

Guide to the Community Reinvestment Act

Qualifying, tracking, and fulfilling CRA requirements with Blackbaud Corporate Impact Solutions



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Key Definitions

- LMI (low- and moderate-income): The CRA classifies as low-income those geographies having a median family income of less than 50 percent of the area median income, and moderate-income those geographies having a median family income of at least 50 percent and less than 80 percent of the area median income.
- Assessment area: An area determined based on where banks have branches and deposit-taking ATMs or surrounding geographies in which they have originated or purchased loans.
- Geocoding: The process of converting an address into spatial data which can help identify the geographic location and characteristics of the communities that banks serve and impact.

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What is the CRA?

In 1977, the United States Government enacted the Community Reinvestment Act (CRA) to help meet the needs of the communities in which financial institutions and banks do business, including low- and moderate-income (LMI) neighborhoods, distressed or under-served non-metropolitan areas, and designated disaster areas.

The CRA was put into place to make sure that financial institutions were investing back into the revitalization and stabilization of specific communities. Overall, the CRA is vital to the financial health of local economies that the institutions operate in and vital to the growth of the financial institutions.

How is it evaluated?

To enforce the CRA, banks are required to undergo regular evaluations to measure whether or not they are fulfilling their CRA obligations. These evaluations are completed by one of three regulators who are responsible for the CRA:

- [Federal Deposit Insurance Corporation \(FDIC\)](#)
- [Federal Reserve Bank \(FRB\)](#)
- [Office of the Comptroller of the Currency \(OCC\)](#)

Examiners conduct lending, investment, and service tests to evaluate banks' performance in their respective assessment areas. Banks' responsibilities regarding the CRA also depend on their asset size. Qualifying community development activities include small business financing, affordable housing loans, providing financial education services, and other ways of promoting of economic development.

As linked above, each regulator has a dedicated CRA website that provides information about the financial institutions they oversee and the scoring methods they use to grade. Following each examination, the regulators issue individual CRA ratings and performance evaluations. These are made public and are considered when banks request to merge with other financial institutions or plan to expand to other locations.

The 'Final Rule' Update

On October 24, 2023, the Board, the FDIC, and the OCC issued a final rule to strengthen and modernize the agencies' CRA regulations to better achieve the purposes of the law. This was the first comprehensive interagency revision to the CRA regulations since 1995. Banks are expected to start complying to these changes beginning Jan 2026, with reporting requirements not going into effect until Jan 2027.

Some of the key objectives of Final Rule are to:

1. Strengthen the achievement of the core purpose of the statute.
2. Adapt to changes in the banking industry, including the expanded role of mobile and online banking.
3. Provide greater clarity and consistency in the application of the regulations.
4. Tailor performance standards to account for differences in bank size, business models, and local conditions.
5. Tailor data collection and reporting requirements and use existing data whenever possible.
6. Promote transparency and public engagement.
7. Confirm that the CRA and fair lending responsibilities are mutually reinforcing.
8. Promote a consistent regulatory approach that applies to banks regulated by all three agencies.

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While the 'Final Rule' updates may not yet be in effect, we know that it is already top of mind for banks. Blackbaud is committed to help navigate these changes with you as it relates to employee engagement, grantmaking, and financial education.

The Role of Financial Education in Community Development

A [2021 national survey](#) revealed that 3 out of 4 of Gen Z teens don't feel confident or knowledgeable about personal finance and 73 percent want more personal finance education. A college education doesn't seem to be solving this problem; U.S. adults answered less than half of the questions from a personal finance index correctly, on average. These gaps in financial knowledge are even larger among low-income populations, particularly the [16 percent](#) of American adults with income below \$25,000 that are completely unbanked—having no active accounts with any regulated financial institution.

Education is critical for the development of low- or moderate-income (LMI) communities and it matters greatly both to government regulators and for the growth of banks. According to a [2022 report](#) from the National Financial Educators Council, the average yearly cost to an individual of a lack of financial literacy was \$1,819.

While the banking industry embrace the CRA as a means of serving their communities, some don't realize the full range of opportunities that the CRA presents around financial education. In the past, financial education programs have been stuck in the old model of “one banker, one class, one time” —a single banker teaching a single class at a single point in time—thus limiting the scale of impact a bank can have within their community.

Leveraging Technology to Deliver Programs at Scale

Now, with the advances of technology and online banking, financial institutions have growing customer footprints to service. Technology also creates the opportunity to make financial education easier, more cost-effective, and—above all else—measurable. A program without the ability to measure effectiveness is almost meaningless, especially in the eyes of regulators. Luckily, interactive education platforms easily provide metrics about student knowledge gain, behavior change, and demographic information to help financial institutions and regulators alike understand how well programs are addressing gaps in financial education and banking services.

