



# **2017 Business Plan and Budget**

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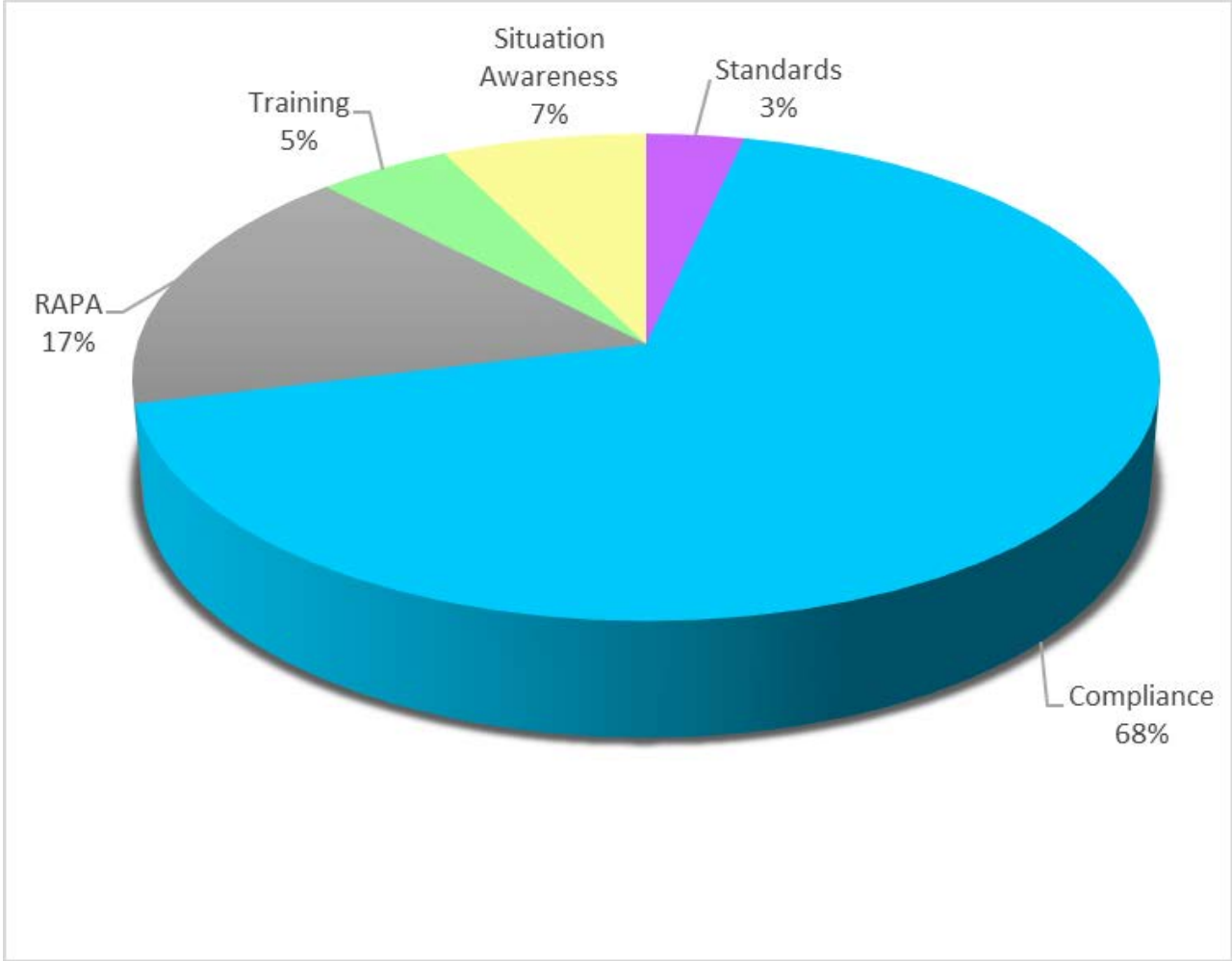
# 2017 Statutory Budget Overview

- Total budget increase \$1.6M (10.2%)
- Assessments increase \$1.975M (14.4%)
- Staffing
  - Decrease 3.12 FTEs (1.70 headcount)
- Working Capital
  - Decreasing reserves to offset assessment increase

# Key Factors/Budget Assumptions

- 3.0% compensation increase
- 25.0% increase in benefits for anticipated medical insurance increase
- 6.0% vacancy rate applied to all personnel expenses
- Outsourcing Information Technology support
- Decrease in penalties

