

Community Development Financial Institutions Fund, Department of the Treasury
Supporting Statement
Community Development Financial Institutions Program
CDFI Program Awardee and NMTC Allocatee Annual Report
OMB Approval Number 1559-0027

A. Justification

1. Circumstances necessitating collection of information

The Community Development Financial Institutions (CDFI) Program provides financial and technical assistance to selected organizations certified by the CDFI Fund as CDFIs, or entities that propose to become CDFIs, in order to enhance their ability to make loans and investments and provide services for the benefit of designated investment areas and targeted populations. According to appropriations legislation, these also include selected Native American organizations certified by the CDFI Fund as CDFIs, or entities that propose to become CDFIs, in order to enhance their ability to make loans and investments and provide services for the benefit of Native American communities and individual Native Americans. Based on an assistance agreement between each Awardee and the CDFI Fund, annual reports are used to collect information for compliance monitoring and recordkeeping purposes. The annual report provides qualitative and quantitative information on the Awardee's compliance with its performance goals, its financial health, and the timeline in which the CDFI Fund's financial and technical assistance was used.

In addition, the legislation that created the New Markets Tax Credit (NMTC) Program, administered by the CDFI Fund in coordination with the Internal Revenue Service (IRS), imposes the need to collect data from community development entities (CDEs) that receive allocations of NMTC authority. NMTC Program Allocatees enter into allocation agreements with the CDFI Fund, which contain the terms and conditions of their NMTC allocations including submission of an annual report. These reports provide qualitative and quantitative information on the Allocatee's compliance with its allocation agreement, adherence to IRS regulations (section 45D of the Internal Revenue Code), community impact data and its financial health.

2. Method of collection and use of data

The CDFI Fund collects data on an annual basis according to the Awardee's or Allocatee's fiscal year end. The annual report data will be used to determine an Awardee's compliance with the terms of its assistance or allocation agreement.

3. Use of Information Technology

The CDFI Fund has eliminated paper submission of all reporting information being collected for the CDFI and NMTC program awards. The CDFI and NMTC Programs Annual Reports are submitted via the web through the myCDFIfund portal. The Awardee's and Allocatee's Institution Level Report (ILR) and Transaction Level Report (TLR) are submitted electronically through the Community Investment Impact System (CIIS).

4. Efforts to identify duplication

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All of the information requested is required in order to evaluate Awardee or Allocatee compliance with the CDFI Fund's assistance and allocation agreements and does not duplicate other information collections.

5. Impact on small entities

This collection of information is not expected to have a significant impact on small entities as small entities generally apply for and receive Technical Assistance (TA) awards. TA award reporting requirements do not include completion and submission of the TLR report through CIIS. The TLR is the largest potential component of the annual report and is only required by Awardees that receive Financial Assistance (FA) awards and Allocatees that receive allocations of NMTC authority. Only NMTC Program Allocatees and CDFI Program FA Awardees will be required to submit the Transaction-Level Report. Small entities that become CDFI Fund Allocatees or Awardees must demonstrate significant management capacity to be selected for an allocation or award. Therefore, the CDFI Fund expects that smaller entities will have the capacity or the ability to develop the capacity needed to complete the TLR.

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

The CDFI Fund cannot determine compliance with assistance and allocation agreements, measure its annual performance, or perform program evaluation without this annual collection of data.

7. Circumstances requiring special information collection

Not applicable.

8. Solicitation of comments on information collection

Pursuant to the notice and request for comments published in the Federal Register on August 27, 2013, at 78 FR53005, the CDFI Fund received detailed comments on or before October 28, 2013 from the following 15 organizations or individuals: Ariel Ventures, Common Capital, Communicating Arts Credit Union, Enterprise Community Investment, Inc., Joyce Dillard, Mercy Housing, National Federation of Community Development Credit Unions, New Hampshire Community Loan Fund, New Markets Tax Credit Coalition, The New Markets Tax Credit Working Group, Opportunity Finance Network, Strategic Development Solutions, Travois New Markets LLC, Washington Community Alliance for Self Help, and Wisconsin Women's Business Initiative.

