

Financial Stability Oversight Council

Program Summary by Budget Activity

Dollars in Thousands

Budget Activity	FY 2020	FY 2021	FY 2022	FY 2021 to FY 2022	
	Actual	Estimated	Estimated	\$ Change	% Change
FSOC	\$6,370	\$6,000	\$6,520	\$520	8.67%
FDIC	\$4,451	\$4,451	\$4,301	(\$150)	-3.38%
Total Cost of Operations	\$10,821	\$10,451	\$10,821	\$370	4%
Direct FTE	15	18	21	3	16.67%
Total Full-time Equivalents (FTE)	15	18	21	3	16.67%

Note: The amounts of obligations and FTEs for 2021 in the table above differ from the amounts in the 2022 President's Budget. This difference is primarily due to adjustments in anticipated spending for FSOC related to lags in hiring due to the COVID-19 pandemic and other factors efforts.

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 Financial Stability Oversight Council (FSOC or Council) is estimating a fiscal year FY 2022 funding level of \$10.821 million, which is an increase of \$0.370 million from the FY 2021 estimated funding level. This request includes \$6.520 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. On March 31, 2021, the Council re-established the Hedge Fund Working Group to share data, identify risks and address potential issues related to hedge funds. The Council also committed to the coordination of regulators' efforts to improve the measurement and management of climate-related risks in the financial system as the country transitions to a net-zero carbon economy.

Budget Highlights

Dollars in Thousands

	FTE	Amount
FY 2021 Estimate	18	\$10,451
Changes to Base:		
Maintaining Current Levels (MCLs):	0	\$233
Pay Annualization (1.0% average pay raise)	0	\$9
Pay Raise (2.7% average pay raise)	0	\$72
FERS Contribution Increase	0	\$14
Non-Pay	0	\$139
Efficiency Savings	0	(\$190)
Subtotal Changes to Base	0	\$43
FY 2022 Current Services	18	\$10,494
Program Changes:		
Program Decreases	0	(\$150)
FDIC Cost Adjustment	0	(\$150)
Program Increases:	3	\$477
FTE Adjustment	3	\$477
FY 2022 Estimate	21	\$10,821

Note: The amounts of obligations and FTEs for 2021 in the table above differ from the amounts in the 2022 President's Budget tables. This difference is primarily due to adjustments in anticipated spending for FSOC related to lags in hiring due to the COVID-19 pandemic and other factors efforts.

Budget Adjustments

Maintaining Current Levels (MCLs)..... +\$233,000 / +0 FTE

Pay Annualization +\$9,000 / +0 FTE

Funds are requested for annualization of the January 2021 1.0% average pay raise.

Pay Raise (2.7% in 2022) +\$72,000 / +0 FTE

Funds are requested for a 2.7% average pay raise in January 2022.

FERS Contribution Increase +\$14,000 / +0 FTE

Funds are requested for the Federal Employee Retirement System (FERS) contribution rates effective FY 2022.

Non-Pay +\$139,000 / +0 FTE

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

Efficiency Savings..... -\$190,000/ +0 FTE

DO will achieve cost savings and efficiencies in contract services through more efficient contract oversight, consolidating contracts where appropriate, and partnering with other agencies and DO components to leverage common technology or administrative support needs.

Program Decreases **-\$150,000 / +0 FTE**
FDIC Cost Adjustment -\$150,000 / +0 FTE

Cost decrease for FDIC reimbursable expenses. FDIC reimbursable expenses for FY 2022 are estimated at a commensurate level with FY 2019, which reflects a slight decrease from FY 2021.

Program Increases **+\$477,000 / +3 FTE**
FTE Adjustment +\$477,000 / +3 FTE

The Secretariat expects to hire additional staff early in FY 2021, bringing total Secretariat and Office of the Independent Member staff from its current level of 15 onboards to 21 onboards.

Legislative Proposals

The FSOC does not have any legislative proposals at this time.

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.

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 2020, 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.