



**America's
Credit Unions**

March 27, 2026

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

RE: Dependent Care and Board Member Expense Reimbursement (RIN 3133–AF64)

Dear Ms. Conyers-Ausbrooks:

On behalf of America's Credit Unions, I am writing in response to the National Credit Union Administration's (NCUA) notice of proposed rulemaking (NPRM) to amend the agency's regulations to allow federal credit union (FCU) boards to reimburse volunteer officials for reasonable dependent care expenses incurred while carrying out official duties, including attending board meetings.¹ America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their over 145 million members nationwide. America's Credit Unions supports the proposed amendments to section 701.33, which are consistent with our prior request to the agency and appropriately clarify that FCUs may reimburse reasonable dependent care costs incurred by volunteer officials while performing official duties.

We appreciate the NCUA Board's willingness to consider updates to its regulation governing board member expense reimbursement. This proposal stems in part from a letter submitted by America's Credit Unions in 2024 requesting that the agency revisit section 701.33 to address dependent care expenses incurred by volunteer officials.² In that letter, we explained that child or other dependent care costs may be necessary for volunteer officials to attend board meetings, training, and other governance activities required to carry out their duties. Allowing credit unions to reimburse reasonable dependent care costs incurred in connection with official duties helps ensure that volunteers are not required to bear these expenses personally in order to serve. This approach helps ensure that volunteer service remains practical for individuals with caregiving responsibilities. This is particularly important for smaller credit unions, which often rely on a limited pool of volunteer officials and may face additional challenges recruiting individuals who are able to absorb out-of-pocket costs associated with board service.

¹ 91 Fed. Reg. 3,073 (Jan. 26, 2026).

² ACU Letter to NCUA re Permitting Childcare Expenses as Reimbursable Under 12 CFR 701.33 (May 7, 2024), https://americascus.widen.net/view/pdf/a3086514-002b-4638-858e-afc1a9d78a2d/ACU-Letter-to-NCUA-re-Childcare-Expense_final.pdf.

Proposed Rule to Allow Dependent Care Expense Reimbursement

The FCU Act generally prohibits FCU officials from receiving compensation for their service, with a limited exception for a single board member.³ As a result, FCUs rely on volunteer officials to oversee governance and carry out significant fiduciary responsibilities without compensation. However, both the FCU Act and NCUA regulations allow FCUs to reimburse volunteer officials for reasonable and proper expenses incurred while carrying out official credit union business. These reimbursements are not considered compensation as long as they are approved by the board, documented in written policies, and reasonable in light of the credit union's financial condition.⁴ Under section 701.33, FCU boards have discretion to determine which expenses are necessary or appropriate for officials to perform their duties, subject to safety and soundness considerations. Historically, this flexibility has included expenses such as travel and training.

In recent years, questions have arisen regarding whether dependent care costs, such as child or other dependent care, may be reimbursed under the existing rule. Prior NCUA staff interpretations concluded that these costs were not reimbursable, relying in part on Internal Revenue Service (IRS) guidance that generally treats childcare as a personal expense.⁵ At the same time, family and caregiving responsibilities have evolved significantly since section 701.33 was last updated. Credit union governance has become more complex, increasing demands placed on volunteer officials.

In response, the NCUA is proposing amendments to section 701.33 to clarify that dependent care costs may be treated as a reasonable and proper expense for volunteer officials. As discussed below, the proposal would define "dependent care costs" by reference to the Internal Revenue Code (IRC) and would generally include care for a dependent child under age 13 or for a spouse or dependent of any age who is incapable of self-care. The proposal would apply only to federally chartered credit unions, including federal corporate credit unions, while state-chartered credit unions would continue to follow applicable state law.

Importantly, the proposal would not be mandatory, providing FCU boards with discretion to decide whether to allow reimbursement of dependent care expenses and to establish appropriate limits through written policies and procedures. A board could adopt a more restrictive policy or prohibit such reimbursements entirely. Existing safeguards would remain in place, including the requirement that reimbursements be reasonable, necessary or appropriate to carry out official credit union business, and consistent with the credit union's financial condition and safety and soundness.

³ 12 U.S.C. § 1761(c).

⁴ 12 C.F.R. § 701.33(b)(2)(i).

⁵ IRS, U.S. Department of the Treasury, Pub. No. 526, Charitable Contributions: For Use in Preparing 2023 Returns (Feb. 29, 2024), <https://www.irs.gov/pub/irs-pdf/p526.pdf>.

Definitions and Guardrails for Dependent Care Reimbursement

The NCUA seeks input on how dependent care costs should be defined. The proposed rule would define dependent care costs by referring to the IRC’s “qualifying individual,” which generally includes a child under age 13 or a spouse or dependent who cannot care for themselves and lives with the official for more than half of the year. Using an existing tax-law definition is a reasonable starting point and avoids creating a new definition just for this regulation.⁶ At the same time, the proposal appropriately allows FCU boards to adopt written policies governing reimbursement of dependent care expenses incurred while volunteer officials attend meetings or carry out other official duties. This approach provides a clear framework while providing credit unions with flexibility to implement the policy in a way that fits their governance structure. Maintaining this flexibility is especially important for smaller credit unions, which often operate with fewer staff resources and may be more affected by overly prescriptive requirements.

The NCUA also asks whether additional guardrails should be added, such as limiting reimbursement to temporary costs that are above and beyond regular day care expenses. While we understand the agency’s interest in “prevent[ing] waste, fraud, and abuse,”⁷ we encourage the NCUA not to adopt limits that are too narrow. In practice, dependent care costs often arise because volunteer officials must attend meetings or training at times when regular care arrangements are not available. Many credit unions schedule board meetings outside normal work hours to accommodate volunteers. However, these are often the very times when regular child and other dependent care arrangements are unavailable. In these situations, a volunteer official may still need to arrange additional care even if the individual otherwise has regular childcare arrangements. As we explained in our prior letter, securing dependent care can be necessary for a volunteer official to attend meetings and carry out credit union duties.

