



The Federal Reserve Should Welcome the Appointment of an Independent Inspector General

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Private-sector firms routinely engage external experts in assessing strategic plans, processes, programs, and operations. Management consultants provide services to nearly all Fortune 500 corporations and tens of thousands of privately held companies, and their assessments necessarily involve sensitive internal information that cannot be shared with media analysts or academic scholars.¹ Likewise, every large US federal agency (with a budget of \$5 billion or more) has a fully independent inspector general, appointed by the president and confirmed by the US Senate, who reviews all of the agency’s programs and operations and serves as a watchdog for Congress.²

Nonetheless, Federal Reserve System (Fed) officials have firmly resisted any independent reviews of its internal procedures or operations. When Congress enacted the Inspector General (IG) Act of 1978, the Fed was exempted due to its pristine balance sheet and its stellar reputation for frugality. At the time, the Fed’s assets mostly consisted of short-term Treasury securities, while nearly all of its liabilities were non-interest-bearing reserves and paper currency.³ The Fed’s Board of Governors (Fed Board) had an operating budget of about \$50 million, and the operations of the 12 regional Federal Reserve Banks (Fed Banks) were managed by their own boards of directors subject to oversight by the Fed Board.⁴ When Congress later amended the IG Act, it determined that the Fed’s IG would be a Fed employee, accountable to the Fed Board and working “under the authority, direction, and control” of the Fed chair on all policy-related matters.⁵

Over the past two decades, the Fed’s operating expenses have ballooned, even as its management has remained highly insular and opaque. To illustrate those concerns, this policy brief focuses on the \$3 billion upgrade of the Fed’s headquarters in Washington, DC, concluding that this upgrade can be reasonably characterized as equivalent to building a “Versailles Palace on the National Mall.”⁶ As shown in table 1, the Fed’s HQ will soon rank among the most expensive structures in the world, including the JPMorgan Chase Building in Manhattan and the Petronas Twin Towers in Kuala Lumpur, Malaysia.⁷

TABLE 1. Comparison of national palaces, corporate headquarters, and the Federal Reserve Board’s HQ

	BUILDING NAME	LOCATION	SIZE (SQ. FT.)	YEAR OF COMPLETION	COST (2025 \$US)
	Palace of Versailles	Paris, France	720,000	1715	\$3 billion
	US Congress (Capitol & Offices)	Washington, DC	8.1 million (15,000 staff)	1982	\$2.1 billion
	Petronas Twin Towers	Kuala Lumpur, Malaysia	3.9 million (88 floors)	1998	\$3 billion
	Bank of America Headquarters	New York, NY	2.1 million (55 floors)	2009	\$1.4 billion
	Ak Saray Presidential Palace	Ankara, Turkey	3.1 million	2014	\$0.8 billion
	Qasr Al Watan Presidential Palace	Abu Dhabi, UAE	2 million	2019	\$0.6 billion
	JP Morgan Chase Headquarters	New York, NY	2.5 million (60 floors)	2025	\$3 billion
	Federal Reserve Board HQ	Washington, DC	1.5 million (3,000 staff)	2026	\$3 billion

Notes: Versailles Palace was built by King Louis XIV at a cost of 100 million livres, equivalent to approximately 30 million grams of gold, as detailed by Frédéric Tiberghien in *Versailles le chantier de Louis XIV, 1662-1715* (2006). For the purposes of this paper, this amount has been converted to USD based on the 2025 average gold price of \$100 per gram. For all other structures, the actual cost in USD has been converted to its 2025 equivalent using the cumulative percent change in the US consumer price index (CPI). For example, the US Capitol was completed in 1868, and six congressional office buildings were constructed from 1908 to 1982. For Petronas Twin Towers, Ak Saray, and Qasr Al Watan, the actual cost in foreign currency has been converted to USD at market exchange rates. The Fed Board has four buildings: the Eccles Building (400,000 sq. ft.), the Martin Building (225,000 sq. ft.), Federal Reserve Board (FRB) East (128,000 sq. ft. when acquired; now being expanded to 792,000 sq. ft.), and 1709 New York Avenue (173,000 sq. ft.). As of 2024, the Fed Board’s multiyear capital budget included \$1.9 billion for the Eccles/FRB East project, \$600 million for the Martin project, and \$530 million for upgrading the offices at 1709 New York Avenue; see the memo from the Fed Board’s Chief Operating Officer and Chief Financial Officer, “2024 Board Operating/Capital Budgets and 2023 Board Operating Budget Overrun,” November 29, 2023, <https://www.federalreserve.gov/foia/files/2024boardbudget.pdf>.

