



## NATIONAL CREDIT UNION ADMINISTRATION

[NCUA-2023-0142]

### Request for Comment Regarding Overhead Transfer Rate Methodology

**AGENCY:** National Credit Union Administration (NCUA).

**ACTION:** 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). In response to industry recommendations, the Board has provided more detail, clarity, and transparency so the public can better understand the OTR methodology.

**DATES:** Comments must be received on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** You may submit written comments, identified by Docket ID NCUA-2023-0142, by any of the following methods (**Please send comments by one method only**):

*Federal eRulemaking Portal:* <https://www.regulations.gov>. Follow the instructions for submitting comments for Docket ID NCUA-2023-0142

*Mail:* Address to Melane Conyers-Ausbrooks, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428.

*Hand Delivery/Courier:* Same as mailing address.

*Public Inspection:* You may view all submitted public comments on the Federal eRulemaking Portal at <https://www.regulations.gov> 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. If you cannot access public comments

on the internet, you may contact the NCUA for alternative access by calling (703) 518-6360 or emailing *EIMail@ncua.gov*.

**FOR FURTHER INFORMATION CONTACT:** Amy Ward or Sarah Savoie, Risk Officers, Office of Examination and Insurance at (703) 819-1770 or (571) 451-7204; or by mail at National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314-3428.

**SUPPLEMENTARY INFORMATION:**

The Board is inviting comment on the NCUA’s methodology to determine the OTR. The Board applies the OTR to the NCUA’s operating budget to determine the portion of the NCUA’s budget that will be funded from the Share Insurance Fund. In response to industry recommendations, this request for comment provides added detail, clarity, and transparency to help the public better understand the NCUA’s methodology to calculate the OTR. No changes to the existing OTR methodology are being proposed as part of this request for comment. The added transparency and clarity do not constitute a change in methodology.

**I. Background**

The NCUA charters, regulates, and insures deposits in federal credit unions (FCUs) and insures deposits in federally insured state-chartered credit unions (FISCUs) that have their shares insured through the Share Insurance Fund. To cover the NCUA’s task-related expenses, the Board approves a two-year budget and revisits the budget each year. The FCU Act provides two primary sources to fund the budget: (1) requisitions from the Share Insurance Fund, referred to as the OTR;<sup>1</sup> and (2) operating fees charged against FCUs.<sup>2</sup>

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<sup>1</sup> *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 [Subchapter II of the FCU Act] as [the Board] may determine to be proper.”).

<sup>2</sup> 12 U.S.C. 1755(a) (“In accordance with rules prescribed by the Board, each Federal credit union shall pay to the Administration an annual operating fee which may be composed of one or more charges identified as to the function or functions for which assessed.”).

The first budget funding source listed above, the OTR, represents the formula the NCUA uses to allocate insurance-related expenses to the Share Insurance Fund under Title II of the FCU Act. There are two statutory provisions that outline the Board's discretion regarding the OTR. First, expenses funded from the Share Insurance Fund must carry out Title II's purposes, which relate to share insurance.<sup>3</sup> Second, the NCUA may not fund its entire budget through charges to the Share Insurance Fund.<sup>4</sup> The NCUA has not imposed regulatory limitations in its discretion for determining the OTR.

The second budget funding source is operating fees assessed to FCUs. Operating fees are required for FCUs under 12 U.S.C. 1755 "and may be expended by the Board to defray the expenses incurred in carrying out the provisions of the FCU Act, including the examination and supervision of FCUs."<sup>5</sup> The Board uses the following OTR methodology to determine an appropriate division of expenses between the operating fee and the OTR.

## **II. Historical Practice in Determining the Overhead Transfer Rate**

The Share Insurance Fund was established under Title II of the FCU Act on October 19, 1970.<sup>6</sup> Section 1783(a) of the FCU Act authorizes the Board to use the Share Insurance Fund to pay for such administrative and other expenses incurred in carrying out this title's purposes as it deems proper.

