

The background features a large, faded watermark of the National Credit Union Administration (NCUA) logo. The logo is circular and contains a stylized shield with a cross-like shape inside. The words "NATIONAL CREDIT UNION" are written along the top arc, and "ADMINISTRATION" is written along the bottom arc.

**NCUA Board Budget Briefing  
and  
Public Forum**

**Tuesday, October 12, 2004**

The background of the slide features a close-up, slightly blurred image of several US dollar bills. The bills are stacked and fanned out, with the top bill being a \$100 bill. The focus is on the texture and details of the currency, including the serial numbers and the Federal Reserve seal.

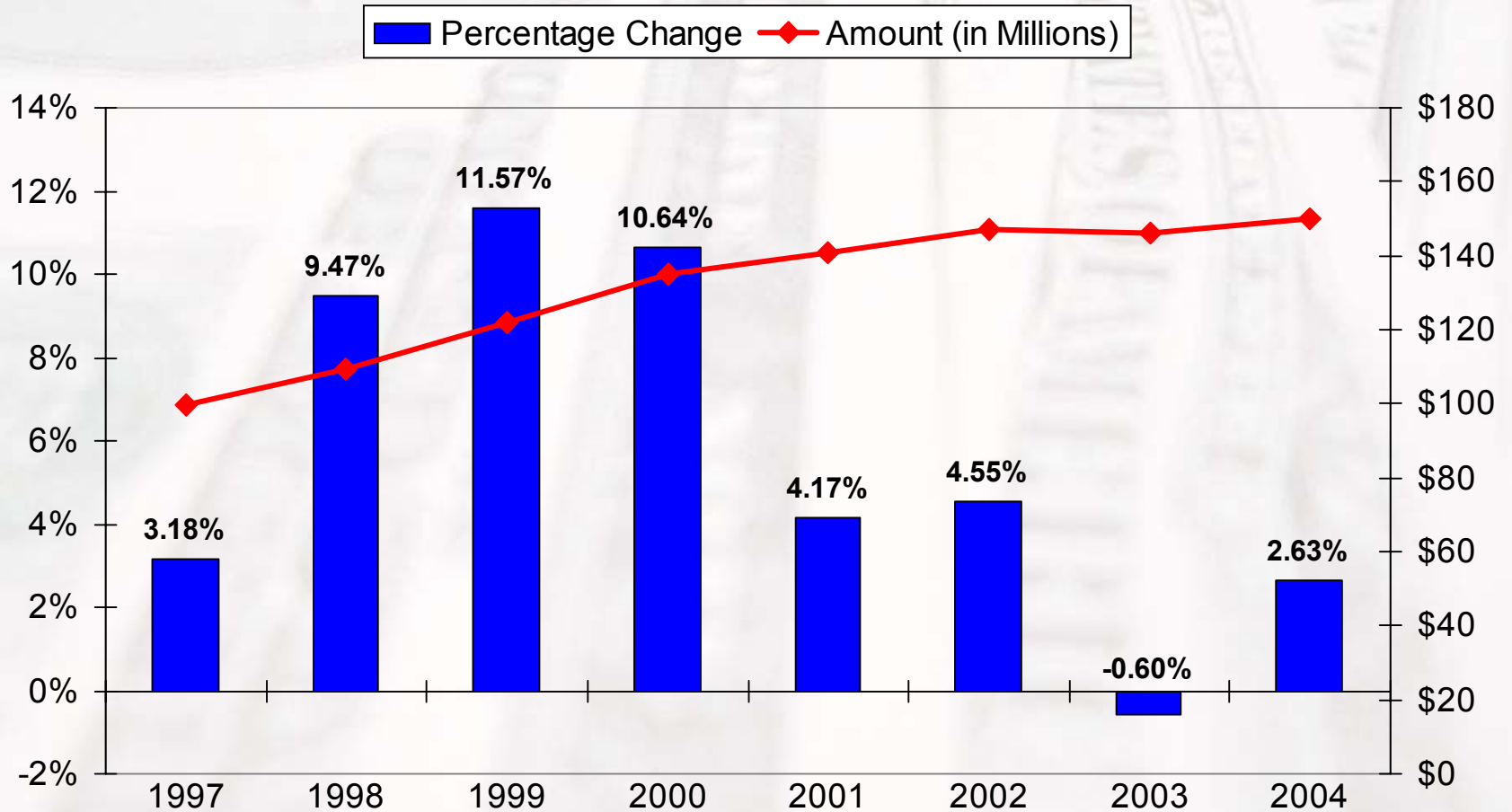
# Agenda

- Historical budget trends
- Overview of staff submissions
- Budget components
- Future outlook
- Statements & written comments from the public
- \* **Preliminary staff submissions**