The valuation of the Fed’s headquarters will soon exceed that of the US Congress (i.e., the US Capitol and six adjacent office buildings) even though the number of congressional staffers is five times larger than the number of Fed Board employees.⁸

The Fed’s flagship building—the Eccles Building—had already undergone a comprehensive renovation between 1999 and 2003, including replacement of the roof; removal of asbestos and other hazardous materials; upgrades to electrical, plumbing, and security systems; and refurbishment of interior and courtyard spaces.⁹ The total cost was \$24 million, consistent with a frugal and cost-effective design and careful management of its implementation.¹⁰

By contrast, the current upgrade to the Eccles Building will provide new amenities that include private rooftop dining areas and garden terraces as well as glass atriums and skylights.¹¹ The \$800 million cost of this project (about 40 times that of the 1999–2003 renovation) reflects the immense challenges involved in adding heavy loads at the top of a century-old structure.¹² Such features might be appropriate for a public space, such as a museum or art gallery funded by private donations. But the Eccles Building is used exclusively by the Fed itself, and the cost of this upgrade is being covered by funds that would otherwise be transferred to the Treasury for the benefit of taxpayers.

Likewise, when the Government Services Administration (GSA) transferred the Interior South Building to the Fed Board in 2018, GSA noted that this building—now redesignated as FRB East—would require some renovations, presumably along the lines of the Fed’s Eccles renovation.¹³ In fact, however, the Fed is spending \$1 billion to upgrade the FRB East building—roughly 20 times the cost of a routine renovation. This billion-dollar expense reflects the costs of demolition, excavation, and construction needed to install a glass-enclosed interior courtyard, a vast underground parking garage, and an extensive concourse level.¹⁴ After the upgrade is completed, the building will be occupied by 960 employees (only modestly different than its previous capacity); in effect, the upgrade cost is equivalent to about \$1 million per employee.

The Fed’s multiyear capital budget also includes \$600 million for nearly completed work on its Martin Building, along with plans for a \$500 million upgrade to its office building at 1709 New York Avenue, to ensure that those offices have “a space layout and appearance that is consistent with the Martin and Eccles/1951 renovation project.”¹⁵

Evidently, the total cost of \$3 billion for the Fed’s HQ upgrade mainly reflects the provision of amenities that far exceed the Fed’s statutory authority to provide its employees with “suitable and adequate” office space.¹⁶ Notably, the upgrade was launched in 2020 and early 2021—precisely the period that the Fed’s leadership was primarily focused on ameliorating the macroeconomic and financial consequences of the COVID-19 pandemic. Nonetheless, the implementation of this upgrade also reflects the Fed’s institutional insularity and the apparent lack of constraints on its operations spending. It seems practically certain that such a project would never have been designed or implemented had an effective watchdog been in place.

Thus, Fed officials should now welcome the appointment of an independent IG with statutory authority to examine all of the Fed’s programs, procedures, and operations. Such an IG would report directly to Congress, thereby ensuring the credibility of the IG’s assessments.¹⁷ An independent IG would enhance the Fed’s effectiveness in carrying out its crucial mission as the nation’s central bank.

Indeed, Fed officials should affirm that public accountability and institutional legitimacy are crucial for sustaining the Fed’s independence in making monetary policy decisions. That conclusion is evident from the experiences of other major central banks. For example, the Bank of England has an Independent Evaluation Office, whose ongoing work is comparable to the role that an independent IG would have at the Fed.

Evolution of the Fed Board’s Capital Budget

Congress has granted broad discretion to the Fed Board in providing offices for its employees:

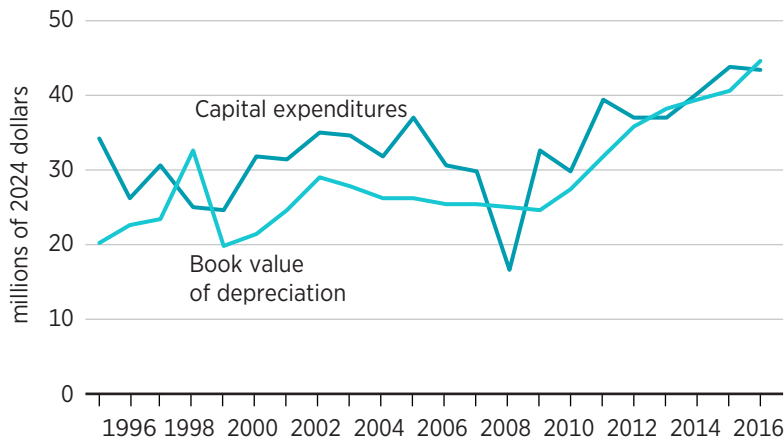
After approving such plans, estimates, and specifications as it shall have caused to be prepared, the Board may, notwithstanding any other provision of law, cause to be constructed on any site so acquired by it a building or buildings **suitable and adequate** in its judgment for its purposes and proceed to take all such steps as it may deem **necessary or appropriate** in connection with the construction, equipment, and furnishing of such building or buildings. The Board may maintain, enlarge, or remodel any building or buildings so acquired or constructed and shall have sole control of such building or buildings and space therein.¹⁸ (emphasis added)

