

# Federal Reserve System Budget

Total expenses for the Federal Reserve System for 2011 are budgeted at \$4,520.9 million, an increase of 6.5 percent from 2010 actual expenses. Of this total, \$3,351.2 million is for the Reserve Banks, \$493.6 million is for the Board and the Office of Inspector General (OIG), and \$676.1 million is for the cost of new currency (table 2 and table 3). Revenue from priced services provided to depository institutions is expected to total \$497.2 million, or

**Table 2. Total expenses of the Federal Reserve System, net of receipts and claims for reimbursement, 2009–11**

Millions of dollars, except as noted

Item	2009 (actual)	2010 (actual)	2011 (budgeted)	Percent change	
				2009 to 2010	2010 to 2011
Total System expenses <sup>1</sup>	4,041.4	4,243.3	4,520.9	5.0	6.5
Less					
Revenue from priced services	675.4	574.7	497.2	-14.9	-13.5
Claims for reimbursement <sup>2</sup>	450.3	456.4	492.2	1.4	7.8
Other income	1.3	1.5	1.7	12.6	14.5
Equals					
<b>Net System expenses</b>	<b>2,914.4</b>	<b>3,210.8</b>	<b>3,529.9</b>	<b>10.2</b>	<b>9.9</b>

Note: Components may not sum to totals and may not yield percentages shown because of rounding. Total expenses reflect all redistributions for support and overhead and exclude capital outlays.

<sup>1</sup> Includes extraordinary items and expenses of the Office of Inspector General.

<sup>2</sup> Costs of fiscal agency and depository services provided to the U.S. Treasury, other government agencies, and other fiscal principals that are billed to these agencies.

11 percent of total budgeted expenses. This revenue, combined with claims for reimbursement and other income, results in the recovery of approximately 22 percent of the System's budgeted 2011 expenses.<sup>5</sup> When these items are deducted from budgeted 2011 expenses, net expenses for the System are 9.9 percent higher than 2010 net expenses (table 2).

<sup>5</sup> *Claims for reimbursement* refers to costs of fiscal agency and depository services provided to the U.S. Treasury, other government agencies, and other fiscal principals that are billed to these agencies. Other income comes from services provided on behalf of the U.S. Treasury that are paid for by the depository institutions using the services, which include the transfer of funds between depository institutions and the Treasury.

**Table 3. Expenses of the Federal Reserve System for operations and currency, 2009–11**  
Millions of dollars, except as noted

Item	2009 (actual)	2010 (actual)	2011 (budgeted)	Percent change	
				2009 to 2010	2010 to 2011
Reserve Banks <sup>1</sup>	3,142.5	3,183.0	3,351.2	1.3	5.3
Personnel	2,155.7	2,211.8	2,371.7	2.6	7.2
Nonpersonnel	986.9	971.2	979.5	-1.6	0.8
Board of Governors <sup>2</sup>	396.8	437.4	493.6	10.2	12.8
Personnel	294.1	325.0	360.1	10.5	10.8
Nonpersonnel	102.7	112.4	133.5	9.4	18.8
Currency <sup>3</sup>	502.1	622.9	676.1	24.1	8.6
<b>Total System expenses</b>	<b>4,041.4</b>	<b>4,243.3</b>	<b>4,520.9</b>	<b>5.0</b>	<b>6.5</b>

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

<sup>1</sup> For detailed information on Reserve Bank expenses, see the “Federal Reserve Bank Budgets” section, p. 19.

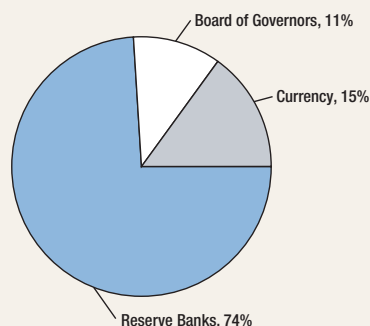
<sup>2</sup> Includes extraordinary items and expenses of the Office of Inspector General. See also the “Board of Governors Budgets” section, p. 13.

<sup>3</sup> For more information on currency expenses, see the “Currency Budget” section, p. 27.

