

National Credit Union Administration
SUPPORTING STATEMENT

NCUA Call Report (NCUA Form 5300)
OMB No. 3133-0004

**SUMMARY OF PROPOSED CHANGES TO NCUA CALL REPORT
DATA COLLECTION**

PROPOSED CYCLE DATE: March 31, 2020

REPORT(S) IMPACTED: NCUA Call Report Form

OMB FORM #: 3133-0004 (Expires 9/30/2022)

CALL REPORT PAGE(S) IMPACTED:

- Statement of Financial Condition – Page 1,
- Statement of Financial Condition – Page 3,
- Statement of Income and Expense – Page 5,
- Loans and Leases – Page 6,
- Delinquent Loans by Collateral – Page 8, and
- Loan Charge Offs and Recoveries – Page 10.

SUPPORTING ATTACHMENTS: Draft March 2020 Call Report Form.

Call Report Changes

The proposed changes to the quarterly 5300 Call Report will assist the National Credit Union Administration (NCUA) in offsite monitoring and supervision of credit unions while minimizing the burden on federally insured credit unions. NCUA's data collections are based on emerging and existing risks to the National Credit Union Share Insurance Fund (NCUSIF). The following summarizes the proposed changes.

The majority of the call report deletions are due to the Financial Accounting Standards Board issuance of Accounting Standards Codification (ASC) Topic 320, Investments - Debt Securities and ASC Topic 321, Investments - Equity Securities. The call report additions are due to clarifying the reporting for cash items in process of collection. The text changes are primarily due to the changes to the NCUA regulations §701.21(c)(7)(iv) and §701.32(b), which created PALs II loans and modified the aggregate nonmember deposit limit, respectively.

Description of Call Report Form Changes:

Page 1 – Statement of Financial Condition

- Changed the account for Coin and Currency
- Added an account for Cash Items in Process of Collection
- Retired investment collection items no longer necessary after the effective date of changes to ASC Topic 320 and implementation date of ASC Topic 321.

Page 3 – Statement of Financial Condition

- Modified the caption for account 631 to “Accounts Held by Member Public Units”
- Modified the caption for account 632 to “Accounts Held by Nonmember Public Units”

Page 5 – Statement of Income and Expense

- Modified the caption for account IS0004 to “Unrealized Gain (Loss) due to change in fair value of Equity Securities”

Page 6 – Loans & Leases

- Modified the caption for accounts 522A, 994A, and 397A to “Payday Alternative Loans (PALs I and PALs II) (FCU Only)”
- Modified the caption for accounts 031C and 031D to “Payday Alternative Loans (PALs I and PALs II) Granted Year-to-Date (Federal credit union ONLY)”

Page 8 – Delinquent Loans by Collateral Type

- Modified the caption for accounts 089A, 127A, 128A, 129A, and 130A to “Payday Alternative Loans (PALs I and PALs II) (FCU Only)”
- Modified the caption for accounts 089B, 127B, 128B, 129B, and 130B to “Payday Alternative Loans (PALs I and PALs II) (FCU Only)”

Page 10 – Loan Charge Offs and Recoveries

- Modified the caption for accounts 136 and 137 to “Payday Alternative Loans (PALs I and PALs II) (Federal CU Only)”

Additionally, text changes were made throughout the form to improve readability of existing collection items and guidance.

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A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

Sections 106 and 202 of the Federal Credit Union Act require federally insured credit unions to make financial reports to the NCUA. Section 741.6 of the NCUA Rules and Regulations requires all federally insured credit unions to submit a Call Report (NCUA Form 5300) quarterly.

Financial information collected through the Call Report is essential to NCUA supervision of federal credit unions. This information also facilitates NCUA monitoring of other credit unions with share accounts insured by the National Credit Union Share Insurance Fund (NCUSIF).

