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NCUA Media Advisory

NCUA Announces \$2 Million in Budget Cuts

Budget Savings Will Reduce Fees For Federal Credit Unions in 2011

July 30, 2010, Alexandria, Va. –After a mid-year review found that operations of the National Credit Union Administration have been running 8 percent below their original budget during the first half of 2010, NCUA Chairman Debbie Matz has announced that the agency’s budget for this year has been reduced by \$2 million.

The reduction in NCUA’s 2010 budget will allow operating fees, which are charged to federal credit unions, to be reduced by \$2 million in 2011.

“We are well aware that credit unions are under enormous pressure to generate positive earnings this year,” said Matz as she announced the budget cuts at yesterday’s NCUA Board meeting. “This is particularly difficult at a time when credit unions are paying assessments, which are required to cover other credit unions’ losses. So we have done our due diligence to ensure that any new item in the budget will be a prudent use of agency resources and credit union funds.”

Matz assured all stakeholders, “Wherever an addition to the budget was found to be necessary, we worked to offset the addition with a comparable reduction. We also reviewed budgeted expenses versus actual expenses over the first half of this year. In areas where we projected a significant surplus by year-end, we were able to make further reductions in the mid-year budget.”

NCUA's actual spending for the first six months of 2010 was \$91,631,201 – 8.0 percent under budget. The agency is now budgeted to spend a total of \$198,923,512 for all of 2010 – a reduction of \$2 million from the previous budget.

The mid-year budget review allowed NCUA to make various budget adjustments, where funding was trimmed from some programs and redirected toward other programs. The planned reductions of about \$9.2 million will offset about \$3.9 million in reallocations and \$3.3 million worth of new initiatives, resulting in the budget savings of about \$2 million.

The most significant new initiative will be a major consumer education campaign that will broaden public awareness of the federal share insurance program. The campaign, aiming for a September launch, will include television, radio, print and companion advertisements. Designed to strengthen consumer confidence in the nation's federally insured credit unions, the campaign will reassure consumers that their money – up to \$250,000 per account – is safely insured through the National Credit Union Share Insurance Fund.

The campaign plans to feature CNBC's personal finance expert Suze Orman as its spokesperson. Both a 30-second and a 60-second television ad are planned.

“All of you who have seen ‘The Suze Orman Show’ on CNBC know that Suze really lights up the screen,” said Matz. “She comes on the air with amazing energy and tremendous passion. When she speaks directly to consumers, she serves as their trusted financial advisor. She makes complex financial issues sound perfectly clear.”

The campaign is projected to cost \$1.7 million. This includes production of the ads and nationwide media placement.

The details of the adjusted NCUA budget are available online at <http://www.ncua.gov/GenInfo/BoardandAction/DraftBoardActions/index.aspx>.

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit

Union Share Insurance Fund, insuring the deposits of more than 90 million account holders in all federal credit unions and the majority of state-chartered credit unions. NCUA is funded by credit unions, not tax dollars.

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