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POLICY BRIEF

Is the Federal Reserve Overstaffed or Overworked? Insights from the Fed's Financial Statements

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In December 2024, the designated head of the new Department of Government Efficiency described the Federal Reserve System (Fed) as "absurdly overstaffed."[1] At a press conference in late January, the Fed chair dismissed that critique, stating that "we run a very careful budget process . . . we're fully aware that we owe that to the public, and we believe we do that."[2] Two weeks later, when the same issue was raised at a US Senate hearing, the Fed chair responded: "No, I would say . . . overworked maybe, not overstaffed. Everybody at the Fed works really hard."[3]

Although Fed officials affirm that the Fed's operating expenses are subject to public accountability, the Fed has been firmly opposed to any external reviews of its budget, operations, or performance.[4] All other federal agencies are routinely subject to comprehensive audits by the Government Accountability Office (GAO), but GAO's reviews of the Fed are strictly limited by statute.[5] Moreover, all large federal agencies (with budgets exceeding $5 billion) have a fully independent inspector general (IG), who is appointed by the president and confirmed by the Senate, whereas the Fed's IG is merely an employee appointed by the Fed chair and accountable to its Board of Governors (henceforth the "Fed Board").[6] Consequently, neither GAO nor the Fed's IG has ever conducted any broad-based review of the efficiency and efficacy of Fed programs and operations.[7]

This policy brief sheds light on these issues using information published in the Fed's annual reports and financial statements.[8] The Fed's operating expenses can be compared to those of other large federal agencies (excluding cabinet departments) with at least 1,000 employees.[9] For example, the inflation-adjusted salaries of Fed Board employees increased 67 percent from 2007 to 2024, whereas inflation-adjusted salaries at all other major federal agencies were practically unchanged over that period. The Fed Board is now completing a $2 billion building upgrade for about 2,500 employees—about ten times the cost of office renovations for the 2,500 staff of the Department of Homeland Security (DHS) who work at the Ronald Reagan Building just a few blocks from the Fed's headquarters. The DHS leases that space for about $20 million per year from the General Services Administration (GSA), which owns and operates buildings on behalf of many federal agencies.[10] For example, the Securities and Exchange Commission (SEC) does not own any buildings and leases all of its office space from the GSA.[11]

The remainder of this policy brief analyzes further details of the Fed's payroll and capital expenditures. This analysis carefully distinguishes the Fed Board, which is an independent federal agency, from the 12 regional Federal Reserve Banks, which are government-chartered private institutions overseen by the Fed Board. The policy brief then proceeds to review some recent developments that are relevant for assessing the Fed's performance.

Most notably, the Fed has incurred about $220 billion in operating losses since mid-2022 and has been financing that deficit by issuing interest-bearing liabilities to the public.[12] Had the Fed instead minimized interest rate risk in its portfolio management, it would now be remitting about $140 billion per year to the US Treasury. Moreover, the Fed's balance sheet will remain impaired over the next two decades, with an overall cost to taxpayers of about $1.5 trillion.[13]

In assessing the Fed's budget and performance, there should be no doubt that the Fed's staff are highly talented, capable, and public spirited. Deficiencies in the Fed's efficiency and effectiveness generally reflect the shortcomings of an opaque and hierarchical institution that has grown accustomed to having no constraints on the costs of its programs or operations. By statute, the Fed's chair serves as its chief executive officer, and the Fed Board's staff report to the Fed chair (not to the full Board).[14] The Fed chair sets the agenda for Fed Board meetings and determines what information is shared with Board members.

The Fed's operational efficiency and effectiveness have also been undermined by subtle shifts in its internal governance. The Fed's regional structure was intended to facilitate a high degree of independence for the Fed Banks, whose executives and budgets would be determined by their own boards of directors with "light touch" oversight by the Fed Board. In recent years, however, the Fed Board has taken a much more active role in controlling the budgets of the Fed Banks, with such decisions made by notation votes rather than at board meetings (which would be subject to the Government-in-the-Sunshine Act rules).[15] The Fed Board has also become directly involved in the selection of Fed Bank presidents, who are now viewed as "subordinates" of the Fed Board.[16]

Congress could take specific steps to foster greater Fed transparency and public accountability. GAO should be commissioned to conduct comprehensive reviews of all Fed programs and operations while refraining from comment on specific monetary policy decisions. The Fed's IG should be a fully independent official, appointed by the US president and confirmed by the Senate, with authority to monitor and investigate all Fed programs and operations.[17] And Congress should appoint a “blue-ribbon” commission to review all aspects of the Fed’s institutional design and provide a specific set of recommendations for legislators to consider.

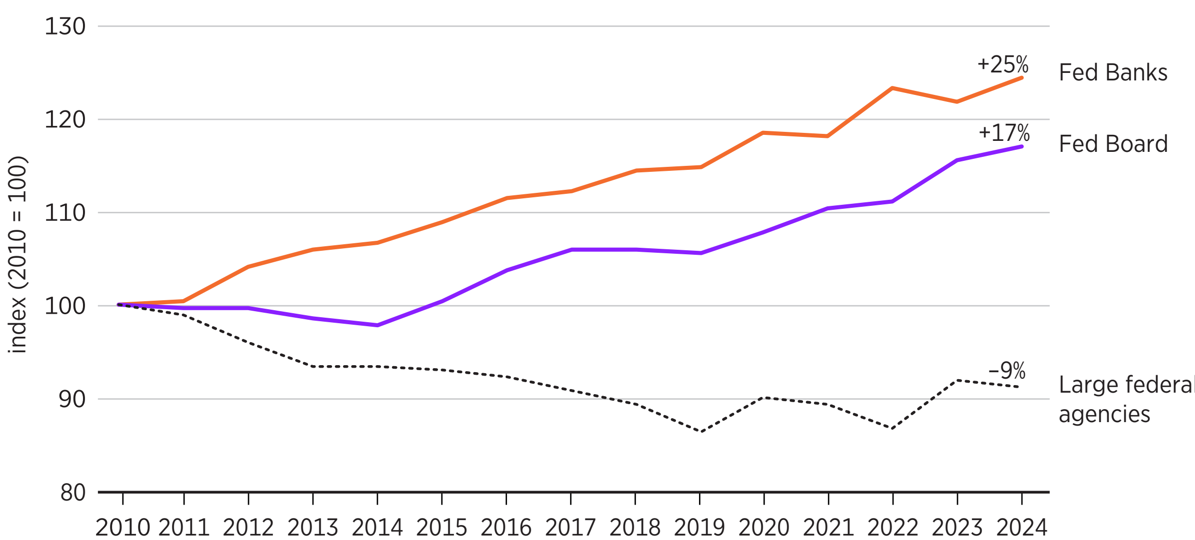
Indeed, public accountability is essential for preserving the Fed’s independence in determining monetary policy, as evidenced by the experience of other major central banks.[18] For example, the European Central Bank is regularly audited by the European version of GAO.[19] The Bank of England has an independent evaluation office that is the United Kingdom’s (UK’s) equivalent of establishing a fully independent IG at the Fed. Its officials welcomed the UK government’s initiation of an external review led by former Fed chair and Nobel laureate Ben Bernanke.[20]

Number of Employees

As shown in figure 1, the number of Fed employees has increased by about 20 percent since 2010, while payrolls at other large federal agencies—whose budgets are overseen by Congress and operations are subject to GAO performance audits—have declined by 10 percent. Evidently, those agencies have achieved efficiency gains that have not been apparent at the Fed.

The Fed Board’s current size reflects a continuation of steady growth that has transpired over many decades. The Fed Board’s staff is now about ten times larger than it was in 1936—shortly

FIGURE 1. Employment in the Federal Reserve System



Note: This figure shows the year-by-year evolution of the number of employees at the Fed Board and the Federal Reserve Banks and at all federal agencies with more than 1,000 employees (excluding cabinet departments), where each annual employment number is expressed as a ratio to its level of employment in 2010 (with the base year normalized to an index value of 100).
Sources: Payrolls at the Fed Board and Fed Banks are shown in the Fed’s annual reports in terms of full-time equivalents (FTEs), https://www.federalreserve.gov/publications/annual-report.htm. Full-time employment at large federal agencies is computed using the FedScope datasets published by the Office of Personnel Management (OPM), https://www.opm.gov/data/datasets/. The payroll counts for 2024 refer to the budget in the Fed’s latest annual report and to OPM data for actual federal agency employment as of March 31, 2024.

after the Fed was reorganized into its modern structure—and about five times larger than in 1951, when the Fed assumed sole responsibility for monetary policymaking.[21] Indeed, the Fed Board's staff is now larger than the New York Fed's, which has always been the largest of the regional Fed Banks due to its special role in managing the Fed's securities holdings and open market transactions.[22]

The post-2010 growth in employment at Fed Banks is a sharp break from the prior trend. During the first decade of the 2000s, the number of employees at Fed Banks shrank by about 25 percent due to several factors: (i) a wave of retirements of Fed receptionists and secretaries whose functions became obsolete in an era of voicemail and PCs; (ii) automation of cash management and check-clearing services that the Fed provides to member banks; (iii) centralization of payroll processing and information technology (IT) support; and (iv) ongoing consolidation of the banking system through mergers and acquisitions, thereby reducing the requisite number of bank supervisors.

