

# Community Development Financial Institutions Fund

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## 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 2008	FY 2009		FY 2010		
	Enacted	ARRA	Enacted	Request	\$ Change	% Change
Community Development Financial Institutions Program	\$52,250	\$90,000	\$59,750	\$113,600	\$53,850	90.1%
New Markets Tax Credit Program	\$4,120	\$67	\$4,200	\$4,203	\$3	0.1%
Bank Enterprise Award Program	\$20,000	\$0	\$22,000	\$22,000	\$0	-
Native Initiatives	\$8,000	\$8,000	\$8,500	\$10,000	\$1,500	17.6%
Capital Magnet Fund	\$0	\$0	\$0	\$80,000	\$80,000	100.0%
Administration	\$9,630	\$1,933	\$10,550	\$13,797	\$3,247	30.8%
Financial Education and Counseling	\$0	\$0	\$2,000	\$0	(\$2,000)	(100.0%)
<b>Total Appropriated Resources</b>	<b>\$94,000</b>	<b>\$100,000</b>	<b>\$107,000</b>	<b>\$243,600</b>	<b>\$136,600</b>	<b>127.7%</b>
<b>Total FTE</b>	<b>75</b>	<b>-</b>	<b>75</b>	<b>84</b>	<b>9</b>	<b>12.0%</b>

/1The CDFI Fund will seek to implement additional reforms to the BEA program to enhance the capacity of CDFI banks, and to strengthen partnerships between small community banks and CDFIs.

/2 The Administration budget activity excludes resources to administer the New Markets Tax Credit program.

## FY 2010 Priorities

- To certify qualified entities as Community Development Financial Institutions (CDFIs) and Community Development Entities (CDEs) so that these organizations may be eligible to compete for assistance under the CDFI Fund's programs.
- To expand access to credit, capital and financial services in low-, very low- and extremely-low income communities in the United States through expansion of awards to eligible CDFIs, including those serving rural and Native American communities.
- To increase the availability of quality low-income housing in distressed communities through the new Capital Magnet Fund.
- To encourage private sector investment in CDEs and CDFIs through competitive allocation of New Markets Tax Credits
- To implement additional reforms to the Bank Enterprise Award program to enhance the capacity of CDFI banks, and to strengthen partnerships between small community banks and CDFIs.
- To enhance compliance monitoring of prior year awardees in each CDFI Fund program and conduct strategic research to analyze the impact and outcomes of the CDFI Fund's programs, including the effect of changing economic conditions.

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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: Certification.** To certify CDFIs and Community Development Entities (CDEs) so that they may participate in the CDFI Program, the Native American CDFI Assistance (NACA) Program, and the New Markets Tax Credit (NMTC) Program. At the beginning of FY 2009, the CDFI Fund has certified 808 entities as CDFIs and 3,424 entities as CDEs.

**Priority 2: CDFI Program Awards.** To expand access to credit, capital and financial services in low-, very low- and extremely low-income communities in the United States through expansion of awards to eligible CDFIs, including those serving rural and Native American communities. The CDFI Fund will accomplish this goal by providing merit-based grant awards to high-quality CDFIs through the CDFI Program and the Native American CDFI Assistance (NACA) Program. To date, the CDFI Fund has made a total of \$657 million in awards through the CDFI and NACA programs.

**Priority 3: Capital Magnet Fund.** To increase the availability of quality low-income housing in distressed communities through the new Capital Magnet Fund program (CMF). CMF grants will attract private capital and increase investment in affordable housing and economic development projects in disadvantaged communities.

**Priority 4: New Markets Tax Credit Program.** To encourage private sector investment in low-income communities through the competitive allocation of tax credit authority to Community Development Entities (CDEs). To date, the CDFI Fund has awarded \$19.5 billion of investment authority to CDEs through the NMTC Program.

**Priority 5: Bank Enterprise Award program.** The CDFI Fund will seek modifications to the BEA Program to enhance the capacity of CDFI banks, and to strengthen partnerships between community banks and CDFIs.

**Priority 6: Performance Monitoring and Evaluation.** To enhance compliance monitoring activities for the suite of CDFI Fund programs, and analyzes the impact of CDFI Fund grant awards in distressed communities, including how changing economic conditions have affected the operating environment of the CDFI Fund's programs and altered the supply and demand for capital and financial services in underserved communities.

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

Starting with FY 2010, the CDFI Fund will administer four grant programs in support of community development finance: the CDFI Program; the NACA Program; a redesigned Bank Enterprise Award Program; and the CMF. The CDFI Fund also administers tax credit allocation authority through the NMTC Program. In addition to administering these programs, the CDFI Fund certifies organizations as CDFIs and CDEs, contracts with third-party entities to provide training and technical assistance to CDFIs, and conducts strategic research and program evaluations.

FY 2007 is the most recent year for which complete program results data is available. In that year, CDFI Program awardees reported that over 9,100 businesses were financed as a result of CDFI Fund awards in FY 2008, helping to create or retain over 29,000 full-time equivalent jobs. These CDFIs financed over 1,000 commercial real estate properties and over 4,000 units of affordable housing. They also financed home purchases for over 2,400 homebuyers, established bank accounts for over 800 “unbanked” persons, and provided financial literacy and other counseling to over 132,000 clients.

FY 2007 NMTC Program awardees reported that, in FY 2008, \$2.19 billion was invested in real estate projects in target communities, helping to develop or rehabilitate 21 million square feet of real estate and create 81,000 construction jobs. These awardees made an additional \$1.15 billion of loans and investments to businesses in low-income communities, helping to create or retain 25,000 full time equivalent jobs.

