



NCUA
National Credit Union Administration

Eugene Schied

Office of the Chief Financial Officer

Overview of the National Credit Union Administration's Staff Draft Budget 2024–2025

Public Briefing
November 16, 2023

This presentation contains estimates that are pre-decisional and subject to change.

Overview: 2024–2025 NCUA Resources

2024–2025 PROPOSED NCUA BUDGET RESOURCES

Budget	2023 Board Approved Budget	2024 Proposed Budget	Change (2023-2024)	Change Percent (2023- 2024)	2025 Proposed Budget	Change (2024-2025)	Change Percent (2024- 2025)	2023 Pos*	2024 Pos*	2025 Pos*	Position Change (23– (24– 24) 25)	
Operating Budget	\$ 344,158,000	\$ 382,115,000	\$ 37,957,000	11.0%	\$ 418,870,000	\$ 36,755,000	9.6%	1,220	1,248	1,251	28	3
Capital Budget	\$ 11,276,000	\$ 7,257,000	\$ (4,019,000)	-35.6%	\$ 10,000,000	\$ 2,743,000	37.8%	-	-	-	-	-
Share Insurance Fund Admin. Budget	\$ 4,956,000	\$ 5,136,000	\$ 180,000	3.6%	\$ 4,725,000	\$ (411,000)	-8.0%	-	-	-	-	-
Total	\$360,390,000	\$394,508,000	\$34,118,000	9.5%	\$ 433,595,000	\$ 39,087,000	9.9%	1,220	1,248	1,251	28	3

* All position levels exclude positions funded by the Central Liquidity Facility.

- The 2024 proposed budget carries over \$18.0 million in unspent funds from prior years, while the 2023 budget carried over \$23.2 million of unspent funds.
- After adjusting both years for the respective carry-over amounts, the 2024 proposed budget grows by 7.3% compared to the 2023 approved level, which is lower than the 9.5% nominal growth shown on the table above.

Comparison to Approved Budget

Comparison of Approved and Proposed 2024 NCUA Budgets						
(\$ in thousands)						
	2023 – 2024 Board-Approved Budget			2024 Proposed Budget		
	2023 Approved	2024 Approved	% Change vs. 2023 Approved	2024 Staff Draft Proposal	% Change vs. 2023 Approved	% Change vs. 2024 Approved
Operating Budget	344,158	387,588	12.6%	382,115	11.0%	-1.4%
Capital Budget	11,276	11,234	-0.4%	7,257	-35.6%	-35.4%
Share Insurance Fund Budget	4,956	4,354	-12.1%	5,136	3.6%	18.0%
Total NCUA Budgets	\$ 360,390	\$ 403,176	11.9%	\$ 394,508	9.5%	-2.1%

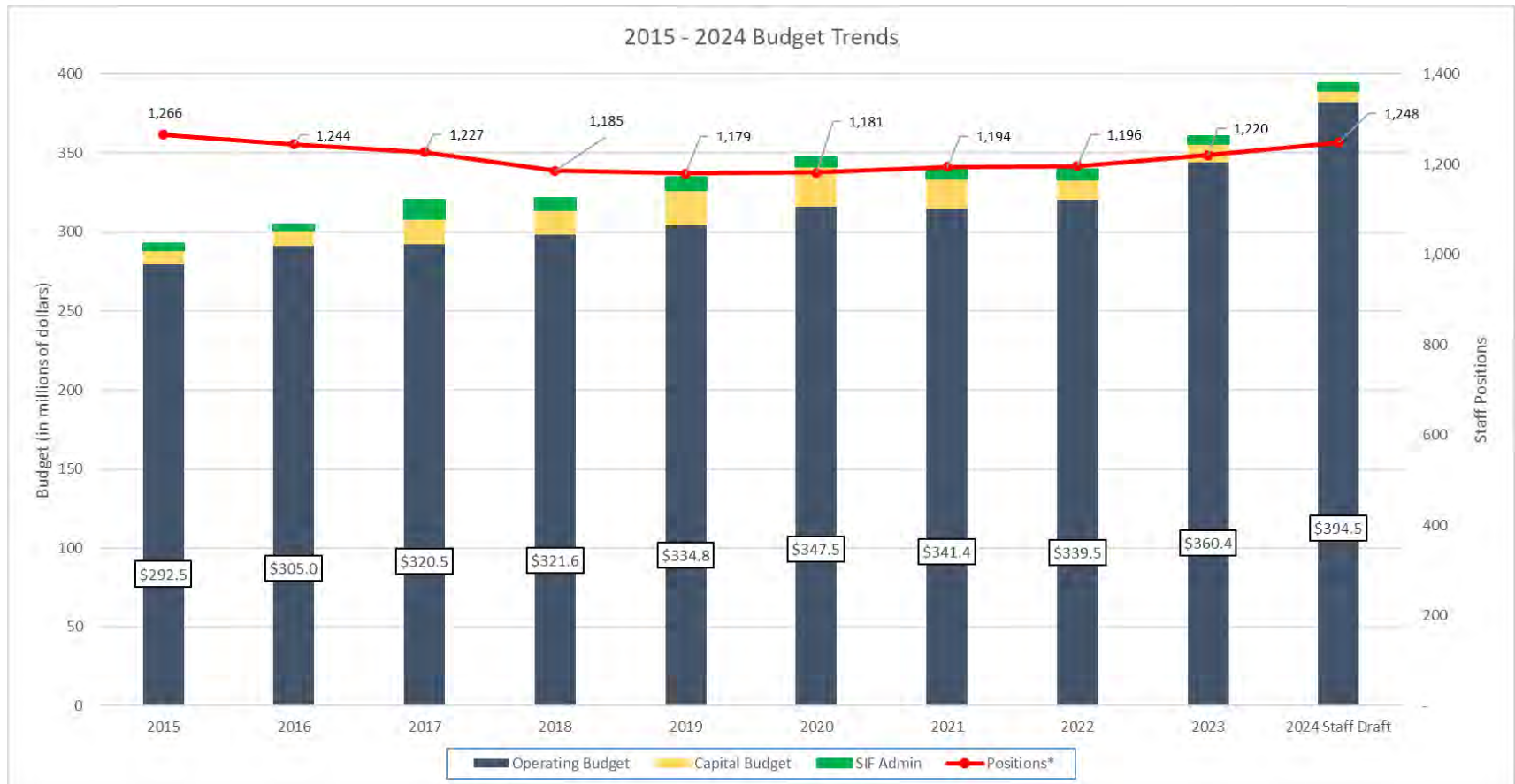
- Last year, the Board approved a 2024 funding level of \$403.2 million.
- The proposed 2024 staff draft budget is \$394.5 million, which is \$8.7 million, or 2.1%, lower than the amount approved by the Board in 2022.

