



WRITTEN COMMENTS

OF NASCUS VP, COMMUNICATIONS

SHELTON ROULHAC FOR THE NCUA

BOARD BRIEFING

NCUA 2019 – 2020 BUDGET

October 17, 2018

On behalf of NASCUS—including its regulator members who represent all states that issue charters for state credit unions, state-chartered credit unions and other state system stakeholders—thank you, Chairman McWatters and Board Member Metsger for conducting today’s briefing.

NASCUS applauds you for voluntarily instituting a public hearing well before the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA, S. 2155) required the agency hold an annual hearing on its budget proposal and publish it in the Federal Register. Stakeholder input is essential for NCUA to understand the needs of the credit union system.

By way of background, NASCUS is the primary resource and voice of the state governmental agencies that charter, regulate, and examine the nation’s state-chartered credit unions. Our membership is comprised of state regulators, state-chartered credit unions, and system organizations that support a robust dual charter system. NASCUS is dedicated to the preservation of a healthy, safe, and sound state credit union system and the autonomy of the state and federal systems necessary for a continued robust dual chartering system.

My comments today are focused on three areas:

1. Continued implementation and evaluation of the Overhead Transfer Rate (OTR) methodology

2. State Supervisory Authorities (SSAs) access to BCFP training
3. Adequate funding to enable NCUA, SSAs, and credit unions to share exam information

Overhead Transfer Rate Methodology

The recent changes to the OTR methodology are good for all federally insured credit unions — both state and federal charters alike. For 2019, the OTR proposed by NCUA will be an estimated 60.4 percent, which is down from last year’s 61.5 percent, which was the lowest in years following the agency’s adoption of a new method for calculating the rate in November 2017. In 2017, the OTR was 67.7 percent and the previous year it was 73.1 percent, the all-time high. If the OTR had remained at the 2016 level in 2019, the share insurance fund would have been charged an additional \$39 million.

We applaud the NCUA board for employing a “principles-based approach” to calculating OTR and subjecting the OTR to public notice and comment. We value the collaborative nature of our relationship and look forward to the OTR review in 2020, unless there is a proposed change to the methodology sooner.

SSA access to BCFP training

SSAs and NASCUS share the sentiment expressed in the 2019-2020 Budget Justification that it is important for examination staff to have the proper knowledge, skills, and abilities to perform their duties. Similar to NCUA, both SSAs and NASCUS allocate resources for examiner training.

Historically, NCUA budgets for two training classes for state examiners. We understand it has been difficult for state examiners to access Bureau of Consumer Financial Protection (BCFP) trainings. We encourage NCUA to assist in ensuring state examiners have access to BCFP trainings. Since some credit unions are subject to BCFP authority and the Bureau has indicated it will rely SSAs more in the future, SSA examiners should be trained on BCFP’s examination practices.

Adequate funding to enable NCUA, SSAs, and credit unions to securely share exam information

As the agency consolidates its five regional offices into three, NCUA, SSAs and credit unions will rely on technology to transmit examination-related information. We urge NCUA to provide the funding necessary to work with the states to implement the replacement for AIRES and to create more secure and efficient ways to share sensitive data and examination material between credit unions and regulators, and between states and NCUA.

In Conclusion

We thank NCUA for the opportunity to comment on its 2019-2020 budget.

NASCUS, state regulators, and the state credit union system remain committed to continuing a

balanced partnership with NCUA that contributes to a vibrant dual charter credit union system well into the future.