

Community Development Financial Institutions 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 2007	FY 2008	FY 2009		
	Enacted	Enacted	Request	\$ Change	% Change
Community Development Financial Institutions Fund					
Community Development Financial Institutions Program	\$31,881	\$58,480	\$24,417	(\$34,063)	-58.25%
New Markets Tax Credit Program	4,258	4,120	4,203	83	2.01%
Bank Enterprise Award	12,551	21,400	0	(21,400)	-100.00%
Native Initiatives	5,816	10,000	0	(10,000)	-100.00%
Total Appropriated Resources	\$54,506	\$94,000	\$28,620	(\$65,380)	-69.55%
Total FTE	68	75	75	0	0.00%

FY 2009 Priorities

- Provide allocations of tax credits through the New Markets Tax Credit Program,
- Provide awards through the Community Development Financial Institutions (CDFI) Program as well as training, and
- Manage the Fund's existing portfolio of awards and allocations including strengthening its compliance management program.

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Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

The mission of the Community Development Financial Institutions Fund (the 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 Fund has three priorities:

1. To Support the Growth and Capacity of Community Development Financial Institutions (CDFIs) Through the CDFI Program – The CDFI Program provides financial assistance and technical assistance awards to CDFIs through annual competitive funding rounds to carry out the Fund’s mission. In addition, the Fund is authorized to provide support through training as well as evaluating the impact of the programs through evaluation and research.

2. To Increase Investment Capital in Low Income Communities Through the New Markets Tax Credit (NMTC) Program – The NMTC Program attracts private sector capital into low-income communities through investments in Community Development Entities (CDEs). CDEs raise funds by providing tax credits to private investors in exchange for equity investments, which are then invested in low-income communities. CDEs apply for allocations of NMTCs through annual, competitive allocation rounds.

3. To Manage the Fund’s Existing Portfolio of Awards Including Strengthening its Compliance Management Program – Certain activities pertaining to the existing portfolio of grant awards are required. These activities consist of finalizing the terms of assistance agreements with recent awardees, making disbursements under awards not fully disbursed as of the end of FY 2008, and monitoring awardee compliance with the terms of their three-year award assistance and allocation agreements. This later step includes reviewing annual reports provided by awardees and conducting site visits, to ensure that awardee performance meets the goals as stipulated in the assistance agreements and that unmet performance is explained.

1B – Program History and Future Outlook

The CDFI Fund administers two direct funding programs in support of Community Development Financial Institutions (the CDFI Program) and Native American communities (the Native American CDFI Assistance – NACA - Program), and also administers the New Markets Tax Credit (NMTC) Program.

In FY 2007, the Fund processed \$197 million of award applications which resulted in awards totaling approximately \$42 million through the CDFI and NACA programs. The Fund also processed \$27.9 billion of applications competing for \$3.9 billion in allocations under the New Markets Tax Credit program. Those selected for award will be announced later in the calendar year.

In FY 2007, the Fund reported 35,022 jobs created or retained by CDFI Program awardees, which exceeded the projected target of 34,009 jobs. For NMTC allocatees, 98,530 jobs were created or retained, pertaining to real estate development/rehabilitation and/or business support. In addition, CDFI Program financial assistance awards leveraged an additional \$778 million dollars, which equates to a leverage factor of \$19:\$1 (every \$1 of the Fund's financial assistance awards resulted in an additional \$19 raised and leveraged by awardees).

During FY 2007 the Fund took in 290 applications, most of which were through the consolidated Grants.gov intake system, as required by the Presidential Management Agenda (PMA) initiative. The Fund began preparing its migration plan to the PMA Grants Management Line of Business (GMLoB) initiative and has selected the Department of Health and Human Services, Administration for Children and Families as its partner for this effort. The Fund also commenced significant planning to support the implementation of the Federal Funding Accountability and Transparency Act (FFATA), which requires the Office of Management and Budget to maintain a single website providing information about federal spending in FY 2007 and beyond. The Fund began using the Trusted Agent FISMA (TAF) tool developed so that all Treasury bureaus and offices can document and track compliance with FISMA security mandates.

