

Note about the implementation of the OIG's 2025 budget

The OIG's budget represents the maximum amount that is authorized for particular purposes. It does not constitute an obligation to spend funds. Actual spending on budget items may be reduced or eliminated without formal amendment to the budget, and we have taken such steps in an effort to correspond with the Board of Governors of the Federal Reserve System's budget implementation process.




Office of Inspector General

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau

MEMORANDUM

DATE: December 5, 2024

TO: Board of Governors

FROM: Mark Bialek 
Inspector General

SUBJECT: 2025 Budget Request for the Office of Inspector General

Action Requested

The Office of Inspector General requests that the Board of Governors approve the following:

1. A total operating budget of \$62,498,415 for 2025, as shown in table 1, which represents a 5.6 percent increase from the 2024 forecast (and a 5.8 percent increase from the 2024 operating budget).
2. A single-year total capital budget of \$200,000 for 2025, as shown in table 1, to replace vehicles and forensic computer equipment for our Office of Investigations (OI).
3. An overrun not to exceed \$600,000 (1.0 percent) of the 2024 operating budget, as discussed in the 2024 Budget Performance section below.

Discussion

Our 2025 funding request will allow us to implement activities in support of our new strategic plan for 2024–2027, which includes goals to deliver results that promote agency excellence; promote a diverse, skilled, and engaged workforce and foster an inclusive, collaborative environment; optimize external stakeholder engagement; and advance organizational effectiveness and model a culture of continuous improvement.

This budget request was prepared in consultation with the Board's Division of Financial Management; however, we are submitting our request separately to the Board of Governors because of our independence. We have shared this request with the chief financial officers of the Board and the Consumer Financial Protection Bureau. We are providing a copy of this budget request to the CFPB director pursuant to section 6(g)(1) of the Inspector General Act of 1978 (5 U.S.C. § 406(g)(1)).

Table 1. Overview of the OIG's 2025 Budget

Parent Account	2024 budget	2024 forecast	2025 budget	Increase (decrease), 2024 forecast to 2025 budget		Increase (decrease), 2024 budget to 2025 budget	
				\$	%	\$	%
Personnel services	\$36,223,411	\$36,780,206	\$39,390,402	2,610,195	7.1	3,166,991	8.7
Goods and services	\$22,822,528	\$22,381,490	\$23,108,014	726,524	3.2	285,485	1.3
Total operating budget	\$59,045,939	\$59,161,696	\$62,498,415	3,336,719	5.6	3,452,476	5.8

Category	2024 budget	2024 forecast	2025 budget	Increase (decrease), 2024 forecast to 2025 budget		Increase (decrease), 2024 budget to 2025 budget	
				\$	%	\$	%
Equipment purchases and life cycle replacements	\$305,000	\$348,940	\$200,000	(148,940)	(42.7)	(105,000)	(34.4)
Building improvements	\$225,000	\$0	\$0	0	n.a.	(225,000)	(100.0)
Total single-year capital	\$530,000	\$348,940	\$200,000	(148,940)	(42.7)	(330,000)	(62.3)
Authorized positions	152	152	152	0	0.0	0	0.0

Note: Components may not sum to totals because of rounding.

n.a. not applicable.

In accordance with our statutory responsibilities, we provide independent oversight by conducting audits, evaluations, investigations, and other reviews relating to the programs and operations of the Board and the CFPB. We make recommendations to improve the economy, efficiency, and effectiveness of Board and CFPB programs and operations, and we prevent and detect fraud, waste, and abuse. We are a member of the Council of the Inspectors General on Integrity and Efficiency, which focuses on integrity, economy, and effectiveness issues that transcend individual government agencies and fosters a professional, well-trained, and highly skilled workforce across the inspector general community. We are also a member of the Council of Inspectors General on Financial Oversight, which focuses on concerns that apply to oversight of the broader financial sector and evaluates the Financial Stability Oversight Council. In addition, we are a member of the Pandemic Response Accountability Committee, which provides transparency into the federal government's COVID-19 pandemic response spending.

