

# KANSAS DEPARTMENT OF CREDIT UNIONS

## FY 2023 – FY 2025 BUDGET ANALYSIS

FIGURE 1  
**BUDGET OVERVIEW, FY 2023 – FY 2025**

	Actual 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	1,014,497	1,397,329	1,397,329	1,399,725	1,399,725
<i>Subtotal</i>	<u>\$ 1,014,497</u>	<u>\$ 1,397,329</u>	<u>\$ 1,397,329</u>	<u>\$ 1,399,725</u>	<u>\$ 1,399,725</u>
<b>Capital Improvements:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL</b>	<b><u>\$ 1,014,497</u></b>	<b><u>\$ 1,397,329</u></b>	<b><u>\$ 1,397,329</u></b>	<b><u>\$ 1,399,725</u></b>	<b><u>\$ 1,399,725</u></b>
<b>Percentage Change:</b>					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(7.3) %	37.7 %	37.7 %	0.2 %	0.2 %
FTE Positions	12.0	12.0	12.0	12.0	12.0

The mission of the Kansas Department of Credit Unions (KDCU) 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. KDCU is empowered to conduct examinations, grant new charters, approve mergers, and provide for liquidation procedures when necessary. There are 49 natural-person, member-owned, state-chartered credit unions and one corporate credit union in Kansas under the agency's supervision.

The National Credit Union Administration, a federal agency, administers concurrently with the KDCU a network of federally chartered credit unions operating in Kansas. State-chartered credit unions are required by law to insure their deposits through the National Credit Union Administration. In addition, state-chartered credit unions are required to be examined at least every 18 months, and pay an operation fee based on asset size every year. Federally chartered credit unions are exempt from the KDCU's oversight.

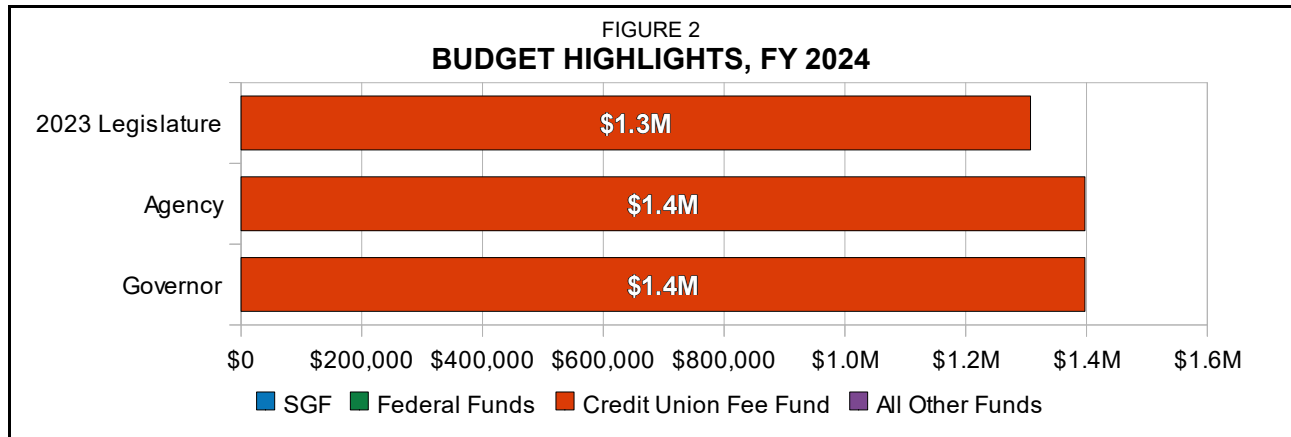
KDCU is supervised by the Credit Union Administrator, who is appointed to a four-year term by the Governor and subject to confirmation by the Senate. The Administrator is advised by a seven-member Credit Union Council, all of whom are appointed by the Governor. Five of the seven members must be officers of Kansas state-chartered credit unions. Of these five members, only two may be from the same congressional district. 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.

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

**AGENCY GOALS:** • Ensure all state-chartered credit unions are examined at least every 18 months.  
• Provide for timely supervisory callbacks and/or on-site visits and monitoring of problem credit unions.

