

Department of the Treasury
Financial Stability Oversight
Council

Congressional Budget
Justification and Annual
Performance Plan and Report

FY 2024

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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) 2024 funding level of \$19.449 million, which includes \$14.949 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 \$4.814 million overall increase from the FY 2023 revised estimate, the FSOC programs represents \$3.224 million or 67 percent of this total. This increase is necessary to make progress on the Council’s priorities, and to build the infrastructure needed to support the Council’s work across all the member agencies.

The increase in funding reflects the need for the FSOC Secretariat to rebuild capacity and acquire additional resources to fulfill the ongoing responsibilities of the Council as well as to advance the Council’s new priorities outlined by the Treasury Secretary, who serves as Council Chairperson. These areas of focus include identifying and addressing potential risks posed by nonbank financial intermediation and its role in amplification of market stresses; supporting the interagency review of the Treasury market following the market dislocation in March 2020; evaluating potential financial stability risks and regulatory gaps associated with digital assets; and coordinating efforts to improve the measurement and mitigation of climate-related risks in the financial system.

1.1 – Resources Detail Table

Dollars in Thousands

Budgetary Resources	FY 2022		FY 2023		FY 2024		FY 2023 to FY 2024	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections								
Assessments	0	\$10,557	0	\$13,456	0	\$14,655	NA	8.9%
Interest	0	\$64	0	\$276	0	\$310	NA	12.3%
Recoveries	0	\$854	0	\$120	0	\$144	NA	20.0%
Restoration of Sequestration Rescission	0	\$469	0	\$605	0	\$783	NA	29.3%
Unobligated Balances from Prior Years	0	\$6,328	0	\$8,859	0	\$7,898	NA	-10.8%
Total Revenue/Offsetting Collections	0	\$18,272	0	\$23,316	0	\$23,790	NA	2.0%
Obligations								
FSOC	17	\$5,554	34	\$11,725	44	\$14,949	29.4%	27.5%
FDIC	0	\$3,254	0	\$2,910	0	\$4,500	NA	54.6%
Total Expenses/Obligations	17	\$8,808	34	\$14,635	44	\$19,449	29.4%	32.9%
Sequestration Reduction		(\$605)		(\$783)		(\$853)		
Net Results	17	8,859	34	\$7,898	44	\$3,488	29.4%	-55.8%

1) 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

2) For information regarding current and historical assessment rates: <https://www.financialresearch.gov/strategy-budget/>

3) 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 2023 President's Budget	27	\$12,433
Program Changes:		
Program Decreases	0	(\$1,590)
FDIC Payments	0	(\$1,590)
Program Increases:	7	\$3,792
FSOC Priority Workstream Hiring	7	\$3,792
FY 2023 Revised Estimate	34	\$14,635
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$498
Pay Annualization (4.6% average pay raise)	0	\$76
Pay Raise (5.2% average pay raise)	0	\$262
Non-Pay	0	\$160
Subtotal Changes to Base	0	\$498
FY 2024 Current Services	34	\$15,133
Program Changes:		
Program Increases:	10	\$4,316
Rebuilding FSOC Infrastructure and Capability	10	\$2,667
FDIC Payment Increase	0	\$1,590
Make Critical Administrative Investments (Hiring, Evidence Act, and Facilities)	0	\$59
FY 2024 Estimate	44	\$19,449

C – Budget Increases and Decreases Description

Program Changes+\$2,202,000 / +7 FTE

Decrease in FDIC Reimbursement (-\$1,590,000) / -0 FTE

Reflects decreases to reimbursements from FY 2022 based on actual expenses incurred by the FDIC from the period from July 1, 2021, through June 30, 2022. Costs have been reduced from prior estimates due to a lower-than-anticipated number of staff hours focused on Title II planning activities during the reimbursement period that ended on June 30, 2022.

FSOC Priority Workstream Hiring +\$3,792,000 / +7 FTE

To fulfill the priorities set forth by the Secretary, acting in her capacity as the Chairperson of the Council, the FSOC Secretariat intends to increase its long-term staffing plan from 27 to 44 by hiring 17 additional FTE, of which seven net FTE will be added in FY 2023. These new FTE will support increased Council work on priorities including risks related to digital assets, climate-related financial risk, nonbank financial intermediation, and Treasury market resilience, as well as other initiatives.

Maintaining Current Levels (MCLs)+\$498,000 / +0 FTE

Pay Annualization (4.6%) +\$76,000 / +0 FTE

Funds are requested for annualization of the January 2023 4.6 percent average pay raise.

Pay Raise (5.2%) +\$262,000 / +0 FTE

Funds are requested for a 5.2 percent average pay raise in January 2024.

Non-Pay +\$160,000 / +0 FTE

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

Program Increases+\$4,316,000 / +10 FTE

Rebuilding FSOC Infrastructure and Capability +\$2,667,000 / +10 FTE

To fulfill the priorities set forth by the Secretary, acting in her capacity as the Chairperson of the Council, the FSOC Secretariat intends to increase its long-term staffing plan from 34 to 44 by hiring 10 additional FTE that will on-board during FY 2023 and FY 2024.

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. Additional staff will be needed to advance the Council’s efforts in these important areas. These priorities reflect the effort required in addition to core responsibilities such as publishing the annual report.

