

# Part A

## Justification

### A1 Circumstances That Make the Collection of Information Necessary

The Community Development Financial Institutions Fund (the CDFI Fund) of the U.S. Department of the Treasury is conducting, under a contract with Abt Associates Inc., an evaluation of its Technical Assistance, Financial Assistance, Certification and Training. To conduct this study, we request clearance of a survey instrument for the study of community development financial institutions (CDFIs).

The CDFI Fund was created by the Community Development Banking and Financial Institutions Act, passed into law in 1994. It is designed to promote economic revitalization and community development in distressed urban, rural, and Native American communities across the nation. The CDFI Fund does this primarily by investing in and otherwise assisting CDFIs and insured depository institutions.

CDFIs are specifically designed to address gaps in the provision of financial products and services not filled by traditional financial institutions. They target underserved areas and individuals and often make available financial products that are not typically available through conventional financial institutions, such as micro loans and bridge funds for closing costs on a home loan. CDFIs represent a diverse group of types of financial institutions and offer a wide range of products and services. The CDFI Fund certifies organizations as CDFIs which makes them eligible to apply to the CDFI Fund for financial and technical assistance. The CDFI Fund also provides training to CDFIs on a range of topics.

The CDFI Fund began offering annual funding in 1996, and began providing training to CDFIs and the financial services industry in 2000 by underwriting course offerings under contract through several contractors. Since its inception through the end of its fiscal year 2005 the CDFI Fund has made more than 1,960 awards totaling over \$767 million and some 1,400 participants have been trained by the CDFI-underwritten courses.

The planned survey is necessary for the CDFI Fund to identify and measure the benefits these awards and trainings have had within the CDFI industry and to facilitate better support of CDFIs through refined program design.

### A2 How and by Whom the Data Will Be Used

#### A2.1 Project Overview

The study will gather information on the experiences of CDFIs with the CDFI Fund's programs and provide recommendations for changes in program offerings to better support the industry. Abt Associates will administer a web-based survey to all CDFIs that have applied for certification or funding from the CDFI Fund, received training from the CDFI Fund, or received a survey from the CDFI Data Project (CDP) in the past three years. For CDFIs that applied for either Financial Assistance (FA) or Technical Assistance (TA) awards, the survey is designed to gather information about the CDFIs' application for funding, intended use of funds, other sources of funds for unsuccessful applicants, actual uses of funds for successful applicants, impacts of receipt of funding, and recommendations on ways to make the application process more effective for all applicants. All CDFIs and CDP participants will be asked about the CDFI certification process – including the value of certification for successful applicants, non-applicants will be asked the reasons they did not seek certification, and all will be asked to provide recommendations on ways to make the application process more effective. All CDFIs will be asked about training needs and the role the CDFI Fund can play in addressing these needs. CDFIs that participated in training will be asked to assess the value of the training for the organization. These data will be used to

assess the impact of the CDFI Fund's programs and to provide recommendations on how the CDFI Fund can better support the industry in the future. Contingent upon OMB approval, the survey data collection will be conducted over a 12-week period, beginning in October 2006.

#### **A2.2 Purpose of the Data Collection**

This research is intended to help the CDFI Fund assess the impact of the subject programs and to provide recommendations on how the CDFI Fund can better support the industry in the future.

#### **A2.3 Who Will Use the Information**

The CDFI Fund's staff will use the survey results to understand how the CDFI Fund's current programs impact the industry and develop future programs to better support the industry.

#### **A2.4 Instrument Item-by-Item Justification**

Exhibit 1 describes the target respondents, content and reason for inclusion of each question in the survey instrument.

**Exhibit 1**  
**Item-by-Item Justification of Survey**

Question(s)	Respondents, Content, and Reason for Inclusion
<b>Section A</b> <b>Basic Information</b>	
<b>Questions A1 -14</b>	<b>Respondents: all organizations</b> This section asks the CDFI for basic information about the organization and the person completing the survey to support follow-up if needed and to provide descriptive information to categorize respondents
<b>Section B</b> <b>Applications for Financial Assistance (FA)</b>	
<b>Question B1</b>	<b>Respondents: organizations that have never applied for FA awards.</b> Asks questions about why the organization never applied for funds to learn why certain organizations have never applied for CDFI Fund FA awards.
<b>Questions B2-B12</b>	<b>Respondents: organizations that have submitted successful applications for FA awards.</b> Asks questions about intended use of funds, actual use of funds, ability to achieve goals, role of funding in achieving goals, and ability to leverage CDFI Fund funds, to understand the outcomes that resulted from of CDFI Fund FA awards.
<b>Questions B13-B19</b>	<b>Respondents: organizations that have submitted unsuccessful applications for FA awards.</b> Asks questions about intended use of funds, ability to achieve goals without CDFI Fund funds, to understand how inability to receive an award affected the organization.
<b>Questions B20-B23</b>	<b>Respondents: all CDFIs</b> Recommendations on future uses of CDFI Fund FA awards, to help understand future challenges to the industry and the role CDFI Fund FA awards can play in helping the industry address those challenges
<b>Section C</b> <b>Applications for Technical Assistance (TA)</b>	
<b>Question C1</b>	<b>Respondents: organizations that have never applied for TA awards.</b> Asks questions about why the organization never applied for funds to learn why certain organizations never apply for CDFI Fund TA awards.
<b>Questions C2-C13</b>	<b>Respondents: organizations that have submitted successful applications for TA awards.</b> Asks questions about intended use of funds, actual use of funds, ability to achieve goals, role of funding in achieving goals, and role of funding in ability to access future FA funds, to understand more about outcomes associates with CDFI Fund TA awards.
<b>Questions C14-C17</b>	<b>Respondents: organizations that have submitted unsuccessful applications for TA awards.</b> Asks questions about intended use of funds, ability to achieve goals without CDFI Fund funds, to understand more about the impact of not receiving of CDFI Fund TA awards.
<b>Questions C18-C20</b>	<b>Respondents: all CDFIs</b> Recommendations on future uses of CDFI Fund TA awards, to help understand the role CDFI Fund TA awards can play in helping the industry address upcoming challenges

