



NCUA
National Credit Union Administration

STAFF DRAFT: 2023–2024 Budget Justification

September 29, 2022



NCUA

National Credit Union Administration

[THIS PAGE INTENTIONALLY LEFT BLANK]

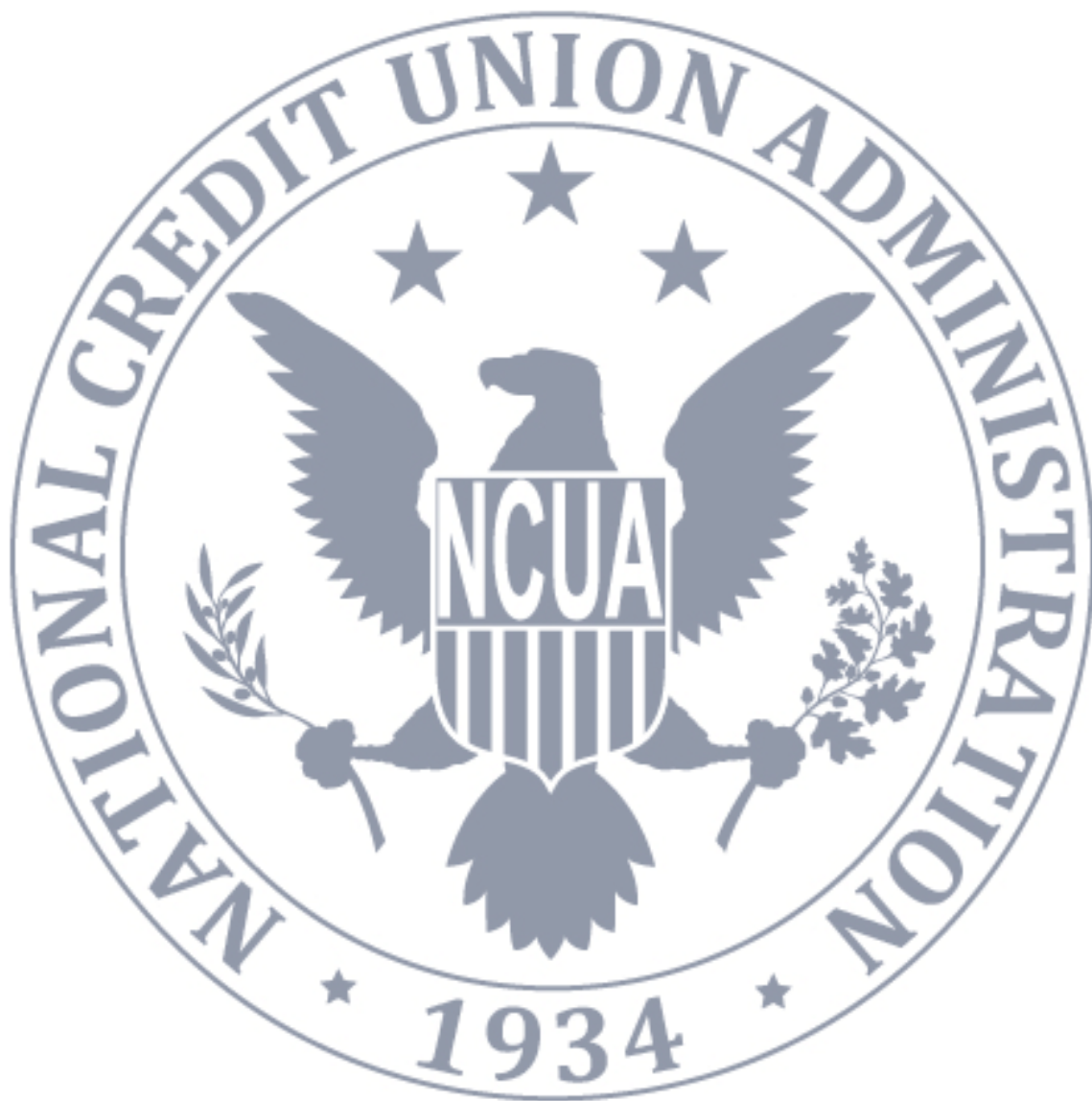




Table of Contents

THE NCUA BUDGET IN BRIEF	1
PROPOSED 2023 AND 2024 BUDGETS	1
OPERATING BUDGET	2
CAPITAL BUDGET	5
SHARE INSURANCE FUND ADMINISTRATIVE EXPENSES	6
2023 OPERATING BUDGET – USE OF PRIOR YEAR SURPLUS FUNDS.....	6
BUDGET TRENDS.....	6
FEDERAL COMPLIANCE COSTS	7
INTRODUCTION AND STRATEGIC CONTEXT.....	11
HISTORY	11
AUTHORITY.....	11
MISSION, GOALS, AND STRATEGY	12
ORGANIZATION AND STRUCTURE	12
BUDGET PROCESS – STRATEGY TO BUDGET	14
COMMITMENT TO FINANCIAL STEWARDSHIP	16
ENTERPRISE RISK MANAGEMENT	16
KEY THEMES OF THE 2023–2024 BUDGET	18
OVERVIEW	18
CYBERSECURITY	19
SUPPORT FOR SMALL CREDIT UNIONS	20
FAIR LENDING	20
ACCESS AND FINANCIAL INCLUSION.....	21
NCUA ORGANIZATIONAL CHANGES	21
REGULATORY IMPROVEMENTS.....	22
OPERATING BUDGET	23
OVERVIEW	23
STAFFING	23
BUDGET CATEGORY DESCRIPTIONS AND MAJOR CHANGES	28
<i>Salaries and Benefits</i>	29
<i>Travel</i>	31
<i>Rent, Communications, and Utilities</i>	32
<i>Administrative Expenses</i>	32
<i>Contracted Services</i>	33



CAPITAL BUDGET	38
OVERVIEW	38
SUMMARY OF CAPITAL PROJECTS.....	39
SHARE INSURANCE FUND ADMINISTRATIVE BUDGET	42
OVERVIEW	42
BUDGET REQUIREMENTS AND DESCRIPTION.....	42
<i>Share Insurance Fund Direct Expenses.....</i>	<i>42</i>
<i>Corporate Resolution Program.....</i>	<i>43</i>
FINANCING THE NCUA’S PROGRAMS	46
OVERVIEW	46
OVERHEAD TRANSFER RATE.....	47
OPERATING FEE	50
APPENDIX A: SUPPLEMENTAL BUDGET INFORMATION	54
BUDGET BY STRATEGIC GOAL	54
OFFICE BUDGET SUMMARY	55
OFFICE BUDGETS	56
APPENDIX B: CAPITAL PROJECTS	64

This document is a draft, staff-level budget proposal made available to the NCUA Board members and the public for their consideration and comment. The NCUA Board directed the NCUA Executive Director to develop the draft budget under delegated authority. The draft budget may change based on public comments, Board member decisions, and staff’s ongoing consideration of estimates and programs that impact the budget. For example, staff continues to evaluate 2023 funding needs for the agency’s Modern Examination and Risk Identification Tool (MERIT) and resources needed for the agency’s new Financial Technology and Access unit.



The NCUA Budget in Brief

Proposed 2023 and 2024 Budgets

The National Credit Union Administration's (NCUA) *2022–2026 Strategic Plan* sets forth the agency's goals and objectives that form the basis for determining resource needs and allocations. The annual budget provides the resources to execute the strategic plan, to implement important initiatives, and to undertake the NCUA's major programs: examination and supervision, insurance, credit union development, consumer financial protection, and asset management.

2023–2024 NCUA BUDGET* RESOURCES											
Budget	2022 Board Approved Budget	2023 Requested Budget	Change (2022–2023)	Change Percent (2022– 2023)	2024 Requested Budget	Change (2023–2024)	Change Percent (2023– 2024)	2022 Pos**	2023 Pos**	2024 Pos**	Position Change (22– 23) (23– 24)
Operating Budget	\$ 320,138,000	\$ 350,817,278	\$ 30,679,278	9.6%	\$ 388,199,518	\$ 37,382,240	10.7%	1,196	1,221	1,243	25 22
Capital Budget	\$ 13,069,000	\$ 11,229,000	\$ (1,840,000)	-14.1%	\$ 11,234,000	\$ 5,000	0.0%	-	-	-	- -
Share Insurance Fund Admin. Budget	\$ 6,246,000	\$ 4,906,000	\$ (1,340,000)	-21.5%	\$ 4,304,000	\$ (602,000)	-12.3%	-	-	-	- -
Total	\$339,453,000	\$366,952,278	\$27,499,278	8.1%	\$403,737,518	\$36,785,240	10.0%	1,196	1,221	1,243	25 22

* Budget information presented in this document excludes funding for the Central Liquidity Facility (CLF), which has its own budget that will be reviewed and decided upon separately by the CLF Board.

** The 2023–2024 budget reflects NCUA staffing levels as positions in order to simplify the presentation of current and proposed employee levels. Positions include all full-time and part-time positions as well as positions funded for only a portion of the year. In past years, the NCUA reflected budgeted staffing levels as full-time equivalents (FTEs), which is a presentation that accounts for staffing vacancies, part-time schedules, and other variability in employee levels. All position levels exclude positions funded by the CLF.

The NCUA's 2023–2024 budget justification includes three separate budgets: the Operating Budget, the Capital Budget, and the National Credit Union Share Insurance Fund (Share Insurance Fund) Administrative Budget. Combined, these three budgets total \$367.0 million for 2023, which is 3.8 percent lower than the initial 2023 funding level approved by the NCUA Board as part of the two-year 2022–2023 budget, and 8.1 percent higher than the comparable level funded by the Board for 2022.

Three significant factors, when combined, account for the majority of the 8.1 percent increase in the total budget between 2022 and 2023:

1. A proposed net increase of 25 positions in permanent agency staffing compared to 2022, which will support critical areas necessary to operate as an effective federal financial regulator capable of addressing emerging issues. Included within these proposed new positions are 10 net new positions added to NCUA regional staff to increase the number of specialist examiners and supervisory



specialists, four positions for the Office of Examination and Insurance to strengthen its credit and bank secrecy programs, two new positions for the Office of Consumer and Financial Protection to expand its consumer financial protection function, and two positions for the Office of Credit Union Resources and Expansion to support credit unions by providing technical advice about chartering and field of membership matters.

2. An increase of \$8.9 million for current employee compensation in 2023 compared to 2022. This increase accounts for pay raises for the NCUA's employees as required by the current Collective Bargaining Agreement or successor agreements and expected inflationary cost increases for employee benefits.
3. An increase of \$5.0 million in travel funding for 2023 compared to 2022. The agency expects a sustained reduction in remote and offsite examinations during the first half of 2023 with onsite examinations and related travel resuming. In addition, per trip costs are expected to be marginally higher in 2023 based on the impact of widely-reported price inflation affecting lodging, airfare, and car rentals. Overall, the travel budget for 2023 is funded at approximately 75 percent of pre-pandemic travel levels. The agency anticipates that travel will occur at a lower overall level than in previous years due to lessons learned during the pandemic about remote work and offsite examination and supervision procedures.

Recent economic trends, including higher inflation and robust labor markets, have also contributed to increased costs for the NCUA to conduct its work without a significant degradation in agency capabilities or staffing levels. Staffing levels for 2023 and 2024 reflect the agency's current staffing requirements and proposed staffing enhancements related to agency programs and initiatives.

Operating Budget

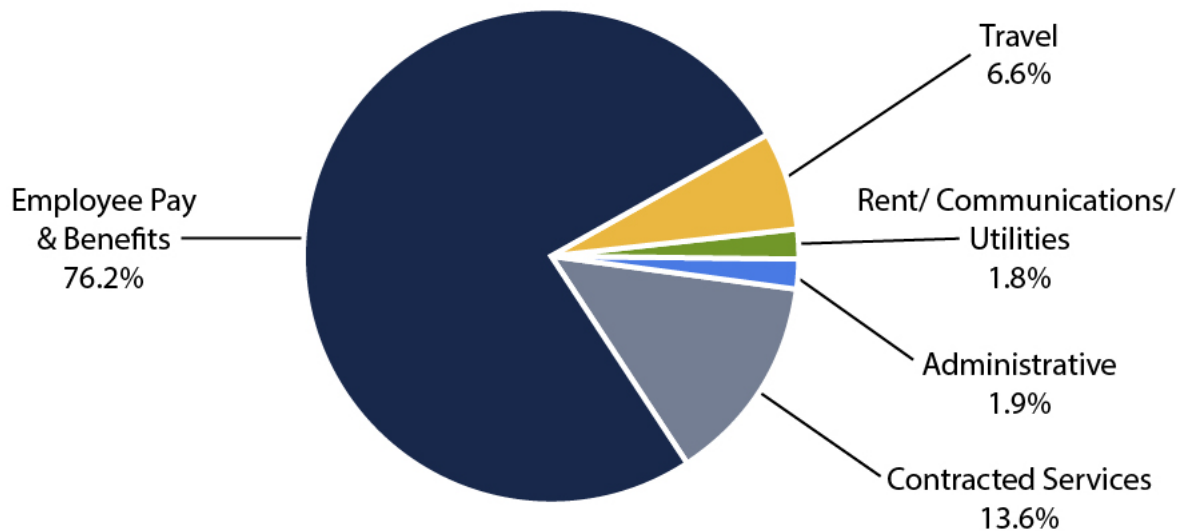
The proposed 2023 Operating Budget is \$350.8 million. Staffing levels would increase by a net 25 positions compared to the 2022 Board-approved budget.

The 2023 Operating Budget increases approximately \$30.7 million, or 9.6 percent, compared to the 2022 Board-approved budget. The Operating Budget estimate for 2024 is \$388.2 million and includes 22 additional positions compared to the 2023 level.

The following chart presents the major categories of spending supported by the 2023 budget, while specific adjustments to the 2022 Board-approved budget are discussed in further detail in the following paragraphs.



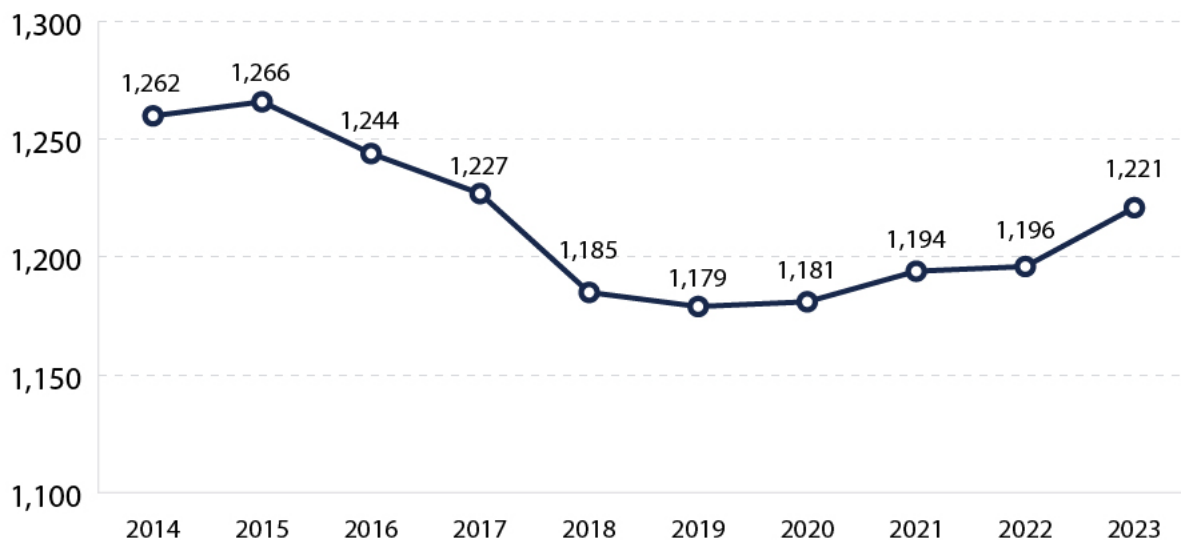
2023 Operating Budget



Note: Minor rounding differences may occur in totals.

Total Staffing. The Operating Budget includes 1,221 positions in 2023. This is a net increase of 25 positions compared to the 2022 levels approved by the Board. Additional staff are requested in several areas as discussed later in this document. Despite significant credit union asset growth, total NCUA staffing has remained within a relatively narrow range since 2017, as shown in the chart below.

NCUA Staffing (Positions)



Note: NCUA staffing in this chart excludes positions funded by the Central Liquidity Facility.



The 2023–2024 budget reflects NCUA staffing levels as positions in order to simplify the presentation of current and proposed employee levels. The budget also makes permanent several previously authorized positions within the total NCUA staffing plan in order to ensure transparency about overall staffing levels. In past years, the NCUA reflected budgeted staffing levels as full-time equivalents (FTEs), which is a presentation that accounts for staffing vacancies, part-time schedules, and other variability in employee levels.

Pay and Benefits. Pay and benefits increase by \$12.9 million in 2023, or 5.1 percent compared to 2022, for a total of \$267.3 million. The cost of new positions included in the 2023 budget makes up \$4.0 million of the \$12.9 million increase.

The 2023 budget recommends a net increase of 25 new positions compared to 2022 staffing levels. Within this total, 10 net new positions are added to the NCUA regional staff to increase the number of specialist examiners and supervisory specialists. In addition, the budget funds two new positions for a new Office of the Ombudsman to provide a resource for issues facing credit unions and other public stakeholders, two new positions for the Office of Consumer and Financial Protection to expand its consumer financial protection function, three positions for the Office of Examination and Insurance to better align the office’s operating divisions and strengthen its credit and bank secrecy programs, one new position for the Office of General Counsel to support regulatory and legislative functions, one new position for the Office of Minority and Women Inclusion to support the agency’s special emphasis programs, and one new position for the Office of the Chief Financial Officer to strengthen planning and budget formulation processes.

The budget also makes permanent five positions previously authorized within the total NCUA staffing plan: one position for the Office of National Examination and Supervision to strengthen data modeling capabilities, two positions for the Office of Credit Union Resources and Expansion to support credit unions by providing technical advice about chartering and field of membership matters, one position in the Office of Examination and Insurance to strengthen analysis of risks within the credit union system, and one position for the Office of Ethics Counsel to consolidate the regional ethics program.¹

Travel. The travel budget increases by \$5.0 million in 2023, or 27.5 percent compared to 2022, for a total of \$23.0 million. The increase in travel does not represent a typical annual travel adjustment because the 2022 budget was lower due to restricted travel during the pandemic. The 2023 budget assumes that travel will return to approximately 75 percent of its pre-pandemic levels. The NCUA will continue to seek to contain travel costs by use of offsite examination procedures and virtual options for training when suitable for the desired outcomes. Additionally, the NCUA plans to hold a national training conference for its staff in 2023 and more internal and external meeting events than in 2022.

Rent, Communications, and Utilities. The budget for rent, communications, and utilities increases by \$1.1 million in 2023, or 21.8 percent compared to 2022, for a budget of \$6.3 million. This funding pays for

¹ The 2024 Staff Draft budget recommends an additional 22 new positions, including 17 regional specialists to complete the build-out of that program, one position for the Office of the Ombudsman, which is proposed to be established in 2023, and making permanent four Office of National Examination and Supervision positions previously authorized within the total NCUA staffing plan.



space-related costs, telecommunications services, data capacity contracts, and information technology network support. The 2023 increase is driven by the cost of a new office lease for the Southern Region office. The NCUA determined it would be more effective and offer more flexibility over the long term to sell the Southern Region facility and move its operations to a leased facility.

Administrative Expenses. Administrative expenses increase by \$0.6 million in 2023, or 10.8 percent compared to 2022, for a budget of \$6.7 million. The increase to the administrative expenses budget category largely results from an increase in the need for supplies, materials, printing, and subscription expenses expected as employees return to onsite work in 2023.

Contracted Services. The budget for contracted services increases by \$11.1 million in 2023, or 30.3 percent compared to 2022, for a total budget of \$47.6 million.² About \$5 million of this increase is the result of a lower offset for 2023 than 2022 of unspent budget amounts from the prior year. The remaining \$6.1 million of the increase reflects a combination of inflationary pressures on the cost of contracted services and some additional initiatives described in more detail later in this document.

Contracted services funding pays for products and services acquired in the commercial marketplace and includes critical mission support services such as information technology hardware and software support, accounting and auditing services, and specialized subject matter expertise. The majority of funding in the contracted services category supports the NCUA's robust supervision framework and includes funding for tools used to identify and resolve risk concerns such as interest rate risk, credit risk, and industry concentration risk. Further, funding within contracted services is used to address new and evolving operational risks such as cybersecurity threats.

Capital Budget

The proposed 2023 Capital Budget is \$11.2 million.

The 2023 Capital Budget is \$1.8 million lower than the 2022 Board-approved budget.

The Capital Budget fully supports the NCUA's ongoing effort to modernize its information technology infrastructure and applications. The 2023 budget for capital projects decreases largely because the NCUA budgeted to replace its laptop computer fleet in 2022 and does not require additional investments for laptops in 2023. Additionally, funding in the Capital Budget for the MERIT examination system is lower in 2023 than 2022 and provides funding for routine maintenance and other modest system enhancements. Other information technology investments proposed in the 2023 Capital Budget include ongoing enhancements to information security, upgrades to decades-old legacy systems, refresh of the agency's mobile communications devices, and various hardware investments to refresh agency networks and ensure staff have the tools necessary to achieve the agency's mission.

The Capital Budget also includes \$1.5 million for NCUA's facilities.

² The total budget for Contracted Services in 2023 before offsets of prior year unspent funds is estimated to be \$65.6 million.



Share Insurance Fund Administrative Expenses

The proposed 2023 Share Insurance Fund Administrative Budget is \$4.9 million.

The 2023 Share Insurance Fund Administrative Budget is \$0.1 million higher than the preliminary 2023 funding level approved by the Board in December 2021, but \$1.3 million lower than the 2022 Board-approved budget. The Share Insurance Fund Administrative Budget funds the tools and technology used by the Office of National Examinations and Supervision (ONES) to oversee credit union-run stress testing for the largest credit unions, travel for state examiners attending NCUA-sponsored training, audit support for the Share Insurance Fund's financial statements, and certain insurance-related expenses for Asset Management and Assistance Center (AMAC) operations. The decrease in the Share Insurance Fund Administrative Budget is primarily driven by a reduction to the budget for state examiner travel and the completion of a one-time study by AMAC that was funded in the 2022 budget. Additionally, the budget for the corporate resolution program continues to decrease in 2023 compared to 2022.

