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Office of the Chief Financial Officer



2017 Mid-Session Budget Review

July 20, 2017

Overview

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- ❖ **Summary of Revised Estimates**
- ❖ **NCUA Contracted Services**
- ❖ **Mid-session Projected Estimates**
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NCUA Mid-Session Review Process

- ❖ OCFO disseminates budget guidance to NCUA offices to support development and project updated estimates of the annual requirements for the following budgets:
 - the 2017 Operating Budget of \$298.2 million and 1,230 FTEs;
 - the 2017 Capital Acquisition budget of \$15.8 million; and
 - the 2017 Temporary Corporate Credit Union Stabilization Fund budget of \$4.0 million.

Summary of Revised Estimates

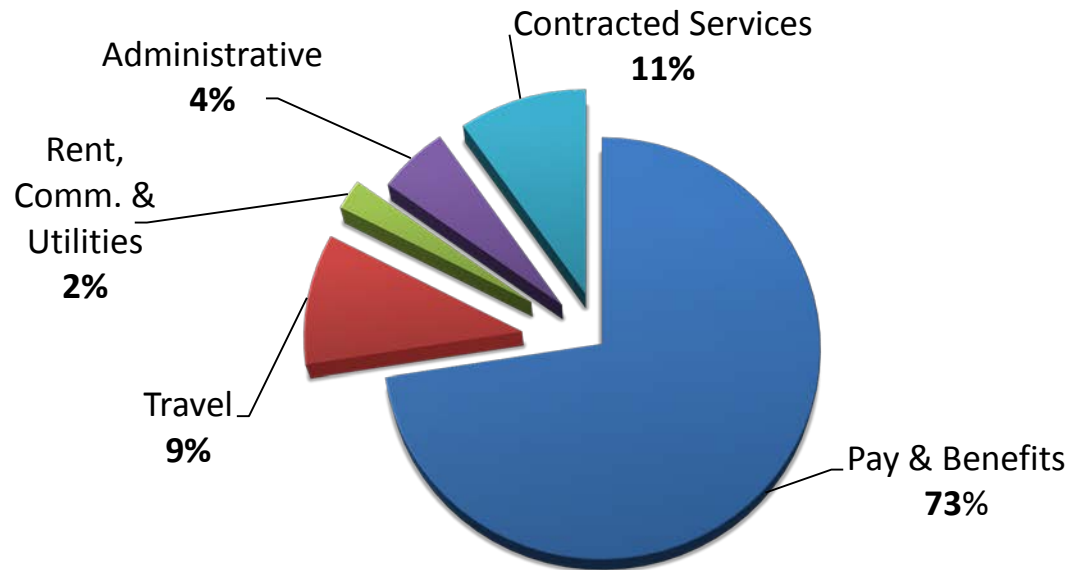
- ❖ **\$2.5 million reduction: Pay and benefits** re-estimated to project *1,180 FTE* or *50 unused FTE*. Revisions based on year-to-date actuals impacted by hiring freeze, employee turnover and projections of hiring and attrition rates.
- ❖ **\$1.4 million reduction: Travel** costs adjusted for current and re-projected examiner workload based on implementation of Examination Flexibility Initiative. Additional savings associated with cancelled meetings and limitations for other travel.
- ❖ **\$516,000 reduction: Administrative** costs for printing, supplies, shipping, and various subscription services.
- ❖ **\$122,000 reduction: Rental** costs lower with fewer offsite training and meetings; reductions to **postage** and **telecommunication** costs.

Summary of Revised Estimates

- ❖ **\$1.2 million reduction: Contracted Services** based on revised material estimates for administrative contracts:
 - ❖ **\$400,000 - Office of Human Resources** reduced requirements associated with contract support for human resource initiatives, cancellation of leadership programs and leadership conference, and less examiner development training.
 - ❖ **\$300,000 - Office of Public and Congressional Affairs** reduced training and education video production.
 - ❖ **\$290,000 - Office of Minority Women Inclusion** reduced participants in NCUA's student intern program.
 - ❖ **\$230,000 – Office of Chief Financial Officer;** reduced infrastructure and administrative support contracts.

