



BOARD ACTION MEMORANDUM

TO: NCUA Board

DATE: November 27, 2012

FROM: Chief Financial Officer

SUBJ: FY 2013 Budget

ACTION REQUESTED: Board approval of the 2013 Temporary Corporate Credit Union Stabilization Fund Oversight Budget

DATE ACTION REQUESTED: December 6, 2012

OTHER OFFICES CONSULTED: Office of Examination and Insurance, Asset Management and Assistance Center, and the Office of General Counsel

VIEWS OF OTHER OFFICES CONSULTED: Concur

BUDGET IMPACT: Presented below

This action requests funding of \$6,145,000 as presented in attachment 1, for the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) 2013 budget. The 2013 budget represents a decrease of 20%, or \$1,565,000, from the 2012 budget of \$7,710,000.

The budget will be funded from the TCCUSF and will have no impact on the 2013 NCUA operating budget that was approved at the open Board meeting on November 15, 2012. Like the operating budget, the TCCUSF budget includes no net change in staffing.

The TCCUSF budget includes the costs of the NCUA Guaranteed Notes (NGN) Securities Management and Oversight Committee as well as costs incurred by other NCUA offices in support of the Corporate System Resolution Program.

Funding is needed for various expenses to fulfill Corporate System Resolution Program needs to include outside professional services such as external valuation experts, tax consultants, attorneys, financial specialists, and accountants. These experts are needed to assist NCUA with the following types of services:

- Valuing securities, which includes modeling forecasts of cash flows and credit losses;
- Processing complex accounting transactions and developing related policies and procedures;
- Preparing financial reports; and
- Supporting the TCCUSF financial statement audit.

There are unknown factors that may affect budgeted expenses. For instance, a significant deterioration in the residential mortgage credit markets could significantly increase the cost of performing security valuations. If any situations arise that would require additional funds, a supplemental request would be submitted to the Board. Conversely, should actual expenses be lower than the amount budgeted, funds would be returned to the TCCUSF.

RECOMMENDED ACTION: It is recommended that the NCUA Board approve the following action:

The 2013 budget of \$6,145,000 and 5.0 Full Time Equivalents, as presented in attachment 1, for oversight of the Temporary Corporate Credit Union Stabilization Fund as required by the Corporate System Resolution Program.

Chief Financial Officer

Attachments

2013 TCCUSF OVERSIGHT BUDGET

<i>By Cost Category</i>	Budget			Full-Time Equivalents		
	2012	2013	Change	2012	2013	Change
Employee Pay and Benefits	\$ 680,000	\$ 760,000	\$ 80,000	5.00	5.00	-
Travel	15,000	35,000	20,000			
Rent, Communications, Utilites	-	-	-			
Administrative	-	-	-			
Contracted Services	-	-	-			
Consulting	3,600,000	2,935,000	(665,000)			
Vendors	2,350,000	1,500,000	(850,000)			
Software/Data Subscriptions	815,000	815,000	-			
Legal	250,000	100,000	(150,000)			
Total	\$ 7,710,000	\$ 6,145,000	\$ (1,565,000)	5.00	5.00	-