

Supporting Statement
Community Development Financial Institutions Program
CDFI Program Awardee 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 Fund in coordination with the Internal Revenue Service (IRS), imposes the need to collect data from community development entities (CDEs) that receive NMTC allocations. NMTC Program Allocatees enter into allocation agreements with the Fund, which contain the terms and conditions of their NMTC allocations including submission of an annual report. These reports provide a qualitative and quantitative information on the Allocatee's compliance with its allocation agreement, adherence to IRS regulations (45D of Internal Revenue Code), community impact data and its financial health.

2. Method of collection and use of data

The CDFI Fund collects data for the annual report on an annual basis according to the Awardee's or Allocatee's fiscal year end. The CDFI Fund currently requires CDFI program Awardees and NMTC Allocatees to submit an annual report once a year. The annual report is typically due 180 days after 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 reduced the submission of all the components of the reporting information being collected for its CDFI program awards by paper submissions to half of the CDFI Program Annual Report now submitted via the web through CIIS and for the remaining reporting documents the Awardee has the choice of submission by mail, e-mail or fax. The Awardee's Institutional Level Report (ILR) and Transaction Level Report (TLR) are submitted through Community Investment Impact System (CIIS) and the Awardee may also choose to submit its financial statement by attaching an electronic version to its ILR. All reporting for the NMTC program is submitted via the web through CIIS.

4. Efforts to identify duplication

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) capacity building 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 NMTC allocations. Only NMTC Program Allocatees and CDFI Program FA Awardees will be required to submit the Transaction-Level Report. Those two types of entities are among the most sophisticated CDEs and CDFIs, and generally are larger organizations. Small entities that become Fund Allocatees or Awardees must demonstrate significant management capacity to be selected for an allocation or award. Therefore, the Fund expects that they will have the capacity or the ability to develop the capacity needed to complete the TLR.

In addition, the Fund has made two distinct efforts to minimize the reporting burden on all CDFIs and CDEs, regardless of size: (i) the CIIS technology is designed to accept uploads of data from CDFI/CDE internal management information systems; and (ii) the Fund will provide software developers that work with the CDFI/CDE industry with the information they need to upgrade their software in a way that will allow users to automatically submit the required data to the Fund.

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

The 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

Comments on Awardee and Allocatee annual reporting requirements have been solicited through the *Federal Register* (71 FR 51887), a copy of which is attached. The comments were due to the CDFI Fund on October 30, 2006 and the Fund received no comments.

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.

The total hour burden of this information collection; 3,300 hours for CDFI program TA reports from all Awardees, 9,300 hours for CDFI program FA reports from all Awardees, and 1,584 hours for NMTC program reports from all Allocatees.

13. Estimate of total annual cost burden to respondents

In addition to the hour burden described in number 12, 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. 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 are those related to the staffing of the CDFI Fund's Compliance Monitoring and Evaluation Unit and the annual maintenance and data collection costs for the ILR and TLR submitted through CIIS are expected to average \$420,000. This cost is paid according to an awarded contract to EF Kearney Limited. The Fund awarded a contract to EF Kearney Limited to design and develop the Annual Survey and CIIS, and to collect and cleanse the ILR and TLR data submitted through CIIS.

15. Any program changes or adjustments

This submission to OMB is the combining and renewal of previously authorized Annual Report OMB # 1559-0006 and CDFI Annual Survey OMB # 1559-0027.

16. Plans for information tabulation and publication

Confidential and proprietary information collection through the annual report will not be published.

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.