# 2017 Budget by Functional Area



# 2016 - 2017 Budget Comparison

STATUTORY						
				Variance		Variance
		2016	2016	2016 Projection	2017	2017 Budget
		Budget	Projection	v 2016 Budget	Budget	v 2016 Budget
				Over(Under)		Over(Under)
<b>Funding</b>						
NERC Assessments	\$	13,730,986	\$ 13,730,986	\$ -	\$ 15,706,023	\$ 1,975,037
Penalty Sanctions		648,500	648,500	-	195,000	(453,500)
Workshops		210,075	183,090	(26,985)	176,025	(34,050)
Interest		1,000	2,853	1,853	1,000	-
Miscellaneous		444,000	505,204	61,204	383,500	(60,500)
<b>Total Funding (A)</b>	<b>\$</b>	<b>15,034,561</b>	<b>\$ 15,070,633</b>	<b>\$ 36,072</b>	<b>\$ 16,461,548</b>	<b>\$ 1,426,987</b>
<b>Expenses</b>						
Personnel Expenses	\$	12,392,934	\$ 12,398,807	\$ 5,873	\$ 13,208,500	\$ 815,566
Meeting Expenses		780,431	782,554	2,123	845,289	64,858
Operating Expenses		2,969,649	3,645,062	675,413	3,420,496	450,847
Other Non-Operating Expenses		-	-	-	-	-
<b>Total Expenses (B)</b>	<b>\$</b>	<b>16,143,014</b>	<b>\$ 16,826,423</b>	<b>\$ 683,409</b>	<b>\$ 17,474,285</b>	<b>\$ 1,331,271</b>
<b>Fixed Assets</b>						
Depreciation	\$	(483,480)	\$ (398,219)	\$ 85,261	\$ (234,882)	\$ 248,598
Computer & Software CapEx		207,311	55,568	(151,743)	100,000	(107,311)
Furniture & Fixtures CapEx		-	-	-	-	-
Equipment CapEx		-	-	-	143,000	143,000
Leasehold Improvements		-	133,105	133,105	-	-
<b>Inc(Dec) in Fixed Assets ( C )</b>		<b>(276,169)</b>	<b>(209,546)</b>	<b>66,623</b>	<b>8,118</b>	<b>284,287</b>
<b>TOTAL BUDGET (=B + C)</b>	<b>\$</b>	<b>15,866,845</b>	<b>\$ 16,616,877</b>	<b>\$ 750,032</b>	<b>\$ 17,482,403</b>	<b>\$ 1,615,558</b>
<b>TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)</b>	<b>\$</b>	<b>(832,284)</b>	<b>\$ (1,546,244)</b>	<b>\$ (713,960)</b>	<b>\$ (1,020,855)</b>	<b>\$ (188,571)</b>
FTEs		78.12	66.42	(11.70)	75.00	(3.12)

# 2016 - 2017 FTE Comparison

Total FTE's by Program Area	Budget	Projection	Direct FTEs	Shared	Total FTEs	Change
	2016	2016	2017 Budget	FTEs <sup>1</sup> 2017 Budget	2017 Budget	from 2016 Budget
<b>STATUTORY</b>						
<b>Operational Programs</b>						
Reliability Standards	1.98	1.60	1.70	-	1.70	(0.28)
Compliance Monitoring and Enforcement and Organization Registration and Certification	36.92	32.00	34.31	-	34.31	(2.61)
Reliability Assessment and Performance Analysis	6.60	6.04	8.12	-	8.12	1.52
Training and Education	2.23	1.10	1.70	-	1.70	(0.53)
Situation Awareness and Infrastructure Security	3.40	3.87	3.87	-	3.87	0.47
<b>Total FTEs Operational Programs</b>	<b>51.13</b>	<b>44.61</b>	<b>49.70</b>	<b>-</b>	<b>49.70</b>	<b>(1.43)</b>
<b>Administrative Programs</b>						
Technical Committees and Member Forums	5.99	4.70	4.70	-	4.70	(1.29)
General & Administrative	13.00	12.75	13.25	-	13.25	0.25
Legal and Regulatory	3.00	2.61	2.55	-	2.55	(0.45)
Information Technology	-	-	-	-	-	-
Human Resources	2.20	1.90	1.90	-	1.90	(0.30)
Finance and Accounting	2.80	2.90	2.90	-	2.90	0.10
<b>Total FTEs Administrative Programs</b>	<b>26.99</b>	<b>24.86</b>	<b>25.30</b>	<b>-</b>	<b>25.30</b>	<b>(1.69)</b>
<b>Total FTEs</b>	<b>78.12</b>	<b>69.47</b>	<b>75.00</b>	<b>-</b>	<b>75.00</b>	<b>(3.12)</b>
<sup>1</sup> A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.						

# Working Capital Reserves

- Decrease reserves by \$982K to \$1M
- 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
- Projecting 2017 ending balance to be \$1.9M

# 2018 and 2019 Projections

- Personnel
  - No changes in FTEs
  - 3.0% compensation increase
  - Reduction of vacancy rate
- 1.0% escalation rate applied to most expense categories
- 2018
  - Total assessment increase \$495K (3.2%)
  - Total budget increase \$565K (3.2%)
- 2019
  - Total assessment increase \$897K (5.2%)
  - Total budget increase \$769K (4.3%)



# Questions?