



NCUA BOARD BUDGET BRIEFING AND PUBLIC FORUM

Monday, October 22, 2007

This presentation contains estimates that are predecisional and subject to change.



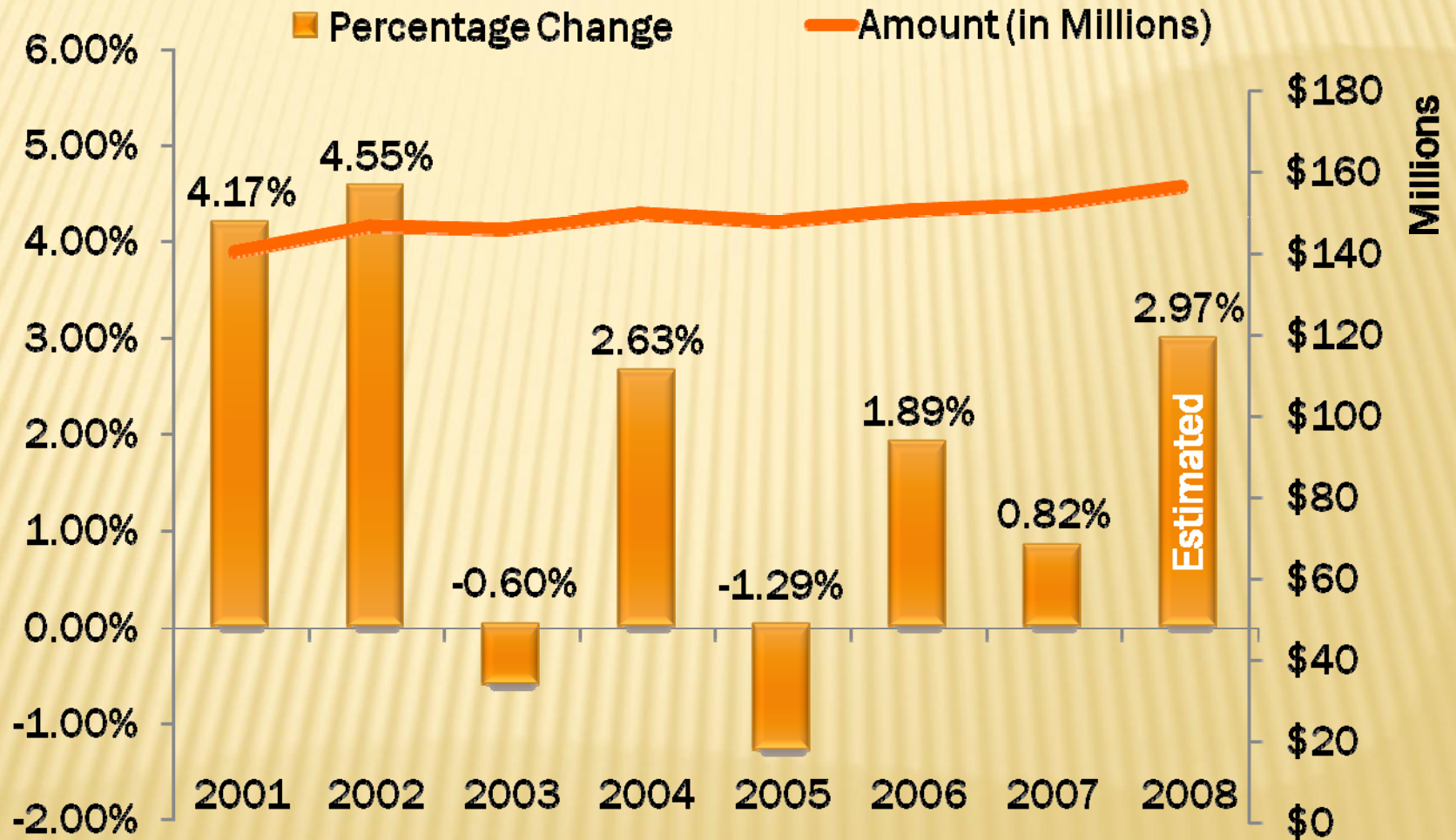
SUMMARY

- Budget ♦ \$156.5 million (⬆️ \$4.5 million or 2.97%)
- FTE ♦ Recommended increase from 958
- OTR ♦ Slight reduction expected from 53.3%
- Operating Fee ♦ Assessment rate increase expected





