

Council Budget Information

FY2020 Projected Actual Expenses and Proposed FY2021 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 2020 Approved Budget	FY 2020 Projected Actuals	FY 2021 Proposed Budget
<i>Council Secretariat and Office of the Independent Member</i>			
<i>Labor Costs</i>	<i>\$3,545,811</i>	<i>\$3,048,742</i>	<i>\$3,523,619</i>
Salary & Benefits	\$3,545,111	\$3,048,742	\$3,523,619
<i>Non-Labor Costs</i>	<i>\$2,489,696</i>	<i>\$2,149,008</i>	<i>\$2,476,091</i>
Other Support	\$1,895,996	\$1,658,042	\$1,909,603
Data/Records System/General IT/Website	\$506,965	\$437,316	\$514,738
General Administrative Costs	\$86,735	\$53,650	\$51,750
Total	<i>\$6,035,507</i>	<i>\$5,197,750</i>	<i>\$5,999,710</i>

Note: Labor costs in this table include expenses of the Office of the Independent Member totaling approximately \$769,019 in projected actual spending in FY2020 and approximately \$791,472 in the FY2021 proposed budget. Certain non-labor costs attributable to the Office of the Independent Member are also included in this table.

Fiscal Year 2020 Highlights

- FY2020 actual expenses are forecasted to be approximately \$838,000 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 2021 Highlights

- The FY2021 proposed budget for the Council Secretariat and the Office of the Independent Member includes a decrease of approximately \$35,797 or 0.6 percent, from the FY2020 budget.
- The Secretariat expects to hire additional staff in FY2021, bringing total Secretariat and Office of the Independent Member staff from its current level of 15 FTEs to 21 FTEs, the same level sought in the FY2020 budget.

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

Category	FY2020 Approved Budget	FY2020 Actual Expenses	FY2021 Proposed Budget
<i>FDIC Reimbursement Under Section 210(n)(10)</i>			
Policies, Procedures, Rules, and Regulations to Implement Title II	\$53,893	\$53,893	\$4,463
Institution-Specific Resolution Planning for Title II Implementation	\$401,415	\$401,415	\$337,508
Non-Institution Specific Resolution Planning for Title II Implementation	\$2,537,262	\$2,537,262	\$4,109,106
Total	\$2,992,570	\$2,992,570	\$4,451,077

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 2020 Highlights

- The FY2020 budget was based on the FDIC's request for reimbursement of expenses incurred by the FDIC for the period from July 1, 2018, through June 30, 2019. FY2020 actual expenses were, therefore, identical to the FY2020 budget, since the FDIC's reimbursement request was submitted to the Chairperson for review prior to the adoption of the Council's FY2020 budget.
- FY2020 actual expenses primarily covered the cost of FDIC staff who worked on Title II rulemaking and resolution planning activities.

Fiscal Year 2021 Highlights

- The proposed FY2021 budget is based on actual expenses incurred by the FDIC for the period from July 1, 2019, through June 30, 2020. These 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 FY2021 budget largely covers the cost of FDIC staff time for employees who worked on reimbursable Title II activities. The FDIC's reimbursable expenses increased from FY2020 to FY2021 primarily because FDIC staff spent more time on non-institution specific resolution planning activities during the reimbursement period ending on June 30, 2020. Key activities during this period included the development of various Title II support agreements as well as the conduct of several exercises and simulations involving both U.S. and foreign regulators.
- 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 the requirements of the Dodd-Frank Act as a result of the enactment of the Economic Growth, Regulatory Relief, and Consumer Protection Act.