

## MEMO

**TO:** The Board of Directors

**FROM:** E. Marshall Gentry  
Deputy to the Chairman and Chief Financial Officer

**DATE:** December 12, 2025

**RE:** Proposed 2026 FDIC Operating Budget

## PROPOSAL

Staff requests that the Board of Directors (Board) approve the proposed 2026 FDIC Operating Budget for Ongoing Operations and Receivership Funding totaling \$2,485,621,374 and the corresponding Staffing Authorizations of 5,386 positions (Table 1).<sup>1</sup> The proposed budget for these components is approximately \$486.7 million (16.4 percent) lower than the 2025 Operating Budget, and corresponding 2026 Staffing Authorizations are 1,337 positions (19.9 percent) below the staffing levels originally approved in the 2025 Operating Budget. The Office of Inspector General (OIG) budget is appropriated in an amount determined by Congress and is presented for informational purposes only.

**Table 1: Proposed 2026 Operating Budget and Staffing Authorization**

Corporate Operating Budget					Authorized Staffing			
Budget Component	2025 Budget	Proposed 2026 Budget	Change from 2025		2025 Original	2026 Proposed	Change from 2025	
			\$	%			FTEs	%
Ongoing Operations	\$2,722,367,258	\$2,285,621,374	(\$436,745,884)	-16.0%	6,723	5,386	(1,337)	-19.9%
Receivership Funding	250,000,000	200,000,000	(50,000,000)	-20.0%				
<b>Operating Budget (w/o OIG)</b>	<b>\$2,972,367,258</b>	<b>\$2,485,621,374</b>	<b>(\$486,745,884)</b>	<b>-16.4%</b>	<b>6,723</b>	<b>5,386</b>	<b>(1,337)</b>	<b>-19.9%</b>
Office of Inspector General (OIG) *	53,324,000	47,375,000	(5,949,000)	-11.2%	153	130	(23)	-15.0%
<b>Total (w/ OIG)</b>	<b>\$3,025,691,258</b>	<b>\$2,532,996,374</b>	<b>(\$492,694,884)</b>	<b>-16.3%</b>	<b>6,876</b>	<b>5,516</b>	<b>(1,360)</b>	<b>-19.8%</b>

\*OIG is appropriated by Congress and funded by the Deposit Insurance Fund (DIF). Calendar year estimates included for informational purposes only.

The decreases primarily reflect savings from 2025 workforce restructuring efforts. In the first half of 2025, the FDIC conducted a rigorous review of the FDIC's organization structure to identify areas where the workforce could be streamlined without sacrificing the agency's ability to fulfill its mission. Following that review, the FDIC reduced authorized staffing levels by 1,272 positions, resulting in significant savings in 2026. In addition, the FDIC has also achieved meaningful savings through implementation of various other operational efficiencies across the Corporation. The proposed budget continues to provide staffing and funding necessary to effectively execute the FDIC's supervision, insurance and resolution readiness functions to maintain stability and public confidence in the nation's financial system.<sup>2</sup>

<sup>1</sup> The requested approval encompasses the proposed budgets by major expense category shown in Exhibit 1, attached, and the proposed individual division and office budgets and staffing authorizations shown in Exhibits 2-5, also attached.

<sup>2</sup> Resources in the Proposed 2026 Operating Budget are shown by major business line in Exhibit 6, attached.

## BACKGROUND

### *Structure of the FDIC Operating Budget*

The FDIC's annual Operating Budget is composed of three separate and distinct components: Ongoing Operations, Receivership Funding, and the OIG budget. Funds approved for one budget component cannot be reallocated to another component.

- The Ongoing Operations component includes funding for the more stable operational costs of the FDIC's supervision and insurance programs, corporate administration and support, and costs for core resolution and receivership management services that are necessary to maintain readiness and incurred regardless of failure activity.
- The Receivership Funding component includes funding for supplemental resources to address the failure or near-failure of FDIC-insured institutions and the management of receiverships established in connection with those failures.<sup>3</sup> Actual Receivership Funding expenses vary significantly from year to year, depending on the failure resolution workload.
- The OIG component includes funding for all operational costs of the OIG and is determined through the congressional appropriations process.

