



BOARD ACTION MEMORANDUM

TO: NCUA Board, in its capacity as the CLF Board **DATE:** December 4, 2023
FROM: Anthony Cappetta, President **SUBJ:** 2024 CLF Budget
Central Liquidity Facility (CLF)

ACTION REQUESTED: CLF Board approval of the 2024 CLF Budget.

DATE ACTION REQUESTED: December 14, 2023.

OTHER OFFICES CONSULTED: Office of the Executive Director, Office of the Chief Financial Officer.

VIEWS OF OTHER OFFICES CONSULTED: Concur.

BUDGET IMPACT, IF ANY: The requested action is the proposed 2024 CLF budget of \$2,199,065.

SUBMITTED TO INSPECTOR GENERAL FOR REVIEW: Yes.

RESPONSIBLE STAFF MEMBERS: Anthony Cappetta, President of the CLF; Timothy Dodds, Vice President of the CLF.

AUTHORITY: The National Credit Union Administration Central Liquidity Facility (CLF or Facility) was created by Congress in the National Credit Union Central Liquidity Facility Act.¹ The Facility is an instrumentality of the United States within the NCUA owned by its member credit unions and managed by the NCUA Board, in its capacity as the CLF Board.² The purpose of the Facility is to improve the general financial stability by providing member credit unions with a source of loans to meet their liquidity needs and thereby encourage savings, support consumer and mortgage lending, and provide basic financial resources to all segments of the economy.

Among various authorities, the NCUA Board on behalf of the Facility has the authority to determine expenses and enter into obligations in operating the CLF. For example, with respect to the Facility the Federal Credit Union Act grants the NCUA Board the authority to:

- determine the expenditures incurred by the Administration to carry out this subchapter, and the expenditures incurred by the Facility to carry out subchapters I and II of this chapter, and annually assess the Facility and the Administration accordingly;

¹ Pub. L. No. 95-630, Title XVIII, § 1802, Nov. 10, 1978, 92 Stat. 3719.

² 12 U.S.C. §1795b.

- appoint officers and employees to assist in carrying out this subchapter, who shall be appointed subject to the provisions of title 5;
- conduct business, carry on operations, have offices, and exercise the powers granted by this subchapter in any State or territory;
- lease, purchase, or otherwise acquire and own, hold, improve, use, or otherwise deal in and with property, real, personal, or mixed, or any interest therein, wherever situated;
- enter into contracts with any public or private organization, partnership, corporation, or individual;
- exercise such incidental powers as shall be necessary or requisite to enable it to carry out effectively the purposes for which the Facility is incorporated.³

The NCUA Board, in its capacity as the CLF Board, must approve the CLF’s budget as this authority has not been delegated to CLF staff. In prior years, the CLF’s expenditures were accounted for in the NCUA operating budget. This request for approval of the CLF budget reflects the recent NCUA Board decision to fully separate the CLF budget from the NCUA operating budget.

SUMMARY: The CLF needs to be ready to provide support for the financial stability of member credit unions by providing liquidity for short-term, seasonal, and protracted needs. As such, the CLF budget request must consider the potential for surges in both applications for membership and the processing of liquidity advances while maintaining routine operations and audit support. In addition, the CLF needs to maintain a robust membership whose capital provides a borrowing base that can be used to provide assistance to the National Credit Union Share Insurance Fund should a system-wide liquidity event occur.

The attached 2024 Budget Request represents the CLF estimated annual needs for 2024. As shown in the summary table below, the 2024 CLF budget is \$2,199,065.

Account Description	2024 Budget (\$)
Salaries	1,057,793
Benefits	425,078
Salaries (allocation of NCUA Board and Central Office)	222,084
PAY & BENEFIT SUBTOTAL	1,704,955
Overhead, Rent, Communications	40,027
Administration (Print / Supplies)	4,618
Contracted Services, Travel, Training	449,465
NONPAY SUBTOTAL	494,110
TOTAL EXPENSE	2,199,065

³ Id. at §§1795f(a)

RECOMMENDED ACTION: As detailed in the attached 2024 CLF Budget, the NCUA Board, in its capacity as the CLF Board, approve the 2024 CLF budget of \$2,199,065.

ATTACHMENT: 2024 CLF Staff Draft Budget Justification.