

Supporting Statement for the Bank Enterprise Award Program of the
Community Development Financial Institutions Fund
Bank Enterprise Award (BEA) Program Awardee Reporting Form
OMB No. 1559-0032

A. Justification

1. Circumstances necessitating collection of information

The Community Development Financial Institutions (CDFI) Fund implements the Bank Enterprise Award (BEA) Program that provides incentives to insured depository institutions to increase their support of CDFIs and their activities in economically distressed communities. Applicants submit an application and are evaluated in accordance with statutory and regulatory requirements (see 12 CFR 1806). Beginning in the FY 2009 funding round, the CDFI Fund will require BEA awards be used for BEA Qualified Activities, as defined under the BEA Program regulations. Awardees will be required to report to the CDFI Fund how the award was used.

2. Method of collection and use of data

Data will be collected by the CDFI Fund from awardees with awards above a certain threshold (currently \$50,000). Awardees will be required to complete and electronically submit Uses of BEA Program Award Report.

3. Use of Information Technology

The CDFI Fund has a web-based data collection system for awardees to submit required data and reports. Awardees have individual myCDFI accounts, which allow them to access, save and submit documents, including the BEA Program Award Agreement Report forms, to the CDFI Fund.

4. Efforts to identify duplication

The CDFI Fund does not request information available from other Federal agencies, namely, financial institution regulatory agencies.

5. Impact on small entities

This collection of information is not expected to have significant impact on small entities. The Fund requested public comment on the compliance requirement and did not receive any significant comments from small entities on the reporting burden.

6. Consequences of less frequent collection and obstacles to burden reduction

In the fall of 2008, the Office of Management and Budget recommended that the CDFI Fund begin requiring BEA Program Awardees to use their awards for BEA Qualified Activities. The CDFI Fund cannot monitor usage of BEA Program awards without the collection of this data.

7. Circumstances requiring special information collection

Not applicable.

8. Solicitation of comments on information collection

Comments on the reporting requirement this Program were solicited in the *Federal Register* on January 27, 2010; two comments were received. There were no significant comments on the burden of submitting such materials; however,

comments were provided on specific items the CDFI Fund should clarify in the Award Agreement and guidance that will accompany the Uses of BEA Program Award Report.

Specific comments submitted by The American Bankers Association (ABA) on March 24, 2010 are addressed below:

The ABA recommends that the CDFI [Fund] make clear, by way of regulatory amendment, whether an Awardee is required to use the actual received award amount on Qualifying Activities or an amount “equivalent” to the award amount. The ABA further recommends that the CDFI define the meaning of “equivalent.”

This comment is not related to the form or burden. The term equivalent is a standard term used in other CDFI Fund programs documents and regulations. It is not defined in the Award Agreement or other documents because the definition is self explanatory. Notwithstanding, the term equivalent will be clarified in the forthcoming guidance on the reporting requirements that will be sent to awardees.

The ABA recommends that CDFI [Fund] require Schedule 2-C reporting only for those applicants that do not file an application for an Award the following year.

Awardees must use the actual received award amount on Qualifying Activities or an amount “equivalent” to the award amount to comply with the Award Agreement. This recommendation does not consider applicants that file an application for an Award the following year that is less than the amount required under the pending Award Agreement. Nor does this comment consider, as stated in the BEA Regulations Section 1806.102, that applicants are not able to include activities funded with an Award as activity in a pending application. For these reasons, no revisions to the reporting form or program regulations regarding this issue are planned at this time.

The ABA further recommends that the CDFI [Fund] make additional amendments to 12 C.F.R. 1806 related to an Awardee’s failure to fully use Award funds.

This comment is not related to the form or burden. As stated in the Award Agreement, if the Awardee has not expended the BEA Program Award (or an amount equivalent to the Award) on Authorized Uses by the end of its Performance Period, it must use this report in conjunction with the Explanation of Noncompliance to explain when and how it plans to expend the Award on Authorized Uses. If necessary, the Awardee may request an amendment to the Award Agreement. For these reasons, no revisions to the program regulations regarding this issue are planned at this time.

The ABA is concerned about the “Impact” category required by the form. “Impact should be broadly defined or greater flexibility should be provided in reporting.

Impact is defined in the Award Agreement in accordance to the definitions in the BEA Program Application and Supplemental Guidance. To date, applicants have been able to report Impact in accordance with the guidelines provided. In addition,

in the CDFI Fund Request for Public Comments published in the Federal Register on June 4, 2008, the public was asked to comment on “Should the Fund revise the current definitions of the Distressed Community Financing Activity impacts?” No comments were received on the current definitions. For these reasons, no revisions to the program regulations regarding this issued are planned at this time.

The ABA recommends that the [CDFI] Fund consult with the Federal Banking Agencies to determine whether this information could be captured from information already provided on existing examinations reports and whether the CDFI [Fund] could gather such data directly from the banking agencies versus the Awardee.

The information required is specific to activities that are defined under the BEA Program regulations and are not collected by Federal Banking Agencies during examinations. In addition, Awardees are waived from reporting any financial statements because they are regulated entities and that information is made publicly available by the Federal Banking Agencies. There is no additional information required as it related to the form or the Award Agreement. Moreover, in the CDFI Fund Request for Public Comments published in the Federal Register on June 4, 2008, the public was asked to comment on “What post-award information should the CDFI Fund collect from Awardees in order to monitor use of the BEA awards for Qualified Activities?” The Schedule 2-C was created based on the comments received. No issues were raised regarding the ability to capture this information from the Federal Banking Agencies. For these reasons, no revisions to the collection from are planned at this time.

9. Provision of payment to respondents

No payment or gift will be made to respondents.

10. Assurance of confidentiality

The Fund is subject to all Federal regulations with respect to confidentiality of information supplied in the application process.

11. Justification of sensitive questions.

No questions of a sensitive nature are asked in the application.

12. Estimate of the hour of burden of information collection

The total annual hour burden of this information collection is estimated at 40 hours; the Fund anticipates 40 respondents annually with an estimated 1 hour per awardee. Approximately 85 percent of all BEA awardees, will be required to submit the Uses of BEA Program Award Report and BEA Program Explanation of Noncompliance form (based on the number of awardees in FY 2009 that received an award above \$50,000).

13. Estimate total annual cost burden to respondents

There are no cost burdens associated with the collection of this data. No purchases of equipment or services are necessary to complete this application.

14. Estimate of annualized cost to the Government

The cost to the Government is the Fund staff time required to review the report, follow-up with respondents, tabulate the data, and report the results.

15. Any program changes or adjustments

All BEA Program materials have been updated, including regulations, Notice of Funds Availability, application, and award agreement, to reflect the requirement that an applicant receiving an award over \$50,000 will be subject to new compliance and reporting requirements as part of the terms and conditions of the BEA Program Award Agreement.

16. Plans for information tabulation and publication

Confidential or proprietary information collected through this Report form will not be published.

17. Reasons for not displaying expiration date of OMB approval

The display of the OMB expiration date would cause confusion by respondents due to the limit duration of application period. It is requested not to display this expiration date.

18. Explanation of exception to certification statement

Not applicable.