

Department of the Treasury
Financial Stability Oversight
Council

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2022

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Section I – Budget Request

A – Mission Statement

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 Financial Stability Oversight Council (FSOC or Council) is estimating a fiscal year (FY) 2022 funding level of \$10.821 million, which is an increase of \$0.370 million from the FY 2021 estimated funding level. This request includes \$6.520 million for the FSOC Secretariat and the Office of the Independent Member with Insurance Expertise, and \$4.301 million to reimburse the Federal Deposit Insurance Corporation (FDIC) for certain expenses as required by law. On March 31, 2021, the Council re-established the Hedge Fund Working Group to share data, identify risks and address potential issues related to hedge funds. The Council also committed to the coordination of regulators’ efforts to improve the measurement and management of climate-related risks in the financial system as the country transitions to a net-zero carbon economy.

1.1 – Appropriations Detail Table

Dollars in Thousands

Budgetary Resources	FY 2020		FY 2021		FY 2022		FY 2021 to FY 2022	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	\$8,831	0	\$6,832	0	\$9,627	NA	40.9%
Interest	0	\$65	0	\$9	0	\$60	NA	584.9%
Recoveries	0	\$282	0	\$605	0	\$420	NA	-30.6%
Restoration of Sequestration Rescission	0	\$486	0	\$525	0	\$390	NA	-25.7%
Unobligated Balances from Prior Years	0	\$6,876	0	\$7,463	0	\$5,205	NA	-30.3%
Total Revenue/Offsetting Collections	0	\$16,539	0	\$15,433	0	\$15,701	NA	1.7%
Expenses/Obligations								
FSOC	15	\$4,865	18	\$6,000	21	\$6,520	16.7%	8.7%
FDIC	0	\$2,993	0	\$4,451	0	\$4,301	NA	-3.4%
Total Expenss/Obligations	15	\$7,858	18	\$10,451	21	\$10,821	16.7%	3.5%
Sequestration Reduction		(525)		(390)		(552)		
Net Results	15	8,156	18	4,592	21	4,328	16.7%	-5.7%

1) The FSOC is financed through assessments on certain bank holding companies and nonbank financial companies. See Treasury’s final rule and interim final rule governing the Assessments process: https://www.financialresearch.gov/strategy-budget/files/final_rule_interim_final_rule.pdf

2) 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.

3) The amounts of obligations, assessments, interest, and FTEs in the table above differ from the amounts in the 2022 President’s Budget . This difference is primarily due to adjustments for lower interest income and higher-than-anticipated recoveries as well as lags in hiring due to the COVID-19 pandemic and other factors in FY 2020 and FY 2021.

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2021 Estimate	18	\$10,451
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$233
Pay Annualization (1.0% average pay raise)	0	\$9
Pay Raise (2.7% average pay raise)	0	\$72
FERS Contribution Increase	0	\$14
Non-Pay	0	\$139
Efficiency Savings	0	(\$190)
Subtotal Changes to Base	0	\$43
FY 2022 Current Services	18	\$10,494
Program Changes:		
Program Decreases	0	(\$150)
FDIC Cost Adjustment	0	(\$150)
Program Increases:	3	\$477
FTE Adjustment	3	\$477
FY 2022 Estimate	21	\$10,821

Note: The amounts of obligations and FTEs for 2021 in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments in anticipated spending for FSOC related to lags in hiring due to the COVID-19 pandemic and other factors efforts.

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)+\$233,000 / +0 FTE

Pay Annualization (1.0%) +\$9,000 / +0 FTE:

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +\$72,000 / +0 FTE:

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +\$14,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +\$139,000 / +0 FTE

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

Efficiency Savings.....-\$190,000/ +0 FTE

DO will achieve cost savings and efficiencies in contract services through more efficient contract oversight, consolidating contracts where appropriate, and partnering with other agencies and DO components to leverage common technology or administrative support needs.

Program Decreases.....-\$150,000 / +0 FTE

FDIC Cost Adjustment -\$150,000 / +0 FTE

Cost decrease for FDIC reimbursable expenses. FDIC reimbursable expenses for FY 2022 are estimated at a commensurate level with FY 2019, which reflects a slight decrease from FY 2021.

