

NCUA Budget Briefing and Public Forum

Friday, October 10, 2003, at 10:00 a.m.

Agenda

- Overview of preliminary budget
 - Budget trends
 - Budget components
 - Future outlook
 - Statements & written comments from the public
- * Preliminary recommendations**



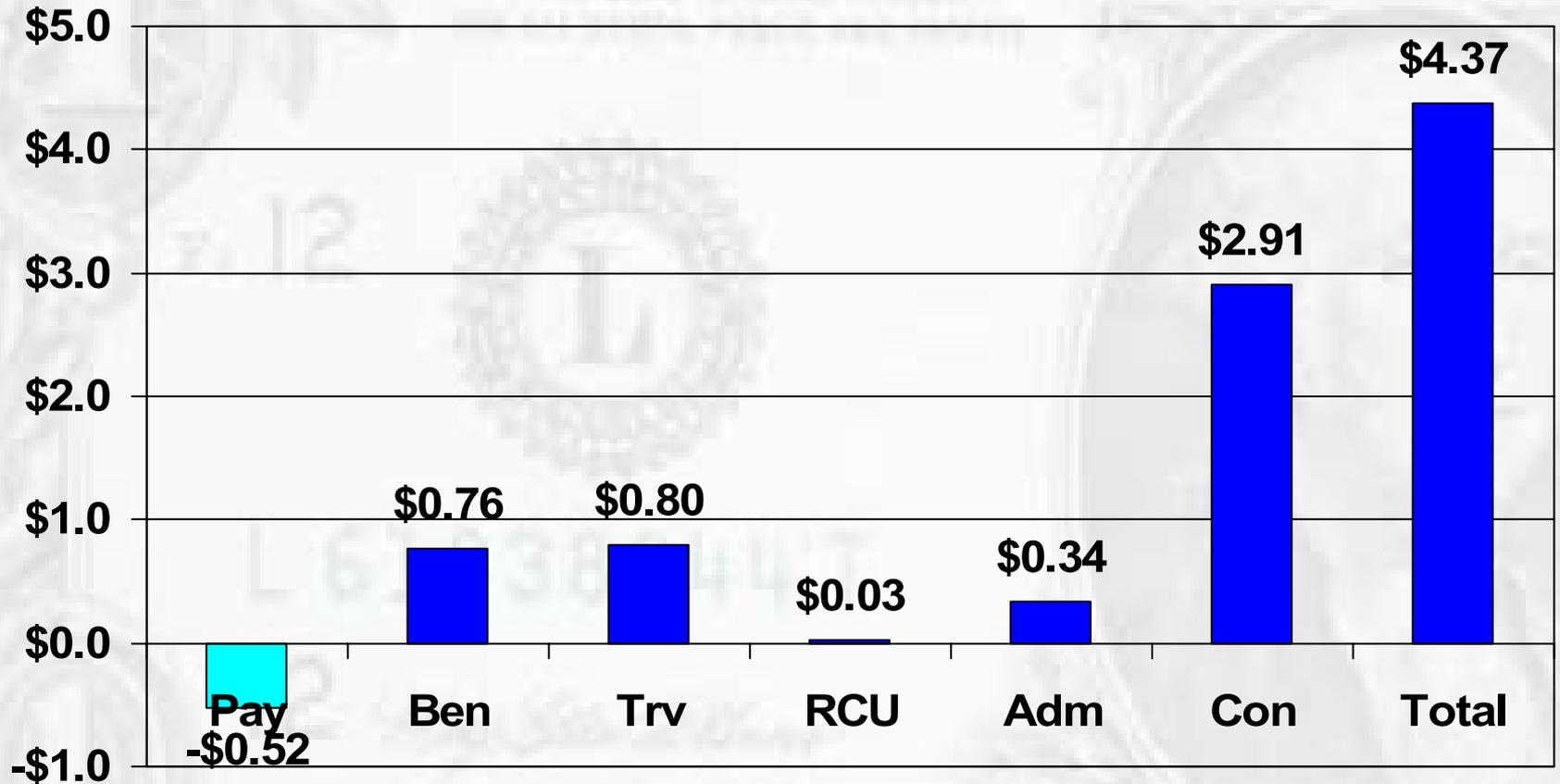
OVERVIEW OF PRELIMINARY BUDGET

Highlights of the Preliminary 2004 Budget

- \$150.4 million – 2.99% increase
- 963.55 FTE – down 7.47
- 4.1% merit increase
- Reorganization on target

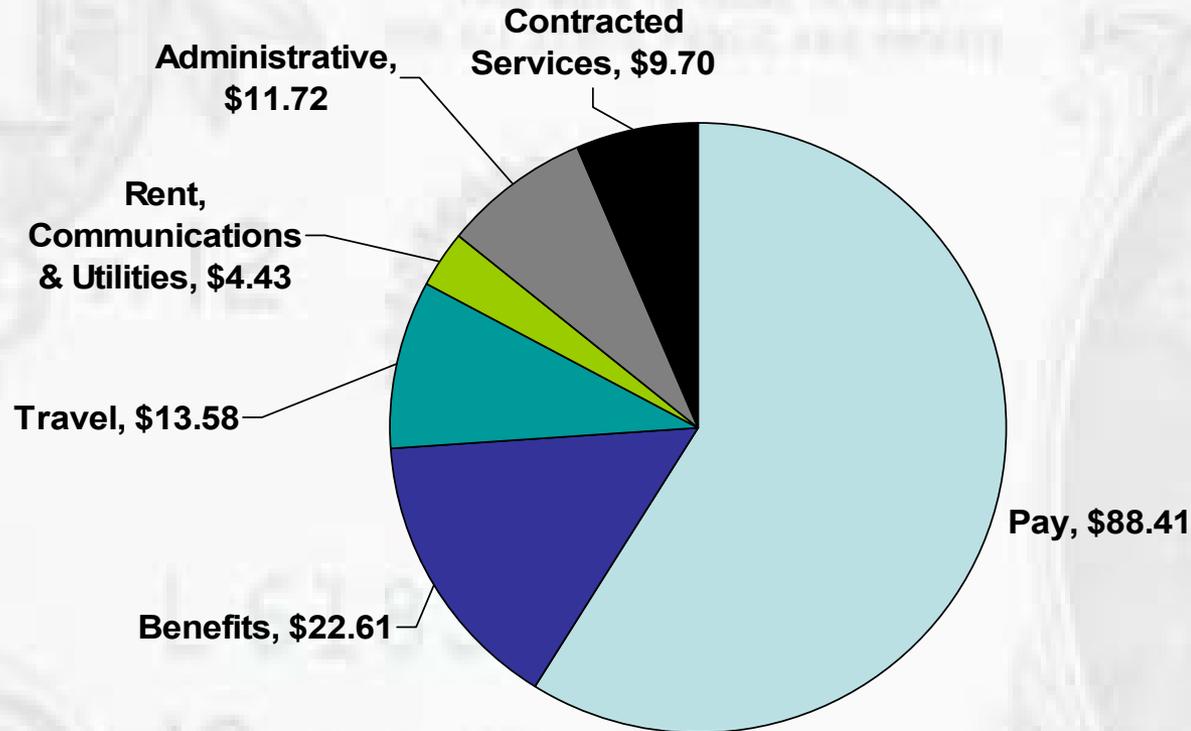
Preliminary 2004 Budget Change

(amounts in millions)



