



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20561

DATE: February 28, 2020
TO: Board of Governors
VIA: Governor Lael Brainard *LB*
FROM: Pat McClanahan, Chief Operating Officer *ASM*
Ricardo Aguilera, Chief Financial Officer *BAA*
SUBJECT: 2020 Board Operating and Capital Budgets¹

Action Requested

Staff² recommends that the Board approve the following:

1. A \$814.4 million operating budget for 2020;
2. A \$19.2 million single-cycle capital budget for 2020;
3. A \$2,410.6 million multi-cycle capital budget;
4. An increase of 18 in the Board's total authorized position count to 2,879 to ensure each staff member has an assigned position number (no financial impact);
5. A delegation of authority to the Chief Operating Officer ("COO") and Chief Financial Officer ("CFO") to approve certain cost center reallocations and budget overruns related solely to non-cash accounts, such as, depreciation and amortization accounts, and retirement expense accounts (such as the Benefits Equalization Plan and Pension Enhancement Plan accounts);
6. Changing the name of the Office of Board Members to the Division of Board Members; and
7. Changing the name of the Management Division to the Division of Management.

¹ This memorandum does not include the costs related to the budget of the Office of Inspector General (OIG). The OIG's budget is submitted separately from the Board's budget, consistent with the independence of that office.

² Steve Bernard, Karen Vassallo, William Futrell, Troy Dibley, Kevin Brooks, and Obi Ukwuoma co-authored this memo.

Summary

This is the first budget request since the Board approved the 2020-23 Strategic Plan (the Plan) published in December 2019.³ The Plan and the budget are organized by functional area. This alignment helps ensure organizational resources are used to advance the Board’s mission, and provides a structure to fund strategic priorities over the four-year time horizon.

The 2020 budget request is based on the principles established by the Plan and provides funding to advance the Plan’s goals and objectives. As shown in Figure 1, the operating budget represents a 3.7 percent increase over the 2019 forecast⁴ (and a 2.6 percent increase over the 2019 budget).⁵ The single-cycle capital budget of \$19.2 million represents a 9.7 percent increase over the 2019 forecast (and a 1.6 percent decrease over the 2019 budget). Finally, the multi-cycle capital budget of \$2,410.6 million represents a 279.9 percent increase over 2019; the increase is driven by building improvement projects, which will allow the Board to implement its long-term space plan strategy, provide a secure, modern environment that meets the needs of the workforce, and leverage opportunities to increase collaboration, efficiency, productivity, and sustainability.

Figure 1. Summary of 2020 Budget Components

Millions of dollars Components	2019 Budget	2019 Forecast	2020 Budget	Variance		Variance	
				2019F To 2020B		2019B To 2020B	
				Amount	Percent	Amount	Percent
Operating Budget	\$ 793.6	\$ 785.6	\$ 814.4	\$ 28.7	3.7%	\$ 20.8	2.6%
Single-Cycle Capital	19.5	17.5	19.2	1.7	9.7%	(0.3)	-1.6%
Multi-Cycle Capital	634.5	634.5	2,410.6	1,776.1	279.9%	1,776.1	279.9%

We identified several strategic priorities during the budget formulation process and funded these priorities within the budgets of each functional area⁶:

Monetary Policy and Financial Stability

Goal 1 in the Plan facilitates efforts that support the congressional mandate for price stability and maximum employment through monetary policy. Specific initiatives that support policy deliberations include:

³ The Plan is located at: <https://www.federalreserve.gov/publications/files/2020-2023-gpra-strategic-plan.pdf>.

⁴ Projected spending is based on actual expenses incurred through September 2019, current staffing levels, approved personnel actions, and anticipated spending for the final quarter of the year. This also includes the cyclical impact associated with the Triannual Survey of Consumer Finances.

⁵ Due to a delay in the Board’s budget process resulting from a delay in the completion of the Board’s 2020-2023 Strategic Plan, actual budget results are available for 2019. The Board’s budget increase from 2019 actual to 2020 budget is 3.3 percent or \$26.0m. Based on actual results, the Board underran its 2019 budget by 0.7 percent or \$5.2m. The availability of actual data is an anomaly for the 2020 budget only. To maintain consistency with prior budgets and going forward, staff will measure Board budget growth and targets from third quarter forecasted information.

⁶ Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next.

- Investigating options to replace paper-based content delivery for policy makers.
- Enhancing technological support for policy makers while meeting requirements for information access, ease of use, and information and cyber security.