### *2026 Workload Analysis and Projections*

The FDIC's proposed annual operating budget and staffing authorizations are based on an analysis of projected workload associated with each of the FDIC's major ongoing mission responsibilities.

Long-term industry consolidation continues to reduce the number of institutions examined by the FDIC each year for risk management and consumer protection. Efficiencies from consolidation are partially offset by continued growth in total assets at supervised institutions.

The primary drivers of the FDIC's resolution and receivership management workload are the number and complexity of both failures and near-failures<sup>4</sup> of FDIC-insured institutions, the number of active receiverships managed by the FDIC, and the remaining post-failure workload for those receiverships. In 2026, the FDIC expects a continuing decrease in residual receivership management workload from the three large regional bank failures that occurred in 2023. The FDIC does not currently foresee substantial failure activity in 2026 but such expectations are always subject to considerable uncertainty and the proposed budget provides resources needed to respond quickly should an unexpected surge in failure activity occur.

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<sup>3</sup> Expenses for the salaries and benefits of permanent staff associated with the FDIC's receivership management business line and for the maintenance of other base resolution and receivership management capabilities, such as information systems development and maintenance and readiness-related contractor support, are funded from the Ongoing Operations component of the budget, because they would be incurred regardless of whether any failures actually occurred.

<sup>4</sup> In order to facilitate timely resolutions, the FDIC can expend considerable effort preparing for a bank failure that ultimately does not occur.

## OVERVIEW OF THE PROPOSED 2026 OPERATING BUDGET

### Ongoing Operations

The proposed 2026 Ongoing Operations budget is approximately \$436.7 million (16.0 percent) lower than the 2025 Board-approved budget, with reductions in every major expense category (Table 2).

**Table 2: Proposed 2026 Ongoing Operations Budget**

Major Expense Category	2025 Budget	Proposed 2026 Budget	Change from 2025	
			\$	%
Salaries & Compensation	\$1,822,046,226	\$1,497,384,690	(\$324,661,536)	-17.8%
Outside Services - Personnel	458,188,641	376,926,212	(81,262,429)	-17.7%
Travel	74,078,797	67,595,813	(6,482,984)	-8.8%
Buildings & Leased Space	152,976,091	143,257,014	(9,719,077)	-6.4%
Equipment	179,350,652	177,463,921	(1,886,731)	-1.1%
Outside Services - Other	18,982,751	12,412,133	(6,570,618)	-34.6%
Other Expenses	16,744,100	10,581,591	(6,162,509)	-36.8%
<b>Total</b>	<b>\$2,722,367,258</b>	<b>\$2,285,621,374</b>	<b>(\$436,745,884)</b>	<b>-16.0%</b>

- Approximately three quarters of the proposed reduction is in the Salaries & Compensation category, driven by an 18.7 percent reduction in the number of authorized positions budgeted in the Ongoing Operations component.
- Proposed 2026 budgets in the Outside Services–Personnel and Outside Services–Other categories were baselined to estimated mission-critical expenditures in 2025. Reduced budgets in these categories also reflect the elimination of non-essential spending through the cancellation or de-scoping of contracts. To address unanticipated business requirements that might arise during the year, the Outside Services–Personnel category includes a Corporate Unassigned contingency reserve of \$20 million, reduced from the \$30 million reserve included in the approved 2025 budget.
- The proposed 2026 Travel budget reflects continued savings from the elimination of non-essential travel activity, but retains funding for travel that directly supports successful operations of our core functions that cannot be postponed or conducted through other means.
- In the Buildings & Leased Space category, funding is provided for the relocation of the New York Regional Office (after the landlord chose not to renew the prior lease) and for air handler, electrical equipment, and switchgear replacement at owned headquarters buildings.
- The proposed Equipment budget includes funding for a scheduled refresh of information technology (IT) hardware in 2026.
- The decrease in the Other Expenses budget is largely driven by 2026 staffing reductions, as certain per-employee training costs are budgeted in this category.

