

Supporting Statement  
Community Development Financial Institutions Program  
CDFI/NACA Program Award Recipient and NMTC Allocatee Annual Report  
including CDFI ERP  
OMB Approval Number 1559-0027

**A. Justification**

1. Circumstances necessitating collection of information

The Community Development Financial Institutions Program (CDFI Program) provides financial and technical assistance to selected organizations certified by the Community Development Financial Institutions Fund (CDFI Fund) as Community Development Financial Institutions (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 their designated investment areas and targeted populations. These organizations 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 through the Native American CDFI Assistance Program (NACA Program). Based on an Assistance Agreement between each Financial Award (FA) Recipient and the CDFI Fund, the CDFI/NACA Program Transaction Level Report (TLR) is used to collect information for compliance monitoring and performance reporting. The annual report provides qualitative and quantitative information on the FA Recipient's compliance with its performance goals during the period of performance in which the CDFI Fund's financial assistance was used. The CDFI/NACA TLR is submitted via the CDFI Fund's Awards Management Information System (AMIS) once a year, six (6) months after a Recipient's fiscal year end.

The legislation that created the New Markets Tax Credit (NMTC) Program, administered by the CDFI Fund in coordination with the Internal Revenue Service (IRS), requires the collection of 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 comprised of the Allocatee Institution Level Report (ILR) and the Allocatee Transaction Level Report (TLR). These reports provide qualitative and quantitative information on the Allocatee's compliance and performance commitments with its Allocation Agreement, adherence to IRS regulations (section 45D of the Internal Revenue Code (26 USC 45D)), community impact data and its financial health. The NMTC ILR and NMTC TLR are submitted via the CDFI Fund's Awards Management Information System (AMIS) on annual basis no later than 180 calendar days after the end of the Allocatee's fiscal year in which the Allocatee or its Subsidiary Allocatee(s) makes its first QLICI and each fiscal year thereafter.

In 2023, the CDFI Fund made awards under the CDFI Equitable Recovery Program (CDFI ERP), which was a new program authorized by Congress under the Consolidated Appropriations Act, 2021 (Act; Section 523 of Division N; Pub. L. 116-260). The CDFI ERP was designed to award CDFIs grants to respond to the economic impacts of the COVID-19 pandemic. Awards provided to CDFIs were: (1) to expand lending, grant making, and investment activity in low- or moderate-income communities and to borrowers, including minorities, that have significant unmet capital or financial service needs and were disproportionately impacted by the COVID-19

pandemic; and (2) to enable CDFIs to build organizational capacity and acquire technology, staff and other tools necessary to accomplish the activities under a CDFI ERP Award. In April 2023, the CDFI Fund awarded over \$1.73 billion in grants to 604 CDFIs.

Based on an Assistance Agreement between each CDFI ERP Recipient and the CDFI Fund, CDFI ERP Recipients will be required to complete the existing CDFI/NACA TLR for the collection of information used for compliance monitoring and performance reporting purposes until the end of the performance period. Because the objectives of the CDFI ERP Program differ from the existing CDFI and NACA Programs, the CDFI Fund needs to add additional data fields to the TLR for CDFI ERP Recipients to complete, as well as create a reporting form to capture CDFI ERP-eligible activities that are not eligible under the CDFI and NACA Programs (i.e. the provision of grants). CDFI ERP Recipients will follow the same annual TLR submission schedule as CDFI/NACA Program Recipients, which is six (6) months after a Recipient's fiscal year end via AMIS. CDFI/NACA Program Recipients who are also CDFI ERP Recipients will only submit one TLR per year.

In August 2024, the CDFI Fund requested public comment on the proposed revisions to the CDFI/NACA Program TLR, as well as the creation of the CDFI ERP Grant-Level Report (GLR). The CDFI Fund received a total of eighteen (18) comments from three (3) organizations on the CDFI ERP-related additions to the existing CDFI/NACA Program TLR data collection. As a result of the comments received during the public comment period, no additional revisions were necessary to the existing CDFI/NACA Program TLR and the new GLR beyond what the CDFI Fund has proposed.

#### 2. Method of collection and use of data

The CDFI Fund collects this data on an annual basis electronically in AMIS according to the Recipient's or Allocatee's fiscal year end. The annual report data will be used to determine a Recipient's or Allocatee's compliance with the terms of its Assistance or Allocation Agreement, respectively, as well as demonstrate impact of the programs.

