



NCUA
National Credit Union Administration

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Chief Financial Officer

2022 Midsession Budget Review

July 2022

Big Picture Up Front

- Estimated *Operating Budget* surplus for 2022 is projected to be around \$18 million.
- The *Capital Budget* is 65% obligated thru May with no reported surplus/shortages.
- *SIF Admin* budget projected to have small surplus of about \$0.6 million.
- *At this time, no Board action to adjust the approved 2022 budgets is recommended.*

Budget Overview

2022 MID-SESSION BUDGET SUMMARY (DRAFT)

(dollars in thousands)						
	<u>2022 Budget**</u>	<u>2022 Jan-May Results</u>		<u>2022 EOY</u>		
		<u>Spent</u>	<u>% Budget Spent</u>	<u>Office Projection</u>	<u>\$ Change vs. Budget</u>	<u>% Change vs. Budget</u>
Operating Budget						
Employee Pay	177,359	67,487	38%	170,146	-7,213	-4%
Employee Benefits	78,309	30,368	39%	76,442	-1,867	-2%
Employee Pay & Benefits.....	255,668	97,855	38%	246,588	-9,080	-4%
Travel	18,294	1,170	6%	9,000	-9,294	-51%
Rent/Communications/Utilities	5,180	3,287	63%	5,123	-57	-1%
Administrative	6,014	3,376	56%	5,885	-129	-2%
Contracted Services	63,259	46,092	73%	63,875	615	1%
Non-Pay & Benefits.....	92,746	53,926	58%	83,882	-8,865	-10%
Total, Operating Budget.....	348,414	151,781	44%	330,470	-17,945	-5%
<i>Authorized Positions vs. On-Board Headcount.....</i>	<i>1,201</i>	<i>1,138</i>	<i>95%</i>	<i>1,188</i>	<i>-13</i>	<i>-1%</i>
Capital Budget.....	13,069	8,496	65%	13,069	---	0%
Share Insurance Fund Budget.....	6,246	2,592	41%	5,627	-619	-10%
Total, NCUA resources.....	367,729	162,870	44%	349,166	-18,564	-5%

** 2022 Budget has been updated for all reprogrammings approved through April and all carryover balances approved for 2022 spending (\$23M contracts, \$1.6M rehired annuitants, \$3.7M surge support contract)

Operating Fund Budget

- **Pay and Benefits** surplus projection of \$9 million (4%) as compared to the Board approved budget is based on higher-than-forecast vacancies to date and anticipated hiring for the remainder of the 2022.
- **Travel** surplus projection of about \$9.3 million (51%) is based on staff analysis of travel to date and anticipates an increase in travel over the remainder of this year.
- The estimates for other budget categories are materially unchanged from the approved budget, with a small amount of travel funds likely being redirected to contract support.