Key Themes of the 2024–2025 Budget

- Ensuring robust cybersecurity in the credit union system and at the NCUA.
- Enhancing the NCUA's examination and supervision program by continuing the effort started in the 2023 budget to develop regional specialist examiners in areas of emerging complexity.
- Supporting small and minority depository credit unions to build more financial inclusion.
- Right-sizing NCUA programs that ensure compliance with consumer financial protection laws and regulations.

Budget Trends: 10 years

- Total 2024 proposed budget and staffing as compared to Board approved levels since 2015.

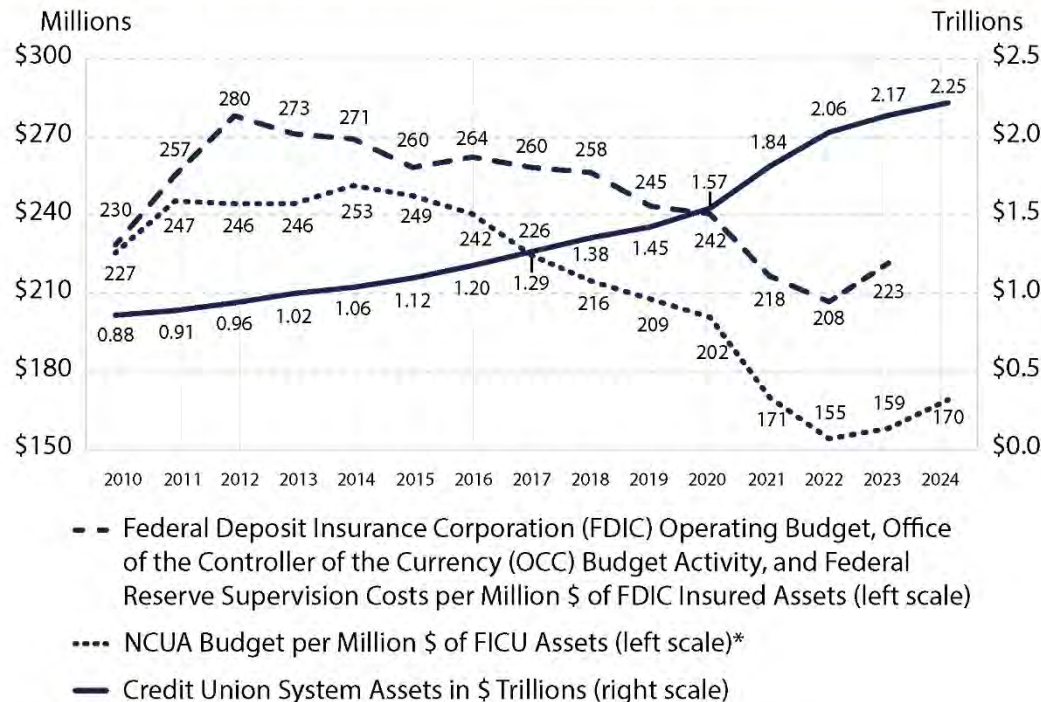


* Excludes positions funded by the Central Liquidity Facility.