The distribution of budgeted expenses is similar to that in previous years, with the Reserve Banks’ expenses accounting for 74 percent of the total, new currency expenses accounting for 15 percent, and Board expenses accounting for the remainder (**figure 1**).

System employment is budgeted at 20,310 for 2011, an increase of 641 from the 2010 level, primarily due to planned staff additions needed to implement new requirements under the Dodd-Frank Act.<sup>6</sup>

**Figure 1. Distribution of budgeted expenses of the Federal Reserve System, 2011**

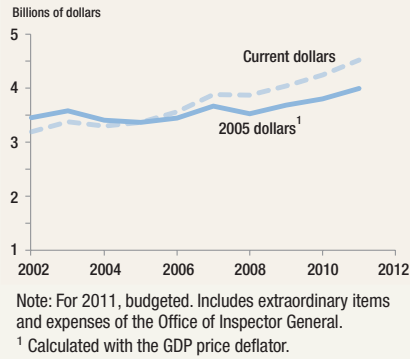


## 2011 System Budget Initiatives

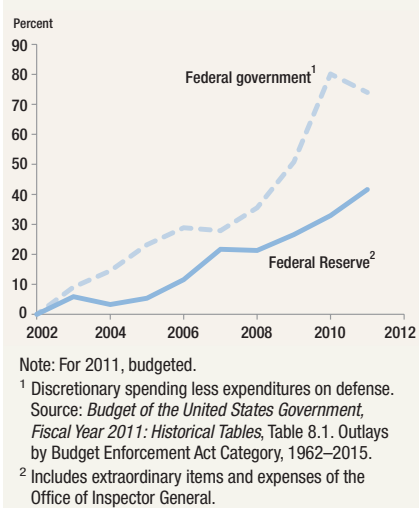
The Reserve Bank budgets are funding increases in the central bank functions, specifically supervision and regulation and the open market operation in New York, offset by the continued reductions in check operations. The major factors affecting the 2011 Reserve Bank budgets are outlined in more detail in the “Federal Reserve Bank Budgets” section of this report (see page 19).

<sup>6</sup> Employment numbers stated include position counts for the Board and average number of personnel (ANP) for the Reserve Banks.

**Figure 2. Total expenses of the Federal Reserve System, 2002–11**



**Figure 3. Cumulative change in Federal Reserve System expenses and federal government expenses, 2002–11**



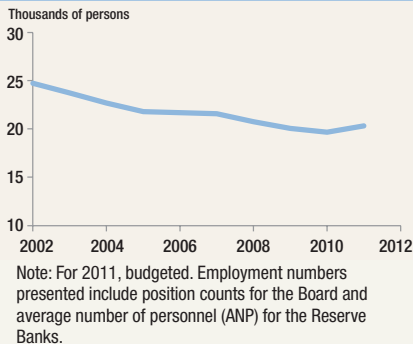
## Trends in Expenses and Employment

From the actual 2002 level to the budgeted 2011 amount, the total expenses of the Federal Reserve System have increased an average of 4.0 percent per year (1.6 percent per year when adjusted for inflation) (figure 2). Over the same period, nondefense discretionary spending by the federal government has increased an average of 6.3 percent per year (figure 3). Over the 2002–2011 period, Federal Reserve System employment has decreased 4,410 (figure 4).

While the most recent budget year reflects the planned increases for resources to address requirements under the Dodd-Frank Act, prior years reflect

spending restraint and substantial staffing decreases due to restructuring efforts in the check processing function and efficiency measures in the support and overhead functions. Over the same 10-year period, check costs decreased an average of 13.2 percent annually, and check staff declined an average of 20.9 percent annually. Local support and overhead costs increased an average of 2.2 percent annually and the associated staffing level declined an average of 2.9 percent annually over the same 10-year period.

**Figure 4. Employment in the Federal Reserve System, 2002–11**



## 2011 Capital Budgets

The capital budgets for the Reserve Banks and the Board total \$442.9 million, with \$417.6 million budgeted for the Reserve Banks, Federal Reserve Information Technology, and Office of Employee Benefits and \$25.2 million budgeted for the Board and the OIG. As in previous years, the 2011 capital budgets include funding for projects that support the strategic direction outlined by the individual Reserve Banks, System business leaders, and the Board. These strategic goals focus on investments that continue to improve operational efficiencies, enhance services to bank customers, and ensure a safe and productive work environment. More detailed discussions of the Board and Reserve Bank capital budgets are included in the “[Board of Governors Budgets](#)” and “[Federal Reserve Bank Budgets](#)” sections on pages 13 and 19, respectively.

