



NCUA
National Credit Union Administration

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Office of the Chief Financial Officer

2021 Midsession Budget Review

2021 Spending Through July

2021 MID-SESSION BUDGET SUMMARY (DRAFT)

(dollars in thousands)						
		2021 Jan-July Results		2021 EOY Projection		
	<u>2021 Budget*</u>	<u>Spent</u>	<u>% Budget Spent</u>	<u>2021 OCFO Projection</u>	<u>Projection vs. Budget</u>	<u>% Change vs. Budget</u>
Operating Budget						
Employee Pay	167,718	93,739	55.9%	165,760	-1,958	-1.2%
Employee Benefits	73,093	41,198	56.4%	72,240	-853	-1.2%
Employee Pay & Benefits.....	240,811	134,937	56.0%	238,000	-2,811	-1.2%
Travel	11,893	808	6.8%	2,000	-9,893	-83.2%
Rent/Communications/Utilities	7,300	6,859	94.0%	7,081	-219	-3.0%
Administrative	5,925	3,755	63.4%	5,332	-593	-10.0%
Contracted Services	48,631	41,492	85.3%	47,172	-1,459	-3.0%
Non-Pay & Benefits.....	73,749	52,914	71.7%	61,585	-12,164	-16.5%
Total, Operating Budget.....	314,560	187,851	59.7%	299,585	-14,975	-4.8%
<i>Authorized Positions.....</i>	<i>1,192</i>			<i>1,192</i>		
<i>On-Board FTE.....</i>		<i>1,153</i>	<i>96.7%</i>	<i>1,168</i>	<i>98.0%</i>	

- Estimated \$2.8M pay and benefits surplus due to lower than authorized staffing levels.
- Estimated \$12.2M in non-pay surplus, mostly due to COVID travel restrictions.
- Combined budget surplus \$15.0M exclusive of any midsession spending approvals and Board-authorized carryover funding from 2020.

* 2021 Budget has been updated for all reprogramming requests approved through 7/31/21.

Status of 2020 Carryover Funding

2020 Carryover Balances Approved by the NCUA Board				
(dollars in thousands)				
Purpose	<u>Carryforward Estimate</u>	<u>Projected 2021 Spending*</u>		<u>Remaining Balance</u>
2021 Travel costs	5,800	---		5,800
2021 COVID-related costs	900	-633		267
2021 - 2022 Surge Workforce	13,800	-6,200		7,600
Total, Carryforward Funds.....	20,500	-6,833		13,667

* Projected spending for Surge Workforce includes estimate for 2022.

- In addition to amounts shown on slide two, the Board also made available up to \$20.5M in 2021 from unspent 2020 balances.
- Of this amount, OCFO estimates that approximately \$6.8M will be required through the end of 2022, leaving a projected surplus balance of \$13.7M.
- The surge workforce is estimated to cost \$6.2M for rehired federal annuitants (\$2.5M) and contractor support (\$3.7M) through 2022. Estimated costs may increase if additional rehired annuitants are brought on board to address emergent issues.
- When combined with the 2021 budget projection, the current total estimated funding surplus is approximately \$28.6M, exclusive of any midsession spending approvals.

Recommended Midsession Staffing Adjustments

- Staff recommends the addition of three (3) cybersecurity-related positions, one (1) position for the Board Secretary, and three (3) positions in the Office of Ethics Counsel.
 - OCIO/Cybersecurity Operations
 - OCIO/Service Delivery Manager
 - OED/Cybersecurity Coordinator
 - OEC/Ethics Attorney (already on board)
 - OEC/Ethics Specialist (hiring in process)
 - OEC/Staff Assistant (pending selection)
 - Board Secretary/Special Assistant to the Board Secretary
- These seven (7) positions will help the NCUA strengthen and coordinate cybersecurity operations, ensure efficient Board operations, and improve the agency's compliance program for employee ethics laws and standards.

Costs for Midsession Staffing Adjustments

- Costs for the new positions in 2021 will be minimal, because they would be hired late in the year, and can be funded from the employee Pay and Benefits budget already approved by the Board for 2021.
- Approximately \$1.9M in full-year compensation costs will need to be included in the 2022 budget for these seven positions.

Recommended Non-Personnel Proposals

Office	Midsession Request	Description
OCIO	\$560,780	Information Security Support: new and additional support for management and implementation of cybersecurity requirements for NCUA systems, services, and data.
OCIO	\$200,000	ESS&IH Third-Party Assessment: an independent review of the ESS&IH infrastructure/applications and security controls.
OCIO	\$146,000	M365 Specialized Resource Support Services: subject matter expert support for Microsoft's Enterprise Mobility Suite and information security.
OHR	\$250,000	Diversity, Equity, and Inclusion Analysis: additional costs for contractor analysis and consultation on the NCUA's diversity, equity, and inclusion policies and practices.
OHR	\$300,000	Compensation Analysis: additional costs for contractor analysis of NCUA compensation plans, including support for upcoming labor contract negotiations.
OCFO	\$939,686	Relocation Funding: additional cost for employee relocations to new duty stations based on hiring selections.
OEAC	\$40,000	Executive Briefings and Analysis support: additional costs for daily, comprehensive, reports that summarize information relevant to the NCUA on the economy and financial services industry.
TOTAL	\$2,436,466	
	\$1,609,823	Board-approved leave payout to liquidate a portion of NCUA's 2021 liabilities for employees' earned leave, reducing anticipated end of year leave balances.
GRAND TOTAL	\$4,046,289	

Summary of Recommendations

(amounts in thousands of dollars)	
Estimated surplus: 2021 budget	14,975
Estimated surplus: 2020 carryover	<u>13,667</u>
Total estimated surplus	28,642
less recommended 2021 midsession proposals	-2,436
less Board-approved leave payout	<u>-1,610</u>
Residual estimated surplus	24,596

- The total estimated surplus funds provided by the Board for 2021 is approximately \$28.6M, absent any spending approvals.
- If the various proposals are approved by the Board, the estimated operating fund budget surplus would be approximately \$24.6M.

