

# Council Budget Information

## FY 2019 Projected Actual Expenses and Proposed FY 2020 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 2019<br>Approved Budget | FY 2019<br>Projected Actuals | FY 2020<br>Proposed Budget |
|--|----------------------------|------------------------------|----------------------------|
| <b><i>Council Secretariat and Office of the Independent Member</i></b> |                            |                              |                            |
| <i>Labor Costs</i>   | <b>\$3,115,588</b>         | <b>\$2,546,048</b>           | <b>\$3,545,811</b>         |
| Salary & Benefits  | \$3,115,588                | \$2,546,048                  | \$3,545,811                |
| <i>Non-Labor Costs</i>   | <b>\$3,070,823</b>         | <b>\$2,770,322</b>           | <b>\$2,489,696</b>         |
| Other Support  | \$2,523,078                | \$2,195,472                  | \$1,895,996                |
| Data/Records System/General IT/Website                                 | \$461,010                  | \$436,967                    | \$506,965                  |
| Non-recurring Lease and Alteration Costs                               | \$12,500                   | \$92,298                     | \$0                        |
| General Administrative Costs   | \$86,735                   | \$45,585                     | \$86,735                   |
| <b>Total</b>   | <b>\$6,186,411</b>         | <b>\$5,316,370</b>           | <b>\$6,035,507</b>         |

Note: Labor costs in this table include expenses of the Office of the Independent Member totaling approximately \$735,267 in projected actual spending in FY2019 and approximately \$760,423 in the FY2020 proposed budget. Certain non-labor costs attributable to the Office of the Independent Member are also included in this table.

### **Fiscal Year 2019 Highlights**

- FY 2019 actual expenses are forecasted to be approximately \$870,000 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 contracting needs, and reduced travel and training expenses.

### **Fiscal Year 2020 Highlights**

- The FY 2020 proposed budget for the Council Secretariat and the Office of the Independent Member includes a decrease of approximately \$151,000, or 2.4 percent, from the FY 2019 budget.
- The Secretariat expects to hire additional staff early in FY2020, 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 FY2019 budget.

- Labor costs related to legal support provided by the Office of General Counsel at the Department of the Treasury have been included under “Other Support” in previous years, including FY 2019. Beginning in FY 2020, these costs will instead be included in “Labor Costs.”

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

| <b>Category</b>  | <b>FY2019<br/>Approved Budget</b> | <b>FY2019<br/>Actual Expenses</b> | <b>FY2020<br/>Proposed Budget</b> |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| <b><i>FDIC Reimbursement Under Section 210(n)(10)</i></b>                |                                   |                                   |                                   |
| Policies, Procedures, Rules, and Regulations to Implement Title II       | \$47,411                          | \$47,411                          | \$53,893                          |
| Institution-Specific Resolution Planning for Title II Implementation     | \$604,325                         | \$604,325                         | \$401,415                         |
| Non-Institution Specific Resolution Planning for Title II Implementation | \$3,648,808                       | \$3,648,808                       | \$2,537,262                       |
| <b>Total</b>   | <b>\$4,300,544</b>                | <b>\$4,300,544</b>                | <b>\$2,992,570</b>                |

Section 210(n)(10) of the Dodd-Frank Act provides that reasonable implementation expenses of the FDIC relating to its responsibilities under Title II for the resolution of systemically important financial companies shall be treated as expenses of the Council. The FDIC must periodically submit requests for reimbursement of these expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement of these expenses to the FDIC. 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 2019 Highlights**

- The FY2019 budget was based on expected reimbursement for expenses incurred by the FDIC for the period from July 1, 2017, through June 30, 2018. FY2019 actual expenses were, therefore, identical to the FY2019 budget, since the FDIC’s reimbursement request was submitted to the Chairperson for review prior to the adoption of the Council’s FY2019 budget.
- FY2019 actual expenses primarily covered the cost of FDIC staff who worked on Title II rulemaking and resolution planning activities.

**Fiscal Year 2020 Highlights**

- The proposed FY2020 budget is based on actual expenses incurred by the FDIC for the period from July 1, 2018, through June 30, 2019. Actual 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.
- As in prior years, the proposed FY2020 budget largely covers the cost of FDIC staff time for employees who worked on Title II rulemaking and resolution planning activities. The FDIC’s reimbursable expenses decreased from FY2019 to FY2020 primarily because FDIC staff spent more time than anticipated on resolution planning activities that were not reimbursable.
- The methodology for determining the FDIC’s reimbursable expenses for non-institution-specific Title II resolution planning activities was updated to reflect the smaller number of financial companies subject to enhanced prudential standards under the Dodd-Frank Act as a result of the enactment of the Economic Growth, Regulatory Relief, and Consumer Protection Act.