Statement by FDIC Board Member Martin J. Gruenberg on the 2021 FDIC Operating Budget at the FDIC Board Meeting

Last Updated: December 15, 2020

I support the proposed 2021 FDIC operating budget, which is 12.9 percent higher than the 2020 operating budget. This increase includes $140 million in additional contingency funding above normal annual contingency amounts. It reflects a continuing period of extraordinary uncertainty as to the impact of the Coronavirus pandemic on the financial condition of FDIC-insured banks next year.

Depending on how events unfold, the FDIC's supervisory and resolutions functions, in particular, may be subject to increasing demands to address problems at banks.

If needed, the $40 million in additional contingency funding for supervisory activities would be sufficient to add up to 200 temporary examination staff in the FDIC's Division of Risk Management Supervision. The $100 million added to receivership operations contingency funding would be sufficient to add about 280 temporary employees and substantially increase contractual resources in the Division of Resolutions and Receiverships to address the potential for increased bank failure activity in 2021. Further, expanded over hiring authority for the FDIC's Risk Management Supervision Division and additional hiring authority for the FDIC's Complex Institutions Division would provide substantial additional personnel resources.

The proposed contingency funding and additional hiring authority are intended to ensure the FDIC's continued ability to carry out its supervision and resolution responsibilities in a stressed economic environment.

Finally, I would like to thank staff in the Division of Finance, as well as all other FDIC staff, who contributed to developing this budget. I believe it is appropriate to the unprecedented nature of the continuing health crisis and the related uncertainty of the impact of the pandemic on the economy, consumers, businesses, and banks.