

# KANSAS DEPARTMENT OF CREDIT UNIONS

## FY 2022 – FY 2025 BUDGET ANALYSIS

FIGURE 1  
**BUDGET OVERVIEW, FY 2022 – FY 2025**

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
<b>Operating Expenditures:</b>							
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-	-	-
All Other Funds	1,094,322	1,310,139	1,310,139	1,311,226	1,266,485	1,315,417	1,268,881
<i>Subtotal</i>	<u>\$ 1,094,322</u>	<u>\$ 1,310,139</u>	<u>\$ 1,310,139</u>	<u>\$ 1,311,226</u>	<u>\$ 1,266,485</u>	<u>\$ 1,315,417</u>	<u>\$ 1,268,881</u>
<b>Capital Improvements:</b>							
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>						
<b>TOTAL</b>	<b><u>\$ 1,094,322</u></b>	<b><u>\$ 1,310,139</u></b>	<b><u>\$ 1,310,139</u></b>	<b><u>\$ 1,311,226</u></b>	<b><u>\$ 1,266,485</u></b>	<b><u>\$ 1,315,417</u></b>	<b><u>\$ 1,268,881</u></b>
<b>Percentage Change:</b>							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	0.2 %	19.7%	19.7 %	0.1 %	(3.3) %	0.3 %	0.2 %
FTE Positions	12.0	12.0	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.

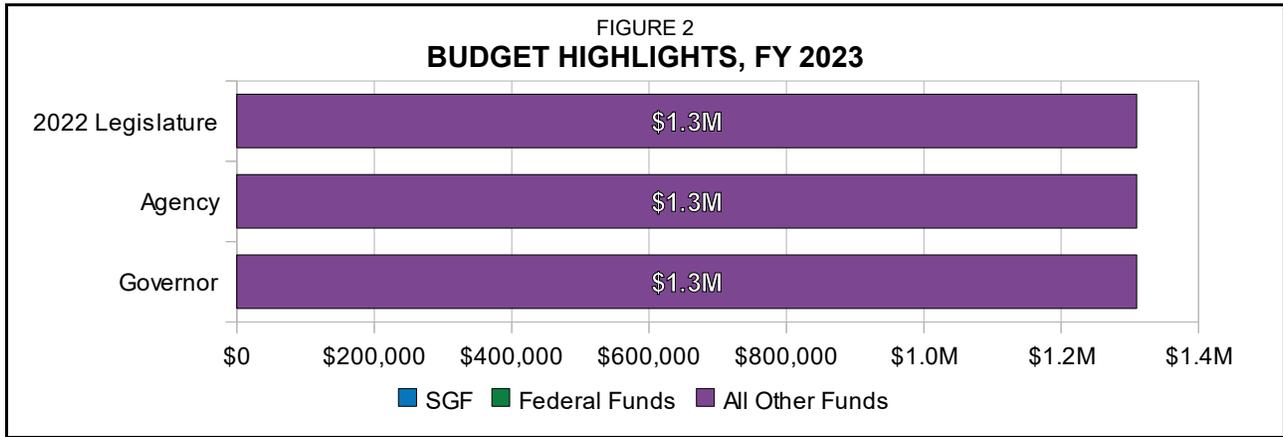
The mission of the Kansas Department of Credit Unions is to protect Kansas citizens from undue risk by ensuring safe and sound operation of state-chartered credit unions. The agency regulates state-chartered credit unions to assure compliance with state and federal laws, and is empowered to conduct examinations, grant new charters, approve mergers, and provide for liquidation procedures when necessary. There are 50 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 2022 Legislature approved a budget of \$1.3 million, all from the Credit Union Fee Fund and 12.0 FTE positions for the Kansas Department of Credit Unions in FY 2023.

