

**SUPPORTING STATEMENT**  
**National Credit Union Administration**  
**Minority Depository Institution Preservation Program**  
**Interpretive Ruling and Policy Statement (IRPS) 13-1**  
**OMB No. 3133-NEW**

**A. JUSTIFICATION**

**1. Necessity of Information Collection**

In 2010, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).<sup>1</sup> Section 367(4)(A) of the Dodd-Frank Act amended Financial Institution Reform, Recovery, and Enforcement Act (FIRREA) §308 to require NCUA, the Office of the Comptroller of Currency (OCC), and Board of Governors of the Federal Reserve Board System (FRB) to establish a program to comply with its goals to preserve and encourage Minority Depository Institutions (MDI).<sup>2</sup> In addition, the Dodd-Frank Act §367(4)(B) requires these agencies, along with FDIC, to each submit an annual report to Congress describing actions taken to carry out FIRREA §308.<sup>3</sup>

On July 25, 2013, the NCUA Board issued a proposed Interpretive Ruling and Policy Statement (IRPS) 13-1 to establish a MDI preservation program (Program) to comply with the FIRREA §308 goals to preserve and encourage new MDIs.<sup>4</sup> On June 18, 2015, the NCUA Board approved the final IRPS. The IRPS identifies the procedure for a federally insured credit union to determine and document its ability to designate itself as a MDI, resulting in the ability to participate in the Program. This action created a new information collection with recordkeeping and reporting requirements.

All credit unions provide their MDI self-certification information via the Call Report and Profile (OMB Control No. 3133-0004). Credit unions with less than \$50 million in assets self-certify as a MDI based on their knowledge of current and potential membership and do not have to maintain documentation to support the minority eligibility of their current and potential memberships. Credit unions with \$50 million or more in assets must maintain documentation that supports minority eligibility for their current and potential memberships. This documentation must be updated and maintained annually to determine continued MDI eligibility; however, it is up to the credit union's discretion how they choose to document eligibility. NCUA may question and remove the MDI designation of any federally insured credit union if it does not meet the requirements of the Program. At this time, the credit union in question, regardless of asset size, may submit independent documentation and rationale to support its MDI self-certification within 60 days of notification. If NCUA issues a denial, a credit union may issue an appeal to the NCUA Board.

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<sup>1</sup> Pub. L. 111-203, 124 Stat. 1376; 12 U.S.C. 5301 *et seq.*

<sup>2</sup> 124 Stat. 1556.

<sup>3</sup> 124 Stat. 1556.

<sup>4</sup> The proposed IRPS was published in the Federal Register on July 31, 2013 (78 Fed. Reg. 46374).

**2. Purpose and Use of the Information Collection**

NCUA's Office of Minority and Women Inclusion (OMWI) will use the collected information:

- (1) To verify the appropriateness of MDI self-designation;
- (2) To ensure NCUA is pertinently dedicating preservation efforts toward that MDI; and
- (3) To correctly report those efforts in the annual MDI Reports to Congress as required by §367(4)(B) of the Dodd-Frank Act.

**3. Consideration Given to Information Technology**

The requirement to document the credit union's analysis and support for the MDI self-certification is a new collection requirement. If NCUA requests this documentation, respondents can fax, email, or mail the documentation to NCUA. It is the expectation the majority of credit unions will use electronic means to determine whether they meet the MDI-criteria and use all available technological methods to collect and report this information.

**4. Duplication**

There is no duplication. All credit unions provide their MDI self-certification information via the Call Report and Profile (OMB Control No. 3133-0004). However, this new collection is only applicable to:

- credit unions with \$50 million or more in assets required to maintain documentation in-house and update it annually;
- credit unions asked to submit documentation and rationale to NCUA to support self-certification; and
- credit unions choosing to appeal MDI determinations by submitting information to NCUA.

**5. Effect on Small Entities**

Credit unions may self-certify as an MDI by answering two minority questions with their Credit Union Online Profile on NCUA's website. Small credit unions are subject to the same requirements as large credit unions to meet the MDI criteria. To alleviate the burden on small entities, small credit unions are not required to evaluate and maintain documentation to support how their current and potential credit union membership meets the MDI criteria. Small credit unions only need to assess and reassess the minority composition of their board of directors, without maintaining any documentation. NCUA estimates the collection of information may impact a small percentage of small credit unions (e.g., one percent).

The agency defines a small credit union as one that has total assets of \$50 million or less. As of March 31, 2015, there were 537 credit unions with \$50 million or less in assets that certified themselves as an MDI.

**6. Consequences of Not Conducting Collection**

The Dodd-Frank Act requires NCUA to annually report to Congress on data pertaining to MDIs. If NCUA does not collect data supporting the MDI designation for credit unions,

NCUA runs the risk of reporting inaccurate data on MDIs to Congress as well as a reputation risk by providing inaccurate data to the public and organizations (including banks) who want to do business with and/or provide support to MDIs.

