FDIC Federal Deposit Insurance Corporation

MEMO

TO: Board of Directors

FROM: Bret D. Edwards
Deputy to the Chairman and Chief Financial Officer

DATE: December 13, 2021

RE: Proposed 2022 FDIC Operating Budget

Proposal

This memorandum requests that the Board of Directors approve the proposed 2022 FDIC Operating Budget totaling $2,262,339,427. The proposed budget includes $2,140,363,081 for ongoing operations, $75,000,000 for receivership funding, and $46,976,346 for the Office of the Inspector General (OIG). The total proposed operating budget is $16,208,464 (0.7 percent) lower than the 2021 FDIC Operating Budget, largely due to the elimination of the increased contingency reserves approved by the Board for 2021 to ensure the FDIC's readiness to be able to respond quickly to potential supervisory or resolutions issues related to the ongoing pandemic. The proposed budget for ongoing operations is $81,727,927 (4.0 percent) higher than in 2021, the proposed receivership funding budget is $100,000,000 (57.1 percent) lower than in 2021, and the OIG budget is $2,063,609 (4.6 percent) higher than in 2021.

Approval is also requested for a total authorized 2022 staffing level of 5,897 full-time equivalent (FTE) positions (5,844 permanent, 53 non-permanent), a net increase of 44 positions from the currently-authorized 2021 staffing level of 5,853 positions (5,791 permanent, 62 non-permanent).[1]

Background

Structure of the FDIC Operating Budget

The FDIC's proposed annual operating budget is composed of three separate and distinct components: ongoing operations, receivership funding, and the OIG budget. Funds approved for each individual budget component cannot be reprogrammed from one budget component to another component. The segregation of annual operating expenditures into these three components facilitates more effective cost management by isolating the FDIC's more stable ongoing operational expenses from the potentially highly variable annual expenses associated with bank closings and subsequent receivership management activities. It also reflects the separate appropriations process applicable to the OIG.[2]

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[1]The requested approval encompasses the proposed individual division and office staffing authorizations shown in Exhibit 5.

[2]The references in this case to the OIG budget are for informational purposes only, since the OIG budget is separately appropriated by the Congress and is not subject to Board review and approval.

The receivership funding component provides funding for expenses incurred in connection with the failure or near failure of FDIC-insured institutions and the management of receiverships established in connection with those failures.[3] The separation of the receivership funding component is an acknowledgement that the number of failures and the expenses associated with those failures in any given year are to a large extent outside of the control of the FDIC and that the actual expenses incurred for resolutions and receivership management activities may, therefore, vary considerably from the estimates made during the annual planning and budget process. From 2010 through 2020, annual receivership funding expenses have ranged from a high of $2.0 billion to a low of $41 million. The FDIC recovers most receivership funding expenditures through the billing of failed institution receiverships for FDIC-provided services, although these recoveries are largely offset by reductions in recoveries on subrogated claims.

2022 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. These include the FDIC's risk management and consumer protection supervision programs, its resolution and receivership management program, its large bank resolution planning responsibilities, and its deposit insurance and research programs.

The Corporation's supervisory and resolutions/receivership management workloads are generally a reflection of economic conditions within the banking industry. Since the onset of the pandemic in March 2020, there have thus far been limited apparent impacts on the financial condition of individual FDIC-supervised institutions or the broader banking industry, but there continues to be considerable uncertainty about the potential economic stresses on insured depository institutions (IDIs) that might yet result from the pandemic. The FDIC plans to continue in 2022 the heightened monitoring programs and testing of contingency operating strategies that were implemented at the onset of the pandemic to ensure that it is prepared to respond quickly to any emerging problems.