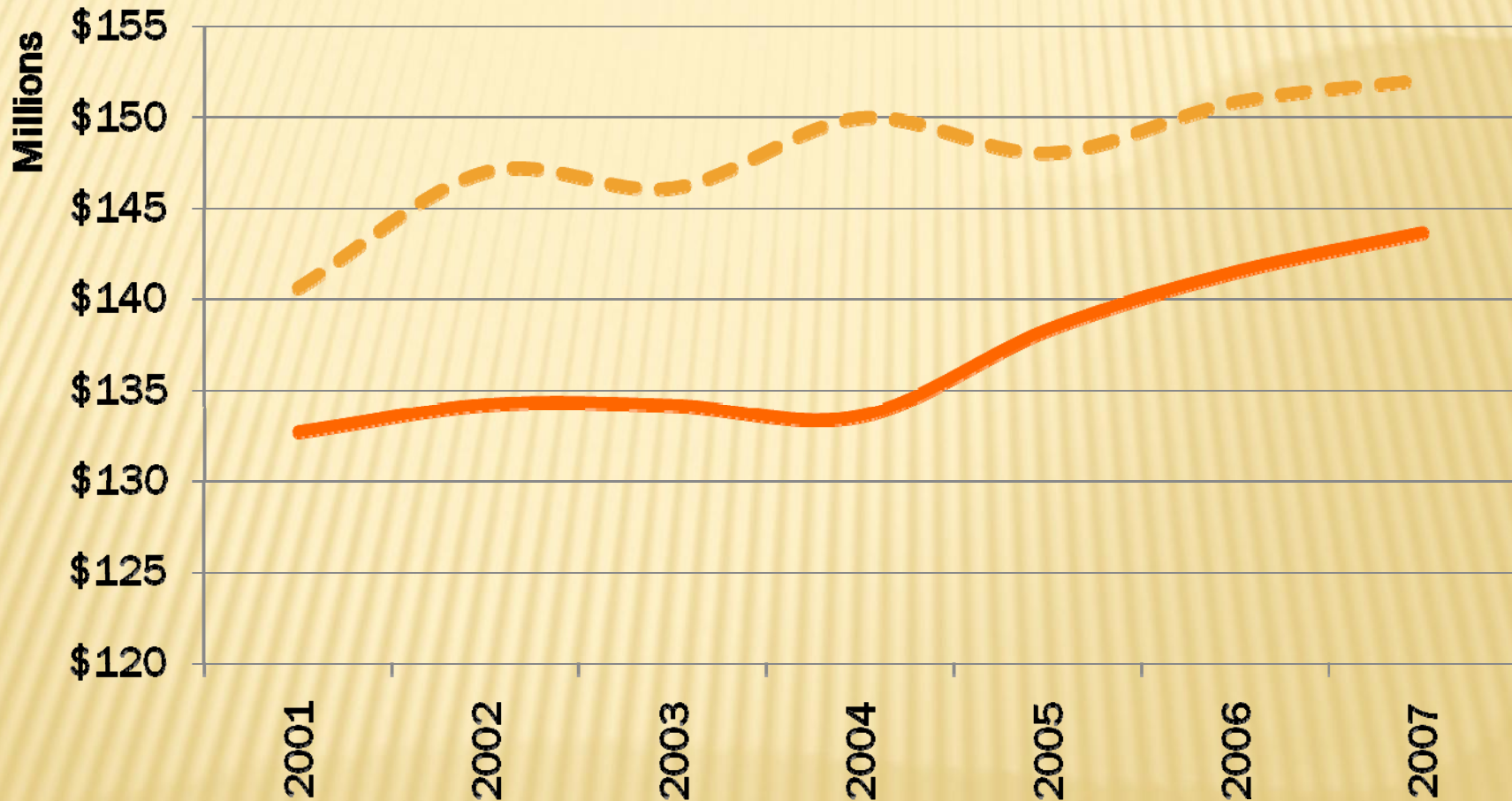
HISTORICAL BUDGETS





BUDGET AND ACTUAL

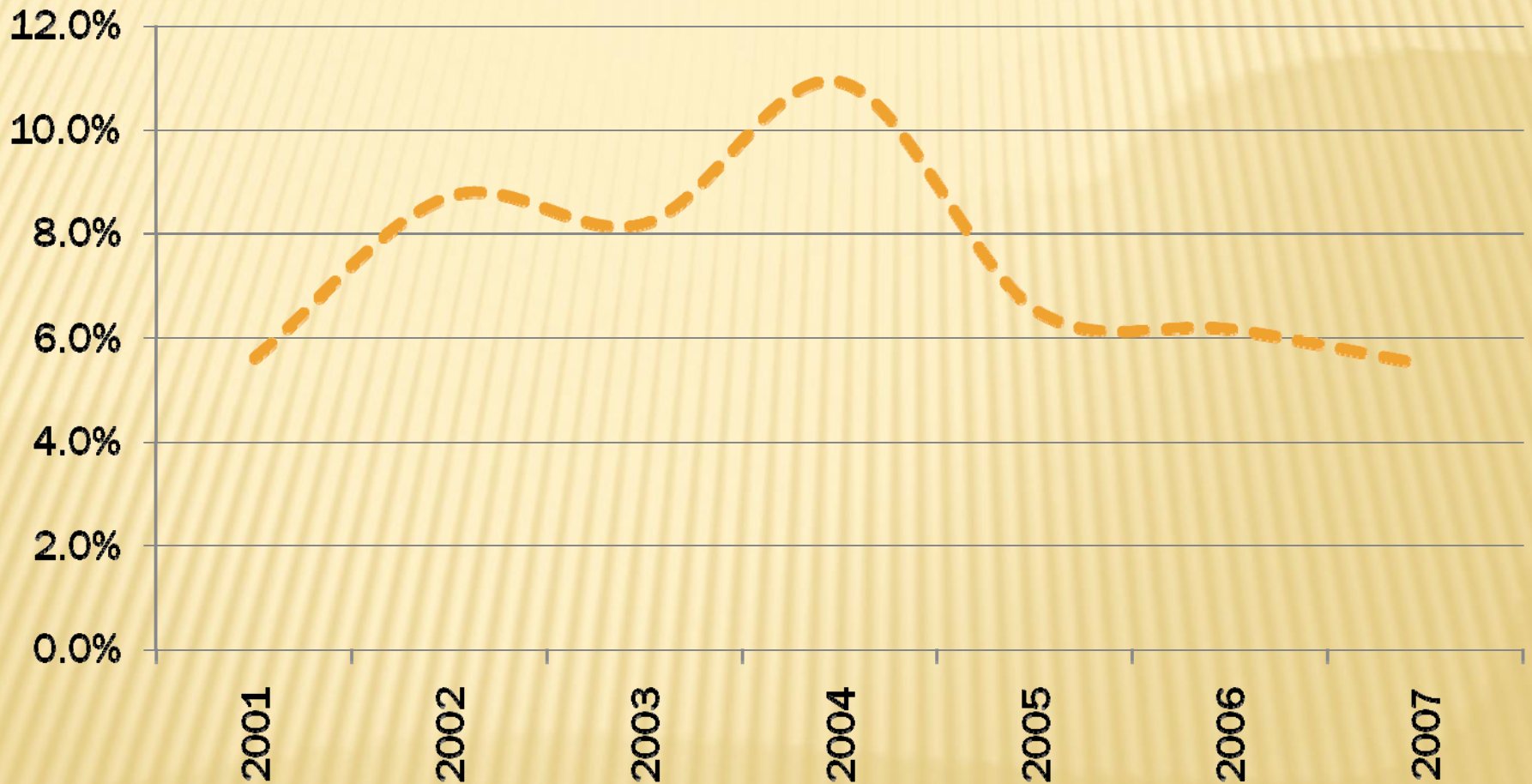
--- Budget — Actual



2007 data is estimated



BUDGET VARIANCE PERCENTAGE

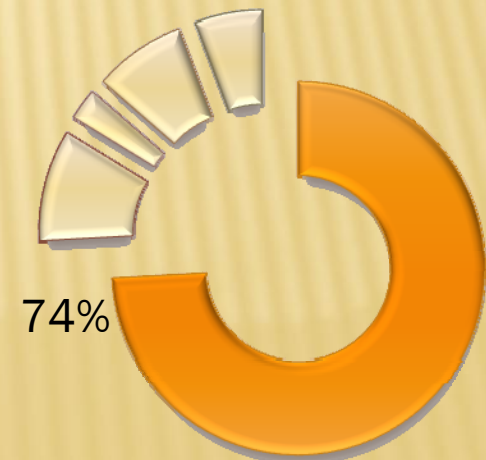


2007 data is estimated



PAY & BENEFITS

- ↻ \$1.9 million or 1.3%
- ✗ 74% of total budget
- ✗ 3.5% average merit increase
+\$2.5 million
- ✗ Grade shifting savings
- \$2.2 million
