



NCUA Board Budget Briefing and Public Forum

Wednesday, October 19, 2005

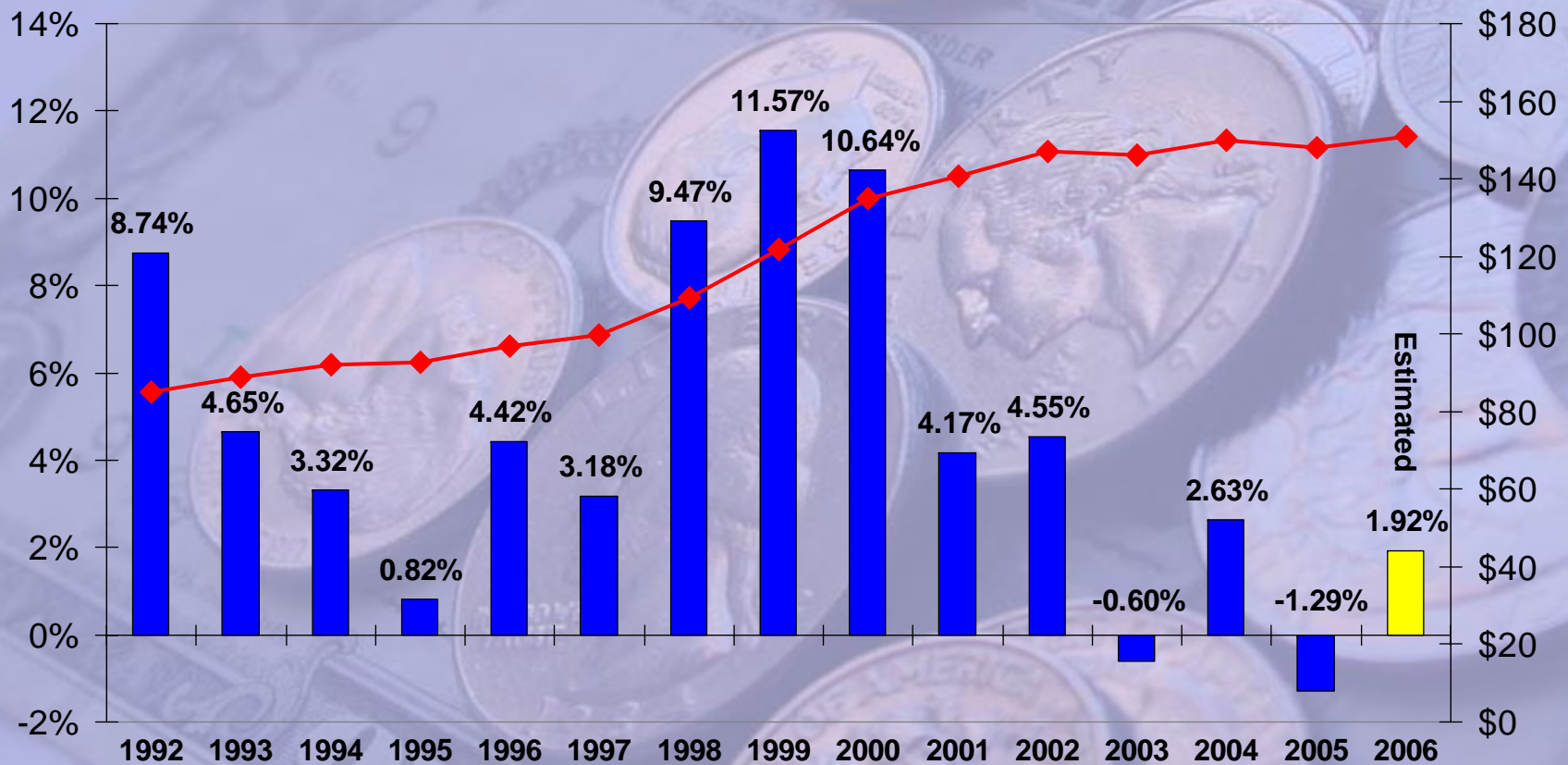
Note: This presentation contains preliminary estimates that are predecisional and subject to change

