

Supporting Statement for Paperwork Reduction Act (PRA) Submission
Designation of Low Income Status, 12 CFR 701.34
OMB Control Number 3133-0117
2014

1. Necessity of Information Collection

Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The Federal Credit Union Act authorizes the NCUA Board to define low-income members so that credit unions with a membership serving predominantly low-income members can benefit from certain statutory relief and receive assistance from the Community Development Revolving Loan Fund.

Under the authority of Regulation Part 12 CFR 701.34, NCUA must obtain certain data to determine if a credit union qualifies for the designation. Specifically, NCUA collects member addresses or verifies member income through loan files or member surveys to determine if the credit union is eligible to receive assistance from the Community Development Revolving Loan Fund. This information is also shown in Chart A-1 under the column titled “Data Collection Type.”

Section 701.34 of NCUA Rules and Regulations defines low-income members as follows:

Low-income members are those members whose family income is 80% or less than the median family income for the metropolitan area where they live or national metropolitan area, whichever is greater, or those members who earn 80% or less than the total median earnings for individuals for the metropolitan area where they live or national metropolitan area, whichever is greater. NCUA will use the statewide or national, non-metropolitan area median family income instead of the metropolitan area or national metropolitan area median family income for members living outside a metropolitan area. Member earnings will be estimated based on data reported by the U.S. Census Bureau for the geographic area where the member lives. The term “low-income members” also includes those members enrolled as students in a college, university, high school, or vocational school.

The Office of Consumer Protection, under delegated authority from the Regional Director, analyzes data to ascertain if the credit union can be designated as low income.

NCUA collects the information as an incidental part of the examination process that requires no additional burden on federal credit unions and some federally insured state chartered credit unions. Credit unions may also opt to submit member data (a file of member addresses) through a secure electronic submission to the Office of Consumer Protection to review. The credit union may also opt to provide actual member income derived from a statistically valid

sampling of loan applications or survey its members to ascertain the income levels of its membership population.

After the analysis is performed, NCUA will notify the credit union of its eligibility. A credit union that wishes to receive the designation must respond to NCUA in writing within 90 days of receipt of NCUA's eligibility notification.

Appeal Process: Low-Income Designation

If NCUA determines a low-income designated federal credit union no longer meets the criteria for the designation, NCUA will notify the federal credit union in writing, and the federal credit union must, within five years, meet the criteria for the designation or come into compliance with the regulatory requirements applicable to federal credit unions that do not have a low-income designation. A federal credit union may appeal NCUA's determination that the credit union no longer meets the criteria for a low-income designation to the Board within 60 days of the date of the notice from NCUA. An appeal must be submitted through NCUA. The appeals process varies on a case by case basis depending on how NCUA determined the credit union no longer qualifies for low-income designation. Consequently, there is no specific format or content that is required in the appeal.

2. Purpose and Use of the Information Collection

Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

DATA COLLECTION ACTIVITY

Chart A-1

Data Collection Activity	Entity	Process Owner	Description	Data Collection Type
Internal Data Collection	Credit Unions	Credit Unions	The credit union may opt demonstrate eligibility by providing data to NCUA to analyze to conclude eligibility.	Member addresses, income verification per review of loan files, surveys to members to gather income levels.
Formal Notification to Receive Low-Income Designation	Credit Unions	Credit Unions	A credit union that wishes to receive the designation must respond to NCUA in writing within 90 days of receipt of NCUA’s eligibility notification.	Written notification – letter or by email.
Appeal Process for Low-Income Eligibility	Low-Income Credit Unions (who have been notified that they no longer apply for the designation)	Low-Income Credit Unions (who have been notified that they no longer apply for the	Credit union may appeal NCUA’s decision in writing to the Board.	Formal, written notification must be received within 60 days of notice from NCUA.

		designation)		
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3. Consideration Given to Information Technology

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.

A credit union’s member address data is either obtained through their most recent NCUA examination file or they use their computers to send the information to NCUA as electronic attachments.

4. Duplication

Describe efforts to identify duplication (*i.e.*, duplication of the information requested in a new rule or form), and describe how the agency identified efforts to avoid duplication. Show specifically why any similar information already available, in another form, cannot be used or modified for use for the purposes described in Item 2 above (*e.g.*, through sharing of information from another agency, such as the CFTC, or obtaining it from a public source, such as FINRA).

