August 15, 2025

Ms. Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

RE: Feedback on NCUA Operations and Initiatives

Dear Ms. Conyers-Ausbrooks:

On behalf of America's Credit Unions, I am writing in response to the National Credit Union Administration's (NCUA) request for comments (RFC) on the agency's strategic plan, organizational restructuring, and budget. America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their over 142 million members nationwide. In regard to the strategic plan, we offer recommendations to update the NCUA's mission, vision, and strategic goals to better reflect a forward-looking, innovation-friendly, and access-driven supervisory approach that empowers credit unions to serve their members more effectively while maintaining safety and soundness. Regarding restructuring, we encourage the NCUA to use its current reorganization as an opportunity to modernize its structure, improve efficiency, reduce unnecessary burden, particularly through risk-based supervision. Lastly, in regard to the agency's budget, we urge the NCUA to adopt a leaner, more accountable budget that aligns with its core mission by controlling administrative and travel costs, ensuring transparency in spending and refunds, and avoiding unnecessary growth in agency expenses as the credit union industry continues to consolidate.

We appreciate the Board's invitation for industry input in advance of the agency's draft 2026-2030 Strategic Plan, draft 2026 Budget, and any reorganization plan that may be made publicly available. This approach allows the public the ability to influence forthcoming drafts, ultimately having a stronger voice in the finished products. Further, accepting input ahead of issuance of drafts provides greater opportunity for broader, forward-looking input that goes beyond what might be addressed in the agency's drafts.

I. Strategic Plan Recommendations: Enhancing Focus on Credit Unions' Ability to Serve Members

Mission Statement

A clear and accurate mission statement is essential to the NCUA's effectiveness and long-term viability. It provides the foundation for ensuring that credit unions can continue to operate and fulfill their mission of serving members. As such, we offer the following subtle, but impactful, changes to the agency's mission statement.

"~~Protecting~~ Promoting a safe, sound, and innovative system of member-owned financial cooperatives ~~cooperative credit and its member-owners~~ through effective chartering, supervision, regulation, and insurance."

While we support the agency's mandate to ensure a safe and sound system, we encourage a supervisory approach that supports responsible innovation. Thus, replacing "protecting" with "promoting" shifts the tone from defensive to forward-looking, signaling—what we hope is—the NCUA's support of system advancement. In addition, we believe replacing "cooperative credit" with the broader term "member-owned financial cooperatives" better encompasses the full range of financial services credit unions offer.

Further, the addition of "innovative" to the mission statement strengthens justification for various initiatives, such as digital modernization, reflecting the growing importance of fintech, modernization, and evolving member needs. These refinements also better align the mission statement to reflect the dual role of the NCUA of ensuring safety and soundness and empowering credit unions to effectively serve their members.

Vision Statement

An effective mission statement is critical to define the NCUA's core purpose and role presently. However, given the need to advance the credit union industry, it is equally as important to have an appropriately drafted vision statement, outlining how the agency will proceed long-term. Similar to our suggestions related to the mission statement, we believe the vision statement can be refined to better support credit unions in serving their current and future members. Below are several recommendations to improve the agency's vision statement in this regard.

"Strengthen communities and protect consumers by ~~ensuring~~ expanding access to equitable financial services ~~inclusion~~ through a robust, safe, sound, and evolving credit union system."

Again, while we support the agency's mandate to ensure a safe and sound credit union system, we believe the agency should be more proactive, which can be achieved partly by adding "expanding access," given this change highlights opportunity rather than risk.

The language "expand access" also supports chartering flexibility, underserved area outreach, and inclusion through operational modernization. Further, these revisions to the vision statement encourage policies that facilitate credit union growth and expansion into new communities, rather than simply maintaining the status quo. These improvements are critical to maintaining a healthy credit union system long-term, particularly under increased pressure from non-credit union lenders and other financial service providers.

