 2008 and FY 2009, the CDFI Fund underwent an evaluation of the efficiency and effectiveness of its operations through extensive internal assessments of every business unit within the CDFI Fund to determine what was working well, what areas needed improvement, and where the organization overall may be duplicating services and/or costs. During this process managers and line employees played an active role in working with various contractors and assessors to capture pertinent business processes.

Based on these assessments the CDFI Fund is on the path of streamlining its business processes so that the organization may focus on its mission of expanding the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States. The CDFI Fund is accomplishing this through leveraging already established operational programs through Departmental Offices such as informational technology, financial management, human resources, and travel services.

In addition, the CDFI Fund realigned itself through reorganization during the last quarter of FY 2009 and the first quarter of FY 2010. The reorganization is intended to enhance mission accomplishment by allowing the CDFI Fund to focus fully on the core work – the awards programs, as well as eliminate duplication and reduce costs for essential (non-program) services. The reorganization will also result in increased efficiencies and greater accountability for managers.

During the second quarter of FY 2010, the CDFI Fund will be developing a three to five year strategic plan that coincides with the growing needs of the CDFI community. Through professional facilitation, employees at all levels will be fully involved in crafting ideas and approaches that will enhance the CDFI Fund's mission.

To also ensure mission success into the future, the CDFI Fund needs a diverse group of employees and leaders who are able to produce results and who are able to inspire, motivate and guide others to produce. During FY 2010 and the first quarter of FY 2011,

the CDFI Fund will launch the *Fund Academy* which will be a key training and development and succession-planning tool designed to ensure that the CDFI Fund has the staff it needs to achieve mission success. The Fund Academy is intended to prepare staff to take on higher and broader roles and responsibilities in their area of technical responsibility; provide opportunities to obtain an understanding of customer and industry issues; enhance understanding, effectiveness and mobility across programs and business units; provide opportunities to participate and contribute while learning; and create a culture of current and future leaders who value people and understand and focus on achieving valuable results that matter to the community we serve.

### **Recruitment and Diversity**

During FY 2009 the CDFI Fund aggressively staffed its vacant positions using its established formal recruitment strategies, policies and procedures intended to recruit the best candidates in the public and private sectors. The CDFI Fund continues to be dedicated to recruiting a diverse pool of employees to replicate the diverse constituents it serves. During FY 2010 and FY 2011, the CDFI Fund will continue the Director's initiative of reaching out to organizations such as the Hispanic National Internship Program, the Washington Internships for Native American Students (WINS), Historically Black Colleges and Universities, and to trade organizations that represent persons with disabilities. Given the current economic challenges in the CDFI community, the CDFI Fund will also target individuals from the community and economic development communities who share a common interest in the customers we serve. This will help bring professional depth and years of specialized experience to enhance the CDFI Fund's mission.

In addition, the CDFI Fund intends to continue to grow its Compliance Monitoring and Evaluation unit to emphasize increased monitoring of awardee and allocatee compliance with the terms of assistance agreements, including a adoption of a risk-based approach which will entail more site visits.

### **Employee Retention and Satisfaction**

During FY 2009, the CDFI Fund began to survey its employees to identify opportunities for improvement. This initiative will continue with subsequent surveys throughout FY 2010 and FY 2011. The Director also fully intends to continue monthly "Brown Bag" lunches with line staff in order to stay connected to their needs and concerns. The lunches help employees with understanding the decisions that are made throughout the organization and provides them an opportunity to share their ideas with the Director. In order to promote a fully engaged workforce, senior management would like to ensure employee's ideas and recommendations are captured early through meetings, working groups, policy discussions and other productive methods.

Through the CDFI Fund Employee Recognition and Award Program, managers and line-staff will be able to continue to acknowledge employee contributions over and above what is expected with "Quality" performance. The Award Program is designed to

promote continual improvement of the CDFI Fund's programs and operations through motivation and rewarding employees in keeping with its vision: an America in which all people have access to affordable credit, capital and financial services. Awards consist of Special Act Awards, On-the-Spot Awards, Time Off Awards, and non-monetary awards such as certificates and tours of historical landmarks in the Washington, D.C. area that also promote diversity.