2023 Operating Budget – Use of Prior Year Surplus Funds

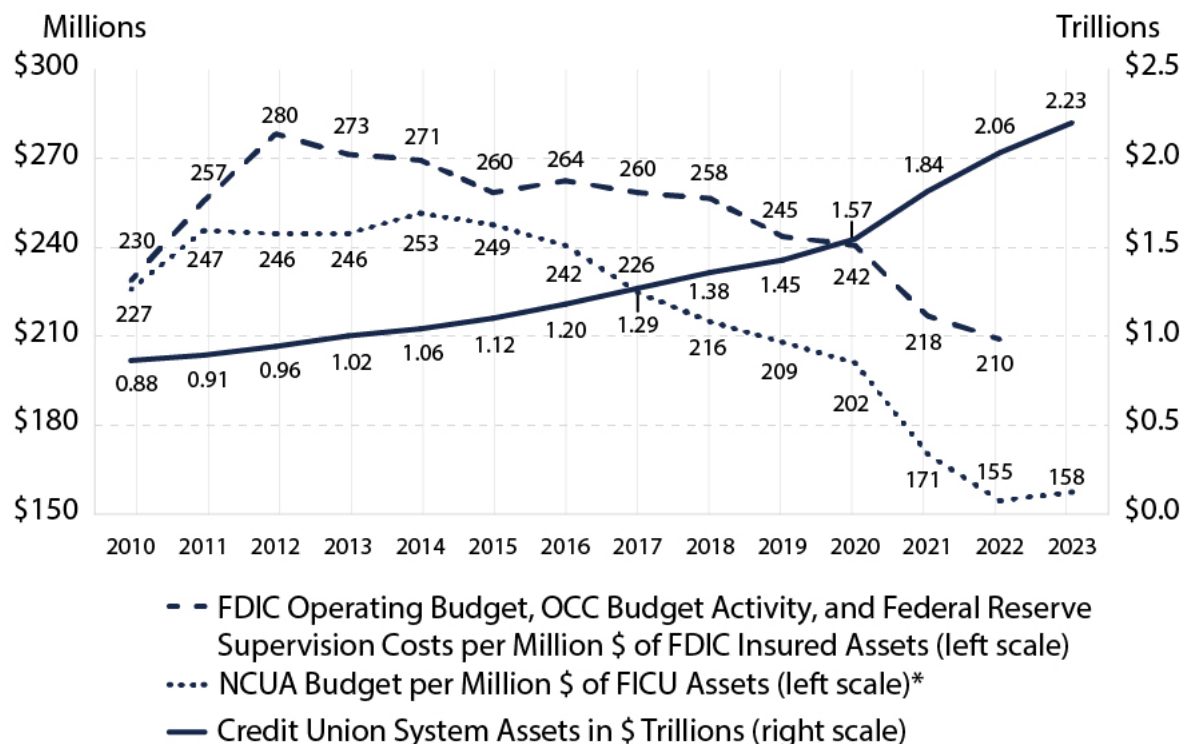
The ongoing impact of the COVID-19 pandemic resulted in lower-than-planned spending on NCUA employee travel in 2022, as the agency largely continued remote and offsite examinations and work. Additionally, the NCUA's vacancy rate for the first half of 2022 was higher than the past two years, and the robust labor market has contributed to hiring challenges. As presented in the 2022 midsession budget update at the July 2022 open meeting of the NCUA Board, the NCUA estimates that the agency will end 2022 having underspent the Board-approved budget by approximately \$18.0 million. The 2023 budget proposes using the \$18.0 million projected 2022 budget surplus to offset the costs of planned contracted services spending in 2023, reducing the agency's overall 2023 budget by the same amount.

Budget Trends

As shown in the following chart, the relative size of the NCUA budget (dotted line) has generally decreased when compared to balance sheets at federally insured credit unions (FICU, solid line).



NCUA Budget per Million Dollars of FICU Assets



Source: NCUA Annual Budgets, Call Reports, FDIC, OCC, and Federal Reserve financial reports

*Budget per million \$ of FICU assets is calculated as the fiscal year's budget divided by the previous year's end-of-year assets (e.g. - FY2023 budget (\$350.8M) / projected FICU assets as of 2022Q4 (\$2.2T) = \$158 of NCUA budget per \$1M in FICU assets).

This trend illustrates the relative spending constraint the NCUA has attained in the last several years relative to the size of the credit union system and spending by other federal financial regulators (dotted line compared to dashed line).

Federal Compliance Costs

As a federal agency, the NCUA is required to devote significant resources to numerous activities required by federal law, regulations, or, in some cases, Executive Orders. These requirements drive how many of the agency's activities are implemented and the associated costs. These compliance activities affect the level of resources needed in areas such as information technology acquisitions and management, human capital processes, financial management processes and reporting, privacy compliance, and physical and cybersecurity programs.

Financial Management

Federal law, regulations, and government-wide guidance promulgated by the Office of Management and Budget (OMB), the Government Accountability Office (GAO), and the Department of the Treasury place



numerous requirements on federal agencies, including the NCUA, regarding the management of public funds. Government-wide financial management compliance requirements address topics such as financial statement audits, improper payments, prompt payments, internal controls, and procurement audits, enterprise risk management, strategic planning, and public reporting of financial and other information.

Information Technology

There are numerous laws, regulations, and required guidance concerning information technology used by the federal government. Many of the requirements cover information technology security, such as the Federal Information Security Modernization Act. Other requirements cover records management, paperwork reduction, information technology acquisition, cybersecurity spending, accessible technology, and continuity.

Human Capital and Equal Opportunity

Like other federal agencies, the NCUA is subject to an array of human capital-related laws, regulations, and other mandatory guidance issued by the Office of Personnel Management, the Equal Employment Opportunity Commission, and OMB. Human capital compliance requirements include procedures related to hiring, management engagement with public unions and collective bargaining, employee discipline and removal procedures, required training for supervisors and employees, employee work-life and benefits programs, equal employment opportunity and required diversity and inclusion programs, and storage and retention of human resource records. The NCUA is also required by law to maintain comparability with other federal bank regulatory agencies when setting and adjusting the total amount of compensation and benefits for employees.

Security

The NCUA's security posture is driven by numerous legal and regulatory requirements covering the full range of security functions. The NCUA is required to comply with mandatory requirements for personnel security, physical security, emergency management and continuity, communications and information security, and insider threat standards. In addition to meeting specific legislative mandates, as a federal agency the NCUA is required to follow guidance from, but not limited to, the Office of the Director of National Intelligence, the Department of Defense, the Office of Personnel Management, and the Federal Emergency Management Agency.

Other Compliance Activities

The NCUA also has other general compliance activities that cut across numerous offices. For example, the NCUA expends resources complying with the Privacy Act, the Freedom of Information Act, the Government in the Sunshine Act, multiple laws and regulations related to government ethics standards, and various reporting and other requirements set forth by the Federal Credit Union Act and other statutes.



2023 Budget in Brief: Operating Budget Summary

(dollars in millions)	Budget	Change from 2022 Budget	% Change ³	Description
2023 Operating Budget	\$350.8	↑ \$30.7	+ 9.6%	
Total Staffing (positions)	1,221	↑ 25	+ 2.1%	The 2023 position level increases by 25 positions from 1,196 authorized by the Board in 2022. ⁴
Budget Category				
Pay & Benefits	\$267.3	↑ \$12.9	+ 5.1%	The pay and benefits adjustment includes funding for the net proposed staffing increase of 25 positions for critical areas necessary to operate as an effective federal financial regulator capable of addressing emerging issues. Additionally, the increase in pay and benefits includes merit and locality pay changes anticipated for 2023.
Travel	\$23.0	↑ \$5.0	+ 27.5%	The travel budget increases by \$5.0 million in 2023 compared to 2022. During 2022, travel was reduced due to the pandemic.
Rent, Communications, & Utilities	\$6.3	↑ \$1.1	+ 21.8%	Rent, communications, and utilities budgets maintain essential working space, telecommunications, data capacity, and network support. This budget increases primarily due to a new office lease for the Southern Region.
Administrative	\$6.7	↑ \$0.6	+ 10.8%	Administrative expenses primarily support operational requirements, Federal Financial Institution Examination Council fees, relocation expenses, and employee supplies. This budget increases in expectation of additional supply expenses as employees return to onsite work.
Contracted Services	\$47.6	↑ \$11.1	+ 30.3%	Contracted services reflect costs incurred when products and services are acquired in the commercial marketplace and include critical mission support services, such as information technology hardware and software development support, accounting and auditing services, and specialized subject matter expertise.

³ Percent change is based on exact amounts shown on page 28.

⁴ Total staffing levels for 2023 and 2024 do not include five positions funded by the CLF.



2024 Budget in Brief: Operating Budget Summary

(dollars in millions)	Budget	Change from 2023 Budget	% Change ⁵	Description
2024 Operating Budget	\$388.2	↑ \$37.4	+ 10.7%	
Total Staffing (positions)	1,243	↑ 22	+ 1.8%	The 2024 position level increases by 22 positions from 1,221 recommended in 2023.
Budget Category				
Pay & Benefits	\$285.7	↑ \$18.5	+ 6.9%	The pay and benefits budget is projected to increase in 2024 to fund the compensation cost increases and new staff hired in 2023 and 2024.
Travel	\$22.9	↓ \$0.2	- 0.8%	Travel costs are projected to decrease because a national training conference is not planned for 2024.
Rent, Communications, & Utilities	\$6.0	↓ \$0.3	- 4.1%	Rent, communications, and utilities costs are projected to decrease because a national training conference is not planned for 2024.
Administrative	\$6.5	↓ \$0.2	- 2.9%	Administrative expenses are projected to decrease in 2024 because a national training conference is not planned for 2024.
Contracted Services	\$67.1	↑ \$19.6	+ 41.1%	Contracted services reflect costs incurred for products and services acquired in the commercial marketplace. The increase reflects that the level of surplus funds used to offset 2023 contract costs will not be available in 2024.

⁵ Percent change is based on exact amounts shown on page 28.



Introduction and Strategic Context

History

For more than 100 years, credit unions have provided financial services to their members. Credit unions are not-for-profit financial cooperatives created to serve a membership with a common bond.

President Franklin Roosevelt signed the Federal Credit Union Act into law in 1934 during the Great Depression. The law's goal was to make credit available to Americans and promote thrift through a national system of nonprofit, cooperative credit unions.

The NCUA is the independent federal agency established in 1970 by the U.S. Congress to regulate, charter, and supervise federal credit unions. With the backing of the full faith and credit of the United States, the NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of the account holders in all federal credit unions and the vast majority of state-chartered credit unions.

As of June 30, 2022, the NCUA is responsible for the regulation and supervision of 4,853 federally insured credit unions, which have approximately 132.6 million members and more than \$2.1 trillion in assets across all states and U.S. territories.⁶

Authority

Pursuant to the Federal Credit Union Act, authority for management of the NCUA is vested in the NCUA Board. It is the Board's responsibility to determine the resources necessary to carry out the NCUA's responsibilities under the Act.⁷ The Board is authorized to expend such funds and perform such other functions or acts as it deems necessary or appropriate in accordance with the rules, regulations, or policies it establishes.⁸

Upon determination of the budgeted annual expenses for the agency's operations, the Board determines a fee schedule to assess federal credit unions. The Board gives consideration to the ability of federal credit unions to pay such a fee and the necessity of the expenses the NCUA will incur in carrying out its responsibilities in connection with federal credit unions.⁹ In December 2020, the Board approved a final rule with changes to its regulation and methodology for determining the fees due from federal credit unions.¹⁰

Pursuant to the law, fees collected are deposited in the agency's Operating Fund at the Treasury of the United States, and those fees are expended by the Board to defray the cost of carrying out the agency's operations, including the examination and supervision of federal credit unions.¹¹ In accordance with its

⁶ Source: The NCUA quarterly call report data, Q2 2022

⁷ See 12 U.S.C. 1752a(a).

⁸ See 12 U.S.C. 1766(i)(2).

⁹ See 12 U.S.C. 1755(a)-(b).

¹⁰ See <https://www.govinfo.gov/content/pkg/FR-2020-12-31/pdf/2020-28490.pdf>.

¹¹ See 12 U.S.C. 1755(d).



authority¹² to use the Share Insurance Fund to carry out its insurance-related responsibilities, the Board approved an Overhead Transfer Rate methodology and authorized the Office of the Chief Financial Officer to transfer resources from the Share Insurance Fund to the Operating Fund to account for insurance-related expenses.

Mission, Goals, and Strategy

The staff draft budget for 2023–2024 supports the agency’s second year implementing its [2022–2026 Strategic Plan](#). Throughout 2023 and 2024, the NCUA will continue fulfilling its mission of “*protecting the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance.*” The agency’s three strategic goals are:

- Ensure a safe, sound, and viable system of cooperative credit that protects consumers.
- Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services.
- Maximize organizational performance to enable mission success.

The NCUA’s strategic plan is the foundation for the agency’s performance management and resource allocation processes. The annual performance plan functions as the agency’s operational plan for each calendar year. It outlines the annual or short-term objectives, strategies, and corresponding performance goals and activities that contribute to the accomplishment of the agency’s strategic goals. The NCUA budget provides the resources necessary for the agency to implement its strategic priorities and related programs and activities, to identify key challenges facing the credit union industry, and to leverage agency strengths to help credit unions address those challenges.

Appendix A provides additional information about how the budget aligns to the NCUA’s strategic goals.

Organization and Structure

The NCUA operates its headquarters in Alexandria, Virginia, to administer and oversee its major programs and support functions. The NCUA’s AMAC is located in Austin, Texas, and is responsible for liquidating credit unions and managing asset management estates. The three regional offices and Office of National Examinations and Supervision carry out the agency’s supervision and examination program. The NCUA has credit union examiners responsible for a portfolio of credit unions covering all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

The following organizational chart¹³ reflects the agency’s currently approved structure. The staff draft budget includes a proposal for the Office of the Ombudsman to report directly to the Chairman. In addition,

¹² See 12 U.S.C. 1783(a).

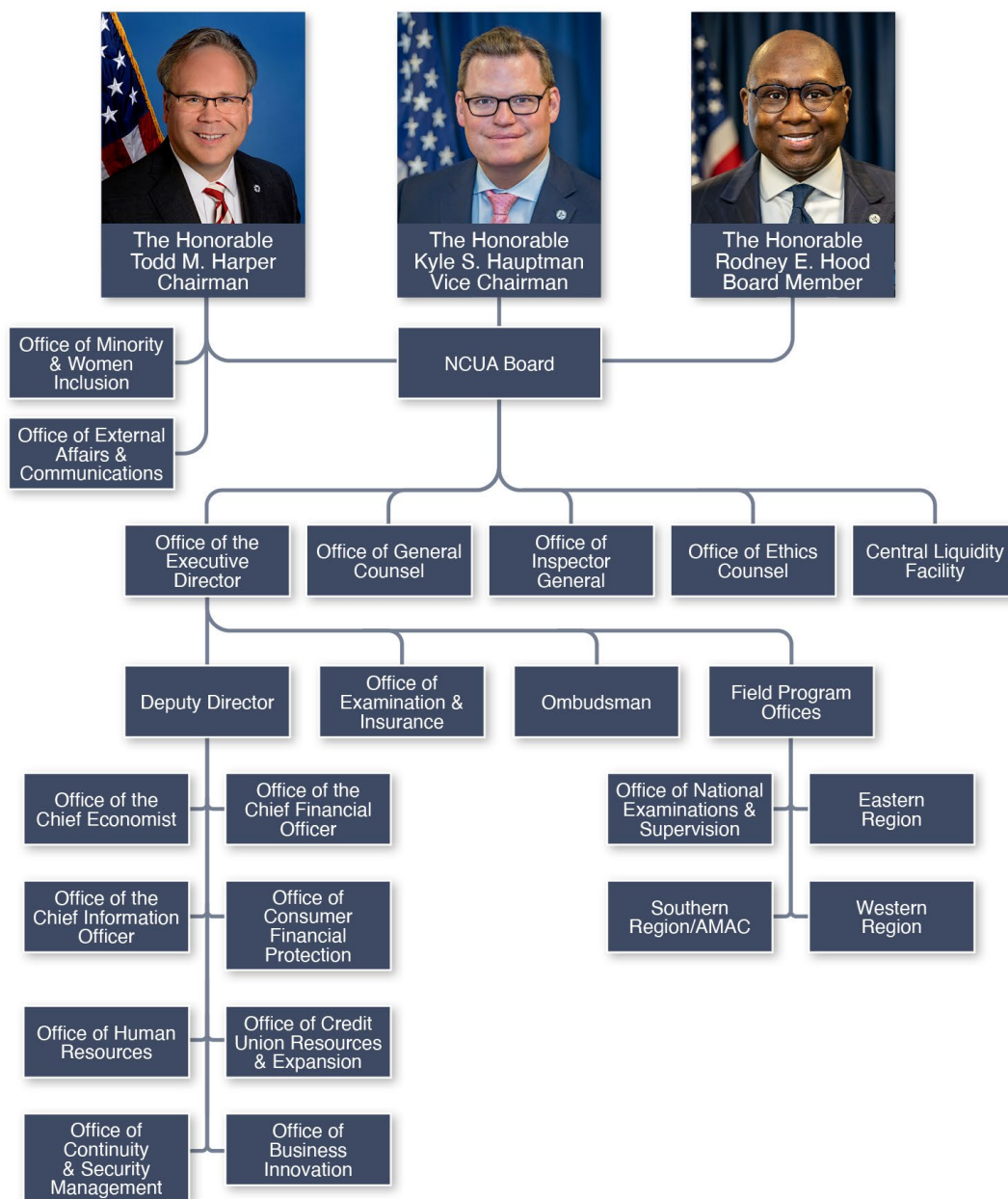
¹³ The Board Secretary is an organizational component of the NCUA Board.



on January 1, 2023, AMAC will operate independently of the Southern Region. The map shows each region's geographical alignment.

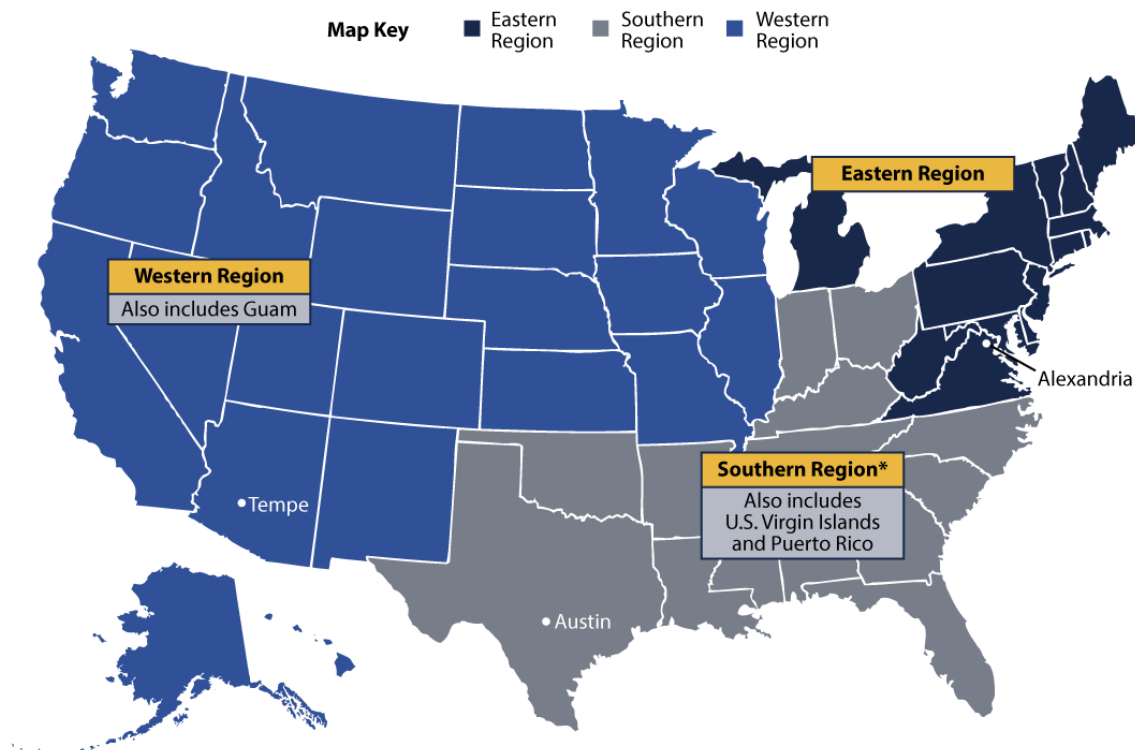


National Credit Union Administration Organizational Chart





NCUA Regional Structure as of January 2023



* Responsibility for the State of Ohio will shift from the Eastern to the Southern Region on January 1, 2023

The NCUA uses an extended examination cycle for well-managed, low-risk federal credit unions with assets of less than \$1 billion. Further, the NCUA's examiners perform streamlined examination procedures for financially and operationally sound credit unions with assets less than \$50 million. The Office of National Examinations and Supervision examines corporate credit unions and large consumer credit unions with assets over \$15 billion.¹⁴

Budget Process – Strategy to Budget

The NCUA's budget process starts with a review of the agency's strategic framework, including its goals and objectives. The strategic framework sets the agency's direction and guides resource requests, ensuring the agency's resources and workforce are allocated and aligned to agency priorities and initiatives.

Each regional and central office director at the NCUA develops an initial budget request identifying the resources necessary for their office to support the NCUA's mission, goals, and objectives. These budgets are developed to ensure each office's requirements are individually justified and remain consistent with the agency's overall strategic framework.

¹⁴ Effective January 1, 2023. See <https://www.ncua.gov/files/agenda-items/asset-threshold-final-rule-20220721.pdf>.



One of the primary inputs in the development process is a comprehensive workload analysis that estimates the amount of time necessary to conduct examinations and supervise federally insured credit unions in order to carry out the NCUA's dual mission as insurer and regulator. This analysis starts with a field-level review of every federally insured credit union to estimate the number of workload hours needed for the budget year. The workload estimates are then refined by regional managers and further reviewed by NCUA executive leadership for the annual budget proposal. The workload analysis accounts for the efforts of over 66 percent of the NCUA workforce and is the foundation for the budgets of the regional offices and ONES.

In addition to the workload analysis, from which central office budget staff derive related personnel and travel cost estimates, each NCUA office submits estimates for fixed and recurring expenses, such as for employee travel, rental payments for leased property, operations and maintenance for owned facilities or equipment, supplies, telecommunications services, major capital investments, and other administrative and contracted services costs.

Because information technology investments impact all offices within the agency, the NCUA has established an Information Technology Oversight Council (ITOC). The ITOC considers, analyzes, and prioritizes major information technology investments to ensure they are aligned with the NCUA's strategic framework. These focused reviews result in a mutually agreed-upon budget recommendation to support the NCUA's top short-term and long-term information technology needs and investment priorities.

