
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD MEETING RESULTS FOR NOVEMBER 16, 2006

Revised share insurance sign issued

The NCUA Board, complying with statutory requirements, revised the share insurance sign to reflect recent insurance increases and to include a statement that NCUA insured share accounts are backed by the full faith and credit of the U.S. Government.

Your savings federally insured to at least \$100,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

Federally insured credit unions are required to post the new sign within six months at each location where it normally receives funds or opens accounts -- teller windows and on the Internet -- and within one year credit unions must use the new sign on all materials using the NCUA insurance sign.

Today, NCUA is posting a downloadable graphic on the website www.ncua.gov, and NCUA is immediately mailing an initial supply of new signs to each federally insured credit union. NCUA's revised "Your Insured Funds" brochure will be issued via Express today, and printed copies will be available within 6 to 8 weeks.

2007/2008 NCUA operating budget approved

The NCUA Board approved a 2007 agency operating budget of \$152,016,840, which represents a modest 0.81 percent increase over the 2006 budget. The NCUA budget is based on actual historical spending and is aligned with the agency's strategic goals.

NCUA staffing remains unchanged at the 2006 level of 958 full-time equivalent (FTE) positions. NCUA has reduced FTE positions by 91 or 8.7 percent since 2000. While the

number of credit unions is declining, expanded regulatory and supervision requirements impacts staffing requirements.

The most significant budget increase in 2007 is attributed to an average 3.1 percent pay adjustment for staff costing \$2,649,000. Much of this expense will be offset by a \$1,957,000 decrease in salaries as higher grade employees retire and are replaced by new, lower grade employees. Another significant expenditure, 2007 capital acquisitions and leases total \$1,712,600 and primarily relate to information system voice, data and hardware upgrades and central office and regional office infrastructure upgrades.

In fiscal year 2008, the projected budget is \$157,678,517, which represents a 3.72 percent budget increase.

2007 NCUSIF overhead transfer rate reduced

The NCUA Board reduced the National Credit Union Share Insurance Fund (NCUSIF) overhead transfer rate to 53.3 in 2007 from 57 percent in 2006. The transfer covers agency expenses associated with insurance-related functions performed.

The *Federal Credit Union Act* authorizes NCUA to use funds from the NCUSIF for expenses related to federal share insurance. An overhead transfer from the NCUSIF is applied to actual expenses incurred each month.

A significant factor in the overhead transfer rate is NCUA's 12-month examination time survey. For the survey ending June 2006, examiners reported spending 61.7 percent of combined examination and supervision time on insurance-related procedures. The June 2006 results break down to 61.3 percent and 63.4 percent for examination and supervision time respectively. As the survey reflects, examiners are spending a greater percentage of examination and supervision time on non-insurance related issues such as compliance, regulatory, and legal issues than the previous survey cycle.

While the overhead transfer rate is one funding sources for the budget, it does not affect the amount of the budget. The NCUA Board approves the budget separately without regard to the overhead transfer rate. The calculation for the 2007 overhead transfer rate is available online at www.ncua.gov.

2007 operating fee scale reduced 1.54 percent

The NCUA Board approved a 1.54 percent decrease in federal credit union operating fees for 2007 based on the agency's operating fee budget requirement of \$63.59 million.

While the operating fee scale was reduced, the dividing points for the operating fee scale increased by 3.25 percent reflecting estimated 2006 federal credit union asset growth. Asset dividing points fluctuate yearly in relation to the average annual asset growth rate.

In 2007, 85 federal credit unions remain eligible for an operating fee reduction based on assets related to property or losses associated with Hurricanes Rita and Katrina. Operating fees will be due in April 2007.

2007 Annual Performance Budget approved

The NCUA Board approved the agency's 2007 Annual Performance Budget, which directly supports NCUA Strategic Plan 2006-2011. It states the overall conceptual guidance and objectives necessary to achieve the agency mission of oversight of the credit union system as the system provides financial services to all eligible members, especially those of modest means, in a safe and sound manner.

After considering internal and external factors likely to impact NCUA and credit unions, the following four objectives were identified as focus areas for 2007:

- Manage risks to control losses to NCUSIF
- Encourage credit union partnerships to improve access to services
- Enhance the view of NCUA and the credit union system held by external stakeholders
- Enhance NCUA's succession plan

NCUA Annual Performance Budget 2007, available online at www.ncua.gov, highlights these objectives and includes strategies designed to help accomplish each objective.

Board votes are unanimous unless indicated