Preliminary 2004 Budget

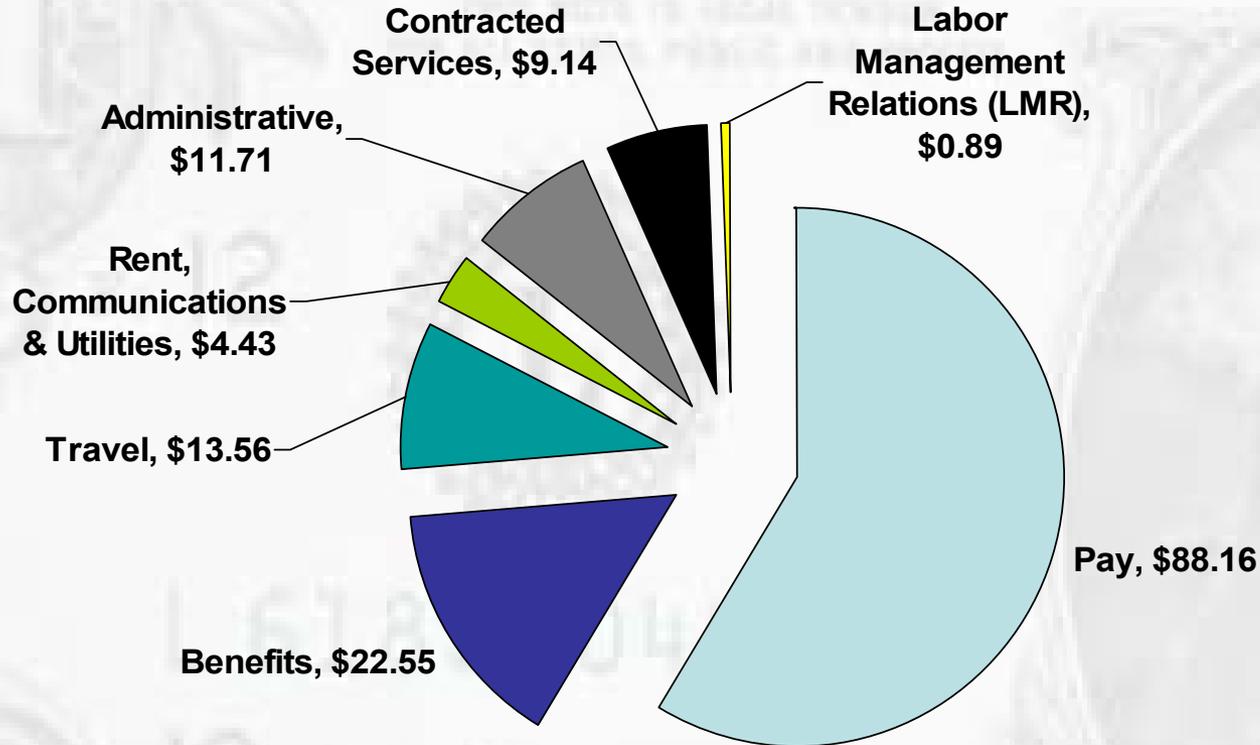
Total = \$150.4 million
(amounts in millions)



Pay and benefits represent 73.80% of the total budget,
versus 75.82% last year

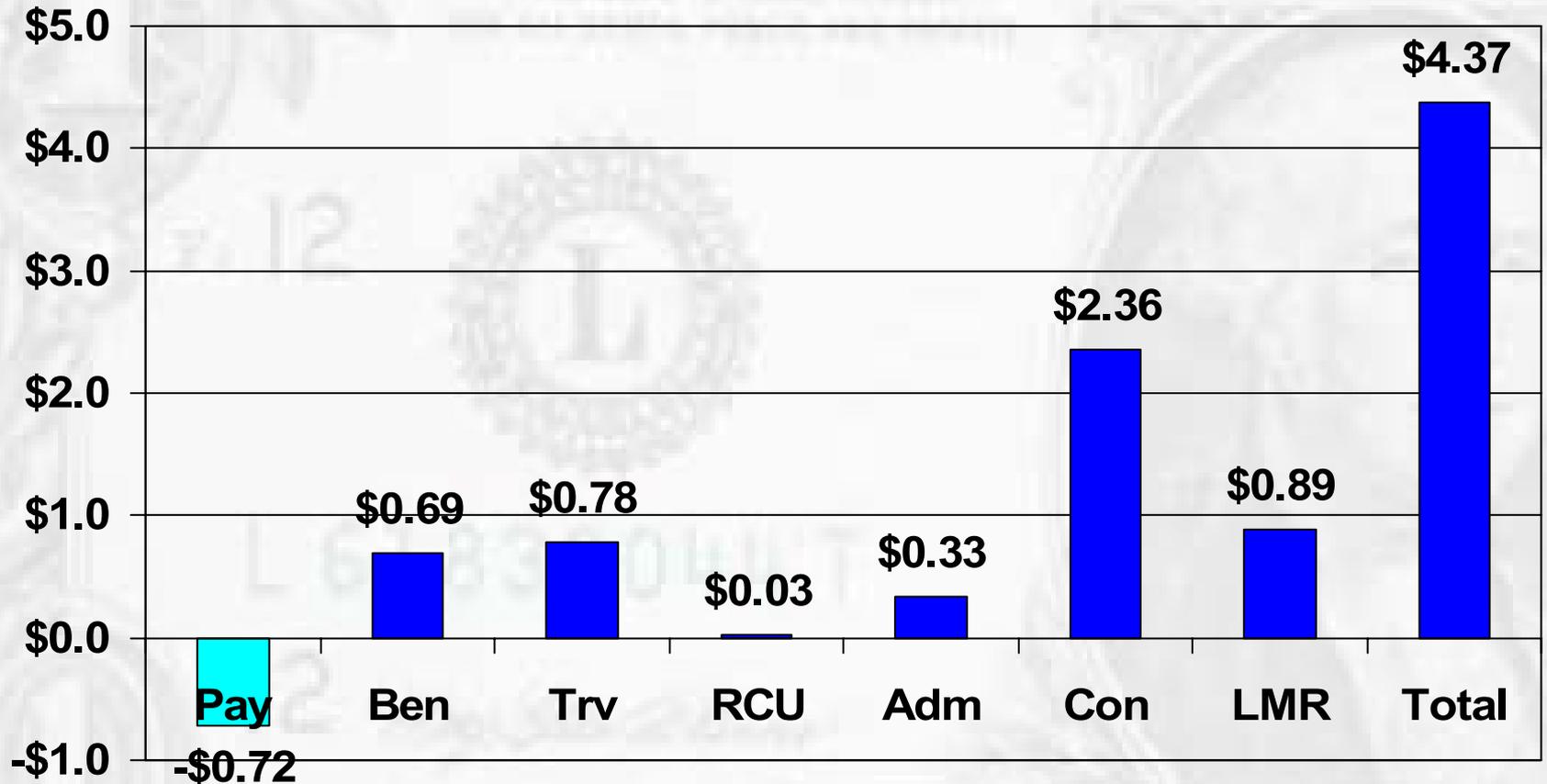
Preliminary 2004 Budget Totals

(amounts in millions)



Preliminary 2004 Budget Change

(amounts in millions)