In FY 2008, the CDFI Fund:

- Reviewed 170 applications requesting a total of \$200 million through the Financial Assistance (FA) Component of the CDFI Program, and made 66 awards totaling \$52 million;
- Reviewed 55 applications requesting a total of \$5.2 million through the Technical Assistance (TA) Component of the CDFI Program, and made 23 awards totaling \$2 million;
- Reviewed 45 applications requesting a total of \$17 million through the NACA Program, and made 29 awards totaling \$8.2 million;
- Reviewed 60 applications requesting a total of \$49 million through the BEA Program, and made 52 awards totaling \$20 million; and
- Reviewed 239 applications requesting a total of \$21.3 billion in investment authority through the NMTC Program, and made 70 awards totaling \$3.5 billion.

The CDFI Fund has also made significant progress enhancing program administration business processes, enabling the fund to make award disbursements more quickly and at lower cost. Award disbursements during the first quarter of FY 2008 were 63% higher than the previous first quarter of FY 2007 for the CDFI Program. Disbursements for the NACA Program also increased 31% over the prior year period. These increases reflect improvements in business efficiencies in the disbursement system, ensuring awardees receive funds faster.

In FY 2009, the CDFI Fund anticipates further efficiency gains in award disbursements as a result of the waiver of the matching funds requirement included in the FY 2009 American Recovery and Reinvestment Act (Recovery Act) for CDFI and NACA Program awardees in that year.

### Future Challenges

To improve the impact of grant awards, the CDFI Fund needs to conduct a more rigorous analysis of low-income markets and the effectiveness of CDFIs in serving those markets. The Fund must ensure that its limited resources reach communities most in need of financial assistance. To this end, the CDFI Fund will work to strengthen its research capabilities and foster an application review process that results in the most effective allocation of grant awards.

The CDFI Fund will also implement a completely new program in FY 2010, the Capital Magnet Fund, authorized by the Housing and Economic Recovery Act of 2008. The CMF will facilitate investment in the development, rehabilitation and purchase of affordable housing for low-, very low- and extremely low-income persons through a competitive grant application process. To successfully implement this important program, the CDFI Fund will need to increase its staff resources; research and implement best practices in the housing industry; develop application and review materials; market the program to ensure highest possible participation; select the highest caliber awardees; and implement rigorous compliance and evaluation protocols.

Finally, the CDFI Fund also faces many challenges in administration of its programs, including the transition of its award administration activities to the Grants Management Line of Business (GMLoB), and transition to the shared service provider model for financial management and information technology services. Establishing uniform requirements through the GMLoB supports end-to-end grants management activities that promote citizen access, customer service, and agency financial and technical stewardship. Certain federal agencies provide these grant processing functions for their grant-making federal agency customers. This transition process will require a complete evaluation of the CDFI Fund's award activities, from application to award, to determine which 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 2009 Enacted	75	107,000
Changes to Base:		
Maintaining Current Levels (MCLs):	-	\$250
Across the Board Program Reduction	-	(69)
Non-Pay Inflation Adjustment	-	107
Pay Annualization	-	76
Pay Inflation Adjustment	-	136
Subtotal FY 2010 Changes to Base	-	\$250
<b>Total FY 2010 Base</b>	<b>75</b>	<b>107,250</b>
Program Changes:		
Program Decreases:	-	(\$2,000)
Financial Counseling Grants program	-	(2,000)
Program Increases:	9	\$138,350
CDFI program	-	53,850
Native Initiatives	-	1,500
Capital Magnet Fund	-	80,000
Capital Magnet Fund Implementation	6	1,300
Research, Evaluation & Performance	2	850
Transition to Departmental Offices' IT LAN	2	850
Subtotal FY 2010 Program Changes	9	\$136,350
<b>Total FY 2010 President's Budget Request</b>	<b>84</b>	<b>243,600</b>

### 2A – Budget Increases and Decreases Description

**Maintaining Current Levels (MCLs) .....+\$250,000 / +0 FTE**

*Across the Board Program Reduction -\$69,000 / +0 FTE*

The CDFI Fund continues to focus on improving the efficiency of its operations through a disciplined process of productivity improvement.

*Non-Pay Inflation Adjustment +\$107,000 / +0 FTE*

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

*Pay Annualization +\$76,000 / +0 FTE*

Funds are requested for the FY 2010 cost of the January 2009 pay raise.

*Pay Inflation Adjustment +\$136,000 / +0 FTE*

Funds are requested for the January 2010 pay raise.

**Program Decreases .....-\$2,000,000 / +0 FTE**

*Financial Counseling Grants program -\$2,000,000 / +0 FTE*

The CDFI Fund will discontinue the financial counseling grants pilot program, begun in FY 2009, and reinvest these resources in its existing financial assistance and technical assistance grants programs.

**Program Increases ..... +\$138,350,000 / +9 FTE**  
CDFI program +\$53,850,000 / +0 FTE

The FY 2010 budget request seeks to increase funding to support the increased demand for CDFI Program grants. CDFIs use these grants 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 leverage CDFI Program awards by approximately 15:1. 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.

Native Initiatives +\$1,500,000 / +0 FTE

Through the Native Initiatives, the CDFI Fund assists Native Communities (Native American, Alaskan Native and Native Hawaiian communities) to overcome certain barriers to financial services. The CDFI Fund achieves these objectives through two principal strategies: (i) the NACA Program, which provides financial assistance and technical assistance awards to new or existing Native CDFIs, and (ii) a complementary series of training programs, called Expanding Native Opportunities, that foster the development of new Native CDFIs, strengthen the operational capacity of existing Native CDFIs, and guide Native CDFIs in the creation of important financial education and asset building programs for their communities. The budget requests an additional \$1.5 million, bringing the total program funding to \$10 million.