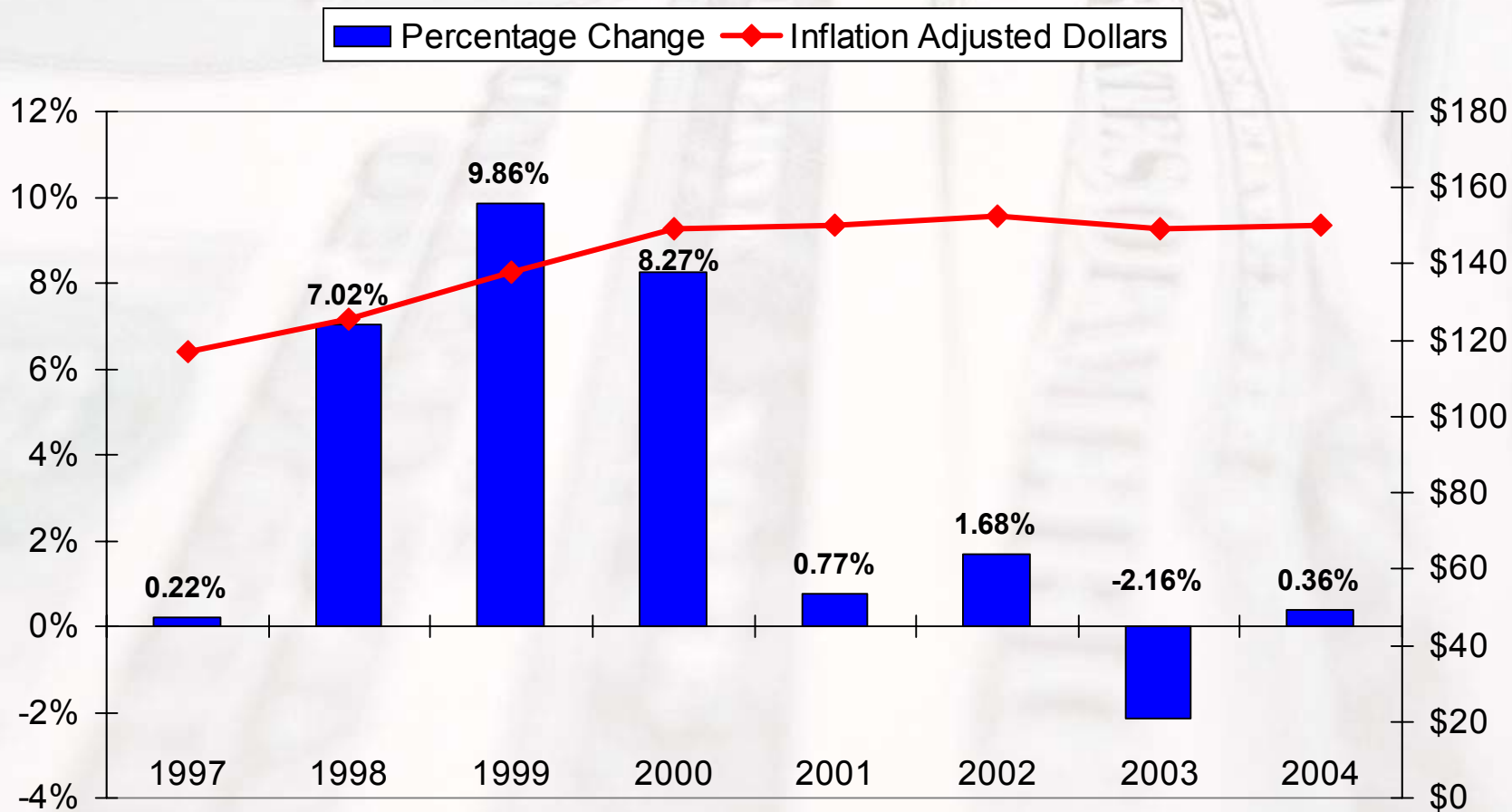


# HISTORICAL TRENDS

# Historical Budgets

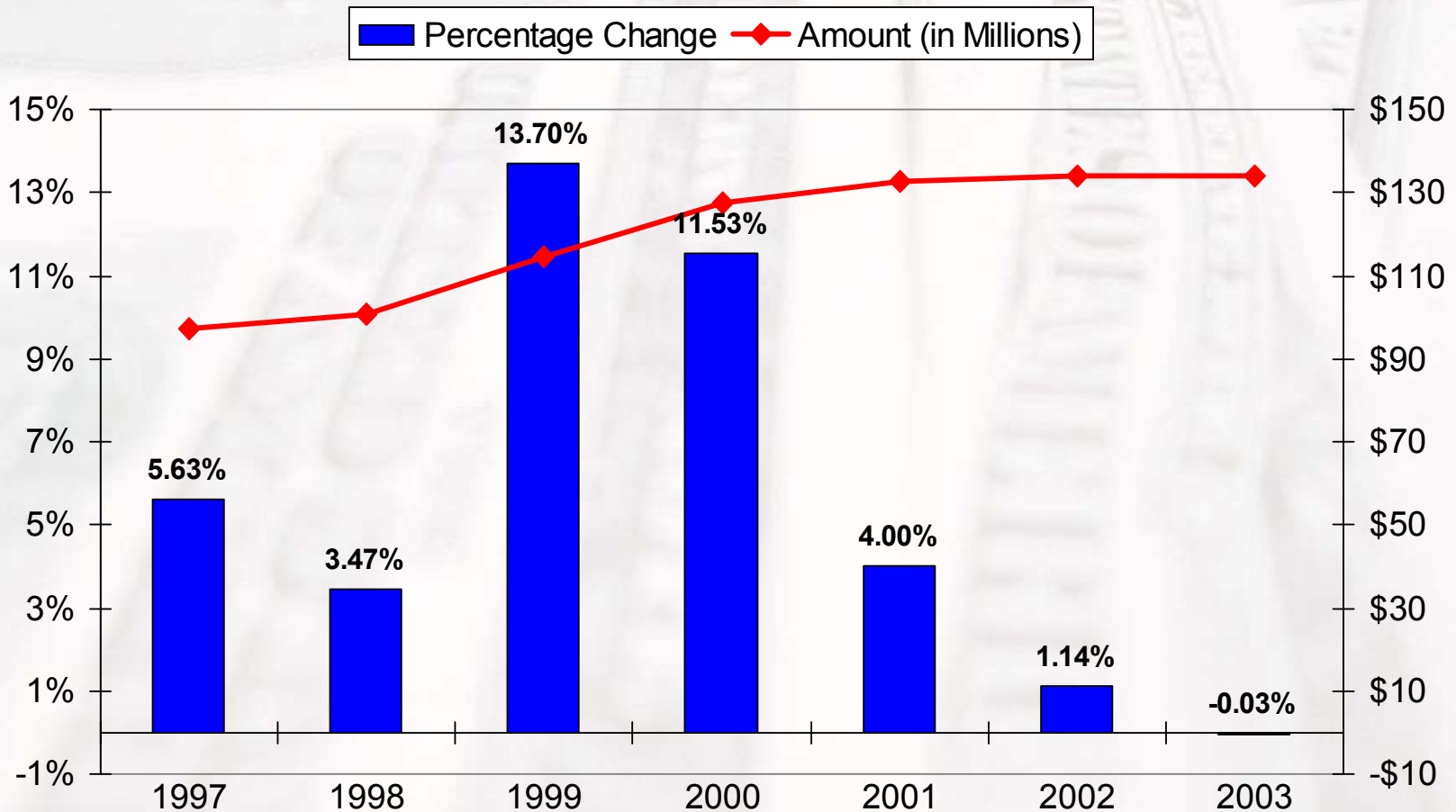


# Inflation Adjusted Historical Budgets



Historical budgets restated in 2004 dollars

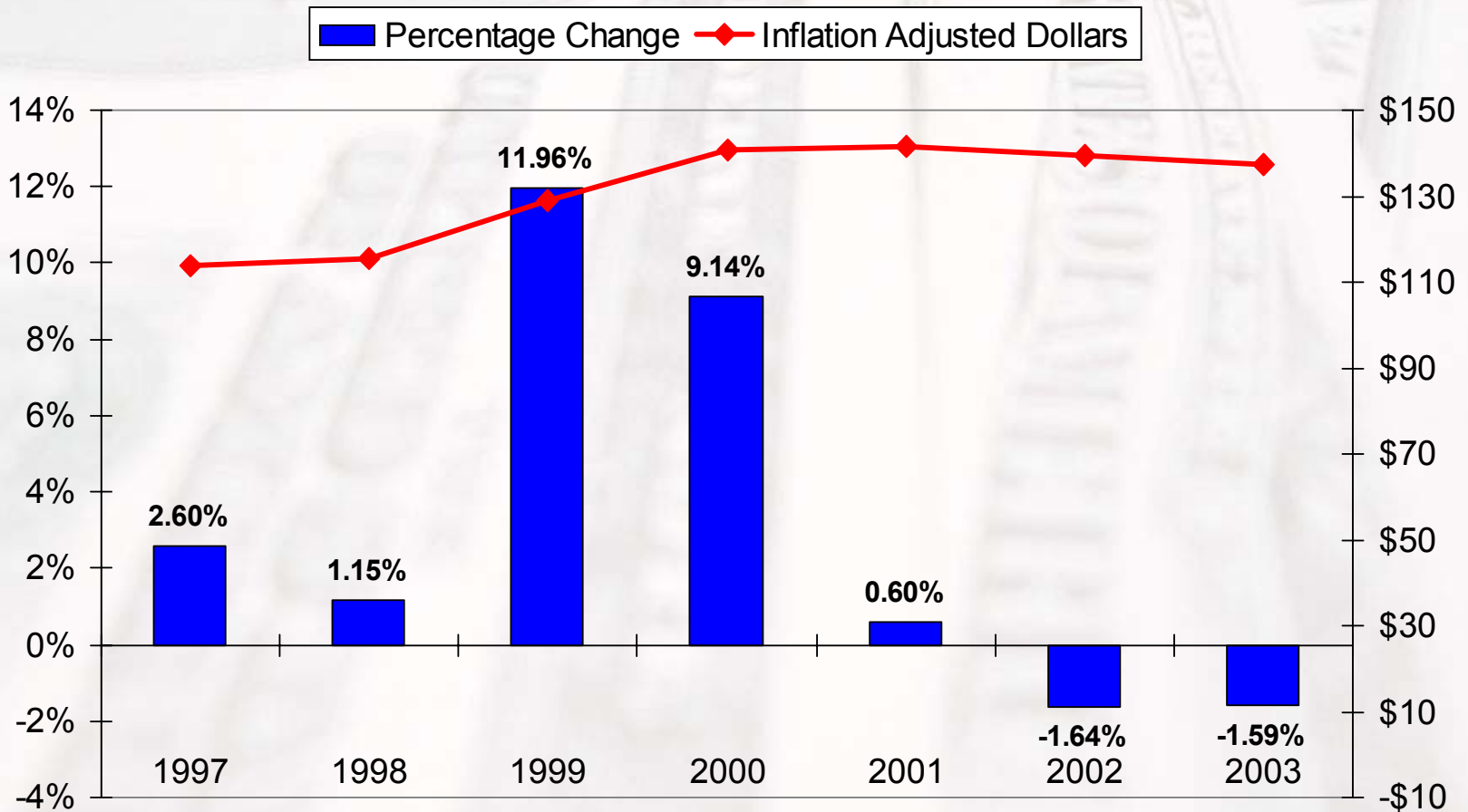
# Historical Actual Expenditures



**1999: 14% FIRREA comparability pay.**

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

# Inflation Adjusted Actual Expenditures

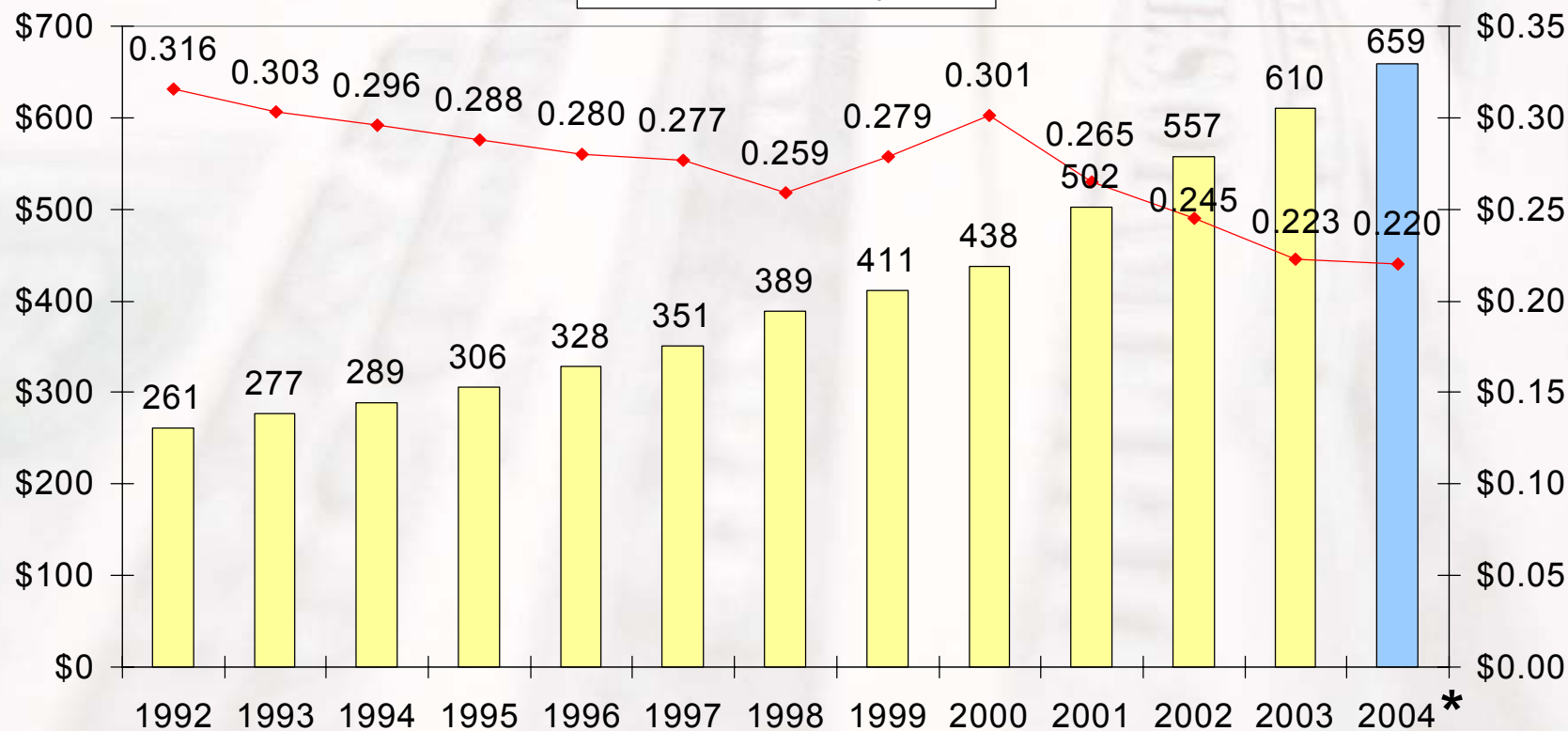


Historical budgets restated in 2004 Dollars

# NCUA Actual Expenses per \$1,000 FICU Assets

(assets in billions)