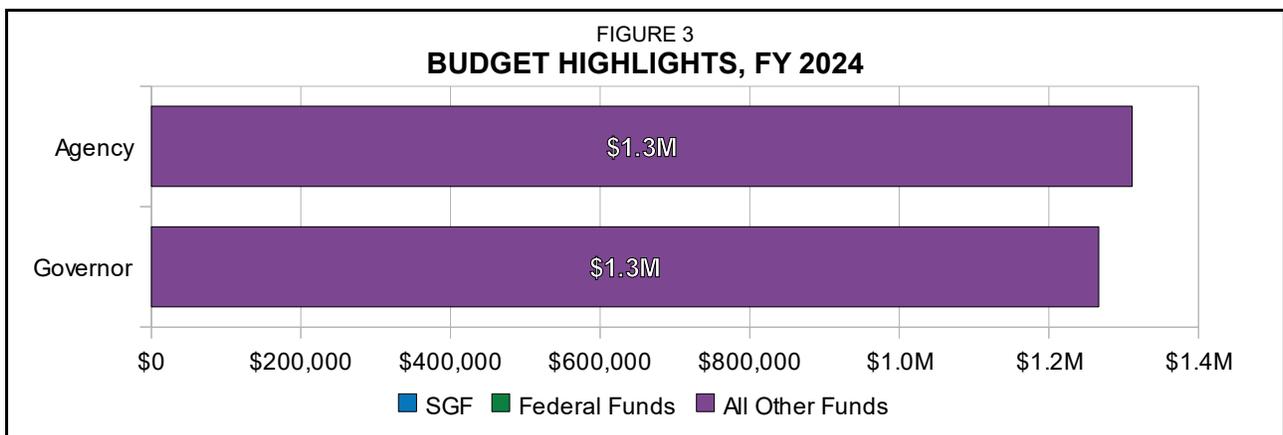


The **agency** submits a revised estimate of \$1.3 million, all from the Credit Union Fee Fund, in FY 2023. There is not an overall change in the agency's budget amount, however, there are several shifts in the categories of expenditures:

- **SALARIES AND WAGES.** The revised estimate includes an additional \$44,096 in salaries and wages expenditures. This increase is due to an effort to retain experienced staff and for additional salaries for temporary employees while looking to fill FTE positions.
- **CONTRACTUAL SERVICES.** The revised estimate reduces the amount in contractual services by \$51,716. This decrease is due to less travel than what was expected to occur in FY 2023.
- **CAPITAL OUTLAY.** The agency includes a budgeted expenditure of replacing a vehicle in its fleet during FY 2023. This is an increase of \$30,000, which is partially offset by a decrease in funds requested for office furniture and computer equipment. The total increase in capital outlay for FY 2023 is \$10,325.

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.



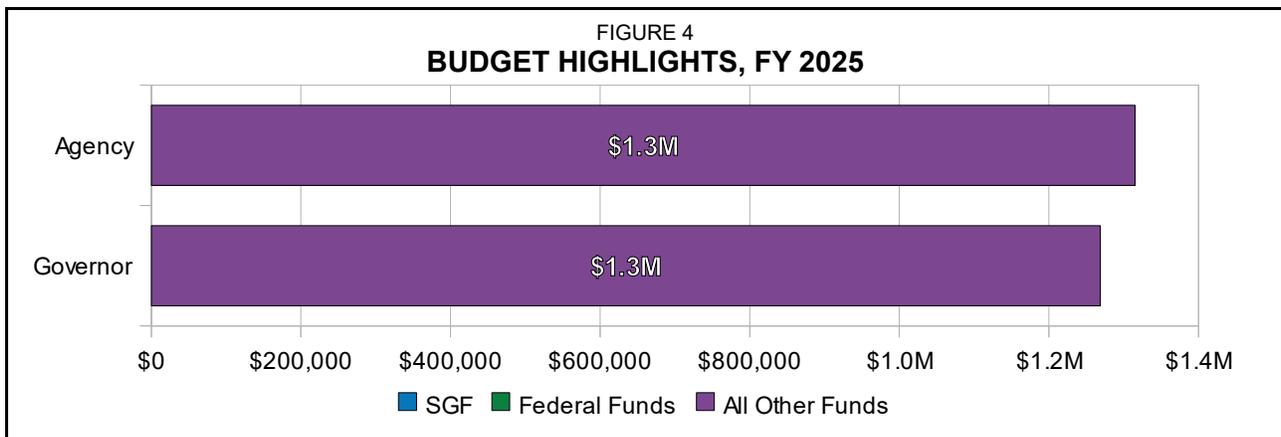
The **agency** requests \$1.3 million, all from the Credit Union Fee Fund, for FY 2024. This is an increase of \$1,087, or 0.1 percent, above the FY 2023 revised estimate.