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Responder	Comment	CDFI Fund Response
<ul style="list-style-type: none"> • Mercy Housing • Common Capital • Wisconsin Women’s Business Initiative • NFCDCU • Strategic Development Solutions • Travois New Markets LLC • Communicating Arts Credit Union • NMTC Coalition 	<p>Geocoding system is cumbersome. There are conflicts between transactions geocoded by the existing CIMS mapping system (as well as the FFIEC system) and the CIIS system, which results in errors when uploading the TLR into CIIS. Rural locations sometimes do not have addresses and are not geocodable.</p>	<p>The CDFI Fund has invested in a new mapping system (CIMS3) which has significantly improved geocoding and processing power. Because the new system will be supported by more powerful dedicated servers it will overcome the batch processing limitations of the old systems. Secondly, the CDFI Fund will standardize geocoding addresses through the new CIMS3 system and will seek to minimize the need to revalidate the geocoding in CIIS thereby eliminating a significant error generating process. Rural areas without addresses can use latitude and longitude coordinates to geocode locations without addresses.</p>
<ul style="list-style-type: none"> • Ariel Ventures • Enterprise Community Investments • NH Community Loan Fund • Mercy Housing 	<p>Provide more time for qualified CIIS software vendors to incorporate annual changes in the CIIS data collection before the annual release in August of each year.</p>	<p>The CDFI Fund plans to provide to CIIS compatible software vendors the annual CIIS revisions on June 1st of each year so that the vendors have more time to revise and test their software compatibility prior to the CIIS annual release date in August of each year.</p>
<ul style="list-style-type: none"> • Enterprise Community Investments • NMTC Working Group • NMTC Coalition 	<p>Multi-CDE reporting guidance should be improved to make reporting clearer and easier.</p>	<p>An FAQ on Multi-CDE reporting will be included to clarify reporting requirements. Additional guidance will also be included in the instructions the CIIS web interface. The CDFI Fund will also include this information in new training power points and/or webinars.</p>
<ul style="list-style-type: none"> • NFCDCU • Communicating Arts Credit Union • Opportunity Finance Network 	<p>The CIIS TLR system is underpowered and subject to crashes during the highest volume reporting periods. The slow processing of the TLR is inefficient and costly because of staff time devoted to uploading the data. Recommend updating the hardware and software of the system.</p>	<p>The CDFI Fund is evaluating potential upgrades to the IT operating system, including the servers currently supporting the CIIS system.</p>

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Responder	Comment	CDFI Fund Response
<ul style="list-style-type: none"> • NFCDCU • Common Capital • Self-Help • CDFI Coalition • NMTC Coalition 	<p>CIIS reporting burden for CDFIs ILR/TLR is higher than the estimated 100 hours.</p>	<p>The CDFI Fund estimates that the improvements in the mapping system processing power and functionality should dramatically decrease geocoding and eliminate errors in uploading TLR transactions, thereby reducing reporting burden estimates. In addition improvements in error identification and correction will also reduce burden. The net effect of these planned changes is being evaluated. Revised burden estimates will be posted at a later date.</p>
<ul style="list-style-type: none"> • Mercy Housing CDCU 	<p>Reduce reporting burden by allowing CDFIs to select their specialization by loan purpose or asset class of loans so that CIIS would then disable reporting on unrelated fields in the TLR.</p>	<p>The CDFI Fund will review the feasibility of implementing such a change in CIIS.</p>
<ul style="list-style-type: none"> • Washington Community Alliance for Self-Help • CDCU • NFCDCU 	<p>Improved error identification and correction in TLR.</p>	<p>The CDFI Fund is working with the CIIS contracting team to improve error handling processes.</p>
<ul style="list-style-type: none"> • Enterprise Community Investments • Opportunity Finance Network • NFCDCU • Self-Help 	<p>The CDFI TLR should be scaled back to include only the essential fields that are used for compliance and impact reporting. Optional CDFI TLR fields should be eliminated or made mandatory to eliminate confusion.</p>	<p>The CDFI Fund will conduct a comprehensive internal review to identify fields that can be eliminated without compromising compliance or impact analysis. The CDFI Fund will also conduct listening sessions and other forms of public engagement with the industry to identify fields which might be eliminated.</p>
<ul style="list-style-type: none"> • NMTC Coalition 	<p>The CDFI Fund should post updated training materials and more information to conduct baseline analysis of relevant reporting benchmarks.</p>	<p>The CDFI Fund is working with the CIIS contracting team to update on-line training materials to assist awardees in their reporting.</p>

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9. Provision of payment to respondents

No payments or gifts will be made to respondents.

