

Community Development Financial Institutions Fund

Program Summary by Appropriations Account

(Dollars in thousands)

Appropriation	FY 2006	FY 2007		FY 2008		
	Enacted	President's Budget	CR-rate	President's Budget	\$ Change over CR-rate	% Change over CR-rate
Program Account	\$54,450	\$7,821	\$40,000	\$28,557	(\$11,443)	(28.6%)
Community Development Financial Institutions Program	30,969	0	23,007	24,437	1,430	6.2%
New Markets Tax Credit Program	4,254	4,314	3,802	4,120	318	8.4%
Bank Enterprise Award	13,417	0	9,591	0	(9,591)	(100.0%)
Native Initiatives	5,810	0	3,600	0	(3,600)	(100.0%)
Portfolio Management	0	3,507	0	0	0	0.0%
Subtotal, Community Development Financial Institutions Fund	\$54,450	\$7,821	\$40,000	\$28,557	(\$11,443)	(28.6%)
Total Program Operating Level	\$54,450	\$7,821	\$40,000	\$28,557	(\$11,443)	(28.6%)

Explanation of Request

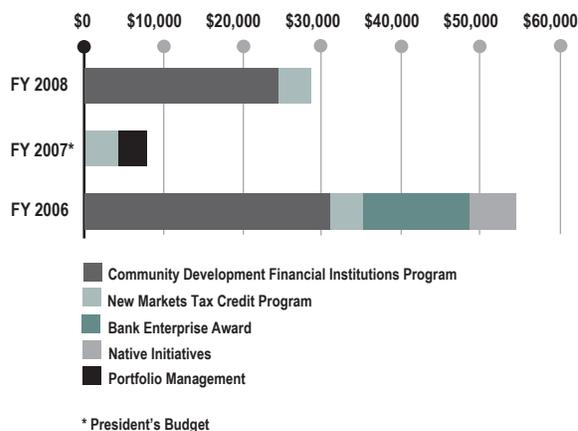
The FY 2008 President's Budget request for the Community Development Financial Institutions (CDFI) Fund will help the Fund meet its mission of promoting access to capital and local economic growth in urban and rural low-income communities across the nation. Through its various programs, the CDFI Fund enables locally based organizations to further goals such as economic development; affordable housing; and community development financial services. No funding is being requested for the Bank Enterprise Award Program.

Total resources required to support CDFI Fund activities for FY 2008 are \$28,557,000 from direct appropriations.

urban and rural communities, and carries out the Community Development Banking and Financial Institutions Act of 1994. The Fund's investments work toward building private markets, creating healthy local tax revenues (through job creation, business development, commercial real estate and housing development and homeownership), and empowering residents by stimulating the creation and expansion of diverse community development financial institutions (CDFIs, which provide basic banking services to underserved communities and financial literacy training). The CDFI Fund provides infusions of capital to institutions that serve distressed communities and low-income individuals. The Fund's activities leverage millions of private-sector investment dollars from banks, foundations, and other funding sources.

CDFI Funding History

(Dollars in Thousands)



Purpose of Program

The CDFI Fund expands the availability of credit, investment capital, and financial services in distressed

CDFI FY 2008 Budget Highlights

(Dollars in thousands)

Appropriation	Amount
FY 2006 Enacted	\$54,450
FY 2007 President's Budget	\$7,821
CR-rate Adjustment	32,179
FY 2007 CR-rate	\$40,000
Changes to base:	
Maintaining Current Levels (MCLs):	\$250
Non-Pay Inflation Adjustment	77
Pay Annualization	24
Pay Inflation Adjustment	149
Subtotal FY 2008 Changes to Base	\$250
FY 2008 Base	\$40,250
Program Changes:	
Program Decreases:	(\$13,191)
Bank Enterprise Award Program	(9,591)
Native Initiatives	(3,600)
Program Increases:	\$1,498
Community Development Financial Institutions Prog.	1,309
New Markets Tax Credit Program	189
Subtotal FY 2008 Program Changes	(\$11,693)
Total FY 2008 President's Budget	\$28,557

FY 2008 Budget Adjustments

FY 2007 President's Budget

The FY 2007 President's Budget request for the CDFI Fund is \$7,821,000.

Adjustments

CR-rate Adjustment +\$32,179,000 / +28 FTE Adjustment from the FY 2007 President's Budget to reach the FY 2007 Continuing Resolution annualized rate (CR-rate).