THE UNITED STATES

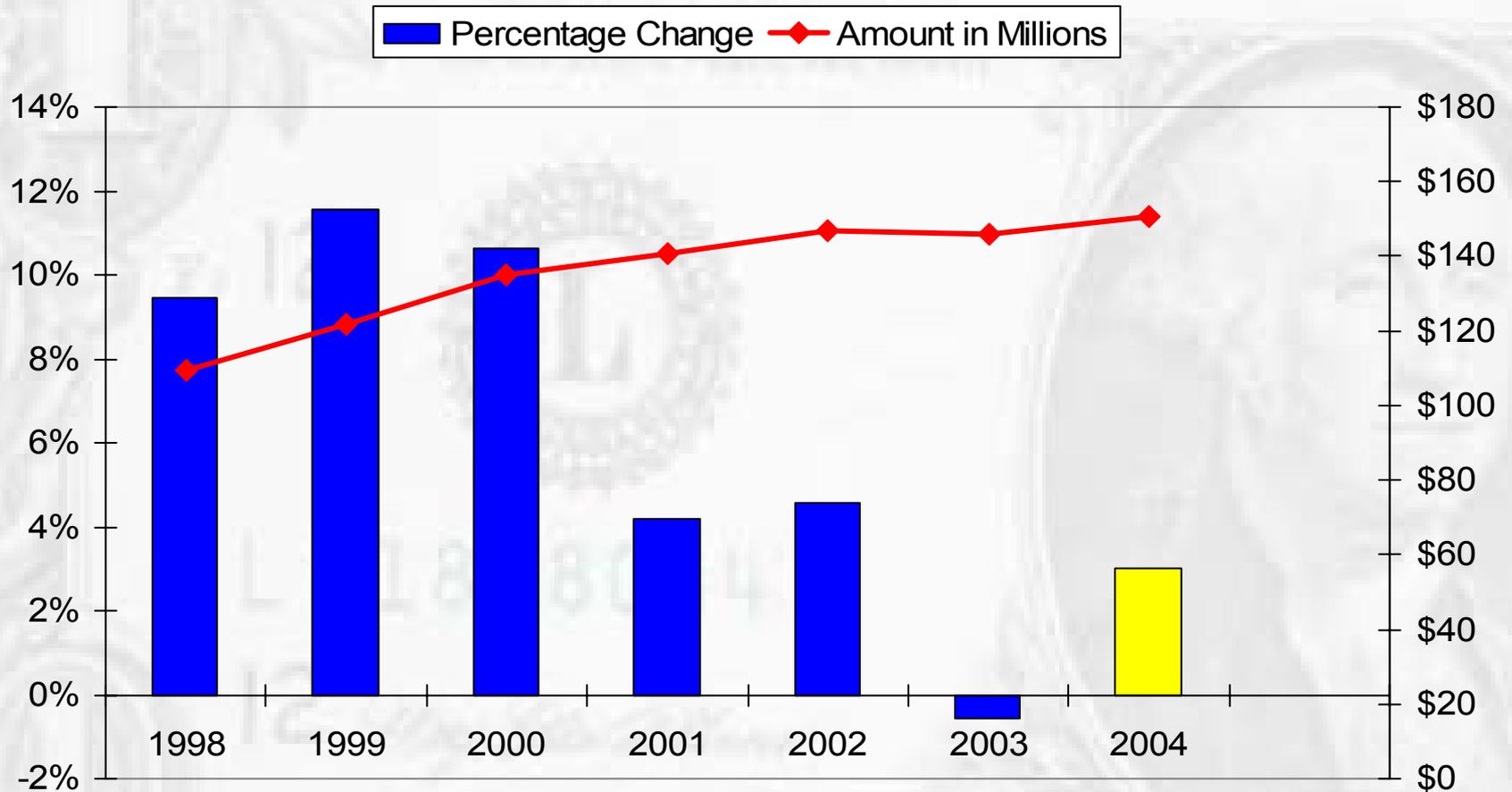
BUDGET TRENDS

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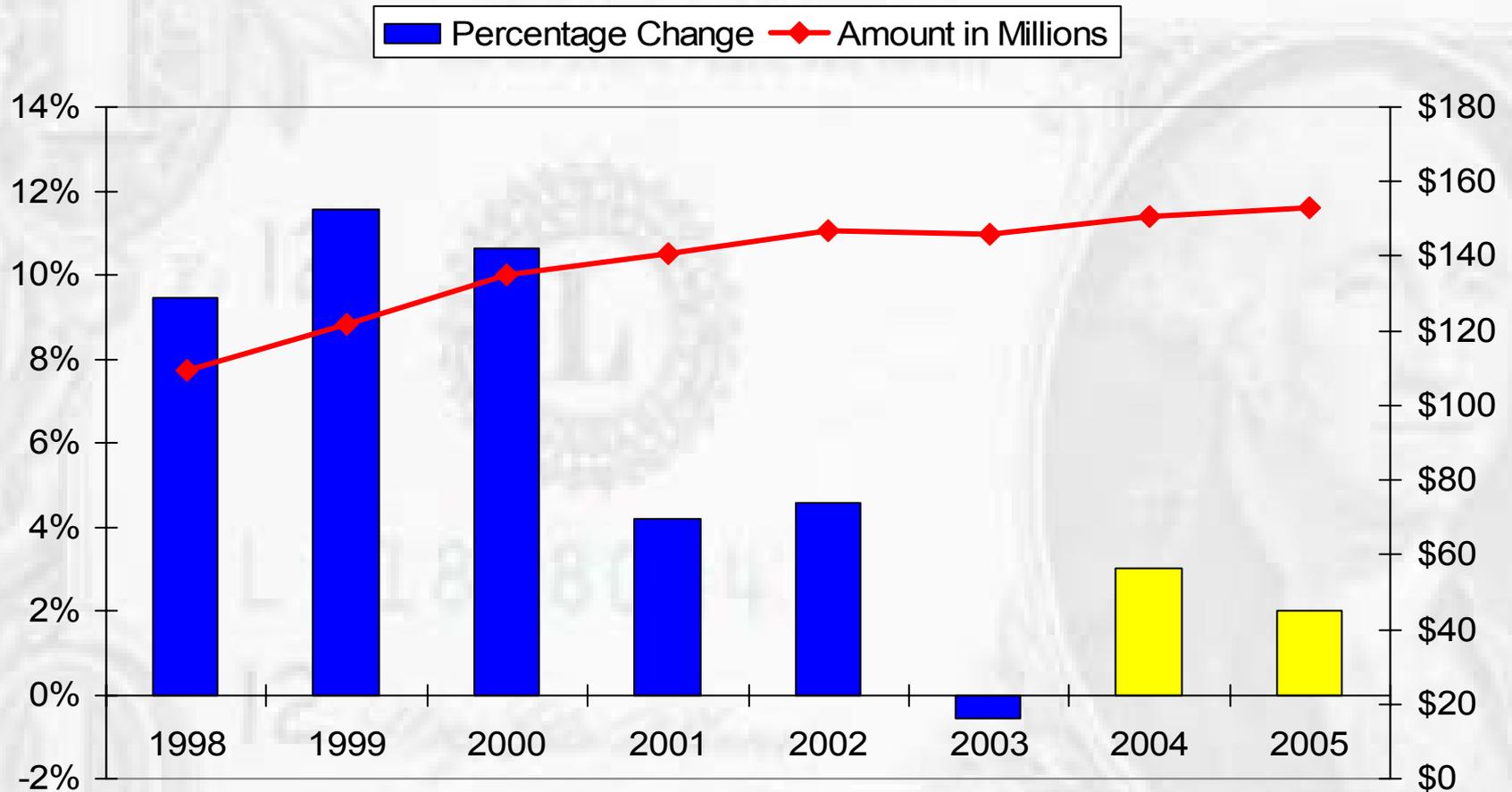
Historical Budgets

