

# Council Budget Information

## FY2016 Projected Actual Expenses and Proposed FY2017 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	FY2016 Approved Budget	FY2016 Projected Actuals	FY2017 Proposed Budget
<b><i>Council Secretariat and Office of the Independent Member</i></b>			
<i>Labor Costs</i>	\$4,585,281	\$4,003,356	\$4,395,916
Salary & Benefits	\$4,585,281	\$4,003,356	\$4,395,916
<i>Non-Labor Costs</i>	\$3,547,661	\$3,273,516	\$3,760,180
Other Support	\$2,602,161	\$2,697,384	\$2,906,180
Data/Records System/General IT/Website	\$685,500	\$510,774	\$552,000
Non-recurring Lease and Alteration Costs	\$50,000	\$5,835	\$160,000
Council Meetings/Supplies	\$25,000	\$7,137	\$20,000
General Administrative Costs	\$185,000	\$52,386	\$122,000
<b>Total</b>	<b>\$8,132,942</b>	<b>\$7,276,872</b>	<b>\$8,156,096</b>

### **Fiscal Year 2016 Highlights**

- FY2016 actual expenses are forecasted to be approximately \$856,000 under budget.
- Non-labor expenses account for approximately \$275,000 of the forecasted shortfall. Primary drivers include the deferral of office space alteration costs and certain information technology expenses until FY2017, as well as a reduction in travel and training expenses.
- The forecasted shortfall of approximately \$580,000 for salary and benefits is due to staff attrition and the hiring of new staff later in the fiscal year than initially planned.

### **Fiscal Year 2017 Highlights**

- The FY2017 proposed budget for the Council Secretariat and the Office of the Independent Member includes an increase of approximately \$23,000, or 0.3 percent, from the FY2016 budget. This includes nominal inflation adjustments for labor and non-labor expenses and deferred FY2016 expenses for office space alteration and information technology expenses.
- The budget proposes a staffing model that is generally consistent with prior-year forecasts.

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

<b>Category</b>	<b>FY2016 Approved Budget</b>	<b>FY2016 Projected Actuals</b>	<b>FY2017 Proposed Budget</b>
<b><i>FDIC Reimbursement Under Section 210(n)(10)</i></b>			
Policies, Procedures, Rules, and Regulations to Implement Title II	\$493,393	\$493,393	\$1,019,544
Institution-Specific Resolution Planning for Title II Implementation	\$733,637	\$733,637	\$355,896
Non-Institution Specific Resolution Planning for Title II Implementation	\$5,343,631	\$5,343,631	\$3,750,086
<b>Total</b>	<b>\$6,570,661</b>	<b>\$6,570,661</b>	<b>\$5,125,526</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 2016 Highlights**

- The FY2016 budget was based on the expected reimbursement of the FDIC’s actual expenses from July 1, 2014, through June 30, 2015, for the implementation of Title II of the Dodd-Frank Act. FY2016 actual expenses will, therefore, be identical to the FY2016 budget, since the FDIC’s reimbursement request was submitted to the Chairperson for review prior to the adoption of the Council’s FY2016 budget
- FY2016 actual expenses were primarily for the cost of FDIC staff who worked on Title II rulemaking and resolution planning activities.

**Fiscal Year 2017 Highlights**

- The expenses most recently submitted by the FDIC to the Chairperson for reimbursement cover the period from July 1, 2015, through June 30, 2016. The proposed FY2017 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 FDIC’s FY2017 expenses for Title II Policies, Procedures, Rules and Regulations increased substantially from FY2016 levels. This primarily reflected the substantial progress made on several major rules for which the FDIC had either rulemaking or consultative responsibilities.
- The overall decrease in the FDIC’s reimbursable expenses from FY2016 to FY2017 is attributable largely to reduced expenses during the 12-month period ending on June 30, 2016, related to Title II resolution planning activities.
- As in prior years, FY2017 actual expenses are primarily related to the cost of FDIC staff who worked on Title II rulemaking and resolution planning activities.