Comparative Budget Trends

- Compared to credit union system assets, the relative size of the NCUA's Operating Budget has trended downward.

NCUA Operating Budget per Million Dollars of FICU Assets



Source: NCUA Annual Budgets, Call Reports, FDIC, OCC, and Federal Reserve financial reports

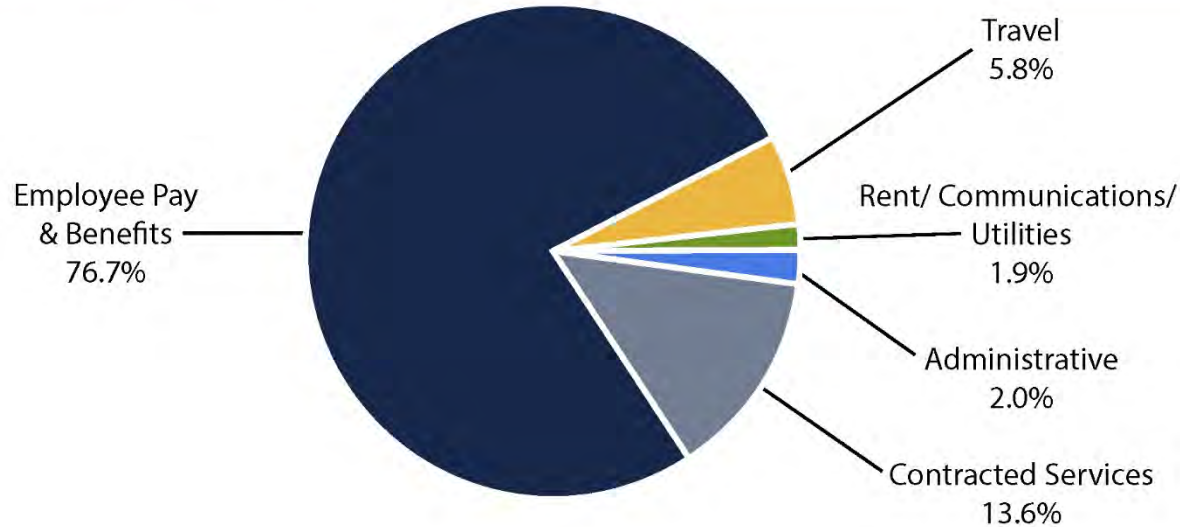
*Budget per million \$ of FICU assets is calculated as the fiscal year's budget divided by the previous year's end-of-year assets (e.g., 2024 proposed budget (\$382.1M) / projected FICU assets as of 2023Q4 (\$2.3T) = \$170 of NCUA budget per \$1M in FICU assets).

2024 Operating Budget

(\$ millions)	2023 Board Approved Budget	2024 Proposed Budget	\$ Change	% Change
Budget	\$344.2	\$382.1	\$38.0	11.0%
Positions*	1,220	1,248	28	2.3%

* The Operating Budget for 2023 includes 6 positions approved by the NCUA Board in July 2023. The Operating Budgets for both years do not include five positions funded by the Central Liquidity Fund.

2024 Proposed Operating Budget



Key Operating Budget Changes

- **The Operating Budget is proposed to increase \$38.0 million. This change is due to:**
 - \$5.2 million that results from a lower projected budget surplus to carry over into 2024;
 - \$26.2 million for pay and benefits increases, including the proposed additional staff;
 - \$5.5 million for additional contracted services; and,
 - \$1.1 million for increased rent, communications, utilities, and other administrative costs.

Key Operating Budget Changes

- **The proposed budget for employee compensation increases by \$26.2 million (9.8%). Employee compensation makes up 77% of the 2024 NCUA operating budget.**
 - Merit and locality pay for the current workforce is paid in accordance with the Collective Bargaining Agreement. Employee salaries are estimated to increase by 5.2%.
 - Benefits costs are projected to increase overall by 7.5%. This increase is driven largely by the mandatory retirement contribution paid by NCUA as the employer and contributions for employee health insurance. Both are set by OPM.
 - The 2024 cost impact of proposed additional staff in the budget accounts for \$5.7 million of the compensation increase.

Proposed Staffing Changes

The 28 additional staff would be allocated to the following functions:

- A net of five new positions in the NCUA's regional offices.
- Two positions for a new Office of the Executive Secretary.
- One position for the Office of the Ombudsman.
- Three total new positions: one each in the Offices of Business Innovation, Chief Ethics Counsel, and External Affairs and Communications.
- 17 positions previously unfunded but authorized within the total NCUA staffing plan.

