

## 2022 FDIC Operating Budget

Last Updated: December 14, 2021

At the outset, I would like to point out that the overall 2022 FDIC operating budget before the Board today is 0.7 percent lower than the 2021 budget. That reduction is due to a substantial decrease in the funding set aside for bank resolution activities, given the low number of bank failures.

Excluding the decrease in funding for bank resolution activities, the remaining FDIC ongoing operations budget for 2022 is increased by four percent. This includes a substantial addition of authorized staff, including for the Division of Risk Management Supervision and the Division of Complex Institution Supervision and Resolution.

Further I would note that the proposed 2022 budget includes two provisions that were added to strengthen Board oversight and governance of the budget.

First, the budget provides an important new assurance of Board accountability for the \$25 million Corporate Unassigned contingency reserve. The contingency reserve is administered by the Chief Financial Officer (CFO) to address unanticipated budget requirements that emerge during the year. Under the budget, the contingency reserve will be administered in accordance with the following new procedures:

1. Prior to approving an allocation from the contingency reserve that would increase any organization's total budget, the CFO will provide advance written notice to Board members and their deputies.
2. Any Board member may, within 10 business days of such notice, request that the implementation of the proposed allocation be delayed pending further discussion or the provision of additional supporting information.
3. If the Board member's concerns are not satisfactorily resolved, or if the Board member believes the matter is of sufficient consequence, the Board member may require that the proposed allocation be considered by the Board and subject to a Board vote.

Second, the Board will require the appointment of a Director of the Division of Administration (DOA), who will be a Board-approved Corporate officer under the FDIC Bylaws. The Board resolution requires that an Acting DOA Director be designated within 30 days of this Board meeting and that a person be recommended for appointment by the Board within six months.

The FDIC Bylaws were amended in September 2019 to eliminate the position of DOA Director from the list Corporate officers. The Division of Administration has core responsibilities for building construction and maintenance, contracting, and human resources that are essential to the FDIC's operations and carry significant risk. Notably, the ongoing operations budget for 2022 contains significantly increased funding of nearly \$80 million for facilities maintenance and

construction projects. These responsibilities require the appointment of a DOA Director to ensure appropriate day-to-day oversight, leadership, and Board accountability.

These important governance changes, as well as funding to support additional staffing for the FDIC's supervision and resolution responsibilities, enable me to support the proposed 2022 FDIC budget.

Finally, I would like to thank the FDIC staff for their thoughtful and diligent preparation of this budget.