

Department of the Treasury
Financial Stability Oversight
Council

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2023

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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) anticipates a fiscal year (FY) 2023 funding level of \$12.433 million, including \$7.933 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. Of the \$1.612 million overall increase from the FY 2022 estimated funding level, the increase to the FDIC reimbursement represents \$1.246 million or 77 percent of this total. The FSOC is financed through assessments on certain bank holding companies and nonbank financial companies. See 31 CFR Part 150 and Treasury’s final rule and interim final rule governing the Assessments process: <https://www.govinfo.gov/content/pkg/FR-2012-05-21/pdf/FR-2012-05-21.pdf>. 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.

The increase reflects the need for the FSOC Secretariat to rebuild capacity and acquire resources to fulfill ongoing responsibilities and advance the Council’s priorities. These focus areas include: 1) nonbank financial intermediation; 2) Treasury market resilience; 3) climate-related financial risk; and 4) digital assets.

1.1 – Appropriations Detail Table

Dollars in Thousands

Appropriated Resources	FY 2021		FY 2022		FY 2023		FY 2022 to FY 2023	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	\$8,228	0	\$11,143	0	\$11,329	NA	1.7%
Interest	0	\$4	0	\$6	0	\$12	NA	100.0%
Recoveries	0	\$76	0	\$480	0	\$480	NA	0.0%
Restoration of Sequestration Rescission	0	\$525	0	\$469	0	\$636	NA	35.4%
Unobligated Balances from Prior Years	0	\$7,463	0	\$6,380	0	\$7,022	NA	10.1%
Subtotal New Appropriated Resources	0	\$16,296	0	\$18,478	0	\$19,479	NA	5.4%
Expenses/Obligations								
FSOC	14	\$4,996	23	\$7,567	27	\$7,933	17.4%	4.8%
FDIC	0	\$4,451	0	\$3,254	0	\$4,500	NA	38.3%
Subtotal Other Resources	14	\$9,447	23	\$10,821	27	\$12,433	17.4%	14.9%
Sequestration Reduction		(\$469)		(\$636)		(\$646)		
Total Budgetary Resources	14	6,380	23	7,022	27	6,400	17.4%	-8.9%

1.2 – Budget Adjustments Table

Dollars in Thousands

	FTE	Amount
FY 2022 Estimate	23	\$10,821
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$306
Pay Annualization (2.7% average pay raise)	0	\$28
Pay Raise (4.6% average pay raise)	0	\$144
Non-Pay	0	\$133
Subtotal Changes to Base	0	\$306
FY 2023 Current Services	23	\$11,127
Program Changes:		
Program Increases:	4	\$1,306
FSOC Priority Workstream Hiring	4	1,220
Strengthen DO Equity, Cybersecurity, IT, and facilities infrastructure	0	86
FY 2023 Estimate	27	\$12,433

C – Budget Increases and Decreases Description

Maintaining Current Levels (MCLs)+\$306,000 / +0 FTE

Pay Annualization (2.7%) +\$28,000 / +0 FTE

Funds are required for annualization of the January 2022 2.7% average pay raise.

Pay Raise (4.6 % in FY 2023) +\$144,000 / +0 FTE

Funds are required for a 4.6% average pay raise in January 2023.

Non-Pay +\$133,000 / +0 FTE

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

Program Increases+\$1,306,000/ +4 FTE

FSOC Priority Workstream Hiring +\$1,220,000 / +4 FTE

To fulfill the priorities set forth by the Secretary, acting in her capacity as the Chair of the Council, the FSOC Secretariat intends to increase its long-term staffing plan to 27 by four staff members.

In estimating the resources needed to advance the Council’s new priorities and to realize improvements needed for ongoing responsibilities, the FSOC Secretariat predicts an ongoing headcount deficiency starting in the near-term. Preliminary work has already begun on the Council’s new initiatives, including work on measuring and mitigating climate-related financial risk and on understanding the potential financial stability risks posed by nonbank financial intermediaries. Together with staff at FSOC member agencies and other members, the FSOC Secretariat staff established the Council’s Hedge Fund Working Group (HFWG) and the Open-End Funds Working Group (OEFWG) and also published the Council’s Report on Climate-Related Financial Risk in 2021. The Council also announced plans to establish two new committees to support the Council’s climate-related efforts, which the FSOC Secretariat will support along with the Council’s other existing committees. As these efforts mature, additional staff will be needed to ensure these groups and committees function as intended and make

progress in these important areas. These priorities reflect the effort required in addition to core responsibilities such as publishing the annual report and advancing financial stability monitoring work.