With access to digital programming, underbanked populations can achieve sustainable and scalable financial independence, simultaneously allowing banks to connect with a new robust and well-educated customer base.

Financial Education Credit Will No Longer Be Limited to LMI Communities

Under the CRA 'Final Rule' update, a bank would receive consideration for financial education activities without regard to the income level of the beneficiaries, provided that they are not designed in a way to be provided to middle- and upper-income individuals only.

It is important to note that the categorization of LMI is still important for reporting, and generally in other aspects of CRA requirements, but will no longer be the only qualifying criteria for financial education programs.

Building Financial Education Programs that Fulfill CRA Credits

Financial education programs are the cornerstone to a successful CRA approach. In an EVERFI survey of CRA officers, 96% of respondents replied that financial education was a part of their bank's CRA strategy.

On top of aligning with the investment aspect of the CRA evaluation, digital financial education can help forge relationships with new schools that banks can use to facilitate in-person volunteerism sessions with students, which qualify for CRA service hours.

IN-SCHOOL FINANCIAL EDUCATION

By partnering with EVERFI® from Blackbaud®, you can develop financial education programs customized to your institution's brand that prepare students with the foundational knowledge and skills to bank responsibly in the digital age, protect themselves from fraud, and secure their financial futures.

These unique initiatives can position your bank as a leader in responsible digital banking and help build the next generation of smart consumers, while fulfilling CRA requirements for your institution.

Increase the Reach

Digital education programs offer the potential to deliver impact at scale. Therefore, it is crucial to have the connections and relationships needed to reach learners.



100%
of the top 100 school districts use EVERFI

With 24,000+ participating schools in North America, EVERFI's active network of participating teachers, schools, and districts makes it easy to hit the ground running with your new financial education programs.

EVERFI's K-12 activation team also manage the implementation of these digital programs within schools on behalf of banks, allowing you to achieve scale and

deep connection while maintaining focus on your expertise of providing great financial products and services to community members.

Gather Data to Receive Appropriate Credit

EVERFI partners have received credit for the full dollar amount of their school sponsorships. Community impact metrics are tracked throughout the school year which can be summarized and reported as necessary. Relevant measures for the CRA include: number of learners, ages, zip codes, incomes, schools, bank branches, and more.

FINANCIAL EDUCATION WORKSHOPS

It is not only school students that can benefit from these programs, as families and individuals alike grapple with unprecedented financial hardships—from losing their incomes to not being able to pay their mortgages or having to significantly cut back on their family's budget.

Financial institutions are uniquely positioned to equip these communities with the financial skills and confidence needed to weather these challenging times.

EVERFI Engage™ offers easy-to-deploy virtual or in-person financial education workshops designed to build the financial skills needed to navigate life's most important moments. The platform also tracks knowledge gain, zip codes, and additional outcomes important to CRA regulators and other stakeholders.

“All the schools we work with have more than half of their students receiving free or reduced lunch assistance. We want to provide the greatest good where it's needed most. We have to meet certain [CRA] requirements and we're always well-documented for the regulators. It's a win-win. We get to help the community and participate in the CRA, and EVERFI makes it easy.”

— Lisa Wolf, Assistant Vice President and Community Development Manager at Washington Federal

CASE STUDY: Manasquan Bank

Since 2014, Manasquan Bank has sponsored EVERFI financial literacy programs in its low- to moderate-income (LMI) New Jersey middle and high schools. When the pandemic limited the bank's ability to reach students more consistently, EVERFI helped bridge the gap.

With its national team of K–12 experts who work directly with local school districts, EVERFI got even more schools enrolled in the Manasquan Bank-sponsored programs for the 2020–21 school year.

Despite what was arguably students' most challenging academic year, Manasquan Bank was able to provide high-quality, effective financial education to LMI students in its community. Manasquan's compliance team then used this community reach to fulfill CRA requirements for investment. After the limitations during the pandemic, in-classroom volunteer visits can now contribute to CRA service requirements as well.

“Because we have such limited time, we really rely on EVERFI to do the footwork in getting these financial education programs running in the schools.”

