

BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: June 23, 2017

FROM: Office of Examination & Insurance

SUBJ: Overhead Transfer Rate
Methodology

ACTION REQUESTED: Board approval to publish in the *Federal Register* a Request for Comment on the proposed methodology for determining the Overhead Transfer Rate.

DATE ACTION REQUESTED: June 23, 2017.

OTHER OFFICES CONSULTED: Office of the Executive Director, Office of General Counsel, and Office of Chief Financial Officer

VIEWS OF OTHER OFFICES CONSULTED: Concur

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: N/A

RESPONSIBLE STAFF MEMBERS: Larry Fazio, Director Office of Examination & Insurance and Loss/Risk Analysis Officer Russell Moore.

SUMMARY: The Overhead Transfer Rate represents insurance-related costs in the NCUA Operating Budget to be funded by the National Credit Union Share Insurance Fund. At its January 21, 2016, meeting, the NCUA Board approved publishing in the *Federal Register* a request for comment on the current Overhead Transfer Rate methodology. The request for comment was published on January 27, 2016. NCUA received 40 comment letters during the 90-day comment period.

Based on the comments and NCUA's internal assessment we are proposing changes to the Overhead Transfer Rate methodology. The primary goal of the proposed changes is to reduce the complexity of the OTR methodology. The proposed changes would also reduce the agency resources needed to administer the Overhead Transfer Rate. This request for comment provides a summary of and response to comments received on the 2016 request for comment, and explains and solicits comments on the proposed changes to the Overhead Transfer Rate methodology.

Under the comment process, the NCUA Board would analyze the comments and determine whether to adopt or adjust the proposed methodology.

RECOMMENDED ACTION: Recommend the Board approve publication of the Request for Comment in the *Federal Register* with a 60-day comment period.

ATTACHMENT: Request for Comment