NATIONAL CREDIT UNION ADMINISTRATION

Request for Comment Regarding National Credit Union Administration Overhead Transfer Rate Methodology and Operating Fee Schedule Methodology

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice; request for comment.

SUMMARY: The NCUA Board (Board) is inviting comment on the methodology used to determine the Overhead Transfer Rate (OTR). The Board applies the OTR to the NCUA’s operating budget to determine the portion of the budget that will be funded from the National Credit Union Share Insurance Fund (Share Insurance Fund). The Board welcomes all comments but specifically invites comments on the four principles used in the methodology to calculate the OTR as discussed below. The Board is also requesting comment on proposed changes to the methodology it uses to determine how it apportions operating fees charged to federal credit unions (FCUs). The Board uses operating fees to fund part of the NCUA’s annual budget. In this notice, the Board proposes: Clarifying the treatment of capital project budgets when calculating the operating fees; clarifying the treatment of miscellaneous revenues when calculating the operating fees; modifying the approach for calculating the annual inflationary adjustments to the thresholds for the operating fee rate tiers. The Board solicits comment on these proposed changes and also solicits comment on several questions to gather information on potential future enhancements to the methodology.

DATES: Comments must be received on or before October 30, 2020 to be assured of consideration.

ADDRESSES: You may submit written comments by any of the following methods (Please send comments by one method only):

- Fax: (703) 518–6319. Include “[Your Name]—Request for Comment: Operating Fee Schedule Methodology” in the transmittal.
- Mail: Address to Gerard S. Poliquin, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428.

PUBLIC INFORMATION: You may view all public comments on the Federal eRulemaking Portal at http://www.regulations.gov as submitted, except for those we cannot post for technical reasons. The NCUA will not edit or remove any identifying or contact information from the public comments submitted. Due to social distancing measures in effect, the usual opportunity to inspect paper copies of comments in the NCUA’s law library is not currently available. After social distancing measures are relaxed, visitors may make an appointment to review paper copies by calling (703) 518–6540 or emailing OGCMail@ncua.gov.

FOR FURTHER INFORMATION CONTACT: James Holm, Supervisory Budget Analyst, Office of the Chief Financial Officer, at (703) 518–6570, Amy Ward or Julie Decker, Risk Officers, Office of Examination and Insurance at (703) 819–1770 or (703) 518–6384.

SUPPLEMENTARY INFORMATION: The Board has separately proposed amending its rule for determining total assets used as the basis for calculating the operating fee due from any FCU. Members of the public are encouraged to comment on this proposed amendment by responding to the appropriate proposed rule. A proposed rule relating to Fees Paid by Federal Credit Unions is published elsewhere in this issue of the Federal Register.

I. Legal Background

The NCUA charters, regulates, and insures deposits in FCUs and insures deposits in state-chartered credit unions that have their shares insured through the Share Insurance Fund (FISCU). To cover expenses related to its tasks, the Board adopts an annual budget in the fall of each year. The Federal Credit Union Act (FCU Act) provides two primary sources to fund the budget: (1) Requisitions from the Share Insurance Fund, referred to as the OTR; and (2) Operating Fees charged against FCUs. 1

1 See, e.g., 12 U.S.C. 1783(a) (making the Share Insurance Fund available “for such administrative and other expenses incurred in carrying out the purpose of [Title II of the FCU Act] as [the Board] may determine to be proper.”).
2 12 U.S.C. 1755(a) (“In accordance with rules prescribed by the Board, each [FCU] shall pay to the [NCUA] an annual operating fee which may be composed of one or more charges identified as to