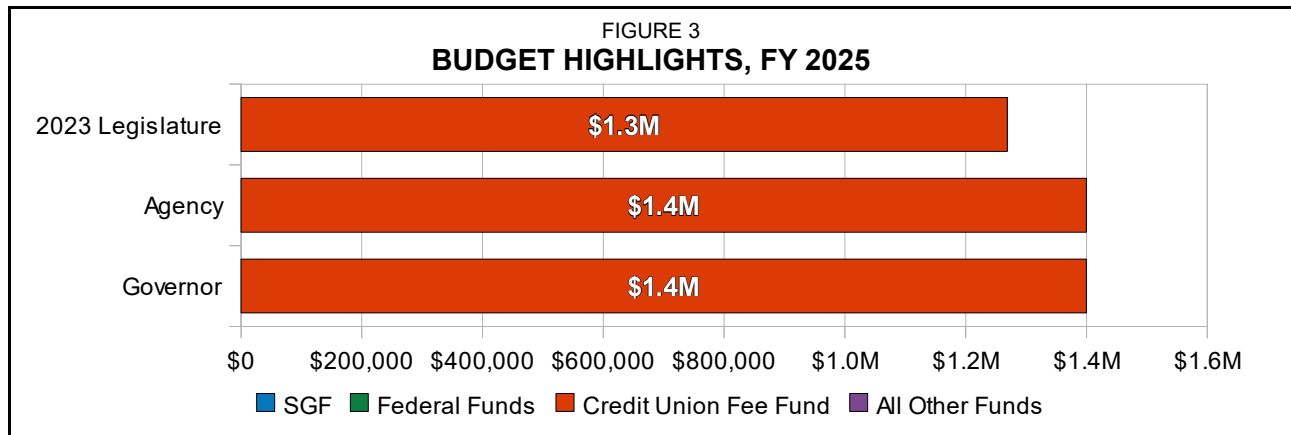
## EXECUTIVE SUMMARY

The 2023 Legislature approved a budget of \$1,307,329, all from the Credit Union Fee Fund, for the Kansas Department of Credit Unions for FY 2024. No adjustments have been made subsequently to that amount.



The **agency** requests a revised estimate of \$1,397,329, all from the Credit Union Fee Fund, in expenditures and 12.0 FTE positions in FY 2024. This represents an increase of \$90,000, or 6.9 percent, above the FY 2024 approved amount and is due to the agency's supplemental request for additional travel funding. The agency anticipates that it will have a fully staffed examination team that will travel throughout the state to conduct credit union examinations.

The **Governor** concurs with the agency's revised estimate in FY 2024.



The **agency** requests a revised estimate of \$1,399,725, all from the Credit Union Fee Fund, in expenditures and 12.0 FTE positions for FY 2025. This is an increase of \$2,396, or 0.2 percent, above the FY 2024 revised estimate, as well as an increase of \$130,844, or 10.3 percent, above the FY 2025 approved amount. The request includes enhancement requests for **additional travel funding** (\$90,000) and an **increase in expenditure limitations that was inadvertently left out of the Legislative Pay Plan in 2023 SB 25** (\$40,844).

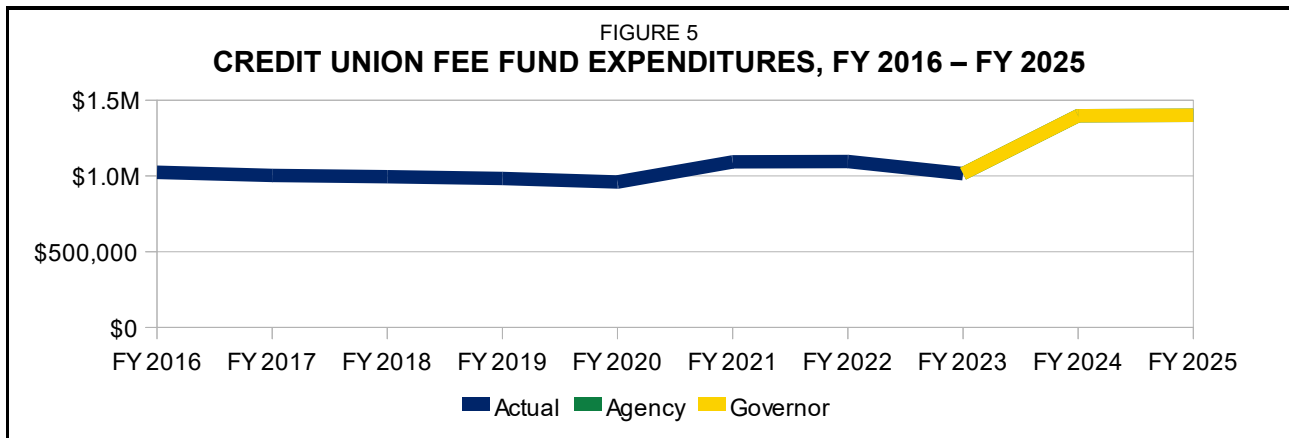
The **Governor** concurs with the agency's revised estimate for FY 2025.