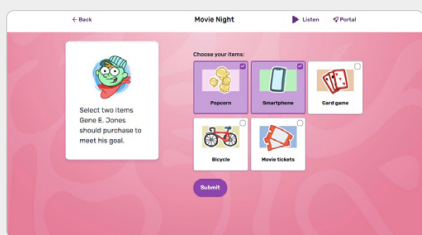
We also love the quarterly Impact Report that EVERFI provides. It highlights the student involvement in the learning modules, and we provide this to our regulator during our compliance exam.”

— Luanne Siverio, Compliance Officer, Vice President at Manasquan Bank

- Bank Asset Size: \$2.7B
- Reached 924 students across 4 LMI schools
- Met CRA investment and service requirements



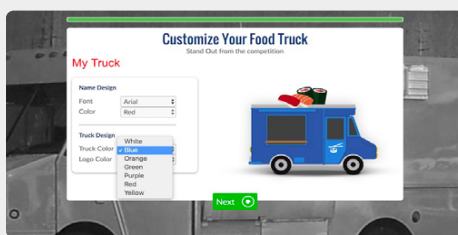
PRODUCTS USED AS PART OF MANASQUAN BANK'S K-12 SPONSORED PROGRAMS



Vault: Understanding Money

Grades 4–6

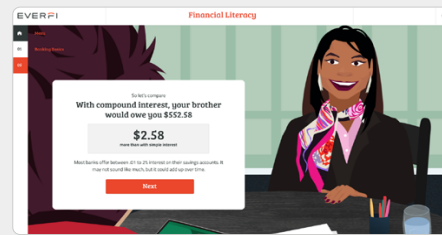
Younger students learn financial literacy basics through gamified lessons and topics, including responsible money choices, income and careers, credit and borrowing, and more.



Venture: Entrepreneurial Expedition

Grades 7–12

Students develop personalized plans for their individual businesses, including financing, marketing, team building, and market research, plus a roadmap for academic and career success. Aligned to Math and ELA Common Core Standards.



Financial Literacy for High School

Grades 9–12

Students develop strategies for managing their finances by learning complex concepts like banking basics, income and employment, budgeting, financing higher education, and more. Aligned to Jump\$tart standards.



CRA Qualifiers for Employee Engagement

When evaluating services done by financial institutions, the examiners have an important and difficult job of deciding not only how well the services help meet the needs of the community, but how innovative and creative a bank has been in providing financial services that will lead to community development.

Qualified CRA services have such specific criteria, that it is important that financial institutions and their employees ask these questions before engaging in a CRA Volunteer Opportunity:

- ✓ *Was the location of the service in the financial institution's pre-defined CRA assessment area?*
- ✓ *Was the employee a representative of the financial institution while volunteering?*
- ✓ *Were the services provided in-line with the definition of financial services (i.e. services reflecting financial institution employees' areas of expertise at the institution, such as human resources, information technology, and legal expertise) for the Community Reinvestment Act?*
- ✓ *Does the mission of the nonprofit organization meet the definition of community development?*

A few examples of activities that meet the definition of community development:

- Serving on the Board of Directors for a nonprofit organization that has a mission of Community Development
- Serving on a Loan Reviewing Committee
- Helping develop organizational tools (loan underwriting or booking systems, documents, etc.)
- Technical advice/assistance on financial matters (accounting, bookkeeping, etc.)
- Assist in the marketing of financial services (advertising, publications, workshops, etc.)
- Assisting in fundraising, including soliciting or arranging investments

Track CRA Qualified Volunteering

As a financial institution, it is imperative to keep track of the community development activity types and categories of services that employees complete every year. Knowing that CRA qualified volunteering benefits from high engagement, an easy place to locate opportunities, as well as a way to log and capture data, a centralized platform is recommended.

EMPLOYEE ENGAGEMENT PLATFORM

Having your employees log their own CRA qualified hours and services on one platform can help banks save time, be more accurate in reporting, and increase employee participation. With YourCause® CSRconnect®, volunteering in your community becomes gamified and reporting yearly community development to examiners is a one-stop-shop!

Time-Saving

The first of many benefits that come from tracking your employees' CRA qualified activities is the time saved. From planning service opportunities to executing events, having all of your data in the same place reduces the time spent filling out spreadsheets which lets you use your time more strategically. One YourCause financial institution customer calculated spending approximately 70% less time administering programs now that they have moved over to our platform.

Once employees have completed the CRA qualified activities, they simply log into their company's philanthropic community platform, log their service hours, and respond to a CRA survey about their volunteer service. An automated email notification alerts CRA reviewers at the bank when new CRA services have been logged by employees and are ready for review. With the platform's built-in census geocoding data, reviewers can immediately confirm if services were within the institution's designated geographic reinvestment area.

