



NCUA
National Credit Union Administration

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2020 Mid-Session Budget Review

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Overview

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Mid-Session Review Process

- Based on year-to-date spending trends, NCUA Offices provide OCFO updated annual spending estimates as compared to the Board-approved budget for 2020. The 2020 Board-approved budget included:
 - Operating Budget: \$315.9 million* and 1,185 positions*;
 - Capital Budget: \$25.1 million; and,
 - Share Insurance Fund Administrative Budget: \$6.5 million and 5 positions.

* 2020 Operating Budget does not include \$2 million in funding from prior-year collections; 2020 position count does not include 1 new position approved in March 2020 for the Office of Ethics Council.

Operating Budget

2020 MID-SESSION BUDGET SUMMARY

(dollars in thousands)

	2019 Jan-May Results			2020 Jan-May Results			OCFO Projection - 2020 EOY		
	2019 Budget	Spent	% Budget Spent	2020 Budget*	Spent	% Budget Spent	Projected Spending	\$ Change vs. Budget	% Change vs. Budget
Operating Budget									
Employee Pay	159,686	63,226	39.6%	162,513	64,811	39.9%	166,910	4,397	2.7%
Employee Benefits	63,141	25,869	41.0%	68,798	28,093	40.8%	68,927	129	0.2%
Employee Pay & Benefits.....	222,827	89,095	40.0%	231,311	92,904	40.2%	235,837	4,526	2.0%
Travel	26,774	10,474	39.1%	27,379	6,425	23.5%	14,379	-13,000	-47.5%
Rent/Communications/Utilities	8,044	6,785	84.3%	8,232	7,101	86.3%	8,356	124	1.5%
Administrative	8,672	5,475	63.1%	5,630	3,885	69.0%	6,050	420	7.5%
Contracted Services	38,081	31,341	82.3%	43,331	31,853	73.5%	44,078	747	1.7%
Non-Pay & Benefits.....	81,571	54,075	66.3%	84,572	49,263	58.3%	72,863	-11,709	-13.8%
Total, Operating Budget.....	304,398	143,170	47.0%	315,883	142,168	45.0%	308,700	-7,183	-2.3%
Capital Budget.....	22,005	13,503	61.4%	25,076	15,696	62.6%	25,076	---	0.0%
Authorized Positions** vs. On-Board Headcour	1,182	1,129	95.5%	1,185	1,141	96.3%	1,185	---	0.0%
* 2020 Budget excludes \$2 million in Board-approved spending from carry-forward balances: \$1,000,000 for employee relocations, \$600,000 for rental payments, \$400,000 for contracted services.									
** Authorized Positions includes 5 positions funded by the Share Insurance Fund and Corporate Liquidity Facility.									

Operating Budget: Pay & Benefits

- Projected 2020 Employee Pay and Benefits expenses are projected to be approximately 2% higher than in published budget approved by the Board in December 2019.
 - Overall staffing trends show a modest decline in the vacancy rate during through May 2020, as compared to the same period of the prior year.
 - Projected benefits costs are on target to December 2019 published budget.
 - The midsession compensation projections reflect the liquidation of a portion of NCUA's liabilities associated with disbursements to employee for leave earned in 2020, reducing the anticipated end of year balance.

Operating Budget: Other Expenses

- Other non-personnel expenses are trending lower in total, due to a sharp reduction in employee travel. Overall, non-personnel spending is projected to be 14% lower than the published budget.
 - Due to the restrictions placed on employee travel due to COVID-19 precautions and the shift to remote examinations, travel is forecast to be about 48% lower than in the 2020 budget. This is a conservative estimate assumes that some level of examinations-related travel resumes later in this calendar year, but a resumption depends on NCUA's on-site plans later in 2020.
 - The remaining other expense categories are projected to be slightly higher than originally budgeted, also as a result of the shift to off-site work resulting from COVID-19. This is anticipated to include increased expenses for items such as remote communications and supply reimbursements due to required off-site, licensing and supporting technology equipment, cleaning supplies, and facility cleaning and maintenance.

Capital Budget

- No budgetary changes are required for the NCUA's 2020 capital projects, for which the Board approved \$25.1 million in 2020.
- Project spending estimates and project timelines generally remain consistent with the project details and descriptions NCUA published as part of the 2020 budget.
- Amounts provided by the NCUA Board through the budget process for a capital project are generally available for that project for multiple years.
- We will publish to the NCUA website a mid-session update on the capital projects.

Share Insurance Fund Admin. Budget

- No changes are required to the SIF Administrative budget.
- State examiner travel for 2020 is lower than budgeted because of COVID-related travel restrictions.