The Fed's IG has not issued any reports on staffing levels at the Fed Board, and it has not investigated staffing levels at the Fed Banks even though the Fed Board oversees their budgets.[23]

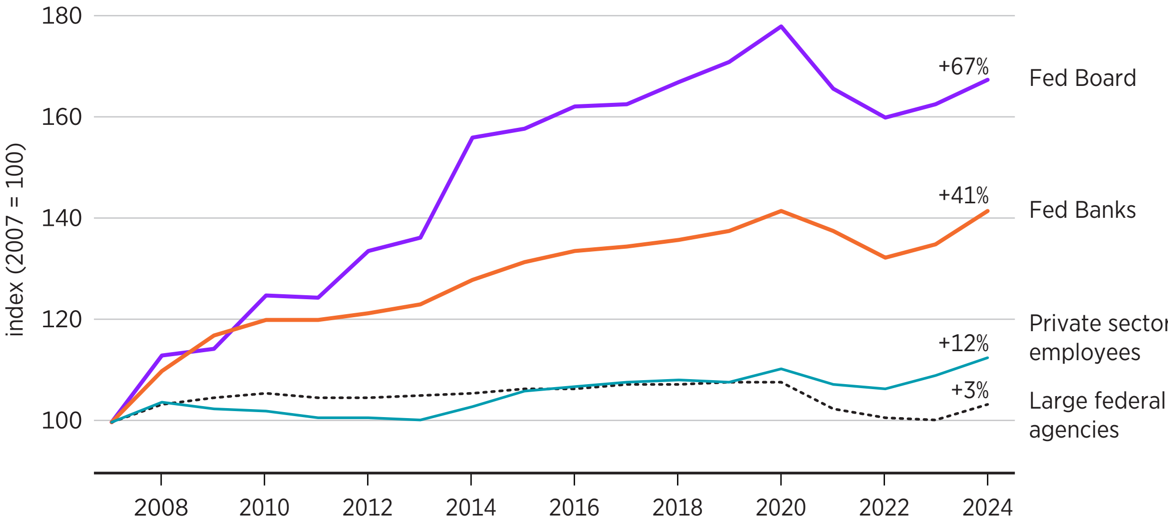
Salary Levels

Figure 2 indicates the evolution of inflation-adjusted compensation levels at the Fed compared to those at large federal agencies (excluding cabinet departments) and private-sector employees. The inflation-adjusted salaries of Fed Board staff increased by nearly 80 percent from 2007 to 2020, roughly twice the pace of compensation increases for Fed Bank staff. Those gains were temporarily eroded by the inflation surge of 2021–22, but nominal salaries have subsequently been ramped upwards.

Thus, inflation-adjusted compensation at the Fed Board is now almost 70 percent higher than in 2007, while inflation-adjusted salaries at Fed Banks have increased by about 40 percent. This surge in compensation levels contrasts sharply with average salary levels at large federal agencies (excluding cabinet departments) and private-sector workers, whose inflation-adjusted annual earnings have only edged up at a glacial pace over the past 15 years. Moreover, inflation-adjusted salaries broadly tracked those of the private sector from 2010 to 2020 but have exhibited a more protracted recovery in the wake of the inflation surge.

The salaries of presidential appointees—including the Fed chair and other Fed Board members—are fixed by statute.[24] Although the Federal Reserve Act authorizes the Fed Board to set salaries for all other Fed officials and staff, this authority was hardly used from 1913 to 1988: During that period the salaries of the Fed Bank presidents were broadly similar to those of the Fed chair and the Secretary of the Treasury, while the Fed's employee pay scales mirrored those of US government

FIGURE 2. Inflation-adjusted compensation

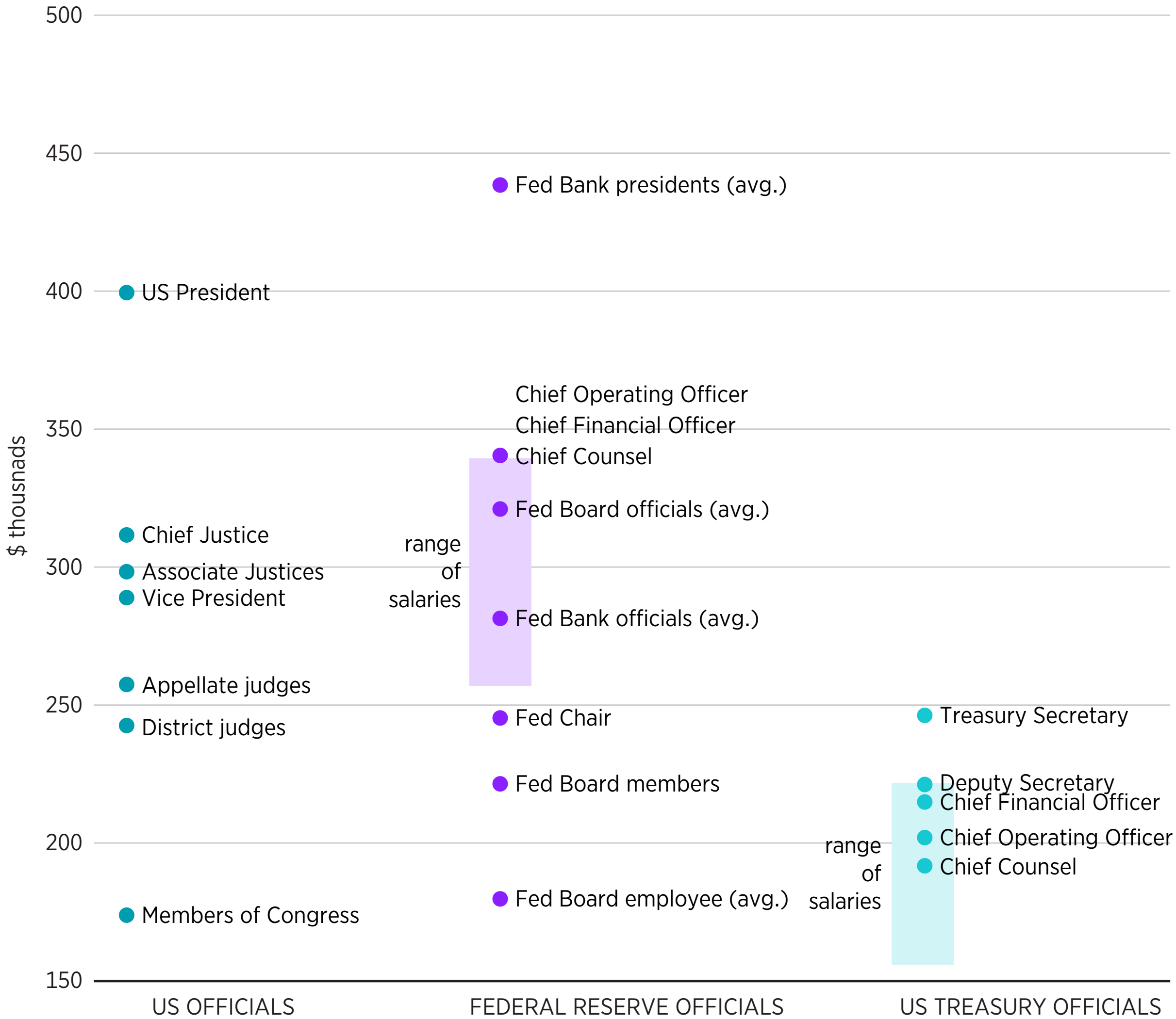


Note: This figure compares the evolution of inflation-adjusted compensation at the Federal Reserve Board and the Federal Reserve Banks to that of large federal agencies (excluding cabinet departments) and to workers in the private sector. For each group of employees, the dollar amount of annual earnings (wages and salaries) is deflated by the consumer price index (CPI) and then expressed as a ratio to its level in 2007 with the base year normalized to an index value of 100.
Sources: The number of employees and total salaries for the Fed Board and the Fed Banks are indicated in the Fed's annual reports to Congress for 2007–23, https://www.federalreserve.gov/publications/annual-report.htm. The number of employees and total salaries of large federal agencies are reported by OPM's FedScope data cubes, https://www.fedscope.opm.gov/. The CPI and the average hourly earnings of private industry workers are reported in the national compensation survey conducted by the Bureau of Labor Statistics (BLS) and adjusted to a full-time annual basis using a factor of 40 hours x 52 weeks, https://www.bls.gov/.

employees (ES for top officials, SES for senior executives, and GS for most other employees).[25] In 1989, however, the Fed implemented a "market-sensitive" salary structure to mitigate turnover and address "low employee morale because of actual or perceived noncompetitive pay."[26] This approach diverged markedly from that of other federal departments and agencies, which pay competitive salaries for some high-skilled positions but adhere to prescribed pay scales for all other employees.[27]

The consequences of that divergence in compensation are evident in figure 3. The salaries of Fed Bank presidents are now higher than the salary of the US president and nearly twice that of the Secretary of the Treasury. The salaries of the senior staff at the Fed Board exceed those of any of Supreme Court justice and far surpass those of any presidentially appointed US official. For example, the salary of the Fed Board's chief operating officer (COO) is 70 percent higher than that of the Treasury's COO, notwithstanding the fact that the Treasury Department's staff is about 30 times larger than that of the Fed Board. Indeed, the salaries of all Fed officials are well above those of top Treasury officials. However, the Fed's IG has never published an assessment of the Fed's compensation.[28]

FIGURE 3. Comparison of annual salaries



Note: This figure compares the annual salaries in 2024 for officials of the US federal government, the Federal Reserve, and the Department of the Treasury.

