



# 2018 Business Plan and Budget

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# 2018 Budget Overview

## ➤ Total 2018 Budget: \$17,182,868

<b>Total 2018 Budget Change vs 2017</b>	<b>(1.7%)</b>	<b>(\$299,535)</b>
• Personnel Expense	(2.1%)	(\$271,112)
• Operating and Fixed Asset	0.5%	\$15,482

## ➤ Total 2018 Assessment: \$17,215,136

• Assessment	9.6%	\$1,509,113
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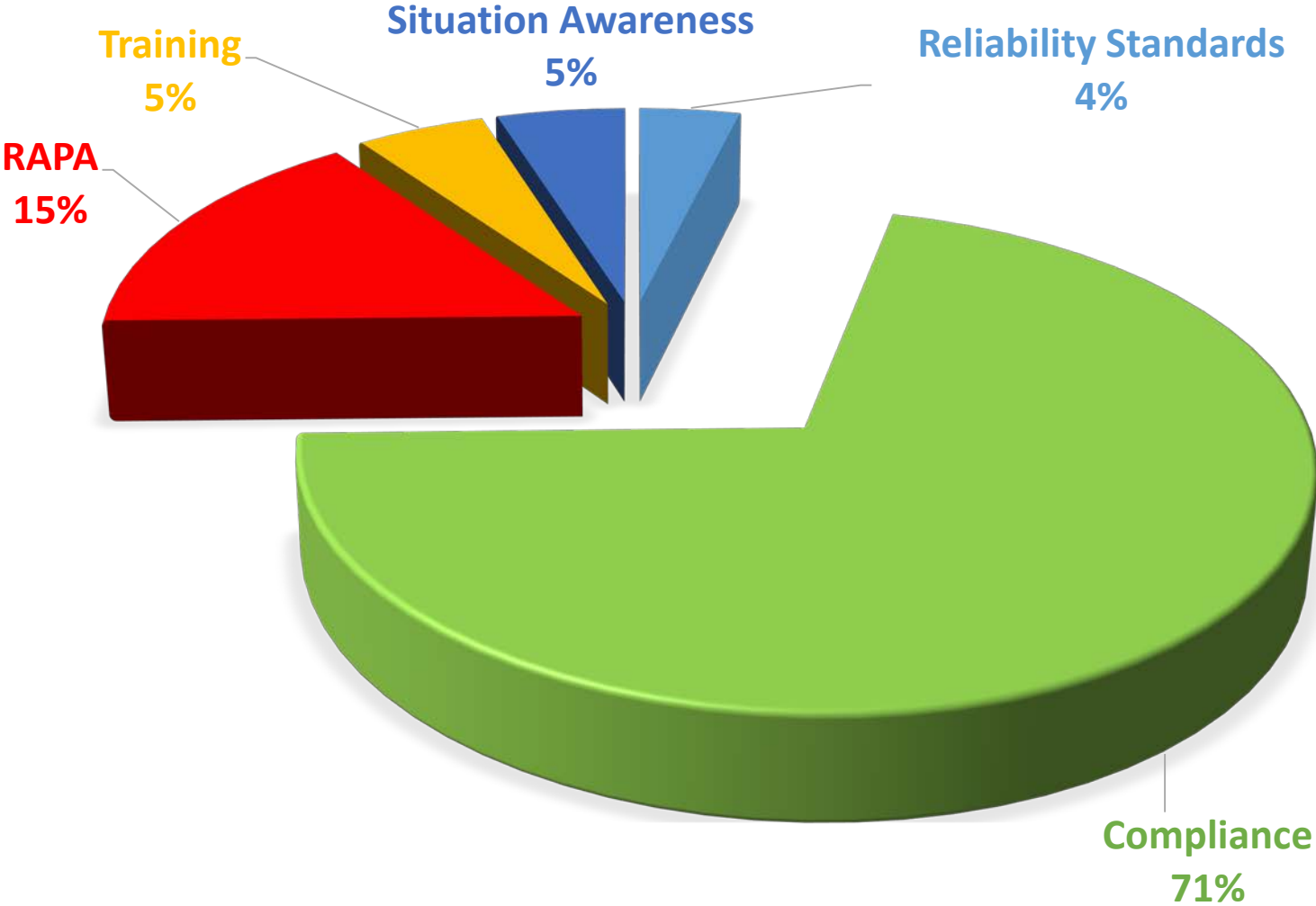
## ➤ Total 2018 FTEs: 75.0

• 2018 FTE No Change	0.0 FTEs
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# Key Factors/Budget Assumptions