Strategic Goals and Objectives

The NCUA's strategic goals are essential for turning its broad mission into clear, actionable priorities. They guide how the agency allocates resources, measures progress, and aligns its efforts across departments to protect the credit union system and support member access. By focusing on long-term challenges and emerging risks, the goals help ensure the agency stays effective and accountable in a changing financial landscape.

In the pages that follow, we offer numerous suggestions on how the agency can adopt a 2026-2030 Strategic Plan that includes strategic goals and strategic objectives to achieve the mission and vision of the agency. As such, we offer revisions to several of the existing goals and suggest a fourth goal consistent with the notion of supporting the industry into the future. In connection with revisions to the strategic objectives, we include updates to the Strategic Objective Overviews and in some instances updates to the Example Performance Goals. However, much of the updates to those fields ultimately depend on the exact language incorporated into the Strategic Plan.

Goal 1

As stressed above, a safe and sound system is essential. Thus, we generally support Goal 1 but offer below several suggestions to improve the goal and its objectives.

"Ensure a safe, sound, and viable system of cooperative credit that protects consumers <u>and enables credit unions to effectively serve their members</u>."

Objective 1.1

"Maintain a financially sound Share Insurance Fund."

We support this objective as-is. This objective is essential to preserving confidence in the credit union system, protecting member deposits, and ensuring long-term system viability without imposing unnecessary burdens on well-managed institutions.

Objective 1.2

"Provide effective<u>,</u> ~~and~~ efficient<u>, and balanced</u> supervision."

We agree with the need for effective and efficient supervision by the agency. However, we also recognize the importance of the agency in considering both safety and soundness *and* operational burden. Thus, we believe adding "balanced" is an important factor for the agency to consider.

Objective 1.3

"~~Ensure compliance with and enforcement of federal consumer financial protection laws and regulations at credit unions.~~"

We support an appropriate focus on ensuring compliance with and enforcement of federal consumer financial protection laws and regulations. However, we fail to see the need to address this explicitly in a strategic objective. The NCUA is responsible for ensuring compliance with and enforcement of numerous laws and regulations applicable to state and federal credit unions and is able to do so without express objectives to that effect. As such, we recommend eliminating existing Objective 1.3.

New Objective 1.3

We suggest renumbering existing Objective 1.4 as Objective 1.3, including the following revision.

"Ensure NCUA-insured credit unions can appropriately manage emerging opportunities and risks~~, including cybersecurity and climate-related financial risk~~.

This modest change, removing specific reference to cybersecurity and climate-related financial risk, provides broader ability for credit unions to address opportunities and risk they deem relevant and appropriate to their operations. Further, we disagree with express reference to climate-related financial risk, as this is an important area but one best addressed by credit unions themselves.

New Objective 1.4

Given removal of Objective 1.3, new Objective 1.4 is based largely on existing Objective 1.5. We offer the following improvements to this objective.

"Implement NCUA policies and regulations that appropriately address emerging and innovative financial technologies, including digital assets<u>, in a manner that enables credit unions to adopt responsible solutions that serve member needs</u>."

This additional language maintains the objective's focus on emerging and innovative technologies but also provides credit unions with greater ability to pursue such technologies in pursuit of serving their members.

<u>Goal 2</u>

Helping members and their communities thrive by making fair, affordable financial services easier to access is core to what makes a credit union a credit union. Thus, we strongly support existing Goal 2, which states as follows.

"Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services."

Objective 2.1

"Enhance consumer access to affordable, fair, and federally insured financial products and services."

We support this objective as-is. This objective aligns with credit unions' core mission of financial inclusion and ensures regulatory focus on expanding safe, affordable options for consumers.

Objective 2.2

"Support and foster small, minority, low-income, and new credit unions."

We also support this objective as-is. This objective appropriately recognizes the unique role credit unions play in serving underserved communities and sustaining a diverse, accessible credit union system.

New Objective 2.3

We suggest the following third objective under Goal 2.

"Promote opportunities for credit unions to expand access and better serve more individuals and communities."