Program Increases+\$477,000 / +3 FTE
FTE Adjustment +\$477,000 / +3 FTE

The Secretariat expects to hire additional staff in FY 2021, bringing total Secretariat and Office of the Independent Member staff from its FY 2020 level of 15 onboards to 21 onboards.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020	FY 2021	FY 2022
	Actual Obligations	Estimated Obligations	Estimated Obligations
11.1 - Full-time permanent	2,282	2,562	3,024
11.3 - Other than full-time permanent	169	0	0
11.5 - Other personnel compensation	66	174	206
11.9 - Personnel Compensation (Total)	2,517	2,736	3,230
12.0 - Personnel benefits	742	788	930
Total Personnel and Compensation Benefits	\$3,259	\$3,524	\$4,160
21.0 - Travel and transportation of persons	16	55	53
25.1 - Advisory and assistance services	153	349	336
25.2 - Other services from non-Federal sources	10	19	19
25.3 - Other goods and services from Federal sources	4,498	5,480	5,270
26.0 - Supplies and materials	245	1,012	973
31.0 - Equipment	2	12	11
Total Non-Personnel	\$4,923	\$6,927	\$6,661
Total Obligations	\$8,182	\$10,451	\$10,821
Full-time Equivalents (FTE)	15	18	21

The amounts of obligations and FTEs for 2021 in the table above differ from the amounts in the 2022 President’s Budget. This difference is primarily due to adjustments in anticipated spending for FSOC related to lags in hiring due to the COVID-19 pandemic and other factors.

D – Appropriations Language and Explanation of Changes

The FSOC receives no annual discretionary appropriations from Congress.

E – Legislative Proposals

The FSOC does not have any legislative proposals at this time.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

In accordance with the Government Performance and Results Act Modernization Act (GPRAMA) of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President’s Budget to reflect new departmental strategic goals and objectives.

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.

The Council has a statutory 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 – Financial Stability Oversight Council

(\$6,-520,000 from Assessments):

There are no measures specified for managing Council performance. The FSOC’s annual reports and other public documents, as well as individual Council member agencies’ performance documents, provide information to the public relevant to the Council’s performance.

Information on the Council is provided on www.treasury.gov, www.fsoc.gov, and member agency websites to provide transparency and accountability.

2.1.1 – Financial Stability Oversight Council Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	\$7,157	\$5,655	\$4,966	\$5,246	\$4,865	\$6,000	\$6,520
Budget Activity Total	\$7,157	\$5,655	\$4,966	\$5,246	\$4,865	\$6,000	\$6,520
Full-time Equivalents (FTE)	22	17	13	14	15	18	21

The amounts of obligations and FTEs for 2021 in the table above differ from the amounts in the 2022 President’s Budget. This difference is primarily due to adjustments in anticipated spending for FSOC related to slower-than-anticipated hiring efforts.

During 2020 the Council met a total of five times. During the year, member agencies provided updates on the impact of COVID-19 and steps taken by agencies in response to the pandemic.

In March 2020, the Council approved by notational vote the final rule for assessments to fund the Financial Research Fund (FRF). The rule increased the consolidated assets under control for bank holding companies and nonbank financial companies supervised by the Board of Governors of the Federal Reserve System (the Board) to be subject to assessment from \$50 billion to \$250 billion.

On December 3, 2020, the Council published its annual report. The report analyzed the financial effects of the COVID-19 pandemic and the policy responses taken to mitigate its impact on the economy and the financial system, in addition the annual report described significant financial market and regulatory developments, potential emerging threats to U.S. financial stability, recommendations to promote U.S. financial stability, and the activities of the Council.

C – FDIC Reimbursement

(\$4,301,000 from Assessments):

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

2.1.2 – FDIC Reimbursement Resources and Measures

Dollars in Thousands

Resource Level	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Expenses/Obligations	\$6,571	\$5,126	\$4,162	\$4,301	\$2,993	\$4,451	\$4,301
Budget Activity Total	\$6,571	\$5,126	\$4,162	\$4,301	\$2,993	\$4,451	\$4,301
Full-time Equivalents (FTE)	0	0	0	0	0	0	0

D – Evidence-Building Activity

To ensure all research, recommendations, and decisions of the Council are evidence-based, the Council routinely uses a variety of data sources. These include commercially available products widely used throughout the financial services and markets, publicly available data from U.S. federal and state agencies, international governments, trade associations, academic and public policy groups, and non-public data from financial regulatory agencies. At the direction of the Council, member agency staff may also produce original research and analysis on specific financial and economic topics.

Additionally, refer to the Executive Summary for a discussion of Treasury-wide evidence-building functions.

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 Treasury Franchise Fund 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>.