In 1973, a Government Accountability Office audit recommended the NCUA adopt a method of allocating costs between the operating fund and the newly formed Share Insurance Fund.<sup>7</sup> Between 1973 and 1980, various cost allocation methods were

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<sup>3</sup> 12 U.S.C. 1783(a) ("Money in the fund shall be available upon requisition by the Board, without fiscal year limitation, for making payments of insurance under section 1787 of this title, for providing assistance and making expenditures under section 1788 of this title in connection with the liquidation or threatened liquidation of insured credit unions, and for such administrative and other expenses incurred in carrying out the purposes of this subchapter as it may determine to be proper.").

<sup>4</sup> 12 U.S.C. 1755.

<sup>5</sup> 12 U.S.C. 1755(d).

<sup>6</sup> Public Law 91-468; 12 U.S.C. 1783.

<sup>7</sup> General Accounting Office, *Examination of Financial Statements of the Nat'l Credit Union Admin.* (Sept. 18, 1973), <https://www.gao.gov/assets/b-164031%284%29-096067.pdf>.

employed, including direct charges to the Share Insurance Fund for insurance expenses such as costs to liquidate or merge credit unions and examiner time spent conducting safety and soundness examinations. Starting in 1981, the OTR ranged between 30 and 34 percent and stayed in that range through 1984.

From 1985 through 1994, the NCUA conducted annual examiner time surveys (ETS) to determine an appropriate factor for apportioning the agency's total operating expenses. The survey results supported a transfer rate between 50.1 percent and 60.4 percent for insurance-related activities; however, the Board maintained the OTR at 50 percent.

After the 1994 survey, the Board approved surveys that were conducted every three years. Three-year surveys covered fiscal years 1995 through 1997 and fiscal years 1998 through 2000. During that time, the OTR was kept at 50 percent. The Board voted to resume the annual ETS in 2000 and expanded the survey to include more examiners. The 2000 survey results supported an OTR of 66.72 percent, and after 15 years of holding the OTR at 50 percent, the Board increased the OTR to 66.72 percent for fiscal year 2001.

In 2001, the Board hired an independent audit and accounting firm to assess the OTR process. The independent audit and accounting firm issued its review of the OTR process on September 5, 2001, and included several recommendations to improve the OTR process.<sup>8</sup> These recommendations were implemented in 2002.

At the November 20, 2003, Board meeting, the Board adopted a revised, comprehensive methodology for calculating the OTR that remained in place until 2017.<sup>9</sup>

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<sup>8</sup> Deloitte & Touche, *Independent Accountant's Report on Applying Agreed Upon Procedures* (Sept 5, 2001), <https://www.ncua.gov/files/publications/budget/2001DeloitteReportonOTRProcess.pdf>.

<sup>9</sup> The Board approved refinements to the methodology in 2013. See NCUA, "Board Action Memorandum" (Nov. 20, 2013), <https://ncua.gov/files/agenda-items/AG20131121Item5a.pdf>.

The methodology used the results of an automated annual ETS process. The following were also factored into the methodology:

- The value to the Share Insurance Fund of the insurance-related work performed by state supervisory authorities or prudential regulator.
- The cost of the NCUA resources and programs with different allocation factors from the examination and supervision program.
- The distribution of insured shares between FCUs and FISCUs.
- The operational costs charged directly to the Share Insurance Fund.

In 2016, the NCUA published in the *Federal Register* the OTR methodology used to calculate the OTR and requested comments from the public.<sup>10</sup> Along with the 2016 *Federal Register* notice, the Board committed to periodically review the methodologies for calculating both the OTR and the operating fee and to propose changes to the methodologies that would result in more equitable alignment of fees to the resource levels required to supervise and regulate both FCUs and FISCUs.

In June 2017, the NCUA published a request for comment<sup>11</sup> in the *Federal Register* regarding a revised OTR methodology based on the Board's internal assessment and comments received from the 2016 notice. At that time, the primary goal of the proposed changes to the OTR methodology was to simplify and streamline the OTR methodology and reduce the resources needed to administer the OTR. The simplified OTR methodology focused on assigning a percentage share of work to insurance costs in four categories of activities.

