

# 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 July 31, 2023.

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. There are currently 4,755 insured depository institutions. FDIC estimates that 3,475 (73%) 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 May 3, 2023 (88 FR 27891). No comments were received.

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

None.

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:**

Potential respondents to this ICR include all IDIs. All IDIs receive a deposit insurance premium invoice each quarter; as such, all IDIs who receive an invoice are considered respondents for the purposes of this IC. As of the quarter ending September 30, 2022, there are 4,755 IDIs.<sup>1</sup> Of those, 3,475, or 73.1 percent, are considered small for purposes of the Regulatory Flexibility Act (RFA).<sup>2</sup>

The estimate above constitutes a decrease of 503 from the estimated 5,258 annual respondents in the 2020 ICR. Since all IDIs receive an invoice each quarter, the decrease in estimated respondents is a result of the historical drop in the total number of IDIs since 2020.

**Number of Responses per Respondent**

As invoices are received quarterly, the estimated annual number of responses per respondent for the IC is equal to four, which is unchanged from the 2020 ICR.

**Estimated Time per Response**

FDIC estimates the time per response to be 20 minutes. This estimate is unchanged from the 2020 ICR and is based on FDIC’s experience with this ICR.

**Total Estimated Annual Burden**

These estimates result in a total estimated annual burden for OMB No. 3064-0057 of 6,340 hours, a decrease of 671 hours compared to the estimate in the 2020 ICR (7,011 hours). This decrease is entirely due to the decrease in the number of IDIs since the last renewal. This burden estimate breakdown is shown in Table 1 below.

<b>Table 1. Summary of Estimated Annual Burden (OMB No. 3064-0057)</b>					
Information Collection (Obligation to Respond)	Type of Burden (Frequency of Response)	Number of Respondents	Number of Responses per Respondent	Time per Response (HH:MM)	Annual Burden (Hours)
1. Quarterly Certified Statement Invoice for Deposit Insurance Assessment, 12 CFR Part 327 (Mandatory)	Reporting (Quarterly)	4,755	4	00:20	6,340
<b>Total Estimated Annual Burden (Hours):</b>					<b>6,340</b>
Source: FDIC.					

1 FDIC Call Report Data, September 30, 2022.

2 The SBA defines a small banking organization as having \$850 million or less in assets, where an organization's “assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.” See 13 CFR 121.201 (as amended by 87 FR 69118, effective December 19, 2022). In its determination, the “SBA counts the receipts, employees, or other measure of size of the concern whose size is at issue and all of its domestic and foreign affiliates.” See 13 CFR 121.103. Following these regulations, the FDIC uses an IDI’s affiliated and acquired assets, averaged over the preceding four quarters, to determine whether the IDI is “small” for the purposes of the RFA.

Note: The annual burden estimate for a given collection is calculated in two steps. First, the total number of annual responses is calculated as the whole number closest to the product of the annual number of respondents and the annual number of responses per respondent. Then, the total number of annual responses is multiplied by the time per response and rounded to the nearest hour to obtain the estimated annual burden for that collection. This rounding ensures the annual burden hours in the table are consistent with the values recorded in the OMB's regulatory tracking system.

## Total Estimated Hourly Labor Compensation Rates

To estimate the average cost of compensation per hour, FDIC uses the 75th percentile hourly wages reported by the Bureau of Labor Statistics (BLS) National Industry-Specific Occupational Employment and Wage Estimates (OEWS) for the relevant occupations in the Depository Credit Intermediation sector.<sup>3</sup> However, the latest OEWS wage data are as of May 2021 and do not include non-wage compensation. To adjust these wages for use in the memo, FDIC multiplies the OEWS hourly wages by approximately 1.51 to account for non-wage compensation, using the BLS Employer Cost of Employee Compensation (ECEC) data as of March 2021 (the latest published release prior to the OEWS wage data). FDIC then multiplies the resulting compensation rates by approximately 1.08 to account for the change in the seasonally adjusted Employment Cost Index for the Credit Intermediation and Related Activities sector (NAICS Code 522) between March 2021 and September 2022.