**Exhibit 1 (Continued)**  
**Item-by-Item Justification of Survey**

Question(s)	Respondents, Content, and Reason for Inclusion
<b>Section D</b> <b>CDFI Certification</b>	
<b>Question D1</b>	<b>Respondents: all CDFIs</b> Question on CDFI understanding of what CDFI Certification means to help the CDFI Fund address any misconceptions in the industry
<b>Question D2</b>	<b>Respondents: CDFIs that have not applied for Certification</b> Question on why CDFIs have not applied for Certification, to help the CDFI Fund understand the barriers to Certification and where Certification offers few benefits.
<b>Question D3</b>	<b>Respondents: CDFIs that have applied for Certification</b> Questions on why CDFIs have applied for Certification, Certification process, to help the CDFI Fund understand the benefits of Certification.
<b>Question D4</b>	<b>Respondents: CDFIs that applied for Certification, but were not Certified by the CDFI Fund</b> Questions on the impacts of not being certified, to help the CDFI Fund understand the benefits of Certification.
<b>Questions D5-D6</b>	<b>Respondents: CDFIs that applied for Certification, and were Certified by the CDFI Fund</b> Questions on the impacts of being certified, ability to leverage additional funds, to help the CDFI Fund understand the benefits of Certification.
<b>Question D7-D10</b>	<b>Respondents: All CDFIs</b> Recommendations for improvements in the certification process, to help the CDFI Fund improve the Certification process.
<b>Section E</b> <b>CDFI Fund-Sponsored Training</b>	
<b>Questions E1-15</b>	<b>Respondents: CDFIs where someone took Market Analysis training</b> Questions about satisfaction with the training, impact of the training on the organization, to understand the value of funding specific types of training
<b>Questions E16-30</b>	<b>Respondents: CDFIs where someone took Financial Projections training</b> Questions about satisfaction with the training, impact of the training on the organization, to understand the value of funding specific types of training
<b>Questions E31-44</b>	<b>Respondents: CDFIs where someone took Community Development Lending training</b> Questions about satisfaction with the training, impact of the training on the organization, to understand the value of funding specific types of training
<b>Questions E45-E60</b>	<b>Respondents: All CDFIs</b> Questions about future training needs, and role CDFI Fund should play in addressing training needs, to understand needs of various organizations, and the role the CDFI Fund can play in addressing the needs

### **A3 Use of Improved Technologies**

The survey will be administered over the worldwide web with telephone follow-up as needed. Respondents will enter their responses in an electronic form that will include edit checks, which will improve the accuracy of survey responses. (Respondents will be given the option to respond to the survey by phone or with pen and paper if they do not have access to the web).

### **A4 Efforts to Avoid Duplication**

In designing the survey, available data on CDFIs and their portfolios were carefully reviewed to ensure that the survey gathers only information not available from existing sources. In particular, to the extent possible, data from the CDFI Data Project (CDP) annual survey and Community Investment Impact System (CIIS) will be used. However, no information about reasons for applying for CDFI Fund awards, benefits from receipt of awards, future training needs, and recommendations for improving program offerings is gathered. This survey will fill this gap.

### **A5 Involvement of Small Entities**

Many of the CDFIs being surveyed are small entities. Efforts have been made to minimize response burden on respondents through careful design of the data collection strategy and efficient construction of the data collection instrument.

### **A6 Consequences of Less Frequent Data Collection**

Not applicable. This is a one-time data collection effort.

### **A7 Special Circumstances**

The proposed data collection activities are consistent with the guidelines set forth in 5 CFR 1320.6 (Controlling Paperwork Burden on the Public—General Information Collection Guidelines). There are no special circumstances that require deviation from these guidelines.

### **A8 Consultations Outside the Agency**

In accordance with the Paperwork Reduction Act of 1995, the Treasury Department published a notice in the Federal Register on March 1, 2006, Volume 71, No. 40, page 10597 announcing the agency's intention to request an OMB review of data collection activities for the Assessment of CDFI Fund Technical Assistance, Financial Assistance, Certification and Training. The notice provided a 60-day period for public comments. One comment was received. The Fund incorporated suggestions from the commenter into the survey.