There is no duplication. To mitigate redundancy in this process, we do not ask the credit unions to provide data the NCUA or the SSA has access to during the examination process; member addresses are available to the examiners when on-site conducting the exams. NCUA and the SSA’s gather the required data during the examination process. This data collection activity is seamless to the credit union and does not require additional time or effort above and beyond the scope of the examination process.

5. Effect on Small Entities

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

The impact is the same for all credit unions.

6. Consequences of Not Conducting Collection

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

NCUA would not be able to provide any credit union with a low-income designation if the data was not collected. As a result, the program would cease, and credit unions serving low-income members would not have access to the benefits provided to low-income designated credit unions.

Regarding the frequency of the data collection activities, since the designation is valid for a five year period, new data would only need to be collected if it is determined a credit union no longer qualifies through the regular examination process.

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

The required Federal Register notice with a 60-day comment period soliciting comments on this collection of information was published (78 FR 48912). No public comments were received.

9. Payment or Gift

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

There is no plan to provide any payment or gift to respondents.

10. Confidentiality

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

NCUA is not collecting privacy related information and is compliant with the Privacy Act.

11. Sensitive Questions

Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

No questions of a sensitive nature are asked. The information collection does not collect any Personally Identifiable Information (PII).

12. Burden of Information Collection

Internal Data Collection

NCUA estimates that 250 credit unions will apply for a low-income designation outside of the examination process. Further, NCUA anticipates that 2 of these credit unions may need to apply for the low-income designation using the loan application sampling method and 3 credit unions may need to use the member survey method. The NCUA staff estimates that, on average, it will take each credit union 15 minutes to assemble the necessary information to apply using member address data and 120 hours to apply with the loan application sampling method and the survey method, including approval from NCUA on method. Additionally,

NCUA estimates that 250 credit unions will give NCUA written notification to accept the Low Income Designation or appeal the NCUA decision not to grant the credit union low income eligibility, it is estimated that two credit unions will appeal the decision. The following number of respondents and estimated annual burden in hours summarized below:

Information Collection Activity	Respondents	Burden (Hours)	Annual Hourly Burden
Requesting LID outside of examination: Submitting member addresses	245	.25	61.25
Requesting and submitting pre-approved loan sampling data; and Requesting and submitting membership survey data	5	120	600
Formal Notification to Receive LID	250	.25	62.5
Appeal Process for Low Income Eligibility	2	24	48
Total	502	264.5	772

13. Costs to Respondents

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).

- (a) Total capital and start-up costs: None.
- (b) Total operation and maintenance and purchase of services: The data collection activity typically is conducted through the examination process. Credit unions may opt to collect and submit data to demonstrate its eligibility. The primary data source, member addresses, is typically readily available and quickly accessible.
 Respondents: 245 credit unions
 Estimated annual burden per response: .25 hours
 Total annual hours: 61.25
 Annual cost burden: \$1898.25

We estimate that if a credit union provides income data from a loan sample or membership survey they will use a contractor or some other external entity to perform this task. We estimate the cost to the credit union to be approximately \$12,000 (\$100 per hour for 120 hours). NCUA estimates the total collection burden represented by this proposal as follows:

Respondents: 5 credit unions (2 credit unions using a loan sample and 3 credit unions using a member survey)

Estimated annual burden: 120 hours

Total annual hours: 600

Annual cost burden: \$60,000

We estimate that if a credit union is denied a low-income designation and prepares and appeal of this decision it will be prepared by credit union personnel at the rate of \$31 per hour.

Respondents: 2 credit unions

Estimated annual burden per appeal: 24 hours

Total annual hours: 48 hours

Annual cost burden: \$1488

We do not estimate there will be any cost to the credit union to formally accept the low-income designation in writing since this is a decision made by the board of directors and they are not compensated by the credit union.

Respondents: 250

Estimated Annual Burden: .25 hours

Total annual burden: 62.5

Annual cost burden: \$0

14. Costs to Federal Government

The information collected will be analyzed by NCUA staff, as part of its normal business procedures, utilizing internally developed software. Therefore, the outside cost to NCUA is negligible.

15. Changes in Burden

Explain the reasons for any program changes or adjustments reported in Items 12 or 13.

NCUA adjusted the burden to include written acceptance and the efforts to allow credit unions to provide data to obtain designation, including the right to appeal.

16. Information Collection Planned for Statistical Purposes

For collections of information whose results will be published, outlined 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.

Not applicable. The information collection is not used for statistical purposes.

17. Approval to Omit OMB Expiration Date

NCUA is not seeking approval to omit the expiration date.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

This collection complies with the requirements in 5 CFR 1320.9.