#### 3. Use of Information Technology

The CDFI Fund will collect information electronically and/or use online collaboration tools to reduce Recipients' burden. The updated CDFI/NACA Program TLR module, NMTC ILR and TLR modules and the GLR will be made available on the CDFI Fund's website, via a secure internet portal that requires password entry. The CDFI Fund will only accept data using the electronic method(s) set forth in the CDFI/NACA Program TLR, NMTC ILR and TLR modules and the GLR modules.

#### 4. Efforts to identify duplication

The CDFI Fund has ensured no similar data is gathered or maintained by the CDFI Fund or available from other sources known to the CDFI Fund. All requested information is required in order to determine Recipient or Allocatee compliance with the requirements specified in its Assistance or Allocation Agreement.

#### 5. Impact on small entities

This collection of information is not expected to have a significant impact on small entities. Entities that become CDFI Fund Allocatees or FA Recipients through the CDFI/NACA Program and Recipients through the CDFI ERP Program must demonstrate significant management

capacity to be selected for these awards or allocations of NMTC authority, which trigger the submission of the TLR reports.

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

The CDFI Fund cannot determine compliance with Assistance and Allocation Agreements or measure annual performance or perform program evaluation without this annual collection of data.

In addition, the transaction-level information collected through the CDFI/NACA TLR on CDFI/NACA Award Recipients will now be used as part of the Certification of CDFIs (OMB Control Number 1559-0028) and their recertification (OMB Control Number 1559-0046). The transactions reported through the CDFI/NACA Program TLR will be used to measure the Target Market activity of Certified CDFIs who are CDFI/NACA Program and CDFI ERP Program Award Recipients. The CDFI Fund is statutorily required to have an Application process for the Certification of CDFIs. CDFI Certification is a prerequisite for receiving CDFI/NACA Program FA and CDFI ERP Program funding.

7. Circumstances requiring special information collection

There are no special circumstances.

8. Solicitation of comments on information collection

Pursuant to the notice and request for comments published in the *Federal Register* on August 22, 2024, at 89 FR 68029, the CDFI Fund received detailed comments on or before October 21, 2024, from three (3) organizations responding to the solicitation for a total 18 unique comments. Please see Appendix A for the specific comments, and the CDFI Fund response.

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 reports. All information is submitted by the Recipient or Allocatee and their designated representatives through an authenticated and secure Recipient organizational profile in AMIS. Access to data submitted in response to this information collection will be limited to Recipients and Allocatees and their designated representatives, CDFI Fund staff and, if applicable, designated contractors who are subject to all Federal regulations and have completed annual privacy and cybersecurity training.

11. Justification of sensitive questions.

No questions of a sensitive nature are asked in this information collection. No Personally Identifiable Information (PII) is collected.

12. Estimate of the hour burden of information collection.

There are no changes to the previously approved burden for CDFI/NACA and NMTC reports. New burden is being added specific to the CDFI ERP Recipients because they will be completing the new ERP-specific data fields in the TLR and the GLR, if applicable. Given the feedback received during the public comment period, we have increased our original estimated

annual time (in hours) per CDFI ERP Recipient from 10 hours to 20 hours. For the 603 CDFI ERP Recipients, this information collection has a total estimated burden of 12,060 hours.

Type of Response	# Respondents	# Responses Per Respondent	Total Average Annual Responses	Average Hours Per Response	Total Hours	Time Value (per hour)	Monetized Burden Hours
Annual CDFI/NACA Financial Award Recipient Transaction Level Report	863	1	863	40	34,520	\$75.05 <sup>1</sup>	\$2,590,726
Annual NMTC Allocatee Transaction Level and Institution Level Report	210	1	210	81.33	17,079	\$75.05 <sup>2</sup>	\$1,281,779
Annual CDFI ERP Recipient Transaction Level Report including the CDFI ERP Consumer Loan Report and Grant-Level Report	603	1	603	20	12,060	\$75.05 <sup>3</sup>	\$905,103
Totals	603	1	603		63,659		\$4,777,608

### 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 part of customary and usual business practices.

### 14. Estimate of annualized cost to the government

The annual staffing costs to the government are estimated at \$251,160.00 for two GS-13 entry-to mid-band staff people<sup>4</sup> full time to manage, analyze and clean the data and answer client help desk questions. The CDFI Fund pays an average of \$562,500 annually to an external contractor for maintenance and data collection in AMIS, which includes support of the CDFI/NACA Program TLR NMTC ILR, NMTC TLR and other annual reporting submissions. The total estimated annualized cost to the government is \$813,660.00.