# Federal Reserve System Budget

Total expenses for the Federal Reserve System for 2012 are budgeted at \$4,720.7 million, an increase of 8.2 percent from 2011 actual expenses. Of this total, \$3,441.3 million is for the Reserve Banks, \$532.4 million is for the Board and the Office of Inspector General (OIG), and \$747.0 million is for the cost of new currency (table 2 and table 3). Revenue from priced services provided to depository institutions is expected to total \$436.8 million, or 9.3 percent of total budgeted expenses. This revenue, combined with claims for reimbursement and other income, results in the recovery of approximately 20 percent of the System's budgeted 2012 expenses.<sup>8</sup> When these items are deducted from budgeted expenses, 2012 net expenses for the System are 11.4 percent higher than 2011 net expenses (table 2).

**Table 2. Total expenses of the Federal Reserve System, net of receipts and claims for reimbursement, 2010–12**

Millions of dollars, except as noted

Item	2010 (actual)	2011 (actual)	2012 (budgeted)	Percent change	
				2010 to 2011	2011 to 2012
Total System expenses <sup>1</sup>	4,243.3	4,363.6	4,720.7	2.8	8.2
<b>Less</b>					
Revenue from priced services	574.7	478.6	436.8	-16.7	-8.7
Claims for reimbursement <sup>2</sup>	456.4	485.3	497.6	6.3	2.5
Other income	1.5	1.6	2.2	6.7	37.5
<b>Equals</b>					
Net System expenses	3,210.7	3,398.1	3,784.1	5.8	11.4

Note: Components may not sum to totals and may not yield percentages shown because of rounding. Total expenses reflect all redistributions for support and overhead and exclude capital outlays.

<sup>1</sup> Includes expenses of the Office of Inspector General.

<sup>2</sup> Reimbursable claims include the costs of fiscal agency and depository services provided to the U.S. Treasury, other government agencies, and other principals, to whom actual costs are billed and reimbursed by those entities.

<sup>8</sup> *Claims for reimbursement* refers to the costs of fiscal agency and depository services provided to the U.S. Treasury, other government agencies, and other principals, to whom actual costs are billed and reimbursed by those entities. *Other income* is the fee that depository institutions pay for the settlement component of the Fedwire Security Service transactions. In addition, a further portion of the System's expenses since July 21, 2011, related to carrying out supervisory and regulatory responsibilities for large financial institutions will be recouped in accordance with the Dodd-Frank Act.

**Table 3. Expenses of the Federal Reserve System for operations and currency, 2010–12**  
Millions of dollars, except as noted

Item	2010 (actual)	2011 (actual)	2012 (budgeted)	Percent change	
				2010 to 2011	2011 to 2012
Reserve Banks <sup>1</sup>	3,183.0	3,261.3	3,441.3	2.5	5.5
Personnel	2,211.8	2,317.2	2,454.7	4.8	5.9
Nonpersonnel	971.2	944.1	986.6	-2.8	4.5
Board of Governors <sup>2</sup>	437.4	452.3	532.4	3.4	17.7
Personnel	325.0	333.1	373.1	2.5	12.0
Nonpersonnel	112.4	119.2	159.3	6.0	33.6
Currency <sup>3</sup>	622.9	650.0	747.0	4.4	14.9
<b>Total System expenses</b>	<b>4,243.3</b>	<b>4,363.6</b>	<b>4,720.7</b>	<b>2.8</b>	<b>8.2</b>

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

<sup>1</sup> Excludes capital outlays and pension expenses as well as assessments for the Board of Governors operating expenses, currency costs, the Consumer Financial Protection Bureau, and the Office of Financial Research. Includes expenses budgeted by Federal Reserve Information Technology and the System's Office of Employee Benefits that are chargeable to the Reserve Banks. Reflects all redistributions for support and allocations for overhead. For detailed information on Reserve Bank expenses, see the "Federal Reserve Bank Budgets" section on page 19.

