

Department of the Treasury  
Financial Stability Oversight  
Council

Congressional Budget  
Justification and Annual  
Performance Report and Plan

FY 2019

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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 an FY 2019 funding level of \$11.054 million, which represents a straight-line of its FY 2018 estimated funding level. This request includes \$6.892 million for the FSOC Secretariat and the Office of the Independent Member with Insurance Expertise, and \$4.162 million to reimburse the Federal Deposit Insurance Corporation (FDIC) for certain expenses as required by law. The Budget also proposes to impose appropriate Congressional oversight of Council functions by subjecting its activities to the normal appropriations process beginning in FY 2020.

### 1.1 – Resource Detail Table

Dollars in Thousands

Financial Stability Oversight Council Budgetary Resources	FY 2017		FY 2018		FY 2019		FY 2018 to FY 2019			
	Actual		Estimated		Estimated		Change		% Change	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Revenue/Offsetting Collections</b>										
Assessments <sup>1</sup>		\$10,584		\$8,590		\$8,147		(\$443)		-5.15%
Interest		\$75		\$57		\$52		(\$5)		-9.00%
Recovery of Prior Year Paid Obligations		\$9		\$9		\$8		(\$0)		-5.56%
Recovery of Prior Year Unpaid Obligations		\$458		\$454		\$499		\$44		9.78%
Restoration of Sequestration Reduction		\$854		\$735		\$571		(\$165)		-22.40%
Unobligated Balances from Prior Years <sup>2</sup>		\$9,716		\$8,839		\$6,831		(\$2,008)		-22.72%
<b>Total Revenue/Offsetting Collections</b>		<b>\$21,696</b>		<b>\$18,685</b>		<b>\$16,108</b>		<b>(\$2,577)</b>		<b>-13.79%</b>
<b>Expenses/Obligations</b>										
FSOC	17	\$5,655	18	\$6,892	18	\$6,892	0	\$0	0.00%	0.00%
FDIC	0	\$5,126	0	\$4,162	0	\$4,162	0	\$0	0.00%	0.00%
<b>Total Expenses/Obligations</b>	<b>17</b>	<b>\$10,781</b>	<b>18</b>	<b>\$11,054</b>	<b>18</b>	<b>\$11,054</b>	<b>0</b>	<b>\$0</b>	<b>0.00%</b>	<b>0.00%</b>
Sequestration Rescission		(\$735)		(\$571)		\$0		\$571		
<b>Net Results</b>		<b>\$10,180</b>		<b>\$7,060</b>		<b>\$5,054</b>		<b>(\$2,006)</b>		<b>-28.41%</b>

1) The FSOC and FDIC reimbursements are 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](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 the unobligated balance line. This is because the first assessment covering the fiscal year beginning October 1 is actually collected on September 15 of the prior fiscal year. This makes it appear as though large amounts of unobligated balances went unused, when in fact very little, if any, of those balances were from under execution.

### C – Vision, Priorities, and Context

The Council is chaired by the Secretary of the Treasury and consists of 10 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. Over the next year, the Council will continue to monitor the financial system for emerging risks and facilitate interagency cooperation to identify and analyze emerging threats. The Council will also continue to facilitate information sharing and interagency coordination with respect to various regulatory initiatives.

Over the last year, the Council continued to identify and monitor potential risks to U.S. financial stability; fulfilled its statutory requirements, including transmission of its seventh annual report to Congress; and served as a forum for coordination among member agencies. The Council continues to evaluate its nonbank financial company determinations and financial market utility designations. In FY 2017, the Council rescinded one nonbank financial company determination.

By law, the Council is required to convene no less than quarterly, but the Council has convened on a more frequent basis to share information on key financial developments, coordinate regulatory implementation, and monitor progress on recommendations from the Council's annual reports. In FY 2017, the Council convened seven times. The Council will continue to remain focused on identifying near-term threats and addressing structural vulnerabilities in the financial system. Transparency into Council work has routinely been provided through an annual report to Congress, periodic Congressional testimony on Council activities and emerging threats to financial stability, and regular communications with the public about Council activities and decisions.

The Council is an executive agency and is not an office or bureau of the Department of the Treasury (Treasury). However, by law, the Council's expenses (and, indirectly, FDIC reimbursements) are considered expenses of the Office of Financial Research, an office within Treasury.

### ***FDIC Reimbursement***

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.

## 1.2 – Budget Adjustments Table

Dollars in Thousands

Financial Stability Oversight Council	FTE	Amount
<b>FY 2018 Estimated</b>	<b>18</b>	<b>\$11,054</b>
<b>Changes to Base:</b>		
<b>Total FY 2019 Base</b>	<b>18</b>	<b>\$11,054</b>
Program Changes:		
Program Decreases:	0	(\$77)
Administrative Cost Savings	0	(\$77)
Program Increases:	0	\$77
Pay Annualization	0	\$77
Subtotal Program Changes	0	0
<b>Total FY 2019 Estimated</b>	<b>18</b>	<b>11,054</b>

### D – Budget Increases and Decreases Description

**Program Decreases.....-\$77,000 / 0 FTE**

Administrative Cost Savings -\$77,000 / 0 FTE

The Council proposes to identify further savings through reductions in administrative costs.