**7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)**

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

**8. Consultations Outside the Agency**

A notice of the proposed MDI Preservation Interpretive Ruling and Policy Statement (IRPS) was published in the *Federal Register* on July 31, 2013, at 78 FR 46374, providing a 60-day comment period. NCUA received a total of nine comments on the proposed IRPS – eight from credit union trade associations and one from a community advocacy group. Seven commenters expressly supported the proposal; none opposed it. NCUA considered all comments received and were summarized and addressed in the publication of the Final IPRS on June 24, 2015, at 80 FR 36356.

**9. Payment or Gift**

There is no intent by NCUA to provide payment or gifts for information collected.

**10. Confidentiality**

NCUA publishes MDIs and provides information to the public about each of them at <http://www.ncua.gov/DataApps/Documents/MinorityDepositoryInstitutions.pdf>, in addition to including them in the annual report to Congress. Certain information related to this collection involves matters contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of NCUA. NCUA may exempt such information from Freedom of Information Act disclosure under exemption 8. 5 U.S.C. 552(b)(8). There is no assurance of confidentiality other than that provided by law.

**11. Sensitive Questions**

Information about race and ethnicity of individuals and groups could be considered sensitive and is sometimes considered private. In this case, collection of the information is necessary under the law and to administer the MDI program. NCUA will implement the collection of information consistent with OMB Directive 15: Race and Ethnic Standards for Federal Statistics and Administrative Reporting.

**12. Burden of Information Collection**

As of March 31, 2015, NCUA determined that 655 credit unions qualified as MDIs based on their answers to the two MDI questions from CU Online. Given all MDIs must assess the minority composition of their board of directors, we estimate the burden is 54.58 hours (5 minutes \* 655 MDIs ÷ 60 minutes).

Certain MDIs must perform the analysis of the minority composition of their current and potential memberships, and then retain the supporting documentation (e.g., U.S. Census/HDMA data analysis) in their files for verification of their MDI eligibility as described below.

Of the 655 credit unions, 537 credit unions have assets of \$50 million or less. NCUA allows these 537 credit unions to self-certify as a MDI based solely on the credit unions' knowledge of their current and potential memberships. However, we estimate about one percent of the MDI self-certification of small credit unions (or 5 credit unions) may be questioned about their certification annually. If questioned, these (5 MDIs) would need to locate, download and review the U.S. Census or HMDA data, and then submit this data to NCUA to support their MDI self-certification. We estimate the burden is 2.08 hours (25 minutes \* 5 MDIs ÷ 60 minutes) for the 5 credit unions that will need to assess the minority composition of their current and potential memberships with independent data.

The remaining 118 credit unions (655 - 537 credit unions) with assets over \$50 million must assess the minority composition of their current and potential memberships with independent data to support their certification as described above. We estimate the burden is 49.17 hours (25 minutes \* 118 MDIs ÷ 60 minutes).

Of the 655 total MDIs, about 1 percent (or 7 credit unions) may be denied MDI certification, which will allow them to appeal the decision to the NCUA Board; we estimate the burden of 21 hours for 7 credit unions to prepare and submit the appeal to NCUA (7 credit unions \* 3 hours).

Total hours estimated are 127 annually, outlined in the charts below.

Information Collection Activity	No. of Respondents	No. of Response Per Respondent (Frequency)	Total Annual Responses	Hours Per Response	Total Annual Burden
Assess Minority Composition of Board of Directors	655	1	655	0.08333 (5 mins.)	54.58
Validate Minority Members Composition (Assets less than \$50M) if questioned.	5	1	5	0.41667 (25 mins.)	2.08
Document and Retain Minority Member Composition (Assets greater than \$50M)	118	1	118	0.41667 (25 mins.)	49.17
Appeal NCUA Board Decision	7	1	7	3	21.00
TOTAL	130	1.198	785	0.16	126.83

The median hourly rate of a credit union operational manager is estimated at \$35 per hour (126.83 hours \* \$35 per hour = total annual labor cost of \$4,439).

**13. Estimated capital start-up and maintenance costs.**

There are no capital start-up or operation and maintenance costs incurred.

**14. Costs to Federal Government**

The estimated cost to NCUA is negligible.

**15. Changes in Burden**

This is a new collection of information.

**16. Information Collection Planned for Statistical Purposes**

The information collection is not used for statistical purposes.

**17. Approval to Omit OMB Expiration Date**

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket at [www.reginfo.gov](http://www.reginfo.gov).

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

This collection complies with the requirements in 5 CFR 1320.9.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

This collection does not employ statistical methods.