



# NEWS RELEASE

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## FDIC SAYS CONGRESSIONAL STAFF REPORT ON AGENCY SPENDING IS MISLEADING

Based on an initial review, the FDIC today characterized a report by a House Banking subcommittee's staff as a grossly misleading presentation of expenditures made by the FDIC and the Resolution Trust Corporation. The report, which alleges wasteful spending practices, was released to the media Friday.

Staff of the subcommittee, chaired by Rep. Frank Annunzio (D-Ill.), refused to discuss their analysis or conclusions with the agencies prior to releasing the study, and, despite repeated requests from the agencies, failed to provide them with a copy of the report after it was released to the media. The FDIC takes strong exception to the fact that it was forced to look to other sources for a copy of the report in order to respond to the subcommittee staff's allegations. The report will mislead members of Congress, the media and American public.

The FDIC also questions why the subcommittee's staff would spend many thousands of taxpayer dollars on an investigation and yet not seek verification or any explanations before publicly chastising selected expenditures.

While FDIC and RTC officials have not had an opportunity to fully review every item in the report, it appears to rehash earlier announcements by Rep. Annunzio. The bulk of the staff report advances the notion that the FDIC spends excessively for furniture, computers and other equipment for its offices nationwide. This view is poorly supported by a selective and incomplete review of a limited number of expenditures from an administrative and operating budget that exceeds three billion dollars annually.

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The following are other examples of distorted or omitted key facts involving selected expenditures:

- o The report cites as wasteful the FDIC's purchase of breast pumps. In fact, these were purchased for the FDIC's health unit to help working mothers better balance family and work lives after recently giving birth and deciding to quickly return to their positions.
- o The report criticizes the FDIC for spending too much for training for its employees. For example, the report questions the need for courses on interest rate swaps and swap derivatives. The FDIC considers employee training on complex financial transactions money well spent in order to help minimize losses to the deposit insurance funds. Another item appears to criticize FDIC efforts to provide required equal employment opportunity training to its personnel.
- o The report also cited a \$200 expenditure to a Washington deli in December 1990. However, the report fails to note that the expense was for coffee and sandwiches for nearly 100 news reporters at an educational program conducted jointly with the Regional Reporters Association. The FDIC and RTC consider periodical educational sessions for various groups, such as the media as well as congressional staff, to be important and proper.

Finally, the FDIC and RTC note that each has internal controls, Inspectors General to monitor expenditures, and is audited by the U.S. General Accounting Office. The agencies will conduct a thorough review of the report as well as refer it to their respective Inspectors General.

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