

# DEPARTMENT OF CREDIT UNIONS

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Operating Expenditures:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,062,122	1,165,765	1,165,765	1,192,944	1,192,944
<b>TOTAL</b>	<b>\$ 1,062,122</b>	<b>\$ 1,165,765</b>	<b>\$ 1,165,765</b>	<b>\$ 1,192,944</b>	<b>\$ 1,192,944</b>
<b>Capital Improvements:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>GRAND TOTAL</b>	<b>\$ 1,062,122</b>	<b>\$ 1,165,765</b>	<b>\$ 1,165,765</b>	<b>\$ 1,192,944</b>	<b>\$ 1,192,944</b>

**Percentage Change:**

<b>Operating Expenditures</b>					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	1.3	9.8	9.8	2.3	2.3
FTE Positions	0.0	0.0	0.0	0.0	0.0
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## AGENCY OVERVIEW

The mission of the Kansas Department of Credit Unions is to protect Kansas citizens from undue risk by ensuring safe and sound operation of state-chartered credit unions. The agency regulates state-chartered credit unions to assure compliance with state and federal laws, and is empowered to conduct examinations, grant new charters, approve mergers and provide for liquidation procedures when necessary. There are 74 natural person member owned state-chartered credit unions and one corporate credit union in Kansas under the agency's supervision.

Concurrently with the Department of Credit Unions, the National Credit Unions Administration (NCUA), a federal agency, administers a network of federally-chartered credit unions operating in Kansas. State-chartered credit unions are required by law to insure their deposits through the NCUA. Federal-chartered credit unions are exempt from the Department of Credit Unions' oversight.

The Department of Credit Unions performs examinations of the state-chartered credit unions at least once every 18 months. The agency's goals are to complete an annual examination of each credit union; handle consumer complaints within 30 days from the date received; and provide timely supervisory call backs on monitoring of problem credit unions. Credit unions pay an annual operation fee based on asset size, which is set by the Credit Union Administrator and based on expenditure limits approved by the Legislature.

The agency is supervised by the Credit Union Administrator, who is appointed to a four-year term by the Governor, subject to confirmation by the Senate. The Administrator is advised by the Credit Union Council, a seven-member council appointed by the Governor. Each Council member serves a three-year term and is limited to two consecutive terms. Five of the appointed members must be officers of Kansas state-chartered credit unions, with at least one member being from each congressional district in the state. The remainder of the members are from the state at-large. No more than four of the seven members can be of the same political party.

## MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** authorized the transfer of remaining balances over \$200,000 from selected biennial budget agency fee funds to the State General Fund in FY 2005. The amount certified by the Director of Budget on April 19, 2004, for the Department of Credit Unions was \$147,036.

The **2011 Legislature** approved a reduction of the Department's overhead transfer to the State General Fund. Beginning with FY 2012 the transfer was reduced from \$200,000 to \$100,000. The reduction in the overhead transfer allowed the Department to rebuild the carry over fund back to an amount consistent with the National Association of State Credit Union Supervisors (NASCUS) accreditation standards, which recommends the Department maintain a reserve of one quarter's budget year expenses in its carry over fund.

The **2012 Legislature** approved an increase of \$91,910, all from the Credit Union Fee Fund, to restore funding that was deleted for savings from the Voluntary Retirement Incentive Program for FY 2013.

The **2013 Legislature** approved an increase of \$36,819, all from the Credit Union Fee Fund, to move employees into unclassified service and increase salaries to address high turnover of credit union examiners for FY 2014 and FY 2015. The Legislature also approved a reduction of \$11,405, all from the Credit Union Fee Fund, for reduced funding for salaries and wages for FY 2015.

## BUDGET SUMMARY AND KEY POINTS

**FY 2016 – Current Year.** The **agency** requests a revised estimate of \$1,165,765, all from special revenue funds, in FY 2016, which is unchanged from the amount approved by the 2015 Legislature. The agency's request includes 12.0 FTE positions.