Once compiled for the entire agency, all office budget submissions undergo thorough reviews by the responsible regional and central office directors, the Chief Financial Officer, and the NCUA's executive leadership. Through a series of presentations and briefings by the relevant office executives, the NCUA Executive Director formulates an agency-wide budget recommendation for consideration by the Board.

The NCUA Board has an ongoing commitment to transparency around the agency's finances and budgeting processes. As such, the Office of the Chief Financial Officer has made draft budgets available for public comment on the agency's website and solicited public comments before presenting final budget recommendations for the Board's approval. Furthermore, Section 212 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, P.L. 115-174, enacted May 24, 2018, requires that the NCUA "make publicly available and publish in the Federal Register a draft of the detailed business-type budget." To fulfill this requirement, the Board delegated to the Executive Director the authority to publish the draft budget before submitting it for Board approval.

This 2023–2024 staff draft budget justification document includes comparisons to the Board approved 2022–2023 budget and describes the major spending items in each budget category to provide transparency and promote understanding of the use of budgeted resources. Estimates are provided by major budget category, office, and cost element.

The NCUA also posts supporting documentation for its budget request on the NCUA website to assist the public in understanding its budget development process. The staff draft budget for 2023 represents the NCUA's projections of operating and capital costs for the year and is subject to approval by the Board.



Commitment to Financial Stewardship

The NCUA funds its activities through operating fees levied on all federal credit unions and through reimbursements from the Share Insurance Fund, which is funded by both federal credit unions and federally insured, state-chartered credit unions. The Overhead Transfer Rate calculation determines the annual amount that the Share Insurance Fund reimburses the Operating Fund to pay for the NCUA's insurance-related activities. At the end of each calendar year, the NCUA's financial transactions are subject to audit in accordance with Generally Accepted Government Auditing Standards.¹⁵

The Board and the agency are committed to providing transparency and sound financial stewardship. In recent years, the NCUA Chief Financial Officer, with support and direction from the Executive Director and Board, has worked to improve the NCUA's financial management, financial reporting, and budget processes. These efforts have resulted in the NCUA being recognized by the Association of Government Accountants with a Certificate of Excellence in Accountability Reporting for each of its past four annual reports.

The NCUA is the only Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) agency that publishes a detailed draft budget in the Federal Register and solicits public comments on it at a meeting with its Board and other agency leadership. The NCUA's 2023–2024 staff draft budget justification conforms with federal budgetary concepts, which increases transparency of the agency's planned financial activity. The NCUA first revised its financial presentations for such consistency in its 2018–2019 budget.

The NCUA works diligently to maintain strong internal controls for financial transactions, in accordance with sound financial management policies and practices. Based on the results of the NCUA's assessments conducted through the course of 2021, the agency provided an unmodified Statement of Assurance (signed February 15, 2022) that its management had established and maintained effective controls to achieve the objectives of the Federal Managers Financial Integrity Act and OMB Circular A-123. Specifically, the NCUA supports the internal control objectives of reporting, operations, and compliance, as well as its integration with overarching risk management activities. Within the Office of the Chief Financial Officer, the Internal Controls Assessment Team continues to mature the agency-wide internal control program, strengthen the overall system of internal controls, promote the importance of identifying risk, and ensure the agency has identified appropriate responses to mitigate identified risks. The agency's internal controls are designed and operated in accordance with the requirements of the GAO's *Standards for Internal Controls in the Federal Government* (Green Book).

Enterprise Risk Management

The NCUA uses an Enterprise Risk Management (ERM) program to evaluate various factors arising from its operations and activities (both internal to the agency and external in the industry) that can impact the agency's performance relative to its mission, vision, and performance outcomes. Agency priority risks include both internal considerations, such as the agency's control framework and information security

¹⁵ See 12 U.S.C. 1783(b) and 1789(b).



posture, and external factors such as credit union diversification risk. All of these risks can materially impact the agency's ability to achieve its mission.

The NCUA's ERM Council provides oversight of the agency's enterprise risk management activities. Through the ERM program, established in 2015, the agency is identifying, analyzing, and managing risks that could affect the achievement of its strategic objectives.

Overall, the NCUA's ERM program promotes effective awareness and management of risks, which, when combined with robust measurement and communication, are central to cost-effective decision-making and risk optimization within the agency. This holistic evaluation of how the agency pursues its goals and objectives is guided by the agency's appetite for risk and considers resource availability or limitations. In addition, the agency's risk appetite helps the NCUA's employees align risks with opportunities when making decisions and allocating resources to achieve the agency's strategic goals and objectives.

The NCUA most recently published its enterprise risk appetite statement in its *2022–2026 Strategic Plan*.¹⁶ The enterprise risk appetite statement is part of the NCUA's overall management approach.

The NCUA recognizes that risk is unavoidable and sometimes inherent in carrying out the agency's mandate. The NCUA is positioned to accept greater risks in some areas than in others; however, the risk appetite establishes boundaries for the agency and its programs.

¹⁶ See <https://www.ncua.gov/files/agenda-items/strategic-plan-20220317.pdf>.



Key Themes of the 2023–2024 Budget

Overview

The 2023–2024 budget includes funding for the NCUA to increase permanent staffing in critical areas necessary to operate as an effective federal financial regulator capable of addressing emerging issues and responding to changes in economic conditions that may impact the credit union system. The NCUA employees are the agency’s most valuable resource for achieving its mission, and the agency is committed to a workforce with integrity, accountability, transparency, inclusivity, and proficiency. The agency will continue investing in its workforce through training and development, ensuring employees have the skills they need to do their work effectively.

The 2023–2024 budget proposes investments across a range of agency priorities, including:

- Expanded and ongoing efforts to ensure robust cybersecurity in the credit union system and at the agency.
- Specialized examination staff dedicated to areas of emerging complexity and risk in the credit union system. The 2023–2024 draft budget includes adding two new regional specialist programs, consumer compliance and bank secrecy, to the existing cadre of regional specialists.
- Resources for the NCUA’s Advancing Communities through Credit, Education, Stability, and Support (ACCESS) initiative, which is focused on improving financial inclusion.
- Program and staff resources to provide greater assistance to small credit unions.
- Additional staff for continued enhancements to the NCUA’s fair lending program.
- Increased offsite examination work and use of data analytics through the Virtual Examination project.
- Critical investments in new information technology systems and infrastructure, including enhancements to the agency’s data reporting services and Model Examination and Risk Identification Tool (MERIT).

The efficiency and effectiveness of the agency’s workforce depends upon the availability of modern analytical tools and the resiliency of the NCUA’s information technology systems. The NCUA is committed to implementing its new technology responsibly and delivering secure, reliable, and innovative solutions. The investments funded in the NCUA’s Capital Budget will provide the tools and technology the workforce needs to achieve the NCUA mission.

In November 2017, the NCUA Board approved funding to explore methods to conduct more examination work offsite — referred to as the Virtual Examination project. The project team continues its work to identify new and emerging data sources and methods to access the data, assessing advancements in analytical techniques, and considering how other technologies can be harnessed to automate or streamline various aspects of the examination process.



Since March 2020, the NCUA staff have conducted the majority of examination work while fully offsite, with only a few exceptions for the most problematic and challenging cases. The Virtual Examination project team is building upon this work by integrating lessons learned during the offsite posture. These lessons will help guide near-term changes to examination approaches and help inform areas needing further development by credit unions and the NCUA.

Cybersecurity

The NCUA's cybersecurity program focuses on two main efforts: supervision of credit union cybersecurity programs and protection of the agency's systems, assets, data, and mission capabilities. The combined 2023 budget for these efforts is approximately \$21.3 million, which funds the costs of NCUA examiners and employees who carry out cybersecurity responsibilities, contract support for the agency's cybersecurity initiatives, and capital investments in cybersecurity tools and enhancements.

Cyberattacks continue to pose significant risks to the financial system. Because of continued attacks on the nation's financial sector and the broader national critical infrastructure, the NCUA places credit union cybersecurity as a top supervisory priority and enterprise risk objective.

The 2023 budget includes approximately \$7.3 million for the costs of the NCUA's examination and support staff to administer its information technology and security examination program. These amounts include funding for the associated costs of the national program and policy office staff located in the Office of Examination and Insurance's Critical Infrastructure Division. In addition, the budget includes approximately \$0.8 million for the costs of cybersecurity risk research, assessments, and information technology and security examination support tools.

The NCUA engages in interagency cybersecurity preparedness as members of the Federal Financial Institutions Examination Council (FFIEC) and the Financial and Banking Information Infrastructure Committee. The NCUA monitors cyber threats identified by federal and non-federal sources and shares relevant information about them with the credit union industry and financial sector partners.

In 2022, the NCUA piloted a new and updated information security examination program. The NCUA established a working group of regional and headquarters staff to review and incorporate changes into the program to be scalable to the institution's complexity and size. The NCUA is providing initial examiner training in the fourth quarter of 2022 and will deploy the improved program with the 2023 examination cycle.

Enhanced and continuing examiner training related to information security and evolving cyber risks is planned for 2023.

To help ensure credit union cybersecurity preparedness, the NCUA employs highly trained regional information security officers and other examination staff who evaluate credit union cybersecurity programs and protections.

The NCUA's approach to agency cybersecurity is based on requirements established by Federal statute such as the Federal Information Security Management and Federal Information Security Modernization Acts, and



government-wide policy such as the National Institute of Standards and Technology's (NIST) Cybersecurity Framework (CSF), and Executive Order 14028, *Improving the Nation's Cybersecurity*. The 2023 budget includes approximately \$13.2 million for the cost of compliance with and implementation of these requirements, of which \$3.6 million is budgeted for capital investments. It is important to note that many government cybersecurity requirements are not necessarily expected of non-governmental entities; however, as a federal agency the NCUA is obligated to carry them out.

The 2023 budget invests in risk-based cybersecurity resources and technologies expected to enhance several of the NCUA's CSF functional areas and continue implementing the Executive Order through the following efforts:

- Implementing multi-factor authentication.
- Establishing a zero-trust architecture.
- Migrating identified databases to a secure cloud provider.
- Strengthening cyber threat and information sharing capabilities.
- Continuing maturity of agency-wide cybersecurity governance.

Support for Small Credit Unions

Small credit unions with less than \$100 million in assets and Minority Depository Institutions (MDIs) are uniquely positioned to improve financial inclusion by offering their communities access to credit and other services. In 2022, the NCUA implemented a Small Credit Union and MDI Support Program designed to support and preserve these credit unions. This program provides dedicated resource hours for field staff to conduct this important work, and the 2023 staff draft budget proposes additional hours for the program.

Program assistance focuses on identifying available resources, providing training and guidance, and supporting credit union management in their efforts to address operational matters. Additional benefits of the program are expected to include:

- Greater awareness of the unique needs of small credit unions and MDIs and their role serving underserved communities.
- Expanded opportunities for these credit unions to receive support through NCUA grants, training, and other initiatives.
- Furthering partnerships with organizations and industry mentors that can support small credit unions and MDIs.

Fair Lending

Fair and equitable access to credit is vital to the credit union system and members of credit unions. The NCUA uses onsite examinations, supervision contacts, and data analysis to ensure credit unions comply with fair lending laws and regulations. The staff draft budget proposes two additional positions for 2023 to continue to enhance the NCUA's fair lending program. Fair lending violations continue to be uncovered,



and the additional staff dedicated to fair lending have helped conduct these reviews and ensure corrective actions are implemented.

ACCESS and Financial Inclusion

The financial services industry — of which credit unions are an important part — plays a key role in helping families achieve financial freedom by building generational wealth, helping entrepreneurs to get their small businesses off the ground, and helping to create jobs and strengthen communities. The NCUA has a role to play in making sure that credit unions can support overlooked or underserved areas.

The NCUA's ACCESS initiative — Advancing Communities through Credit, Education, Stability, and Support — began by reviewing NCUA regulations, processes, and procedures to expand opportunities for greater access to savings, credit, and other financial services provided by credit unions.¹⁷ In 2022, the NCUA hired a dedicated ACCESS Coordinator to support this initiative. In addition, for the first time the ACCESS initiative is a part of the NCUA's 2022 annual summit focused on diversity, equity, and inclusion (DEI) in the credit union system. The summit will bring together professionals from credit unions and other financial inclusion industries to promote the value of DEI, share DEI and financial inclusion best practices, and discuss solutions to industry-specific challenges.

For 2023, the NCUA's ACCESS initiative will build on the work done in 2022 and continue to actively engage credit union industry leaders and stakeholders to identify additional ways to help new, small, low-income-designated, and MDI credit unions to grow and prosper.

NCUA Organizational Changes

In 2022, the NCUA Board approved two organizational changes that will take effect on January 1, 2023. First, the Board transferred responsibility for credit unions in the state of Ohio from the Eastern Region to the Southern Region. This transfer will help ensure that workloads remain generally consistent among the NCUA's three regional offices. Second, the Board separated the Asset Management Assistance Center (AMAC) from the Southern Region, reestablishing it as a distinct office led by the AMAC President. These changes are reflected in the office budget tables provided in Appendix A.

The 2023 staff draft budget also proposes creation of a new, distinct Office of the Ombudsman, which will better ensure effective outreach and engagement with credit unions and the NCUA's external stakeholders, such as the general public, trade associations, and other regulatory agencies. Appendix A includes a separate table illustrating the budget recommended for the Office of the Ombudsman.

¹⁷ <https://www.ncua.gov/access>.



Regulatory Improvements

The NCUA has undertaken a series of regulatory improvements in recent years and will continue to update and improve regulations to maintain a modern and effective regulatory framework. The NCUA’s website includes additional detailed information about all proposed and final rules for the past several years.¹⁸

The NCUA’s Annual Report includes the results of the regulatory reviews the agency completes on a yearly basis. The NCUA’s current performance target for regulatory review is to review one-third of the agency’s regulations annually.

¹⁸ See <https://www.ncua.gov/regulation-supervision/rulemakings-proposals-comment>



Operating Budget

Overview

The NCUA Operating Budget is the annual plan for resources required for the agency to conduct activities prescribed by the Federal Credit Union Act. These activities include: 1) chartering new federal credit unions; 2) approving field of membership applications of federal credit unions; 3) promulgating regulations and providing guidance; 4) performing regulatory compliance and safety and soundness examinations; 5) implementing and administering enforcement actions, such as prohibition orders, orders to cease and desist, orders of conservatorship and orders of liquidation; and 6) administering the National Credit Union Share Insurance Fund.

Staffing

The staffing levels proposed for 2023 reflect the resource requirements that support the NCUA's continued efforts to improve the examination process and enhance the efficiency and effectiveness of the supervisory process. The 2023–2024 budget includes funding for the NCUA to increase permanent staffing in critical areas necessary to operate as an effective federal financial regulator capable of addressing emerging issues.

The 2023 budget supports a total agency staffing level of 1,221 positions.¹⁹ This is a net increase of 25 positions, or 2.0 percent, compared to the agency's 2022 staffing level.

The proposed changes for the 2023 staffing level include:

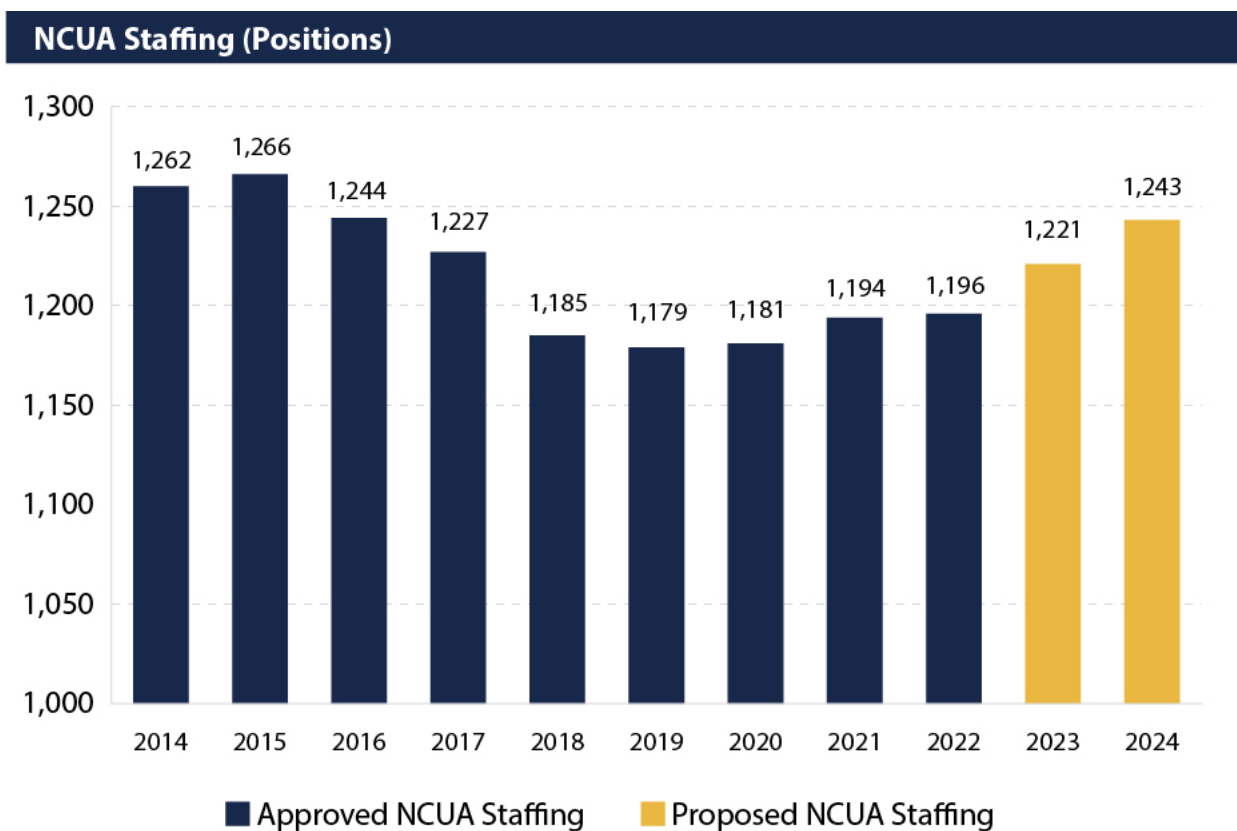
- Increasing the NCUA regional staff by 10 net new positions, which includes adding 20 new specialist examiner positions and reducing 10 general examiner positions.
- Adding two positions to establish a new Office of the Ombudsman with dedicated staff and resources to facilitate better stakeholder understanding of NCUA's processes and more effective resolution of issues.
- Increasing by two positions the Office of Consumer Financial Protection to support the consumer financial protection program.
- Increasing by four positions the Office of Examination and Insurance to support an effective exam and supervision program, and management of the Share Insurance Fund.
- Adding one new position in the Office of Minority and Women Inclusion to support its mission of promoting diversity, equity, inclusion, and accessibility.

¹⁹ Does not include five positions assigned to the Central Liquidity Facility in 2023.



- Adding one new position in the Office of the Chief Financial Officer to support its performance and risk analysis program and improve budget formulation and analytic processes.
- Making permanent five positions previously authorized within the total NCUA staffing plan.

The new 2023 positions are described in greater detail in the following paragraphs, while the chart illustrates the NCUA’s staffing levels in recent years.²⁰



Note: total NCUA staffing excludes positions funded by the Central Liquidity Facility.

²⁰ The 2023–2024 budget reflects NCUA staffing levels as positions in order to simplify the presentation of current and proposed employee levels. In past years, the NCUA reflected budgeted staffing levels as FTEs, which is a presentation that accounts for vacant positions, part-time work, and other variability in employee levels. Although the actual number of persons employed at the NCUA varies throughout the year, using the count of positions is simpler.



Request for New Staff in 2023: +25 positions (net)

The budget includes funding for 25 net new positions in 2023, as detailed below:

Regional Specialist Examiners +10 net positions

The number of large, complex credit unions continues to increase through mergers and membership growth, which necessitates the need for a broader array of experts in the field to support the examination and supervision of these institutions. Two new specialist programs are needed, regional consumer compliance specialists and regional bank secrecy specialists. In addition, supervisory specialists are needed to manage the broader array of regional specialists. In total, the draft budget proposes 20 new related positions for 2023: eight new regional consumer compliance specialists, six new regional bank secrecy specialists, and six new supervisory specialists. As described later in this section, these new specialists positions will be offset by a reduction of 10 general examiner positions, reflecting the contributions that specialists make to the examination process.

Office of the Ombudsman +2 positions

The 2023 budget proposes a new Office of the Ombudsman led by the Ombudsman. The Office of the Ombudsman will be responsible for outreach to credit unions and stakeholders, responding to inquiries and complaints from the public, and reviewing concerns raised by external parties. The office will also conduct training for NCUA staff, produce an annual report, provide feedback to the NCUA Board, and serve as a visible resource to credit union stakeholders and the public. As described in additional detail later in this section, the current Associate Ombudsman position will be reallocated to the new office from the Office of the Executive Director.

Fair Lending Analysts, Office of Consumer Financial Protection +2 positions

These two new positions will continue to enhance the NCUA's fair lending function. The additional staff will focus on leading and performing fair lending examinations and supervision contacts and ensuring corrective action when required. They will also serve as technical advisors and a resource for the regions on fair lending and other consumer financial protection laws and regulations affecting credit unions. Additionally, these positions will participate on and support FFIEC subcommittees as well as other interagency and internal working groups.

Associate Director, Office of Examination and Insurance (E&I) +1 position

This new position will enable a more equitable and logical alignment of the divisions within E&I. By distributing responsibilities for the office's divisions and its interagency working groups between the Associate Directors, the Deputy Director for E&I will focus on delivering strategic program outcomes and be better positioned to support the Director. The more balanced alignment of divisions will also better equip



Associate Directors to lead the office's operations, particularly in those areas with organizational changes or new management.

Senior Credit Specialist, Office of Examination and Insurance +1 position

This new position will help address updates to policymaking, rulemaking, and training materials required for new and emerging issues in credit markets. In addition, this specialist will develop new research, analytics, and reporting deliverables focused on credit risk so the NCUA can meet its objective of measuring, monitoring, and mitigating credit concentration and other risks in the credit union system.

Supervisory Bank Secrecy Officer, Office of Examination and Insurance +1 position

This new position will ensure E&I can meet the increased workload demands that result from the Anti-Money Laundering Act of 2020, fulfill training obligations, and comply with statutory requirements under the Anti-Money Laundering Act. The Supervisory Bank Secrecy Officer will also support the work required for interagency Bank Secrecy Act (BSA) workgroups, maintain and update NCUA's BSA program, and develop and provide examiner training about BSA matters.

