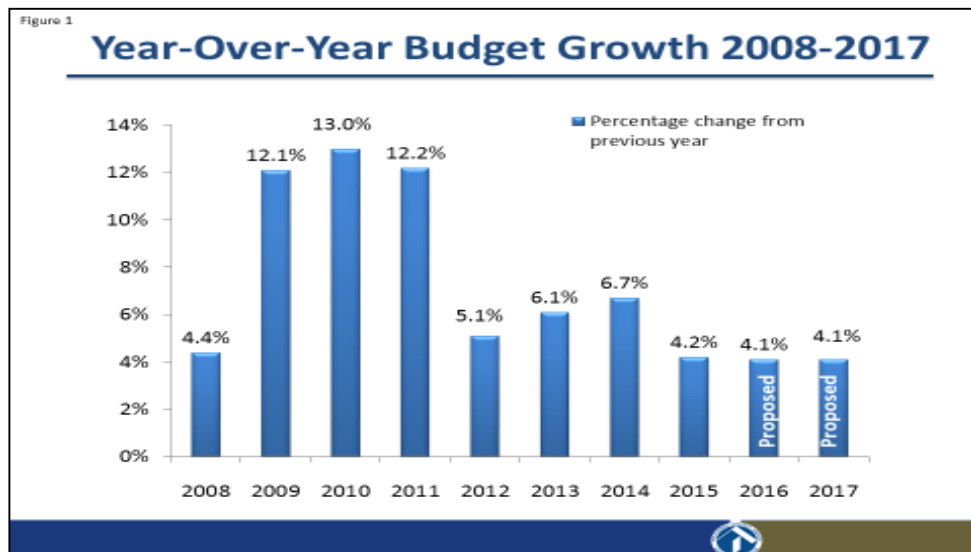




## Frequently Asked Questions NCUA's 2016/2017 Budget

### ***Q1. What is NCUA's operating budget for 2016 and 2017, and how does it compare to prior year's budget increases?***

The Board of the National Credit Union Administration (NCUA) approved a 2016 budget of \$290.9 million. This is an increase of 4.1 percent or \$11.4 million over the 2015 budget of \$279.5 million. This is the smallest percentage increase in the last nine years. The 2017 budget is also estimated to grow at 4.1% for a total budget of \$302.9 million.



### ***Q2. What processes does NCUA use to create its annual budget, and to keep costs down as much as possible? Specifically, what considerations, criteria and/or methodologies does the agency use in developing its budgeting and expenditure processes?***

As described in the [Budget Process Fact Sheet](#), NCUA integrates strategic planning and annual planning into the budget formulation process to align with agency priorities. The annual budget is developed using zero-based budgeting techniques which ensure each activity is individually justified to the Board or to be considered for funding. The internal Board briefings provide analytical and summary information to highlight material changes from prior years.

In developing the budget proposal, the examination and supervision workload is estimated to determine the number of staff hours necessary to carry out NCUA's dual mission as insurer and regulator. The workload analysis is a bottom-up process with the field staff reviewing the condition and supervision needs for each credit union and recommending the hours for each. The estimates are refined by management in the field program until the final budget proposal is completed. The workload analysis establishes the foundation for the Office of National Examinations and Supervision and the five regional budget requests, which represent over 70 percent of NCUA personnel. Based on the workload analysis, NCUA determines staffing levels and requisite personnel compensation and benefits required to support the workload hours.



In addition, all 21 NCUA offices develop a bottom-up resource request. Each position must be validated and updated with the requisite personnel information to accurately project salary and benefit costs with the approved merit, locality and other inflationary adjustments such as health care costs. Any new resource requirements supporting a new position are presented and defended by the applicable Office Director to the Executive Director and Chief Financial Officer.

When the Executive Director and Chief Financial Officer complete their analysis of requested positions, it is presented in detailed briefings to each Board Member for their consideration.

***Q3. What happened to the money that the NCUA Board gave back mid-year in 2015?***

The NCUA Board voted in July 2015 to give back \$1.3 million in funding that would not be spent from the 2015 budget. These funds were used to offset the 2016 budget requirements and reduce operating fees assessed to credit unions in 2016. This \$1.3 million return to credit unions will be realized in the 2016 operating fee assessment billed in the second quarter of 2015. The [2016 Operating Fee Board Action Memorandum](#) provides more detail.

***Q4. How does the NCUA 2016 budget align with NCUA's Strategic Plan 2014-2017 or its 2016 Annual Performance Plan? How does NCUA demonstrate that annual budget expenditures support NCUA's mission and strategic goals?***

NCUA integrates its strategic and annual planning into its budget formulation process. Through the integration, the NCUA Board ensures that resources are aligned to the agency's highest priorities and strategic goals.

