



October 28, 2022

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

Re: NCUA Proposed 2023-24 Budget Justification – Docket NCUA-2022-0145

Dear Mr. Schied,

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the NCUA's draft 2023-24 budget justification. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.8 million consumers. We appreciate the NCUA Board's efforts to make this process transparent and for providing the opportunity to comment. The NCUA has a number of important objectives to accomplish with its budgeting process, with our comments focusing primarily on how resources are being prioritized and how they can be applied as efficiently as possible.

We recognize that the extraordinary inflation being experienced in our economy can be expected to lead to an increase in the agency's budget, much the way that credit unions and their budgets are being dramatically impacted by inflation. We also appreciate that two components of the proposed budget, the Capital Budget and the Share Insurance Fund Administrative Budget, reflect decreases. However, we are concerned at the high rate of increase (9.6%) in the Operating Budget that makes up 95% of the proposed budget. Even as the number of credit unions to be examined and supervised continues to decline, we are troubled that the NCUA is proposing its largest year-over-year increase in 13 years.

We acknowledge that there are inflationary pressures driving up the Employee Pay and Benefits category and that the NCUA has limited flexibility in responding to those pressures. Again, credit unions are facing the same situation with operating expenses rising rapidly. The difference for credit unions, though, is that their income sources are going to be under increasing pressure, too. Any increase in costs to credit unions implemented by NCUA will be deeply felt as credit unions work to navigate increasing costs and pressure on income. With that in mind, we urge the NCUA to carefully consider whether now is the right time to add 25 new employees, an element of the Employee Pay and Benefits category that is within its control. Given the remote work policies in place at the agency at the Central Office as well as in the field, does the NCUA have more flexibility to manage workflow and resources without the need to hire 25 new people at this time? We believe NCUA should fully explore every option for consolidating or reducing existing positions wherever possible before adding new positions.

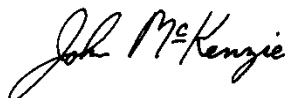
One area where the proposed growth in NCUA staff could be curtailed is the agency's plan to increase the number of regional consumer compliance specialists. We continue to believe that the NCUA's primary purpose is to ensure the safety and soundness of the credit union system. Resource growth, especially in the area of examination staff, that is not focused on safety and soundness and risk-focused

examinations is troubling. As member-owned, member-focused entities, credit unions are, by nature, driven to provide for the financial health of their members and communities. In addition to consumer protection being part of credit unions' DNA, there exist already extensive consumer protection safeguards in the federal and state regulatory framework within which credit unions operate. Indiana credit unions strongly believe that the existing consumer protection framework protects credit union members well and extraneous NCUA efforts to expand consumer protection oversight is unnecessary and a misuse of its resources. NCUA should scale back or eliminate its plans to increase the number of its regional consumer compliance specialists.

Another area of concern is the 27.5% increase in travel expenses. While we understand there is likely to be an increase in general travel as well as inflationary increases, we urge the NCUA to continue to utilize offsite examinations and virtual meeting options extensively. Experience over the last two years has strongly demonstrated that this model works extremely well. It not only reduces travel expenses, but also provides efficiencies for credit unions and reduces the impacts of on-site examinations on them.

Thank you for the opportunity to comment on the NCUA proposed budget for 2023-24 and we ask you to fully consider our comments. The NCUA's budget decisions have a direct impact on credit union members, so we ask the NCUA to be focused on and committed to budget discipline in the same way that credit unions have to be. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive, flowing style.

John McKenzie, President  
Indiana Credit Union League