

# FSOC Budget Information

## FY2013 Projected Actual Expenses and Proposed FY2014 Budget for the Financial Stability Oversight Council (FSOC) Secretariat and Office of the Independent Insurance Member

### Funding and Governance of Council Budget

Under Section 118 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), “Any expenses of the Council shall be treated as expenses of, and paid by, the Office of Financial Research.” Under Section 155 of the Dodd-Frank Act, expenses of the OFR, and therefore of the Council, are funded through assessments applicable to bank holding companies with total consolidated assets of \$50 billion or greater and nonbank financial companies supervised by the Board of Governors of the Federal Reserve System. The Treasury Secretary has established, by regulation, and with the approval of the Council, an assessment schedule.

Pursuant to section 3(a)(3)(B)(ii) of the Council’s Rules of Organization, the Chairperson shall propose an annual budget for the Council, which upon an affirmative vote of a majority of the voting members then serving shall be adopted as the annual budget of the Council. Under section 3(a)(3)(A) of the Council’s Rules of Organization, the Council shall periodically review the expenses of the Council, and the Chairperson shall provide a report of expenses to the Council no later than September 1 of each year.

### FSOC Secretariat and Office of the Independent Member Budget

Category	FY 2013 Proposed Budget	FY 2013 Projected Actuals	FY 2014 Proposed Budget
<b><i>FSOC Secretariat and Office of the Independent Member</i></b>			
<i>Labor Costs</i>			
Salary & Benefits	\$4,263,029	\$3,710,173	\$4,332,000
<i>Non-Labor Costs</i>			
Other Support	\$1,868,000	\$798,917	\$1,513,685
Data/Records System/General IT/Website	\$1,535,000	\$571,987	\$1,100,000
Space	\$600,000	\$387,315	\$464,815
FSOC Meetings/Supplies	\$97,000	\$8,832	\$55,000
General Administrative Costs	\$355,000	\$95,467	\$207,000
<b>Total</b>	<b>\$8,718,029</b>	<b>\$5,572,691</b>	<b>\$7,672,500</b>

### **Fiscal Year 2013 Highlights**

- FY2013 actual expenses are forecasted to be \$3.6 million under budget.
- Key drivers for lower forecasted actual expenses:
  - \$2.1 million of the Secretariat’s lower spending than the forecasted budget is due to non-labor expenses. Primary drivers are significant savings in production costs for the 2013 annual report and a temporary pause in non-labor spending due to sequestration resulting in a deferral of certain expenses until 2014.
  - The \$800,000 in lower spending than the forecasted budget of the Independent Member’s office is due to both labor and non-labor expenditures.

### **Fiscal Year 2014 Highlights**

- The FY2014 budget for the Secretariat and the Independent Member’s office are reduced 14 percent from the FY2013 budget, reflecting a number of considerations, including:
  - Both offices have achieved steady state for FTE, with no additional headcount planned for FY2014.
  - Many one-time, non-labor expenses related to the start-up of each office have already been incurred.

- Labor and benefits have been calculated based on actual grade/step levels of current and planned staff. Budget assumes a total of 24 FTE for the Secretariat and 5 FTE for the Independent Member. 26 of the 29 total FTE are on board as of August 30, 2013.

**FDIC Reimbursement Under Section 210(n)(10) of the Dodd-Frank Act**

<b>Category</b>	<b>FY 2013 Proposed Budget</b>	<b>FY 2013 Projected Actuals</b>	<b>FY 2014 Proposed Budget</b>
<b><i>FDIC Reimbursement Under Section 210(n)(10)</i></b>			
Policies, Procedures, Rules, and Regulations to Implement Title II	\$2,240,802	\$2,105,334	\$1,895,000
Institution-Specific Resolution Planning for Title II Implementation	\$4,413,607 <sup>1</sup>	\$2,512,612	\$1,970,000
Non-Institution Specific Resolution Planning for Title II Implementation		\$1,708,802	\$7,735,000
<b>Total</b>	<b>\$6,654,409</b>	<b>\$6,326,748</b>	<b>\$11,600,000</b>

Section 210(n)(10) of the Dodd-Frank Act provides that certain reasonable implementation expenses of the FDIC relating to its responsibilities under Title II for the resolution of systemically important financial companies incurred after the date of enactment of the Dodd-Frank Act shall be treated as expenses of the Council. The FDIC must periodically submit requests for reimbursement for implementation expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC of reasonable implementation expenses. The expenses most recently submitted by the FDIC to the Chairperson for reimbursement cover the period from July 1, 2012, through June 30, 2013. The expenses incurred during this period are for rulewriting and resolution planning consistent with the FDIC’s implementation of its responsibilities under Title II of the Dodd-Frank Act.

- The proposed FY2014 budget for FDIC reflects the FDIC’s actual implementation expenses for the period July 1, 2012, through June 30, 2013. The increase for FY2014 is consistent with the FY2014 budget forecast of \$10.7 million projected a year ago and reflects the continued ramp-up of activities performed by the FDIC that are eligible for reimbursement.
- Reimbursable FDIC expenses include those related to the development of Title II rules and regulations and Title II resolution planning activities (both institution-specific and non-institution-specific). Non-institution specific resolution planning activities include the development of IT systems supporting resolution planning, the development of non-deposit claims and accounting processes for receiverships, the conduct of interagency simulations of orderly liquidation processes, the negotiation of international cooperative agreements, and outreach and education activities for various stakeholders.

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<sup>1</sup> For the formulation of the [FY2013 budget](#), the FDIC reported both institution-specific and non-institution specific resolution planning expenses as a single category called “Resolution Planning for Title II Implementation”.