

October 27, 2017

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Comments on Proposed 2018-2019 Budget

Dear NCUA Board Members,

I am writing on behalf of the California and Nevada Credit Union Leagues (Leagues), one of the largest state trade associations for credit unions in the United States, representing the interests of more than 250 credit unions and their approximately 10 million members/consumers.

The Leagues welcome the opportunity to provide comments to the National Credit Union Administration (NCUA) on their proposed 2018-2019 budget. The Leagues thank the Board for providing the industry with budget justification materials, holding a budget briefing, and soliciting comments on the proposed budget. We thank and commend the Board for their transparency in the budget process.

The Leagues support the Board's priorities of efficiency, improving operations, focusing on their core mission, and improving the agency's compliance with laws and regulations. In particular, we support allocating the necessary resources needed to implement both the Agency Reform Plan and the Exam Flexibility Initiative. We also appreciate that the proposed 2018-2019 budget continues a trend of reduced growth in the NCUA operating budget since 2015.

While the Leagues are generally supportive of the proposed 2018-2019 budget, we are concerned with staffing levels and we respectfully offer the following comments.

Improved Efficiencies and Effectiveness

The Agency Reform Plan, approved by the Board in July 2017, coupled with the Exam Flexibility Initiative, will provide improved efficiency and effectiveness by, among other things, eliminating two regional offices, reducing agency leased office space by 80 percent, and lowering the staff level by nearly six percent.

Staffing Levels

The Board proposes to reduce the staffing level from 1,247 full-time equivalents (FTEs) in the 2016 approved budget, down to 1,174 FTEs in the 2019 budget. This decrease includes a reduction of 57 positions to the regional field offices in 2018 and an additional 15 field positions in 2019. These positions will be eliminated primarily through attrition. The Leagues recommend the Board take a more proactive approach.

We have heard from our member credit unions that the NCUA sends an excessive number of examiners into credit unions. In many instances, the number of examiners is not warranted or justified. As the Exam Flexibility Initiative is implemented and exam schedules extended, it appears examiners are being sent on exams to “keep them busy.” With pay and benefits accounting for 74 percent of the proposed budget, a proactive reduction in force is warranted.

Exam Efficiencies

The Leagues fully support NCUA’s efforts to modernize the exam process and reduce the amount of onsite examination time spent at credit unions. This will not only be a cost savings to the agency, but will also be less disruptive to credit unions. We support investments into this initiative.

Conclusion

The Leagues commend the NCUA Board for their transparency in the budget process. We thank you for the opportunity to comment on the proposed 2018-2019 Budget and for considering our views. If you have any questions regarding our comments, please contact me.

Sincerely,

Diana Dykstra
President and CEO
California and Nevada Credit Union Leagues

cc: CCUL