Consistent with the revised mission and vision statements discussed above, we believe an objective under Goal 2 focused on expanding access will encourage the NCUA to actively pursue changes to allow greater reach by credit unions. Again, in line with revisions suggested throughout this letter to improve the industry's ability to thrive long-term, it is critical to support changes to allow more credit unions to serve more consumers.

New Objective 2.4

We suggest the following fourth objective under Goal 2.

"Support a level playing field that enables credit unions to effectively compete with banks and fintech companies."

A level playing field allows credit unions to continue developing innovative products that meet their members' needs. Competing effectively with banks and fintechs helps credit unions provide accessible and relevant financial services to their communities.

Goal 3

Continually improving internal operations is essential to the agency's ability to effectively carry out its mission. While this is a goal the agency should always strive to achieve, given the reorganization under way across the federal government, including the NCUA as discussed below, this goal is now even more important. We suggest the following changes aimed at modernizing the agency.

"~~Maximize organizational performance~~ <u>Modernize operations for efficiency, transparency, and scalability</u> to enable mission success."

Objective 3.1

Existing Objective 3.1 is appropriate for an agency that has maintained a relatively stable structure over time. However, given the significant changes currently underway, we offer the following revision to better reflect the agency's evolving needs. We recommend replacing existing Objective 3.1 as follows.

"~~Attract, develop, and retain an engaged, high-performing, diverse workforce within an inclusive, professional environment.~~ Enhance operational efficiency through digitization, process modernization, and cross-agency coordination."

This change is intended to streamline supervisory, administrative, and insurance-related functions through digital tools and better coordination between offices. It would help different offices share information more easily and avoid duplication of work. It would also make routine tasks—like tracking exams, responding to credit unions, or managing internal requests—faster and more efficient through better use of technology.

Objective 3.2

"Deliver improved business processes supported by secure, innovative, and reliable technology solutions and data."

We support this objective as-is. This existing objective supports the NCUA's ability to regulate efficiently, respond to emerging risks, and serve credit unions with appropriate transparency and effectiveness.

Objective 3.3

Again, given the significant changes underway, it is important that the agency focus on ensuring it will be able to effectively and efficiently adapt and sustain long-term. This objective should be revised as follows to reflect this.

"Ensure operational scalability and resilience through adaptive technology, strategic resource alignment, and sound organizational governance."

The agency should invest—in part through the savings achieved by staff reductions—in secure and flexible IT systems that can sustain operations through times of economic stress, industry growth, or other unexpected events.

Goal 4

Consistent with the new mission statement and vision statement suggested above, the NCUA should adopt a fourth goal, focused on supporting the credit union system into the future. As such, we suggest the following additional goal.

"Promote innovation and future-proofing the credit union model."

Objective 4.1

"Support scalable adoption of emerging technologies by credit unions."

This objective is intended to encourage and facilitate the adoption of secure, member-focused financial technologies—such as real-time payments and AI tools—to enhance operational efficiency and member service. This could include providing guidance and promoting best practices to support credit unions in safely and effectively evaluating and adopting new technologies.

Objective 4.2

"Modernize regulatory frameworks to enable innovation."

This objective would include the agency's identification of and updating to outdated regulations and supervisory practices that hamper technological progress, allowing credit unions to pursue innovative products while maintaining safety and soundness.

Objective 4.3

"Foster innovation among credit unions through collaboration and capacity building."

To improve credit unions' ability to compete against non-credit union lenders and others in the financial services space, this objective would encourage the NCUA to promote partnerships between credit unions, fintechs, and CUSOs; expand access to testing programs and shared tools; and help grow skilled staff to maintain innovation. Promoting resource sharing to reduce costs would ultimately make innovation more affordable and practical, particularly for smaller credit unions which often face the greatest challenges in innovating.