“It allows us to leverage our resources and our staff time to focus on operations, strategy, and executing on that strategy; versus spending time doing administrative work. Having a technology platform in place that improves efficiency and streamlines our operations has been critical to our success.”

—Gary Levante,
SVP of Corporate Responsibility & Culture,
Berkshire Bank

Accuracy in Reporting

Another major benefit to utilizing a platform like CSRconnect® to help track your employees' CRA qualified activities is the reporting capabilities. When it's time to submit a report to the federal regulator of your corporation's completed CRA services, all of your data is readily available.

Once all employees' CRA activities have been approved by your organization's reviewers, each service will be shown in a complete report including details about the employees who participated, the Tract Code, MSA Code, County Code, survey responses, and more. When examination time comes, all of the service data can be exported and approved with a few clicks and attached in one report for the federal agencies, including built-in census geocoding that pre-approves the location of services.

Increase in Employee Participation

Implementing a tracking platform is a successful way to increase employee participation over time by making sure employees have the necessary resources and the easiest route to find eligible volunteer opportunities.



With the help of CSRconnect®, one bank customer was able to exceed their CRA Service goals by more than 530% by making CRA-qualified opportunities for employees easier to find, register for, and report back on, and having everything located in one place.



+530%
of CRA service goal
exceeded with
CSRconnect® tools

Education

If your employees don't know why their services are needed, they won't be as enthusiastic to lend a hand. Make it known to your employees that the institution CAN'T do it without them!

Scoring well on the CRA evaluation is a complete team effort and by contributing to the community, they are giving back to their neighbors, their peers, and their futures at the company. Through Engagement Elements, which are highly flexible content tiles that give your organization prime real estate on the CSRconnect® Homepage to drive action and awareness to your users, corporations can include FAQs on the CRA and overviews for employees to know just how important their service is.

Volunteer Opportunities

When it comes to providing CRA qualified services to low- to moderate- income communities, skills-based volunteering opportunities are crucial in aligning the skill-sets of employees with the needs of community members. Make it easy for employees to provide financial guidance, marketing help, or even management assistance by matching opportunities to self-identified skills on their profiles and plugging in a wide selection of CRA qualified volunteer opportunities.

With the help of our platform, financial institution customers saw 70% increase in volunteer events participation. You can even use CSRconnect® Engagement Elements to highlight upcoming skills-based opportunities with nonprofits that serve the mission of community development, related to affordable housing for example, to boost employee participation and achieve CRA service requirements.



Track CRA Qualified Grants

When it comes to CRA qualified investments, tracking the details and impact of your corporate grants is essential. The key factors involved in scoring CRA qualified community development investments are the dollar amount and duration, the innovativeness and complexity, the responsiveness to community needs, and the geographic or demographic distribution of impact.

GRANTS MANAGEMENT SYSTEM

Purpose-built to help corporate grantmakers in their community investment efforts, YourCause® GrantsConnect® is a grants management system that can help you manage programs of all shapes and sizes, including monetary gifts, in-kind donations, sponsorships, and so much more.

From streamlining the grant application experience, evaluation, and approval flows to effectively handling communication, disbursement, and impact reporting, GrantsConnect® can provide a lot of benefit in managing and tracking CRA qualified grants.

Capturing Relevant Data

GrantsConnect® holds the ability to track awards and manage multiple programs of all sizes across regions. Key details around budgets, program specifics, and impact are captured through dashboards, Sustainable Development Goals insights, advanced ad hoc reporting, and so much more.

Given the importance of identifying whether community investment is benefiting low- and moderate-income (LMI) neighborhoods, geographical data is top of mind.

An 'Address' field is available on applicant and grant manager forms in GrantsConnect® to help you easily collect the location of an applicant or event. This field auto-completes the address and verifies that it's correct.

Additionally, you can enable a 'Capture extended address information (CRA)' option to capture geocoded

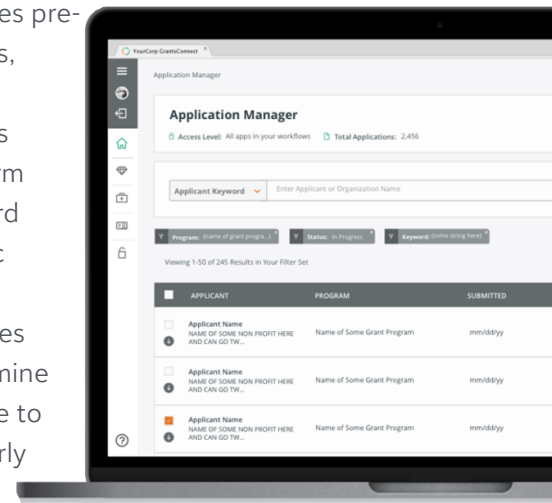
Community Reinvestment Act (CRA) information such as Tract Code, MSA Code, State Code, and County Code, should your organization need it for auditing and reporting.

