



NCUA
National Credit Union Administration

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Overview of the
National Credit Union Administration's
Staff Draft Budget 2025–2026

Public Briefing
November 22, 2024

Overview: 2025–2026 NCUA Resources

2025–2026 NCUA BUDGET RESOURCES												
Budget	2024 Board-Approved Budget	2025 Requested Budget**	Change (2024-2025)	Percent Change (2024-2025)	2026 Requested Budget	Change (2025-2026)	Percent Change (2025-2026)	2024* Positions	2025* Positions	2026* Positions	Position Change (24–25) (25–26)	
Operating Budget	\$374,494,000	\$419,325,000	\$ 44,831,000	12.0%	\$450,607,000	\$ 31,282,000	7.5%	1,247	1,261	1,272	14	11
Capital Budget	\$6,189,000	\$8,209,000	\$ 2,020,000	32.6%	\$12,500,000	\$ 4,291,000	52.3%	-	-	-	-	-
Share Insurance Fund Admin. Budget	\$5,142,000	\$5,500,000	\$ 358,000	7.0%	\$5,366,000	\$ (134,000)	-2.4%	-	-	-	-	-
Total**	\$385,825,000	\$433,034,000	\$47,209,000	12.2%	\$468,473,000	\$35,439,000	8.2%	1,247	1,261	1,272	14	11

* All position levels exclude positions funded by the Central Liquidity Facility.

** 2025 Requested Budget is \$0.3 million lower than the 2025 funding level approved by the NCUA Board as part of the two-year 2024–2025 Budget.

- The 2025 proposed budget includes an estimated \$6.5 million surplus for 2024; the final 2024 budget included a \$24.5 million surplus for 2023 and prior years.
- After adjusting both years for respective carryover amounts, the 2025 proposed budget grows by approximately 7.1% compared to the 2024 level, which is 5.1 percentage points lower than the 12.2% growth shown above.

Comparison to Approved Budget

COMPARISON OF APPROVED AND PROPOSED NCUA BUDGETS

(dollars in thousands)

	2024—2025 Board-Approved Budget			2025 Proposed Budget		
	<u>2024</u> <u>Approved</u>	<u>2025</u> <u>Approved</u>	<u>% Change</u> <u>vs. 2024</u> <u>Approved</u>	<u>2025 Staff</u> <u>Draft</u> <u>Proposal</u>	<u>% Change</u> <u>vs. 2024</u> <u>Approved</u>	<u>% Change</u> <u>vs. 2025</u> <u>Approved</u>
Operating Budget.....	374,494	418,439	11.7%	419,325	12.0%	0.2%
Capital Budget.....	6,189	10,000	61.6%	8,209	32.6%	-17.9%
Share Insurance Fund Administrative Expenses Budget.....	5,142	4,856	-5.6%	5,500	7.0%	13.3%
Total NCUA Budgets.....	385,825	433,295	12.3%	433,034	12.2%	-0.1%

- Last year, the Board approved a 2025 funding level of \$433.3 million.
- The proposed 2025 staff draft budget is \$433.0 million, which is \$0.3 million, or 0.1%, lower than the amount approved by the Board last year.

Key Themes of the 2025–2026 Budget

- Ensuring robust cybersecurity in the credit union system and at the NCUA.
- Adjusting the NCUA’s examination and supervision program to increase the time between exams for certain qualifying federally insured credit unions.
- Making investments to automate processes for new charters and supporting small and minority depository credit unions to build more financial inclusion.
- Strengthening the NCUA’s commitment to consumer financial protection.