Sources: The salaries of U.S. officials and federal judges are posted at https://www.opm.gov and at https://www.uscourts.gov/about-federal-courts/about-federal-judges/judicial-compensation, respectively. The salaries in 2024 of the top 200 US Treasury officials are published in the OPM's Plum List, https://www.opm.gov/about-us/open-government/plum-reporting/plum-data/. The salaries of the Fed chair and the other members of the Fed Board are posted at https://www.opm.gov, while the salaries of the 12 Fed Bank presidents are indicated in the Fed's latest annual report, https://www.federalreserve.gov/publications/annual-report.htm. The salaries of the top 200 officials at the Fed Board as of 2023 were released in response to a Freedom of Information Act request and are posted at https://www.OpentheBooks.com; those salaries have been adjusted to 2024 levels using a factor of 2.4 percent that matches the top end of the published pay scale for its regular employees, https://www.federalreserve.gov/careers-salary.htm. The average salary for all Fed Board employees (excluding its top 200 officials) is computed using the Fed's 2024 budget for total salaries and total number of Fed Board positions as shown in its latest annual report, https://www.federalreserve.gov/publications/annual-report.htm.

Federal Reserve Buildings

In 1934 Congress authorized the Fed Board to acquire a single building.[29] That structure was completed in 1937 and later designated as the Marriner S. Eccles Building in recognition of the Fed Chair who initiated its construction. In the 1960s the Fed's legal counsel advised that the Fed Board could comply with statutory requirements by purchasing a vacant lot across the street and building a new structure connected to the Eccles Building via an underground tunnel and concourse level. That structure was completed in 1974 and designated the William C. Martin, Jr. Building in recognition of the Fed chair who had initiated its construction.[30]

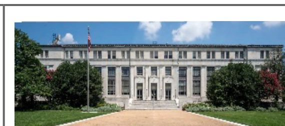
As its staffing continued to expand, the Fed Board began leasing additional offices in nearby buildings. Such arrangements are not necessarily problematic; for example, the SEC does not own any buildings and leases space for all its employees. Nonetheless, Fed Chair Greenspan urged legislators to provide more flexibility, and in an omnibus bill adopted in late December 2000, Congress authorized the Fed to acquire additional buildings to "provide for the performance of the functions of the Board."[31] Just a few months later, the Fed Board purchased a 600-office building a few blocks away.[32] From 2000 to 2017 the BOG's annual capital expenditures were generally aligned with the amount of capital depreciation in its financial statements.[33]

In 2018, however, the Fed Board acquired an adjacent office building, now referred to as the FRB East Building, and initiated major building upgrades at its main "campus" that will cost taxpayers about $2 billion.[34] As shown in table 1, this initiative is properly characterized as an upgrade rather than an expansion or renovation. Indeed, the cost of this initiative far exceeds that of a simple update to internal building systems such as wiring, cables, plumbing, and ventilation. The Fed Board campus will be enhanced by various amenities such as glass atriums and rooftop garden terraces, with only minimal changes in the number of offices for employee occupancy. Consistent with tradition, the FRB East building will presumably be renamed the Jerome H. Powell Building at an official reopening ceremony in late 2026 or soon thereafter.

In gauging the cost of the Fed Board's building upgrades, it is helpful to consider the GSA's comprehensive renovation of offices for 2,500 DHS employees at the Ronald Reagan Building, just a few blocks from the Fed's headquarters.[35] The GSA's renovation covers 450,000 square feet of usable space and includes the complete demolition and replacement of all interior structures, including partitions, ceilings, finishes, heating, cooling, ventilation, wiring, plumbing, security, fire alarms, and safety systems. The overall cost will be less than $200 million, about one-tenth the cost of the Fed's building upgrades.

Moreover, GSA emphasizes that its renovation of the Reagan Building will facilitate efficient use of office space, consistent with model workplace designs that provide about 180 square feet per employee.[36] Like other federal workers, DHS staff take their personal breaks in public spaces and rely on public transit or pay for parking in commercial garages.[37] In contrast, FRB East staff will

TABLE 1. The $2 billion upgrade of the Fed's headquarters

AERIAL VIEW PRIOR TO CONSTRUCTION		ARCHITECTURAL VISUALIZATION	
			
			
	ECCLES BUILDING	**MARTIN BUILDING**	**FRB EAST BUILDING**
Built / Acquired	1937	1974	1933 / 2018
Upgrade Cost	$770 million	$440 million	$880 million
Upgrade Timing	2021–2026	2015–2021	2021–2026
# Employees Prior to Upgrade	629	750	900
# Employees After Upgrade	775	750	960
Pre-Upgrade Size (sq. ft.)	276,000	205,000	128,000
Post-Upgrade Size (sq. ft.)	400,000	225,000	692,000
Space Per Employee (sq. ft.)	516	300	721
New Amenities	glass atriums, skylights, vegetated roof terraces	conference center, secure entrance	central atrium, underground parking

Note: This figure shows the three buildings at the Fed's main "campus" on the mall in Washington DC. The Fed Board also owns a nearby office building at 1701 New York Avenue, NW, (about three blocks from its main buildings), and leases other office space as needed.
Sources: The Fed's IG indicated a final cost of about $440 million for the Martin Building project and estimated costs (as of June 2020) of $593.4 million and $680 million for the Eccles and FRB East projects, respectively; see https://oig.federalreserve.gov/reports/board-management-renovation-projects-mar2021.pdf; those cost estimates have been adjusted by a factor of 30 percent, reflecting the acceleration in the producer price index for office building construction costs during 2020-2024 compared to its prior average pace in 2015–19, see https://fred.stlouisfed.org/series/WPU801103. Detailed information about each of these projects was provided in the Fed's submissions to the National Capital Planning Commission (NCPC); see https://www.ncpc.gov/projects/6985/ and https://www.ncpc.gov/projects/8113/. The aerial photo shows the campus as of mid-2018 when the FRB East building was acquired by the Fed Board and is courtesy of GoogleEarth. The architectural visualization was included in the Fed's September 2021 submission for final approval by the NCPC, https://www.ncpc.gov/files/projects/2021/8113_Marriner_S_Eccles_and_Federal_Reserve_Board-East_Building_Renovation_and_Expansion_Submission_Materials_Sep2021.pdf.

have far more space (about 700 square feet per person), with exclusive access to its glass-enclosed atriums and rooftop gardens and newly-built underground parking facilities.[38]

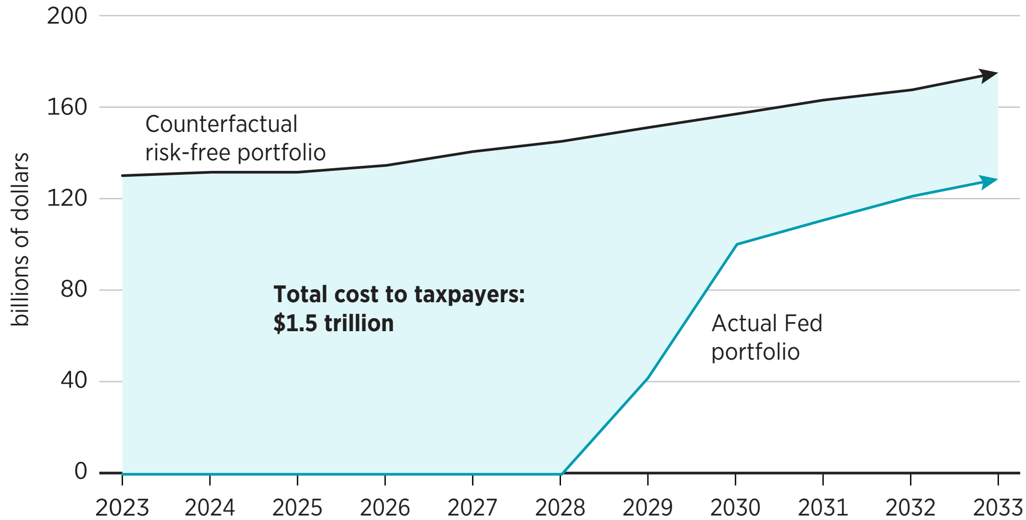
Further insights can be gained by revisiting the construction of the Ronald Reagan Building, which is the largest structure in Washington DC (3.1 million square feet). The Reagan Building is considered an "architectural masterpiece" that provides four-star office space for about 7,000 public and private workers as well as a premier conference and event center with retail and dining options.[39] The building was opened in 1998 with a total cost of $818 million.[40] Since then, building costs have increased by a factor of about 2.5, hence its construction would cost about $2 billion—roughly the same as the Fed's building upgrades.[41]

