

# Council Budget Information

## FY2015 Projected Actual Expenses and Proposed FY2016 Budget for the Financial Stability Oversight Council (Council) 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.

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

Category	FY 2015 Approved Budget	FY 2015 Projected Actuals	FY 2016 Proposed Budget
<b><i>Council Secretariat and Office of the Independent Member</i></b>			
<i>Labor Costs</i>	<i>\$4,541,843</i>	<i>\$3,782,830</i>	<i>\$4,585,281</i>
Salary & Benefits	\$4,541,843	\$3,782,830	\$4,585,281
<i>Non-Labor Costs</i>	<i>\$4,148,511</i>	<i>\$2,347,251</i>	<i>\$3,547,661</i>
Other Support	\$2,846,511	\$1,903,583	\$2,602,161
Data/Records System/General IT/Website	\$887,000	\$369,338	\$685,500
Non-recurring Lease and Alteration Costs	\$160,000	\$0	\$50,000
Council Meetings/Supplies	\$25,000	\$17,429	\$25,000
General Administrative Costs	\$230,000	\$56,901	\$185,000
<b>Total</b>	<b><i>\$8,690,355</i></b>	<b><i>\$6,130,081</i></b>	<b><i>\$8,132,942</i></b>

### **Fiscal Year 2015 Highlights**

- FY2015 actual expenses are forecasted to be \$2.6 million under budget, based on data through July 31, 2015.
- Non-labor expenses account for \$1.8 million of the forecasted shortfall. Primary drivers for this shortfall in non-labor expenses include fewer reimbursable detailees from member agencies during FY2015, deferral of certain information technology expenses until FY2016, and elimination of previously anticipated non-recurring lease and alteration costs.
- The forecasted shortfall of approximately \$759,000 for salary and benefits is due to the hiring of new staff later in the fiscal year than initially planned.

### **Fiscal Year 2016 Highlights**

- The FY2016 proposed budget for the Secretariat and the Office of the Independent Member includes a decrease of approximately \$557,000, or 6.4 percent, from the FY2015 budget. Primary drivers include: a re-baselining of certain non-labor reimbursable expenses based on FY2015 actuals; reduced estimates for deferred information technology expenses; and, elimination of administrative support contracts.

- The budget assumes a total of 31 FTE for the Secretariat and 5 FTE for the Independent Member, a net increase of 5 FTE for the Secretariat from FY2015. 29 of the 36 total FTE are planned to be on board as of September 30, 2015.

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

<b>Category</b>	<b>FY 2015 Approved Budget</b>	<b>FY 2015 Projected Actuals</b>	<b>FY 2016 Proposed Budget</b>
<b><i>FDIC Reimbursement Under Section 210(n)(10)</i></b>			
Policies, Procedures, Rules, and Regulations to Implement Title II	\$1,414,363	\$1,414,363	\$493,393
Institution-Specific Resolution Planning for Title II Implementation	\$868,898	\$868,898	\$733,637
Non-Institution Specific Resolution Planning for Title II Implementation	5,344,639	\$5,344,639	\$5,343,631
<b>Total</b>	<b>\$7,627,900</b>	<b>\$7,627,900</b>	<b>\$6,570,661</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. Reimbursable FDIC expenses include those related to the development and adoption 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 primarily involve the development of operational procedures for a Title II receivership, such as those related to receivership management, accounting and reporting, non-deposit claims, and cross-border coordination.

**Fiscal Year 2015 Highlights**

- The FY2015 budget was based on the expected reimbursement of the FDIC’s actual expenses from July 1, 2013, through June 30, 2014, for the implementation of Title II of the Dodd-Frank Act. FY2015 actual expenses will, therefore, be identical to the FY2015 budget, since the FDIC’s reimbursement request was submitted to the Chairperson for review prior to the adoption of the Council’s FY2015 budget.
- FY2015 actual expenses were primarily for the cost of FDIC staff that worked on Title II rulemaking and resolution planning activities.

**Fiscal Year 2016 Highlights**

- The expenses most recently submitted by the FDIC to the Chairperson for reimbursement cover the period from July 1, 2014, through June 30, 2015. The proposed FY2016 budget for the FDIC is based on the FDIC’s actual implementation expenses for that period. Those expenses were for Title II rule writing and resolution planning, consistent with the FDIC’s implementation of its responsibilities under Title II of the Dodd-Frank Act.
- The decrease in the FDIC’s reimbursable expenses from FY2015 to FY2016 is attributable largely to reduced expenses during the 12-month period ending on June 30, 2015, related to Title II rule writing. Although the FDIC continues to work with other regulatory agencies on the completion of a number of remaining rules required to implement Title II, most Title II rules were completed in earlier years.
- As in prior years, FY2016 actual expenses are primarily related to the cost of FDIC staff that worked on Title II rulemaking and resolution planning activities.