- *50 percent insurance-related* – Time spent examining and supervising FCUs.

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<sup>10</sup> 81 FR 4804 (Jan. 27, 2016).

<sup>11</sup> 82 FR 29935 (June 30, 2017).

- *100 percent insurance-related* – All time and costs the NCUA spends supervising or evaluating the risks posed by FISCUs or other entities the NCUA does not charter or regulate (e.g., third-party vendors and credit union service organizations).
- *Zero percent insurance-related* – Time and costs related to the NCUA’s role granting federal charters and as enforcer of consumer protection and other non-insurance-based laws governing the operation of credit unions; for example, field of membership requirements.
- *100 percent insurance-related* – Time and costs related to the NCUA’s role in administering federal share insurance and the Share Insurance Fund.

The Board adopted the current OTR methodology in November 2017.<sup>12</sup> At that time, the Board committed to subjecting the four general principles outlined in the paragraphs below to public comment every three years and when it proposes a change to the methodology.<sup>13</sup>

#### **Clarification of the Four Principles<sup>14</sup>**

In response to industry recommendations, the NCUA Board is providing more information in this notice to ensure clear understanding of the four principles used in the OTR calculation and to provide added transparency.

1. *50 percent insurance-related* – The NCUA is the prudential regulator of FCUs and provides federal share insurance to both FCUs and FISCUs. Because the NCUA acts as both prudential regulator and insurer of FCUs, its oversight of these FCUs is equally focused on the statutory requirements applicable to FCUs under Title I of the

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<sup>12</sup> 82 FR 55644 (Nov. 22, 2017).

<sup>13</sup> 82 FR 55652.

<sup>14</sup> For additional information on the OTR and further discussion of the principles, please refer to <https://ncua.gov/news/budget-supplementary-materials>.

FCU Act and minimizing losses to the Share Insurance Fund under Title II of the FCU Act.

Historically, the NCUA has referred to its regulator and insurer responsibilities by comparing this dual role to the Federal Deposit Insurance Corporation's (FDIC) practice of alternating examinations with the state regulatory agencies overseeing banks.<sup>15</sup> The NCUA's reference to this 50 percent allocation as "mathematically" emulating the alternating FDIC and state regulatory examinations has caused both concern and misunderstanding among industry stakeholders. This statement's intent was to reflect the NCUA's dual role on each examination (that of regulator and that of insurer), not to imply that the NCUA alternates examinations with the state regulatory agencies like the FDIC. For example, the NCUA evaluates the safety and soundness impact of FCU-operational decisions along with the FCUs' operating condition, assessing the impact of these decisions to the FCU individually as well as to the Share Insurance Fund. The NCUA's resource budget reflects the total hours needed to provide the oversight responsibility of both its regulator and insurer roles.<sup>16</sup>

2. *100 percent insurance-related* – The NCUA oversight authority for FISCUs is principally related to insurance activities and the focus on these entities is as an insurer of federally insured credit unions (FICUs). The NCUA also lacks direct oversight authority for credit union service organizations (CUSOs) and third-party

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<sup>15</sup> See, e.g., 82 FR 55651 ("The 50 percent allocation mathematically emulates an examination and supervision program design where the NCUA would alternate examinations, or conduct joint examinations, between its insurance function and its prudential regulator function if they were separate units within the NCUA. It reflects an equal sharing of supervisory responsibilities between NCUA's dual roles as charterer/prudential regulator and insurer given both roles have a vested interest in the safety and soundness of federal credit unions. It is consistent with the alternating examinations FDIC and state regulators conduct for insured state-chartered banks as mandated by Congress.").