Nonetheless, one might still wonder: How could the Fed Board's building upgrades cost so much? Some clues may be found in the Fed's submissions to the National Capital Planning Commission (NCPC) and related documents. At the FRB East building, for example, the entire center wing of offices was demolished and replaced by a north wing to allow for a glass-enclosed central atrium.[42] According to the excavator's website, a notable challenge was the removal of large amounts of bedrock (as required for installing new underground facilities) without causing damage to historic structures or contaminating the groundwater that is prevalent just 6–10 feet below the surface.[43] The architectural plans emphasize the challenges of adding skylights and rooftop garden terraces to structures not originally designed to bear such loads.[44] Those plans also highlight the extensive use of marble, bronze, and other materials carefully matched to the original design of each Fed building.[45] These features are a notable contrast to the design of the Ronald Reagan Building, where congressional scrutiny led to design modifications (e.g., using granite instead of marble) that markedly reduced its overall cost.[46]

In contrast, the Fed provides practically no information about building projects at the Fed Banks. The Fed's financial statements indicate that capital spending at Fed Banks tripled from 2019 to 2024, and its budgets show that multiyear projects totaling $3.4 billion have accounted for nearly all of that increase.[47] However, each annual budget merely reiterates that this category "includes building expenditures for office space renovations, infrastructure upgrades, building automation, and security enhancements" without providing further details.[48] Moreover, the Fed's reports do not explain any of the marked divergences across the various Fed Banks. From 2019 to 2024, capital spending increased twelvefold at the Atlanta Fed, eightfold at the St. Louis Fed, and fivefold at the Minneapolis Fed, but hardly changed at the Fed Banks in Chicago, Philadelphia, and Richmond.[49]

The Fed's IG has published regular evaluations of the Fed Board's procedures for managing and modifying construction contracts but has not assessed the design of these building projects or potential approaches for reducing the cost to taxpayers.[50] The Fed's IG does not evaluate construction projects at Fed Banks even though the Fed Board is responsible for overseeing and approving all such projects. GAO lacks statutory authority to review the capital expenditures of the Fed Board or the Fed Banks.

FIGURE 4. The Fed's remittances to the US Treasury



Note: This figure shows the recent and projected path of the Fed's remittances to the US Treasury compared to a counterfactual scenario in which the Fed maintained a simple risk-free portfolio, i.e., Treasury securities with the same maturities as its liabilities.
Sources: The projection of the Fed's remittances is a simple update of data shown in figure 29 of the New York Fed's latest annual report on open market operations issued in April 2024, https://www.newyorkfed.org/markets/annual_reports, which was based on its Jan. 2024 Survey of Market Expectations (SME), https://www.newyorkfed.org/markets/market-intelligence/survey-of-market-expectations. That report also included an alternative scenario in which the interest rate outlook was 1 percentage point higher than in the baseline. The January 2025 SME indicated that investors' interest rate outlook had shifted upwards about 0.5 percentage points since January 2024, and hence the projection shown here is computed as an average of the baseline path and that alternative scenario. For the risk-free portfolio shown here, the Fed earns the weighted-average Treasury yield on the securities that match its non-interest-bearing liabilities, and it holds Treasury bills in the same quantity as its interest-bearing liabilities of reserves and reverse repos. For details of the methodology, see the 2023 Mercatus Brief on "The Federal Reserve's Balance Sheet: Costs to Taxpayers of Quantitative Easing" (coauthored with W. Nelson).

Net Interest Expense

For nearly a century (1913–2007), the Fed's balance sheet was highly transparent and practically risk free. Nearly all the Fed's liabilities consisted of paper currency and bank reserves held at the Fed, which paid no interest, while its holdings of Treasury securities generated a steady stream of interest earnings that were remitted to the US Treasury. In recent years, however, the Fed's balance sheet has ballooned by a factor of 10 and has become far more complex and riskier.[51]

Most notably, since October 2022, the Fed has incurred unprecedented operating losses from the securities purchase program (commonly known as "QE4") that it conducted from March 2020 to March 2022. Over that period, the Fed purchased $4 trillion in longer-term securities with extremely low yields, and it funded those purchases by expanding its overnight liabilities of bank reserves and repurchase agreements ("reverse repos"). In effect, the Fed's operations were similar to those of Silicon Valley Bank (SVB), with the notable difference that SVB went bankrupt whereas the Fed is backed by the full faith and credit of the US government.[52]

Thus, as shown in figure 4, the Fed has suspended its remittances to the Treasury, and consequences of QE4 will continue for years to come, with total costs to taxpayers of about $1.5 trillion.

This figure compares the recent and projected path of remittances with a counterfactual scenario in which the Fed had adhered to a risk-free portfolio similar to its pre-2008 balance sheet.

In that counterfactual scenario, the Fed would have (a) limited its securities holdings to US Treasuries and refrained from acquiring any mortgage-backed securities, which incur substantial prepayment risks; (b) purchased Treasury bills to match any increase in its overnight interest-bearing liabilities; and (c) maintained a portfolio of longer-term Treasuries to match the outstanding stock of paper currency and other non-interest-bearing Fed liabilities.[53]

The Fed did not alert Congress about the potential costs of QE4 while this program was being conducted, nor has it provided any cost-benefit analysis in the three years since the program ended.[54] As previously noted, GAO is prohibited from evaluating the efficacy and costs of the Fed's balance sheet programs. Under current law, the Fed's IG works "under the authority, direction, and control" of the Fed chair when conducting any policy-related investigation.[55] Of course, the Fed chair could have directed the IG to evaluate the Fed's balance sheet policies and programs, but there is no indication that any such assessment has been initiated.

