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Submitted via email to: Shannon McKay, Program Manager, Office Financial Strategies and Research, CDFI Fund, U.S. Department of the Treasury, FinancialStrategiesandResearch@cdfi.treas.gov

Pravina Raghavan, Director
Community Development Financial Institutions (CDFI) Fund
Departmental Offices, Department of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Re: Public Comment on CDFI/NACA Program Award Recipient and NMTC Allocatee Annual Report including CDFI ERP (OMB Control Number: 1559-0027) (FR Doc. 2024-18769)

Dear Director Raghavan, Program Manager McKay, and CDFI Fund colleagues:

The Native CDFI Network (NCN), the largest and only national membership organization solely dedicated to serving and supporting Native community development financial institutions (CDFIs), welcomes this opportunity to provide comment on the [CDFI/NACA Program Award Recipient and NMTC Allocatee Annual Report including CDFI ERP \(OMB Control Number: 1559-0027\)](#). NCN's comments were developed through extensive consultation with and input from NCN's member Native CDFIs and other key Indian Country stakeholders. The comments are formally supported by the **XX** co-signatory organizations listed at the end of this document.

The Vital Role Native CDFIs Play

As the CDFI Fund explains on its website, Native CDFIs' origins can be traced to the 1994 Congressional legislation authorizing the Fund's creation, which contained among its provisions the mandating of a study examining lending and investment practices in Native communities.¹ Titled the Native American Lending Study, the study identified 17 major barriers to investment in Indian Country, and "affirmed the importance of developing Native CDFIs to play a key role in the broader effort to lead Native Communities into the nation's economic mainstream."²

In the two decades since the study's release, Native CDFIs have proven themselves vital engines for fueling the growth of healthy, vibrant Native economies and communities. In the CDFI Fund's own words, Native CDFIs are "an important part of the CDFI Fund's mission to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States," and they are making a "considerable impact" by "helping to transform their communities. They are creating businesses and jobs in places that desperately need them. They are providing personal financial education and business training to persons who have been excluded from our nation's economic mainstream. They are helping to change the lives

¹ <https://www.cdfifund.gov/programs-training/programs/native-initiatives>

² https://www.cdfifund.gov/sites/cdfi/files/documents/cdfi7205_fs_ni_updatedfeb20.pdf

of the people they serve.”³ In short, Native CDFIs epitomize what the CDFI Fund sees as the hallmark for CDFI certification: “those working at the margins and beyond to consciously and deliberately make impact.”⁴

Currently, a total of 64 Treasury-certified Native CDFIs (down from its recent peak of 72 certified Native CDFIs) – serving rural reservation communities as well as urban Native populations – can be found in 27 states across the country, and there are 25-30 “emerging” Native CDFIs following closely in their footsteps. However, while the overall number of certified CDFIs has grown exponentially from less than 200 in 1997 to more than 1,400 institutions in 2022, Indian Country has experienced only modest growth, with the number of certified Native CDFIs growing from 50 in 2008 to just 64 currently.⁵ This despite the fact that there are 574 federally recognized tribal nations spread across 36 states. Simply put, Indian Country needs *more* Native CDFIs – not *fewer* – who can achieve CDFI Fund certification and continue to grow to meet the significant unmet needs of Native communities.

NCN and Native CDFIs’ Response to the CDFI Fund’s Request for Public Comment on Changes to the Transaction Level Report (TLR) for transactions related to the CDFI Equitable Recovery Program (ERP)

The following comments collectively respond to the CDFI Fund’s request for perspectives on the ERP TLR changes as they specifically relate to:

- (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;
- (b) the accuracy of the CDFI Fund’s estimate of the burden of the collection of information;
- (c) ways to enhance the quality, utility, and clarity of the information to be collected;
- (d) ways to minimize the burden of the collection of information on respondents, including through the use of technology; and
- (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

NCN and the Native CDFI co-signatories listed below appreciate and support certain of the changes the CDFI Fund proposes to make to the ERP TLR. For example, requiring CDFIs to simply respond “Yes” or “Null” by either checking or *not* checking each of the “Impact”-related data points for the TLR, New CDFI ERP Grant-Level Report (GLR), and New Consumer Loan Report Subtotal Breakout (ERP CLR) reflects a recognition on the part of the CDFI Fund that requiring CDFIs to provide quantitative data for each relevant Impact data point would be severely and unnecessarily burdensome for CDFIs in terms of the inordinate amount of time it would take CDFIs to gather, collate, and report that data, in particular for the many Native CDFIs whose staff capacity is already stretched exceedingly thin. We respectfully ask that this approach be preserved in the final version of the ERP TLR changes.