As such, we believe the best approach is not a narrow definition of reimbursable expenses but clear documentation and internal policies. The rule should allow FCU boards to adopt written reimbursement policies that set reasonable parameters for dependent care reimbursements, including documentation requirements, standards for determining reasonableness, and the types of official duties that may qualify. This approach is consistent with the current structure of section 701.33, which allows reimbursement of reasonable and proper expenses incurred by volunteer officials in carrying out their duties. It would also help reduce barriers to volunteer service while maintaining appropriate oversight by credit union boards.

Finally, the Board asks whether additional terms should be defined in the regulation. We believe the rule should define only the key concepts necessary to clarify the scope of the rule, such as “dependent care costs,” which is included in the proposal. Other operational details can be addressed in each credit union’s written reimbursement policy. Trying to define every situation in regulation could make the rule too rigid and difficult to apply across different credit unions.

⁶ See 26 U.S.C. § 21(b)(1); *Supra* note 1, at 3077.

⁷ *Supra* note 1, at 3076.

Treatment of Dependent Care Relative to Lost Wages

The NCUA seeks input on how dependent care reimbursement should be treated relative to other costs, such as lost wages, which the agency has historically declined to permit. As noted in the proposed rule, the agency previously considered allowing reimbursement of lost wages but ultimately declined to do so following concerns raised by stakeholders, including issues related to substantiating lost income, potential inequities among volunteer officials, and the risk that such payments could resemble compensation rather than reimbursement of expenses.

Those concerns, however, do not arise in the same way in the context of dependent care expenses. Dependent care costs are typically discrete, out-of-pocket expenses incurred because a volunteer official must attend a meeting, training, or other credit union function in person. These costs may arise in connection with board meetings, committee meetings, strategic planning sessions, or other board-authorized activities. In many cases, particularly where another caregiver is unavailable, participation in these activities requires securing paid care.

As noted in our 2024 letter, dependent care expenses are more analogous to traditional reimbursable expenses, such as travel, than to income replacement. Just as travel expenses may be necessary for a volunteer official to attend a meeting, dependent care may likewise be necessary for that individual to participate in governance activities. These costs are directly tied to the performance of official duties and are often unavoidable, particularly for single parents or heads of household.

Accordingly, we do not believe the NCUA needs to resolve broader questions regarding the treatment of lost wages in order to permit reimbursement of dependent care expenses. Rather, dependent care can appropriately be recognized as a reimbursable expense category based on its own characteristics, while allowing credit unions to administer such reimbursements consistent with applicable law, tax requirements, and internal policies. This approach would provide needed flexibility while addressing the practical barriers that may otherwise discourage qualified individuals from serving in credit union leadership roles.

Scope of Eligible Volunteers

The proposal primarily focuses on dependent care reimbursement for volunteer board members but seeks comment on whether reimbursement policies should also apply to associate directors, directors emeriti, and other volunteer officials. Reimbursement of reasonable and proper expenses is governed by section 701.33, which defines an “official” to include members of the board of directors, credit committee, supervisory committee, or other volunteer committees established by the board.⁸ The regulation further provides that reimbursement is permissible when an official is carrying out the responsibilities of their credit union position.⁹ In addition,

⁸ 12 C.F.R. § 701.33(a).

⁹ 12 C.F.R. § 701.33(b)(2)(i).

the NCUA has previously clarified that FCUs may reimburse training and travel costs for associate directors or similar volunteer officials who perform board-designated duties, recognizing that such individuals may qualify as officials when they are carrying out responsibilities assigned by the board.¹⁰

Consistent with this framework, eligibility for dependent care reimbursement should be based on whether a volunteer official is performing board-assigned duties, rather than the title of the position. Credit unions often utilize associate director programs or similar volunteer roles to develop future board members and expand opportunities for participation in credit union governance. These individuals tend to attend board meetings, participate in governance training, or perform other responsibilities assigned by the board. In such circumstances, allowing dependent care reimbursement is consistent with the underlying purpose of section 701.33 and with the NCUA's prior interpretation that reimbursement may be appropriate when volunteer officials are carrying out substantive duties on behalf of the credit union.

We believe individuals serving solely in an honorary capacity, such as directors emeriti who have no assigned responsibilities, would not meet the regulatory standard for reimbursement. However, some credit unions may assign advisory or committee responsibilities to individuals holding those titles. As such, the rule should clarify that reimbursement policies may apply to any volunteer official established by the board who performs board-designated duties, consistent with section 701.33, rather than limiting eligibility based on specific titles. Focusing on the duties performed, rather than the title of the position, would give credit unions flexibility while ensuring that reimbursement remains tied to legitimate governance responsibilities.

Conclusion

America's Credit Unions appreciates the opportunity to comment on the dependent care and board member expense reimbursement proposal. As provided above, we support the proposed amendments and appreciate the NCUA's efforts to modernize the regulation governing reimbursement of volunteer officials. Should you have any questions or require any additional information, please contact me, Regulatory Advocacy Senior Counsel at LMartone@americascreditunions.org or (202) 508-6743.

Sincerely,



Luke Martone
Regulatory Advocacy Senior Counsel

¹⁰ NCUA OGC Legal Opinion Letter 11-0152 (Mar. 2011), *Training Reimbursement to Credit Union Officials*.