

Council Budget Information

FY2017 Projected Actual Expenses and Proposed FY2018 Budget for the Financial Stability Oversight Council (Council) Secretariat and the Office of the Independent Member

Funding and Governance of Council Budget

Under Section 118 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), “Any expenses of the Council shall be treated as expenses of, and paid by, the Office of Financial Research.” Under Section 155 of the Dodd-Frank Act, expenses of the OFR, and therefore of the Council, are funded through assessments applicable to bank holding companies with total consolidated assets of \$50 billion or greater and nonbank financial companies supervised by the Board of Governors of the Federal Reserve System. The Treasury Secretary has established, by regulation, and with the approval of the Council, an assessment schedule.

Pursuant to section 3(a)(3)(B)(ii) of the Council’s Rules of Organization, the Chairperson shall propose an annual budget for the Council, which upon an affirmative vote of a majority of the voting members then serving shall be adopted as the annual budget of the Council. Under section 3(a)(3)(A) of the Council’s Rules of Organization, the Council shall periodically review the expenses of the Council, and the Chairperson shall provide a report of expenses to the Council no later than September 1 of each year.

Council Secretariat and Office of the Independent Member Budget

Category	FY2017 Approved Budget	FY2017 Projected Actuals	FY2018 Proposed Budget
<i>Council Secretariat and Office of the Independent Member</i>			
<i>Labor Costs</i>	\$4,395,916	\$2,958,076	\$3,318,061
Salary & Benefits	\$4,395,916	\$2,958,076	\$3,318,061
<i>Non-Labor Costs</i>	\$3,760,180	\$2,547,257	\$3,574,214
Other Support	\$2,906,180	\$2,077,642	\$2,844,052
Data/Records System/General IT/Website	\$552,000	\$394,071	\$592,662
Non-recurring Lease and Alteration Costs	\$160,000	\$27,500	\$5,000
Council Meetings/Supplies	\$20,000	\$4,052	\$13,000
General Administrative Costs	\$122,000	\$43,992	\$119,500
Total	\$8,156,096	\$5,505,333	\$6,892,275

Note: Labor costs in this table include expenses of the Office of the Independent Member totaling approximately \$752,000 in FY2017 and approximately \$834,800 in the FY2018 proposed budget. Certain non-labor costs attributable to the Office of the Independent Member are also included in this table.

Fiscal Year 2017 Highlights

- FY2017 actual expenses are forecasted to be approximately \$2,700,000 under budget.
- The shortfall is primarily due to staff attrition, which resulted in reduced direct labor expenses, the cancellation of office space alterations and certain information technology expenses, and a reduction in travel and training expenses.

Fiscal Year 2018 Highlights

- The FY2018 proposed budget for the Council Secretariat and the Office of the Independent Member includes a decrease of approximately \$1,300,000, or 15 percent, from the FY2017 budget.
- The budget assumes the Secretariat will hire additional staff, bringing total Secretariat and Office of the Independent Member staff from its current level of 14 FTEs to 18 FTEs, a reduction from 23 FTEs in the FY2017 budget.

FDIC Reimbursement Under Section 210(n)(10) of the Dodd-Frank Act

Category	FY2017 Approved Budget	FY2017 Projected Actuals	FY2018 Proposed Budget
<i>FDIC Reimbursement Under Section 210(n)(10)</i>			
Policies, Procedures, Rules, and Regulations to Implement Title II	\$1,019,544	\$1,019,544	\$44,436
Institution-Specific Resolution Planning for Title II Implementation	\$355,896	\$355,896	\$494,498
Non-Institution Specific Resolution Planning for Title II Implementation	\$3,750,086	\$3,750,086	\$3,623,024
Total	\$5,125,526	\$5,125,526	\$4,161,958

Section 210(n)(10) of the Dodd-Frank Act provides that certain reasonable implementation expenses of the FDIC relating to its responsibilities under Title II for the resolution of systemically important financial companies incurred after the date of enactment of the Dodd-Frank Act shall be treated as expenses of the Council. The FDIC must periodically submit requests for reimbursement for implementation expenses to the Chairperson of the Council, who shall arrange for prompt reimbursement to the FDIC of reasonable implementation expenses. Reimbursable FDIC expenses include those related to the development and adoption of Title II rules and regulations and Title II resolution planning activities, both institution-specific and non-institution-specific. Non-institution-specific resolution planning activities primarily involve the development of operational procedures for a Title II receivership, such as those related to receivership management, accounting and reporting, non-deposit claims, and cross-border coordination.

Fiscal Year 2017 Highlights

- The FY2017 budget was based on the expected reimbursement of the FDIC’s actual expenses from July 1, 2015, through June 30, 2016, for the implementation of Title II of the Dodd-Frank Act. FY2017 actual expenses were, therefore, identical to the FY2017 budget, since the FDIC’s reimbursement request was submitted to the Chairperson for review prior to the adoption of the Council’s FY2017 budget.
- FY2017 actual expenses were primarily for the cost of FDIC staff who worked on Title II rulemaking and resolution planning activities.

Fiscal Year 2018 Highlights

- The proposed FY2018 budget is based on the FDIC’s actual implementation expenses for the period from July 1, 2016, through June 30, 2017. Those expenses were for Title II rule writing and resolution planning, consistent with the FDIC’s implementation of its responsibilities under Title II of the Dodd-Frank Act.
- The decrease in the FDIC’s reimbursable expenses from FY2017 to FY2018 is, in part, attributable to reduced expenses during the 12-month period ending on June 30, 2017, for activities related to Title II policies, procedures, rules and regulations. The major rules for which the FDIC had either rulemaking or consultative responsibilities were substantially completed in prior years.
- In addition, the FDIC has changed its methodology for calculating reimbursable expenses to be consistent with recent changes the FDIC made to the methodology it uses to bill expenses to failed bank receiverships. Beginning in FY2018, the FDIC is requesting reimbursement of direct costs only, which also contributed to the reduction in reimbursable expenses.
- As in prior years, the proposed FY2018 budget largely covers the cost of FDIC staff working on Title II rulemaking and resolution planning activities.