Operating Budget

Personnel Services

For 2025, our personnel services budget request is \$39,390,402, which is an increase of \$2,610,195 (7.1 percent) over our 2024 forecast (and \$3,166,991 [8.7 percent] over our 2024 budget). Our personnel services budget is expected to increase as the result of funding for the Board's 2025 compensation program for merit, promotions, market adjustments, and variable pay; rising retirement and healthcare costs, which have exceeded expectations, including for medical insurance premiums negotiated through the Office of Personnel Management; and a lower budgeted vacancy rate of 5.9 percent for 2025 (compared to a 9.0 percent vacancy rate forecast for 2024) to reflect recent employment trend data. This lower budgeted vacancy rate represents measured budget risk when considered against 2024 hiring and attrition trends.

Our total number of budgeted full-time equivalents (FTE) for 2025 is 146, which is an increase of 5 (3.5 percent) over the 2024 forecast (and 3 [2.1 percent] over our 2024 budget). Table 2 presents FTE for 2024 and 2025. As shown in Table 1, we are not requesting new authorized positions for 2025; the increase in FTE is because we expect our hiring for vacant positions will exceed attrition.

Table 2. OIG Full-Time Equivalents

	2024 budget	2024 forecast	2025 budget	Increase (decrease), 2024 forecast to 2025 budget		Increase (decrease), 2024 budget to 2025 budget	
				#	%	#	%
Total FTE	143	141	146	5	3.5	3	2.1

Note: Components may not sum to totals because of rounding.

Goods and Services

For 2025, our goods and services budget request is \$23,108,014, which is an increase of \$726,524 (3.2 percent) over our 2024 forecast (and \$285,485 [1.3 percent] over our 2024 budget). Our goods and services budget is expected to increase because of contract renewal escalations, new software programs, training cycles, and increased travel expenses.

Total

The 2025 total operating budget request is \$62,498,415, as shown in table 1.

Annually, we conduct an analysis to determine the allocation of work that will be attributed to the Board and to the CFPB. For 2025, we anticipate this allocation to be 66 percent Board and 34 percent CFPB. In 2025, we expect to receive \$21,188,424 in earned operating income from the CFPB, which is driven by the estimated 34 percent allocation of work focused on the CFPB and additional project-specific costs. The remaining funding of \$41,309,991 will be contributed by the Board.

In 2025, we estimate the collection from the CFPB to the Board will total approximately \$20.8 million. The collection includes the \$21.2 million contribution to our 2025 budget minus an estimated 2024 true-up of

\$0.3 million based on 2024 actual expenses and a review of final work allocations. The final collection will be calculated in spring 2025.

Capital Budget

For 2025, our single-year capital request is \$200,000. Of this total, \$150,000 will be used to replace three vehicles from our OI fleet because of their age and increased repair costs; these purchases were budgeted in 2024 but are likely to be received during the 2025 budget year.

The remaining \$50,000 of the capital budget request will be used to replace a forensic workstation for OI that was purchased in 2019 and has reached the end of its life cycle. The forensic workstation allows OI staff to rapidly load, triage, and analyze critical evidence from large datasets.

2024 Budget Performance

We request that the Board approve an overrun not to exceed 1.0 percent (\$600,000) of the 2024 operating budget.

We expect to exceed our 2024 operating budget by \$115,757 (0.2 percent); however, we are requesting a higher amount to accommodate unforeseen circumstances. Overruns are driven by higher-than-expected retirement and medical insurance costs and uncontrollable factors, such as 2024 leave usage assumptions, that drive accrued annual leave expenses. We have reviewed 2025 personnel cost assumptions to plan for continued higher costs in these areas. The forecast amounts in this memorandum are based on actual expenses incurred through August 2024, current staffing levels, approved personnel actions, and anticipated spending for the last 4 months of the year.

Closing

Our proposed budget will allow us to meet our statutory requirements and internal strategic initiatives. We continue to promote budget discipline while fulfilling the mission of our office. We will remain diligent in managing our resources, and we will inform the Board and the CFPB of any changes that significantly affect our operations.

