
October 2, 2018

The Honorable J. Mark McWatters
Chairman
National Credit Union Administration Board
1775 Duke Street
Alexandria, VA 22314

Dear Chairman McWatters

Thank you for permitting us to review and comment on the NCUA 2019 – 2020 proposed budget. I am submitting these written comments for the record.

My name is Gordon Sam. I am the Chairman of the Pearl Hawaii FCU, Board Member of the Hawaii Credit Union League and a member of the CUNA Powers SubCommittee.

I am pleased that NCUA is taking steps to reduce future cost by reducing the number of regions from 5 to 3, improving the examination process, exploring virtual exams.

These are my observations from reviewing the draft 2019 – 2020 budget.

1. In your Budget Brief the pie chart identifies that pay and benefits account for 73% of the operating budget so I focused my review in this area.
2. Extracting data from your Budget Justification document I created 2 tables that is attached to this letter. From these 2 table I provide the following observations:
 - a. Using data from page 54 of your Budget Justification I examined the Office Budget for your new regions. The compensation per FTE is highest for your Eastern Region and lowest for your Southern region. Not sure if this is due to locality or age seniority of the people in the region. Calculating the % increase in salaries and benefits between 2019 and 2020 showed that benefits increase for the Eastern region was higher than that of the Southern and Western Regions. Do you know the reason for this difference?
 - b. Page 27 of the Budget Justification shows that the actual positions on board for the regional Examiners and Specialist as of August 31, 2018 was 636. Page 52 of the Budget Justification identified that the 2018 authorized positions for the regions was 774. Is the difference due to positions that were not filled? If this is the case then it amounts to almost an 18% shortage. Did this require the use of over time on the existing staff or are the budgeted FTE higher than necessary?

- c. Page 52 of the Budget Justification shows that the Office of National Examination and Supervision has 45 people assigned to Supervision and Examination. Are these people equally distributed to each of the region? I assume that these people are located in the fields and not in the NCUA home office.

Thank you for permitting me to submit my views for the record.

Gordon Sam