Supervision

Goal 2 in the Plan promotes safety, soundness, and stability of financial institutions and consumer protection. Specific initiatives include:

- Continuing to refine its rules, practices, and tools to enhance efficiency and effectiveness of supervision. Specifically, the functional area is performing an applications review of the process regarding filings submitted by financial institutions and referred to the Board for approval. This review will provide recommendations to measure and improve efficiency, reduce processing times, and continuously improve supervisory and regulatory responsibilities.
- Implementing a workforce planning/talent management strategy to strengthen hiring, development, alignment, and retention of talent and improve the human capital management of the Large Institution Supervision Coordinating Committee (LISCC) National Program.
- Continuing software development projects to keep pace with financial technology innovation and operational vulnerabilities while enhancing data reporting, storage, and management capabilities within the function.
- Developing a financial market infrastructure (FMI) participation database to organize and track the large network of FMIs and related risks, which will increase efficiency, reduce processing times, and enhance decision making.

Payment System and Reserve Bank Oversight

Goal 3 in the Plan fosters a safe, efficient, and accessible payment and settlement system. Specific initiatives to support the modernization of the payment infrastructure include:

- Establishing an oversight program for the implementation of the FedNow Service, a faster and more secure payment system to support the work of the Reserve Banks. Specifically, the functional area may reclassify existing vacancies at higher grades, which will lead to increased oversight of the new service in the areas of financial technology.

Public Engagement and Community Development

Goal 4 in the Plan promotes broader, ongoing engagement with external individuals and groups and improved understanding of the Board's mission through outreach and public engagement. Specific initiatives include:

- Developing a comprehensive technology roadmap for the future of the Board's public website. The website must continue to meet the highest cyber security standards and function under high-profile time periods and heavy site traffic.
- Modernizing technology solutions that disseminate sensitive information for Board review and consideration; facilitate Board decision-making; and ensure compliance with legal and regulatory requirements, such as the Government in the Sunshine Act, the Freedom of

Information Act (FOIA), and the Federal Records Act. This initiative will reduce the need for manual processes and lead to a more efficient use of staff time.

- Replacing the current FOIA tracking system with a more automated solution in use at other government agencies, which would effectively eliminate manual processes.

Mission Enablement (Support and Overhead)

Goal 5 in the Plan optimizes operations and capabilities through efficient, effective, and sustainable stewardship and governance of resources. Specific initiatives include:

- Optimizing a facilities workspace strategy in alignment with the long-term space plan strategy that will provide a secure, modern environment that meets the needs of the workforce and leverages opportunities to increase collaboration, efficiency, productivity, and sustainability.
- Implementing a workforce planning strategy to ensure that the current and future workforce has the abilities, knowledge, and skills necessary to carry out the Board's mission. Specifically, the initiative will develop succession planning, career development frameworks, and job/competency specific training tools to sustain an effective and efficient workforce.
- Augmenting on-premises solutions within the Board's data center with investments in cloud-based infrastructure components, which will allow for integration with external agencies and collaborators, enhanced interoperability with mobile platforms, and facilitation with larger enterprise efforts.
- Enhancing cyber risk management support to the business areas in the areas of emerging cloud services and continuous monitoring of both the Board's on-premises network and cloud based services.
- Replacing the Board's core human capital, financial management, and procurement systems which will offer opportunities to enhance organizational efficiencies and capabilities to provide automation solutions that respond to stakeholder needs.

The following sections provide additional information.

2020 Operating Budget

At the start of the budget process, the Chief Operating Officer (COO) and Chief Financial Officer (CFO) met with the Committee on Board Affairs (CBA) to recommend a specific growth target for the Board's overall 2020 operating budget. The recommended growth target represented forecast-to-budget growth of 5.5 percent. The target included known changes in the run-rate of the Board's ongoing operations; increases to centrally-managed retirement and post-retirement benefits; and strategic priorities for 2020.

To manage growth across the Board, we identified specific growth rates for each functional area: Monetary Policy and Financial Stability, Supervision, Payment System and Reserve Bank Oversight, Public Engagement and Community Development, and Mission Enablement (Support

and Overhead). Achieving the growth target of 5.5 percent forecast-to-budget required all divisions to allocate resources to their highest priorities and seek tradeoffs and efficiencies.

Excluding the triannual survey of consumer finances, the proposed 2020 operating budget represents growth of 5.7 percent over the 2019 forecast and growth of 4.6 percent over the 2019 budget. (Excluding the impact of centrally-managed retirement and post-retirement benefits, which fluctuate due to changes in actuarial assumptions and demographics, the proposed 2020 operating budget represents growth of 5.4 percent over the 2019 forecast and growth of 4.3 percent over the 2019 budget.) Figure 2 presents the proposed 2020 operating budget by functional area, with and without the survey. Appendix 1 reflects the 2019 operating budget, 2019 forecast, and proposed 2020 budget by division, office, or special account while appendix 2 contains the same information by account classification.