2004: +2.99% to \$150 Million

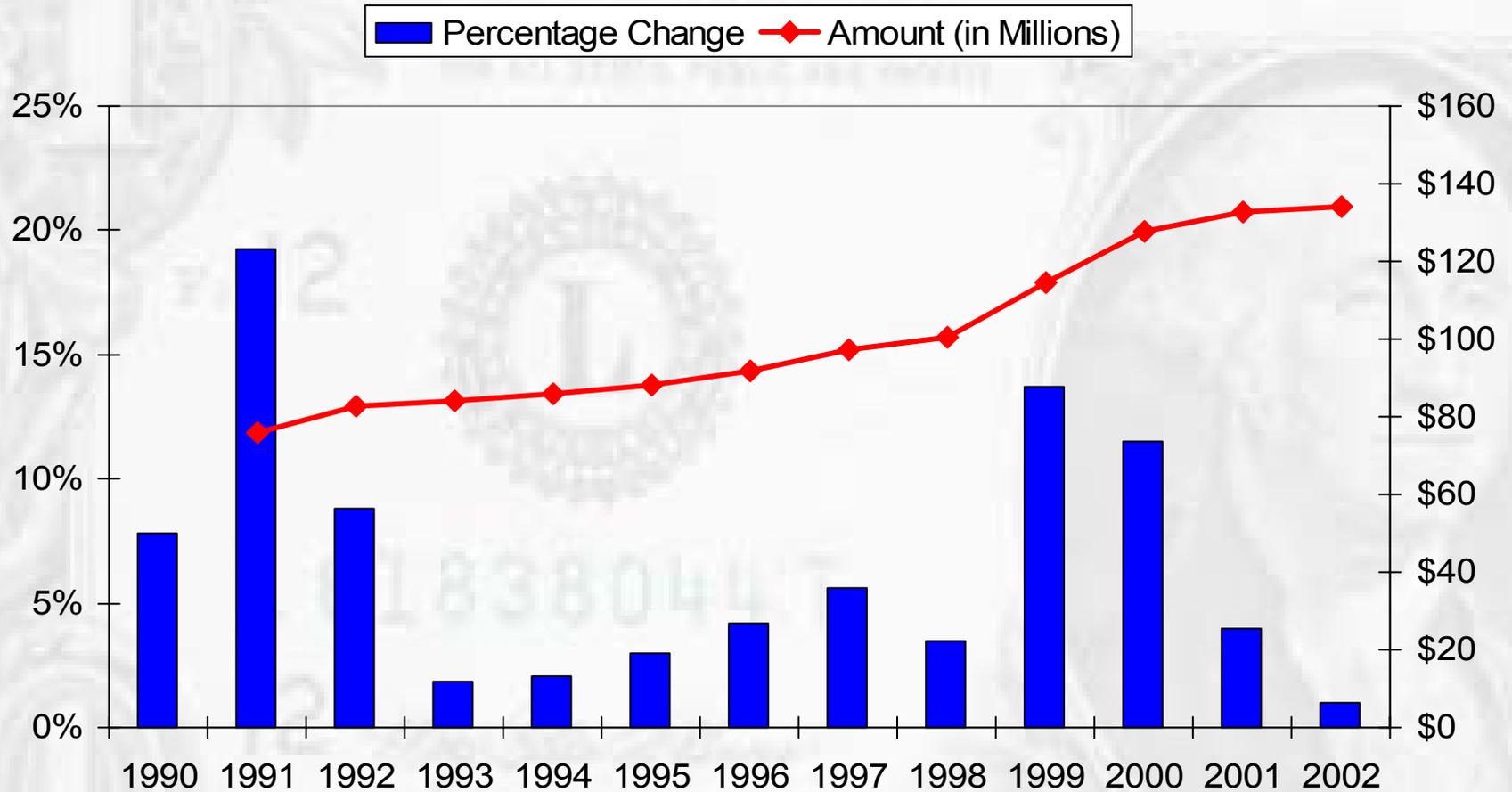


Historical Budgets

2005: +2% to \$153 Million



Actual Trends



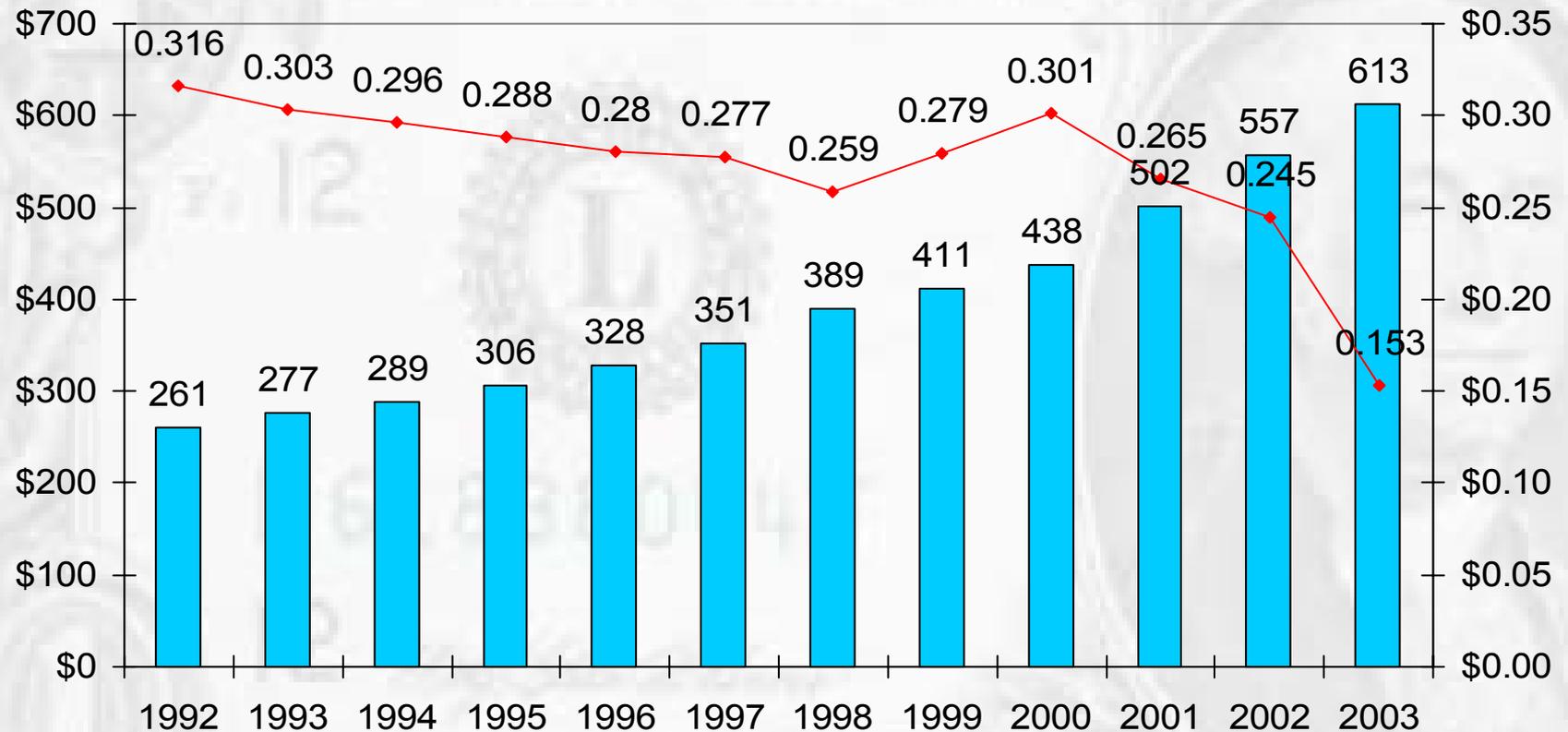
1991/2: Add 87 FTE. 1999: 14% FIRREA comparability pay.
2000: 9% pay, cyber consulting, CHRIS conversion.