<sup>16</sup> The NCUA's annual resource budget is a comprehensive workload analysis that captures the amount of time budgeted to conduct examinations and supervision of FICUs and other programs necessary to execute the NCUA's dual mission as insurer and regulator. The annual resource budget estimates hours in three major categories. 1. Core Programs include the NCUA's FCU and FISCU examinations and on- and off-site supervision. 2. Special Programs includes the NCUA's specialized examination programs in the areas of capital markets, information systems, and lending; credit union service organization reviews; chartering and field of membership; and small credit union development. 3. Administrative includes NCUA field staff time related to training and staff development, leave, and travel.

vendors. Because the NCUA does not have regulatory oversight of the FISCUs, CUSOs, and third-party vendors, the NCUA's resource budget reflects the hours necessary to provide this responsibility as insurer of FICUs and the risks these entities present to the Share Insurance Fund. The OTR methodology assigns a 100 percent insurance-related allocation factor to this budgeted time.

- CUSOs and third-party vendors provide various services to FICUs (third-party arrangements). Like any outsourced activity, these third-party arrangements present additional risk to the FICUs and the Share Insurance Fund.<sup>17</sup>
  - As per its regulator and insurer responsibilities under Title I and Title II of the FCU Act, the NCUA performs a limited review of the activities FICUs undertake with CUSOs and third-party vendors during its safety and soundness exams. These limited reviews are captured under Principle 1 for FCUs and Principle 2 for FISCUs, respectively, in the OTR calculation. The NCUA evaluates the FICU controls over the third-party arrangement and the functional and operational risks associated with these third-party arrangements based on the specific services provided to the FICUs (such as accounting, lending, or governance).
  - The NCUA also budgets resource time to review the books, records, and internal controls of a sample of CUSOs.<sup>18</sup> These reviews are captured under Principle 2 of the OTR calculation.

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<sup>17</sup> NCUA, *Third Party Vendor Authority* (March 2022), <https://ncua.gov/files/publications/regulation-supervision/third-party-vendor-authority.pdf>.

<sup>18</sup> 12 CFR part 712.

The CUSO examination reports generated from these reviews serve as a resource to assist exam staff in conjunction with the normal examination process in their review of the CUSOs' functional impact on FICUs. These reports also alleviate redundant effort, resources, and time among exam staff to perform these reviews at safety and soundness exams.

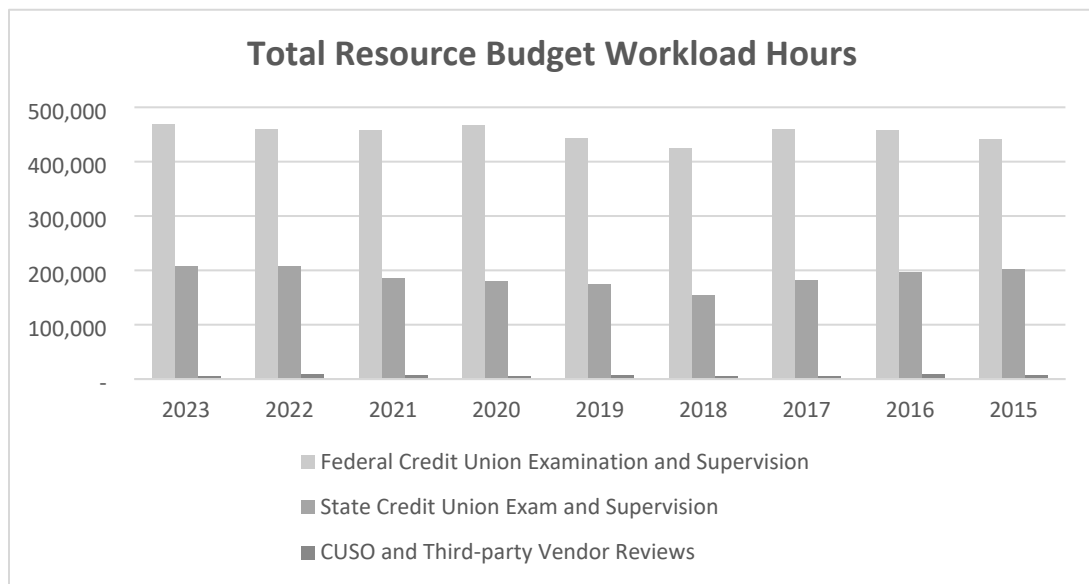
- Because the NCUA does not charter FISCUs, the NCUA's role with these institutions in the budget process is as their insurer. The NCUA budgets resource time to fulfill its insurance responsibilities for these FISCUs under Title II of the FCU Act, captured under Principle 2 of the OTR methodology.

