

NASCUS REPORT

A weekly dispatch of the National Assn. of State Credit Union Supervisors

June 26, 2015

A new information channel:

Special message from President and CEO Lucy Ito

This is the first issue of a new weekly report to you, highlighting the activities of your association, what we see coming ahead of primary interest to you and your issues – and insights about what it all means from our perspective at NASCUS. We promise to keep it short and to the point. With this weekly report, we are discontinuing the monthly *Findings* – but *Stateline* will remain our quarterly, official publication. Let me know what you think of *NASCUS Report* – or about anything your association is doing on your behalf.



-- Lucy

Our legal analysis of the ‘OTR’ earns traction around the system

The legal analysis of the “overhead transfer rate” that NASCUS commissioned and released this week certainly earned some attention around Washington and the credit union system – as it well should have. All of the major credit union trade press published extensive coverage of the report, which concludes that the OTR is a “major rule” under the federal Administrative Procedures Act (APA), and is thus subject to “notice and comment.” (*Background:* The overhead transfer rate (OTR) is the percentage of funds that NCUA annually transfers to its operating budget from the National Credit Union Share Insurance Fund (NCUSIF) to cover “insurance-related expenses.” Links to the analysis and additional resources are below). We are proud that, over the years, we have consistently questioned NCUA's calculation of the OTR. Since 1986, the OTR has mostly fluctuated around 50% to 60% of NCUA's annual budget. But, in recent years, it has grown dramatically, accounting now for 71.8% of the agency's total budget. Stakeholders deserve to have a voice in the process, especially given how the rate has ballooned. We will continue to press our case on this issue, on your behalf, in the weeks to come.

LINKS:

[Legal analysis: OTR subject to notice and comment requirements](#)

[OTR resources \(NASCUS past work on this subject\)](#)

... and spurs NCUA response (with hope for “careful” consideration)

Our watershed analysis quickly earned the attention of NCUA, which issued a statement in response. In short: The agency will “carefully consider” the study's conclusions. That's a good sign for our effort and position. “We recognize the setting of the Overhead Transfer Rate is an important issue for all federally insured credit unions,” the agency stated, adding that it has “regularly reviewed and received stakeholder input and independent third-party analysis” on the methodology for setting the rate since 2001, and most recently in 2011. “NCUA also is in compliance with the Administrative Procedure Act,” it stated. However, the most crucial part of the statement: NCUA “will carefully consider the NASCUS study's conclusions to determine whether more formalized stakeholder input about the OTR methodology is warranted.” That important clause is a clear indication our voice is being heard – but we will be watching to see if our view is, in fact, “carefully

Call for OTR transparency is echoed in NCUA budget bills

Our call for “notice and comment” on the OTR via our legal analysis is echoed in legislation pending in Congress, which would require NCUA to open its entire budget process to notice and comment from stakeholders and the public. We supported H.R. 2287, the NCUA Budget Transparency Act, in a letter to leaders of the House financial institutions subcommittee (see link below). And, we are actively working with Senate staff to build support for the matching Senate bill, S. 924 (see our letter to Senate sponsors). These bills, we believe, will bolster our case of achieving transparency for the OTR.

LINKS:

[NASCUS letter in support of H.R. 2287, the NCUA Budget Transparency Act](#)

[NASCUS letter in support of S.924, NCUA Budget Transparency Act](#)

Our 50th Anniversary Summit – focus is on issues, security and dialog

It's less than 18 weeks until the 50th Anniversary NASCUS Summit in New Orleans (Oct. 21-23), and planning for this combined educational and celebratory event is well underway, with an agenda that mixes our golden anniversary with discussion of key issues. Among those scheduled: A panel discussion on field of membership featuring **NCUA Board Vice Chairman Rick Metsger**; a review of cybersecurity challenges by security and training expert **James Risler** of network giant Cisco Systems; a session on use of biometrics by credit unions, from the **winners of the “The Next Big Idea”** contest sponsored by the National Assn. of CUSOs; and, of course, plenty of time for dialog and discussion among regulators and credit unions. We hope to see you there!

LINKS:

[NASCUS Summit 2015 home page \(and registration\)](#)

And don't forget Cybersecurity and BSA!

Before we even get to the Summit 2015 in latter October, don't forget -- NASCUS is sponsoring its second annual Cybersecurity Symposium, Aug. 24-25 in Denver (at the Grand Hyatt in the Mile-High City), and – after the Summit – the joint NASCUS/CUNA Bank Secrecy Act (BSA) Conference, Nov. 15-18 in Ft. Lauderdale, Fla. Mark the dates and places on your calendars today!

LINKS:

[Cybersecurity Symposium, Aug. 24-25 in Denver](#)

[NASCUS/CUNA BSA Conference, Nov. 15-18 in Ft. Lauderdale](#)