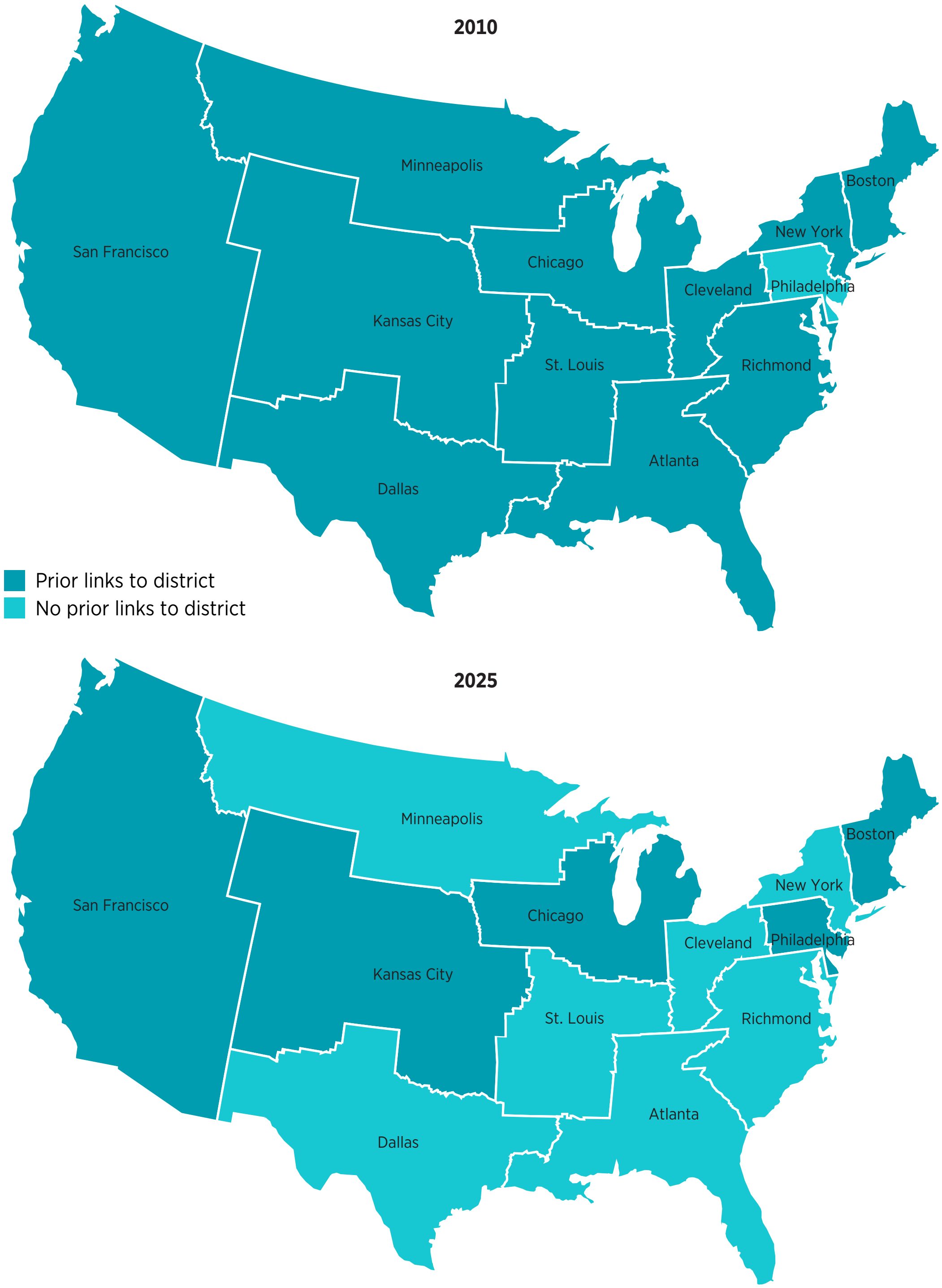
Appointment of Fed Bank Presidents

Congress carefully designed the nation's central bank as a federal system in which the regional Fed Banks function independently with "light touch" oversight by the Fed Board. By statute, each Fed Bank is overseen by its own board of directors, who select its chief executive officer (the president of the Fed Bank) subject to final approval by the Fed Board.[56] Fed Bank presidents and Fed Board members jointly constitute the Federal Open Market Committee (FOMC), the Fed's monetary policymaking body. This structure was intended to insulate the Fed from political interference and to ensure that its policy decisions would be thoroughly debated by individually accountable experts with a wide range of viewpoints.

As shown in figure 5, however, the Fed's internal governance has shifted over the past decade, expanding the Fed chair's power and diminishing the independence of the Fed Banks. As of 2010, every Fed Bank president was selected by its board of directors, and hence each of those officials had previously worked in that Fed district and took office with extensive prior familiarity with the region's communities and businesses. Even the one apparent exception proved the rule: As of 2010, the Philadelphia Fed was headed by a distinguished monetary economist who had previously held a leadership role at the University of Rochester just a short distance away.

As of 2025, however, a majority of the incumbent Fed Bank presidents lacked prior professional experience in the Fed district where they now serve. This shift evidently reflects the fact that since 2015 the Fed Board has been directly involved at all stages of the selection process for every new Fed Bank president.[57] Indeed, the appointment process was a key factor in the DOJ's conclusion that Fed Bank presidents are merely "subordinates" of the Fed Board.[58]

FIGURE 5. Background of Fed Bank presidents



Note: For each of the 12 Federal Reserve districts, the left panel indicates whether its Fed Bank president in January 2010 had any professional links to that district prior to being appointed, and the right panel provides corresponding information as of January 2025.
Sources: The Fed Bank presidents are listed in the FOMC meeting minutes for January 2010 and January 2025, which are posted at https://www.federalreserve.gov/monetarypolicy.htm. Whenever a new Fed Bank president is appointed, the Fed Bank issues a press release which includes a description of that individual's professional background.

This shift in internal governance has been consequential for the formulation of monetary policy. There were no dissenting votes during 2021, when top Fed officials were characterizing the inflation surge as "transitory" with no adjustments to the stance of monetary policy or the QE4 program of longer-term securities purchases. At the 16 FOMC meetings held in 2023–24, only a single dissenting vote was cast by a Fed Bank president.[59]

This dearth of dissenting views is inconsistent with Congress's fundamental design for the Fed and may well hamper legislators' ability to oversee the Fed's programs and operations. Nonetheless, the Fed's IG has not investigated the magnification of the Fed Board's role in the selection of Fed Bank presidents or assessed its implications for internal Fed governance. Nor has the Fed's IG reported on any shortcomings in the Fed's process for reviewing and reappointing Fed Bank presidents every five years; see figure A1 below. By statute, GAO is proscribed from investigating any of those procedures.

Performance Issues

Every major federal agency is subject to performance audits by GAO and by a fully independent IG. Such audits do not merely verify the accuracy of financial statements but examine the efficiency and effectiveness of the agency's programs and operations. By contrast, the Fed remains exempt from those forms of oversight. Nonetheless, external reviews are clearly warranted on a range of operational issues:

Macroeconomic Forecasting. During 2021 the Fed remained passive in the face of surging inflation; as of November 2021 the FOMC was still indicating that elevated inflation mainly reflected "transitory" factors.[60] That outlook presumably reflected the Fed staff's continuing projections that inflation would rapidly subside to the Fed's 2 percent target.[61] Of course, the Fed was not alone in misjudging inflation prospects, at least partly because its outlook has a powerful influence on the views of financial market participants (as reflected in the adage "don't fight the Fed"). Notably, external reviews of such deficiencies have been initiated at other major central banks: The Australian government initiated an external review of its central bank, and former Fed chair Ben Bernanke was commissioned to conduct an external review at the Bank of England.[62] By contrast, there has been no such external review at the Fed.[63]

Electronic Payments. Over the past decade the Fed has invested substantial resources in developing an instant payment service parallel to that of other major economies. For example, the instant payment system in the UK was launched in 2008 and now processes nearly half of all payments by businesses and about 10 percent of retail payments.[64] Thus, in 2015 the Fed commissioned the Faster Payments Task Force with 300 representatives from the business community, consumer groups, and financial institutions, and in 2019 the Fed announced that it was initiating the development of a real-time payment and settlement service. The FedNow service was launched in July

2023, but as of now it still has no significant usage.[65] However, the Fed's IG has never analyzed the development of this initiative or investigated the reasons for its failure.[66]

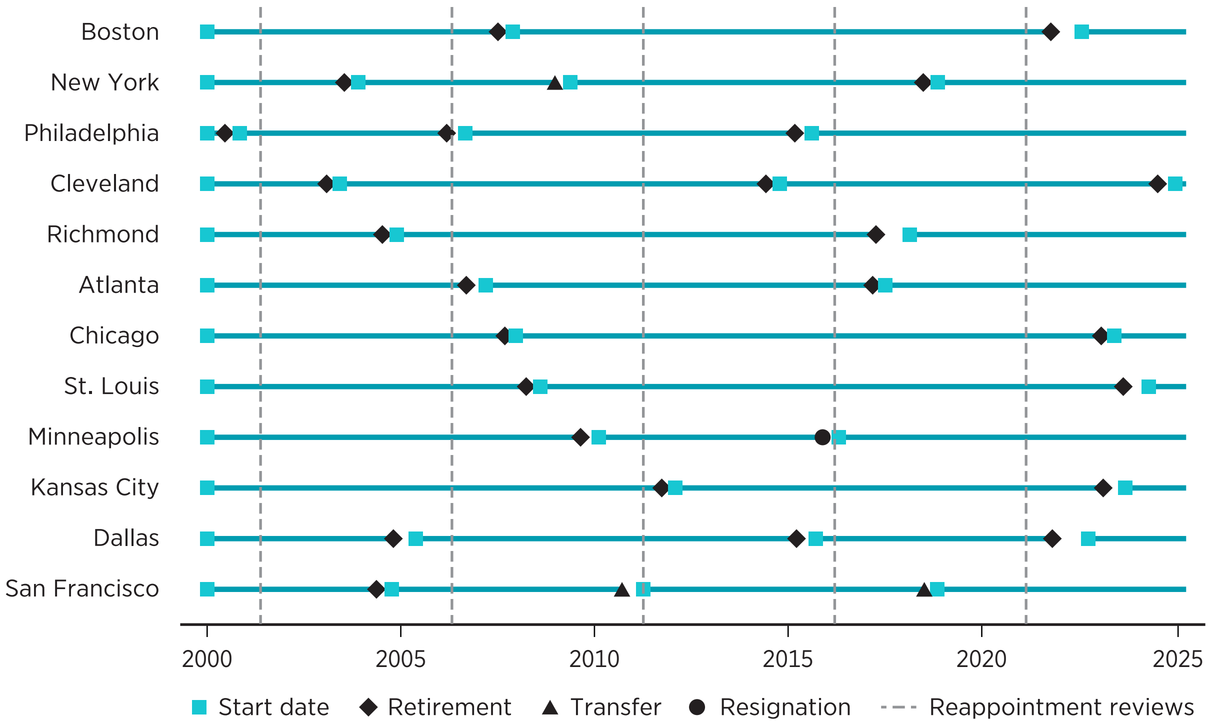
Information Security. In early 2025 a former Fed Board adviser was indicted by the US Department of Justice on charges of economic espionage.[67] The indictment states that during 2018 and 2019 the defendant emailed sensitive FOMC materials marked "Internal FR/Official Use" from his Fed Board account to his personal email account and then shared that information with Chinese officials.[68] Throughout that period, the Fed's IG was conducting annual audits of the Fed Board's information security program as required by federal statute, and those audits consistently stated that the Fed Board was operating at "an overall effective level of security."[69] The Fed IG's assessment was inconsistent with longstanding practices at other major central banks and financial institutions, whose IT systems uniformly prevent sensitive materials from being printed or transmitted to any external email address. Evidently, any economic espionage would have been much more difficult if such security measures had been in place at the Fed Board. Moreover, the Fed's IG now has an apparent conflict of interest that could impair the credibility of its audits of the Fed Board's information security systems.