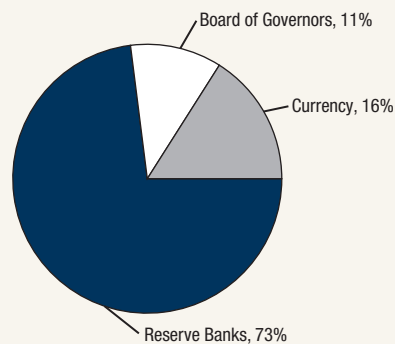
<sup>2</sup> Includes expenses of the Office of Inspector General. See also the "Board of Governors Budgets" section on page 13.

<sup>3</sup> For more information on currency expenses, see the "Currency Budget" section on page 27.

The distribution of budgeted expenses is similar to that in previous years, with the Reserve Banks' expenses accounting for 73 percent of the total, new currency expenses accounting for 16 percent, and Board expenses accounting for the remainder (**figure 1**).

System employment is budgeted at 20,544 for 2012, an increase of 528 from the 2011 level, primarily due to planned staff additions needed to implement requirements under the Dodd-Frank Act.<sup>9</sup>

**Figure 1. Distribution of budgeted expenses of the Federal Reserve System, 2012**



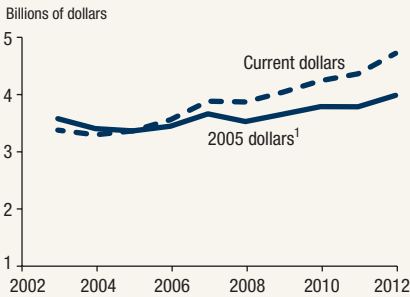
<sup>9</sup> Employment numbers stated include position counts for the Board and average number of personnel (ANP) for the Reserve Banks. ANP is the average number of employees expressed in terms of full-time positions for the period. For instance, a full-time employee who works one-half of the year counts as 0.5 ANP for that calendar year; two half-time employees who work the full year count as 1 ANP.

## 2012 System Budget Initiatives

The Federal Reserve System budget is funding increases for several initiatives, specifically in supervision to promote financial stability and to continue to implement the Dodd-Frank Act, as well as in support of application

development projects for Treasury and financial services. The major factors affecting the 2012 Board and Reserve Bank budgets are outlined in more detail in the “Board of Governors Budgets” section on page 13 and “Federal Reserve Bank Budgets” section on page 19, respectively.

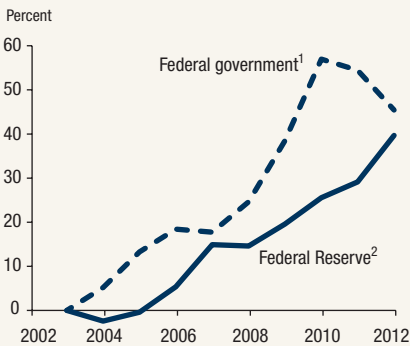
**Figure 2. Total expenses of the Federal Reserve System, 2003–12**



Note: For 2012, budgeted. Includes expenses of the Office of Inspector General.

¹ Calculated with the GDP price deflator.

**Figure 3. Cumulative change in Federal Reserve System expenses and federal government expenses, 2003–12**



Note: For 2012, budgeted. Federal government expenses are reported on a fiscal-year basis beginning October 1; the Federal Reserve System expenses are reported on a calendar-year basis.

¹ Discretionary spending less expenditures on defense. Source: *Budget of the United States Government, Fiscal Year 2013: Historical Tables*, Table 8.1. Outlays by Budget Enforcement Act Category, 1962–2017.

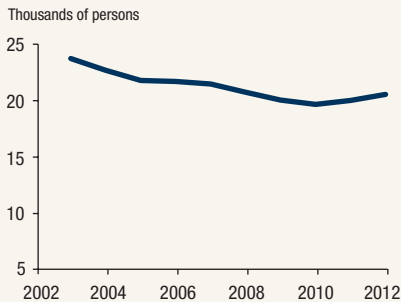
² Includes expenses of the Office of Inspector General.

