



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC BOARD APPROVES BUDGET REDUCTION FOR 1998

FOR IMMEDIATE RELEASE

The FDIC Board of Directors today approved a \$1.36 billion budget for the agency, a reduction of \$255 million (16 percent) from the amount that had been planned for 1997.

"The 1998 budget reflects the FDIC's continuing emphasis on efficiencies and cost reductions," said FDIC Chairman Andrew C. Hove, Jr. He noted that the 1998 budget is seven percent below estimated expenses for 1997.

FDIC spending reductions are due, for the most part, to corporate downsizing and office consolidations, fewer problem institutions requiring special attention, and the FDIC's success at selling or otherwise resolving assets acquired from previous bank and thrift failures.

The FDIC budget is the culmination of a comprehensive process that updates the Corporation's strategic plan and develops annual performance plans for every division and office. These performance plans, which are based on workload assumptions, determine the necessary staffing levels and budget for each division and office. The budget covers FDIC salaries, outside services, travel, office space, equipment and other expenses.

"Although downsizing in 1998 will be accomplished primarily through office consolidations, none of the reductions will come at the expense of bank safety and soundness," Chairman Hove stressed. "The FDIC will continue to emphasize programs that effectively and quickly respond to emerging risks at banks, so that institutions can stay open to serve their communities."



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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