

The background features a large, faint watermark of the National Credit Union Administration (NCUA) logo. The logo is circular and contains a stylized globe with a vertical line through it. The words "NATIONAL CREDIT UNION" are written in a circular path around the globe.

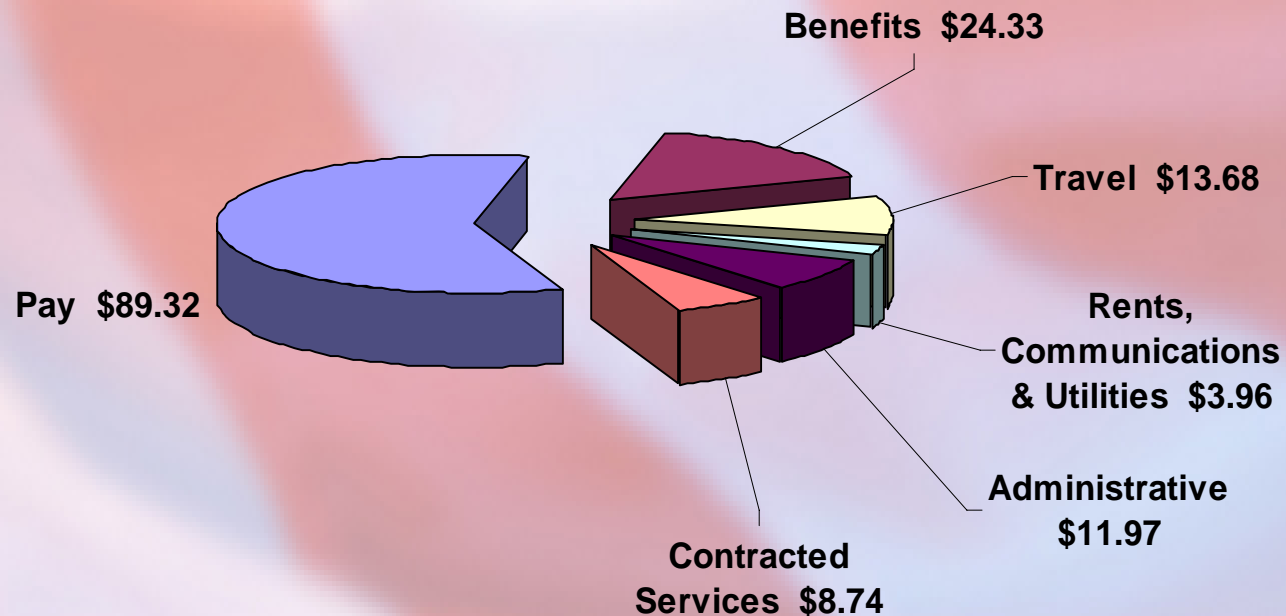
# NCUA Board Budget Briefing and Public Forum

Wednesday, October 18, 2006

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

# Summary

- Budget ♦ \$152.0 million (\$1.2 million or 0.82% increase)
- FTE ♦ 958 (No FTE change)
- Est. reduction of Overhead Transfer Rate from 57 to 54%
- Estimated Operating Fee ♦ Possible modest rate reduction



# Cost Savings

Grade Shifting Savings	\$ 2,000,000
Off-Site Training (25-30% per off-site event)	135,000
Quickhire	177,000
SME Publications	68,000
Bloomberg Terminals	162,000
Healthcare Benefits	370,000
Express Mail	78,000
<b>Total</b>	<u>\$ 2,990,000</u>

