

Paperwork Reduction Act Collection Justification
3133-0004
July 2009

- 1. Explain the circumstances that make the collection of information necessary, including identification of any legal or administrative requirements that necessitate the collection.**

Sections 106 and 202 of the Federal Credit Union Act require federally insured credit unions to make financial reports to the National Credit Union Administration (NCUA). Copies of these sections are attached as enclosures (1) and (2).

Section 741.6 of the NCUA Rules and Regulations (enclosure 3) requires all federally insured credit unions to submit a Call Report quarterly (enclosure 4) . The financial and statistical information is essential to NCUA in carrying out its responsibility for supervising federal credit unions. The information also enables the NCUA to monitor credit unions whose share accounts are insured by the National Credit Union Share Insurance Fund (NCUSIF).

- 2. Indicate how, by whom, and for what purpose the information is to be used and the actual use the agency has made of the information received from the current collection.**

The information collected from these Call Reports is used by the National Credit Union Administration to fulfill its mission of supervising credit unions and by the Federal Reserve Board to monitor and control the nation's money supply and the system of financial institutions. The information is also used by Congress and by the various state legislatures to monitor, regulate, and control credit unions and financial institutions. The data collected by NCUA is also pertinent to the development of the U.S. Department of Commerce's calculation of the nation's Gross Domestic Product.

Many of the changes made to the form for March 2009 are related to improving NCUA's ability to track important assets such as mortgages especially when these types of loans become delinquent or the terms are modified. December 2008's 5300 Form had changes as well that were required (temporary increase on federal insurance per eligible credit union accounts) as the result of new legislation passed by the U.S. Congress related to the insurance.

NCUA's Call Report data is also used to create a Financial Performance Report (FPR) for each reporting credit union. These reports are created for and distributed to all federal credit unions; all federally insured state chartered credit unions, and any non-federally insured credit union which voluntarily provides NCUA with Call Report data. NCUA examiners and State Supervisory Authorities (SSAs) also receive copies of the FPRs. The FPRs provide extremely useful financial and managerial information to users which could not otherwise be provided without the collection of information via the Call Report.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology (e.g., permitting electronic submission of responses) and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

The individual credit union is the sole source of information regarding the sum of its financial information, statistics and operations. Every reporting credit union has the options of either providing the call reporting information by way of a PC based program or a paper copy of the appropriate Call Report. The PC based program permits the credit unions to file their reports through the internet or on a diskette. Approximately 90 percent of all federally insured credit unions opt to use the PC 5300 program with approximately 87 percent of those credit unions opting to use the internet filing option. Whether the credit union chooses to use the PC program by filing using either the data diskette or internet filing options, or file a paper copy, the data is ultimately uploaded to NCUA's computer network. NCUA's computers perform a series of sophisticated edits and calculations, thereby minimizing the amount of information required, and reducing the burden to reporting credit unions.

Background on Development of Web-Based 5300 Program

The Office of Examination and Insurance is working with the Office of the Chief Information Officer on the development of a web-based program that will capture and display credit union data. Upon completion, information we currently collect through the software-based 5300 Call Report and Report of Officials programs will be captured through this online program. Credit unions will login to a system via the Internet and enter their data quarterly. The effective date of these changes is September 1, 2009.

Credit Union Profile

The online system includes an area called the credit union profile. The profile contains information about the credit union that infrequently changes. This area includes some read-only chartering information as well as some data we currently collect on the 5300 Call Report and Report of Officials. Once the initial data is entered into the profile, input is only required for additions, deletions, and changes. The areas from the 5300 Call Report that moved to the profile include:

- US Patriot Act Contact Information (Page 1)
- Emergency Contact Information (Page 2)
- Vital Records Center (Page 2)
- Disaster Recovery Information (Page 2)
- Audit and Verification Information (Page 8)
- Programs and Member Services (Page 8)
- Federal Home Loan Bank and Federal Reserve Bank Information (Page 11)
- Information Systems and Technology (Page 12)
- CUSO Information (Page 18)

The information currently collected on the Report of Officials (OMB No. 3133-0053-Expires 01/31/09) that will be inputted into the profile includes

- Main and Branch offices

- Name of Manager/CEO
- Board of Directors
- Annual Meeting Date Information

We will continue to collect credit union financial data through the 5300 Call Report quarterly. The call report will be completed and submitted from within a credit union's profile.