## Trends in Expenses and Employment

From the actual 2003 level to the budgeted 2012 amount, the total expenses of the Federal Reserve System have increased an average of 3.8 percent per year (1.2 percent per year when adjusted for inflation) (figure 2). Over the same period, nondefense discretionary spending by the federal government has increased an average of 4.2 percent per year (figure 3). Over the 2003–2012 period, Federal Reserve System employment has decreased by 3,183 (figure 4).

The most recent budgets reflect increases for resources to address requirements under the Dodd-Frank Act. In addition, budgets also included funding to address the financial market turmoil and deteriorating economic conditions. Reserve Bank expenses associated with these programs peaked in 2010 and have since declined, as liquidity

**Figure 4. Employment in the Federal Reserve System, 2003–12**



Note: For 2012, budgeted. Employment numbers presented include position counts for the Board and average number of personnel for the Reserve Banks.

programs wind down.<sup>10</sup> These increases have been offset by substantial expense and staffing decreases due to restructuring efforts in the check processing function and staff declines and related expenses due to efficiency measures in cash operations and support functions.

## 2012 Capital Budgets

The capital budgets for the Reserve Banks and the Board total \$444.9 million, with \$404.2 million budgeted for the Reserve Banks, Federal Reserve Information Tech-

nology (FRIT), and Office of Employee Benefits (OEB) and \$40.7 million budgeted for the Board and the OIG. As in previous years, the 2012 capital budgets include funding for projects that support the strategic direction outlined by the individual Reserve Banks, System business leaders, and the Board. These strategic goals focus on investments that continue to improve operational efficiencies, enhance services to Bank customers, and ensure a safe and productive work environment. More detailed discussions of the Board and Reserve Bank capital budgets are included in the “[Board of Governors Budgets](#)” section on page 13 and the “[Federal Reserve Bank Budgets](#)” section on page 19.

<sup>10</sup> Expenses associated with the remaining programs will continue to diminish, but this decrease will be dependent on continued activity, especially for the Maiden Lane facilities. In addition, the higher expenses reflect an increase in activities related to assessing value and margining collateral pledged to the Reserve Banks and steps that the New York Bank, in particular, took structurally to manage its risk more effectively. These expenses are not likely to decrease over time and reflect additional ongoing activities.

# Federal Reserve System Budget

Total expenses for the Federal Reserve System for 2013 are budgeted at \$5,072.7 million, an increase of 8.0 percent from 2012 actual expenses. Of this total, \$3,688.2 million is for the Reserve Banks, \$586.9 million is for the Board and the Office of Inspector General, and \$797.6 million is for the cost of new currency (table 2 and table 3). Revenue from priced services provided to depository institutions is expected to total \$423.9 million, or 8.4 percent of total budgeted expenses. This revenue, combined with claims for reimbursement and other income, results in the recovery of approximately 19 percent of the System's budgeted 2013 expenses.<sup>5</sup> When these items are deducted from budgeted expenses, 2013 net expenses for the System are 9.9 percent higher than 2012 net expenses (table 2). Pursuant to section 318 of the Dodd-Frank Act, the Board intends to collect assessments from certain large bank holding companies and savings and loan holding companies and from nonbank financial companies designated for Board supervision by the

**Table 2. Total expenses of the Federal Reserve System, net of receipts and claims for reimbursement, 2011–13**

Millions of dollars, except as noted

Item	2011 (actual)	2012 (actual)	2013 (budgeted)	Percent change	
				2011 to 2012	2012 to 2013
Total System expenses <sup>1</sup>	4,363.6	4,695.6	5,072.7	7.6	8.0
<b>Less</b>					
Revenue from priced services	478.6	449.8	423.9	-6.0	-5.8
Claims for reimbursement <sup>2</sup>	485.3	506.4	539.4	4.3	6.5
Other income	1.6	2.2	2.2	38.9	-2.6
<b>Equals</b>					
<b>Net System expenses</b>	<b>3,398.1</b>	<b>3,737.1</b>	<b>4,107.2</b>	<b>10.0</b>	<b>9.9</b>

Note: Excludes capital outlays as well as assessments for the Consumer Financial Protection Bureau and the Office of Financial Research. Components may not sum to totals and may not yield percentages shown because of rounding.

