



NCUA BOARD BUDGET BRIEFING AND PUBLIC FORUM

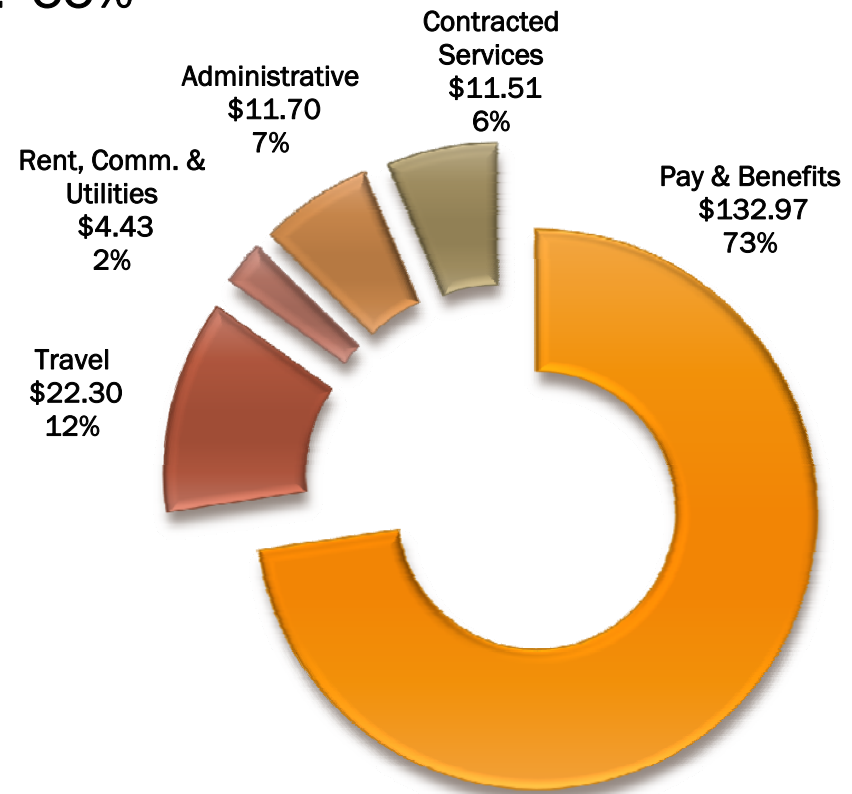
Thursday, October 30, 2008

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



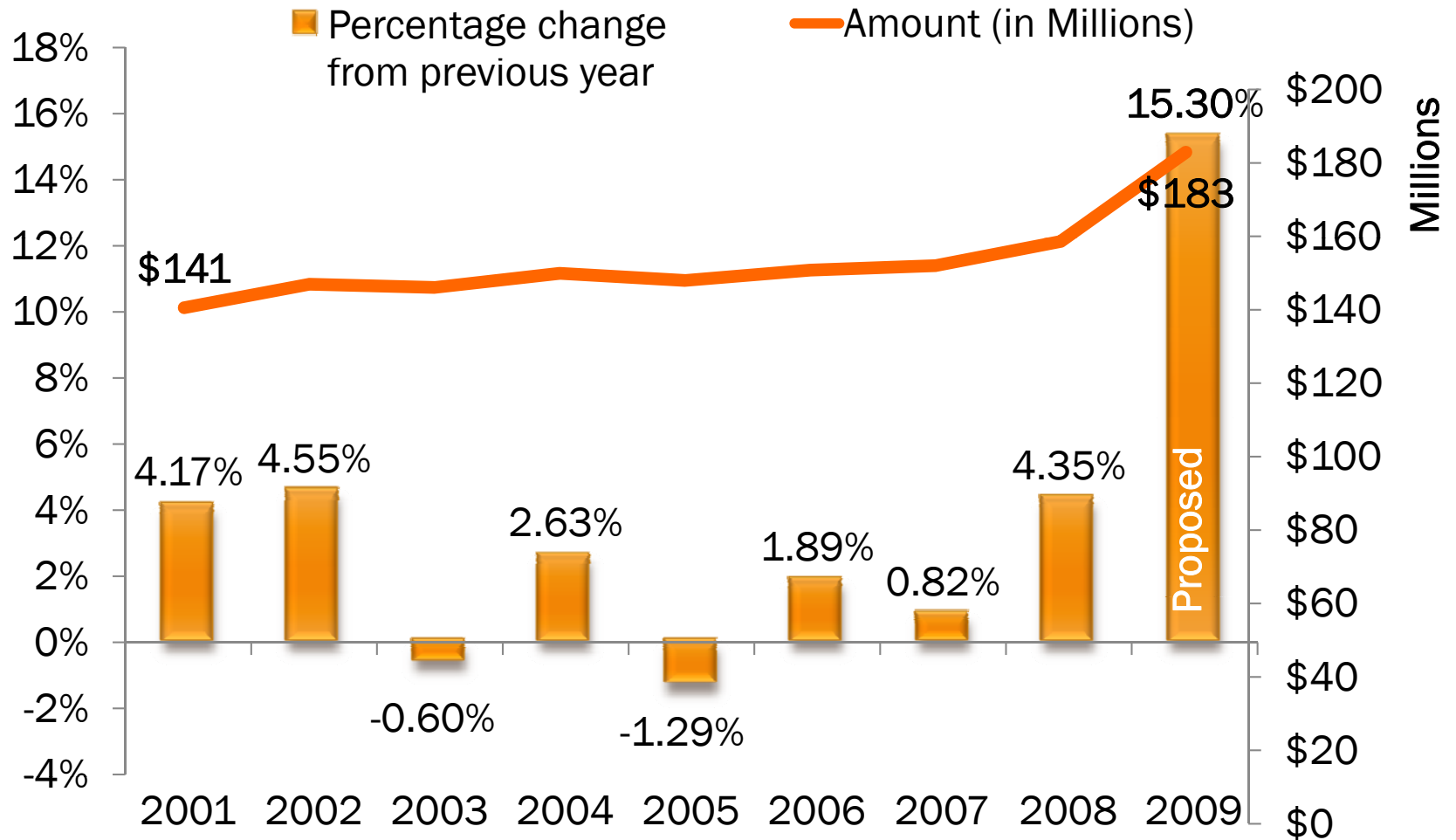
SUMMARY

- Budget \$182.9 million (⬆️ \$24.3 million or 15%)
- FTE ▼ Recommended increase to 1,049 (⬆️ 84 FTE)
- Operating Fee ♦ Estimated rate scale increase: 10%
- OTR ♦ Estimated rate: 55%





HISTORICAL BUDGETS





CREDIT UNION ENVIRONMENT

- **Turbulent Economic Time**
- **Unprecedented Pressures on Liquidity**
- **Increased Interest Rate Risk**
- **Concentration Risks**
- **Congressional/Government Actions**
- **Risk Management Lapses**



MAJOR NEW INITIATIVES

- **12-Month Examination Program**
- **National Exam Team**
- **Centralize Chartering Function**



12-MONTH PROGRAM REQUIREMENTS

Hire 100 Examiners and 10 SEs (77 FTE) \$ 7.8 M[♦]

Includes pay, benefits, travel, computers, etc.

Office of Human Resources

New examiner training 1.7

10 contract trainers plus travel 1.7

HR Specialist (2 FTE) 0.2

Hire 5 Problem Case Officers (2.5 FTE) 0.3