Attorney Advisor, Office of General Counsel +1 position

This new position will support the Regulations and Legislation division in the Office of General Counsel, which is responsible for legislative review and analysis, rulemaking and other regulatory activities, and interpretative analysis of existing NCUA regulations. The NCUA's schedule for reviewing all of its regulations results in a significant and growing workload, and this new position will help ensure the agency can sustain an effective and responsive regulatory program.

Senior Diversity and Equity Specialist, Office of Minority and Women Inclusion (OMWI) +1 position

This new position will support OMWI's ongoing efforts to promote diversity, equity, and inclusion by managing the agency's special emphasis programs. This responsibility will include implementing, monitoring, and reporting on solutions identified in barrier analysis findings, coordinating OMWI activities in partnerships with the Office of Human Resources, developing OMWI policies, and advising OMWI management.

Budget and Management Analyst, Office of the Chief Financial Officer +1 position

This new position will support efforts to improve and mature the NCUA's performance and risk analysis programs and its budgetary formulation and analytic processes. The position will be responsible for planning and analytic activities for both performance and budgetary deliverables, allowing the Office of the



Chief Financial Officer to establish more engaged and responsive relationships with the NCUA's offices and programs.

Additional permanent adjustments to authorized staffing, various offices +5 positions

In addition to the new positions proposed for 2023, the budget also includes resources to make the following permanent adjustments to the agency's staffing:

- Office of National Examinations and Supervision: one Senior Data Scientist position to continue the NCUA improvements to its supervisory stress testing models, strengthen its data-driven supervision approaches, and expand its risk analyses of ONES credit unions;
- Office of Credit Union Resources and Expansion: two Consumer Access Analyst positions to support credit unions with technical advice on field of membership policies and other questions related to share insurance, bylaws, and credit union membership.
- Office of Examination and Insurance: one position to strengthen analysis of risks within the credit union system as a whole and increase cross-training, rotation coverage, and allow for improved succession planning for potential retirements.
- Office of Ethics Counsel: one position to support consolidation of the regional ethics program.

Staff Realignments for Organizational Changes

The office position counts shown in the 2023 budget also reflect several organizational changes, as described below. These staff realignments do not alter the total position count for the agency.

- The Eastern Region will realign 19 existing positions to the Southern Region to support the transfer of examination and supervision responsibility for credit unions in the state of Ohio to the Southern Region.
- The Southern Region will realign 22 existing positions to a separate AMAC Office.
- The Office of the Executive Director will realign one existing position to the new Office of the Ombudsman.

Like any government agency, the NCUA manages its changing workload within its overall authorized budgetary and staff resource levels. The NCUA Board delegated to the Executive Director the authority to adjust staffing within total allocated resources to best respond to changing agency priorities and trends within the credit union system. The Executive Director must maintain total NCUA staffing at or below the resource levels approved within the budget, and promptly inform the Board of any significant changes to the agency's staffing allocations within the approved resource totals.



Special Surge Workforce

In 2021, the NCUA Board approved temporary COVID-19 hiring authority to respond to uncertainties in the credit union system by hiring and retaining for a term appointment, without a reduction to their federal annuity, individuals who have retired from federal service into a position classified in the Credit Union Examiner 0580 occupational series. The Board extended this authority through 2024, allowing those hired under the authority to serve for a maximum of four years. In addition, the National Defense Authorization Act, 5 U.S.C. 8344(l)(7), grants authority for the NCUA to hire retired annuitants on a part-time basis through December 31, 2024.

When combined, these authorities allow the NCUA to add staff who are already trained and have experience examining depository financial institutions so as to be better prepared to respond to any elevated levels of problem institutions that occur in 2023 and 2024. The agency anticipates hiring no more than 30 individuals using these temporary authorities and plans to fund these positions in 2023 by using unspent Operating Budget funds available from vacancies elsewhere in the organization.

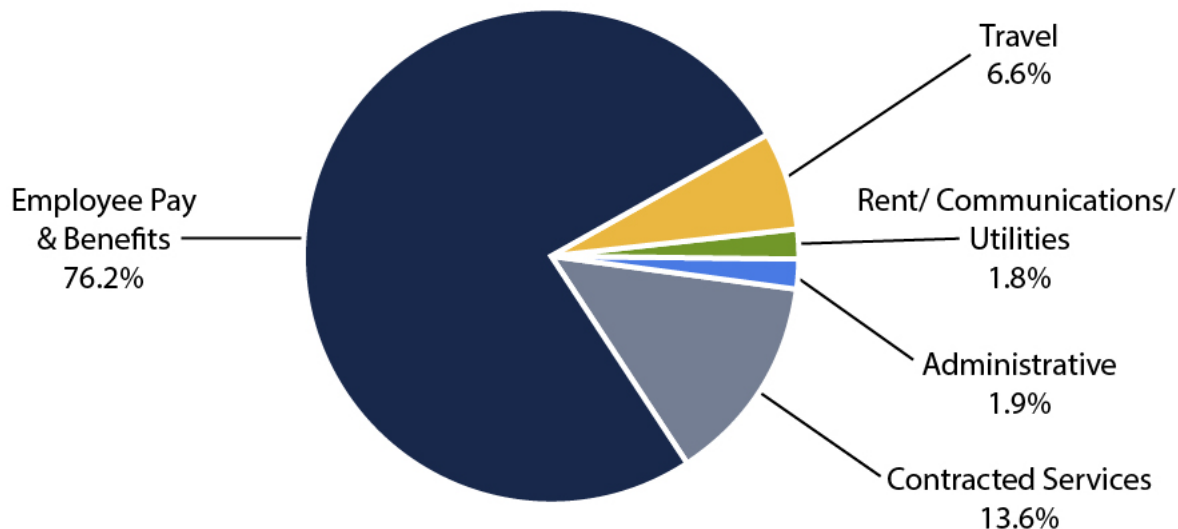
Budget Category Descriptions and Major Changes

There are five major expenditure categories in the NCUA budget. This section explains how these expenditures support the NCUA's operations and presents a transparent overview of the Operating Budget.

2023–2024 NCUA OPERATING BUDGET SUMMARY							
Budget Cost Category	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Employee compensation	254,382,000	267,262,712	12,880,712	5.1%	285,726,852	18,464,140	6.9%
Salaries	176,073,000	184,739,746	8,666,746	4.9%	197,602,451	12,862,705	7.0%
Benefits	78,309,000	82,522,966	4,213,966	5.4%	88,124,401	5,601,435	6.8%
Travel	18,061,000	23,031,517	4,970,517	27.5%	22,851,517	(180,000)	-0.8%
Rent/Comm/Utilities	5,166,000	6,291,741	1,125,741	21.8%	6,031,741	(260,000)	-4.1%
Administrative	6,005,000	6,651,707	646,707	10.8%	6,459,807	(191,900)	-2.9%
Contracted Services	36,524,000	47,579,601	11,055,601	30.3%	67,129,601	19,550,000	41.1%
Total	\$ 320,138,000	\$ 350,817,278	30,679,278	9.6%	\$ 388,199,518	37,382,240	10.7%



2023 Operating Budget



Note: Minor rounding differences may occur in totals.

Actual expenses for the Operating Fund are reported monthly in the Operating Fund Financial Highlights posted on the NCUA website. Share Insurance Fund financial reports and statements, which are also posted to the NCUA website, detail reimbursements made to the Operating Fund.

Salaries and Benefits

The budget includes \$267.3 million for employee salaries and benefits in 2023. This change is a \$12.9 million, or 5.1 percent, increase from the 2022 Board-approved budget. Salaries and benefits costs make up approximately 76 percent of the annual NCUA operating budget. There are three primary drivers of increased costs in 2023 for the salaries and benefits category:

- Merit and locality pay increases for the NCUA's employees are paid in accordance with the agency's current Collective Bargaining Agreement (CBA) and its merit-based pay system.
- Contributions for employee retirement to the Federal Employee Retirement System (FERS), which are set by the Office of Personnel Management and cannot be negotiated or changed by the NCUA. The mandatory FERS contribution rate increases total NCUA benefits costs by 2.6 percent in 2023 compared to 2022.
- Contributions for employee health insurance are also set by the Office of Personnel Management and cannot be negotiated or changed by the NCUA. The mandatory contribution increases total NCUA benefits costs by 5.5 percent in 2023 compared to 2022.



In 2023, the NCUA's compensation levels will continue to "maintain comparability with other federal bank regulatory agencies" as required by the Federal Credit Union Act.²¹ The salaries and benefits budget includes all employee pay raises for 2023, such as merit and locality increases, and those for promotions, reassignments, and other changes, as described below.

Consistent with other federal pay systems, the NCUA's compensation includes base pay and locality pay components. Under the current CBA, staff will be eligible to receive an average merit-based increase of 3.0 percent, and an additional locality adjustment ranging from 1.0 percent to 3.0 percent, depending on the geographic location. The salaries and benefits budget also accounts for potential increases associated with a new CBA being negotiated.

The first-year cost of the 25 net new positions added in 2023 is estimated to be \$4.0 million. Specific increases to individual offices' salaries and benefits budgets will vary based on current pay levels, position changes, and promotions.

Personnel compensation at the NCUA varies across every office and region depending on work experience, skills, years of service, supervisory or non-supervisory responsibilities, and geographic locations. More than 85 percent of the NCUA workforce has earned a bachelor's degree or higher, compared to approximately 35 percent of the private-sector workforce. Attracting a well-qualified workforce requires the agency to pay competitive salaries.

The Office of Personnel Management's assumptions for actuarial valuation of FERS remain unchanged in 2023, but remain a significant cost driver for the agency's salaries and benefits growth. Because the NCUA must contribute 18.4 percent of employee salaries to the retirement fund in 2023, the estimated impact on the NCUA budget is an increase of approximately \$818,000 in mandatory payments, or approximately 6.0 percent of the salary and benefits growth compared to 2022 levels.

The average health insurance costs for the Federal Employees Health Benefits (FEHBP) program for 2023 are consistent with historical actual expenses. The annual Office of Personnel Management estimate for the 2023 government share of FEHBP premiums is expected to be released in October 2022, and the budget will be updated if there is any material change to estimated FEHBP costs. The employee salary and benefits category also includes costs associated with other mandatory employer contributions such as Social Security, Medicare, transportation subsidies, unemployment, and workers' compensation.

In past years, the NCUA adjusted its budget downward by an expected vacancy rate for positions because of a time lag between employee separations and hiring new staff. The NCUA continues to closely monitor the hiring and attrition trends within its workforce. In anticipation of the need for a full complement of staff in 2023, and because of ongoing efforts to accelerate the agency's hiring time, the 2023 budget does not include a vacancy adjustment.

²¹ The Federal Credit Union Act states that, "In setting and adjusting the total amount of compensation and benefits for employees of the Board, the Board shall seek to maintain comparability with other federal bank regulatory agencies." See 12 U.S.C. 1766(j)(2).



The 2024 budget request for salaries and benefits is estimated at \$285.7 million, an \$18.5 million increase from the 2023 level. Included within this total is the full-year cost impact of new positions proposed for 2023 (approximately \$5.3 million), \$1.4 million for 17 additional regional specialists positions expected for 2024, \$1.0 million to convert four existing ONES analyst positions to permanent staff positions, \$125,000 for an additional Ombudsman position, merit and locality pay increases consistent with the CBA (approximately \$7.4 million), and associated increases in benefits for all employees (approximately \$3.3 million).

Travel

The 2023 budget includes \$23.0 million for travel. This change is a \$5.0 million, or 27.5 percent, increase to the 2022 Board-approved budget.

There are three primary reasons for the significant travel budget increase compared to the 2022 levels. First, the 2022 travel budget of \$18.1 million was lower than historic travel spending levels because of the agency's budgeting assumption that pandemic-related travel restrictions would continue for part of 2022. Therefore, comparisons between 2022 and 2023 travel levels are not representative of typical annual travel adjustments.

Second, the NCUA expects the agency's staff will travel at a rate of approximately 75 percent of pre-pandemic levels in the upcoming year. Additionally, although fewer trips and events are planned, per trip costs are expected to be marginally higher based on the impact of widely-reported price inflation affecting lodging, airfare, and car rentals.

Finally, the NCUA plans to hold a national training conference for all NCUA staff in 2023 to support professional development and employee engagement. Each NCUA office has budgeted the expected travel-related costs.

The travel cost category includes expenses for employees' airfare, lodging, meals, auto rentals, reimbursements for privately owned vehicle usage, and other travel-related expenses. These are necessary expenses for examiners' onsite work in credit unions. Close to two-thirds of the NCUA's workforce is comprised of field staff who spend part of their time traveling to conduct the examination and supervision program.

During the COVID-19 pandemic, the agency and its employees successfully transitioned to an offsite examination posture, developing new procedures and processes to continue examination and supervisory work. In 2023, the NCUA will continue to evaluate how it can conduct portions of examinations offsite, which should help constrain the growth of future travel budgets.

The NCUA staff also travel for routine and specialized training. In 2023, the NCUA expects its staff will attend a combination of in-person and virtual training to help reduce travel expenses.



The 2024 budget request for travel is estimated to be \$22.9 million, or a 0.8 percent decrease compared to the 2023 level. This budget level reflects an expectation for modest travel-related cost inflation offset by a reduction to the 2024 travel budget for the national training conference planned for 2023.

Rent, Communications, and Utilities

The 2023 budget includes \$6.3 million for rent, communications, and utilities. This is a \$1.1 million increase, or 21.8 percent more than the 2022 Board-approved budget. The rent, communications, and utilities budget funds the agency's telecommunications and information technology network expenses and facility rental costs.

Telecommunication charges include leased data lines, domestic and international voice (including mobile), and other network charges. Telecommunication costs also include the circuits and any associated usage fees for providing voice or data telecommunications service between data centers, office locations, the internet, and any customer, supplier, or partner.

The primary increase to the 2023 rent, communications, and utilities budget is for a new office lease for the Southern Region office. After a condition assessment of the NCUA-owned building in Austin and an analysis of the area's commercial real estate market, the NCUA determined it would be more effective and offer more flexibility over the long term to move its operations to a leased facility. The NCUA Board will make a final determination about the future real estate plan for the Southern Region office.

The rent, communications, and utilities budget category also includes the cost of the office utilities, meeting space rental for offsite events, postage expenses, and the office building lease for the Western Region, which is approximately \$500,000 in 2023. The annual utility costs for the headquarters and regional offices are estimated at \$461,000 for 2023.

The 2023 budget also includes approximately \$1.0 million for examiner group meetings, credit union examiner training events, and event space and equipment rental costs for the national training conference.

The 2024 budget request for the rent, communications, and utilities category is estimated to be \$6.0 million, or a 4.1 percent decrease compared to 2023. The \$260,000 decrease is primarily due to a reduction in the 2024 budget for the national training conference to be held in 2023.

Administrative Expenses

The 2023 budget includes \$6.7 million for administrative expenses. This is an increase of \$647,000, or 10.8 percent, compared to the 2022 Board-approved budget. Recurring costs in the administrative expenses category include the annual reimbursement to the FFIEC, employee relocation expenses, recruitment and advertising expenses, shipping, printing, subscriptions, examiner training and meeting supplies, office furniture, and employee supplies and materials.



As part of the FFIEC, the NCUA shares in costs for certain joint actions and services that affect the financial services industry. The staff draft budget will be updated for the final FFIEC budget estimate if it is available at the time the final budget is prepared.

The 2023 budget includes \$1.3 million for employee relocations, an increase of \$250,000 compared to the 2022 budget. Relocation costs are paid by the NCUA to employees who are competitively selected for a promotion or new job within the agency in a different geographic area than where they live.

The 2024 budget request for administrative services is estimated to be \$6.5 million, or a 2.9 percent decrease primarily due to a reduction in the 2024 budget for the national training conference to be held in 2023.

Contracted Services

The 2023 budget includes \$47.6 million for contracted services. This is an \$11.1 million increase, or 30.3 percent, compared to the 2022 Board-approved budget. Similar to 2022, \$18.0 million of unspent budget amounts from prior years will be used to pay for 2023 contracted services expenses. Therefore, the total planned amount for contracted services in 2022 is approximately \$65.6 million.

The contracted services budget category includes the agency's costs incurred when products and services are acquired in the commercial marketplace. Acquiring specific expertise or services from contract providers is often the most cost-effective way for the NCUA to accomplish its mission. Such services include critical mission support such as information technology equipment and software development, accounting and auditing services, and specialized subject matter expertise that enable staff to focus on executing core mission requirements.

The majority of funding in the contracted services category supports the NCUA's robust supervision framework and includes funding for tools used to identify and resolve risk concerns such as interest rate risk, credit risk, and industry concentration risk, as well as by addressing new and evolving operational risks such as cybersecurity threats. Growth in the contracted services budget category results primarily from new operations and maintenance costs associated with capital investments, such as the Examination and Supervision Solution system commonly known as MERIT. Other costs include core agency business operation systems such as accounting and payroll processing, and various recurring costs, as described in the following seven major categories:

- Information Technology Operations and Maintenance (53.2 percent of contracted services)
 - Information technology network support services and help desk support
 - Contractor program and web support and network and equipment maintenance services
 - Administration of software products such as Microsoft Office, SharePoint, and audio-visual services
- Administrative Support and Other Services (14.2 percent of contracted services)
 - Examination and supervision program support
 - Technical support for examination and cybersecurity training programs

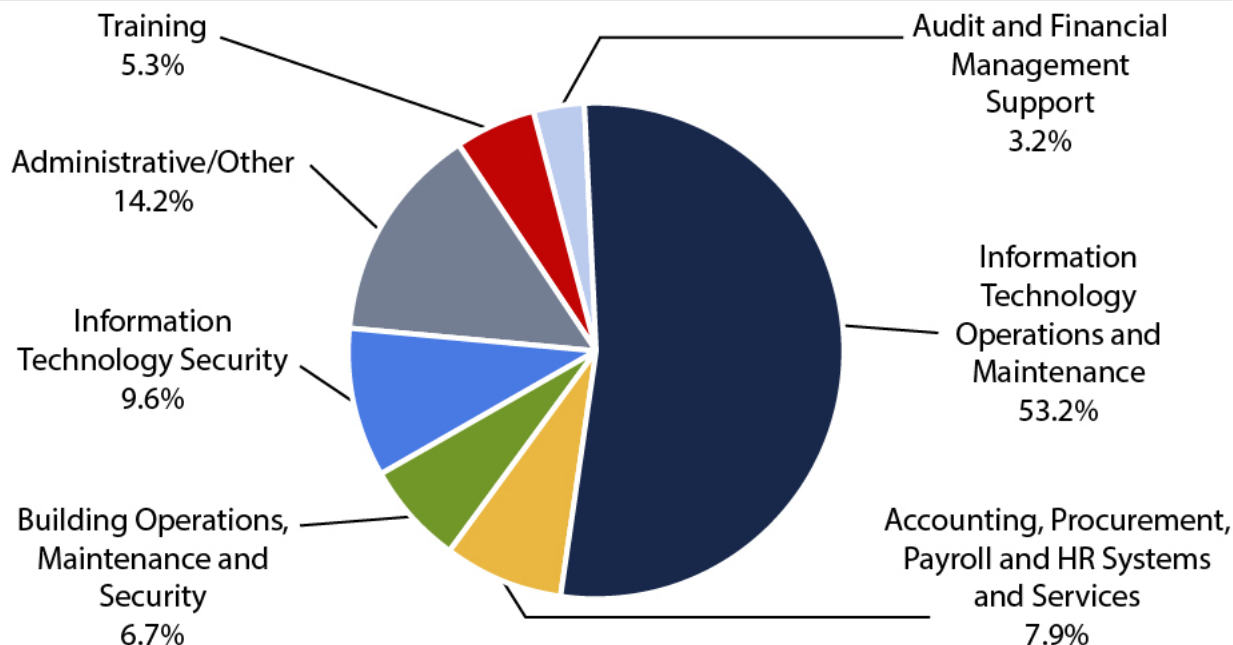


- Equipment maintenance services
- Legal services and other expert consulting support
- Other administrative mission support services for the NCUA central office
- Accounting, Procurement, Payroll, and Human Resources Systems (7.9 percent of contracted services)
 - Accounting and procurement systems and support
 - Human resources, payroll, and employee services
 - Equal employment opportunity and diversity programs
- Building Operations, Maintenance, and Security (6.7 percent of contracted services)
 - Headquarters facility operations and maintenance
 - Building security and continuity programs
 - Personnel security and administrative programs
- Information Technology Security (9.6 percent of contracted services)
 - Enhanced secure data storage and operations
 - Information security programs
 - Security system assessment services
- Training (5.3 percent of contracted services)
 - Examiner staff, technical and specialized training and development
 - Senior executive and mission support staff professional development
- Audit and Financial Management Support (3.2 percent of contracted services)
 - Annual audit support services
 - Material loss reviews
 - Investigation support services
 - Financial management support services

The following pie chart illustrates the breakout of the seven categories for the total 2023 contracted services budget of \$65.6 million, of which \$18.0 million is funded from prior year available balances.



2023 Contracted Services Budget by Category



Note: Minor rounding differences may occur in totals.

Major programs within the contracted services category include:

Training requirements for the examiner workforce. The NCUA's most important resource is its highly educated, experienced, and skilled workforce. It is important that staff have the proper knowledge, skills, and abilities to perform assigned duties and meet emerging needs. Each year, examiners complete a wide range of training classes to ensure their skills and industry knowledge are kept up to date, including in core areas such as capital markets, consumer compliance, and specialized lending. Major training deliverables for 2023 include classes offered by the FFIEC, professional development training at the national training conference, and updated examiner training courses. As part of lessons learned from managing training requirements during the COVID-19 pandemic, the NCUA is controlling training costs with a blended schedule of both in-person and virtual sessions.

Contracted service providers, in partnership with the NCUA subject matter experts, will develop and design training classes for examiners and continue the ongoing review of the NCUA's examiner course curriculum. In addition, the NCUA will partner with the Office of Personnel Management to develop and certify principal examiner assessments that reflect current regulations and examination processes. The NCUA's Talent Management System will continue to be updated to include a Career Resource Center. Additionally, contracted service providers and central office staff will continue providing organizational development, leadership development programs, and teambuilding training.



- **Information security program.** This NCUA program supports ongoing efforts to strengthen the agency's cybersecurity and ensure its compliance with the Federal Information Security Modernization Act and other standards for federal agencies.
- **Agency financial management services, human resources technology support, and payroll services.** The NCUA contracts for these back-office support services with the U.S. Department of Transportation's Enterprise Service Center (DOT/ESC) and the General Services Administration. The NCUA's human resource system, HR Links, also adopted by other federal agencies, is a shared solution that automates routine human resource tasks and improves time and attendance functionality.
- **Audit.** The NCUA Office of Inspector General contracts with an accounting firm to conduct the annual audit of the agency's four permanent funds. The results of these audits are posted annually on the NCUA website and are included as part of the agency's Annual Report.