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

The CMF, authorized by the Housing and Economic Recovery Act of 2008, is a program to be 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 \$99 million in FY 2010. Given the current economic conditions, it is unlikely that funds will be available through this avenue in FY 2010. The budget requests \$80 million in funding to begin this important program, which will stimulate the economy in the nation's most distressed neighborhoods. Grants awarded through the CMF will attract private capital and increase investment in affordable housing projects that are currently stalled due to the tightening of the credit market.

Capital Magnet Fund Implementation +\$1,300,000 / +6 FTE

These resources will enable the CDFI Fund to hire additional grants and program compliance staff with expertise in programs designed to facilitate affordable housing and related investments.

Research, Evaluation & Performance +\$850,000 / +2 FTE

Given the rapid restructuring of the nation's finance, housing and community development sectors, funding through the CDFI Fund's programs is being deployed in a

dramatically changing market environment which requires strategic research to assess and monitor. Such research on shifting and emerging market conditions is essential to understand the current and future development prospects of underserved and economically distressed communities so that policy makers and administrators can frame policy operations and target program resources most efficiently. Several research initiatives are planned, including: (i) an evaluation and redesign of the BEA Program with an emphasis on encouraging private financial institutions' investments in CDFIs; (ii) the development of performance metrics for the CMF; (iii) strategic research to analyze how changing economics and demographic conditions have affected the operating environment of the CDFI Fund's programs.

*Transition to Departmental Offices' IT LAN +\$850,000 / +2 FTE*

In FY 2010, the CDFI Fund will transition from its separate information technology LAN to a shared service provided model, leveraging the Department of Treasury Departmental Offices LAN capabilities. This transition will result in a one time cost estimated at \$1.5 million.



## 2.2 – Operating Levels Table

Bureau: Community Development Financial Institutions Fund	FY 2008 Enacted	FY 2009 ARRA	FY 2009 President's Budget	Congressional Action Including Rescission	FY 2009 Enacted Level	Proposed Reprogrammings	FY 2009 Proposed Operating Level	FY 2010 Requested Level	% Change FY 2009 to FY 2010
<b>FTE</b>	<b>75</b>	<b>0</b>	<b>75</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>75</b>	<b>84</b>	<b>12.00%</b>
Object Classification:									
11.1 - Full-time permanent	5,660	1,324	6,545	1,823	6,230	0	6,230	8,223	31.99%
12 - Personnel benefits	1,470	326	1,701	97	1,619	0	1,619	2,060	27.24%
21 - Travel and transportation of persons	119	0	120	7	114	0	114	119	4.39%
22 - Transportation of things	20	0	20	0	20	0	20	20	0.00%
23.1 - Rental payments to GSA	1,411	0	1,465	(17)	1,447	0	1,447	1,553	7.33%
23.2 - Rental payments to others	193	0	117	99	189	0	189	190	0.53%
23.3 - Comm, utilities, and misc charges	317	0	472	0	332	0	332	368	10.84%
24 - Printing and reproduction	20	0	20	0	20	0	20	20	0.00%
25.1 - Advisory and assistance services	2,484	350	2,104	(27)	2,522	0	2,522	1,023	-59.44%
25.2 - Other services	1,008	0	330	737	630	0	630	1,035	64.29%
25.3 - Other purchases of goods and services from Govt. accounts	867	0	952	269	911	0	911	867	-4.83%
25.5 - Research and development contracts	0	0	0	0	0	0	0	1,500	0.00%
26 - Supplies and materials	106	0	107	12	111	0	111	111	0.00%
31 - Equipment	75	0	75	0	75	0	75	111	48.00%
33 - Investments and loans	2,170	0	100	0	530	0	530	800	50.94%
41 - Grants, subsidies, and contributions	78,080	98,000	14,492	62,443	92,250	0	92,250	225,600	144.55%
<b>Total Budget Authority</b>	<b>\$94,000</b>	<b>\$100,000</b>	<b>\$28,620</b>	<b>\$65,443</b>	<b>\$107,000</b>	<b>\$0</b>	<b>\$107,000</b>	<b>\$243,600</b>	<b>127.66%</b>
Budget Activities:									
Community Development Financial Institutions Program	52,250	90,000	14,592	34,043	59,750	0	59,750	113,600	90.13%
New Markets Tax Credit Program	4,120	67	4,203	0	4,200	0	4,200	4,203	0.07%
Bank Enterprise Award Program	20,000	0	0	21,400	22,000	0	22,000	22,000	0.00%
Native Initiatives	8,000	8,000	0	10,000	8,500	0	8,500	10,000	17.65%
Capital Magnet Fund	0	0	0	0	0	0	0	80,000	0.00%
Administration	9,630	1,933	9,825	0	10,550	0	10,550	13,797	30.78%
Financial Education and Counseling	0	0	0	0	2,000	0	2,000	0	-100.00%
<b>Total Budget Authority</b>	<b>\$94,000</b>	<b>\$100,000</b>	<b>\$28,620</b>	<b>\$65,443</b>	<b>\$107,000</b>	<b>\$0</b>	<b>\$107,000</b>	<b>\$243,600</b>	<b>127.66%</b>

## 2.3 – Appropriations Detail Table

Dollars in Thousands

(Dollars in Thousands)