NCUA Actual Expenses per \$1,000

FICU Assets

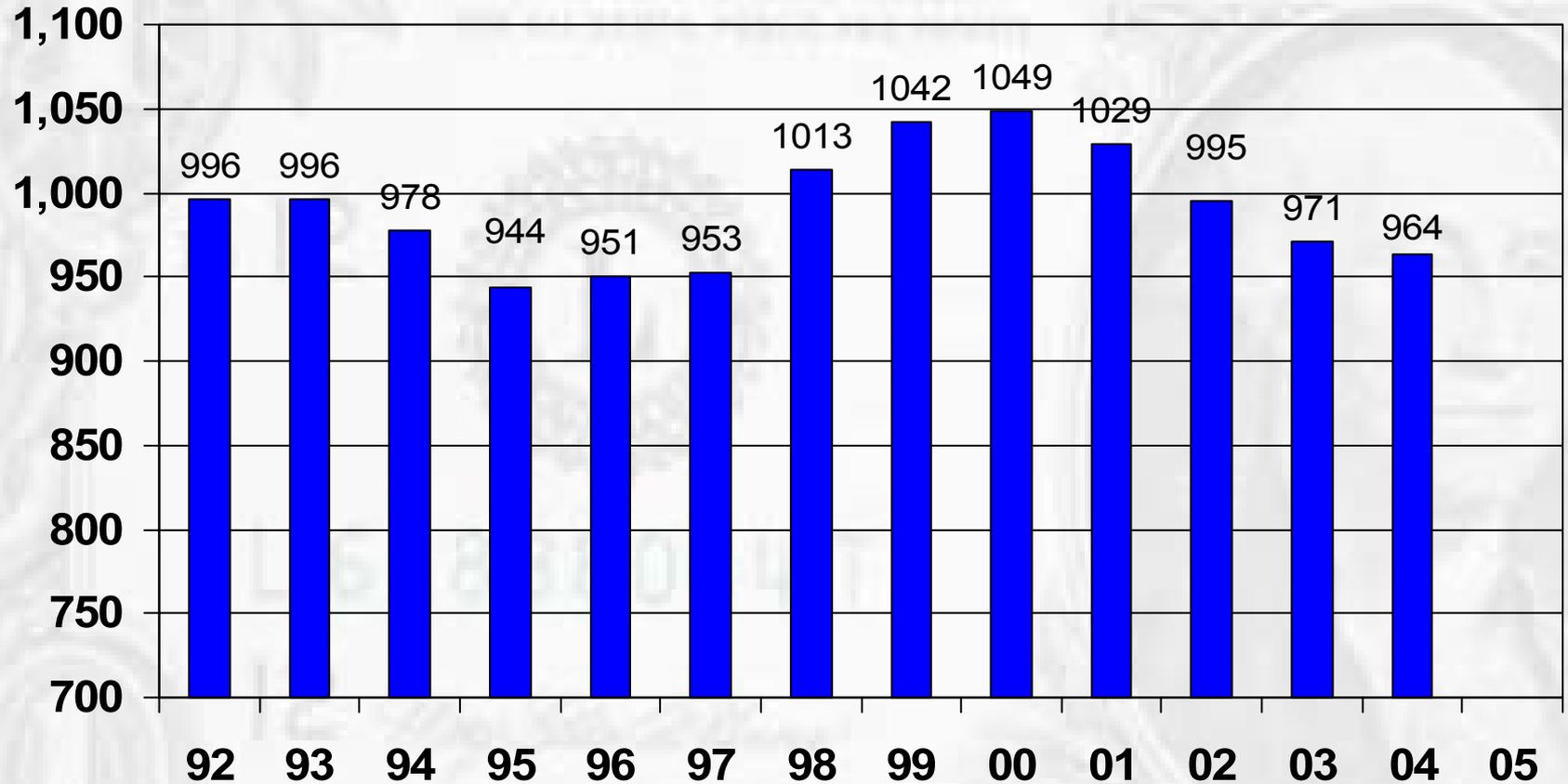
(assets in billions)