A significant share of the budget for contracted services finances ongoing information technology infrastructure support for the agency. The 2023 budget includes the third year of funding for operations and maintenance of the MERIT system, which replaced the legacy AIRES examination system in 2021. Several other of the NCUA's core information technology systems and processes also require additional contract support in 2023, which results in increase costs for contracted services, as described below.

Within the budget for the **Office of Chief Information Officer (OCIO)**, an additional \$2.7 million compared to the 2022 budget level is required for:

- Information technology infrastructure services and operations and maintenance labor support for the new MERIT system and NCUA legacy systems.
- Application tools that support the new MERIT system and other mission critical and business applications.
- Cybersecurity capabilities and implementing the provisions of Executive Order 14028, *Improving the Nation's Cybersecurity*.

Within the **Office of the Executive Director**, the contracted services budget increases by \$500,000 compared to the 2022 budget level for support of the ongoing work on the Virtual Examination project.

Within the **Office of Human Resources**, contracted services increase by \$802,000 compared to the 2022 budget level, primarily for the national training conference, program support for human resource capital and workforce programs, including enhanced recruitment efforts, and other training support and management systems.

The **Office of Minority and Women Inclusion's** contract budget increases by \$117,000 compared to the 2022 budget level. These funds will help OMWI achieve the goals established in the agency's *Diversity and Inclusion Strategic Plan* to promote diversity and inclusion within the agency and the credit union industry and ensure equal opportunity in accordance with the mandates of Section 342 of the Dodd-Frank Act. OMWI expects to host an in-person *Diversity, Equity, and Inclusion Summit* in 2023 to bring together credit



union professionals to promote the value of diversity, equity, and inclusion for credit unions; share best diversity, equity, and inclusion practices; and develop solutions to industry-specific challenges in this arena.

Within the **Office of Ethics Counsel**, contracted services increase by \$65,000 compared to the 2022 budget level. The increase will support the competitive solicitation and initial start-up costs for a financial disclosure reporting system. The NCUA is required to comply with this annual federal ethics reporting requirement.

Within the **Office of Business Innovation**, contracted services increase by \$316,000 compared to the 2022 budget level. These funds will provide contract support for the agency's information system security processes and fund a third-party-administered survey about credit unions' examination experiences.

Within the **Office of Continuity and Security Management**, contracted services increase by \$153,000 compared to the 2022 budget level. The increase is primarily associated with operations and maintenance of the physical access control system for the NCUA's facilities and the increased costs of secure communications systems compliance with new federal standards.

Within the **Office of Consumer Financial Protection**, contracted services increase by \$289,000 compared to the 2022 budget level. The increase is primarily associated with a review and analysis of MyCreditUnion.gov to evaluate future plans for the consumer website and its financial literacy and outreach programs.

Within the **Office of Examination and Insurance**, contracted services increase by \$467,000 compared to the 2022 budget level. These funds will be used primarily for Automated Cybersecurity Evaluation Toolbox enhancements, cybersecurity research and advisory services, and expert support to help automate internal manual processes.

Within the **Office of the Chief Financial Officer**, 2023 contracted services increase \$646,000 compared to the 2022 budget level. The increases include annual accounting and procurement support provided by the Department of Transportation, Enterprise Service Center, project management support to assist with the agency transition to a new budget system, financial audit support services inflationary growth, competitive solicitation and award of a new travel reimbursement support contract, and a consolidated janitorial and maintenance contract for the headquarters and the Southern Region facilities.

Contracted services spending for 2024 is estimated at \$67.1 million. Excluding the \$18.0 million carryover in 2023, this is a net increase of \$1.6 million, or approximately 2.4 percent. The net increase of \$1.6 million supports \$1.1 million for operations and maintenance costs for newly transitioned capital projects, \$400,000 for a planned NCUA leadership conference, and \$150,000 to support the new Ombudsman office.



Capital Budget

Overview

Annually, the NCUA carries out a rigorous review process to identify the agency's needs for information technology, facility improvements and repairs, and other multi-year capital investments. The NCUA staff review the agency's inventory of owned facilities, equipment, information technology systems, and information technology hardware to determine what requires repair, major renovation, or replacement. The staff then make recommendations for prioritized investments to the NCUA Board.

The NCUA's 2023 capital budget is \$11.2 million. The capital budget funds the NCUA's long-term investments. The 2023 capital budget provides \$10.8 million for information technology development projects and investments. The NCUA facilities require \$472,000 for central office building minor construction and maintenance projects.

Information technology systems and hardware require significant capital expenditures for modern organizations. The 2023 budget continues the NCUA's multi-year investment in current and replacement information technology systems and hardware. The budget fully supports the NCUA's effort to modernize its information technology infrastructure and applications through the Information Technology Infrastructure, Platform and Security Refresh project and makes investments to improve the agency's management and analysis of data through the Data Reporting Solution project and the Enterprise Data Program. The budget also continues investment in the agency's new MERIT examination system. In addition, several other capital investment projects will help ensure the agency's cybersecurity posture complies with Executive Order 14028 and improve quality controls for application development projects.

Routine repairs and lifecycle-driven property renovations are also necessary to properly maintain investments in the NCUA-owned properties. The NCUA assesses the agency's properties to determine the need for essential repairs, replacement of building systems that have reached the end of their engineered lives, or renovations required to support changes in the agency's organizational structure or address revisions to building standards and codes. In 2022, the NCUA reached the conclusion of several years of space consolidation and major renovation at its Alexandria headquarters. The 2023 budget funds maintenance requirements for the agency's headquarters.



2023–2024 NCUA CAPITAL BUDGET							
	2022 Board Approved Budget	2023 Requested Budget	Change (2022–2023)	Change Percent (2022–2023)	2024 Requested Budget	Change (2023–2024)	Change Percent (2023–2024)
Information technology investments	\$ 11,569,000	\$ 10,757,000	\$ (812,000)	-7.0%	\$ 10,757,000	\$ -	0.0%
Capital building improvements and repairs	\$ 1,500,000	\$ 472,000	\$ (1,028,000)	-68.5%	\$ 477,000	\$ 5,000	1.1%
Total	\$ 13,069,000	\$ 11,229,000	\$ (1,840,000)	-14.1%	\$ 11,234,000	\$ 5,000	0.0%

Detailed descriptions of all 2023 capital projects, including a discussion of how each project helps the agency achieve its goals and objectives, are provided in Appendix B.

Summary of Capital Projects

Executive Order on Improving the Nation’s Cybersecurity (\$3.1 million)

The purpose of this capital investment is to ensure the NCUA complies with Executive Order 14028, *Improving the Nation’s Cybersecurity*. The project will enable the appropriate applications to use multi-factor authentication, implement a zero-trust architecture for the NCUA’s infrastructure and applications, and shift compute and storage resources to a cloud service provider.

Continuous Diagnostics and Mitigation (\$0.5 million)

The objective of this project is to enhance the overall security posture of the NCUA with expanded capabilities to monitor vulnerabilities and threats in near real-time. This is achieved by implementing capabilities and technical controls to identify what is on the network, who is on the network, what is happening on the network, and to protect data in use, transit, and at rest. This increased situational awareness will allow the NCUA to prioritize actions to mitigate or accept cybersecurity risks based on the potential impact to the NCUA’s mission.

Information Technology Infrastructure, Platform and Security Refresh (\$3.1 million)

The purpose of this project is to replace outdated or end-of-life network and platform hardware, as well as to prepare the NCUA for cloud computing adoption. This investment helps ensure business continuity and efficient operations by improving system availability and stability. Projects for 2023 include refreshing hardware and software and acquiring the professional services required to migrate and harden information technology systems for production readiness.

Examination and Supervision Solution and Infrastructure Hosting (\$0.7 million)

In 2021, the NCUA deployed the NCUA Connect and MERIT systems to NCUA staff, state supervisory authorities, and credit unions. In 2022, MERIT officially replaced AIRES for all NCUA examination and supervision contacts. After a year of use by staff, additional opportunities for enhancing MERIT’s



functionality and performance have been identified and the NCUA remains committed to delivering tools that maximize efficiency and generate the best results possible.

In 2023, the NCUA will make additional MERIT data available to staff to enhance field operations and enable future self-service reporting. Additionally, 2023 capital investments will be used to transition the legacy state supervisory authority Partner Gateway to NCUA Connect, eliminating service duplication and streamlining state supervisory authority access to NCUA systems while enhancing and expanding security controls to meet FedRamp standards.

Data Reporting Solution (DRS) (\$0.8 million)

DRS is focused on implementing a business intelligence (BI) solution for enhanced data access, integrity, analytics, and reporting. The Enterprise Data Program provides leadership on business and governance process needs for DRS. DRS' data-related investments iteratively build towards the objective of integrating our legacy enterprise data and new MERIT data into structures that can be leveraged by the business for self-service development of reporting and analytic work products. The NCUA's 2020 data maturity assessment confirmed the need for improved access and functionality in using data, with a strong desire for a common self-service business intelligence capability for efficient and effective use by staff. DRS will provide a modern self-service business intelligence tool for the enterprise, as well as access to data to enable staff to utilize the tool efficiently and effectively.

Enterprise Data Program (\$0.4 million)

The purpose of this project is the centralization, organization, and storage of the NCUA's data. The primary goal is to enable the NCUA to manage enterprise data as a strategic asset through its full lifecycle. The program focus is to improve the agency's effectiveness by maturing data management practices to ensure the use of high-quality data in operations, reporting, and analytics. This is a highly collaborative effort to facilitate alignment across offices and performance of data-related work. Additionally, the Enterprise Data Program provides the overall business leadership and strategic direction for the DRS.

Consumer Access Process and Reporting Information System (CAPRIS) (\$0.4 million)

CAPRIS is the application that certain credit unions use to request changes to their field of membership. CAPRIS replaced the legacy GENISIS and FOMIA systems. The 2023 budget includes funds for improvements to the CAPRIS system that will allow the NCUA to process all occupational and associational common bond groups, regardless of potential membership size. Currently, credit unions that request changes to their field of membership exceeding 3,000 individuals must use paper-based forms, and NCUA staff reviews and processes these requests manually.

Mobile Device Refresh (\$1.0 million)

This project will replace the outdated or out of support mobile devices currently used by the NCUA's staff. The new mobile devices will be more secure and compatible with current technologies.



Enhanced Testing Capability (\$0.3 million)

The purpose of this investment is to improve the quality of the NCUA's applications and to meet the needs of a growing application portfolio. The NCUA's applications are developed and maintained in accordance with the approved software development lifecycle and undergo a quality assurance review to ensure end products meet functional, performance, and security standards. This project will develop and execute additional test cases for complex and critical applications in order to strengthen quality assurance reviews.

Independent Verification and Validation (IV&V) testing team (\$0.5 million)

The purpose of this investment is to improve the quality of the NCUA's applications. A separately funded team of IV&V testers will provide an unbiased review of the requirements and software implemented on operations and maintenance contracts. The IV&V team will confirm that requirements are correctly defined and the system adequately implements required business functionality and security requirements by performing comprehensive reviews, analyses, and testing.

NCUA Website Development (\$0.1 million)

This project provides ongoing improvements to the website, such as an improved user experience, and supports the ongoing maintenance needs of the agency's public websites. In addition, the NCUA will develop a gated content solution for specific audiences to provide a level of privacy and security for accessing information, such as conference materials, by requiring a login and password similar to other remote and virtual conference systems.

Headquarters Building Minor Construction and Maintenance Projects (\$0.5 million)

The NCUA has developed a 10-year headquarters building improvement plan that identifies projects that can be completed incrementally. This approach recognizes ongoing building management and maintenance needs while reducing the potential budgetary impact of such projects in a single budget year. The NCUA has 26 projects planned in 2023.

Financial Management Process Automation

The 2023 budget would apply \$400,000 previously approved by the NCUA Board to pay for efforts to implement technology-based solutions to automate manual financial and budgetary processes. This adds no additional cost to the budget. The \$400,000 was originally approved by the Board to improve financial integration and automation by evaluating options for alternatives to the agency's current accounting platform and service. Since 2020, the accounting system service provider has improved its systems capabilities and is planning enhancements that could support automation and integration efforts at the NCUA, eliminating the need for an alternate provider. Planned process automation activities in 2023 include optimizing and prioritizing current processes to prepare for automation, building technical competencies within finance staff to use business intelligence tools, establishing a governance and configuration management structure for these activities, and reducing manual process activity.



Share Insurance Fund Administrative Budget

Overview

The Share Insurance Fund Administrative Budget funds direct costs associated with authorized Share Insurance Fund activities.²² Direct costs to the Share Insurance Fund include items such as data subscriptions and technology tools for ONES' analysis of large credit unions, travel for state examiners attending NCUA-sponsored training, and audit support for the Share Insurance Fund's financial statements. Beginning in 2022, the Share Insurance Fund Administrative Budget also started to include certain insurance-related expenses for AMAC operations.

The Share Insurance Fund Administrative Budget also pays for costs associated with the corporate resolution program and related NCUA Guaranteed Notes (NGN) program. On June 14, 2021, the last outstanding NGN Trust matured. Given the significantly reduced size of the legacy asset portfolio in the corporate asset management estates, the budget for the corporate resolution program continues to decrease in 2023 compared to the 2022 funding levels.

Budget Requirements and Description

The 2023 Share Insurance Fund Administrative budget is estimated to be \$4.9 million, which is \$1.3 million, or 21.5 percent, lower than 2022.

The 2023 budget decrease is primarily driven by the ongoing completion of corporate resolution program activities, an expected reduction in travel for state examiners attending NCUA-sponsored training, as well as the one-time corporate resolution study that was funded in 2022.

The 2024 requested budget supports similar workload and resources for the Share Insurance Fund, which are expected to remain the same as 2023 at \$4.3 million, and includes no corporate resolution program related costs.

Share Insurance Fund Direct Expenses

Direct expenses to the Share Insurance Fund are estimated to be \$4.3 million in 2023, a decrease of \$0.5 million, or 9.8 percent, compared to the 2022 budget level.

Direct charges to the Share Insurance Fund include \$2.0 million for operating and maintenance costs of the Asset and Liabilities Management system (ALM), which allows the NCUA to build internal analytical

²² Direct costs do not include any costs that are shared with the Operating Fund through the Overhead Transfer Rate, and with payments available upon requisition by the Board, without fiscal year limitation, for insurance under section 1787 of this title, and for providing assistance and making expenditures under section 1788 of this title in connection with the liquidation or threatened liquidation of insured credit unions as it may determine to be proper.



capabilities to conduct supervisory stress testing analyses and to perform other quantitative risk assessments of large credit unions.

In 2023, the Share Insurance Fund will continue to pay for certain insurance-related activities and expenses of AMAC. The Share Insurance Fund budget includes \$0.2 million for these AMAC activities, such as consulting expenses necessary to prevent or attempt to prevent a liquidation or conservatorship and staff travel for consultation on complex or problem cases.

The 2023 budget also includes funds related to the supervisory responsibilities that the NCUA shares with state supervisory authorities. The Share Insurance Fund budget includes \$1.0 million for state examiner travel to NCUA-sponsored training classes, and \$0.2 million to ensure that state supervisory authorities can use the full functionality of the recently deployed MERIT examination system. The 2022 budget included similar amounts for these activities.

Finally, the Share Insurance Fund budget includes \$0.8 million for financial reporting, including the annual financial audit and for contractor support to ensure effective internal controls for the fund.

Corporate Resolution Program

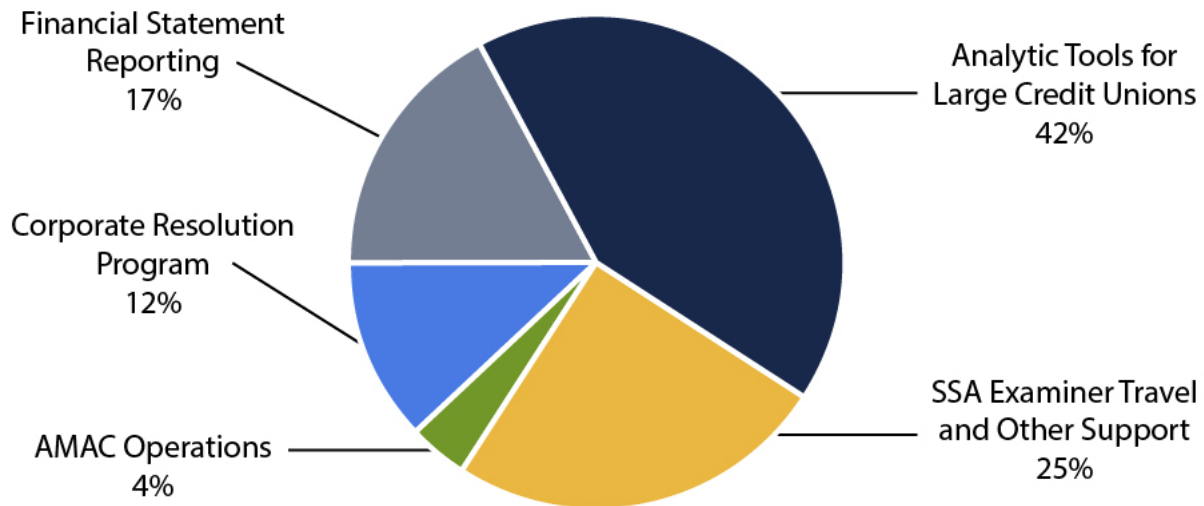
In 2017, the Board voted to close the Temporary Corporate Credit Union Stabilization Fund. Since 2018, the Share Insurance Fund has funded the related costs to include employee pay, benefits, travel, and contract support required to support the program.

The program budget decreased by 58.2 percent from 2021 to 2022. As the remaining legacy assets are sold and the program comes to a close, the associated budget continues to decrease and falls by 59.2 percent from 2022 to 2023. The only remaining expenses for the program in 2023 are \$0.4 million for legacy asset waterfall models and \$0.2 million for valuation analysis support and data.

With expected wind-down of the program in 2023, there is no corporate resolution budget planned for 2024.



2023 Share Insurance Fund Administrative Budget





2023–2024 SHARE INSURANCE FUND ADMINISTRATIVE BUDGET

	2022 Board Approved Budget	2023 Requested Budget	Change (2022–23)	Change Percent (2022–23)	2024 Requested Budget	2023 Pos	2024 Pos
<u>SIF Direct Expenses</u>							
<u>Travel</u>							
OHR: State Examiner Training	1,185,000	994,000	(191,000)	-16.1%	994,000		
AMAC: Staff travel for problem cases	15,000	15,000	-	-	15,000		
Subtotal, Travel (SIF Direct Expenses)	1,200,000	1,009,000	(191,000)	-15.9%	1,009,000		
<u>Administrative Expenses</u>							
ONES: Analytic Tools for Large Credit Unions	30,000	30,000	-	-	30,000		
AMAC: Shipping and Miscellaneous Admin	20,000	48,000	28,000	140.0%	48,000		
Subtotal Administrative Expenses (SIF Direct Expenses)	50,000	78,000	28,000	56.0%	78,000		
<u>Contracted Services</u>							
ONES: Analytic Tools for Large Credit Unions	2,000,000	2,025,000	25,000	1.3%	2,025,000		
OCFO: Financial Accounting, Audit Support, Bank Charges	915,000	847,000	(68,000)	-7.4%	847,000		
OBI: SSA costs for MERIT	200,000	216,000	16,000	8.0%	216,000		
AMAC: Corp. Resolution Study (2022), legal, other contracts	405,000	129,000	(276,000)	-68.1%	129,000		
Subtotal, Contracted Services (SIF Direct Expenses)	3,520,000	3,217,000	(303,000)	-8.6%	3,217,000		
Total, SIF Direct Expenses	4,770,000	4,304,000	(466,000)	-9.8%	4,304,000		
<u>Corporate Resolution Program</u>							
Personnel Compensation	500,000	-	(500,000)	-100.0%	-	-	-
Travel	26,000	-	(26,000)	-100.0%	-	-	-
<u>Administrative Expenses</u>							
E&I: Software and Data Subscriptions	360,000	402,000	42,000	11.7%	-		
<u>Contracted Services</u>							
E&I: Valuation Services, Contract Support, Training	590,000	200,000	(390,000)	-66.1%	-		
Total, Corporate Resolution Program	1,476,000	602,000	(874,000)	-59.2%	-		
Total SIF BUDGET	\$ 6,246,000	\$ 4,906,000	\$(1,340,000)	-21.5%	\$ 4,304,000	-	-



Financing the NCUA's Programs

Overview

The NCUA incurs various expenses to achieve its statutory mission, including those involved in examining and supervising federally insured credit unions. The NCUA Board adopts an Operating Budget, a Capital Budget, and a Share Insurance Fund Administrative Budget each year to fund the vast majority of the costs of operating the agency.²³ When formulating the annual budget, the NCUA is mindful that its funding comes from credit unions. The agency strives to ensure the agency operates in an efficient, effective, transparent, and fully accountable manner.

The Federal Credit Union Act authorizes two primary sources to fund the Operating Budget:

- (1) Requisitions from the Share Insurance Fund “for such administrative and other expenses incurred in carrying out the purposes of [Title II of the Act] as [the Board] may determine to be proper”;²⁴ and
- (2) “fees and assessments (including income earned on insurance deposits) levied on insured credit unions under [the Act].”²⁵ Among the fees levied under the Act are annual Operating Fees, which are required for federal credit unions under 12 U.S.C. 1755 “and may be expended by the Board to defray the expenses incurred in carrying out the provisions of [the Act,] including the examination and supervision of [federal credit unions].”

Taken together, these authorities effectively require the Board to determine which expenses are appropriately paid from each source while giving the Board broad discretion in allocating expenses.

In 1972, the Government Accountability Office recommended the NCUA adopt a method for allocating Operating Budget costs — that is, the portion of the NCUA’s budget funded by requisitions from the Share Insurance Fund and the portion covered by Operating Fees paid by federal credit unions.²⁶ The NCUA has since used an allocation methodology known as the Overhead Transfer Rate to determine how much of the Operating Budget to fund with a requisition from the Share Insurance Fund.

The NCUA uses the Overhead Transfer Rate methodology to allocate agency expenses between these two primary funding sources. Specifically, the Overhead Transfer Rate is the formula the NCUA uses to allocate

²³ Some costs are directly charged to the Share Insurance Fund when appropriate to do so. For example, costs for training and equipment provided to State Supervisory Authorities are directly charged to the Share Insurance Fund.

