

Department of the Treasury
Financial Stability Oversight
Council

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2025

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Section I – Budget Request

A – Mission Statement

The duties of the Financial Stability Oversight Council (FSOC or Council) are to identify risks to the financial stability of the United States, to promote market discipline, and to respond to emerging threats to the stability of the U.S. financial system.

B – Summary of the Request

The FSOC is estimating fiscal year (FY) 2025 obligations of \$19.787 million, which includes \$15.287 million for the FSOC Secretariat and the Office of the Independent Member with Insurance Expertise, and \$4.500 million to reimburse the Federal Deposit Insurance Corporation (FDIC) for certain expenses as required by law. This FY 2025 estimate represents an increase of \$2.399 million from the FY 2024 revised estimate. This increase is necessary to make progress on the Council's priorities, and to continue building the infrastructure needed to support the Council's work across all the member agencies.

The increase in spending reflects the need for the FSOC Secretariat to acquire additional resources to fulfill the ongoing responsibilities of the Council as well as to advance the Council's new and ongoing priorities outlined by the Secretary of the Treasury, who serves as Council Chairperson. These priorities include identifying and addressing potential risks related to climate-related financial risk, Treasury market resilience, nonbank financial intermediation, digital assets, and financial market utilities. The increase to the FSOC Secretariat budget will also support the reestablished Analysis Team in the FSOC Secretariat and the FSOC's revitalized Systemic Risk Committee.

1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2023		FY 2024		FY 2025		FY 2024 to FY 2025	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	% Change
Revenue/Offsetting Collections								
Assessments	0	\$14,752	0	\$15,629	0	\$16,286	NA	4.2%
Interest	0	\$484	0	\$466	0	\$372	NA	-20.2%
Recoveries	0	\$149	0	\$180	0	\$180	NA	0.0%
Restoration of Sequestration								
Rescission	0	\$605	0	\$868	0	\$917	NA	5.6%
Unobligated Balances from Prior Years	0	\$7,404	0	\$8,855	0	\$7,693	NA	-13.1%
Total Revenue/Offsetting Collections	0	\$23,394	0	\$25,998	0	\$25,448	NA	-2.1%
Obligations								
FSOC	25	\$10,761	44	\$14,187	48	\$15,287	9.1%	7.8%
FDIC Payments	0	\$2,910	0	\$3,201	0	\$4,500	NA	40.6%
Total Expenses/Obligations	25	\$13,671	44	\$17,388	48	\$19,787	9.1%	13.8%
Sequestration Reduction		(\$868)		(\$917)		(\$950)		
Net Results	25	\$8,855	44	\$7,693	48	\$4,711	9.1%	-38.8%

Note: The FSOC is financed through assessments on certain bank holding companies and nonbank financial companies. For Treasury's rule governing the assessment process, see 31 CFR Part 150 and Treasury's final rule and interim final rule governing the Assessments process: https://www.financialresearch.gov/strategy-budget/files/Final_rule.pdf. For information regarding current and historical assessment rates: <https://www.financialresearch.gov/strategy-budget/>. The funding for the first six months of operating expenses and 12 months of capital expenses are reflected in Unobligated Balances from Prior Years. This is because the first assessment covering the fiscal year beginning October 1 is collected on September 15 of the prior fiscal year.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2024 President's Budget	44	\$19,449
Program Changes:		
Program Decreases	0	(\$2,061)
Technical Adjustments	0	(\$762)
FDIC Payments	0	(\$1,299)
FY 2024 Revised Estimate (Council Approved)	44	\$17,388
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$363
Pay Annualization (2024 5.2% average pay raise)	0	\$86
Pay Raise (2025 2.0% average pay raise)	0	\$101
Non-Pay (2025 2.2% non-pay inflation)	0	\$176
Subtotal Changes to Base	0	\$363
FY 2025 Current Services	44	\$17,751
Program Changes:		
Program Increases:	4	\$2,036
FDIC Payments	0	\$1,299
Staffing to Meet Priorities	4	\$737
FY 2025 Estimate	48	\$19,787

Note: The FY 2024 Revised Estimate was approved by the Financial Stability Oversight Council (FSOC or Council) meeting on September 22, 2023.