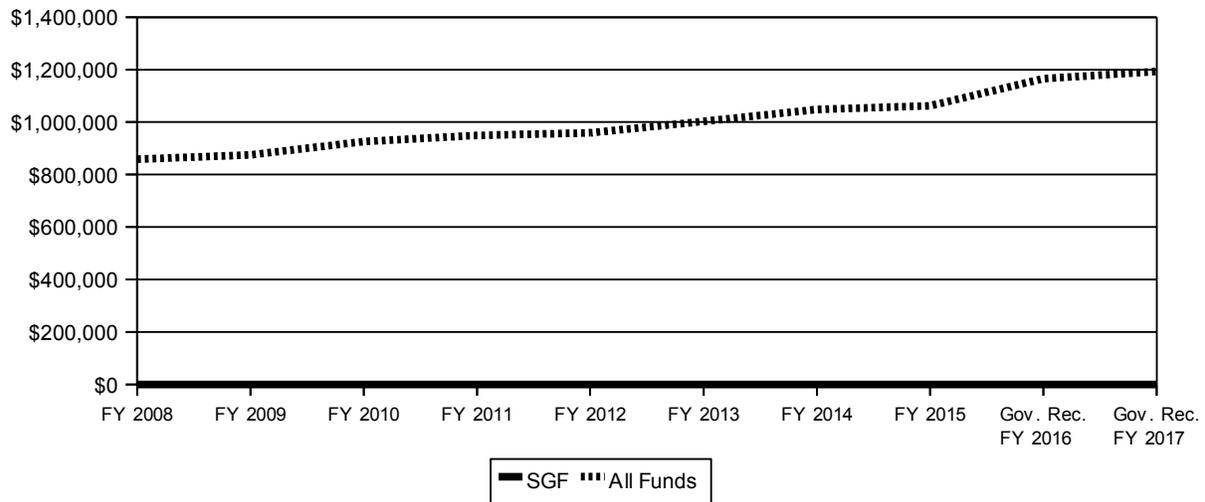
The **Governor** concurs with the agency's estimate in FY 2016.

**FY 2017 – Budget Year.** The **agency** requests a revised estimate of \$1,192,944, all from special revenue funds, for FY 2017, which is unchanged from the amount approved by the 2015 Legislature. The agency's request includes 12.0 FTE positions.

The **Governor** concurs with the agency's estimate for FY 2017.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2008 – FY 2017



## OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 858,429	2.2 %	12.0
2009	0	--	875,142	1.9	12.0
2010	0	--	925,788	5.8	12.0
2011	0	--	949,371	2.5	12.0
2012	0	--	959,142	1.0	12.0
2013	0	--	1,003,054	4.6	12.0
2014	0	--	1,048,209	4.5	12.0
2015	0	--	1,062,122	1.3	0.0
2016 Gov. Rec.	0	--	1,165,765	9.8	0.0
2017 Gov. Rec.	0	--	1,192,944	2.3	0.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 334,515	39.0 %	(12.0)

**Summary of Operating Budget FY 2015 - FY 2017**

Department of Credit Unions

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
<b>By Program:</b>									
Administration	\$ 1,062,122	\$ 1,165,765	\$ 1,192,944	\$ 27,179	2.3 %	\$ 1,165,765	\$ 1,192,944	\$ 27,179	2.3 %
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 857,764	\$ 889,491	\$ 898,280	\$ 8,789	1.0 %	\$ 889,491	\$ 898,280	\$ 8,789	1.0 %
Contractual Services	132,891	240,426	231,533	(8,893)	(3.7)	240,426	231,533	(8,893)	(3.7)
Commodities	28,046	35,848	37,511	1,663	4.6	35,848	37,511	1,663	4.6
Capital Outlay	40,914	0	25,620	25,620	--	0	25,620	25,620	--
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,059,615	\$ 1,165,765	\$ 1,192,944	\$ 27,179	2.3 %	\$ 1,165,765	\$ 1,192,944	\$ 27,179	2.3 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	2,507	0	0	0	--	0	0	0	--
<b>TOTAL</b>	<b>\$ 1,062,122</b>	<b>\$ 1,165,765</b>	<b>\$ 1,192,944</b>	<b>\$ 27,179</b>	<b>2.3 %</b>	<b>\$ 1,165,765</b>	<b>\$ 1,192,944</b>	<b>\$ 27,179</b>	<b>2.3 %</b>
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Credit Unions Fee Fund	1,062,122	1,165,765	1,192,944	27,179	2.3	1,165,765	1,192,944	27,179	2.3
<b>TOTAL</b>	<b>\$ 1,062,122</b>	<b>\$ 1,165,765</b>	<b>\$ 1,192,944</b>	<b>\$ 27,179</b>	<b>2.3 %</b>	<b>\$ 1,165,765</b>	<b>\$ 1,192,944</b>	<b>\$ 27,179</b>	<b>2.3 %</b>