2017 Operating Budget Overview

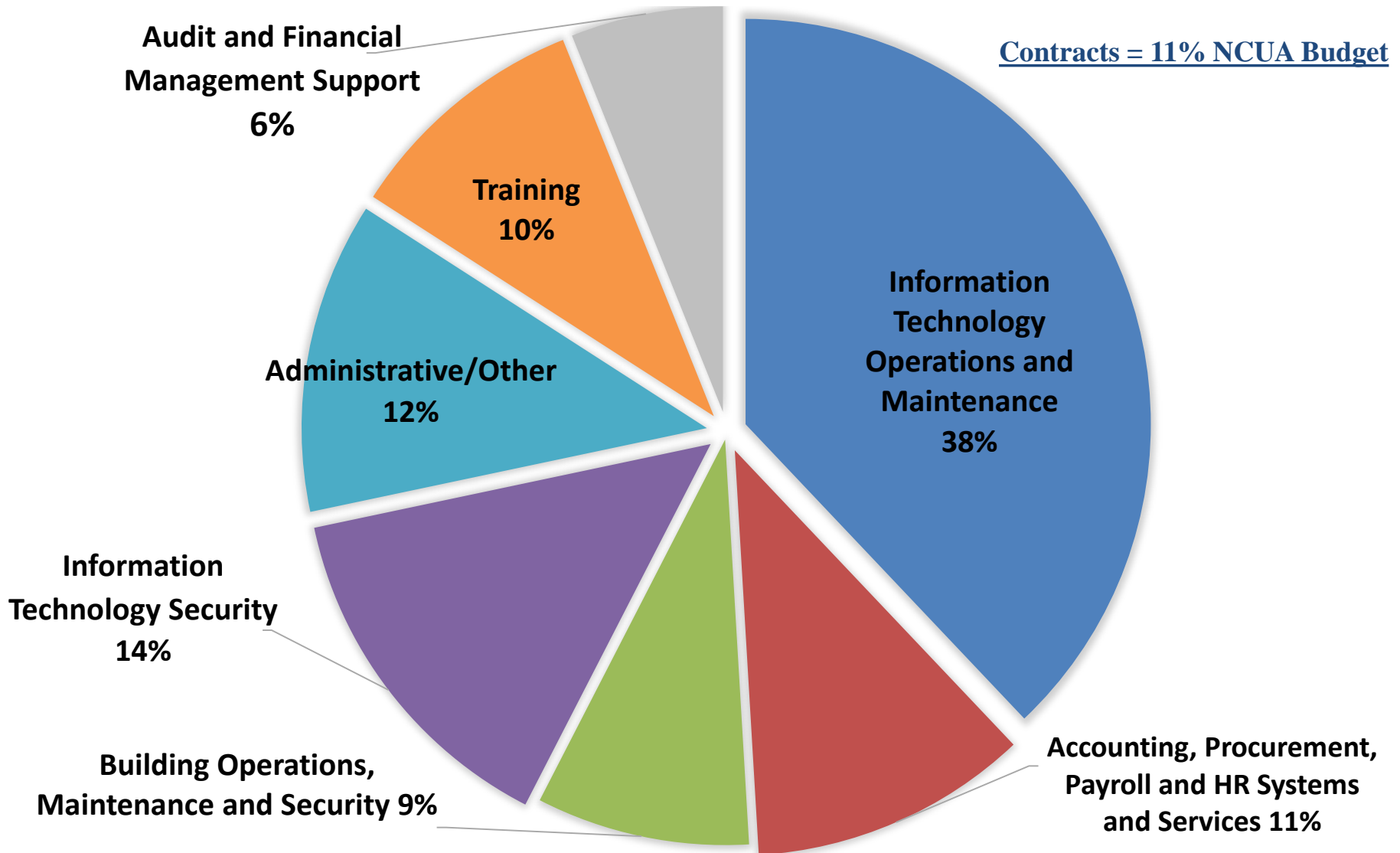
	2016 (\$000 thousands)	2017 (\$000 thousands)	2017 Mid-Session Projected Estimate (\$000 thousands)	Change	Percent Change
BUDGET	\$ 290,916	\$ 298,164	\$292,164	-\$5,824	-2.0%
FTE	1,247.0	1,230.0	1,180.0	-50.0	-4.0%



2017 Operating Budget by Cost Category

Cost Category				2017		
			Projected			
<u>(\$000s thousands)</u>	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Estimate</u>	<u>\$ Change</u>	<u>% Change</u>	
Employee Pay & Benefits	\$ 210,928	\$ 216,253	\$ 213,753	\$ (2,500)	-1.2%	
Employee Pay	151,054	153,948	152,168	(1,780)	-1.2%	
Employee Benefits	59,874	62,305	61,585	(720)	-1.2%	
Travel	29,293	28,465	27,014	(1,451)	-5.1%	
Rent, Communications & Utilities	6,766	6,724	6,602	(122)	-1.8%	
Administrative	15,702	13,414	12,898	(516)	-3.8%	
Contracted Services	28,227	33,308	32,073	(1,235)	-3.7%	
Total	\$ 290,916	\$ 298,164	\$ 292,340	\$ (5,824)	-2.0%	
Capital Budget	\$ 10,069	\$ 15,791	\$ 16,041	\$ 250		