Banking Supervision. Silicon Valley Bank (SVB) failed on March 10, 2023—the second largest bank failure in US history. Just a few weeks later, in late April 2023, the Fed Board issued a report entitled "Review of the Federal Reserve's Supervision and Regulation of Silicon Valley Bank" with a cover memo from the Fed's Vice Chair for Supervision.[70] By May 2023, the fundamental conclusions of this report had been "quite widely discredited."[71] In June 2023, Fed Board member Michelle Bowman gave the following remarks:

> *"Although this report was published as a report of the Board of Governors, it was the product of one Board Member, and was not reviewed by the other members of the Board prior to its publication. Troublingly, other Board members were afforded no ability to contribute to the report's content. There is a genuine question whether these efforts provide a sufficient accounting of what occurred. A supplemental, independent review would help overcome the limitations of scope and timing of these initial efforts, and address concerns about impartiality and independence."*[72]

Indeed, legislators should be deeply troubled by that episode, which reveals deeper problems with the Fed's current governance. Given that the Fed Board's staff report to the Fed chair (not the full Board), the Fed chair can simply direct an official report to be prepared and published on the Fed's website without holding a Board meeting or conducting a vote.[73] Congress urgently needs to reconsider the statutes regarding the Fed's governance and decision-making procedures.

FIGURE A1. Tenure of Fed Bank presidents



Note: This figure indicates the tenure of Fed Bank presidents who has served since January 2000. Each Fed Bank president is appointed to a renewable term of office, subject to review every five years (i.e., calendar years ending in "1" and "6"), and mandatory retirement at age 65 (with some exceptions as specified by Fed Board policy). A gold square denotes the individual's start date. A green diamond indicates that the individual stepped down within about five years of reaching the mandatory retirement age; a blue triangle indicates that the individual departed upon appointment as a US government official or as president of the New York Fed; and a purple dot indicates that the individual resigned more than 5.5 years prior to reaching the mandatory retirement age. The dashed vertical lines indicate the dates at which all incumbent Fed Bank presidents have undergone review, all of which have resulted in reappointment.
Sources: The Fed Bank presidents are listed in the FOMC meeting minutes, https://www.federalreserve.gov/monetarypolicy.htm. Each Fed Bank issues a press release when its president departs and when a new president is appointed.

About the Author

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Notes

1. J. Randow, “Trump Efficiency Co-Chief Elon Musk Calls Fed ‘Overstaffed’,” *Bloomberg News*, December 24, 2024.

2. Transcript of Chair Powell’s Press Conference, Federal Reserve Board of Governors, January 29, 2025.

3. Eric Revell, “Powell pushes back on Musk/DOGE, says Fed ‘overworked,’ not ‘overstaffed,’” *Fox Business News*, February 11, 2025.

4. Andrew T. Levin and Christina Parajon Skinner, “Strengthening the Federal Reserve’s Accountability to the US Congress”, Mercatus Policy Brief, April 2024. For comprehensive analysis of these issues, see “Central Bank Undersight: Assessing the Federal Reserve’s Accountability to Congress,” *Vanderbilt Law Review*, December 2024.

5. GAO is proscribed from reviewing any program or operation related to the Fed’s monetary policymaking, except for examining open market transactions for the sole purpose of assessing operational integrity and internal controls. 31 U.S.C. § 714(b), § 714(f)(2). GAO is also prohibited from reviewing efficiency or performance of the regional Fed Banks (which are chartered as private institutions), with the exception of certain functions such as banking supervision that are specifically delegated by the Fed Board. Thus, during 2023 and 2024 GAO issued a series of reports regarding the deficiencies in the Fed’s procedures for ensuring timely escalation of supervisory concerns, https://www.federalreserve.gov/regreform/reform-audit-gao.htm.

6. The Fed’s IG is an employee of the Fed Board, not an independent federal official, with statutory authority to review operations at the Fed Board but not at the Federal Reserve Banks (which are chartered as private institutions), https://oig.federalreserve.gov/faq-about-oig.htm#q454. By statute, the Fed’s IG must work “under the authority, direction, and control” of the Fed chair on any matters related to monetary policy. 5 U.S.C. app. § 8D(a)(D).

7. In 2021, following the completion of the Fed’s decade-long renovation of the Martin Building, the Fed’s IG completed a review that identified shortcomings in some management processes but did not comment on the overall scope or cost of that renovation. GAO does not assess the Fed’s operating budget; in recent years, the only GAO report on Fed operations (apart from banking supervisory processes) pertains to the BOG’s use of working dogs for explosives detection, https://www.federalreserve.gov/regreform/reform-audit-gao.htm.

8. Section 10 of the Federal Reserve Act states that “The Board of Governors of the Federal Reserve System shall keep a complete record of the action taken by the Board . . . and shall include in its annual report to the Congress a full account . . . of its operations.” Congress established this requirement in the Banking Act of 1935. The Fed’s annual reports and financial statements are posted at https://www.federalreserve.gov/publications/annual-report.htm and at https://www.federalreserve.gov/aboutthefed/fed-financial-statements.htm, respectively. Its financial statements are audited by a private firm with the sole purpose of verifying the accuracy of those statements, but those audits do not consider the efficiency or effectiveness of the Fed’s programs or operations.

9. According to the Office of Personnel Management (OPM), the following 16 federal agencies are classified as independent and have more than 1,000 employees: Equal Employment Opportunity Commission, Environmental Protection Agency, Federal Commerce Commission, Federal Deposit Insurance Corporation, Federal Trade Commission, General Services Administration, Government Publishing Office, National Science Foundation, Nuclear Regulatory Commission, National Labor Relations Board, Office of Personnel Management, Small Business Administration, Securities and Exchange Commission, Smithsonian Institution, Social Security Administration, and US Agency for International Development.

10. GSA owns and leases more than 8,000 buildings (with more than 360 million square feet of space) as well as courthouses, data centers, laboratories, and port facilities, https://www.gsa.gov/about-us. GSA has recently started to reduce its holdings of non-core buildings; see https://www.gsa.gov/about-us/newsroom/news-releases/statement-regarding-gsas-disposal-of-noncore-assets-03042025.

11. See https://www.sec.gov/files/sec-2024-agency-financial-report.pdf.

12. The Fed’s net worth was $47.8 billion as of August 31, 2022, and subsequently declined to –$173.3 billion as of March 12, 2025. See https://www.federalreserve.gov/releases/h41/.

13. See figure 4.

14. Section 10 of the Federal Reserve Act designates the chair as the Fed Board's "active executive officer," a somewhat antiquated title whose modern equivalent is "chief executive officer" (CEO). The other six members of the Fed Board have non-executive roles, serving on internal committees that are appointed by and accountable to the Fed Chair and that have no independent executive authority, https://www.federalreserve.gov/-aboutthefed/bios/board/default.htm.

15. On December 15, 2023, the Fed's Board of Governors approved the Federal Reserve Banks' 2024 operating budgets, https://www.federalreserve.gov/foia/budgets.htm. That approval was granted by notation vote rather than at a Board meeting, https://www.federalreserve.gov/aboutthefed/boardmeetings/meetingdates.htm.

16. Fed officials have refrained from any comment on the conclusions of the US Department of Justice (DOJ), which characterized Fed Bank presidents as "subordinates" based on the Fed Board's direct involvement in their selection, its scope of control over their budgets and operations, and its practically unconstrained ability to remove them from office. See DOJ Office of Legal Counsel, "Appointment and Removal of Federal Reserve Bank Members of the Federal Open Market Committee," October 23, 2019.

17. At a congressional hearing in 2009, GAO's General Counsel Gary L. Kepplinger stated, "We believe that the differences in the appointment and removal processes between presidentially appointed IGs and those appointed by agency heads result in a clear difference in the organizational independence of these IGs." Gary L. Kepplinger, "Inspectors General: Independent Oversight of Financial Regulatory Agencies" (GAO document 09-524T, testimony before the Subcommittee on Government Management, Organization and Procurement, House Committee on Oversight and Government Reform, March 25, 2009).