Figure 2. Board 2020 Operating Budget by Functional Area

Millions of dollars									
Functional Area	2019 Budget	2019 Forecast	Variance 2019F To 2019B		2020 Budget	Variance 2019F To 2020B		Variance 2019B To 2020B	
			Amount	Percent		Amount	Percent	Amount	Percent
Monetary Policy and Financial Stability	\$ 183.2	\$ 178.8	\$ (4.4)	-2.4%	\$ 191.8	\$ 13.0	7.3%	\$ 8.6	4.7%
Supervision	189.4	185.2	(4.2)	-2.2%	193.3	8.1	4.3%	3.9	2.0%
Payment System and Reserve Bank Oversight	35.0	34.4	(0.5)	-1.5%	38.1	3.6	10.6%	3.1	8.9%
Public Engagement and Community Development	21.6	21.1	(0.6)	-2.6%	21.1	0.0	0.1%	(0.5)	-2.5%
Mission Enablement (Support and Overhead)	348.5	350.2	1.7	0.5%	369.5	19.3	5.5%	21.0	6.0%
Total Without Survey	\$ 777.6	\$ 769.6	\$ (8.0)	-1.0%	\$ 813.7	\$ 44.0	5.7%	\$ 36.1	4.6%
Survey of Consumer Finances	16.0	16.0	0.0	0.0%	0.7	(15.3)	-95.6%	(15.3)	-95.6%
Grand Total	\$ 793.6	\$ 785.6	\$ (8.0)	-1.0%	\$ 814.4	\$ 28.7	3.7%	\$ 20.8	2.6%

Note: Each functional area includes allocations related to centrally-managed retirement and post-retirement benefits, which fluctuate due to changes in actuarial assumptions and demographics. Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next. Components may not sum to totals and may not yield percentages shown because of rounding.

Personnel Services Costs

The 2020 proposed operating budget includes growth in personnel services costs of \$30.5 million (5.4 percent) over the 2019 forecast and \$23.8 million (4.2 percent) over the 2019 budget, as shown in appendix 2. Divisions will continue to prioritize their vacancies to meet their most critical needs. Increases in personnel expenses reflect the following:

- Employment growth expected to occur in 2020;
- Salary adjustments, including promotions and equity adjustments, completed during 2019 and anticipated for 2020;
- Funding for the 2020 merit and variable pay programs that were approved by the Board in 2019 and are paid out in 2020; and
- Projected increases to healthcare and centrally-managed retirement and post-retirement benefits, which fluctuate due to changes in actuarial assumptions and demographics.

Figure 3. Positions & ANP by Functional Area

Functional Area	2019 Positions	2020 Positions	2020 ANP
Monetary Policy and Financial Stability	740	746	722
Supervision	728	726	703
Payment System and Reserve Bank Oversight	139	141	126
Public Engagement and Community Development	95	98	95
Mission Enablement (Support and Overhead)	1,158	1,168	1,258
Grand Total	2,861	2,879	2,903

Note: Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next. The negative position growth in 2020 in the Supervision functional area is driven by a transfer of enforcement staff to Legal. Average number of personnel (ANP) includes Board staff and contractors. Components may not sum to totals and may not yield percentages shown because of rounding.

Figure 3 presents authorized positions for 2019 and 2020 and average number of personnel (ANP)⁷ for 2020 by functional area. For 2020, authorized positions will increase by 18 – from 2,861 to 2,879 positions – to resolve positions within the law enforcement unit in which two employees occupy the same position number. There is no financial impact of this position increase. The proposed 2020 budget also includes the transfer of 12 staff from the Board operating budget to the Currency budget; this action does not affect the Board’s authorized position count. Appendices 3 and 4 reflect positions and ANP by division, office, or special account, respectively.

Goods and Services Costs

The 2020 proposed operating budget includes growth in goods and services costs of \$13.6 million (6.6 percent) over the 2019 forecast and \$12.2 million (5.9 percent) over the 2019 budget, as shown in appendix 2. Growth in goods and services is primarily driven by the strategic priorities previously mentioned.

In addition, the 2020 proposed operating budget includes the retirement of the IT user charge/income methodology, which charged divisions for their use of information technology resources from the Division of Information Technology. Instead, the Board will utilize the functional costing approach to allocate all IT costs – both central and embedded – to the functional

⁷ ANP, which is analogous to full-time equivalents, includes Board staff and contractors.

areas using the services. The new approach increases transparency and better facilitates trade-offs at the enterprise level.