Contracted Services

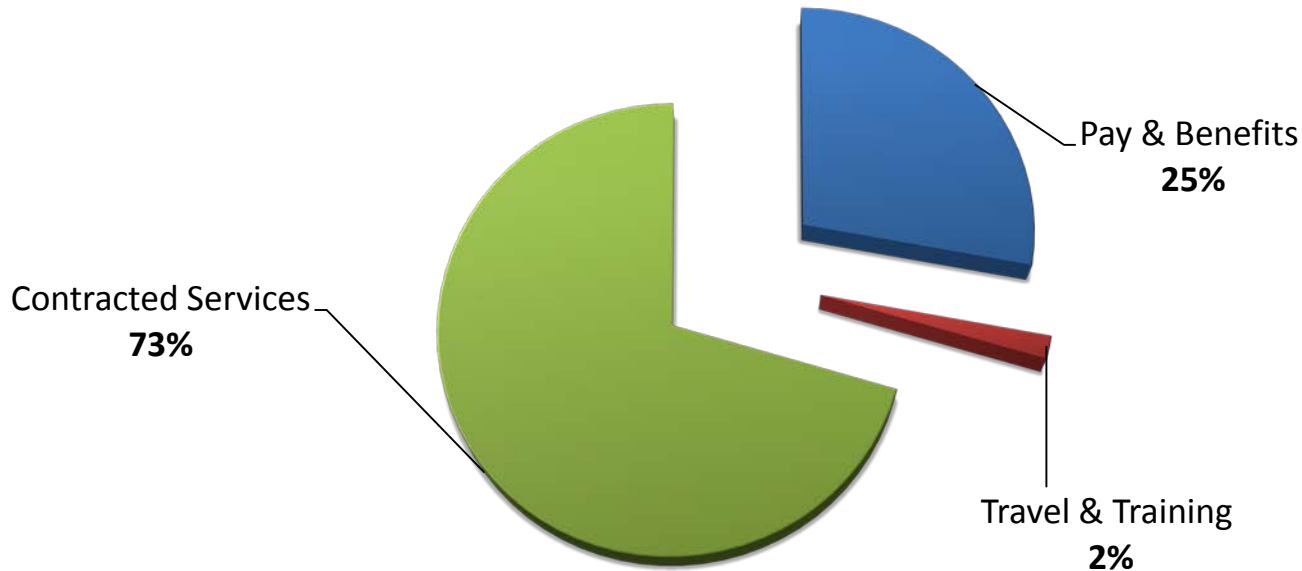


Capital Budget

Description	2017 Budget (\$ millions)
Information technology systems upgrades and new system implementation (includes Enterprise Solution Modernization)	\$ 11.746
Information technology hardware and software	\$ 2.225
Capital Building improvements and renovation projects	\$ 1.820
<p>Total</p> <ul style="list-style-type: none"> • Reprogramming of \$250k for AMAC approved by Board. • Project Detail Sheets updated to reflect current investment information. 	\$ 15.791

2016 Corporate Stabilization Fund Budget Overview

	2016 (\$000 thousands)	2017 (\$000 thousands)	2017 Mid-Session Projected Estimate (\$000 thousands)	Change	Percent Change
BUDGET	\$4,121	\$ 4,022	\$4,722	\$700	17%
FTE	5	5	5	0	0%



2017 Corporate Stabilization Fund Budget

Cost Category			2017		
<u>(\$000 thousands)</u>	<u>2016 Budget</u>	<u>2017 Budget</u>	<u>Projected</u>	<u>Estimate</u>	<u>\$ Change</u>
Employee Pay and Benefits	\$ 1,134	\$ 1,134	\$	1,134	\$0
Travel	66	66		66	0
Administrative (Training)	14	14		14	0
Contracted Services					0
Consulting*	795	795		1,495	700
Valuation Services	1,250	1,250		1,250	0
Software/Data Subscriptions	763	763		763	0
TOTAL	\$ 4,022	\$ 4,022	\$	4,722	\$700

*Additional funds required for 2017 audit support planned closure into the Share Insurance Fund.