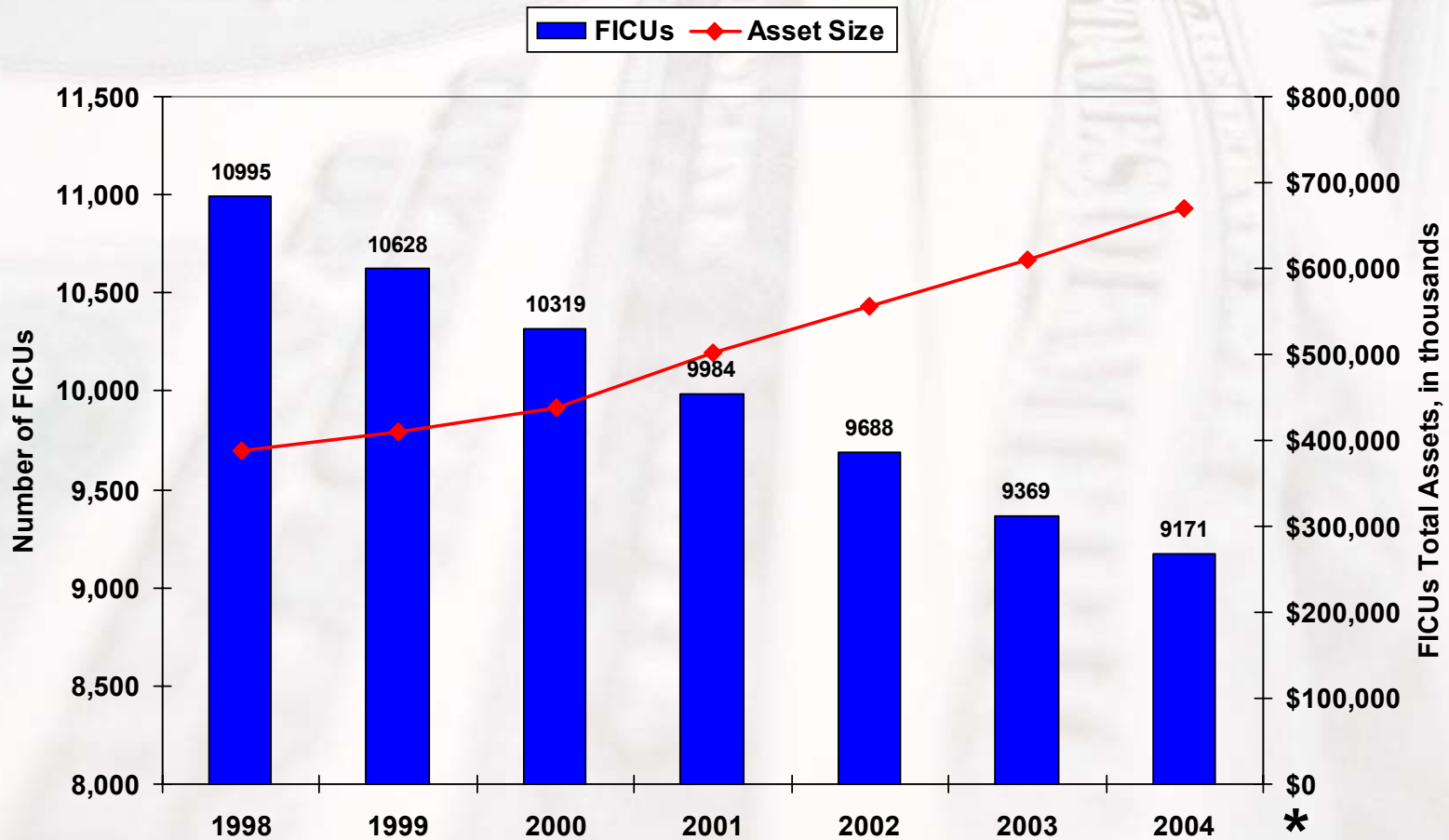
Assets Expenses



\* 2004 estimated using 8.0% asset growth & 59.8% OTR

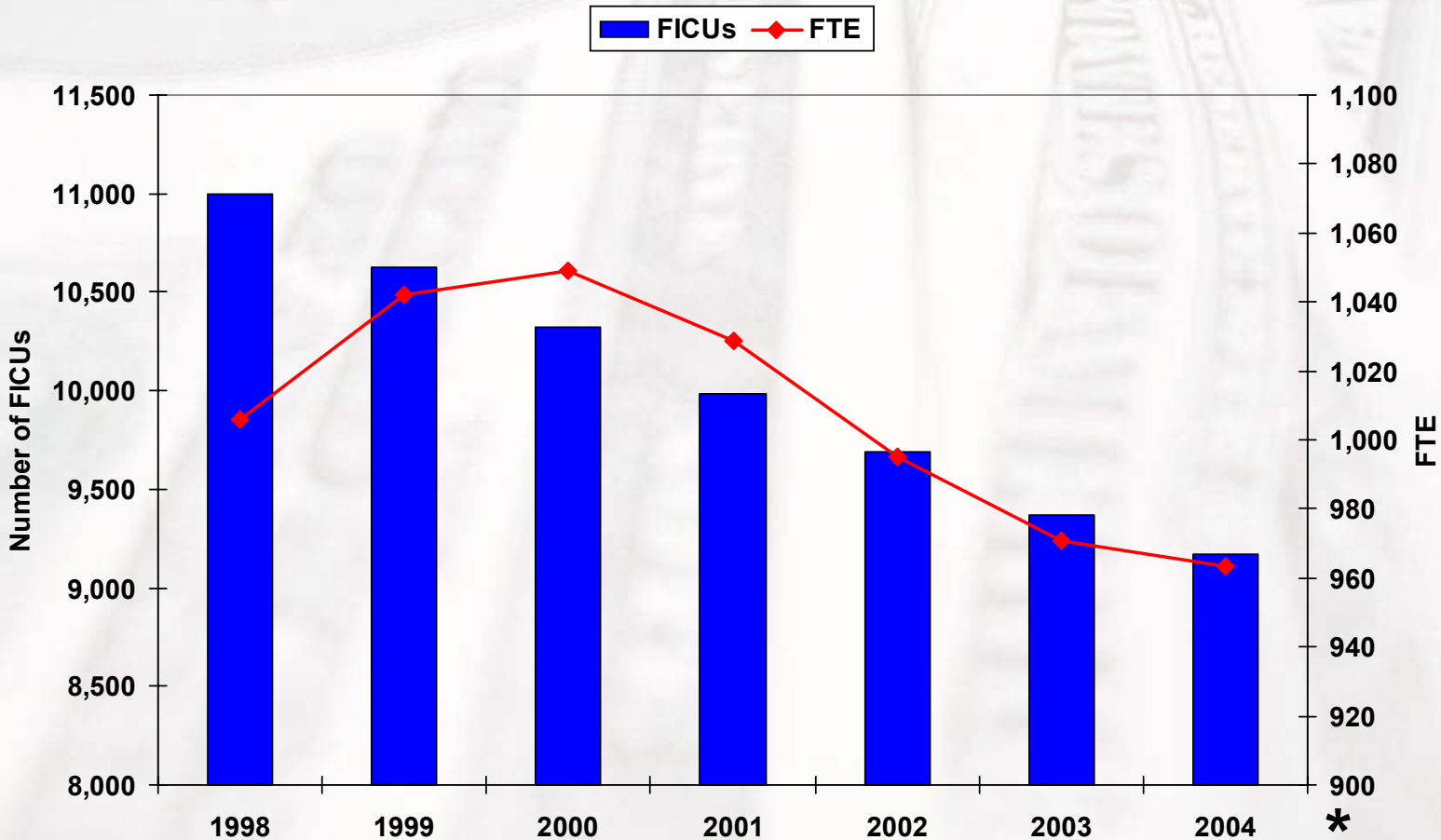


# FICUs: Number and Asset Size



\* 2004 FICUs as of September 30, 2004

# Number of FICUs and NCUA FTE



\* 2004 FICUs as of September 30, 2004

A stack of US dollar bills is shown, with the top bill being a \$100 bill. The bills are slightly blurred, creating a sense of depth. The text "OVERVIEW OF STAFF SUBMISSIONS" is centered over the stack.