Executive Summary

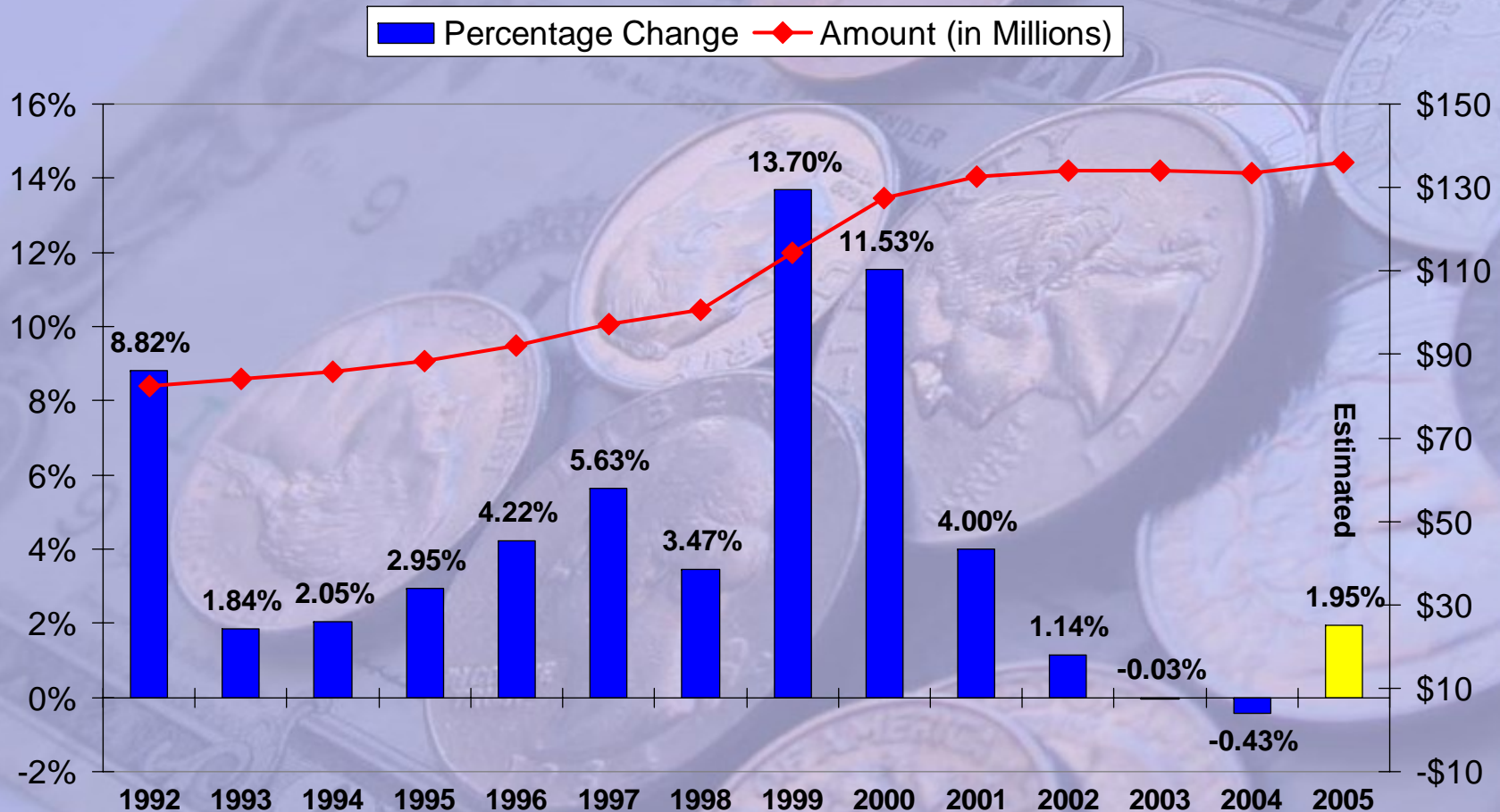
- Budget – \$150.8 million (\$2,846,000 or 1.92% increase)
- FTE – 957.92 (3.05 FTE reduction)
- Estimated Overhead Transfer Rate – 56.7%
- Estimated Operating Fee – 0 to 1% fee scale reduction

Historical Budgets

■ Percentage Change ◆ Amount (in Millions)



