

Council Budget Information

FY2021 Projected Actual Expenses and Proposed FY2022 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 2021 Approved Budget	FY 2021 Projected Actuals	FY 2022 Proposed Budget
<i>Council Secretariat and Office of the Independent Member</i>			
<i>Labor Costs</i>	\$3,523,619	\$3,022,283	\$4,612,069
Salary & Benefits	\$3,523,619	\$3,022,283	\$4,612,069
<i>Non-Labor Costs</i>	\$2,476,091	\$2,195,044	\$2,954,740
Other Support	\$1,909,603	\$1,758,000	\$2,226,090
Data/Records System/General IT/Website	\$514,738	\$426,258	\$613,900
General Administrative Costs	\$51,750	\$10,786	\$114,750
Total	\$5,999,710	\$5,217,326	\$7,566,809

Note: Labor costs in this table include expenses of the Office of the Independent Member totaling approximately \$792,945 in projected actual spending in FY2021 and approximately \$807,707 in the FY2022 proposed budget. Certain non-labor costs attributable to the Office of the Independent Member are also included in this table.

Fiscal Year 2021 Highlights

- FY2021 actual expenses are forecasted to be approximately \$782,000 under budget.
- The labor shortfall is comparable to the prior year and is primarily due to staff attrition offset by hiring actions, 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 2022 Highlights

- The FY2022 proposed budget for the Council Secretariat and the Office of the Independent Member includes an increase of approximately \$1.6 million, or 26 percent, from the FY2021 budget.
- The Council Secretariat intends to hire additional staff in FY2022, bringing total Secretariat and Office of the Independent Member staff from its current level of 15 FTEs to 27 FTEs, an increase of 6 FTEs from the level sought in the FY2021 budget. The 6 additional FTEs will support increased Council work on priorities including risks related to climate change, nonbank financial intermediation, and Treasury market resilience.
- Additional administrative expenses have been included in the FY22 proposed budget arising from the proposed increase in staff, such as expenses for software and training.

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

Category	FY2021 Approved Budget	FY2021 Actual Expenses	FY2022 Proposed Budget
<i>FDIC Reimbursement Under Section 210(n)(10)</i>			
Policies, Procedures, Rules, and Regulations to Implement Title II	\$4,463	\$4,463	\$0
Institution-Specific Resolution Planning for Title II Implementation	\$337,508	\$337,508	\$132,119
Non-Institution Specific Resolution Planning for Title II Implementation	\$4,109,106	\$4,109,106	\$3,122,063
Total	\$4,451,077	\$4,451,077	\$3,254,182

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 2021 Highlights

- The FY2021 budget was based on the FDIC’s request for reimbursement of expenses incurred from July 1, 2019, through June 30, 2020. Actual FY2021 expenses were identical to the FY2021 budget, since the reimbursement request was submitted to the Chairperson for review prior to the adoption of the Council’s FY2021 budget.
- FY2021 expenses primarily covered the cost of FDIC staff time for employees who worked on reimbursable activities. Actual expenses for Title II rulemaking were lower than projected because some rules and regulations were finalized earlier than anticipated and work on expected new regulations was postponed. Resolution planning expenses increased by approximately \$1.5 million from FY2020 due to various new initiatives, including bridge bank simulations, Treasury work streams to operationalize Orderly Liquidation Authority, and other Title II planning projects.

Fiscal Year 2022 Highlights

- The proposed FY2022 budget is based on actual expenses incurred by the FDIC for the period from July 1, 2020, through June 30, 2021.
- As in prior years, the proposed FY2022 budget largely covers the cost of FDIC staff time for employees working on reimbursable Title II activities. These included the continued development of operational procedures for a Title II receivership and the development of resolution strategies for financial market utilities, particularly central counterparties. The FDIC also continued to engage with foreign authorities to deepen mutual understanding of the complex legal and operational issues related to a potential cross-border resolution. The FDIC’s reimbursable expenses decreased from FY2021 to FY2022 primarily because FDIC staff resources were shifted from Title II resolution planning activities to planning for the possible resolution under the Federal Deposit Insurance Act of certain large insured depository institutions with heightened risk profiles as a result of the COVID-19 pandemic.