**Program Increases.....\$77,000 / 0 FTE**

Pay Annualization \$77,000 / 0 FTE

To cover the FY 2019 cost of the January 2018 pay-raise.

### 1.3 – Operating Levels Table

Dollars in Thousands

Financial Stability Oversight Council Object Classification	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated
11.1 - Full-time permanent	2,204	2,432	2,500
11.3 - Other than full-time permanent	171	170	164
11.5 - Other personnel compensation	60	60	57
<b>11.9 - Total personnel compensation</b>	<b>2,435</b>	<b>2,662</b>	<b>2,721</b>
12.0 - Personnel benefits	647	656	674
<b>Total Personnel and Compensation Benefits</b>	<b>\$3,082</b>	<b>\$3,318</b>	<b>\$3,395</b>
21.0 - Travel and transportation of persons	27	29	26
24.0 - Printing and reproduction	13	13	11
25.1 - Advisory and assistance services	252	265	256
25.2 - Other services from non-Federal sources	11	12	13
25.3 - Other goods and services from Federal sources <sup>1</sup>	6,961	6,973	6,926
26.0 - Supplies and materials	403	411	395
31.0 - Equipment	32	33	32
<b>Total Non-Personnel</b>	<b>\$7,699</b>	<b>\$7,736</b>	<b>\$7,659</b>
<b>Subtotal New Budgetary Resources</b>	<b>\$10,781</b>	<b>\$11,054</b>	<b>\$11,054</b>
<b>Budget Activities:</b>			
<b>FSOC</b>	5,655	6,892	6,892
<b>FDIC</b>	5,126	4,162	4,162
<b>Total Budgetary Resources</b>	<b>\$10,781</b>	<b>\$11,054</b>	<b>\$11,054</b>
<b>FTE</b>	<b>17</b>	<b>18</b>	<b>18</b>

<sup>1</sup> Includes FDIC reimbursement.

### E – Appropriations Language and Explanation of Changes

The FSOC receives no appropriations from Congress.

### F – Legislative Proposals

The Budget proposes to impose appropriate Congressional oversight of Council functions by subjecting its activities to the normal appropriations process beginning in FY 2020.

## **Section II – Annual Performance Plan and Report**

### **A – Strategic Alignment**

With the publication of the Department of the Treasury’s Strategic Plan for FY 2018 - 2022, Treasury will work in FY 2018 to baseline its performance against the new strategic objectives. This could result in additional changes to performance measures in the FY 2020 Budget.

The FSOC supports Treasury’s Strategic Plan FY 2018-2022 as follows:

- Goal 1: Boost U.S. Economic Growth
- Goal 2: Promote Financial Stability

### **B – Financial Stability Oversight Council**

*(\$6,892,000 from Assessments):*

There are no measures specified for managing Council performance at this time. Information on the Council is provided on [www.treasury.gov](http://www.treasury.gov), [www.fsoc.gov](http://www.fsoc.gov), and member agency websites to provide transparency and accountability.

#### **2.1.1 – Financial Stability Oversight Council Annual Performance and Report**

Dollars in Thousands

Resource Level	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated
Expense/Obligations	\$5,679	\$7,660	\$6,236	\$7,157	\$5,655	\$6,892	\$6,892
<b>Budget Activity Total</b>	<b>\$5,679</b>	<b>\$7,660</b>	<b>\$6,236</b>	<b>\$7,157</b>	<b>\$5,655</b>	<b>\$6,892</b>	<b>\$6,892</b>
<b>FTE</b>	<b>23</b>	<b>23</b>	<b>22</b>	<b>22</b>	<b>17</b>	<b>18</b>	<b>18</b>

### **C – FDIC Reimbursement**

*(\$4,162,000 from Assessments):*

Certain FDIC expenses are treated as expenses of the Council. For additional detail, see above.

#### **2.1.2 – FDIC Reimbursement Annual Performance Plan and Report**

Dollars in Thousands

Resource Level	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Estimated	FY 2019 Estimated
Expense/Obligations	\$6,327	\$11,592	\$7,628	\$6,571	\$5,126	\$4,162	\$4,162
<b>Budget Activity Total</b>	<b>\$6,327</b>	<b>\$11,592</b>	<b>\$7,628</b>	<b>\$6,571</b>	<b>\$5,126</b>	<b>\$4,162</b>	<b>\$4,162</b>
<b>FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>