



NCUA
National Credit Union Administration

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2018 Mid-Session Budget Review

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Overview

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Mid-Session Review Process

- **OCFO disseminates budget guidance to NCUA offices requesting updated estimates of the annual requirements for the following Board-approved budgets:**
 - 2018 Operating Budget of \$298.1 million and 1,183 FTEs;
 - 2018 Capital Acquisition Budget of \$15.4 million; and
 - 2018 Share Insurance Fund Administrative Budget of \$8.1 million and 5 FTEs.

Mid-Session Revised Estimates

- For 2018, the Board approved an **Operating Fund Budget** of \$298.1 million and 1,183 FTE (staff).
- Working with offices across NCUA, staff now estimates that obligations in 2018 will be about **\$8.5 million** below the Board-approved 2018 budget. The primary reason for the lower estimated spending is because current staffing levels are lower than projected.
- The spending projection for the 2018 **Capital Projects Budget** is unchanged from the Board approved \$15.4 million, with many projects expected to execute over multiple years.
- Obligations against the 2018 Board approved budget **Share Insurance Fund Administrative Budget** of \$8.1 million are projected to be \$325,000 under budget, with lower cost associated with state examiner laptops and training-related travel.

Pay and Benefits

- Anticipated pay and benefits (FICA taxes, health insurance, etc.) costs are estimated to be *\$8.4 million lower* than budgeted for 2018.
 - Accelerated employee departures associated with the reorganization have contributed to the lower on-board count;
 - Estimated FTE used are expected to be about 70 less than budget of 1,183
 - Revised pay and benefit cost estimates based on year-to-date actuals impacted by employee turnover and projections of hiring and attrition rates for remainder of year.

Non-Pay Budget Decreases

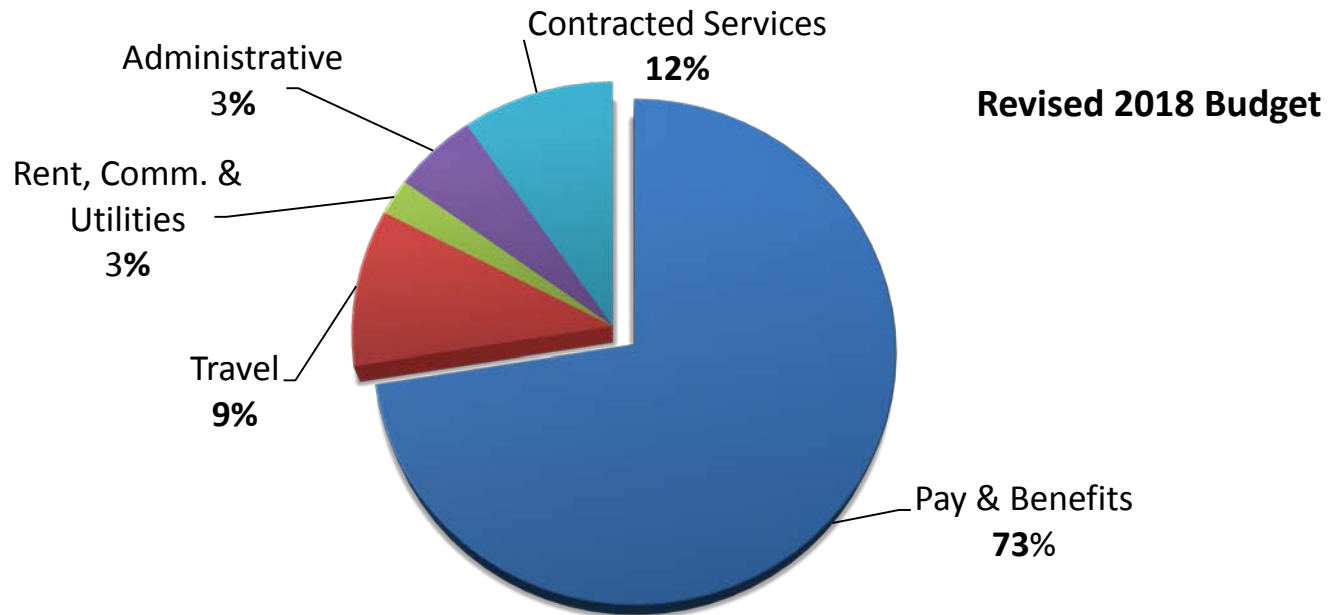
- Anticipated Operating Fund Budget non-pay obligations are estimated to be *lower* than budgeted for 2018. This consists of \$980,000 in lower cost estimates, offset by two proposed cost increases that total \$675,000
- Projected lower-than-budgeted categories include:
 - **Travel expenses** are projected to be about \$632,000 below budget, with fewer offsite training and group meetings
 - **Rent, communications and utilities** costs are estimated to be \$91,000 lower than budget, also due to fewer offsite meetings;
 - **Administrative costs** for supplies, materials and subscriptions are projected to be about \$155,000 lower than the budget; and
 - **Contract costs** that are estimated to be \$102,000 lower than budget.