II. Reorganization Recommendations: Aligning Structure with Strategic Goals

Reorganization of the agency provides a significant opportunity to modernize internal structure, improve efficiency, and better position the NCUA to achieve its strategic goals. As addressed during the Board's May 2025 open meeting,[1] the reorganization is likely to involve realigning core functions, reassessing regional operations, and reducing staffing levels in line with recent Executive Orders aimed at streamlining the federal workforce.[2] As discussed at that Board meeting, the recent Voluntary Separation Program has resulted in a significant reduction in staff—roughly 250 employees across the agency. This initiative creates both the need and opportunity to realign roles and responsibilities in a way that better supports the agency's evolving mission and strategic goals.

As discussed above, we offer suggestions on how the agency can strengthen the strategic plan by clarifying goals and emphasizing outcomes tied to mission success. Many of those recommendations—particularly around accountability, innovation, and operational flexibility—require the right organizational structure to work well. This section provides recommendations to ensure that the NCUA's reorganization not only reduces inefficiencies but also reinforces the strategic direction and long-term success of the agency.

The NCUA has a great opportunity to streamline supervisory processes by focusing on the riskiest credit unions. As regulatory burden and compliance challenges continue to be significant contributing factors to ongoing credit union mergers, it is critical that the NCUA focus examiner time and agency resources on high-risk or complex credit unions, while reducing regulatory burden on well-managed credit unions. We believe there is an opportunity to improve the process, including by greater use of offsite analytics for low- and moderate-risk credit unions, limiting on-site exams for complex or elevated-risk cases.

The agency should consider reconfiguring the Office of Examination and Insurance for greater efficiency. This could be achieved by restructuring field supervision teams to reflect risk-tiered exam frequency, allowing for a leaner, more targeted workforce. We appreciate the recent changes to the examination schedule, extending the cycle for certain credit unions.[3] This change will have a direct impact on field staff resources necessary. We encourage consideration of further refinements to provide greater relief to well capitalized, well run credit unions that pose minimal risk to the National Credit Union Share Insurance Fund (SIF). The agency should also take a look at how regional offices are staffed, using shared tools to handle local differences instead of having extra people doing the same work in different places.

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[1] NCUA Open Board Meeting (May 22, 2025), https://ncua.gov/newsroom/press-release/2025/board-briefed-ncuas-voluntary-separation-program-share-insurance-fund-performance.
[2] Executive Order 14219, Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative, 90 Fed. Reg. 10,583 (Feb. 25, 2025).
[3] NCUA Open Board Meeting (May 22, 2025), https://ncua.gov/newsroom/press-release/2025/board-briefed-ncuas-voluntary-separation-program-share-insurance-fund-performance.

Similarly, there is an opportunity to modernize the Office of Consumer Financial Protection. This could be achieved primarily by narrowing the agency's recently increased focus on consumer compliance efforts, including dedicated consumer compliance examinations, which should cease immediately if they have not already. We recognize that consumer compliance was a key priority of former leadership at the agency. However, changing established practices at large organizations often requires ongoing, focused efforts. Further, while the NCUA has statutory obligations to supervise various consumer protection related activities, shifting to fully remote examinations for such reviews would reduce in-person staff burden and achieve greater cost savings.

The reorganization also offers an opportunity to consolidate redundant functions and improve inter-office coordination, consistent with revised Objective 3.1 addressed above. This could involve identifying duplicative roles and siloed functions across the central office and the regions to enable shared services, more efficient communication, and leaner management structures. This could include consolidating duplicative support functions (such as HR, IT, and administrative support) into single teams that support the entire agency. We appreciate the Chairman's stated concerns about the number of departments within the agency, including remarks during this year's budget discussions.[4] As such, we are encouraged that appropriate organizational consolidation—consistent with the recent staff reductions and aimed at improving efficiency—may be possible.

As average asset size continues to increase, particularly among larger credit unions, we encourage the NCUA to assess the ongoing value and operational efficiency of the Office of National Examinations and Supervision (ONES). While ONES is responsible for supervising the largest and most complex credit unions, it is appropriate to periodically review whether the current supervisory model—and the resources allocated to it—remains aligned with the level of risk those credit unions actually present.

