

Supporting Statement for Paperwork Reduction Act Submissions
Community Development Financial Institutions (CDFI) Fund
Annual Certification and Data Collection Report and abbreviated Transaction Level Report,
OMB 1559-0046

A. Justification

1. Circumstances necessitating collection of information

A Certified Community Development Financial Institution (CDFI) is a specialized financial institution that works in markets that are underserved by traditional financial institutions and provide a range of Financial Products and Financial Services in economically distressed Target Markets. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan and venture capital funds. CDFI Certification is a designation conferred by the Community Development Financial Institutions Fund (CDFI Fund) and is a requirement for accessing various CDFI Fund programs. A financial institution seeking to become a Certified CDFI and qualify to apply for assistance from the CDFI Fund must complete the CDFI Certification Application (OMB Control Number 1559-0028). CDFI Certification and the Annual Certification and Data Collection Report (ACR) are requirements of Certified CDFIs. The Transaction Level Report (TLR) is a requirement of CDFIs that receive Financial Assistance (FA) awards from the CDFI Fund.

The CDFI Fund is authorized by the Riegle Community Development Banking and Financial Institutions Act of 1994 (Pub. L. 103–325, 12 U.S.C. 4701 et seq.) (the Act). The regulations governing CDFI Certification are found at 12 CFR. 1805.201 (the Regulations). The significance of CDFI Certification has increased over the years, as the CDFI Certification status has come to serve as a qualifier for other federal government and private sector resources and benefits. Beginning in January 2017, through the issuance of a Request for Information, the CDFI Fund sought to review and update the CDFI Certification policies and procedures to ensure they continue to meet the statutory and regulatory requirements, are responsive to the evolving nature of the CDFI industry, and protect government resources. In May 2020, the CDFI Fund requested public comment on proposed revisions to the CDFI Certification Application (Application) and reporting requirements for Certified CDFIs, including the introduction of the Certification Transaction Level Report (CTLR). As a result of comments received during that public comment period, the CDFI Fund made additional revisions to the existing ACR, the new CTLR and proposed Certification Application.

The revised ACR, new CTLR, certification policies, and Application attempt both to provide the flexibility necessary for CDFIs to grow and to serve the hardest to reach distressed communities, and to maintain the integrity of what it means to be a Certified CDFI from a mission perspective. In addition, where existing policy was considered appropriate, changes were made to the Application and guidance to provide greater transparency and clarity around the criteria that entities must meet to obtain and maintain CDFI Certification.

2. Method of collection and use of data

Transaction level data will be collected from reporting entities through a variety of methods depending on their Certification status. For entities who are seeking initial Certification as a CDFI, transaction level data will be collected voluntarily via the abbreviated TLR form, which replaces the originally proposed CTLR. This data will be used to assess the applicant’s activity in its proposed Target Markets. Subsequent to their initial Certification as a CDFI, Certified CDFIs

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are evaluated annually and are required to submit an ACR in order to maintain Certification and assess Target Market activity (OMB Control Number 1559-0046). Under the proposed new Certification policies, Certified CDFIs will also be required to voluntarily submit transaction level data to allow the CDFI Fund to better assess Target Market activity rather relying on attestations. Certified CDFIs who are neither current CDFI Program or Native CDFI Assistance Program (NACA Program) FA recipients, nor CDFI Rapid Response Program (RRP) FA recipients will submit the abbreviated TLR form with their ACR on an annual basis. This is the same form that they submitted at the time of their Certification Application. Certified CDFIs who are current FA recipients will submit the TLR (OMB Control Number 1559-0027) as they currently are required to do under their respective Award Assistance Agreements.

3. Use of Information Technology

The ACR and both forms of the TLR are available through the CDFI Fund's Award Management Information System (AMIS) located on the CDFI Fund's website. The CDFI Fund will require that applicants submit the abbreviated TLR electronically. Certified CDFIs are required to submit the ACR and either version of the TLR electronically.

4. Efforts to identify duplication

The TLR does not duplicate any other CDFI Fund or federal program information-gathering tool. For Certified CDFIs who are federally-regulated financial institutions, an effort has been made with the new version of the ACR to auto-populate as many data fields as possible in the financial data section and the new loans and leases table with their corresponding values from the public call report databases, rather than require entities to enter information already available through another Federal agency information gathering tool.

5. Impact on small entities

This collection of information does not have a significant impact on small entities.

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

The CDFI Fund is statutorily required to have an Application process for the Certification of CDFIs, which will now include the abbreviated TLR. The ACR is a requirement for Certified CDFIs, along with the two versions of the TLR to measure Target Market activity. Since CDFI Certification is a prerequisite for receiving FA funding from the CDFI Fund, the Certification Application and ACR review are critical parts of the CDFI Fund's Operations. In addition, the TLR is an existing requirement that FA recipients must submit in order to measure the impact of their funding and remain in compliance with their Assistance Agreement. Moreover, once Certified as a CDFI, an entity's Certification status remains intact, provided the entity continues to meet Certification regulatory and reporting requirements.

7. Circumstances requiring special information collection

Not applicable.