2. Purpose and use of information collected.

NCUA uses information collected through Call Reports to supervise federally insured credit unions and safeguard the NCUSIF. The Federal Reserve also uses the information to conduct monetary policy, protect the payments system, and preserve competition among depository institutions. Congress and the state legislatures use the information to formulate policy on credit unions, other depository institutions, and the financial system. Finally, the U.S. Department of Commerce uses the information to produce national income accounting data and statistics.

Changes made to the Call Report form for March 2020 will help NCUA assess credit union safety and soundness without increasing the burden on reporting institutions.

NCUA also uses Call Report data to create a Financial Performance Report (FPR) for each reporting credit union, the industry as a whole, and various industry cohorts. These reports are available to the public and distributed to all federal credit unions, federally insured state-chartered credit unions, and those non-federally insured credit unions required to submit Call Report data by their State Supervisory Authority (SSA). NCUA examiners and SSAs also receive FPRs to assist in examination and supervision of credit unions. Call Report changes ensure FPRs provide all recipients with accurate pictures of credit union risk and profitability – at the individual institution and aggregate levels.

3. Use of improved information technology.

Individual credit unions are the sole source of information about their financial condition and operations. Effective January 1, 2014, all federally insured credit unions must use the NCUA web-based data collection system (CU Online) to submit their Call Reports and update their Profiles. NCUA computer systems perform a series of sophisticated edits and

calculations to minimize the amount of information required and reduce the burden on reporting credit unions.

4. Duplication of information.

Aside from Call Report data-gathering cycles, NCUA engages in no other comprehensive collection of credit-union data. NCUA alone collects, processes, and releases Call Report data, so there is no duplication of effort at the federal level. At the state level, NCUA works closely with the National Association of State Credit Union Supervisors (NASCUS, which represents all SSAs) to improve the Call Report as a federal and state tool for collecting material information about credit union condition and practices while minimizing the burden on reporting institutions.

5. Efforts to reduce burden on small entities.

All credit unions must submit Call Report as prescribed by regulations. NCUA minimizes the burden on small credit unions with CUOnline, which performs calculations needed to derive various balance sheet and income statement items, generate risk/performance metrics, and compare risk/performance with peer institutions.

6. Consequences of not conducting the collection.

Collection items from the Call Report provide critical information for supervision of safety-and-soundness and monitoring of regulatory compliance. In particular, NCUA uses collection items for off-site monitoring, which greatly reduces the burden of on-site examinations. NCUA must react quickly to emerging risks to protect the share accounts of the nation's credit union members and the integrity of the NCUSIF; hence the need for quarterly reporting.

The consequences of non-collection are severe. Absent quarterly Call Report submissions and Profile updates, SSAs and NCUA would have to rely on more frequent on-site visits to supervise credit union risks and monitor regulatory compliance. Moreover, there would be no FPR; thereby depriving federal and state authorities as well as the credit union industry of a valuable tool for policymaking and financial management.

7. Inconsistencies with guidelines of 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 of the agency.

A 60-day notice was published in the *Federal Register* on August 9, 2019, at 84 FR 39377, soliciting comments from the public. No comments were received in response to this notice.

NCUA has an ongoing commitment to communicate and interact with SSAs, NASCUS, and credit-union trade associations. Typically, NCUA receives comments and suggestions from SSAs and trade associations throughout the year. NCUA considers these comments when revising the Call Report and Profile forms as well as other aspects of data collection.

9. Payment of gifts to respondents.

No payment or gifts are provided to respondents.

10. Assurance of confidentiality.

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

11. Questions of a sensitive nature.

Data collection fields are critical for adequate off-site monitoring and on-site examination of federally insured credit unions. A System of Records Notice (SORN) is not required as the information is not stored based on the individual's name or other personally identifiable information.

12. Burden of the collection of information.

As of June 2019 there were 5,308 Federally-insured credit unions. NCUA estimates credit unions will, on average, need four hours to complete the form, via CUOnline.