FSOC member agencies look to the FSOC Secretariat to advance critical leadership and coordination around the Council’s priorities and to build the infrastructure needed to support the Council’s work across all the member agencies. Each of FSOC’s financial stability priorities requires – and will continue to require – extensive and complex policy development, analysis, and interagency coordination. The Council also works on further policy areas of focus, and in addition the Secretariat will be working to ramp up its financial stability monitoring efforts, which are central to its statutory mission. The FSOC has already been identified twice by the Administration as the appropriate entity to produce extensive, in-depth reports on emerging risks to the financial system. In March 2022, the President’s *Executive Order on Ensuring Responsible Development of Digital Assets* tasked the FSOC with producing a “report outlining the specific financial stability risks and regulatory gaps posed by various types of digital assets and providing recommendations to address such risks.” In May 2021, the FSOC was tasked with producing a report on climate-related financial risk, which FSOC issued in October 2021.

Increase in FDIC Payment Reimbursement +\$1,590,000 / +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.

Make Critical Administrative Investments (Hiring, Evidence Act, and Facilities) +\$59,000 / +0 FTE

FSOC pays annually for administrative support from the Centralized Treasury Administrative Services (CTAS) program. In FY 2024, FSOC anticipates those costs to grow to fund increases to human resources support to support FSOC’s growing hiring plans and improve time to hire across Departmental Offices (DO), as well as additional staff to support the Treasury-owned facilities (the Main Treasury building and Freedman’s Bank Building).

DO completed a comprehensive time to hire review over the past several months. Since this assessment, DO has made several adjustments to its hiring support, including: 1) improving long-term workforce planning, 2) emphasizing the importance of finalizing position descriptions and job analysis and assessments prior to recruit requests, 3) encouraging usage of the variety of recruitment methods available to DO staff (Schedule A, Pathways, merit promotion, etc.), and 4) devoting additional resources to the security/adjudication process to improve security clearance process times.

To properly tackle these issues, DO needs additional staffing in Human Resources and Human Capital. This request would fund three additional CTAS FTE in Human Resources which would result in cost increases for FSOC as a customer, in addition to all other DO customers of HR services. The CTAS FTE would improve the ratio of HR business partners to supported staff.

This request also includes FSOC’s contribution to three new CTAS staff (one electrician and two A/C equipment mechanics) responsible for conducting support within Treasury spaces. Presently DO has four electricians and six A/C equipment mechanics working 24/7 to support nearly 645 thousand square feet of owned spaces. While there is no industry standard for this kind of work, the national average is one technician per every 50 thousand square feet, meaning DO is currently well below average in terms of staff per square footage supported.

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2022 Actual Obligations	FY 2023 Estimated Obligations	FY 2024 Estimated Obligations
11.1 - Full-time permanent	2,197	4,820	7,068
11.3 - Other than full-time permanent	168	0	0
11.5 - Other personnel compensation	141	328	476
11.9 - Personnel Compensation (Total)	2,506	5,148	7,544
12.0 - Personnel benefits	859	1,482	2,154
Total Personnel and Compensation Benefits	\$3,365	\$6,630	\$9,698
21.0 - Travel and transportation of persons	6	48	49
25.1 - Advisory and assistance services	318	837	854
25.2 - Other services from non-Federal sources	1	20	21
25.3 - Other goods and services from Federal sources	4,897	6,356	8,068
26.0 - Supplies and materials	216	738	753
31.0 - Equipment	5	6	6
Total Non-Personnel	\$5,443	\$8,005	\$9,751
Total Obligations	\$8,808	\$14,635	\$19,449
Full-time Equivalent (FTE)	17	34	44

D – Appropriations Language and Explanation of Changes

The FSOC receives no 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

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.

The following page has a breakout of how the FSOC links to Treasury’s strategic goals and objectives.

B – Budget and Performance by Budget Activity

2.1.1 – Financial Stability Oversight Council Resources and Measures

Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Revised Estimate	FY 2024 Estimate
Expenses/Obligations	\$4,966	\$5,246	\$5,190	\$4,996	\$5,554	\$11,725	\$14,949
Budget Activity Total	\$4,966	\$5,246	\$5,190	\$4,996	\$5,554	\$11,725	\$14,949
Full-time Equivalent (FTE)	13	14	15	14	17	34	44

Financial Stability Oversight Council

(\$14,949,000 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 2022, Secretary Yellen continued to reinvigorate the Council. The Council met eight times to assess potential risks including those related to climate change, digital assets, housing markets, hedge funds, and open-end funds.

On October 3, 2022, the Council published its digital assets report, written in response to the *Executive Order on Ensuring Responsible Development of Digital Assets*, which was issued on March 9, 2022. On December 16, 2022, the Council published its [annual report](#).

2.1.2 – FDIC Reimbursement Resources and Measures

Dollars in Thousands

Resource Level	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Revised Estimate	FY 2024 Estimate
Expenses/Obligations	\$4,162	\$4,301	\$2,993	\$4,451	\$3,254	\$2,910	\$4,500
Budget Activity Total	\$4,162	\$4,301	\$2,993	\$4,451	\$3,254	\$2,910	\$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 accessed at:

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