

**Paperwork Reduction Act Collection Justification
Revisions to NCUA Call Reports
3133-0004
November 2011
PART 1**

Revision to Previously Approved Documents (Summary)

**REQUEST FOR OMB REVIEW AND APPROVAL, 3133-0004
SUMMARY OF PROPOSED CHANGES TO NCUA PROFILE DATA
COLLECTION**

PROPOSED CYCLE DATE: December 31, 2011

REPORT(S) IMPACTED: NCUA Profile Form

OMB FORM #: 3133-0004 (Expires 08/31/2012)

PROFILE PAGE(S) IMPACTED: Regulatory Information – Page 16 and Credit Union Programs/Services – Page 18

SUPPORTING ATTACHMENTS: September 2011 Profile Form – Pages 16 and 18.xlsx, Proposed December Profile Form – Pages 16 and 18.xlsx

DESCRIPTION OF NCUA 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 formerly collected on the 5300 Call Report and Report of Official including the following categories:

- Report of Officials and other key contacts at the credit union,
- The main office and any branch offices,
- Information systems and technology services and structure,
- Disaster recovery information,
- Programs and services credit unions offer to their members,
- Regulatory compliance to include the annual financial statement audit, member account verification, and annual meeting dates, etc.
- Grants the credit union has received and any credit union partnerships they have (optional reporting),
- Credit Union Service Organizations they use and have a financial interest in.

Once a credit union enters their initial data, input is only required for additions, deletions, and changes. Under NCUA Rule and Regulations Section 741.6(a)(1), credit unions are required to update this information within ten days of the election or appointment of officials or thirty days of any other change. This data is editable by credit unions at any time through the online system. This area of NCUA's data collection is less of a burden on the credit union than the data collected through the quarterly 5300 Call Report since there is not a quarterly reporting requirement and the data infrequently changes. The proposed changes for December 2011 would be added to the profile area of NCUA's data collection.

DESCRIPTION OF CHANGE:

Background

NCUA's Office of Minority and Women Inclusion (OMWI) is responsible for assessing the diversity in the credit unions regulated or insured by NCUA in accordance with Section 342(b)(2)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 342(b)(2)(C) states the OMWI Director shall develop standards for assessing the diversity policies and practices of entities regulated by the agency.

OMWI is also responsible for developing a program designed to preserve the minority ownership of minority depository institutions (or credit unions) in accordance with Section 367 of the Dodd Frank Act. Section 342 of the Dodd-Frank Act requires NCUA to submit an annual report to Congress containing a description of actions taken to carry out the above requirements. NCUA's first report is due in January 2012.

Proposed New Data Collection

NCUA is proposing to add four new questions to profile to help us assess the diversity practices of credit unions and identify credit unions that may qualify as a minority depository institution or credit union.

- **Regulatory Tab of Profile - Page 16 of Profile Form:** NCUA is adding two questions to the Regulatory section. The first question is to collect data to assess credit union compliance with the Equal Employment Opportunity Commission's Federal employment laws by asking the date the credit union last filed an EEO-1 Survey Form. We estimate that this question will only apply to approximately 600 or 8% of federally insured credit unions. The second question is asking credit unions if they have a diversity policy or program in their credit union. This is a yes/no question and once credit unions answer it in the profile, they only need to update their response if there is a change. NCUA is only to release this information in aggregate to the public.
- **Credit Union Programs and Member Services - Page 18 of Profile Form:** NCUA is adding two questions to the Programs/Services section to help identify credit unions who may qualify as a minority deposit institution. Specifically, these questions ask if more than 50% of the current and potential members fall into one of the defined minority groups. Section 308 of FIRREA defines "minority" as any "*Black American, Asian American, Hispanic American, or Native American*" and was used as the basis for these two questions. NCUA plans to release the results of these two questions to the public.

NCUA believes these four questions will not be a significant reporting burden on credit unions. These questions would be added to the profile section and once a credit union provides a response, they are only required to update this information if it changes. Additionally, for the 97% of credit unions who use the online data collection system, NCUA provides dropdown menus and checkboxes to alleviate confusion and simplify reporting.

Your review and attention to this matter is greatly appreciated.

Paperwork Reduction Act Collection Justification
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PART 2

- 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.

The changes made to the profile form for December 2011 are to help the National Credit Union Administration assess the diversity practices of credit unions and identify credit unions that may qualify as a minority depository institution or credit union. These changes are in response to requirements outlined in Section 342(b)(2) (c) of the Frank-Dodd Wall Street Reform and Consumer Protection Act.

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. As of September 1, 2009, 97% of all federally insured credit unions transitioned to NCUA's web-based data collection system to submit their data. The other 3% of credit unions do not have Internet access and submit their data to NCUA via a paper form of the appropriate Call Report. 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.

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 formerly collected on the 5300 Call Report and Report of Official including the following categories:

- Report of Officials and other key contacts at the credit union,
- The main office and any branch offices,
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- Regulatory compliance to include the annual financial statement audit, member account verification, and annual meeting dates, etc.
- Grants the credit union has received and any credit union partnerships they have (optional reporting),
- Credit Union Service Organizations they use and have a financial interest in.

Once a credit union enters their initial data, input is only required for additions, deletions, and changes. Under NCUA Rule and Regulations Section 741.6(a)(1), credit unions are required to update this information within ten days of the election or appointment of officials or thirty days of any other change. This data is editable by credit unions at any time through the online system. This area of NCUA's data collection is less of a burden on the credit union than the data collected through the quarterly 5300 Call Report since there is not a quarterly reporting requirement and the data infrequently changes. The proposed changes for December 2011 would be added to the profile area of NCUA's data collection.