Hire 3 Risk Management Officers (1.5 FTE) 0.2

Double Existing Recruitment Budget 0.3

\$ 12.2

Indirect/Opportunity Costs 0.6

Grand total \$ 12.8 M

♦ Phased in cost – first year

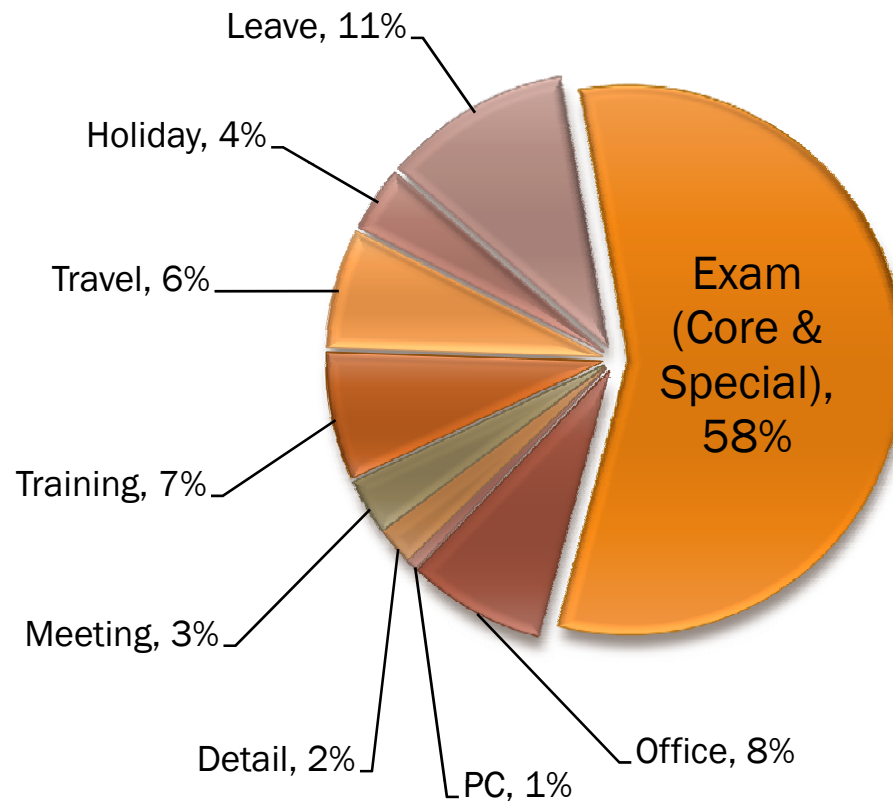


IMPLEMENTATION CHALLENGES

- Attrition (normal and new hire)
- Recruitment
- Training
 - Balance training and program hours
- Learning curve
 - More complex, but fewer, credit unions
 - New hire training/indoctrination
 - ❖ Productivity begins at about 9 months
 - Seasoned examiner: 3 to 4 years experience



EXAMINER PROGRAM HOURS 2008



Challenge: Maintain productivity in 2009 with increased hiring



NATIONAL EXAM TEAM

- Most challenging cases with highest risk to NCUSIF
- Enable quick response when demand is greater than a region's resources
- Redirect existing staff
- Increase travel: Net increase in cost



CENTRALIZE CHARTERING

- Redirect regional charter function into the Office of Small Credit Union Initiatives
 - Consistency
 - Efficiency
- New funding requested
 - Analyze business processes to better customer service



