

## SUPPORTING STATEMENT

### QUARTERLY CERTIFIED STATEMENT INVOICE FOR DEPOSIT INSURANCE ASSESSMENT (OMB No. 3064-0057)

#### INTRODUCTION

The FDIC is requesting OMB approval of the three-year extension, without change, of its collection of information entitled “Quarterly Certified Statement Invoice for Deposit Insurance Assessment” (OMB Control No. 3064-0057) which currently expires on June 30, 2020.

The FDIC collects assessments on a quarterly basis. Each assessment is based on the institution's quarterly report of condition for the prior calendar quarter. The information collection consists of a review by officials of the insured institutions to confirm that the assessment data are accurate and, in cases of inaccuracy, submission of corrected data.

#### A. JUSTIFICATION

1. **Circumstances that make the collection necessary:**

The FDIC collects assessments from insured institutions pursuant to section 7 of the Federal Deposit Insurance Act (“FDI Act”), 12 U.S.C. section 1817(c), to assure that the Deposit Insurance Fund (“DIF”) is adequately capitalized. The Quarterly Certified Statement Invoice provides insured institutions with an accounting of the FDIC’s assessment and collection.

2. **Use of the information:**

The information contained in the certification is used exclusively by the FDIC to identify an institution, the amount of the deposit insurance assessment due from that institution for the prior quarter, and to memorialize how the assessment amount was calculated.

3. **Consideration of the use of improved information technology:**

Burden-reducing procedures permit the automated invoicing and direct debit of assessments. The Certified Statement contains confidential information relating to the risk classification of the institution. Insured depository institutions access their quarterly certified statement invoices in electronic form via the FDIC’s e-business website *FDICconnect*, a secure channel to the insured institutions. Correct invoices need not be signed or returned to the FDIC. If Internet access poses a hardship to some institutions, an alternative form of access may be provided by the FDIC.

4. **Efforts to identify duplication:**

There is no duplication. The certification is not available in any other form or place.

5. **Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:**

All insured institutions, large and small, are subject to the same requirements. Therefore, all insured depository institutions, regardless of size, receive and must review and certify a quarterly deposit insurance assessment invoice. FDIC estimates the number of small-entity<sup>1</sup> respondents by taking the average proportion of small insured depository institutions to total insured depository institutions over the past 12 quarters.<sup>2</sup> Using this methodology, the average number of small entities over this period is approximately 74 percent. There are currently 5,258 insured depository institutions. Therefore, FDIC estimates that 3,891 (74%) of these are small entities which would be a substantial number of small entities. However, the time to respond is estimated to be only 20 minutes per quarter, per respondent. Therefore, this information collection does not have a significant impact on those respondents and the information collection does not have a significant impact on a substantial number of small entities.

6. **Consequences to the Federal program if the collection were conducted less frequently:**

Less frequent collection would be inconsistent with the statutory requirement for certification of deposit insurance assessments.

7. **Special circumstances necessitating collection inconsistent with 5 CFR Part 1320.5(d)(2):**

None. The information is collected in a manner consistent with 5 CFR 1320.5(d)(2).

8. **Efforts to consult with persons outside the agency:**

The deposit insurance assessment system, including the Certified Statement, was developed through extensive consultation with stakeholders, and established through notice-and-comment rulemaking. The FDIC published a notice in the *Federal Register* seeking comment for a 60-day period on renewal of this information collection on March 17, 2020 (85 FR 15172). No comments were received.

9. **Payment or gifts to respondents:**

None.

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1 The Small Business Administration considers banking institutions with total assets of \$600 Million or less to be small entities.

2 FDIC Call Report Data for the 12 quarters ending March 31, 2017 through December 31, 2019.

10. **Any assurance of confidentiality:**

The risk rate classification of an insured depository institution is confidential. Information is kept private to the extent allowed by law.

11. **Justification for questions of a sensitive nature:**

Not applicable. No sensitive information is collected.

12. **Estimate of hour burden including annualized hourly costs:**

*Estimated Annual Burden:*

The Quarterly Certified Statement Invoice (“invoice”) provides insured institutions with an accounting of the FDIC’s deposit insurance assessment. If an insured depository institution believes the information on their invoice to be correct, certification is accomplished by paying the assessment amount shown on the invoice. If the institution believes the assessment base shown on the invoice to be incorrect, the institution may respond to the invoice by filing an amended Call Report through the Central Data Repository (CDR) and returning the signed assessment invoice indicating that they have done so. The reporting burden associated with filing Call Reports is covered by a separate information collection (OMB Control Number 3064-0052) Therefore, this information consists of the reporting burden associated with invoice reviews by officials of the insured institutions to confirm that the assessment data are accurate and, in cases of inaccuracy, returning the signed invoice indicating that a correction is needed.

