

**National Administration Credit Union
SUPPORTING STATEMENT**

Minority Depository Institution Preservation Program
Interpretive Ruling and Policy Statement (IRPS) 13-1
OMB No. 3133-0195

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

In 2010, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).¹ Section 367(4)(A) of the Dodd-Frank Act amended Financial Institution Reform, Recovery, and Enforcement Act (FIRREA) §308 to require the NCUA, Office of the Comptroller of Currency (OCC), and Board of Governors of the Federal Reserve Board System (FRB) to establish a program to comply with its goals to preserve and encourage Minority Depository Institutions (MDI).² In addition, the Dodd-Frank Act §367(4)(B) requires these agencies, along with FDIC, to each submit an annual report to Congress describing actions taken to carry out FIRREA §308.³

On July 24, 2015, final Interpretive Ruling and Policy Statement (IRPS) 13-1, to establish an MDI preservation program (Program) to comply with the FIRREA §308 goals to preserve and encourage new MDIs, was published in the *Federal Register* (80 FR 36356). The IRPS identifies the procedure for a federally insured credit union to determine and document its ability to designate itself as an MDI, resulting in the ability to participate in the Program.

2. Purpose and use of the information collection.

All credit unions provide their MDI self-certification information via the Call Report Profile (OMB Control No. 3133-0004). The NCUA defines small credit unions as credit unions with less-than \$100 million in assets. These credit unions self-certify as an MDI based on their knowledge of current and potential membership and do not have to maintain documentation to support the minority eligibility of their current and potential memberships. While credit unions with \$100 million or more in assets are considered large credit unions. These credit unions must maintain documentation that supports minority eligibility for their current and potential memberships. This documentation must be updated and maintained annually to determine continued MDI eligibility; however, it is up to the credit union's discretion how they choose to document eligibility. The NCUA may question and remove the MDI designation of any federally insured credit union if it does not meet the requirements of the program. If the NCUA questions a credit union's certification or the data supporting it, regardless of asset size, the credit union may submit independent documentation and rationale to support its MDI self-

¹ Pub. L. 111-203, 124 Stat. 1376; 12 U.S.C. 5301 *et seq.*

² 124 Stat. 1556.

³ 124 Stat. 1556.

certification within 60 days of notification. If the NCUA issues a denial, a credit union may issue an appeal to the NCUA Board.

The NCUA uses this information to (1) verify the appropriateness of MDI self-designation; (2) ensure the NCUA is pertinently dedicating preservation efforts toward that MDI, and (3) correctly report those efforts in the annual MDI Reports to Congress as required by §367(4)(B) of the Dodd-Frank Act.

3. Use of information technology.

If the NCUA requests documentation from the credit union to support their MDI self-certification analysis the respondents can email or mail the documentation to the NCUA. It is the expectation that the majority of credit unions will use electronic means to determine whether they meet the MDI-criteria and use all available technological methods to collect and report this information.

4. Duplication of information.

The collection of information is unique to each FICU and is not duplicated.

5. Efforts to reduce burden on small entities.

Credit unions must self-certify as an MDI by answering minority depository institution related questions in their Credit Union Online Profile. Small credit unions are subject to the same requirements as large credit unions to meet the MDI criteria. To alleviate the burden on small entities, small credit unions are not required to evaluate and maintain documentation to support how their current and potential credit union membership meets the MDI criteria. Small credit unions only need to assess the minority composition of their board of directors, without maintaining any documentation. The NCUA estimates the collection of information may impact a small percentage of small credit unions (e.g., one percent).

The agency defines a small credit union as one that has total assets of less-than \$100 million. As of December 31, 2020, there were 433 credit unions with less-than \$100 million in assets that certified themselves as an MDI.

6. Consequences of not conducting the collection.

The Dodd-Frank Act requires the NCUA to annually report to Congress on data pertaining to MDIs. If the NCUA does not collect data supporting the MDI designation for credit unions, the NCUA runs the risk of reporting inaccurate data on MDIs to Congress as well as a reputation risk by providing inaccurate data to the public and organizations who want to do business with and/or provide support to MDIs.

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 18, 2021 at 86 FR 14769, 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 the NCUA to provide payment or gifts for information collected.

10. Assurance of confidentiality.

The NCUA [publishes a list of MDIs](#) and provides information to the public about each of them, in addition to including them in the annual report to Congress. Certain information related to this collection involves matters contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of the NCUA. The NCUA may exempt such information from Freedom of Information Act disclosure under exemption 8. 5 U.S.C. 552(b)(8). There is no assurance of confidentiality other than that provided by law.

11. Questions of a sensitive nature.

There are no questions of a sensitive nature asked. No personally identifiable information (PII) is collected.

12. Burden of information collection.

As of December 31, 2020, the NCUA determined that 520 credit unions qualified as MDIs based on their answers to the MDI questions from CU Online. Given all MDIs must assess the minority composition of their board of directors to provide an accurate response, it is estimated that 43.33 hours (5 minutes * 520 MDIs ÷ 60 minutes) is estimated to accomplish this task and is claimed under OMB No. 3133-0004, for CU Online.

Certain MDIs must perform the analysis of the minority composition of their current and potential memberships, and then retain the supporting documentation (e.g., U.S. Census/HDMA data analysis) in their files for verification of their MDI eligibility as described below.

- o Of the 520 credit unions, 433 credit unions have assets of less-than \$100 million. The NCUA allows these 433 credit unions to self-certify as an MDI based solely on the credit unions' knowledge of their current and potential memberships. However, we estimate about one percent of the MDI self-certification of small credit unions (or 5 credit unions) may be questioned about their certification annually. If questioned,

these (5 MDIs) would need to locate, download and review the U.S. Census or HMDA data, and then submit this data to the NCUA to support their MDI self-certification. We estimate the burden is 2.08 hours (25 minutes * 5 MDIs ÷ 60 minutes) for the 5 credit unions that will need to assess the minority composition of their current and potential memberships with independent data.

- o The remaining 87 credit unions (520 – 433 credit unions) with assets \$100 million and more must assess the minority composition of their current and potential memberships with independent data to support their certification as described above. We estimate the burden is 36.25 hours (25 minutes * 87 MDIs ÷ 60 minutes).

Total hours estimated are 38.33 annually, outlined in the charts below.

Information Collection Activity	No. of Respondents	No. of Response Per Respondent (Frequency)	Total Annual Responses	Hours Per Response	Total Annual Burden
Validate Minority Members Composition (Assets less than \$100M). (Reporting)	5	1	5	0.41667 (25 mins.)	2.08
Document and Retain Minority Member Composition (Assets greater than \$100M) (Recordkeeping)	87	1	87	0.41667 (25 mins.)	36.25
TOTAL	92	1	92	0.42	38.33

The median hourly rate of a credit union operational manager is estimated at \$25 per hour (38.33 hours * \$25 per hour = total annual labor cost of \$958.25)⁴.

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

There are no capital start-up or operation and maintenance costs incurred.

14. Annualized costs to Federal government.

The estimated cost to the NCUA is negligible.

15. Changes in burden.

This is an extension of the currently approved collection. Adjustments have been made to update information including the total number of MDIs, the number of small MDIs and the hourly cost of credit union labor to reflect a more accurate accounting of the burden associated with this reporting and recordkeeping requirement.

16. Information collection planned for statistical purposes.

The information collection is not used for statistical purposes.

⁴ Average hourly rate as of April 27, 2021 for Credit Union Manager at www.salary.com.

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 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 employ statistical methods.