Manual Credit Unions vs. Online Filers

Although majority of credit unions have the capability to use the online system, there are a small number of credit unions that do not have Internet access and will be unable to input their information. These credit unions will be identified as manual filers and will receive a Profile Form and a 5300 Call Report Form each quarter. Both forms will be completed by the credit union and sent to the NCUA or State Supervisory Authority representative for input into the online system. After the initial input of profile information, the examiner will only have to update this information with any changes. Online filing credit unions will only receive a letter from NCUA each cycle. We estimate less than 10% of credit unions will file manually each cycle.

4. Describe efforts to identify duplication.

Aside from the Call Report data gathering cycles, NCUA makes no other comprehensive collection of data. There is no duplication of effort at the federal level. At the state level, NCUA works in close cooperation with the National Association of State Credit Union Supervisors (NASCUS), which represents the SSAs in all states. This cooperative relationship with NASCUS representatives, and with individual SSAs as necessary, results in a mutually beneficial effort to develop the forms and one complete collection of data that can be used by both federal and state regulators. NCUA freely offers to collect all the data, process it, and to provide the information in a convenient electronic format back to the SSAs.

5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

The burden to small credit unions is minimized in a number of ways. NCUA's PC 5300 program and computer network are utilized to perform extraneous calculations where appropriate and necessary to derive various balance sheet items, produce ratios, compare peer groups, etc. The burden is further minimized by using a format and terminology that are familiar to credit union personnel.

Manual Credit Unions vs. Online Filers

Although majority of credit unions have the capability to use the online system (projected for September 2009 5300 cycle), there are a small number of credit unions that do not have Internet access and will be unable to input their information. These credit unions will be identified as manual filers and will receive a Profile Form and

a 5300 Call Report Form each quarter. Both forms will be completed by the credit union and sent to the NCUA or State Supervisory Authority representative for input into the online system. After the initial input of profile information, the examiner will only have to update this information with any changes. Online filing credit unions will only receive a letter from NCUA each cycle. We estimate less than 10% of credit unions will file manually each cycle.

6. Describe the consequence to the federal program or policy activities if the collection were not conducted or were conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Current economic conditions impose a tremendous responsibility on NCUA for reacting quickly to protect the accounts of the nation's credit union membership (over 87 million people). Being able to act quickly to prevent financial loss, both to credit union members and the NCUSIF, requires frequent monitoring and surveillance. NCUA approved quarterly reporting for all federally insured credit unions to better utilize supervision resources and assess risk to the National Share Insurance Fund (NCUSIF). NCUA instituted innovations to its examination program that reduced the frequency of on-site contacts for credit unions meeting certain criteria.

The consequences of non-collection would be severe. Neither the SSAs nor NCUA would have the means to effectively conduct off-site monitoring nor supervision of their respective credit unions, and the credit unions themselves would lose the valuable information contained on the FPR. The FPR has become an indispensable tool of financial management, especially in light of today's complex and changing economy.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines on 5 CFR 1320.6.

The collection is conducted entirely within the guidelines outlined in 5 CFR 1320.6.

8. Provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, the frequency of collection, the clarity of instructions and record keeping, the disclosure, or reporting format, and the data elements to be recorded, disclosed, or reported.

NCUA has an ongoing commitment to communicate and interact with the SSAs, through NASCUS and on an individual basis, as well as with the various credit union trade associations. Typically, NCUA receives comments and suggestions from the SSAs and trade associations throughout the year. All comments are considered when the Call Report form is revised each year or the frequency of collection is changed.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payment, gift, or remuneration is provided for completion of the required Call Report. Call Report submission is required by law (see item 1).

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Call Report data, for most parts, is public information subject to release under the Freedom of Information Act. This information is made available to the general public via NCUA's website (www.ncua.gov). However, certain Call Report information and any information obtained by and reports issued as part of NCUA's supervisory process are confidential and exempt from release under the Freedom of Information Act.

11. Provide additional justification for any questions of a sensitive nature, etc.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should provide the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

We estimate the average amount of time needed to complete the forms to be 6.6 hours. We applied this average to 8,049 credit unions. The following costs are estimated for the proposed rule:

Staff time – 6.6 hours per reporting unit per reporting cycle.

Of this 6.6 hours, .5 hrs (1/2 hr.) is due to regulatory changes mandated by The U.S. Congress. Section number 15 for detailed information on these mandated changes.

