

2016 - NCUA Budget in Brief

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: examination and supervision, insurance, small credit union initiatives, consumer protection, and asset management. The 2016 Operating Budget is \$290.9 million, and includes a net decrease of 21.7 Full-Time Equivalents (FTE) from the 2015 budget.

The proposed 2016 budget represents an increase of 4.1 percent or \$11.4 million over the 2015 budget of \$279.5 million. This is the smallest percentage increase since 2007. The major changes to the budget are as follows:

Staffing. The FTE level is decreased to a new authorized level of 1,247.0. This includes a net decrease of 21.7 FTEs from the 2015 budget. The budget proposes to reduce 26 credit union generalist examiner positions by further leveraging the onsite examination work of the state supervisory authorities. The budget reallocates four of these positions to add mission support staff to further support NCUA's priorities of a robust supervision framework and to strength security programs. Staffing changes are detailed in the Board Action Memorandum approved on November 19, 2015.

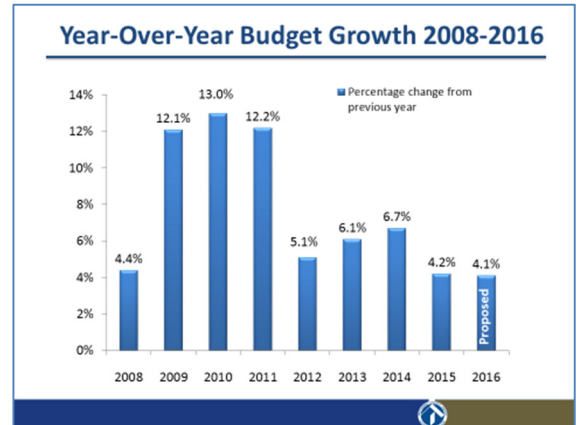
Pay & Benefits. Pay and benefits increased by \$9.0 million, or 4.5 percent, for a total budget of \$210.9 million. The increase supports the merit and locality pay increases required by NCUA's current collective bargaining agreement as well as the new positions, promotions, position changes, and other mandatory employer contributions including health insurance and retirement.

Travel. The travel budget remained flat at \$29.3 million. Although the standard lodging per diem rates for fiscal year 2016 will increase for the second year, the overall travel costs will be reduced in line with the reduction of 26 credit union examiners. These savings will also offset any increases associated with examiner travel related to the 2016 National Exam Program Training. The proposed budget reflects travel savings of \$245,000 associated with reduced training related travel.

Rent, Communications & Utilities. The Rent, Communication & Utilities expenses increased by \$1.0 million, or 17.2 percent, for a budget of \$6.8 million for telecommunication support. An investment in a commercial data center facility will align NCUA with commercial and government security standards and accommodate emerging and future technology requirements.

Administrative Expenses. Administrative expenses decreased by \$633,000 or 3.9 percent, for a total budget of \$15.7 million. This category primarily includes depreciation and amortization expenses of capital acquisition and software licenses, FFIEC fees, relocation expenses, and supplies.

Contracted Services. Contracted Services expenses increased by \$2.0 million or 7.8 percent, for a total budget of \$28.2 million. The contracted services line items of 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.



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The 2017 Operating Budget is \$302.9 million, and assumes no change in the FTE level of 1,247 Full-Time Equivalents (FTE) from the 2016 budget. The proposed 2017 budget of \$303 million represents an increase of 4.1 percent or \$12.0 million over the 2016 budget of \$290.9 million. The major changes to the budget are as follows:

Staffing. The authorized FTE will remain at the 2016 authorized level of 1,247.0.

Pay & Benefits. Pay and benefits increased by \$9.3 million, or 4.4 percent, for a total budget of \$220.3 million. The increase supports the merit and locality pay increases required by NCUA's current collective bargaining agreement (CBA) as well as promotions, turnover estimates, and other mandatory employer contributions including health insurance and retirement.

Travel. The travel budget increased 1.0 percent to \$29.6 million due to expected inflationary effects on travel costs. The travel increase was mitigated by non-recurring costs such as the biennial National Exam Program Training.

Rent, Communications & Utilities. These expenses increased by \$169,000, or 2.5 percent, for a budget of \$6.9 million for telecommunication support. The commercial data center facility initiated in the 2016 budget will experience full year costs in 2017.

Administrative Expenses. Administrative expenses will increase by \$126,000 or 0.8 percent, for a total budget of \$15.8 million. This category primarily includes depreciation and amortization expenses of capital acquisition and software licenses, FFIEC fees, relocation expenses, and supplies.

Contracted Services. Contracted services expenses will increase by \$2.1 million or 7.5 percent, for a total budget of \$30.3 million. The contracted services line items of 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 2017 contracted services budget is expected to increase because of operations and maintenance costs associated with 2016 capital investments in information technology systems.