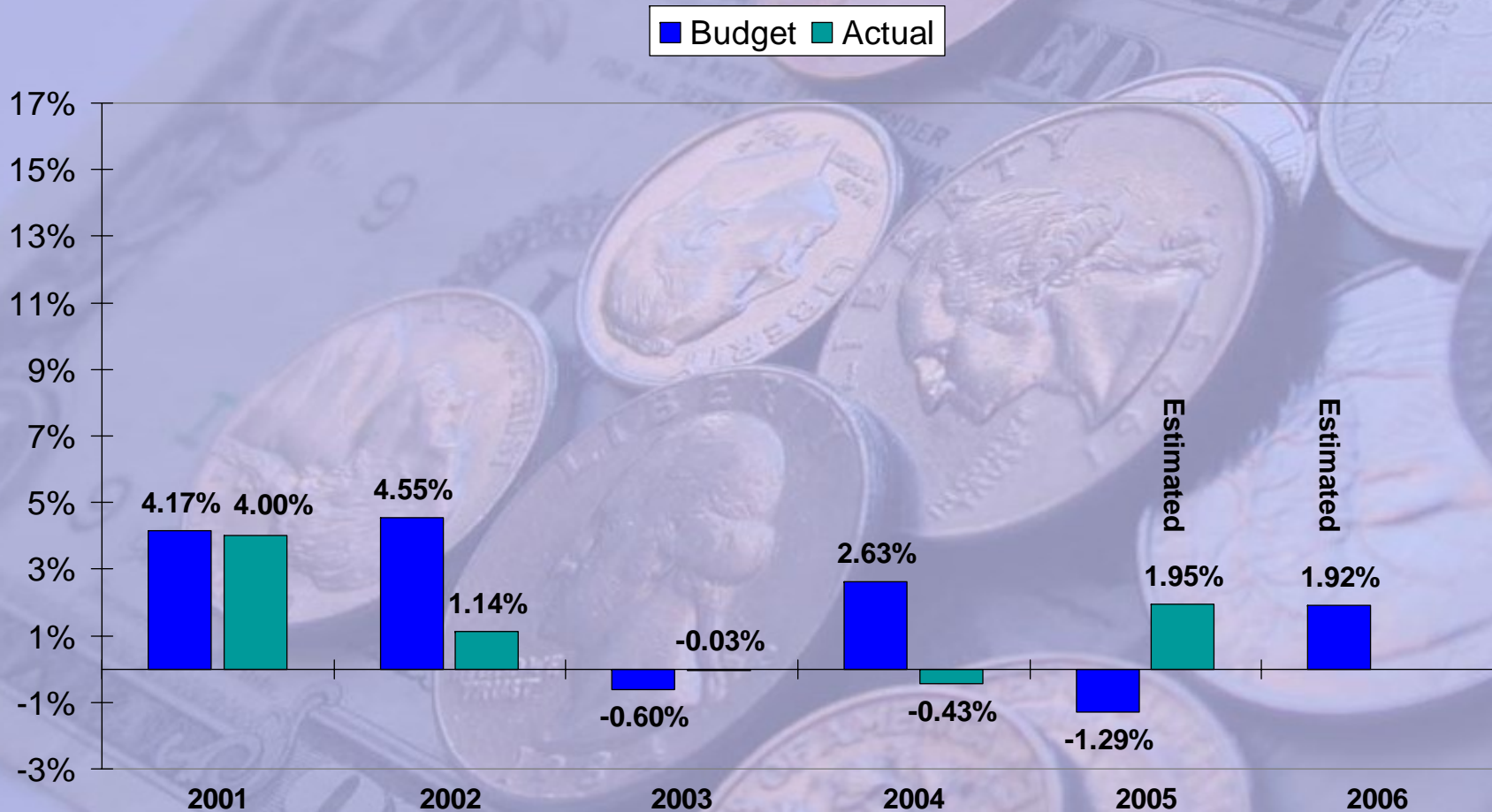
Historical Actual Expenditures



1999: 14% FIRREA comparability pay.

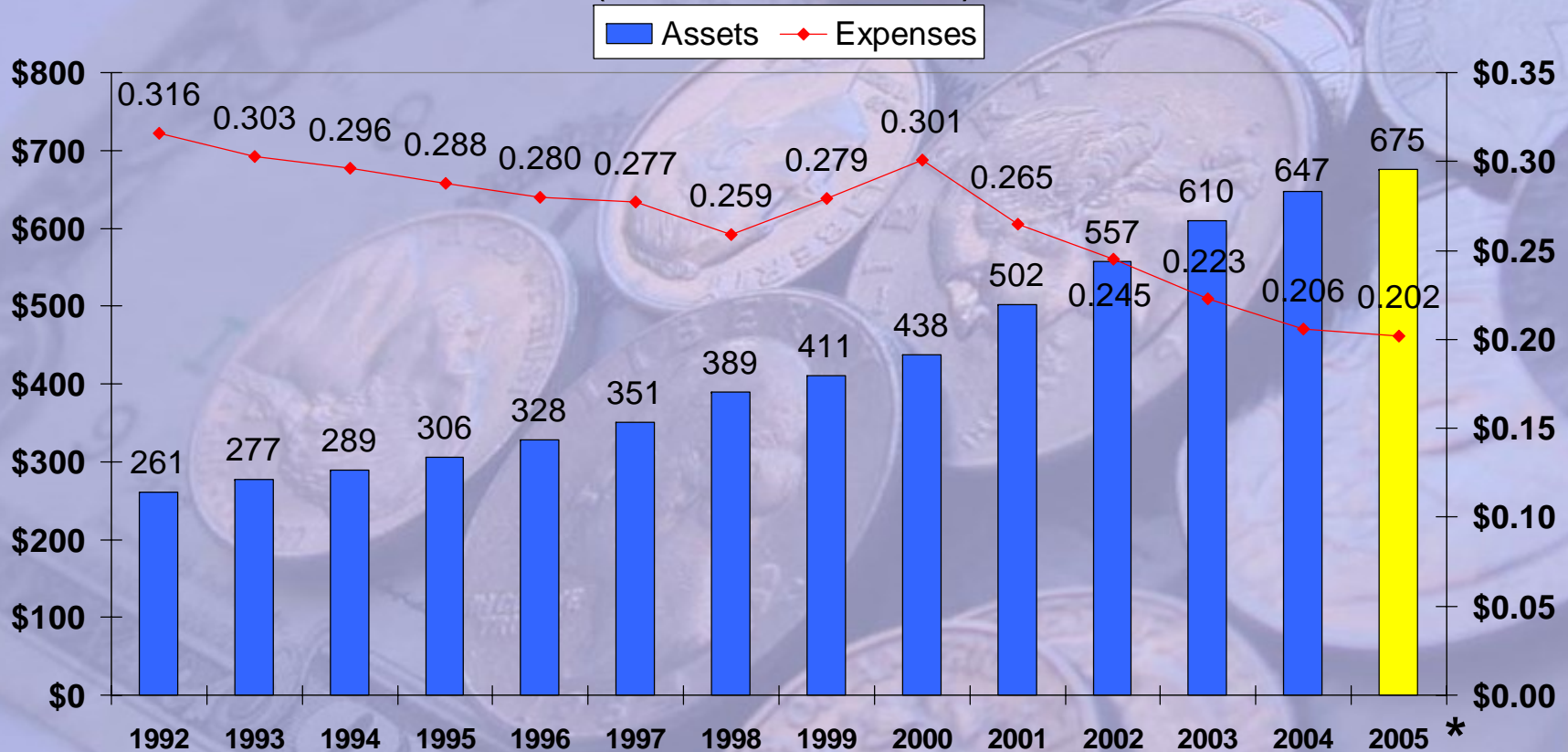
2000: 9% pay, cyber consulting, CHRIS conversion.