Finally, the 2020 proposed operating budget includes a \$14.0 million net zero transfer of costs from the Board operating budget to the Office of Inspector General (OIG) operating budget. This transfer of costs is for Board support and overhead expenses used by the OIG, including information technology, facilities, law enforcement, and human resources services. This allocation is primarily based on the OIG’s share of ANP.

Survey of Consumer Finances

The Board conducted the triennial Survey of Consumer Finances in 2019; the survey collects information about family incomes, net worth, balance sheet components, credit use, and other financial outcomes. The 2020 proposed operating budget represents a reduction of \$15.3 million over the 2019 forecast and the 2019 budget, as shown in appendix 2.

Capital Budget

The Board’s capital budget consists of single-cycle and multi-cycle components. Divisions complete single-cycle capital projects, such as hardware purchases and software upgrades, within the current budget cycle, while multi-cycle capital projects, such as building improvements and certain automation initiatives, span several budget cycles.

Figure 4 summarizes the Board’s 2020 single-cycle capital budget request. The proposed budget of \$19.2 million represents a reduction of \$0.3 million (1.6 percent) from the 2019 single-cycle capital budget due to the close-out of a capitalized software development project within the Supervision functional area. The budget includes continued investments in data center infrastructure purchases and routine lifecycle replacements of equipment and building components. For 2019, we are forecasting capital expenditures of \$17.5 million, or 89.8 percent of budget.

Figure 4. Single-Cycle Capital Budget

Millions of dollars				
Type	2019	2020	Variance	
	Budget	Budget	2019B To 2020B	Amount Percent
Data Center Infrastructure	\$ 8.0	\$ 10.5	\$ 2.5	30.8%
Building Improvements	-	1.6	1.6	n.a
Automation Projects	3.0	0.2	(2.8)	-92.7%
Supervision & Regulation (S&R) Data Capabilities	2.5	-	(2.5)	-100.0%
Equipment Purchases & Lifecycle Replacements	6.1	7.0	0.9	14.8%
Grand Total	\$ 19.5	\$ 19.2	\$ (0.3)	-1.6%

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

Figure 5 summarizes the proposed multi-cycle capital budget of \$2,410.6 million. The proposed budget represents a net increase of \$1,776.1 million, which reflects new funding for new and existing capital projects, as described below.

- **Building improvement projects:** In May 2018, the Board approved the purchase of 1951 Constitution Avenue NW (“1951”) and the transition to a mixed-use space as part of a long-term space plan strategy. The 2020 budget includes new funding to reflect the total capital costs related to the design and construction of the Board’s facilities – Martin, Eccles, 1951, and New York Avenue. The Board will provide a secure, modern environment that meets the needs of the workforce and leverages opportunities to increase collaboration, efficiency, productivity, and sustainability. New funding requests include:
 - Martin (\$156.5 million): request is primarily driven by the north garage and east fountain renovation.
 - Eccles (\$582.6 million) and 1951 (\$652.3 million): requests are driven by construction costs (previous budget requests were primarily the design phases of the projects).
 - Post Eccles reconfiguration (\$23.3 million): new request to reconfigure Martin once Eccles staff move back into Eccles.
 - New York Avenue (\$416.4 million): request is driven by full design and construction costs (previous budget requests envisioned minor floor reconfigurations and other mechanical upgrades).
- **Automation projects:** Increases to new and existing capital automation projects include: information portal; FOMC system enhancements; automation modernization; and FMI participation database.

With the approval of the 2020 budget, the Board will fully renovate its owned facilities. The renovations will allow Board staff to consolidate facilities and relinquish leased space, yielding financial benefits to the Board. Facilities staff developed a master project schedule that incorporates all building improvement projects.