<sup>1</sup> Includes expenses of the Office of Inspector General.

<sup>2</sup> Costs of fiscal agency and depository services provided to the U.S. Treasury, other government agencies, and other fiscal principals that are billed to these agencies.

<sup>5</sup> *Claims for reimbursement* refers to the costs of fiscal agency and depository services provided to the U.S. Treasury, other government agencies, and other principals, to whom actual costs are reimbursed by those entities. *Other income* is the fee that depository institutions pay for the settlement component of the Fedwire Security Service transactions.

**Table 3. Expenses of the Federal Reserve System for operations and currency, 2011–13**  
Millions of dollars, except as noted

Item	2011 (actual)	2012 (actual)	2013 (budgeted)	Percent change	
				2011 to 2012	2012 to 2013
Reserve Banks <sup>1</sup>	3,261.3	3,462.1	3,688.2	6.2	6.5
Personnel	2,317.2	2,491.0	2,681.8	7.5	7.7
Nonpersonnel	944.1	971.1	1,006.4	2.9	3.6
Board of Governors <sup>2</sup>	452.3	512.4	586.9	13.3	14.5
Personnel	333.1	367.3	403.4	10.3	9.8
Nonpersonnel	119.2	145.1	183.4	21.7	26.4
Currency <sup>3</sup>	650.0	721.1	797.6	10.9	10.6
<b>Total System expenses</b>	<b>4,363.6</b>	<b>4,695.6</b>	<b>5,072.7</b>	<b>7.6</b>	<b>8.0</b>

Note: Excludes capital outlays as well as assessments for the Consumer Financial Protection Bureau and the Office of Financial Research. Components may not sum to totals and may not yield percentages shown because of rounding.

<sup>1</sup> For detailed information on Reserve Bank expenses, see the "Federal Reserve Bank Budgets" section on page 19.

<sup>2</sup> Includes expenses of the Office of Inspector General. During 2011, the Board approved a \$0.4 million decrease in the Board's initial operating budget of \$475.6 million. (See table 4 in the "Board of Governors Budgets" section on page 13.)

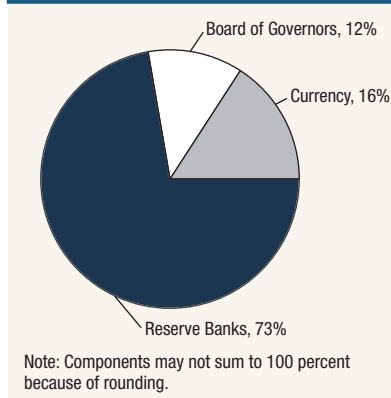
<sup>3</sup> For more information on currency expenses, see the "Currency Budget" section on page 27.

Financial Stability Oversight Council equal to the estimated cost of supervising and regulating those companies. These funds will be transferred in full by the Board directly to the U.S. Department of the Treasury.

The distribution of budgeted expenses is similar to that in previous years, with the Reserve Banks' expenses accounting for 73 percent of the total, new currency expenses accounting for 16 percent, and Board expenses accounting for the remainder (figure 1).

System employment is budgeted at 21,196 for 2013, an increase of 428 from the 2012 actual level, primarily due to planned staff additions in the supervision function related to portfolio growth, increased supervisory workload, and requirements under the Dodd-Frank Act.<sup>6</sup>

**Figure 1. Distribution of budgeted expenses of the Federal Reserve System, 2013**



<sup>6</sup> Employment numbers stated include position counts for the Board and average number of personnel (ANP) for the Reserve Banks. ANP is the average number of employees expressed in terms of full-time positions for the period. For instance, a full-time employee who works

## 2013 System Budget Initiatives

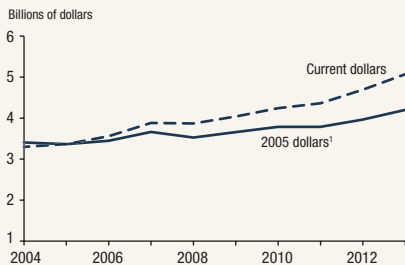
The Federal Reserve System budget is funding increases for several initiatives, specifically in supervision and monetary policy to address resource needs and for modernization efforts in cash operations and Treasury services. The major factors affecting the 2013 Board and Reserve Bank budgets are outlined in more detail in the “Board of Governors Budgets” section on page 13 and the “Federal Reserve Bank Budgets” section on page 19, respectively.

