

March 26, 1999

Paul V. Parrish, President/CEO  
NWA Federal Credit Union  
4 Appletree Square  
Bloomington, Minnesota 55425-1642

Re: Reimbursement to Credit Union Volunteers for Child Care.

Dear Mr. Parrish:

You have asked us to reconsider our June 10, 1992, opinion regarding the reimbursement of child care expenses incurred by a volunteer member of the board of directors when attending board meetings. We continue to believe that child care expenses are not permissible under our regulation limiting compensation to credit union officials.

NCUA regulations provide that only one board officer may be compensated as an officer of the board but permits reimbursement of "reasonable and proper costs" that are determined to be "necessary or appropriate in order to carry out the official business of the credit union." 12 C.F.R. §701.33(b)(2)(i). You believe that to attract and retain good volunteers a federal credit union should be able to reimburse its volunteers for the child care expenses they incur in carrying out the duties of their volunteer positions.

As discussed in the June 10, 1992 letter referenced above, the NCUA Board previously considered expanding the area of permissible reimbursement when amendments to this regulation were proposed. Comments from credit unions persuaded the Board that to do so was unnecessary and could lead to an array of problems. Our view is that payment of child care expenses, like reimbursement for lost leave or pay for volunteers who take time away from their jobs to attend to credit union business, would violate NCUA's regulation. Our understanding is that many credit unions accommodate volunteer officials by scheduling meetings at times that are the least disruptive to work or child care schedules.

Sincerely,

Sheila A. Albin  
Associate General Counsel

GC/SAA/NSW:bhs  
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98-1215