

National Credit Union Administration
SUPPORTING STATEMENT

Designation of Low Income Status, 12 CFR 701.34(a)
OMB No. 3133-0117

Summary of Action – Emergency Justification

Pursuant to the Office of Management and Budget (OMB) procedures established at 5 CFR §1320.13, the National Credit Union Administration (NCUA) requests that the following collection of information, Designation of Low Income Status – 12 CFR part 701.34(a), be processed in accordance with section 1320.13, Emergency Processing. This information is essential to NCUA’s ability to help ensure that credit unions remain operational and liquid during the COVID-19 crisis.

NCUA is implementing a procedural change for credit unions in qualifying for low-income designation status, by including military personnel in the low-income designation calculation. By adding this change, it will give more credit unions access to congressionally appropriated COVID-19 stimulus and loan programs. Credit unions would be in a better position to help those underserved consumers in response to the crisis. The distribution of COVID-19 stimulus funds through participating credit unions fits NCUA’s role in serving underserved communities and individuals.

A. JUSTIFICATON

1. Circumstances that make the collection of information necessary.

The Federal Credit Union Act (12 U.S.C. 1752(5)) 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 12 CFR §701.34(a), 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.

Section 701.34(a)(2) 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.

2. Purpose and use of the information collection.

The Office of Credit Union Resources and Expansion (CURE), under delegated authority from the NCUA Board, 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.

§701.34(a)(1) – 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.

§701.34(a)(3) – Credit unions that do not receive notification that they qualify for a low-income designation, but believe they qualify may opt to submit member data (a file of member addresses) through a secure electronic submission for CURE 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.

§701.34(a)(4) – A Federal credit union may request NCUA to reconsider a determination that it no longer meets the criteria for the designation and/or file an appeal with the NCUA Board in accordance with the procedures set forth in subpart B to part 746 (OMB No. 3133-0198).

This information is necessary to identify and designate low-income credit unions to ensure eligibility to receive benefits from Community Development Revolving Loan Fund program and specialized support provided by NCUA.

3. Use of information technology.

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 of information.

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 SSAs 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. Efforts to reduce burden on small entities.

The impact is the same for all credit unions.

6. Consequences of not conducting the collection.

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. Efforts to consult with persons outside the Agency.

This is a request for emergency consideration. If approved, NCUA will receive a 6-month approval during which time NCUA will publish a 60-day *Federal Register* notice soliciting comments from the public and will make a subsequent PRA submission for regular clearance at the end of the emergency approval period.

9. Payment or gifts to respondents.

There are no payment or gifts to respondents.

10. Assurance of confidentiality.

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

11. Questions of a sensitive nature.

Information provided by the credit union to demonstrate eligibility through membership data involves providing member addresses with a member identifier. This data is destroyed once validated by NCUA.

12. Burden of information collection.

| 12 CFR | Information Collection Activity | # Respondents | # Responses Per Respondent (frequency) | Total Annual Responses | Hours per Response | Hours per Response | |
|---------------|---|-------------------------|--|------------------------|--------------------|--------------------|--|
| 701.34 (a)(1) | Acknowledgement of receipt of eligibility notification | 200 | 1 | 200 | 0.25 | 50.00 | |
| 701.34 (a)(3) | Demonstrate eligibility of designation thru member addresses | 50 | 1 | 50 | 0.25 | 12.50 | |
| | Demonstrate eligibility of designation thru loan sampling of membership survey data | 2 | 1 | 2 | 120 | 240 | |
| | Demonstrate eligibility of designation including military members. | 35 | 1 | 35 | 4 | 140 | |
| 701.34 (a)(4) | Appeal process for low income eligibility | Cleared under 3133-0198 | | | | | |
| Totals | | 287 | | 287 | 1 | 442.50 | |

Total cost to respondent is based on a \$35 per hour labor wage rate: 442.50 hours x \$35 = \$15,487.50 .

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

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. It is estimated that the cost per credit union to be approximately \$12,000 (\$100 per hour for 120 hours). NCUA estimates the total operations and maintenance cost is \$24,000.

14. Annualized costs to Federal government.

| Position | Activity | # Reports | Time per review | Total Review Time | Est. avg. hourly rate* | Total Cost |
|--------------------------------------|---|-----------|-----------------|-------------------|------------------------|------------|
| Technician CU-9 | Prepare and disburse approval letter | 200 | 0.25 | 50 | \$33.17 | \$1,658.50 |
| Specialist CU-11 | Conducts membership address analysis through validation report tool | 50 | 0.30 | 15 | \$42.45 | \$636.75 |
| Analyst CU-13 | Analysis and validation of sampling survey data | 2 | 24 | 48 | \$56.71 | \$2,722.08 |
| Analyst CU-13 | Demonstrate eligibility of designation including military members. | 35 | 2 | 70 | \$56.71 | \$3,969.70 |
| TOTAL Cost to the Federal Government | | | | | | \$8,987.03 |

*Average hourly rate based on maximum CU national pay rate.

15. Changes in burden.

This information collection request is being submitted as an emergency request for OMB approval. NCUA has determined that this information must be collected prior to the expiration of time periods established under Part 1320, and that this information is essential to the NCUA's

ability to help ensure that credit unions remain operational and liquid during the COVID-19 crisis.

This is a revision of a currently approved collection. An increase of 140 burden hours is due to a program change as a result of including military personnel in the low-income designation calculation, thus increasing the number of credit unions qualifying for low income designation status. A total of 443 burden hours is requested.

16. Information collection planned for statistical purposes.

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

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

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket website at 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 involve statistical methods.