Assets Expenses

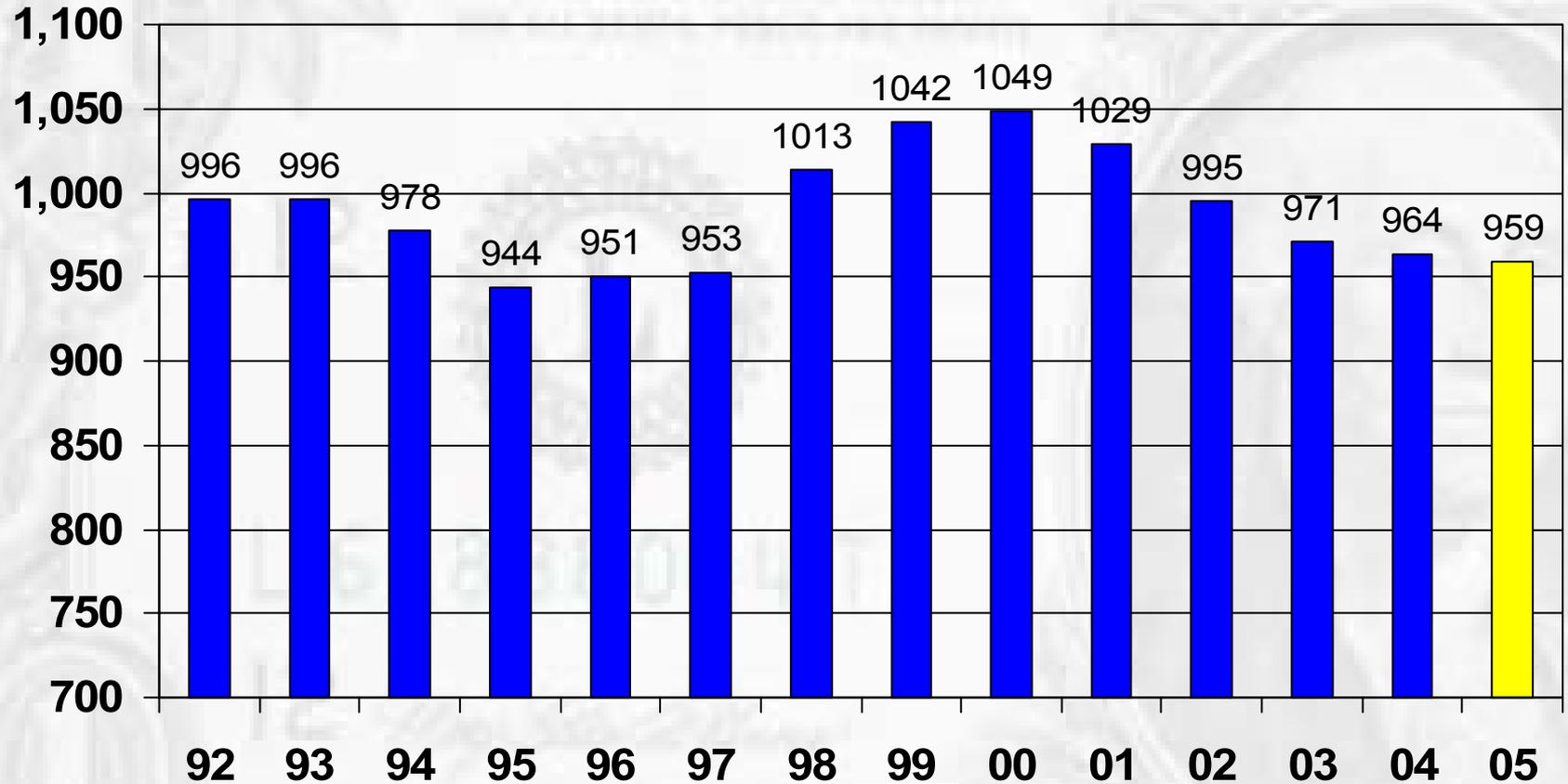


2003 estimated using 10% asset growth & 62% OTR

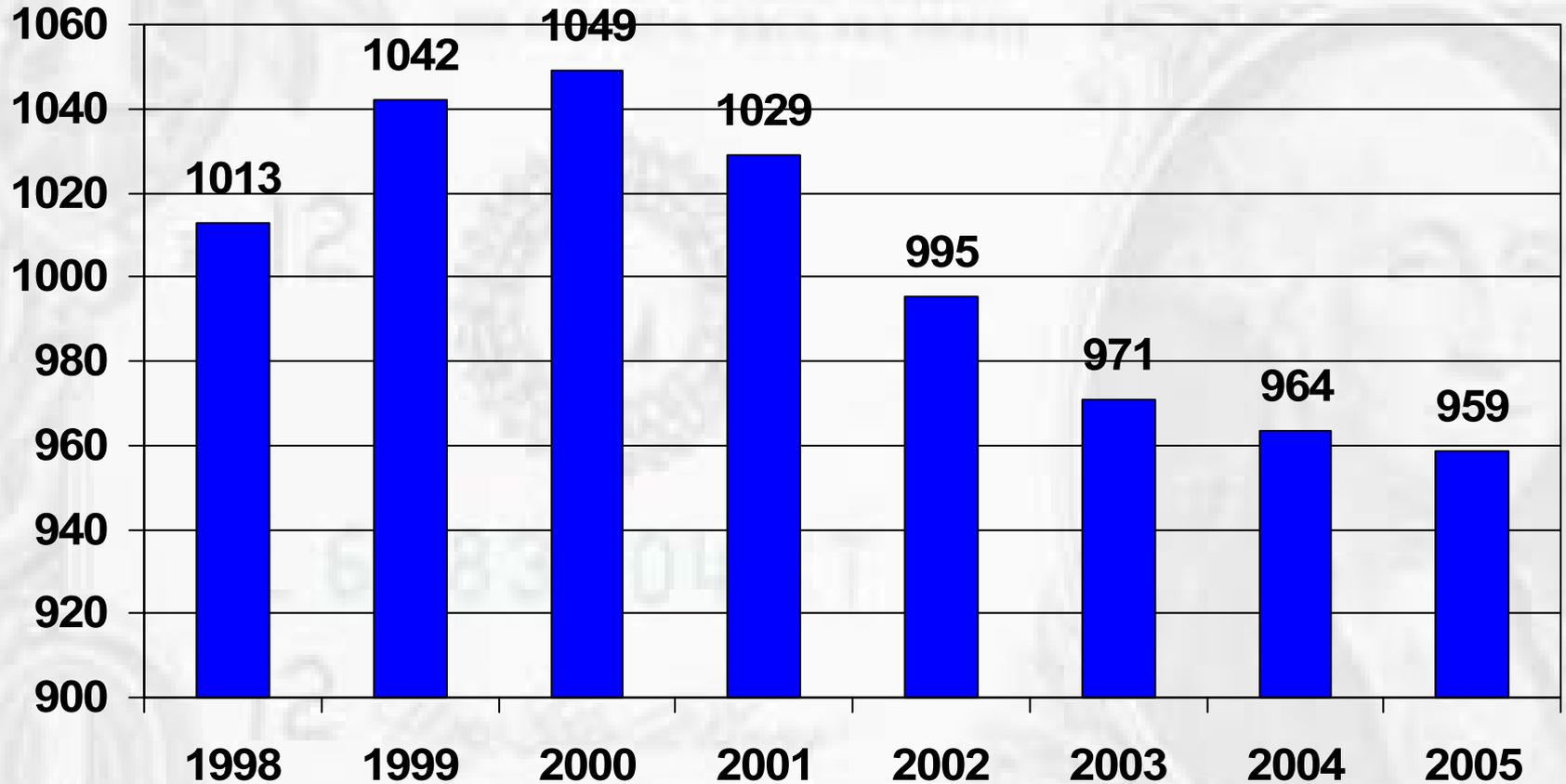
Authorized FTE



Authorized FTE



FTE Trends



Total 5-year reduction: 90.54 or 8.63%

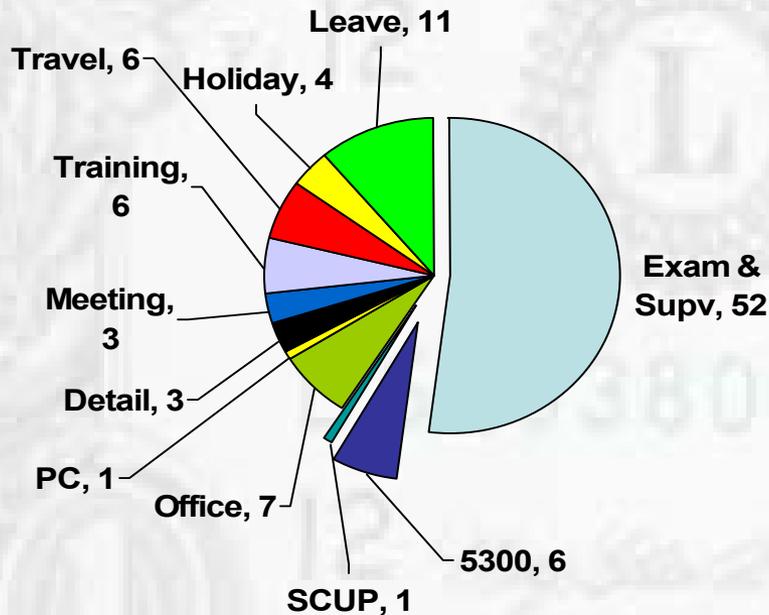
FTE Reductions

- Accountability In Management (AIM)
- Examination program
- No layoffs
- Continued emphasis on attrition
- Each FTE reduced can save an average \$111,000/year in pay and benefits

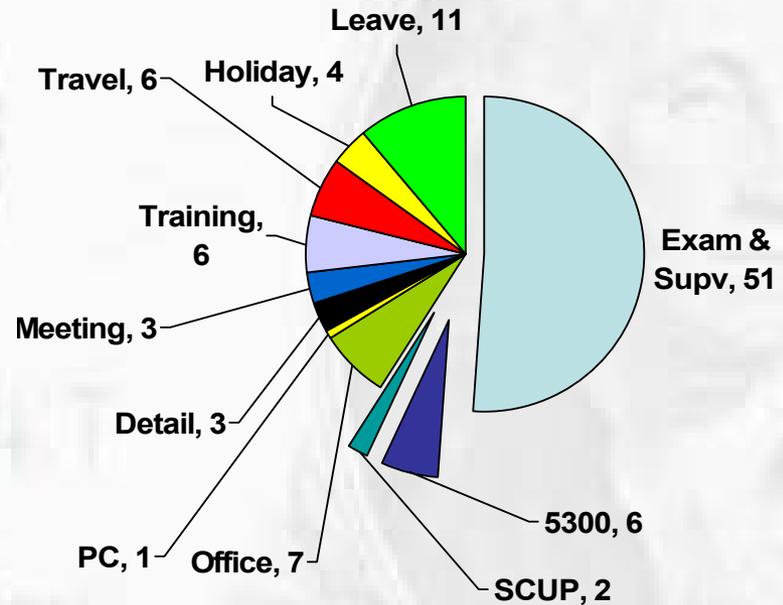
Program Hours 2003-2004

(Percentage)

2003



2004



Changes: -1% Exam, +1% SCUP. Total Exam Remains at 59%.

The background of the slide is a faded, light gray image of a US one-dollar bill. The bill features the portrait of George Washington on the right, the number '1' in the top left and bottom left corners, and the text 'THE UNITED STATES OF AMERICA' at the top. The serial number 'L 61838044T' and the date '12 SEP 2009' are visible in the center. The word 'ONE' is partially visible at the bottom.

