



## NATIONAL CREDIT UNION ADMINISTRATION

[NCA-2023-0117]

### The NCUA Staff Draft 2024–2025 Budget Justification

**AGENCY:** National Credit Union Administration (NCUA).

**ACTION:** Notice.

**SUMMARY:** The NCUA’s staff draft “detailed business-type budget” is being made available for public review as required by federal statute. The proposed resources will finance the agency’s annual operations and capital projects, both of which are necessary for the agency to accomplish its mission of protecting the system of cooperative credit and its member-owners through effective chartering, supervision, regulation, and insurance. The briefing schedule and comment instructions are included in the supplementary information section.

**DATES:** Requests to deliver an in-person statement at the November 16, 2023, budget briefing must be received on or before November 8, 2023. Written statements and presentations for those scheduled to appear at the budget briefing must be received on or before 9 a.m. Eastern, November 13, 2023.

Written comments may be submitted by November 21, 2023.

**ADDRESSES:** You may submit comments by any of the following methods (**please send comments by one method only**):

- In-person presentation at public budget briefing: submit requests to deliver a statement at the briefing to [BudgetBriefing@ncua.gov](mailto:BudgetBriefing@ncua.gov) by November 8, 2023. Include your name, title, affiliation, mailing address, email address, and telephone number. The NCUA Board Secretary will inform you by November 9, 2023, if you have been approved to make a presentation. In order to present at the public meeting, you must submit a statement. Your statement must be submitted to

BudgetBriefing@ncua.gov by 9 a.m. Eastern, November 13, 2023. Your presentation must be delivered in person at the public budget briefing. You will be allotted five minutes during the budget briefing to deliver your remarks.

- Written comments without an in-person presentation: submit written comments by November 21, 2023, through the Federal eRulemaking Portal: <https://www.regulations.gov>. The docket number is NCUA-2023-0117. Follow the instructions for submitting comments.
- Copies of the NCUA Draft 2024–2025 Budget Justification and associated materials are also available on the NCUA website at <https://www.ncua.gov/About/Pages/budget-strategic-planning/supplementary-materials.aspx>.

**FOR FURTHER INFORMATION CONTACT:** Eugene H. Schied, Chief Financial Officer, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428 or telephone: (703) 518-6571.

**SUPPLEMENTARY INFORMATION:**

The following itemized list details the sections in this Notice made available for public review:

- I. The NCUA Budget in Brief
- II. Introduction and Strategic Context
- III. Key Themes of the Proposed 2024–2025 Budget
- IV. Operating Budget
- V. Capital Budget
- VI. Share Insurance Fund Administrative Budget
- VII. Financing the NCUA’s Programs
- VIII. Appendix A: Supplemental Budget Information
- IX. Appendix B: Capital Projects

Section 212 of the Economic Growth, Regulatory Relief, and Consumer Protection Act amended 12 U.S.C. 1789(b)(1)(A) to require the NCUA Board (Board) to “on an annual basis and prior to the submission of the detailed business-type budget make publicly available and publish in the Federal Register a draft of the detailed business-type budget.” Although 12 U.S.C. 1789(b)(1)(A) requires publication of a “business-type budget” only for the agency operations arising under the Federal Credit Union Act’s subchapter on insurance activities, in the interest of transparency the Board is providing the NCUA’s entire staff draft budget for 2024-2025 in this Notice.

The staff draft budget details the resources required to support NCUA’s mission. The staff draft budget includes personnel and dollar estimates for three major budget components: (1) the Operating Budget; (2) the Capital Budget; and (3) the Share Insurance Fund Administrative Budget. The resources proposed in the staff draft budget are to carry out the agency’s operations in 2024 and 2025. 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 staff draft budget under delegated authority. The staff draft budget may change based on public comments, Board member decisions, and staff’s ongoing consideration of estimates and programs that impact the budget.

The NCUA Chief Financial Officer will present the staff draft budget at a budget briefing open to the public and scheduled for Thursday, November 16, 2023, at 2:00 p.m. Eastern at the NCUA headquarters building, 1775 Duke Street, Alexandria, Virginia 22314.

Interested parties unable to attend in person may visit the agency’s homepage (<https://www.ncua.gov/>) to access the provided webcast link.

If you wish to participate in the briefing and deliver a statement, you must email a request to [ncua@ncua.gov](mailto:ncua@ncua.gov) by November 8, 2023. Your request must include your name, title, affiliation, mailing address, email address, and telephone number. Statements must be delivered in person at the briefing. The NCUA will work to accommodate as many public statements as possible at the November 16, 2023, budget briefing. The Board Secretary will inform you if you have been approved to make a presentation and you will be allotted five minutes during the budget briefing to deliver your remarks. A written copy of your statement must be delivered to the Board Secretary by email at [ncua@ncua.gov](mailto:ncua@ncua.gov) by 9 a.m. Eastern, November 13, 2023. In addition to delivering their remarks at the budget briefing, registered presenters will be provided the opportunity to ask questions of NCUA staff about the staff draft budget. The initial round of questions will be limited to five minutes per presenter, and one subsequent round of questions, limited to five minutes per presenter, may be permitted by the Chairman if time allows.

Written comments on the staff draft budget will also be accepted by November 21, 2023, through the Federal eRulemaking Portal: <https://www.regulations.gov>. The docket number is NCUA-2023-0117. Commenters should follow the portal instructions for submitting comments.

All comments should provide specific, actionable recommendations about the staff draft budget rather than general remarks. The NCUA Board will review and consider any comments from the public prior to approving the NCUA 2024–2025 budget.

By the National Credit Union Administration Board on October 26, 2023.

**Melane Conyers-Ausbrooks,**

*Secretary of the Board.*

I. The NCUA Budget in Brief

Proposed 2024 and 2025 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 agency’s annual budgets provide 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.<sup>1</sup>

2024–2025 PROPOSED NCUA BUDGET RESOURCES											
Budget	2023 Board Approved Budget	2024 Proposed Budget	Change (2023-2024)	Change Percent (2023-2024)	2025 Proposed Budget	Change (2024-2025)	Change Percent (2024-2025)	2023 Pos*	2024 Pos*	2025 Pos*	Position Change (23–24) (24–25)
Operating Budget	\$ 344,158,000	\$ 382,115,000	\$ 37,957,000	11.0%	\$ 418,870,000	\$ 36,755,000	9.6%	1,220	1,248	1,251	28 3
Capital Budget	\$ 11,276,000	\$ 7,257,000	\$ (4,019,000)	-35.6%	\$ 10,000,000	\$ 2,743,000	37.8%	-	-	-	- -
Share Insurance Fund Admin. Budget	\$ 4,956,000	\$ 5,136,000	\$ 180,000	3.6%	\$ 4,725,000	\$ (411,000)	-8.0%	-	-	-	- -
<b>Total</b>	<b>\$360,390,000</b>	<b>\$394,508,000</b>	<b>\$34,118,000</b>	<b>9.5%</b>	<b>\$433,595,000</b>	<b>\$39,087,000</b>	<b>9.9%</b>	<b>1,220</b>	<b>1,248</b>	<b>1,251</b>	<b>28 3</b>

\* All position levels exclude positions funded by the Central Liquidity Facility (CLF).

The NCUA’s 2024–2025 staff draft budget justification includes three separate budgets: the Operating Budget, the Capital Budget, and the National Credit Union Share Insurance Fund (Share Insurance Fund) Administrative Expenses Budget. Combined, these three budgets total \$394.5 million for 2024, which is \$8.7 million lower than the \$403.2 million 2024 funding level approved by the NCUA Board as part of the two-year 2023–2024 budget.

<sup>1</sup> Budget information presented in this document excludes funding for the Central Liquidity Facility (CLF), which has its own budget reviewed and decided upon separately by the CLF Board.

Three significant factors, when combined, account for most of the 9.5 percent increase in the total budget between 2023 and 2024:

1. A proposed net increase of 11 new positions and incorporating into the 2024 budget 17 existing positions currently unfunded in the 2023 budget.<sup>2</sup> These positions will support critical areas necessary to operate as an effective federal financial regulator capable of addressing a range of emerging issues and increase the 2024 budget by approximately \$5.9 million compared to 2023.
2. An increase of \$18.2 million for current employee compensation in 2024 compared to 2023. This increase accounts for merit pay raises for the NCUA's employees as required by the Collective Bargaining Agreement and expected inflationary cost increases for employee benefits.
3. An increase of \$10.7 million in funding for contracted services for 2024 compared to 2023. Most of the increase in the contracted services category includes funding to address new and evolving operational risks such as cybersecurity threats and for tools used to identify and resolve credit union system risk concerns such as interest rate risk, credit risk, and industry concentration risk. Growth in the contracted services budget category also results from new operations and maintenance costs associated with recent capital investments. Other costs include price inflation for core agency business operation systems such as accounting and payroll processing and various other recurring support costs.

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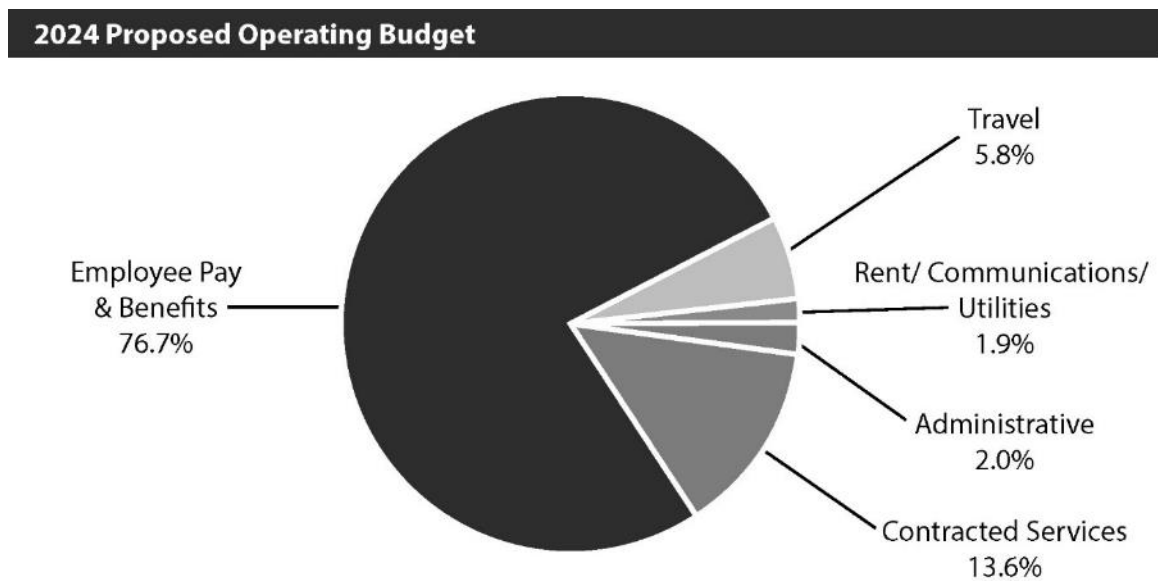
<sup>2</sup> These positions are also known as "overhire" positions and are funded by surplus pay and benefits budgets that result from vacancies.

Recent economic trends, including higher inflation and competitive labor markets, have also contributed to increased costs for the NCUA to conduct its work without a significant degradation in agency capabilities.

*Proposed 2024 Operating Budget: \$382.1 million*

The proposed 2024 Operating Budget increases approximately \$38.0 million, or 11 percent, compared to the 2023 Board-approved Operating Budget.

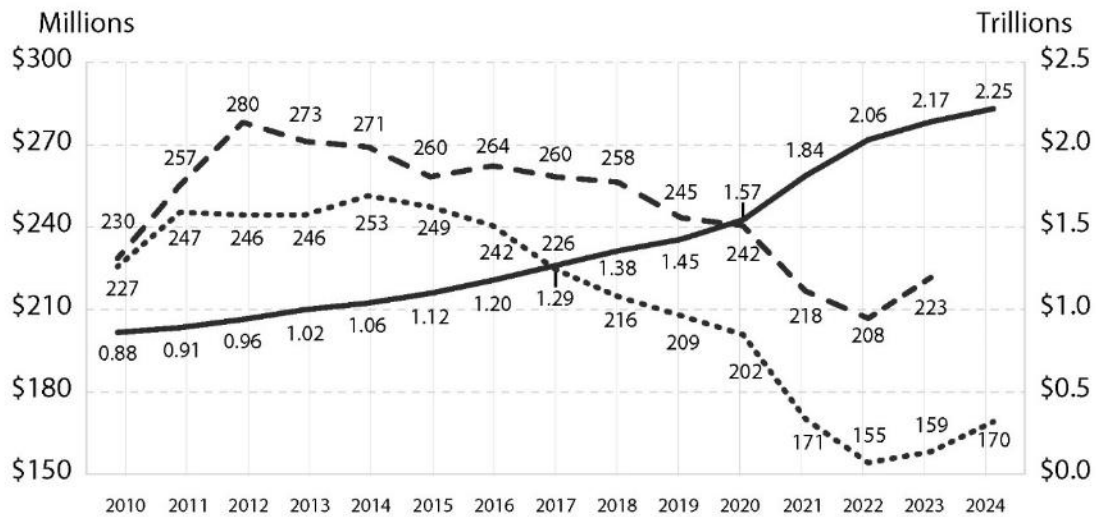
The following chart presents the major categories of spending supported by the proposed 2024 Operating Budget.



*Note: Minor rounding differences may occur in totals.*

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 Operating Budget per Million Dollars of FICU Assets



- - Federal Deposit Insurance Corporation (FDIC) Operating Budget, Office of the Controller of the Currency (OCC) Budget Activity, and Federal Reserve Supervision Costs per Million \$ of FDIC Insured Assets (left scale)
- .... NCUA Budget per Million \$ of FICU Assets (left scale)\*
- Credit Union System Assets in \$ Trillions (right scale)

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., 2024 proposed budget (\$382.1M) / projected FICU assets as of 2023Q4 (\$2.3T) = \$170 of NCUA budget per \$1M in FICU assets).

## Proposed 2024 Operating Budget Summary

(Dollars in Millions)	Budget	Change from 2023 Budget	Percent Change*	Description
<b>2024 Operating Budget</b>	<b>\$382.1</b>	<b>↑ \$38.0</b>	<b>+ 11.0%</b>	
<b>Total Staffing (positions)</b>	<b>1,248</b>	<b>↑ 28</b>	<b>+ 2.3%</b>	The 2024 position level increases by 28 positions from 1,220 authorized by the Board in 2023.**
<b>Budget Category</b>				
<b>Pay &amp; Benefits</b>	<b>\$293.3</b>	<b>↑ \$26.2</b>	<b>+ 9.8%</b>	The pay and benefits adjustment includes funding for the proposed staffing increase of 28 positions, net, 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 2024.
<b>Travel</b>	<b>\$22.0</b>	<b>↓ \$0.005</b>	<b>+ 0.0%</b>	The travel budget decreases by \$5,000 in 2024 compared to 2023.
<b>Rent, Communications, &amp; Utilities</b>	<b>\$7.1</b>	<b>↑ \$0.8</b>	<b>+ 13.0%</b>	Rent, communications, and utilities budgets maintain essential working space, telecommunications, data capacity, and network support. The 2024 increase results primarily from new costs for rent and data services for a new disaster recovery site.
<b>Administrative</b>	<b>\$7.6</b>	<b>↑ \$0.3</b>	<b>+ 4.4%</b>	Administrative expenses primarily support operational requirements, Federal Financial Institutions Examination Council (FFIEC) fees, relocation expenses, and employee supplies.
<b>Contracted Services</b>	<b>\$52.1</b>	<b>↑ \$10.7</b>	<b>+ 25.7%</b>	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. The increase in this category includes funding to address new and evolving risks and for tools used to identify and resolve them, new operations and maintenance costs associated with recent capital investments, and price inflation for core agency business operation systems.

