

IV.



BUDGET AND SPENDING

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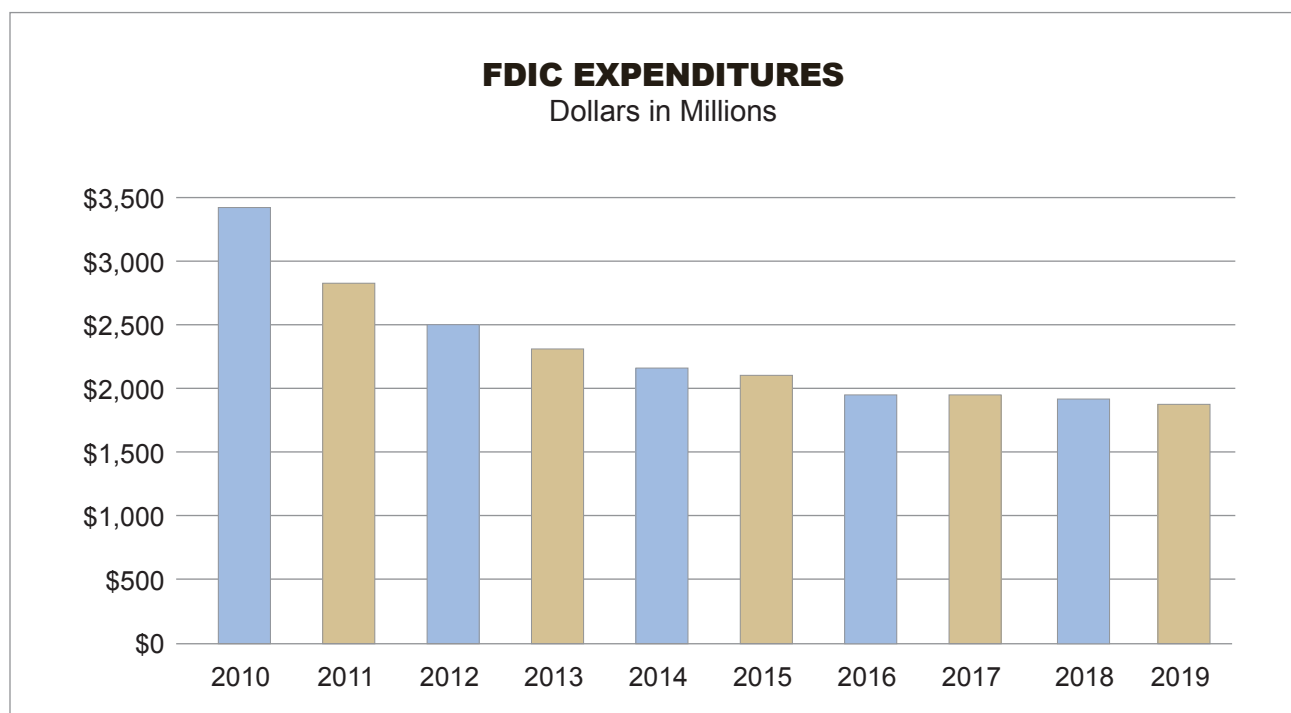
FDIC OPERATING BUDGET

The FDIC segregates its corporate operating budget and expenses into three discrete components: ongoing operations, receivership funding, and the Office of Inspector General (OIG). The receivership funding component represents expenses resulting from financial institution failures and is, therefore, largely driven by external forces and is less controllable and estimable. FDIC operating expenditures totaled \$1.9 billion in 2019, including \$1.8 billion in ongoing operations, \$75 million in receivership funding, and \$38 million for the OIG. This represented approximately 96 percent of the approved budget for ongoing operations, 43 percent of the approved budget for receivership funding, and 88 percent of the approved budget for the OIG for the year.

The approved 2020 FDIC Operating Budget of approximately \$2.0 billion consists of \$1.9 billion for ongoing operations, \$75 million for receivership funding,