Key Operating Budget Changes

Non-Personnel Budget Categories

- Contracted Services: Increases by a net of \$10.7 million. Of this amount, approximately \$5.5 million is for inflationary and programmatic cost increases, primarily for cybersecurity mandates and requirements, operations and maintenance of recent capital investments, and additional costs associated with reasonable accommodations for NCUA employees. The remaining \$5.2 million of the increase results from a lower surplus projection than the amount realized in 2023.
- Travel: Maintained at approximately the same level as the 2023 budget.
- Administration, Rent, Communications & Utilities: Increases \$1.1 million, primarily due to leases for a new disaster recovery site and the NCUA office in Austin, Texas, and increased fees charged by the Federal Financial Institutions Examination Council.

2024 Capital Budget

- The capital budget includes \$7.3 million for nine discrete projects. The largest share supports the Executive Order on Cybersecurity

	2024 Requested Budget
Information Technology Investments	
Executive Order on Cybersecurity	2,408,000
Information Technology Infrastructure, Platform and Security Refresh	1,294,000
CURE Process Automation	1,100,000
Personnel Security Case Management System	630,000
MERIT Enhancements	540,000
Microsoft Power Platform	500,000
Data Collection and Sharing Solution	208,000
NCUA Website Development	100,000
Capital Building Improvements and Repairs	
Central Office maintenance and repair	477,000
Grand Total, Capital Projects	\$7,257,000

- More detailed descriptions are available in the 2024–2025 Staff Draft Budget document on the NCUA website.

2024 SIF Administrative Expenses Budget

Budget Category (\$ thousands)	2023 Board Approved Budget	2024 Proposed Budget	\$ Change	% Change
SIF Direct Expenses				
Travel	\$1,009	\$1,030	\$21	2.1%
Administrative	\$78	\$170	\$92	117.9%
Contracted Services	\$3,267	\$3,525	\$258	7.9%
Subtotal, SIF Direct Expenses	\$4,354	\$4,725	\$371	8.5%
Corporate Resolution Program	\$602	\$411	-\$191	-31.7%
Total, Share Insurance Fund Administrative Expenses	\$4,956	\$5,136	\$180	3.6%

Financing the NCUA Programs

2024 Distribution of Operating Budget Costs



**Note: FISCUs typically pay supervisory fees to their respective State Supervisory Authority.

Est. Share of the Operating Budget covered by:	FCUs	FISCUs
FCU Operating Fee	38.2%	0.0%
OTR x Percent of Insured Shares	31.0% (61.8% x 50.2%)	30.8% (61.8% x 49.8%)
TOTAL	69.2%	30.8%

2025 Operating Budget Estimate

Budget Category (\$ thousands)	2024 Requested Budget	2025 Estimate	\$ Change	% Change
Employee Pay	\$203,196	\$214,484	\$11,288	5.6%
Employee Benefits	90,064	93,686	3,622	4.0%
Total Compensation	293,260	308,170	14,910	5.1%
Travel	22,022	23,922	1,900	8.6%
Rent/Comm./Utilities	7,111	7,511	400	5.6%
Administrative	7,585	7,710	125	1.6%
Contracted Services ¹	52,137	71,557	19,420	37.2%
Total, Operating Budget	\$382,115	\$418,870	\$36,755	9.6%

¹ The \$18.0 million surplus applied to 2024 would pay for contracted services. Of the \$19.4 million increase for the 2025 budget, \$18.0 million reflects the one-time use of the surplus in 2024.

Budget Background

Funds presented in the FY 2024 President's Budget Appendix:

- Operating Fund
- National Credit Union Share Insurance Fund
- Central Liquidity Facility
- Community Development Revolving Loan Program

Document location:

https://www.whitehouse.gov/wp-content/uploads/2023/03/oia_fy2024.pdf

National Credit Union Administration Federal Funds		1249		
NATIONAL CREDIT UNION ADMINISTRATION				
Federal Funds				
OPERATING FUND				
Program and Financing (in millions of dollars)				
Identification code 025-4056-0-3-373		2022 actual	2023 est.	2024 est.
Obligations by program activity:				
0801	Safety, Soundness, and Consumer Protection	212	239	269
0803	Improve Access to Equitable Financial Services	16	15	16
0804	Mission Support	101	102	110
0805	Office of Inspector General	5	4	4
0900	Total new obligations, unexpired accounts	334	360	399
Budgetary resources:				
Unobligated balance:				
1000	Unobligated balance brought forward, Oct 1	176	169	174
Budget authority:				
Spending authority from offsetting collections, mandatory:				
1800	Collected	323	365	372
1801	Change in uncollected payments, Federal sources	4		
1850	Spending auth from offsetting collections, mand (total)	327	365	372
1930	Total budgetary resources available	503	534	546
Memorandum (non-add) entries:				
1941	Unexpired unobligated balance, end of year	169	174	147