

Financial Stability Oversight Council

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2019	FY 2020	FY 2021	FY 2020 to FY 2021
	Actual	Estimate	Estimate	% Change
FSOC	\$5,246	\$6,036	\$6,138	1.69%
FDIC	\$4,301	\$2,993	\$4,301	43.70%
Total Cost of Operations	\$9,547	\$9,029	\$10,439	15.62%
Full-time Equivalents (FTE)	14	18	18	0.00%

Summary

The Financial Stability Oversight Council (FSOC or 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 identify risks to the financial stability of the United States, promote market discipline, and to 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.

The FSOC is estimating a fiscal year (FY) 2021 funding level of \$10.439 million, which is an increase of \$1.410 million from the FY 2020 estimated funding level. This request includes \$6.138 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. This is a projected increase of \$1.308 million in FDIC reimbursable activity when compared to FY 2019. On December 4, 2019, the Council approved new interpretive guidance regarding FSOC's nonbank financial company determinations. The guidance implements an activities-based approach for identifying and addressing potential risks to financial stability and enhances the analytical rigor and transparency of the Council's process for designating nonbank financial companies.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2020 Estimate	18	\$9,029
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$102
Pay Annualization (2020 3.1% average pay raise)	0	\$18
Pay-Raise (1.0% average pay raise)	0	\$35
FERS Contribution Increase		\$17
Non-Pay	0	\$32
Subtotal Changes to Base	0	\$102
FY 2021 Current Services	18	\$9,131
Program Changes:		
Program Increases:	0	\$1,308
FDIC Cost Adjustment	0	\$1,308
Subtotal Changes to Base	0	\$1,308
FY 2021 Estimate	18	\$10,439

Budget Adjustments

Maintaining Current Levels (MCLs)+\$102,000 / +0 FTE

Pay Annualization (3.1%) +\$18,000 / +0 FTE

Funds are required for annualization of the 3.1% average pay raise January 2020.

Pay Raise (1.0% in 2021) +\$35,000 / +0 FTE

Funds are required for a 1.0% average pay raise in January 2021.

FERS Contribution Increase +\$17,000 / +0 FTE

Funds are required for the Federal Employee Retirement System (FERS) contribution rates effective FY 2021.

Non-Pay +\$32,000 / +0 FTE

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

Program Increases+\$1,308,000 / +0 FTE

FDIC Cost Adjustment +\$1,308,000 / +0 FTE

Cost increase for FDIC reimbursable expenses based on indications from FDIC that reimbursable activities will increase during fiscal year 2020.

Legislative Proposals

The FY 2021 Budget proposes to impose appropriate Congressional oversight of Council functions by subjecting its activities to the annual appropriations process beginning in FY 2022.

Description of Performance

While there are no measures specified for managing Council performance, 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 ninth annual report to Congress; and served as a forum for coordination among member agencies. On December 4, 2019, the Council issued final guidance regarding nonbank financial company designations. The guidance implements an activities-based approach for identifying and addressing potential risks to financial stability, and enhances the analytical rigor and transparency of the Council's process for designating nonbank financial companies.

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; facilitate interagency cooperation to identify and analyze emerging threats; and 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 2019, the Council convened five 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.