\*Percentage change is based upon exact amounts reflected in the table, “2024-2025 Proposed NCUA Operating Budget Summary”.

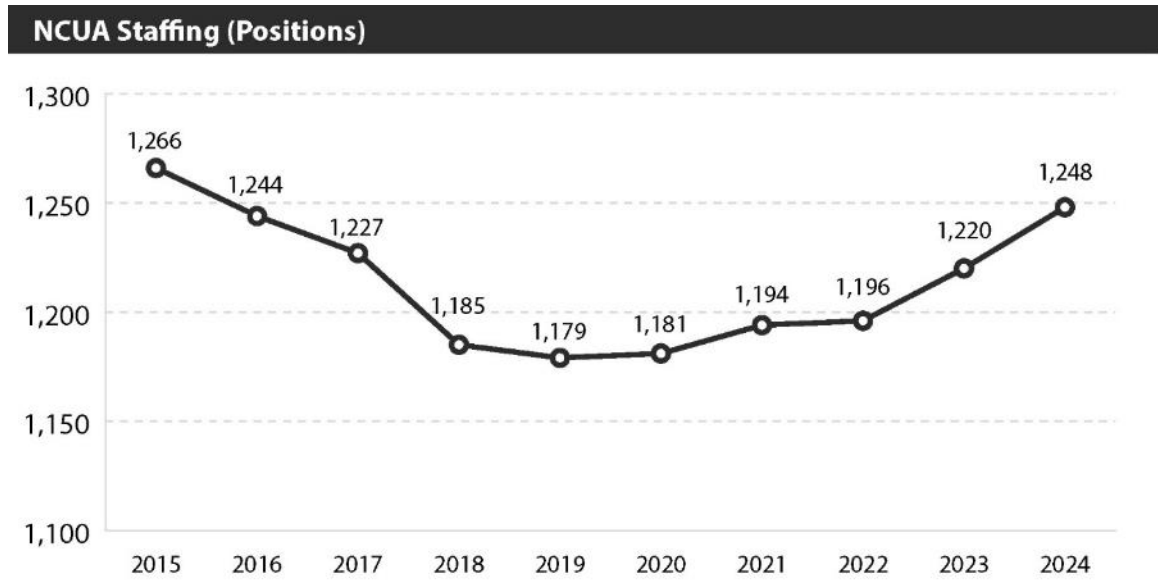
\*\*Total staffing levels for 2024 and 2025 do not include five positions funded by the CLF.

Total Staffing. The proposed 2024 Operating Budget includes 1,248 positions.<sup>3</sup> This is a net increase of 28 positions (11 new positions and 17 existing, unfunded positions being moved on budget) compared to the 2023 levels approved by the Board. Details of the proposed increases in positions are discussed later in this document.

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<sup>3</sup> This document reflects NCUA staffing levels as positions in order to simplify the presentation of current and proposed employee levels. At times in the past, 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.

Despite significant credit union asset growth, total NCUA staffing is still below the 2015 level, as shown in the following chart.



*Note: NCUA staffing in this chart excludes positions funded by the CLF.*

The Operating Budget estimate for 2025 is \$418.9 million and includes 3 additional positions compared to the 2024 level.

### **Proposed 2025 Operating Budget Summary**

(Dollars in Millions)	Budget	Change from 2023 Budget	Percent Change*	Description
<b>2025 Operating Budget</b>	\$418.9	↑ \$36.8	+ 9.6%	
<b>Total Staffing (positions)</b>	1,251	↑ 3	+ 0.2%	The 2025 position level increases by 3 positions from 1,248 recommended for 2024.
<b>Budget Category</b>				
<b>Pay &amp; Benefits</b>	\$308.2	↑ \$14.9	+ 5.1%	The pay and benefits budget is projected to increase in 2025 to fund increased compensation for on-board employees and the cost of new staff hired in 2024 and 2025.
<b>Travel</b>	\$23.9	↑ \$1.9	+ 8.6%	Travel costs are projected to increase modestly due to expected inflation and a national training conference planned for 2025 for NCUA employees.
<b>Rent, Communications, &amp; Utilities</b>	\$7.5	↑ \$0.4	+ 5.6%	Rent, communications, and utilities costs are projected to increase modestly to reflect a national training conference planned for 2025 for NCUA employees.
<b>Administrative</b>	\$7.7	↑ \$0.1	+ 1.6%	Administrative expenses are projected to increase slightly to reflect a national training conference planned for 2025 for NCUA employees.
<b>Contracted Services</b>	\$71.6	↑ \$19.4	+ 37.2%	Contracted services reflect costs incurred for products and services acquired in the commercial marketplace. The proposed 2024 budget for contracted services includes an offset of \$18 million from projected prior-year budget surpluses, which is not expected to be available again in 2025.

\*Percentage change is based upon exact amounts reflected in the table, “2024-2025 Proposed NCUA Operating Budget Summary.”

*Proposed 2024 Capital Budget: \$7.3 million*

The proposed 2024 Capital Budget is \$4.0 million lower than the 2023 Board-approved budget.

The Capital Budget supports the NCUA’s ongoing effort to modernize its information technology infrastructure and applications. Funding in the Capital Budget for upgrades to or replacement of obsolete information technology systems is lower in 2024 than in 2023, as is the 2024 capital investment for continued enhancement of the Modern Examination and Risk Identification Tool (MERIT) examination system. Other information technology investments in the proposed 2024 Capital Budget include funds to ensure that agency systems comply with evolving cybersecurity requirements required

of all federal agencies, enhancements to agency information security, upgrades to old legacy systems, 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 \$477,000 for NCUA facility maintenance and improvements.

*Proposed 2024 Share Insurance Fund Administrative Expenses: \$5.1 million*

The proposed 2024 Share Insurance Fund Administrative Expenses Budget is \$0.2 million higher than the 2023 Board-approved budget. The Share Insurance Fund Administrative Expenses 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.

*II. 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.

The Federal Credit Union Act will turn 90 years old in 2024. President Franklin Roosevelt signed the Federal Credit Union Act into law on June 26, 1934, in the midst of 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, 2023, the NCUA is responsible for the regulation and supervision of 4,686 federally insured credit unions, which have approximately 137.7 million members and more than \$2.2 trillion in assets across all states and U.S. territories.<sup>4</sup>

### *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.<sup>5</sup> 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.<sup>6</sup>

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<sup>4</sup> *Source:* The NCUA quarterly call report data, Q2 2023.

<sup>5</sup> *See* 12 U.S.C. 1752a(a).

<sup>6</sup> *See* 12 U.S.C. 1766(i)(2).

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.<sup>7</sup> In December 2020, the Board approved a final rule with changes to its regulation and methodology for determining the operating fees due from federal credit unions.<sup>8</sup> In July 2023, the Board requested comments from the public about changes to the methodology the Board uses to determine how it apportions operating fees, specifically the exemption threshold below which federal credit unions would not be required to pay the operating fee.<sup>9</sup> The Board will consider public comments received by the due date specified in the Federal Register notice, and if the Board decides to revise the methodology for computing the operating fee, such changes will be reflected in future Board communications.

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.<sup>10</sup> In accordance with its authority 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.<sup>11</sup>

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<sup>7</sup> See 12 U.S.C. 1755(a)-(b).

<sup>8</sup> See <https://www.govinfo.gov/content/pkg/FR-2020-12-31/pdf/2020-28490.pdf>.

<sup>9</sup> See <https://www.regulations.gov/document/NCUA-2023-0072-0001>.

<sup>10</sup> See 12 U.S.C. 1755(d).

<sup>11</sup> See 12 U.S.C. 1783(a).

### *Mission, Goals, and Strategy*

The proposed budget for 2024–2025 supports the agency’s third year implementing its *2022–2026 Strategic Plan*. Throughout 2024 and 2025, 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:

1. Ensure a safe, sound, and viable system of cooperative credit that protects consumers.
2. Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services.
3. 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.

### *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, 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 (OPM), 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, OPM, and the Federal Emergency Management Agency.

### *Audits and Program Oversight*

The NCUA and its operations are subject to review by independent auditors. Like any other U.S. employer, the NCUA may be audited by the Internal Revenue Service for compliance with relevant tax laws and regulations. Similarly, the NCUA is subject to audit for compliance with government-wide requirements in areas like records management (National Archives and Records Administration) and delegated personnel authorities (OPM).

Other oversight audits include the NCUA's financial statement audits, which must be conducted for all four of its funds on both an operating (calendar year) and reporting year (federal fiscal year) basis. In addition, to help ensure the agency's cybersecurity, the law subjects the NCUA to annual audits of its information technology systems and data management practices, as specified in the Federal Information Security Modernization Act.

The Government Accountability Office and the NCUA Office of Inspector General (OIG) are statutorily authorized to oversee and audit the performance of NCUA's programs in order to identify and attempt to prevent waste, fraud, and abuse of public resources. Further, and in addition to programmatic audits that the OIG conducts each year, the NCUA OIG formally reviews all material losses to the National Credit Union Share Insurance Fund.

#### *Other Compliance Activities*

The NCUA also has other general compliance activities that cross numerous offices and add to the NCUA's budget. For example, the NCUA is also required to comply 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, training, and other requirements set forth by the Federal Credit Union Act and other statutes. Additionally, the Dodd-Frank Wall Street Reform and Consumer Protection Act established requirements for the NCUA to administer and periodically report on various diversity-related matters at the agency and within the credit union system.

### *III. Key Themes of the Proposed 2024–2025 Budget*

#### *Overview*

The proposed 2024–2025 budget includes funding for the NCUA to increase 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 percentage of insured shares in credit unions with composite CAMELS ratings 1 and 2 has been in decline since December 2021.<sup>12</sup> Between the reporting periods of December 31, 2021, and June 30, 2023, credit unions with composite CAMELS 3 ratings and insured shares greater than \$500 million increased from 15 to 42, and their collective assets increased from \$11.3 billion to \$47.7 billion—an increase of 322%.

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<sup>12</sup> NCUA’s composite CAMELS rating consists of an assessment of a credit union’s Capital adequacy, Asset quality, Management, Earnings, Liquidity risk, and Sensitivity to market risk. The CAMELS rating system is designed to take into account and reflect all significant financial, operational and management factors field staff assess in their valuation of credit unions’ performance and risk profiles. CAMELS ratings range from 1 to 5, with 1 being the best rating. Credit unions with a composite CAMELS rating of 3 exhibit some degree of supervisory concern in one or more components. CAMELS 4 credit unions generally exhibit unsafe or unsound practices, and CAMELS 5 institutions demonstrate extremely unsafe or unsound practices and conditions. NCUA collectively refers to CAMELS 4 and 5 credit unions as “troubled credit unions.”

The NCUA is seeing rising levels of interest rate and liquidity risk within the system. There has been an increase in compliance and fair lending concerns as well. There is also the potential for increased credit risk, especially among families with increasingly stressed household budgets and the post-pandemic uncertainties in the commercial real estate market. These risks can play out in rising delinquency rates for various loan types, including auto loans and credit cards.

The NCUA must have the necessary resources to continue to monitor credit union performance and mitigate risks through the examination process, offsite monitoring, and tailored supervision, consistent with its mission.

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.<sup>13</sup> 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 proposed 2024–2025 budget includes investments across a range of agency priorities, including:

- Ensuring robust cybersecurity in the credit union system and at the agency.
- Recalibrating examination and supervisory oversight over credit unions with assets between \$10 billion and \$15 billion to reflect risks.

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<sup>13</sup> See <https://ncua.gov/files/agenda-items/strategic-plan-20220317.pdf>, page 6.

- Adding new regional specialist examiners dedicated to areas of emerging complexity and risk within the credit union system such as electronic payment systems, consumer compliance, and Bank Secrecy Act (BSA) compliance.
- Improving financial inclusion and access through the NCUA's Advancing Communities through Credit, Education, Stability, and Support initiative.
- Providing program and staff resources to increase assistance to small credit unions and credit unions designated as minority depository institutions (MDIs).
- Right-sizing the NCUA's examination of credit unions' compliance with consumer financial protection laws and regulations.
- Investing in information technology systems and infrastructure to bolster the agency's supervisory capabilities.

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.

### *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.

Cyberattacks continue to pose significant risks to all organizations. 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 enterprise and supervisory priority.

### *Supervision of Credit Union Cybersecurity*

The NCUA engages in interagency cybersecurity preparedness as a member of the Federal Financial Institutions Examination Council (FFIEC) and of 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.

The NCUA maintains a team within the Office of Examination and Insurance dedicated to developing and maintaining supervisory policies, procedures, and tools and examiner training for cybersecurity. The regions and the Office of National Examinations and Supervision employ 30 highly trained regional information security specialists for information security examinations and supervision of credit unions.

In 2023, the agency deployed an updated information security examination program. All credit unions will periodically receive an information security examination as part of the agency's new Information Security Examination Program (ISEP). The ISEP uses a risk-focused approach to examine credit unions' information security, providing examiners flexibility to focus on areas of material current or potential risk relevant to each credit union's unique business model. The objectives of an information security examination include:

- Evaluating management’s ability to recognize, assess, monitor, and manage information systems and technology-related risks.
- Assessing whether the credit union has sufficient expertise to adequately plan, direct, and manage information systems and technology operations.
- Determining whether the board of directors has adopted and implemented adequate information systems and technology-related policies and procedures.
- Evaluating the adequacy of internal information systems and technology controls and oversight to safeguard member information.

The NCUA built and maintains the Automated Cybersecurity Evaluation Toolbox (ACET) to help credit unions voluntarily assess their level of cybersecurity preparedness.

The tool incorporates appropriate cybersecurity standards and practices established for financial institutions. The tool maps each of its declarative statements to the practices found in the *FFIEC Information Technology Examination Handbook*, regulatory guidance, and leading industry standards like the National Institute of Standards and Technology’s Cybersecurity Framework. The ACET also provides a plain-language explanation and references for each of the statements included within the assessment.

Enhanced and continuing examiner training related to information security and evolving cyber risks is planned for 2024.

### *Protection of the Agency’s Information and Systems*

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 Cybersecurity Framework, and Executive Order 14028, *Improving the Nation's Cybersecurity*. The proposed 2024 budget includes over \$20 million for the cost of compliance with and implementation of these requirements, of which \$4.3 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.

### *Examination Workforce*

In 2021, a cross-agency working group at the NCUA conducted an internal review to determine the appropriate level of specialist positions required to ensure compliance with the Bank Secrecy Act (BSA) and consumer financial protection laws and regulations. The review evaluated staffing needs for three potential regional specialist groups in the areas of electronic payment systems, consumer compliance, and the BSA. Unlike other specialist areas where credit union asset size is a reasonable basis for allocating supervisory resources, BSA and consumer compliance risks are not necessarily concentrated in a particular asset group.

The 2021 review recommended that the agency develop BSA and consumer compliance specialist programs. The proposed 2024 budget supports the second phase of this effort by adding 27 new regional examination staff — including specialists and supervisory positions. These specialist positions are offset by a reduction of general examiner positions spread across each of the NCUA's three regions.

Starting in January 2023, federally insured credit unions with less than \$15 billion in total assets generally are supervised by the NCUA regional office corresponding to their headquarters location, while ONES continues supervising federally insured credit unions with \$15 billion or more in total assets. Supervising regional large credit unions with between \$10 billion and \$15 billion in assets requires additional resources for the regions. Therefore, the proposed 2024 budget includes the equivalent of five additional examiner positions to account for the enhanced examination and supervision needs for these institutions related to size, scale, and scope.

#### *Support for Small Credit Unions and Minority Depository Institutions*

Small credit unions with less than \$100 million in assets and MDIs are uniquely positioned to improve financial inclusion by offering their communities access to safe and affordable credit and other services. The NCUA's Small Credit Union and MDI Support Program is designed to support and preserve these credit unions. This program provides dedicated resource hours for field staff to conduct this important work, and the proposed 2024 budget continues to support this important effort.