## EXPENDITURES AND FINANCING

FIGURE 4  
**BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2023 – FY 2025**

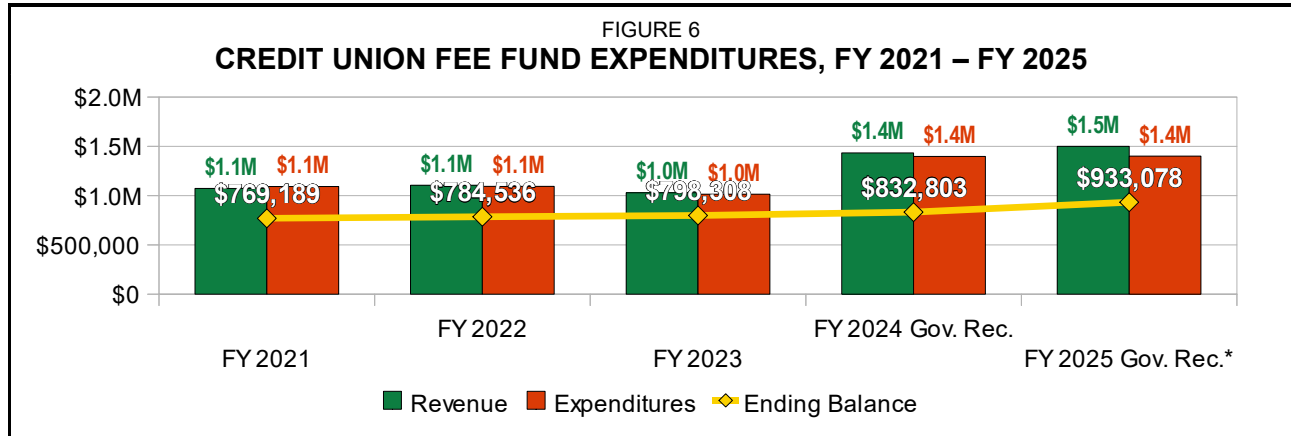
Category of Expenditure:	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Salaries and Wages	\$ 765,418	\$ 1,003,301	\$ 1,003,301	\$ 999,418	\$ 999,418
Contractual Services	208,058	351,333	351,333	357,612	357,612
Commodities	11,126	12,695	12,695	12,695	12,695
Capital Outlay	29,895	30,000	30,000	30,000	30,000
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 1,014,497</u>	<u>\$ 1,397,329</u>	<u>\$ 1,397,329</u>	<u>\$ 1,399,725</u>	<u>\$ 1,399,725</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 1,014,497</u>	<u>\$ 1,397,329</u>	<u>\$ 1,397,329</u>	<u>\$ 1,399,725</u>	<u>\$ 1,399,725</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
<b>TOTAL</b>	<u><b>\$ 1,014,497</b></u>	<u><b>\$ 1,397,329</b></u>	<u><b>\$ 1,397,329</b></u>	<u><b>\$ 1,399,725</b></u>	<u><b>\$ 1,399,725</b></u>
<b>Financing:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Credit Union Fee Fund	1,014,497	1,397,329	1,397,329	1,399,725	1,399,725
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<b>TOTAL</b>	<u><b>\$ 1,014,497</b></u>	<u><b>\$ 1,397,329</b></u>	<u><b>\$ 1,397,329</b></u>	<u><b>\$ 1,399,725</b></u>	<u><b>\$ 1,399,725</b></u>
FTE Positions	12.0	12.0	12.0	12.0	12.0

### CREDIT UNION FEE FUND



The Credit Union Fee Fund is the only source of funds for the Kansas Department of Credit Unions. Expenditures from the Credit Union Fee Fund have remained relatively steady for several years. The majority of the agency's expenditures are budgeted for salaries and wages, as well as contractual services. The agency is requesting an additional \$90,000 in FY 2024 and for FY 2025 for travel expenses. Expenditures related to commodities and capital outlay remain relatively unchanged in recent years.

## CREDIT UNION FEE FUND



\* For FY 2025, the lowest month ending balance for the Credit Union Fee Fund will occur in July, with a balance of \$710,029.

