

Guidance on Demographic Data Collection for the CDFI Equitable Recovery Program (CDFI ERP)

What types of demographic data will CDFI ERP Recipients be required to report?

Pursuant to Section 523 of Division N of the Consolidated Appropriations Act, 2021 (Pub. L. 116-260), the Community Development Financial Institutions Fund (CDFI Fund) plans to collect data on the gender, race, and ethnicity of Recipient borrowers under the CDFI ERP. The specific guidance on these data points will be released when the CDFI ERP Transaction Level Report (TLR) guidance is released. However, the CDFI Fund anticipates the categories on race will be the following: American Indian, Alaskan Native, Asian, Black or African American, Native Hawaiian, Other Pacific Islander, White, Multi-Racial, or Other (please specify). The categories for ethnicity will be “Hispanic or Latino” or “Not Hispanic or Latino.”

Additionally, for loans to businesses and non-profits, the Recipient will be required to report if the business or non-profit is a Minority-owned or Controlled business, as defined in the CDFI ERP Assistance Agreement. For loans to real estate projects, the Recipient will be required to indicate if the owner of the real estate project is a Minority-owned or Controlled entity. Recipients should plan to collect race and ethnicity data on the individual owners/board members of these entities to make determinations about minority control. Reporting on demographic data on the predominant ownership of Minority-owned or Controlled businesses may also be required. Please note that only aggregate data will be collected in the Performance Progress Report and transaction-level data will be collected in the TLR.

Will the CDFI ERP Recipients be required to report demographic data on end users?

Demographic data on end users of projects supported with CDFI ERP activities (e.g., the residents or beneficiaries of a project that are not direct borrowers) will not be a reporting requirement of the CDFI ERP. However, Recipients who serve an Other Targeted Populations (OTP) Target Market may be required to report demographic data on end users based on the new CDFI Certification standards. Note, CDFI intermediaries (i.e., CDFIs that lend to or invest in other CDFIs) may still be required to collect demographic data on the borrowers that received loans as a result of their investment in another CDFI.

How should CDFI ERP Recipients collect demographic data for reporting requirements to the CDFI Fund?

The CDFI Fund recommends that demographic data be collected via borrower self-identification. However, the CDFI Fund will also allow alternative methods for the collection of demographic data from borrowers/investees for the purposes of, and consistent with the requirements for, compliance with Home Mortgage Disclosure Act or HMDA (restricted to HMDA-reportable transactions such as mortgages) or the OTP verification guidance under the revised CDFI Fund Certification standards. Outside of these exceptions, if a borrower/investee does not self-report demographic data, Recipients should not use any proxy methods, such as visual observation or surname analysis or Bayesian Improved Surname Geocoding (BISG) analysis, to assign demographic data values to individual Financial Product transactions.

Will CDFI ERP Recipients be required to report on demographic data for all of their activities or only those supported with their CDFI ERP Award?

CDFI ERP Award Recipients will be required to collect and report demographic data only for Financial Products and Grants funded as part of CDFI ERP activities. This includes any Financial Products and Grants funded directly with CDFI ERP Award dollars, as well as any Financial Products and Grants that are used to meet their Policy Priority Performance Goal (PG&M 1B). Recipients will be required to collect and report data on all Financial Products and/or Grants supported by a Loan Loss Reserve or Capital Reserve funded with a CDFI ERP Award, including all recipients of loans, investments, and grants supported by these Reserves. Demographic reporting is not required for Development Services or Financial Services, however the CDFI Fund encourages Recipients to track this data for themselves, if feasible.

What should the CDFI ERP Recipient report if the borrower declines to provide the requested demographic data?

If the borrower declines to provide the requested demographic data, the Recipient will have an option to report “Borrower did not provide.” However, if the Recipient wants to count a Financial Product or Grant toward the achievement of the Policy Priority for investing in Minority individuals or Minority-owned Businesses, the Recipient must report the race or ethnicity of the borrower, business or non-profit on those transactions. Please note that, if your report to the CDFI Fund of demographic data contains a high incidence of “Borrower did not provide,” the CDFI Fund reserves the right to conduct follow up compliance monitoring to assess whether the Recipient has a clear strategy and procedures in place to collect the required demographic data. Failure to implement appropriate procedures to support data collection may be deemed noncompliant with the applicable requirements in the Assistance Agreement.

What should we do if we want to report Financial Products and/or Grants closed between April 10, 2023, and the release of this guidance and did not collect demographic data on the older transactions?

CDFI ERP Award Recipients will be required to collect and report demographic data for all Financial Products and Grants funded as part of their CDFI ERP activities. This includes any Financial Products and Grants funded directly with CDFI ERP Award dollars, as well as any Financial Products and Grants that are used to meet their Policy Priority Performance Goal. Transactions for which the Recipient did not collect demographic data may not be funded directly with CDFI ERP Award dollars or used to meet the Recipient Policy Priority Performance Goal.