Capital Budget

- Capital Budget spending through July is in line with historic patterns, and unspent budget amounts will be used as projects move forward.

NATIONAL CREDIT UNION ADMINISTRATION: CAPITAL INVESTMENT PROJECTS				
Description	2020 Board Approved	2021 Board Approved	2021 Obligated YTD (July)	2021 Balance Available
IT software development investments				
Examination and Supervision Solution and Infrastructure Hosting	\$ 15,782,000	\$ 7,388,000	\$ 5,990,512	\$ 1,397,488
Enterprise Central Data Repository	\$ 1,096,000	\$ 1,626,000	\$ 1,625,998	\$ 2
Enterprise Data Program	\$ 450,000	\$ 350,000	\$ 348,466	\$ 1,534
Asset and Liabilities Management Application	\$ 2,074,000	\$ -	\$ -	\$ -
Enterprise Learning Management System Replacement	\$ 1,000,000	\$ -	\$ -	\$ -
NCUA Website Development	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Performance Management System Replacement	\$ -	\$ 154,000	\$ 153,298	\$ 702
Continuous Diagnostic Mitigation (CDM)	\$ -	\$ 900,000	\$ 27,324	\$ 872,676
Integrated Financial Management System Analysis	\$ 400,000	\$ -	\$ -	\$ -
Microsoft M365 Implementation	\$ -	\$ 1,450,000	\$ 1,386,815	\$ 63,185
Total, IT software development investments	\$ 20,902,000	\$ 11,968,000	\$ 9,532,413	\$ 2,435,587
Other information technology investments				
Enterprise Laptop Lease	\$ 650,000	\$ 807,000	\$ 8,375	\$ 798,625
IT Infrastructure, Platform and Security refresh	\$ 2,000,000	\$ 3,870,000	\$ 1,995,512	\$ 1,874,488
Refresh End of Life VoIP Phone System	\$ -	\$ 950,000	\$ -	\$ 950,000
Total, Other information technology investments	\$ 2,650,000	\$ 5,627,000	\$ 2,003,887	\$ 3,623,113
Capital building improvements and repairs				
Central Office Renovations	\$ 500,000	\$ -	\$ -	\$ -
Central Office HVAC System Replacement	\$ 750,000	\$ 500,000	\$ -	\$ 500,000
Austin, TX Office Building Modernization	\$ 274,000	\$ 750,000	\$ 85,647	\$ 664,353
Total, Capital building improvements and repairs	\$ 1,524,000	\$ 1,250,000	\$ 85,647	\$ 1,164,353
Grand Total, Capital Projects	\$ 25,076,000	\$ 18,845,000	\$ 11,621,947	\$ 7,223,053

Share Insurance Fund Admin. Budget

- OCFO projects a modest surplus in the SIF Administrative Budget because there has been no spending for State examiner training and travel costs due to COVID restrictions.

2021 SHARE INSURANCE FUND ADMINISTRATIVE BUDGET (DRAFT)						
(dollars in thousands)						
		2021 Jan-July Results		OCFO Projection - 2021 EOY		
	<u>2021 Budget*</u>	<u>Spent</u>	<u>% Budget Spent</u>	<u>Projected Spending</u>	<u>\$ Change vs. Budget</u>	<u>% Change vs. Budget</u>
SIF Admin.						
Employee Pay and Benefits	1,500	820	54.7%	1,500	---	---%
Travel	52	---	---%	25	-27	-51.9%
Administrative (NGN Staff Training)	27	---	---%	27	---	---%
<u>Support for NCUA Guaranteed Note Program:</u>						
Consulting	920	817	88.8%	920	---	---%
Valuation Services	875	875	100.0%	875	---	---%
Software/Data Subscriptions	564	533	94.4%	534	-30	-5.3%
Total, Support for NGN program.....	2,359	2,225	94.3%	2,329	-30	-1.3%
<u>Share Insurance Fund Direct Expenses:</u>						
State Examination computer leases	62	---	---%	62	---	---%
State Examiner Training	1,647	-1	-0.1%	20	-1,627	-98.8%
State Supervisory Agencies: MERIT costs	277	276	99.7%	277	---	---%
Analytic tools for large credit union stress tests	1,456	1,331	91.4%	1,441	-15	-1.0%
Financial Audit Support	563	518	92.0%	563	---	---%
Bank Charges	30	---	---%	30	---	---%
AMAC post-charter-cancellation administration	---	---	n/a	---	---	n/a
Total, Direct Expenses.....	4,035	2,124	52.6%	2,393	-1,642	-40.7%
Total, Share Insurance Fund Budget.....	7,973	5,169	64.8%	6,274	-1,699	-21.3%
<i>FTE planned vs. on-board.....</i>	5	5	100.0%	5	---	---%

* 2021 Budget has been updated for all reprogramming requests approved through 7/31/21.

Office Contact

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