²⁴ 12 U.S.C. 1783(a).

²⁵ 12 U.S.C. 1766(j)(3). Other sources of income for the Operating Budget have included interest income, funds from publication sales, parking fee income, and rental income.

²⁶ <https://www.gao.gov/products/b-1640314-31>.



insurance-related expenses to the Share Insurance Fund under Title II of the Act. Almost all other operating expenses are funded through collecting annual Operating Fees paid by federal credit unions.²⁷

Two statutory provisions directly limit the Board's discretion with respect to Share Insurance Fund requisitions for the NCUA's Operating Budget and, hence, the Overhead Transfer Rate. First, expenses funded from the Share Insurance Fund must carry out the purposes of Title II of the Act, which relate to share insurance.²⁸ Second, the NCUA may not fund its entire Operating Budget through charges to the Share Insurance Fund.²⁹ The NCUA has not imposed additional policy or regulatory limitations on its discretion for determining the Overhead Transfer Rate .

The NCUA conducts a comprehensive workload analysis annually. This analysis estimates the amount of time necessary to conduct examinations and supervise federally insured credit unions in order to carry out the NCUA's dual mission as insurer and regulator. This analysis starts with a field-level review of every federally insured credit union to estimate the number of workload hours needed for the year. These estimates are informed by the overall parameters of the NCUA's examination program, as most recently updated by the Exam Flexibility Initiative approved by the Board.³⁰ The workload estimates are then refined by regional managers and submitted to the NCUA headquarters for the annual budget proposal. The Overhead Transfer Rate methodology accounts for the costs of the NCUA, not the costs of state regulators. Therefore, there are no calculations made for state examiner hours.

Overhead Transfer Rate

There have not been any major changes to the parameters of the examination program since the current Overhead Transfer Rate methodology went into effect.³¹ The minor variations in the Overhead Transfer Rate since 2018 are the result of routine, small fluctuations in the variables that affect the Overhead Transfer Rate, including normal fluctuations in the workload budget from one calendar year to the next.

The NCUA Board approved the current methodology for calculating the Overhead Transfer Rate at its November 2017 open meeting.³² In 2020, the Board published in the *Federal Register* a request for comment regarding the Overhead Transfer Rate methodology but did not propose or adopt any changes to

²⁷ Annual Operating Fees must "be determined according to a schedule, or schedules, or other method determined by the NCUA Board to be appropriate, which gives due consideration to the expenses of the [NCUA] in carrying out its responsibilities under the [Act] and to the ability of [federal credit unions] to pay the fee." 12 U.S.C. 1755(b).

²⁸ 12 U.S.C. 1783(a).

²⁹ The Act in 12 U.S.C. 1755(a) states, "[i]n accordance with rules prescribed by the Board, each [federal credit union] shall pay to the [NCUA] an annual operating fee which may be composed of one or more charges identified as to the function or functions for which assessed." *See also* 12 U.S.C. 1766(j)(3).

³⁰ The Exam Flexibility Initiative started with the January 1, 2017, examination cycle, and it allows for extended examination cycles for eligible credit unions. Letters to Credit Unions 16-CU-12, December 2016.

³¹ On November 16, 2017, the NCUA Board adopted a new methodology for calculating the Overhead Transfer Rate starting with the 2018 Overhead Transfer Rate. 82 FR 55644, November 22, 2017.

³² 82 FR 55644 (Nov. 22, 2017).



the current methodology.³³ The Overhead Transfer Rate is designed to cover the NCUA's costs of examining and supervising the risk to the Share Insurance Fund posed by all federally insured credit unions, as well as the costs of administering the fund. The Overhead Transfer Rate represents the percentage of the agency's operating budget paid for by a transfer from the Share Insurance Fund. Federally insured credit unions are not billed for and do not have to remit the Overhead Transfer Rate amount; instead, it is transferred directly to the Operating Fund from the Share Insurance Fund. This transfer, therefore, represents a cost to all federally insured credit unions.

The Overhead Transfer Rate formula uses the following underlying principles to allocate agency operating costs:

1. Time spent examining and supervising federal credit unions is allocated as 50 percent insurance related.³⁴
2. All time and costs the NCUA spends supervising or evaluating the risks posed by federally insured, state-chartered credit unions or other entities that the NCUA does not charter or regulate (for example, third-party vendors and Credit Union Service Organizations (CUSOs)) are allocated as 100 percent insurance related.³⁵
3. Time and costs related to the NCUA's role as charterer and enforcer of consumer protection and other non-insurance-based laws governing the operation of credit unions (like field of membership requirements) are allocated as 0 percent insurance related.³⁶
4. Time and costs related to the NCUA's role in administering federal share insurance and the Share Insurance Fund are allocated as 100 percent insurance related.³⁷

These four principles are applied to the activities and costs of the agency to determine the portion of the agency's budget that is funded by the Share Insurance Fund. Based on the Board-approved methodology and

³³ <https://www.federalregister.gov/documents/2020/08/31/2020-17009/request-for-comment-regarding-national-credit-union-administration-overhead-transfer-rate>.

³⁴ The 50 percent allocation mathematically emulates an examination and supervision program design where the NCUA would alternate examinations, and/or conduct joint examinations, between its insurance function and its prudential regulator function if they were separate units within the NCUA. It reflects an equal sharing of supervisory responsibilities between the NCUA's dual roles as charterer/prudential regulator and insurer given both roles have a vested interest in the safety and soundness of federal credit unions. It is consistent with the alternating examinations the FDIC and state regulators conduct for insured state-chartered banks as mandated by Congress. Further, it reflects that the NCUA is responsible for managing risk to the Share Insurance Fund and therefore should not rely solely on examinations and supervision conducted by the prudential regulator.

³⁵ The NCUA does not charter state-chartered credit unions nor serve as their prudential regulator. The NCUA's role with respect to federally insured state-chartered credit unions is as insurer. Therefore, all examination and supervision work and other agency costs attributable to insured state-chartered credit unions is allocated as 100 percent insurance related.

³⁶ As the federal agency with the responsibility to charter federal credit unions and enforce non-insurance related laws governing how credit unions operate in the marketplace, the NCUA resources allocated to these functions are properly assigned to its role as charterer/prudential regulator.

³⁷ The NCUA conducts liquidations of credit unions, insured share payouts, and other resolution activities in its role as insurer. Also, activities related to share insurance, such as answering consumer inquiries about insurance coverage, are a function of the NCUA's role as insurer.



the proposed budget, the Overhead Transfer Rate for 2023 is 30 basis points (0.3 percent) lower than for 2022, and estimated to be 62.4 percent. Thus, 62.4 percent of the total Operating Budget is estimated to be paid out of the Share Insurance Fund. The remaining 37.6 percent of the Operating Budget is estimated to be paid for by Operating Fees collected from federal credit unions. The explicit and implicit distribution of total Operating Budget costs for federal credit unions and federally insured, state-chartered credit unions is outlined in the table below:

2023 Estimated Distribution: Overhead Transfer Rate and Operating Fee		
Est. Share of the Operating Budget covered by:	Federal Credit Unions	Federally Insured, State-Chartered Credit Unions
Federal Credit Union Operating Fee	37.6%	0.0%
Overhead Transfer Rate x Percent of Insured Shares	31.2%	31.2%
	(62.4% x 49.9%)	(62.4% x 50.1%)
Total	68.8%	31.2%

To determine the funds transferred from the Share Insurance Fund to the Operating Fund, the Overhead Transfer Rate is applied to actual expenses incurred each month. Therefore, the rate calculated by the Overhead Transfer Rate formula is multiplied by each month's actual operating expenditures and the product of that calculation is transferred from the Share Insurance Fund to the Operating Fund. This monthly reconciliation to actual operating expenditures captures the variance between actual and budgeted amounts, so when the NCUA's expenditures are less than budgeted, the amount charged to the Share Insurance Fund is also less — and those lower expenditures benefit both federally chartered and federally insured, state-chartered credit unions.

The use of insured shares in calculating the Overhead Transfer Rate was eliminated from the Overhead Transfer Rate methodology adopted by the Board in 2017. However, insured shares are used for informational purposes to reflect the fundamental economics with respect to how the implicit costs of the Overhead Transfer Rate are borne by federal and state-chartered credit unions. Use of insured shares is consistent with the mutual nature of the Share Insurance Fund and part of the statutory scheme related to Share Insurance Fund deposits, premiums, and dividends.³⁸ The number, size, and health of federal and state credit unions affects the NCUA's workload budget, which in turn is one of the variables in the Overhead Transfer Rate methodology.

The primary drivers of the change in the estimated 2023 Overhead Transfer Rate result from changes in the draft examiner workload budget and the proposed funding levels in the draft operating and capital budgets. First, there is a modest decrease in insurance-related time reflected in the draft examiner workload budget for 2023, as resources allocated to overseeing the examination and supervision of federal credit unions increased twice as much as the resources allocated toward overseeing state-chartered credit unions. Second, there is a modest decrease in the 2023 budget for the Asset Management and Assistance Center. The estimated

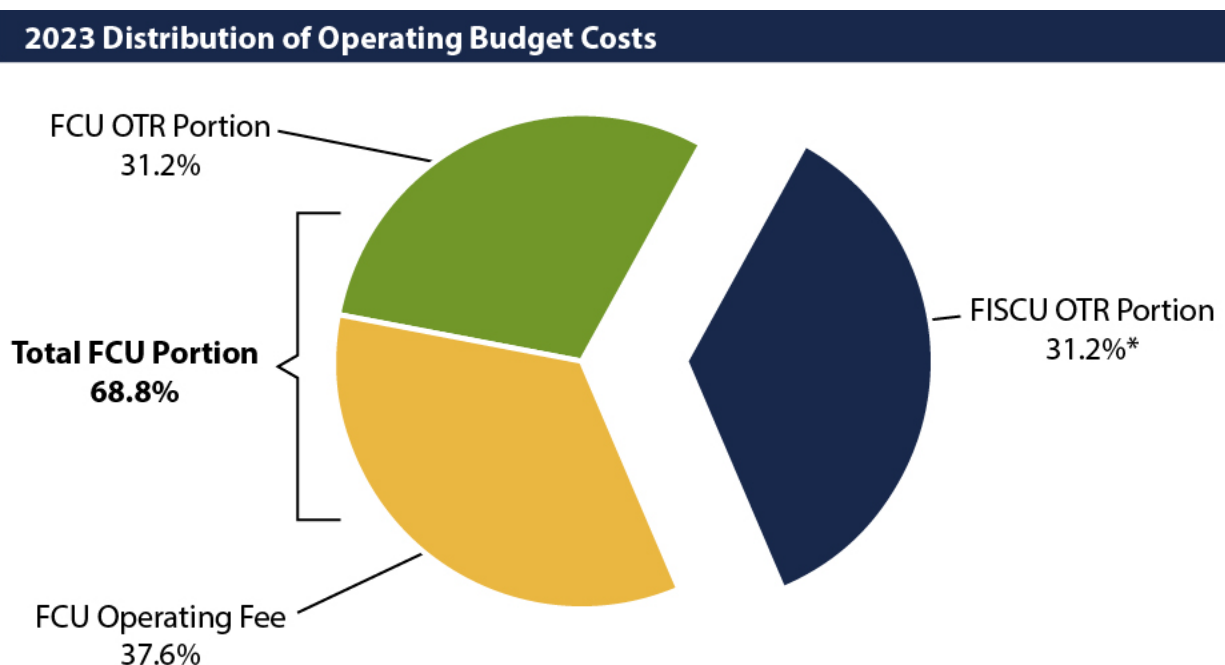
³⁸ 12 U.S.C. 1782(c)(2) and (3).



Overhead Transfer Rate cost distribution between federal credit unions and federally insured, state-chartered credit unions is projected to be relatively equal and results in an approximate 15-basis point drop for both from 2022 to 2023. The distribution of insured shares between federal credit unions and federally insured, state-chartered credit unions remains virtually unchanged year-over-year.

CUSOs are at times subject to review during the examination of a federally insured credit union. The Overhead Transfer Rate methodology captures CUSO-related time within the scope of the examination and supervision of federally insured credit unions under Principle 1 for federal credit unions and Principle 2 for federally insured state-chartered credit unions. The time designated for separate, standalone reviews of CUSOs and third-party vendors is accounted for separately in the NCUA's workload budget and is covered by Principle 2 only. The standalone review of CUSOs and third-party vendors is to identify and address risk to federally insured credit unions.

The following chart illustrates the share of the Operating Budget paid by federal credit unions (68.8%) and federally insured, state-chartered credit unions (31.2%).



*Note: FISCOs typically pay supervisory fees to their respective State regulator.

Operating Fee

The Board delegated authority to the Chief Financial Officer to administer the methodology approved by the Board for calculating the Operating Fee and to set the fee schedule as calculated per the approved methodology. In 2020, the Board approved and published in the *Federal Register* the current Operating Fee



methodology, which forms the basis for how the Operating Fee is calculated in this section.³⁹ Consistent with its triennial schedule for regulatory reviews, the NCUA expects to request public comment about the Operating Fee methodology in 2023. Among the issues of interest to the NCUA Board about the Operating Fee methodology, the agency plans to ask for public views about how it should determine the asset threshold below which smaller credit unions are exempt from paying the operating fee, how it should determine an equitable distribution schedule of operating fee rates based on credit union size, and whether other factors should be considered when calculating the fees collected from credit unions.

To determine the annual Operating Fee assessed on natural person federal credit unions using the current methodology, the NCUA first calculates the average of total assets reported in the preceding four calendar quarters available at the time of the calculation, net of any reported Paycheck Protection Program (PPP) loans. Credit unions with assets less than \$1 million are not assessed an Operating Fee and their assets are therefore excluded from this calculation.

Based on the Board-approved Operating Fee methodology, which is summarized in the following tables, the share of the 2023 budget funded by the Operating Fee is \$134.7 million. This equates to 0.0129 percent of the actual average of natural person federal credit union assets for the four calendar quarters ending on June 30, 2022. The calculated Operating Fee rate for 2023 increases 15.4 percent compared to the rate in 2022, as shown on the table on the following page. It is important to note, however, that the Operating Fee rate for 2022 was 23.7 percent lower than the 2021 rates. Therefore, although the 2023 average Operating Fee rate is projected to increase to 0.0129 percent of natural person federal credit union assets in 2023, it is still 11.6 percent lower than the average 0.0146 percent rate charged in 2021.

As part of the Board-approved Operating Fee methodology, the NCUA can adjust the share of the budget funded by the Operating Fee based on an analysis of the agency's future cash flow requirements compared to past years' collections that were not spent as planned. Any projected surplus cash from past years' fee collections not required to finance agency operations can accordingly be used to lower the Operating Fee share of the proposed budget. Because such cash surpluses result from past years' Operating Fee collections, they do not offset the portion of the budget funded by the Overhead Transfer Rate. As the final 2023–2024 budget is prepared for consideration by the NCUA Board, the Chief Financial Officer will evaluate the agency's cash position and make a recommendation about any surplus cash that can be credited to the operating fee.

To set the assessment scale for 2023, total growth in natural person federal credit union assets is calculated as the change between the average of the four most-current quarters (*i.e.*, the third and fourth quarters of 2021 and the first two quarters of 2022) and the previous four quarters (*i.e.*, the third and fourth quarter of 2020 and the first two quarters of 2021), which is estimated to be 11.6 percent. Asset level dividing points are likewise increased by this same growth rate in order to preserve the same relative relationship of the scale to the applicable asset base.

³⁹ <https://www.govinfo.gov/content/pkg/FR-2020-12-31/pdf/2020-28490.pdf>.



PROJECTED FISCAL YEAR 2023 OPERATING FEE REQUIREMENTS

(\$ in millions)

			2023 Draft Budget
1	Proposed Operating Budget		\$ 350.817
2	Add Capital Investments		\$ 11.229
3	Miscellaneous Revenue		\$ (0.422)
4	Operating Budget to apply OTR		\$ 361.624
5	Overhead Transfer Rate	62.4%	\$ (225.653)
6	Interest Income		\$ (0.948)
7	Net (sum lines 4 - 6)		\$ 135.023
8	Operating Fund adjustment		\$ -
9	Budgeted Operating Fee/Capital Requirements (sum lines 7 - 8)		\$ 135.023
10	Corporate Federal CU Operating Fees		\$ (0.325)
11	Natural Person FCU Operating Fees Required (sum lines 9-10)		\$ 134.698
12	Fees projected with Asset Growth of	11.6%	\$ (116.750)
13	Difference (lines 11 & 12)		\$ 17.948
14	Average Rate Adjustment Indicated (line 13 divided by line 12)		15.37%



Operating Fee Scale

To illustrate the rate for each asset tier for which Operating Fees are charged, the tables below show the effect of the average 15.4 percent increase in the Operating Fee for natural person federal credit unions. The corporate federal credit union rate scale remains unchanged from prior years.

PROPOSED 2023 OPERATING FEE SCALE							
2022 Natural Person Federal Credit Union Scale							
<u>Asset Level</u>			<u>Operating Fee Assessment</u>				
\$0	TO	\$1,000,000	\$0.00				
\$1,000,000	TO	\$2,083,833,636	\$0.00	+	0.00016714	X total assets over	\$0.00
\$2,083,833,636	TO	\$6,305,649,275	\$348,292	+	0.00004871	X total assets over	\$2,083,833,636
\$6,305,649,275	AND	Over	\$553,937	+	0.00001627	X total assets over	\$6,305,649,275
2023 (Proposed) Natural Person Federal Credit Union Scale							
Projected FCU asset growth rate			11.55%	Change in asset level dividing points			
Operating fee rate change			15.37%	Change in assessment rate percentages			
<u>Asset Level</u>			<u>Operating Fee Assessment</u>				
\$0	TO	\$1,000,000	\$0.00				
\$1,000,000	TO	\$2,324,516,421	\$0.00	+	0.00019283	X total assets over	\$0.00
\$2,324,516,421	TO	\$7,033,951,766	\$448,237	+	0.00005620	X total assets over	\$2,324,516,421
\$7,033,951,766	AND	Over	\$712,907	+	0.00001877	X total assets over	\$7,033,951,766
2023 (Proposed) Corporate Federal Credit Union Scale							
<u>Asset Level</u>			<u>Operating Fee Assessment</u>				
\$50,000,000	TO	\$100,000,000	\$10,648	+	0.00019870	X total assets over	\$50,000,000
\$100,000,000	AND	Over	\$20,583	+	0.00001230	X total assets over	\$100,000,000



Appendix A: Supplemental Budget Information

Budget by Strategic Goal

The table below shows the combined total of the 2023 Staff Draft Operating and Capital Budgets, organized by the NCUA's three current strategic goals.

Strategic Goal	2023 Staff Draft Budget	
	Dollars (in Millions)	Positions
Goal 1: Ensure a safe, sound, and viable system of cooperative credit that protects consumers	\$238.63	1,010
Goal 2: Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services	\$14.97	59
Goal 3: Maximize organizational performance to enable mission success	\$104.37	142
Office of Inspector General	\$4.07	10
Total	\$362.05	1,221

Budgets for the Offices of the Board, Executive Director, General Counsel, Ethics Council, External Affairs and Communications, Chief Financial Officer, and the Capital Budget are allocated across all strategic goals.

Note: Position totals do not include five positions funded by the Central Liquidity Fund in 2023.

Minor rounding differences may occur in totals.