That statutory phrasing is not unique to the Federal Reserve Act. The terms “suitable and adequate,” “necessary and appropriate,” and “in its judgment” appear in numerous statutes governing the regulatory authority and operations of other federal offices and agencies, including the Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation (FDIC), and the Farm Credit Administration (FCA).¹⁹ Moreover, the discretion granted by such statutes is not unbridled: Regulatory decisions are subject to judicial review, and misuse of public funds has resulted in the removal of federal officials, even members of Congress.²⁰

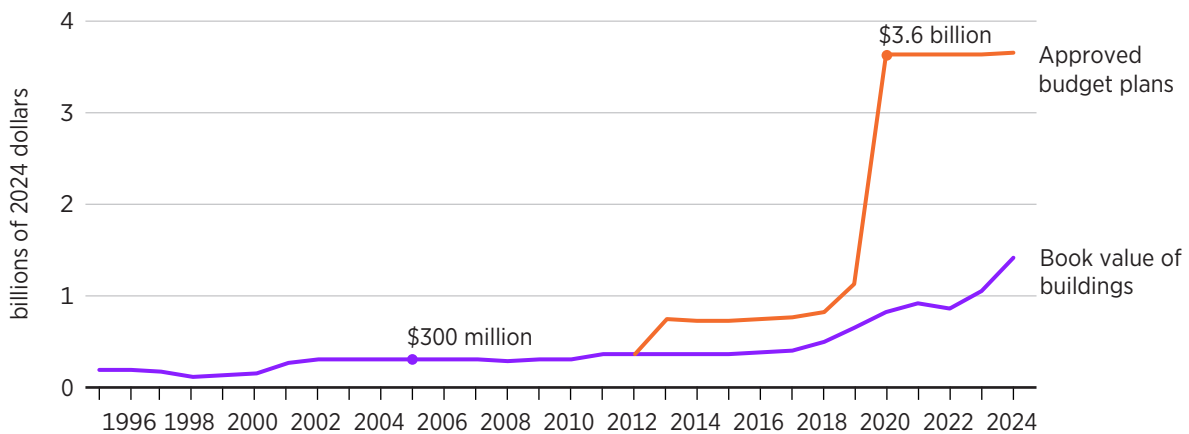
As shown in the top panel of figure 1, the Fed Board’s capital expenditures were consistent with frugality throughout the 1990s and the first decade of the 2000s. During this period the Fed Board’s operations were overseen by a series of vice chairs, including Alice Rivlin (who had previously headed the Congressional Budget Office and then the White House Office of Management and Budget) and Roger Ferguson (who had previously been a top official at a leading management consulting firm). As shown in the bottom panel, the value of the Fed Board’s premises increased moderately in mid-2001 following the acquisition of the nearby office building at 1709 New York Avenue.²¹ Over the next 15 years, the inflation-adjusted value of the Fed Board’s buildings remained around \$300 million, measured in 2024 dollars.²²

FIGURE 1. The Fed Board’s capital budget, 1995–2024

A. The Era of Frugality



B. The Era of Opulence



Notes: The top panel (A) shows the Fed Board’s capital expenditures and the book value of depreciation over the period 1995–2016 as reported in its annual financial statements; see <https://www.federalreserve.gov/publications/annual-report.htm> (1995–2007) and <https://www.federalreserve.gov/aboutthefed/fed-financial-statements-archive.htm> (post-2007), excluding the extraordinary expense of \$83 million incurred in moving the Fed Board’s data center from its DC headquarters to Baltimore, MD. The bottom panel (B) shows the book value of the Fed Board’s buildings and its multiyear budget plans (i.e., funds approved but not yet spent on building construction and upgrades), using data from its annual financial statements and the appendices to the annual “Board Operating and Capital Budget” memos that are posted in the Fed’s electronic Freedom of Information Act, or FOIA, library, e.g., <https://www.federalreserve.gov/foia/files/2020boardbudget.pdf>. All amounts are converted to 2024 prices using the *Engineering News-Record* building cost index at https://www.enr.com/economics/historical_indices.