Figure 5. Multi-Cycle Capital Budget

Project	Millions of dollars					
	Current Project Life Budget	Initiatives/ Project Closures	New Project Life Budget	Estimated Project Life Spending Through YE 2019		2020 Expected Expenditures
				Dollars	% Spent	
Martin renovation program ¹	\$ 370.4	\$ 156.5	\$ 526.9	\$ 187.8	50.7%	\$ 131.3
Leased swing space ²	35.2	(35.2)	-	35.2	100.0%	-
NYA renovation program ³	21.8	416.4	438.2	4.5	20.8%	0.6
NYA emergency generator ⁴	2.5	(2.5)	-	2.4	96.7%	-
Eccles renovation program	40.0	582.6	622.6	4.2	10.5%	6.5
Post Eccles reconfiguration	-	23.3	23.3	-	n.a.	-
Eccles mechanical upgrades ⁴	9.0	(9.0)	-	8.1	89.9%	-
Eccles/NYA fire alarm system upgrade ⁴	5.2	(5.2)	-	1.8	33.9%	-
Eccles historic roof replacement	0.4	-	0.4	0.2	41.2%	-
1951 Constitution Ave. NW acquisition and renovation program	102.9	652.3	755.2	46.7	45.3%	9.5
Subtotal, Building Improvements	\$ 587.4	\$ 1,779.2	\$ 2,366.6	\$ 290.8	49.5%	\$ 147.9
Regulation, Analysis, and Modeling Platform (RAMP)	11.0	-	11.0	7.7	70.0%	1.8
Advanced Data Analytics Platform (ADAP) ⁴	1.9	(1.9)	-	1.8	97.8%	-
Subtotal, S&R Data Capabilities	\$ 12.9	\$ (1.9)	\$ 11.0	\$ 9.5	74.1%	\$ 1.8
OCDO strategic initiatives	18.0	-	18.0	5.4	30.3%	3.0
Subtotal, Data Strategy	\$ 18.0	\$ -	\$ 18.0	\$ 5.4	30.3%	\$ 3.0
HR strategic automation ⁴	4.7	(4.7)	-	3.9	82.8%	-
Security tool implementation	0.7	-	0.7	0.5	69.9%	-
Procurement software ⁴	0.3	(0.3)	-	-	0.0%	-
Information portal (C&CA)	1.1	0.8	1.9	1.0	99.7%	0.8
FOMC system enhancements	1.5	0.4	1.9	0.1	6.3%	1.9
Mainframe strategy implementation	0.2	(0.2)	-	-	0.0%	-
HR/financial management ERP operating system upgrade	1.6	-	1.6	0.6	35.7%	1.0
Information portal (BDM)	0.5	(0.5)	-	-	0.0%	-
NextGen transformation: HCM, financial mgt., and procurement system upgrades	3.9	-	3.9	-	0.0%	2.0
Automation modernization (OSEC)	-	2.3	2.3	-	n.a.	0.5
Financial market Infrastructure (FMI) participation database	-	1.0	1.0	-	n.a.	1.0
Subtotal, Automation	\$ 14.5	\$ (1.2)	\$ 13.3	\$ 6.1	42.0%	\$ 7.2
Physical access control systems upgrade	1.8	-	1.8	0.4	24.7%	0.9
Subtotal, Security Enhancements	\$ 1.8	\$ -	\$ 1.8	\$ 0.4	24.7%	\$ 0.9
Total, Board Operations	\$ 634.5	\$ 1,776.1	\$ 2,410.6	\$ 312.3	49.2%	\$ 160.8

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

Acronyms: Year End (YE). New York Avenue (NYA). Office of the Chief Data Officer (OCDO). Human Resources (HR). Federal Open Market Committee (FOMC). Enterprise Resource Planning (ERP). Human Capital Management (HCM).

1. Includes the Martin north garage and east fountain exterior improvements projects.

2. Previously, costs to build out leased swing space were included in the Martin renovation program budget. This portion of the program has been successfully completed and will be retired with the approval of the 2020 budget.

3. Includes 8th floor reconfiguration, restroom infrastructure, and mechanical upgrades projects.

4. These projects will be retired with the approval of the 2020 budget.

2019 Budget Performance

Staff forecast the Board to underrun its 2019 operating budget by approximately \$8.0 million, or 1.0 percent.⁸ Figure 2 presents forecasted budget performance information by functional area, while Appendices 1 and 2 contain budget performance information by division and account, respectively. As shown in Appendix 2, staff forecast personnel services expenses to underrun the budget by \$6.6 million (1.2 percent) and goods and services expenses to underrun the budget by \$1.4 million (0.7 percent). The underrun in personnel services is driven primarily by lower employment growth, while the underrun in goods and services is driven by under-execution for contractual professional services and data.

For 2019, staff forecast depreciation expenses to exceed its budget by \$2.9 million primarily due to the acceleration of the depreciation schedule for Eccles capital assets ahead of the planned renovation. These overexpenditures are more than offset by underruns in other areas. Under the Board's Delegations of Administrative Authority policy, staff request the Board approve this overexpenditure as part of the overall budget approval.

Delegation

Staff recommends that the Board approve a delegation of authority to the COO and CFO to enable them to approve reallocations among cost centers and budget accounts (as set forth in the operating and capital budgets authorized by the Board), or overexpenditures of the operating and capital budgets, so long as such reallocations or overexpenditures relate to non-cash accounts, such as depreciation and amortization accounts, or to retirement expense accounts (such as the Benefits Equalization Plan and Pension Enhancement Plan accounts) and so long as any overruns do not cause the Board to exceed its total operating budget. This delegation is needed because staff cannot know in advance how quickly assets will depreciate or amortize or the exact funding needs for the Board's retirement plans since those funding decisions are controlled by market conditions and entities outside the Board. If the Board approves this delegation, staff will update the COO's and CFO's internal delegations of administrative authority to reflect this new delegation of authority.