Future Challenges

A challenge facing the Fund is the transitioning of its award-making activities to the Grants Management Line of Business (GMLoB). One of the requirements of the President's Management Agenda is for the development and administration of uniform requirements for grant processing among all federal agencies. The intent of these uniform requirements is to support end-to-end grants management activities that promote citizen access, customer service, and agency financial and technical stewardship. These uniform requirements are referred to as the GMLoB. Certain federal agencies provide these grant processing functions for their grant-making federal agency customers. The Fund is in the process of transitioning its award administration requirements (currently met in-house) to the Department of Health and Human Services, which provides such services. This transition process will require a complete evaluation of the Fund's award activities, from application to award, to determine when the activities can be transitioned, and the most efficient process for making the transition.

Section 2 – Budget Adjustments and Appropriation Language

2.1 – Budget Adjustments Table

Dollars in Thousands

Community Development Financial Institutions Fund	FTE	Amount
FY 2008 Enacted	75	\$94,000
Maintaining Current Levels (MCLs):		
Non-Pay Inflation Adjustment		119
Pay Annualization		48
Pay Inflation Adjustment		111
Total FY 2009 Base	75	\$94,278
Program Decreases:		
Bank Enterprise Award Program	(6)	(21,428)
CDFI Program	12	(34,190)
Native Initiatives	(6)	(10,040)
Subtotal FY 2009 Program Changes	0	(65,658)
Total FY 2009 President's Budget Request	75	\$28,620

2A – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)+\$278,000 / +0 FTE

Non-Pay Inflation Adjustment +\$119,000 / +0 FTE

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

Pay Annualization +\$48,000 / +0 FTE

Funds are requested for the FY 2009 cost of the January 2008 pay raise.

Pay Inflation Adjustment +\$111,000 / +0 FTE

Funds are requested for the January 2009 pay raise.

Program Decreases-\$65,658,000 / +0 FTE

Bank Enterprise Award Program -\$21,428,000 / -6 FTE

The Fund is not requesting resources for the Bank Enterprise Award (BEA) Program in FY 2009.

CDFI Program -\$34,190,000 / +12 FTE

The FY 2009 budget request seeks to reduce funding for this program. The increase in FTEs pertains to the transfer of staff administering the Bank Enterprise Award Program (6 FTEs) and Native Initiatives (6 FTEs).

Native Initiatives -\$10,040,000 / -6 FTE

No separate authorization exists for Native Initiatives so no separate set aside is being requested in FY 2009.

2.2 – Operating Levels Table

Dollars in Thousands

Bureau: Community Development Financial Institutions Fund	FY 2007 Enacted	FY 2008 President's Budget	Cong. Action including Recission	FY 2008 Enacted Level	FY 2009 Requested Level
FTE	68	63	12	75	75
Object Classification:					
11.1 - Full-time permanent	5,413	5,267	1,823	5,660	6,230
11.3 - Other than full-time permanent	0	0	0	0	0
11.5 - Other personnel compensation	0	0	0	0	0
11.8 - Special personal services payments	0	0	0	0	0
12 - Personnel benefits	1,408	1,373	97	1,470	1,619
13 - Benefits for former personnel	0	0	0	0	0
21 - Travel and transportation of persons	119	112	7	119	114
22 - Transportation of things	20	20	0	20	20
23.1 - Rental payments to GSA	1,319	1,353	(17)	1,411	1,447
23.2 - Rental payments to others	127	130	99	193	189
23.3 - Comm, utilities, and misc charges	303	317	0	317	332
24 - Printing and reproduction	20	20	0	20	20
25 - Other contractual Services	0	0	0	0	0
25.1 - Advisory and assistance services	3,635	2,550	(27)	2,484	2,522
25.2 - Other services	490	271	737	1,008	438
25.3 - Other purchases of goods and services from Govt. accounts	649	598	269	867	911
25.4 - Operation and maintenance of facilities	0	0	0	0	0
25.5 - Research and development contracts	0	0	0	0	0
25.6 - Medical care	0	0	0	0	0
25.7 - Operation and maintenance of equip	0	0	0	0	0
25.8 - Subsistence and support of persons	0	0	0	0	0
26 - Supplies and materials	91	94	12	106	111
31 - Equipment	75	75	0	75	75
32 - Land and structures	0	0	0	0	0
33 - Investments and loans	1,300	740	0	2,170	530
41 - Grants, subsidies, and contributions	39,537	15,637	62,443	78,080	14,062
42 - Insurance claims and indemnities	0	0	0	0	0
43 - Interest and dividends	0	0	0	0	0
44 - Refunds	0	0	0	0	0
Total Budget Authority	\$54,506	\$28,557	\$65,443	\$94,000	\$28,620
Budget Activities:					
Community Development Financial Institutions Program	31,881	24,437	34,043	58,480	24,417
New Markets Tax Credit Program	4,258	4,120	0	4,120	4,203
Bank Enterprise Award	12,551	0	21,400	21,400	0
Native Initiatives	5,816	0	10,000	10,000	0
Total Budget Authority	\$54,506	\$28,557	\$65,443	\$94,000	\$28,620