We continue to collect credit union financial data through the 5300 Call Report quarterly. The call report is 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 only receive a letter from NCUA each cycle. Approximately 3% of federally insured credit unions 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 online data collection program is 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

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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 89 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.

Solicitations for comments were published in the Federal Register on September 1, 2011 (76 FR 54498) and October 7, 2011 (76 FR 62456). Only one public comment was received, from the Bureau of Economic Analysis (BEA). In summary, BEA "strongly supports the continued collection of data by the National Credit Union Administration on form NCUA 5300, Semi-Annual and Quarterly Call Reports". BEA also stated that they use the NCUA Call Report as their "main data source for key components of BEA's economic statistics". After reviewing the proposed draft changes, BEA determined that the proposed changes would not impact their use of the data.

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 and profile

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.

The changes for December 2011 to assess credit union compliance with the Equal Employment Opportunity Commission's Federal employment laws and the data collection inquiring if a credit union has a diversity policy or program will only be released to the public in aggregate. Individual credit union responses will not be released.

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

NCUA's Office of Minority and Women Inclusion (OMWI) is responsible for assessing the diversity in the credit unions regulated or insured by NCUA in accordance with Section 342(b)(2)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 342(b)(2)(C) states the OMWI Director shall develop standards for assessing the diversity policies and practices of entities regulated by the agency.

OMWI is also responsible for developing a program designed to preserve the minority ownership of minority depository institutions (or credit unions) in accordance with Section 367 of the Dodd Frank Act. Section 342 of the Dodd-Frank Act requires NCUA to submit an annual report to Congress containing a description of actions taken to carry out the above requirements. NCUA's first report is due in January 2012.

In December 2011, NCUA is adding two questions to the Programs/Services section to help identify credit unions who may qualify as a minority deposit institution. Specifically, these questions ask if more than 50% of the current and potential members fall into one of the defined minority groups. Section 308 of FIRREA defines "minority" as any "*Black American, Asian American, Hispanic American, or Native American*" and was used as the basis for these two questions.

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 7,264 credit unions. The following costs are estimated for the proposed rule:

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

Of these 6.6 hours, .25 hrs (15 minutes) is contributed to the December 2011 changes. See Section number 15 for detailed information on these changes.

TOTAL ANNUAL RESPONDENTS' COST IN HOURS: 191,770 hours

TOTAL ANNUAL RESPONDENTS' COST IN DOLLARS: \$5,628,450

(Dollar cost is estimated using a computed average hourly wage from Call Report data. The computed average hourly wage is \$29.35)

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 – 47,244 hours @ \$38/hr.	\$1,795,272

Printing, Assembly, and Mailing \$90,000

TOTAL ANNUAL FEDERAL GOVERNMENT COST: \$3,173,752

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 20,724 hours from the last submission (2009). The decrease is noted as an adjustment of the number of credit unions completing Form 5300 from 8,049 federally insured credit unions to 7,264. 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 includes a one hour 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 20,016 to 18,188 due to natural decline in total number of charters due to mergers and liquidations. Additionally, only Federal Charters (4,547 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 totals 29,056 hours annually (7,264 FICUs x 4 cycles). **In summary then, the total Examiner hours of 47,244 listed under Item 14 comes from adding 18,188 hours for the 5300 portion (4,547 FCUs x 4 cycles) and 29,056 (7,264 FICUs for the FPR portion x 4 cycles).**

IMPACT OF DECEMBER 2011 CHANGES

NCUA's Office of Minority and Women Inclusion (OMWI) is responsible for assessing the diversity in the credit unions regulated or insured by NCUA in accordance with Section 342(b)(2)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Section 342(b)(2)(C) states the OMWI Director shall develop standards for assessing the diversity policies and practices of entities regulated by the agency.

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December 2011 changes include:

- **Regulatory Tab of Profile – Page 16 of Profile Form:** NCUA is adding two questions to the Regulatory section. The first question is to collect data to assess credit union compliance with the Equal Employment Opportunity Commission's Federal employment laws by asking the date the credit union last filed an EEO-1 Survey Form. We estimate that this question will only apply to approximately 600 or 8% of federally insured credit unions. The second question is asking credit unions if they have a diversity policy or program in their credit union. This is a yes/no question and once credit unions answer it in the profile, they only need to update their response if there is a change.
- **Credit Union Programs and Member Services – Page 18 of Profile Form:** NCUA is adding two questions to the Programs/Services section to help identify credit unions who may qualify as a minority deposit institution. Specifically, these questions ask if more than 50% of the current and potential members fall into one of the defined minority groups. Section 308 of FIRREA defines "minority" as any "*Black American, Asian American, Hispanic American, or Native American*" and was used as the basis for these two questions.

NCUA believes these four questions will not be a significant reporting burden on credit unions. These questions would be added to the profile section and once a credit union provides a response, they are only required to update this information if it changes. Additionally, for the 97% of credit unions who use the online data collection system, NCUA provides dropdown menus and checkboxes to alleviate confusion and simplify reporting.

- 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	Forms Due
October 22 - November 5	Forms Processed
November 8 - November 22	Reports Prepared
November 8 - December 7	Data Finalized and Distributed

December 31 Data Collection

January 24	Forms Due
January 25 - February 7	Forms Processed
February 8 - February 22	Reports Prepared
February 8- March 7	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.