Changes to Examination Cycle

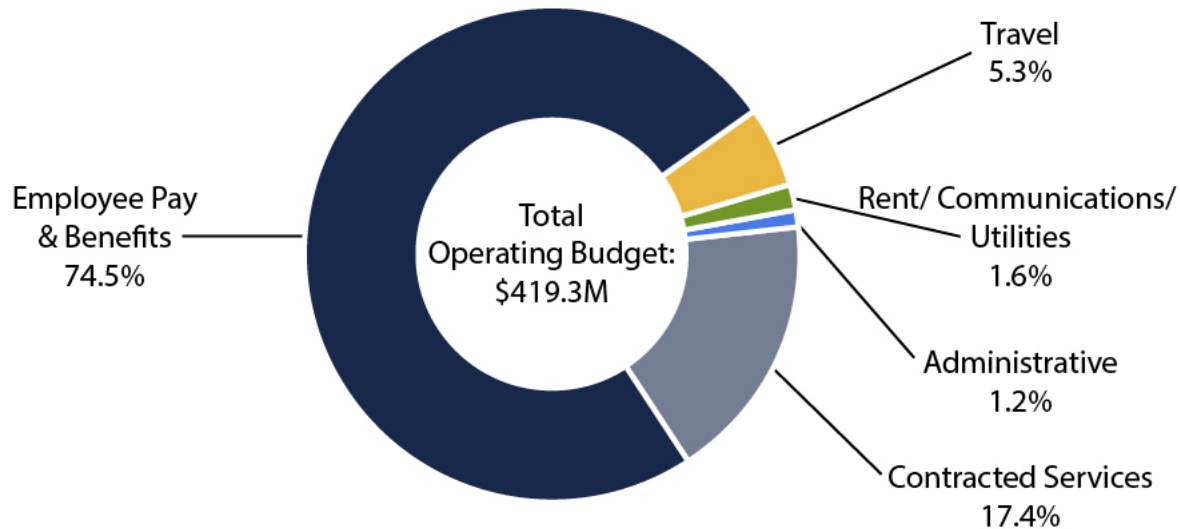
Criteria	Last Exam Completion to Next Exam Start Timeframe		
	Current	Proposed	
Any FICUs with any of the following: <ul style="list-style-type: none"> • CAMELS composite or management component rating of 3, 4, or 5. • Less than Well Capitalized. • Recordkeeping DOR. • Outstanding enforcement action. • New Credit Union. 	8 to 12 months	8 to less than 12 months	
FICUs with assets greater than \$1 billion.	8 to 12 months	FICUs with: <ul style="list-style-type: none"> • assets greater than or equal to \$10 billion. 	8 to less than 12 months
		FICUs with: <ul style="list-style-type: none"> • assets greater than \$1 billion and less than \$10 billion, • any CAMELS composite or component ratings of 3, 4, or 5, or • a change in CEO since last exam. 	8 to less than 12 months
		FICUs with: <ul style="list-style-type: none"> • assets greater than \$1 billion and less than \$10 billion, • CAMELS composite and component ratings of 1 or 2, and • no change in CEO since last exam. 	12 to less than 16 months
All other FCUs	14 to 20 months	14 to less than 18 months	
All other FISCUs	Once every 5 years	Once every 5 years	

2025 Operating Budget

(\$ millions)	2024 Board Approved Budget	2025 Proposed Budget	\$ Change	% Change
Budget	\$374.5	\$419.3	\$44.8	12.0%
Positions*	1,247	1,261	14	1.1%

* The Operating Budget does not include five positions funded by the Central Liquidity Facility.

2025 Operating Budget



Key Operating Budget Changes

- **The Operating Budget is proposed to increase \$44.8 million. This change is due to:**
 - \$18.5 million that results from a lower projected 2024 budget surplus to carry over into 2025;
 - \$19.5 million for pay and benefits increases, including the proposed additional staff;
 - \$4.7 million, net, for additional administrative expenses, rent, communications, and utilities, and contracted services; and,
 - \$2.1 million for increased travel costs.

Key Operating Budget Changes

- **The proposed budget for employee compensation increases by \$19.5 million (6.7%) compared to 2024.**
- **Employee compensation makes up 74.5% of the 2025 NCUA operating budget.**
 - Merit and locality pay adjustments for the current workforce are made in accordance with the compensation section of the agency's Collective Bargaining Agreement.
 - Benefits costs are projected to increase overall by 5.3%. This increase is driven largely by the mandatory retirement contribution paid by NCUA as the employer and contributions for employee health insurance. Both are set by OPM.
 - The 2025 cost impact of proposed additional staff in the budget accounts for \$3.5 million of the compensation increase.

Proposed Staffing Changes

The 14 net additional staff would be allocated to the following functions:

- A net reduction of 10 examiner and supervisory positions in the NCUA’s regional offices.
- 12 new positions: 3 each in the Offices of National Examinations and Supervision, Examination and Insurance, Consumer Financial Protection, and External Affairs and Communications.
- 4 new positions: 2 each in a new Office of the Executive Secretary and in the Office of Business Innovation.
- 2 new positions: 1 each in the Offices of the Chief Economist and Minority and Women Inclusion.
- 2 positions previously unfunded but authorized within the total NCUA staffing plan for the Office of Human Resources.
- 4 positions previously approved by the Board in last year’s budget: one each in the Offices of the Ombudsman, Continuity and Security Management, General Counsel, and Human Resources.