The FDIC's risk management supervision workload varies primarily based upon the number, size, and complexity of the institutions it supervises. The number of FDIC-supervised institutions has declined each year for more than three decades. As of October 31, 2021, there were 3,165 insured depository institutions (IDIs) with approximately $4.13 trillion in assets for which the FDIC was the primary Federal regulator (including 60 with more than $10 billion in assets). Since the beginning of 2021, the number of FDIC-supervised institutions with more than $10 billion in assets has increased from 54 to 60, but the total number of FDIC-supervised IDIs has declined by 63. There are also 1,730 IDIs with approximately $19.05 trillion in assets for which the FDIC is not the primary Federal supervisor, but has back-up supervisory responsibilities as insurer. This compares to 1,781 IDIs with $18.03 trillion in assets at the start of 2021. The trend toward fewer but larger FDIC-insured and supervised institutions is expected to persist into the future.

[3]Expenses for the salaries and benefits of permanent staff associated with the FDIC's receivership management business line (primarily in the Division of Resolutions and Receiverships and the Legal Division) and for the maintenance of other base resolution and receivership management capabilities, such as fixed vendor costs and information systems development and maintenance costs, are funded from the ongoing operations component of the budget, because they would be incurred regardless of whether any failures actually occurred.

The FDIC's risk management supervision workload is also a function of the number of institutions with composite CAMELS (risk management) ratings of 3, 4, and 5. The length and frequency of risk management examinations and the extent of ongoing supervisory contacts increase substantially for institutions with ratings of 3, 4, and 5. As of October 31, 2021, there were 120 IDIs with total assets of approximately $61 billion and composite CAMELS rating of 3, 4, and 5, down from 143 institutions with approximately $88 billion in assets at the beginning of 2021. Only a small number of downgrades in composite CAMELS ratings have occurred thus far this year, in spite of the FDIC's increased attention to the possible impact of the pandemic on the financial condition of FDIC-supervised institutions.

Based on the reduction in the number of FDIC-supervised institutions and the expected continuation in 2022 of this favorable risk profile of FDIC-supervised institutions, the number of risk management (safety and soundness) examinations conducted by the FDIC is expected to decline by 6.0 percent, from 1,402 in 2021 to 1,318 in 2022. The FDIC's compliance and Community Reinvestment Act (CRA) supervisory workload is also expected to decline next year. The number of compliance and fair lending examinations is projected to decline by 7.3 percent, from 1,171 in 2021 to 1,085 in 2022, with no material change in the number of institutions with unfavorable ratings.[4]

The primary drivers of the FDIC's resolutions and receivership management workload are the number and complexity of both failures and near-failures of FDIC-insured institutions,[5] the number of active receiverships being managed by the FDIC, and the amount of post-failure workload remaining for those receiverships. During 2021, no insured financial institutions have failed, and residual workload from prior-year failures has steadily declined. As of October 31, 2021, there were 196 active receiverships, approximately $206 million (book value) of assets in liquidation, and only one remaining loss share agreement being managed by the FDIC, all down from the beginning of the year. A further decline in that residual workload is projected in 2022, but resolution readiness capabilities will continue to be maintained to ensure that the FDIC is able to respond to any insured institution failures that occur.

Highlights of the Proposed 2022 Operating Budget

Overview of the Proposed 2022 Budget by Component

As noted above, the proposed 2022 FDIC Operating Budget totals $2,262,339,427, including $2,140,363,081 for ongoing operations, $75,000,000 for receivership funding, and $46,976,346 for the OIG. This represents an increase of $81,727,927 (4.0 percent) in the ongoing operations budget component, a decrease of $100,000,000 (57.1 percent) in the receivership funding budget component, and an increase of $2,063,609 (4.6 percent) in the budget for the Office of Inspector General.

The increase in the ongoing operations budget results from several factors: increases in pay and benefit costs, increases in authorized staffing in selected organizations, higher information technology (IT) costs for continuing operations, and initiation of a planned multi-year nationwide facilities modernization effort. These increased costs are partially offset by the proposed elimination of the $40 million increase in the ongoing operations contingency reserve adopted in 2021 to ensure the FDIC's readiness to respond quickly to any sudden emergence of pandemic-related supervisory

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[4]The projected number of compliance and CRA examinations to be conducted annually is based largely on the number of institutions supervised by the FDIC. Compliance and CRA ratings have only a limited impact on this workload.
[5]The FDIC can expend considerable effort preparing for a bank failure that ultimately does not occur.

concerns at FDIC-supervised institutions.[6] Although that additional funding is not proposed for 2022, a $25 million Corporate Unassigned contingency reserve is included in the proposed ongoing operations budget.

