

KANSAS DEPARTMENT OF CREDIT UNIONS

FY 2021 – FY 2023 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	1,092,602	1,274,367	1,274,367	1,274,454	1,274,454
<i>Subtotal</i>	<u>\$ 1,092,602</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,454</u>	<u>\$ 1,274,454</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 1,092,602</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,454</u>	<u>\$ 1,274,454</u>
Percentage Change:					
State General Fund	--	--	--	--	--
All Funds	14.3 %	16.6 %	16.6 %	-- %	-- %
FTE Positions	12.0	12.0	12.0	12.0	12.0

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

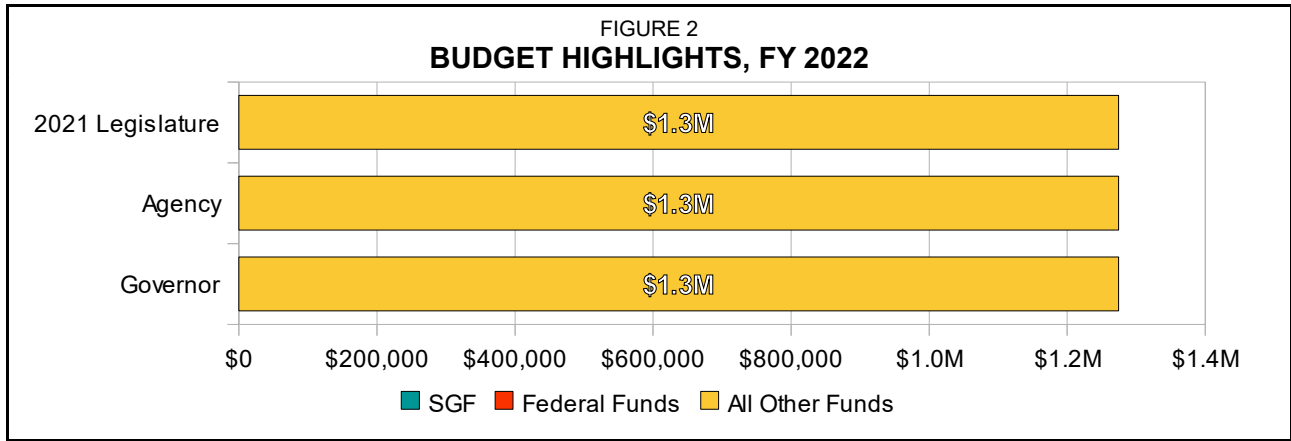
The mission of the Kansas Department of Credit Unions is to protect Kansas citizens from undue risk by ensuring safe and sound operation of state-chartered credit unions. The agency regulates state-chartered credit unions to assure compliance with state and federal laws, and is empowered to conduct examinations, grant new charters, approve mergers, and provide for liquidation procedures when necessary. There are 59 natural-person member-owned state-chartered credit unions and one corporate credit union in Kansas under the agency's supervision.

Concurrently with the Kansas Department of Credit Unions, the National Credit Unions Administration (NCUA), a federal agency, administers a network of federal-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 Kansas Department of Credit Unions' oversight.

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.

EXECUTIVE SUMMARY

The 2021 Legislature approved a budget of \$1.3 million, all from the Credit Union Fee Fund, for the Kansas Department of Credit Unions in FY 2022.