Resources Available for Obligation	FY 2008		FY 2008		FY 2009		FY 2009		FY 2010		% Change	
	Obligations		Enacted		ARRA		Enacted		Request		FY 2009 to FY 2010	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>New Appropriated Resources:</b>												
Community Development Financial Institutions Program		\$52,886		\$52,250		\$90,000		\$59,750		\$113,600		90.13%
New Markets Tax Credit Program	15	4,120	15	4,120	67	15	4,200	15	4,203			
Bank Enterprise Award		19,981		20,000				22,000		22,000		0.00%
Native Initiatives		7,327		8,000	8,000		8,500		10,000			17.65%
Capital Magent Fund										80,000		
Administration	38	8,997	60	9,630	1,933	60	10,550	69	13,797	15,000	30.78%	
Financial Education/Counselling							2,000		0			
<b>Subtotal New Appropriated Resources</b>	<b>53</b>	<b>\$93,311</b>	<b>75</b>	<b>\$94,000</b>	<b>\$100,000</b>	<b>75</b>	<b>\$107,000</b>	<b>84</b>	<b>\$243,600</b>	<b>12.00%</b>	<b>127.66%</b>	
<b>Other Resources:</b>												
Recoveries		658		500			500		500			
Unobligated Balance		1,533		986			986		500			-49.29%
Offsetting Collections		600		500			500		500			
Available multi-year/no-year funds		50		402			402		402			
<b>Subtotal Other Resources</b>	<b>0</b>	<b>\$2,841</b>	<b>0</b>	<b>\$2,388</b>			<b>\$2,388</b>	<b>0</b>	<b>\$1,902</b>			<b>-20.35%</b>
<b>Total Resources Available for Obligation</b>	<b>53</b>	<b>\$96,152</b>	<b>75</b>	<b>\$96,388</b>	<b>\$100,000</b>	<b>75</b>	<b>\$109,388</b>	<b>84</b>	<b>\$245,502</b>	<b>12.00%</b>	<b>124.43%</b>	

## 2B – Appropriations Language and Explanation of Changes

DEPARTMENT OF THE TREASURY  
COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS  
FUND

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, \$243,600,000 to remain available until September 30, [2010] 2011, of which [\$8,500,000] \$113,600,000 shall be for *the Community Development Financial Institutions Program; of which \$10,000,000 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[, \$2,000,000 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)], *notwithstanding sections 4707(d) and 4707(e) of title 12, United States Code; and of which \$80,000,000 shall 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 1331 of the Housing and Economic Recovery Act of 2008 ("HERA"; Public Law 110-289), to support financing for affordable housing and economic development projects: Provided further, That section 1339(h)(3) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by section 1131 of HERA, shall be applied by substituting the term "at least 10 times the grant amount or such other amount (including none) that the Secretary may require" for "at least 10 times the grant amount"; and up to [\$14,750,000]\$18,000,000 may be used for administrative expenses, including administration of the New Markets Tax Credit[, up to \$7,500,000 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: 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 \$16,000,000]Program. (Department of the Treasury Appropriations Act, 2009.)*

The proposed changes include a waiver, for FY 2010, of the 5-year cap and the matching funds requirements for the CDFI and NACA programs; in addition, the CMF leveraging requirement is proposed for modification for FY 2010.

## **2C – Legislative Proposals**

For purposes of the CDFI Fund's FY 2010 appropriations, the CDFI Fund is requesting a waiver of the statutory cap on award amounts (12 U.S.C. 4707 (d)) and a waiver of the matching funds requirements (12 U.S.C. 4707 (e)) for the FY 2010 funding rounds, given the current need to stabilize the economy.

### **Award Cap Waiver**

The CDFI Fund proposes waiving the 3-year, \$5 million cap (12 U.S.C. 4707(d)(1)-(2)) for FY 2010. The FY 2010 Budget includes a significant increase in CDFI Program resources, and the CDFI Fund requires the option to use some of the additional resources to fully fund high quality applicants that received awards in previous resources. Due to additional resources made available through the Recovery Act, and the increase of the FY 2010 budget request, the Administration supports waiving the award cap.

### **Matching Fund Waiver**

The second proposal waives the CDFI Programs matching funds provision in 2010, which requires applicants to match awards on a 1:1 basis with private funding. Given current credit market conditions, CDFIs may find it difficult to obtain affordable private credit. Under this proposal, highly qualified CDFIs will be able to apply even if they are struggling to find a private match. Given the market challenges in the credit and equities markets, many CDFIs are encountering a significant contraction of capital support to obtain matching funds.

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 Administration supports waiving the matching funds requirement to enable all CDFIs that are able to serving distressed communities to be eligible to apply regardless of the market conditions that have impacted the ability to obtain matching funds.

## Section 3 – Budget and Performance Plan

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This table lists all FY 2010 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 2009 ARRA	FY 2009 Enacted	FY 2010 Request	Percent Change
Economic competitiveness	100,000	107,000	243,600	127.66%
<b>Total</b>	<b>\$100,000</b>	<b>\$107,000</b>	<b>\$243,600</b>	<b>127.66%</b>

**3A – Community Development Financial Institutions Program** (*\$113,600,000 from direct appropriations*): The CDFI Program enables the CDFI 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 comprises three components: Financial Assistance, Technical Assistance, and Training.

- Financial assistance (FA) awards are only provided to entities that have been certified by the CDFI 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 CDFI 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.
- 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 FY 2009, the CDFI Fund received an additional \$90 million for the CDFI Program under the American Recovery and Reinvestment Act (the Recovery Act). With these additional resources, the CDFI Fund will make awards in two phases in FY 2009. The

entirety of the Recovery Act awards would be awarded in June of 2009 to CDFIs that had applied under the regular FY 2009 funding round. Disbursements would be made within 60 days after award announcement. This accelerated schedule, combined with the waiver of the matching funds requirement for FY 2009 CDFI Program awardees will enable the fund to make all Recovery Act awards and disbursements before the end of fiscal 2009. An additional application round was opened to invite applicants to apply for CDFI Program awards made with the funds that were initially appropriated. These awards are anticipated to be made in September of 2009.