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:

- Building greater awareness of the unique needs of small credit unions and MDIs and their role serving underserved communities.
- Expanding 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 and Consumer Financial Protection*

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 consumer financial protection and fair lending laws and regulations. The proposed 2024 budget includes 13 additional regional consumer compliance specialists and an increase in examination time for consumer financial protection reviews equivalent to 11 examiners to increase the agency's review of consumer financial protection and fair lending laws and regulations, especially at institutions with greater consumer impact or indications of potential violations.

### *Financial Inclusion*

Credit unions are an important part of the financial services industry and can play 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 will build on the work done in 2023 to better understand credit union challenges and opportunities in providing fair and affordable financial products to minority, unbanked, and underbanked households. The Innovation and Access and CURE teams plan to use this information to help credit unions understand the challenges

in communities with limited financial services and to enhance and facilitate the Small Credit Union and MDI Support program. The NCUA will continue its active engagement with credit union industry leaders and stakeholders to help new, small, low-income-designated, and MDI credit unions to grow and prosper.

### *NCUA Organizational Changes*

The staff draft budget proposes a new Office of the Executive Secretary, which is a common function in many other federal agencies. The new office will centralize responsibility for the NCUA's policy review and decision-making processes, coordinate the clearance and submission of all policy documents to the Chairman and the NCUA Board, as appropriate, for review and approval, and facilitate discussions between the NCUA's program offices to align appropriate policies, among other things. Policy documents include regulations, recommendation memos, action memos, briefing memos, responses to correspondence, reports to Congress, and other policy documents. Appendix A includes a separate table illustrating the budget for the proposed Office of the Executive Secretary.

## *IV. Operating Budget*

### *Overview*

The NCUA Operating Budget provides the resources required for the agency to conduct activities prescribed by the Federal Credit Union Act. These mandates 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. The NCUA must also implement mandates required by other statutes including those related to BSA compliance, consumer financial protection, and diversity, equity, and inclusion.

### *Operating Budget Categories*

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

<b>2024–2025 PROPOSED NCUA OPERATING BUDGET SUMMARY</b>							
<b>Budget Cost Category</b>	<b>2023 Board Approved Budget</b>	<b>2024 Proposed Budget</b>	<b>2023-2024 Change</b>	<b>Change Percent</b>	<b>2025 Proposed Budget</b>	<b>2024-2025 Change</b>	<b>Change Percent</b>
<b>Employee compensation</b>	267,101,000	293,260,000	26,159,000	9.8%	308,170,000	14,910,000	5.1%
<b>Salaries</b>	184,983,000	203,196,000	18,213,000	9.8%	214,484,000	11,288,000	5.6%
<b>Benefits</b>	82,118,000	90,064,000	7,946,000	9.7%	93,686,000	3,622,000	4.0%
<b>Travel</b>	22,027,000	22,022,000	(5,000)	0.0%	23,922,000	1,900,000	8.6%
<b>Rent/Comm/Utilities</b>	6,292,000	7,111,000	819,000	13.0%	7,511,000	400,000	5.6%
<b>Administrative</b>	7,265,000	7,585,000	320,000	4.4%	7,710,000	125,000	1.6%
<b>Contracted Services</b>	41,473,000	52,137,000	10,664,000	25.7%	71,557,000	19,420,000	37.2%
<b>Total</b>	<b>\$ 344,158,000</b>	<b>\$ 382,115,000</b>	<b>37,957,000</b>	<b>11.0%</b>	<b>\$ 418,870,000</b>	<b>36,755,000</b>	<b>9.6%</b>

### *Pay and Benefits.*

Pay and benefits increase by \$26.2 million in 2024, or 9.8 percent compared to 2023, for a total of \$293.3 million. Pay and benefits costs make up approximately 76.7 percent of the annual NCUA Operating Budget. There are four primary drivers of increased costs in 2024 for the pay and benefits category:

- Merit and locality pay increases for the NCUA's employees are paid in accordance with the agency's 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 OPM based on actuarial estimates and cannot be negotiated or changed by the NCUA. The mandatory FERS contribution rate increases total NCUA benefits costs by 4.9 percent in 2024 compared to 2023. OPM's current assumptions for actuarial valuation of FERS remain unchanged in 2024 but remain a significant cost driver for the agency's pay and benefits growth. Because the NCUA must contribute 18.4 percent of employee salaries to the retirement fund in 2024, the estimated impact on the NCUA budget is an increase of approximately \$4.0 million in mandatory payments.
- Contributions for employee health insurance are also set by OPM and cannot be negotiated or changed by the NCUA. This mandatory contribution increases total NCUA benefits costs by 2.1 percent in 2024 compared to 2023. The annual OPM estimate for the 2024 government share of the Federal Employees Health Benefits Program (FEHBP) premiums is expected to be released in October 2023, 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. The limit on employee earnings subject to Social Security taxes increased in 2024 and applies to all employers in the United States. The projected additional employer Social Security contributions that result from this increase account for approximately 3 percent of the total adjustment to employee salaries.

Attracting a well-qualified workforce requires the agency to pay competitive salaries. In 2024, the NCUA’s compensation levels will continue to “maintain comparability with other federal bank regulatory agencies” as required by the Federal Credit Union Act.<sup>14</sup> 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.

The pay and benefits budget includes all employee pay raises for 2024, such as merit and locality increases consistent with the CBA in place for 2023, 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.

The proposed 2024 Operating Budget supports a total agency staffing level of 1,248 positions.<sup>15</sup> This is a net increase of 28 positions, or 2.3 percent, compared to the agency’s 2023 staffing level. The net increase includes 11 new positions and incorporates into the 2024 budget 17 existing positions currently unfunded in the 2023 budget. The first-year cost of the 11 net new positions for 2024 is estimated to be approximately \$1.9 million. The cost for 2024 of the 17 existing positions currently unfunded is estimated to be approximately \$4.0 million.

The proposed 2024–2025 budget includes funding for the NCUA to increase permanent staffing in critical areas necessary to operate more effectively and address emerging

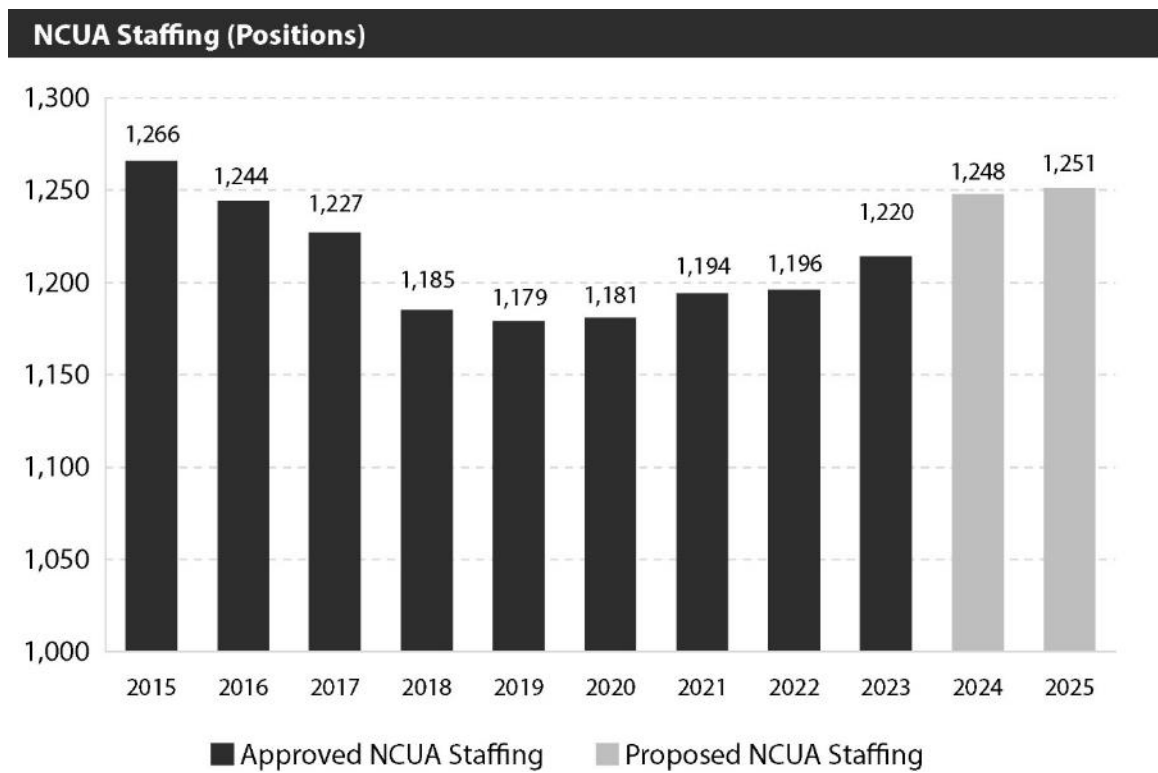
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<sup>14</sup> The Federal Credit Union Act states that, “In setting and adjusting the total amount of compensation and benefits for employees of the Board, the Board shall seek to maintain comparability with other federal bank regulatory agencies.” See 12 U.S.C. 1766(j)(2).

<sup>15</sup> Does not include five positions assigned to the Central Liquidity Facility.

issues. The staffing levels proposed for 2024 also reflect the resource requirements that support the NCUA’s continued efforts to ensure its examination processes keep pace with the growing scale and complexity of the credit union system while the agency enhances the efficiency and effectiveness of its supervisory efforts.

The chart illustrates the NCUA’s staffing levels in recent years.<sup>16</sup>



*Note: Total NCUA staffing excludes positions funded by the CLF.*

The proposed changes for the NCUA’s 2024 staffing level include:

<sup>16</sup> The 2024–2025 budget reflects NCUA staffing levels as positions to simplify the presentation of current and proposed employee levels. In past years, the NCUA reflected budgeted staffing levels as full-time equivalents (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.

- Adding 27 specialist examiner and specialist supervisor positions to the NCUA regional staff, 20 of which the NCUA Board approved as part of the 2023–2024 budget and an additional seven related to enhanced consumer financial protection examinations. The number of large, complex credit unions continues to increase through mergers and membership growth, which necessitates a broader array of experts in the field to support the examination and supervision of these institutions.
- Reducing the number of generalist examiners by a net of 22 positions across the NCUA’s three regional offices. This adjustment includes an increase to examination and supervision time that is the equivalent of five examiner positions for the regional workload associated with overseeing credit unions with between \$10 billion and \$15 billion in assets.<sup>17</sup>
- Creating a new Office of the Executive Secretary with two dedicated staff positions authorized for 2024 and a third position for 2025. This office will centralize responsibility for coordinating the review of documents, related decision-making processes, and the clearance and submission of all documents to the NCUA Board members, as appropriate.
- Increasing the staff in the Office of the Ombudsman by one position. The Office of the Ombudsman was created as a separate office by the NCUA Board in the 2023 budget and an additional Associate Ombudsman position was approved for 2024 in that document.

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<sup>17</sup> Starting in January 2023, federally insured credit unions with less than \$15 billion in total assets generally are supervised by the NCUA region corresponding to the location where they are chartered, while the Office of National Examinations and Supervision (ONES) continues supervising federally insured credit unions with \$15 billion or more in total assets.

- Adding two Deputy Director positions: one in the Office of Business Innovation and one in the Office of the Chief Ethics Counsel.
- Adding one new writer-editor position in the Office of External Affairs and Communications.
- Funding 17 positions previously unfunded but authorized within the total NCUA staffing plan. These positions include: four in the Office of National Examinations and Supervision, three in the Office of Examination and Insurance, two in the Office of Business Innovation, two in the Office of Credit Union Resources and Expansion, two in the Office of Human Resources, one in the Office of the Chief Financial Officer, one in the Office of the Chief Information Officer, one in the Office of Consumer Financial Protection, and one in AMAC.

The proposed 2025 budget for pay and benefits is estimated at \$308.2 million, a \$14.9 million increase from the 2024 level. Included within this total is the full-year cost impact of new positions proposed for 2024 (approximately \$0.8 million), \$0.2 million for three new positions (one in the Office of the Executive Secretary, one in the Office of General Counsel, and one in the Office of Continuity and Security Management), the estimated merit and locality pay increases consistent with the recent pay inflation (approximately \$10.6 million), and associated increases in benefits for all employees (approximately \$3.3 million).

#### *Travel.*

The proposed travel budget decreases slightly by \$5,000 in 2024 when compared to 2023, for a total of \$22.0 million. 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. The NCUA staff also travel for routine and specialized training and other work assignments. In 2024, the NCUA expects its staff will participate in a combination of in-person and virtual training to help control travel expenses.

During the COVID-19 pandemic, the agency and its employees transitioned to an offsite examination posture, developing new procedures and processes to continue examination and supervisory work. In 2024, the NCUA continues the process of conducting portions of examinations offsite, which is expected to constrain the growth of future travel budgets. Despite significant inflationary cost growth in travel-related expenses such as hotel charges, airfares, and car rentals, the 2024 budget for travel does not grow compared to the 2023 level, given a lower frequency of travel with more work being conducted virtually compared to pre-pandemic levels.

The proposed 2025 budget for travel is estimated to be \$23.9 million, or an 8.6 percent increase compared to the 2024 level. This budget level reflects an expectation for modest travel-related cost inflation and travel to support a national training conference planned for 2025.

#### *Rent, Communications, and Utilities.*

The proposed budget for rent, communications, and utilities increases by \$0.8 million in 2024, or 13 percent compared to 2023, for a budget of \$7.1 million. The 2024 increase is

driven almost entirely by the costs required to stand up new disaster recovery and continuity of operations sites because the previous location for these required functions will be decommissioned at the end of 2023.

Funding in this budget category pays for facilities costs, telecommunications services, data storage, and information technology network support. Telecommunications charges include leased data lines, domestic and international voice lines (including mobile), and other network charges. Telecommunications 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 rent, communications, and utilities budget category also finances the cost of the office utilities, meeting space rental for offsite events, and postage expenses. Lease costs for the Southern and Western Region office buildings are included in this category, and the total for both of these leases is approximately \$1.3 million in 2024. The annual utility costs for the headquarters and regional offices are estimated at \$461,000 for 2024.

The proposed 2025 budget for the rent, communications, and utilities category is \$7.5 million, or a 5.6 percent increase compared to 2024.

#### *Administrative Expenses.*

Administrative expenses a proposed increase of \$0.3 million in 2024, or 4.4 percent compared to 2023, for a budget of \$7.6 million. The increase to the administrative

expenses budget category largely results from inflationary cost increases for supplies, materials, printing, and subscription expenses expected in 2024.

Recurring costs in the administrative expenses category include the annual reimbursements 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 proposed 2024 draft budget includes an estimated increase of \$340,000 to the FFIEC annual reimbursement. Any revisions to this initial estimated budget will be included in the NCUA's final 2024 budget.

Within administrative expenses, the proposed 2024 budget includes \$1.3 million for employee relocations, which is consistent with the 2023 funding levels. 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 proposed 2025 budget for administrative expenses is \$7.7 million, or a 1.6 percent increase from the level proposed in the 2024 budget.

*Contracted Services.*

The proposed budget for contracted services increases by \$10.7 million in 2024, or 25.7 percent compared to 2023, for a total budget of \$52.1 million.<sup>18</sup> This increase reflects a combination of inflationary pressures on the cost of contracted services and 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 supervision framework, including tools used to identify and address 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.

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.

Growth in the contracted services budget category results primarily from new operations and maintenance costs associated with capital investments. Other costs include core

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<sup>18</sup> The total budget for Contracted Services in 2024 before offsets of prior year unspent funds is estimated to be \$70.1 million.