Year-to-Year Percentage Change Budget / Actual Expenditures



Historical Actual Expenses per \$1,000 FICU Assets

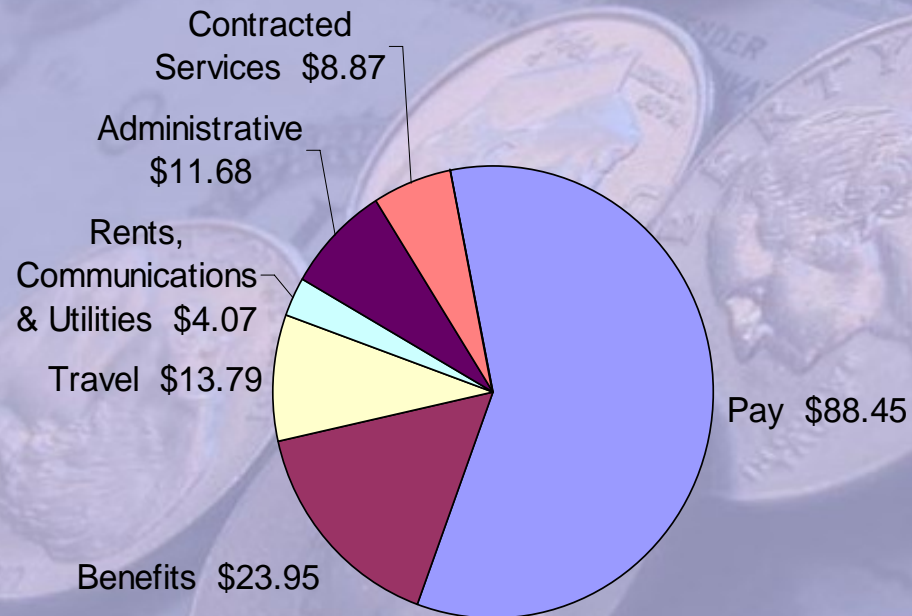
(assets in billions)



* 2005 estimated using 4.25% asset growth

2006 Budget Recommendation

Total = \$150.8 million
(amounts in millions)



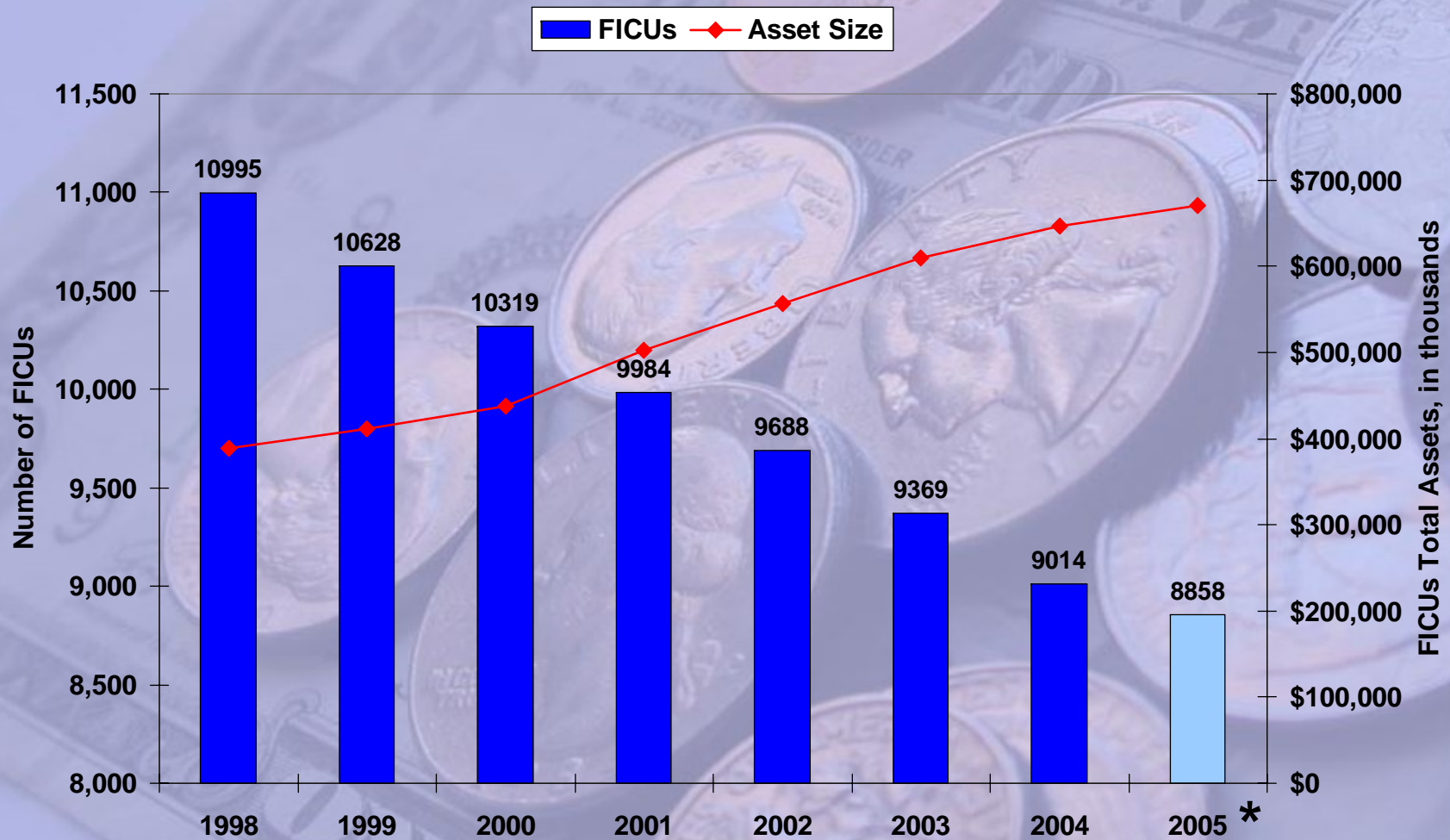
Pay and benefits represent 74.5% of budget