Office Budget Summary

2023–2024 NCUA OPERATING BUDGET										
Office	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change		2024 Requested Budget	2023–2024 Change		Authorized Positions		
								2022	2023	2024
Eastern Region	58,572,669	57,377,671	(1,194,998)	-2.0%	62,011,780	4,634,109	8.1%	281	266	273
Southern Region	48,019,810	49,532,466	1,512,656	3.2%	53,748,422	4,215,956	8.5%	228	228	233
Western Region	50,829,563	55,251,750	4,422,187	8.7%	59,502,808	4,251,059	7.7%	243	246	251
Office of National Examinations and Supervision	13,927,875	14,746,041	818,166	5.9%	16,185,638	1,439,597	9.8%	50	51	55
Supervision and Examination	171,349,917	176,907,928	5,558,011	3.2%	191,448,549	14,540,620	8.2%	802	791	812
Office of the Board	3,710,833	3,798,901	88,068	2.4%	3,889,259	90,358	2.4%	13	13	13
Office of the Executive Director	3,297,646	3,597,524	299,878	9.1%	3,684,183	86,659	2.4%	10	8	8
Federal Financial Institutions Examination Council	1,510,000	1,520,000	10,000	0.7%	1,520,000	-	0.0%	-	-	-
Office of the Ombudsman	-	459,718	459,718	-	1,065,743	606,025	131.8%	-	3	4
Office of Ethics Counsel	1,673,855	2,122,397	448,542	26.8%	2,199,790	77,393	3.6%	6	7	7
Office of Business Innovation	3,375,530	3,657,128	281,598	8.3%	3,767,949	110,821	3.0%	12	12	12
Office of Continuity and Security Management	5,187,310	5,443,326	256,016	4.9%	5,551,328	108,002	2.0%	12	12	12
Office of Minority and Women Inclusion	3,841,792	4,037,535	195,743	5.1%	4,243,295	205,760	5.1%	10	11	11
Office of the Chief Economist	2,539,681	2,586,511	46,830	1.8%	2,668,062	81,550	3.2%	8	8	8
Office of Consumer Financial Protection	6,606,161	7,312,512	706,351	10.7%	7,761,351	448,839	6.1%	28	30	30
Office of the Chief Financial Officer	21,283,704	23,230,362	1,946,658	9.1%	23,755,516	525,154	2.3%	53	54	54
Cross-cutting agency expenses	(20,055,417)	(14,594,643)	5,460,774	-27.2%	3,405,357	18,000,000	-123.3%	-	-	-
Office of the Chief Information Officer	53,146,616	56,084,497	2,937,881	5.5%	57,595,411	1,510,915	2.7%	45	45	45
Credit Union Resources and Expansion	9,167,403	9,365,944	198,541	2.2%	9,675,179	309,235	3.3%	36	38	38
Office of Examination & Insurance	14,799,048	16,102,879	1,303,831	8.8%	17,039,570	936,691	5.8%	48	52	52
Office of General Counsel	13,224,940	13,780,880	555,940	4.2%	14,243,181	462,301	3.4%	45	46	46
Office of Inspector General	4,048,411	4,072,830	24,419	0.6%	4,172,459	99,629	2.4%	10	10	10
Office of Human Resources	16,229,969	20,524,090	4,294,121	26.5%	19,410,279	(1,113,811)	-5.4%	44	45	45
Office of External Affairs and Communication	5,200,601	5,464,076	263,475	5.1%	5,583,394	119,318	2.2%	14	14	14
Asset Management and Assistance Center	-	5,342,884	5,342,884	-	5,519,564	176,680	3.3%	-	22	22
Mission Support	148,788,083	173,909,350	25,121,267	16.9%	196,750,869	22,841,519	13.1%	394	430	431
Total Operating Budget	\$320,138,000	\$350,817,278	\$30,679,278	9.6%	\$388,199,518	\$37,382,240	10.7%	1,196	1,221	1,243



Office Budgets

OFFICE OF THE BOARD: 2023–2024 BUDGET SUMMARY							
	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	13.0	13.0	-	-	13.0	-	-
Employee Compensation	3,206,083	3,296,151	90,068	2.8%	3,386,509	90,358	2.7%
Salaries	2,272,044	2,329,860	57,817	2.5%	2,399,295	69,434	3.0%
Benefits	934,039	966,290	32,251	3.5%	987,214	20,924	2.2%
Travel	167,000	169,000	2,000	1.2%	169,000	-	0.0%
Rent /Comm/Util	17,750	17,750	-	0.0%	17,750	-	0.0%
Administrative	39,000	39,000	-	0.0%	39,000	-	0.0%
Contracted Services	281,000	277,000	(4,000)	-1.4%	277,000	-	0.0%
Total	\$ 3,710,833	\$ 3,798,901	\$ 88,068	2.4%	\$ 3,889,259	\$ 90,358	2.4%

OFFICE OF THE EXECUTIVE DIRECTOR: 2023–2024 BUDGET SUMMARY							
	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions*	10.0	8.0	(2.0)	-20.0%	8.0	-	-
Employee Compensation	2,739,896	2,551,774	(188,122)	-6.9%	2,638,433	86,659	3.4%
Salaries	1,933,326	1,802,135	(131,191)	-6.8%	1,868,903	66,768	3.7%
Benefits	806,571	749,640	(56,931)	-7.1%	769,531	19,891	2.7%
Travel	30,000	30,000	-	0.0%	30,000	-	0.0%
Rent /Comm/Util	22,000	20,000	(2,000)	-9.1%	20,000	-	0.0%
Administrative	1,535,250	1,535,250	-	0.0%	1,535,250	-	0.0%
ED Core	25,250	15,250	(10,000)	-39.6%	15,250	-	0.0%
FFIEC	1,510,000	1,520,000	10,000	0.7%	1,520,000	-	0.0%
Contracted Services	480,500	980,500	500,000	104.1%	980,500	-	0.0%
Total	\$ 4,807,646	\$ 5,117,524	\$ 309,878	6.4%	\$ 5,204,183	\$ 86,659	1.7%

*2022 OED Position levels include 2 unallocated Positions

OFFICE OF THE OMBUDSMAN: 2023–2024 BUDGET SUMMARY							
	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	-	3.0	3.0	-	4.0	-	-
Employee Compensation		444,718	444,718	-	900,743	456,025	102.5%
Salaries		323,938	323,938	-	662,460	338,523	104.5%
Benefits		120,780	120,780	-	238,282	117,502	97.3%
Travel		5,000	5,000	-	5,000	-	0.0%
Rent /Comm/Util		2,000	2,000	-	2,000	-	0.0%
Administrative		1,000	1,000	-	1,000	-	0.0%
Contracted Services		7,000	7,000	-	157,000	150,000	2,142.9%
Total	\$ -	\$ 459,718	\$ 459,718	-	\$ 1,065,743	\$ 606,025	131.8%

Note: Minor rounding differences may occur in totals.



OFFICE OF ETHICS COUNSEL: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	6.0	7.0	1.0	16.7%	7.0	-	-
Employee Compensation	1,586,755	1,969,608	382,853	24.1%	2,047,001	77,393	3.9%
Salaries	1,148,773	1,414,524	265,751	23.1%	1,474,371	59,847	4.2%
Benefits	437,982	555,084	117,102	26.7%	572,630	17,546	3.2%
Travel	15,000	15,000	-	0.0%	15,000	-	0.0%
Rent /Comm/Util	3,600	4,200	600	16.7%	4,200	-	0.0%
Administrative	3,000	3,000	-	0.0%	3,000	-	0.0%
Contracted Services	65,500	130,589	65,089	0.0%	130,589	-	0.0%
Total	\$ 1,673,855	\$ 2,122,397	\$ 448,542	26.8%	\$ 2,199,790	\$ 77,393	3.6%

OFFICE OF BUSINESS INNOVATION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	12.0	12.0	-	-	12.0	-	-
Employee Compensation	3,232,430	3,198,282	(34,148)	-1.1%	3,309,103	110,821	3.5%
Salaries	2,301,022	2,269,788	(31,235)	-1.4%	2,355,233	85,446	3.8%
Benefits	931,408	928,494	(2,914)	-0.3%	953,870	25,375	2.7%
Travel	96,800	95,700	(1,100)	-1.1%	95,700	-	0.0%
Rent /Comm/Util	7,800	8,100	300	3.8%	8,100	-	0.0%
Administrative	5,500	6,300	800	14.5%	6,300	-	0.0%
Contracted Services	33,000	348,746	315,746	956.8%	348,746	-	0.0%
Total	\$ 3,375,530	\$ 3,657,128	\$ 281,598	8.3%	\$ 3,767,949	\$ 110,821	3.0%

OFFICE OF CONTINUITY AND SECURITY MANAGEMENT: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	12.0	12.0	-	-	12.0	-	-
Employee Compensation	3,032,683	3,113,687	81,004	2.7%	3,221,689	108,002	3.5%
Salaries	2,150,670	2,208,430	57,760	2.7%	2,291,566	83,136	3.8%
Benefits	882,013	905,257	23,244	2.6%	930,124	24,867	2.7%
Travel	20,000	20,000	-	0.0%	20,000	-	0.0%
Rent /Comm/Util	35,000	57,200	22,200	0.0%	57,200	-	0.0%
Administrative	36,000	36,000	-	0.0%	36,000	-	0.0%
Contracted Services	2,063,627	2,216,439	152,812	7.4%	2,216,439	-	0.0%
Total	\$ 5,187,310	\$ 5,443,326	\$ 256,016	4.9%	\$ 5,551,328	\$ 108,002	2.0%

Note: Minor rounding differences may occur in totals.



OFFICE OF MINORITY AND WOMEN INCLUSION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	10.0	11.0	1.0	10.0%	11.0	-	-
Employee Compensation	2,663,102	2,769,001	105,899	4.0%	2,974,760.7	205,760	7.4%
Salaries	1,895,178	1,963,416	68,239	3.6%	2,117,765	154,348	7.9%
Benefits	767,924	805,585	37,661	4.9%	856,996	51,411	6.4%
Travel	75,001	76,100	1,099	1.5%	76,100	-	0.0%
Rent /Comm/Util	13,941	14,650	709	5.1%	14,650	-	0.0%
Administrative	211,759	182,315	(29,444)	-13.9%	182,315	-	0.0%
Contracted Services	877,989	995,469	117,480	13.4%	995,469	-	0.0%
Total	\$ 3,841,792	\$ 4,037,535	\$ 195,743	5.1%	\$ 4,243,295	\$ 205,760	5.1%

OFFICE OF THE CHIEF ECONOMIST: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	8.0	8.0	-	-	8.0	-	-
Employee Compensation	2,307,745	2,347,767	40,022	1.7%	2,429,318	81,550	3.5%
Salaries	1,651,843	1,679,964	28,121	1.7%	1,743,206	63,242	3.8%
Benefits	655,902	667,803	11,901	1.8%	686,112	18,309	2.7%
Travel	20,000	20,000	-	0.0%	20,000	-	0.0%
Rent /Comm/Util	4,200	4,200	-	0.0%	4,200	-	0.0%
Administrative	203,422	210,230	6,808	3.3%	210,230	-	0.0%
Contracted Services	4,314	4,314	-	0.0%	4,314	-	0.0%
Total	\$ 2,539,681	\$ 2,586,511	\$ 46,830	1.8%	\$ 2,668,062	\$ 81,550	3.2%

OFFICE OF CONSUMER FINANCIAL PROTECTION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	28.0	30.0	2.0	7.1%	30.0	-	-
Employee Compensation	6,121,934	6,644,152	522,218	8.5%	7,092,991	448,839	6.8%
Salaries	4,313,417	4,664,683	351,266	8.1%	5,000,283	335,600	7.2%
Benefits	1,808,517	1,979,469	170,952	9.5%	2,092,708	113,239	5.7%
Travel	343,547	241,437	(102,110)	-29.7%	241,437	-	0.0%
Rent /Comm/Util	42,150	42,543	393	0.9%	42,543	-	0.0%
Administrative	27,430	23,880	(3,550)	-12.9%	23,880	-	0.0%
Contracted Services	71,100	360,500	289,400	407.0%	360,500	-	0.0%
Total	\$ 6,606,161	\$ 7,312,512	\$ 706,351	10.7%	\$ 7,761,351	\$ 448,839	6.1%

Note: Minor rounding differences may occur in totals.



OFFICE OF THE CHIEF FINANCIAL OFFICER: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	53.0	54.0	1.0	1.9%	54.0	-	-
Employee Compensation	13,783,003	14,509,278	726,274	5.3%	15,034,432	525,155	3.6%
Salaries	9,694,453	10,390,006	695,553	7.2%	10,788,655	398,649	3.8%
OCFO	8,455,870	8,750,156	294,286	3.5%	9,148,805	398,649	4.6%
Crosscutting	1,238,583	1,639,850	401,267	32.4%	1,639,850	-	0.0%
Benefits	4,088,550	4,119,272	30,721	0.8%	4,245,777	126,505	3.1%
OCFO	3,582,550	3,703,765	121,214	3.4%	3,830,270	126,505	3.4%
Crosscutting	506,000	415,507	(90,493)	-17.9%	415,507	-	0.0%
Travel	180,000	100,000	(80,000)	-44.4%	100,000	-	0.0%
OCFO	40,000	100,000	60,000	150.0%	100,000	-	0.0%
Rent /Comm/Util	684,705	1,458,000	773,295	112.9%	1,458,000	-	0.0%
OCFO	674,705	1,458,000	783,295	116.1%	1,458,000	-	0.0%
Administrative	1,747,900	2,030,000	282,100	16.1%	2,030,000	-	0.0%
OCFO	637,900	680,000	42,100	6.6%	680,000	-	0.0%
Crosscutting	1,110,000	1,350,000	240,000	21.6%	1,350,000	-	0.0%
Contracted Services	(15,167,321)	(9,461,559)	5,705,762	-37.6%	8,538,441	18,000,000	-190.2%
OCFO	7,892,679	8,538,441	645,762	8.2%	8,538,441	-	0.0%
Crosscutting	(23,060,000)	(18,000,000)	5,060,000	-21.9%		18,000,000	-100.0%
Total	\$ 1,228,287	\$ 8,635,719	\$ 7,407,431	603.1%	\$ 27,160,873	\$ 18,525,155	214.5%
OCFO Total	21,283,704	23,230,362	1,946,657	9.1%	23,755,516	525,155	2.3%
Crosscutting	(20,055,417)	(14,594,643)	5,460,774	-27.2%	3,405,357	18,000,000	-123.3%

OFFICE OF THE CHIEF INFORMATION OFFICER: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	45.0	45.0	-	-	45.0	-	-
Employee Compensation	11,587,343	11,882,390	295,046	2.5%	12,293,304	410,915	3.5%
Salaries	8,236,674	8,427,312	190,638	2.3%	8,744,556	317,244	3.8%
Benefits	3,350,670	3,455,078	104,408	3.1%	3,548,748	93,670	2.7%
Travel	60,000	110,000	50,000	83.3%	110,000	-	0.0%
Rent /Comm/Util	2,906,500	2,753,863	(152,637)	-5.3%	2,753,863	-	0.0%
Administrative	30,000	30,000	-	0.0%	30,000	-	0.0%
Contracted Services	38,562,773	41,308,244	2,745,471	7.1%	42,408,244	1,100,000	2.7%
Total	\$ 53,146,616	\$ 56,084,497	\$ 2,937,881	5.5%	\$ 57,595,411	\$ 1,510,915	2.7%

Note: Minor rounding differences may occur in totals.



OFFICE OF NATIONAL EXAMINATIONS AND SUPERVISION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	50.0	51.0	1.0	2.0%	55.0	4.0	7.8%
Employee Compensation	12,652,680	13,215,682	563,002	4.4%	14,655,279	1,439,597	10.9%
Salaries	8,898,368	9,314,393	416,025	4.7%	10,388,152	1,073,759	11.5%
Benefits	3,754,313	3,901,289	146,976	3.9%	4,267,127	365,838	9.4%
Travel	927,000	1,125,000	198,000	21.4%	1,125,000	-	0.0%
Rent /Comm/Util	24,500	34,400	9,900	40.4%	34,400	-	0.0%
Administrative	41,595	61,950	20,355	48.9%	61,950	-	0.0%
Contracted Services	282,100	309,009	26,909	9.5%	309,009	-	0.0%
Total	\$ 13,927,875	\$ 14,746,041	\$ 818,166	5.9%	\$ 16,185,638	\$ 1,439,597	9.8%

OFFICE OF CREDIT UNION RESOURCE AND EXPANSION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	36.0	38.0	2.0	5.6%	38.0	-	-
Employee Compensation	8,096,403	8,490,944	394,541	4.9%	8,800,179	309,235	3.6%
Salaries	5,674,287	5,953,921	279,633	4.9%	6,189,491	235,571	4.0%
Benefits	2,422,116	2,537,023	114,908	4.7%	2,610,687	73,664	2.9%
Travel	372,000	300,000	(72,000)	-19.4%	300,000	-	0.0%
Rent /Comm/Util	33,000	42,000	9,000	27.3%	42,000	-	0.0%
Administrative	38,000	42,000	4,000	10.5%	42,000	-	0.0%
Contracted Services	628,000	491,000	(137,000)	-21.8%	491,000	-	0.0%
Total	\$ 9,167,403	\$ 9,365,944	\$ 198,541	2.2%	\$ 9,675,179	\$ 309,235	3.3%

OFFICE OF EXAMINATION AND INSURANCE: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	48.0	52.0	4.0	8.3%	52.0	-	-
Employee Compensation	12,322,892	13,404,524	1,081,632	8.8%	14,341,215	936,691	7.0%
Salaries	8,740,497	9,537,130	796,633	9.1%	10,246,880	709,750	7.4%
Benefits	3,582,395	3,867,393	284,999	8.0%	4,094,334	226,941	5.9%
Travel	809,425	638,068	(171,357)	-21.2%	638,068	-	0.0%
Rent /Comm/Util	28,940	41,100	12,160	42.0%	41,100	-	0.0%
Administrative	513,912	428,164	(85,748)	-16.7%	428,164	-	0.0%
Contracted Services	1,123,880	1,591,023	467,143	41.6%	1,591,023	-	0.0%
Total	\$ 14,799,048	\$ 16,102,879	\$ 1,303,830	8.8%	\$ 17,039,570	\$ 936,691	5.8%

Note: Minor rounding differences may occur in totals.



OFFICE OF GENERAL COUNSEL: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	45.0	46.0	1.0	2.2%	46.0	-	-
Employee Compensation	12,658,940	13,248,880	589,940	4.7%	13,711,181	462,301	3.5%
Salaries	9,054,019	9,489,528	435,509	4.8%	9,846,759	357,231	3.8%
Benefits	3,604,921	3,759,352	154,432	4.3%	3,864,422	105,069	2.8%
Travel	150,000	100,000	(50,000)	-33.3%	100,000	-	0.0%
Rent /Comm/Util	14,000	10,000	(4,000)	-28.6%	10,000	-	0.0%
Administrative	5,000	7,000	2,000	40%	7,000	-	0.0%
Contracted Services	397,000	415,000	18,000	4.5%	415,000	-	0.0%
Total	\$ 13,224,940	\$ 13,780,880	\$ 555,940	4.2%	\$ 14,243,181	\$ 462,301	3.4%

OFFICE OF HUMAN RESOURCES: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	44.0	45.0	1.0	2.3%	45.0	-	-
Employee Compensation	11,040,194	11,860,037	819,843	7.4%	12,228,126	368,089	3.1%
Salaries	7,028,848	7,577,672	548,824	7.8%	7,859,925	282,253	3.7%
Benefits	4,011,346	4,282,365	271,020	6.8%	4,368,201	85,835	2.0%
Travel	1,180,000	3,066,000	1,886,000	159.8%	1,736,000	(1,330,000)	-43.4%
Rent /Comm/Util	59,500	409,700	350,200	588.6%	149,700	(260,000)	-63.5%
Administrative	714,000	1,150,100	436,100	61.1%	958,200	(191,900)	-16.7%
Contracted Services	3,236,275	4,038,253	801,978	24.8%	4,338,253	300,000	7.4%
Total	\$ 16,229,969	\$ 20,524,090	\$ 4,294,121	26.5%	\$ 19,410,279	\$ (1,113,811)	-5.4%

OFFICE OF EXTERNAL AFFAIRS AND COMMUNICATION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	14.0	14.0	-	-	14.0	-	-
Employee Compensation	3,306,201	3,455,676	149,475	4.5%	3,574,994	119,318	3.5%
Salaries	2,343,353	2,439,214	95,861	4.1%	2,530,623	91,409	3.7%
Benefits	962,847	1,016,461	53,614	5.6%	1,044,370	27,909	2.7%
Travel	102,000	117,000	15,000	14.7%	117,000	-	0.0%
Rent /Comm/Util	38,900	38,500	(400)	-1.0%	38,500	-	0.0%
Administrative	98,000	108,900	10,900	11.1%	108,900	-	0.0%
Contracted Services	1,655,500	1,744,000	88,500	5.3%	1,744,000	-	0.0%
Total	\$ 5,200,601	\$ 5,464,076	\$ 263,475	5.1%	\$ 5,583,394	\$ 119,318	2.2%

Note: Minor rounding differences may occur in totals.



EASTERN REGION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	281.0	266.0	(15.0)	-5.3%	273.0	7.0	2.6%
Employee Compensation	53,530,699	51,962,216	(1,568,482)	-2.9%	56,212,925	4,250,709	8.2%
Salaries	36,764,457	35,500,474	(1,263,982)	-3.4%	38,318,678	2,818,204	7.9%
Benefits	16,766,242	16,461,742	(304,500)	-1.8%	17,894,247	1,432,505	8.7%
Travel	4,386,000	4,814,000	428,000	9.8%	5,197,400	383,400	8.0%
Rent /Comm/Util	262,868	236,850	(26,018)	-9.9%	236,850	-	0.0%
Administrative	221,103	226,620	5,517	2.5%	226,620	-	0.0%
Contracted Services	172,000	137,985	(34,015)	-19.8%	137,985	-	0.0%
Total	\$ 58,572,669	\$ 57,377,671	\$ (1,194,998)	-2.0%	\$ 62,011,780	\$ 4,634,109	8.1%

SOUTHERN REGION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	228.0	228.0	-	-	233.0	5.0	2.2%
Employee Compensation	42,844,294	42,880,346	36,052	0.1%	46,713,003	3,832,656	8.9%
Salaries	29,293,325	29,080,907	(212,418)	-0.7%	31,595,185	2,514,277	8.6%
Benefits	13,550,969	13,799,439	248,470	1.8%	15,117,818	1,318,379	9.6%
Travel	4,216,912	5,764,512	1,547,600	36.7%	6,147,812	383,300	6.6%
Rent /Comm/Util	318,000	369,670	51,670	16.2%	369,670	-	0.0%
Administrative	209,254	259,173	49,919	23.9%	259,173	-	0.0%
Contracted Services	431,350	258,765	(172,585)	-40.0%	258,765	-	0.0%
Total	\$48,019,810	\$49,532,466	\$1,512,656	3.2%	\$53,748,422	\$4,215,956	8.5%

WESTERN REGION: 2023–2024 BUDGET SUMMARY

	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	243.0	246.0	3.0	1.2%	251.0	5.0	2.0%
Employee Compensation	44,809,863	48,091,550	3,281,686	7.3%	51,959,308	3,867,759	8.0%
Salaries	30,658,633	32,803,198	2,144,564	7.0%	35,398,945	2,595,748	7.9%
Benefits	14,151,230	15,288,352	1,137,122	8.0%	16,560,363	1,272,011	8.3%
Travel	4,884,000	6,049,000	1,165,000	23.9%	6,432,300	383,300	6.3%
Rent /Comm/Util	648,500	712,000	63,500	9.8%	712,000	-	0.0%
Administrative	261,200	193,200	(68,000)	-26.0%	193,200	-	0.0%
Contracted Services	226,000	206,000	(20,000)	-8.8%	206,000	-	0.0%
Total	\$50,829,563	\$55,251,750	\$4,422,187	8.7%	\$59,502,808	\$4,251,059	7.7%

Note: Minor rounding differences may occur in totals.



ASSET MANAGEMENT AND ASSISTANCE CENTER 2023–2024 BUDGET SUMMARY							
	2022 Board Approved Budget	2023 Requested Budget	2022–2023 Change	Change Percent	2024 Requested Budget	2023–2024 Change	Change Percent
Positions	0.0	22.0	22.0	100.0%	22.0	-	-
Employee Compensation		5,024,744	5,024,744	-	5,201,424	176,680	3.5%
Salaries		3,520,833	3,520,833	-	3,656,009	135,175	3.8%
Benefits		1,503,911	1,503,911	-	1,545,416	41,505	2.8%
Travel		139,200	139,200	-	139,200	-	0.0%
Rent /Comm/Util		15,015	15,015	-	15,015	-	0.0%
Administrative		45,425	45,425	-	45,425	-	0.0%
Contracted Services		118,500	118,500	-	118,500	-	0.0%
Total	\$ -	\$ 5,342,884	\$ 5,342,884	-	\$ 5,519,564	\$ 176,680	3.3%

Note: Minor rounding differences may occur in totals.