Non-Pay Budget Item Increases

- **Two areas proposed for increases are:**
 - **Cybersecurity Evaluation Tools** - \$425,000 new initiative to support cybersecurity integration in supervisory process.
 - **Relocations** - \$250,000 for expected staff relocations to new duty stations in NCUA, to realign staff to areas of need.

2018 Operating Fund Budget Overview

	2018 Board Approved Budget (\$ thousands)	Revised 2018 Budget Estimate (\$ thousands)	\$ Change	% Change
BUDGET	\$ 298,097	\$289,620	-\$8,477	-2.8%
FTE	1,183	1,115	-68	-5.7%



2018 Operating Fund Budget Cost Categories

Budget Category	2018 Board Approved Budget (\$ thousands)	Revised 2018 Budget Estimate (\$ thousands)	\$ Change	% Change
Employee Pay	158,826	152,816	-6,010	-3.8%
Employee Benefits	61,874	59,532	-2,342	-3.8%
Total Pay & Benefits	220,700	212,348	-8,352	-3.8%
Travel	26,448	25,735	-713	-2.7%
Rent/Comm./Utilities	7,477	7,406	-71	-0.9%
Administrative	8,489	8,556	67	0.8%
Contracted Services	34,983	35,575	592	1.7%
Total Operating Fund Budget	\$298,097	\$289,620	- \$8,477	-2.8%

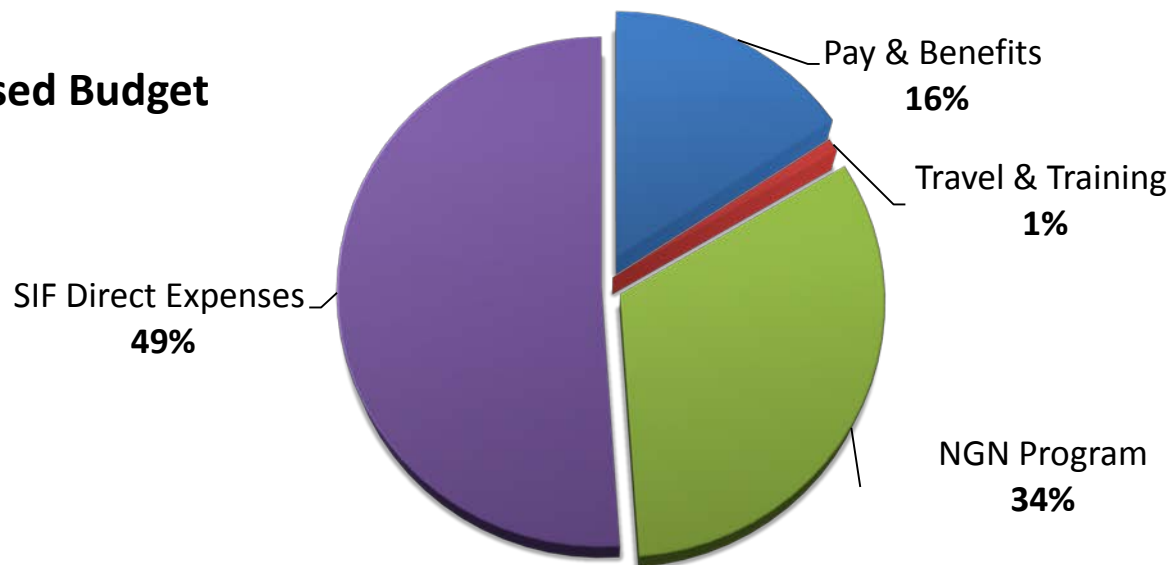
Share Insurance Fund Admin Budget

- Obligations against the 2018 Board approved budget **Share Insurance Fund Administrative Budget** of \$8.1 million are projected to be \$325,000 under the revised budget.
- At the April 2018 Board meeting, the Board approved a revised rule on Capital Planning and Supervisory Stress Testing (Part 702). As part of the Board's action, it approved an increase to this budget of \$715,000 for additional contract costs, increasing the budget to \$8.1 million.
- Based on spending to date, and actions planned for the remainder of 2018, the projections for this budget are:
 - NGN program support contracts will be \$50,000 higher than budgeted; and
 - State examiner costs for laptops and training-related travel will be \$375,000 lower than budgeted.