Other Resources: Additional resources available for the CDFI Program in FY 2009 total \$1,902,000, including \$1,402,000 in available prior-year balances and \$500,000 in offsetting collections.

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

Community Development Financial Institutions Program Budget Activity						
Resource Level	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010
	Obligated	Obligated	Obligated	ARRA	Enacted	Request
Appropriated Resources	\$30,268	\$31,881	\$52,886	\$90,000	\$59,750	\$113,600
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$30,268</b>	<b>\$31,881</b>	<b>\$52,886</b>	<b>\$90,000</b>	<b>\$59,750</b>	<b>\$113,600</b>

<b>Budget Activity Total</b>	<b>\$30,268</b>	<b>\$31,881</b>	<b>\$52,886</b>	<b>\$90,000</b>	<b>\$59,750</b>	<b>\$113,600</b>
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Budget Activity	Performance Measure	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010
		Actual	Actual	Actual	ARRA	Target	Target
Community Development Financial Institutions Program	Dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund Financial Assistance (\$ millions) (Oe)	1,400	778	621	NA	635	1391
Community Development Financial Institutions Program	Number of full-time equivalent jobs created or maintained in underserved communities by businesses financed by CDFI program awardees (Oe)	22,329	35,022	29,539	76,000	44,000	85,000

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

*Description of Performance:* In FY 2008, the CDFI Fund leveraged \$621 million in private and non-CDFI Program dollars, which was less than the target of \$750 million. The shortfall was due to two reasons: (i) in FY 2008 there was a decrease in the amount of FA disbursements compared to that which was projected; and (ii) the calculated leverage ratio decreased from \$21:1 to \$19:1. The leverage ratio will change over time due to changing macroeconomic conditions and because of changes in the size and composition of the group of CDFIs that provide leverage information every year. In addition, different CDFIs have varying abilities to raise equity and borrow against equity, and, moreover, each CDFI invests in varying types of project with different project leverage.

In FY 2008, the CDFI Fund created or maintained 29,539 full-time equivalent jobs in underserved communities, a slight improvement over its goal of 28,676 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 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.

Through 2009, the CDFI Fund has been authorized to issue to CDEs allocation authority totaling \$26 billion, including \$3 billion that was authorized under the Recovery Act. Six award rounds have been completed to date, corresponding to tax credit allocations supporting \$19.5 billion in private sector capital. In 2009, the CDFI Fund is authorized to make a total of \$6.5 billion in awards -- \$3.5 billion through its standard authorization, plus an additional \$3 billion that was authorized under the Recovery Act. Of the Recovery Act authority, per the authorizing statute, \$1.5 billion will be awarded to CDEs that applied under the 2008 NMTC allocation round. The CDFI Fund intends to announce these awards in May of 2009. The remaining \$1.5 billion will be added to the pool of allocation authority available in the 2009 round, bringing that total up to \$5 billion. The CDFI Fund intends to announce the awardees under its 2009 round in October of 2009.

The FY 2010 budget request will fund the costs required to administer the NMTC Program (because it is a tax credit program, there is no required program funding such as with the CDFI Fund's monetary award programs).

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

New Markets Tax Credit Program Budget Activity						
Resource Level	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010
	Obligated	Obligated	Obligated	ARRA	Enacted	Request
Appropriated Resources	\$3,968	\$4,258	\$4,120	\$67	\$4,203	\$4,203
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$3,968</b>	<b>\$4,258</b>	<b>\$4,120</b>	<b>\$67</b>	<b>\$4,203</b>	<b>\$4,203</b>

<b>Budget Activity Total</b>	<b>\$3,968</b>	<b>\$4,258</b>	<b>\$4,120</b>	<b>\$67</b>	<b>\$4,203</b>	<b>\$4,203</b>
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Budget Activity	Performance Measure	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010
		Actual	Actual	Actual	ARRA	Target	Target
New Markets Tax Credit Program	Community Development Entities' annual investments in low-income communities (\$ billions) (Oe)	2	2.5	3.3	NA	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 2008, the CDFI Fund awarded to CDEs a total of \$3.5 billion in investment authority, providing recipients the ability to raise this amount of capital to invest in low-income communities. As stated above, due to additional Recovery Act resources, the CDFI Fund will made additional awards totaling \$1.5 billion to applicants that had applied in 2008. These new awards will be made in May of 2009.

As reported in FY 2008 (based on reporting for program year 2007 results), CDEs exceeded the anticipated \$2.5 billion in Qualified Low-Income Community Investments (QLICs), by closing \$3.3 billion in QLICs. The CDFI Fund will continue to analyze the increasing rate that allocates raise equity and make qualified investments, and use this analysis to set appropriate targets going forward.

As also reported in FY 2008 (based on reporting for program year 2007 results), the NMTC Program created or maintained 105,900 jobs. Of this amount, 80,959 jobs pertained to real-estate development /rehabilitation projects (i.e. categorized as “construction”) and 24,941 jobs were associated to non real-estate projects (i.e. categorized as “business-support”).

**3C – Bank Enterprise Award Program** (\$22,000,000 from direct appropriations): The BEA Program was created in 1994 to encourage FDIC-insured financial institutions (i.e., banks and thrift institutions) to increase their investments in low-income communities and in CDFIs. BEA Program awards are made available through annual application rounds. The CDFI Fund instituted program changes in 2009 requiring most awardees to reinvest their award dollars in support of CDFIs or in additional qualifying low-income community activities. In FY 2010, the CDFI Fund will seek to make additional reforms to the BEA Program to enhance the capacity of CDFI banks, and to strengthen partnerships between community banks and CDFIs. The CDFI Fund will work with



Congress, the Office of Management and Budget and other stakeholders in the development of proposed reforms, and seek Congressional approval as appropriate.