- ✗ 1.7% health benefits insurance
+\$90,000
- ✗ 2% vacancy reduction
- \$2.6 million



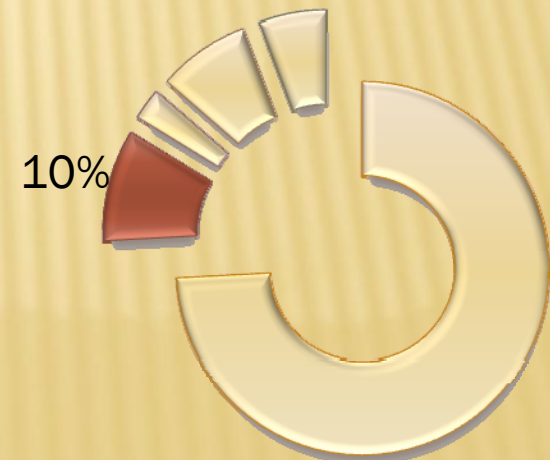
Impact of Collective Bargaining Agreement TBD



TRAVEL

- \$1.8 million or 13.0%
- ✘ Regional conferences, +\$900,000
- ✘ Overall, regional travel increasing
- ✘ Regional travel is 70% of agency's travel budget
- ✘ Travel per FTE in regions, \$15,146
- ✘ Moving all new examiner training back to Alexandria, +\$150,000

