



April 8, 2015

Mark Kudlowitz
Acting Program Manager
CDFI Program and Native Initiatives
Community Development Financial Institutions Fund
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20020

Re: **Request for Comment on CDFI Program Application**

Dear Mr. Kudlowitz:

On behalf of the National Federation of Community Development Credit Unions (the Federation), I would like to thank you for your invitation to comment on the CDFI Fund's expected revision of the program application process. We are pleased to note that as of 2016 the CDFI Fund's new web-based application process will incorporate many of the features we recommended in our comment letter of May 2012, including the pre-population of previously submitted data.

While we applaud these efforts to improve the efficiency of the application process, we remain deeply concerned over the structure of the application process itself that puts regulated CDFIs at a distinct competitive disadvantage compared to unregulated CDFIs. We believe that above average CDFI applicants should have an equal chance of success, regardless of institutional type. However, as noted in my email of October 16, 2014, in each of the past three funding rounds more than half of all loan fund applicants have received FA grants compared with only one-third of credit union applicants, which implies that below-average unregulated CDFI applicants receive FA awards even as many above-average CDFI credit union applicants do not. We continue to advocate for a system that scores applicants in separate pools based on the type of CDFI and allocates awards to the strongest applicants in each institutional category. We believe this change would strengthen the CDFI industry as a whole and would welcome the opportunity to explore this further through collaborative discussions with the CDFI Fund and our partners in the CDFI Coalition.

I recognize that this issue goes beyond the scope of the current request for comment, so the following comments and recommendations focus on the four specific questions posed in the Federal Register that relate to the proposed technical change in the application submission process.¹

¹ Federal Register/Vol.80, No. 28/Wednesday, February 11, 2015/Notices, pages 7682-7683

(a) Whether the collection of information is necessary for the proper performance of the functions of the CDFI Fund, including whether the information shall have practical utility

Data collection is clearly essential for the effective deployment of capital through the CDFI FA and TA application process. In previous comments on CDFI Certification, the Federation and the CDFI Coalition have asked that the CDFI Fund ensure, to the maximum extent possible, that all data collection:

1. serves multiple purposes;
2. provides a public benefit; and,
3. is tailored to the institutional type of CDFI

Based on the description in the Federal Register, the introduction of a new web-based system that eases the submission of documents and pre-populates many of the data fields will fulfill all three of these criteria.

(b) The accuracy of the CDFI Fund's estimate of the burden of the collection of information

The Federation believes the burden of data collection varies greatly by size and type of CDFI, but that the CDFI Fund typically underestimates the burden for most CDFIs. While we are pleased to note that this change in the application process is expected to reduce the total burden on CDFI applicants, we also note that the new system will require one submission through the CDFI Fund portal and a second submission of the SF-424 through grants.gov. Since this dual submission may create some confusion and inefficiencies among applicants, we recommend that the CDFI Fund provide ample training and support during the FY 2016 FA/TA round and reassess the system at the conclusion of the application process.

(c) Ways to enhance the quality, utility, and clarity of the information to be collected

As noted above, an application process that would separate different types of CDFIs would allow for even more efficient applications for each type of CDFI. In particular, such a process would make greater use of regulatory reports for CDFI banks and credit unions and thereby eliminate the need to collect and re-enter information that is readily available in the public domain. In addition, separate application tracks for regulated CDFIs would enable the Fund to collect and consider more comprehensive data on CDFI activities in retail banking and consumer finance, which are essential for the financial inclusion of unbanked and underbanked individuals and communities.

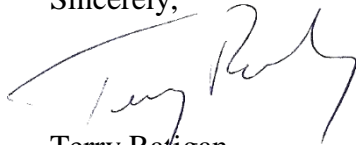
(d) Ways to minimize the burden of the collection of information on respondents, including through the use of technology

The new web portal is an important step forward and we encourage the CDFI Fund to continue to deploy technology to further reduce the burden of collecting and submitting information for FA and TA applications. Specific improvements could include the following:

- Complete automation of certification and recertification applications, which would collect data that could be used to automatically populate much of the basic information required in FA and TA applications.
- Integration of the CIIS reporting system along with certification and FA/TA application databases.
- Enhance and update the myCDFI mapping program to incorporate U.S. Census Bureau American Community Survey updates or the more robust layers of information available through PolicyMap to reduce or eliminate conflicts between CDFI-designated Investment Areas and new geographic priorities established by Congress or the CDFI Fund
- Increase the capacity of the myCDFI mapping program to process larger batch files
- Provide technical assistance through the CDFI Capacity Building Initiative to develop an Application Program Interface (API) that would enable regulated CDFIs to generate all required CDFI compliance reports directly from their core data processing system. Such an API would improve the quality and increase the quantity of data available to the Fund, which would provide a more detailed and dynamic picture of the scale, scope and impact of the CDFI industry as a whole.

Again, many thanks for the invitation to submit these comments. As always, we would welcome the opportunity to discuss our comments and recommendations further at your convenience.

Sincerely,



Terry Ratigan
Senior Consultant

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