2.3 – Appropriations Detail Table

Dollars in Thousands

Resources Available for Obligation	FY 2007 Obligations		FY 2007 Enacted		FY 2008 Enacted		FY 2009 President's Budget		% Change FY 2008 to FY 2009	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
New Appropriated Resources:										
Community Development Financial Institutions Program	30	\$31,847	33	\$31,881	55	\$58,480	55	\$24,417	0.00%	-58.25%
New Markets Tax Credit Program	15	3,704	19	\$4,258	20	\$4,120	20	\$4,203	0.00%	2.02%
Bank Enterprise Award Program	5	12,469	6	\$12,551	0	\$21,400	0	\$0	0.00%	-100.00%
Native Initiatives	7	5,500	10	\$5,816	0	\$10,000	0	\$0	0.00%	-100.00%
Subtotal New Appropriated Resources	57	\$53,520	68	\$54,506	75	\$94,000	75	\$28,620	0.00%	-69.55%
Other Resources:										
Recoveries		658	0	658	0	500	0	2,000	0.00%	300.00%
Unobligated Balance		1,533	0	1,533	0	986	0	500	0.00%	-49.29%
Offsetting Collections		600	0	600	0	500	0	500	0.00%	0.00%
Available multi-year/no-year funds		50	0	402	0	402	0	402	0.00%	0.00%
Subtotal Other Resources	0	\$2,841	0	\$3,193	0	\$2,388	0	\$3,402	0.00%	42.46%
Total Resources Available for Obligation	57	\$56,361	68	\$57,699	75	\$96,388	75	\$32,022	0.00%	-66.78%

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 style="text-align: center;">COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT</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, [94,000,000] \$28,620,000 to remain available until September 30, [2009] 2010, of which [\$8,000,000 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, and] up to [\$13,500,000] \$13,778,000 may be used for administrative expenses, including administration of the New Markets Tax Credit, up to [\$7,500,000] \$1,200,000 may be used for the cost of direct loans, and up to \$250,000 may be used for administrative expenses to carry out the direct loan program: <i>Provided</i>, 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, as amended: <i>Provided further</i>, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed [\$16,000,000] \$3,000,000.</p>	

2C – Legislative Proposals

The CDFI Fund has no legislative proposals for FY 2009.

Section 3 – Budget and Performance Plan

This table lists all FY 2009 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan is a corporate level plan for the 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 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 2008 Enacted AMOUNT	FY 2009 Request AMOUNT	Percent Change AMOUNT
Economic competitiveness	94,000	28,620	-69.6%
Total	\$94,000	\$28,620	-69.6%

3A – Community Development Financial Institutions Program (\$24,417,000 from direct appropriations): The CDFI Program enables the Fund to carry out 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 Program also addresses Treasury’s strategic objective to increase economic growth and create jobs. The program is comprised of three components: Financial Assistance, Technical Assistance, and Training.