<sup>1</sup> The hourly rate is based on the national estimate for the median hourly wage for Financial Managers according to the Bureau of Labor Statistics (<https://www.bls.gov/oes/current/oes113031.htm>) for May 2023.

<sup>2</sup> The hourly rate is based on the national estimate for the median hourly wage for Financial Managers according to the Bureau of Labor Statistics (<https://www.bls.gov/oes/current/oes113031.htm>) for May 2023.

<sup>3</sup> The hourly rate is based on the national estimate for the median hourly wage for Financial Managers according to the Bureau of Labor Statistics (<https://www.bls.gov/oes/current/oes113031.htm>) for May 2023.

<sup>4</sup> The staff support for these data collection instruments are eligible for remote work so salary tables are not restricted to the Washington, DC Metro Area -- <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2024/RUS.pdf> and <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2024/NY.pdf>.

### 15. Any program changes or adjustments

To address the CDFI ERP reporting, impact measurement, and compliance needs, the following changes are proposed:

- Updates to the Existing TLR, Address Record, and Loan Purchase Reports
  - New answer choices for existing data fields.
  - New data fields for measuring the specific impacts, geographies, and characteristics of CDFI ERP transactions.
- New Reporting Templates for CDFI ERP-Specific Grants and Consumer Loans
  - A new Grant-Level Report (GLR) template and data fields to capture grantmaking activity that CDFI ERP Award Recipients may conduct as part of meeting their CDFI ERP Performance Goals and Activities.
  - A new CDFI ERP-specific Consumer Loans/Investments Report (ERP CLR) subtotal breakout completed by regulated entities only (banks, credit unions, cooperativas, and depository institution holding companies) that summarizes CDFI ERP consumer loan activity at the census tract level and is completed in addition to the existing CLR.

The data points and reports (new and revised) align with the CDFI ERP Eligible Activities and will allow the CDFI Fund to track and assess CDFI ERP impacts and compliance with certain terms and conditions of the CDFI ERP Award. The proposed changes also aim to minimize reporting burden for CDFI ERP Award Recipients and maximize use of existing forms/reports where possible. The new data points and templates will only be required for transactions the CDFI is choosing to associate with CDFI ERP. In addition, the proposed changes are presented with careful consideration of and intended compatibility with the CDFI Certification Application's use of TLR data.

For existing TLR data fields, one data point has been revised in the TLR and Loan Purchase TLR Objects in the Awards Management Information System to allow CDFIs to indicate a TLR transaction is associated with CDFI ERP:

- Financial Assistance (FA) Program Type

New data fields (limited to CDFI ERP transactions only) have been added to the following existing TLR forms to capture data on CDFI ERP Eligible Activities, progress relating to CDFI ERP objectives, and compliance with unique CDFI ERP requirements (i.e., transactions taking place in CDFI ERP Eligible Geographies).

- TLR Address
- Loan Purchases
- TLR

In the current version of the TLR, CDFI/NACA Award Recipients are not allowed to report on grants because they are not considered an eligible financial product reportable on the TLR. Since grants are an allowed eligible activity under CDFI ERP, the CDFI Fund has created a new form to capture grant activity from CDFI ERP Recipients only.

In the current version of the TLR's Consumer Loan Report (CLR), the CDFI Fund does not collect information on borrower characteristics and loan impact that the CDFI Fund needs to collect in order to assess compliance with the CDFI ERP Award Agreement. In addition, the

existing CLR is set up for 2020 census tracts whereas CDFI ERP eligible geographies were based on 2010 census tracts. CDFI ERP Recipients who are regulated entities with consumer loans that count towards CDFI ERP will complete a new CDFI ERP-Specific Consumer Loan Report (ERP CLR), in addition to the existing CLR. If a CDFI ERP Recipient who is a regulated entity does not want to count any consumer loans towards the CDFI ERP, then it will only complete the existing CLR. The properties of these existing data points are not being altered to fit any CDFI ERP reporting requirement.

Currently, there are no program adjustments to the New Markets Tax Credit (NMTC) TLR and ILR data collection forms, which are also approved under this OMB Control Number.

16. Plans for information tabulation and publication

The CDFI Fund publishes annually summary data in its Annual Report. In addition, the CDFI Fund publishes annually summaries of the TLR data, with a release in the following calendar year. 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 Recipient Assistance Agreement or Allocatee Allocation Agreement.

18. Explanation of exceptions to certification statement

There are no exceptions to the certification statement.

**B. Collections of Information Employing Statistical Methods**

Not applicable as no statistical methods are being used.