

## BOARD ACTION MEMORANDUM

**TO:** NCUA Board

**DATE:** April 3, 2009

**FROM:** Director J. Owen Cole, Jr.  
Office of Capital Markets  
and Planning

**SUBJ:** OCMP and CLF Budget -  
Staff Increases

**ACTION ITEM:** Board approval of proposed increases to Office of Capital Markets and Planning and Central Liquidity Facility staff.

**ACTION DATE:** April 21, 2009.

**OTHER OFFICES CONSULTED:** Office of the Executive Director.

**VIEWS OF OTHER OFFICES CONSULTED:** Concur.

**SUBMITTED TO THE INSPECTOR GENERAL FOR REVIEW:** Yes.

**BUDGET IMPACT, IF ANY:** See analysis in the Budget Analysis section below.

**RESPONSIBLE STAFF MEMBERS:** Director J. Owen Cole, Jr., Office of Capital Markets and Planning.

**SUMMARY:** The Division of Capital Markets (DCM) within the Office of Capital Markets and Planning (OCMP) advises the NCUA Board on capital markets policy issues and provides guidance to examiners in investments, interest rate risk and liquidity risk. DCM develops, maintains and presents capital markets training programs for general examiners, capital markets subject matter examiners and capital markets specialists. In addition, division staff provides examination assistance at a number of corporate and natural person credit unions.

The Central Liquidity Facility (CLF) is a mixed-ownership government corporation created to improve the financial stability of credit unions by serving as a liquidity lender to credit unions experiencing unusual or unexpected liquidity shortfalls.

OCMP is requesting authority to make the following staff changes in DCM and CLF:

1. Upgrade Division Director to SS-01 from CU-16.
2. Upgrade one current National Capital Markets Specialist CU-13/14 position to a National/Senior Capital Markets Specialist CU-14/15 with a duty station of Alexandria.
3. Add a CU-15 position with a special focus on Central Liquidity Facility lending. This position would be recruited with a duty station of Alexandria.
4. Add a CU-7/8/9 Technician position with a duty station of Alexandria.

**Additional Information:** As NCUA faces the ensuing challenges posed by events in the financial markets, we need a strong cadre of seasoned capital market professionals to help in the field, the classroom and behind the scenes drafting guidance. Adequate support staff to assist when needed is also necessary.

Staff proposes the capital market division head be upgraded from a CU-16 to an SS-01 to reflect the national level policy responsibilities incumbent in the position as well as the responsibility for management of the daily operations of the Central Liquidity Facility. This position is critical to the capital market policy, education and supervision efforts relating to both natural person and corporate credit union programs. The prevailing economic and financial market challenges make the criticality of staffing this position, which is presently vacant, especially important. The desired candidate is someone with extensive and contemporary financial market experience.

The capital markets specialist positions are highly specialized and difficult to fill. The authority to recruit at a higher grade will better enable OCMP to attract and retain qualified professionals and does not sacrifice the effectiveness or the efficiency of the services OCMP provides. Hiring staff with recent market experience significantly enhances our ability to provide current market perspectives and analysis to our constituencies. OCMP recommends that the current vacant National Capital Markets Specialist (NCMS) position (CU-13/14) be upgraded to a National/Senior Capital Markets Specialist (N/SCMS) (CU-14/15). The key priority for this action is to recruit a highly experienced market professional with current exposure to investment credit markets.

Currently, CLF is allocated 25 percent of one SCMS for loan officer duties. CLF has recently experienced a significant increase in lending as it has taken a prominent role in many aspects of the corporate stabilization program. CLF has had to tap regional resources extensively to assist with the increased lending activities. CLF expects the lending volume to remain high for the foreseeable future as it has proven itself as a critical source of funds for credit unions. OCMP recommends the Board approve a SCMS position (CU-15) that would be allocated 75 percent to the CLF as Head Loan Officer and 25 percent to OCMP. CLF will be allocated 25 percent of all other SCMS and NCMS (4 positions) in OCMP to assist with increased loan volume as necessary. The result is that CLF will have 1.75 full-time employees (FTEs) allocated specifically to lending functions instead of 0.25 FTE.

As noted above, the volume of activity in the CLF has increased significantly and requires additional staff resources immediately. To provide additional support and back up for the CLF Financial Analyst beyond the secretarial skill-set level, OCMP recommends the Board approve a technician position (CU 7/8/9) level. This individual can augment the accounting staff to handle the heavy volume of transactions and financial preparations we currently face.

**Budget Analysis:** The table below reflects the budget impact of the requested staffing changes. The cost is allocated on a pro rata basis between NCUA capital markets work and CLF work. These budgets are separate.

<b>Current</b>	<b>Proposed</b>	<b>Change</b>	<b>Budget Impact</b>
Division Director CU-16	Division Director SS-01	Upgrade current position	\$ 23,500 – DCM \$ 6,000 - CLF
National CMS CU-13/14	National/Senior CMS CU-14/15	Upgrade current position	\$ 16,500 – DCM \$ 5,500 – CLF
None	CLF Head Loan Officer CU-15	Add new position	\$ 44,000 – DCM \$131,000 – CLF
None	Technician CU-7/8/9	Add new position	\$ 35,000 – DCM \$ 35,000 – CLF
		Budget Impact	NCUA \$119,000
			CLF \$177,500
		<b>TOTAL BUDGET IMPACT</b>	Total \$296,500

The CLF recently obtained Congressional approval to increase its budget to \$1,250,000. The budget request was based on CLF’s projections of a need for increased staff resources.

Attached are current and proposed organizational charts.

**Recommended Actions:** OCMP recommends the NCUA Board approve the following:

1. Upgrade Division Director to SS-01 from CU-16.
2. Upgrade one current National Capital Markets Specialist CU-13/14 position to a National/Senior Capital Markets Specialist CU-14/15 with a duty station of Alexandria.
3. Add a CU-15 position with a special focus on Central Liquidity Facility lending with a duty station of Alexandria.
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