Assessment of fees are based on the asset size of state-chartered credit unions on March 31 of each year. Prior to June 1 of each year, the Credit Union Administrator establishes an examination fee that is similar to the schedule established by the National Credit Union Administration, while also sufficient to meet the budget requirements of the agency. During FY 2023, the agency provided a one-time reduction of 30.0 percent in fee assessments in order to pass along savings to the credit unions that the agency acquired due to travel restrictions during the COVID-19 pandemic. Although the number of credit unions in the state has decreased in recent years, the number of assets held by the credit unions has increased. As such, the agency anticipates that its revenue will continue to increase. For example, the agency estimates that the total assets of regulated credit unions will be \$7.4 billion in FY 2024 and \$7.7 billion in FY 2025. This would provide the agency with \$1.4 million in revenue in FY 2024, and \$1.7 million in revenue for FY 2025. The agency notes that as assets held by credit unions continues to grow, the agency's work in regulating credit unions will become more complex.

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 that even with the remittance to the SGF, its balance will fulfill NASCUS recommendations in FY 2024.

FIGURE 7  
**NATURAL-PERSON CREDIT UNION FEES, FY 2022 – FY 2025**

	Actual FY 2022	Actual FY 2023	Agency FY 2024	Agency FY 2025
Assets as of March 31	\$ 6,047,891,000	\$ 6,031,357,000	\$ 6,227,684,000	\$ 6,414,514,000
Asset Growth	8.4 %	(2.5)%	3.3 %	3.0 %
Fees	\$ 1,211,338	\$ 835,469**	\$ 1,247,299	\$ 1,284,718
Out-of-State Credit Union Fees	\$ 158,000	\$ 312,000	\$ 325,000	\$ 334,750

\* *Agency Note:* Asset size reduction was due to a state-chartered credit union converting to a federal charter.

\*\**Agency Note:* The fee reduction in FY 2023 was by design as the agency passed on a one-time reduction in fees to compensate for reduction in expenses realized over the previous years for reduced travel costs.

FIGURE 8  
**CORPORATE CREDIT UNION FEES, FY 2022 – FY 2025**

	Actual FY 2022	Actual FY 2023	Agency FY 2024	Agency FY 2025
Assets as of March 31	\$ 1,347,159,021	\$ 1,492,725,062	\$ 1,211,782,097	\$ 1,302,665,754
Asset Growth	30.1 %	10.8 %	(23.2)%	7.5 %
Fee	\$ 30,673	\$ -	\$ 25,000	\$ 25,000
Total Fees	1,369,337	1,147,469*	1,572,299	1,619,468
General Fund	(100,000)	(100,000)	(100,000)	(100,000)
Net Fees	1,269,338	1,047,469	1,472,299	1,519,468

\* *Agency Note:* The reduction in fees collected in FY 2023 was by design as the agency passed on a one-time reduction in fees to compensate for reduction in expenses realized over the previous years for reduced travel costs.

## FY 2024 ANALYSIS

FIGURE 9

### SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	All Funds	FTE
<b>Legislative Approved:</b>			
Amount Approved by 2023 Legislature	\$ -	\$ 1,307,329	12.0
1. No Changes	-	-	--
<i>Subtotal—Legislative Approved</i>	\$ -	\$ 1,307,329	12.0
<b>Agency Revised Estimate:</b>			
Supplemental Requests:			
2. Travel for Examinations and Training	\$ -	\$ 90,000	--
<i>Subtotal—Supplemental Requests Only</i>	\$ -	\$ 90,000	--
3. All Other Adjustments	\$ -	\$ -	--
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 1,397,329	12.0
<b>Governor’s Recommendation:</b>			
4. No Changes	\$ -	\$ -	--
<b>TOTAL</b>	\$ -	\$ 1,397,329	12.0

### LEGISLATIVE APPROVED

- NO CHANGES.** Subsequent to the 2023 Session, no adjustments were made to the \$1.3 million appropriated to the Kansas Department of Credit Unions for FY 2024.

### AGENCY ESTIMATE

The **agency** requests a revised budget of \$1.4 million, all from the Credit Union Fee Fund, for expenditures in FY 2024. This is an increase of \$90,000, or 6.9 percent, above the FY 2024 approved budget, and is entirely due to the following supplemental request:

- TRAVEL FOR EXAMINATIONS AND TRAINING.** The request includes \$90,000, all from the Credit Union Fee Fund, for travel to on-site examinations and professional development trainings. The agency notes that expenses for travel and subsistence, and other contractual services, were lower in recent years due to reduced travel during the COVID-19 pandemic. The agency estimates it will have eight full-time employees who will spend half of their time traveling throughout the state to conduct on-site examinations of credit unions.

