



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

GC/RD:jrm
4061

March 31, 1988

Office of General Counsel

Bettye P. Machen
Chairman of the Board
Naval Air Federal Credit Union
160 Newtown Road
Virginia Beach, VA. 23462

Re: Compensation of Federal Credit Union
Officials (Your March 3, 1988, Letter)

Dear Mrs. Machen:

You have asked whether it is permissible for a Federal credit union ("FCU") to reimburse board members for salary lost while attending credit union conferences or schools. An FCU may not. NCUA has issued a request for comments on a possible change in its regulations to permit reimbursement for wages or salary actually forfeited to attend FCU board and committee meetings; the request does not include a proposed change to reimburse officials for lost work time attending conferences or schools.

FACTS

Your FCU held a board meeting on January 26, 1988, at which time a motion was made and passed to reimburse board members for salary lost while attending credit union conferences and schools up to eight days per year per board member. It was also decided that such reimbursement extended to persons taking leave without pay even though they have leave or vacation time available.

ANALYSIS

Section 111 of the FCU Act [12 U.S.C. 1761] provides:

* * *

(c) No member of the board or of any other committee shall, as such, be compensated,

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except that reasonable health, accident, similar insurance protection, and the reimbursement of reasonable expenses incurred in the execution of the duties of the position shall not be considered compensation.

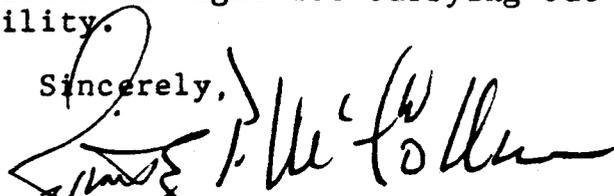
Sections 701.33(a) and (b) of the NCUA Rules and Regulations [12 C.F.R. 701.33(a), (b)] provide:

(a) With the exception of the treasurer, no director or member of a credit committee or supervisory committee may receive compensation for performing the duties or responsibilities of the board of committee position to which the person was elected or appointed.

(b) For purposes of this section, the term 'compensation' specifically excludes (1) reasonable and proper costs incurred by or on behalf of an official (whether on a reimbursement basis or directly by the credit union) in carrying out the responsibilities of the position to which the person was elected or appointed

We have consistently stated that the Section 701.33(b)(1) allowance of reimbursement, though including costs associated with a director's or officer's attendance at schools and conferences on behalf of the credit union, is limited to out-of-pocket monetary costs. More specifically, direct costs for travel, meals and lodging are reimbursable expenses under Section 701.33, but indirect costs such as wages actually lost while attending such activities are not. On February 10, 1988, NCUA proposed eliminating this distinction for FCU officials' attendance at board and committee meetings. But this is only a proposal and would not, in any event, permit reimbursement for lost wages for carrying out any other official responsibility.

Sincerely,



TIMOTHY P. MCCOLLUM
Assistant General Counsel