Consistent with the FDIC's practice for the past two decades, the Deputy to the Chairman and Chief Financial Officer (CFO) will administer the contingency reserve to address unanticipated budget requirements that emerge during the year in accordance with the following procedures:[7]

1) Prior to approving an allocation from the Corporate Unassigned contingency reserve that would increase any organization's total budget above the total budget authority originally approved by the Board for that organization, the CFO will provide advance written notice (usually by e-mail) to Board members and their deputies.
2) Any Board member may, within 10 business days of such notice, request that implementation of the proposed allocation be delayed pending further discussion or the provision of additional supporting information. If a Board member makes such a request, the CFO will act promptly to schedule a requested meeting or provide the requested information and will work diligently to resolve the Board member's concerns.
3) If no Board member makes such a request or if a Board member subsequently notifies the CFO that his/her identified concerns have been satisfactorily resolved, the CFO may proceed with approval of the proposed allocation.
4) If the Board member's concerns are not satisfactorily resolved or if the Board member believes the matter is of such consequence as requiring Board attention, the Board member may require that the proposed allocation be considered by the Board and subject to a Board vote.
5) The CFO will continue to report to the Board on a quarterly basis on allocations of budget authority from the Corporate Unassigned contingency reserve.

The decrease in the receivership funding budget is entirely attributable to the proposed elimination of the $100 million contingency reserve established in that component for 2021 to ensure the FDIC's readiness to respond quickly to any potential increase in pandemic-related bank failure activity. A

[6] The 2021 ongoing operations budget approved by the Board included a $70 million Corporate Unassigned contingency reserve, but that reserve was administered in practice as two separate and distinct reserves: (1) a $30 million reserve, in accordance with established practice, to address unanticipated funding requirements that emerged during the year; and (2) an additional $40 million supplementary reserve to permit substantial additional resources to be deployed quickly, if necessary, to respond to any sudden emergence of pandemic-related supervisory concerns at FDIC-supervised institutions. The $40 million supplementary reserve was entirely unused during 2021 and is proposed for elimination in 2022. In response to multiple requests for additional resources submitted by FDIC divisions and offices during 2021, the CFO approved the allocation of approximately $23 million of the regular $30 million reserve, leaving approximately $7 million unspent. Exhibit 3 shows a current 2021 Corporate Unassigned budget of $47 million, composed of the unspent $40 million supplementary reserve and the unallocated $7 million that remains in the regular $30 million contingency reserve.

[7] An ongoing operations contingency reserve has been included in the FDIC's annual operating budgets for two decades. The size of that reserve has varied from year to year, based on the extent to which potential unbudgeted funding requirements had been identified at the time the budget is submitted to the Board for approval. For example, at the time the 2021 budget was approved, the FDIC and NTEU had agreed on the implementation of a Pay Adjustment Program in 2021, but the extent of the impact of that initiative on the 2021 Salaries and Compensation budget was unknown. A somewhat larger contingency reserve was, therefore, proposed for 2021 to cover that potential requirement. The size of the contingency reserve included in the ongoing operations budget has ranged from $12.5 million to $30 million annually over the past 10 years, with a $25 million contingency reserve approved for five of those 10 years.

Corporate Unassigned contingency reserve is included in that budget component solely for the purpose of bringing the proposed receivership budget up to a total of $75 million after accounting for the estimated funding requirements submitted by individual divisions and offices.

As noted previously, the separate OIG budget component is provided for informational purposes only since the OIG budget is separately appropriated by the Congress and is not subject to Board approval.[8] The increase in the OIG budget component primarily reflects a $2.7 million (7.3 percent) increase in the Salaries and Compensation major expense category, reflecting the increased cost of pay and benefits and planned hiring to fill authorized vacancies.