The NCUA's top priority is to ensure a safe and sound credit union system. As the financial services industry and credit union risk landscape have evolved, the NCUA has improved the efficiency of its processes while maintaining a robust supervision program. One of the objectives of the NCUA's 2016 Exam Flexibility Initiative was to improve coordination with state supervisors in the examination of FISCUs.<sup>19</sup> This initiative provided a higher degree of reliance on the respective state prudential regulator to perform the regulatory oversight function for FISCUs, similar to the functions under Title I that the NCUA performs for FCUs. The Exam Flexibility Initiative extended the frequency of the NCUA's onsite exam time to a 5-year interval for FISCUs that met the eligibility criteria. This initiative resulted in the NCUA budgeting reduced resource time for FISCUs as reflected in the following chart, with a progressive increase in time as FISCUs reached their 5-year interval.

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<sup>19</sup> NCUA, "NCUA Exam Flexibility Initiative," <https://ncua.gov/regulation-supervision/examination-modernization-initiatives/exam-flexibility-initiative>.

The following chart also shows the resource-budgeted hours for FCUs, FISCUs, and CUSOs for the past nine years. The chart shows that the NCUA has budgeted at least twice as much time for FCU exams as it does for FISCU exams by virtue of its dual role as regulator and insurer of FCUs versus its singular responsibility as insurer of FISCUs.<sup>20</sup> Principle 1 (50 percent allocation) and Principle 2 (100 percent allocation) of the OTR calculation are then applied to this total resource time to determine how much total time in the chart is insurance related and, thus, fundable by a transfer from the Share Insurance Fund.



3. *Zero percent insurance-related* – The NCUA’s Office of Credit Union Resources and Expansion (CURE) and Office of Consumer Financial Protection (OCFP) receive a zero percent insurance-related allocation as a starting point in the OTR methodology because the primary function of these offices is not insurance-related.

- CURE supports credit union growth and development; provides support to low-income, minority, and any FICU seeking assistance with chartering;

<sup>20</sup> The industry has commented that there are twice as many FCUs as there are FISCUs. The time budgeted under the examination and supervision categories of the OTR methodology accounts for the varying aspects of the financial institutions (number of institutions; asset size; risk profile; staff resources, to include specialists and subject matter examiners; and frequency of onsite examinations and offsite supervision).

and processes charter conversion applications, bylaw amendments, and field of membership expansions.

- OCFP's primary function includes establishing consumer compliance policies, programs, and rulemaking; serving as interagency liaison on consumer protection and compliance issues; conducting fair lending examinations; staffing the agency's consumer call center; and providing financial literacy and outreach programs.

Because the primary mission of both offices is not insurance-related, the OTR methodology assigns a zero percent insurance-related allocation for these offices as a starting point. However, a segment of each office's responsibilities is related to insurance. For instance, applications for charter expansions involve risk to both FICUs and the Share Insurance Fund and drive a slightly higher allocation than the initial zero percent. OCFP responds to insurance-related inquiries from credit union members and the public and this, in turn, drives a slightly higher allocation than the initial zero percent. Thus, each office tracks its insurance-related time and adjusts the zero percent allocation factor accordingly.

It is important to distinguish between setting policy and programs for consumer compliance rules and regulations (performed by OCFP) and assessing a FICU's compliance with consumer protection laws and regulations. The NCUA performs the latter along with the normal examination process, and the time for these reviews is factored into the 50 percent allocation for FCUs and 100 percent allocation for FISCUs as per Principles 1 and 2. The former, as discussed, is accounted for as per Principle 3.

4. *100 percent insurance-related* – The sole function of the NCUA's Asset Management Assistance Center (AMAC) is insurance related. AMAC manages liquidation payouts and assets acquired from liquidations on behalf of the Share Insurance Fund, so its OTR allocation factor is 100 percent insurance related.