2020 Division Name Changes

The Office of Board Members requests to change its name to the Division of Board Members. In addition, the Management Division requests to change its name to the Division of Management. Both changes would be effective with the approval of this memo and would be consistent with the naming conventions of other Board divisions.

⁸ Due to a delay in the Board's budget process resulting from a delay in the completion of the Board's 2020-2023 Strategic Plan, actual budget results are available for 2019. The Board's budget increase from 2019 actual to 2020 budget is 3.3 percent or \$26.0m. Based on actual results, the Board underran its 2019 budget by 0.7 percent or \$5.2m. The availability of actual data is an anomaly for the 2020 budget only. To maintain consistency with prior budgets and going forward, staff will measure Board budget growth and targets from third quarter forecasted information.

APPENDICES

Appendix 1. Board 2020 Operating Budget by Division, Office, or Special Account

Millions of dollars									
Division, Office, or Special Account	2019 Budget	2019 Forecast	Variance 2019F To 2019B		2020 Budget	Variance 2019F To 2020B		Variance 2019B To 2020B	
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	\$ 85.3	\$ 83.4	\$ (1.9)	-2.3%	\$ 89.0	\$ 5.6	6.7%	\$ 3.7	4.3%
International Finance (IF)	34.7	33.6	(1.1)	-3.1%	36.4	2.8	8.3%	1.7	4.9%
Monetary Affairs (MA)	38.2	37.8	(0.4)	-1.0%	40.0	2.3	6.0%	1.9	4.9%
Financial Stability (FS)	13.4	12.9	(0.4)	-3.2%	14.3	1.4	10.9%	1.0	7.3%
Supervision & Regulation (S&R)	123.6	121.7	(1.9)	-1.5%	122.6	1.0	0.8%	(0.9)	-0.7%
Consumer & Community Affairs (C&CA)	34.0	33.8	(0.2)	-0.5%	34.4	0.6	1.8%	0.4	1.3%
Reserve Bank Operations & Payment Systems (RBOPS)	44.2	43.1	(1.1)	-2.6%	45.0	1.9	4.4%	0.8	1.7%
Board Members (BDM)	26.2	25.8	(0.5)	-1.8%	26.4	0.7	2.5%	0.2	0.7%
Secretary (OSEC)	9.0	8.9	(0.1)	-1.6%	9.4	0.5	5.3%	0.3	3.7%
Legal	31.6	30.4	(1.1)	-3.6%	33.3	2.9	9.4%	1.7	5.5%
Chief Operating Officer (COO)	13.7	13.8	0.1	0.6%	14.8	0.9	6.7%	1.0	7.4%
Financial Management (DFM)	13.7	13.6	(0.2)	-1.2%	14.2	0.7	4.9%	0.5	3.6%
Information Technology (IT)	117.2	119.8	2.6	2.2%	127.6	7.9	6.6%	10.4	8.9%
IT Income	(0.6)	(0.6)	(0.0)	0.0%	-	0.6	-100.0%	0.6	-100.0%
Management (MGT)	137.3	138.2	0.9	0.7%	163.6	25.4	18.4%	26.3	19.2%
Special Projects ¹	12.9	14.4	1.5	11.9%	13.0	(1.3)	-9.4%	0.2	1.4%
Centrally-Managed Benefits ²	21.1	20.8	(0.3)	-1.4%	24.7	4.0	19.1%	3.7	17.4%
Extraordinary Items ³	29.7	25.6	(4.1)	-13.7%	25.9	0.2	0.9%	(3.8)	-12.9%
Savings & Reallocations ⁴	(7.4)	(7.1)	0.3	n.a.	(21.0)	(13.9)	194.7%	(13.6)	n.a.
Total Without Survey	\$ 777.6	\$ 769.6	\$ (8.0)	-1.0%	\$ 813.7	\$ 44.0	5.7%	\$ 36.1	4.6%
Survey of Consumer Finances	16.0	16.0	0.0	0.0%	0.7	(15.3)	-95.6%	(15.3)	-95.6%
Grand Total	\$ 793.6	\$ 785.6	\$ (8.0)	-1.0%	\$ 814.4	\$ 28.7	3.7%	\$ 20.8	2.6%

Note: Components may not sum to totals and may not yield percentages shown because of rounding. Division figures exclude the IT user charge and income accounts since this methodology will be retired with the 2020 budget. For 2020, several technology projects will be centralized within IT. In addition, rental costs will be centralized within MGT. Lastly, Savings and Reallocations will include Board support and overhead allocations to the OIG.