All insured depository institutions receive an invoice each quarter; however, as discussed above, insured depository institutions generally do not respond to the invoice unless the institution believes the information contained therein to be incorrect. FDIC assumes all insured depository institutions who receive an assessment invoice to be respondents for the purposes of this information collection. As of December 31, 2019, the most recent reporting period for which data is available, there are 5,186 IDIs.<sup>3</sup>

All IDIs receive an invoice and IDIs who choose to respond to the invoice do so by filing an amended Call Report through the CDR. The average number of institutions who received an invoice over the past 12 quarters is 5,577.<sup>4</sup> However, the count of FDIC-insured institutions has been declining steadily, year over year since 1985. Therefore, in order to avoid potential over-estimation of the number of respondents, FDIC estimates the number of annual respondents over the next three years to be 5,258, a number commensurate with the number of institutions who received an invoice as of Quarter 4, 2019.

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<sup>3</sup> FDIC Call Report Data, December 31, 2019.

<sup>4</sup> This average is taken from the 12 quarters ending March 31, 2017 through December 31, 2019.

<b>Information Collection (IC) Description</b>	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Time per Response (Minutes)	Frequency of Response	Total Estimated Annual Burden (Hours)
Quarterly Certified Statement Invoice for Deposit Insurance Assessment (FDIC Form 6420/07)	Reporting	Mandatory	5,258	20	Quarterly	7,011
Total Estimated Annual Burden						7,011

*Annualized Cost of Internal Hourly Burden:*

To estimate the weighted average hourly cost of compensation, FDIC uses the 75<sup>th</sup> percentile hourly wages reported by the Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates for the relevant occupations in the Depository Credit Intermediation sector, as of September 2019.

The hourly wage rates reported do not include non-monetary compensation. According to the September 2019 Employer Cost of Employee Compensation data, compensation rates for health and other benefits are 33.8 percent of total compensation. To account for non-monetary compensation, FDIC adjusts the hourly wage rates reported by BLS by that percentage. To account for inflation and ensure that the wage information is contemporaneous with the non-monetary compensation statistic, FDIC also adjusts the hourly wage by 2.28 percent, based on changes in the Consumer Price Index for Urban Consumers (CPI-U) from May 2018 to September 2019.

After calculating these adjustments, FDIC then weights the total hourly compensation for the three occupations (Executives and Managers, Compliance Officer, and Financial Analysts) using the estimated allocation of labor shown below to arrive at the estimated labor cost of the estimated hourly burden.

**Summary of Hourly Burden Cost Estimate (3064-0057)**

Estimated Category of Personnel Responsible for Complying with the PRA Burden	Total Estimated Hourly Compensation	Estimated Weights	Weighted Hourly Wage
Executives & Managers <sup>5</sup>	\$120.90	40%	\$48.36
Compliance Officer <sup>6</sup>	\$64.89	30%	\$19.47
Financial Analysts <sup>7</sup>	\$83.96	30%	\$25.19
<b>Weighted Average</b>			<b>\$93.02</b>

Source: Bureau of Labor Statistics: "National Industry-Specific Occupational Employment and Wage Estimates: Depository Credit Intermediation Sector" (May 2018), Employer Cost of Employee Compensation (September 2019), Consumer Price Index (September 2019).

*Total Estimated Cost Burden*

<sup>5</sup> Occupation (SOC Code): Management Occupations (110000).

<sup>6</sup> Occupation (SOC Code): Compliance Officers (131041).

<sup>7</sup> Occupation (SOC Code): Financial Analyst (132051).

FDIC estimates the total annual cost burden for this information collection by multiplying the total estimated annual burden of 6,941 hours, by the weighted average hourly compensation estimate of \$93.02 to arrive at an estimated labor cost of \$645,610.89 per year.

13. **Estimate of start-up costs to respondents:**

None.

14. **Estimate of annualized costs to the government:**

None.

15. **Analysis of change in burden:**

There is no change in the substance or methodology of this information collection. The change in burden is due solely to the decrease in the estimated number of respondents by 823 from the estimated 6,081 annual respondents in the currently-approved information collection to the current estimate of 5,258. The decrease in estimated respondents is the result of the drop in the total number of insured depository institutions.

16. **Information regarding collections whose results are planned to be published for statistical use:**

The information collected is for internal FDIC use only and is not published. Aggregate assessment information is published in financial reports.

17. **Display of expiration date:**

Not applicable. The FDIC does not seek approval to not display the expiration date for OMB approval for the information collection. The OMB control number and expiration date will be displayed on the Quarterly Certified Statement Invoice for Deposit Insurance Assessment form (FDIC Form 6420/07).

18. **Exceptions to certification:**

None.

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

Not applicable.