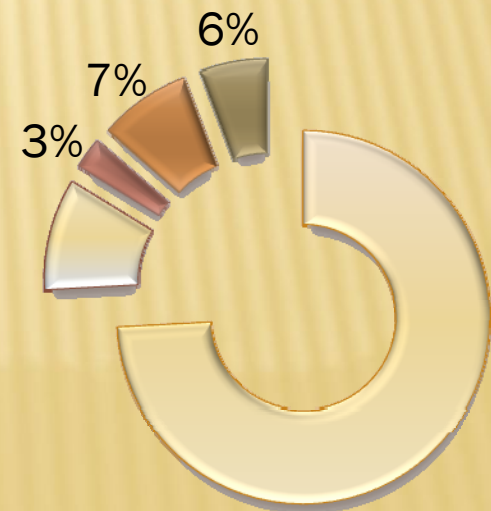
Prorated training /computer in 2009 may impact states with NFICUs





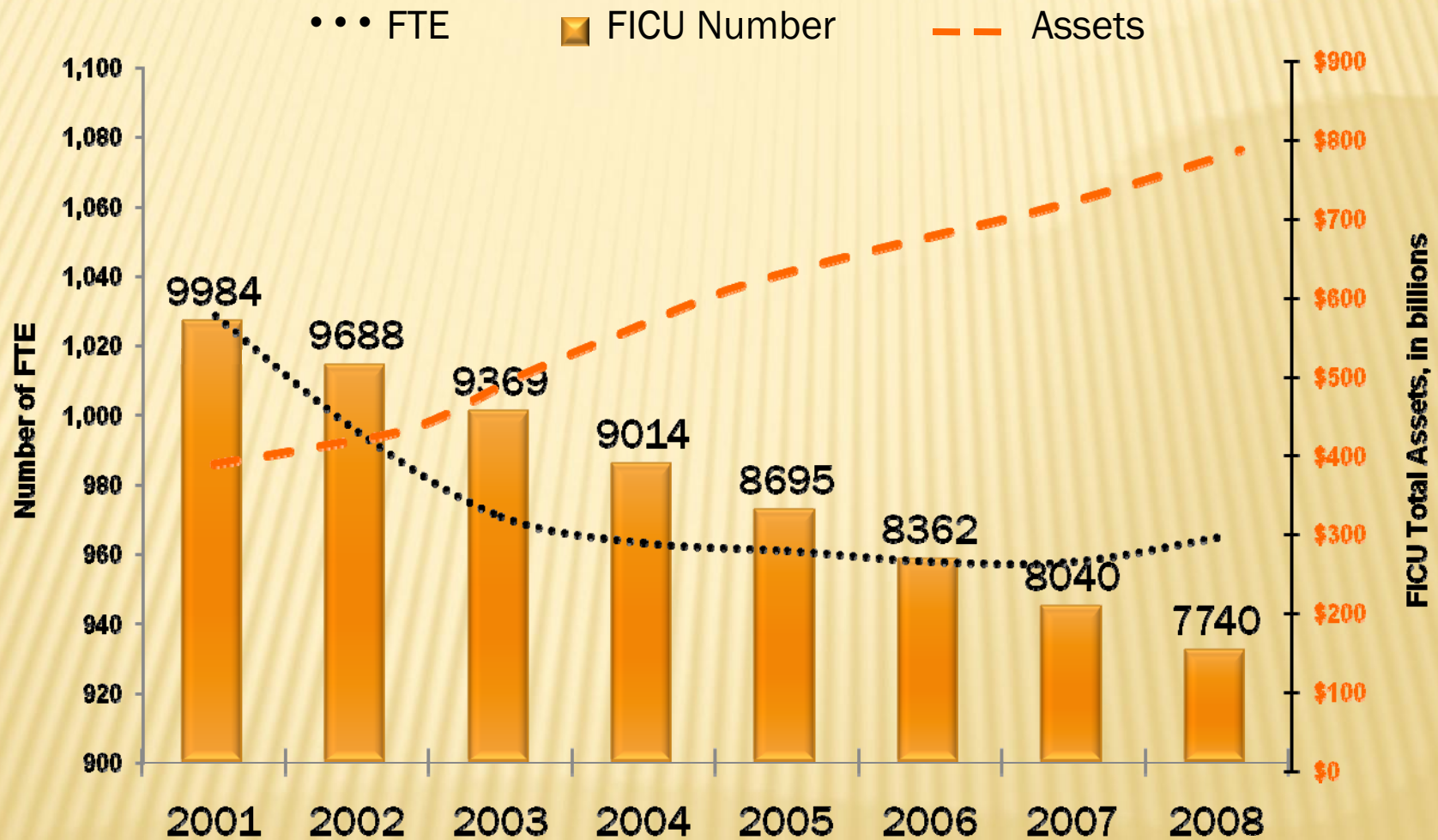
REMAINING COST CATEGORIES

- ✘ Rent, Comm. & Utilities (↑ \$209,000)
- ✘ Administrative (↓ \$122,000)
- ✘ Contracted Services (↑ \$ 234,000)