During that era of frugality, the Fed’s capital spending was aligned to fully offset the depreciation of its buildings, thereby ensuring that its buildings remained in pristine condition. As noted above, the Fed Board completed a comprehensive renovation of the Eccles Building between 1999 and 2003 at a moderate cost of \$24 million. As the Martin Building’s major systems also approached obsolescence, Fed officials began planning a similar renovation at a cost comparable to that of the Eccles renovation. Coincidentally, the HQ building of the FDIC, just a few blocks from the Fed’s

HQ, was built in the early 1960s and is about 25 percent larger than the Martin Building. During the 2010s, GSA managed a comprehensive renovation of the FDIC HQ at a total cost of \$45 million, i.e., an inflation-adjusted cost of \$67 million in 2024 dollars.²³

As shown in the bottom panel of the figure, the Fed Board's plans subsequently shifted markedly. In 2013, Fed officials approved a major upgrade of the Martin Building at a cost of \$240 million (nearly \$400 million in 2024 dollars)—about six times the cost of the FDIC's renovation. And in 2019 the Fed Board approved plans for a \$2 billion upgrade of its other three HQ buildings.

Cost Benchmarks for Comprehensive Renovations and New Construction

As shown in table 2, a century-old building does not necessarily need to be demolished or gutted, especially if it was carefully designed and constructed and has been well maintained over time. In fact, a comprehensive renovation can be much more cost effective than constructing a new building of comparable size:

- The left column of the table provides further details about the Eccles Building renovation carried out from 1999 to 2003. The renovation was conducted in distinct phases to minimize disruption to the Fed Board's operations; during each phase, the employees working in a specific section of the building were temporarily relocated to a nearby office building for about six to nine months until that phase was completed.²⁴ The total cost was \$24 million, i.e., an inflation-adjusted cost of about \$60 million in 2024 dollars.
- The middle column provides a synopsis of the 2014–18 renovation of the US Department of Agriculture (USDA) headquarters, the Whitten building, whose original construction was completed in 1930. The Whitten Building is roughly twice the size of the Eccles Building, but its renovation was carefully managed by GSA at a cost of \$29 million, i.e., about \$45 million in 2024 dollars.
- The right column summarizes the construction of the landmark office building at 101 Constitution Avenue NW, directly across from the US Capitol. This property is owned by the United Brotherhood of Carpenters and Joiners and was built between 1999 and 2002 following the demolition of the preexisting structure at that location. The building's tenants include several Fortune 500 corporations as well as a highly prominent law firm and several other organizations.²⁵ The cost of demolition, excavation, and construction was \$149 million, i.e., about \$350 million in 2024 dollars, which is consistent with the latest valuation by the DC tax assessment office.

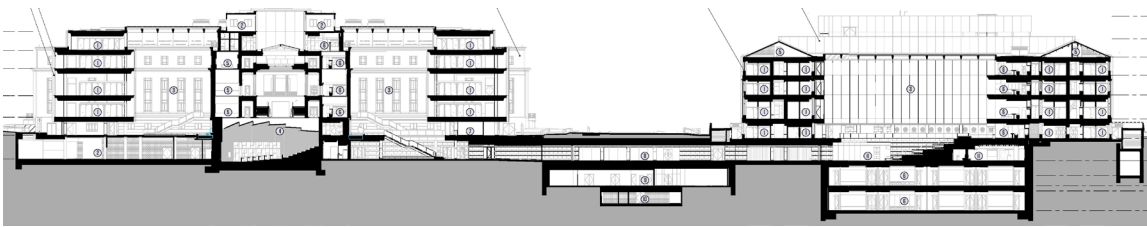





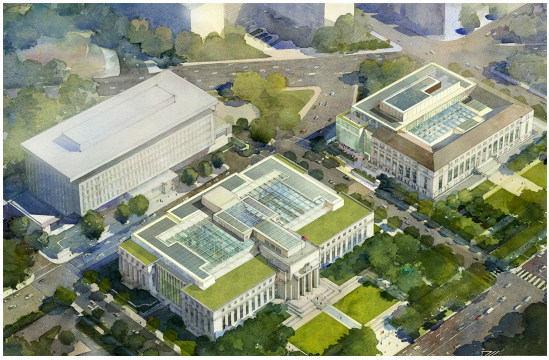
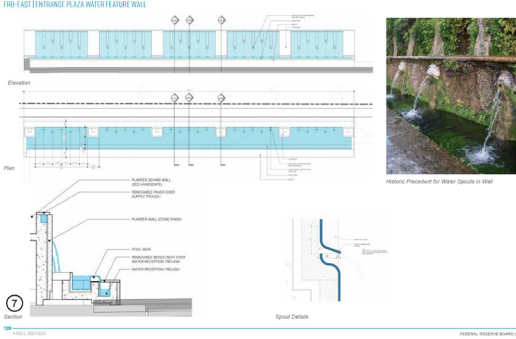
Evidently, the \$800 million upgrade of the Eccles Building now underway is not a matter of routine maintenance, given that a comprehensive renovation was completed only 20 years ago. Likewise, the \$1 billion upgrade of FRB East is roughly 20 times the cost of a comprehensive renovation of that building.