Credit Union Staff Time – Four hours per reporting institution per reporting cycle (four cycles per year):

No. Respondents	No. Responses Per Respondent	No. Annual Responses	Hours Per Response	Total Annual Burden Hours
5,308	4	21,232	4	84,928

Based on the labor rate of \$38 per hour, the total cost to respondents is \$3,227,264. The dollar-cost estimate uses an average hourly wage for credit union staff. This wage rate of \$38 is based on Call Report data. The source of information for most Call Report questions is monthly financial statements and reports prepared by all credit unions in their normal course of business. NCUA provides advance notification of all changes in reporting, thereby allowing credit unions to modify automated and manual record-keeping systems before data collection begins.

13. Capital start-up costs and operations and maintenance costs.

There are no capital start-up, operation, or maintenance costs associated with this information collection.

14. Annualized cost to the Federal government.

Staff

Central Office:

Analyst staff - 2 full-time persons \$275,000

Technical data processing support staff \$751,410

Regional Offices:

Regional office staff – 224 hours @ \$81/hr. \$18,144

Examiner field staff – 23,160 hours @ \$81/hr. \$1,875,960

TOTAL ANNUAL FEDERAL GOVERNMENT COST: \$2,920,514

The estimate of annual costs to the Federal Government includes all costs associated with collection, processing, and distribution of information. It is important to note, however, these costs are offset through the NCUA Risk Focused Examination program.

15. Changes in burden.

Currently, the NCUA Call Report (Form 5300) and Profile (Form 4501A) are cleared under OMB Control Number 3133-0004. At this time NCUA plans to separate the two forms due to technology resources constraints that create different revision cycles. This Call Report will retain the 3133-0004 OMB control number and NCUA will request a new control number for the Profile; for a program change of -43,000 burden hours.

The burden identified under OMB No. 3133-0004, prior to this separation, was estimated at 6 hours per response. With this submission, it is estimated that 4 hours is allotted to complete the Call Report and 2 hours is allotted to complete the Profile.

Revisions are attributed to the issuance of accounting standards codifications (ASC) by the Financial Accounting Standards Board and other revisions needed to clarify the reporting for cash items, Public Unit deposits, and Payday Alternative Loans (PALs I and PALs II). These revisions will not alter the estimated burden hours necessary to review the instructions and complete the form. The amount of data elements removed compared to those added negates the difference in burden.

This submission also reflects adjustment due to the decline in the number of federally insured credit unions due to industry consolidation from mergers and liquidations. Specifically, the number of federally insured credit unions completing the Call Report dropped from 5,335 on March 31, 2019, to 5,308 on June 30, 2019. A decrease of 27 credit unions and a total adjustment of -1,072 burden hours.

16. Collections of information planned to be published for statistical use.

The projected Financial and Statistical Report/Call Report collection schedule for 2020 is provided below. The schedule is tentative because NCUA is reviewing procedures for processing Call Report data.

March 31 Collection

April 26	Forms Due
April 27 - May 7	Forms Processed
May 8 - May 31	Reports Prepared
June 1	Data Finalized and Distributed

June 30 Collection

July 26	Forms Due
July 27 - August 6	Forms Processed
August 7 - August 31	Reports Prepared
September 1	Data Finalized and Distributed

September 30 Collection

October 25	Forms Due
October 26 - November 5	Forms Processed
November 6 - November 30	Reports Prepared
December 1	Data Finalized and Distributed

December 31 Collection

January 26, 2020	Forms Due
January 27 - February 6, 2020	Forms Processed
February 7 - February 28, 2020	Reports Prepared
March 2, 2020	Data Finalized and Distributed

- 17. Request of non-display of the expiration date of the OMB control number.**
The display of an expiration date may cause confusion among respondents when providing information by a prescribed date because minor technical changes to an electronic systems would impose additional time and resources if no other information was to change. Non-display of the expiration date of the OMB approval 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.