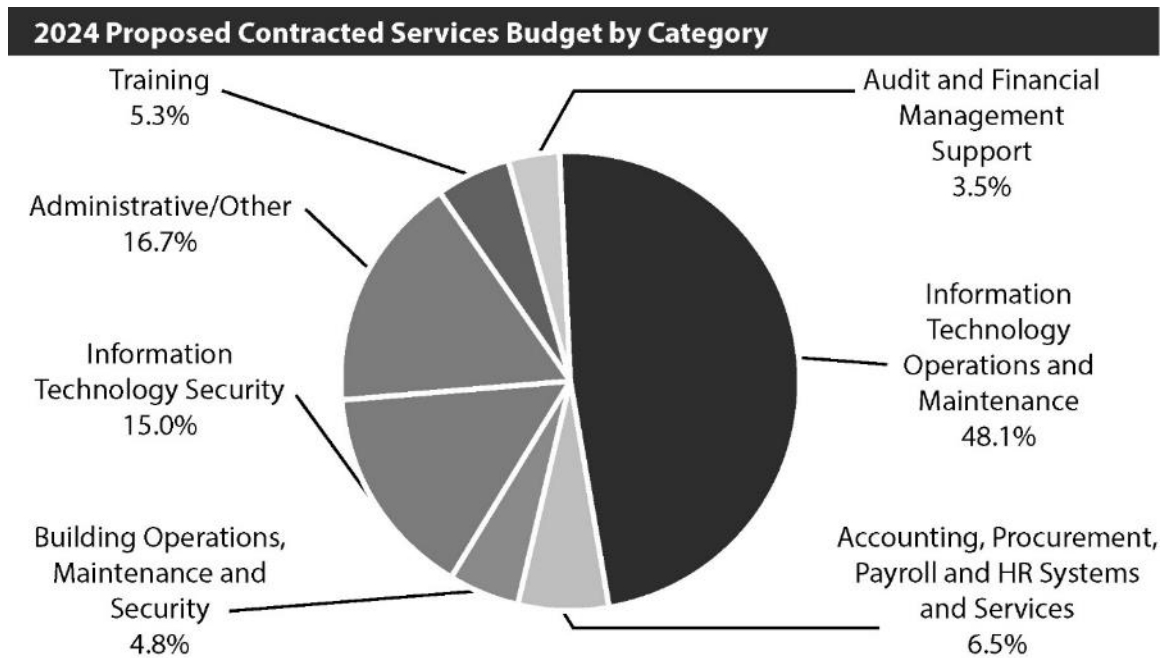
agency business operation systems such as accounting and payroll processing, and various recurring costs, as described in the following seven major categories:

- Information Technology Operations and Maintenance (48.1 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 (16.7 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
- Information Technology Security (15.0 percent of contracted services)
  - Enhanced secure data storage and operations
  - Information security programs
  - Security system assessment services
- Accounting, Procurement, Payroll, and Human Resources Systems (6.5 percent of contracted services)
  - Accounting and procurement systems and support
  - Human resources, payroll, and employee services
  - Equal employment opportunity and diversity programs
- Training (5.3 percent of contracted services)

- Technical and specialized training and professional development for staff
- Building Operations, Maintenance, and Security (4.8 percent of contracted services)
  - Headquarters facility operations and maintenance
  - Building security and continuity programs
  - Personnel security and administrative programs
- Audit and Financial Management Support (3.5 percent of contracted services)
  - Annual audit support services
  - Material loss reviews
  - Investigation support services
  - Financial management support services

In addition, the Office of the Chief Financial Officer projects that the agency will have a smaller surplus at the end of 2023 than in past years. Since 2021, the NCUA has used unspent budget amounts from previous years to reduce its budget levels in the following year. Of the total \$10.7 million increase in contracted services for 2024, approximately \$5.0 million of the increase results from a lower surplus projection than the amount assumed for 2023. The NCUA estimates that the agency will end 2023 having underspent the Board-approved budgets (current and prior years) by approximately \$18.0 million. The proposed 2024 budget uses the \$18.0 million projected surplus to offset the costs of planned contracted services spending in 2024, reducing the agency's overall 2024 budget by the same amount. Therefore, the total planned amount for contracted services in 2024 is approximately \$70.1 million, an increase of \$5.5 million, or 8.4 percent compared to the total 2023 spending level.

The following pie chart illustrates the breakout of the seven categories for the total proposed 2024 contracted services budget of \$70.1 million, of which \$18.0 million is funded from prior year available balances.



*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 2024 include examiner training development, including subject matter expert conferences, and a planned

leadership forum for all the NCUA's executives and managers. The NCUA continues to control 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 partners with OPM to develop and certify principal examiner assessments that reflect current regulations and examination processes. The NCUA's Learning 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's OIG 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 2024 budget includes the fourth year of funding for operations and maintenance of the MERIT system, which replaced the legacy Automated Integrated Regulatory Examination System (AIRES) in 2021. Several of the NCUA's other core information technology systems and processes also require additional contract support in 2024, which results in increased costs for contracted services, as described below.

Within the budget for the Office of Chief Information Officer, an additional \$3.5 million compared to the 2023 budget level is required for:

- Cybersecurity capabilities and implementing the provisions of Executive Order 14028, *Improving the Nation's Cybersecurity*.
- 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.

Within the Office of Human Resources, the contracted services budget increases by \$1.3 million compared to the 2023 budget level, primarily for additional resources to support the reasonable accommodation needs and services for current and potential new employees.

The Office of Minority and Women Inclusion's (OMWI) contract budget increases by \$258,000 compared to the 2023 budget level. In 2024, these increased funds will support development of a survey administered by a third-party for credit unions to self-assess their current diversity and inclusion practices.

Within the Office of Business Innovation, the contracted services budget increases by \$208,078 compared to the 2023 budget level. These funds will provide contract support for the agency's information system security processes and fund a survey administered by a third party about credit unions' examination experiences.

The Asset Management Assistance Center's contracted services budget increases by \$149,000 compared to the 2023 budget level. These funds will support the development of tools to automate various business processes and connect AMAC data with systems.

Within the Office of General Counsel, the contracted services budget increases by \$65,000 compared to the 2023 budget level. The increase will support market research in 2024 for an appropriate e-Discovery solution to ensure the agency sufficiently meets its legal obligations to respond to electronic discovery requests.

The proposed contracted services budget for 2025 is \$71.6 million. Excluding the \$18.0 million carryover in 2024, this is a net increase of \$1.4 million, or approximately 2.0 percent.

## *V. 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 information technology systems, information technology hardware, and owned facilities and equipment to determine what requires repair, major renovation, or replacement. The staff then make recommendations for prioritized investments to the NCUA Board.

The proposed 2024 Capital Budget is \$7.3 million. The Capital Budget funds the NCUA's long-term investments. The 2024 Capital Budget provides \$6.8 million for information technology development projects and investments and \$477,000 for central office building minor construction and maintenance projects.

Information technology systems and hardware require significant capital expenditures for modern organizations. The 2024 Capital Budget's highest priorities include continuing investments to bolster the NCUA's cybersecurity posture and enable the agency to comply with Executive Order 14028 along with enhancements to the MERIT platform.

The budget also supports ongoing efforts to modernize the NCUA's 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 Collection and Sharing Solution project. Finally, the 2024 Capital Budget supports two multi-year projects: one

to develop a personnel security system in compliance with the Trusted Workforce 2.0 directive from the Office of the Director of National Intelligence and OPM and another to use technology to streamline and automate NCUA processes for reviewing field of membership and new charter requests from credit unions and organizing groups.

Routine repairs and lifecycle-driven property renovations are also necessary to properly maintain investments in the NCUA-owned properties. Each year the NCUA assesses the physical condition of 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. The 2024 Capital Budget includes funding for the costs associated with routine repairs, maintenance, and lifecycle-driven property renovations for the agency’s Alexandria headquarters. Following an assessment and recommendations presented to the Board, a decision was made to sell the NCUA-owned office building in Austin. Because the specific schedule for selling the building is still to be determined, proceeds from this transaction are not factored into the 2024 budget.

2024–2025 PROPOSED NCUA CAPITAL BUDGET							
	2023 Board Approved Budget	2024 Proposed Budget	Change (2023-2024)	Change Percent (2023-2024)	2025 Proposed Budget	Change (2024-2025)	Change Percent (2024-2025)
Information technology investments	\$ 10,304,000	\$ 6,780,000	\$ (3,524,000)	-34.2%	\$ 9,520,000	\$ 2,740,000	40.4%
Capital building improvements and repairs	\$ 972,000	\$ 477,000	\$ (495,000)	-50.9%	\$ 480,000	\$ 3,000	0.6%
<b>Total</b>	<b>\$ 11,276,000</b>	<b>\$ 7,257,000</b>	<b>\$ (4,019,000)</b>	<b>-35.6%</b>	<b>\$ 10,000,000</b>	<b>\$ 2,743,000</b>	<b>37.8%</b>

Detailed descriptions of all proposed 2024 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 (\$2.4 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 ensure the NCUA achieves and maintains various capabilities, including use of multi-factor authentication, a zero-trust architecture, and cloud-based compute and storage resources.

#### *Information Technology Infrastructure, Platform, and Security Refresh (\$1.3 million)*

This capital project will replace outdated or end-of-life network and platform hardware, as well as continue efforts to prepare the NCUA for cloud computing adoption. This investment helps ensure business continuity and efficient operations by improving system availability and stability. Proposed projects for 2024 include refreshing hardware and software, and the acquisition costs associated with the agency's new disaster recovery site.

#### *CURE Process Automation (\$1.1 million)*

This capital investment supports the development of initial requirements and scoping to design an external facing portal for credit unions and organizing groups to submit their field of membership and new charter requests.

*Onboarding/Offboarding Solution and Personnel Security Case Management System  
(\$0.6 million)*

The purpose of this project is to develop a new personnel security management system for NCUA in compliance with the Trusted Workforce 2.0 directive promulgated by the Office of the Director of National Intelligence (ODNI) and OPM. This new system will centralize personnel security case management and serve as a repository for agencywide onboarding/offboarding actions.

*Examination and Supervision Solution/ MERIT Enhancements (\$0.5 million)*

Investments in the MERIT platform in 2024 will enhance data processing capacity, improve user efficiency and productivity, and automate data import and error checking processes. Capital investments will support MERIT improvements that will allow examiners to import data from the Information Security Examination (ISE) Toolbox, provide a centralized mechanism for regional and central office staff to track and access credit union administrative action records, and automate the process for state supervisory authority/credit union access requests.

*Microsoft Power Platform (\$0.5 million)*

This capital investment will support NCUA adoption of the Microsoft Power Platform (MPP) line of business intelligence and process automation tools. The budget funds the acquisition of professional services to assist in developing a governance plan to monitor and manage the usage of MPP tools across the NCUA while providing enhanced internal agency customer support.

*Data Collection and Sharing Solution (\$0.2 million)*

This multi-year project will assist NCUA examination staff by streamlining business process related to case, document, and content management to improve efficiency and decrease data entry errors. During 2023, a prototype was developed that automated current business workflows and streamlined data collection and sharing. The proposed 2024 Capital Budget supports pilot testing of the prototype among a subset of offices, integrating lessons learned into refined business requirements, drafting user guides and training materials, and conducting training for end users.

*NCUA Website Development (\$0.1 million)*

This project provides for ongoing improvements to the NCUA's websites, such as an improved user experience and general maintenance needs. 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 proposed 2024 budget supports the NCUA's multi-year headquarters building improvement plan that identifies projects that can be completed incrementally, prioritizing the replacement of health and safety infrastructure such as the fire suppression system. The building is 30 years old, and many original components require replacement. The ongoing multi-year approach recognizes the critical building

management and maintenance needs while reducing the potential budgetary impact of such projects in a single budget year.

## *VI. Share Insurance Fund Administrative Expenses Budget*

### *Overview*

The Share Insurance Fund Administrative Expenses Budget funds direct costs associated with authorized Share Insurance Fund activities.<sup>19</sup> 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 2023, the NCUA Board approved certain insurance-related expenses for AMAC operations as part of the Share Insurance Fund Administrative Budget.

The Share Insurance Fund Administrative Expenses 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 proposed 2024 budget for the corporate resolution program continues to decrease compared to the 2023 funding levels.

### *Budget Requirements and Description*

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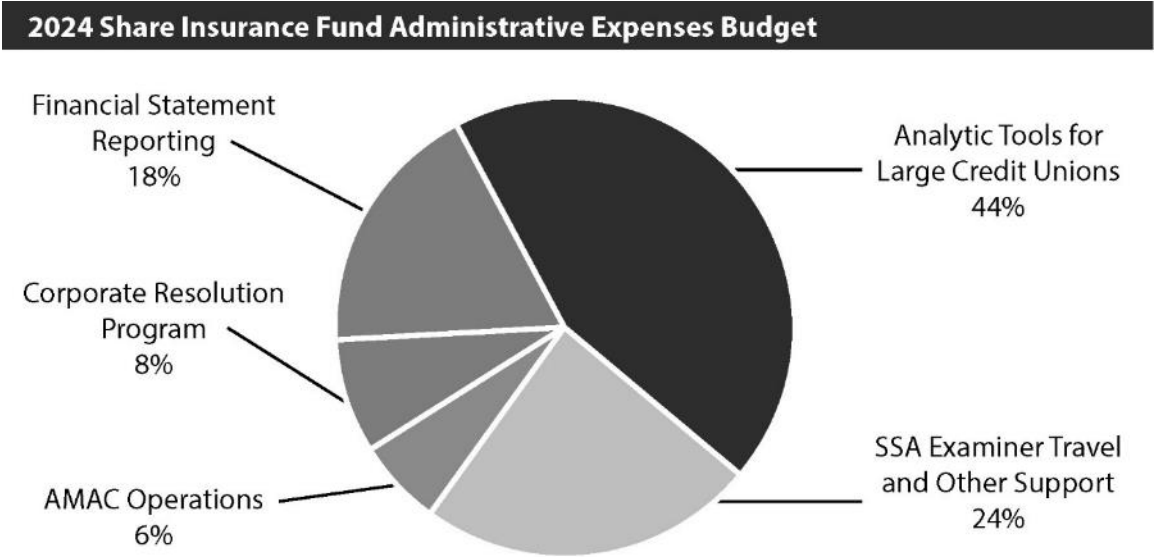
<sup>19</sup> Direct costs do not include any costs that are shared with the Operating Fund through the Overhead Transfer Rate, and with payments available upon requisition by the Board, without fiscal year limitation, for insurance under section 1787 of this title, and for providing assistance and making 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.

The proposed 2024 Share Insurance Fund Administrative Expenses Budget is \$5.1 million, which is \$0.2 million, or 3.6 percent, higher than 2023.

The proposed 2024 budget increase is primarily driven by an increase in projected costs for contracts needed to support the analysis of large credit unions, costs of AMAC activities, and inflationary growth in the cost of audit support. The proposed 2024 Share Insurance Fund Administrative Expenses Budget includes:

- \$2.2 million for operating and maintenance costs of the Asset and Liabilities Management system, which allows the NCUA to build internal analytical capabilities to conduct supervisory stress testing analyses and to perform other quantitative risk assessments of large credit unions.
- \$0.3 million for certain insurance-related activities and expenses of AMAC, such as consulting expenses necessary to avoid or attempt to prevent a liquidation or conservatorship and staff travel for consultation on complex or problem cases.
- \$1.0 million for state examiner travel to NCUA-sponsored training classes and \$0.2 million to ensure that state supervisory authorities can securely and efficiently access NCUA applications and the NCUA's MERIT system for state examination and supervision activities. The 2023 budget included similar amounts for these activities.
- \$0.9 million for financial reporting, including the annual financial audit and for contractor support to ensure effective internal controls for the fund.
- \$0.3 million for corporate resolution program legacy asset waterfall models and \$0.1 million for valuation analysis support and data. These budget items decreased by 59.2 percent from 2022 to 2023. As the remaining legacy assets are

sold and the program comes to a close, the associated budget continues to decrease and falls by 31.7 percent from 2023 to 2024.