Overview of the Proposed 2022 Budget by Major Expense Category

Overall, the proposed 2022 FDIC Operating Budget is $16,208,464 (0.7 percent) lower than the 2021 budget. Exhibit 1 itemizes the proposed budget by major expense category.

- The proposed 2022 Salaries and Compensation budget is $1,421,891,212, which is $28,468,378 (2.0 percent) higher than the 2021 Salaries and Compensation budget. The proposed increase is attributable both to approved 2022 salary increases for FDIC employees and increased staffing authorizations for certain organizations, as discussed below. The Salaries and Compensation expense category represents 62.4 percent of the total proposed 2022 FDIC Operating Budget (excluding the OIG) and 64.6 percent of the ongoing operations budget component. The Salaries and Compensation expense category represents only 0.7 percent of the receivership funding budget component, since no temporary staffing is projected to be needed to address resolutions and receivership management workload in 2022.

- The proposed 2022 Outside Services-Personnel budget (for contractor-provided services) is $442,170,347, which is $106,777,087 (19.5 percent) lower than the 2021 budget. This decrease is due primarily to the elimination of the pandemic-related ongoing operations and receivership funding contingency reserves established for 2021. These decreases are partially offset by increased funding for IT continuing operations and the multi-year IT modernization initiative. The budget for contract services decreases by $8,966,317 (2.4 percent) from 2021 to 2022 in the ongoing operations budget component and $97.5 million (57.8 percent) in the receivership funding budget component. The Outside Services-Personnel expense category constitutes about 19.8 percent of the total proposed 2022 FDIC Operating Budget (excluding the OIG); 17.2 percent of the ongoing operations budget component; and 94.8 percent of the receivership funding budget component.

- The proposed 2022 Travel budget is $66,044,303, up $2,463,785 (3.9 percent) from 2021, largely reflecting projected inflation in travel costs. As with the 2021 budget, the proposed 2022 budget is based on the assumption that travel will return to pre-pandemic levels after the first quarter of the year. The Travel expense category represents about 2.9 percent of the proposed 2022 FDIC Operating Budget (excluding the OIG); 3.0 percent of the ongoing

[8] OIG funding is appropriated on the fiscal year basis applicable to the rest of the Federal Government (October-September). Consistent with the practice in past years, 75 percent of the OIG's proposed 2022 FDIC budget is based on its FY 2022 appropriation request pending approval by the Congress, and 25 percent is based upon its proposed FY 2023 appropriation request currently under review by the U.S. Office of Management and Budget. The OIG has requested that a portion of its proposed FY 2023 appropriation be made available on a two-year basis.

operations budget component; and 0.6 percent of the receivership funding budget component.

- The proposed 2022 Buildings and Leased Space budget is $158,850,545, up $45,006,216 (39.5 percent) from 2021, due largely to the start of a planned multi-year nationwide Facilities Modernization Initiative. This reflects a proposed increase in spending for capital improvements to maintain the FDIC's investment in the buildings it owns in the Washington, DC, and San Francisco areas and planned office construction and related activities in leased regional and field office facilities. The cost of this multi-year initiative will be more than offset by decreases in future leased space costs resulting from the elimination of leased space requirements in the Washington, DC, area and smaller office footprints in regional and field offices. This initiative will also facilitate improved design of work spaces and enhance collaboration capabilities to support a post-pandemic hybrid workforce. The Buildings and Leased Space expense category represents about 7.2 percent of the proposed 2022 FDIC Operating Budget (excluding the OIG), 7.4 percent of the ongoing operations budget component; and 0.2 percent of the receivership funding budget component. These costs will decrease to a lower, more stable baseline after the multi-year Facilities Modernization Initiative is completed and a long-term facilities management plan now being developed is implemented.