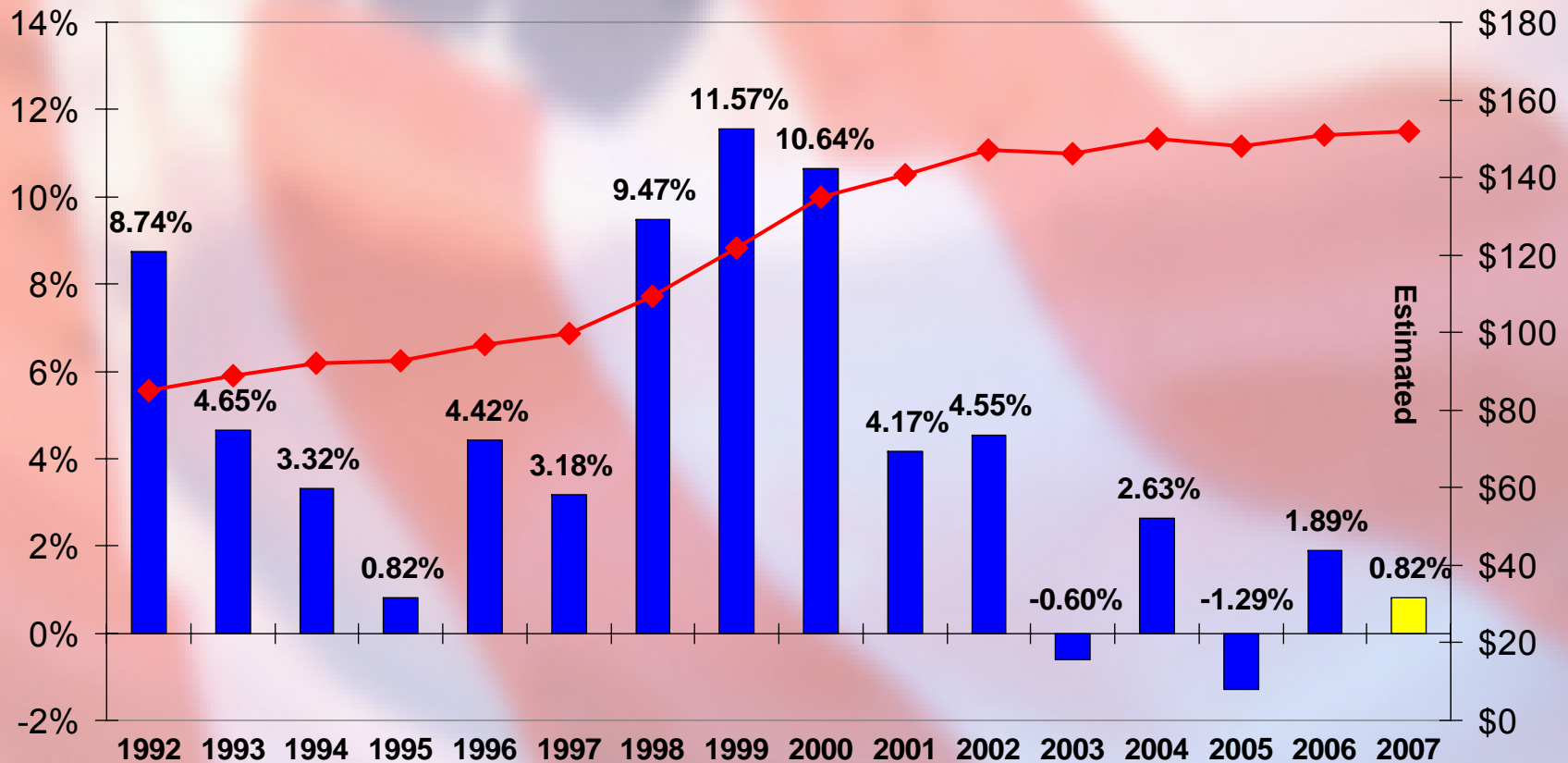
# External Factors Affecting Budget

Federal Information Security Management Act	\$ 318,480
Financial Audits	398,000
GPRA/Performance Reporting/PART Review	384,170
OMB Compliance	66,000
Circular A-123, Management's Responsibility for Internal Control	
Circular A-136, Financial Reporting Requirements	
Personal Identity Verification Project	<u>100,098</u>
<b>Total</b>	<u><u>\$ 1,266,748</u></u>