NCUA's budget process uses the agency's strategic goals and objectives set forth in the [NCUA Strategic Plan 2014 through 2017](#) as a framework to ensure agency priorities and initiatives drive resulting resources needs and allocations. The annual budget provides the resources to execute against the strategic plan and undertake tasks in NCUA's major programs. The Strategic Plan also identifies the NCUA's goals and objectives. Each regional and central office director develops a budget request identifying resources required to support NCUA's mission and strategic goals and objectives. These requests are then evaluated to ensure each office's requirements are individually justified and consistent with the agency's overall strategic plan. [The 2016/2017 Annual Performance Plan](#) was completed earlier this year to outline the priorities and performance goals for the next two years to support NCUA's mission of promoting confidence in the national system of cooperative credit.

The *NCUA Annual Report* provides an annual performance assessment to Members of the Senate Banking and House Financial Services Committees to comply with the Government Performance and Results Modernization Act of 2010, the Chief Financial Officers Act of 1990, and Section 102 (d) of the Federal Credit Union Act.

The most [current annual report](#) available on the NCUA website includes performance results that support NCUA's mission of safety and soundness. Pages 31-57 include a performance summary with quantitative and qualitative descriptions of results by goals.



***Q5. NCUA provides line items for expenditures. Where can one find information on agency goals per each expenditure? For example, how does one determine the value to NCUA for money spent on consultants?***

The NCUA [Annual Performance Plan](#) outlines resources to strategic goals and objectives. Each strategic objective has performance goals with measurable indicators and targets. Performance indicators use available data to provide a way to determine if NCUA's goals and objective are met in the proposed time frame. Targets serve to establish a level of performance NCUA strives to achieve. NCUA reviews performance indicators and targets to assess the effectiveness of programs and strategies. This assessment allows the agency to make adjustments to improve performance throughout each year and the strategic plan timeframe. NCUA Performance results are published in the [annual report](#), posted on NCUA's website. In the 2014 annual report, pages 31-57 include quantitative and qualitative descriptions of the goal results. Consultants are an expenditure – an input – like staff resources, equipment, training, and facilities that provide support to achieving an outcome. Consultants are typically used in areas that are highly technical or short in duration. NCUA considers all expenditures when determining the budget necessary to achieve its mission.

***Q6. What factors drove the overall 4.1% increase for the 2016 NCUA budget?***

NCUA's budget is a product of thorough planning and evaluation by all offices to effectively use its resources in the most efficient manner without sacrificing our core mission of protecting the safety and soundness of the credit union system. Highlights of NCUA's budget changes which are discussed in further detail in the *November 2015 [Budget Board Action Memorandum](#)* include:

- **Pay & Benefits.** Pay and benefits increased by \$9.0 million, or 4.5 percent, for a total budget of \$210.9 million. NCUA staff will be eligible to receive an average merit-based increase of four percent to their base pay and a locality adjustment ranging from 0-to-3 percent depending on location. The increase supports the merit and locality pay increases as well as the new positions, promotions, position changes, and other mandatory employer contributions including health insurance and retirement.
- **Travel.** Travel is virtually unchanged with an immaterial increase of \$4,595, for a total budget of \$29.3 million. The planned travel costs are supported by the projected 2016 program examination hours and central office travel planned to support field staff with credit union examinations.
- **Rent, Communications & Utilities.** The Rent, Communication & Utilities expenses increased by \$993,438, or 17 percent, for a total budget of \$6.8 million for essential telecommunication costs to improve data capacity and network reliability. An investment in commercially available data center facility services will align NCUA with commercial and government standards for data center facility security and accommodate emerging and future technology security, and data growth requirements. Funding also supports financial subscription services, leased facilities, postage, and utilities.
- **Administrative Expenses.** Administrative expenses decreased by \$632,782 or 3.9 percent, for a total budget of \$15.7 million. This funding supports server and software licenses that support operational requirements, employee supplies, depreciation and amortization expenses



of capital acquisitions, and Federal Financial Institutions Examination Council fees.

- **Contracted Services.** Contracted Services expenses increased by \$2 million or eight percent, for a total budget of \$28.2 million. The contracted services line items in the budget reflect costs incurred when products and services are acquired in the commercial marketplace. These services include critical mission support such as information technology hardware and software development support, accounting and auditing services, and specialized subject matter expertise. The requested contract funding increase is partly attributed to recurring infrastructure costs of several NCUA legacy systems such as CU online and AIRES. The increase also covers examiner training requirements, information security program enhancements, and a new procurement system to integrate with NCUA's accounting system.