Pay, benefits and travel represent 83.7% of budget

Highlights of 2006 Recommendation

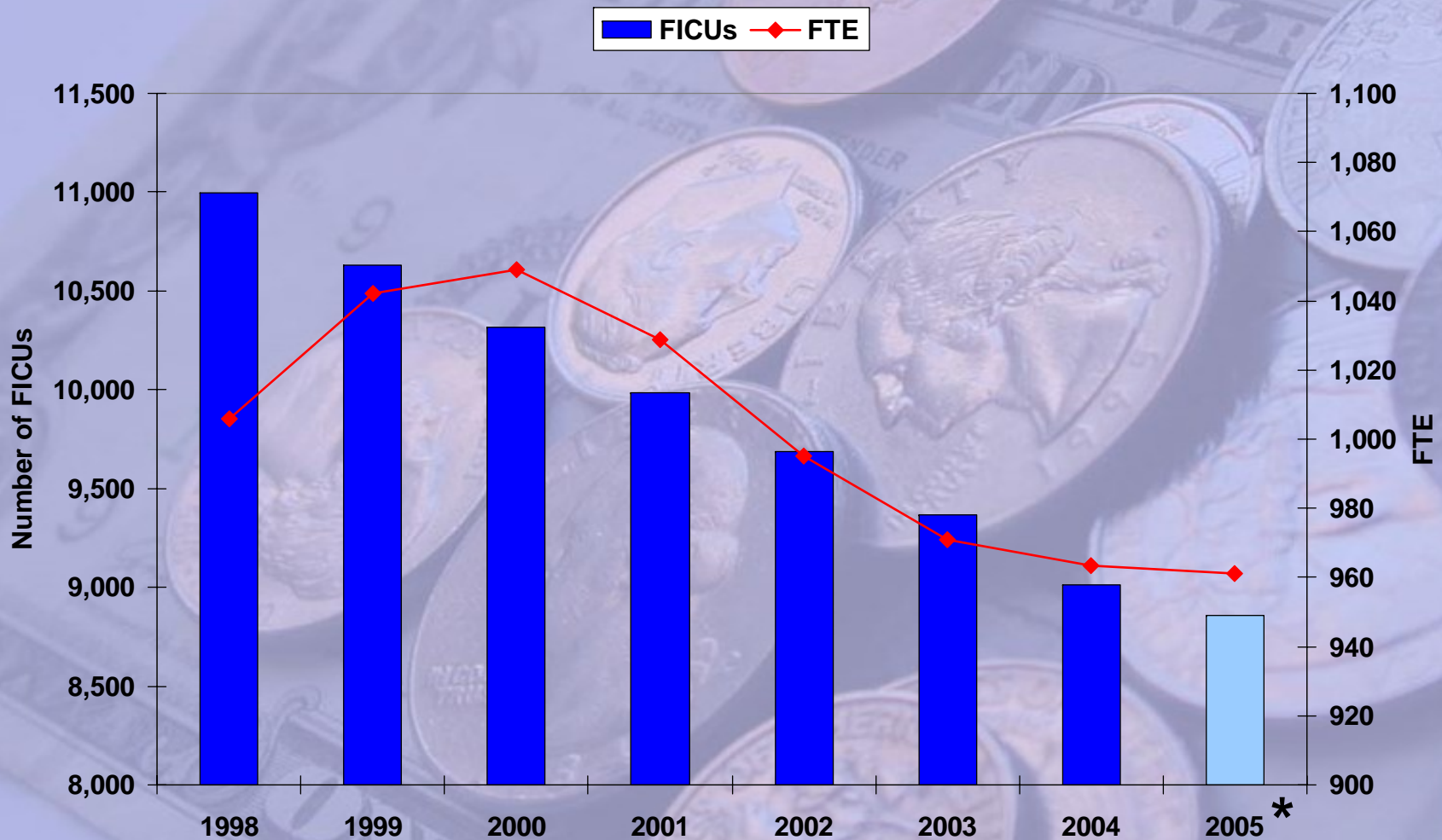
- Merit increase
- Grade shifting savings (\$1.5 million)
- Health insurance (5.8% increase)
- Increased participation in FERS, Thrift Savings Plan
- Regional conferences / shifting training to lower cost cities
- Wireless e-mail/phone pilot program
- Computer roll-out
- Bank Secrecy Act and HMDA compliance
- Outreach