18. For example, in 2009 Fed Vice Chair Donald Kohn emphasized that "a well-designed framework for monetary policy includes a careful balance between independence and accountability." See https://www.federalreserve.gov/newsevents/testimony/kohn20090709a.htm.

19. The European Court of Auditors examines the operational efficiency of the management of the ECB, and its reports are published on the ECA website. https://www.ecb.europa.eu/ecb/orga/governance/html/index.en.html.

20. The Bank of England has an independent evaluation office that reports directly to an external committee (the "Court of Directors"). Following the UK government's announcement of the external review, the Bank stated that "The Bank of England welcomes the Bernanke review." See https://www.bankofengland.co.uk/independent-evaluation-office/forecasting-for-monetary-policy-making-and-communication-at-the-bank-of-england-a-review/response-forecasting-for-monetary-policy-making-and-communication-at-the-bank-of-england-a-review.

21. In 1936, following congressional restructuring of the Fed into its current form, the Fed Board had 236 employees, and the regional Fed Banks had 10,390 employees; see the BOG's 1937 annual report, pp. 236–40, 246. By 1951, the Fed Board had about 600 employees whereas the regional Fed Banks had a total of 19,800 employees. In the Fed's latest annual report, the 2024 budget has 3,183 staff at the Fed Board (including the IG and Currency offices) and 21,238 employees at the Fed Banks, https://www.federalreserve.gov/publications/annual-report.htm.

22. In the Fed's latest annual report, tables D.6 and D.11 indicate budgeted levels for 2024 of 3,183 staff at the Fed Board (including the IG and Currency offices), compared to 3,073 staff at the New York Fed and an average of 1,770 staff at each of the other 11 Fed Banks and at the national IT office, https://www.federalreserve.gov/publications/annual-report.htm.

23. In March 2020 the Fed's IG issued a report entitled "The Board Can Further Enhance the Design and Implementation of its Operating Budget Process" (2020-FMIC-B-010). That report proposed remedies to help mitigate the Fed Board's "perennial underspending." https://oig.federalreserve.gov/reports.

24. From 1913 to 1974, the Fed Board determined the salaries of its own members, but Congress subsequently linked those salaries to the Executive Schedule (ES Level I for the Fed chair and Level II for other Fed Board members). Under the Federal Employees Pay Comparability Act of 1990, salaries in this schedule may be adjusted annually by executive order or congressional action (5 U.S.C. § 5311–5314).

25. For example, in 1969 the US Treasury Secretary's salary was $60,000, and the median salary of Fed Bank presidents was $50,000, https://www.federalreserve.gov/publications/annual-report.htm.

26. The Fed's pay scale "paralleled the federal government's salary structure" prior to its shift to "market-sensitive" compensation in 1989, https://www.federalreserve.gov/reportforms/formsreview/FR_29_OMB_SS_2023.pdf.

27. For example, competitive salaries for certain highly-skilled positions are paid by the Department of Veterans Affairs (medical professionals), the Department of Energy (engineers), National Institutes of Health (research scientists), and various other government offices and agencies. 5 U.S.C. § 2103, 5305, 5376, 7401-7405.

28. During 2024 the Fed's IG issued two evaluations of Fed operations: "The Board Should Provide Staff With Guidance on Controlled Unclassified Information" and "The Board Can Strengthen Its Hiring Practices to Help Mitigate Bias and Reinforce Its Commitment to Ensuring a Diverse Workforce." Both reports are posted at https://oig.federalreserve.gov/reports.

29. When the Federal Reserve was created in 1913, legislators envisioned that its oversight board would be small enough to be housed within the offices of the Treasury Department. (Federal Reserve Act, § 10) In the Banking Acts of 1933 and 1935, Congress expanded the role of the Fed Board, and it authorized the Fed Board to acquire or construct a building with "sole control of such building and the space therein." (73rd Congress, ch. 653, § 4) The building was opened in 1937 and later named for Marriner S. Eccles (the Fed Chair from 1933 to 1948), see https://www.federalreserve.gov/aboutthefed/aroundtheboard/history-buildings.htm.

30. The building was designed during the 1960s, built in 1971–74, and named for William C. Martin, Jr. (the Fed chair from 1951-70); see https://www.federalreserve.gov/aboutthefed/aroundtheboard/history-buildings.htm.

31. This provision was included in an omnibus bill enacted on December 27, 2000. (P.L. 106-569, Title X, §1001)

32. In August 2001 the Fed announced that it was paying $67 million to purchase the building at 1701 New York Avenue, NW, (173,390 square feet), where it had previously been leasing about two-thirds of the office space, https://www.federalreserve.gov/boarddocs/press/boardacts/2001/20010820/default.htm. Commercial real estate experts were surprised that the Fed's purchase was more than $20 million higher than the prevailing market price: "It would be hard to explain that if I were a private-sector board member." (See *Washington Business Daily*, "Federal Reserve's $67M Building Deal Raises Eyebrows," August 24, 2001.)

33. The BOG's capital expenditures and depreciation are reported in its annual budget and its audited financial statements; see https://www.federalreserve.gov/publications/annual-report.htm and https://www.federalreserve.gov/aboutthefed/fed-financial-statements.htm. The Fed Board had unusually high capital expenditures of $86.6 million in 2014 in conjunction with the transfer of its data center from Washington, DC, to Baltimore; see OIG, "The Board Continues to Follow a Structured Approach to Planning and Executing the Relocation of the Data Center", September 2015; this report is posted at https://oig.federalreserve.gov/reports.

34. The FRB East building at 1951 Constitution Ave NW was opened in 1933 and provided offices for about 1000 staff of the Surgeon General and the newly-established National Institute of Health; the building was later transferred to the Interior Department and then sold to the Fed in 2018 for $41.6 million; see https://www.gsa.gov/about-us/newsroom/news-releases/gsa-transfers-federal-property-to-the-federal-reserve-board-07022018.

35. See GSA Notice 47PM0425N0001, "Ronald Reagan Building DHS Interior Renovation," November 2024, posted at https://sam.gov/api/prod/opps/v3/opportunities/resources/files/02b4dcb52f944bef8e95ba143ba9015d.

36. See https://www.gsa.gov/real-estate/workplace-optimization/offerings/fast-track-space.

37. The Reagan Building's underground garage has about 2,000 spaces, with a parking fee of $26 for 4–15 hours, https://rrbitc.com/parking/. The FRB East's underground garage will have 577 spaces, https://www.ncpc.gov/files/projects/2021/8113_Marriner_S_Eccles_and_Federal_Reserve_Board-East_Building_Renovation_and_Expansion_Submission_Materials_Sep2021.pdf.

38. The Fed's August 2020 submission to the NCPC specifically notes that "The west atrium will function as a space of respite for Board employees." See p. 30, https://www.ncpc.gov/projects/8113/.

39. See https://rrbitc.com/about/ and https://www.loopnet.com/Listing/1300-Pennsylvania-Ave-NW-Washington-DC/8169283/. For further architectural details, see https://www.pcf-p.com/projects/

ronald-reagan-building-and-international-trade-center/, https://tobinarchitecture.com/portfolio/ronald-reagan-building/, and https://www.e-a-a.com/architecture-behind-ronald-reagan-building-washington-dc/.

40. "A Soaring Reagan Tribute: Nostalgia, Optimism at Federal Building Dedication," *Washington Post*, May 5, 1998.

41. The Building Cost Index produced by the Engineering News-Record had an annual average of 3364 during 1997 and rose to 8407 as of January 2025—an increase of 150 percent, https://www.enr.com/economics/historical_indices.

42. The Fed's concept review submission to the NCPC states: "The removal of the center wing of FRB-East has the added benefit of creating an appropriately scaled atrium between the historic building and the new addition . . . This atrium and the new atrium in the Eccles Building anchor both ends of the pedestrian tunnel, connect the historic buildings, and allow natural light into the below-grade levels." See p. 41, https://www.ncpc.gov/projects/8113/.

43. The excavation project description is at https://www.keller-na.com/projects/federal-reserve-building-excavations. The Fed's NCPC concept review submission states: "The pedestrian tunnel connection will facilitate communication, permitting staff and escorted visitors to move freely between buildings without having to go through security screening at each building. The tunnels intersect in a newly created atrium space within the Eccles East Courtyard which becomes the hub, or fulcrum, for the three buildings. A new dignified entry for staff and VIP visitors allows entry into the space at grade level." See p. 46, https://www.ncpc.gov/projects/8113/

44. The Fed's NCPC proposal states: "Integrating skylights over the courtyards presents a number of unique challenges. Within the space, these challenges include maintaining the appearance of the center wing of the Eccles Building as a pavilion . . . it is necessary to minimize to the greatest extent possible the visual impact of the appearance of the skylights along Constitution Avenue. Other challenges include detailing the skylights to provide a proper building enclosure and meet security requirements. To balance these competing demands, the skylight design will frame the center wing symmetrically, will maintain the bronze handrails and cornice line at the fourth floor, and will push vertical plane on the south side of the atrium into the courtyard . . . The proposed framing for the skylights is a very calm, almost ethereal square grid with large format glass that is designed to compliment, but not upstage the walls Cret designed for the courtyard. The renderings illustrate how the large rectangular frame will subdivide this space into twelve equal spaces in salute of the Federal Reserve's branch banks. Each branch bank will be recognized with their name engraved in glass panels." See p. 35, https://www.ncpc.gov/projects/8113/.