That said, we wish to raise the following concerns about other of the CDFI Fund’s proposed ERP TLR changes:

1. Reporting on ERP transactions already deployed: A number of Native CDFIs deployed ERP TLR/CLR-based loans in 2023 and have already reported on those transactions in compliance with the CDFI Fund’s existing TLR/CLR reporting requirements. Requiring them to retroactively submit updated reports based on the proposed expanded ERP TLR/CLR reporting requirements would be duplicative and unnecessarily burdensome; plus, Native CDFIs likely did not seek and do not possess all of the data they would now need to report on those 2023 loans, as well as any grants already made. For these reasons, already-reported 2023 transactions should be exempted from the new reporting requirements.

2. 2010 Versus 2020 Census Tract Conundrum: The CDFI Fund’s Federal Register notice detailing the changes references both 2010 and 2020 Census tracts as determinative in identifying whether a particular transaction is

³ <https://www.cdfifund.gov/sites/cdfi/files/documents/native-american-strategic-plan.pdf>, PDF p. 3.

⁴ <https://www.cdfifund.gov/node/1017926>

⁵ <https://www.cdfifund.gov/sites/cdfi/files/documents/native-american-strategic-plan.pdf>, PDF p. 13. In 2008, the CDFI Fund also identified that “more than 60 organizations are at various stages of development and moving toward certification as Native CDFIs” (ibid.). Today, as mentioned above, the number of emerging Native CDFIs is far less.

ERP-qualified. For example, in the GLR section, it explains that “the existing CLR is set up for 2020 census tracts whereas CDFI ERP eligible geographies were based on 2010 census tracts.” Pulling and reporting 2010 Census tract data *and* 2020 census tracts for each ERP-eligible transaction will be unnecessarily burdensome for Native CDFIs, as they will have to monitor and track each ERP transaction for two different census tract periods. Since 2010 Census tracts are required to identify COVID-impacted locations, the CDFI Fund should *not* require CDFIs to report 2020 Census tract data and to *only* report 2010 Census tract data to confirm ERP qualification. This will reduce the reporting burden.

3. Estimated Burden Associated with Collection of ERP TLR Information: This is impossible for Native CDFIs to approximate with any reliable degree of specificity at this time, as none of them have yet to report the significantly increased number of data points that will now be required for the TLR, GLR, and CLR reports. However, given the extensive number of additional data points that are required to be gathered – coupled with Native CDFIs’ extensive experience with the CDFI Fund’s Awards Management Information System (AMIS) platform – our collective best guess is that the reporting burden required of Native CDFIs is bound to grow appreciably. The existing TLR function in AMIS is not at all user-friendly, requiring users to engage in a time-consuming reporting endeavor featuring regular errors and glitches that require respondents to enter data multiple times; the sheer number of new data points that will be required is likely to compound the rate and frequency of errors and glitches in AMIS, elongating the time it will take Native CDFIs to fully and properly report the data required.

4. Whether Collection of Information is Necessary for Proper Performance of the CDFI Fund: From Native CDFIs’ perspective, there is no clear cause-and-effect relationship between the additional data the CDFI Fund seeks to collect and any potential enhancements in how the agency performs its key functions in support of CDFIs. If, for example, it was clear that collection, analysis, and sharing of this additional data (beyond the data Native CDFIs already report) would directly justify and generate increased federal (or public-private partnership) investments in Native CDFIs, then Native CDFIs would wholeheartedly support it. However, the CDFI Fund already collects significant data to demonstrate the impact of – and support increased investment in – Native (and all) CDFIs. It is not at all clear that the additional proposed data to be gathered as part of the ERP reporting will expand the work and impact of Native CDFIs.

5. The Cumulative Burden on Native CDFIs to Comply with Reporting Requirements and Achieve/Retain CDFI Certification: When layered on top of the expanded reporting CDFIs will now have to perform as part of the new CDFI Certification compliance process and the reporting required of Native CDFIs for Native American CDFI Assistance (NACA) Financial Assistance (FA) and Technical Assistance (TA) award compliance, the additional data reporting the CDFI Fund seeks for ERP will stretch the capacity of many Native CDFIs – particularly smaller, rural Native CDFIs – beyond their already stretched limits, increasing the prospect they will be decertified by the CDFI Fund for non-compliance due to incomplete or tardy reporting. Many of these smaller Native CDFIs, who are serving the most marginalized and economically underserved communities in the country, simply do not possess the resources to hire additional staff to keep up with the expanded, increasingly complex reporting burden these CDFI Fund mandates collectively impose.

Closing

NCN shares the CDFI Fund’s unerring commitment to comprehensively support Native CDFIs to transform Native communities for the better. We ask the Fund to please give serious consideration to the concerns we have raised above, and we welcome additional conversations with the Fund to discuss these issues in greater detail. We look forward to hearing from you.

Sincerely,

Pete Upton
CEO and Board Chair, Native CDFI Network
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ORGANIZATIONAL CO-SIGNATORIES:

[TBD]