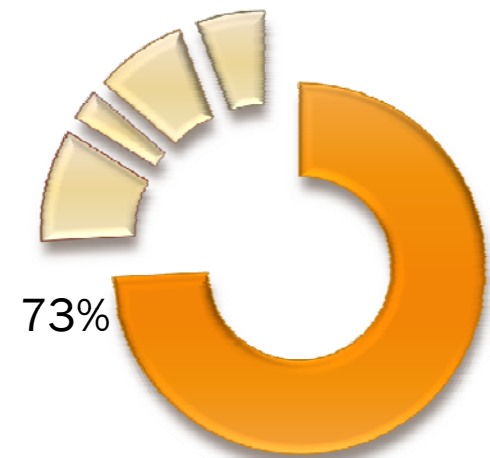
OTHER NOTEWORTHY BUDGETARY ITEMS

- Merit pay, locality and other pay adjustments
 - Travel inflation
 - Building renovations
-
- 75th Anniversary



PAY & BENEFITS

- ⬆️ **\$14.5 million or 12.3% to \$118.4 million**
 - **73% of total budget**
 - **43% of increase due to 12-Month Program**
 - **6.4% average merit and locality change**
 - **Mandated benefits, including**
 - 6.5% health benefits**
 - insurance increase**





TRAVEL

⬆️ \$6.9 million or 44.7% to \$22.3 million

➤ 46% of increase due to 12-Month Program

➤ Regional travel is up \$3.7 million

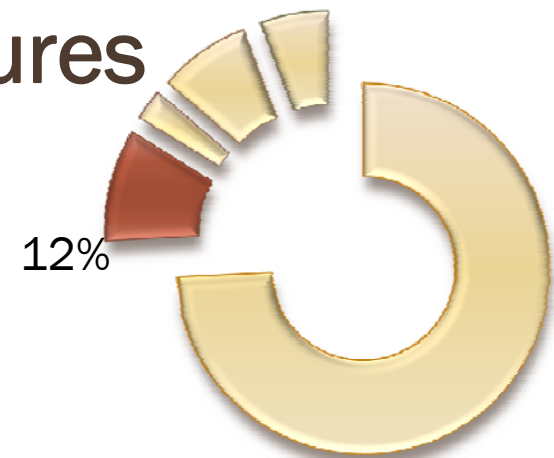
• Recognizes 2008 mid-session inflationary increases

• 2009 Inflationary pressures

❖ GSA City Pair airfares up 13%

❖ GSA per diem rates up 4%

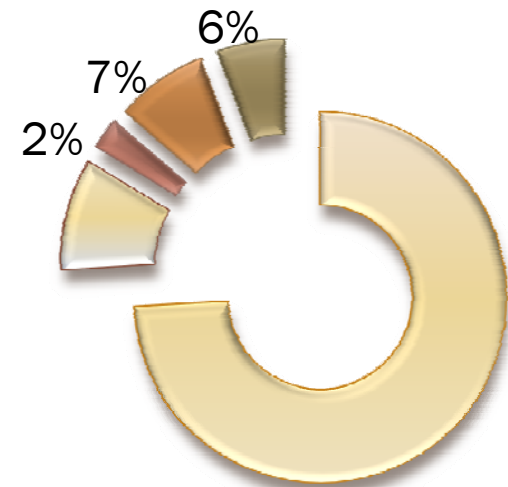
❖ Mileage rate up 10%





REMAINING COST CATEGORIES

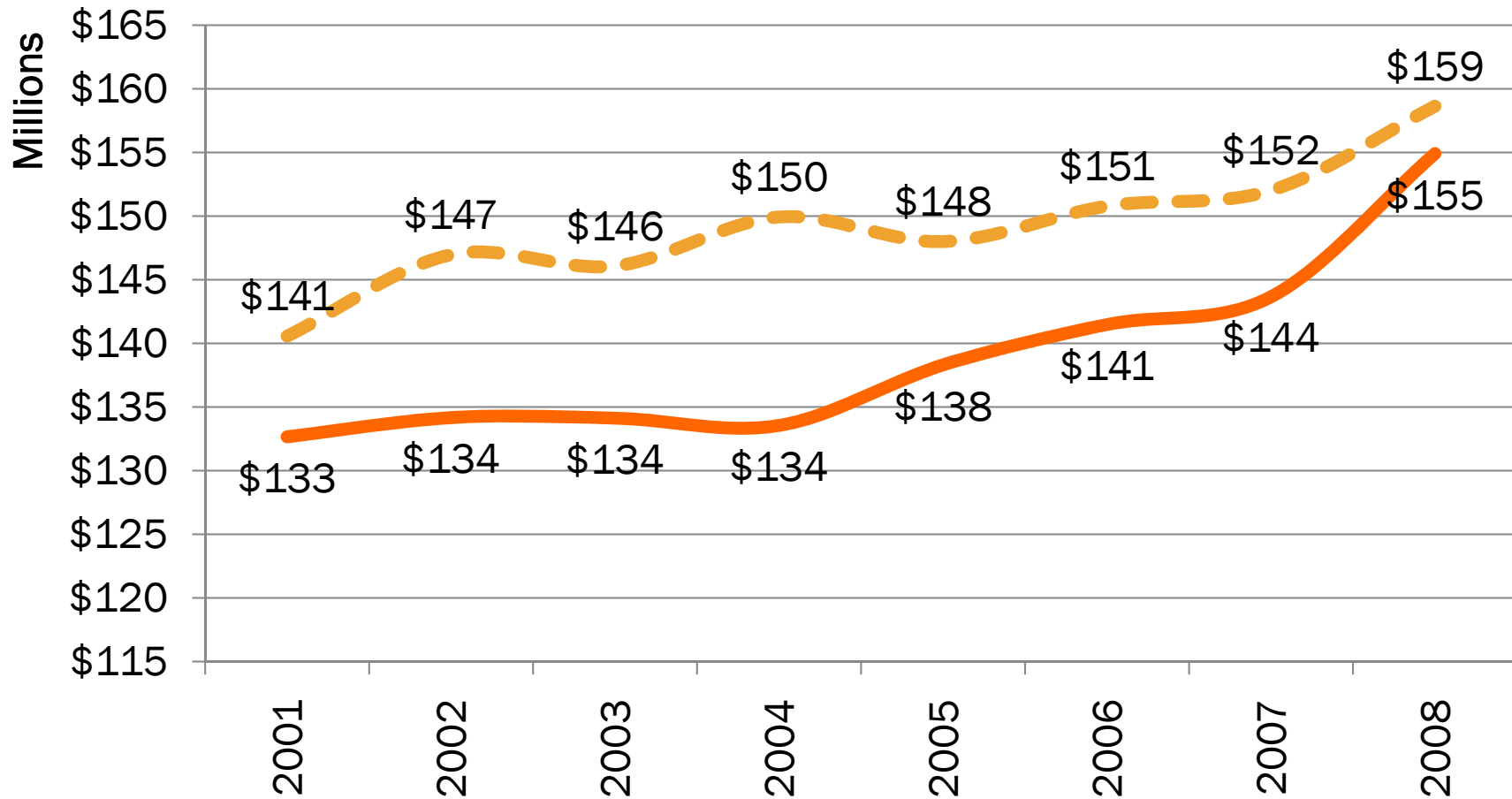
- Rent, Comm. & Utilities (↑ \$258,000)
- Administrative (↓ \$140,000)
- Contracted Services (↑ \$ 2,727,000)
 - \$1.7 million due to 12-Month Program