Mid-session Projected Estimates

- ❖ 2017 Operating Budget of \$298.2 million and 1,230 FTEs is estimated to be **\$5.8 million** less than originally planned based on one-time savings; these funds are a contingency for anticipated costs to implement agency restructuring initiatives.
- ❖ The 2017 capital acquisitions requirements still valid for \$15.8 million with many projects expected to execute into 2018.
 - ❖ *One reprogramming adjustment for \$250,000 for AMAC building renovations to accommodate office space consolidations.*
- ❖ The 2017 budget of \$4.0 million for oversight of the Temporary Corporate Credit Union Stabilization Fund on track to fully execute with additional \$700,000 for contract support to close the fund into the Share Insurance Fund.

Budget Resources

Key NCUA Budget and Supplementary Materials:

<https://www.ncua.gov/About/Pages/budget-strategic-planning/supplementary-materials.aspx>

- Operating Fund Board Action Memorandum
- Budget Justification
- Budget Proposals and Presentations
- Budget Detail
- Budget FAQs
- Operating Fees
- Overhead Transfer Rates

NCUA Budget and Supplementary Materials

NCUA regulates, charters and supervises all federal credit unions, and insures the deposits in all federally insured budget to support these activities. For 2017, the Board approved a \$298.2 million budget and \$312.1 million budg

To develop the budget, NCUA uses zero-based budgeting where every projected expense is justified.

NCUA is committed to providing transparency to the public about the agency's budget. The materials below include the Nov. 17, 2016, Board meeting as well as summary information and other historical trends related to the agency

2017/2018 Budget Documents

- [2017 Mapping of NCUA Regulations](#)
- [NCUA Budget Briefing Video](#)
- [NCUA Board Chairman Rick Metsger Statement on the 2017/2018 NCUA Budget](#)
- [NCUA's 2017/2018 Budget Board Action Memorandum](#)
- [NCUA's 2017/2018 Line Item Budget](#)
- [NCUA's 2017/2018 Budget Justification](#)
- [NCUA's 2017 Operating Fee Schedule, Rates and Methodology](#)
- [NCUA's 2017 Overhead Transfer Rate](#)
- [NCUA's 2017 Overhead Transfer Rate Summary](#)
- [NCUA's 2017 Overhead Transfer Rate Board Briefing](#)
- [NCUA's Share Insurance Fund Equity Ratio and Premium Projections](#)

2017/2018 Proposed Budget Documents

- [NCUA Board Chairman Rick Metsger Opening Statement for the 2017/2018 Budget Briefing](#)
- [NCUA's 2017/2018 Budget Comments](#)
- [NCUA's 2017/2018 Budget Presentation](#)
- [NCUA's 2017/2018 Budget Justification](#)
- [NCUA's 2017/2018 Line Item Budget](#)

Office Contact Page

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<https://www.ncua.gov/About/Pages/budget-strategic-planning/supplementary-materials.aspx>

APPENDIX

- **Additional Reference Slides**

NCUA Mid-Session Review Process

- ❖ OCFO staff review each office budget and any summary adjustments recommended, comparing with prior and current year actuals.
- ❖ If changes are requested, non-pay budget requirements or new initiatives are evaluated for prioritized funding within existing Operating Fund budgetary resources.
- ❖ Recurring non-pay expense increases/decreases such as travel, supplies, training are reviewed to determine impact on budget.

NCUA Mid-Session Review Process

Budget Categories:

- ❖ **Pay and Benefits**: managed centrally and re-estimated based on most recent year-to-date spending, utilization of workload hours, and projected hiring to meet requirements for all examination program and mission support staff.
- ❖ **Travel**: requirements for all examination program staff reassessed and supported with workload analysis, group meetings, and revised training plans. Office staff travel also reevaluated.
- ❖ **Rent, Communications and Utilities**: review actual expenses to validate operational requirements and projected spending to update forecasts.

NCUA Mid-Session Review Process

- ❖ **Administrative**: recurring requirements evaluated and compared to historical spending and year-to-date actuals.
- ❖ **Contracted Services**: assess priority items based on statutory requirements and the agency's Strategic Plan. Revised estimates may include adjusted project expectations with lower cost estimates or deferred spending into 2018.
- ❖ **Capital Budget**: assess each project to ensure sufficient resources are available. Any new critical requirements may also be identified. Projects tend to execute over two or three years; spending may be less than Operating Fund budgeted amount in the first year.