For many years prior to the crisis, NCUA had relatively flat overall budgets that did not fund sufficient investments in improving technology infrastructure. For example, our existing ARIES examination software is over 15 years old. One key driver of budget increases these past few years is a compelling need to address technology gap areas. As reviewed and approved by the Information Technology Prioritization Council, the 2016 budget funds needed investments in critical information technology systems, including CU On-line and ARIES, as well as needed business intelligence tools. NCUA has determined these projects are needed investments required for continued success of our examination program and are funded by the capital budget. Additionally, within the capital budget are funds for central office building improvement and renovation projects.

***Q7. How does NCUA determine pay increases for its employees each year, what are the standards used by the agency in setting pay levels or merit increases?***

There are several factors impacting NCUA's annual pay and benefit expense. First, by statute, NCUA is required to maintain pay comparability with other federal financial regulators. Second, we have a collective bargaining agreement with the National Treasury Employees Union (NTEU) that sets employee benefit levels as well as setting annual levels of potential merit pay increase ranges, based on employee performance, for nearly 80 percent of our staff. Third, NCUA experiences the same type of normal annual increases in benefit expenses (such as health insurance and retirement contributions) as other government agencies and the private sector does.

***Q8. Why does NCUA have line items for the thrift savings plan (TSP) and 401k accounts? What is the total TSP and 401k contributions (as a percentage) that NCUA will make on behalf of an employee? What is the cost to NCUA as a percentage per employee for FERS?***

The thrift savings plan (TSP) is a retirement savings and investment plan for federal employees established by Congress as part of the Federal Employees' Retirement System Act of 1986. The 401k account, or the NCUA Savings Plan, is a voluntary employee retirement offered as part of NCUA's compensation package. The 2016 budget cost assumptions include:

- FERS: 13.7% - Like other federal agencies, NCUA is required by law to pay into FERS for its employees. The Office of Personnel Management establishes the rate in its most current OPM Benefits Administration Letter, [15-303, dated April 2015](#)



- 401k: 4.3% - The CBA permits a maximum of five percent; however, based on historical and expected participation rates, the budgeted amount is lower.
- TSP: 4.5 % - The maximum federal match is five percent; however, based on historical and expected participation rates, the budgeted amount is lower.

***Q9. What actions has NCUA taken to reduce costs associated with travel and attendance at peripheral conferences?***

NCUA consistently looks at new ways to reduce travel and other meeting costs that control and minimize expenditures as much as practical. Training is a top priority to support and sustain a highly skilled examiner workforce. It is important for staff to have the proper knowledge, skills, and abilities to perform assign duties. Given the virtual nature of the NCUA workforce, travel is a necessary expense of ensuring the safety and soundness of the credit union system. The virtual examiner workforce helps control costs by reducing office space expenses and minimizing travel since examiners are assigned districts where they live to minimize overnight travel.

NCUA is not planning to hold its traditional biennial all-staff national training conference in 2016. Instead, it will be replaced with a National Exam Program Training, to benefit primarily the examiner workforce, and will focus exclusively on the examination program with relevant training topics such as member business lending, cyber security, interest rate risk, and electronic crimes. As outlined in the [cost saving fact sheet](#), the current 2016 Board approved budget identified \$200,000 of reduced travel costs by utilizing more webinars as a means to deliver training.

***Q10. Which NCUA offices received a 3% material increase in the last two budget cycles and what are the increases for this budget cycle?***

Consistent with other federal pay systems, NCUA's compensation includes base pay and locality pay components. NCUA staff will be eligible to receive an average merit-based increase of four percent to their base pay and a locality pay adjustment ranging from zero to three percent depending on location. Every office will include these pay and benefit adjustments. Most of the offices with total increases of three percent or more had new authorized full-time equivalents (FTE) that were the primary reason for the higher than average growth. Offices with material increases of three percent or greater include:

- The Office of Continuity and Security Management (OCSM) 2016 budget increased 35 percent from 2015. In addition to the standard pay and benefit adjustments, the increase was also driven by the newly approved personnel security specialist, as well as the full-year cost of two new positions approved in the 2015 budget (information security specialist and intelligence specialist). There are also increased 2016 costs associated with expanded physical security requirements including guard services and security supplies.

The OCSM 2015 budget increased 42 percent from 2014. In addition to the standard pay and benefit adjustment, two new approved personnel (a classified information security specialist and an intelligence specialist) were added. Since the office was newly established in 2014, it had ongoing full-year implementation costs to comply with federal security requirements.