2024–2025 SHARE INSURANCE FUND ADMINISTRATIVE EXPENSES BUDGET					
	2023 Board Approved Budget	2024 Proposed Budget	Change (2023-2024)	Change Percent (2023-2024)	2025 Proposed Budget
<b>SIF Direct Expenses</b>					
<b>Travel</b>					
State Examiner Training	994,000	1,015,000	21,000	2.1%	1,015,000
Staff travel for problem cases	15,000	15,000	-	0.0%	15,000
<b>Subtotal, Travel (SIF Direct Expenses)</b>	<b>1,009,000</b>	<b>1,030,000</b>	<b>21,000</b>	<b>2.1%</b>	<b>1,030,000</b>
<b>Administrative Expenses</b>					
Analytic Tools for Large Credit Unions	30,000	116,000	86,000	286.7%	116,000
Shipping and Miscellaneous Admin	48,000	54,000	6,000	12.5%	54,000
<b>Subtotal Administrative Expenses (SIF Direct Expenses)</b>	<b>78,000</b>	<b>170,000</b>	<b>92,000</b>	<b>117.9%</b>	<b>170,000</b>
<b>Contracted Services</b>					
Analytic Tools for Large Credit Unions	2,025,000	2,155,000	130,000	6.4%	2,155,000
Financial Accounting, Audit Support, Bank Charges and Other Support	897,000	925,000	28,000	3.1%	925,000
SSA costs for MERIT	216,000	216,000	-	0.0%	216,000
Corp. Resolution Study (2022), legal, other contracts	129,000	229,000	100,000	77.5%	229,000
<b>Subtotal, Contracted Services (SIF Direct Expenses)</b>	<b>3,267,000</b>	<b>3,525,000</b>	<b>258,000</b>	<b>7.9%</b>	<b>3,525,000</b>
<b>Total, SIF Direct Expenses</b>	<b>4,354,000</b>	<b>4,725,000</b>	<b>371,000</b>	<b>8.5%</b>	<b>4,725,000</b>
<b>Corporate Resolution Program</b>					
<b>Personnel Compensation</b>	-	-	-	0.0%	-
<b>Travel</b>	-	-	-	0.0%	-
<b>Administrative Expenses</b>					
Software and Data Subscriptions	402,000	311,000	(91,000)	-22.6%	-
<b>Contracted Services</b>					
Valuation Services, Contract Support, Training	200,000	100,000	(100,000)	-50.0%	-
<b>Total, Corporate Resolution Program</b>	<b>602,000</b>	<b>411,000</b>	<b>(191,000)</b>	<b>-31.7%</b>	<b>-</b>
<b>Total SIF Administrative Expenses Budget</b>	<b>\$ 4,956,000</b>	<b>\$ 5,136,000</b>	<b>\$ 180,000</b>	<b>3.6%</b>	<b>\$ 4,725,000</b>

The proposed 2025 budget supports similar workload and resources for the Share Insurance Fund, which at \$4.7 million is \$0.4 million lower than the proposed 2024 level. With the anticipated wind-down of the program in 2024 (subject to the status of ongoing litigation), there is no corporate resolution budget planned for 2025 at this time.

## VII. 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 Expenses Budget each year to fund the majority of the costs to operate the agency.<sup>20</sup> When formulating the annual budget, the NCUA is mindful that its funding comes from credit unions and strives to operate 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,”<sup>21</sup> and
2. “[F]ees and assessments (including income earned on insurance deposits) levied on insured credit unions under [the Act].”<sup>22</sup> 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.

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<sup>20</sup> 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.

<sup>21</sup> 12 U.S.C. 1783(a).

<sup>22</sup> 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.

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.<sup>23</sup> The NCUA has since used an allocation methodology known as the Overhead Transfer Rate (OTR) to determine how much of the Operating Budget to fund with a requisition from the Share Insurance Fund.

The NCUA uses the OTR methodology to allocate agency expenses between these two primary funding sources. Specifically, the OTR is the formula the NCUA uses to allocate 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.<sup>24</sup>

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 OTR. First, expenses funded from the Share Insurance Fund must carry out the purposes of Title II of the Act, which relate to share insurance.<sup>25</sup> Second, the NCUA may not fund its entire Operating Budget through charges to the Share Insurance Fund.<sup>26</sup>

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<sup>23</sup> <https://www.gao.gov/products/b-1640314-31>.

<sup>24</sup> 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).

<sup>25</sup> 12 U.S.C. 1783(a).

<sup>26</sup> 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).

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.<sup>27</sup> The workload estimates are then refined by regional managers and submitted to the NCUA headquarters for the annual budget proposal. The OTR 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 OTR methodology went into effect.<sup>28</sup> The minor variations in the OTR since 2018 are the result of routine, small fluctuations in the variables that affect the OTR, including normal fluctuations in the workload budget from one calendar year to the next.

The NCUA Board approved the current methodology for calculating the OTR at its November 2017 open meeting.<sup>29</sup> In 2020, the Board published in the *Federal Register* a request for comment regarding the OTR methodology but did not propose or adopt any

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<sup>27</sup> 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.

<sup>28</sup> 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.

<sup>29</sup> 82 FR 55644 (Nov. 22, 2017).

changes to the current methodology.<sup>30</sup> The OTR 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 OTR 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 OTR 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.

Based on the Board-approved methodology and the proposed budget, the OTR for 2024 is estimated to be 61.8 percent, 60 basis points lower than for 2023.<sup>31</sup> Thus, 61.8 percent of the total 2024 Operating Budget is estimated to be paid out of the Share Insurance Fund. The remaining 38.2 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 (FISCU) is outlined in the table below:

<b>2024 Estimated Distribution: Overhead Transfer Rate and Operating Fee</b>		
<b>Est. Share of the Operating Budget covered by:</b>	<b>Federal Credit Unions</b>	<b>Federally Insured, State-Chartered Credit Unions</b>
Federal Credit Union Operating Fee	38.2%	0.0%
Overhead Transfer Rate x Percent of Insured Shares	31.0%	30.8%
	(61.8% x 50.2%)	61.8% x 49.8%
<b>Total</b>	<b>69.2%</b>	<b>30.8%</b>

\* Insured Shares are as of June 2023.

<sup>30</sup> <https://www.federalregister.gov/documents/2020/08/31/2020-17009/request-for-comment-regarding-national-credit-union-administration-overhead-transfer-rate>.

<sup>31</sup> <https://www.federalregister.gov/documents/2020/12/28/2020-28487/overhead-transfer-rate-methodology-and-operating-fee-schedule-methodology>.

To determine the funds transferred from the Share Insurance Fund to the Operating Fund, the OTR is applied to actual expenses incurred each month. Therefore, the rate calculated by the OTR 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.

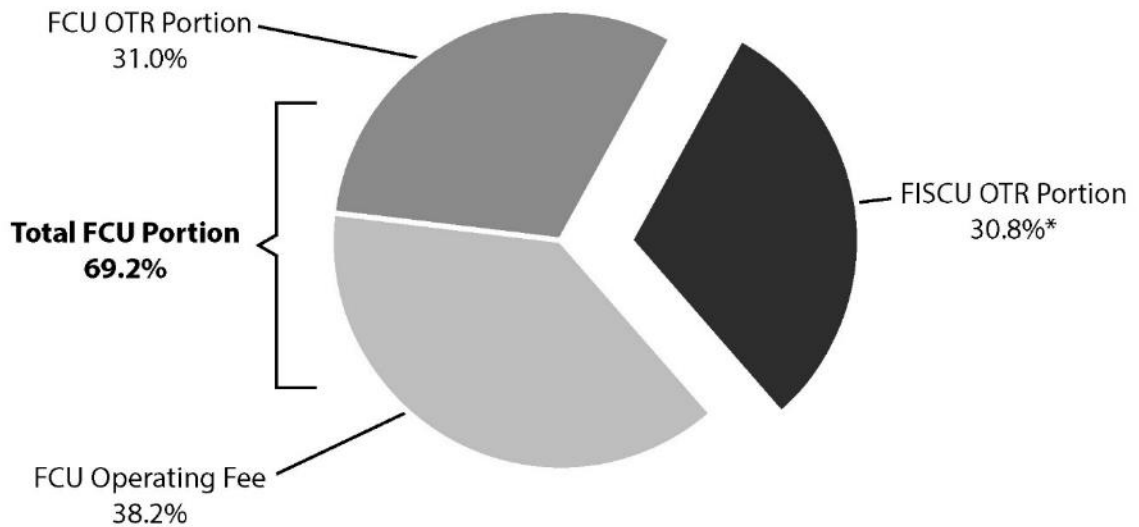
The primary driver of the change in the estimated 2024 OTR is a decline in state credit union examination and supervision hours in the proposed budget for 2024. This reduction in state examination and supervision hours causes the weighted allocation of hours applied to NCUA in Principle 2 of the OTR methodology of the calculation to also decline.<sup>32</sup> While the proposed 2024 Operating Budget increases from 2023, the slightly lower weighted allocation of hours results in a nominal increase in insurance related costs and an overall decline in the OTR.

The following chart illustrates the share of the proposed 2024 Operating Budget that would be paid by federal credit unions (69.2%) and federally insured, state-chartered credit unions (30.8%).

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<sup>32</sup> The NCUA does not charter state-chartered credit unions and is not the prudential regulator for them. The NCUA's role with respect to FISCUs 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. FISCUs typically pay supervisory fees to their respective State Supervisory Authority.

## 2024 Distribution of Operating Budget Costs



\*\*Note: FISCUs typically pay supervisory fees to their respective State Supervisory Authority.

### *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.<sup>33</sup> Consistent with its triennial schedule for regulatory reviews, the NCUA requested public comment about the Operating Fee methodology in 2023. In the request, the NCUA sought comment on increasing the asset threshold that exempts smaller credit unions from paying an operating fee from \$1 million to \$2 million. Additionally, the request for public comment solicited feedback on the current three-tier operating fee schedule and other specific suggestions that would increase the equitable distribution of the Operating Fee.

<sup>33</sup> See <https://www.govinfo.gov/content/pkg/FR-2020-12-31/pdf/2020-28490.pdf>.

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 loans. Credit unions with assets less than \$1 million are not assessed an Operating Fee and their assets are therefore excluded from this calculation. If the Board approves increasing the threshold to exempt more credit unions from paying the Operating Fee, the assets of those credit unions would be similarly excluded.

Based on the Board-approved Operating Fee methodology, which is summarized in the following tables, the share of the proposed 2024 budget funded by the Operating Fee is \$140.7 million. This equates to 0.01288 percent of the actual average of natural person federal credit union assets for the four calendar quarters ending on June 30, 2023. The calculated Operating Fee rate for 2024, using the current \$1 million exemption threshold, increases 19.59 percent compared to the rate in 2023. If the exemption threshold were raised to \$2 million, the calculated Operating Fee rate for 2024 would increase 19.61 percent compared to the rate in 2023, and a difference of two basis points compared to the fee growth at the \$1 million exemption level. Both of these computations are shown in the table on the following page.

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 OTR. As the final 2024–2025 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 2024, total growth in natural person federal credit union assets is calculated as the change between the average of the four most-current quarters (that is, the third and fourth quarters of 2022 and the first two quarters of 2023) and the previous four quarters (that is, the third and fourth quarters of 2021 and the first two quarters of 2022), which is calculated as 4.6 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.

<b>PROJECTED FISCAL YEAR 2024 OPERATING FEE REQUIREMENTS</b>			
(\$ in millions)			
		<b>2024 Draft Budget</b>	
		<b>\$1 million exemption</b>	<b>\$2 million exemption</b>
1	Proposed Operating Budget	\$ 382.115	\$ 382.115
2	Add Capital Investments	\$ 7.257	\$ 7.257
3	Miscellaneous Revenue	\$ (0.378)	\$ (0.378)
<b>4</b>	<b>Operating Budget to apply OTR</b>	<b>\$388.994</b>	<b>\$388.994</b>
5	Overhead Transfer Rate <b>61.8%</b>	\$(240.398)	\$(240.398)
6	Interest Income	\$ (7.562)	\$ (7.562)
<b>7</b>	<b>Net (sum lines 4 - 6)</b>	<b>\$141.034</b>	<b>\$141.034</b>
8	Operating Fund adjustment		
<b>9</b>	<b>Budgeted Operating Fee/Capital Requirements (sum lines 7 - 8)</b>	<b>\$141.034</b>	<b>\$141.034</b>
10	Corporate Federal CU Operating Fees	\$ (0.325)	\$ (0.325)
<b>11</b>	<b>Natural Person FCU Operating Fees Required (sum lines 9 - 10)</b>	<b>\$140.709</b>	<b>\$140.709</b>
12	Fees projected with Asset Growth of <b>4.6%</b>	\$ (117.659)	\$ (117.639)
<b>13</b>	<b>Difference (lines 11 &amp; 12)</b>	<b>\$23.049</b>	<b>\$23.070</b>
<b>14</b>	<b>Average Rate Adjustment Indicated (line 13 divided by line 12)</b>	<b>19.59%</b>	<b>19.61%</b>

*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 19.59 percent increase in the Operating Fee for natural person federal credit unions, using the current \$1 million exemption threshold.

The tables also show the effect of the average 19.61 percent increase in the Operating Fee for natural person federal credit unions using the \$2 million exemption threshold. The corporate federal credit union rate scale remains unchanged from prior years.

<b>PROPOSED 2024 OPERATING FEE SCALE</b>						
<b>2023 Natural Person Federal Credit Union Scale</b>						
<u>Asset Level</u>			<u>Operating Fee Assessment</u>			
\$0	TO	\$1,000,000	\$0.00			
\$1,000,000	TO	\$2,260,754,620	\$0.00	+ 0.00016409	X total assets over	\$0.00
\$2,260,754,620	TO	\$6,841,009,515	\$370,971	+ 0.00004782	X total assets over	\$2,260,754,620
\$6,841,009,515	AND	Over	\$590,007	+ 0.00001597	X total assets over	\$6,841,009,515
<b>2024 (Proposed) Natural Person Federal Credit Union Scale - \$1 million exemption</b>						
Projected FCU asset growth rate			4.58%	Change in asset level dividing points		
Operating fee rate change			19.59%	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	\$2,364,246,595	\$0.00	+ 0.00019624	X total assets over	\$0.00
\$2,364,246,595	TO	\$7,154,174,676	\$463,960	+ 0.00005719	X total assets over	\$2,364,246,595
\$7,154,174,676	AND	Over	\$737,896	+ 0.00001910	X total assets over	\$7,154,174,676
<b>2024 (Proposed) Natural Person Federal Credit Union Scale - \$2 million exemption</b>						
Projected FCU asset growth rate			4.58%	Change in asset level dividing points		
Operating fee rate change			19.61%	Change in assessment rate percentages		
<u>Asset Level</u>			<u>Operating Fee Assessment</u>			
\$0	TO	\$2,000,000	\$0.00			
\$2,000,000	TO	\$2,364,246,595	\$0.00	+ 0.00019627	X total assets over	\$0.00
\$2,364,246,595	TO	\$7,154,174,676	\$464,031	+ 0.00005720	X total assets over	\$2,364,246,595
\$7,154,174,676	AND	Over	\$738,015	+ 0.00001911	X total assets over	\$7,154,174,676
<b>FY2024 (Proposed) Corporate Federal Credit Union Scale</b>						
<u>Asset Level</u>			<u>Operating Fee Assessment</u>			
\$50,000,000	TO	\$100,000,000	\$10,665	+ 0.00019870	X total assets over	\$50,000,000
\$100,000,000	AND	Over	\$20,600	+ 0.00001230	X total assets over	\$100,000,000

### *Budget by Strategic Goal*

The table below shows the combined total of the 2024 Operating and Capital Budgets, organized by the NCUA's three current strategic goals.