C – Budget Increases and Decreases Description

FY 2024 Program Changes **-\$2,061,000 / -0 FTE**

Technical Adjustments -\$762,000 / -0 FTE

FSOC's FY 2024 President's Budget request was formulated more than 10 months ago. Since that time, FSOC carefully scrutinized FY 2024 requirements. At the Council's September 2023 meeting, it approved a FY 2024 budget of \$17.388 million, which includes a reduction to estimates in the FY 2024 President's Budget request for labor and non-labor requirements. The decrease in labor costs estimates reflects longer-than-expected times for hiring and onboarding new staff and a greater focus on recruiting and hiring more junior-level staff. The decrease in non-labor estimates reflects lower-than-expected travel costs and contracts.

Decrease in FDIC Reimbursement -\$1,299,000 / -0 FTE

FSOC's FY 2024 President's Budget request assumed that FDIC reimbursements would total \$4.500 million in FY 2024. Based on current information, it is estimated that the FY 2024 reimbursement will be \$3.201 million, resulting in a decrease of \$1.299 million in FY 2024 requirements. Costs have been reduced from prior estimates due to a lower-than-anticipated number of staff hours focused on Title II planning activities.

FY 2025 Maintaining Current Levels (MCLs)..... **+\$363,000 / +0 FTE**

Pay Annualization (5.2% in 2024) +\$86,000 / +0 FTE

Funds are required for annualization of the January 2024 5.2% average pay raise.

Pay Raise (2.0% in FY 2025) +\$101,000 / +0 FTE

Funds are required for a 2.0% average pay raise in January 2025.

Non-Pay (2.2% in FY 2025) +\$176,000 / +0 FTE

Funds are required for non-labor expenses such as travel, contracts, rent, supplies, and equipment.

FY 2025 Program Increases+\$2,036,000 / +4 FTE

Increase in FDIC Reimbursement +\$1,299,000 / +0 FTE

Reflects increases to reimbursements required by law to the FDIC under Section 210(n)(10) of the Dodd-Frank Act. This section 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.

Staffing to Meet Priorities +\$737,000 / +4 FTE

Since 2021, the FSOC has been revitalized to serve as a key forum for interagency collaboration, and a key tool for the U.S. Government to promote U.S. financial stability – as intended at its establishment in 2010. Given the FSOC’s expanding portfolio and critical policy priorities, the FSOC Secretariat must continue to rebuild and grow to successfully execute the Council’s mission. These priorities reflect the effort required in addition to core responsibilities such as publishing the Congressionally mandated FSOC Annual Report (on the activities of the Council, significant financial market and regulatory developments, potential emerging threats, and certain recommendations). FSOC member agencies look to the FSOC Secretariat for the critical leadership and coordination on the Council’s priorities and the infrastructure required to support the related work across all the member agencies. Each of FSOC’s financial stability priorities and other areas of focus require – and will continue to require – extensive and complex policy development, analysis, and interagency coordination. The additional staff will primarily support the recently reestablished Secretariat Analysis team’s work to fully implement the Council activities to monitor, assess, and respond to potential risks to financial stability, whether they come from widely conducted activities or from individual firms, publicly explained in the FSOC’s recently approved Analytic Framework for Financial Stability Risk Identification, Assessment, and Response.

1.3– Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2023	FY 2024	FY 2025
	Actual Obligations	Revised Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	\$3,205	\$6,133	\$6,808
11.3 - Other than full-time permanent	\$486	\$500	\$500
11.5 - Other personnel compensation	\$136	\$227	\$250
11.9 - Personnel Compensation (Total)	\$3,827	\$6,860	\$7,558
12.0 - Personnel benefits	\$1,238	\$2,225	\$2,451
Total Personnel and Compensation Benefits	\$5,065	\$9,085	\$10,009
21.0 - Travel and transportation of persons	\$58	\$158	\$162
25.1 - Advisory and assistance services	\$165	\$590	\$604
25.2 - Other services from non-Federal sources	\$4	\$40	\$41
25.3 - Other goods and services from Federal sources	\$8,048	\$6,549	\$8,040
26.0 - Supplies and materials	\$196	\$812	\$831
31.0 - Equipment	\$57	\$154	\$100
32.0 - Land and structures	\$78	\$0	\$0
Total Non-Personnel	\$8,606	\$8,303	\$9,778
Total Obligations	\$13,671	\$17,388	\$19,787

Full-time Equivalents (FTE)	25	44	48
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Amounts reflect obligations of annually appropriated resources, carryover balances, reimbursables, and transfers.