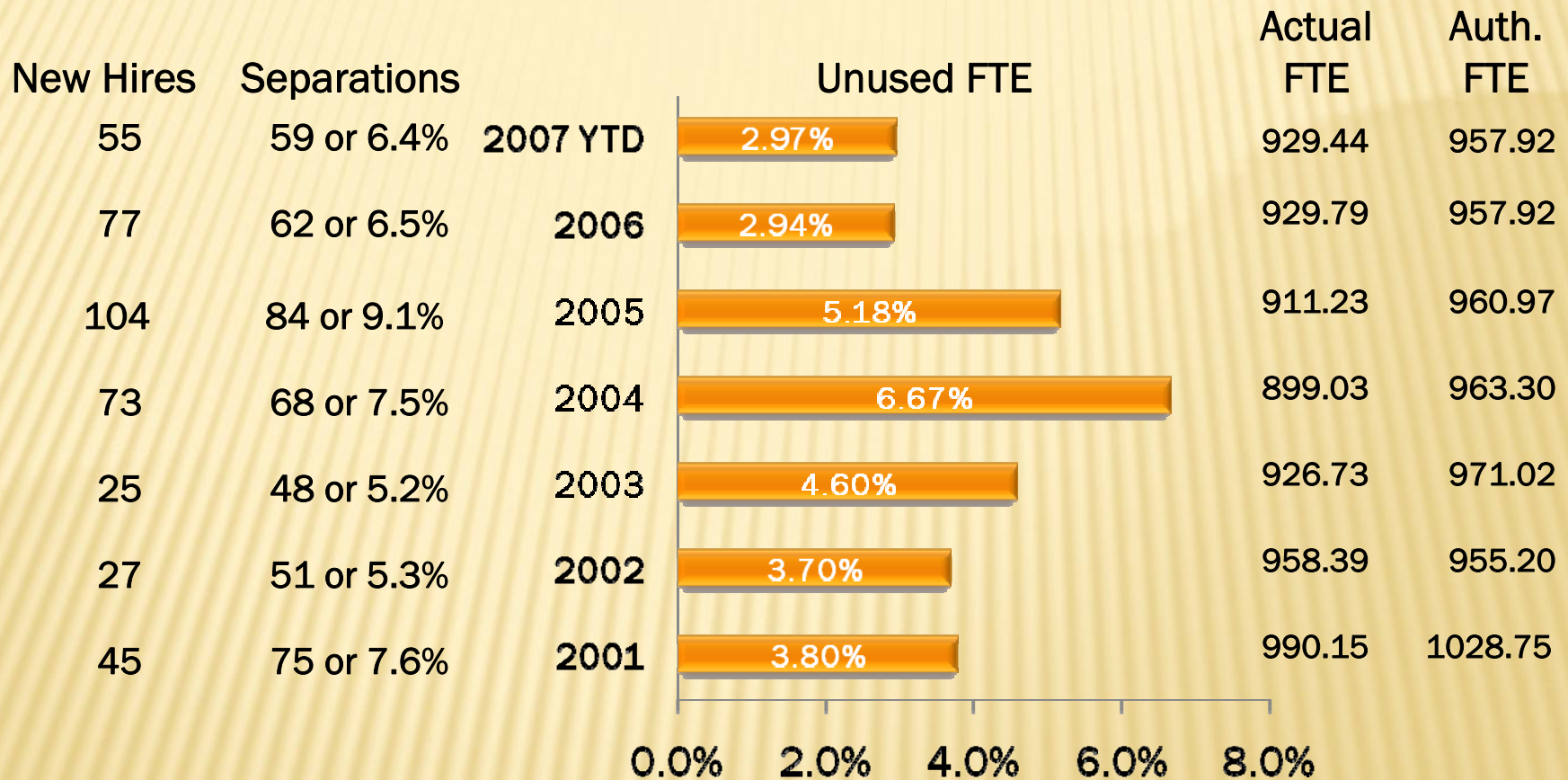
FTE, FICU NUMBER AND ASSETS



2007 and 2008 FICU Number and Assets estimated



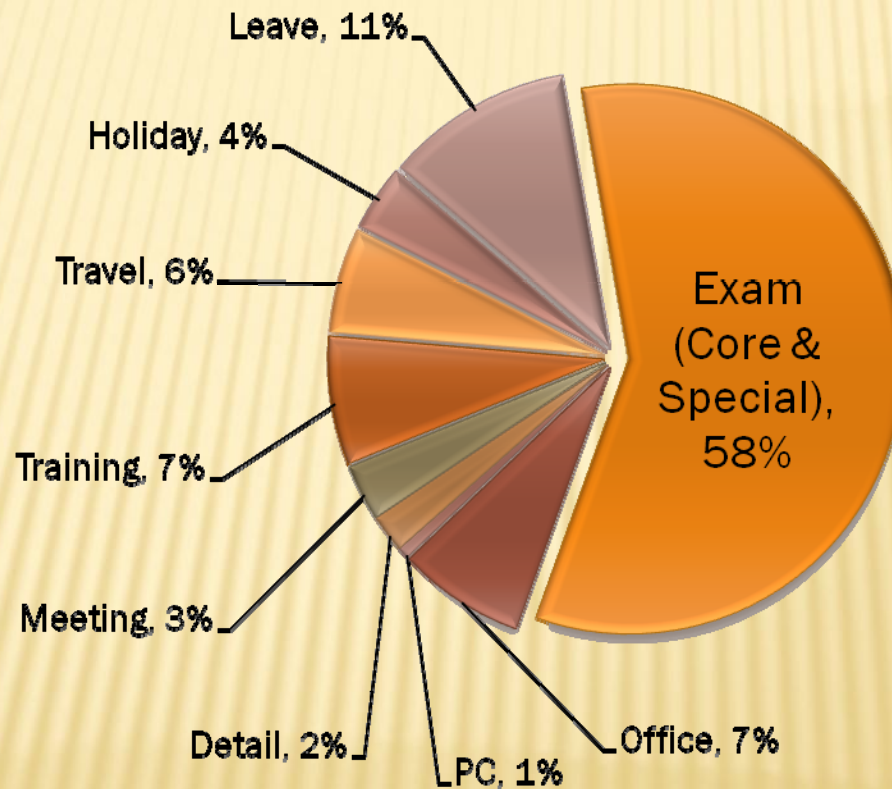
TURNOVER AND UNUSED FTE



2004 included reorganization changes.

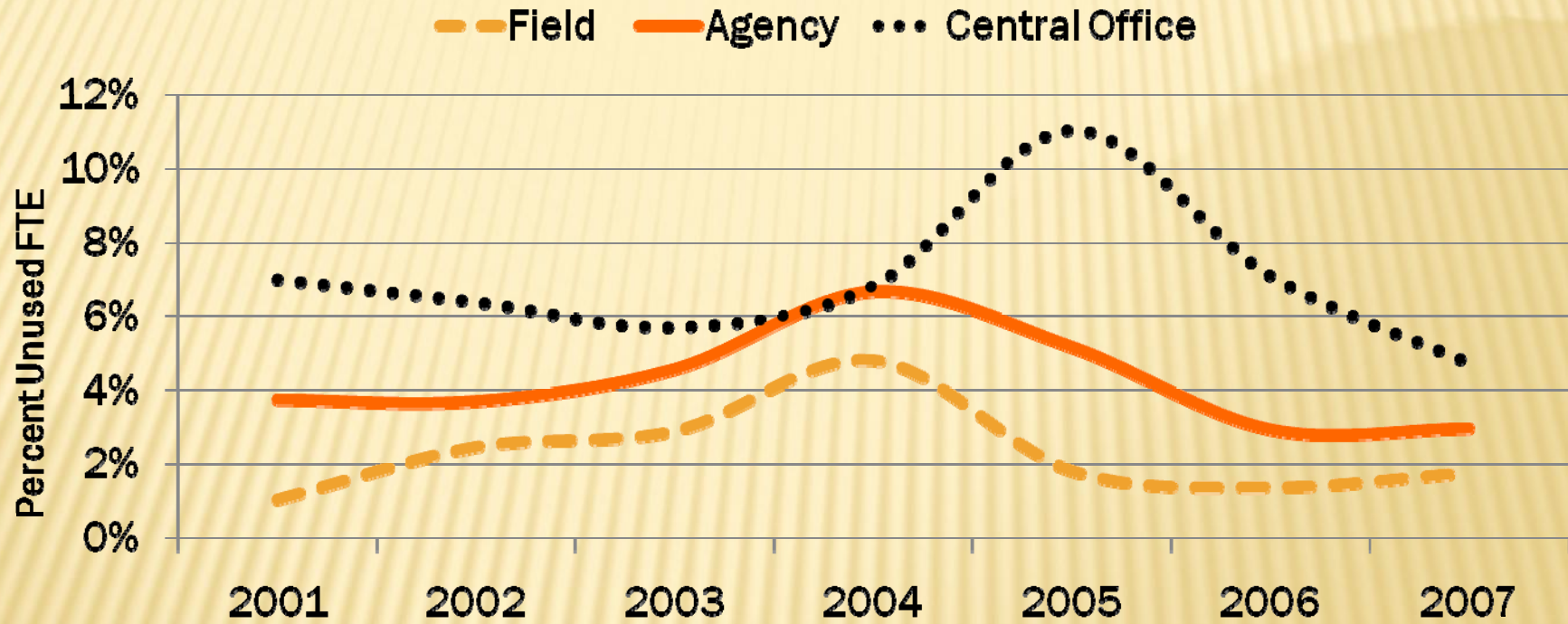


EXAMINER PROGRAM HOURS 2008





FTE UTILIZATION





RECOMMENDED INCREASE TO FTE WHY?

- ✘ Regulatory issues not subsiding
- ✘ Increased safety and soundness issues

2007 FTE

958



SAFETY AND SOUNDNESS ISSUES

- ✘ Member Business Lending (MBL)
- ✘ Mortgage lending
- ✘ Third party relationships/outourcing
- ✘ Expanded fields of membership (FOM)
- ✘ Interest rate risk
- ✘ Geographic concentration of risk



RECOMMENDED INCREASE TO FTE WHY?