After calculating these adjustments, FDIC weights the total hourly compensation for the occupations shown in Table 2. FDIC estimates that, for the one collection in this ICR, 40 percent of the labor is performed by Executives and Managers, 30 percent is performed by Compliance Officers, and 30 percent is performed by Financial Analysts. This breakdown is identical to the one found in the 2020 burden estimate memo. Calculating the estimated total hourly compensation rate based on employee categories and respective weights results in an estimated hourly wage of \$101.66 as summarized in Table 2 below.

Table 2. Summary of Hourly Burden Cost Estimate (OMB No. 3064-0057)								
Information Collection (Obligation to Respond)	Hourly Weight  (%)	Percentage Shares of Hours Spent by and Hourly Compensation Rates for each Occupation Group (by Collection)						Estimated Hourly Compensation Rate
		Exec. & Mgr. (\$132.1)	Lawyer (\$163.63)	Compl. Ofc. (\$63.78)	IT (\$101.32)	Fin. Anlst. (\$99.85)	Clerical (\$37.34)	
1. Quarterly Certified Statement Invoice for Deposit Insurance Assessment, 12 CFR Part 327 (Mandatory)	100.00	40	0	30	0	30	0	\$101.66
<b>Weighted Average Hourly Compensation Rate:</b>								<b>\$101.66</b>
Source: Bureau of Labor Statistics: 'National Industry-Specific Occupational Employment and Wage Estimates: Industry: Credit Intermediation								

<sup>3</sup> The BLS reports that the 75th percentile wage rate of Legal Occupations (SOC Code 230000) in the Credit Intermediation and Related Activities Sector as of May 2021 is higher than the maximum survey response of \$100 per hour. As such, I use \$100 per hour as a placeholder estimate. The placeholder may underestimate the cost of complying with this ICR.

and Related Activities (5221 And 5223 only)' (May 2021), Employer Cost of Employee Compensation (March 2021), and Employment Cost Index (March 2021 and June 2022). Standard Occupational Classification (SOC) Codes: Exec. And Mgr = 11-0000 Management Occupations; Lawyer = 23-0000 Legal Occupations; Compl. Ofc. = 13-1040 Compliance Officers; IT = 15-0000 Computer and Mathematical Occupations; Fin. Anlst. = 13-2051 Financial and Investment Analysts; Clerical = 43-0000 Office and Administrative Support Occupations.

Note: The estimated hourly compensation rate for a given collection is the average of the hourly compensation rates for the occupations used to comply with that collection, weighted by the share of hours spent by each occupation. The weighted average hourly compensation rate is the average of the estimated hourly compensation rates for all information collections, weighted by the share of hourly burden for each collection. These hourly weights, calculated as the estimated number of annual burden hours in a given collection over the total estimated number of annual burden hours across all collections, are shown in the "Hourly Weight" column of this table.

### Total Estimated Compliance Cost

Given the above analyses, and applying the estimates summarized in Tables 1 and 2, the estimated total annual cost burden for this ICR is **\$644,524** (6,340 hours / year \* \$101.66 / hour = **\$644,524** a year), shown in Table 3 below. This represents a decrease in the estimated annual cost burden of \$1,087 from the amount reported in the 2020 ICR (\$645,611). This difference can be entirely explained by the decrease in the estimated number of respondents, which reduced the total estimated annual burden from 7,011 hours to 6,340 hours, as well as a slight decrease in the estimated hourly compensation rate for Compliance Officers. The decrease is attenuated by the increase in the estimated hourly compensation rates for Executives and Managers and Financial Analysts.

Table 3. Total Estimated Cost Burden (OMB No. 3064-0057)			
Information Collection Request	Annual Burden (Hours)	Weighted Average Hourly Compensation Rate	Annual Respondent Cost
Quarterly Certified Statement Invoice for Deposit Insurance Assessment	6,340	\$101.66	\$644,524
<b>Total Annual Respondent Cost:</b>			<b>\$644,524</b>
Source: FDIC.			

**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. Total estimated annual burden decreased 671 hours from 7,011 hours in 2020 to 6,340 currently. The change in burden is due solely to the decrease in the number of IDIs from 2020 to 2023.

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.