TABLE 2. Renovation & construction projects on the National Mall, 1999–2018

Building	Fed Headquarters (Eccles Building)	USDA Headquarters (Whitten Building)	101 Constitution Ave (commercial offices)
Project Type	comprehensive renovation	comprehensive renovation	new construction
Description	Removal of asbestos; replacement of roof & major equipment; electrical, plumbing, ventilation & security systems; interior & courtyard refurbishing	Replacement of roof & major equipment; electrical, plumbing, ventilation & security systems; refurbishing of interior & exterior spaces	Demolition of existing structure; installation of 300-space underground garage; construction of award-winning 10-story office building
Date	1999–2002	2014–2018	1999–2002
Building Size	276,000 sq. ft. (630 employees)	520,000 sq. ft. (1300 employees)	640,000 sq. ft. (~2000 employees)
Cost	\$24 million	\$29 million	\$149 million
Cost at 2025 Prices	\$57 million	\$44 million	\$350 million

Notes: The top panel is a satellite view of the National Mall in Washington, DC (as of June 2019), courtesy of Google Earth. Demarcations indicate the location of the Fed Board’s headquarters and its annex office building at New York Avenue; the location of the Whitten Building, which is the headquarters of the US Department of Agriculture (USDA); and the location of the commercial office building at 101 Constitution Avenue NW (owned by the United Brotherhood of Carpenters and Joiners). The bottom panel provides a synopsis of the renovations at the Fed’s Eccles Building (1999–2002), the Whitten Building (2014–18), and the construction of the 101 Constitution building. Details of the Eccles renovation are posted in the Fed Board Management Division memo at <https://www.federalreserve.gov/boarddocs/meetings/2001/20011219/20011219-openmemo-2.pdf>. Details about the Whitten renovation are given in the explanatory notes to the USDA’s annual reports on *Agriculture Buildings and Facilities*, posted at <https://www.usda.gov/sites/default/files/documents/12agbldgYYYnotes.pdf> (for 2015, 2016, and 2017, where YYYY = 2015, 2016, and 2017) and <https://www.usda.gov/sites/default/files/documents/12agbldgexnotes2018.pdf> (for 2018). Information about the 101 Constitution building is posted at <https://101constitution.com/>, and the cost of its construction was indicated in LM-2 filings by the United Brotherhood of Carpenters and Joiners (the owner of the building) that are posted at <https://olmsapps.dol.gov/olpdr/>; see also Maryann Haggerty, “New Office Building Planned Near Capitol,” *The Washington Post*, July 12, 1999. Conversion of costs to 2025 prices is computed using the *Engineering News-Record* building cost index in January 2025, relative to its average value at the time of construction or renovation (1999–2002 or 2014–18), and hence the conversion factor is 1.50 for the Whitten Building and 2.37 for the Eccles Building and for 101 Constitution, see https://www.enr.com/economics/historical_indices. For 101 Constitution, that valuation of the building is consistent with the DC Office of Tax and Revenue’s latest assessment of \$348 million, <https://mytax.dc.gov/>.

TABLE 3. Notable features of the Fed’s HQ upgrade

<p>CONCOURSE LEVELS & UNDERGROUND PARKING</p> 	
<p>FACADE MATERIALS</p>	
<p>STONE MARBLE POLISHED & HONEY WHITE GLOSS/SLA</p>  <p>GLAZING LOW IRON GLAZING</p>  <p>ACID ETCHED GLAZING</p>  <p>METAL RANGE OF OIL RUBBED BRONZE (DARK DARK TO LIGHT)</p>  	<p>FRB EAST BUILDING MATERIAL BOARD</p> <p>GLAZING ACID ETCHED GLAZING</p>  <p>OPTICALLY CLEAR GLAZING</p>  <p>LOW IRON GLAZING</p>  <p>STONE WHITE GEORGIAN MARBLE INTERLAYER</p>  <p>METAL RANGE OF STAINLESS STEEL FINISHES (BRUSH BLAST AND POLISHED)</p>  <p>COATED ALUMINUM</p>  
<p>GLASS ATRIUMS</p>	
	