In accordance with requirements of the Inspector General Reform Act, a summary statement regarding this budget request is included as attachment 1. A summary table of our proposed 2025 budget request is included as attachment 2. Please contact me if you have questions or wish to discuss this matter further.

Attachments

cc: Rohit Chopra, Director, Consumer Financial Protection Bureau
Pat McClanahan, Acting Chief Financial Officer, Board of Governors of the Federal Reserve System
Jafnar Gueye, Chief Financial Officer, Consumer Financial Protection Bureau

Attachment 1

Inspector General Summary Statement per the Inspector General Reform Act

Section 6(g)(1) of the Inspector General Act of 1978, 5 U.S.C. § 406(g)(1), requires certain specifications concerning OIG budget submissions each fiscal year.

In accordance with these requirements, we submit the following information related to our proposed 2025 budget:

- The OIG's proposed 2025 operating budget is \$62,498,415, excluding the earned operating income from the CFPB.
- The portion of the budget needed for OIG training-related costs during 2025 is \$468,831.
- The portion of the budget needed to support the operation of the Council of the Inspectors General on Integrity and Efficiency is \$155,881.

I certify as the inspector general for the Board and the CFPB that I believe the amount I have requested for training will satisfy all OIG training needs for calendar year 2025.

Attachment 2

Summary of the OIG's 2025 Budget Request

Budgeted summary account	2024 budget (in \$)	2024 forecast (in \$)	2025 budget request (in \$)	Increase (decrease), 2024 forecast to 2025 budget		Increase (decrease), 2024 budget to 2025 budget	
				\$	%	\$	%
Salaries	28,842,250	29,007,312	31,106,257	2,098,945	7.2	2,264,007	7.8
Outside agency help	252,178	242,307	258,221	15,914	6.6	6,043	2.4
Retirement, insurance, and benefits	7,128,984	7,530,587	8,025,924	495,336	6.6	896,940	12.6
Personnel services	36,223,411	36,780,206	39,390,402	2,610,195	7.1	3,166,991	8.7
Contractual services and professional fees	1,165,774	893,782	1,117,372	223,591	25.0	(48,401)	(4.2)
Rentals	26,787	26,266	25,715	(551)	(2.1)	(1,072)	(4.0)
Data, news, and research	100,116	113,270	106,176	(7,094)	(6.3)	6,060	6.1
Software	317,638	279,192	431,038	151,847	54.4	113,401	35.7
Furniture, equipment, postage, and supplies	343,224	371,716	281,038	(90,678)	(24.4)	(62,186)	(18.1)
Repairs and maintenance	98,605	87,893	105,614	17,722	20.2	7,010	7.1
Utilities	189,073	180,895	161,395	(19,500)	(10.8)	(27,678)	(14.6)
Travel	735,719	601,130	787,202	186,072	31.0	51,483	7.0
Other expenses	628,002	630,965	726,865	95,899	15.2	98,862	15.7
Depreciation/amortization	187,592	166,382	155,710	(10,672)	(6.4)	(31,882)	(17.0)
Support and overhead	19,030,000	19,030,000	19,209,890	179,890	0.9	179,890	0.9
Goods and services	22,822,528	22,381,490	23,108,014	726,524	3.2	285,485	1.3
Total operating budget	59,045,939	59,161,696	62,498,415	3,336,719	5.6	3,452,476	5.8
Operating income	(20,075,619)	(20,204,020)	(21,188,424)	(984,404)	4.9	(1,112,805)	5.5
Estimated operating budget (Board portion)	38,970,320	38,957,676	41,309,991	2,352,315	6.0	2,339,671	6.0
Category							
Equipment purchases and life cycle replacements	305,000	348,940	200,000	(148,940)	(42.7)	(105,000)	(34.4)
Building improvements	225,000	0	0	0	n.a.	(225,000)	(100.0)
Single-year capital	530,000	348,940	200,000	(148,940)	(42.7)	(330,000)	(62.3)

Note: Components may not sum to totals and may not yield percentages shown because of rounding.

n.a. not applicable.