- The proposed 2022 Equipment budget is $138,463,408, up $14,058,692 (11.3 percent) from 2021. This increase is driven largely by an estimated increase of $16.7 million to be spent on furniture, fixtures, and equipment (FF&E) in 2022 in conjunction with the nationwide facilities modernization effort. The increase in projected 2022 FF&E expenses is offset to a limited extent by lower projected expenses for digital library subscriptions, large hardware installations, and other accounts within this major expense category. The Equipment expense category represents about 6.2 percent of the proposed 2022 FDIC Operating Budget (excluding the OIG); 6.3 percent of the ongoing operations budget component; and 2.0 percent of the receivership funding budget component. These costs will decrease to the lower historical baseline after the multi-year Facilities Modernization Initiative is completed.

- The proposed 2022 Outside Services-Other budget is $18,462,313, up $594,984 (3.3 percent) from 2021 due primarily to increases for projected inflation. The Outside Services-Other expense category represents about 0.8 percent of the proposed 2022 FDIC Operating Budget (excluding the OIG); 0.9 percent of the ongoing operations budget component; and 0.2 percent of the receivership funding budget component.

- The proposed 2022 Other Expenses budget is $16,457,299, down $23,432 (0.1 percent) from 2021. The Other Expenses category represents about 0.7 percent of the proposed 2022 FDIC Operating Budget (excluding the OIG); 0.7 percent of the ongoing operations budget component; and 1.4 percent of the receivership funding budget component.

Highlights of Proposed 2022 Staffing Authorizations

The proposed 2022 FDIC Operating Budget includes a total authorized staffing level of 5,897 full-time equivalent (FTE) positions (5,844 permanent, 53 non-permanent), as shown in Exhibit 5. This represents a net increase of 44 positions, or 0.8 percent, from the current 2021 authorized staffing level.

The proposed increase in authorized permanent staffing reflects individual division and office assessments of their projected workload in 2022 and future years. Most of the proposed new positions support the FDIC's supervision responsibilities. They include increases of 34 positions (net) for the Division of Risk Management Supervision (RMS) (38 permanent, -4 non-permanent); ten positions (net) for the Division of Complex Institution Supervision & Resolution (CISR) (9 permanent, 1 non-permanent); three permanent positions for FDITECH; two positions (net) for the Division of Depositor & Consumer Protection (DCP) (+4 permanent, -2 non-permanent); two permanent positions for the Office of Communications; and one permanent position for the Division of Administration (DOA). Partially offsetting these increases are net reductions of six positions for the Legal Division (-7 permanent, +1 non-permanent) and two positions in the Office of the Inspector General (OIG) (+3 permanent, -5 non-permanent).

Authorized 2022 field examination staffing in RMS is proposed to increase to 1,523 positions (1,519 permanent, 4 non-permanent), a net increase of 22 positions from 2021, all for large bank supervisory work. This includes 1,111 permanent positions to perform community bank supervision responsibilities (unchanged from 2021); 389 FTE positions (385 permanent, 4 non-permanent) to perform supervision responsibilities for FDIC-supervised large banks (an increase of 24 permanent positions, partially offset by a decrease of two non-permanent positions); and 23 information technology (IT) examiner and specialist positions (unchanged from 2021). These additional positions are needed to address heightened risk profiles at certain large banks supervised by the FDIC and an increase in the total number of FDIC-supervised institutions with more than $10 billion in assets. Authorized 2022 field examination staffing in DCP is proposed to remain level with 2021 at 434 positions.[9]

Proposed 2022 Funding for IT Modernization and Innovation

The 2022 budget proposal includes $45 million to support one-time IT projects/initiatives to be pursued during Year 3 of the multi-year IT Modernization Program. This is an increase of $3.3 million over the 2021 funding allocated for that purpose. The funds will be used in 2022 primarily to complete modernization projects begun in 2021 and to begin building the target foundational cloud infrastructure for critical FDIC applications, data, and security. During 2022 and 2023, the FDIC plans to migrate most of its mission-essential business applications to that new cloud infrastructure or to other modern software platforms. This will allow the phase-out or substantial downsizing of the on-premises Data Center and the Back-up Data Center in 2024, which will permit the Corporation to begin