BUDGET AND ACTUAL

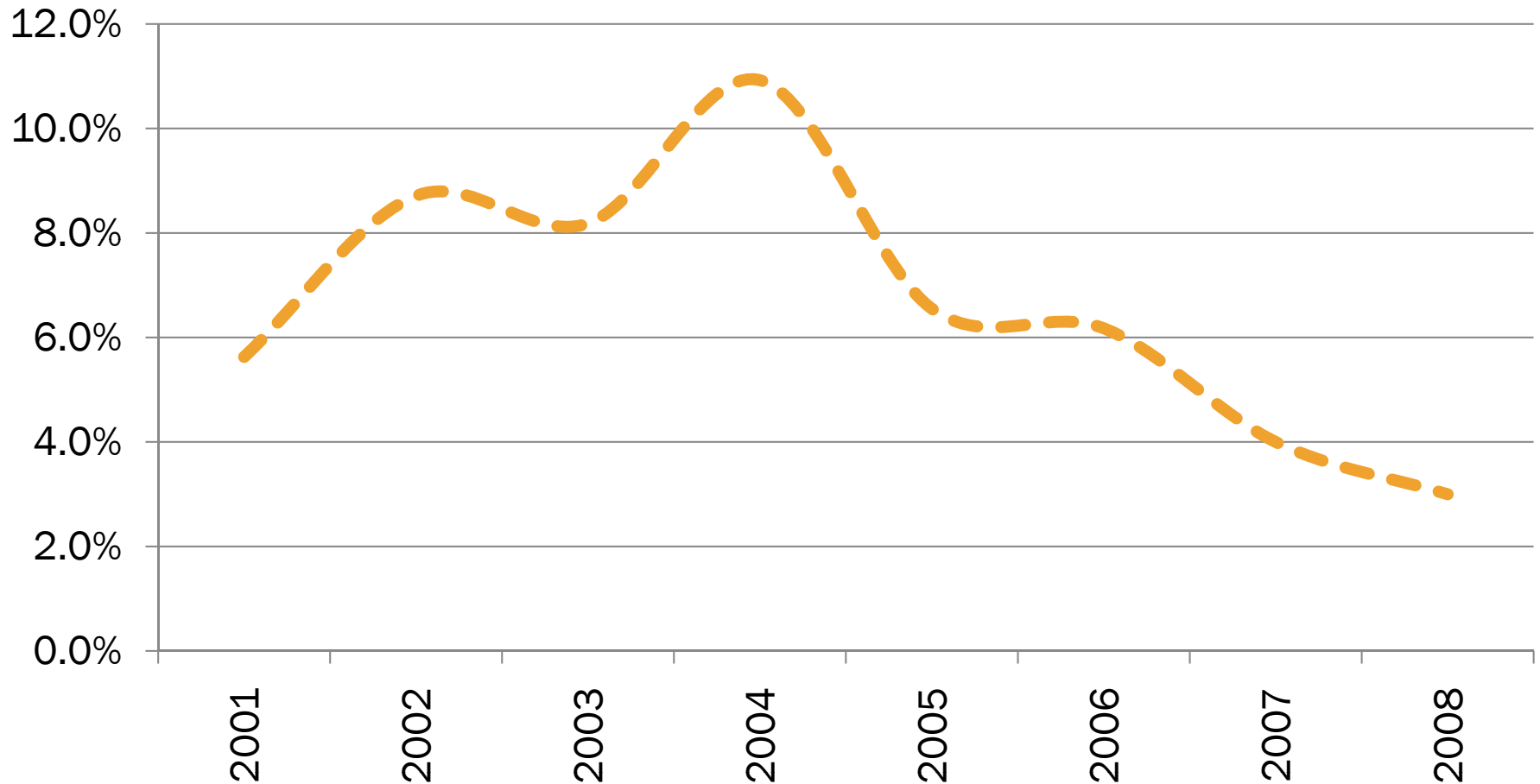
--- Budget — Actual



2008 data is estimated



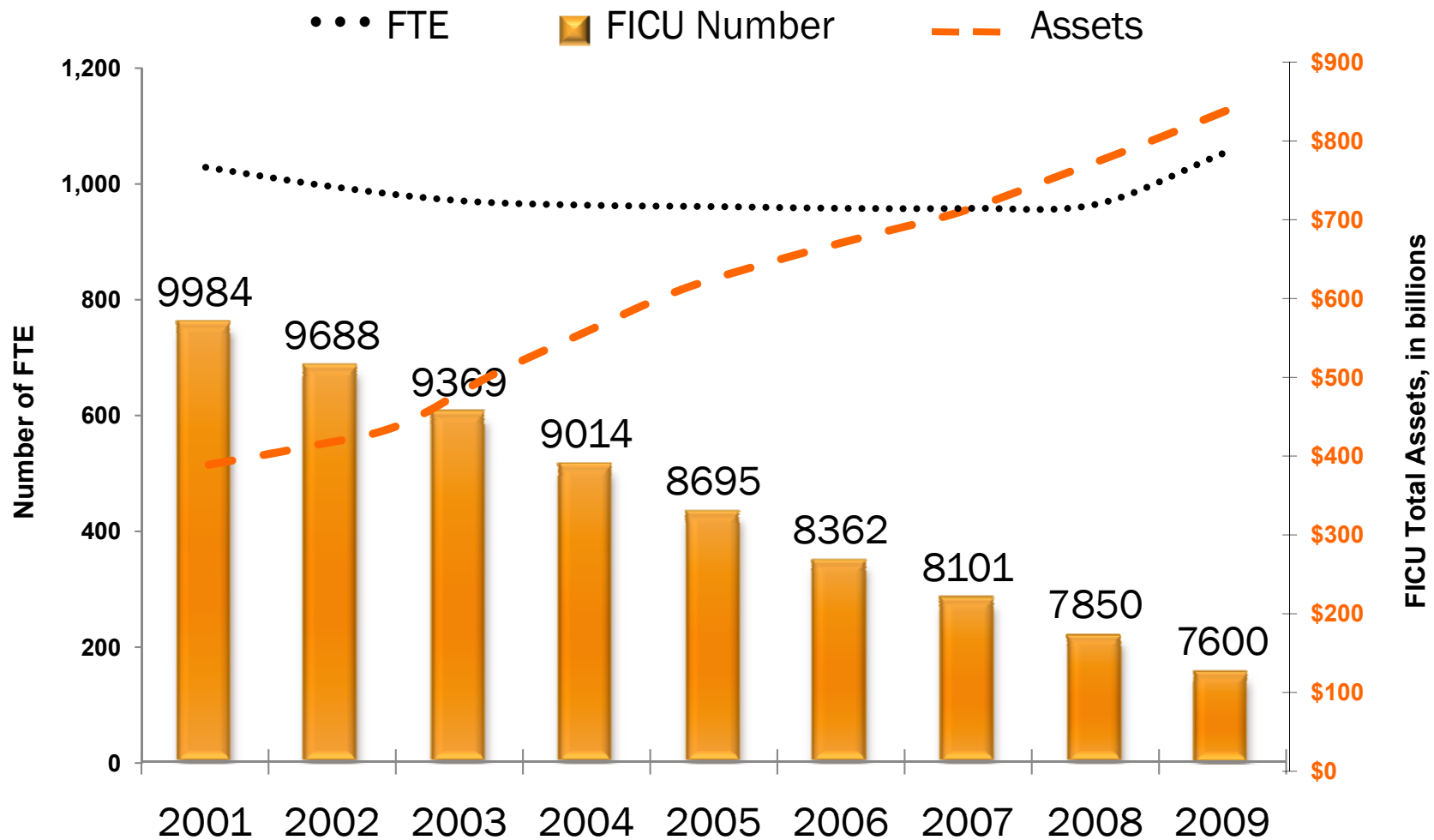