45. The Fed's NCPC proposal states: "Conceived as ligaments, the glass infills proposed for the Eccles Building will maintain the original massing while connecting the existing wings with a new language of transparency. The interventions will be detailed to echo the restraint of Cret's stripped classicism using large-format glazing and curtain walls to create a dynamic relationship with the marble exterior of the existing building . . . [In the FRB East building], the material will be marble laminated within insulating glass. The eave line in the addition will correspond with the eaves of the historic building and the base of the building will be white Georgia marble to match the historic building." See p. 30, https://www.ncpc.gov/projects/8113/.

46. Following criticism from congressional oversight committees, GSA eliminated various architectural flourishes from the design plans for the Reagan Building and thereby reducing its estimated cost by about 15%; those modifications included using plaster instead of stone; aluminum instead of bronze trim; and ordinary office doors instead of oversized doors. See David Hilzenrath, "$656 Million Building Set for Federal Triangle," *Washington Post*, September 22, 1990.

47. The Fed's annual budget reports indicate that total capital spending at the Fed Banks (including the national IT center in Richmond, VA) rose from $330.1 million in 2019 to $913.8 million in 2024. Annual spending on multiyear capital projects over this period was $248 million (2019), $391 million (2020), $381 million (2021), $444 million (2022), $571 million (2023), and $570 million (2024), with pre-approved plans for $789 million in 2025 and thereafter. See https://www.federalreserve.gov/publications/annual-report.htm.

48. See https://www.federalreserve.gov/publications/annual-report.htm.

49. For example, capital spending at the Atlanta Fed averaged $12 million in 2019–21 and surged to $146 million in 2024. See https://www.federalreserve.gov/publications/annual-report.htm.

50. The Fed's IG has issued four reports on this subject: "Opportunities Exist for the Board to Improve Recordkeeping, Cost Estimation, and Cost Management Processes for the Martin Building Construction and Renovation Project"

(2014-AE-B-007); “The Board Can Improve Communication and Documentation Regarding the Martin Building Project” (2017-FMIC-B-012); “The Board Can Improve the Management of Its Renovation Projects” (2021-FMIC-B-004), and “The Board’s Contract Modification Process Related to Renovation Projects is Generally Effective” (2022-FMIC-B-002). See https://oig.federalreserve.gov/reports.

51. See Andrew T. Levin and Christina Parajon Skinner, “Strengthening the Federal Reserve’s Accountability to the US Congress”, Mercatus Policy Brief, Mercatus Center at George Mason University, April 2024.

52. Since the Fed has authority to issue legal tender, its liabilities are broadly perceived as having the full faith and credit of the US government.

53. For further analysis and discussion, see Andrew T. Levin and William R. Nelson, “The Federal Reserve’s Balance Sheet: Costs to Taxpayers of Quantitative Easing,” Mercatus Policy Brief, Mercatus Center at George Mason University, January 2023.

54. Since the launch of QE4 in March 2020, the Fed has submitted ten monetary policy reports to Congress, but none of those reports have included any cost-benefit analysis; see https://www.federalreserve.gov/monetarypolicy/publications/mpr_default.htm.

55. 5 U.S.C. app. § 8D(a)(D). This clause is parallel to a subset of provisions of § 8D(a), which specifies conditions in which the Secretary of the Treasury can issue directives to its IG. However, the Treasury Secretary is directly accountable to the President, and GAO has authority to conduct reviews of all Treasury programs and operations.

56. 12 U.S.C. § 341. Indeed, prior to 2015, the selection of a new Fed Bank president was conducted by the Fed Bank’s board of directors with little or no involvement by the Federal Reserve Board, which almost invariably approved the directors’ preferred candidate.

57. In 2015 the Fed Board instituted a new policy whereby a member of the Fed Board “meets regularly with the search committee chair throughout the search process regarding the candidate pool.” See the Fed Board’s FAQ on “How Is a Federal Reserve Bank President Selected?,” https://www.federalreserve.gov/faqs/how-is-a-federal-reserve-bankpresident-selected.htm. Consequently, the Fed Board now has the ability to effectively dictate the selection of each new Fed Bank president; see Jeffrey M. Lacker, “Governance and Diversity at the Federal Reserve,” Jan. 8, 2024, https://www.mercatus.org/macro-musings/jeffrey-lackergovernance-federal-reserve.

58. See DOJ Office of Legal Counsel, “Appointment and Removal of Federal Reserve Bank Members of the Federal Open Market Committee,” October 23, 2019.

59. Beth Hammack, president of the Cleveland Fed, dissented from the FOMC’s decision in December 2024; see https://www.federalreserve.gov/newsevents/pressreleases/monetary20241218a.htm. None of the other current Fed Bank presidents has ever cast a dissenting vote at any FOMC meeting; see the St. Louis Fed’s tabulation of FOMC dissents, https://www.stlouisfed.org/-/media/project/frbstl/stlouisfed/files/excel/fomc_dissents_data.xlsx.

60. The Nov. 2021 FOMC statement is posted at https://www.federalreserve.gov/newsevents/pressreleases/monetary20211103a.htm

61. The minutes of the November 2021 FOMC meeting indicate that the staff projected inflation at 2 percent in 2022, 1.9 percent in 2023, and 2 percent in 2024, https://www.federalreserve.gov/monetarypolicy/fomcminutes20211103.htm.

62. Bernanke’s external review of the Bank of England is posted at https://www.bankofengland.co.uk/independent-evaluation-office/forecasting-for-monetary-policy-making-and-communication-at-the-bank-of-england-a-review/. The external review of the Reserve Bank of Australia is posted at https://rbareview.gov.au/.

63. In February 2021 the Fed’s IG issued a report entitled “The Board Economics Divisions Can Enhance Some of Their Planning Processes for Economic Analysis” that recommended the clarification of plans and priorities for economic analysis, enhanced communication with Fed Board members, and the gauging of time allocation across various types of analysis. See https://oig.federalreserve.gov/reports.

64. See https://www.wearepay.uk/what-we-do/payment-systems/faster-payment-system/. The Eurosystem launched its instant payment system in November 2018; see https://www.ecb.europa.eu/paym/target/tips/html/index.en.html.

65. FedNow was launched in August 2023; see https://www.federalreserve.gov/paymentsystems/fednow_about.htm. As of 2024Q4, the FedNow system processed a daily average of about 5000 transactions; see https://www.frbservices.org/resources/financial-services/fednow/quarterly-volume-value-stats. That daily volume was only 0.01 percent of the volume processed by the Automated Clearing House (ACH); see https://www.nacha.org/content/ach-network-volume-and-value-statistics.

66. The Fed's inertial approach to strengthening the payments system has been carefully documented by George Selgin, "Central Banker's Hours: The Fed's Tortuous, Slow Road to Faster Payments," Cato Working Paper 81, posted at https://www.cato.org/workingpapers.

67. See https://www.justice.gov/usao-dc/pr/former-senior-adviser-federal-reserve-indicted-charges-economic-espionage.

68. See https://www.washingtonpost.com/dc-md-va/2025/01/31/federal-reserve-john-rogers-arrested-china/.

69. The Federal Information Security Modernization Act of 2014 (FISMA) mandated that annual audits of information security be performed at every federal department and agency, including the Fed Board.

70. See https://www.federalreserve.gov/publications/files/svb-review-20230428.pdf.

71. Randal Quarles, "Silicon Valley Bank: What Happened? What Should We Do About It?," https://www.hoover.org/research/getting-monetary-policy-back-track. Quarles's assessment reflected commentary by Barney Frank (a co-sponsor of the Dodd-Frank Act), Sheila Bair (a former FDIC chair), and Pat Parkinson (who headed the Fed Board's banking supervision department in the wake of the 2008 financial crisis).

72. Michelle W. Bowman, "Responsive and Responsible Bank Regulation and Supervision" (June 25, 2023), 3, posted at https://www.federalreserve.gov/newsevents/speech/bowman20230625a.htm.

73. The Fed IG issued a report entitled "Material Loss Review of Silicon Valley Bank" (2023-SR-B-013) that identified deficiencies in the Fed's examinations of SVB (which were conducted jointly by staff of the San Francisco Fed and the Fed Board). However, the Fed IG's report did not consider any shortcomings in oversight by senior Fed officials and did not raise any procedural concerns about the preparation and publication of the Barr Report. See https://oig.federalreserve.gov/reports.