In light of the 2022 adjustment to the ONES asset threshold from $10 billion to $15 billion,[5] it may again be time for the agency to examine whether further increasing the threshold would be appropriate. Many credit unions between $10 and $20 billion are well-capitalized and well-managed, and likely have a CAMELS Code of 1 or 2.[6] As such, continued oversight by regional offices may offer a more cost-effective and flexible model. We believe this type of review would be consistent with the NCUA's broader goals of promoting efficient supervision and reducing unnecessary burdens.

In addition, the agency should enhance stakeholder engagement to improve regulation. This could involve establishing procedures (such as working groups or pilot programs) to better incorporate credit union feedback into policy development and supervisory priorities, which

[4] Kyle Hauptman Statement on 2025-2026 Budget (Dec. 17, 2024), https://ncua.gov/newsroom/speech/2024/ncua-vice-chairman-kyle-s-hauptman-statement-2025-2026-budget.
[5] 87 Fed. Reg. 45,005 (July 27, 2022).
[6] National Credit Union Share Insurance Fund Financial Overview & Performance, Board Briefing (May 22, 2025).

traditionally have been established by the agency chair without outside input. This would allow the agency to better adapt to industry innovation and member needs. As noted above, we appreciate the opportunity to weigh in on the strategic plan, reorganization, and budget ahead of official drafts. However, more formal procedures would establish more consistent opportunities for industry input.

Lastly, though the current reorganization is a great opportunity to achieve significant improvements across the agency, it is critical that the NCUA pursue continuous improvement, including performance tracking. This could involve setting clear performance standards for agency processes, such as exam turnaround time and timeliness of staff responses to credit union inquiries. These standards would increase staff accountability and improve operations across the agency. The NCUA should also consider creating a small internal "Mission Efficiency" Unit to continuously look for ways to make the agency's work more effective, efficient, and otherwise streamlined. These recommendations will help make the reorganization successful by improving how the agency operates and supports credit unions.

III. Budget Recommendations: Promoting a Leaner NCUA

The strategic plan and agency reorganization directly affect the agency's budget. Thus, we offer several general and specific recommendations to aid in developing a budget that incorporates the improvements addressed above. Since a draft budget is not yet available, these recommendations are based on concerns that we have observed over the past several years.

The consistent growth of the agency's budget outpaces the size of the industry. Despite a steady decline in the number of federally insured credit unions over the past two decades, the NCUA's budget continues to grow year after year. This trend raises significant concerns about the agency's cost discipline and long-term efficiency. As fewer institutions remain to cover the cost of supervision, the financial burden on each credit union increases, straining especially small and mid-sized institutions. A practice where the agency's budget continues to expand while the industry shrinks in terms of NCUA-supervised credit unions risks undermining the sustainability of the entire system.

The budget lacks clear benefits and accountability. We have consistently praised the NCUA for its commitment to providing comprehensive budget information as well as rationalization of the budget and agency expenditures in the strategic plan. Providing budget items in advance, holding an open briefing where stakeholders are invited to present, and soliciting written comment is good public policy and reflects the agency's commitment to government transparency.

However, while the NCUA's budget documents offer extensive detail on how funds will be spent, they offer little insight into the actual impact or outcomes of those expenditures. Stakeholders—including the credit unions that fund the agency—deserve transparency on whether budget increases are delivering measurable results. As America's Credit Unions' recommended last year,[7] requiring departments with significant year-over-year increases to report on outcomes in public board meetings would improve accountability and help stakeholders evaluate the return on investment for agency spending.

Consistent with the recommendations outlined above regarding reorganization of the Office of Examination and Insurance, the NCUA should renew its commitment to reducing travel-related expenses by expanding the use of offsite examinations, where appropriate given a credit union's risk profile and operational complexity. America's Credit Unions' and our legacy organizations have consistently urged the agency to modernize its approach to examinations by greater use of offsite and hybrid examinations.[8] Moving to this approach by default would not only conserve agency resources but also minimize disruptions to credit union operations.