BUDGET VARIANCE PERCENTAGE



2008 data is estimated



FTE, FICU NUMBER AND ASSETS

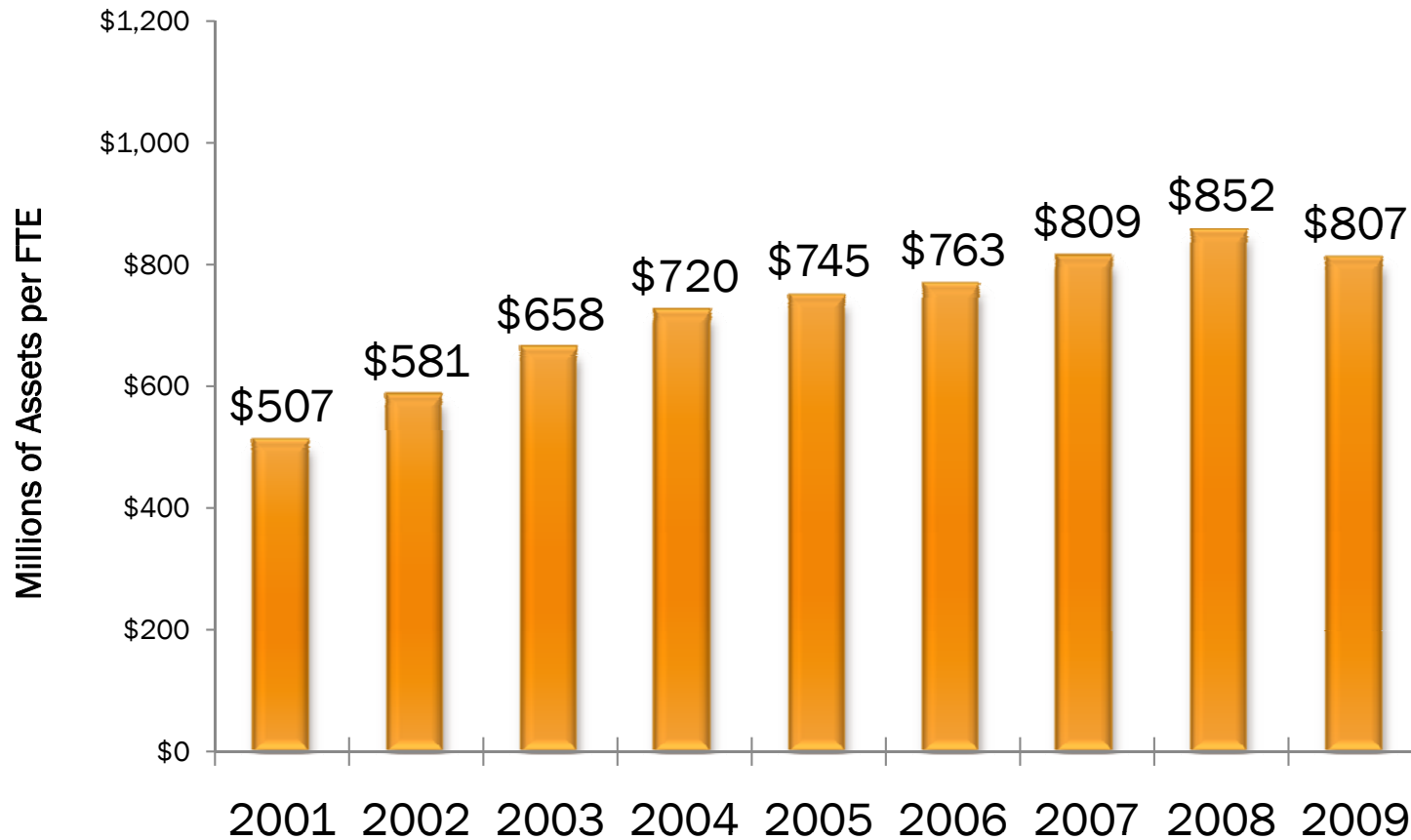