- 3.0% compensation increase
- 25.0% increase in benefits for anticipated medical insurance increase
- 6.0% vacancy rate same as 2017
- Outsourcing Information Technology support
- Slight increase in penalties

# 2018 Budget by Functional Area



# 2017 - 2018 Budget Comparison

## STATUTORY

	2017 Budget	2018 Budget	Variance 2018 Budget v 2017 Budget Over(Under)
<b>Funding</b>			
NERC Assessments	\$ 15,706,023	\$ 17,215,136	\$ 1,509,113
Penalty Sanctions	195,000	717,978	522,978
Workshops	176,025	176,025	-
Interest	1,000	1,000	-
Miscellaneous	383,500	86,000	(297,500)
<b>Total Funding (A)</b>	<b>\$ 16,461,548</b>	<b>\$ 18,196,139</b>	<b>\$ 1,734,591</b>
<b>Expenses</b>			
Personnel Expenses	\$ 13,208,500	\$ 12,937,388	\$ (271,112)
Meeting Expenses	\$ 845,289	\$ 917,569	\$ 72,280
Operating Expenses	\$ 3,420,496	\$ 3,435,978	\$ 15,482
Other Non-Operating Expenses	\$ -	\$ -	\$ -
<b>Total Expenses (B)</b>	<b>\$ 17,474,285</b>	<b>\$ 17,290,935</b>	<b>\$ (183,350)</b>
<b>Fixed Assets</b>			
Depreciation	\$ (234,882)	\$ (453,068)	\$ (218,186)
Computer & Software CapEx	100,000	345,000	245,000
Furniture & Fixtures CapEx	-	-	-
Equipment CapEx	143,000	-	(143,000)
Leasehold Improvements	-	-	-
<b>Inc(Dec) in Fixed Assets ( C )</b>	<b>8,118</b>	<b>(108,067)</b>	<b>(116,185)</b>
<b>TOTAL BUDGET (=B + C)</b>	<b>\$ 17,482,403</b>	<b>\$ 17,182,868</b>	<b>\$ (299,535)</b>
<b>FTEs</b>	75.00	75.00	-

# 2017 - 2018 FTE Comparison

Total FTE's by Program Area	Budget 2017	Direct FTEs 2018 Budget	Shared FTEs <sup>1</sup> 2018 Budget	Total FTEs 2018 Budget	Change from 2017 Budget
<b>STATUTORY</b>					
<b>Operational Programs</b>					
Reliability Standards	1.70	1.70	-	1.70	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	34.31	32.56	-	32.56	(1.75)
Reliability Assessment and Performance Analysis	8.12	6.37	-	6.37	(1.75)
Training and Education	1.70	1.70	-	1.70	-
Situation Awareness and Infrastructure Security	3.87	2.37	-	2.37	(1.50)
<b>Total FTEs Operational Programs</b>	<b>49.70</b>	<b>44.70</b>	<b>-</b>	<b>44.70</b>	<b>(5.00)</b>
<b>Administrative Programs</b>					
Technical Committees and Member Forums	4.70	4.70	-	4.70	-
General & Administrative	13.25	11.25	-	11.25	(2.00)
Legal and Regulatory	2.55	2.55	-	2.55	-
Business Process & Risk Assessment	-	7.00	-	7.00	7.00
Human Resources	1.90	1.90	-	1.90	-
Finance and Accounting	2.90	2.90	-	2.90	-
<b>Total FTEs Administrative Programs</b>	<b>25.30</b>	<b>30.30</b>	<b>-</b>	<b>30.30</b>	<b>5.00</b>
<b>Total FTEs</b>	<b>75.00</b>	<b>75.00</b>	<b>-</b>	<b>75.00</b>	<b>-</b>

<sup>1</sup>A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

# Working Capital Reserves

- The 2018 Working Capital Reserve will be utilized to manage cash flow for daily operations and to stabilize and minimize large fluctuations in the annual assessments.
- Increase reserves by \$1.01M to \$1.7M
- No change to reserve policy
  - Working capital and operating reserve requirement is up to 10% the total annual budget
  - \$1M line of credit if needed

# 2019 and 2020 Projections

- Personnel Assumptions
  - No proposed changes in FTEs
  - 3.0% compensation increase
  - Applied vacancy rate of 3% in 2019 and 0% for 2020
- 1.0% escalation rate for most expense categories
- 2019
  - Total assessment decrease \$854K (5.0%)
  - Total budget increase \$958K (5.6%)
- 2020
  - Total assessment increase \$415K (2.5%)
  - Total budget increase \$762K (4.2%)



# Questions?