- **SALARIES AND WAGES.** The agency's request includes an additional \$1,087 in salaries and wages expenditures. This increase is mostly due to merit increases in salary. The agency increased pay for regular unclassified employees by \$36,643. Employer

contributions for fringe benefits also increase by \$10,536. This increase is partially offset by a reduction of \$46,092 in salaries and wages by eliminating classified temporary positions.

The request includes 12.0 FTE positions, which is the same as the number in the FY 2023 revised estimate.

The **Governor** recommends \$1.3 million, all from the Credit Union Fee Fund, for FY 2024. This is a decrease of \$44,741, or 3.4 percent, below the agency's request for FY 2024. The Governor's recommendation does not include the agency's enhancement request for merit-based increases in salaries and wages.



The **agency** requests \$1.3 million, all from the Credit Union Fee Fund, for FY 2025. This is an increase of \$4,191, or 0.3 percent, above the FY 2024 request.

- **SALARIES AND WAGES.** The agency's request includes an additional \$4,191 in salaries and wages expenditures. This increase is due expected increases in employer contributions for fringe benefits.

The estimate includes 12.0 FTE positions, which is the same as the requested number for FY 2024.

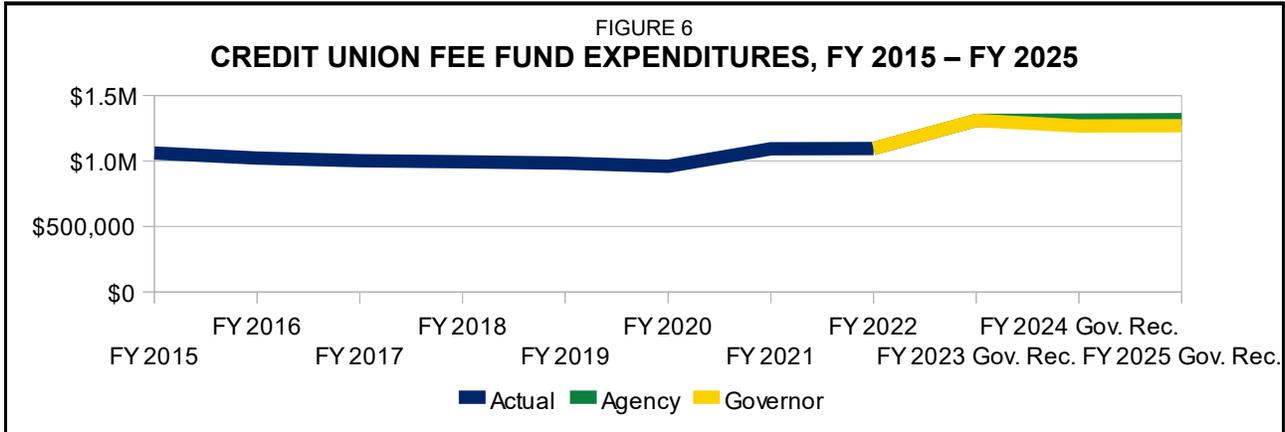
The **Governor** recommends \$1.3 million, all from the Credit Union Fee Fund, for FY 2025. This is a decrease of \$46,536, or 3.5 percent, below the FY 2024 agency request. The Governor's recommendation does not include the agency's enhancement request for merit-based increases in salaries and wages.