<p>ROOFTOP DINING & GARDEN TERRACES</p>	<p>WATERFALL FEATURES</p>
	<p>FRB EAST ENTRANCE PLAZA WATER FEATURE WALL</p> 

Notes: This table highlights several key features of the Fed Board’s upgrade of the Eccles Building and the FRB East Building, using graphics that were included in the Fed’s submissions to the National Capital Planning Commission (NCP) and the US Commission of Fine Arts (CFA); see the NCP project information at <https://www.ncpc.gov/projects/8113/> and the CFA project information at <https://www.cfa.gov/records-research/project-search/cfa-16-jul-20-1>. For example, the Fed’s September 2021 submission for final approval by the NCP is posted at https://www.ncpc.gov/files/projects/2021/8113_Marriner_S_Eccles_and_Federal_Reserve_Board-East_Building_Renovation_and_Expansion_Submission_Materials_Sep2021.pdf.

Table 3 highlights the key features of the Fed’s upgrade of the Eccles Building and FRB East. The architectural elements of these features were carefully reviewed by experts from the National Capitol Planning Commission and the US Commission of Fine Arts.²⁶ Ironically, however, the cost-effectiveness of these upgrades was never scrutinized by the Fed’s IG or any other independent experts, even though the \$3 billion cost is being paid for with public funds that would otherwise be transferred to the Treasury for the benefit of taxpayers.²⁷ This lack of scrutiny underscores the rationale for welcoming a fully independent IG to serve as an effective watchdog at the Federal Reserve.

About the Author

Andrew T. Levin is a professor of economics at Dartmouth College. Levin received his PhD in economics from Stanford University and worked at the Federal Reserve Board for two decades, including two years as a special adviser on monetary policy strategy and communications. Levin is a regular visiting scholar at the International Monetary Fund. In addition, he has served as an external consultant to the European Central Bank, an external adviser to the Bank of Korea, a scientific advisor to the central banks of Norway and Sweden, a consultant to the Government of Australia’s review of the Reserve Bank of Australia, and a visiting scholar at the central banks of Canada, Japan, Netherlands, and New Zealand; he has provided technical assistance to the central banks of Albania, Argentina, Ghana, Macedonia, and Ukraine; and he is currently serving on the Bank of England’s academic advisory group on digital currencies.

Notes

1. For example, Deloitte LLC provides consulting services to “nearly 90% of the Fortune 500 and more than 8,500 US private companies” (Deloitte, “Deloitte Unveils 2024 North America Technology Fast 500™ Rankings,” November 21, 2024, <https://www2.deloitte.com/us/en/pages/about-deloitte/articles/press-releases/fast500-winners-press-release.html>). McKinsey reports that its consultants work with “90 of the world’s top 100 companies” (McKinsey & Company, “Consulting,” accessed June 14, 2025, <https://www.mckinsey.com/spContent/CareersQuiz/explore/consulting/index.html>). Other major consulting firms include Accenture, Bain, and Boston Consulting Group. All told, these five consulting firms earned nearly \$200 billion in global revenue during 2024.
2. 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). For a comprehensive analysis of these issues, see “Central Bank Oversight: Assessing the Federal Reserve’s Accountability to Congress,” *Vanderbilt Law Review*, December 2024.
3. 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).
4. Board of Governors of the Federal Reserve System (U.S.), 1935– and Federal Reserve Board, 1914–1935, “1977,” *Annual Report of the Board of Governors of the Federal Reserve System* (1977), accessed June 14, 2025, <https://fraser.stlouisfed.org/title/annual-report-board-governors-federal-reserve-system-117>.
5. The Fed’s IG is appointed by the Fed chair and reports to the Fed Board, with statutory authority to review operations at the Fed Board but not at the Fed Banks (which are chartered as private institutions); see Office of Inspector General, “FAQs,” accessed June 14, 2025, <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 all policy-related matters; see 5 U.S.C. app. § 8D(a)(D).