# OVERVIEW OF STAFF SUBMISSIONS

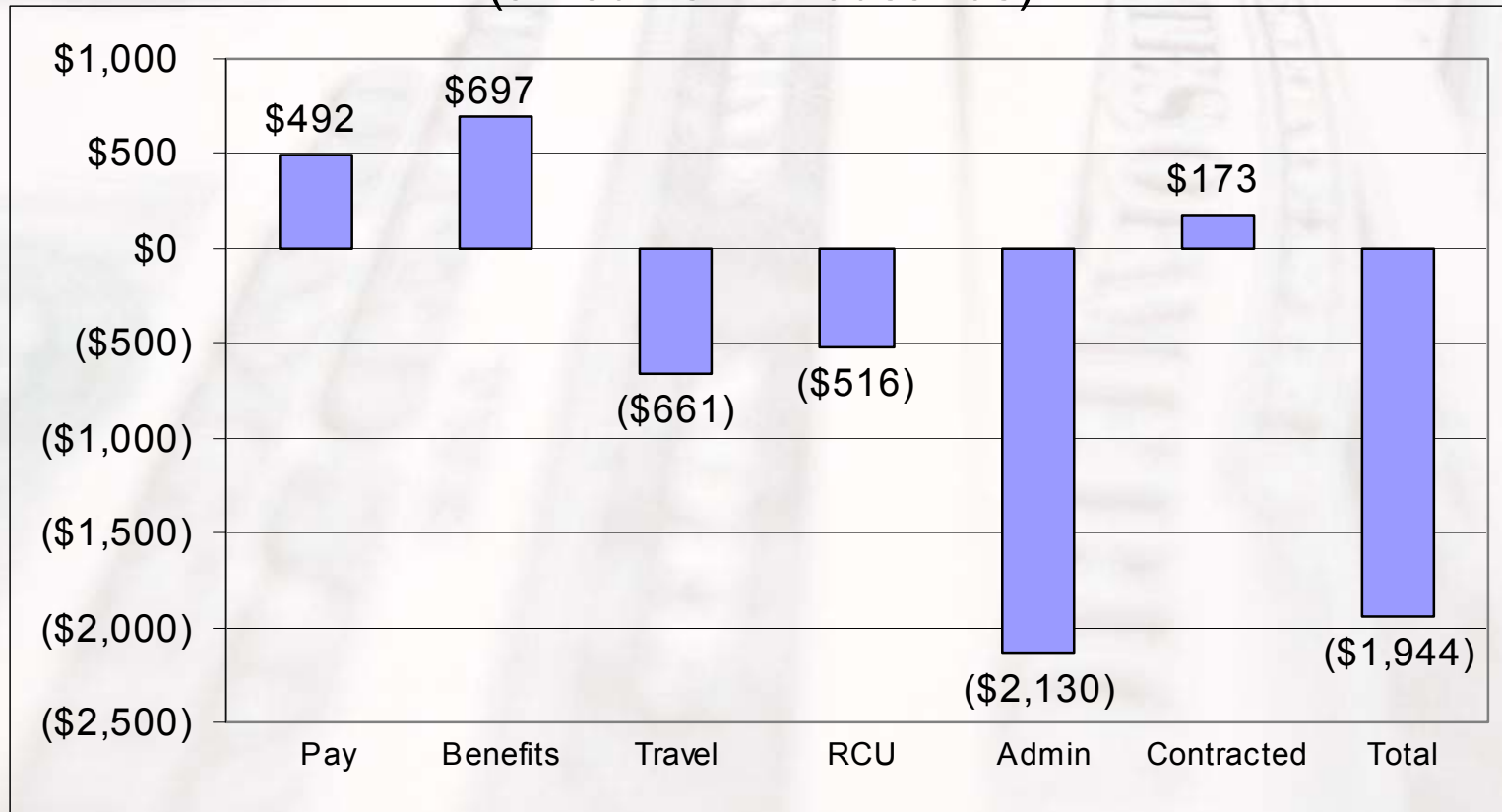
The background of the slide features a stack of US dollar bills, with a \$100 bill prominently visible in the foreground. The bills are slightly out of focus, creating a sense of depth. The text is overlaid on this background.

# Highlights of Staff Submissions

- Approximate dollar reduction of 1.3% from 2004 budget based on staff submissions to \$148.0 million
- Executive Director submission – 963 FTE
- 4.00% average merit increase
- Overhead Transfer Rate, projected reduction
- Operating Fee, projected reduction

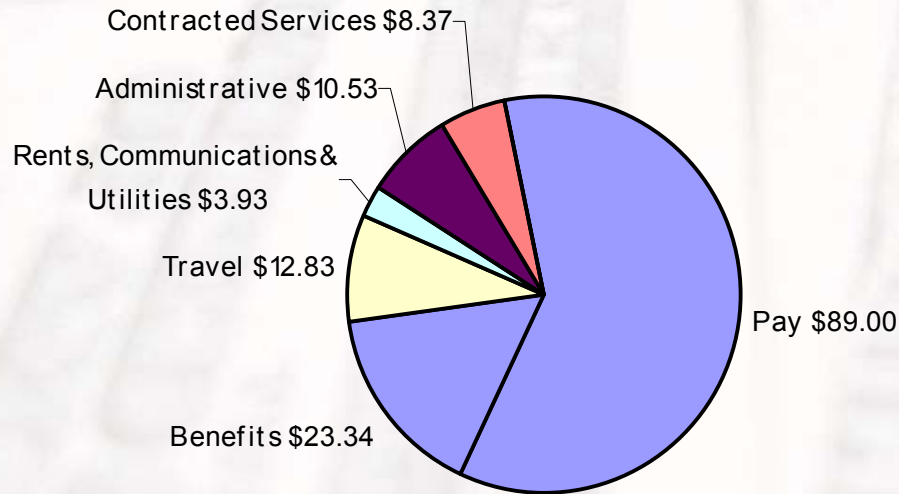
# Changes from 2004 Approved Budget to 2005 Budget Submissions

(amounts in thousands)



# 2005 Budget Submissions

Total = \$148.0 million  
(amounts in millions)

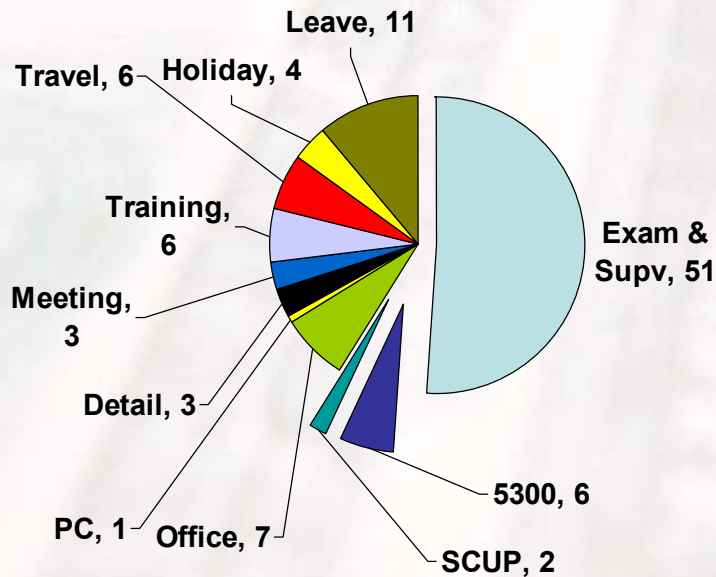


**Pay and benefits represent 75.9% of the total budget,  
versus 73.8% last year**

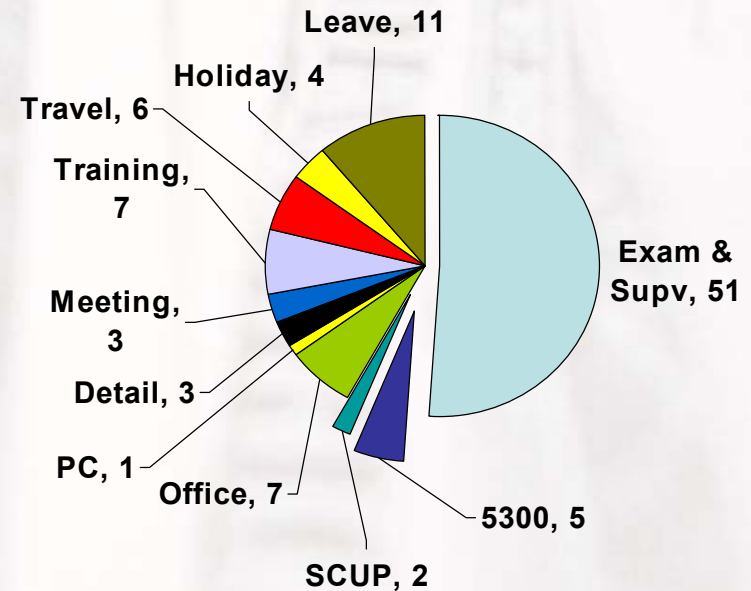
# Examiner Program Hours 2004-2005

(Percentage)

