



Fact Sheet: National Credit Union Administration Mid-Session Budget Review Process

Overview

The National Credit Union Administration continues to strengthen the integration of planning and budget in order to ensure that agency resources are aligned to its strategic priorities and to identify areas where budget savings may occur.

Each spring, under the leadership of the NCUA Chief Financial Officer, NCUA reevaluates budget estimates for each agency Office and Region. All budget activities are reviewed during this process and compared with most recent actual spending to ensure resources are allocated efficiently to adequately support priority needs. Each Office and Region validates every budget line item, the specific needs for each category of spending, and the basis of developing reprioritized requests.

After receiving the requested budget adjustments for each NCUA office, the Chief Financial Officer analyzes all requests and conducts in-person reevaluations as necessary to ensure material changes are assessed thoroughly.

During the mid-session budget review process, the Executive Director and Chief Financial Officer brief the Chairman and each Board Member on the requested budget adjustments. Analytical and summary information are prepared to compare prior year spending and to highlight material increases or decreases to major budget line items.

All five NCUA budget categories are reevaluated during the mid-session review:

- Pay and Benefits funding is managed centrally and re-estimated based on recent year-to-date spending and projected hiring to meet requirements for all examination and support program staff.
- Travel requirements for all examination program staff are reassessed and supported with workload analysis and meetings and required training plans.
- Rent, Communications and Utilities expenses are reviewed for valid operational recurring requirements and year-to-date spending to ensure accurate forecasting.

- Administrative expenses are reviewed for valid operational recurring requirements. Historical spending and year-to-date spending assist in reviewing the current estimates.
- Contracted Services expenses, which include a variety of projects, are assessed based on priority requirements as determined by statutory requirements and the agency's Strategic Plan. Project reviews are also conducted to ensure plans remain consistent with the goals and objectives in the Strategic Plan. In addition, contract spending associated with software development is prioritized by NCUA's Information Technology Prioritization Council.

The Capital Budget is also reassessed to ensure there are sufficient resources to cover existing projects. Any new, critical requirements that require funding may be identified and included as part of the mid-session adjustment.

Since 2009, the mid-session budget review has resulted in a reduction of at least \$1 million to the original NCUA Operating Fund budget. The cost decreases are typically the results of revised estimates based on more current information associated with spending in all budget categories. For example, updates on staffing projections may result in additional vacancy savings while reassessments of contracts or leases may also lead to cost savings.

The final approved budget reduction is applied to the operating fee schedule that determines the operating fee rate adjustments for the following budget year.