Strategic Goal	2024 Proposed Budget	
	Dollars (in Millions)	Positions
Goal 1: Ensure a safe, sound, and viable system of cooperative credit that protects consumers	\$251.17	1,022
Goal 2: Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services	\$17.33	64
Goal 3: Maximize organizational performance to enable mission success	\$116.58	152
Office of Inspector General	\$4.29	10
<b>Total</b>	<b>\$389.37</b>	<b>1,248</b>

Budgets for the Offices of the Board, Executive Director, Executive Secretary, Ombudsman, General Counsel, Ethics Counsel, External Affairs and Communications, and 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 Facility and minor rounding differences may occur in totals.*

Office Budget Summary

2024–2025 PROPOSED NCUA OPERATING BUDGET										
Office	2023 Board Approved Budget	2024 Proposed Budget	2023 – 2024 Change		2025 Proposed Budget	2024 – 2025 Change		Authorized Positions		
								2023	2024	2025
Eastern Region	57,631,578	58,234,649	603,070	1.0%	60,883,981	2,649,333	4.5%	261	263	263
Southern Region	49,385,910	51,928,285	2,542,375	5.1%	54,614,679	2,686,394	5.2%	231	232	232
Western Region	55,104,513	57,627,428	2,522,915	4.6%	60,510,491	2,883,063	5.0%	245	247	247
Office of National Examinations and Supervision	14,340,394	16,987,934	2,647,540	18.5%	17,777,913	789,979	4.7%	50	54	54
<b>Supervision and Examination</b>	<b>176,462,395</b>	<b>185,303,295</b>	<b>8,840,900</b>	<b>5.0%</b>	<b>194,312,064</b>	<b>9,008,769</b>	<b>4.9%</b>	<b>787</b>	<b>796</b>	<b>796</b>
Office of the Board	3,813,901	3,998,314	184,414	4.8%	4,097,424	99,110	2.5%	13	13	13
Office of the Executive Director	3,386,986	4,180,635	793,649	23.4%	4,338,230	157,595	3.8%	10	10	10
Federal Financial Institutions Examination Council	2,135,000	2,475,000	340,000	15.9%	2,475,000	-	0.0%	-	-	-
Office of the Executive Secretary	-	445,988	445,988	N/A	754,083	308,095	69.1%	-	2	3
Office of the Ombudsman	339,459	676,174	336,715	99.2%	795,502	119,328	17.6%	2	3	3
Office of Ethics Counsel	2,127,397	2,449,803	322,406	15.2%	2,757,567	307,764	12.6%	7	8	8
Office of Business Innovation	3,657,128	4,809,653	1,152,525	31.5%	5,137,481	327,828	6.8%	12	15	15
Office of Continuity and Security Management	5,443,326	5,707,907	264,581	4.9%	5,935,614	227,707	4.0%	12	12	13
Office of Minority and Women Inclusion	3,916,527	4,423,899	507,372	13.0%	4,563,315	139,416	3.2%	10	10	10
Office of the Chief Economist	2,586,511	2,963,274	376,762	14.6%	3,090,371	127,098	4.3%	8	8	8
Office of Consumer Financial Protection	7,307,512	8,117,882	810,371	11.1%	8,489,463	371,581	4.6%	30	31	31
Office of the Chief Financial Officer	23,080,362	25,264,361	2,183,999	9.5%	25,906,479	642,118	2.5%	54	55	55
Cross-cutting agency expenses	(19,815,549)	(13,364,422)	6,451,127	-32.6%	4,635,356	17,999,778	134.7%	-	-	-
Office of the Chief Information Officer	55,686,497	62,589,982	6,903,485	12.4%	64,571,033	1,981,051	3.2%	49	50	50
Credit Union Resources and Expansion	9,380,550	11,023,394	1,642,844	17.5%	11,552,028	528,634	4.8%	39	41	41
Office of Examination & Insurance	15,705,823	16,705,766	999,943	6.4%	17,439,401	733,635	4.4%	50	53	53
Office of General Counsel	13,780,880	14,926,034	1,145,154	8.3%	15,697,857	771,823	5.2%	46	46	47
Office of Inspector General	4,072,247	4,290,027	217,780	5.3%	4,439,316	149,289	3.5%	10	10	10
Office of Human Resources	20,284,090	22,857,168	2,573,077	12.7%	25,071,172	2,214,004	9.7%	45	47	47
Office of External Affairs and Communication	5,464,076	6,379,533	915,457	16.8%	6,634,118	254,585	4.0%	14	15	15
Asset Management and Assistance Center	5,342,884	6,416,332	1,073,448	-	6,702,126	285,794	4.5%	22	23	23
<b>Mission Support</b>	<b>167,695,605</b>	<b>196,811,705</b>	<b>29,116,100</b>	<b>17.4%</b>	<b>224,557,936</b>	<b>27,746,231</b>	<b>14.1%</b>	<b>433</b>	<b>452</b>	<b>455</b>
<b>Total Operating Budget</b>	<b>\$344,158,000</b>	<b>\$382,115,000</b>	<b>\$37,957,000</b>	<b>11.0%</b>	<b>\$418,870,000</b>	<b>\$36,755,000</b>	<b>9.6%</b>	<b>1,220</b>	<b>1,248</b>	<b>1,251</b>

Note: minor rounding differences may occur in totals.

Office Budgets

OFFICE OF THE CHAIRMAN: 2024-2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023-2024 Change	Change Percent	2025 Proposed Budget	2024-2025 Change	Change Percent
<b>Positions</b>	<b>4.0</b>	<b>4.0</b>	<b>-</b>	<b>0.0%</b>	<b>4.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	1,008,399	1,089,761	81,361	8.1%	1,118,596	28,835	2.6%
Salaries	711,637	765,019	53,382	7.5%	786,996	21,977	2.9%
Benefits	296,763	324,742	27,979	9.4%	331,600	6,858	2.1%
Travel	50,000	50,000	-	0.0%	50,000	-	0.0%
Rent /Comm/Util	2,250	2,250	-	0.0%	2,250	-	0.0%
Administrative	10,000	10,000	-	0.0%	10,000	-	0.0%
Contracted Services	43,000	39,000	(4,000)	-9.3%	39,000	-	0.0%
<b>Total</b>	<b>\$ 1,113,649</b>	<b>\$ 1,191,011</b>	<b>\$ 77,361</b>	<b>6.9%</b>	<b>\$ 1,219,846</b>	<b>\$ 28,835</b>	<b>2.4%</b>

BOARD MEMBER HAUPTMAN: 2024-2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023-2024 Change	Change Percent	2025 Proposed Budget	2024-2025 Change	Change Percent
<b>Positions</b>	<b>3.0</b>	<b>3.0</b>	<b>-</b>	<b>0.0%</b>	<b>3.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	713,132	752,009	38,877	5.5%	765,530	13,521	1.8%
Salaries	500,283	525,639	25,357	5.1%	536,161	10,522	2.0%
Benefits	212,849	226,370	13,521	6.4%	229,369	3,000	1.3%
Travel	50,000	50,000	-	0.0%	50,000	-	0.0%
Rent /Comm/Util	6,750	6,750	-	0.0%	6,750	-	0.0%
Administrative	14,000	14,000	-	0.0%	14,000	-	0.0%
Contracted Services	83,000	83,000	-	0.0%	83,000	-	0.0%
<b>Total</b>	<b>\$ 866,882</b>	<b>\$ 905,759</b>	<b>\$ 38,877</b>	<b>4.5%</b>	<b>\$ 919,280</b>	<b>\$ 13,521</b>	<b>1.5%</b>

BOARD MEMBER HOOD: 2024-2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023-2024 Change	Change Percent	2025 Proposed Budget	2024-2025 Change	Change Percent
<b>Positions</b>	<b>3.0</b>	<b>3.0</b>	<b>-</b>	<b>0.0%</b>	<b>3.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	803,036	784,822	(18,215)	-2.3%	800,058	15,237	1.9%
Salaries	569,061	551,586	(17,475)	-3.1%	563,464	11,878	2.2%
Benefits	233,976	233,236	(740)	-0.3%	236,595	3,359	1.4%
Travel	65,000	65,000	-	0.0%	65,000	-	0.0%
Rent /Comm/Util	6,750	6,750	-	0.0%	6,750	-	0.0%
Administrative	14,000	14,000	-	0.0%	14,000	-	0.0%
Contracted Services	98,000	98,000	-	0.0%	98,000	-	0.0%
<b>Total</b>	<b>\$ 986,786</b>	<b>\$ 968,572</b>	<b>\$ (18,215)</b>	<b>-1.8%</b>	<b>\$ 983,808</b>	<b>\$ 15,237</b>	<b>1.6%</b>

Note: Minor rounding differences may occur in totals.

OFFICE OF THE BOARD: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>13.0</b>	<b>13.0</b>	-	-	<b>13.0</b>	-	<b>0.0%</b>
Employee Compensation	3,300,151	3,484,564	184,414	5.6%	3,583,674	99,110	2.8%
Salaries	2,329,860	2,452,739	122,879	5.3%	2,529,034	76,295	3.1%
Benefits	970,290	1,031,825	61,535	6.3%	1,054,641	22,815	2.2%
Travel	169,000	169,000	-	0.0%	169,000	-	0.0%
Rent /Comm/Util	17,750	16,250	(1,500)	-8.5%	16,250	-	0.0%
Administrative	39,000	40,500	1,500	3.8%	40,500	-	0.0%
Contracted Services	288,000	288,000	-	0.0%	288,000	-	0.0%
<b>Total</b>	<b>\$ 3,813,901</b>	<b>\$ 3,998,314</b>	<b>\$ 184,414</b>	<b>4.8%</b>	<b>\$ 4,097,424</b>	<b>\$ 99,110</b>	<b>2.5%</b>

OFFICE OF THE EXECUTIVE DIRECTOR: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions*</b>	<b>10.0</b>	<b>10.0</b>	-	<b>0.0%</b>	<b>10.0</b>	-	<b>0.0%</b>
Employee Compensation	2,841,236	3,284,885	443,649	15.6%	3,442,480	157,595	4.8%
Salaries	2,006,694	2,318,339	311,645	15.5%	2,439,545	121,206	5.2%
Benefits	834,542	966,546	132,004	15.8%	1,002,935	36,389	3.8%
Travel	30,000	30,000	-	0.0%	30,000	-	0.0%
Rent /Comm/Util	20,000	20,000	-	0.0%	20,000	-	0.0%
Administrative	2,150,250	2,500,250	350,000	16.3%	2,500,250	-	0.0%
ED Core	15,250	25,250	10,000	65.6%	25,250	-	0.0%
FFIEC	2,135,000	2,475,000	340,000	15.9%	2,475,000	-	0.0%
Contracted Services	480,500	820,500	340,000	70.8%	820,500	-	0.0%
<b>Total</b>	<b>\$ 5,521,986</b>	<b>\$ 6,655,635</b>	<b>\$ 1,133,649</b>	<b>20.5%</b>	<b>\$ 6,813,230</b>	<b>\$ 157,595</b>	<b>2.4%</b>

OFFICE OF THE EXECUTIVE SECRETARY: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>		<b>2.0</b>	<b>2.0</b>		<b>3.0</b>	<b>1.0</b>	<b>50.0%</b>
Employee Compensation		375,988	375,988	-	684,083	308,095	81.9%
Salaries		267,454	267,454	-	486,289	218,835	81.8%
Benefits		108,535	108,535	-	197,794	89,259	82.2%
Travel		10,000	10,000	-	10,000	-	-
Rent /Comm/Util		-	-	-	-	-	-
Administrative		-	-	-	-	-	-
Contracted Services		60,000	60,000	-	60,000	-	-
<b>Total</b>		<b>\$ 445,988</b>	<b>\$ 445,988</b>	<b>-</b>	<b>\$ 754,083</b>	<b>\$ 308,095</b>	<b>69.1%</b>

*Note: Minor rounding differences may occur in totals.*

OFFICE OF THE OMBUDSMAN: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>2.0</b>	<b>3.0</b>	<b>1.0</b>	<b>50.0%</b>	<b>3.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	324,459	661,174	336,715	103.8%	780,502	119,328	18.0%
Salaries	235,719	465,925	230,206	97.7%	549,628	83,703	18.0%
Benefits	88,741	195,249	106,509	120.0%	230,874	35,625	18.2%
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	-	-	7,000	-	0.0%
<b>Total</b>	<b>\$ 339,459</b>	<b>\$ 676,174</b>	<b>\$ 336,715</b>	<b>99.2%</b>	<b>\$ 795,502</b>	<b>\$ 119,328</b>	<b>17.6%</b>

OFFICE OF ETHICS COUNSEL: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>7.0</b>	<b>8.0</b>	<b>1.0</b>	<b>14.3%</b>	<b>8.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	1,969,608	2,339,551	369,943	18.8%	2,647,315	307,764	13.2%
Salaries	1,414,524	1,669,627	255,103	18.0%	1,901,980	232,354	13.9%
Benefits	555,084	669,924	114,840	20.7%	745,335	75,410	11.3%
Travel	15,000	15,000	-	0.0%	15,000	-	0.0%
Rent /Comm/Util	4,200	-	(4,200)	-100.0%	-	-	0.0%
Administrative	3,000	3,000	-	0.0%	3,000	-	0.0%
Contracted Services	135,589	92,252	(43,337)	-32.0%	92,252	-	0.0%
<b>Total</b>	<b>\$ 2,127,397</b>	<b>\$ 2,449,803</b>	<b>\$ 322,406</b>	<b>15.2%</b>	<b>\$ 2,757,567</b>	<b>\$ 307,764</b>	<b>12.6%</b>

OFFICE OF BUSINESS INNOVATION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>12.0</b>	<b>15.0</b>	<b>3.0</b>	<b>25.0%</b>	<b>15.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	3,198,282	4,103,729	905,447	28.3%	4,431,557	327,828	8.0%
Salaries	2,269,788	2,905,330	635,542	28.0%	3,149,066	243,737	8.4%
Benefits	928,494	1,198,400	269,905	29.1%	1,282,491	84,091	7.0%
Travel	95,700	133,800	38,100	39.8%	133,800	-	0.0%
Rent /Comm/Util	8,100	9,000	900	11.1%	9,000	-	0.0%
Administrative	6,300	6,300	-	0.0%	6,300	-	0.0%
Contracted Services	348,746	556,824	208,078	59.7%	556,824	-	0.0%
<b>Total</b>	<b>\$ 3,657,128</b>	<b>\$ 4,809,653</b>	<b>\$ 1,152,525</b>	<b>31.5%</b>	<b>\$ 5,137,481</b>	<b>\$ 327,828</b>	<b>6.8%</b>

*Note: Minor rounding differences may occur in totals.*

OFFICE OF CONTINUITY AND SECURITY MANAGEMENT: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>12.0</b>	<b>12.0</b>	-	-	<b>13.0</b>	<b>1.0</b>	<b>8.3%</b>
Employee Compensation	3,113,687	3,403,080	289,393	9.3%	3,630,787	227,707	6.7%
Salaries	2,208,430	2,414,873	206,444	9.3%	2,583,121	168,248	7.0%
Benefits	905,257	988,206	82,949	9.2%	1,047,666	59,460	6.0%
Travel	20,000	25,000	5,000	25.0%	25,000	-	0.0%
Rent /Comm/Util	57,200	55,000	(2,200)	-3.8%	55,000	-	0.0%
Administrative	36,000	36,000	-	0.0%	36,000	-	0.0%
Contracted Services	2,216,439	2,188,827	(27,612)	-1.2%	2,188,827	-	0.0%
<b>Total</b>	<b>\$ 5,443,326</b>	<b>\$ 5,707,907</b>	<b>\$ 264,581</b>	<b>4.9%</b>	<b>\$ 5,935,614</b>	<b>\$ 227,707</b>	<b>4.0%</b>