Capital Budget

NATIONAL CREDIT UNION ADMINISTRATION: CAPITAL INVESTMENT PROJECTS				
Description	2021 Board Approved	2022 Board Approved	2022 Obligated YTD (May)	2022 Balance Available
IT software development investments				
Examination and Supervision Solution and Infrastructure Hosting	\$ 7,388,000	\$ 875,000	\$ 696,363	\$ 178,637
Enterprise Systems Modernization (ESM) Data Reporting Services	\$ -	\$ 739,000	\$ -	\$ 739,000
Enterprise Data Program	\$ 350,000	\$ 350,000	\$ -	\$ 350,000
Enterprise Central Data Repository	\$ 1,626,000	\$ -	\$ -	\$ -
Data Collection and Sharing Solution	\$ -	\$ -	\$ -	\$ -
NCUA Website Development	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Performance Management System Replacement	\$ 154,000	\$ -	\$ -	\$ -
Continuous Diagnostic Mitigation (CDM)	\$ 900,000	\$ -	\$ -	\$ -
Anticipated New Software Development Investments (M365)	\$ 1,450,000	\$ -	\$ -	\$ -
System Updates for Significant Regulatory Changes	\$ -	\$ 1,000,000	\$ 63,282	\$ 936,718
CU Locator and Research a Credit Union Updates	\$ -	\$ 240,000	\$ 207,822	\$ 32,178
Total, IT software development investments	\$ 11,968,000	\$ 3,304,000	\$ 967,467	\$ 2,336,533
Other Information technology investments				
Enterprise Laptop Lease	\$ 807,000	\$ 5,000,000	\$ 3,542,811	\$ 1,457,189
Information Technology Infrastructure, Platform and Security Refresh	\$ 3,870,000	\$ 1,600,000	\$ 1,171,110	\$ 428,890
Refresh VoIP Phone System	\$ 950,000	\$ -	\$ -	\$ -
Hybrid Work Environment (Conference room and equipment upgrades)	\$ -	\$ 265,000	\$ 265,000	\$ -
Executive Order on Cybersecurity	\$ -	\$ 1,400,000	\$ 1,050,000	\$ 350,000
Total, Other Information technology investments	\$ 5,627,000	\$ 8,265,000	\$ 6,028,921	\$ 2,236,079
Capital building improvements and repairs				
Central Office Renovations	\$ 500,000	\$ -	\$ -	\$ -
Central Office HVAC System Replacement	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -
Austin, TX Office Building Modernization	\$ 750,000	\$ -	\$ -	\$ -
Total, Capital building improvements and repairs	\$ 1,250,000	\$ 1,500,000	\$ 1,500,000	\$ -
Grand Total, Capital Projects	\$ 18,845,000	\$ 13,069,000	\$ 8,496,388	\$ 4,572,612

Capital Budget Summary

- The Board approved Capital budget for 2022 is \$13.1 million.
- Through May, the agency has obligated \$8.5 million of the approved budget, or 65%.
- The majority of the available balance is anticipated to be used this year; Capital project funding unused this year would remain available for the same project in the following year, if needed.

Share Insurance Fund Admin. Budget

2021 SHARE INSURANCE FUND ADMINISTRATIVE BUDGET (DRAFT)

(dollars in thousands)	2022 Jan-May Results			OCFO Projection - 2022 EOY		
	<u>2022 Budget**</u>	<u>Spent</u>	<u>% Budget Spent</u>	<u>Projected Spending</u>	<u>\$ Change vs. Budget</u>	<u>% Change vs. Budget</u>
SIF Administrative Budget						
<u>Share Insurance Fund Direct Expenses:</u>						
Travel	1,158	---	0%	815	-343	-30%
Administrative Expenses	50	18	36%	50	---	0%
Contracted Services	3,520	1,488	42%	3,520	---	0%
Total, SIF Direct Expenses.....	4,728	1,506	32%	4,385	-343	-7%
<u>NGN Support</u>						
Personnel Compensation	500	118	24%	250	-250	-50%
Travel	26	---	0%	---	-26	-100%
Administrative Expenses	392	368	94%	392	---	0%
Contracted Services	600	600	100%	600	---	0%
Total, NGN Support.....	1,518	1,086	72%	1,242	-276	-18%
Total, Share Insurance Fund Budget.....	6,246	2,592	41%	5,627	-619	-10%
<i>FTE planned vs. on-board.....</i>	---	1	N/A	---	---	N/A

** 2022 Budget has been reflects \$42,000 reprogrammed from State Examiner Training to E&I Data Subscriptions (\$32,000) and E&I Valuation Services (\$10,000).

Share Insurance Fund Admin. Budget Summary

- The Share Insurance Fund Administrative Budget covers certain expenses directly attributable to the NCUA's insurance function.
- No changes are required to the SIF Administrative budget; a modest surplus for State examiner travel is anticipated.

Conclusions

- All three budgets are projected to remain within the levels approved by the Board, with a surplus of about \$18.6 million (about 5%).
- No Board action to modify the approved budget is recommended at this time.
- As has been the practice, the staff development of the upcoming year's budget (2023) will factor in unused 2022 budget resources to lower the need for new budget in 2023.

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