- **Financial Assistance (FA) awards** are only provided to entities that have been certified by the Fund as meeting the statutory criteria to be a CDFI. Because of the wide range of institution types that can be certified as CDFIs, the FA application process contains a degree of complexity not shared by other Fund award programs. Each applicant must describe and demonstrate its financial health, management capacity, and ability, based on historic and future projected activity, to deliver a product or service that will increase access to capital, credit and quality financial services in underserved communities. For every \$1 in FA awards, awardees are able to raise an additional \$19, so the approximately \$11 million in FY 2009 FA awards should result in an additional \$209 million raised and deployed into low income communities.
- **Technical Assistance (TA) grants** serve to secure a sound foundation for developing CDFIs and can be used for training, technology and other one-time costs generally related to start-up or major growth phases of a CDFI.
- **Training programs** are designed to support identified areas of skills improvement for CDFIs and other members of the financial service industry. The program supports Treasury’s objective to increase economic growth and create jobs by providing needed education and support for skills development to enable relevant parties to deliver or utilize financial services.

In addition to the above, the Fund is actively engaged in developing strategies to share as much data as possible with the public to increase the ability of CDFIs and CDEs to address the financing needs of low income communities. In FY 2007 the Fund released its first aggregated data sets, making available data pertaining to CDFIs for FY 2003, 2004 and 2005. The Fund also engages in studies, evaluations, and research designed to complement the Fund's programs, measure the impact on low income communities and low income persons and increase the level of knowledge and understanding of successful business strategies necessary to meet the financing needs of low income communities.

Other Resources: Other resources of funds in FY 2009 total \$3,402,000 which are available for use by the CDFI Program, as follows (amounts in thousands):

- Unobligated Balances - \$500,000
Consists of amounts appropriated for FY 2008 not obligated by the end of that fiscal year. The Fund's appropriations are available for use over a two-year period.
- Offsetting Collections - \$500,000
Consists of current year investment income as well as the proceeds from the redemption of investments during the year, available for new awards.
- Recoveries - \$2,000,000
Consists of awards obligated during FY 2008 which were subsequently deobligated, and so are available for obligation in FY 2009.
- Available multi-year / no-year funds - \$402,000
Consists of offsetting collections from prior years available for new awards.

3.2.1 – Community Development Financial Institutions Program Budget and Performance Plan

Community Development Financial Institutions Program Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$24,595	\$30,268	\$31,847	\$58,480	\$24,417
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0
Total Resources	\$24,595	\$30,268	\$31,847	\$58,480	\$24,417

Budget Activity Total	\$24,595	\$30,268	\$31,847	\$58,480	\$24,417
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Community Development Financial Institutions Program Budget Activity					
Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008* Target	FY 2009* Target
FTE - Number of full-time equivalent jobs created or maintained in underserved communities by businesses financed by CDFI Program Awardees (Oe)	23,656	22,329	35,022	TBD	TBD
Administrative costs per Financial Assistance (FA) application processed (E)	\$ 5,130	\$ 8,710	\$ 7,180	TBD	TBD
Private Dollars - Dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund Financial Assistance. (in millions) (Oe)	\$ 1,800	\$ 1,400	\$ 778	TBD	TBD

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

* Targets for performance measures in 2008 and 2009 will be established in early 2008.

Description of Performance: In FY 2007, the Fund made \$23.9 million in CDFI Program awards to CDFIs that primarily serve rural and urban low-income communities.

In FY 2007, the Fund leveraged \$778 million in private and non-CDFI Program dollars, which was slightly less than the target of \$861 million. The shortfall was due to two reasons: 1) in FY 2007 there was a decrease in the amount of FA disbursements compared to that which was projected; and 2) the calculated leverage ratio decreased from \$27:1, to \$19:1. The leverage ratio will change over time simply because the size and composition of the group of CDFIs that provides leverage information changes every year. Different CDFIs have varying ability to raise equity and borrow against that equity, and will invest in widely different projects.

In FY 2007, the Fund created or maintained 35,022 full-time equivalent jobs in underserved communities, a slight improvement over its goal of 34,009 jobs.