## Trends in Expenses and Employment

From the actual 2004 level to the budgeted 2013 amount, the total expenses of the Federal Reserve System have increased an average of 4.9 percent per year (2.4 percent per year when adjusted for inflation) (figure 2). Over the same period, nondefense discretionary spending by the federal government has increased an average of 2.9 percent per year (figure 3). Over the 2004–2013 period, Federal Reserve System employment has decreased by 1,484 (figure 4).

The most recent budgets reflect increases for resources to address requirements under the Dodd-Frank Act and additional workload from the financial market turmoil and portfolio growth. Reserve Bank

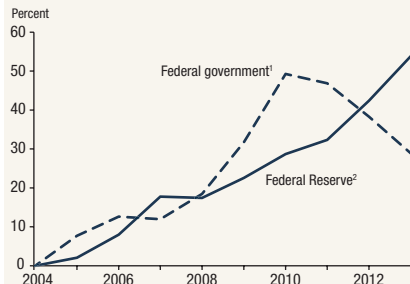
**Figure 2. Total expenses of the Federal Reserve System, 2004–13**



Note: For 2013, budgeted. Includes expenses of the Office of Inspector General.

¹ Calculated with the GDP price deflator.

**Figure 3. Cumulative change in Federal Reserve System expenses and federal government expenses, 2004–13**



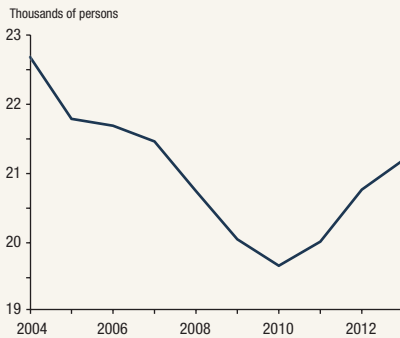
Note: For 2013, budgeted. Federal government expenses are reported on a fiscal-year basis beginning October 1; the Federal Reserve System expenses are reported on a calendar-year basis.

¹ Discretionary spending less expenditures on defense. Source: *Budget of the United States Government, Fiscal Year 2013: Historical Tables*, Table 8.1. Outlays by Budget Enforcement Act Category, 1962–2017.

² Includes expenses of the Office of Inspector General.

one-half of the year counts as 0.5 ANP for that calendar year; two half-time employees who work the full year count as 1 ANP.

**Figure 4. Employment in the Federal Reserve System, 2004–13**



Note: For 2013, budgeted. Employment numbers presented include position counts for the Board and average number of personnel (ANP) for the Reserve Banks.

expenses associated with the financial crisis, in particular, peaked in 2010 and have since declined, as liquidity programs wind down.<sup>7</sup> These increases have been offset by substantial expense and staffing decreases due to restructuring efforts in the check processing function and staff declines and related expenses due to efficiency measures in cash operations and support functions.

## 2013 Capital Budgets

The capital budgets for the Reserve Banks and the Board total \$764.3 million, with \$492.1 million

budgeted for the Reserve Banks, Federal Reserve Information Technology (FRIT), and Office of Employee Benefits (OEB) and \$272.2 million budgeted for the Board.<sup>8</sup> As in previous years, the 2013 capital budgets include funding for projects that support the strategic direction outlined by the individual Reserve Banks, System business leaders, and the Board. These strategic goals focus on investments that continue to improve operational efficiencies, enhance services to Bank customers, and ensure a safe and productive work environment. More detailed discussions of the Board and Reserve Bank capital budgets are included in the “[Board of Governors Budgets](#)” section on page 13 and the “[Federal Reserve Bank Budgets](#)” section on page 19.

<sup>7</sup> Although most of the liquidity programs have ended, the Federal Reserve Bank of New York continues to incur costs for several liquidity programs, including Maiden Lane, Maiden Lane II, Maiden Lane III, and the Term Asset-Backed Securities Loan Facility.

<sup>8</sup> The capital reported for the Board also includes the amount budgeted for the Office of Inspector General.