2018 Share Insurance Fund Administrative Budget

	2017 Restated (\$ thousands)	2018 (\$ thousands)	2018 Mid-Session Projected Estimate (\$ thousands)	\$Change	% Change
BUDGET	\$10,055	\$ 8,091	\$7,766	- \$325	-4.0%
FTE	5	5	5	0	0.0%

2018 Revised Budget



2018 Share Insurance Fund Administrative Budget (cont.)

Budget Category	2018 Board Approved Budget (\$ thousands)*	Revised 2018 Budget Estimate (\$ thousands)	\$ Change	% Change
Employee Pay and Benefits	1,260	1,260	0	0.0%
Travel & Training	105	105	0	0.0%
NGN program support	2,586	2,636	50	1.9%
Share Insurance Fund Direct Expenses	4,140	3,765	-375	-9.1%
TOTAL	\$ 8,091	\$7,766	-\$325	-4.0%

FTE

5

5

* Board approved additional \$715,000 in April 2018 to support stress testing to increase the 2018 Board approved Budget from \$7.4M to \$8.1M.

Capital Budget

Capital Project Description	2018 Board Approved Budget (\$ millions)
Information technology systems upgrades and new system implementation (includes Enterprise Solution Modernization)	\$ 5.653
Information technology hardware and software	\$ 9.000
Capital Building improvements and renovation projects	\$.750
Total	\$ 15.403
* Project Detail Sheets updated to reflect current investment information and outyear estimates.	

Recommended Action:

It is recommended that the NCUA Board approve a reprogramming of \$675,000, funds which are already in the Operating Fund budget for 2018, for the cybersecurity evaluation tool and employee relocations.

Budget Resources

Key NCUA Budget and Supplementary Materials:

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

- **Board Budget Action Memorandum**
- **Budget Justification**
- **Budget Proposals and Presentations**
- **Line Item Budget Detail**
- **Budget FAQs**
- **Operating Fees**
- **Overhead Transfer Rates**
- **Board Travel**



The screenshot shows the NCUA website's budget resources page. At the top, there is a dark blue header with the NCUA logo on the left and the text "National Credit Union Administration" in white. Below the header is a navigation bar with links for "Services", "Consumers", "Credit Union Analysis", "Regulation & Supervision", "About NCUA", and "Find M". The main content area has a light blue background and features the title "NCUA Budget and Supplementary Materials" in a large, bold, dark blue font. Below the title, there are two paragraphs of text. The first paragraph states that the NCUA regulates, charters and supervises all federal credit unions and insures members' deposits in all federally insured credit unions. The second paragraph states that the NCUA is committed to providing transparency about the agency's budget and uses zero-based budgeting. Below the text, there is a section titled "2018/2019 Budget Documents" with a list of six links: "NCUA 2018/2019 Budget Board Action Memorandum", "NCUA 2018/2019 Budget Justification", "NCUA 2018/2019 Line Item Budget", "NCUA 2018/2019 Projected Operating Fee Requirements", and "NCUA Overhead Transfer Rate Board Action Memorandum".

National Credit Union Administration

Services Consumers Credit Union Analysis Regulation & Supervision About NCUA Find M

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. The Board considers and approves a budget to support these activities. The current proposed 2018 operating budget is \$298.2 million in equivalents.

The NCUA is committed to providing transparency about the agency's budget. The agency uses zero-based budgeting where every dollar is accounted for. The 2018-2019 proposed budget document as well as materials related to previous budgets, including budget summaries, fact sheets, and operating fee. You will also find information describing historical trends related to the agency's budget.

2018/2019 Budget Documents

- [NCUA 2018/2019 Budget Board Action Memorandum](#)
- [NCUA 2018/2019 Budget Justification](#)
- [NCUA 2018/2019 Line Item Budget](#)
- [NCUA 2018/2019 Projected Operating Fee Requirements](#)
- [NCUA Overhead Transfer Rate Board Action Memorandum](#)

Office Contact Page

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