3B – New Markets Tax Credit Program (*\$4,203,000 from direct appropriations*): The NMTC Program spurs investment of private capital into a range of privately managed investment vehicles called Community Development Entities (CDEs). CDEs apply for allocations of NMTCs through annual, competitive allocation rounds. A CDE receiving an allocation of tax credits is authorized to provide such credits to private sector investors in exchange for equity investments (Qualified Equity Investments, or QEIs) in the CDEs. The CDE then uses the proceeds from these equity investments to make loans and equity investments in New Markets businesses located in and serving economically distressed communities. An investor in the CDE receives tax credits against its Federal income taxes for making the QEI. The tax credits provided to an investor total 39 percent of the cost of the investment and can be claimed over a seven-year credit allowance period. A total of \$19.5 billion in investor capital will be raised under the NMTC Program. Five funding rounds have been completed corresponding to tax credit allocations supporting \$16.0 billion in private sector capital, with the CY 2008 funding round remaining, which will provide allocations of tax credits supporting \$3.5 billion in investor capital.

The FY 2009 budget request will fund the costs required to administer the NMTC program. Because it is a tax credit program, there is no program funding requested in this account.

3.2.2 – New Markets Tax Credit Program Budget and Performance Plan

New Markets Tax Credit Program Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$11,926	\$3,936	\$3,704	\$4,120	\$4,203
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0
Total Resources	\$11,926	\$3,936	\$3,704	\$4,120	\$4,203
Budget Activity Total					
	\$11,926	\$3,936	\$3,704	\$4,120	\$4,203

New Markets Tax Credit Program Budget Activity						
Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target	
Administrative costs per number of New Markets Tax Credit (NMTC) applications processed (\$) (E)	\$ 5,390	\$ 4,360	\$5,320	\$ 4,875	\$ 4,875	
Private Equity - Amount of investments in low-income communities that Community Development Entities (CDEs) have made with capital raised through their New Markets Tax Credit (NMTC) tax credit allocations (\$ in billions)(Oe)	\$ 1.1	\$ 2	\$ 2.5	\$ 2.5	\$ 2.5	

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance: In FY 2007, the Fund made \$3.9 billion in tax credit allocations, providing recipients the potential ability to raise this amount of capital to invest in low-income communities. For FY 2008, a total of \$3.5 billion in tax credit authority is available (allocations are made later in the year). The Fund works closely with the IRS to implement this program.

As reported in FY 2007 (applicable to awards made during FY 2006), Community Development Entities (CDEs) exceeded the anticipated \$2.1 billion in Qualified Low-Income Community Investments (QLICIs), by closing \$2.5 billion in QLICIs. The Fund will continue to analyze the increasing rate that allocatees raise equity and make qualified investments, and use this analysis to set appropriate targets going forward.

Also as reported in FY 2007 (applicable to FY 2006), the NMTC Program created or maintained 98,530 jobs. Of this amount, 90,385 jobs pertained to real-estate development /rehabilitation projects (i.e. categorized as “construction”) and 8,145 jobs were associated to non real-estate projects (i.e. categorized as “business-support”). There is no target against which this number can be measured, as there is no reliable process to project the number of jobs created or maintained for the NMTC Programs.

3C – Bank Enterprise Award (No funding): The FY 2009 budget does not request funding for the Bank Enterprise Award (BEA) Program. Through the BEA Program, the CDFI Fund provides monetary awards to FDIC insured depository institutions as incentives to increase their lending and investments in economically distressed communities. Funding is not being requested for FY 2009 primarily because the program’s structure requires that awards be made on the basis of past activity.

The Fund will undertake changes to the BEA Program in the FY 2009 funding round, should the program be funded in future years. These modifications will require that BEA awards be used for future activities that are eligible for award under the BEA Program. This change will better align the use of BEA awards with the Program’s goals and objectives. The current program has no such requirement. The steps to affect effect this change will include amendments to the BEA regulations, application, assistance agreement, and the creation of a compliance and monitoring system that does not currently exist for this Program.