6. James Franey, “Federal Reserve Blows \$2.5B on ‘Palace of Versailles’ HQ Despite Mounting Losses: Congress Must Put Its Foot Down,” *New York Post*, April 27, 2025, <https://nypost.com/2025/04/27/business/federal-reserve-blows-2-5b-on-palace-of-versailles-hq/>. The article cites the Fed Board’s approved budget of \$2.5 billion for upgrading its main campus and does not include the additional \$500 million budget for upgrading the Fed’s annex office building at 1709 New York Avenue.
7. Table 1 lists national palaces and corporate headquarters but does not include other types of structures such as sports stadiums, resort hotels, or worship centers. The table also excludes Apple Park, whose “spaceship” building cost \$530 million—just a fraction of the \$5 billion cost of the entire complex, which has 15 buildings on 270 acres.
8. The US Capitol Building and six adjacent congressional office buildings (the Cannon, Dirksen, Hart, Longworth, Rayburn, and Russell buildings) have a total size of 8.1 million square feet, with construction costs that are equivalent to \$2.1 billion in 2024 dollars using the cumulative percent change in the CPI to compute the conversion factor for each building. The financial statements issued by the US Architect of the Capitol indicate a net book value of \$2.6 billion for all congressionally-owned buildings (including the six Library of Congress buildings and the structures at the US Botanic Garden); see <https://www.aoc.gov/sites/default/files/2024-12/aoc-performance-and-accountability-report-fy-2024-508-2.pdf>.
9. The Eccles Building Infrastructure Enhancement Project (EBIEP) was launched in July 1999, and proceeded in 19 phases over the subsequent three and a half years. See note (5) of the Fed Board’s financial statements in its *86th Annual Report: 1999* (p. 329) (Board of Governors of the Federal Reserve System (U.S.), 1935– and Federal Reserve Board, 1914–1935, “1999,” *Annual Report of the Board of Governors of the Federal Reserve System* (1977), accessed on June 14, 2025, <https://fraser.stlouisfed.org/title/annual-report-board-governors-federal-reserve-system-117>). A synopsis of the EBIEP midway through its implementation was provided in a memo from the Fed Board Management Division to the Fed Board, “2002–03 Proposed Budget,” December 14, 2001, <https://www.federalreserve.gov/boarddocs/meetings/2001/20011219/20011219-openmemo-2.pdf>.
10. As indicated in the biannual budgets of the Fed Board, the EBIEP incurred a cost of \$8.4 million (1998–99), \$11.8 million (2000–01), and \$3.5 million (2002–03). The final cost was stated in the Fed Board’s *Annual Report: Budget Review* (July 2003), p. 25, <https://www.federalreserve.gov/publications/budget-review.htm>.
11. The Fed Board’s 2024 budget specified a multiyear capital budget of \$600 million for the Martin Building upgrade and \$1.88 billion for the joint cost of upgrading the Eccles Building and FRB East Building; see the memo from the Fed Board’s Chief Operating Officer and Chief Financial Officer, “2024 Board Operating/Capital Budgets and 2023 Board Operating Budget Overrun,” November 29, 2023, <https://www.federalreserve.gov/foia/files/2024boardbudget.pdf>. The disaggregation of specific costs for the Eccles and FRB East buildings reflects the ratio of prior cost estimates; see Board of Governors of the Federal Reserve System, *The Board Can Improve the Management of Its Renovation Projects*, March 10, 2021, <https://oig.federalreserve.gov/reports/board-management-renovation-projects-mar2021.pdf>.
12. 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 . . . 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 . . . 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.” (pp.30, 35) <https://www.ncpc.gov/projects/8113/>
13. The historic building at 1951 Constitution Avenue NW was completed in 1933 to provide facilities for the Surgeon General and the newly established National Institutes of Health; the building was later used by the Department of the Interior then transferred to the Fed Board in 2018 for \$41.6 million. See US General Services Administration, “GSA Transfers Federal Property to the Federal Reserve Board,” July 2, 2018, <https://www.gsa.gov/about-us/newsroom/news-releases/gsa-transfers-federal-property-to-the-federal-reserve-board-07022018>.
14. The Fed Board provided detailed design information in its submissions to the National Capital Planning Commission (NCPC) and the US Commission of Fine Arts (CFA); see <https://www.ncpc.gov/projects/8113/> and <https://www.cfa.gov/records-research/project-search/cfa-16-jul-20-1>. 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 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. . . 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.” (pp. 41, 46)