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

Bank Enterprise Award Program Budget Activity						
Resource Level	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010
	Obligated	Obligated	Obligated	ARRA	Enacted	Request
Appropriated Resources	\$13,286	\$12,551	\$19,981	\$0	\$22,000	\$22,000
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$13,286</b>	<b>\$12,551</b>	<b>\$19,981</b>	<b>\$0</b>	<b>\$22,000</b>	<b>\$22,000</b>

<b>Budget Activity Total</b>	<b>\$13,286</b>	<b>\$12,551</b>	<b>\$19,981</b>	<b>\$0</b>	<b>\$22,000</b>	<b>\$22,000</b>
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Budget Activity	Performance Measure	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010
		Actual	Actual	Actual	ARRA	Target	Target
Bank Enterprise Award	Increase in community development activities over prior year for all BEA program applicants (\$ millions) (Oe)	318	227	232	NA	202	210

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

Description of Performance: The CDFI Fund received 60 applications requesting just over \$49 million in FY 2008, compared to 61 applications requesting approximately \$29 million in FY 2007. The CDFI Fund selected 52 FDIC-insured institutions to receive approximately \$20 million in awards. The FY 2008 applicants are headquartered in 19 states and the District of Columbia, compared to the 18 states represented in the prior year.

FY 2008 applicants provided \$275.5 million in qualified loans or investments in distressed communities, \$66.4 million in qualified loans, deposits and technical assistance to CDFIs, and \$7.5 million in qualified equity investments and grants to CDFIs.

FY 2008 BEA awardees increased their qualified community development activities by \$232 million over the prior year.

- \$178.1 million increase in loans and investments in distressed communities;
- \$46.5 million increase in loans, deposits, and TA to CDFIs; and
- \$7.5 million increase in equity investments or grants.

BEA awards are made based on an increase in the applicant's community development financing activity from one year to the next. In FY 2009, the CDFI Fund issued a revised interim rule for the BEA Program that requires 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). The CDFI Fund intends to continue to work closely with the Department and with the OMB to implement further reforms to this program targeted at enhancing the

capacity of CDFI banks, and to strengthen partnerships between community banks and CDFIs.

**3D – Native Initiatives** (\$10,000,000 from direct appropriations): Through the Native Initiatives, the CDFI Fund assists Native Communities (Native American, Alaskan Native and Native Hawaiian communities) to overcome certain barriers to financial services. The CDFI Fund achieves these objectives through two principal strategies: (i) the NACA Program, which provides financial assistance and technical assistance awards to new or existing Native CDFIs, and (ii) a complementary series of training programs, called Expanding Native Opportunities, that foster the development of new Native CDFIs, strengthen the operational capacity of existing native CDFIs, and guide Native CDFIs in the creation of important financial education and asset building programs for their communities.

In FY 2009, the CDFI Fund received an additional \$8 million for the NACA Program under the American Recovery and Reinvestment Act (the Recovery Act). The CDFI Fund developed an implementation plan under which the entirety of the Recovery Act awards would be awarded in June of 2009 to CDFIs that had applied under the appropriated funding round; with disbursements made within 60 days after award announcement. An additional application round was opened to invite other applicants to apply for CDFI Program awards made with the funds that were initially appropriated. These awards are anticipated to be made in September of 2009.

### 3.2.4 – Native Initiatives Budget and Performance Plan

Native Initiatives Budget Activity						
Resource Level	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010
	Obligated	Obligated	Obligated	ARRA	Enacted	Request
Appropriated Resources	\$5,416	\$5,816	\$7,327	\$8,000	\$8,500	\$10,000
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$5,416</b>	<b>\$5,816</b>	<b>\$7,327</b>	<b>\$8,000</b>	<b>\$8,500</b>	<b>\$10,000</b>

<b>Budget Activity Total</b>	<b>\$5,416</b>	<b>\$5,816</b>	<b>\$7,327</b>	<b>\$8,000</b>	<b>\$8,500</b>	<b>\$10,000</b>
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Budget Activity	Performance Measure	FY 2006	FY 2007	FY 2008	FY 2009		FY 2010
		Actual	Actual	Actual	ARRA	Target	Target
Native Initiatives	Annual percentage increase in the total assets of Native CDFIs (%) (Oe)	182	19	19	NA	15	15

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

In FY 2008 NACA reported a 19% increase in the total assets of Native CDFIs from the target of 15%.

**3E – Capital Magnet Fund** (\$80,000,000 from direct appropriations): The Capital Magnet Fund was enacted through the Housing and Economic Recovery Act of 2008. Through the Capital Magnet Fund, the CDFI Fund will carry out a competitive grant program for CDFIs and nonprofit organizations (if their principal purposes is the development or management of affordable housing) to attract private capital for increased investment in affordable housing and economic development projects (such as day care centers, workforce development centers, and health care clinics) in extremely low-, very low-, and low-income communities. CMF will complement the CDFI Fund’s existing programs to stabilize or revitalize a low-income and underserved rural areas. The Act established the Capital Magnet Fund as a program that will be administered by the CDFI Fund.

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

Capital Magnet Fund Budget Activity						
Resource Level	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Obligated	FY 2009		FY 2010
				ARRA	Enacted	Request
Appropriated Resources	\$0	\$0	\$0	\$0	\$0	\$80,000
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>\$80,000</b>
<b>Budget Activity Total</b>						
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,000</b>

Description of Performance: Performance measures for this program are under development.