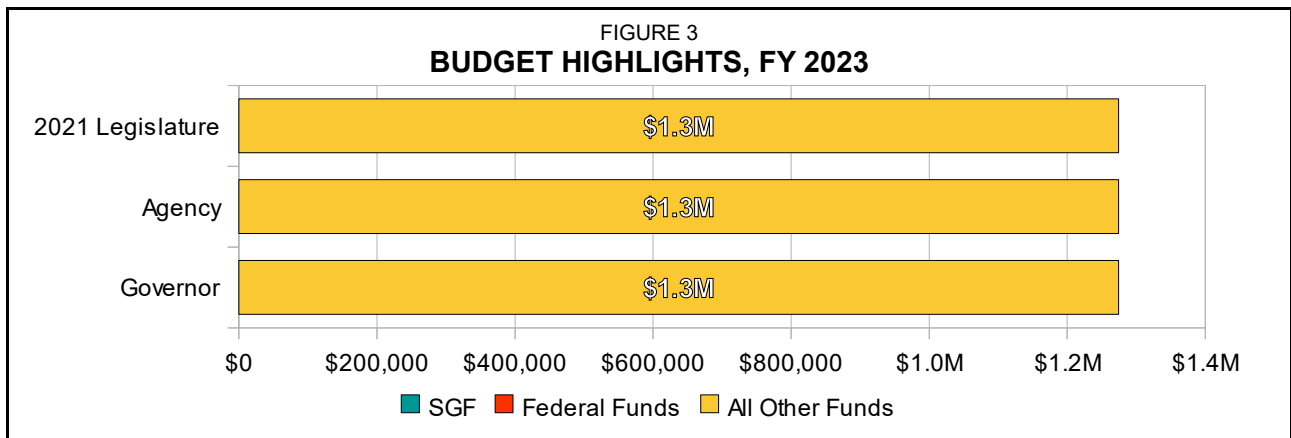


The **agency** requests a revised estimate of \$1.3 million, all from the Credit Union Fee Fund, in FY 2022. There is not an overall change in the agency's budget, however there are several shifts in the categories of expenditures:

- **EMPLOYEE SHIFT TO INDEPENDENT CONTRACTOR.** The agency's estimate includes a shift of \$46,170 from salaries and wages expenditures to contractual services expenditures due to the agency reclassifying a part-time employee from an employee to an independent contractor.
- **SHIFT IN CAPITAL OUTLAY EXPENDITURES.** Additionally, the agency had originally budgeted to replace a vehicle in its fleet during FY 2022. However, given the current state of the COVID-19 pandemic, and the low need to travel, the agency decided to shift those expenditures to replace office equipment for its employees working virtually.

The revised estimate includes 12.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's FY 2022 revised estimate.



The **agency** requests a revised estimate of \$1.3 million, all from the Credit Union Fee Fund, for expenditures for FY 2023. While there is no overall decrease in the agency's budget, the estimate includes a shift of \$54,091 between categories of expenditures. The revised estimate includes similar shifts in salaries and wages expenditures to continue to account for one employee becoming a contractor from FY 2022. Additionally the same shifts in capital outlay expenditures from FY 2022 occur in FY 2023, as the agency continues to shift to virtual operations. The revised estimate includes 12.0 FTE positions, which is the same as the approved number.

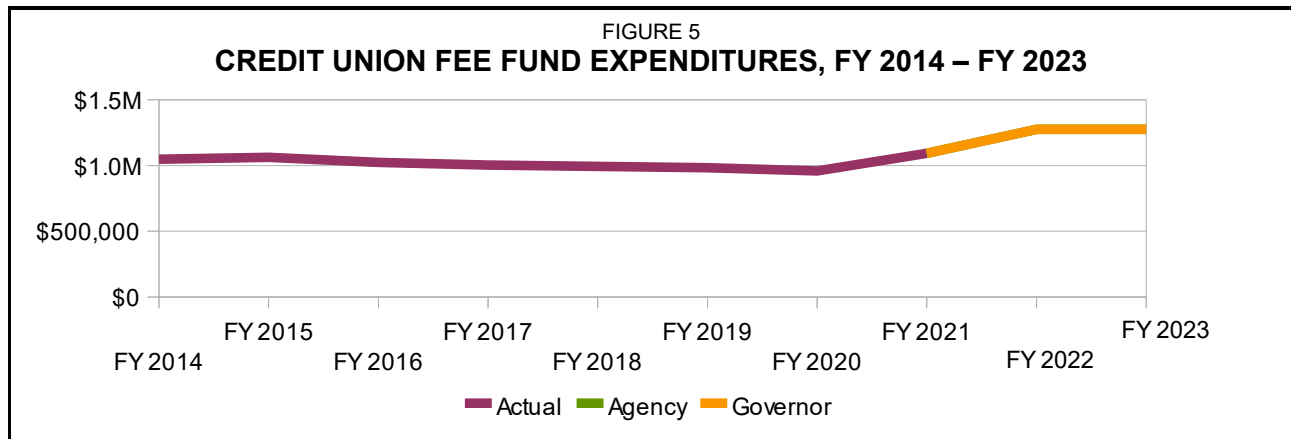
The **Governor** concurs with the agency's FY 2023 revised estimate.