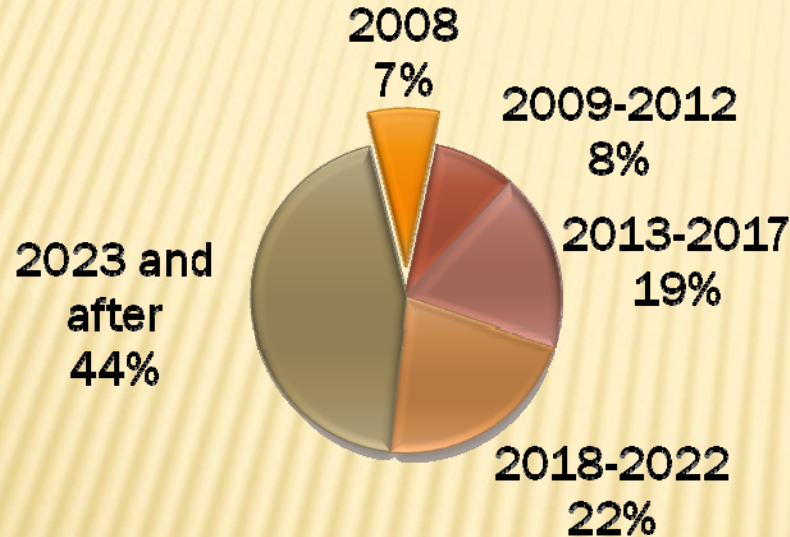
- ✘ Regulatory issues not subsiding
- ✘ Increased safety and soundness issues

2007 FTE	958
Recommended increase	<u>7</u>
2008 FTE	965

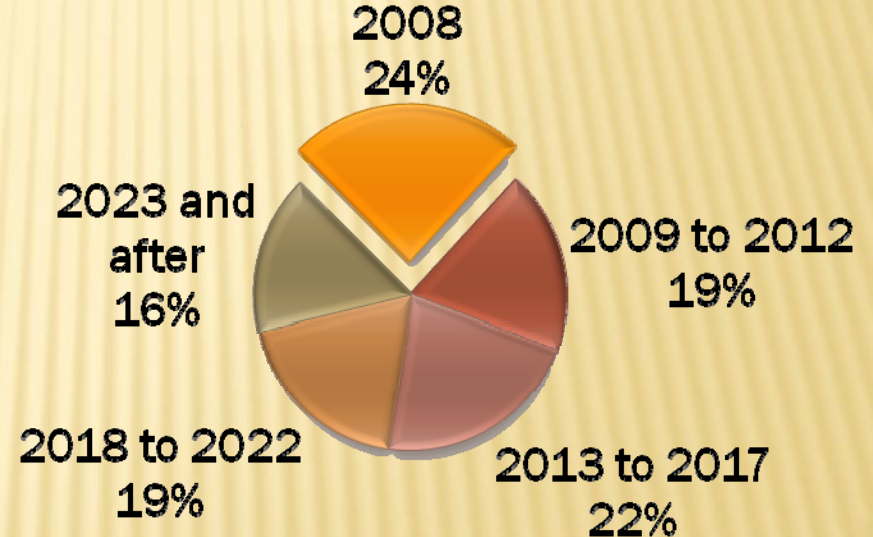


RETIREMENT ELIGIBILITY

Agency-wide



SSP



For 2008, 74 individuals or 1 in 14 of staff are eligible to retire.

More than 2 in 5 of senior staff are eligible to retire in 5 years.



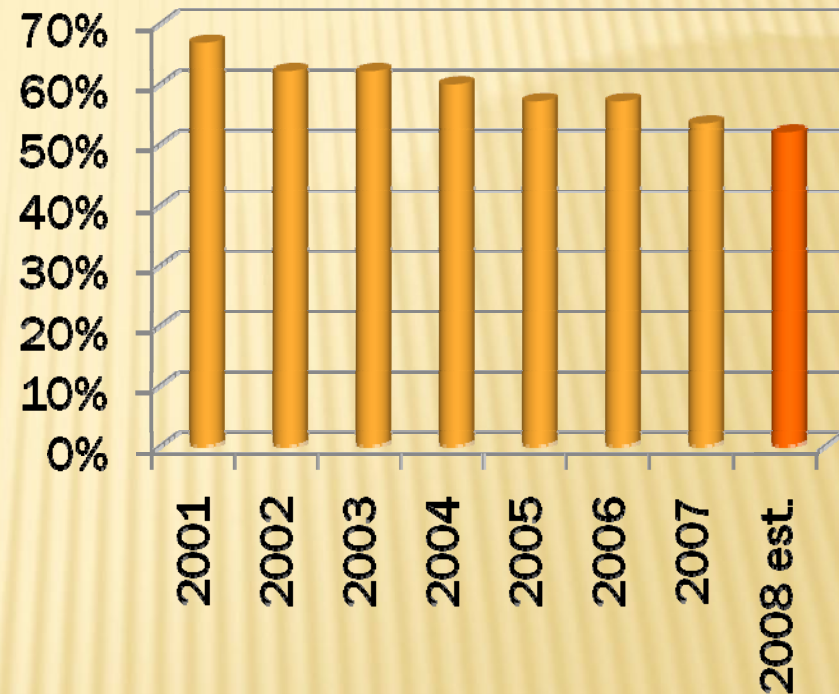
RECRUITING

- ✘ Regions successful in field recruiting efforts
- ✘ Keeping the momentum with \$340,000 budget
 - + More than 42 career fairs in the regions
 - + Advertising, diversity career fairs
- ✘ Creating opportunities
 - + Management Development Program, Aspiring Leader, New Leader, Executive Development Program
 - + Developmental detail opportunities
 - + Succession planning