# EXPENDITURES AND FINANCING

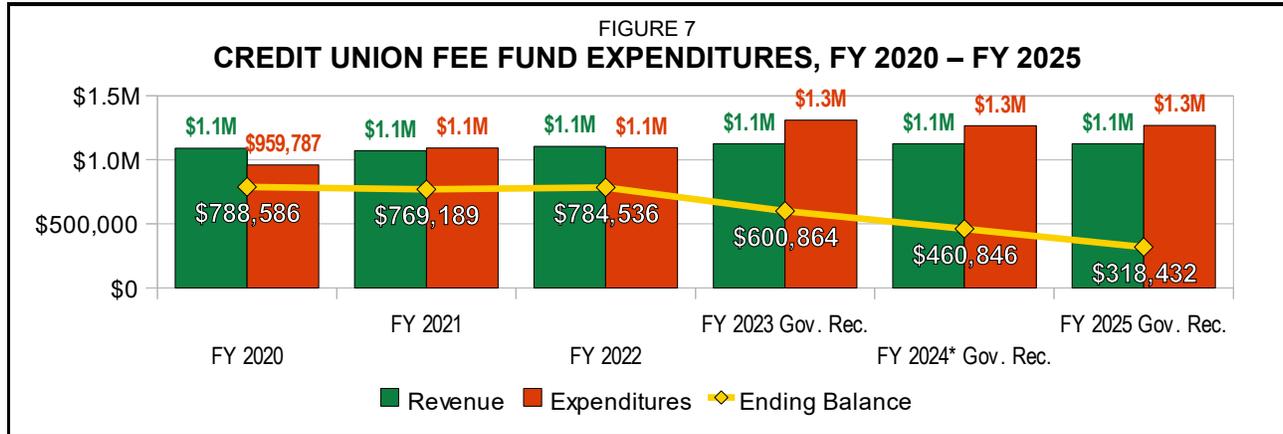
FIGURE 5  
**BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2025**

Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Salaries and Wages	\$ 882,019	\$ 1,046,968	\$ 1,046,968	\$ 1,048,055	\$1,003,314	\$ 1,052,246	\$ 1,005,710
Contractual Services	179,018	216,218	216,218	216,218	216,218	216,218	216,218
Commodities	11,691	15,403	15,403	15,403	15,403	15,403	15,403
Capital Outlay	21,594	31,550	31,550	31,550	31,550	31,550	31,550
Debt Service Interest	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>\$ 1,094,322</b>	<b>\$ 1,310,139</b>	<b>\$ 1,310,139</b>	<b>\$ 1,311,226</b>	<b>\$ 1,266,485</b>	<b>\$ 1,315,417</b>	<b>\$ 1,268,881</b>
Aid to Local Units	-	-	-	-	-	-	-
Other Assistance	-	-	-	-	-	-	-
<b>Subtotal—Operating</b>	<b>\$ 1,094,322</b>	<b>\$ 1,310,139</b>	<b>\$ 1,310,139</b>	<b>\$ 1,311,226</b>	<b>\$ 1,266,485</b>	<b>\$ 1,315,417</b>	<b>\$ 1,268,881</b>
Capital Improvements	-	-	-	-	-	-	-
Debt Service Principal	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,094,322</b>	<b>\$ 1,310,139</b>	<b>\$ 1,310,139</b>	<b>\$ 1,311,226</b>	<b>\$ 1,266,485</b>	<b>\$ 1,315,417</b>	<b>\$ 1,268,881</b>
<b>Financing:</b>							
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund	1,094,322	1,310,139	1,310,139	1,311,226	1,266,485	1,315,417	1,268,881
Federal Funds	-	-	-	-	-	-	-
All Other Funds	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,094,322</b>	<b>\$ 1,310,139</b>	<b>\$ 1,310,139</b>	<b>\$ 1,311,226</b>	<b>\$ 1,266,485</b>	<b>\$ 1,315,417</b>	<b>\$ 1,268,881</b>
FTE Positions	12.0	12.0	12.0	12.0	12.0	12.0	12.0

## CREDIT UNION FEE FUND



## CREDIT UNION FEE FUND



\* For FY 2024, the lowest month ending balance for the Credit Union Fee Fund will occur in July, with a balance of \$452,230

The Credit Union Fee Fund is the only source of funds for the Kansas Department of Credit Unions. Assessment of the fees are based on the asset size of state-chartered credit unions on March 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. The most recent fee invoices included a one-time decrease in fee assessments to pass along savings that the agency acquired due to travel restrictions during the COVID-19 pandemic. 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 one quarter's expenses. The Kansas Department of Credit Unions estimates its balance will fulfill NASCUS recommendations in FY 2023.

