

# FSOC Budget Information

## FY2014 Projected Actual Expenses and Proposed FY2015 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 2014 Approved Budget	FY 2014 Projected Actuals	FY 2015 Proposed Budget
<b><i>FSOC Secretariat and Office of the Independent Member</i></b>			
<i>Labor Costs</i>			
Salary & Benefits	\$3,635,609	\$3,847,176	\$4,541,843
<i>Non-Labor Costs</i>			
Other Support	\$4,036,891	\$2,413,553	\$4,148,511
Data/Records System/General IT/Website	\$2,474,891	\$1,861,432	\$2,846,511
Space	\$1,100,000	\$369,987	\$887,000
FSOC Meetings/Supplies	\$200,000	\$124,818	\$160,000
General Administrative Costs	\$55,000	\$14,318	\$25,000
	\$207,000	\$42,999	\$230,000
<b>Total</b>	<b>\$7,672,500</b>	<b>\$6,260,729</b>	<b>\$8,690,355</b>

### **Fiscal Year 2014 Highlights**

- FY2014 actual expenses are forecasted to be \$1.4 million under budget.
- The entirety of the lower spending than the forecasted budget is due to non-labor expenses. Primary drivers include fewer reimbursable detailees from member agencies participating in the production of the Council’s 2014 annual report and a delay until 2015 in the implementation of a new document distribution system.
- The \$0.2 million of forecasted overage for salary and benefits is due to the hiring of certain new staff at higher than the base pay grades.

### **Fiscal Year 2015 Highlights**

- The FY2015 proposed budget for the Secretariat and the Office of the Independent Member includes an increase of approximately \$1 million, or 13 percent, over the FY2014 budget. The primary drivers of the increase include:
  - A proposed increase to the Secretariat’s headcount by five full-time equivalent (FTE) staff in FY2015 to accommodate both current and anticipated increased workload;
  - Increased travel budget for the Office of the Independent Member for increased travel costs; and

- Nominal inflation adjustment for non-labor expenses.
- Budget assumes 26 FTE for the Secretariat and 5 FTE for the Office of the Independent Member (including the Independent Member with insurance expertise). A total of 26 of these 31 FTE are planned to be on board as of September 30, 2014.

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

<b>Category</b>	<b>FY 2014 Approved Budget</b>	<b>FY 2014 Projected Actuals</b>	<b>FY 2015 Proposed Budget</b>
<b><i>FDIC Reimbursement Under Section 210(n)(10)</i></b>			
Policies, Procedures, Rules, and Regulations to Implement Title II	\$1,895,000	\$1,890,835	\$1,414,363
Institution-Specific Resolution Planning for Title II Implementation	\$1,970,000	\$1,967,366	\$868,898
Non-Institution Specific Resolution Planning for Title II Implementation	7,735,000	\$7,733,825	\$5,344,639
<b>Total</b>	<b><i>\$11,600,000</i></b>	<b><i>\$11,592,026</i></b>	<b><i>\$7,627,900</i></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, 2013, through June 30, 2014. The expenses incurred during this period were for rulewriting and resolution planning consistent with the FDIC’s implementation of its responsibilities under Title II of the Dodd-Frank Act.

- The proposed FY2015 budget for the FDIC reflects the FDIC’s actual implementation expenses for the period July 1, 2013, through June 30, 2014. The decrease in the FDIC’s reimbursable expenses from FY2014 to FY2015 is attributable to greater efficiencies in the use of staff and contractor resources and the nature of the work performed during the budget period.
- 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.