## 4.1 – Summary of IT Resources Table

Information Technology Investments		FY 2008	FY 2009		FY 2010		FY 2011	
Major IT Investments / Funding Source	Budget Activity	Enacted	Enacted	% Change from FY08 to FY09	President's Budget	% Change from FY09 to FY10	Requested	% Change from FY10 to FY11
None		\$0	\$0		\$0		\$0	
<b>Subtotal, Major IT Investments</b>		<b>\$0</b>	<b>\$0</b>		<b>\$0</b>		<b>\$0</b>	
Community Investment Impact System (CIIS)	Community Development Financial Institutions and New Market Tax Credit Program	\$414	\$427	-3.1%	\$450	-5.4%	\$475	5.6%
<b>Non-Major IT Investments</b>		<b>\$414</b>	<b>\$427</b>	<b>3.1%</b>	<b>\$450</b>	<b>5.4%</b>	<b>\$475</b>	<b>5.6%</b>
<b>CDFI Infrastructure (Office Automation)</b>	Community Development Financial Institutions, New Market Tax Credit Program, Bank Enterprise Awards Program, and Native Initiatives Program	\$1,966	\$2,179	-10.8%	\$2,584	-18.6%	\$3,050	18.0%
<b>CDFI Infrastructure (IT Security)</b>	Community Development Financial Institutions, New Market Tax Credit Program, Bank Enterprise Awards Program, and Native Initiatives Program	\$364	\$0		\$80		\$100	25.0%
<b>CDFI Infrastructure (Infrastructure)</b>	Community Development Financial Institutions, New Market Tax Credit Program, Bank Enterprise Awards Program, and Native Initiatives Program	\$335	\$335		\$355	-6.0%	\$500	40.8%
<b>Infrastructure Investments</b>		<b>\$2,665</b>	<b>\$2,514</b>	<b>5.7%</b>	<b>\$3,019</b>	<b>-20.1%</b>	<b>\$3,650</b>	<b>20.9%</b>
None								
<b>Enterprise Architecture</b>								
<b>Total IT Investments</b>		<b>\$3,079</b>	<b>\$2,941</b>	<b>-4.5%</b>	<b>\$3,469</b>	<b>18.0%</b>	<b>\$4,125</b>	<b>18.9%</b>

#### **4B – Information Technology Strategy**

The CDFI Fund does not have any Major IT investments (using Department of the Treasury guidelines for defining Major IT investments) and, as such, is not required to submit an OMB 300. The CDFI Fund submits the Exhibit 53 for No Major IT investments. However, the CDFI Fund's Chief Operations Officer (COO) ensures all decision making is integrated into the organizations planning, operations and budgeting processes. The Lead IT Supervisor assists the COO to ensure the existing processes and structures supporting IT investments are tied to the organization's strategic plan, support the agency's mission and remain strictly within the approved budget.

The Lead IT Specialist is responsible for ensuring that the agency's IT strategic goals conform to required legislation, the Department of the Treasury, and Presidential goals, such as the Federal Information Security Management Act (FISMA), Grants.gov, and the Information Technology Infrastructure Line of Business (ITILoB). This information, as well as budget and project management information for the Capital Planning and Investment Control process, is coordinated with the Department of the Treasury Office of the Chief Information Officer as part of the agency's IT management process.

## 4.2 – Program Assessment Table

Program Name: CDFI Fund—Finance and Technical Assistance

Assessment and Improvement Actions (Bureau Actions Planned of Underway)

- The Fund made disaggregated data available to the public in January 2005 and will continue to do so annually.
- A Contract to evaluate the CDFI Training and Certification Program was awarded in 2005 and completed in August 2007.
- The CDFI Fund intends to award a competitive contract in FY 2011 for conducting an external evaluation of the long-term economic development impact of the Financial and Technical Assistance program.
- During fiscal year 2009, CDFI did not meet its goal of making Recovery Act awards within 120 days of the enactment of the Recovery Act. Awards were provided to awardees within 134 days of the law's enactment. However this marked an improvement of 121 days, or nearly 50 percent, over the fiscal year 2008 level.
- The CDFI Fund disbursed 100 percent of all Recovery Act awards within 60 days of the date of award notification, an improvement of 210 days (78 percent) over the fiscal year 2008 result of 270 days.
- During 2009, the CDFI Fund sought to make Recovery Act awards within 120 days of enactment of the Recovery Act. Although CDFI did not meet its target, the notice of award was provided to awardees within 133 days of enactment. This is an improvement of 167 days, nearly 50 percent faster than fiscal year 2008.
- During 2009, the CDFI Fund exceeded its goal to disburse 85 percent of all Recovery Act awards within 60 days of the date of award notification; 100 percent of awards were made in this time frame. This represents a 70 percent improvement from fiscal year 2008, going from 210 days to 60 days.

Program Name: New Markets Tax Credit (NMTC)

Assessment and Improvement Actions (Bureau Actions Planned of Underway)

- The Fund is not taking any action related to the duplication/redundancy finding because, in the Fund's opinion, the other available programs complement rather than duplicate the NMTC Program.
- NMTC Program allocates submitted data in June 2005 that the Fund needed in order to set performance measure targets. The Fund set targets and began measuring its achievements in FY 2005.
- The Fund conducted the analysis needed, set the baseline for the efficiency measure and began measuring progress in FY 2006.



- In FY 2005 the CDFI Fund awarded a contract for phase I of an independent evaluation of the New Markets Tax Credit Program which detailed the methodology for the large-scale, long –term evaluation. The work was conducted between July 2006 and July 2007.
- In October 2007 the CDFI Fund contracted to conduct a four-year program evaluation of the New Markets Tax Credit Program which is scheduled to be completed in September 2011.