- The Office of the Chief Information Officer (OCIO) 2016 budget increased 23 percent compared to 2015. In addition to standard pay and benefit adjustments, a new IT project manager for AIREs and operations and maintenance costs associated with previously approved capital budget projects described in the [Board Action Memorandum](#), were the primary cost drivers.

The OCIO budget increased 5.2 percent from 2014 to 2015. In addition to standard pay and benefit adjustments, the increases were contract costs that support recurring infrastructure costs associated with maintaining NCUA's critical legacy systems, strengthen cybersecurity programs and comply with federally mandated security costs, expanded analytical and software tools to support the examination program, and to meet growing audio visual and teleconference demands.

- The Office of National Examinations and Supervision (ONES) 2016 budget increased 3.8 percent compared to 2015. In addition to standard pay and benefit adjustments, the increase was due to the full year compensation costs for the positions approved in 2015 (senior capital market analyst and the lending specialist examiner) and contracted services that enhance ONE's capabilities and oversight of the nation's largest credit unions.

The ONES 2015 budget increased 13 percent from 2014 primarily because of the two new positions approved in 2015. In addition to stand pay and benefit adjustment, a senior capital markets analyst and a lending specialist examiner were added to the office staff.

- The Office of Examination and Insurance increased 8.8 percent from 2014 to 2015. In addition to standard pay and benefit increases, the increase was associated with the new cybersecurity manager added to the staff in 2015.
- The Office of the General Counsel (OGC) 2016 budget increased 6.2 percent from 2015. The increase was associated with standard pay and benefits adjustments as well as the approved privacy specialist in 2016 for a new authorized level of 29.8 FTE.
- The Office of Human Resource 2016 budget increased 6.4 percent over the 2015 budget because of standard pay and benefits adjustments as well as the addition of a new authorized training position.
- The Office of Public and Congressional Affairs (PACA) 2016 budget increases ten percent. The increase is attributed to standard pay and benefit adjustments and increases attributed to the public communication and outreach efforts, as well as video production costs.

The PACA budget increased 14.4 percent from 2014 to 2015 for standard pay and benefit adjustments as well as the full year cost of a newly approved legislative analyst position in 2014.

- The Asset Management and Assistance Center 2016 budget increased 7.9 percent over the 2015 budget. The increase is attributed to standard pay and benefit adjustments and other inflationary space rental costs.



- The Office of Minority and Women Inclusion 2015 budget increased 16.1 percent from 2014. In addition to the standard pay and benefit adjustments, the increase was for contracted services associated with barrier analysis required by the U.S. Equal Employment Opportunity Commission. Additionally, an expanded workforce recruitment program also accounted for the budget change.

***Q11. Why did NCUA switch to a two-year budget?***

NCUA first began issuing two-year budgets in 1996. This practice continued for 14 years, until the economic shocks, quadrupling number of troubled credit unions, and resulting increased agency supervision funding needs during the Great Recession made it too volatile for anyone to accurately predict the future beyond the immediate crisis.

Now, thanks to a steady long-term economic recovery, we can return to our normal process of budget forecasting. The two-year budgets provide enhanced transparency, as we publicly present our best estimates of spending and staffing levels that will be required not only next year, but also into the following year.

Any future Board can further refine the budgets through mid-year reprogramming and annual adjustments. However, the budget approved on November 19, 2015, demonstrates NCUA's intent to hold the line on budget growth and staffing into 2017, and act transparently throughout the two-year cycle.

***Q12. How much input does each Board Member have in the budget process?***

During the budget development process, the Executive Director and Chief Financial Officer brief the Chairman and each Board Member several times on the budget proposals submitted, updated, and recommended. In addition, analytical and summary information is also prepared to provide for comparison to prior years and to highlight material increases or decreases to budget items. Board Members can ask questions on any aspect of the budget or request any detail concerning an Office's request. Board Members can request changes to modify the budget throughout the pre-decisional process.

***Q13. When are board members first briefed on the proposed budget?***

Board Members were first briefed in late September or early October prior to the November 17, 2015, Board meeting.

***Q14. Why does NCUA not provide a comment period for credit unions to comment on the budget?***

Budgets are not rule-makings, and there is no legal requirement to hold budget hearings; it's strictly a Board policy decision. Like other independent federal financial institution regulators, NCUA is neither required to hold hearings nor subject to a requirement to publish a pre-decisional budget to the public for comment. Requiring NCUA to subject its pre-decisional budget to the hearing and comment process could erode one of the basic policy foundations of the agency's independence and result in industry pressure being placed on the NCUA Board to reduce the agency's examination budgets, which may not be in the public interest to best protect credit union member deposits and



taxpayers.

