

Financial Stability Oversight Council

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2017	FY 2018	FY 2019	FY 2018 TO FY 2019	
	Actual	Estimated	Estimated	\$ Change	% Change
FSOC	\$5,655	\$6,892	\$6,892	0	0.00%
FDIC	\$5,126	\$4,162	\$4,162	0	0.00%
Total Cost of Operations	\$10,781	\$11,054	\$11,054	0	0.00%
FTE	17	18	18	0	0.00%

Summary

The Financial Stability Oversight Council (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.

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 discussion and 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 In FY 2017, the Council rescinded one nonbank financial company determination.

Over the next year, the Council will continue to monitor the financial system for emerging risks and facilitate interagency cooperation to identify and analyze potential emerging threats. The Council will also continue to facilitate information sharing and interagency coordination with respect to various regulatory initiatives.

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 7 times. The Council will 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 to the public about Council activities and decisions.

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

- Goal 1: Boost U.S. Economic Growth
- Objective 1.2: Strong Economic Fundamentals

FSOC FY 2019 Budget Highlights

Dollars in Thousands

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

Explanation of Budget Activities

Financial Stability Oversight Council (\$6,892,000 from Assessments)

The Council has a statutory duty to facilitate information sharing and coordination among member agencies. The Council will continue to monitor the financial system for emerging risks and facilitate interagency cooperation to identify and analyze emerging threats. The

Description of Performance

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

Council is not an office or bureau of the Department of the Treasury. However, by law, the Council’s expenses (and, indirectly, Federal Deposit Insurance Corporation (FDIC) reimbursements) are considered expenses of the Office of Financial Research, an office within the Department of the Treasury.

FDIC Reimbursement (\$4,162,000 from Assessments)

By law, the Council’s expenses also 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.

Legislative Proposals

The Budget proposes to impose appropriate Congressional oversight of these functions by subjecting Council and Office of Financial Research activities to the normal appropriations process.