OVERHEAD TRANSFER RATE (OTR)

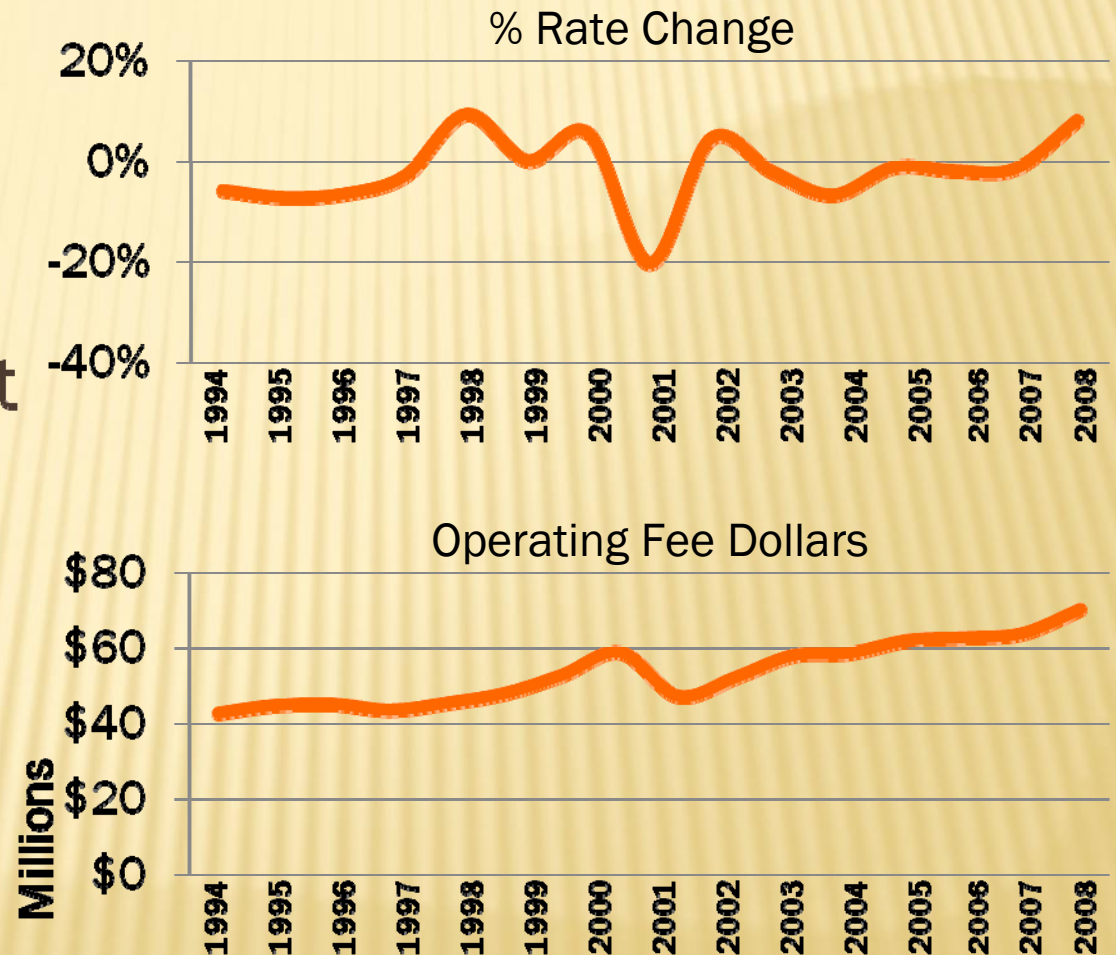
- ✘ Expected decrease to approximately **52%**
- ✘ 2007 Examiner time survey showing more compliance work
- ✘ Potential OTR increase in 2009 due to more insurance related work





OPERATING FEE

- ✘ Expected rate increase **8%-12%**
- ✘ Decline in OTR
- ✘ Increase in budget
- ✘ Higher capital acquisitions than previous years
- ✘ One year impact





FUTURE BUDGETS

- ✘ Collective Bargaining Agreement
- ✘ Fewer credit unions
- ✘ More complex financial environment for credit unions, inflation and flat yield curve
- ✘ Compliance issues
- ✘ Mandatory employee benefits - FERS, health insurance
- ✘ Retirements & staff turnover
- ✘ Possible increase in FTE
- ✘ New laptops in 2009



This presentation is available
to the public at:

www.ncua.gov

By clicking Reports, Plans and Statistics
and clicking NCUA Budget Briefing