OFFICE OF MINORITY AND WOMEN INCLUSION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>10.0</b>	<b>10.0</b>	-	0.0%	<b>10.0</b>	-	0.0%
Employee Compensation	2,662,993	2,904,975	241,982	9.1%	3,044,391	139,416	4.8%
Salaries	1,886,248	2,062,228	175,980	9.3%	2,170,044	107,816	5.2%
Benefits	776,745	842,747	66,002	8.5%	874,346	31,600	3.7%
Travel	61,100	69,725	8,625	14.1%	69,725	-	0.0%
Rent /Comm/Util	14,650	11,550	(3,100)	-21.2%	11,550	-	0.0%
Administrative	182,315	184,180	1,865	1.0%	184,180	-	0.0%
Contracted Services	995,469	1,253,469	258,000	25.9%	1,253,469	-	0.0%
<b>Total</b>	<b>\$ 3,916,527</b>	<b>\$ 4,423,899</b>	<b>\$ 507,372</b>	<b>13.0%</b>	<b>\$ 4,563,315</b>	<b>\$ 139,416</b>	<b>3.2%</b>

OFFICE OF THE CHIEF ECONOMIST: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>8.0</b>	<b>8.0</b>	-	0.0%	<b>8.0</b>	-	0.0%
Employee Compensation	2,347,767	2,629,911	282,143	12.0%	2,757,008	127,098	4.8%
Salaries	1,679,964	1,885,251	205,287	12.2%	1,983,815	98,564	5.2%
Benefits	667,803	744,659	76,856	11.5%	773,194	28,534	3.8%
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	210,230	304,849	94,619	45.0%	304,849	-	0.0%
Contracted Services	4,314	4,314	-	0.0%	4,314	-	0.0%
<b>Total</b>	<b>\$ 2,586,511</b>	<b>\$ 2,963,274</b>	<b>\$ 376,762</b>	<b>14.6%</b>	<b>\$ 3,090,371</b>	<b>\$ 127,098</b>	<b>4.3%</b>

*Note: Minor rounding differences may occur in totals.*

OFFICE OF CONSUMER FINANCIAL PROTECTION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>30.0</b>	<b>31.0</b>	<b>1.0</b>	<b>3.3%</b>	<b>31.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	6,644,152	7,491,112	846,961	12.7%	7,862,693	371,581	5.0%
Salaries	4,664,683	5,240,507	575,824	12.3%	5,522,696	282,189	5.4%
Benefits	1,979,469	2,250,605	271,136	13.7%	2,339,998	89,392	4.0%
Travel	236,437	472,475	236,038	99.8%	472,475	-	0.0%
Rent /Comm/Util	42,543	36,795	(5,748)	-13.5%	36,795	-	0.0%
Administrative	23,880	17,500	(6,380)	-26.7%	17,500	-	0.0%
Contracted Services	360,500	100,000	(260,500)	-72.3%	100,000	-	0.0%
<b>Total</b>	<b>\$ 7,307,512</b>	<b>\$ 8,117,882</b>	<b>\$ 810,371</b>	<b>11.1%</b>	<b>\$ 8,489,463</b>	<b>\$ 371,581</b>	<b>4.6%</b>

OFFICE OF THE CHIEF FINANCIAL OFFICER: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>54.0</b>	<b>55.0</b>	<b>1.0</b>	<b>1.9%</b>	<b>55.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	14,513,938	17,352,238	2,838,300	19.6%	18,039,134	686,896	4.0%
Salaries	10,394,754	11,679,282	1,284,528	12.4%	12,204,131	524,849	4.5%
OCFO	8,750,156	9,885,627	1,135,471	13.0%	10,410,669	525,042	5.3%
Crosscutting	1,644,598	1,793,655	149,057	9.1%	1,793,462	(193)	0.0%
Benefits	4,119,184	5,672,956	1,553,772	37.7%	5,835,003	162,047	2.9%
OCFO	3,703,765	4,182,687	478,922	12.9%	4,344,763	162,076	3.9%
Crosscutting	415,419	1,490,269	1,074,850	258.7%	1,490,240	(29)	0.0%
Travel	100,483	50,240	(50,243)	-50.0%	50,240	-	0.0%
OCFO	100,000	50,000	(50,000)	-50.0%	50,000	-	0.0%
Crosscutting	483	240	(243)	-50.3%	240	-	0.0%
Rent /Comm/Util	1,458,259	1,972,875	514,616	35.3%	1,972,875	-	0.0%
OCFO	1,458,000	1,972,300	514,300	35.3%	1,972,300	-	0.0%
Crosscutting	259	575	316	122.0%	575	-	0.0%
Administrative	2,028,293	2,068,480	40,187	2.0%	2,023,480	(45,000)	-2.2%
OCFO	680,000	718,000	38,000	5.6%	673,000	(45,000)	-6.3%
Crosscutting	1,348,293	1,350,480	2,187	0.2%	1,350,480	-	0.0%
Contracted Services	(14,836,160)	(9,543,894)	5,292,266	-35.7%	8,456,106	18,000,000	-188.6%
OCFO	8,388,441	8,455,747	67,306	0.8%	8,455,747	-	0.0%
Crosscutting	(23,224,601)	(17,999,641)	5,224,960	-22.5%	359	18,000,000	-100.0%
<b>Total</b>	<b>\$ 3,264,813</b>	<b>\$ 11,899,939</b>	<b>\$ 8,635,126</b>	<b>264.5%</b>	<b>\$ 30,541,835</b>	<b>\$ 18,641,896</b>	<b>156.7%</b>
OCFO Total	23,080,362	25,264,361	2,183,999	9.5%	25,906,479	642,118	2.5%
Crosscutting	(19,815,549)	(13,364,422)	6,451,127	-32.6%	4,635,356	17,999,778	-134.7%

*Note: Minor rounding differences may occur in totals.*

OFFICE OF THE CHIEF INFORMATION OFFICER: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023-2024 Change	Change Percent	2025 Proposed Budget	2024-2025 Change	Change Percent
<b>Positions</b>	<b>49.0</b>	<b>50.0</b>	<b>1.0</b>	<b>2.0%</b>	<b>50.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	11,882,390	14,461,669	2,579,279	21.7%	15,222,719	761,051	5.3%
Salaries	8,427,312	10,257,174	1,829,862	21.7%	10,844,102	586,929	5.7%
Benefits	3,455,078	4,204,495	749,417	21.7%	4,378,617	174,122	4.1%
Travel	85,000	60,000	(25,000)	-29.4%	60,000	-	0.0%
Rent /Comm/Util	2,753,863	3,580,607	826,744	30.0%	3,580,607	-	0.0%
Administrative	30,000	30,000	-	0.0%	30,000	-	0.0%
Contracted Services	40,935,244	44,457,706	3,522,462	8.6%	45,677,706	1,220,000	2.7%
<b>Total</b>	<b>\$ 55,686,497</b>	<b>\$ 62,589,982</b>	<b>\$ 6,903,486</b>	<b>12.4%</b>	<b>\$ 64,571,033</b>	<b>\$ 1,981,051</b>	<b>3.2%</b>

OFFICE OF NATIONAL EXAMINATIONS AND SUPERVISION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023-2024 Change	Change Percent	2025 Proposed Budget	2024-2025 Change	Change Percent
<b>Positions</b>	<b>50.0</b>	<b>54.0</b>	<b>4.0</b>	<b>8.0%</b>	<b>54.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	12,930,035	15,268,184	2,338,149	18.1%	16,058,163	789,979	5.2%
Salaries	9,102,957	10,808,978	1,706,021	18.7%	11,418,189	609,211	5.6%
Benefits	3,827,078	4,459,206	632,128	16.5%	4,639,973	180,767	4.1%
Travel	1,005,000	1,300,000	295,000	29.4%	1,300,000	-	0.0%
Rent /Comm/Util	34,400	50,000	15,600	45.3%	50,000	-	0.0%
Administrative	61,950	44,040	(17,910)	-28.9%	44,040	-	0.0%
Contracted Services	309,009	325,710	16,701	5.4%	325,710	-	0.0%
<b>Total</b>	<b>\$ 14,340,394</b>	<b>\$ 16,987,934</b>	<b>\$ 2,647,540</b>	<b>18.5%</b>	<b>\$ 17,777,913</b>	<b>\$ 789,979</b>	<b>4.7%</b>

OFFICE OF CREDIT UNION RESOURCES AND EXPANSION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023-2024 Change	Change Percent	2025 Proposed Budget	2024-2025 Change	Change Percent
<b>Positions</b>	<b>39.0</b>	<b>41.0</b>	<b>2.0</b>	<b>5.1%</b>	<b>41.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	8,280,550	10,043,394	1,762,844	21.3%	10,572,028	528,634	5.3%
Salaries	5,800,843	7,028,250	1,227,407	21.2%	7,430,498	402,248	5.7%
Benefits	2,479,707	3,015,144	535,437	21.6%	3,141,530	126,386	4.2%
Travel	300,000	350,000	50,000	16.7%	350,000	-	0.0%
Rent /Comm/Util	42,000	34,000	(8,000)	-19.0%	34,000	-	0.0%
Administrative	42,000	35,000	(7,000)	-16.7%	35,000	-	0.0%
Contracted Services	716,000	561,000	(155,000)	-21.6%	561,000	-	0.0%
<b>Total</b>	<b>\$ 9,380,550</b>	<b>\$ 11,023,394</b>	<b>\$ 1,642,844</b>	<b>17.5%</b>	<b>\$ 11,552,028</b>	<b>\$ 528,634</b>	<b>4.8%</b>

*Note: Minor rounding differences may occur in totals.*

OFFICE OF EXAMINATION AND INSURANCE: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>50.0</b>	<b>53.0</b>	<b>3.0</b>	<b>6.0%</b>	<b>53.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	13,042,468	14,706,706	1,664,238	12.8%	15,440,341	733,635	5.0%
Salaries	9,271,480	10,400,782	1,129,302	12.2%	10,964,905	564,122	5.4%
Benefits	3,770,988	4,305,924	534,936	14.2%	4,475,436	169,512	3.9%
Travel	603,068	595,960	(7,108)	-1.2%	595,960	-	0.0%
Rent /Comm/Util	41,100	34,500	(6,600)	-16.1%	34,500	-	0.0%
Administrative	428,164	248,600	(179,564)	-41.9%	248,600	-	0.0%
Contracted Services	1,591,023	1,120,000	(471,023)	-29.6%	1,120,000	-	0.0%
<b>Total</b>	<b>\$ 15,705,823</b>	<b>\$ 16,705,766</b>	<b>\$ 999,943</b>	<b>6.4%</b>	<b>\$ 17,439,401</b>	<b>\$ 733,635</b>	<b>4.4%</b>

OFFICE OF GENERAL COUNSEL: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>46.0</b>	<b>46.0</b>	<b>-</b>	<b>0.0%</b>	<b>47.0</b>	<b>1.0</b>	<b>2.2%</b>
Employee Compensation	13,248,880	14,348,034	1,099,154	8.3%	15,119,857	771,823	5.4%
Salaries	9,489,528	10,253,644	764,116	8.1%	10,841,553	587,909	5.7%
Benefits	3,759,352	4,094,390	335,038	8.9%	4,278,304	183,914	4.5%
Travel	100,000	90,000	(10,000)	-10.0%	90,000	-	0.0%
Rent /Comm/Util	10,000	3,000	(7,000)	-70.0%	3,000	-	0.0%
Administrative	7,000	5,000	(2,000)	-28.6%	5,000	-	0.0%
Contracted Services	415,000	480,000	65,000	15.7%	480,000	-	0.0%
<b>Total</b>	<b>\$ 13,780,880</b>	<b>\$ 14,926,034</b>	<b>\$ 1,145,154</b>	<b>8.3%</b>	<b>\$ 15,697,857</b>	<b>\$ 771,823</b>	<b>5.2%</b>

OFFICE OF HUMAN RESOURCES: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>45.0</b>	<b>47.0</b>	<b>2.0</b>	<b>4.4%</b>	<b>47.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	11,720,037	13,713,160	1,993,122	17.0%	14,327,164	614,004	4.5%
Salaries	7,577,672	8,662,523	1,084,851	14.3%	9,130,520	467,997	5.4%
Benefits	4,142,365	5,050,637	908,271	21.9%	5,196,644	146,007	2.9%
Travel	3,066,000	2,460,000	(606,000)	-19.8%	3,260,000	800,000	32.5%
Rent /Comm/Util	409,700	328,600	(81,100)	-19.8%	728,600	400,000	121.7%
Administrative	1,150,100	1,165,950	15,850	1.4%	1,365,950	200,000	17.2%
Contracted Services	3,938,253	5,189,458	1,251,205	31.8%	5,389,458	200,000	3.9%
<b>Total</b>	<b>\$ 20,284,090</b>	<b>\$ 22,857,168</b>	<b>\$ 2,573,077</b>	<b>12.7%</b>	<b>\$ 25,071,172</b>	<b>\$ 2,214,004</b>	<b>9.7%</b>

*Note: Minor rounding differences may occur in totals.*

OFFICE OF EXTERNAL AFFAIRS AND COMMUNICATION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>14.0</b>	<b>15.0</b>	<b>1.0</b>	<b>6.7%</b>	<b>15.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	3,455,676	3,843,133	387,457	11.2%	4,127,718	284,585	7.4%
Salaries	2,439,214	2,708,939	269,724	11.1%	2,918,998	210,060	7.8%
Benefits	1,016,461	1,134,194	117,733	11.6%	1,208,720	74,526	6.6%
Travel	117,000	50,000	(67,000)	-57.3%	50,000	-	0.0%
Rent /Comm/Util	38,500	32,500	(6,000)	-15.6%	32,500	-	0.0%
Administrative	108,900	174,400	65,500	60.1%	144,400	(30,000)	-17.2%
Contracted Services	1,744,000	2,279,500	535,500	30.7%	2,279,500	-	0.0%
<b>Total</b>	<b>\$ 5,464,076</b>	<b>\$ 6,379,533</b>	<b>\$ 915,457</b>	<b>16.8%</b>	<b>\$ 6,634,118</b>	<b>\$ 254,585</b>	<b>4.0%</b>

ASSET MANAGEMENT AND ASSISTANCE CENTER 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>22.0</b>	<b>23.0</b>	<b>1.0</b>	<b>4.3%</b>	<b>23.0</b>	<b>-</b>	<b>0.0%</b>
Employee Compensation	5,024,744	5,952,098	927,354	18.5%	6,237,892	285,794	4.8%
Salaries	3,520,833	4,185,609	664,776	18.9%	4,404,281	218,673	5.2%
Benefits	1,503,911	1,766,489	262,578	17.5%	1,833,611	67,121	3.8%
Travel	139,200	125,280	(13,920)	-10.0%	125,280	-	0.0%
Rent /Comm/Util	15,015	6,113	(8,902)	-59.3%	6,113	-	0.0%
Administrative	45,425	65,341	19,916	43.8%	65,341	-	0.0%
Contracted Services	118,500	267,500	149,000	125.7%	267,500	-	0.0%
<b>Total</b>	<b>\$ 5,342,884</b>	<b>\$ 6,416,332</b>	<b>\$ 1,073,448</b>	<b>20.1%</b>	<b>\$ 6,702,126</b>	<b>\$ 285,794</b>	<b>4.5%</b>

