



October 25, 2018

Rendell Jones
Chief Financial Officer
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Re: Comments on NCUA 2019-2020 Proposed Budget

Dear Mr. Jones,

The Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments regarding the National Credit Union Administration's (NCUA) draft proposed budget for 2019-2020.

OCUL represents Ohio's 270 credit unions and their nearly 3 million members. Of those 270 credit unions, 145 are federally-chartered; 75 state-chartered, federally-insured; and, 50 state-chartered, privately-insured. Thus, a supermajority of Ohio's credit unions fund NCUA's budget and expect the agency to act as a sound and prudent steward of these funds. As such, we are concerned with NCUA's historical trend of budget increases which demonstrate a significant funding escalation over a long-term period.

In recent years, the proposed budgets issued by NCUA have focused on year-over-year increases which appear to be reasonable at first glance rather than the instructive perspective of longer spans of time. OCUL urges NCUA to better factor in the aggregate budget change over a longer period of time. Doing so is revealing.

The proposed operating budget for 2019/2020 is \$316,164,000. The operating budget in 2009 was \$177,863,682. The increase in budgeted NCUA spending in the years following 2009 through the proposed 2019/2020 budget is over \$138,300,000 (a 78% increase in funding over the period).¹ This is remarkable. We see it as cause for concern across the credit union community. We believe rationalized smaller annual percentage increases obscure a larger problem that longer spans of time plainly reveal; a tremendous increase in credit union funding for ever-expanding NCUA spending.

While the agency has reorganized and restructured, in addition to exploring remote technology for examination purposes, this has not yet led to a significant decrease in the budget, which is what must occur to counter major historical increases. The current Board needs to critically examine all agency spending. NCUA must concentrate on creating meaningful, new efficiencies which will actually reverse the long-term trend of unsustainable spending increases.

Additionally, we would like to stress the importance of NCUA's budget remaining segregated from the appropriations process. Should the agency's budget ever become subject to the

¹ The budget calculation is based on internal historical data.





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appropriations process, the independence of NCUA would be greatly jeopardized. As credit unions directly pay NCUA, those credit union funds should not be commingled with taxpayer funds. Moving forward, we appreciate NCUA's leadership in working with Congress to help articulate why it is not necessary to bring the agency under the appropriations' umbrella.

OCUL and Ohio's credit unions look forward to further collaborating with the agency, which is a direct result of the current Board's openness and willingness to garner stakeholder involvement on all topics, including the proposed budget. We highly value NCUA's efforts to serve as a progressive regulator and its commitment to being a transparent agency, which includes acting as a financially responsible agency. If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at 800-486-2917.

Respectfully,

Handwritten signature of Paul L. Mercer in black ink.

Paul L. Mercer
President

Handwritten signature of Miriah Lee in black ink.

Miriah Lee
Regulatory Counsel



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UNIONS