[9]The FDIC currently has on board a substantial number of examination staff in excess of authorized examination staffing levels. The Board case for the proposed 2021 budget noted that the additional resources were planned to be used as contingent resources to mitigate the longer times required to conduct examinations offsite and to ensure that the FDIC had on-board immediately available resources to address any sudden increase in examination workload resulting from the economic impact of the pandemic. That case noted that those additional resources would be reduced gradually to authorized staffing levels through attrition and reduced entry-level hiring in each division over a three-year period beginning in 2021. However, due to continued pandemic-related uncertainty about the future financial condition of FDIC-supervised institutions, the proposed 2022 budget recommends a pause in this phased reduction of on-board examination staff and includes funding for the salaries and benefits of approximately 140 examiner FTEs in RMS and 28 examiner FTEs in DCP in excess of the authorized 2022 examination staffing levels proposed for RMS and DCP. The phased reduction of examination staff to authorized examination staffing levels will resume in 2023, commensurate with projected economic conditions and supervision workload projections at that time.

substantially reducing the cost of continuing IT operations. Those costs have increased significantly over the past several years because the FDIC has had to maintain its legacy IT infrastructure while building out its target future IT infrastructure.

The 2022 budget also includes funding for the Division of Information Technology (DIT) to acquire contractual resources and begin detailed planning for a major, multi-year investment project to modernize the business processes and applications supporting risk management supervision; and to improve the FDIC's management of identity access and credentialing processes as the first step toward eventual compliance with government-wide Zero Trust security requirements.

The FDIC Tech Lab (FDITECH) was formally established in 2019 to enhance the FDIC's knowledge and understanding of new and emerging technologies, both externally within the banking sector and internally within the FDIC. Externally, FDITECH engages with other regulatory bodies (both domestic and foreign), banks, technology companies, and other private sector entities to foster responsible innovation and gain insights into how the evolving technology landscape will impact the banking sector and consumers in the future. Internally, FDITECH coordinates and partners with the Chief Information Officer and other divisions and offices to explore new technologies and, where appropriate, accelerate their adoption by the FDIC.

Following the appointment of the Chief Innovation Officer in early 2021, FDITECH's 2021 staffing authorization was increased from two to nine, and approximately $8.6 million in additional budget authority was allocated to FDITECH from the Corporate Unassigned contingency reserve to provide contractual and other support. The proposed budget increases FDITECH's 2022 staffing authorization by an additional three positions, to a total of 12 permanent positions. FDITECH is largely supported by FDIC employees that rotate through the lab on temporary assignments to work on specific topics or projects; however, a core of expert staff is necessary to provide operational continuity.

In partnership with the Chief Information Officer and multiple business divisions, 2022 funding will support several projects to enhance the FDIC's access to data and to improve its data management and analysis capabilities in support of the Corporation's core mission responsibilities. Planned projects would also explore new technologies that could present the FDIC with supervisory challenges in the future. The proposed 2022 FDITECH budget is $17.7 million, an increase of $1.4 million over the currently-approved 2021 budget, which will support these planned projects and the proposed increase in permanent FDITECH staffing. The proposed 2022 FDITECH budget constitutes less than one percent of the total proposed 2022 ongoing operations budget.

Proposed 2022 Funding for Facilities Modernization

The 2022 budget proposal includes nearly $79 million to begin a multi-year Facilities Modernization Initiative to address current and often long-deferred maintenance requirements at FDIC-owned buildings, address a large number of expiring regional and field office leases, and begin the transition toward more flexible and efficient office space configurations that will improve the design of employee work spaces for employees and increase collaboration capabilities at FDIC facilities to support a post-pandemic hybrid workforce. The Initiative will also greatly reduce total office space and future leasing costs both at Headquarters and in the field. These initiatives are driving an increase of $61.2 million over the 2021 budgets for the Buildings and Leased Space and Equipment expense categories in the ongoing operations budget component.

