



Good afternoon. I am John Trull, Vice President of Regulatory Advocacy for GoWest Credit Union Association, which represents not-for-profit, cooperative credit unions in six states Arizona, Colorado, Idaho, Oregon, Washington and Wyoming. I appreciate the opportunity to testify today.

While we acknowledge the NCUA's history of prudent fiscal management, notably demonstrated by the reduction of the initially approved 2024 budget from last October's figures, the proposed 9.5% increase in the overall budget and 11% increase in the operating budget between 2023 and 2024 is concerning. Such a significant increase in spending does not seem to recognize current sensitivities, especially considering the economic pressures facing both the credit union industry and the people it serves. The agency's track record of revising the overall budget downward during the annual mid-year review is commendable, and it is our expectation that this tradition of financial stewardship will be upheld. In these times of fiscal uncertainty, it is crucial that every increase is carefully analyzed to ensure that the NCUA's actions continue to reflect a balance between strategic development and cost-effective operation.

GoWest and our 280 financially strong member credit unions, with over 12 million members, and \$200 B in assets stand behind the diligent efforts of the NCUA staff in its primary mission of providing safety and soundness, especially the commitment of the high-quality front-line examiners and regional specialists. Their dedication, often involving challenging travel to serve credit unions, is one of the key factors in the agency's success. We are concerned, then, that the proposed mission support budget, for the first time, would constitute more than 50% of spending – yet mission support represents just 35% of the agency's overall staffing. This shift raises concerns about resource allocation and the potential impact on the agency's operational efficiency. It is essential that we address these financial dynamics to ensure the NCUA's sustainability and the continued support of all of its invaluable personnel.

The request for a modest increase of nine authorized positions over the next biennium by the Regional Offices and the Office of National Examination and Supervision (ONES) is a testament to their commitment to fiscal management and restraint. In contrast, the Administrative Mission Support proposal to authorize an additional 20 positions within the same period presents a significantly higher financial burden. Concerns from credit unions have been raised, particularly regarding the establishment of the new Office of the Executive Secretary, which was not included in the October 2022 budget justification for FY 2024.



Additionally, the proposed 66% increase in staffing for the Ombudsman's Office and the authorization of three new positions for the Office of Business Innovation warrant scrutiny. While we recognize the importance of these offices and the strong performance of the current team, we also advocate for a balanced approach.

It is essential to align these expansions with the organization's broader financial strategy.

Finally, credit unions express concern regarding the NCUA's expanding focus on consumer compliance, for both federal and state-chartered institutions. We believe that the primary role of the NCUA in relation to state-chartered institutions is that of an insurer, with consumer compliance oversight more appropriately falling under the jurisdiction of state regulators. Consequently, from a budgetary standpoint, it is our view that the costs associated with these additional compliance resources should not be financed by the Share Insurance Fund through the Overhead Transfer Rate. As we all know, the OTR comes directly from the bottom line of paid-in capital from credit unions within the SIF, and the current economic times should be taken into strong consideration when attempting to boost overlapping missions between the state and NCUA regulatory directives. We appreciate the NCUA's efforts in maintaining a robust state system and their collaborative approach to dual examinations, which exemplify their commitment to a strong, cooperative regulatory environment.

In closing, I extend my sincere thanks to the NCUA Board and staff for granting me this opportunity to testify. I would be pleased to answer any questions that the staff or the Board might have.