

National Credit Union Administration
SUPPORTING STATEMENT

Proof of Concept Application (POC) for New Charter Organizing Groups
OMB No. 3133-NEW

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

The Office of Credit Union Resources and Expansion (CURE) is responsible for the review and approval of charter applications submitted by organizing groups. CURE is undergoing a charter modernization process to improve the quality of charter applications received. CURE management wants to ensure organizing groups' applications can be expedited by receiving a well-thought out, well-developed charter application minimizing the back and forth communication with organizers. As a result, CURE management is implementing the Proof of Concept (POC) data collection through an automated system, CyberGrants, documenting the four most critical elements for establishing a new charter.

The four areas are usually the greatest challenge for organizers to accomplish. If the organizers successfully address the four critical elements which will be evaluated through a scoring system, organizing groups are invited to submit their entire charter or federal insurance application.

The data will be reviewed by NCUA to determine the adequacy of a group's proof of concept and provide guidance as needed. The purpose of this information collection is to identify the level of understanding an organizing group has before they make a formal charter application submission as prescribed by Appendix B to 12 CFR Part 701 (12 U.S.C. 1758, 1759).

2. Purpose and use of the information collection.

This new POC automated system will be available to any organizing group wishing to charter a credit union. The purpose of collecting data for the POC is determining which organizing groups have performed their due diligence to develop its proposed credit union concept. If organizers researched a specific business model, the ideas for the credit union's four most critical elements should be explained. They are: 1.) Purpose and Core Values 2.) Field of Membership 3.) Capital and 4.) Subscribers.

An Instruction Booklet was developed to provide guidance to organizing groups for completing the POC critical elements. If an organizing group successfully responds to these four areas and receives 80 points, they are invited to submit a full charter application. If the organizing group is unsuccessful with their responses, CURE will advise the group accordingly and provide guidance as necessary.

3. Use of information technology.

CURE currently administers both the loan and technical assistance grant programs with a fully-automated online system, CyberGrants. For purposes of identifying organizing groups with the greatest potential for success, CyberGrants is the software CURE selected to evaluate organizing groups POC. We believe the CyberGrants software will enable CURE to improve efficiencies with the chartering process by reviewing an organizing groups' POC in advance of submitting the final charter application.

4. Duplication of information.

There is no duplication with any other required submission or recordkeeping. The information requested in the POC is not available from other sources because these are organizing groups wishing to establish a credit union, not existing credit unions.

5. Efforts to reduce burden on small entities.

The use of CyberGrants online portal for the POC application process will be deployed in 2019 and provides a user-friendly format to ensure minimal burden on the respondent. CURE believes the POC guidance provides organizers a better understanding of the chartering requirements and will eliminate the submission of unrealistic, inadequate, or incomplete charter applications.

6. Consequences of not conducting the collection.

If this information was not collected, CURE would not be able to eliminate the improper submission of charter applications that are not well thought-out or carefully developed for review and consideration.

The collection of this information enables NCUA to gather data to determine how serious an organizing group is and the group's potential for success. The automated process enables the organizers to better understand what is required by CURE. This control is being implemented to evaluate the proposed business model before the organizer submits a formal charter application.

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. Efforts to consult with persons outside the agency.

A 60-day notice was published in the *Federal Register* on March 11, 2019, at 84 FR 8765, soliciting comments from the public. No public comments were received in response to this notice.

9. Payment or gifts to respondents.

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

10. Assurance of confidentiality.

There is no assurance of confidentiality other than that provided by law.

11. Questions of a sensitive nature.

No questions of a sensitive nature are asked in the POC. Personally Identifiable Information (PII) is not collected.

12. Burden of information collection.

It is estimated that 2 organizing groups per month will submit the POC to CURE. Each respondent is required to answer four critical elements in each POC submission as follows: (1) Purpose and Core Values (2) Field of Membership (3) Capital and (4) Subscribers. NCUA estimates 4 hours per submission.

	No. of Respondents	No. of Responses per Respondent (Frequency)	Total Annual Response	Hours per Response	Total Annual Burden
POC on-line Application	24	1	24	4	96

Based on the labor rate of \$35 per hour, the total cost to respondents is \$3,360.

13. Capital start-up or on-going operation and maintenance costs.

There are no capital start-up or maintenance costs.

14. Annualized costs to Federal government.

NCUA currently staffs and administers the chartering program through the Office of Credit Union Resources and Expansion (CURE).

Review, Analysis, Reporting	Professional Staff hours (CURE Coordinators)	\$75 per hr	Support Staff (CURE Specialists)	\$45 per hr	Total
POC Submission	240	\$18,000	120	\$5,400	\$23,400
Federal Labor Cost					\$46,800
½ of the Annual maintenance and licensing of Cyber Grant system shared with the CURE's grant program					\$17,956
Total Cost to the Federal Government					\$64,756

15. Changes in burden.

This is a new collection.

16. Information collection planned for statistical purposes.

The information is not planned for publication.

17. Request non-display the expiration date of the OMB control number.

The display of the expiration date would cause design and IT project scheduling concerns and may cause confusion on the date the information is needed by the Agency. Non-display is requested.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.