



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## FDIC REDUCES BUDGET FIVE PERCENT

### FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) today approved a 2001 budget of \$1.126 billion, a decrease of more than \$60 million -- or 5.1 percent -- from its 2000 budget.

"This is the fifth year in a row that the FDIC budget has declined," said FDIC Chairman Donna Tanoue, "and I'm delighted that we can reduce our spending while devoting more resources to emerging issues such as technology. This budget is like a hat trick in hockey -- three goals: we cut costs, meet today's responsibilities, and address tomorrow's needs."

The budget shifts resources during 2001 toward e-banking and other technology-related issues, improved fraud detection procedures, and increased scrutiny of loan portfolios in the 5,700 institutions the Corporation supervises, primarily state chartered commercial banks. The budget also reflects the continuing requirements of implementing the Gramm-Leach-Bliley Act. The remainder of the budget will fund the FDIC's insurance and receivership management activities and general corporate expenses. Even so, the 2001 budget is \$29 million -- or 2.5 percent -- less than currently projected 2000 spending.

The reduction results primarily from improved operational efficiencies, lower staffing and lower planned spending for contractual support, which reflects a continuing decline in asset liquidation and receivership management workload.

Approximately 65 percent of the 2001 budget will pay for FDIC personnel costs. The agency's staffing has fallen from almost 12,000 five years ago to about 6,700 today. Employment will continue to decline in 2001, to about 6,300 employees by the end of the year, as the Corporation continues to wrap up workload from the banking and thrift crises of the late 1980s and early 1990s.



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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