EXPENDITURES AND FINANCING

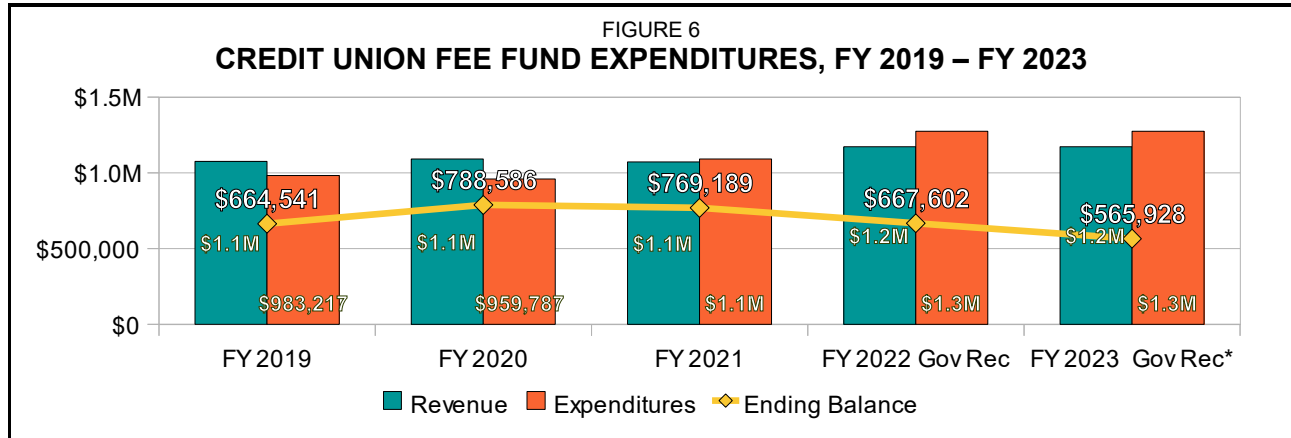
FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Category of Expenditure:					
Salaries and Wages	\$ 929,874	\$ 965,162	\$ 965,162	\$ 967,187	\$ 967,187
Contractual Services	145,874	269,872	269,872	267,934	267,934
Commodities	8,250	18,108	18,108	18,108	18,108
Capital Outlay	8,604	21,225	21,225	21,225	21,225
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 1,092,602</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,454</u>	<u>\$ 1,274,454</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 1,092,602</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,454</u>	<u>\$ 1,274,454</u>
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
TOTAL	<u>\$ 1,092,602</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,454</u>	<u>\$ 1,274,454</u>
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Credit Union Fee Fund	1,092,602	1,274,367	1,274,367	1,274,454	1,274,454
TOTAL	<u>\$ 1,092,602</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,367</u>	<u>\$ 1,274,454</u>	<u>\$ 1,274,454</u>
FTE Positions	12.0	12.0	12.0	12.0	12.0

CREDIT UNION FEE FUND



CREDIT UNION FEE FUND



* For FY 2023, the lowest month ending balance for the Credit Union Fee Fund will occur in July, with a balance of \$441,892.

The Kansas Department of Credit Unions receives revenue from fees based on the asset size of state-chartered credit unions on December 31, which are deposited in the agency's fee fund. Prior to June 1 of each year, the Credit Union Administrator, after advising the Credit Union Council, establishes an examination fee that is determined to be sufficient to meet the budget requirements of the agency. The current fee is a flat fee of 0.02 percent of all assets of the credit union. For example, a credit union with total assets of \$1.0 million would be assessed a fee of \$200, while a credit union with total assets of \$100.0 million would be assessed a fee of \$20,000. The agency collects fees twice each fiscal year, typically in July and January. KSA 75-3170a(a) provides that 90.0 percent of incoming revenues are retained by the agency and 10.0 percent are deposited into the State General Fund (SGF), up to a maximum of \$100,000 per fiscal year per fund.

The National Association of State Credit Unions Supervisors (NASCUS) recommends maintaining enough of a balance forward each fiscal year to cover the first quarter's expenses. With estimated ending balances of \$769,189 in FY 2021, \$667,602 in FY 2022, and \$565,928 in FY 2023, the agency estimates its balance will fulfill NASCUS recommendations.

