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The Honorable Debbie Matz
Chairman of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Chairman Matz:

Two years ago I submitted my comments on the 2014-2017 NCUA Strategic Plan. Once again I want to start my comments with a request to extend the comment period from 43 days to at least 90 days. The agency Strategic Plan should be viewed as the primary driving document of NCUA activities and interaction with its constituents for a 4-year period. Credit unions and other interested parties deserve a comment period that allows for thoughtful analysis of the long-term consequences of these strategies.

This document is not due for implementation for 10 months. I think it is fair to ask why the comment period has been constricted to 43 days. What's the rush?

My great hope would have been that you would have taken some of the suggestions I made in my January 2014 comment about the general nature of the plan. Unfortunately you have used the exact same framework as the last plan (and the plan before that) and created a similarly unimaginative and uninspiring document that is unworthy of the agency and the credit union community that pays the bills. Let me address two of the more obvious shortcomings of the plan draft.

I. Fiscal responsibility and budget transparency

Except for the authors of the Plan, it is obvious to all concerned including more than a few congressmen, that the financial trajectory of the agency is a primary concern of all credit unions regulated or insured by the agency. The management of the NCUSIF, the abuse of the OTR to the detriment of all federally insured credit unions, the lack of transparency on the continuing performance of the TCCUSF are all examples of agency management that rate no mention in the strategic plan or within its sister document, 2016-2017 Performance Plan. Not a single mention of any financial objectives to reduce the annual agency budget or any metrics to hold agency management accountable for. As you were challenged in your congressional testimony last summer, how can this be the case when your sister agencies are reducing costs and the number of credit unions continues to decrease? How could any Strategic Plan be so deaf to the voices of the stakeholders it purports to be responsible to?

Why is this a concern? Because there is no way, without strategic metrics married to strategic rhetoric, that your constituents could question your performance. There is no way to analyze the variance of a goal of being fiscally responsible to the credit unions that pay your bills and your payroll, if you evade providing us with measurable performance standards. Instead what we get is typical government statements like, "we've reduced the budget", when in fact all you've done is reduced the rate of annual increase. A responsible, responsive and reasonable expectation would be that the plan would include a commitment to increase budgetary transparency accompanied by metrics, which allow for the taxpayers, Congress and Credit Unions to hold you accountable for your actions.

II. Lack of strategic imagination

As I asked in my review of the 2014-2016 strategic plan, where's the strategic forethought and imagination to challenge the agency to creatively re-engineer the purpose and function of a regulatory agency within the construct of the Federal Credit Union Act and with a vision to be the best example of a federal regulator looking forward into the 21st century? I know, from my many contacts with agency staff that talent is there to lead a strategic plan that steps out of the 20th century. This will never occur without the Board and the Chairman driving a top-down cultural tsunami and clearly identify what is required for success in the Strategic Plan. Lacking this leadership we, as a co-operative network, will continue to be saddled with a short-sighted regulatory agency which mimics its for-profit banking cousins and ignores the structural and philosophical uniqueness of those it is charged to oversee.

The same strategic limitations are evidenced in the lack of a goal to effectively encourage a healthy and symbiotic dual chartering system. The evidence that the OTR is being abused is overwhelming and the lack of a strategic objective to address that problem with long-term commitments to look for new ways to lower costs for the NCUA, the NCUSIF and state regulators and address the financial waste of the current methodology should be considered managerial malfeasance. The tactics to accomplish this objective need to be adequately addressed in the Annual Performance Plan and need to clearly identify what the action steps will be and what the metrics of success will look like.

A good starting point for a strategy to re-engineer the relationship with state regulators might be the AIRES 2 project. I'm not aware of any ongoing effort to interface the agency effort with their regulatory peers through NASCUS or other existing committee structures. Given the multi-million dollar budget for this rewrite it would certainly be impactful for all parties. On this, the plan is silent.

Unfortunately, it's obvious that this draft Strategic Plan leaves much to be desired. I sincerely hope that you will seriously consider my suggestions for improvement before the final draft is presented. I look forward to any constructive conversation that we can have to make NCUA, and the credit unions it oversees, better prepared for the 21st century and the challenges that will likely confront us.

Sincerely,

Victor J. Pantea

President/CEO

CC: The Honorable Rick T. Metsger, Vice-Chairman

The Honorable Mark McWatters, Board Member