D – Appropriations Language and Explanation of Changes

The FSOC does not request annual discretionary appropriations from Congress.

E – Legislative Proposals

The FSOC does not have any legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

The Council is chaired by the Secretary of the Treasury and consists of ten voting members and five nonvoting members who serve in an advisory capacity. The Council brings together the expertise of the federal financial regulators, an insurance expert appointed by the President, and state regulators. The Council’s three statutory purposes are to:

- 1) identify risks to the financial stability of the United States that could arise from the material financial distress or failure, or ongoing activities of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace;
- 2) promote market discipline, by eliminating expectations on the part of shareholders, creditors, and counterparties of such companies that the Government will shield them from losses in the event of failure; and
- 3) respond to emerging threats to the stability of the U.S. financial system.

Among other statutory duties, the Council has a duty to facilitate information sharing and coordination among the member agencies regarding domestic financial services policy development, rulemaking, examinations, reporting requirements, and enforcement actions.

B – Budget and Performance by Budget Activity

2.1.1 – Financial Stability Oversight Council Resources and Measures

Dollars in Thousands

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Resource Level	Actual	Actual	Actual	Actual	Actual	Revised Estimate	Estimate
Expenses/Obligations	\$5,246	\$5,190	\$4,996	\$5,554	\$10,761	\$14,187	\$15,287
Budget Activity Total	\$5,246	\$5,190	\$4,996	\$5,554	\$10,761	\$14,187	\$15,287
Full-time Equivalents (FTE)	14	15	14	17	25	44	48

Financial Stability Oversight Council

(\$15,287,000 from Assessments):

There are no measures specified for managing Council performance. The FSOC’s annual reports and other public documents provide information to the public relevant to the Council’s performance. Information on the Council is provided on www.treasury.gov, and www.fsoc.gov. Performance documents for FSOC member agencies can also be found on their respective websites to provide transparency and accountability.

Throughout 2023, Secretary Yellen continued to reinvigorate the Council. The Council met nine times to assess potential risks including those related to climate-related financial risk, digital assets, Treasury market resilience, nonbank financial intermediation, and housing markets.

The Council took actions in November 2023 to improve its ability to address risks to financial stability and to provide greater public transparency. The Council issued a new analytic framework for financial stability risks and updated guidance on its nonbank financial company determinations process. The Council is also engaged in work to reinvigorate its monitoring of financial market utilities. The Council also established the external Climate-related Financial

Risk Advisory Committee (CFRAC), which is composed of members from a range of backgrounds and provides the Council with information on and analysis of climate-related financial risks. The CFRAC hosted its first three meetings in 2023. On December 14, 2023, the Council published its [annual report](#).

2.1.2 – FDIC Reimbursement Resources and Measures

Dollars in Thousands

Resource Level	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised Estimate	FY 2025 Estimate
Expenses/Obligations	\$4,301	\$2,993	\$4,451	\$3,254	\$2,910	\$3,201	\$4,500
Budget Activity Total	\$4,301	\$2,993	\$4,451	\$3,254	\$2,910	\$3,201	\$4,500
Full-time Equivalents (FTE)	0	0	0	0	0	0	0

FDIC Reimbursement

(\$4,500,000 from Assessments):

Certain FDIC expenses are treated as expenses of the Council. By law, the Council’s expenses include reimbursement of reasonable implementation expenses incurred by the FDIC in implementing Orderly Liquidation Authority. The FDIC must periodically submit requests for reimbursement of these expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC. FDIC expenses are for rule writing and resolution planning.

Section III – Additional Information

A – Summary of Capital Investments

The FSOC has no capital investments. Capital investments that support the FSOC are included in the Departmental Office’s plan.

A summary of capital investments, including major information technology and non-technology investments, can be accessed at:

<https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/budget-requestannual-performance-plan-and-reports/summary-of-capital-investments>