



December 11, 2020

Eugene H. Schied
Chief Financial Officer
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

RE: The NCUA Staff Draft 2021–2022 Budget Justification

Dear Mr. Schied,

The Ohio Credit Union League (OCUL) represents the collective interests of Ohio's 251 credit unions and their more than three million members. Of those 251 credit unions, 138 are federally-chartered; 67 state-chartered, federally insured; and 46 state chartered, privately-insured.

OCUL appreciates the opportunity to comment on the National Credit Union Administration's (NCUA) Staff Draft 2021-2022 Budget Justification (the "Budget"). We are pleased to see that the NCUA decreased its projected budget for 2021 from \$347,409,000 (the 2020 level) to \$342,510,000. This proposed decrease shows NCUA's commitment to adjusting its budget expectations to account for the economic and social realities created by the COVID-19 pandemic. Specifically, we are pleased that certain line items, such as travel expenses, have seen significant decreases in terms of allocation. The NCUA budget must remain flexible and not depend on a philosophy of unending growth to eliminate inefficiencies; a practice which the present national crisis has proven to be crucial.

We are further pleased that, within the overall Budget, the Operating Budget for 2021 has decreased from \$315,883,000 (the 2020 level) to \$315,567,000. As the share insurance fund accounts for most of the funds that contribute to the Operating Budget, we expected to see a significant decrease in operating fees paid by federal credit unions, and NCUA delivered. The operating fee decrease of 17.7 percent from last year's budget is significant, and with the changes in NCUA's proposed rule concerning fees paid by federal credit unions, the decrease promises to be even more significant (19.4 percent). Since operating fees are paid by the credit unions subject to NCUA's regulatory supervision, a decrease will do a lot to help them navigate the current financial difficulties many of them face due to the pandemic's impact on the economy. We also appreciate the decrease in the allocation for the Capital Budget by \$6,231,000 so NCUA continues to focus on optimizing current strategies to help credit unions navigate safety and soundness challenges associated with a dynamic economy rather than building future opportunities outside of addressing immediate regulatory needs.

OCUL encourages NCUA to continue looking for inefficiencies when it comes to its budget, and to eliminate them whenever and wherever possible. We understand that budget increases for additional staff and technology considerations are necessary for NCUA's important work. However, NCUA should keep in mind that the cost-cutting reflected in the Budget does not have to be limited to times of crisis. Although the proposed budget cuts are welcome, the current Budget is an anomaly when it comes to NCUA's history of large, sustained budget increases. The NCUA Board should continue to critically examine all agency spending, and concentrate on creating meaningful, new efficiencies, which can reverse the long-term trend of major spending increases, rather than temporary budget cuts related to the pandemic.

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 appropriations process, the independence of NCUA would be significantly jeopardized. As credit unions directly fund NCUA for direct safety and soundness regulation activities, those credit union funds should not be considered as or commingled with general taxpayer funds. Moving forward, we appreciate NCUA's continued work with Congress to articulate why it is not necessary or beneficial to bring the agency under the appropriations umbrella.



Thank you again for the opportunity to comment on the Budget. We greatly value NCUA's efforts to serve as a progressive regulator and its commitment to being a transparent agency, including with respect to its annual budget. 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,

A handwritten signature in black ink, appearing to read "Paul L. Mercer".

Paul L. Mercer
President

A handwritten signature in black ink, appearing to read "Chris Noble".

Chris Noble, Esq.
Regulatory Counsel