8. Solicitation of comments on information collection

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Comments on the ACR and the proposed new CTRL were solicited via notice in the *Federal Register* on May 7, 2020 (85 FR 27274) along with those for the new Certification Application. The CDFI Fund received 55 comment letters in regard to the new Certification Application, ACR and CTRL. Although, the majority of comments align with the proposed policy changes and updates to the data reporting tools, the CDFI Fund made substantial updates to the ACR and CTRL in consideration of comments deemed appropriate on how best to implement those policies. One such substantial update was the replacement of the CTRL with the abbreviated TLR. Rather than create a new reporting tool, the CDFI Fund decided to take an existing data collection tool (the TLR), which the Certified CDFI industry is familiar with, and modify it for a new purpose (the abbreviated TLR). Updates to the ACR and the TLR, located in AMIS, facilitate the efficient data collection for seeking CDFI Certification, as well as annual Certification assessment. At this time, policy recommendations or proposed changes to the ACR and CTRL have been taken under advisement. The comments and CDFI Fund responses to all of the comment letters can be found in the Appendix.

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 provided by CDFI Certification applicants and currently Certified CDFIs. No other assurances of confidentiality have been provided.

11. Justification of sensitive questions.

No personally identifiable information (PII) is collected.

12. Estimate of the hour burden of information collection.

The burden for this information collection is broken-down into the two different data collection instruments – the ACR and the abbreviated TLR—with the total estimated burden of 20,440 hours and 7,470 hours, respectively. Any burden estimates associated with the FA Recipient TLR can be found under OMB Control Number 1559-0027.

For the ACR, its burden estimates include both the reduction of time via the deletion of existing data fields, as well as the use of technology and web services to prepopulate data fields for certain financial institution types. In addition, there are new data fields and new data tables that had to be created in order to bring the ACR into alignment with the Fund’s new Certification policies and be able to annually assess compliance with these policies. In addition, the number of currently certified CDFIs has increased since the PRA renewal process began in May 2020, which means more entities required to submit the ACR.

Affected Public	# of Respondents	# of Responses Per Respondent	Annual Responses	Hours Per Response	Total Hours
Certified CDFIs	1,460	1	1,460	14	20,440

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For the abbreviated TLR, its burden estimates are split between Certification Applicants and Certified CDFIs who are not FA Award Recipients. Because of the recent RRP awards, the majority of currently Certified CDFIs are required to submit the full TLR approved under OMB Control Number 1559-0027. The number of CDFIs submitting the abbreviated TLR as part of the ACR will ebb and flow depending on the number of FA recipients for the CDFI Fund’s programs. The CDFI Fund anticipates a substantial increase in the number of abbreviated TLRs submitted in connection with the ACR after the TLR reporting requirements end for RRP recipients in fiscal year (FY) 2024.

Affected Public	# of Respondents	# of Responses Per Respondent	Annual Responses	Hours Per Response	Total Hours
Non-Financial Assistance Certified CDFIs seeking Recertification	597	1	597	10	5,970
New Certification Applicants	150	1	150	10	1,500
Total	747	1	747	10	7,470

13. Estimate of total annual cost burden to respondents

There are no additional cost burdens to respondents to this collection of data. No purchase of equipment or services will be needed by respondents for this information collection, other than as required as a part of customary and usual business practices.

14. Estimate of annualized cost to the Government

The cost to the Government is the CDFI Fund staff and contractor time required to review the submitted ACRs and TLRs, maintain the electronic submission system, and collect follow-up information from applicants and Certified CDFIs.

15. Any program changes or adjustments

The CDFI Fund has made substantial changes to the data collected as part of the Certification Application and annual recertification process. The adjustment in agency estimate of burden hours for the ACR is due to a substantial increase in the aggregate number of respondents from 1,085 to 1,460. This change is based on an increase in the number of currently Certified CDFIs since the PRA renewal process began in May 2020.

For the abbreviated TLR, there are changes in the estimate of burden hours due to changes in the number of respondents, as well as the hours per response. The number of non-financial assistance Certified CDFIs seeking recertification through the ACR and thus required to submit the abbreviated TLR declined from 700 to 597. This change is due to an increase in the number of Certified CDFIs who are FA recipients and thus required to submit the TLR as part of their

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Assistance Agreement requirements since May 2020. With more currently Certified CDFIs submitting the TLR, there are fewer who need to submit the abbreviated TLR. In regard to the slight increase in hours per response from eight (8) to ten (10), this change is due to a few additional data fields on the abbreviated TLR compared to the original CTRLR. These additional data fields are necessary to check that the financial products being entered as transactions on the TLR to count towards Target Market activity meet the Certification policy standards for acceptable financial products. Some of these additional data fields are only applicable to certain types of financial products and thus do not require a response for every transaction.

16. Plans for information tabulation and publication

Confidential or proprietary information collected through the abbreviated TLR as part of the CDFI Certification Application will not be published. Neither will similar information collected as part of the ACR submission process, including the two versions of the TLR. Organizational information or data collected in the ACR, the abbreviated TLR, and the FA Recipient TLR may be posted on the CDFI Fund's public website, shared with other federal agencies or accessed via a Freedom of Information Act (FOIA) request. Website postings may include a masked public data file, as well as annual snapshot reports where the data is reported in the aggregate.

17. Reasons for not displaying expiration date of OMB approval

Not applicable.

18. Explanation of exceptions to certification statement

Not applicable.

B. Collections of Information Employing Statistical Methods

This section is not applicable.