**3F – Administration** (\$13,797,000 from direct appropriations): This budget activity encompasses the CDFI Fund’s operational support and management activities for each of the grant and tax credit programs it administers. This includes finalizing the terms of assistance agreements with awardees, making disbursements, and monitoring awardee compliance with the terms of their three-year award assistance and seven-year allocation agreements.

The CDFI Fund administration will enhance compliance monitoring of prior year awardees in each CDFI Fund program in FY 2010. 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 engages 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 the CDFI Fund’s programs as well determine how changing economic conditions have affected the operating environment of the CDFI Fund’s programs and altered the supply and demand for capital and financial services in underserved and economically distressed communities.

In FY 2010, 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. The CDFI Fund will transition to the Departmental Offices’ IT LAN.

### 3.2.6 – Administration Budget and Performance Plan

Administration Budget Activity						
Resource Level	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Obligated	FY 2009		FY 2010 Request
				ARRA	Enacted	
Appropriated Resources	\$9,429	\$9,410	\$8,997	\$1,933	\$10,550	\$13,797
Reimbursable Resources	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Resources</b>	<b>\$9,429</b>	<b>\$9,410</b>	<b>\$8,997</b>	<b>\$1,933</b>	<b>\$10,550</b>	<b>\$13,797</b>
<b>Budget Activity Total</b>	<b>\$9,429</b>	<b>\$9,410</b>	<b>\$8,997</b>	<b>\$1,933</b>	<b>\$10,550</b>	<b>\$13,797</b>

Description of Performance: No specific performance goals/measures are presented for this budget activity as the work of the offices within this budget activity is captured within the other budget activities.

The CDFI Fund has made significant progress in enhancing program administration business processes, enabling the fund to make award disbursements more quickly and at lower cost. Award disbursements during the first quarter of FY 2008 were 63% higher than the previous first quarter of FY 2007 for the CDFI Program. Disbursements for the NACA Program also increased 31% over the prior year period. These increases reflect improvements in business efficiencies in the disbursement system, ensuring awardees receive funds more quickly.

In FY 2009, the CDFI Fund anticipates further efficiency gains in award disbursements as a result of the waiver of the matching funds requirement included in the FY 2008 American Recovery and Reinvestment Act (Recovery Act) for CDFI and NACA Program awardees in that year.

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

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

## **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.

#### **Recruitment and Diversity**

Beginning in FY 2008 the CDFI Fund began backfilling its vacant positions. A number of positions were reallocated to the CDFI Fund's Compliance Monitoring and Evaluation unit to emphasize the need to increase monitoring awardee and allocatee compliance with the terms of their assistance agreements, including a greater emphasis on a risk-based approach which will entail more site visits.

The CDFI Fund's Office of the Director established formal recruitment strategies, policies and procedures intended to provide guidance to managers in recruiting the best candidates in the public and private sector. These "best practice" procedures include structured interviews, standardized questions, and a diverse interview panel. The CDFI Fund has seen a significant difference in the quality of the candidates it is recruiting, and these procedures will continue to be used throughout FY 2010.

Given the diversity of the CDFI Fund program's and constituents, the CDFI Fund is dedicated to recruiting a diverse pool of employees to replicate the populations it serves. As part of the Director's initiatives during FY 2009 and FY 2010, the CDFI Fund will be reaching out to organizations such as the Hispanic National Internship Program, the Washington Internships for Native American Students (WINS), Historical Black Colleges and Universities, and to trade organizations who represent those with disabilities. The CDFI Fund is also dedicated to recruiting individuals from the community and economic development community who share a common interest in the customers it serves. With the assistance of Departmental Offices, Office of Human Resources, the CDFI Fund has taken the opportunity to utilize a number of excepted service opportunities to recruit good talented individuals to help further its mission and its desire to increase its diversity.

In addition to recruiting diverse employees, the CDFI Fund continues to ensure that employees are up-to-date with the proper training in diversity, in addition to sexual harassment, EEO, ethics and integrity awareness training. As part of the CDFI Fund's dedication to its employees, all managers are required to attend a series of sessions that provides extensive information on all the topics listed above.

## **Employee Retention and Satisfaction**

In FY 2008, the CDFI Fund implemented an Employee Recognition and Award program designed to establish continual improvement of the Fund's programs and operations through motivation and reward of its employees in keeping with its vision: an America win which all people have access to affordable credit, capital and financial services. The Employee Recognition and Award Program is designed to acknowledge employee contributions over and above that expected with "Quality" performance and is to be used in conjunction with the performance awards granted as part of the annual performance review process. 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.

The CDFI Fund Director has also continued monthly "Brown Bag" lunches with line staff in order to stay connected to their needs and thoughts. 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.

Beginning in FY 2007, the Office of the Director began establishing a collaborative relationship with the Departmental Offices National Treasury Employees Union (NTEU) Chapter. Today, employees have been properly designated as bargaining and non-bargaining unit employees so that those who are bargaining eligible may take advantage of the services provided to them. CDFI-NTEU relations continue to be productive and collaborative. Both entities have worked closely to respond to employee concerns and needs.

## **Organizational Effectiveness**

During FY 2007 and FY 2008, the CDFI Fund underwent an awards process review to standardize policies and procedure and to bring more efficiency into the organization. In late FY 2008 the CDFI Fund implemented the new programmatic Standard Operating Procedures. Since implementation the CDFI Fund has significantly reduced the time it takes to process awards, particularly for the FY 2009 application rounds. The CDFI Fund anticipates an even better outcome during FY 2010.

