



July 2, 2015

**TALKING POINTS FOR CORRESPONDENCE TO HOUSE MEMBERS
IN SUPPORT OF THE NCUA BUDGET TRANSPARENCY ACT (H.R. 2287)**

- I join the National Association of State Credit Union Supervisors (NASCUS) in supporting H.R. 2287, which would require the National Credit Union Administration (NCUA) to open its budget process to notice and comment from stakeholders and the public.
- NCUA is unique in that it both charters federal credit unions and administers the credit union share insurance fund.
- As both a charterer and share insurer, NCUA funds its operations through an operating fee charged directly to federal credit unions (FCU Operating Fee) and by transferring money from the share insurance fund to the agency through the Overhead Transfer Rate (OTR).
- How NCUA allocates its expenses and draws its operating funds substantially impacts the dual chartering system.
- Currently, the agency funds 71.8% of its total budget from the OTR.
- Although the OTR is meant to cover only “insurance related” costs, NCUA charges virtually all activities related to safety and soundness in federal credit unions to the share insurance fund.
- By contrast, state-chartered credit unions pay the cost of their safety and soundness examinations to their chartering authority: state regulators.
- Consequently, the cost of federal credit union examinations are being subsidized by the insurance fund, artificially reducing the cost of a federal charter as compared to a state charter.
- A formal notice and comment requirement for NCUA’s budget, including the OTR, provides oversight, accountability and transparency.
- This is sound public policy. Additionally, it helps ensure an equitable playing field for state and federally chartered credit unions.
- This issue is important to me. Please consider cosponsoring the NCUA Budget Transparency Act (H.R. 2287/S. 924), or reaching out to NCUA to register your concern about the lack of Administrative Procedure Act (APA) controls surrounding the OTR.