# BUDGET OVERVIEW

## A. FY 2016 – Current Year

### Adjustments to Approved Budget

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,165,765	1,165,765	0	1,165,765	0
<b>TOTAL</b>	<b>\$ 1,165,765</b>	<b>\$ 1,165,765</b>	<b>\$ 0</b>	<b>\$ 1,165,765</b>	<b>\$ 0</b>
FTE Positions	12.0	0.0	(12.0)	0.0	(12.0)

The **agency** requests a revised estimate of \$1,165,765, all from special revenue funds, in FY 2016, which is unchanged from the amount approved by the 2015 Legislature. The agency's request includes 12.0 FTE positions. The following are major categories of expenditures.

- **Salaries and Wages.** The revised request includes \$889,491, a net decrease of \$58,829, or 6.2 percent, below the amount approved the 2015 Legislature. Decreased expenditures on wages for full-time classified employees and fringe benefits are offset by increased wages for unclassified temporary employees.
- **Contractual Services.** The revised request includes \$240,426, a net increase of \$67,681, or 39.2 percent, above the amount approved by the 2015 Legislature. Decreased expenditures on rent are offset by increased expenses on travel for the reimbursement of trainers for the new financial examiners.
- **Commodities.** The request includes \$35,848, a net increase of \$9,248, or 34.8 percent, largely for office supplies, specifically toner.
- **Capital Outlay.** The request includes no capital outlay expenditures, a decrease of \$18,100, or 100.0 percent, below the amount approved by the 2015 Legislature. The Department had planned to replace one vehicle in FY 2016 but that has been delayed until FY 2017.

The **Governor** concurs with the agency's estimate in FY 2016.

## B. FY 2017 – Budget Year

### Adjustments to Approved Budget

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,192,944	1,192,944	0	1,192,944	0
<b>TOTAL</b>	<b>\$ 1,192,944</b>	<b>\$ 1,192,944</b>	<b>\$ 0</b>	<b>\$ 1,192,944</b>	<b>\$ 0</b>
FTE Positions	12.0	0.0	(12.0)	0.0	(12.0)

The **agency** requests a revised estimate of \$1,192,944, all from special revenue funds, for FY 2017, which is unchanged from the amount approved by the 2015 Legislature. The agency's request includes 12.0 FTE positions. The following are major categories of expenditures.

- **Salaries and Wages.** The revised request includes \$898,280, a net decrease of \$90,644, or 9.2 percent, below the amount approved the 2015 Legislature. Decreased expenditures on wages for full-time classified employees and fringe benefits are offset by increased wages for unclassified temporary employees.
- **Contractual Services.** The revised request includes \$231,533, a net increase of \$54,613, or 30.9 percent, above the amount approved by the 2015 Legislature. Decreased expenditures on rent are offset by increased expenses on travel for the reimbursement of trainers for the new financial examiners.
- **Commodities.** The request includes \$37,511, a net increase of \$10,411, or 38.4 percent, largely for office supplies, specifically toner.
- **Capital Outlay.** The request includes \$25,620, an increase of \$25,620, or 100.0 percent, above the amount approved by the 2015 Legislature. The Department had planned to replace one vehicle in FY 2016 but that has been delayed until FY 2017.

The **Governor** concurs with the agency's estimate for FY 2017.

## Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
Credit Union Fee Fund	100.0 %	100.0 %
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