2004

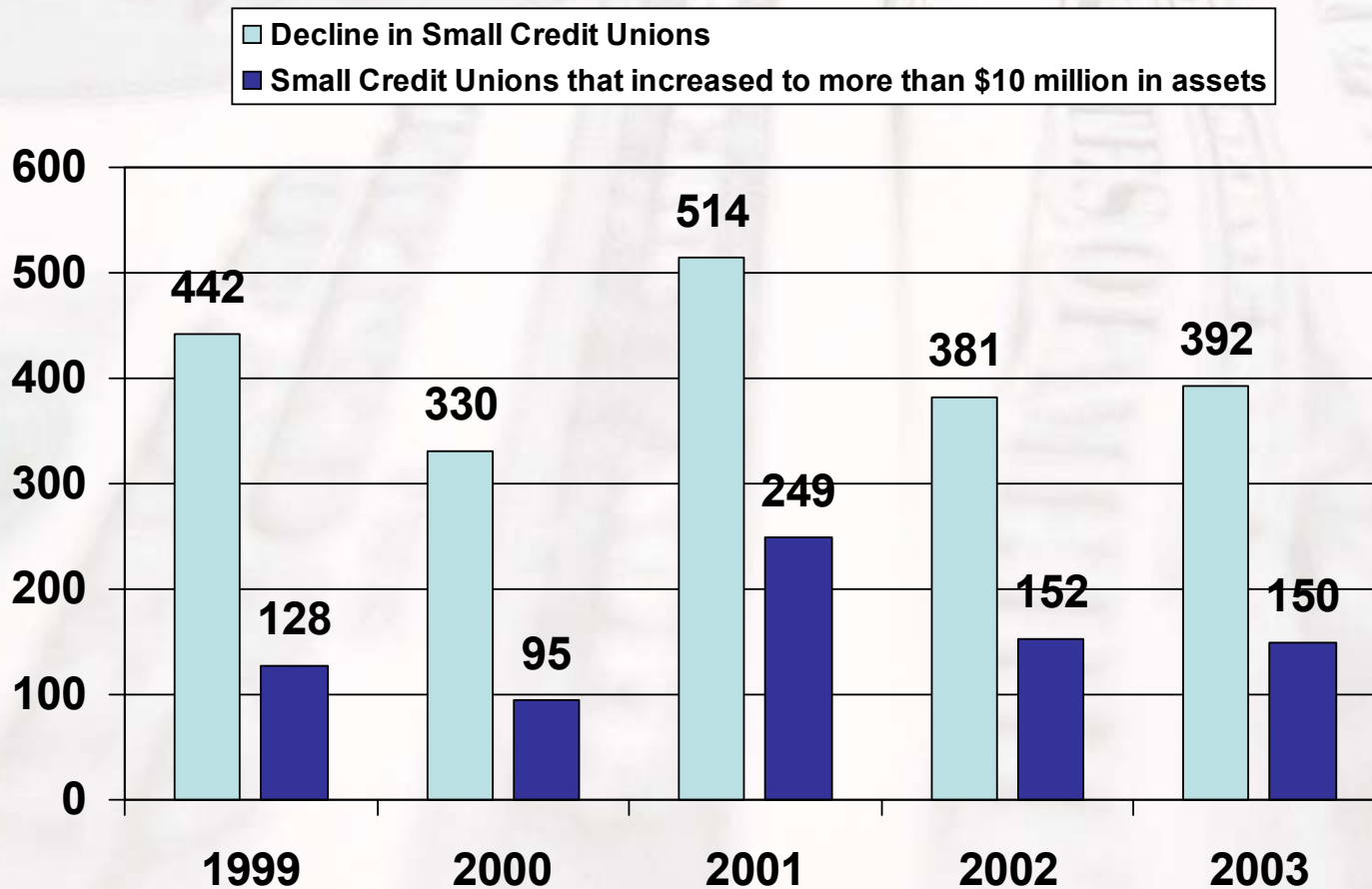


2005



**Changes: -1% 5300, +1% Training. Total Exam decreases 1% to 58%.**

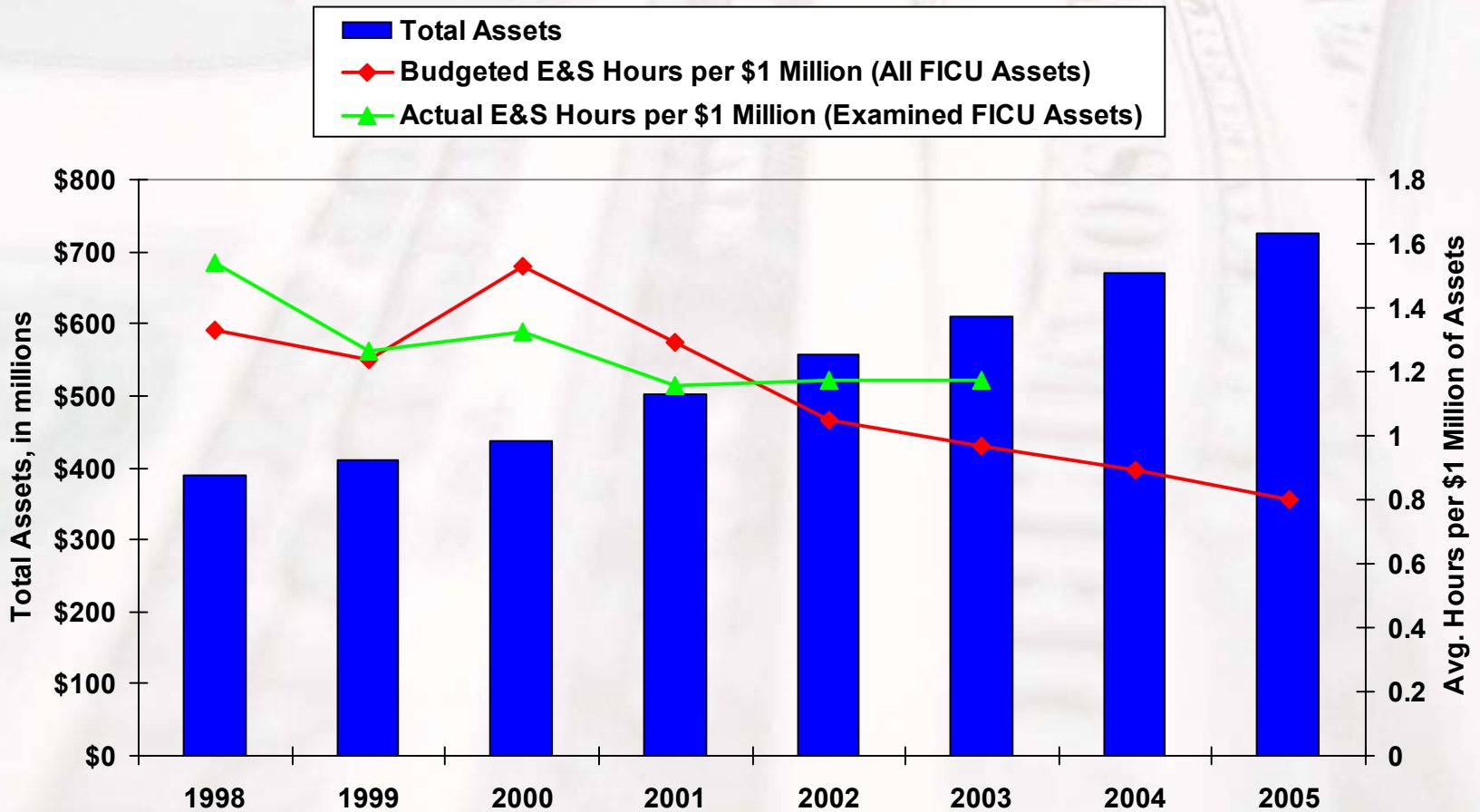
# Small Credit Union Growth

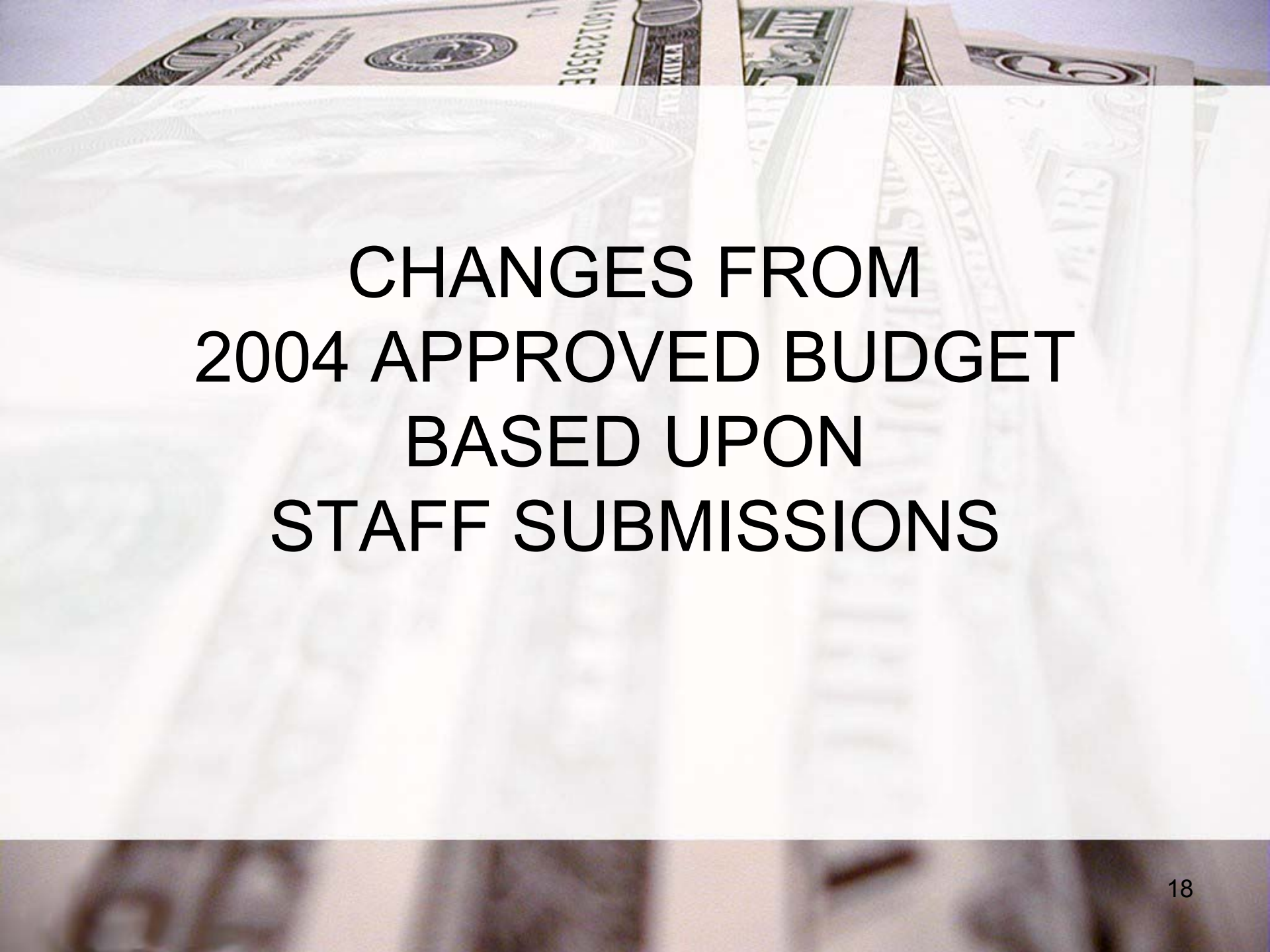


Small credit unions are credit unions with less than \$10 million in assets. Each year, some of these credit unions increase in asset size and are no longer designated as small credit unions.