2008 and 2009 FICU Number and Assets estimated



FICU ASSETS TO FTE

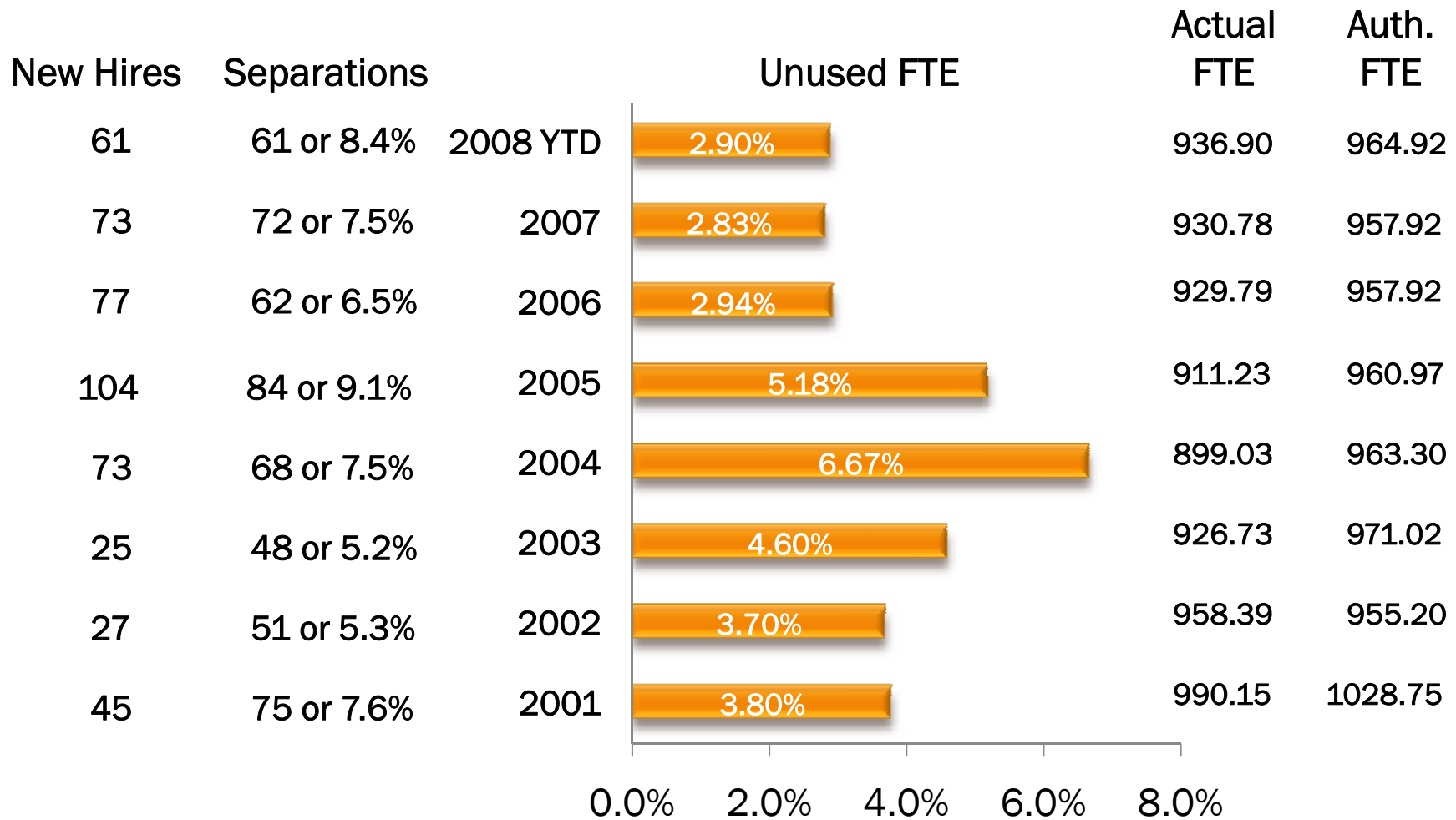
Assets/FTE