TOTAL ANNUAL RESPONDENTS' COST IN HOURS: 212,494 hours

TOTAL ANNUAL RESPONDENTS' COST IN DOLLARS: \$5,708,000

(Dollar cost is estimated using a computed average hourly wage from Call Report data. The computed average hourly wage is \$26.86)

The source of information for the majority of the questions on the form is the monthly financial statements and reports prepared by all credit unions in their normal course of business. Furthermore, NCUA provides advance notification to credit unions of the revisions or changes to reporting frequency in order for them to take the necessary steps to modify their automated or manual record keeping systems as necessary before the actual collection of data begins.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)

Any and all equipment needed to collect and prepare Call Report data is equipment used for the customary and usual business of the credit union. No special or additional equipment is required; therefore, there is no additional cost.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours; operational expenses, such as equipment, overhead, printing, and support staff; and any other expense that would not have been incurred without this collection of information.

Staff

Central Office:

Analyst staff - 2 full-time persons	\$220,000
Technical staff - 0.75 full-time persons	\$49,000
Technical data processing support staff	\$1,001,880

Regional Offices:

Regional office staff – 320 hours @ \$55/hr.	\$17,600
Examiner field staff – 52,212 hours @ \$38/hr.	\$1,984,240

Printing, Assembly, and Mailing \$90,000

TOTAL ANNUAL FEDERAL GOVERNMENT COST: \$3,362,536

The estimate of annual costs to the Federal Government includes all costs associated with the collection, processing, and distribution of information. However, these costs are offset through the implementation of NCUA's Risk Based Examination Scheduling program. The program permits the deferral of a number of federal credit union examinations for one examination cycle for credit unions that meet certain safety and soundness criteria. NCUA's monitoring of financial trends helps reduce the risk to the NCUSIF for losses in an ever-changing economic environment.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

Item 13 of OMB Form 83-I notes a decrease of 21,700 hours from the last submission (2005). The decrease is noted as an adjustment of the number of credit unions completing Form 5300 from 8,871 federally insured credit unions to 8,049. This decline is due strictly to credit union mergers or credit unions being liquidated.

Item 14 of OMB Form 83-I notes no program changes; however, the hours estimated for the NCUA Examiners now includes a one hr per credit union Financial Performance Report (FPR) analysis FOR ALL Federally Insured Credit Unions. The FPR is generated after the 5300 Report is validated and entered into NCUA's database. The total hours for the 5300 portion actually declined from 24,000 to 20,016 due to natural decline in total number of charters due to mergers and liquidations. Additionally, only Federal Charters (5,004 charters) are part of the actual NCUA Examiner field staff costs associated with the 5300 program. NCUA

does not validate the state-chartered, federally insured credit union 5300 reports. However, the FPR portion does include analysis of all Federally Insured Credit Unions. The FPR portion totaled 32,196 hours annually (8,049 FICUs x 4 cycles). **In summary then, the total Examiner hours of 52,212 listed under Item 14 comes from adding 20,016 hours for the 5300 portion (5,004 FCUs x 4cycles) and 32,196 (8,049 FICUs for the FPR portion x 4 cycles.**

IMPACT OF TEMPORARY \$250,000 INSURANCE PER ELIGIBLE ACCOUNT

Due to the significant decline in the U.S. economic credit markets in the fall of 2008, the U.S. Congress passed H.R. 1424. Section 136 of this legislation made all eligible share accounts temporarily insured up to \$250,000 each through December 31, 2009. However, this new legislation does not allow NCUA to use the higher insured share base of each Federally Insured Credit Union to assess the annual operating fee premium in 2009. NCUA uses the operating fee to fund its budget. NCUA is still required to count all shares over 4100,000 per eligible account as uninsured. Therefore, NCUA had to add 14 new accounts to accurately track all share categories exceeding \$250,000 for the strict purposes of any potential payouts for credit unions liquidating.

- 16. For collections of information whose results are planned to be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

The Financial and Statistical Report/Call Report project timetable (The 22nd of each quarter is an approximate date) is:

March 31 Collection

April 22	Forms Due
April 22 - May 6	Forms Processed
May 7 - May 21	Reports Prepared
May 7 - June 4	Data Finalized and Distributed

June 30 Data Collection

July 22	Forms Due
July 22 - August 5	Forms Processed
August 6 - August 20	Reports Prepared
August 6 -September 3	Data Finalized and Distributed

September 30 Collection

October 22
October 22 - November 5
November 8 - November 22
November 8 - December 7

Forms Due
Forms Processed
Reports Prepared
Data Finalized and Distributed

December 31 Data Collection

January 24
January 25 - February 7
February 8 - February 22
February 8- March 7

Forms Due
Forms Processed
Reports Prepared
Data Finalized and Distributed

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

This action is not requested.

18 Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

There are no exceptions to the certification statement.