As part of a comprehensive skills assessment conducted by an outside contractor of CDFI Fund Employees, the CDFI Fund is currently implementing several recommendations that will continue into FY 2010. The CDFI Fund is currently working with an 8 (a) vendor identified by Treasury's office of Small and Disadvantaged Business Utilization to provide position description consultation for all positions at the CDFI Fund to accurately reflect the roles and responsibilities of its employees. The vendor has been tasked with developing a position description plan that will provide numbers and types of positions, career ladder clarification, accurate roles and responsibilities and levels of authority, correct series numbers (if needed), statements of differences, and classification principles.

In addition to reviewing position descriptions, the CDFI Fund is currently developing mandatory Individual Development Plans (IDP) for all employees to assist them with their career goals and to achieve mission critical programs. The IDP's will correlate with the new performance plans established by Departmental Offices in FY08 and the newly established position descriptions. This project is intended to assist with organizational efficiency during FY 2010, which will be a busy and successful year for the CDFI Fund.

The Office of the Director is also working with an independent training organization to provide coaching and mentoring to all CDFI Fund managers. In addition to providing coaching and mentoring, the organization will provide 360 degree feedback simulations and will concentrate on personal skills, style and communication. The CDFI Fund is dedicated to providing training for the further development of their employees while achieving the goal of providing excellent service to its customers.

### 4.1 – Summary of IT Resources Table

Dollars in Thousands

Information Technology Investments		FY 2007 & Earlier Enacted	FY 2008 Enacted	% Change from FY07 to FY08	FY 2009 President's Budget	% Change from FY08 to FY09	FY 2010 Requested	% Change from FY09 to FY10
Major IT Investments / Funding Source	Budget Activity							
None								
<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 Markets Tax Credit Program	670	414	-38.2%	427	3.1%	450	5.4%
<b>Non-Major IT Investments</b>		<b>670</b>	<b>414</b>	<b>-38.2%</b>	<b>427</b>	<b>3.1%</b>	<b>450</b>	<b>5.4%</b>
CDFI Infrastructure (Telecommunications)	Community Development Financial Institutions, New Markets Tax Credit Program, Bank Enterprise Awards Program, and Native Initiatives Program	350	0	-100.0%	0		0	
CDFI Infrastructure (Office Automation)	Community Development Financial Institutions, New Markets Tax Credit Program, Bank Enterprise Awards Program, and Native Initiatives Program	3,440	1,966	-42.8%	2,179	10.8%	2,584	18.6%
CDFI Infrastructure (IT Security)	Community Development Financial Institutions, New Markets Tax Credit Program, Bank Enterprise Awards Program, and Native Initiatives Program	360	364	1.1%	0	-100.0%	80	
CDFI Infrastructure (Infrastructure)	Community Development Financial Institutions, New Markets Tax Credit Program, Bank Enterprise Awards Program, and Native Initiatives Program	290	335	15.5%	335	0.0%	355	6.0%
<b>Infrastructure Investments</b>		<b>\$4,440</b>	<b>\$2,665</b>	<b>-40.0%</b>	<b>\$2,514</b>	<b>-5.7%</b>	<b>\$3,019</b>	<b>20.1%</b>
None								
<b>Enterprise Architecture</b>								
<b>Total IT Investments</b>		<b>\$5,110</b>	<b>\$3,079</b>	<b>-39.7%</b>	<b>\$2,941</b>	<b>-4.5%</b>	<b>\$3,469</b>	<b>18.0%</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 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 Technology Investment Board Executive Committee to ensure that the CDFI Fund's IT investments are tied to the organization's strategic plan, support the agency's mission and remain strictly within the approved budget.

As described previously, the CDFI Fund faces many challenges in administration of its programs and plans to take steps in FY 2010 to address a number of these challenges. Specifically, the CDFI Fund is transitioning its award administration activities to the Grants Management Line of Business (GMLoB), and moving toward a shared service provider model for financial management and information technology services. As part of this transition process, the CDFI Fund will conduct a complete evaluation of its award activities, from application to award, to determine which activities can be transitioned, and the most efficient process for making the transition.

The CDFI Fund's CIO is also responsible for ensuring that the agency's IT strategic goals conform to required legislation and Treasury and Presidential goals, such as the Federal Information Security Management Act (FISMA), 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, is coordinated with the Treasury CIO office as part of the overall Treasury IT management process.

## 4.2 – Program Assessment Table

Program Evaluation	
<b>Program Name:</b>	CDFI Fund: Finance and Technical Assistance
<b>Year Evaluated:</b>	FY 2004
<b>Rating:</b>	Adequate
OMB Major Findings/Recommendations	
<ol style="list-style-type: none"><li>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.</li><li>2. Set a target ad timeframe for the second long-term measure.</li><li>3. Establish a baseline for the efficiency measure, set a target, and measure progress in achieving this target.</li><li>4. Make disaggregated program performance data available to the public.</li><li>5. Conduct an independent evaluation of the program.</li></ol>	
Bureau Actions Planned or Underway	
<ol style="list-style-type: none"><li>1. The Fund is not taking any action related to the duplication/redundancy finding because:<ol style="list-style-type: none"><li>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 nothave access to any state CDFI program.</li><li>b. There are too few private sector equity investments available to meet CDFIs' needs for capital.</li></ol></li><li>2. The Fund has built the IT system needed to set a target for the second long-term measure.</li><li>3. The Fund conducted the analysis needed, set the baseline for the efficiency measure and began measuring progress in FY 2006.</li><li>4. The Fund made disaggregated data available to the publid in January 2005 and will continue to do so annually.</li><li>5. A contract to evaluate the program was awarded in FY 2005 and is currently underway.</li></ol>	

## Program Evaluation

**Program Name:** New Markets Tax Credit (NMTC)  
**Year Evaluated:** 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 related to the duplication/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 for FY 2006.

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

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