2008 and 2009 FICU Assets estimated



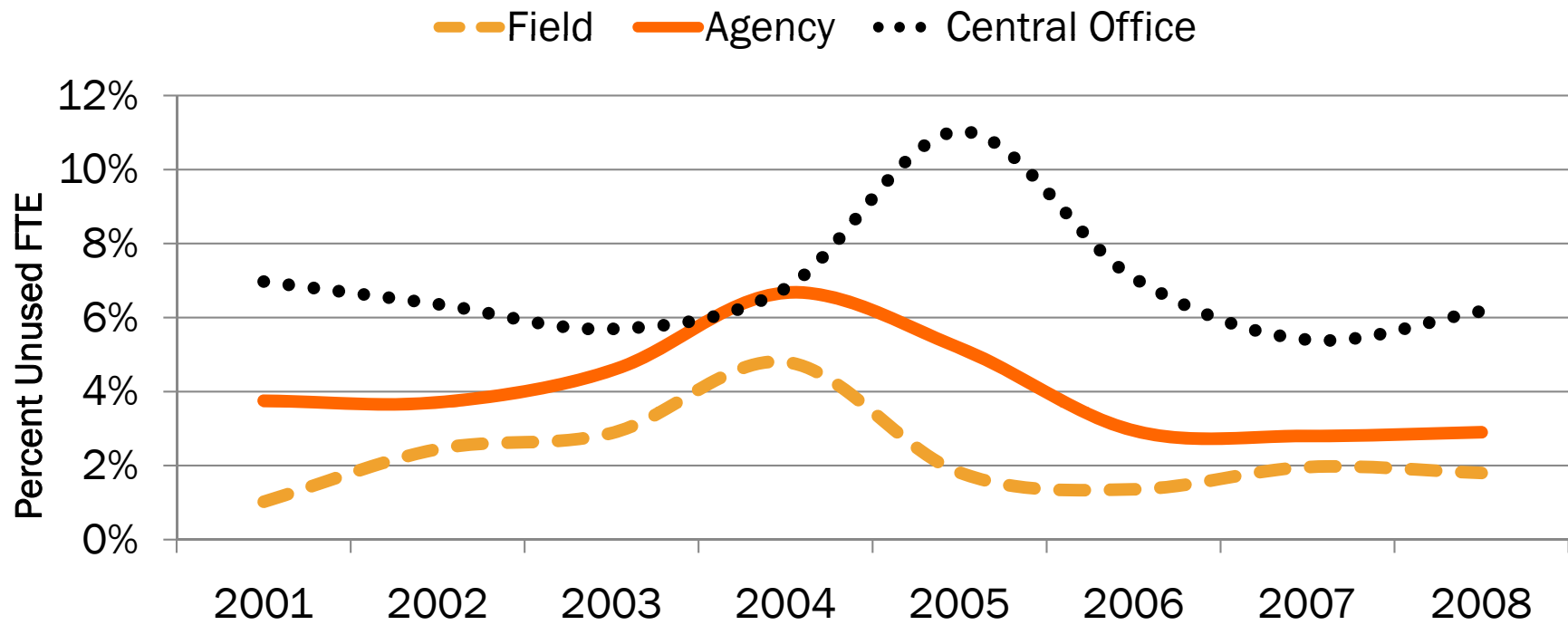
TURNOVER AND UNUSED FTE



2004 included reorganization changes.