*Note: Minor rounding differences may occur in totals.*

EASTERN REGION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>261.0</b>	<b>263.0</b>	<b>2.0</b>	<b>0.8%</b>	<b>261.0</b>	<b>(2.0)</b>	<b>-0.8%</b>
Employee Compensation	52,216,123	53,612,839	1,396,715	2.7%	56,162,171	2,549,333	4.8%
Salaries	35,777,477	37,079,964	1,302,487	3.6%	39,006,008	1,926,044	5.2%
Benefits	16,438,646	16,532,875	94,229	0.6%	17,156,164	623,289	3.8%
Travel	4,814,000	4,000,000	(814,000)	-16.9%	4,100,000	100,000	2.5%
Rent /Comm/Util	236,850	288,610	51,760	21.9%	288,610	-	0.0%
Administrative	226,620	189,200	(37,420)	-16.5%	189,200	-	0.0%
Contracted Services	137,985	144,000	6,015	4.4%	144,000	-	0.0%
<b>Total</b>	<b>\$ 57,631,578</b>	<b>\$ 58,234,649</b>	<b>\$ 603,070</b>	<b>1.0%</b>	<b>\$ 60,883,981</b>	<b>\$ 2,649,333</b>	<b>4.5%</b>

SOUTHERN REGION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>231.0</b>	<b>232.0</b>	<b>1.0</b>	<b>0.4%</b>	<b>231.0</b>	<b>(1.0)</b>	<b>-0.4%</b>
Employee Compensation	43,133,790	45,976,367	2,842,577	6.6%	48,162,761	2,186,394	4.8%
Salaries	29,357,447	31,633,713	2,276,267	7.8%	33,279,516	1,645,803	5.2%
Benefits	13,776,344	14,342,654	566,310	4.1%	14,883,246	540,592	3.8%
Travel	5,364,512	5,220,020	(144,492)	-2.7%	5,720,020	500,000	9.6%
Rent /Comm/Util	369,670	366,900	(2,770)	-0.7%	366,900	-	0.0%
Administrative	259,173	194,210	(64,963)	-25.1%	194,210	-	0.0%
Contracted Services	258,765	170,788	(87,977)	-34.0%	170,788	-	0.0%
<b>Total</b>	<b>\$ 49,385,910</b>	<b>\$ 51,928,285</b>	<b>\$ 2,542,375</b>	<b>5.1%</b>	<b>\$ 54,614,679</b>	<b>\$ 2,686,394</b>	<b>5.2%</b>

WESTERN REGION: 2024–2025 BUDGET SUMMARY							
	2023 Board Approved Budget	2024 Proposed Budget	2023–2024 Change	Change Percent	2025 Proposed Budget	2024–2025 Change	Change Percent
<b>Positions</b>	<b>245.0</b>	<b>247.0</b>	<b>2.0</b>	<b>0.8%</b>	<b>245.0</b>	<b>(2.0)</b>	<b>-0.8%</b>
Employee Compensation	48,349,313	50,170,328	1,821,015	3.8%	52,553,391	2,383,063	4.7%
Salaries	33,079,737	34,605,296	1,525,559	4.6%	36,400,989	1,795,692	5.2%
Benefits	15,269,575	15,565,031	295,456	1.9%	16,152,402	587,371	3.8%
Travel	5,644,000	6,745,000	1,101,000	19.5%	7,245,000	500,000	7.4%
Rent /Comm/Util	712,000	258,500	(453,500)	-63.7%	258,500	-	0.0%
Administrative	193,200	241,600	48,400	25.1%	241,600	-	0.0%
Contracted Services	206,000	212,000	6,000	2.9%	212,000	-	0.0%
<b>Total</b>	<b>\$ 55,104,513</b>	<b>\$ 57,627,428</b>	<b>\$ 2,522,916</b>	<b>4.6%</b>	<b>\$ 60,510,491</b>	<b>\$ 2,883,063</b>	<b>5.0%</b>

*Note: Minor rounding differences may occur in totals.*

*IX. Appendix B: Capital Projects*

<b>NATIONAL CREDIT UNION ADMINISTRATION: CAPITAL INVESTMENT PROJECTS</b>			
<b>Description</b>	<b>2023 Board Approved</b>	<b>2024 Proposed</b>	<b>2025 Proposed</b>
<b>Information Technology Investments</b>			
Executive Order on Cybersecurity	3,070,000	2,408,000	3,480,000
Information Technology Infrastructure, Platform and Security Refresh	3,139,000	1,294,000	1,294,000
CURE Process Automation	-	1,100,000	-
Personnel Security Case Management System	-	630,000	800,000
MERIT Enhancements	1,260,000	540,000	2,430,000
Microsoft Power Platform	-	500,000	-
Data Collection and Sharing Solution	-	208,000	18,000
NCUA Website Development	100,000	100,000	100,000
Data Reporting Solution	-	-	1,100,000
Mobile Device Refresh	959,000	-	-
Enterprise Systems Modernization (ESM) Data Reporting Services	790,000	-	-
Continuous Diagnostics and Mitigation (CDM)	520,000	-	-
Independent Verification and Validation (IV&V) Testing Team	466,000	-	-
Consumer Access Process and Reporting Information System (CAPRIS)	400,000	-	-
Enterprise Data Program	350,000	-	-
Enhanced Testing Capability	250,000	-	-
Balances from completed prior-year projects	(1,000,000)	-	-
Anticipated Additional Information Technology Investments	-	-	298,000
<b>Total, Information Technology Investments</b>	<b>\$ 10,304,000</b>	<b>\$ 6,780,000</b>	<b>\$ 9,520,000</b>
<b>Capital building Improvements and repairs</b>			
Central Office maintenance and repair	472,000	477,000	480,000
Disaster recovery site move	500,000	-	-
<b>Total, Capital building improvements and repairs</b>	<b>\$ 972,000</b>	<b>\$ 477,000</b>	<b>\$ 480,000</b>
<b>Grand Total, Capital Projects</b>	<b>\$ 11,276,000</b>	<b>\$ 7,257,000</b>	<b>\$ 10,000,000</b>

<b>Project name</b>	<b>Executive Order (EO) on Improving the Nation's Cybersecurity</b>					
<b>Project sponsor</b>	Office of the Chief Information Officer					
<b>Customers/ beneficiaries</b>	Internal: All NCUA External: All Credit Unions					
<b>Budget</b>	<b>\$ in thousands</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	Acquisition	\$3,070	\$2,408	\$3,480	TBD	TBD
	Operations & Maintenance					
* Estimated budget for 2026 and 2027 will depend on the evolving guidance from OMB and the Cybersecurity and Infrastructure Security Agency (CISA) related to the various domains of the EO.						
<b>Link to NCUA strategic goals</b>	Goal 3: Maximize organizational performance to enable mission success. This multi-year capital investment will enable the NCUA to comply with EO 14208, helping the NCUA achieve Strategic Objective 3.2, to “deliver an efficient organizational design supported by improved business processes and innovation.”					
<b>Project description</b>	The purpose of the EO on cybersecurity capital investment is to ensure the NCUA complies with EO 14208, <i>Improving the Nation's Cybersecurity</i> . The project will enable appropriate applications to use Multi-Factor Authentication, implement Zero Trust Architecture for the NCUA's infrastructure and applications, and shift certain storage resources from on-premise to a cloud service provider.					

<b>Project name</b>	<b>Information Technology (IT) Infrastructure, Platform and Security Refresh</b>					
<b>Project sponsor</b>	Office of the Chief Information Officer					
<b>Customers/ beneficiaries</b>	Internal: All NCUA					
<b>Budget</b>	<b>\$ in thousands</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	Acquisition	\$3,139	\$1,294	\$1,294	TBD	TBD
	Operations & Maintenance	\$1,068	\$2,461	TBD	TBD	TBD
<b>Link to NCUA strategic goals</b>	<p>Goal 3: Maximize organizational performance to enable mission success. 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.</p>					
<b>Project description</b>	<p>This project will allow the NCUA Office of the Chief Information Officer to perform refresh of network and platform hardware, as well as migrate new data and infrastructure components to the cloud. Investment in these projects helps ensure business continuity and efficient operations by improving system availability, stability, and security. Projects include refreshing hardware, software, and the professional services required to migrate and harden the IT services for production readiness.</p>					

<b>Project name</b>	<b>CURE Process Automation</b>					
<b>Project sponsor</b>	Credit Union Resources and Expansion					
<b>Customers/ beneficiaries</b>	Internal: CURE staff External: All credit unions and organizing groups					
<b>Budget</b>	<b>\$ in thousands</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	Acquisition	\$0	\$1,100	\$0	\$0	\$0
	Operations and Maintenance	\$0	\$0	TBD	TBD	TBD
<b>Link to NCUA strategic goals</b>	Goal 2: <u>Improve the financial well-being of individuals and communities through access to affordable and equitable financial products and services.</u> This capital investment will support technology enhancements to increase transparency and efficiency associated with field of membership expansions and charters for new credit unions.					
<b>Project description</b>	The CURE Process Automation project will develop the requirements for and support the implementation of the tools and technology needed to provide a web-based portal for credit unions and organizing groups to submit their field of membership and new charter requests. This portal is expected to include forms for submission of information and data, the ability to upload supporting files, and a visible timeline so that submitters can see the progress on their application.					

<b>Project name</b>	<b>Onboarding/Offboarding Solution and Personnel Security Case Management System</b>					
<b>Project sponsor</b>	Office of Continuity and Security Management and Office of the Chief Information Officer					
<b>Customers/beneficiaries</b>	NCUA offices					
<b>Budget</b>	<b>\$ in thousands</b>	<b>2023</b>	<b>2025</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	Acquisition	\$0	\$630	\$800	TBD	TBD
	Operations & Maintenance	\$0	\$70	\$100	\$100	\$100
<b>Link to NCUA strategic goals</b>	<p><u>Goal 3: Maximize organizational performance to enable mission success.</u>  Specifically, this work will help achieve strategic objective 3.2, “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.”</p>					
<b>Project description</b>	<p>In May 2022, the Office of the Director of National Intelligence (ODNI) and the Office of Personnel Management (OPM) issued guidance enhancing the government-wide personnel vetting enterprise, known commonly as Trusted Workforce 2.0 (TW 2.0). Many of the TW 2.0 enhancements require improved tracking of onboarding and offboarding employees and contractors. The NCUA needs to upgrade its related systems to meet the requirements of TW 2.0. This project will develop a centralized personnel security case management system to serve as a repository for all agency onboarding and offboarding actions, consistent with guidance from ODNI and OPM.</p>					

<b>Project name</b>	<b>Modern Examination and Risk Identification Tool (MERIT) Enhancements</b>					
<b>Project sponsor</b>	Office of Business Innovation and Office of the Chief Information Officer					
<b>Customers/ beneficiaries</b>	Internal: E&I, ONES, Regions, OCIO, CURE, OHR, and OCFP External: Credit Unions, SSAs					
<b>Budget</b>	<b>\$ in thousands</b>	<b>2023*</b>	<b>2024*</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	Acquisition	\$1,260	\$540	\$2,430	\$750	\$1,600
	Operations & Maintenance	11,828	\$12,940	\$12,619	\$13,271	12,792
	*An additional \$216K is funded in the proposed 2024 Share Insurance Fund Administrative Expenses Budget to support certain reviews of FISCUs.					
<b>Link to NCUA strategic goals</b>	<p>Goal 1: <u>Ensure a Safe and Sound Credit Union System</u>. The MERIT system enables credit union examiners to fulfill NCUA strategic objective 1.2, “provide high-quality and efficient supervision,” by providing a more effective and secure examination tool.</p> <p>Goal 3: <u>Maximize organizational performance to enable mission success</u>. The MERIT system enables credit union examiners to perform their work more efficiently, helping the NCUA achieve strategic objective 3.2, “deliver an efficient organizational design supported by improved business processes and innovation.”</p>					
<b>Project description</b>	In 2024, the NCUA will continue to invest in MERIT and its related suite of examination and supervision solution tools. Capital funding will be used to deploy new features, implement enhancements to improve the user experience, and increase staff efficiency by automating the testing process. In addition, this request supports enhancements to import data from the ISE Toolbox into. Finally, the proposed 2024 Share Insurance Fund Administrative Expenses Budget includes funding to modify MERIT to support reviews associated with credit union purchase and assumption agreements with other institutions.					

<b>Project name</b>	<b>Microsoft Power Platform (MPP) Governance and Support</b>					
<b>Project sponsor</b>	Office of the Chief Information Officer (OCIO)					
<b>Customers/ beneficiaries</b>	Internal: All NCUA Offices					
<b>Budget</b>	<b>\$ in thousands</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	Acquisition	\$0	\$500	\$0	\$0	\$0
	Operations & Maintenance	\$0	\$0	\$835	\$876	\$920
<b>Link to NCUA strategic goals</b>	<p><u>Goal 1: Ensure a safe and sound credit union system.</u> Providing support for the MPP will enable staff to better fulfill their responsibility to “provide high-quality and efficient supervision,” which is strategic objective 1.2, by providing embracing citizen development for enterprise applications.</p> <p><u>Goal 3: Maximize organizational performance to enable mission success.</u> The OCIO team will “deliver an efficient organizational design supported by improved business processes and innovation.” The implementation and governance of these new MPP tools will ensure citizen developers have the appropriate support they need to establish effective capabilities in Power Apps, Power Automate, Power BI, and Power Virtual Agent tools.</p>					
<b>Project description</b>	The MPP is a line of business intelligence, application development, and automation tools which are all part of the Microsoft Office 365 environment. These resources will support development of an MPP governance plan, effectively monitor and manage MPP usage across the NCUA, and provide IT support to agency users.					

<b>Project name</b>	<b>Data Collection and Sharing (DCS) Solution</b>					
<b>Project sponsor</b>	Office of Business Innovation & Office of the Chief Information Officer					
<b>Customers/ beneficiaries</b>	Internal: All NCUA offices External: Credit Unions, Credit Union Service Organizations (CUSOs), Trade Organizations, Credit Union Members					
<b>Budget</b>	<b>\$ in thousands</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	Acquisition	\$0	\$208	\$18	\$0	\$0
	Operations and Maintenance	\$0	\$0	\$208	\$226	\$226
<b>Link to NCUA strategic goals</b>	<p><u>Goal 1: Ensure a safe, sound, and viable system of cooperative credit that protects consumers.</u> DCS will facilitate NCUA strategic objective 1.2, “provide effective and efficient supervision,” by efficiently collecting and reporting data using improved technology and streamlining manual procedures into a workflow process to review and analyze data.</p> <p><u>Goal 3: Maximize organizational performance to enable mission success.</u> DCS will improve the efficiency of the NCUA’s primary work activities in support of NCUA strategic objective 3.2, “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.” Specifically, implementing tools to support the NCUA’s data collection, workflow management, content management, document management, and logging for assignment and transaction tracking.</p>					
<b>Project description</b>	The DCS project will provide the NCUA staff with technology solutions that automate and streamline data collection/sharing processes to improve efficiency, decrease data entry errors, and reduce redundancy.					

<b>Project name</b>	<b>NCUA Website Development</b>					
<b>Project sponsor</b>	Office of External Affairs and Communications (OEAC)					
<b>Customers/ beneficiaries</b>	NCUA and Website Users (internal and external)					
<b>Budget</b>	<b>S in thousands</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	Acquisition	\$100	\$100	\$100	\$100	\$100
<b>Link to NCUA strategic goals</b>	Goal 3: Maximize organizational performance to enable mission success. The website updates and merger project will help the NCUA achieve strategic objective 3.2, “deliver improved business processes supported by secure, innovative, and reliable technology solutions and data.”					
<b>Project description</b>	In 2024 the budget for NCUA website development will be used to improve cybersecurity standards and website capabilities. The funds will cover the implementation of measures to meet requirements of Executive Order 14028, <i>Improving the Nation's Cybersecurity</i> , and other projects to enhance website functionality, improve user experience, reduce duplication of efforts, and provide greater brand cohesion.					

[FR Doc. 2023-24032 Filed: 10/31/2023 8:45 am; Publication Date: 11/1/2023]