Appendix B: Capital Projects

NATIONAL CREDIT UNION ADMINISTRATION: CAPITAL INVESTMENT PROJECTS			
Description	2022 Board Approved	2023 Requested	2024 Requested
Information Technology Investments			
Executive Order on Cybersecurity	\$ 1,400,000	\$ 3,070,000	\$ 3,741,000
Continuous Diagnostics and Mitigation (CDM)	\$ -	\$ 520,000	\$ -
Information Technology Infrastructure, Platform and Security Refresh	\$ 1,600,000	\$ 3,139,000	\$ -
Examination and Supervision Solution and Infrastructure Hosting	\$ 875,000	\$ 713,000	\$ 641,000
Enterprise Systems Modernization (ESM) Data Reporting Services	\$ 739,000	\$ 790,000	\$ 805,000
Enterprise Data Program	\$ 350,000	\$ 350,000	\$ 200,000
Consumer Access Process and Reporting Information System (CAPRIS)	\$ -	\$ 400,000	\$ -
Mobile Device Refresh	\$ -	\$ 959,000	\$ -
Enhanced Testing Capability	\$ -	\$ 250,000	\$ -
Independent Verification and Validation (IV&V) Testing Team	\$ -	\$ 466,000	\$ -
NCUA Website Development	\$ 100,000	\$ 100,000	\$ 100,000
Data Collection and Sharing Solution	\$ -	\$ -	\$ 1,100,000
System Updates for Significant Regulatory Changes	\$ 1,000,000	\$ -	\$ -
CU Locator and Research a Credit Union Updates	\$ 240,000	\$ -	\$ -
Anticipated Additional Software Development Investments	\$ -	\$ -	\$ 4,170,000
Enterprise Laptop Lease	\$ 5,000,000	\$ -	\$ -
Hybrid Work Environment (Conference room and equipment upgrades)	\$ 265,000	\$ -	\$ -
Total, Information Technology Investments	\$ 11,569,000	\$ 10,757,000	\$ 10,757,000
Capital building improvements and repairs			
Central Office maintenance and repair	\$ -	\$ 472,000	\$ 477,000
Central Office HVAC System Replacement	\$ 1,500,000	\$ -	\$ -
Total, Capital building improvements and repairs	\$ 1,500,000	\$ 472,000	\$ 477,000
Grand Total, Capital Projects	\$ 13,069,000	\$ 11,229,000	\$ 11,234,000



Project name	Executive Order on Improving the Nation’s Cybersecurity					
Project sponsor	Office of the Chief Information Officer					
Customers/ beneficiaries	Internal: All NCUA External: All Credit Unions					
Budget	\$ in thousands	2022	2023	2024	2025*	2026*
	Acquisition	\$1,400	\$3,070	\$3,741	TBD	TBD
	Operations and Maintenance				TBD	TBD
	*Estimated budget for 2025 and beyond is “TBD” because investments will depend on the results of the gap analysis, which is scheduled to be completed by the end of 2022.					
Link to NCUA strategic goals	Goal 3: Maximize organizational performance to enable mission success. This multi-year capital investment will enable the NCUA to comply with Executive Order 14028, helping the NCUA achieve strategic objective 3.2, to “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.”					
Project description	The purpose of the Executive Order on Cybersecurity capital investment is to ensure the NCUA complies with Executive Order 14028, <i>Improving the Nation’s Cybersecurity</i> . The project will enable the appropriate applications to use multi-factor authentication, implement a zero-trust architecture for the NCUA’s infrastructure and applications, and shift computing and storage resources from on-premise to a cloud service provider.					



Project name	Continuous Diagnostics and Mitigation					
Project sponsor	Office of the Chief Information Officer					
Customers/ beneficiaries	Internal: All NCUA					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$0	\$520	\$0	\$0	\$0
	Operations and Maintenance	\$0	\$0	\$150	\$150	\$150
Link to NCUA strategic goals	<u>Goal 3: Maximize organizational performance to enable mission success.</u> This capital investment will help the NCUA achieve strategic objective 3.2, to “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data” by maturing agency cybersecurity programs and protections and promoting a cybersecurity risk-awareness culture.					
Project description	The objective of the Continuous Diagnostics and Mitigation project is to enhance the overall security posture of the NCUA with capabilities to monitor vulnerabilities and threats in near real-time. This is achieved by implementing capabilities and technical controls to identify what is on the network, who is on the network, what is happening on the network, and to protect data in use, transit, and at rest. Near-real-time monitoring increases situational awareness and will allow the NCUA to prioritize actions to mitigate or accept cybersecurity risks based on the potential impact to the NCUA mission. Specific capabilities planned for delivery in 2023 include a cyber threat intelligence and information sharing platform and tools to continually assess and develop the knowledge, skills, and competencies of the NCUA’s cybersecurity workforce. A cyber threat intelligence and information sharing platform is essential for the NCUA to identify threat actors and campaigns that are targeting the NCUA, mitigate the risks, and get ahead of cyber threat actors and respond faster to internal NCUA incidents. The cyber workforce development effort will conduct cybersecurity diagnostic assessments to provide insight into overall employee skill gaps and offer prescriptive guidance for training. The initiative will also include cyber risk seminars for NCUA executives and executive-level cyber crisis tabletop exercises.					



Project name	Information Technology Infrastructure, Platform, and Security Refresh					
Project sponsor	Office of the Chief Information Officer					
Customers/ beneficiaries	All NCUA					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$1,600	\$3,139	\$0	\$0	\$0
	Operations and Maintenance	\$1,068	\$1,068	\$0	\$0	\$0
Link to NCUA strategic goals	<u>Goal 3: Maximize organizational performance to enable mission success.</u> This capital investment will help the NCUA achieve strategic objective 3.2, to “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data” by identifying and implementing service improvements to replace end-of-life and unsupported systems currently in place at the NCUA. This investment reduces the impact of continuing to leverage services with increased risk of vulnerabilities and/or agency mission impacting outages by implementing more secure and user enhanced services.					
Project description	This project will refresh network and platform hardware, as well as migrate new infrastructure, application, and workload components to the cloud. Investment in these projects ensures business continuity and efficient operations by improving system availability and stability. Projects include refreshing hardware, software, customer facing devices, and the professional services required to migrate and harden the information technology services for production readiness.					



Project name	MERIT Enhancements					
Project sponsor	Office of Business Innovation and Office of the Chief Information Officer					
Customers/ beneficiaries	Internal: E&I, ONES, All Field Program Offices, OCIO, CURE, OHR, and OCFP External: Credit Unions, State Supervisory Authorities (SSAs)					
Budget	\$ in thousands	2022*	2023**	2024	2025	2026
	Acquisition	\$875	\$713	\$641	\$2,511	TBD
	Operations and Maintenance	\$11,322	\$12,029	\$13,762	\$13,180	TBD
	*An additional \$200K in acquisitions was funded in the 2022 Share Insurance Fund Administrative Budget to support SSA data feeds. **An additional \$216K in acquisitions is funded in the 2023 Share Insurance Fund Administrative Budget to move the PartnerGateway to NCUA Connect.					
Link to NCUA strategic goals	<u>Goal 1: Ensure a safe, sound and viable system of cooperative credit that protects consumers.</u> The Examination and Supervision Solution (ESS), commonly called MERIT, will enable credit union examiners to fulfill NCUA strategic objective 1.2, “provide effective and efficient supervision,” by providing a more effective and secure examination tool. <u>Goal 3: Maximize organizational performance to enable mission success.</u> ESS will enable credit union examiners to perform their work more efficiently, helping the NCUA achieve strategic objective 3.2, “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.”					
Project description	In 2022, the NCUA continued to invest in the MERIT tool and its related suite of examination and supervision solutions tools (e.g., NCUA Connect, DEXA, Admin Portal) to support user adoption. Program investments were used to fix priority system bugs and improve overall user experience; incorporate additional legacy applications into the NCUA Connect system to meet multi-factor authentication security requirements; upgrade platforms to enhance security controls and achieve Section 508 compliance; and deploy new functionality such as improved data access for SSAs. In 2023, the NCUA will make additional MERIT data available in the Enterprise Central Data Repository to enhance field operations and enable future self-service reporting and business intelligence analysis as part of the Data Reporting Solution program. Additionally, the 2023 capital investments will be used to transition SSA access to MERIT from the PartnerGateway to NCUA Connect, removing service					



duplication, streamlining SSA system access, and ensuring that security controls meet FedRAMP standards.

The NCUA’s 2024 capital investments will expand NCUA staff access to examination data and integrate the NCUA’s Information Security Examination Program tool with MERIT, which will transfer the tool’s data into MERIT to save staff time.



Project name	Data Reporting Solution (DRS)					
Project sponsor	Office of Business Innovation and Office of the Chief Information Officer					
Customers/ beneficiaries	Internal: All NCUA Offices External: N/A					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$739	\$790	\$805	\$550	\$550
	Operations and Maintenance	\$0	\$133	\$133	\$133	\$133
Link to NCUA strategic goals	<u>Goal 1: Ensure a safe, sound, and viable system of cooperative credit that protects consumers.</u> The DRS will enable agency staff to better fulfill their responsibility to “provide effective and efficient supervision,” which is NCUA strategic objective 1.2. This will provide staff with a modern, self-service business intelligence environment enabling more responsive, powerful, and innovative data analysis and reporting capabilities. <u>Goal 3: Maximize organizational performance to enable mission success.</u> The DRS will enable agency staff to perform their work more effectively and efficiently, helping the NCUA achieve strategic objective 3.2, “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.” It will provide a modern business intelligence data environment designed to meet the self-service capability and analytic needs of staff across the agency for efficient and effective data access, use, collaboration, and communication.					
Project description	The Data Reporting Solution is part of the NCUA’s Enterprise Solution Modernization program. DRS is focused on implementing a business intelligence solution for enhanced data access, integrity, analytics, and reporting. The Enterprise Data Program provides leadership on business and governance process needs for DRS. DRS’ data-related investments iteratively build towards the objective of integrating the NCUA’s legacy enterprise data and new MERIT data into structures that can be leveraged by the business for self-service development of reporting and analytic work products. NCUA’s 2020 data maturity assessment confirmed the need for improved access and functionality in using data, with a strong desire for a common, self-service business intelligence capability for efficient and effective use by staff. DRS will provide a modern self-service business intelligence tool for the enterprise, as well as access to data to enable staff to utilize the tool efficiently and effectively.					



DRS leverages other key modernization initiatives — the Enterprise Central Data Repository (ECDR), which is the new enterprise data integration point and platform to support data and analytic initiatives, as well as expanded examination data in MERIT, the NCUA’s new examination platform.

- Delivering a new business intelligence environment will require an iterative delivery of new functionality, including:
- Deploying an enterprise business intelligence tool (*e.g.*, tool access, data access, and training) for to business data staff to use with the legacy data environment.
- Developing new analytic data structures in the ECDR designed and organized for increased business value and self-service.
 - The initial data set necessary to address many NCUA reporting and analytic use cases (focused largely on available exam and call report data) will be a subset of NCUA’s enterprise data.
 - Iterative ongoing development will continue to incorporate additional enterprise data over time, based on prioritization of available data.
- Iteratively transitioning the business intelligence tool data sources from legacy to newly developed ECDR-based analytic data structures optimized and validated for business use.
- Integrating MERIT exam data into the ECDR so it is ready to incorporate into the new analytic data structures for self-service.
- Obtaining and implementing metadata management software to provide a business data glossary, quality, lineage, and governance functionality.
- Sunsetting, repointing (to new analytic data sources in ECDR), and recreating key legacy enterprise reports.
- Maintaining the new analytic data structures as part of the ECDR environment, as well as the licensing to enable enterprise-level functionality of the business intelligence tool, and the metadata management solution.



Project name	Enterprise Data Program (EDP) <i>formerly Enterprise Data Analytics, Governance and Reporting Services</i>					
Project sponsor	Office of Business Innovation					
Customers/ beneficiaries	Internal: All NCUA Offices External: N/A					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$350	\$350	\$200	\$200	\$200
	Operations and Maintenance	\$0	\$0	\$150	\$150	\$150
Link to NCUA strategic goals	<u>Goal 1: Ensure a safe, sound, and viable system of cooperative credit that protects consumers.</u> The EDP will enable agency staff to better fulfill their responsibility to “provide effective and efficient supervision,” which is NCUA strategic objective 1.2, by maturing data management practices in order to ensure the use of high-quality data in operations, reporting, and analytics. <u>Goal 3: Maximize organizational performance to enable mission success.</u> The EDP will enable agency staff to perform their work more effectively and efficiently, helping the NCUA achieve strategic objective 3.2, “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data” by managing enterprise data via effective collaboration among stakeholders on new data standards — as the data lifecycle involves offices across the agency.					
Project description	The NCUA’s Chief Data Officer leads the EDP. The primary goal is to enable the NCUA to manage enterprise data as a strategic asset through its full lifecycle. The program focus is to improve the agency’s effectiveness by maturing data management practices to ensure the use of high-quality data in operations, reporting, and analytics. This is a highly collaborative effort to facilitate alignment across offices and performance of data-related work. Additionally, the EDP provides the overall business leadership and strategic direction for the DRS as part of the NCUA’s Enterprise Solution Modernization Program. The EDP reduces risks facing the current data environment and improves the NCUA’s overall reporting and data analysis capabilities. This will be accomplished through governed data and as well as a governed self-service business intelligence capability to conduct risk analysis and target exams and supervision where needed to enhance the agency’s ability to adapt to institution and industry conditions.					



Project name	Consumer Access Process and Reporting Information System (CAPRIS)					
Project sponsor	Office of Credit Union Resource Expansion (CURE)					
Customers/ beneficiaries	Internal: CURE External: Credit unions					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$0	\$400	\$0	\$0	\$0
	Operations and Maintenance	\$0	\$0	\$0	\$0	\$0
Link to NCUA strategic goals	<u>Goal 2: Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services.</u> The CAPRIS upgrade project will ensure that the CAPRIS system can be used by credit unions that request adding occupational and associational groups of more than 3,000 potential members to their field of membership. Streamlining process for credit unions to change their field of membership will help achieve strategic objective 2.1 “enhance consumer access to affordable, fair, and federally insured financial products and services.”					
Project description	CAPRIS is the application that replaced the legacy GENISIS and FOMIA systems that credit unions used to request changes to field of membership, which were then reviewed and processed by the CURE staff. The expanded CAPRIS system will process all occupational and associational common bond groups regardless of potential membership size. Currently, credit unions use the paper-based Form 4015 and Form 4015A to request the addition of groups greater than 3,000 potential members to their field of membership. CURE staff reviews and processes these requests manually. Since 2018, 353 groups with a potential membership of 33.9 million were requested, reviewed, and processed manually. This software upgrade will allow credit unions to request any occupational and associational groups greater than 3,000 potential members through the CAPRIS application. Having the ability to process and review groups of any size through CAPRIS will reduce administrative burden for credit unions and increase processing efficiencies. In addition, credit unions will be able to utilize the CAPRIS document upload and library feature, which will save time as waiting for documents is often the most time-consuming part of adding a group to a multiple common-bond credit union’s field of membership.					



Project name	Mobile Device Refresh					
Project sponsor	Office of the Chief Information Officer					
Customers/ beneficiaries	NCUA Staff					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$0	\$959	\$0	\$0	\$0
	Operations and Maintenance	\$0	\$0	\$0	\$0	\$0
Link to NCUA strategic goals	<u>Goal 3: Maximize organizational performance to enable mission success.</u> This project will help the NCUA achieve strategic objective 3.2 “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.” Replacing the NCUA’s fleet of outdated and out of support mobile devices will minimize the risk of downtime and device failure often associated with older devices and telecommunications technologies. NCUA employees will get mobile devices that can leverage the advantages of new 5G networks and will improve connectivity to NCUA’s modernized applications and infrastructure. The new devices will provide staff with enhanced functionality and improved security features that will increase user productivity and mobility.					
Project description	The purpose of the Mobile Device Refresh is to replace the outdated or out of support mobile devices currently used by the NCUA’s staff. The new mobile devices will be more secure and compatible with current technologies.					



Project name	Enhanced Testing Capability					
Project sponsor	Office of the Chief Information Officer (OCIO)					
Customers/ beneficiaries	Internal: All NCUA offices External: Credit unions and the public					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$0	\$250	\$0	\$0	\$0
	Operations and Maintenance	\$0	\$0	\$255	\$0	\$0
Link to NCUA strategic goals	<u>Goal 1: Ensure a safe, sound, and viable system of cooperative credit that protects consumers.</u> The enhanced testing capability will enable agency staff to better fulfill their responsibility to “provide effective and efficient supervision,” which is NCUA strategic objective 1.2, by providing high-quality, low-defect, and secure applications to support examination and supervision functions. <u>Goal 3: Maximize organizational performance to enable mission success.</u> The enhanced testing capability will enable agency staff to perform their work more effectively and efficiently, helping the NCUA achieve strategic objective 3.2, “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data” by providing high-quality, low-defect, and secure applications that enable mission support and examination and supervision functions.					
Project description	The NCUA’s software applications are developed and maintained in accordance with the OCIO-approved software development lifecycle and undergo a full range of quality assurance reviews to ensure they meet functional, performance, and security standards. This project will invest in additional testing resources to improve the quality of the NCUA’s applications and to meet the needs of a growing application portfolio by building out and executing additional test cases for NCUA applications.					



Project name	Independent Verification and Validation (IV&V) Testing Team					
Project sponsor	Office of the Chief Information Officer (OCIO)					
Customers/ beneficiaries	Internal: All NCUA offices External: Credit unions and the public					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$0	\$466	\$0	\$0	\$0
	Operations and Maintenance	\$0	\$0	\$475	\$485	\$496
Link to NCUA strategic goals	<u>Goal 1: Ensure a safe, sound, and viable system of cooperative credit that protects consumers.</u> The IV&V testing team will enable agency staff to better fulfill their responsibility to “provide effective and efficient supervision,” which is NCUA strategic objective 1.2, by providing high-quality, low-defect, and secure applications to support examination and supervision functions. <u>Goal 3: Maximize organizational performance to enable mission success.</u> The IV&V testing team will enable agency staff to perform their work more effectively and efficiently, helping the NCUA achieve strategic objective 3.2, “Deliver improved business processes supported by secure, innovative, and reliable technology solutions and data” by providing high-quality, low-defect, and secure applications that enable mission support and examination and supervision functions.					
Project description	NCUA applications are developed and maintained in accordance with the OCIO-approved software development lifecycle and undergo a full range of quality assurance reviews to ensure they meet functional, performance, and security standards. To improve the quality of the NCUA’s applications, an independent team of IV&V testers will provide an unbiased review to ensure that implemented software meets requirements. The IV&V team will confirm that requirements are correctly defined and systems adequately implement the required business functionality and security requirements. This team will perform comprehensive reviews, analyses, and testing to ensure system quality.					



Project name	NCUA Website Development					
Project sponsor	Office of External Affairs and Communications (OEAC)					
Customers/ beneficiaries	NCUA and Website Users (internal and external)					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$100	\$100	\$100	\$100	\$100
Link to NCUA strategic goals	<u>Goal 3: Maximize organizational performance to enable mission success.</u> The website updates and merger project will help the NCUA achieve strategic objective 3.2, which is to “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.” The project’s gated content solution will allow the agency to host online conferences rather than procuring an outside vendor on a per event basis. Additionally, the NCUA is considering whether to consolidate MyCreditUnion.gov into NCUA.gov.					
Project description	The NCUA is developing a gated content solution for specific NCUA.gov audiences that provides a level of privacy and security for accessing information, such as conference materials, by requiring a login and password similar to other remote and virtual conference systems. The NCUA web operations team is also considering whether to consolidate and migrate MyCreditUnion.gov into NCUA.gov/Consumers to improve user experiences, enhance functionality, reduce duplication of efforts, and promote greater NCUA brand cohesion.					



Project name	Headquarters Minor Construction and Maintenance Projects					
Project sponsor	Office of the Chief Financial Officer					
Customers/ beneficiaries	Internal: All NCUA headquarters building occupants External: All NCUA headquarters building visitors					
Budget	\$ in thousands	2022	2023	2024	2025	2026
	Acquisition	\$247	\$472	\$477	\$480	\$480
	Operations and Maintenance	\$0	\$0	\$0	\$0	\$0
Link to NCUA strategic goals	<u>Goal 3: Maximize organizational performance to enable mission success.</u> Investments in minor construction and maintenance projects will improve facility operations and building efficiency, safety, and functionality at the NCUA’s Central Office building. The headquarters facility was built in 1993 and is 29 years old. The average life span of many building components is between 20 and 25 years. Aged, outdated, and failing building components and systems pose a threat to the performance of the NCUA’s mission. Collectively these investments will maximize organizational performance and enable mission success, for example, by improving building accessibility for NCUA employees and the public through installation of Americans with Disability Act-compliant entryways; conserving natural resources through installation of energy efficient devices and equipment; and protecting and maintaining the building’s exterior and interior finishes.					
Project description	OCFO has completed an assessment of building systems and conditions and has prioritized critical building improvements projects that could be completed incrementally over two or more budget years rather than in a single year, thereby mitigating the potential budgetary impact within a single year, while establishing long-term building management and maintenance needs and cycles for recurring maintenance and replacement of aging building systems and components.					



Project name	Financial Management Process Automation					
Project sponsor	Office of the Chief Financial Officer (OCFO)					
Customers/ beneficiaries	Internal: OCFO External: NCUA Offices					
Budget	\$ in thousands	2022	2023*	2024	2025	2026
	Acquisition	\$0	\$0	\$0	\$0	\$0
	Operations and Maintenance	\$0	\$0	\$0	\$0	\$0
* \$400,000 was provided in the 2020 capital budget for Integrated Financial Management Systems, which is proposed to be repurposed for Financial Management Process Automation in 2023.						
Link to NCUA strategic goals	<u>Strategic Goal 3: Maximize organizational performance to enable mission success.</u> This project is expected to result in more efficient business processes that improve internal controls and enhance accountability, which aligns with the NCUA’s strategic objectives 3.2, which is to “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data,” and 3.3, which is to “ensure sound organizational governance.” OCFO is committed to leveraging and implementing innovative technological solutions that are currently available within the NCUA IT infrastructure and endorsed by the OCIO. This project also supports OCFO efforts as the risk lead for the Agency Controls enterprise risk, to reduce risk in financial reporting.					
Project description	OCFO is directly responsible for the NCUA’s financial operations and reporting. The core accounting system and ancillary financial systems that support these key financial activities lack integration and functionality, resulting in a high volume of manual processes. The 2023 budget refocuses \$400,000 previously approved by the NCUA Board for efforts to implement technology-based solutions to automate manual financial and budgetary processes. The \$400,000 was originally intended to improve financial integration and automation by evaluating options for moving away from the current accounting platform and service hosted by the Enterprise Service Center (ESC), which is part of the Department of Transportation. Since 2020, the ESC has improved its services and systems capabilities and is planning enhancements that could foster and support automation and integration efforts at NCUA. Rather than planning to move away from the ESC platform, the NCUA now expects to better leverage that system and ancillary systems and processes.					



	Planned activities in 2023 include optimizing and prioritizing OCFO financial processes for automation, building technical competencies within the OCFO staff on business intelligence tools, establishing a governance and configuration management structure for these activities, and reducing manual process activity.
--	--