The Board welcomes all comments regarding all aspects of the OTR methodology, but specifically invites comments on the four principles used to calculate the OTR discussed in the preceding paragraphs.

### **Overhead Transfer Rate Methodology**

To calculate the OTR, the four principles outlined previously are applied to the activities and costs of the agency to arrive at the portion of the agency's budget to be charged to the Share Insurance Fund.

#### **Step 1 – Workload Program**

Annually, the NCUA develops a workload budget based on the NCUA's examination and supervision program to execute the agency's core mission. The workload budget reflects the needed time to examine and supervise FICUs, along with other related activities and, thus, the level of field staff needed to implement the exam program. Applying Principles 1, 2, and 3 (those relevant to the workload budget) to the applicable elements of the workload budget results in a composite rate that reflects the portion of the agency's overall insurance-related mission program activities.

#### **Step 2 – Annual Budget**

The annual budget represents the costs of the activities associated with achieving the strategic goals and objectives set forth in the NCUA's Strategic Plan. The annual budget is based on agency priorities and initiatives that drive resulting resource needs and allocations. Information related to the NCUA's budget process, including details on the Board-approved budgets, is available on the agency's website.<sup>21</sup>

The agency achieves its primary mission through the examination and supervision program. The percentage of insurance-related workload hours derived from Step 1 represents the main allocation factor used in Step 2 and is applied to the budgets for the

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<sup>21</sup> NCUA, "NCUA Budget and Supplementary Materials," <https://www.ncua.gov/About/Pages/budget-strategic-planning/supplementary-materials.aspx>.

examination and supervision programs to calculate the insurance-related costs of the offices conducting field work (currently the NCUA's three regional offices and the Office of National Examinations and Supervision, or ONES). As discussed in the Clarification of the Four Principles section earlier, a few agency offices (OCFP and CURE) have roles distinct enough to warrant their own allocation factors, which are developed by applying the four principles described previously to their respective activities. Each of these offices tracks its activities annually to determine their respective factors. These factors are then applied to the respective offices' budgets to determine their insurance-related costs.

A weighted average allocation factor, calculated by dividing the aggregate insurance-related costs for the regional offices and ONES conducting the examination and supervision program and the other agency offices with their own unique allocation factors by their aggregate total budgets, is applied to the remaining offices that design and oversee the examination and supervision program or support the agency's overall operations. This factor is then applied to the aggregate budgets for the remaining offices (all other NCUA offices). As such, the proportion of insurance-related activities for the offices is based on a weighted factor of the other offices. The NCUA's total insurance-related costs are calculated by summing the insurance cost calculated for the field offices, the offices with unique allocation factors, and the insurance cost for all other NCUA offices.

### **Step 3 – Calculate the OTR**

The OTR represents the percentage of the NCUA budget funded by a transfer from the Share Insurance Fund.<sup>22</sup> The OTR is calculated by dividing the total insurance-related costs determined in Step 2 by the NCUA's total annual budget.

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<sup>22</sup> This means the percentage of actual expenses funded by the Share Insurance Fund as they are incurred each month.

The chart below reflects the most recent NCUA Board-approved OTR used to fund a portion of the 2023 budget.

**Table 1**

| <b>OTR Calculation</b>                                  |              |
|---------------------------------------------------------|--------------|
| Operating Costs to be Borne by the Share Insurance Fund | \$221.9      |
| ÷ Total Operating Budget                                | \$355.4      |
| <b>= OTR</b>                                            | <b>62.4%</b> |

**Table 2**

| <b>Portion of Operating Budget Covered by:</b> | <b>FCUs</b>     | <b>FISCUs</b>   |
|------------------------------------------------|-----------------|-----------------|
| FCU Operating Fee                              | 37.6%           | 0.0%            |
| OTR x Percent of Insured Shares                | 31.1%           | 31.3%           |
|                                                | (62.4% x 49.9%) | (62.4% x 50.1%) |
| <b>Total</b>                                   | <b>68.7%</b>    | <b>31.3%</b>    |

Table 1 reflects the NCUA’s annual budget of \$355.4 million for the 2023 budget year. The FCU Act authorizes a portion of the NCUA’s budget to be funded through a requisition from the Share Insurance Fund (OTR 62.4 percent), while the remaining 37.6 percent will be charged to FCUs as an operating fee in 2023.

