

November 7, 2016

The Honorable Rick Metsger, Chairman
National Credit Union Administration

Dear Sir:

Initially, I would like to thank you for holding a very worthwhile public hearing on the budget last week. I found it a refreshing sign of transparency and a valuable effort in creating interaction between the agency and the credit unions who fund your activities.

My budget comments are basically linked to my prior statements that a budget driven by a strategic plan that includes few measurable milestones, that fails to identify who is accountable for the accomplishment of those strategic objectives in specific timeframes and that provides us all with the economic and financial benefits achieved by the dollars spent, is fundamentally flawed from its very beginning.

For example, the effort in exam flexibility, AIREs II and other IT projects and the related capital dollars being spent. We know that the capital budget will have a significant impact on the budget for as many years as those millions of dollars continue to be depreciated. What we don't know is what specific benefits will be accrued. How many man hours will be reduced in the exam process? How many field staff and regional offices will be eliminated by maximizing the power of the over \$25 million dollars being invested in IT?

What are the expected timing milestones for the above? When can we specifically expect to see a beneficial impact of the capital investments being made this year, in 2017, and in 2018 in the OTR?

These are all questions that are not addressed in the greater strategic planning process and which therefore weaken any argument that the current budget is anywhere near valid or acceptable. If there is any hope for an acceptable degree of discipline to be exercised over the total budget, and more importantly the capital budget, the board and the credit union network should demand this type of accountability be displayed by staff in both the bi-annual strategic planning process and future budgets driven by that plan.

Thank you for the opportunity to comment. I look forward to seeing how the board integrates this comment exercise into the final budget for 2017 and 2018.

Victor Pantea
Manager of Marketplace Relationships