***Q15. In the 2016 Operating Budget BAM, NCUA indicates that its “cost sharing portion to support the new Home Mortgage Disclosure Act (HMDA) [amendments] is expected to be \$750,000 per year over the next three years.” How and to what extent does NCUA participate in facilitating the new HMDA changes? What percentage does NCUA cover compared to the other responsible federal regulators?***

The Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA) transferred Home Mortgage Disclosure Act (HMDA) rulemaking authority from the Federal Reserve Board (FRB) to the Consumer Financial Protection Bureau (CFPB) on July 21, 2011. Section 1094 of the DFA amended HMDA, mandating additional data fields be collected pursuant to HMDA and its implementing Regulation C. With these changes, HMDA operations will move from the FRB to the CFPB, who will now fill the role previously held by the FRB with regards to operations.

Six agencies will equally contribute \$750,000 annually from 2016 to 2018 to support the development and system build to modernize HMDA. In addition to CFPB, FRB and NCUA, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the U.S. Department of Housing and Urban Development will also contribute to this multi-year capital investment project.

***Q16. What percentage of the 2016 and 2017 budget is intended to pay for new hires or third parties as a result of the risk-based capital rule, the CUSO regulations, and the stress testing requirements for larger credit unions?***

There are no new positions in the 2016 and 2017 Operating budget directly related to the risk-based capital rule, the CUSO regulations and the stress testing for larger credit unions. Less than \$2 million, or 0.4% of the 2016 and 2017 Operating budget, relates to the third party costs for these three initiatives. However, some planned CUSO regulations and stress testing costs to third parties will be funded by the Share Insurance Fund; those costs are estimated to be less than \$4.5 million.

***Q17. What percentage of the 2016 and 2017 budget is intended to pay for new technology for the upcoming revamp of the Call Reports and AIREX Exam Software?***

The 2016/2017 Budget Board Action Memorandum, Attachment 2, *Capital Investments and Acquisitions* reports \$3.2 million, or 32 percent of the 2016 capital budget; and \$9.4 million, or 69 percent of the 2017 capital budget, is planned to support AIREX and the Credit Union Online system (call report processing). The capital budget is reported separately from the operating budget.

***Q18. What information does NCUA provide publicly about its use of contracted services and the process for selecting contractors? What standards or considerations are used by the agency in selecting its contracted services?***

Contracted services include critical mission support and infrastructure such as information technology hardware and software development support, accounting and auditing services, hotel lodging and training rooms. Contracting specialized subject matter expertise is often a cost-effective approach to support career staff. To that end, NCUA uses the commercial marketplace to obtain necessary goods and services which offer the best value to the agency.





As described in the [NCUA Procurement Process Fact Sheet](#), NCUA takes advantage of a competitive and commercial marketplace to obtain the goods and services needed which offer the best value to NCUA and achieve the following objectives:

- *Robust competition* serves the public interest and is the preferred method of source selection. For contracts valued more than \$7,500 and up to and including \$100,000, a minimum of three vendors are invited to participate in a competition. For contract requirements over \$100,000, 10 or more vendors are invited to participate in a competition.
- Make awards based on the *best value* to NCUA by balancing proposed solutions, price and schedule, among other factors; and
- Provide minority and women-owned businesses with *fair opportunities* to participate in NCUA's bidding process (ensuring that they comprise 1/3 of the vendors invited to participate in each competition) pursuant to the law.

***Q19. Where can I get more information on how the Overhead Transfer Rate is calculated and the methodology used? Has NCUA changed that methodology recently?***

The overhead transfer from the National Credit Union Share Insurance Fund (NCUSIF) covers the expenses associated with insurance-related functions of NCUA's operations.

Over a decade ago in 2003, the NCUA Board approved a refined method for calculating the recommended Overhead Transfer Rate (OTR). This OTR methodology is still the basis for today's OTR calculation. The overhead transfer methodology incorporates the following key factors:

- The value to the NCUSIF of the insurance-related work performed by state supervisory authorities (SSAs).
- The cost of NCUA resources and programs with different allocation factors from the examination and supervision program. Allocation factors are reviewed annually.
- The distribution of insured shares between federal credit unions and federally insured state-chartered credit unions.
- Operational costs charged directly to the NCUSIF.
- The results of the annual Examination Time Survey (ETS). The ETS captures the time NCUA spends in federal credit unions carrying out its dual mission as an insurer and a regulator. NCUA primarily achieves its mission through the examination and supervision process, and examinations and supervision are the primary catalysts for other agency functions

For the 2014-2015 ETS results, examiners report an average of 86.8 percent of their exam time and 87.2 percent of their supervision time spent on insurance related activities, with the remaining



13.2 and 12.8 percent respectively allocated to non-insurance related activities.