Approximately $24 million is proposed to address maintenance requirements in FDIC-owned buildings in the Washington, DC, metropolitan areas and the FDIC-owned San Francisco Regional Office building. Planned 2022 projects at FDIC-owned buildings in the Washington, DC, area will address current and deferred maintenance concerns and begin the consolidation and reconfiguration of space to support substantially expanded telework by Headquarters employees and contractors. In anticipation of being able to accommodate all Headquarters employees and contractors in FDIC-owned space in the future under new, post-pandemic telework policies, the FDIC allowed its lease for office space at the New York Avenue Building to expire earlier this year, and it plans to let the lease on the 3701 Building in Arlington, VA, expire when it ends in March 2025. The elimination of leased space in those buildings will save the FDIC almost $11 million annually in lease costs.

Another $35 million is proposed to construct and relocate to new office space in connection with expiring leases for the Atlanta and Dallas Regional Offices. The amount of leased space will be reduced by more than half in both offices, based on a survey of post-pandemic employee telework preferences. The cost of these two projects will be more than offset by reduced leasing costs over the life of the new leases.

Almost $20 million is proposed to begin a planned multi-year modernization of the FDIC field offices that house RMS and DCP examination staff. In 2022, 29 field offices will be renovated to meet post-pandemic hybrid workforce requirements. Some facilities may be relocated or consolidated as their leases expire, consistent with notice provided to staff in July 2021. Such decisions will be based on the limited number of staff assigned to an office or a decline in the number of banks overseen by the office, along with the relative costs of maintaining the lease, proximity to another office, and market dynamics relating to office leases. Remaining field offices will be modernized as leases expire in 2023 and future years. In most cases, modernization will be accompanied by a reduction in the total amount of leased space to align with current examination staffing authorizations, which have gradually declined over time. Future field office needs and space requirements will continue to be reassessed when leases expire, based on updated workload and staffing projections. As with the regional office projects, the cost of the field office modernization initiative will generally be offset by reduced leasing costs over the life of new, longer-term field office leases.

The proposed budget re-establishes the position of DOA Director. A Board resolution is also proposed to amend the corporate Bylaws to make the DOA Director an officer of the Corporation and requires that the position be filled within six months.

Projected 2022 Investment Budget Spending

The FDIC has an Investment Budget that is separate and distinct from the annual operating budget. Under the Investment Budget, the Board approves funding for major projects on an individual basis. This funding remains available on a multi-year basis, but is accompanied by enhanced controls and governance requirements because of the inherently higher execution risk that has historically characterized these projects. Funding is approved on an individual project basis and may not be reallocated among projects. Any unused budget authority for a project expires when it is completed. The Capital Investment Review Committee (CIRC) monitors the progress of approved IT investment projects and reports on them quarterly to the Board of Directors. The Investment Budget currently has two active investment projects: the Framework for Oversight of Compliance and CRA Activities User Suite (FOCUS) project and the Structure Information Management System (SIMS) Redesign project.

Overview of Attached Exhibits

The following is a summary of the exhibits accompanying this case:

- Exhibit 1 displays the proposed 2022 FDIC Operating Budget by major expense category.
- Exhibit 2 displays the proposed 2022 FDIC Operating Budget by division and office.
- Exhibit 3 displays the proposed 2022 budgets by division and office for the ongoing operations and OIG budget components.
- Exhibit 4 displays the proposed 2022 budgets by division and office for the receivership funding budget component.
- Exhibit 5 displays the proposed 2022 staffing authorizations (permanent and non-permanent) for each division and office.
- Exhibit 6 displays the projected allocation of the proposed budget by major program.

Also attached are the proposed 2022 Budget Resolution reflecting the budget and staffing authorizations outlined above and a separate proposed Board Resolution to amend the corporate Bylaws to designate the re-established DOA Director position as an officer of the Corporation.

Contact Information

If you have questions or need additional information, please contact Thomas E. Peddicord, Deputy Director, Division of Finance.

Attachments