



NCUA
National Credit Union Administration

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2020 Budget Update

Updated 2020 Travel and Spending Projection

- The Board-approved 2020 budget included \$27.4 million for Travel.
- OCFO's midsession briefing projected approximately \$13 million of unspent Travel budget in 2020 due to the COVID-19 pandemic.
- OCFO updated its projection and estimates at least \$18 million of unspent Travel budget for 2020.
- Additionally, \$0.3 million budgeted for facilities-related expenses such as employee parking and building operations will not be spent in 2020.

2020 Budget Reallocation

- Board approval is required to reallocate \$4.32 million for COVID-related costs and opportunities. These actions would:
 - Cover certain increased expenses in 2020, such as information technology costs that support offsite examinations and remote work posture;
 - Pull forward from the 2021 budget previously planned Central Office renovations while much of the workforce is offsite.

<u>2020 NCUA Budget Update: Recommended Reallocations</u>	
Projected unspent Travel budget (Nov 1, 2020).....	18,000
Other unspent budget (parking, building operations).....	255
Less previously approved reallocations.....	-3,549
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Remaining estimated surplus.....	14,706
2020 COVID-19 pandemic expenses.....	-1,721
2020 Central Office renovations.....	-2,600
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Residual projected unspent budget.....	10,385

Pandemic-Related Expense Detail

2020 COVID-19 Pandemic Response	
(amounts in thousands of dollars)	
	2020
	<u>Estimate</u>
<u>Information Technology expenses</u>	
Virtual meeting software licenses.....	177
Conference calling services.....	121
Network capacity and connectivity.....	113
Business application development and support.....	353
<u>Operational Planning expenses</u>	
Virtual examination design and implementation.....	700
<u>Facilities and Supplies expenses</u>	
Central Office HVAC enhanced cleaning.....	137
Personal protective equipment and cleaning supplies.....	120
Total, COVID-19 pandemic response.....	1,721

Central Office Improvements

- The final phase of the multi-year Central Office renovation project includes reconfiguration of the building entrances and lobby to meet security and accessibility requirements, and reconfiguration of office space to meet NCUA needs.
- \$3 million was programmed in the 2021 Capital Budget that the Board approved last year as part of the 2020/2021 budget.
- The request is to provide \$2.6 million from unspent 2020 Travel budget in lieu of the \$3 million request for 2021. In so doing:
 - The project timeline can be accelerated to take advantage of most staff working offsite during COVID.
 - By accelerating this project, we can forego a year of lease costs in Alexandria, VA in 2021, reducing the 2021 rental budget by \$600,000.
 - The \$3 million planned for the 2021 Capital budget can be eliminated.

Recommended Action

It is recommended that the NCUA Board approve reprogramming a total of \$4,321,000 from unspent 2020 travel budgets for agency coronavirus response activities and Central Office renovations, which shall remain available for obligation through 2021.