FY 2022 ANALYSIS

FIGURE 7 SUMMARY OF BUDGET REQUEST, FY 2022					
	SGF	Special Revenue Funds	All Funds	FTE	
Legislative Approved:					
<i>Amount Approved by 2021 Legislature</i>	\$ -	\$ 1,274,367	\$ 1,274,367	12.0	
1. No Changes	-	-	-	--	
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 1,274,367	\$ 1,274,367	12.0	
Agency Revised Estimate:					
2. Part-time Employee to Contract Employee	-	-	-	--	
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 1,274,367	\$ 1,274,367	12.0	
Governor's Recommendation:					
3. No Changes	-	-	-	--	
TOTAL	\$ -	\$ 1,274,367	\$ 1,274,367	12.0	

LEGISLATIVE APPROVED

The 2021 Legislature appropriated \$1.3 million, all from the Credit Union Fee Fund, to the the Kansas Department of Credit Unions for FY 2022.

1. **NO CHANGES.** The Kansas Department of Credit Unions is a wholly fee-funded agency, and as such they do not receive SGF funding. Therefore, there were no reappropriations or other subsequent adjustments made to the approved amount.

AGENCY ESTIMATE

The **agency** requests a revised estimate of \$1.3 million, all from the Credit Union Fee Fund, in FY 2022. While there is no overall decrease in the agency's budget, the estimate includes a shift of \$46,170 between categories of expenditures:

2. **EMPLOYEE SHIFTED TO CONTRACT STATUS.** The agency's estimate includes a shift of \$46,170 from salaries and wages expenditures to contractual services expenditures due to the agency reclassifying a part-time employee from an employee to an independent contractor.

Additionally, the agency had originally budgeted to replace a vehicle in its fleet during FY 2022. However, given the current state of the COVID-19 pandemic, and the low need to travel, the agency decided to shift those expenditures to replace office equipment for its employees working virtually.

The **agency** estimate also includes 12.0 FTE positions, which is the same as the number approved by the 2021 Legislature.

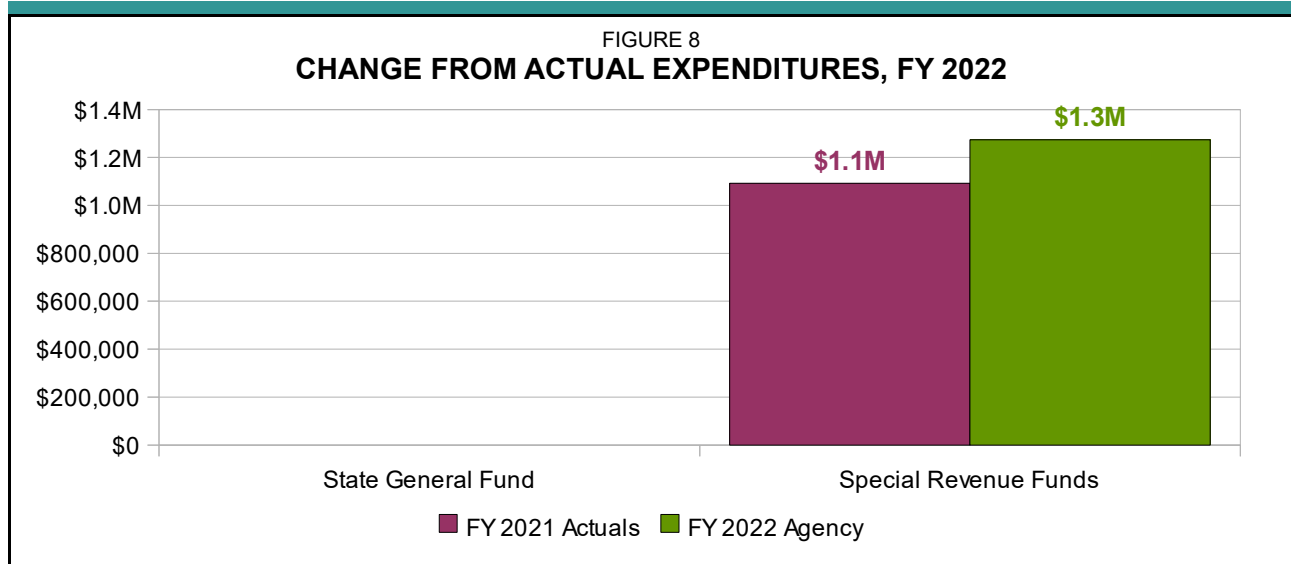
GOVERNOR'S RECOMMENDATION

The **Governor** recommends \$1.3 million, all from the Credit Union Fee Fund, for expenditures in FY 2022. The **Governor's** recommendation includes the following adjustments:

3. **NO CHANGES.** The Governor concurs with the agency's revised estimate in FY 2022.

The **Governor's** recommendation also includes 12.0 FTE positions, which is the same as the agency's revised estimate.

FY 2022 CHANGE FROM ACTUAL EXPENDITURES



The Kansas Department of Credit Unions requests a revised estimate of \$1.3 million, all from the Credit Union Fee Fund, in FY 2022. This is an increase of \$181,765 above FY 2021 actual expenditures. The increase is related to two reasons:

- OPEN POSITION WITHIN THE AGENCY.** The agency currently has a vacant financial examiner position open, which the agency plans to fill in FY 2022.
- DECREASED TRAVEL-RELATED EXPENDITURES.** The agency's contractual services expenditures are primarily for travel and subsistence expenditures to accomplish its examinations and trainings. Given the state of the COVID-19 pandemic during FY 2021, the agency experienced a drop in those travel-related expenditures. Currently, the agency anticipates resuming those expenditures in FY 2022.

FY 2023 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
<i>Amount Approved by 2021 Legislature</i>	\$ -	\$ 1,274,367	\$ 1,274,367	12.0
1. No Changes	-	-	-	--
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 1,274,367	\$ 1,274,367	12.0
Agency Request:				
2. Part-Time Employee to Contract Employee	-	-	-	--
<i>Subtotal—Agency Estimate</i>	\$ -	\$ 1,274,367	\$ 1,274,367	12.0
Governor’s Recommendation:				
3. No Changes	-	-	-	--
TOTAL	\$ -	\$ 1,274,367	\$ 1,274,367	12.0

LEGISLATIVE APPROVED

The 2021 Legislature appropriated \$1.3 million, all from the Credit Union Fee Fund, to the the Kansas Department of Credit Unions for FY 2023. There were no subsequent adjustments made to the appropriated amount.

1. **NO CHANGES.** The Department of Credit Unions is a wholly fee-funded agency, and as such they do not receive SGF funding. Therefore, there were no subsequent adjustments made to the approved amount.

AGENCY REQUEST

The **agency** requests a revised estimate of \$1.3 million, all from the Credit Union Fee Fund, for FY 2023. While there is no overall decrease in the agency's budget, the estimate includes a shift of \$54,091 between categories of expenditures:

2. **EMPLOYEE SHIFTED TO CONTRACT STATUS.** Similar to FY 2022, the agency's estimate includes a shift of \$54,091 from salaries and wages expenditures to contractual services expenditures due to the agency reclassifying a part-time employee from an employee to an independent contractor. As the agency is a biennial agency, the 2021 Legislature approved its FY 2023 budget, which would require the shift to be made in its FY 2023 budget.

The **agency** estimate also includes 12.0 FTE positions, which is the same as the number approved by the 2021 Legislature.

GOVERNOR’S RECOMMENDATION

The **Governor** recommends \$1.3 million, all from the Credit Union Fee Fund, for expenditures for FY 2023. The **Governor’s** recommendation includes the following adjustment:

3. **NO CHANGES.** The Governor concurs with the agency's revised estimate for FY 2023.