The proposed 2026 Ongoing Operations budget includes roughly \$27.9 million related to improving the FDIC’s workforce culture and ensuring accountability for misconduct. This will fund intake,

investigation and resolution of interpersonal misconduct and Equal Employment Opportunity (EEO) cases, as well as anti-harassment and EEO training.

The proposed budget also includes \$49.5 million for the FDIC’s multi-year IT modernization program, principally in the Outside Services and Equipment categories, focused on strengthening IT security, developing AI capabilities, migrating to modern cloud platforms, and improving data governance.

### *Receivership Funding*

The proposed 2026 Receivership Funding budget represents a decrease of \$50 million (20.0 percent) from the 2025 Board-approved budget, with reductions in most major expense categories (Table 3).

**Table 3: Proposed 2026 Receivership Funding Budget**

Major Expense Category	2025 Budget	Proposed 2026 Budget	Change from 2025	
			\$	%
Salaries & Compensation	\$32,299,905	\$2,182,351	(\$30,117,554)	-93.2%
Outside Services - Personnel	194,473,855	173,832,593	(20,641,262)	-10.6%
Travel	2,919,402	927,508	(1,991,894)	-68.2%
Buildings & Leased Space	872,800	504,000	(368,800)	-42.3%
Equipment	16,865,465	12,742,444	(4,123,021)	-24.4%
Outside Services - Other	430,143	394,846	(35,297)	-8.2%
Other Expenses	2,138,430	9,416,258	7,277,828	340.3%
<b>Total</b>	<b>\$250,000,000</b>	<b>\$200,000,000</b>	<b>(\$50,000,000)</b>	<b>-20.0%</b>

The decrease reflects a continued decline in residual receivership management workload, and is largely driven by lower Salaries & Compensation costs due to the elimination of 99 non-permanent authorized positions established to support receivership management workload related to the three regional bank failures in 2023. The increase in Other Expenses reflects projected failure resolution settlement expenses related to previous and prospective bank failures.

A Corporate Unassigned contingency reserve of \$29.2 million, reduced from the \$41.8 million reserve included in the approved 2025 budget, is included in the Receivership Funding budget component to ensure that the FDIC has the resources to respond quickly to an unexpected increase in new bank failure activity. The amount of that reserve is based on the funding required to bring the proposed Receivership Funding budget up to a total of \$200 million after accounting for the estimated 2026 budget requirements submitted by individual divisions and offices.

### *OIG Budget*

As noted previously, the OIG budget component is provided for informational purposes only since it is separately appropriated in an amount determined by Congress and is not subject to Board approval. The decrease in the OIG budget component of \$5.9 million (11.2 percent) primarily reflects the reduced cost of employee pay and benefits due to the elimination of 23 positions under workforce restructuring.

## **OVERVIEW OF PROPOSED 2026 STAFFING AUTHORIZATIONS**

The proposed 2026 Staffing Authorizations (Table 4) represent a 19.9 percent decrease from 2025 Board-approved levels (excluding OIG), reflecting elimination of 1,337 positions (1,114 permanent and

223 non-permanent). The reduction is composed of 1,272 positions (excluding OIG) reduced through workforce optimization in 2025 and an additional reduction of 65 risk examiner positions proposed for 2026 due to changes to the FDIC's Continuous Examination Process (CEP) and industry consolidation.