FICUs: Number and Asset Size



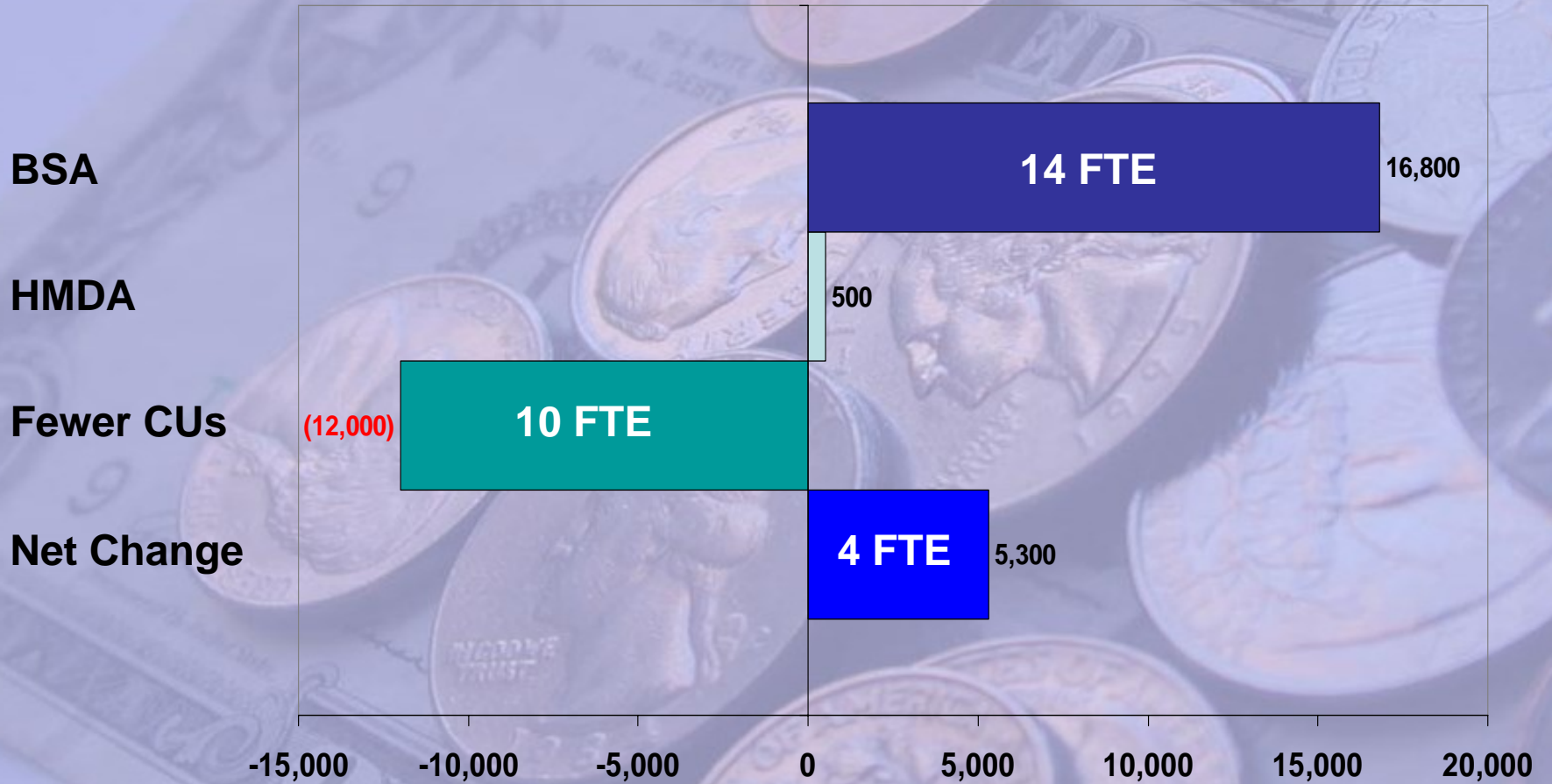
* 2005 FICUs as of September 30, 2005

Number of FICUs and NCUA FTE



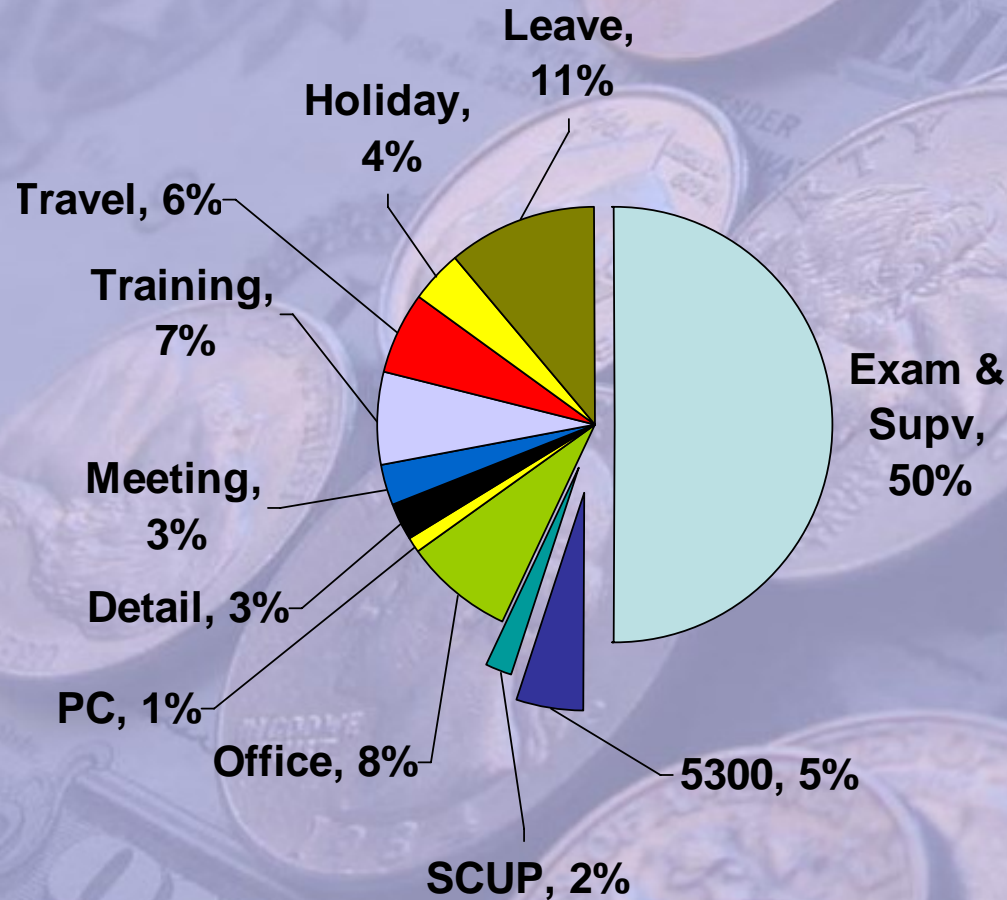
* 2005 FICUs as of September 30, 2005

Changes in Examiner Program Hours



No change in field staff recommended

Examiner Program Hours 2006 (Percentage)