3.2.3 – Bank Enterprise Award Budget and Performance Plan

Bank Enterprise Award Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$9,782	\$13,286	\$12,469	\$21,400	\$0
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0
Total Resources	\$9,782	\$13,286	\$12,469	\$21,400	\$0
Budget Activity Total					
	\$9,782	\$13,286	\$12,469	\$21,400	\$0

3D – Native Initiatives (*No funding*): The FY 2009 budget does not request funding for Native Initiatives. No separate authorization exists for Native Initiatives so no separate set aside is being requested in FY 2009. Native Initiatives is a funding program that is targeted to increasing the number and capacity of existing or new CDFIs serving Native American Communities (Native American CDFIs), and includes complementary capacity-building initiatives that seek to foster the development of Native American CDFIs through training and technical assistance.

3.2.4 – Native Initiatives Budget and Performance Plan

Native Initiatives Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Enacted	FY 2009 Request
Appropriated Resources	\$1,704	\$5,416	\$5,500	\$10,000	\$0
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0
Total Resources	\$1,704	\$5,416	\$5,500	\$10,000	\$0
Budget Activity Total					
	\$1,704	\$5,416	\$5,500	\$10,000	\$0

Native Initiatives Budget Activity					
Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008* Target	FY 2009 Target
Administrative costs per number of Native American CDFI Assistance (NACA) applications processed \$(E)	\$ 10,050	\$ 8,130	\$13,510	TBD	N/A
Total Assets - Annual percentage increase in the total assets of Native CDFIs (%) (Oe)	103.00%	182.00%	19.00%	TBD	N/A

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

* Targets for performance measures in 2008 will be established in early 2008.

For detailed information about each performance measure, including definition, verification and validation, please go to:

<http://www.treasury.gov/offices/management/dcfo/accountability-reports/2007-par.shtml>

Section 4 – Supporting Materials

4A – Human Capital Strategy Description

Over the past several years the Fund has experienced a large number of staff vacancies; however, in FY 2007 the Fund was successful in filling many of them. The staff vacancies were due partly to the two Strengthening America's Communities initiatives (SACI) proposed by the administration as part of the FY 2006 and FY 2007 President's Budgets. Under these initiatives, a number of Federal community development programs, including those administered by the Fund, were to be consolidated within a single federal agency. In anticipation of implementing these initiatives, the Fund began downsizing its workforce.

As a result of funding levels provided in FY 2007 and FY 2008, the Fund began backfilling its vacant positions in FY 2007. As a result, the Fund projects a total of 75 FTE positions in FY 2009. Since most of these positions were being filled throughout FY 2007 and early FY 2008, FY 2008 will be the first year in which most of this increased FTE level will be reflected. With elimination of funding for the Bank Enterprise Award (BEA) Program and Native Initiatives in FY 2009, FTEs which administered those programs will be transferred to different responsibilities associated with the CDFI Program.

4.1 – Summary of IT Resources Table

Dollars in Thousands

Information Technology Investments		FY 2006 & Earlier Enacted 1/	FY 2007 Enacted	FY 2008 Enacted	% Change from FY07 to FY08	FY 2009 Requested	% Change from FY08 to FY09
Major IT Investments / Funding Source	Budget Activity						
None							
Subtotal, Major IT Investments		\$0	\$0	\$0	N/A	\$0	NA
Community Investment Impact System (CIIS)	Community Development Financial Institutions and New Markets Tax Credit Programs	\$670	\$0	\$414		\$427	
Non-Major IT Investments		\$670	\$0	\$414	-100.0%	\$427	3.1%
CDFI Infrastructure (Telecommunications)	Community Development Financial Institutions, Bank Enterprise Awards, Native Initiatives and New Markets Tax Credit Programs	\$200	\$150	\$0		\$0	
CDFI Infrastructure (Office Automation)	Community Development Financial Institutions, Bank Enterprise Awards, Native Initiatives and New Markets Tax Credit Programs	\$2,690	\$750	\$1,966		\$2,179	
CDFI Infrastructure (IT Security)	Community Development Financial Institutions, Bank Enterprise Awards, Native Initiatives and New Markets Tax Credit Programs	\$360	\$0	\$364		\$0	
CDFI Infrastructure (Infrastructure)	Community Development Financial Institutions, Bank Enterprise Awards, Native Initiatives and New Markets Tax Credit Programs	\$190	\$100	\$335		\$335	
Infrastructure Investments		\$3,440	\$1,000	\$2,665	-70.9%	\$2,514	-5.7%
None							
Enterprise Architecture		\$0	\$0	\$0	N/A	\$0	NA
Total IT Investments		\$4,110	\$1,000	\$3,079	-75.7%	\$2,941	-4.5%

1/ This chart reflects appropriated resources only and may not reflect total project costs.