Based on the 2003 OTR methodology, the overhead transfer rate for 2016 calculates to be 73.1 percent. The OTR for 2015 was 71.8 percent. The primary driver of the increase in the 2016 OTR was a slight increase in the percentage of insured shares held by state chartered credit unions (up 0.9 percentage points to 47.7 percent).

The overhead transfer rate represents insurance-related costs in the NCUA operating budget to be paid for out of the Share Insurance Fund. Thus, 73.1 percent of the total operating budget will be paid out of the National Credit Union Share Insurance Fund. The remaining 26.9 percent of the operating budget is paid for through the federal credit union (FCU) operating fee. Details related to the calculation are found in the [OTR Board Action Memorandum](#) located on the NCUA website

***Q20. Is it still NCUA's plan to release for public comment in January the methodologies for determining the overhead transfer rate (OTR) and the federal credit union operating fee? Will NCUA allow credit unions to comment on the OTR and federal credit union operating fee?***

Yes. Chairman Matz has publicly indicated that she plans to ask the NCUA Board to vote at the January 2016 open board meeting to publish the current OTR methodology and operating fee methodology in the Federal Register for public comment, and periodically thereafter in conjunction with NCUA's Strategic Plan. Under the anticipated comment process, the NCUA Board would analyze the comments and determine whether or not to adjust the methodology. Therefore, through the public comment period of the *Federal Register* notice, credit unions can comment on the OTR and operating fee methodologies.

***Q21. What are the 2016 and 2017 budget items that the Share Insurance Fund will fund directly?***

In 2016/2017 Budget Board Action Memorandum, there are no items that are direct funded by the Share Insurance Fund. Through prior Board action, the Share Insurance Fund continues to cover expenses associated with both Stress Testing (April 24, 2014) and our CUSO Regulations (November 21, 2013). Upon the expiration of this funding, Board action is required should additional funding be required.

In general, direct Share Insurance Fund charges must be a direct expense that can be traced directly back to program costs under Subtitle II – Share Insurance – of the Federal Credit Union Act. That is, these costs do not have a component that can be deemed regulatory. A pure example is the bank fees for processing insurance checks to depositors when a credit union fails. The Share Insurance Fund also pays for certain costs related to State Supervisory Authorities: training related travel and lodging, computer costs, and support for the National Institute for State Credit Union Examination. Other costs incurred include bank charges and audit support. To summarize, Share Insurance Fund Expenses of \$5.9 million per year projected for 2016/2017 cover:

- Audit support,

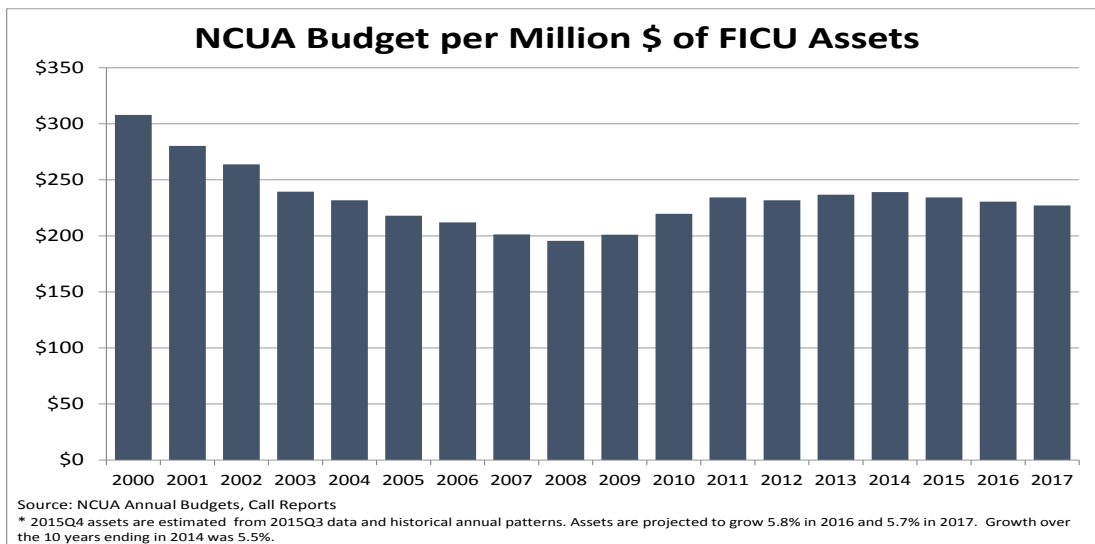


- Testing and analysis for modeling income streams and stress testing investment portfolios,
- CUSO Registry costs budgeted in 2015 for software development performed in CY 2015 (invoices will be paid first quarter 2016) ,
- Bank charges,
- State supervisory authorities, including:
  - Training related travel and lodging,
  - National Institute for State Credit Union Examination, and
  - Computer/laptop costs

***Q22. Why has the NCUA budget continued to go up each year, even though the number of credit unions it supervises is declining and the financial crisis is behind us?***

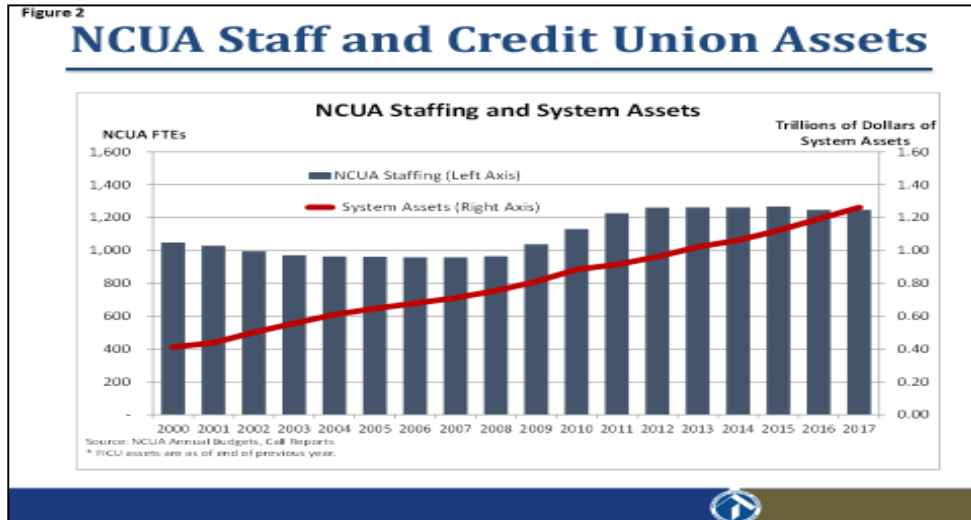
Even though a credit union may close, most of the insured shares and troubled assets from those credit unions do not disappear; they are acquired by other credit unions. Although the number of credit unions has declined the remaining credit unions are growing larger and more complex, posing a greater concentration risk to the Share Insurance Fund. Larger, more complex institutions require more examiners with specific specialties in certain operations—from sophisticated investments, to specialized lending, to cutting-edge technology. This is very similar to the process a credit union goes through when adding products or services or experiences high levels of growth. They must hire the expertise and acquire the systems to effectively run and maintain their organization.

There is also the cost that comes simply from replacing and modernizing obsolete systems and meeting new regulatory and statutory requirements imposed on federal agencies. In addition, credit unions have requested new powers—like derivatives and asset securitization—which require enhanced supervision and additional staff specialist expertise. NCUA needs to ensure our supervisory expertise keeps pace with credit unions’ expanding business opportunities. The NCUA Board’s view is that examiner resource allocation decisions should not be based simply on the number of credit unions (units), but more focused on assets and total dollar exposure to help protect the NCUSIF, consistency with the agency’s statutory mission.