BUDGET COMPONENTS

Pay ↓

- Merit pay averages 4.10%, same as House for GS scale
- FTE reduced
- Pay study
- **Net reduction \$516,000 or 0.58%**

Benefits ↑

- Mandatory health benefits up estimated 15%, historical actual double digit growth for past several years
- Mandatory retirement benefits up
 - CSRS
 - FERS
- Net increase \$756,000 or 3.46%

Travel ↕

- +6.5% inflation, industry trends
- +2.6% reorganization
- +5.7% regional conferences
- **-8.5% program changes**
- Travel up \$0.80 million or 6.3%

Rent, Communications & Utilities

- Broadband for all field staff
- Space rental down
 - Chicago \$338,000
 - Concord to Tempe \$99,000
 - Atlanta \$85,000
- Emergency off-site operations
- Net increase \$31,000 or 0.71%

Administrative ↗

- Regional conferences
- Depreciation for more capital acquisitions, mostly security related
- Net increase \$336,000 or 2.96%

Contracted Services ↑

- Regional conferences
- Financial & security audits more costly
- Labor management relations
- King Street exterior repairs
- Reorganization carryover costs
- Net increase \$2.91 million or 42.92%

Summary

2004

- Budget 2.99% increase
- FTE 963.55, down 7.47
- Pay adjustment 4.10%
- Reorganization carryover
- Reorganization net savings

2005

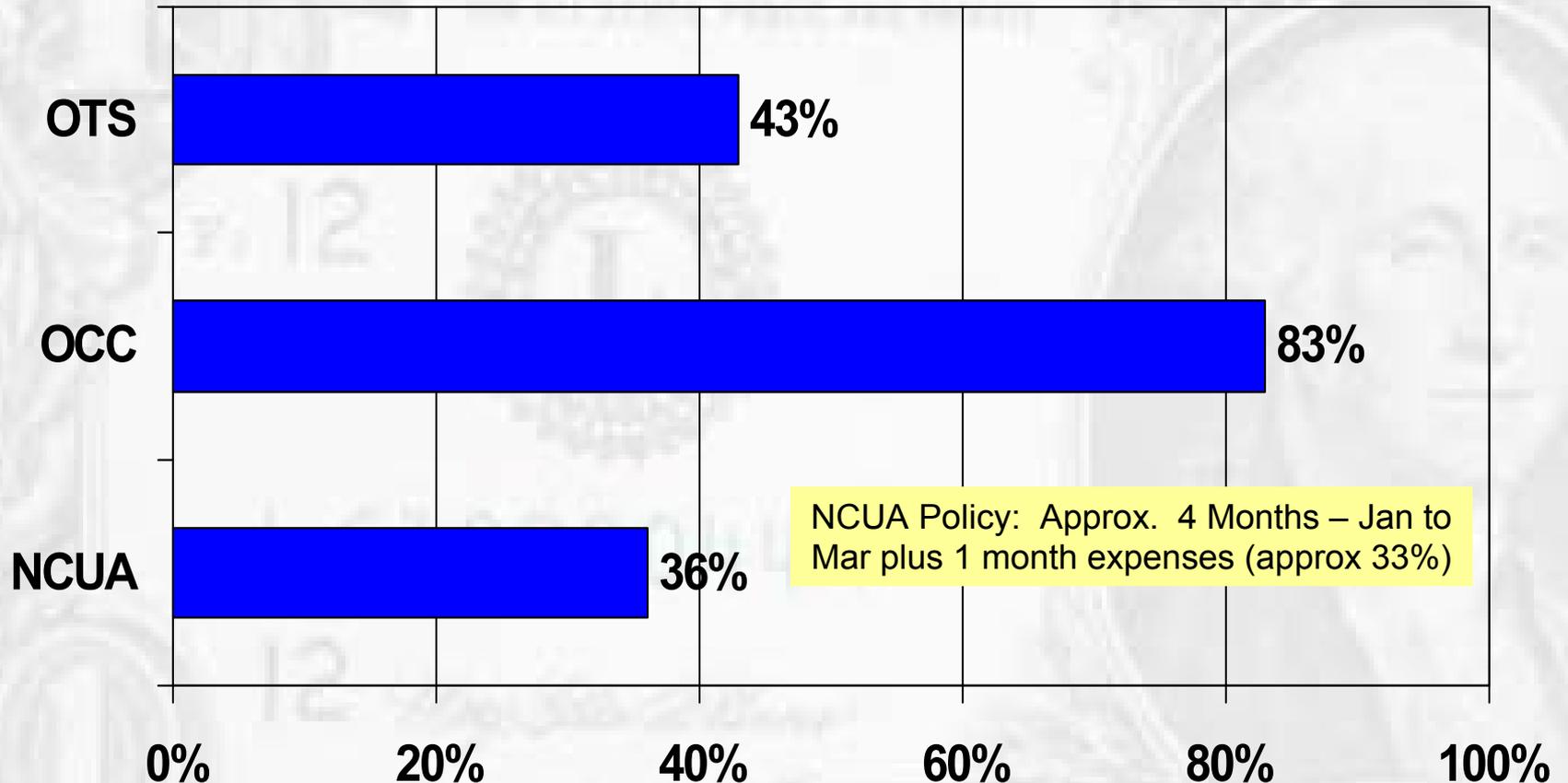
- Budget increase 2%
- FTE 958.53, down 5.02
- Pay adjustment 4.10%
- Reorganization savings



FUTURE OUTLOOK

Cash Balance to Actual Operating Expenses

(For Year-End 2002)



Note: FDIC is not a valid comparison; skewed by the nature of the insurance fund resulting in a ratio of 3,914%

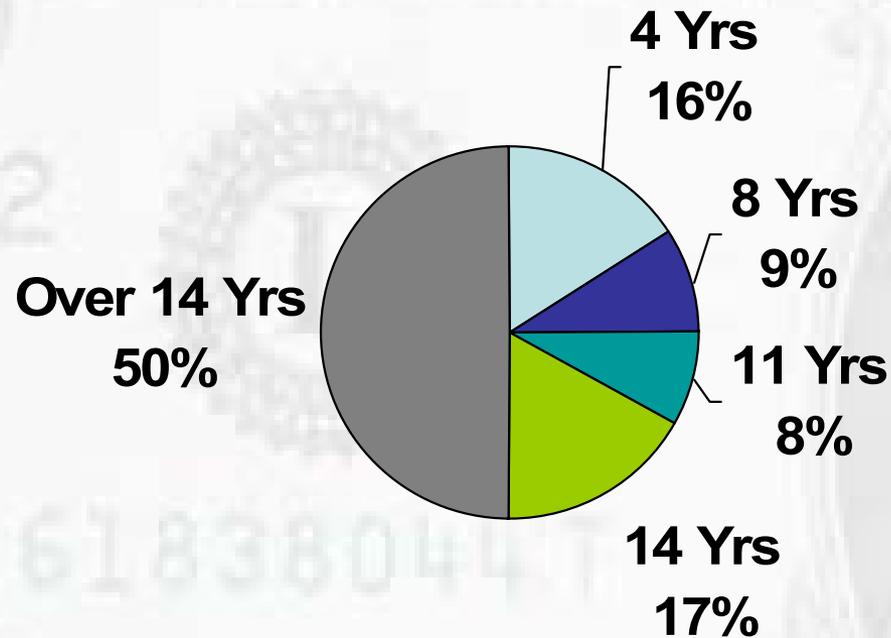
Technology

- Video conferencing
 - Implemented March 2002
 - Cost \$231,000
 - Benefits to date \$646,925
 - Breakeven less than 8 months
 - Average monthly benefit \$40,433
- Electronic delivery of documents
- Document imaging