The **Governor’s** recommendation also includes 12.0 FTE positions, which is the same as the agency's revised estimate.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

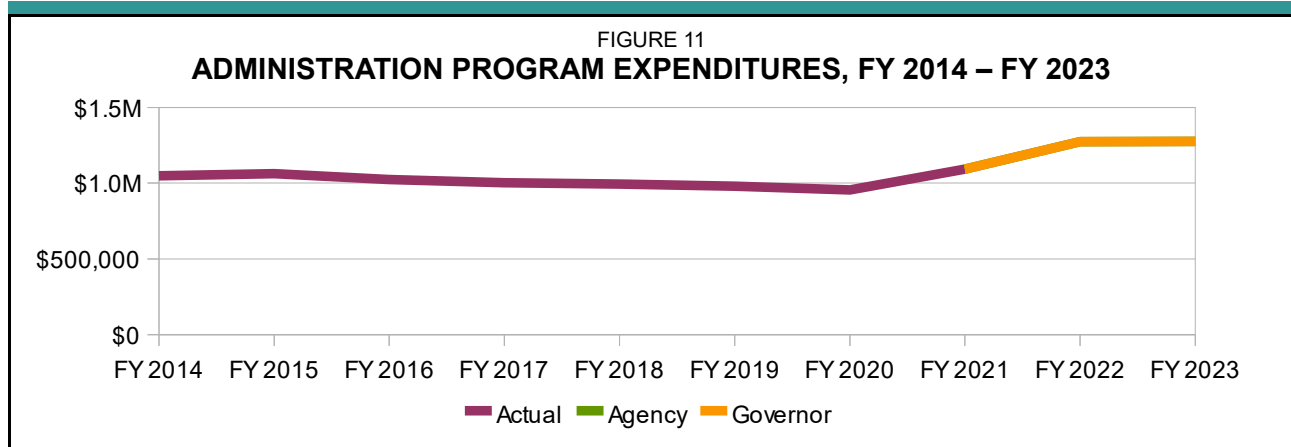
FIGURE 10
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2021 – FY 2023

Programs	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Expenditures:					
Administration	1,092,602	1,274,367	1,274,367	1,274,454	1,274,454
TOTAL	\$ 1,092,602	\$ 1,274,367	\$ 1,274,367	\$ 1,274,454	\$ 1,274,454
FTE Positions:					
Administration	12.0	12.0	12.0	12.0	12.0
TOTAL	12.0	12.0	12.0	12.0	12.0

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

ADMINISTRATION PROGRAM



STATUTORY BASIS: • KSA 17-2201 through 17-2269

PROGRAM GOALS: • Examine each credit union at least once every 18 months.

The Kansas 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 callbacks on the 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.

FIGURE 12
ADMINISTRATION PROGRAM, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Percentage of examinations performed every 18 months	100.0%	100.0%	100.0%	100.0%	100.0%
Output Measure:					
2. Examinations performed	46	49	52	50	50
3. Callbacks performed*	10	9	11	10	10
Financing					
	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	955,787	1,092,602		1,274,367	1,274,454
TOTAL	\$ 955,787	\$ 1,092,602		\$ 1,274,367	\$ 1,274,454
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	(2.5) %	14.3 %		16.6 %	0.0 %
FTE Positions	12.0	12.0		12.0	12.0

*The Governor’s Office does not utilize this measure for evaluation purposes.

BUDGET ANALYSIS

The Kansas Department of Credit Unions is a single-program agency. All of its expenditures are located in its Administration Program.

FY 2022 REVISED ESTIMATE

The agency’s revised estimate includes \$1.3 million, all from the Credit Union Fee Fund, for

expenditures for the agency in FY 2022. There is not an overall change in the agency's budget, however there are several shifts in the categories of expenditures:

- The agency's estimate includes a shift of \$46,170 from salaries and wages expenditures to contractual services expenditures due to the agency reclassifying a part-time employee from an employee to an independent contractor.
- Additionally, the agency had originally budgeted to replace a vehicle in its fleet during FY 2022. However, given the current state of the COVID-19 pandemic, and the low need to travel, the agency decided to shift those expenditures to replace office equipment for its employees working virtually.

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The **Governor** concurs with the agency's FY 2022 revised estimate.

FY 2023 REVISED ESTIMATE

The **agency** requests a revised estimate of \$1.3 million, all from the Credit Union Fee Fund, for FY 2023. While there is no overall decrease in the agency's budget, the estimate includes a shift of \$54,091 between categories of expenditures. The revised estimate includes similar shifts in salaries and wages expenditures to continue to account for one employee becoming a contractor from FY 2022. Additionally, the same shifts in capital outlay expenditures from FY 2022 occur in FY 2023, as the agency continues to shift to virtual operations. The revised estimate includes 12.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's FY 2023 revised estimate.