Key Operating Budget Changes

Non-Personnel Budget Categories

- Contracted Services: Increases by a \$25.9 million, made up of three parts:
 - Approximately \$5.5 million for inflationary and programmatic cost increases, largely for operations and maintenance of recent capital investments, cybersecurity mandates and other technology requirements.
 - Approximately \$2.4 million results from reclassifying Federal Financial Institutions Examinations Council costs from the Administrative Expenses budget category, which more accurately captures the nature of this spending.
 - The remaining \$18.0 million of the increase results from a lower surplus projection than the amount realized in 2023.
- Travel: Increases by approximately \$2.1 million, reflecting expected price inflation for examiner and other employee travel. Despite this growth, the total travel budget is approximately 17.5 percent lower than the pre-pandemic 2019 budget level.
- Administrative Expenses, Rent, Communications & Utilities: Decreases by approximately \$2.7 million, primarily due to reclassifying Federal Financial Institutions Examination Council costs as contracted services and one-time rent rebates for the newly leased Southern Region office.

2025 Capital Budget

- The capital budget includes \$8.2 million for 15 discrete projects. The largest share supports MERIT enhancements and cloud computing requirements.

	2025 Proposed Budget
Information Technology Projects	
Examination and Supervision Solution/MERIT Enhancements	1,771,000
Cloud Migration & Modernization	1,300,000
Network Access Control	1,050,000
EO on Improving the Nation's Cybersecurity	850,000
IT Infrastructure, Platform and Security Refresh	775,000
Performance Management System	750,000
Enterprise Laptop Refresh	550,000
Onboarding/ Offboarding Solution and Personnel Security Case Management System	300,000
MARS and CUSO Development and Reports	260,000
Generative AI Licensing	25,000
System Updates for Significant Regulatory Changes	300,000
CURE Process Automation	1,000,000
Off-Site Monitoring Project	250,000
ONES Dedicated Computing Resources	48,000
Balances from Prior-Year Projects	-1,500,000
Capital Building Improvements and Repairs	
Central Office maintenance and repair	480,000
Grand Total, Capital Projects	\$8,209,000

- More detailed descriptions are available in the 2025–2026 Staff Draft Budget document on the NCUA website.

2025 SIF Administrative Expenses Budget

Budget Category (\$ thousands)	2024 Board Approved Budget	2025 Proposed Budget	\$ Change	% Change
SIF Direct Expenses				
Travel	\$1,030	\$1,505	\$475	46.1%
Administrative	\$170	\$208	\$38	22.4%
Contracted Services	\$3,656	\$3,673	\$17	0.5%
Subtotal, SIF Direct Expenses	\$4,856	\$5,386	\$530	10.9%
Corporate Resolution Program	\$286	\$114	-\$172	-60.1%
Total, Share Insurance Fund Administrative Expenses	\$5,142	\$5,500	\$358	7.0%

2026 Operating Budget Estimate

Budget Category (\$ thousands)	2025 Proposed Budget	2026 Estimate	\$ Change	% Change
Employee Pay	\$217,680	\$230,427	\$12,747	5.9%
Employee Benefits	\$94,595	\$98,745	\$4,150	4.4%
Total Compensation	\$312,275	\$329,172	\$16,897	5.4%
Travel	\$22,105	\$24,210	\$2,105	9.5%
Rent/Comm./Utilities	\$6,832	\$7,882	\$1,050	15.4%
Administrative	\$5,109	\$5,859	\$750	14.7%
Contracted Services ¹	\$73,004	\$83,484	\$10,480	14.4%
Total, Operating Budget	\$419,325	\$450,607	\$31,282	7.5%

¹ The \$5.0 million surplus applied to 2025 would pay for contracted services. Of the \$10.5 million increase for the 2026 contracted services budget, \$5.0 million reflects the one-time use of the surplus in 2025.

Financing the NCUA Programs

2025 Distribution of Operating Budget Costs



*Note: Federally insured, state-chartered credit unions typically pay supervisory fees to their respective State Supervisory Authority.