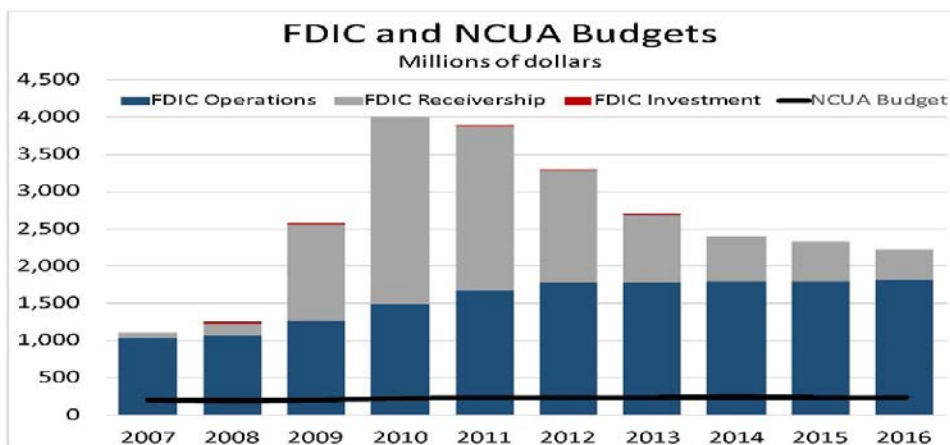


An effective and efficient operating budget translates into a sound and reasonable annual investment by credit unions to protect the National Credit Union Share Insurance Fund and the credit union system. It's important to note that NCUA's budget, as a share of overall federally insured credit union system assets has remained relatively flat since 2011, a sign of increased agency efficiency while assets under supervision grow.



**Q23. Why has the NCUA overall budget increased every year, while FDIC's overall budget has decreased?**

The chart below shows that neither FDIC's nor NCUA's normal operations budget, which is the primary budget for funding each agency, have decreased since the crisis. FDIC operates a separate receivership budget which handles the costs associated with the resolution of failed banks, and that receivership budget more than doubled during the crisis. Apparent decreases in the FDIC's aggregate budget today are all due to decreases in the costs associated with bank resolutions and the decreasing receivership budget, and not from FDIC normal operational budget reductions, as the graph below shows.





***Q24. What is the average NCUA cost to examine a credit union?***

Due to the uniqueness and variability in each credit union, providing a single “average” cost to examine a credit union would be misleading.

There are numerous direct cost factors included in the total cost to examine a credit union that vary widely between specific institutions. Personnel compensation and travel are the most prominent costs, but these vary for each individual credit union examination. Variables impacting the cost of each examination include the credit union’s size, quality of their governance, operating performance, balance sheet composition, operating complexity and location. Additionally, whether the credit union is a federal charter or state charter materially impacts the resources and costs of the examination.

Given the unique profile of each credit union, the needed experience and technical knowledge of the examination team varies greatly. The location of the examination team in relation to the credit union materially impacts the associated travel costs. The personnel costs for an examination are dependent on the experience and technical knowledge of each team member including specialists and the involvement of supervisory examiners. Credit unions requiring closer supervision also include a level of regional office and central office review that also impacts the cost of specific examinations.

***Q25. Does NCUA release more detailed financial information for each fund it manages? If so, where I can find that information?***

NCUA’s Chief Financial Officer reports quarterly to the NCUA Board at public meetings on the financial status of the National Credit Union Share Insurance Fund and the Temporary Corporate Credit Union Stabilization Fund. Video, audio and written transcripts of these public quarterly financial reports are posted on NCUA’s website for a full year.

In addition, NCUA posts publicly monthly reports on the fiscal status of the four permanent funds and one temporary fund managed by the agency. These include:

- Operating Fund
- National Credit Union Share Insurance Fund
- Central Liquidity Facility
- Community Development Revolving Loan Fund
- Temporary Corporate Union Stabilization Fund (posted under the Board Meeting Calendar for each quarterly briefing)

The NCUA website hosts a dedicated page for Budget and Supplemental Materials. Further, NCUA’s Strategic Plan and Annual Performance Plans are also released to the public. Finally, NCUA’s Audited Financial Statements for all four permanent funds and the Temporary Corporate Credit Union Stabilization Fund are released publicly. Together, the audited statements found in the [Annual Report](#), including all notes, provide a comprehensive picture of NCUA’s spending and financial performance.



***Q26. Where can I go to get more information about NCUA's budget and budget process?***

To provide transparency, NCUA offers more than 90 documents relating to our budget and budget process. These include:

- [NCUA Chairman Debbie Matz Statement on the 2016/2017 Budget and Strategic Plan](#)
- [NCUA's 2016/2017 Budget Presentation](#)
- [NCUA's 2016/2017 Budget in Brief - Narrative](#)
- [NCUA's 2016/2017 Budget in Brief - Table](#)
- [NCUA's 2016/2017 Budget Board Action Memorandum](#)
- [NCUA's Operating Fee Budget Action Memorandum](#)
- [NCUA's Overhead Transfer Rate Budget Action Memorandum](#)
- [NCUA's 2016/2017 Line Item Budget](#)
- [2016 Cost Savings Fact Sheet](#)

There are 800 budget line-items listed for 2016 and 2017. NCUA provides public stakeholders more detailed budget information than any other independent federal financial depository regulator. More information is available on our dedicated budget webpage here:  
<http://www.ncua.gov/about/Pages/budget.aspx>.