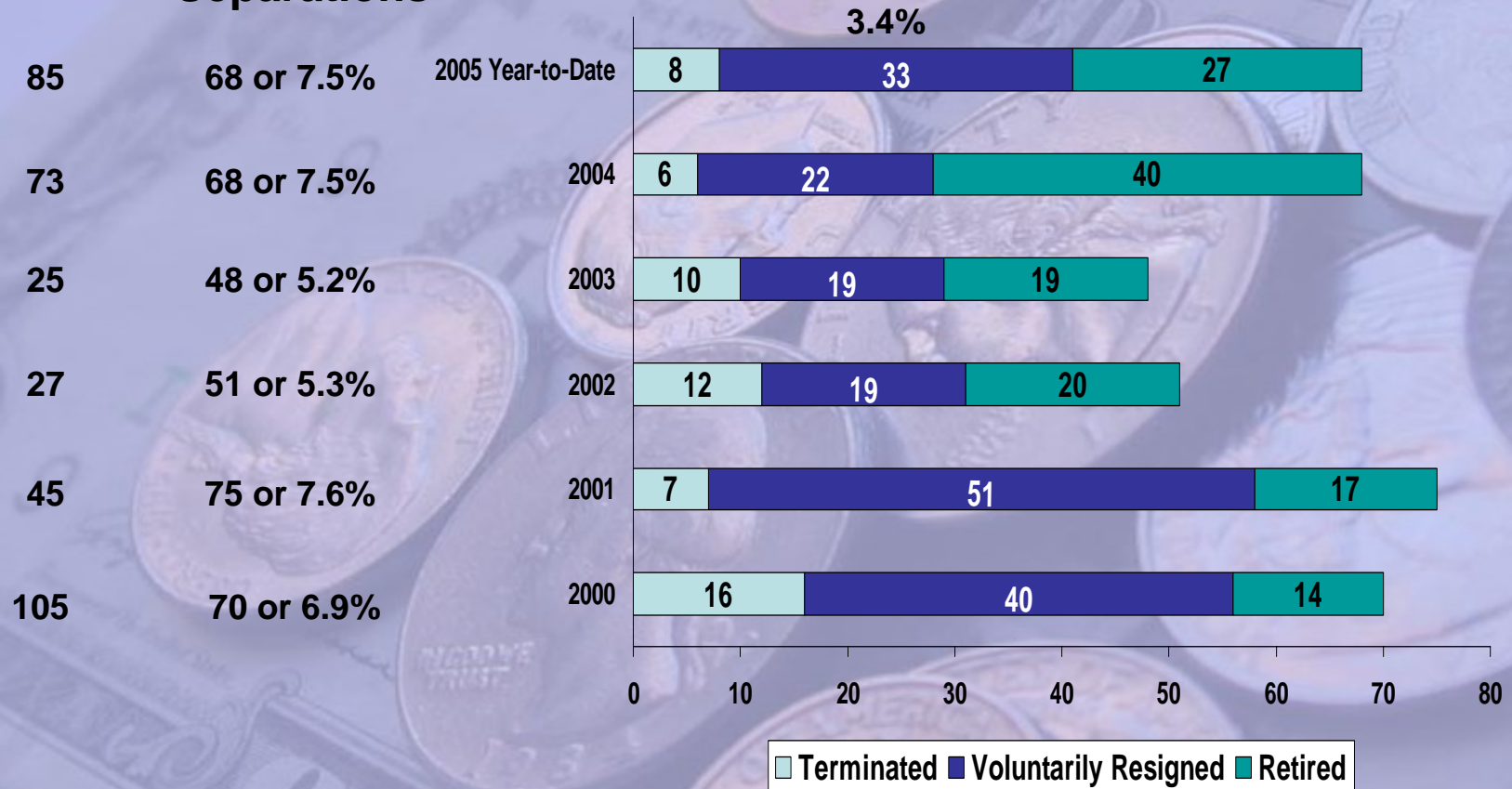


Changes from 2005: -1% Exam, +1% Office. Total Exam decreased 1% to 57%.

Additional time for Bank Secrecy Act and HMDA in Exam & Supv.