1. Includes centralized Boardwide benefit programs.

2. Includes retirement and post-retirement benefits, which fluctuate due to changes in actuarial assumptions and demographics.

3. Includes several strategic projects, including the Martin renovation and a centralized position pool.

4. Includes negative centralized budget execution and forecast adjustments and Board support and overhead allocations to the OIG.

Appendix 2. Board 2020 Operating Budget by Account Classification

Millions of dollars									
Account	2019 Budget	2019 Forecast	Variance 2019F To 2019B		2020 Budget	Variance 2019F To 2020B		Variance 2019B To 2020B	
			Amount	Percent		Amount	Percent	Amount	Percent
Salaries	\$ 461.3	\$ 454.2	\$ (7.0)	-1.5%	\$ 477.4	\$ 23.1	5.1%	\$ 16.1	3.5%
Retirement/Thrift Plans	58.4	59.2	0.7	1.2%	62.8	3.6	6.2%	4.4	7.5%
Employee Insurance	41.1	40.7	(0.3)	-0.8%	42.3	1.6	3.9%	1.3	3.1%
Net Periodic Benefits Costs ¹	9.0	9.0	(0.0)	n.a.	11.1	2.1	23.5%	2.1	23.4%
Sub-Total, Personnel Services	\$ 569.7	\$ 563.1	\$ (6.6)	-1.2%	\$ 593.6	\$ 30.5	5.4%	\$ 23.8	4.2%
Postage & Shipping	0.2	0.3	0.1	42.9%	0.4	0.1	41.9%	0.2	102.8%
Travel	15.0	14.7	(0.3)	-2.2%	15.7	1.0	6.8%	0.7	4.4%
Telecommunications	6.1	6.1	(0.1)	-1.3%	7.3	1.2	19.9%	1.1	18.3%
Printing & Binding	0.5	0.7	0.3	56.4%	0.6	(0.1)	-17.3%	0.1	29.4%
Publications	0.6	0.5	(0.1)	-18.2%	0.4	(0.1)	-16.7%	(0.2)	-31.8%
Stationery & Supplies	1.4	1.0	(0.3)	-23.2%	1.3	0.2	19.6%	(0.1)	-8.2%
Software	19.4	18.6	(0.9)	-4.4%	21.7	3.2	17.0%	2.3	11.9%
Furniture & Equipment (F&E)	6.5	5.7	(0.9)	-13.1%	6.2	0.5	9.3%	(0.3)	-5.0%
Rentals	33.9	33.9	0.0	0.1%	38.0	4.0	11.9%	4.1	12.0%
Data, News, & Research	16.0	14.9	(1.1)	-7.1%	15.2	0.3	1.7%	(0.9)	-5.5%
Utilities	2.0	1.6	(0.5)	-22.5%	1.7	0.1	7.2%	(0.3)	-16.9%
Repairs & Alterations - Building	3.4	4.5	1.1	31.3%	4.2	(0.2)	-4.7%	0.9	25.2%
Repairs & Maintenance - F&E	4.5	4.7	0.3	6.2%	5.0	0.3	5.3%	0.5	11.9%
Contractual Professional Services (CPS)	52.8	50.1	(2.7)	-5.2%	64.7	14.6	29.2%	11.9	22.5%
Interest	0.0	0.0	0.0	1.9%	0.0	(0.0)	-22.2%	(0.0)	-20.7%
Training & Dues	4.9	4.5	(0.4)	-8.1%	5.2	0.6	13.8%	0.2	4.6%
Subsidies & Contributions	3.1	2.9	(0.2)	-5.9%	3.1	0.2	6.3%	0.0	0.1%
All Other	3.3	3.7	0.4	13.0%	3.5	(0.2)	-5.1%	0.2	7.2%
Depreciation/Amortization	39.8	42.7	2.9	7.3%	44.2	1.5	3.6%	4.4	11.1%
Support & Overhead Allocations ²	55.2	55.0	(0.2)	-0.3%	(14.0)	(69.0)	-125.4%	(69.2)	-125.3%
IT Income ³	(55.8)	(55.8)	(0.0)	0.0%	(0.3)	55.5	-99.4%	55.5	-99.4%
Income	(4.9)	(3.7)	1.2	-24.5%	(3.9)	(0.1)	3.9%	1.1	-21.5%
Sub-Total, Goods & Services	\$ 207.9	\$ 206.5	\$ (1.4)	-0.7%	\$ 220.1	\$ 13.6	6.6%	\$ 12.2	5.9%
Total Without Survey	\$ 777.6	\$ 769.6	\$ (8.0)	-1.0%	\$ 813.7	\$ 44.0	5.7%	\$ 36.1	4.6%
Survey of Consumer Finances	16.0	16.0	0.0	0.0%	0.7	(15.3)	-95.6%	(15.3)	-95.6%
Grand Total	\$ 793.6	\$ 785.6	\$ (8.0)	-1.0%	\$ 814.4	\$ 28.7	3.7%	\$ 20.8	2.6%