## FY 2023 ANALYSIS

FIGURE 8  
**SUMMARY OF BUDGET REQUEST, FY 2023**

	SGF		Special Revenue Funds	All Funds	FTE
<b>Legislative Approved:</b>					
Amount Approved by 2022 Legislature	\$	-	\$ 1,310,139	\$ 1,310,139	12.0
1. No Changes		-	-	-	--
<i>Subtotal—Legislative Approved</i>	\$	-	\$ 1,310,139	\$ 1,310,139	12.0
<b>Agency Revised Estimate:</b>					
2. All Other Adjustments		-	-	-	--
<i>Subtotal—Agency Revised Estimate</i>	\$	-	\$ 1,310,139	\$ 1,310,139	12.0
<b>Governor's Recommendation:</b>					
3. No Changes		-	-	-	--
<b>TOTAL</b>	<b>\$</b>	<b>-</b>	<b>\$ 1,310,139</b>	<b>\$ 1,310,139</b>	<b>12.0</b>

### **LEGISLATIVE APPROVED**

Subsequent to the 2022 Session, no adjustments were made to the \$1.3 million approved for the Kansas Department of Credit Unions in FY 2023.

1. **NO CHANGES.** There were no changes to the approved amount.

### **AGENCY ESTIMATE**

The **agency** requests a revised estimate of \$1.3 million, all from the Credit Union Fee Fund, in expenditures in FY 2023.

2. **ALL OTHER ADJUSTMENTS.** The agency's overall budget amount does not change, however, there are several shifts in the categories of expenditures, including:
  - **SALARIES AND WAGES.** The agency's revised estimate includes an additional \$44,096, or 4.4 percent, above the approved amount in salaries and wages expenditures. This increase is due to an effort to retain experienced staff and for additional money to pay temporary employees while looking to fill FTE positions.
  - **CONTRACTUAL SERVICES.** The agency's revised estimate reduces the amount in contractual services by \$51,716, which is a decrease of 19.3 percent below the approved amount. This decrease is due to less travel than what was previously expected to occur in FY 2023.
  - **CAPITAL OUTLAY.** The agency includes a budgeted expenditure of replacing a vehicle in its fleet during FY 2023. This is an increase of \$30,000, which is partially offset by a decrease in funds requested for office furniture and computer equipment. The total increase in capital outlay for FY 2023 is \$10,325, or 48.6 percent, above the approved amount.

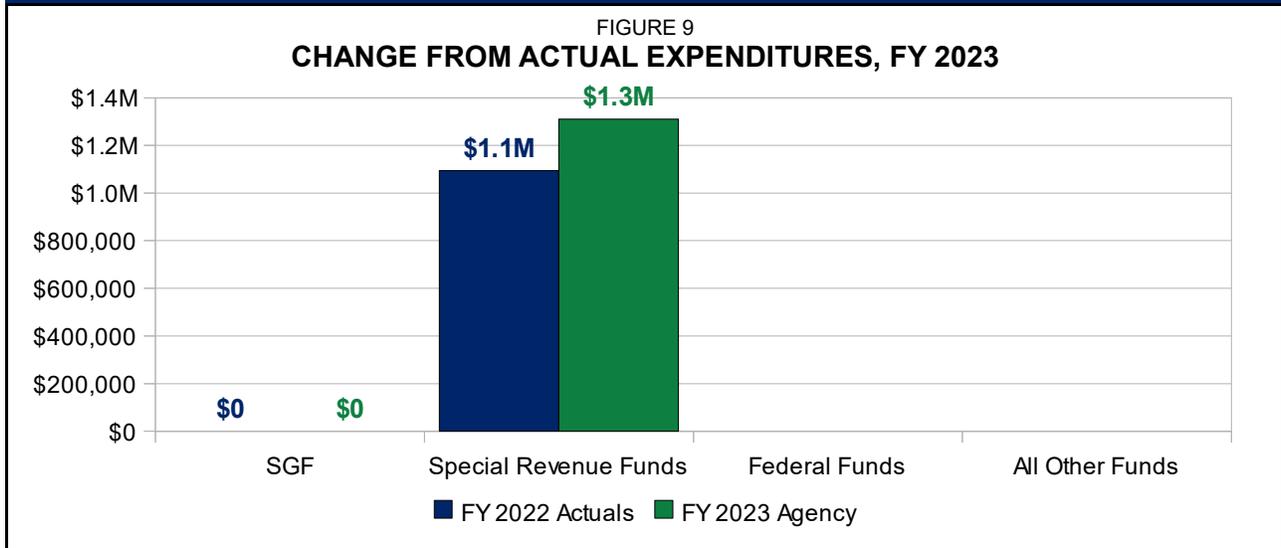
The **agency** estimate also includes 12.0 FTE positions, which is the same number approved by the 2022 Legislature.