While we recognize the value of in-person interaction, a hybrid model that relies more heavily on remote processes—without eliminating on-site visits entirely—would help the agency strike an appropriate balance between oversight, efficiency, and cost savings. A hybrid approach that maintains some in-person meetings is likely in the best interest of credit unions, the agency, and the agency's budget. In-person meetings between examiners and credit union management and quick opportunities to ask staff responsible for coordinating the examination questions about additional documents or information are important. Such interactions are key to ensuring that examiners have a clear understanding of the credit union's processes, particularly in instances where exceptions may have been identified. Although email is an effective method of communication, it is not a substitute for live conversations with credit union staff and management. It is important that examiners put in the time necessary to develop a good working relationship with credit unions to understand their unique needs and circumstances, as well as to keep management informed throughout the examination.

Beyond travel for examinations and training, America's Credit Unions encourages the agency to evaluate other categories of travel—such as conference attendance, staff retreats, and inter-office meetings—to ensure they are both mission-critical and cost-effective. The agency should apply the same scrutiny to internal travel that it does to external operations. For example, staff from the regions and the central office likely travel often for meetings that could be conducted virtually without sacrificing productivity or collaboration. Additionally, to ensure accountability and transparency, the agency should implement a regular internal review of its travel management practices and policies to ensure they remain cost-effective. Proactive efforts to restrain unnecessary travel are especially important during a time of industry consolidation and

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[7] America's Credit Unions letter on NCUA Proposed 2025-2026 Budget (Nov. 27, 2024), https://americascus.widen.net/view/pdf/b4d20a65-2343-4f4d-ac0d-73cec8a11644/ACU%20Letter%20on%202025-2026%20budget_final.pdf.
[8] National Association of Federally-Insured Credit Unions Comments on Proposed 2022-2023 Budget (Dec. 8, 2021), https://www.nafcu.org/system/files/files/12.8.2021%20Letter%20to%20NCUA%20re%202022-2023%20NCUA%20Proposed%20Budget.pdf; Credit Union National Association Prepared Remarks for NCUA Budget Briefing (Nov. 16, 2023), https://ncua.gov/files/publications/budget/statements/cuna-budget-statement-20231116.pdf.

declining numbers of federally insured credit unions, where fewer institutions are covering the cost of agency operations.

We continue to see growing administrative and overhead costs in the budget. A substantial portion of recent budget growth has come not from direct supervisory functions, but from administrative offices with limited involvement or impact on safety and soundness. Offices such as Human Resources and External Affairs and Communications have seen substantial increases with limited justification. These overhead costs contribute to a growing gap between the agency's spending and its core mission, raising concerns about internal cost controls and priorities. Consistent with our comments above regarding agency reorganization, we urge the NCUA to exercise restraint with departmental budgets—particularly where consolidation, rather than expansion, is more appropriate in light of industry consolidation.

The budget has consistently included technology spending without clear return on investment. While credit unions strongly support investments in cybersecurity and IT modernization, NCUA's technology spending lacks the transparency and performance measures necessary to evaluate its effectiveness. For example, MERIT was expected to streamline supervision and reduce costs, yet supervision-related spending has continued to climb. Further, during the July 2025 open Board meeting, agency staff noted—while discussing feedback from the post-examination survey—that documents requested during examinations were often not uploaded into the examination tool or were otherwise unavailable to examiners; calling into question the value of the significant costs associated with MERIT. Similarly, expensive IT projects—like the $5 million enterprise laptop refresh included in this year's budget—raise concerns about managing costs and ensuring responsible purchasing. Technology investments must be paired with clear, measurable goals and cost-saving expectations.

The NCUA budget is financed by the annual operating fee, which is paid by federal charters, and the overhead transfer from the SIF, which is effectively paid by federal and state charters in amounts proportional to their insured shares. The operating fee is intended to pay for non-insurance related agency activities, while the overhead transfer pays for activities related to the agency's insurance function. Allocating activities between insurance and non-insurance categories is complex and must balance the need for accuracy with that of simplicity and transparency.