# Examination & Supervision (E&S) Hours per \$1 Million FICU Assets





**CHANGES FROM  
2004 APPROVED BUDGET  
BASED UPON  
STAFF SUBMISSIONS**

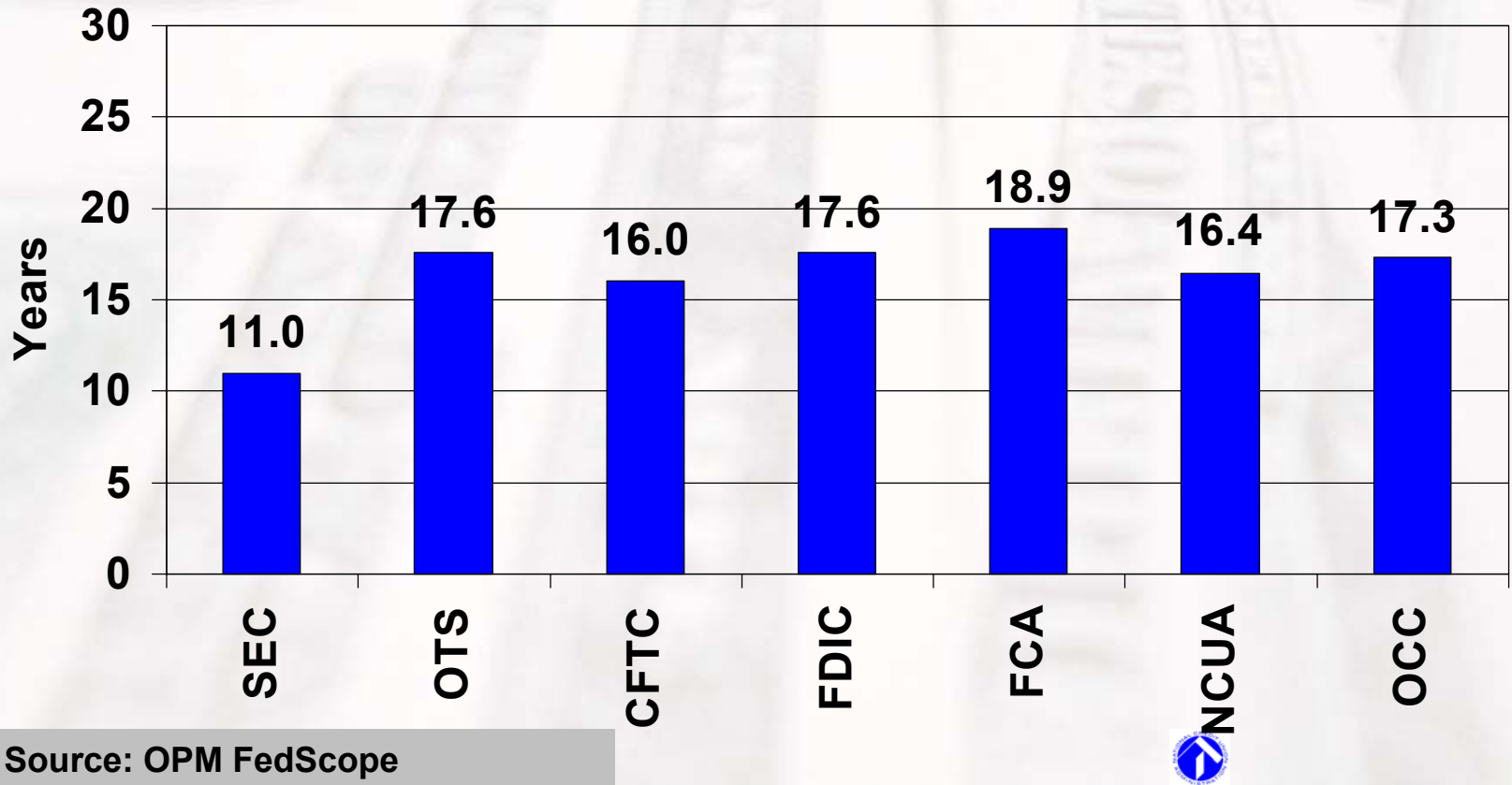
# Pay ↑

- Merit pay increase averages 4.00%
- Grade shifting savings

**Net increase \$492,000 or 0.56%**

# Average Length of Service

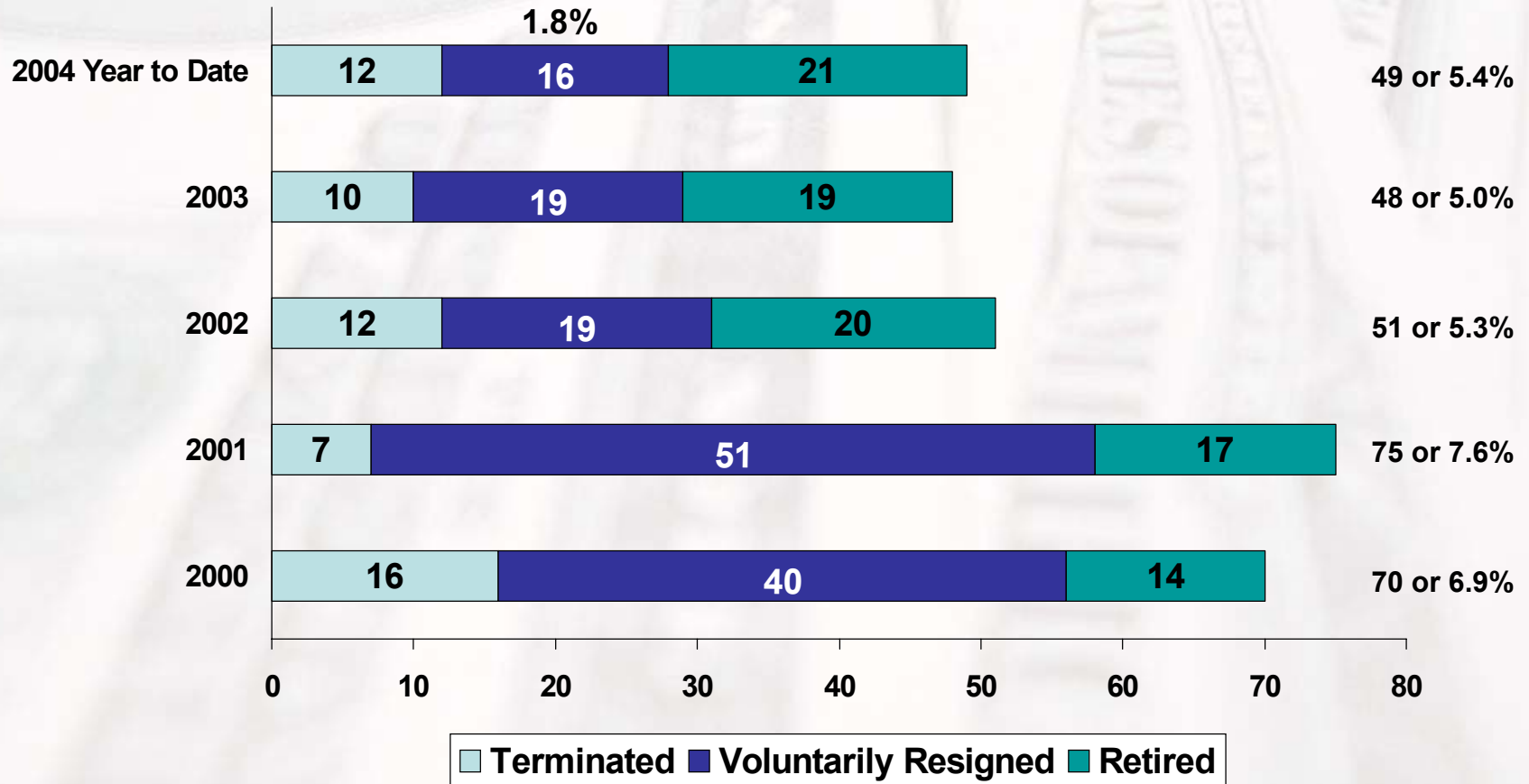
as of March 2004



Source: OPM FedScope

Length of Service for full time staff

# Turnover



**2004 terminated includes 10 from reorganization.**

# Benefits ↕

- Mandatory health benefits up 7.9%
- Mandatory FERS retirement contribution 10.7% to 11.2%

**Net increase \$697,000 or 3.08%**

# Travel ↓

- +10.0% inflation, industry trends
- - 4.1% conferences
- -10.8% program changes