### **GOVERNOR'S RECOMMENDATION**

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

3. **NO CHANGES.** The Governor recommends no changes to the agency's FY 2023 revised estimate.

## FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$1.3 million, all from the Credit Union Fee Fund, in FY 2023. This is an increase of \$215,817, or 19.7 percent, above the actual expenditures in FY 2022. The increase is due mainly to two reasons:

- **SALARIES AND WAGES.** In FY 2023, the agency filled all open positions, increasing salaries and wage expenditures. Additionally, this includes the legislatively approved salary increases and increased employer contributions to fringe benefits.
- **TRAVEL-RELATED EXPENDITURES.** The agency's contractual services expenditures are primarily for travel and subsistence expenditures to accomplish examinations and trainings. During the COVID-19 pandemic in FY 2021 and FY 2022, the agency experienced a drop in travel-related expenditures. These expenditures increased as travel resumed in FY 2023.

## FY 2024 ANALYSIS

FIGURE 10  
**SUMMARY OF BUDGET REQUEST, FY 2024**

	SGF	Special Revenue Funds	All Funds	FTE	
<b>Agency Revised Estimate, FY 2023:</b>	\$	-	\$ 1,310,139	\$ 1,310,139	12.0
<b>Agency Request:</b>					
1. Enhancement – Merit-based Increases	\$	-	\$ 44,741	\$ 44,741	--
2. All Other Adjustments		-	(43,654)	(43,654)	--
<i>Subtotal–Agency Request</i>	\$	-	\$ 1,311,226	\$ 1,311,226	12.0
<b>Governor’s Recommendation:</b>					
3. Enhancement - Merit-based Increases – Not Recommended	\$	-	\$ (44,741)	\$ (44,741)	--
<b>TOTAL</b>	<u>\$</u>	<u>-</u>	<u>\$ 1,266,485</u>	<u>\$ 1,266,485</u>	<u>12.0</u>

### **AGENCY REQUEST**

The **agency** requests \$1.3 million, all from the Credit Union Fee Fund, in expenditures for FY 2024. This is an increase of \$1,087, or less than 0.1 percent, above the FY 2023 revised estimate. Major adjustments include:

1. **ENHANCEMENT – MERIT-BASED INCREASES.** The agency's estimate includes the addition of \$44,741 for salaries and wages expenditures. This increase is due to merit increases in salary.
2. **ALL OTHER ADJUSTMENTS.** The agency's estimate reduces the amount requested for FY 2024 by \$43,654. This is mainly due to a reduction in classified temporary employees wages of \$46,092, as a result of not having any temporary employees in FY 2024.

The estimate includes 12.0 FTE positions, which is the same as the FY 2023 approved number.

### **GOVERNOR’S RECOMMENDATION**

The **Governor** recommends \$1.3 million, all from the Credit Union Fee Fund, for FY 2024. This is a decrease of \$44,741, or 3.4 percent, below the agency's request for FY 2024.

The **Governor’s** recommendation includes the following adjustments:

3. **ENHANCEMENT – MERIT-BASED INCREASES – NOT RECOMMENDED.** The Governor's recommendation does not include the agency's enhancement request for \$44,741 for merit-based salary increases (Item 1).

The estimate includes 12.0 FTE positions, which is the same as the agency's request for FY 2024.