Absent the supplemental requests, the revised estimate does not change from the amount previously approved by the 2023 Legislature. Notwithstanding the supplemental request, there are funding shifts throughout the categories of expenditures. These shifts are detailed below.

- ALL OTHER ADJUSTMENTS.** The revised estimate includes adjustments to several categories of expenditures, specifically shifts in funding from salaries and wages to contractual services to provide for, among other services, job-related training and conference registration, and dues and subscriptions. Rather than continuing to hire temporary employees in FY 2024, the agency plans to fill two vacant Financial Examiner positions with full-time employees who will have travel responsibilities and will need to complete necessary training. The shift in funding from salaries and wages, specifically pay of temporary unclassified employees, to contractual services would allow the agency to provide training for the new examiners and to adjust for the increase in travel expenses that is likely the result of inflation.

The **agency's** estimate also includes 12.0 FTE positions, which is the same as the approved number of positions in FY 2024.

### **GOVERNOR'S RECOMMENDATION**

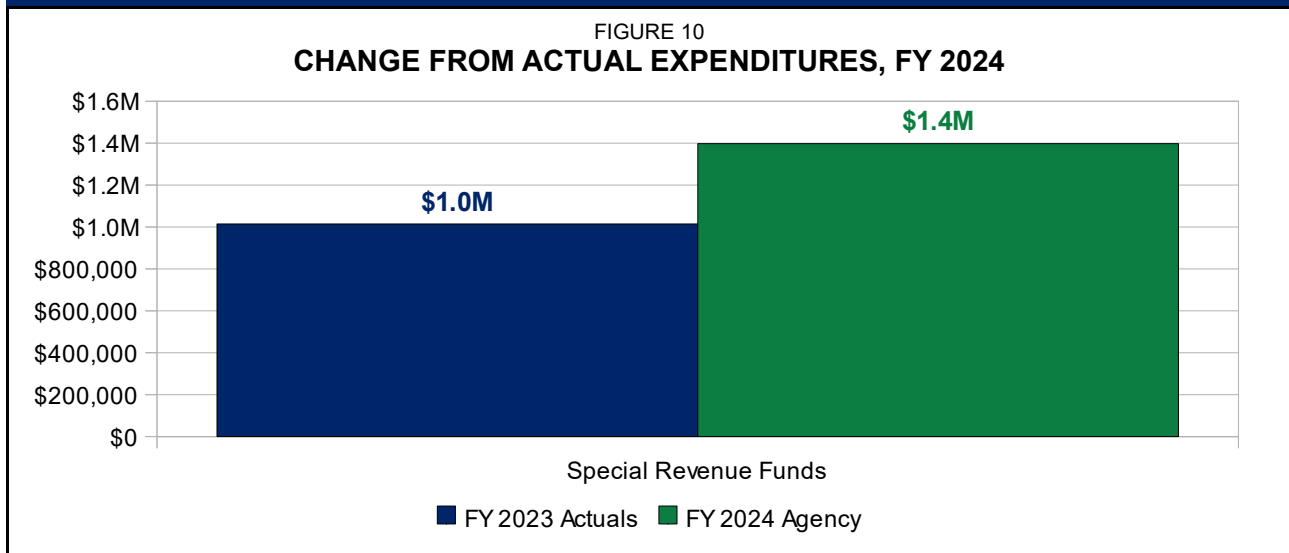
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The **Governor** concurs with the agency's revised estimate of \$1.4 million, all from the Credit Union Fee Fund, in FY 2024.

4. **NO CHANGES.** The Governor does not recommend any changes to the agency's revised estimate in FY 2024.

The **Governor's** recommendation also includes 12.0 FTE positions, which is the same as the revised estimate in FY 2024.

## FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$1.4 million, all from the Credit Union Fee Fund, in FY 2024. This represents an increase of \$382,832, or 37.7 percent, above the FY 2023 actual expenditures and is primarily due to salaries and wages as well as contractual services expenditures. The increase in salaries and wages includes an additional \$40,844 in expenditures for the Legislative Pay Plan in 2023 SB 25. Other salary and wage increases are due to an increase in employer contributions for fringe benefits, such as group health insurance. Moreover, rather than continuing to hire temporary employees in FY 2024, the agency plans to fill two vacant Financial Examiner positions with full-time employees who will have travel responsibilities and will need to complete necessary training. This adds to the increase in funding above the FY 2023 actual expenditure levels as the agency anticipates it will have a full staff, meaning the agency will incur additional travel expenses related to the filled Financial Examiner positions.