2/ this column reflects appropriated resources provided to a project in FY 2006 and any previous years.

4B – Information Technology Strategy

The Fund does not have any Major IT investments (using Department of the Treasury and OMB Circular A-11 guidelines for defining Major IT investments) and, as such, is not required to submit an OMB Exhibit 300. The Fund does, however, have a Chief Information Officer (CIO) Operating Plan which is administered by the CIO and ensures all decision making is integrated into the organizations planning, operations and budgeting processes. The operating plan utilizes existing processes and structures such as the Director's Operations Committee and the Budget Advisory Committee to ensure that the Fund's IT investments are tied to the organization's strategic plan, support the agency's mission and remain strictly within the approved budget.

The Fund's CIO is also responsible for ensuring that the agency's IT strategic goals conform to required legislation as well as Treasury and Presidential goals, such as the Federal Information Security Management Act (FISMA), the E-Gov Act, the Privacy Act, the President's Management Agenda, Grants.gov and the Grants Management Line of Business. This information, as well as budget and project management information for the Capital Planning and Investment Control process, are coordinated with the Treasury CIO office as part of the overall Treasury IT management process.

4.2 – PART Evaluation Table

PART Evaluation

PART Name: CDFI Fund: Finance and Technical Assistance

Year PARTed: FY 2004

Rating: Adequate

OMB Major Findings/Recommendations

1. The CDFI Program is not unique because several states administer similar programs and CDFIs can use private sector equity investment to accomplish activities they otherwise would accomplish with CDFI Fund awards.
2. Set a target and timeframe for the second long-term measure.
3. Establish a baseline for the efficiency measure, set a target, and measure progress in achieving this target.
4. Make disaggregated program performance data available to the public.
5. Conduct an independent evaluation of the program.

Bureau Actions Planned or Underway

1. The Fund is not taking any action related to the duplication/redundancy finding because:
 - a. Fewer than 10 states administer CDFI programs and none of these state programs fully meets the capital needs of the CDFIs in its state. Furthermore, CDFIs in 40 states do not have access to any state CDFI program.
 - b. There are too few private sector equity investments available to meet CDFIs' needs for capital.
2. The Fund has built the IT system needed to set a target for the second long-term measure.
3. The Fund conducted the analysis needed, set the baseline for the efficiency measure and began measuring progress in FY 2006.
4. The Fund made disaggregated data available to the public in January 2005 and will continue to do so annually.
5. A contract to evaluate the program was awarded in FY 2005 and is currently underway.

PART Evaluation

PART Name: New Markets Tax Credit (NMTC)

Year PARTed: FY 2004

Rating: Adequate

OMB Major Findings/Recommendations

1. The program is not unique because other federal, state and local tax credit programs are available and because numerous programs at HUD (CDBG) and Commerce (EDA) augment the NMTC Program goal of improving low-income communities.
2. Set targets for the annual performance measures and measure performance in achieving them.
3. Establish a baseline for the efficiency measure, set a target, and measure progress in achieving this target.
4. Conduct an independent evaluation of the program.

Bureau Actions Planned or Underway

1. The Fund is not taking any action on the duplicative/redundancy finding because, in the Fund's opinion, the other available programs complement rather than duplicate the NMTC Program.
2. NMTC Program allocatees 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.
3. The Fund conducted the analysis needed, set the baseline for the efficiency measure and began measuring progress in FY 2006.
4. In FY 2005 the Fund issued an RFP for an independent evaluation of the program and the multi-year evaluation began in the last quarter of FY 2006.

For a complete list of PART results visit the following website:

<http://www.whitehouse.gov/omb/expectmore/all.html>