**Table 4: Proposed 2026 Authorized Staffing**

Organization	Original 2025			Proposed 2026			Difference			
	Perm	Non-Perm	Total	Perm	Non-Perm	Total	Perm	Non-Perm	Total	%
Major Program Divisions	4,581	260	4,841	3,851	88	3,939	(730)	(172)	(902)	-18.6%
Risk Management Supervision	2,636	160	2,796	2,280	88	2,368	(356)	(72)	(428)	-15.3%
Depositor and Consumer Protection	918	9	927	712	0	712	(206)	(9)	(215)	-23.2%
Complex Institution Supervision and Resolution	376	3	379	318	0	318	(58)	(3)	(61)	-16.1%
Resolutions and Receiverships	426	88	514	368	0	368	(58)	(88)	(146)	-28.4%
Insurance and Research	225	0	225	173	0	173	(52)	0	(52)	-23.1%
Corporate Support Organizations	1,664	83	1,747	1,333	33	1,366	(331)	(50)	(381)	-21.8%
Executive Support Offices	103	1	104	53	0	53	(50)	(1)	(51)	-49.0%
Executive Offices	31	0	31	28	0	28	(3)	0	(3)	-9.7%
<b>Subtotal w/o OIG</b>	<b>6,379</b>	<b>344</b>	<b>6,723</b>	<b>5,265</b>	<b>121</b>	<b>5,386</b>	<b>(1,114)</b>	<b>(223)</b>	<b>(1,337)</b>	<b>-19.9%</b>
Office of Inspector General	153	0	153	130	0	130	(23)	0	(23)	-15.0%
<b>Total FDIC</b>	<b>6,532</b>	<b>344</b>	<b>6,876</b>	<b>5,395</b>	<b>121</b>	<b>5,516</b>	<b>(1,137)</b>	<b>(223)</b>	<b>(1,360)</b>	<b>-19.8%</b>

As noted above, workforce optimization involved a rigorous review of the FDIC's organization structure to identify positions that could be eliminated while still enabling the FDIC to successfully perform its core mission. Among other objectives, the reduction emphasized right-sizing the workforce in line with eliminating executive and managerial positions, reducing administrative and support staff positions, and decreasing resources devoted to functions ancillary to the FDIC's core mission.

Authorized examiner staffing proposed for 2026 includes 1,506 risk examiner and 378 compliance examiner positions, reflecting a decrease of 227 risk examiners (down 13.1 percent) and 101 compliance examiners (down 21.1 percent). The proposed number of examiners will enable the FDIC to continue to fully meet its statutory requirements to conduct full scope examinations in 2025 and beyond. The reduction in risk examiners includes positions that were eliminated in 2025 due to the government-wide Deferred Resignation Program and certain vacancies (the FDIC did not make any further cuts to risk examiner positions as part of workforce optimization) and reflects the continuing decline in the number of supervised institutions. The FDIC has further proposed reductions for 2026 due to changes the FDIC made to its CEP program, which will involve fewer targeted reviews and fewer dedicated examiners at institutions with between \$10 billion and \$30 billion in assets. With respect to consumer compliance supervision, as part of its workforce optimization, the FDIC reduced examination frequency for most institutions with between \$350 million and \$3 billion in assets, with a concomitant reduction in compliance examiner staffing requirements.

## PROJECTED 2026 INVESTMENT SPENDING

The FDIC has an Investment Budget that supports major projects and is distinct from the annual operating budget. Under the Investment Budget, the Board separately approves funding for individual projects with total projected costs of \$10 million or more. Approved investment funding remains available on a multi-year basis and is accompanied by enhanced controls and governance requirements because of the inherently higher execution risk that has historically characterized these projects. Investment Budget authority approved for an individual project may not be reallocated to other projects, and any unused budget authority for a project expires when the project is completed.

The FDIC has a long-standing Capital Investment Review Committee of senior executives which monitors the progress of approved investment projects and reports on them quarterly to the Board.

The Investment Budget currently funds four IT investment projects: the Risk Management Supervision Business Process Modernization project, the Acquisition System - Next Generation project, the Cloud Infrastructure Migration project, and the Treasury Integrated Platform project.

### **OVERVIEW OF ATTACHED EXHIBITS**

Additional detail is provided in the budget and staffing exhibits accompanying this case:

- Exhibit 1 - Proposed 2026 FDIC Operating Budget by major expense category.
- Exhibit 2 - Proposed 2026 FDIC Operating Budget by division and office.
- Exhibit 3 - Proposed 2026 Ongoing Operations Budget by division and office.
- Exhibit 4 - Proposed 2026 Receivership Funding Budget by division and office.
- Exhibit 5 - Proposed 2026 Staffing Authorizations for each division and office.
- Exhibit 6 - Projected 2026 allocation of the proposed budget by major program.

Also attached is the proposed 2026 Budget Resolution reflecting the budget and staffing authorizations outlined above.

### **CONTACT INFORMATION**

If you have questions or need additional information, please contact Bob Nolan, Deputy Director, Division of Finance.

Attachments