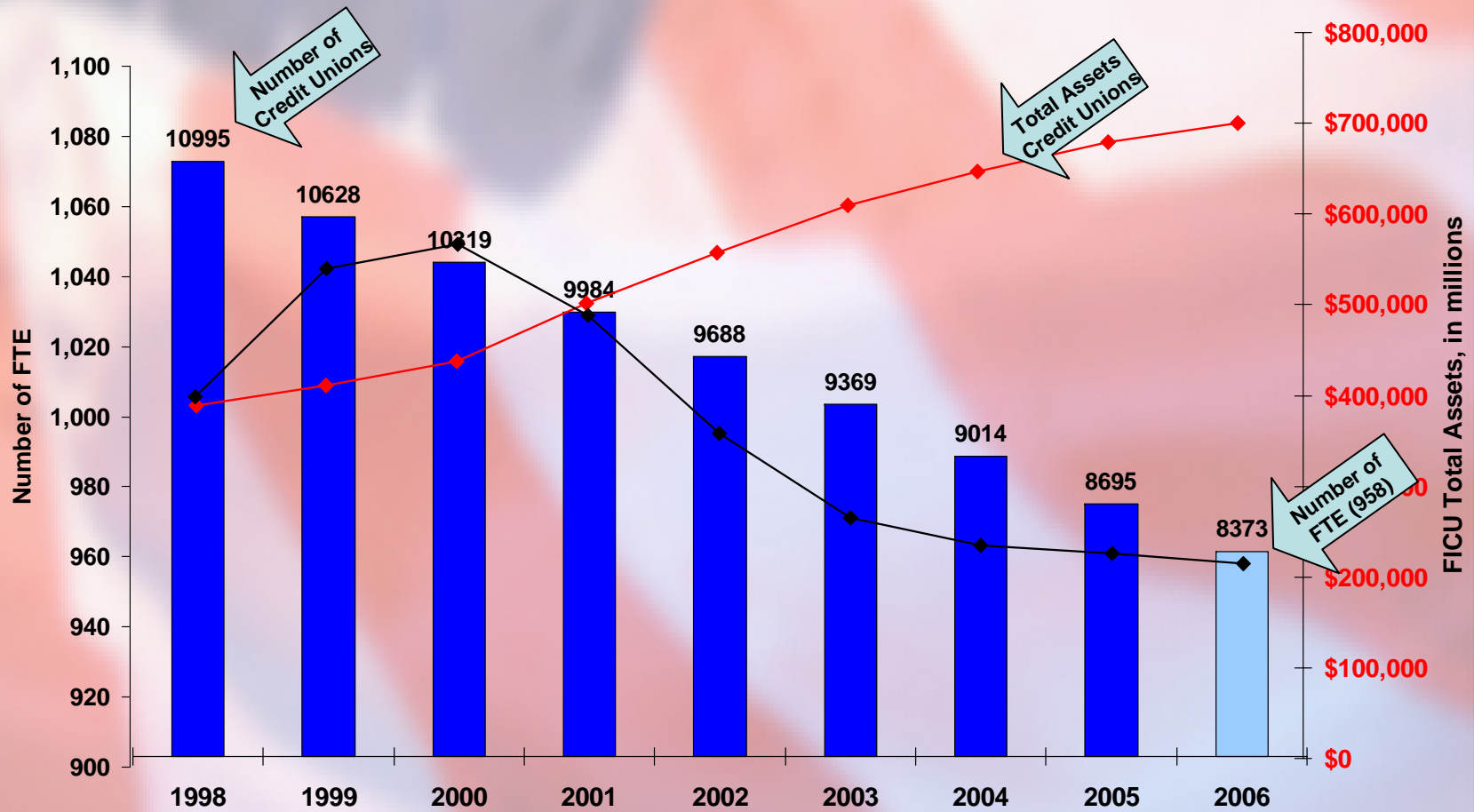
\*GAO/Congress - Data Gathering - \$1,105,406

# Historical Budgets

■ Percentage Change    ◆ Amount (in Millions)