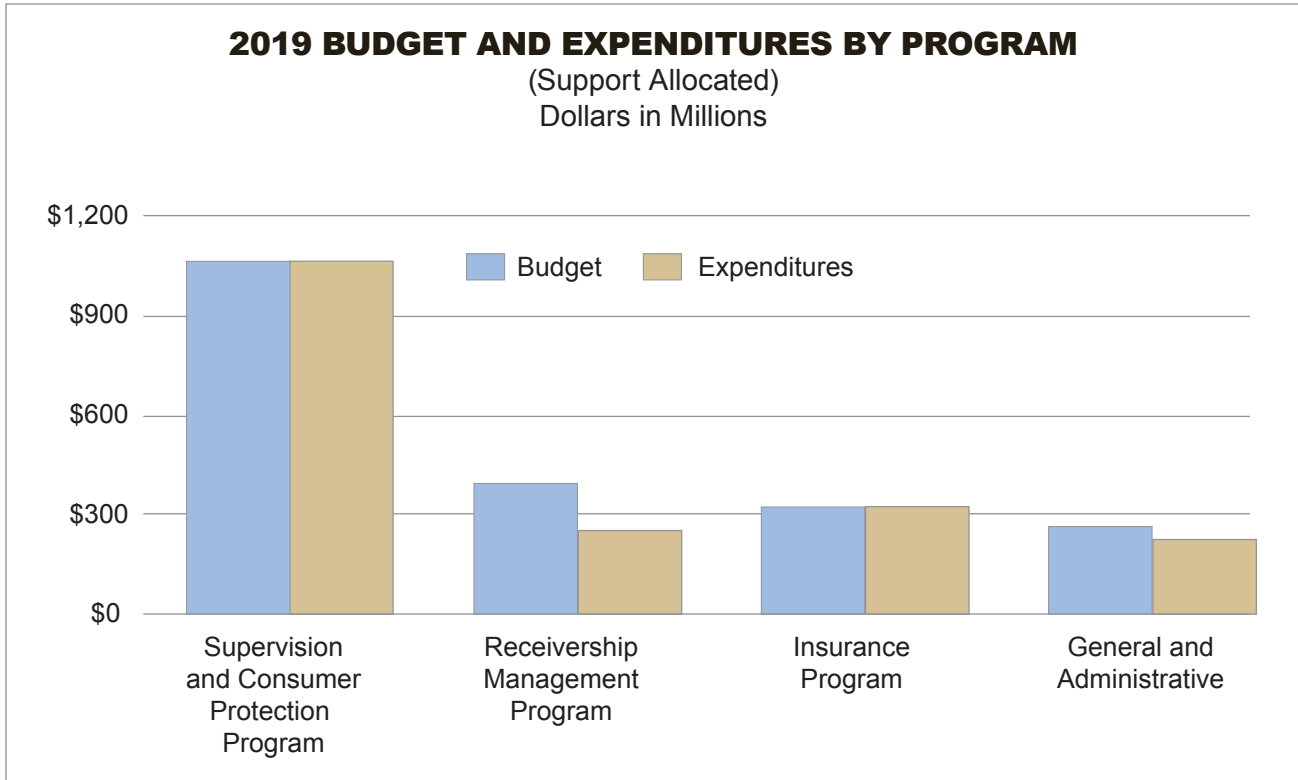
and \$43 million for the OIG. The level of approved ongoing operations budget for 2020 is approximately \$74 million (4.1 percent) higher than the 2019 ongoing operations budget, while the approved receivership funding budget is \$100 million (57 percent) lower than the 2019 receivership funding budget. The 2020 OIG budget is unchanged from the 2019 OIG budget.

As in prior years, the 2020 budget was formulated primarily on the basis of an analysis of projected workload for each of the FDIC’s three major business lines and its program support functions. The most significant factor contributing to the decrease in the FDIC Operating Budget is the improving health of the industry and the resultant reduction in failure related workload. Although savings in this area are being realized, the 2020 receivership funding budget provides resources for contractor support should workload in these areas require an immediate response.



The FDIC’s *Strategic Plan* and *Annual Performance Plan* provide the basis for annual planning and budgeting for needed resources. The 2019 aggregate budget (for ongoing operations, receivership funding, OIG, and investment spending) was \$2.04 billion, while actual expenditures for the year were \$1.86 billion, about \$34 million less than 2018 expenditures.

Over the past decade the FDIC’s expenditures have varied in response to workload. During the last several years, expenditures have fallen, largely due to decreasing resolution and receivership activity. To a lesser extent decreased expenses have resulted from supervision-related costs associated with the oversight of fewer troubled institutions.



2019 BUDGET AND EXPENDITURES BY PROGRAM

(Excluding Investments)

The FDIC budget for 2019 totaled approximately \$2.04 billion. Budget amounts were allocated as follows: \$1.06 billion, or 52 percent, to the Supervision and Consumer Protection program; \$394 million, or 19 percent, to the Receivership Management program; \$323 million, or 16 percent, to the Insurance program; and \$264 million,

or 13 percent, to Corporate General and Administrative expenditures.

Actual expenditures for the year totaled \$1.86 billion. Actual expenditures amounts were allocated as follows: \$1.06 billion, or 57 percent, to the Supervision and Consumer Protection program; \$252 million, or 14 percent, to the Receivership Management program; \$324 million, or 17 percent, to the Insurance program; and \$225 million, or 12 percent, to Corporate General and Administrative expenditures.

INVESTMENT SPENDING

The FDIC instituted a separate Investment Budget in 2003 to provide enhanced governance of major multi-year development efforts. It has a disciplined process for reviewing proposed new investment projects and managing the construction and implementation of approved projects. Proposed IT projects are carefully reviewed to ensure that they are consistent with the FDIC’s enterprise architecture. The project

approval and monitoring processes also enable the FDIC to be aware of risks to the major capital investment projects and facilitate appropriate, timely intervention to address these risks throughout the development process. An investment portfolio performance review is provided to the FDIC’s Board of Directors on a quarterly basis. From 2010-2019, investment spending totaled \$103 million and is estimated at \$11 million for 2020.