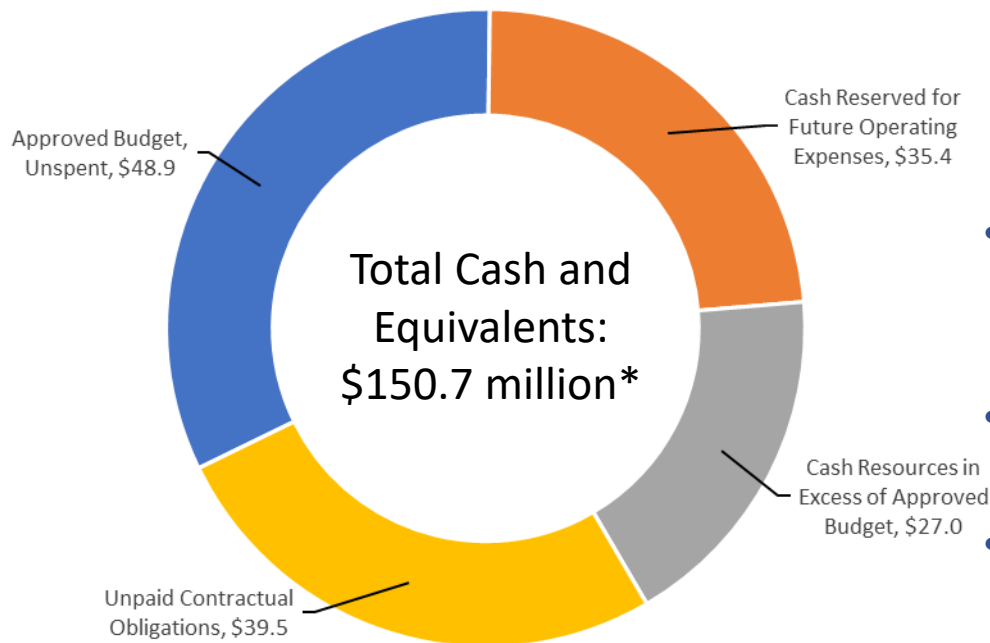
2025 Estimated Distribution: Overhead Transfer Rate and Operating Fee

Est. Share of the Operating Budget covered by:	Federal Credit Unions	Federally Insured, State-Chartered Credit Unions
Federal Credit Union Operating Fee	38.3%	0.0%
Overhead Transfer Rate x Percent of Insured Shares *	31.0%	30.7%
	(61.7% x 50.2%)	61.7% x 49.8%
Total	69.3%	30.7%

*Insured Shares are as of June 2024.

Operating Fund Cash Analysis

Comparison of Cash and Cash Equivalents to Status of Available Resources (in millions, 9/30/2024)



The Operating Fund had approximately **\$150.7 million*** in cash and cash equivalents as of September 30, 2024:

- \$48.9 million is for Board-approved budget amounts not yet spent this year, such as for Q4 payroll and planned contracting actions.
- \$39.5 million is needed to support contractual obligations not yet paid by the NCUA.
- \$35.4 million is reserved for future operating expenses and cash flow needs.
- \$27.0 million is available from prior years and not currently allocated to a Board-approved purpose.

* Minor rounding differences may occur in subtotals.

Budget Background

Funds presented in the FY 2025 President's Budget Appendix:

- Operating Fund
- National Credit Union Share Insurance Fund
- Central Liquidity Facility
- Community Development Revolving Loan Fund

Document location:

https://www.whitehouse.gov/wp-content/uploads/2024/03/oia_fy2025.pdf

NATIONAL CREDIT UNION ADMINISTRATION

Federal Funds

OPERATING FUND

Program and Financing (in millions of dollars)

Identification code 025-4056-0-3-373	2023 actual	2024 est.	2025 est.
Obligations by program activity:			
0801 Safety, Soundness, and Consumer Protection	228	234	268
0803 Improve Access to Equitable Financial Services	16	16	19
0804 Mission Support	106	110	126
0805 Office of Inspector General	4	4	4
0900 Total new obligations, unexpired accounts	354	364	417
Budgetary resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	169	145	141
Budget authority:			
Spending authority from offsetting collections, mandatory:			
1800 Collected	347	360	359
1801 Change in uncollected payments, Federal sources	-17		
1850 Spending auth from offsetting collections, mand (total)	330	360	359
1930 Total budgetary resources available	499	505	500
Memorandum (non-add) entries:			
1941 Unexpired unobligated balance, end of year	145	141	83