15. In 2020 the Fed Board included \$419 million in its multiyear capital budget for upgrading its annex office building at 1709 New York Avenue; see the memo from the Fed Board’s Chief Operating Officer and Chief Financial Officer to the Fed Board, “2020 Board Operating and Capital Budgets,” February 28, 2020, <https://www.federalreserve.gov/foia/files/2020boardbudget.pdf>. The rationale was characterized in a March 2021 report; see Board of Governors of the Federal Reserve System, *The Board Can Improve the Management of Its Renovation Projects*, March 10, 2021, <https://oig.federalreserve.gov/reports/board-management-renovation-projects-mar2021.pdf>. This budget item was subsequently raised to \$530 million; see the memo from the Fed Board’s Chief Operating Officer and Chief Financial Officer, “2024 Board Operating/Capital Budgets and 2023 Board Operating Budget Overrun,” November 29, 2023, <https://www.federalreserve.gov/foia/files/2024boardbudget.pdf>.
16. The grand total of \$3 billion in the Fed Board’s 2024 budget included \$1.88 billion for the Eccles/FRB East project, \$600 million for the Martin Building, and \$530 million for the office building at 1709 New York Avenue; see the memo from the Fed Board’s Chief Operating Officer and Chief Financial Officer, “2024 Board Operating/Capital Budgets and 2023 Board Operating Budget Overrun,” November 29, 2023, <https://www.federalreserve.gov/foia/files/2024boardbudget.pdf>. The Fed Board’s authority to provide offices for its officials and staff is given in section 10 of the Federal Reserve Act (12 U.S.C. § 243).
17. At a congressional hearing in 2009, the 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. See Federal Reserve Act, section 10. The original version of this provision dates to 1933 when Congress authorized the Fed Board to acquire land and construct a single building, which was completed in 1937 and later designated as the Marriner S. Eccles Building. In the 1960s the Fed Board acquired a vacant lot across the street and constructed a second building connected by an tunnel; that building was subsequently designated as the William M. Martin, Jr. Building. Thus, in December 2000 Congress amended the provision to authorize the Fed Board to own additional buildings that wouldn’t need to be connected via underground tunnels.
19. Congress authorized FCA to provide “suitable and adequate” facilities for its operations (12 U.S.C. § 2251), and the same term has been used in various other statutes, e.g., authorizing laboratories and hospital buildings at the National Institute of Mental Health, 42 U.S.C. § 232. The term “necessary or appropriate” appears in the statutes governing FDIC and SEC as well as the Federal Communications Commission and the Federal Energy Regulatory Commission. Congress has used variants of the phrases “in its judgment” and “as it may deem necessary” in numerous statutes, e.g., authorizing the board of the Tennessee Valley Authority to construct and modify bridges, 16 U.S.C. § 831c-1.
20. For example, in April 2012 the administrator of the General Services Administration (GSA) resigned following the publication of an IG report regarding gross misuse of public funds, including \$800,000 in lodging and entertainment for a GSA conference in Las Vegas. In March 2015, a member of Congress resigned after ethics investigations found that he spent \$40,000 of public funds for lavish office decorations inspired by the television series *Downton Abbey*. Federal Reserve Board officials cannot be terminated on the basis of policy decisions but can be removed from office “for cause,” which Congress has elsewhere defined as “neglect of duty, inefficiency, or malfeasance”; see 49 U.S.C. § 1301(b)(3).
21. As of December 2000 the Fed Board owned and occupied the Marriner S. Eccles Building (which was completed in 1937) and the William C. Martin, Jr. Building (completed in 1974). In August 2001 the Fed announced that it was paying \$67 million to purchase a commercial building at 1701 New York Avenue NW where it had previously been leasing about two-thirds of the office space; see the press release on August 20, 2001, <https://www.federalreserve.gov/boarddocs/press/boardacts/2001/20010820/default.htm>.

22. These inflation-adjusted values have been computed using the *Engineering News-Record's* building cost index; see *Engineering News-Record*, "Historical Indices," accessed June 14, 2025, https://www.enr.com/economics/historical_indices.
23. The FDIC's headquarters building is located at 550 17th Street NW, three blocks from the Fed's HQ. The FDIC building (260,000 sq. ft.) is 25 percent larger than the Martin Building's pre-upgrade size (205,000 sq. ft.). The FDIC's renovation was managed by GSA, with design work initiated in 2010 (contract GS03P10AZC0051, \$10.8 million), replacement of heating, ventilation, and air-conditioning systems (GS11P12MKC0036, \$27.0 million), refurbishing of exterior facade and central lobby (\$4 million), and enhancements to perimeter security (\$3 million); all contracts are stored at <https://www.sam.gov> and total costs are listed on <https://www.USAspending.gov>.
24. The author of this policy brief was on the Fed Board staff at the time of the Eccles Building renovation, and his section was temporarily relocated to nearby offices for a nine-month interval.
25. The building's current directory of tenants includes Altria, Exelon, Goldman Sachs, Honeywell, and the law firm of Nelson Mullins Riley & Scarborough LLP; see Usearch Locations, "101 Constitution Ave. NW, Washington, DC," accessed June 14, 2025, <https://usearch.com/property/101-constitution-ave.-nw-washington-dc>.
26. The NCPC has a statutory duty to review construction projects in light of longer-range planning and environmental factors, while the CFA is responsible for upholding the historic dignity and aesthetic harmony of the National Mall; see <https://www.ncpc.gov/about/> and <https://www.cfa.gov/about-cfa>.
27. The Fed's IG issued a series of audits of contracting modifications during the Martin Building renovation; its most recent report (published in February 2022) was "The Board's Contract Modification Process Related to Renovation Projects is Generally Effective" (2022-FMIC-B-002); see <https://oig.federalreserve.gov/reports>.