## FY 2025 ANALYSIS

FIGURE 11

### SUMMARY OF BUDGET REQUEST, FY 2025

	SGF	All Funds	FTE
<b>Agency Revised Estimate*:</b>			
Revised Estimate without Major Changes	\$ -	\$ 1,268,881	12.0
Enhancement Requests:			
1. Travel for Examinations and Training	\$ -	\$ 90,000	--
2. Pay Plan Shortfall	-	40,844	--
<i>Subtotal—Agency Revised Estimate with Enhancement Requests</i>	<i>\$ -</i>	<i>\$ 1,399,725</i>	<i>12.0</i>
<b>Governor's Recommendation:</b>			
3. No Changes	\$ -	\$ -	--
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 2,668,606</b>	<b>12.0</b>

\* Staff note: The 2023 Legislature approved a budget of \$1,268,881, all from the Credit Union Fee Fund, and 12.0 FTE positions for FY 2025.

## AGENCY REQUEST

The **agency** requests \$1.4 million, all from the Credit Union Fee Fund, in expenditures for FY 2025. This is an increase of \$2,396, or 0.2 percent, above the FY 2024 revised estimate, as well as an increase of \$130,844, or 10.3 percent, above the FY 2025 approved budget.

The request includes \$130,844 for the following enhancement requests:

- TRAVEL FOR EXAMINATIONS AND TRAINING.** The request includes \$90,000, all from the Credit Union Fee Fund, for travel to on-site examinations and professional development trainings. The agency notes that expenses for travel, subsistence, and other contractual services were lower in recent years due to reduced travel during the COVID-19 pandemic. The agency estimates it will have eight full-time employees who will spend half of their time traveling throughout the state to conduct on-site examinations of credit unions.
- PAY PLAN SHORTFALL.** The request includes \$40,844, all from the Credit Union Fee Fund, for FY 2025 to account for an increase in expenditure limitations that was inadvertently left out of the Legislative Pay Plan in 2023 SB 25. This adjustment would achieve the intended effect of the pay plan and does not represent a substantive change from the salary adjustments approved by the 2023 Legislature.

Absent the enhancement requests, the revised estimate does not change from the amount previously approved by the 2023 Legislature.

- The **agency's** request also includes 12.0 FTE positions, which is the same as the approved number of positions for FY 2025.

## GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's revised estimate of \$1.4 million, all from the Credit Union Fee Fund, for FY 2025.

- NO CHANGES.** The Governor does not recommend any changes to the agency's revised estimate for FY 2025.

The **Governor's** recommendation also includes 12.0 FTE positions, which is the same as the revised estimate for FY 2025.

## SUPPLEMENTAL AND ENHANCEMENT REQUESTS

FIGURE 12

**SUPPLEMENTAL AND ENHANCEMENT REQUESTS, FY 2024 – FY 2025**

Request	Agency			Governor		
	SGF	All Funds	FTE	SGF	All Funds	FTE
<b>FY 2024 Supplemental:</b>						
1. Travel for Examinations and Training	\$ -	\$ 90,000	-	\$ -	\$ 90,000	-
<b>FY 2025 Enhancements:</b>						
1. Travel for Examinations and Training	\$ -	\$ 90,000	-	\$ -	\$ 90,000	-
2. Pay Plan Shortfall	-	40,844	-	-	40,844	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 130,844</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 130,844</b>	<b>-</b>

1. **TRAVEL FOR EXAMINATIONS AND TRAINING.** The agency requests \$90,000, all from the Credit Union Fee Fund, for travel to on-site examinations and professional development trainings in FY 2024 and for FY 2025. The agency notes that expenses for travel, subsistence, and other contractual services were lower in recent years due to reduced travel during the COVID-19 pandemic. The agency estimates it will have eight full-time employees who will spend half of their time traveling throughout the state to conduct on-site examinations of credit unions. Although two Financial Examiner positions were vacant at the beginning of FY 2024, the agency anticipates that those positions will be filled in FY 2024 and that most employees will participate in job-related trainings and conferences.

**The Governor recommends adoption of this request.**

2. **PAY PLAN SHORTFALL.** The agency requests a supplement of \$40,844, all from the Credit Union Fee Fund, for FY 2025 to account for an increase in expenditure limitations that was inadvertently left out of the Legislative Pay Plan in 2023 SB 25. This adjustment would achieve the intended effect of the pay plan and does not represent a substantive change from the salary adjustments approved by the 2023 Legislature.

**The Governor recommends adoption of this request.**