Maintaining Current Levels (MCLs)

Adjustments Necessary to Maintain Current Levels +\$250,000 / +0 FTE Funds are requested for: FY 2008 cost of the January 2007 pay increase of \$24,000; proposed January 2008 pay raise of \$149,000; and non-labor related items such as contracts, travel, supplies, equipment and GSA rent adjustments of \$77,000.

Program Decreases

Bank Enterprise Award Program -\$9,591,000 / -7 FTE The Fund is not requesting resources for the Bank Enterprise Award (BEA) Program in FY 2008.

Native Initiatives -\$3,600,000 / -6 FTE No separate authorization exists for Native Initiatives so no separate set aside is being requested in FY 2008.

Program Increases

Community Development Financial Institutions Program +\$1,309,000 / +11 FTE The Fund is seeking an increased level of funding for this program. Because no separate authorization exists for Native Initiatives, no separate funding is being requested in FY 2008 for Native Initiatives and the related 6 FTEs used to administer Native Initiatives will instead be used to administer the CDFI Program.

In addition, due to no funding being requested for the BEA Program in FY 2008, five of the seven FTEs utilized by the BEA Program will be moved to the CDFI Program.

New Markets Tax Credit Program +\$189,000 / +2 FTE Due to no funding being requested for the

BEA Program in FY 2008, 2 (of the 7) FTEs utilized by the BEA Program will be moved to the NMTC Program.

Explanation of Budget Activities

Program Account

Community Development Financial Institutions Program (\$24,437,000 from direct appropriations) The CDFI Program uses federal resources to invest in and build the capacity of CDFIs to serve low-income people and communities lacking adequate access to affordable financial products and services. The CDFI Program provides monetary awards for financial assistance to further economic development (job creation, business development, and commercial real estate development); affordable housing (housing development and homeownership); and community development financial services (provision of basic banking services to underserved communities and financial literacy training). The CDFI Program also provides technical assistance awards to help start-up and existing CDFIs build their capacity to serve their target markets through the acquisition of consulting services, technology purchases, and staff or board training.

New Markets Tax Credit Program (\$4,120,000 from direct appropriations) The NMTC Program attracts private sector capital into low-income communities. Community Development Entities (CDEs) apply to the Fund for allocations of tax credits in annual competitive rounds. The CDEs, in turn, provide tax credits to private investors in exchange for equity investments, which are invested in low-income communities. In addition to awarding tax credits, the Fund monitors CDE compliance with the terms of their allocation agreements.

Legislative Proposals

The CDFI Fund has no legislative proposals for FY 2008.

CDFI Performance by Budget Activity

Budget Activity	Performance Measure	FY 2004	FY 2005	FY 2006		FY 2007	FY 2008
		Actual	Actual	Actual	Target Met?	Target	Target
Community Development Financial Institutions Program	Dollars of private and non-CDFI Fund investments that CDFIs are able to leverage because of their CDFI Fund Financial Assistance. (in millions) (Oe)	1,300	1,800	1,400	✓	861	643
	Number of full-time equivalent jobs created or maintained in underserved communities by businesses financed by CDFI Program Awardees and New Markets Tax Credit (NMTC) Allocatees (Oe)	9,212	23,656	22,329	✗	34,009	37,000
New Markets Tax Credit Program	Amount of investments in low-income communities that Community Development Entities (CDEs) have made with capital raised through their New Markets Tax Credit (NMTC) tax credit allocations (\$ in billions)(Oe)	Baseline	1.1	2	✓	2.1	2.5

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

Description of Performance

The CDFI Fund expects to achieve the following performance objectives in selected program areas with requested funding in FY 2008:

- Increase financing to businesses (including non-profit businesses) and individuals that are low wealth, have limited collateral, are located in underserved communities, or have other characteristics that prohibit them from getting business or commercial real estate loans or equity investments from traditional financial sources.
- Expand the supply and quality of housing units in underserved communities and increase homeownership in these markets by increasing the availability of housing financing that leverages conforming mortgages or that would likely not be made by traditional financial institutions.
- Expand access to affordable financial services for the “unbanked,” low-income people and others in underserved communities.
- Build the self-sufficiency and capacity of CDFI Fund awardees and certified CDFIs.

