March 27, 2026

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Comment on Proposed Rule – Reimbursement of Dependent Care Costs for Federal Credit Union Officials (RIN 3133-AF64; Docket No. NCUA-2026-0067)

Dear Ms. Conyers-Ausbrooks:

The California and Nevada Credit Union Leagues—also known as California's Credit Unions and Nevada's Credit Unions (collectively, the "Leagues")—represent 257 credit unions serving more than 14.8 million members across California and Nevada. The Leagues appreciate the opportunity to comment on National Credit Union Administration's (NCUA) proposed rule amending 12 C.F.R. §701.33 to permit federal credit unions (FCUs) to establish policies reimbursing volunteer officials for reasonable dependent care costs incurred while attending board meetings and performing official duties.

I. General Support for the Proposed Rule

The Leagues commend the NCUA Board for advancing this proposal. We agree that the rising cost of dependent care—including childcare and elder care—presents a meaningful barrier to credit union volunteerism. As the NCUA's preamble correctly notes, formal volunteering rates have declined significantly in recent years, and dependent care obligations disproportionately affect those who might otherwise serve as board members, particularly single parents, heads of household, and caregivers of individuals with disabilities or special needs.

Enabling FCUs to reimburse these costs is a measured and principled response. Volunteer officials are still giving their time—reimbursing out-of-pocket dependent care expenses simply removes a financial disincentive that should not stand in the way of qualified individuals contributing to credit union governance. This approach is consistent with the long-standing principle that reimbursements for reasonable and proper costs incurred in the execution of official duties do not constitute compensation under the Federal Credit Union Act (FCU Act).

We also find persuasive the analogy to Office of Management and Budget (OMB) guidance, which permits temporary dependent care costs as reimbursable travel expenses for federal awards. While the contexts differ, the underlying rationale—ensuring that caregiving responsibilities do not exclude individuals from participating in important institutional functions—translates meaningfully to the credit union context.

II. Recommendations and Considerations

While the Leagues support the proposed rule, we offer the following recommendations to ensure the final rule preserves maximum flexibility for FCUs and avoids unintended consequences.

A. Preserve Board Flexibility; Avoid Prescriptive Definitions

For those credit unions that choose to adopt a dependent care reimbursement policy, we strongly encourage the NCUA to maintain broad flexibility in how such policies may be structured. The final rule should avoid defining what constitutes a "reasonable" expense or prescribing standards for what qualifies. §701.33 already references "reasonable" expenses in other contexts without defining the term, and this approach has served the credit union community well. Leaving the determination to each FCU's board of directors—within the boundaries of safety and soundness—is consistent with the general governance authority granted to FCU boards under Section 113 of the FCU Act and with the NCUA Board's own stated philosophy of deferring these judgments to each institution.

Credit unions vary widely in terms of geography, asset size, operational complexity, and governance structures. A prescriptive definition of "reasonable" could inadvertently constrain well-functioning policies or fail to account for regional cost variations—particularly given the significant disparities in dependent care costs across states and localities.

B. Do Not Enumerate or Categorize Reimbursable Expense Types

Similarly, the final rule should refrain from listing or categorizing specific types of reimbursable dependent care expenses. Any enumeration of permissible expense types risks narrowing the intended scope of the authority in ways that may not anticipate the full range of legitimate caregiving arrangements that volunteer officials may need. The circumstances of dependent care are inherently varied—families may rely on licensed daycare centers, informal family arrangements, after-school programs, home health aides, or specialized care for dependents with disabilities—and no enumerated list can fully capture these realities. Allowing each credit union's board and internal governance processes to make these determinations will prevent unintended constraints and allow policies to be tailored appropriately.

C. Do Not Define "Dependent Care" Within the Regulation

We encourage the NCUA not to define "dependent care" within the final regulation. Credit unions are best positioned to determine what forms of support are appropriate for their own volunteer leadership needs. A regulatory definition risks either over-inclusion or under-inclusion. For instance, a definition focused narrowly on children may fail to address the legitimate needs of officials who provide care for aging parents or adult family members with physical or mental impairments—a population that also faces meaningful caregiving costs. Keeping this concept open-ended will preserve necessary flexibility and allow each credit union to tailor its approach in a way that best serves its members and volunteer officials.