**Net reduction \$661,000 or 4.90%**

# Rent, Communications & Utilities ↓

- Broadband cost for field examiners less than anticipated
- Communications (telephone, VPN) savings
- Reduction of lease cost from realignment
- Electricity expense increase

**Net decrease \$516,000 or 11.60%**



# Administrative ↴

- Reorganization expense of \$1.2 million in 2004 budget, not in 2005
- Relocation expense decrease
- Depreciation expense decrease
- Subs/Pubs expense increase

Supporting SME Training initiatives

**Net decrease \$2,130,000 or 16.83%**

# Contracted Services ↕

- Continuation of King Street exterior repairs
  - 2005 Operating Fee will exclude expenses
- 2006 computer roll-out
- Training cost increases
- Print center contract savings
- King Street, parking and rental income increases

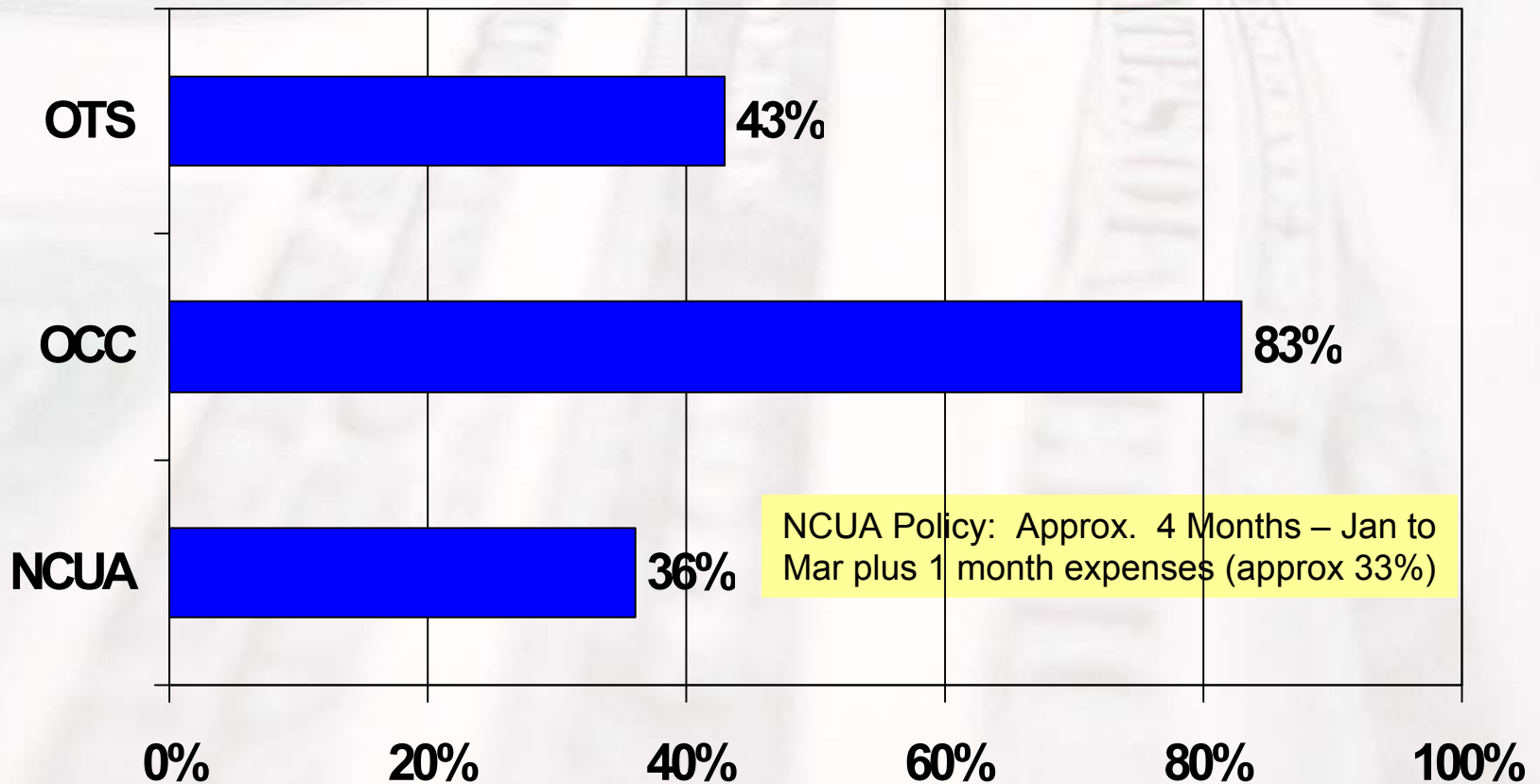
**Net increase \$173,000 or 2.11%**

A close-up, slightly blurred photograph of a stack of US dollar bills. The bills are fanned out, showing various denominations and colors. The focus is on the texture and details of the paper, with some text and numbers visible but not sharp. The lighting is soft, creating a sense of depth and highlighting the intricate patterns on the currency.

# FUTURE OUTLOOK

# Cash Balance to Actual Operating Expenses

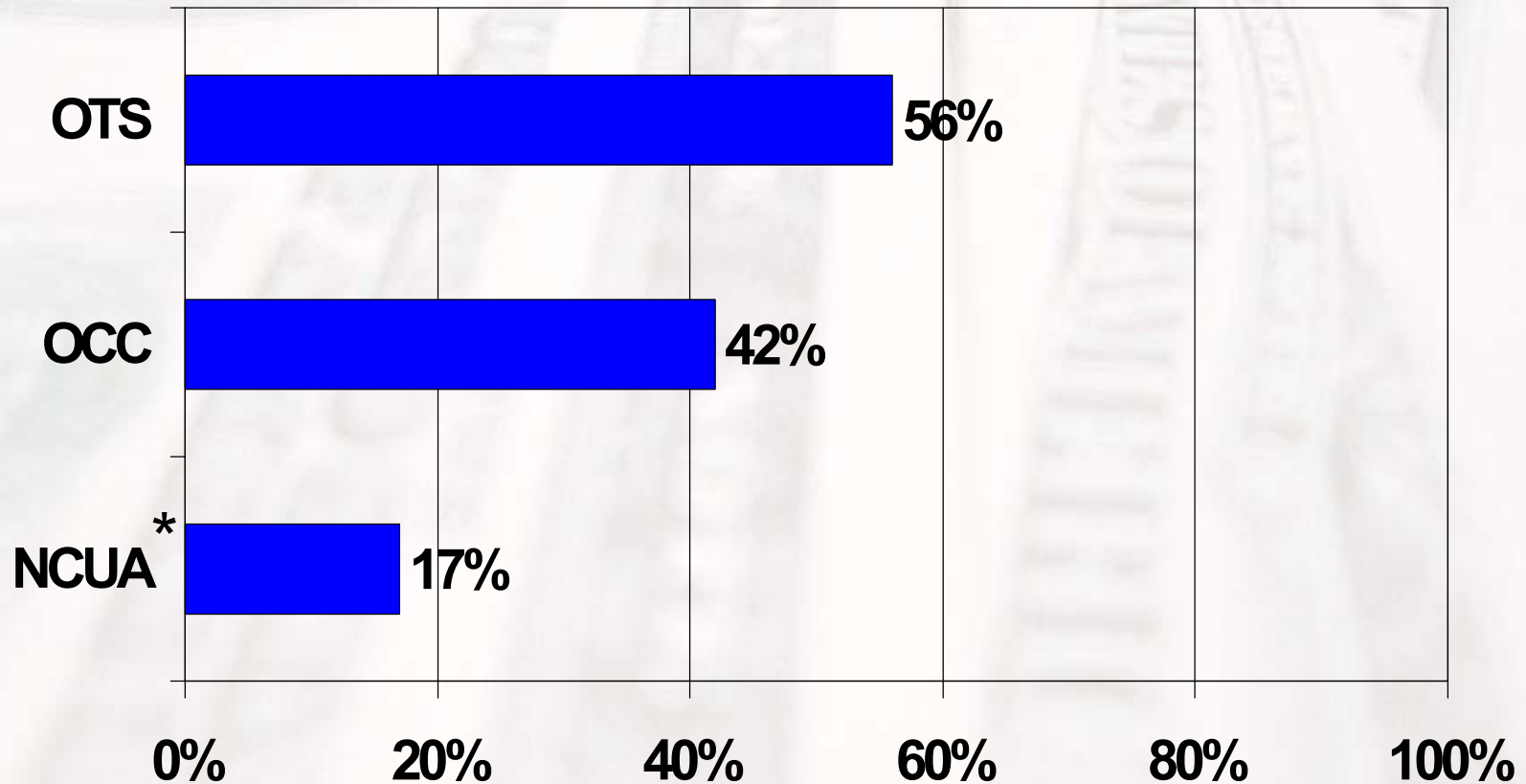
(For Year-End 2002)



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

# Cash Balance to Actual Operating Expenses

(For Year-End 2003)



FDIC is not a valid comparison; skewed by the nature of the insurance fund resulting in a ratio of 724%.