## FY 2025 ANALYSIS

FIGURE 11  
**SUMMARY OF BUDGET REQUEST, FY 2025**

	SGF	Special Revenue Funds	All Funds	FTE	
<b>Agency Request, FY 2024:</b>	\$	-	\$ 1,311,226	\$ 1,311,226	12.0
<b>Agency Request:</b>					
1. Enhancement - Merit-based Increases		-	46,536	46,536	--
2. All Other Adjustments		-	(42,345)	(42,345)	--
<i>Subtotal—Agency Request</i>	\$	-	\$ 1,315,417	\$ 1,315,417	12.0
<b>Governor's Recommendation:</b>					
3. Enhancement - Merit-based Increases – Not Recommended	\$	-	\$ (46,536)	\$ (46,536)	--
<b>TOTAL</b>	<u>\$</u>	<u>-</u>	<u>\$ 1,268,881</u>	<u>\$ 1,268,881</u>	<u>12.0</u>

### AGENCY REQUEST

The **agency** requests \$1.3 million, all from the Credit Union Fee Fund, for FY 2025. This is an increase of \$4,191, or 0.3 percent, above the FY 2024 request. Major adjustments include:

1. **ENHANCEMENT – MERIT-BASED INCREASES.** The agency's FY 2025 request includes the addition of \$46,536 in salaries and wages expenditures for merit-based increases for the agency's employees. This is an increase of \$1,795, or 3.9 percent, above the enhancement requested for FY 2024.
2. **ALL OTHER ADJUSTMENTS.** The agency's FY 2025 request reduces the amount requested for other expenditures by \$42,345. This is mainly due to the reduction in employer contributions to KPERs and planning to have all FTE positions filled.

The estimate includes 12.0 FTE positions, which is the same as the requested number for FY 2024.

### GOVERNOR'S RECOMMENDATION

The **Governor** recommends \$1.3 million, all from the Credit Union Fee Fund, for FY 2025. This is a decrease of \$46,536, or 3.5 percent, below the agency's request for FY 2025.

The **Governor's** recommendation includes the following adjustments:

3. **ENHANCEMENT – MERIT-BASED INCREASES – NOT RECOMMENDED.** The Governor's recommendation does not include the agency's enhancement request for \$46,536 for merit-based salary increases (Item 1).

The estimate includes 12.0 FTE positions, which is the same as the agency's request for FY 2025.

**SUPPLEMENTAL AND ENHANCEMENT REQUESTS**  
**MERIT-BASED SALARY INCREASES**

**ENHANCEMENT REQUEST FY 2024**

The agency requests \$44,471, all from the Credit Union Fee Fund, for merit-based increases in salaries and wages for FY 2024.

<b>Enhancement Request FY 2024</b>				
Item	Agency Recommendation		Governor Recommendation	
	SGF	Special Revenue Fund	SGF	Special Revenue Fund
Merit-based Salary Increases	\$ -	\$ 44,741	\$ -	\$ -

**MERIT-BASED SALARY INCREASES.** The agency's request includes \$44,741, all from the Credit Union Fee Fund, to offer merit-based salary increases in order to retain and reward experienced staff. The agency reports that it has historically faced high staff turnover related to competition from the private sector, and believes that merit-based increases assist in the retention of employees.

**The Governor does not recommends the adoption of this request.**

**ENHANCEMENT REQUEST FY 2025**

The agency requests \$46,536, all from special revenue funds, for merit-based increases in salaries and wages for FY 2025.

<b>Enhancement Request FY 2025</b>				
Item	Agency Recommendation		Governor Recommendation	
	SGF	Special Revenue Fund	SGF	Special Revenue Fund
Merit-based Salary Increases	\$ -	\$ 46,536	\$ -	\$ -

**MERIT-BASED SALARY INCREASES.** The agency's FY 2025 request includes \$46,536, all from the Credit Union Fee Fund, to continue merit-based salary increases it requested in FY 2024. The agency reports that it has historically faced high staff turnover related to competition from the private sector, and believes that merit-based increases assist in the retention of employees.