This concern is amplified by the fact that dependent care costs and needs differ substantially by region and individual circumstance. What constitutes a reasonable cost for childcare in a rural community may differ significantly from what is typical in a high-cost metropolitan area. Regulatory definitions tied to dollar thresholds or caregiver qualifications could inadvertently exclude certain classes of caregivers or disadvantage directors with higher-need dependents.

D. Consider Expressly Permitting Reimbursement for Lost Vacation or Leave Time

The Leagues encourage the NCUA to consider whether the final rule should expressly address the ability of FCUs to reimburse volunteer officials for paid leave or vacation time used to attend board meetings, planning sessions, or conferences. As currently interpreted under § 701.33, these types of indirect costs are generally treated as compensation.

We recognize this is a complex issue—one the NCUA previously considered and declined to pursue. However, member feedback indicates that circumstances have evolved. The increasing complexity of board responsibilities, along with more frequent and time-intensive meeting demands, means that officials who must use personal leave to fulfill their duties may face a meaningful financial burden. In some cases, this can discourage participation altogether.

To more fully modernize support for volunteer officials, we urge the NCUA to revisit this issue. Many volunteers must forgo personal vacation time to attend multi-day planning sessions or industry conferences. Allowing credit unions to reimburse the value of that lost leave would provide a meaningful benefit and could help attract and retain qualified individuals who may otherwise lack the flexibility to serve.

E. Provide Guidance on Tax Reporting Implications

While we recognize that tax treatment falls outside the NCUA's jurisdiction, we encourage the NCUA to provide supplemental guidance on the potential tax reporting implications of dependent care reimbursements. Under current Internal Revenue Service (IRS) rules, such reimbursements may be considered taxable income to the recipient and could trigger Form 1099 reporting requirements, depending on the amount and circumstances.

Credit unions that choose to adopt reimbursement policies would benefit from greater clarity on when these obligations apply, as tax treatment may directly influence both policy design and administrative processes. The $600 threshold for Form 1099 reporting may be particularly relevant in the context of reimbursements associated with multi-day events, such as annual planning sessions or conferences.

We therefore encourage the NCUA to coordinate with the IRS, or otherwise provide interpretive guidance, to help credit unions better understand and navigate these requirements and implement policies with confidence.

F. No Dollar Caps in the Regulation

We recommend against including any dollar caps on reimbursable dependent care costs in the final rule. Imposing a fixed dollar limit would fail to account for the wide variance in dependent care costs across regions and would be particularly problematic for officials caring for dependents with disabilities or special needs, whose care can require substantially greater financial resources. Setting a cap in regulation would risk excluding certain classes of individuals from serving as credit union officials—an outcome that is contrary to the rule's stated goal of broadening volunteer participation. As with other determinations under § 701.33, we believe the appropriate limit is reasonableness in relation to the FCU's resources and financial condition, not a regulatory ceiling.

III. Conclusion

The Leagues support the NCUA's proposed rule permitting FCUs to reimburse volunteer officials for reasonable dependent care costs. The proposal is well-grounded in the FCU Act's existing framework, consistent with broader federal guidance, and responsive to real barriers that prevent qualified individuals from serving on credit union boards. We urge the NCUA to finalize the rule in a manner that preserves maximum flexibility for FCUs, avoids prescriptive definitions and expense categories, and provides clear supplemental guidance on tax reporting implications.

We appreciate the NCUA Board's commitment to supporting the credit union community and welcome the opportunity to discuss our comments further. Please feel free to contact us at your convenience.

If you have any questions regarding our comments, please do not hesitate to contact me.

Sincerely,

Jeremy Empol
President and CEO
California and Nevada Credit Union Leagues