The NCUA will generally end the year with either a budgetary surplus or deficit as financing does not perfectly align with spending. This misalignment may result from a variety of reasons, the most straightforward being the timing difference related to non-insurance activities. Federal credit unions pay operating fees early in the calendar year, based on the agency's budget for that year, but actual agency spending on non-insurance items occurs throughout the year and may deviate from budget.

In the event that the agency ends the year with a surplus, the NCUA Board can passively allow the surplus to build the cash balance in the Operating Fund, or it could issue a refund. In the event that the Board issues a refund, it has two options: (1) return the surplus to federal credit unions via a reduction in the following year's operating fee, or (2) credit the amount against the following year's budget. Option (2) spreads the refund to both federal and state-chartered credit unions, proportional to each charter type's funding of the operating budget.[9]

In choosing between the two refund alternatives, the agency should aspire to the fairest outcome possible between federal and state charters. This would require an assessment of whether the surplus was mainly due to insurance- or non-insurance activities, and which type of refund comes closest to a proportional return by charter type. The agency should show its analysis underlying whichever refund mechanism is selected.

Another wrinkle related to the NCUA budget is the cash balance held in the Operating Fund. This balance is necessary to account for timing differences between budget financing, while also providing a buffer in the event of a financing shortfall. The cash balance grew significantly after 2017, which materially reduced refunds to credit unions. In 2024, the NCUA Board determined that a surplus of $70.5 million had accrued in the Operating Fund, which will be returned to credit unions in 2025 and 2026. America's Credit Unions compliments the NCUA Board on this sensible restoration of funds to credit union members.

While the NCUA has made laudable progress in providing budget transparency to stakeholders, one area of future focus should be to make explicit the calculation of cash needs in the Operating Budget. During the period following 2017 when the cash balance was growing rapidly, America's Credit Unions' legacy organizations called on the agency to explain such increases in the budget process with little success.[10] We laud the NCUA Board for recognizing the historical precedent for a lower cash balance, which provided the justification for a return of funds to credit union members. However, without an annual explanation for the cash requirements in the Operating Fund, future NCUA Boards could allow another unwarranted cash accrual to the detriment of credit unions.

In the event that the NCUA Board issues a refund due to a prior-year budget surplus or returns surplus cash held in the Operating Fund, it should be clearly identified as the result of prior financing and spending activities and kept separate from discussions of future-year budgets. While the issuance of a refund could impact financing of future budgets depending on how the refund is issued, it does not relate to actual spending plans, which is what the budget should communicate. By establishing this principle, the NCUA Board would improve consistency and comparability with prior year budgets and enhance overall transparency.

Taken together, these recommendations aim to ensure that the NCUA's budget remains closely aligned with its core mission, especially as the industry continues to consolidate. Controlling

[9] In 2025, federal charters financed 69.5 percent of the overall operating budget for the NCUA. *See* Board Action Memorandum for 2025-2026 Budget (Dec. 16, 2024), page 22, https://ncua.gov/files/agenda-items/bam-2025-2026-budget-20241217.pdf.
[10] CUtoday, NCUA Budget Briefing: What 4 People Told Agency About Spending (Oct. 19, 2022), https://www.cutoday.info/Fresh-Today/NCUA-Budget-Briefing-What-4-People-Told-Agency-About-Spending.

administrative and IT spending, enhancing accountability, and increasing transparency are essential to preserving stakeholder trust and protecting credit unions from unnecessary financial burdens. We urge the agency to incorporate these recommendations into the draft 2026 budget, which we look forward to reviewing and commenting on.

Conclusion

America's Credit Unions appreciates the opportunity to comment on the RFC regarding the 2026-2030 Strategic Plan, agency reorganization, and 2026 budget. Should you have any questions or require any additional information, please contact me, Regulatory Advocacy Senior Counsel at LMartone@americascreditunions.org or (202) 508-6743.

Sincerely,

Luke Martone
Regulatory Advocacy Senior Counsel