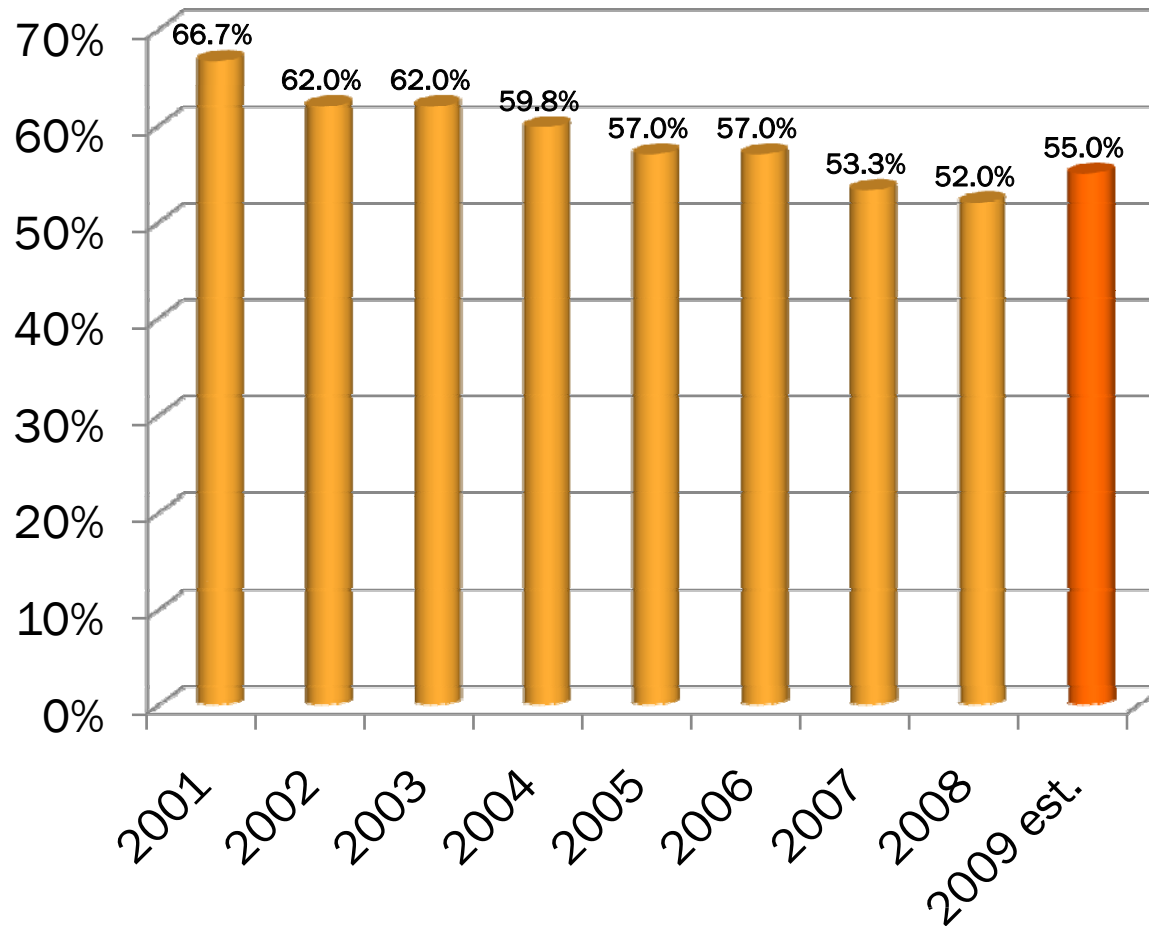


FTE UTILIZATION



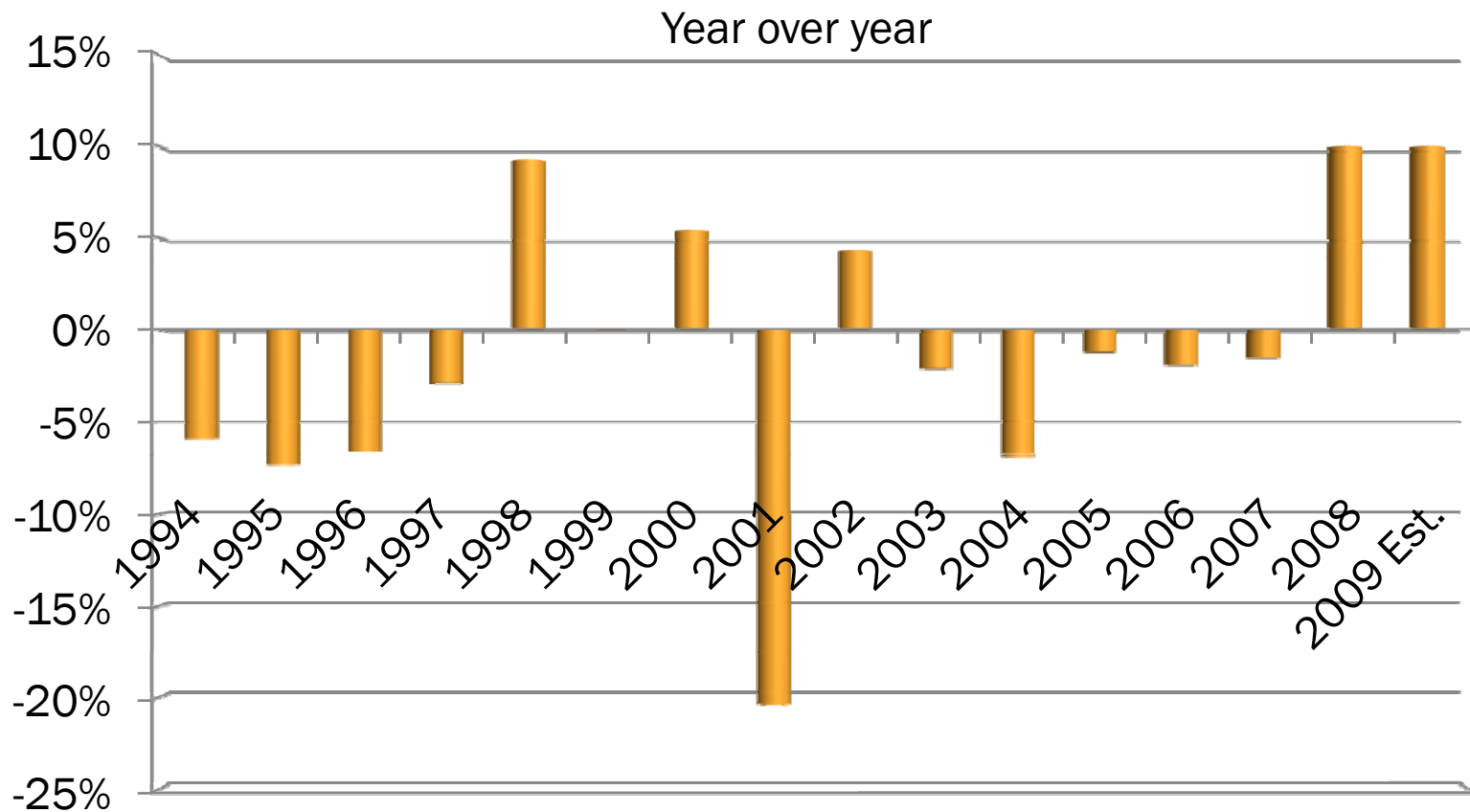


OVERHEAD TRANSFER RATE (OTR)





OPERATING FEE RATE CHANGE





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to the public at:

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By clicking Reports, Plans and Statistics
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