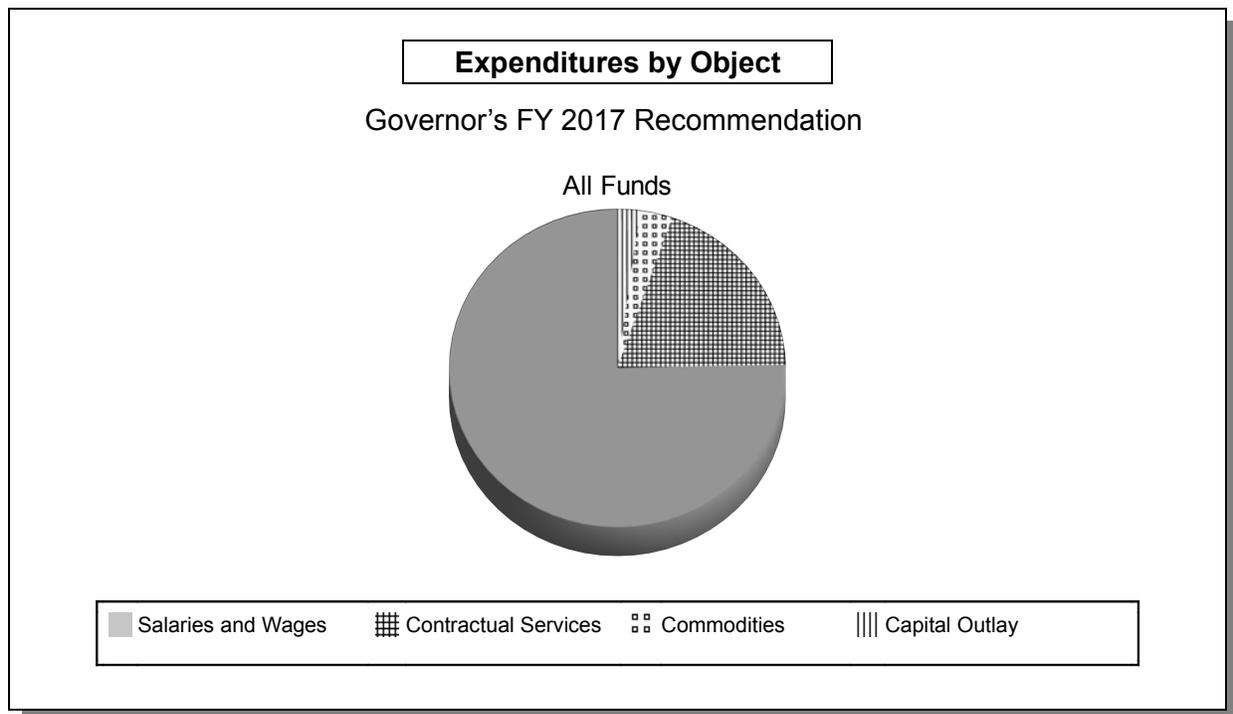
**Note:** Details may not add to totals due to rounding.

## Credit Union Fee Fund Analysis

The Department of Credit Unions receives revenue from fees that are based on the December 31 asset size of state-chartered credit unions. Prior to June 1 of each year, the Credit Union Administrator, after advising the Credit Union Council, establishes annual operation fees that are determined to be sufficient to meet the budget requirements of the agency. Fees are assessed according to tiered fee schedules developed by the agency.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 372,194	\$ 341,017	\$ 341,017	\$ 360,020	\$ 360,020
Revenue	1,030,945	1,184,768	1,184,768	1,192,944	1,192,944
Transfers in	<u>298</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
Total Funds Available	\$ 1,403,437	\$ 1,526,085	\$ 1,526,085	\$ 1,553,264	\$ 1,553,264
Less: Expenditures	1,062,122	1,165,765	1,165,765	1,192,944	1,192,944
Transfers Out	298	300	300	300	300
Off Budget Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 341,017</u>	<u>\$ 360,020</u>	<u>\$ 360,020</u>	<u>\$ 360,020</u>	<u>\$ 360,020</u>
Ending Balance as Percent of Expenditures	32.1%	30.9%	30.9%	30.2%	30.2%
Month Highest Ending Balance	July \$ 1,283,724	July \$ 1,358,728	July \$ 1,358,728	July \$ 1,384,145	July \$ 1,384,145
Month Lowest Ending Balance	June \$ 341,017	June \$ 360,020	June \$ 360,020	June \$ 360,020	June \$ 360,020

# OBJECT DETAIL



Object	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Salaries and Wages	\$ 898,280	75.3 %	\$ 0	-- %
Contractual Services	231,533	19.4	0	--
Commodities	37,511	3.1	0	--
Capital Outlay	25,620	2.1	0	--
<b>TOTAL</b>	<b>\$ 1,192,944</b>	<b>100.0 %</b>	<b>\$ 0</b>	<b>-- %</b>

**FTE POSITIONS BY PROGRAM FY 2015 – FY 2017**

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	12.0	12.0	12.0	12.0	12.0

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**PERFORMANCE MEASURES**

Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percent of credit unions receiving regulation examinations within the statutory 18-month time frame	100.00%	100.00%	100.00%	100.00%
Number of examinations administered	75	77	75	75
Number of state-chartered credit unions	n/a	69	68	68