10. Assurance of confidentiality

The CDFI Fund is subject to all Federal regulations with respect to confidentiality of information supplied in the annual report.

11. Justification of sensitive questions.

Questions that may be considered of a sensitive nature are asked for research purposes. These questions are included in the ILR and TLR submitted through CIIS. See attached data release protocol document that lists the protections of the answers to these sensitive questions offered to Awardees and Allocatees.

12. Estimate of the hour burden of information collection.

CDFI Awardees/ NMTC Allocatees Estimated Burden:
Estimated Number of Annual Respondents:
<ul style="list-style-type: none"> • CDFI Annual ILR only: 107 (TA=66 and FA=41)
<ul style="list-style-type: none"> • CDFI Annual TLR and ILR: 245
<ul style="list-style-type: none"> • NMTC Annual Report: 303
Burden per Report Type:
<ul style="list-style-type: none"> • CDFI Program TA awardees Estimated Time Burden: 22 hours
<ul style="list-style-type: none"> • CDFI Program FA ILR only awardees Estimated Time Burden: 32 hours
<ul style="list-style-type: none"> • CDFI Program FA TLR/ILR awardees Estimated Time Burden: 100 hours
<ul style="list-style-type: none"> • NMTC Program allocatees Estimated Time Burden: 65 hours
Total Estimated Burden per Reporting Type:
<ul style="list-style-type: none"> • CDFI Program TA reports: 1,452 hours
<ul style="list-style-type: none"> • CDFI Program FA ILR only reports: 1,312 hours
<ul style="list-style-type: none"> • CDFI Program FA TLR/ILR reports: 24,500 hours
<ul style="list-style-type: none"> • NMTC Program CDE reports: 19,695 hours
Estimated Total Annual Burden Hours = 46,959

13. Estimate of total annual cost burden to respondents

In addition to the hour burden described in item 12 above, costs may include purchase of new or upgraded software, information technology consultants and purchase of hardware to complete the online portions of the Annual Report through CIIS. Software costs to support CIIS reporting are reported to range in costs from several hundred dollars to \$3,000. Hardware costs typically involve a desktop and internet access. Once the start-up investments have been made, there should be minimal additional annual costs associated with this data collection.

14. Estimate of annualized cost to the Government

The costs to the Government for the annual maintenance and data collection costs for the ILR and TLR submitted through CIIS are expected to average \$940,682.00 over three years. This cost is paid according to an awarded contract to i360 Inc. The CDFI Fund awarded a contract to i360 to maintain and update the Annual Surveys for CIIS, and to collect and cleanse the ILR and TLR data submitted through CIIS. The costs to the Government for supporting other annual reporting submissions through its generic web portal myCDFIfund cannot be discretely prorated since all activities (such as applications, update to organizational profiles, maps, etc.) must enter through this single portal.

15. Any program changes or adjustments

Elimination of geocoding conflicts between the CDFI Information Mapping System 3 (CIMS3 which is forthcoming in mid-December 2013) and the CIIS transactions validation should significantly reduce error reports and delays in uploading TLR reports for both CDFIs and CDEs. Improvement in data validations and instructions should also reduce error reports and thereby reducing the burden. The net effect of these planned changes is being evaluated. Revised estimates will be posted at a later date. At this time the total burden associated with this collection of information is 655 responses and 46,959 total burden hours.

16. Plans for information tabulation and publication

The CDFI Fund publishes annually summary data in its Agency Financial Report. In addition it plans to publish annually the cleansed CIIS data for the CDE TLR and CDFI summary ILR and TLR data, with a planned release in the following calendar year in February and March, respectively. In keeping with Federal regulations and laws, confidential and proprietary information collected through the annual report will not be published.

17. Reasons for not displaying expiration date of OMB approval

The CDFI Fund believes displaying an OMB expiration date on this collection will create the incorrect perception that this information request is to run for a shorter term than the awardees assistance agreements.

18. Explanation of exceptions to certification statement

Not applicable.

B. Collections of Information Employing Statistical Methods

This section is not applicable.