2020 SHARE INSURANCE FUND ADMINISTRATIVE BUDGET									
(dollars in thousands)									
	2019 Jan-May Results			2020 Jan-May Results			OCFO Projection - 2020 EOY		
	2019 Budget	Spent	% Budget Spent	2020 Budget	Spent	% Budget Spent	Projected Spending	\$ Change vs. Budget	% Change vs. Budget
SIF Admin.									
Employee Pay and Benefits	1,238	557	45%	1,470	574	39%	1,470	---	0%
Travel	52	8	15%	52	11	22%	52	---	0%
Administrative (NGN Staff Training)	27	---	0%	27	---	0%	27	---	0%
Support for NCUA Guaranteed Note Program:									
Consulting	1,015	979	96%	1,015	746	73%	1,090	75	7%
Valuation Services	1,100	875	80%	875	875	100%	875	---	0%
Software/Data Subscriptions	792	725	92%	799	507	63%	534	-265	-50%
Total, Support for NGN program.....	2,907	2,579	89%	2,689	2,128	79%	2,499	-190	-8%
Share Insurance Fund Direct Expenses:									
State Examination computer leases	175	---	0%	62	---	0%	62	---	0%
State Examiner Training	992	367	37%	1,670	876	52%	1,042	-628	-60%
Stress testing for large credit unions	2,500	2,495	100%	---	---	n/a	---	---	n/a
Financial Audit Support	450	420	93%	450	443	98%	468	18	4%
Bank Charges	30	---	n/a	30	30	100%	30	---	0%
Total, Direct Expenses.....	4,147	3,282	79%	2,212	1,349	61%	1,602	-610	-38%
Total, Share Insurance Fund Budget.....	8,371	6,426	76.8%	6,450	4,062	63.0%	5,650	-800	-14.2%
<i>FTE planned vs. on-board.....</i>	5	5	100.0%	5	5	100.0%	5	---	0.0%

Conclusions

- For the Operating Budget, we anticipate to have a small year-end surplus compared to the budget the Board approved.
 - A minor increase on compensation-related expenses will be more than offset by a reduction in travel expenses.
 - Projected travel expenses are forecasted to be almost 50% lower than the approved budget. This assumes some resumption of on-site examinations later in the year, although that determination has not yet been made.
 - We continue to refine estimates for other non-compensation cost categories in conjunction with the continued development of our return to on-site operations, which could offset some projected travel savings.
- No change is proposed for the Capital Budget.
- For the SIF administrative budget, modest travel savings are projected.


Budget Resources

Key NCUA Budget and Supplementary Materials:

<https://www.ncua.gov/about-ncua/budget-strategic-planning/budget-supplementary-materials>

- Board Action Memoranda
- Budget Justifications
- Budget Proposals and Presentations
- Line Item Budget Detail
- Operating Fee Calculations
- Overhead Transfer Rate Calculations

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NCUA Budget and Supplementary Materials

The NCUA regulates, charters and supervises all federal credit unions and insures members' deposits in all federally insured credit unions to the limits of federal law. Each year, the NCUA Board considers and approves a budget to support these activities.

The NCUA is committed to providing transparency about the agency's budget. The agency uses zero-based budgeting where every projected expense is justified. Below you will find materials related to previous budgets, including budget summaries, fact sheets, and information on the overhead transfer rate and operating fee. You will also find information describing historical trends related to the agency's budget.

Year(s)	Budget Documents	Proposed Budget Documents
2020 - 2021	<ul style="list-style-type: none"> • 2020/2021 Budget Board Action Memorandum • 2020/2021 Budget Justification • 2020/2021 Line Item Budget • 2020 Overhead Transfer Rate Summary 	<ul style="list-style-type: none"> • 2020/2021 Budget Presentation • 2020/2021 Budget Justification • 2020/2021 Budget Comments
2019 - 2020	<ul style="list-style-type: none"> • Mid-Session Budget Briefing <ul style="list-style-type: none"> ◦ Board Action Memorandum ◦ 2019 Capital Projects Update ◦ 2019 Budget Summary Estimates • 2019/2020 Budget Board Action Memorandum • 2019/2020 Budget Justification • 2019/2020 Line Item Budget • 2019 Overhead Transfer Rate Summary 	<ul style="list-style-type: none"> • 2019/2020 Budget Hearing Video • NCUA Board Chairman J. Mark McWatters Statement on the NCUA Budget Hearing for the Public and Stakeholders • 2019/2020 Budget Presentation • 2019/2020 Budget in Brief • 2019/2020 Budget Justification • 2019/2020 Budget Justification Federal Register Posting

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