You can also include Address fields and their related Community Reinvestment Act (CRA) information in your Ad Hoc reports.

Accessible and User-friendly Applications

When awarding grants as part of community development investment program, it is critical to ensure that you are creating grant applications that are easy to navigate and set up for the appropriate purpose.

GrantsConnect® uses pre-qualification surveys, open or invite-only program settings, as well as a custom form builder with standard forms, demographic fields, and CRA questions. This makes it possible to determine how likely grants are to be CRA qualified early in the process.



Streamlining Reviews and Payments

For a smooth evaluation and grant review, GrantsConnect® powers automated workflows, a range of collaboration features, as well as auditable and downloadable activity trails. From a CRA perspective, this means qualified investments are able to be approved and disbursed in a timely manner, to meet any reporting deadlines.

Consolidate Data Across Social Impact Programs

Given the broad range of activities that a bank may be involved in that are relevant to CRA reporting, having a way to consolidate several sources of data and tell a combined story can be immensely helpful.

Blackbaud's Impact Edge™ is an AI-powered, social impact reporting and storytelling solution. This can help you create a compelling picture of your organization's social impact by bringing together employee engagement, philanthropic programs, educational initiatives, and other trusted external data sources.

CENTRALIZED DASHBOARDS

Dashboards are a great visual representation of important information. Within Impact Edge™, the Impact Dashboard gives a snapshot of recent activity from volunteerism, giving, and K-12 engagement, all with numerous filter and data-visualization options.

Impact Edge™ also enables you to analyze your impact through the context of several reporting standards, including the CRA. This can centralize the programs across your CRA strategy and provide live tracking on progress towards your goals.

LEVERAGING GENERATIVE AI

With the recent advancements in artificial intelligence and especially generative AI, it is clear that this technology has the potential to revolutionize how organizations approach community impact.

Blackbaud Copilot is a proprietary, private, and precise AI-chat feature within Impact Edge™ that generates narrative responses about your company's social impact data and story, based on your prompts.

When dealing with large and disparate data sets, such as in the case of CRA programs, generative AI tools like this can offer digestible summaries that can be inserted into a report or an email to executives.

PUT COMMUNITY REINVESTMENT INTO PRACTICE WITH BLACKBAUD

EVERFI® from Blackbaud

YourCause® from Blackbaud



WE FUEL IMPACT

EVERFI[®] from Blackbaud

EVERFI[®] from Blackbaud[®] is an international technology company driving social impact through education to address the most challenging issues affecting society ranging from financial wellness to mental health to workplace conduct and other critical topics. Founded in 2008, EVERFI's Impact-as-a-Service™ solution and digital educational content have reached more than 45 million learners globally. In 2020, the company was recognized as one of the World's Most Innovative Companies by Fast Company and was featured on Fortune Magazine's Impact 20 List. The company was also named to the 2021 GSV EdTech 150, a list of the most transformative growth companies in digital learning. Blackbaud acquired EVERFI in December 2021.

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YourCause[®] from Blackbaud

At YourCause[®] from Blackbaud[®], we have been helping companies support employee engagement initiatives that connect to corporate purpose and drive meaningful change towards critical social issues since 2007. We support over 500 organizations from Fortune 500 companies to small and medium sized business to drive employee engagement in giving, volunteering, DEI programs and more. Our clients in the Global Good Network™ engage employees from 116 countries with opportunities to drive social impact. The tips, best practices, and resources are curated by our team of experts that help companies maximize the use of the YourCause platform, launch new programs, grow and scale.

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About Blackbaud

Blackbaud unleashes the potential of the people and organizations who change the world. As the leading software provider exclusively dedicated to powering social impact, Blackbaud expands what is possible across the nonprofit and education sectors, at companies committed to social responsibility, and for individual change makers. Built specifically for fundraising, nonprofit financial management, digital giving, grantmaking, corporate social responsibility and education management, Blackbaud's essential software accelerates impact through unmatched expertise and powerful data intelligence. Millions of people across more than 100 countries connect, give, learn, and engage through Blackbaud platforms.