Turnover

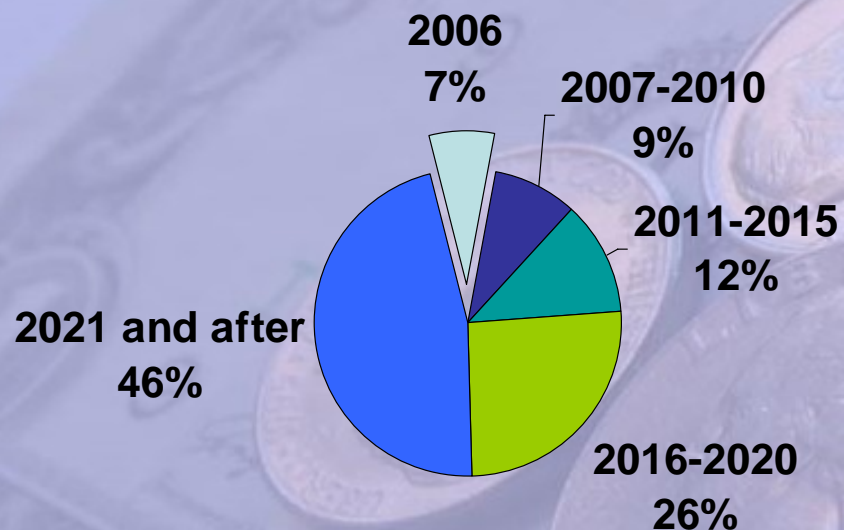
New Hires Separations



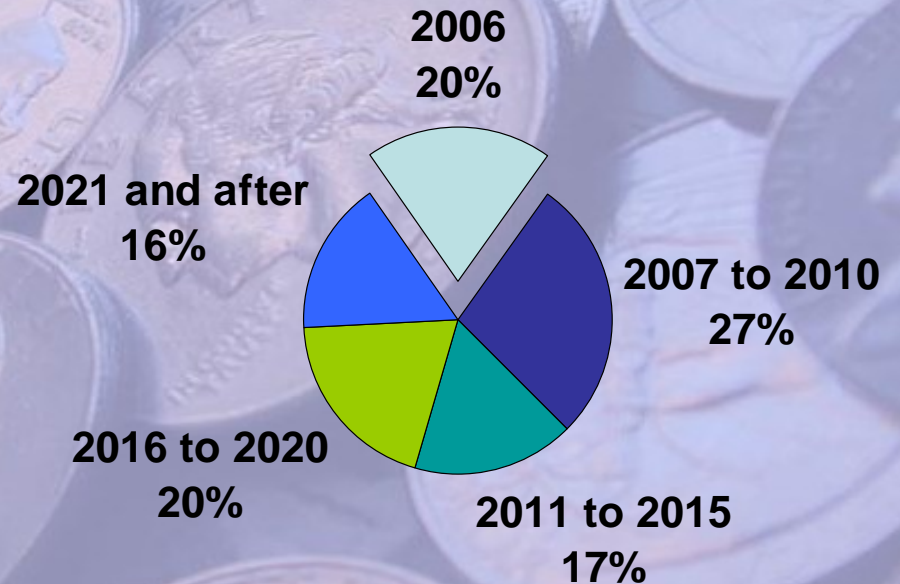
2004 included reorganization changes

Retirement Eligibility

Agency-wide



SSP



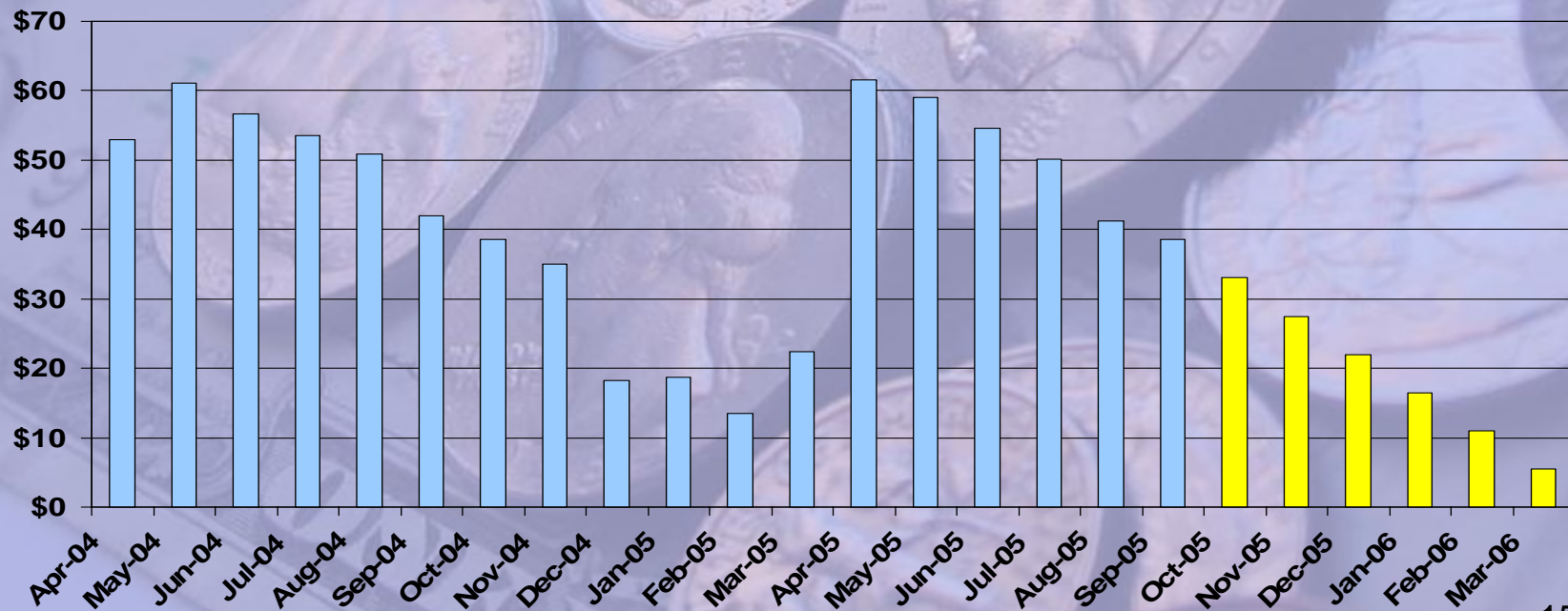
For 2006, 61 individuals or 1 in 15 of staff are eligible to retire

Nearly 1 in 2 of senior staff are eligible to retire in 5 years

12 Month Cash Cycle

- Cash cycle runs from April to March vs. financial operating cycle runs from January to December
- NCUA policy: April to March plus 1 month reserve
- Operating fee assessment due April 15th
- Cash balance is not fund balance/retained earnings

Monthly Cash Balances



October 2005 through March 2006 cash balances are estimated.

Katrina / Rita Effect

- Showed the collaborative spirit of credit union industry
- Activated Continuity of Operations Plan (COOP)
- Established short and long-term objectives
 - Restoration of credit union operations
 - Mitigation of losses
- No programs adversely affected, but
 - Training / some reallocation
 - Additional 2006 requirements
- Efforts still continuing

- Premature to estimate losses to insurance fund
- Insurance premium - discussion

Future Budgets

- Industry-wide cost increases (e.g., energy)
- Fewer credit unions
- Security issues
- Inflation
- More complex financial environment for credit unions
- Compliance issues
- Mandatory employee benefits - FERS, health insurance
- Retirements & staff turnover
- Labor/Management - unknown

The background of the slide features a collection of US coins and a portion of a US bill, all rendered in a light blue, semi-transparent style. The coins include a quarter, a dime, and a nickel, with their respective designs and inscriptions visible. The bill shows the number '9' and the word 'ONE'. The overall aesthetic is clean and professional, with a focus on financial themes.

This presentation is available
to the public at:

www.ncua.gov

Reports, Plans, and Statistics