**The Governor does not recommends the adoption of this request.**

## PROGRAM AND PERFORMANCE MEASURES OVERVIEW

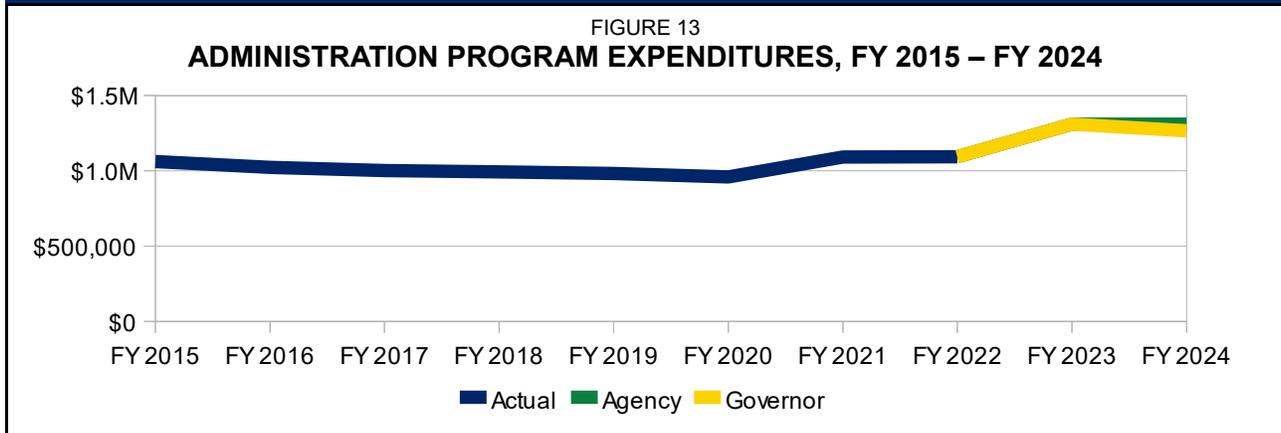
FIGURE 12  
**EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2025**

Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
<b>Expenditures:</b>							
Administration	\$ 1,094,322	\$ 1,310,139	\$ 1,310,139	\$ 1,311,226	\$ 1,266,485	\$ 1,315,417	\$ 1,268,881
<b>FTE Positions:</b>							
Administration	12.0	12.0	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 17-2201-2269

**PROGRAM GOALS:** • Each credit union must be examined at least once every 18 months.

FIGURE 14  
**ADMINISTRATION PROGRAM, PERFORMANCE MEASURES**

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
<b>Outcome Measure:</b>					
1. Percentage of examinations performed every 18 months	100 %	96 %	99 %	100 %	100 %
<b>Output Measure:</b>					
2. Examinations performed	49	50	48	49	49
3. Callbacks performed*	9	11	10	10	10
4. Number of state-chartered credit unions	57	53	--	49	49
<b>Financing</b>					
	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	-	-		-	-
All Other Funds	1,092,602	1,094,322		1,310,139	1,266,485
<b>TOTAL</b>	<b>\$ 1,092,602</b>	<b>\$ 1,094,322</b>		<b>\$ 1,310,139</b>	<b>\$ 1,266,485</b>
<b>Percentage Change:</b>					
SGF	-- %	-- %		-- %	-- %
All Funds	14.3 %	0.2 %		19.7 %	(3.3) %
FTE Positions	12.0	12.0		12.0	12.0

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

### PERFORMANCE ANALYSIS

The Kansas Department of Credit Unions is a single-program agency. All of its expenditures are located in its Administration Program and are paid for entirely by the Credit Union Fee Fund.

The agency performs examinations of the state-chartered credit unions at least once every 18 months. The agency's outcome measure assesses the percentage of

examinations performed every 18 months. The output measures assess the total number of examinations performed within a fiscal year and how many supervisory callbacks to problem credit unions have occurred within the fiscal year.

### **PERCENTAGE OF EXAMINATIONS WITHIN 18 MONTH WINDOW**

The agency was able to complete 96 percent of the examinations within the last 18 months in FY 2022. This was down 4 percent below FY 2021. The agency will examine credit unions with problems at least every 12 months, while stable credit unions will be examined at slightly longer intervals, but still within the 18-month period. The agency anticipates that they will be able to perform 100 percent of these examinations within 18 months in FY 2023 and FY 2024.

### **TOTAL NUMBER OF EXAMS PERFORMED**

The agency performed 49 exams in FY 2021 and 50 exams in FY 2022. The agency anticipates that 49 exams will occur in each of FY 2023 and FY 2024, keeping the agency on track with the previous two fiscal years.

### **SUPERVISORY CALLBACKS PERFORMED**

In FY 2021 and FY 2022, the agency performed 9 callbacks each year to problem credit unions. All problem credit unions received a callback as needed. The agency estimates that 10 callbacks will need to occur within each of FY 2023 and FY 2024, or one more callback than what has occurred in recent fiscal years.