Strengthen Departmental Offices (DO) Equity, Cybersecurity, IT, and facilities infrastructure
+\$86,000 / +0 FTE

This funding also includes FSOC’s costs associated with Treasury’s internal equity programs, including growing recruitment pipelines to diverse talent and improving support and analysis of equity programs geared at the existing workforce.

This effort supports Equal Employment Opportunity (EEO) efforts as required in Executive Orders 13985, 13988, and 14035.

This request also provides for FSOC’s portion of funding for a Treasury funding for non-capital investments. These ensures costs avoid diverting DO resources away from programmatic needs. The funding will also support Treasury’s strengthening of cybersecurity, consistent with heightened risks.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2021 Actual Obligations	FY 2022 Estimated Obligations	FY 2023 Estimated Obligations
11.1 - Full-time permanent	2,029	3,353	4,117
11.3 - Other than full-time permanent	168	0	0
11.5 - Other personnel compensation	18	228	280
11.9 - Personnel Compensation (Total)	2,215	3,581	4,397
12.0 - Personnel benefits	755	1,031	1,266
Total Personnel and Compensation Benefits	\$2,971	\$4,612	\$5,663
21.0 - Travel and transportation of persons	2	40	40
25.1 - Advisory and assistance services	213	700	708
25.2 - Other services from non-Federal sources	4	17	17
25.3 - Other goods and services from Federal sources	6,011	4,830	5,375
26.0 - Supplies and materials	246	617	624
31.0 - Equipment	0	5	5
Total Non-Personnel	\$6,476	\$6,209	\$6,770
Total Obligations	\$9,447	\$10,821	\$12,433
Full-time Equivalents (FTE)	14	23	27

D – Appropriations Language and Explanation of Changes

The FSOC receives no appropriations from Congress.

E – Legislative Proposals

The FSOC has no 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.

This office supports the following strategic objectives for Strategic Goal 3, to Protect Financial Stability and Resiliency:

- Objective 3.1: Financial System Vulnerabilities.
- Objective 3.2: Resilient Treasury and Municipal Securities Markets.
- Objective 3.3: Financial Innovation.

This office supports the following strategic objectives for Strategic Goal 4, to Combat Climate Change:

- Objective 4.3: Climate-related Financial Risks.

B – Budget and Performance by Budget Activity

2.1.1 – Financial Stability Oversight Council Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Expenses/Obligations	\$5,655	\$4,966	\$5,246	\$5,190	\$4,996	\$7,567	\$7,933
Budget Activity Total	\$5,655	\$4,966	\$5,246	\$5,190	\$4,996	\$7,567	\$7,933
Full-time Equivalents (FTE)	17	13	14	15	14	23	27

Note: The amounts of actuals in FSOC expenses/obligations for 2020 in the table above differ from the amounts in the 2022 President’s Budget by \$325K. The accurate \$5.190M is reflected in the above table.

Financial Stability Oversight Council

(\$7,933,000 from Assessment):

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, www.fsoc.gov. Performance documents for FSOC member agencies can also be found on their respective websites to provide transparency and accountability.

On December 17, 2021, the Council published its [annual report](#). The report describes activities of the Council over the past year, as the U.S. economy has continued to rebound from the disruptions caused by the COVID-19 pandemic. Additionally, the Council’s annual report describes significant financial market and regulatory developments, potential emerging threats to U.S. financial stability, and recommendations to promote U.S. financial stability. The report was developed collaboratively by members of the Council and their agencies and staffs.

2.1.2 – FDIC Reimbursement Resources and Measures

Dollars in Thousands

Resource Level	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Expenses/Obligations	\$5,126	\$4,162	\$4,301	\$2,993	\$4,451	\$3,254	\$4,500
Budget Activity Total	\$5,126	\$4,162	\$4,301	\$2,993	\$4,451	\$3,254	\$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 Treasury Franchise Fund Plan.

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

<https://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>.