# FTE, FICU Number and Assets



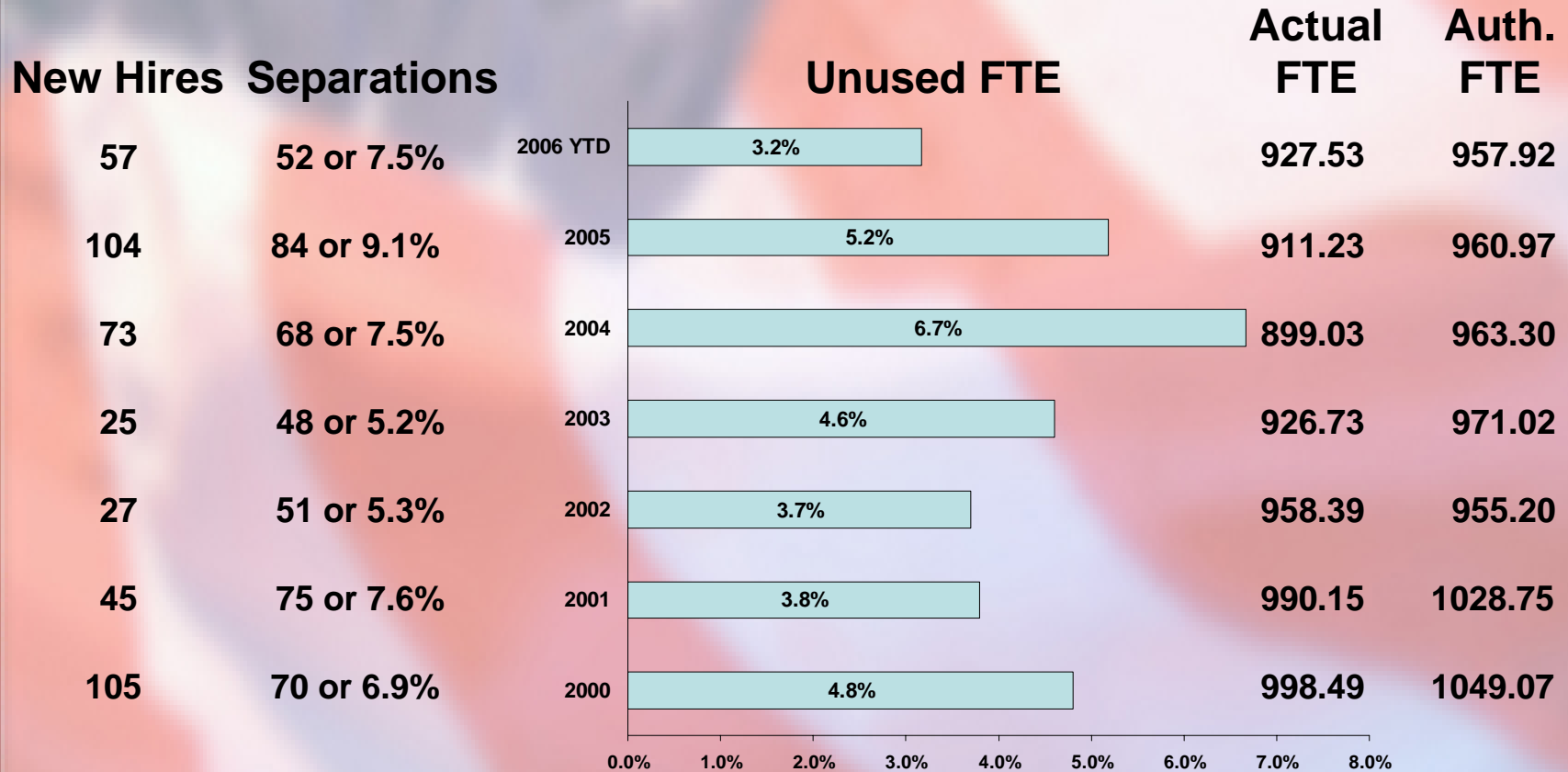
2006 and 2007 FICA Number and Assets estimated

