

Council Budget Information

FY 2018 Projected Actual Expenses and Proposed FY 2019 Budget for the Financial Stability Oversight Council (Council) Secretariat and the Office of the Independent 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 certain bank holding companies 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 2018 Approved Budget	FY 2018 Projected Actuals	FY 2019 Proposed Budget
<i>Council Secretariat and Office of the Independent Member</i>			
<i>Labor Costs</i>	\$3,318,061	\$2,413,976	\$3,115,588
Salary & Benefits	\$3,318,061	\$2,413,976	\$3,115,588
<i>Non-Labor Costs</i>	\$3,574,214	\$2,401,169	\$3,070,823
Other Support	\$2,844,052	\$1,992,554	\$2,523,078
Data/Records System/General IT/Website	\$592,662	\$358,361	\$461,010
Non-recurring Lease and Alteration Costs	\$5,000	\$12,500	\$0,000
General Administrative Costs	\$132,500	\$37,754	\$86,735
Total	\$6,892,275	\$4,815,145	\$6,186,411

Note: Labor costs in this table include expenses of the Office of the Independent Member totaling approximately \$718,711 in projected actual spending in FY2018 and approximately \$726,735 in the FY2019 proposed budget. Certain non-labor costs attributable to the Office of the Independent Member are also included in this table.

Fiscal Year 2018 Highlights

- FY 2018 actual expenses are forecasted to be approximately \$2,100,000 under budget.
- The labor shortfall is primarily due to staff attrition, resulting in reduced direct labor expenses. The non-labor shortfall was primarily due to unused funds for external detailees, lower than anticipated data and contracting needs, and reduced travel and training expenses.

Fiscal Year 2019 Highlights

- The FY 2019 proposed budget for the Council Secretariat and the Office of the Independent Member includes a decrease of approximately \$706,000, or 10 percent, from the FY 2018 budget.
- The Secretariat expects to hire additional staff early in FY2019, bringing total Secretariat and Office of the Independent Member staff from its current level of 14 FTEs to 18 FTEs, the same level sought in the FY2018 budget.

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

Category	FY2018 Approved Budget	FY2018 Projected Actuals	FY2019 Proposed Budget
<i>FDIC Reimbursement Under Section 210(n)(10)</i>			
Policies, Procedures, Rules, and Regulations to Implement Title II	\$44,436	\$44,436	\$47,411
Institution-Specific Resolution Planning for Title II Implementation	\$494,498	\$494,498	\$604,325
Non-Institution Specific Resolution Planning for Title II Implementation	\$3,623,024	\$3,623,024	\$3,648,808
Total	\$4,161,958	\$4,161,958	\$4,300,544

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 2018 Highlights

- The FY2018 budget was based on the expected reimbursement of the FDIC’s actual expenses from July 1, 2016, through June 30, 2017, for the implementation of Title II of the Dodd-Frank Act. FY2018 actual expenses were, therefore, identical to the FY2018 budget, since the FDIC’s reimbursement request was submitted to the Chairperson for review prior to the adoption of the Council’s FY2018 budget.
- FY2018 actual expenses were primarily for the cost of FDIC staff who worked on Title II rulemaking and resolution planning activities.

Fiscal Year 2019 Highlights

- The proposed FY2019 budget is based on the FDIC’s actual implementation expenses for the period from July 1, 2017, through June 30, 2018. 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 increase in the FDIC’s reimbursable expenses from FY2018 to FY2019 is primarily attributable to increased expenses during the 12-month period ending on June 30, 2018, for institution-specific resolution planning for Title II implementation activities.
- As in prior years, the proposed FY2019 budget largely covers the cost of FDIC staff time for employees who worked on Title II rulemaking and resolution planning activities.