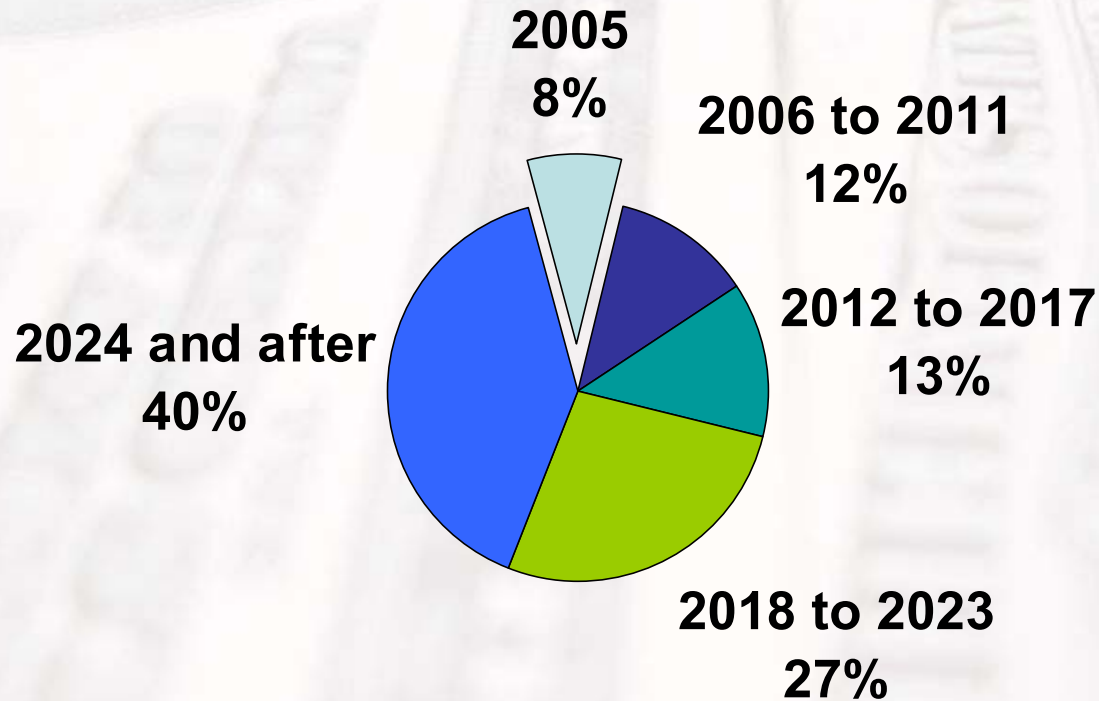
\* As of March 31, 2004.

A background image showing a stack of US dollar bills, with the top bill being a \$100 bill. The bills are slightly out of focus, creating a sense of depth. The word "Technology" is overlaid in a large, bold, black font.

# Technology

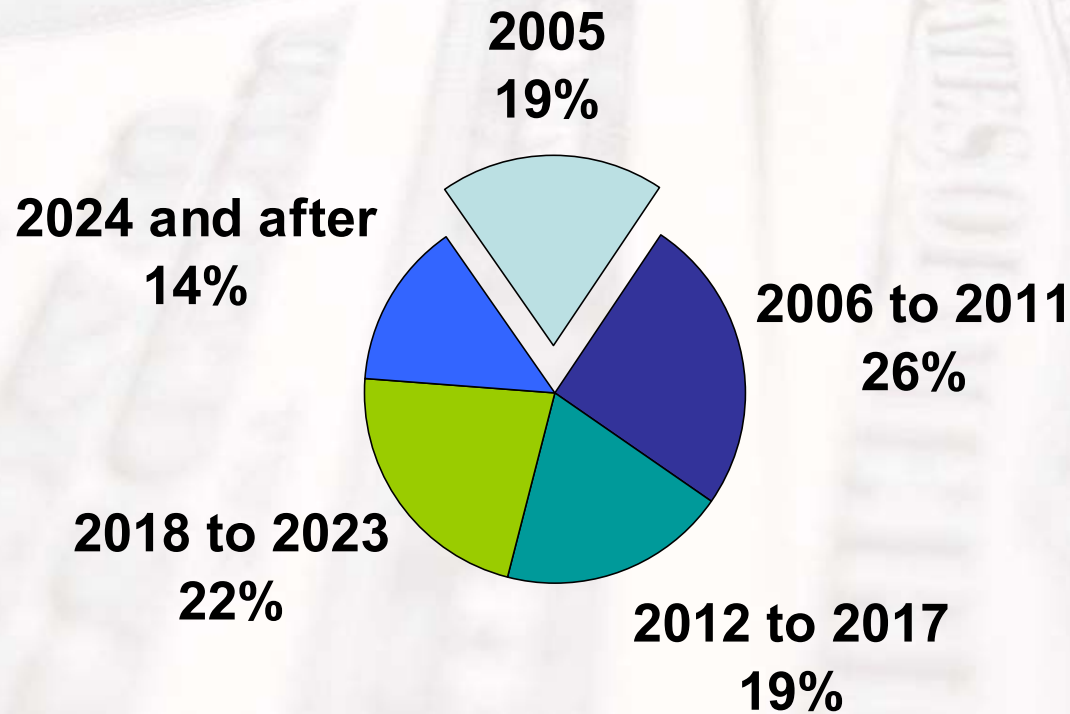
- 2006 computer roll-out
- Video conferencing
  - Implemented March 2002
  - Cost \$231,000
  - Benefits to date \$921,092
  - Breakeven less than 8 months
  - Average monthly benefit \$30,703
- Electronic delivery of documents
  - Express Mail

# Staff Retirement Eligibility



For 2005, 75 individuals or 1 in 12.5 of staff are eligible to retire.

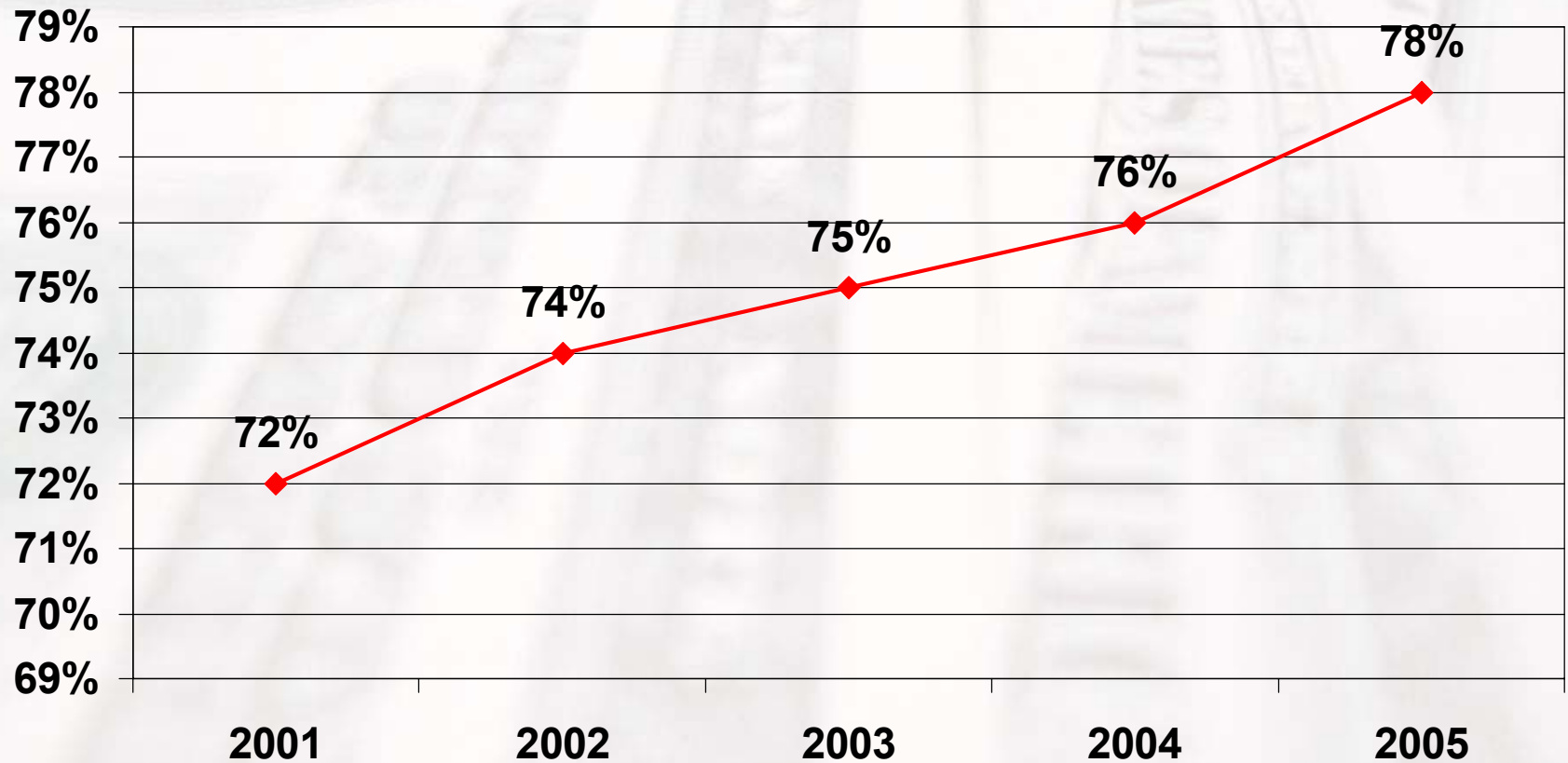
# SSP Retirement Eligibility



**For 2005, 7 individuals or 1 in 5 of senior staff are eligible to retire.  
Nearly 1 in 2 of senior staff are eligible to retire in 5 years.**



# % of NCUA Employees Under FERS Retirement System



A background image showing a stack of US dollar bills, with the top bill being a \$100 bill. The bills are slightly out of focus, creating a sense of depth. The text is overlaid on a semi-transparent white box.

# Impacts Future Budgets

- Reorganization savings
- Fewer credit unions
- Security issues
- Inflation
- More complex financial environment for credit unions
- Mandatory employee benefits - FERS, health insurance
- Retirements
- Staff turnover
- Labor Management Relations



This presentation is available  
to the public at:

[www.ncua.gov](http://www.ncua.gov)

Reports, Plans, and Statistics