The CDFI Fund's contractor, Abt Associates, developed this data collection instrument in consultation with staff from the Treasury Department and several outside consultants (Amy Jones and Associates Inc. and LMI, Inc.). Pre-testing of each of the survey modules with up to nine respondents was conducted in January 2006.

### **A9 Payments to Respondents**

There will be no payments to respondents. All respondents are CDFIs, who are being asked to complete the survey voluntarily.

### **A10 Arrangements and Assurances Regarding Confidentiality**

The findings from the study will be reported only at the aggregate level and responding CDFIs will not be identified in the study reports.

## **A11 Sensitive Questions**

The survey does not contain any questions that are considered sensitive.

## **A12 Estimate of Annualized Burden Hours**

Exhibit 2 provides information on the survey to be used in the study and the estimated time to complete the data collection. Total burden for data collection for the study is estimated at 689 hours.

## Exhibit 2

### Response Burden Summary

A	B	C	D	E	F	G
Survey Module	Number of Respondents	Burden per Respondent (Minutes)	Total Annual Burden (Minutes)	Number of Responses per Respondent	Total Respondent Burden (Minutes)	Total Project Burden (Hours)
			(A*B)		(D*E)	
<b>Section A</b>	1100	10.5	11,550	1	11,550	192.5
<b>Section B</b>						
Non applicants	631	1.5	11,550	1	1,420	23.67
Successful applicants	310	7.0	2,325	1	2,325	38.75
Unsuccessful applicants	310	4.25	1,938	1	1,938	32.3
All CDFIs	1100	0.75	1,650	1	1,650	27.5
<b>Section C</b>						
Non applicants	653	1.0	980	1	980	16.33
Successful applicants	398	4.0	1,990	1	1,990	33.17
Unsuccessful applicants	209	3.0	732	1	732	12.2
All CDFIs	1100	0.75	1,375	1	1,375	22.92
<b>Section D</b>						
Non applicants	283	1.5	566	1	566	9.43
Successful applicants	752	2.5	2,632	1	2,632	43.87
Unsuccessful applicants	65	0.75	98	1	98	1.63
All applicants	817	1.25	817	1	817	13.62
All CDFIs	1100	2.0	1,650	1	1,650	27.5
<b>Section E</b>						
Per Training	700	7.5	5,250	1	5,250	87.5
All CDFIs	1100	5.75	6,325	1	6,325	105.87
<b>Total</b>						<b>688.75</b>

Shortest --> Non-applicants for anything;

23.25 min

Long --> successful applicant for everything; one training

41.0 min

The estimates of response time are based on the assumptions presented in Exhibit 3.

**Exhibit 3**  
**Response time by Respondent Type, buy Section**

Question type	Minutes per response	Check Box	Type entry	Look up/entry	Total Q	Total Min
		0.25	0.5	1		
Section	Subgroup					
A	All	4	1	9	14	10.5
B	Non App	4	1	0	5	1.50
	Succ App	10	1	4	15	7.0
	Non Suc App	11	1	1	12	4.25
	All CDFIs	1	1	0	2	0.75
C	Non App	2	1	0	3	1.0
	Succ App	11	1	1	13	4
	Non Suc App	6	1	1	8	3.0
	All CDFIs	1	1	0	2	0.75
D	Non App	4	1	0	5	1.5
	Succ App	4	1	1	6	2.5
	Non Suc App	1	1	0	2	0.75
	All applicants	3	1	0	4	1.25
	All CDFIs	4	2	0	6	2.0
E	Training per training	26	2	0	28	7.5
	All CDFIs	15	4	0	19	5.75

**A13 Estimated Record Keeping and Reporting Cost Burden on Respondents**

There is no cost to respondents, other than the time required to respond to the survey.

**A14 Estimated Cost to the Federal Government**

The total contracted cost to the federal government for the web-survey Survey of CDFIs is \$85,351.

**A15 Reasons for Changes in Burden**

This submission to OMB is a new request for approval; there is no change in burden.

**A16 Tabulation Plan, Statistical Analysis, and Study Schedule**

Data collection is scheduled to begin in October 2006 and continue through December 2006. Responses to survey questions will make up a database, primarily to analyze the impacts of the CDFI Fund's programs on CDFIs and provide recommendations on ways to make programs more responsive to industry needs. Analysis will be conducted from January 2007 through



February 2007, with a first draft report submitted to The CDFI Fund in March 2007 and a final report submitted in April 2007.

Analysis of web survey results will consist of tabulations of responses to survey questions and discussion of those tabulations. Different modules of the survey will gather qualitative measures of the impacts of the FA, TA, CDFI Certification, and Training programs offered by the CDFI Fund. In tabulating survey responses, we will use key organizational characteristics as stratifying variables, including the organization type, size, investment focus, and client characteristics. Information gathered through the survey regarding recommendations for improvements in program operations will also be presented.

### **A17 Expiration Date Display Exemption**

All data collection instruments will prominently display the expiration date for OMB approval.

### **A18 Exceptions to Certification**

This submission describing data collection requests no exceptions to the Certificate for Paperwork Reduction Act (5 CFR 1320.9).