The industry has voiced concern about the NCUA’s presentation of the OTR in the annual budget posted to the agency’s website because it believes the current footnoted reference to the regulatory fees that FISCUs pay their respective prudential regulator is insufficient.<sup>23</sup> The NCUA’s intention in presenting the distribution of the operating budget costs in this request for comment is to clarify how the NCUA funds its annual operations between (1) requisition from the Share Insurance Fund and (2) operating fees paid by FCUs.

<sup>23</sup> NCUA, *Staff Draft 2023 – 2024 Budget Justification 50* (Sept. 29, 2022), <https://ncua.gov/files/publications/budget/budget-justification-proposed-2023-2024.pdf>.

The NCUA does not intend to discount the fact that FISCUs also pay a regulatory fee to their respective regulators. In presenting this information, the agency welcomes the industry's feedback on the current method.

Commenters also noted that the current cost distribution table (Table 2) uses insured shares to reflect the distribution of the OTR among FCUs versus FISCUs, and while total insured shares are relatively equal among charter type, there are fewer FISCUs than there are FCUs.

First, the NCUA would like to clarify the requisition from the Share Insurance Fund is not allocated based on charter type. The current cost distribution table is for informational purposes only and is used to show how the portion of the NCUA's budget funded by the Share Insurance Fund would be broken down among charter types. The NCUA shows this breakdown using insured shares to reflect that FICUs' economic interest in the insurance fund is *pro-rata* based on insured shares.

The NCUA Board welcomes comment on alternative ways to present this information publicly.

### **Request for Comment on the OTR Methodology**

The principles-based OTR methodology has streamlined the OTR calculation process and has reduced the needed resources to gather the cost-center time allocation used in the calculation.<sup>24</sup> It has also made the OTR easier for stakeholders to understand. The methodology additionally has led to reduced variability in the calculated OTR each year.

The added detail, transparency, and clarifying statements in this request for comment aim to address the industry interest regarding transparency and improved

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<sup>24</sup> The NCUA included reference to this estimated cost savings in the Notice and Request for Comment dated June 30, 2017. "Based on the most recent Examination Time Survey results, field staff time would be reduced by approximately 200 hours annually. Central office and regional office staff time devoted to operating, maintaining, and administering the Examination Time Survey and related processes would be reduced by approximately 150 hours annually." 82 FR 29943 (June 30, 2017).

understanding of the allocation of insurance-related expenses among charter types. The Board welcomes comment on all aspects of the OTR methodology—including on the four principles, added detail, and clarifying statements discussed in this request for comment—as well as any suggested alternatives.

The Board is also particularly interested in comments on whether it should continue to publish a dedicated notice requesting comment on the OTR methodology every 3 years. Alternatively, in circumstances when the Board does not intend to make changes to the OTR methodology, the NCUA could ask for comments on the OTR methodology triennially along with its long-standing one-third regulatory review process; rely on the public's opportunity to request action under 12 CFR 790.3 or petition the Board for changes under § 791.8(c); or a combination of these opportunities. The Board also now annually publishes, requests comments on, and holds a public hearing on its budget. These comments and hearing, in turn, provide further opportunity for individuals to comment on the OTR methodology as part of the budgeting process. While the specific triennial process dedicated to the OTR has served well over the last number of years, the Board requests input on whether another process may prove more efficient and save resources for both credit unions and the NCUA while still maintaining transparency on the OTR methodology. Whenever the Board considers any changes to the OTR methodology, it would continue to seek comment through a *Federal Register* notice specific to the OTR.

By the National Credit Union Administration Board on December 14, 2023.

Melane Conyers-Ausbrooks,  
Secretary of the Board.