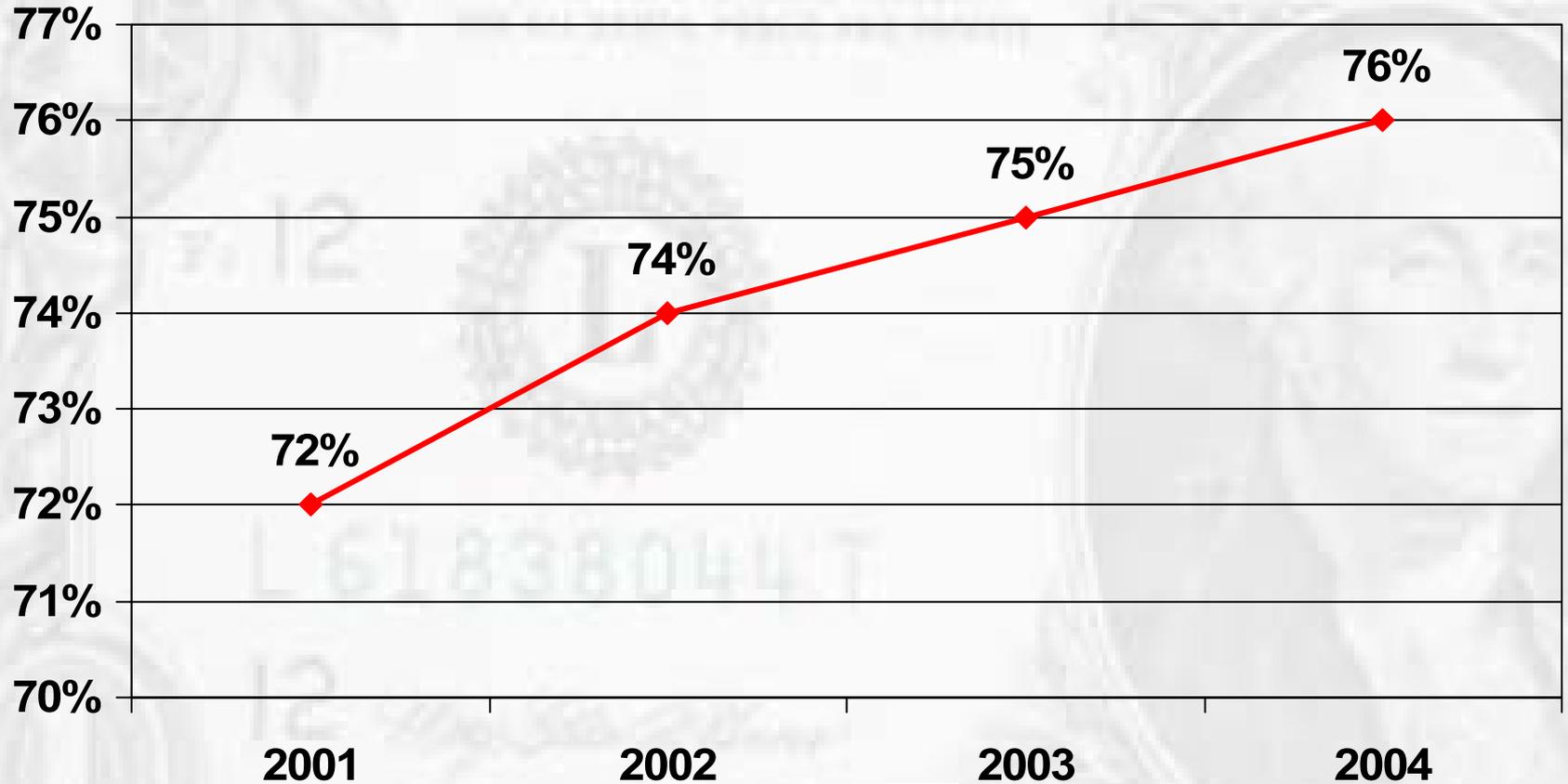
Reorganization

- Will save \$27 million over 10 years
- Reduced FTE from 2000 to 2005
 - 90.54 or 8.63%

FTE Eligible to Retire



% of NCUA Employees Under FERS Retirement System



Future Budgets

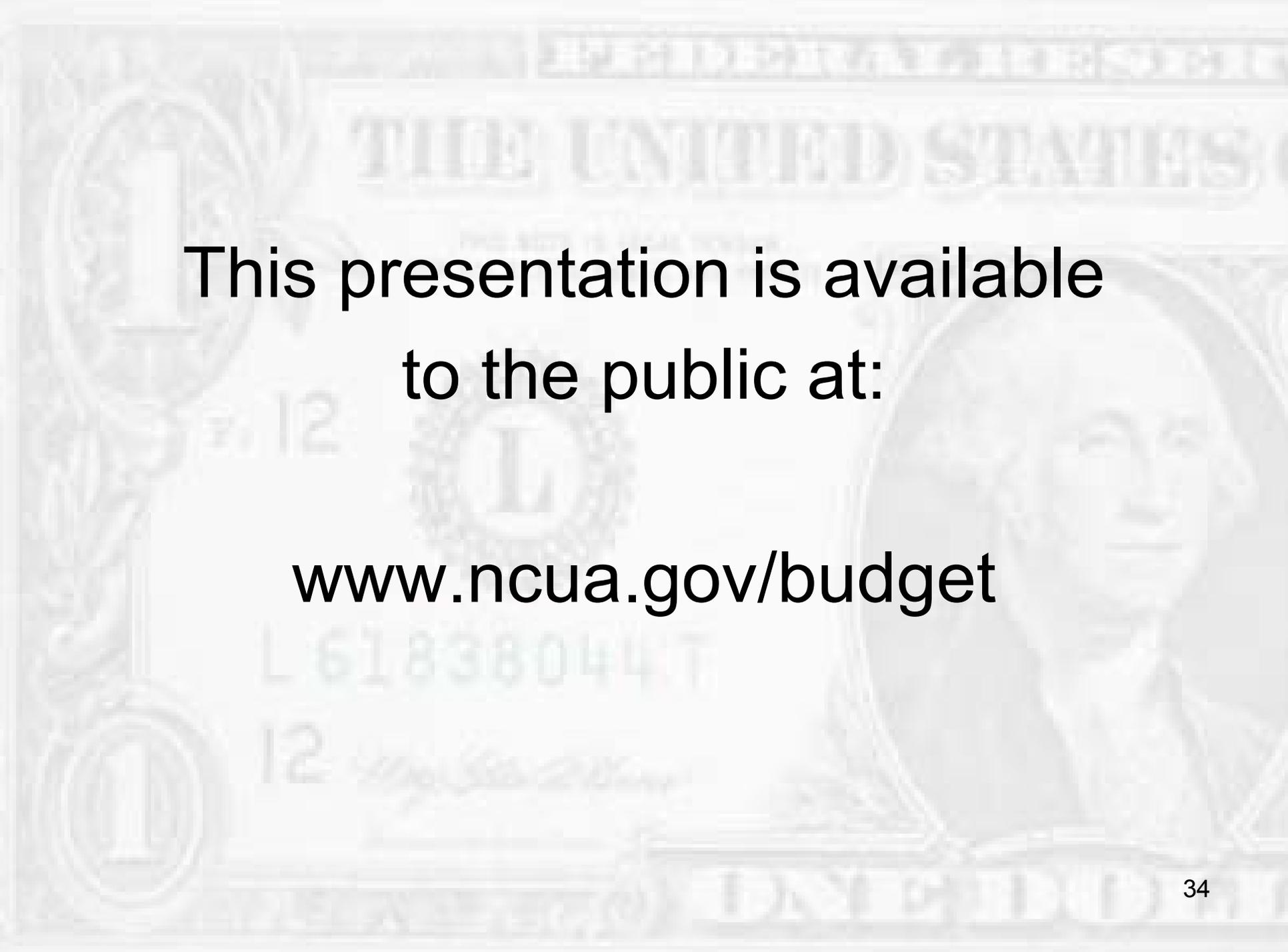
Increases

- Mandatory employee benefits - FERS, health insurance
- Security issues
- Labor management relations?
- Inflation

- Retirements?
- FIRREA comparability?

Decreases

- Reorganization
- Larger, fewer CUs
- Additional FTE reductions



**This presentation is available
to the public at:**

www.ncua.gov/budget