# Increased Resource Needs

Avg. 3.2 hrs per exam X 4,869 FICU = 15,800 hrs

- Credit unions with more complex operations
  - Mergers and growth creating larger/complex entities
- Flattening yield curve
- Assessing Internet authentication
- Indirect sub-prime lending
- Compliance with regulations, including BSA
- Emerging Member Business Lending issues

# Turnover and Unused FTE

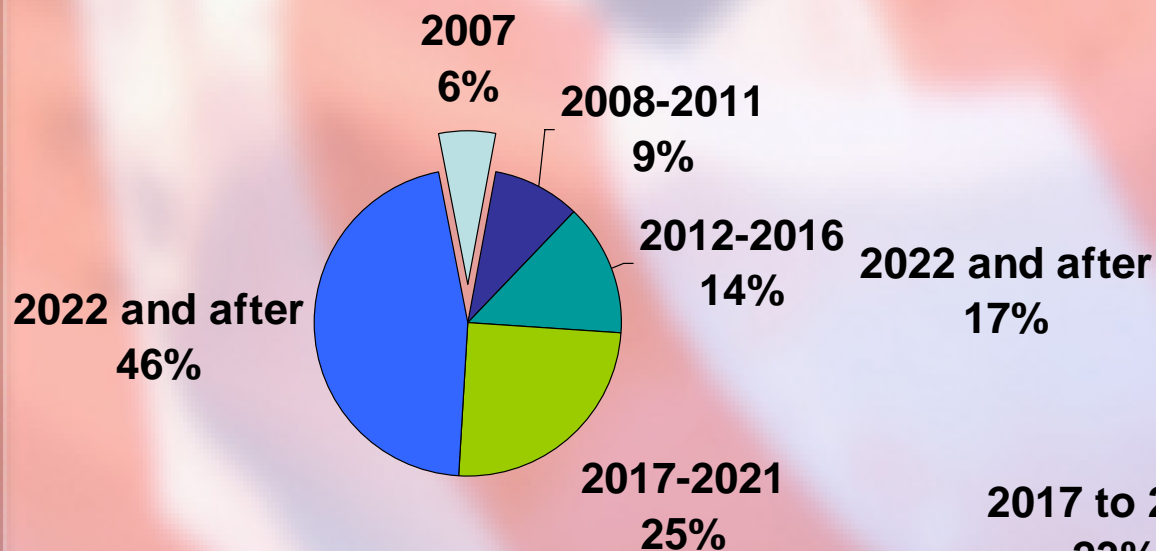


**2004 included reorganization changes.**

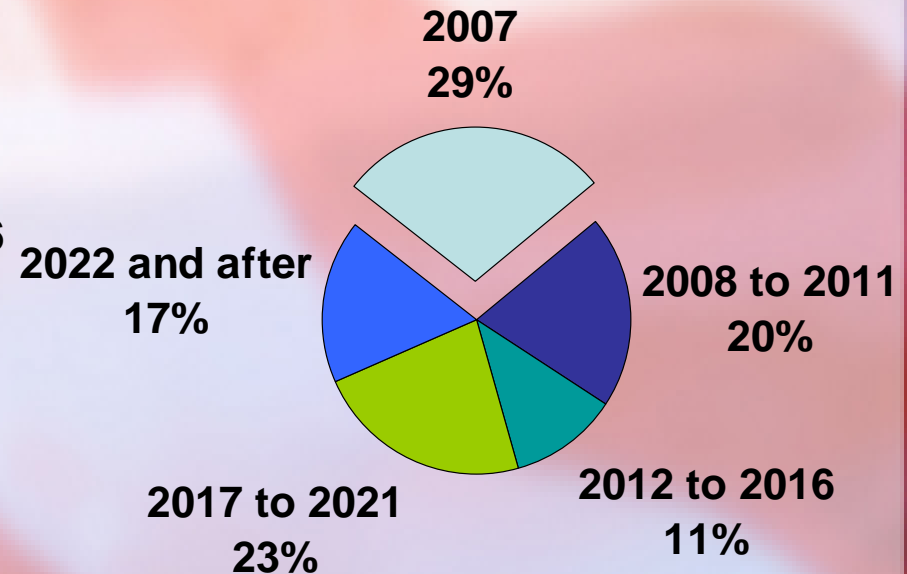


# Retirement Eligibility

## Agency-wide



## SSP



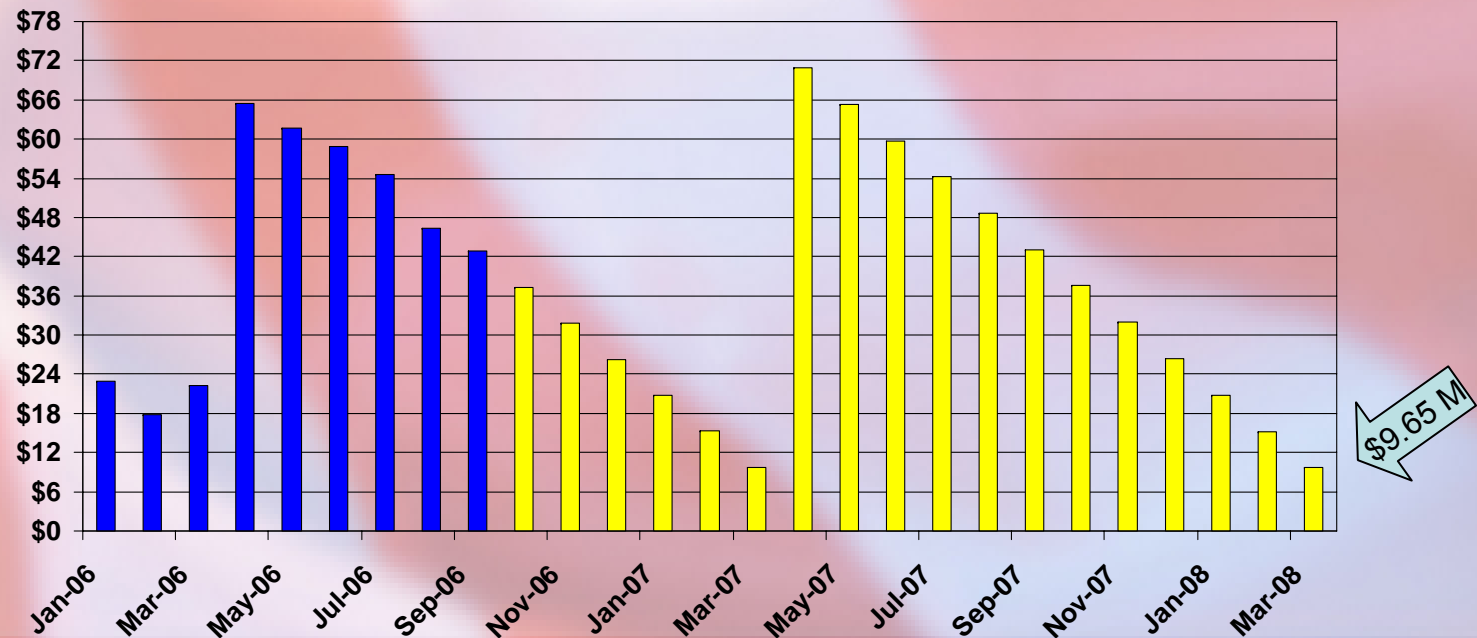
**For 2007, 56 individuals or 1 in 16 of staff are eligible to retire.**

**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 15<sup>th</sup>
- Cash balance is not fund balance/retained earnings

## Monthly Cash Balances



October 2006 through March 2008 cash balances are estimated.

# Future Budgets

- 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
- Labor/Management – unknown
- Possible increase in FTE

This presentation is available  
to the public at:

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

Reports, Plans, and Statistics