



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

NEWS RELEASE

FOR IMMEDIATE RELEASE

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OFHEO SUBMITS BUDGET REQUEST

WASHINGTON, D.C. – Armando Falcon, Jr., Director of the Office of Federal Housing Enterprise Oversight (OFHEO), an independent agency within the Department of Housing and Urban Development (HUD), charged with regulating the financial safety and soundness of Fannie Mae and Freddie Mac, has submitted its Fiscal Year 2001 budget request as well as an additional request to the Office of Management and Budget (OMB). OFHEO has requested a total of \$26,770,000 for Fiscal Year 2001.

"Since OFHEO began operating in 1993, Fannie Mae and Freddie Mac have doubled in size. To ensure they are operating in a safe and sound manner as required by Congress, OFHEO needs more resources to keep pace with this extraordinary growth," said Falcon.

The Enterprises' exposure to credit risk has doubled to over \$2 trillion since 1993. The bulk of this growth occurred in their retained portfolio of mortgages and mortgage-backed securities, which grew by over 350 percent. The amount of mortgage assets on which they manage interest rate risk now exceeds \$846 billion.

"If Congress approves the full budget request, I do not anticipate requesting similar increases in the near future," said Falcon.

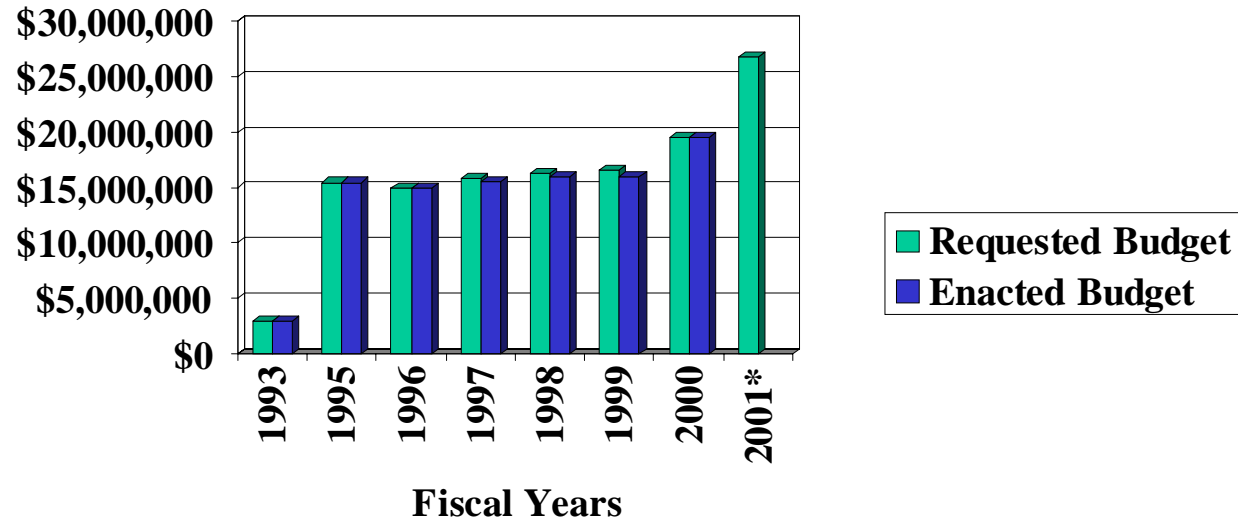
Although OFHEO's budget is subject to annual approval by Congress, OFHEO is not funded with taxpayer dollars. Fannie Mae and Freddie Mac are assessed on a semi-annual basis to cover OFHEO's annual operating costs. Other financial regulators, such as the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS), are not subject to the Congressional appropriations process. They collect their annual operating expenses directly from the entities they regulate.

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OFHEO was established as an independent entity within the Department of Housing and Urban Development by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Title XIII of P.L. 102-550). OFHEO's primary mission is ensuring the capital adequacy and financial safety and soundness of Fannie Mae and Freddie Mac.

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OFHEO's Budget History



Fiscal Year	Requested Budget	Enacted Budget
1993	\$ 3,000,000	\$ 3,000,000
1994	\$ 10,700,000	\$ 10,700,000
1995	\$ 15,451,000	\$ 15,451,000
1996	\$ 14,895,000	\$ 14,895,000
1997	\$ 15,751,000	\$ 15,500,000
1998	\$ 16,312,000	\$ 16,000,000
1999	\$ 16,551,000	\$ 16,000,000
2000	\$ 19,493,000	\$ 19,493,000
2001*	\$ 26,770,000	

* Sum of President's request of \$25,800,000 plus supplemental request of \$970,000.

OFHEO's FY2001 Budget Request

- OFHEO is requesting a FY2001 budget of \$26,770,000. This consists of a \$25,800,000 request in the President's budget and a \$970,000 supplemental request.
- The President's budget supports a 23 FTE increase in OFHEO's staffing to 118 FTE. The supplemental request supports an additional 6 FTE for the examinations program to bring the total FTE to 124. This increase in staff is necessary to ensure that OFHEO has the capacity to fulfill its important safety and soundness mission.
- OFHEO is requesting \$15,316,000 in its personal services component of its budget to support 124 FTE.
- OFHEO requested \$6,042,000 for other services. This includes support for:
 - OFHEO's Research Systems Environment (computer hardware and software needed to run the stress test),
 - A prototype of a proposed examination workstation application to improve the efficiency of our examination's program,
 - An integrated human resources, payroll, procurement, and financial system from a single federal service provider; and
 - Miscellaneous services to support the day-to-day operations of OFHEO.
- The remaining \$5,412,000 is requested to support OFHEO's expenditures on Rent, communications, utilities, office supplies, furniture and equipment, printing, and travel.