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

1. Net periodic benefits costs other than services costs related to pension and post-retirement benefits.

2. Previously, this account was named IT user charge. The IT user charge and Income methodology will be retired with the 2020 budget. Starting with the 2020 budget, this account includes a net zero transfer of costs from the Board operating budget to the Office of Inspector General (OIG) operating budget for Board support and overhead expenses attributable to the OIG.

3. The IT user charge and income methodology will be retired with the 2020 budget. This account includes other earned income collected from the Currency budget.

Appendix 3. Positions by Division

Division, Office, or Special Account	2019	2019	Variance		2020	Variance		Variance	
	Budget	Current	2019C	2019B	Budget	2019C	2020B	2019B	2020B
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	356	356	-	0.0%	356	-	0.0%	-	0.0%
International Finance (IF) ¹	156	156	-	0.0%	158	2	1.3%	2	1.3%
Monetary Affairs (MA) ²	171	172	1	0.6%	171	(1)	-0.6%	-	0.0%
Financial Stability (FS)	55	55	-	0.0%	55	-	0.0%	-	0.0%
Supervision & Regulation (S&R) ³	493	493	-	0.0%	489	(4)	-0.8%	(4)	-0.8%
Consumer & Community Affairs (C&CA)	131	131	-	0.0%	131	-	0.0%	-	0.0%
Reserve Bank Operations & Payment Systems (RBOPS) ⁴	183	183	-	0.0%	182	(1)	-0.5%	(1)	-0.5%
Board Members (BDM) ⁵	121	121	-	0.0%	121	-	0.0%	-	0.0%
Secretary (OSEC)	53	53	-	0.0%	53	-	0.0%	-	0.0%
Legal ³	125	125	-	0.0%	129	4	3.2%	4	3.2%
Chief Operating Officer (COO)	62	62	-	0.0%	62	-	0.0%	-	0.0%
Financial Management (DFM)	69	69	-	0.0%	69	-	0.0%	-	0.0%
Information Technology (IT)	413	413	-	0.0%	413	-	0.0%	-	0.0%
Management (MGT) ⁶	459	459	-	0.0%	477	18	3.9%	18	3.9%
Extraordinary Items ⁷	14	13	(1)	-7.1%	13	-	0.0%	(1)	-7.1%
Grand Total	2,861	2,861	-	0.0%	2,879	18	0.6%	18	0.6%

1. Reflects the transfer of two positions from the Board's centralized position pool.

2. Reflects the transfer of a position into MA from BDM and the transfer of a position to RBOPS.

3. Reflects the transfer of four positions for the enforcement section from S&R to Legal.

4. Reflects the transfer of two positions into the Board's centralized position pool and transfer of a position from MA.

5. Reflects the transfer of a position into BDM from the Board's centralized position pool and the transfer of a position to MA.

6. Reflects the resolution of positions within the law enforcement unit in which two employees occupy the same position.

7. Reflects the centralized position pool to be used for strategic areas of growth.

Appendix 4. ANP by Division

Division, Office, or Special Account	2019	2019	Variance		2020	Variance		Variance	
	Budget	Forecast	2019F	2019B	Budget	2019F	2020B	2019B	2020B
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	344	341	(3)	-0.9%	345	4	1.3%	1	0.4%
International Finance (IF)	150	149	(0)	-0.1%	153	3	2.3%	3	2.2%
Monetary Affairs (MA)	164	164	0	0.1%	165	2	0.9%	2	1.0%
Financial Stability (FS)	54	54	(0)	-0.6%	58	4	7.8%	4	7.1%
Supervision & Regulation (S&R)	486	477	(9)	-1.9%	480	2	0.5%	(7)	-1.4%
Consumer & Community Affairs (C&CA)	128	129	1	1.0%	131	2	1.8%	4	2.8%
Reserve Bank Operations & Payment Systems (RBOPS)	164	165	1	0.6%	161	(4)	-2.7%	(4)	-2.1%
Board Members (BDM)	120	121	0	0.1%	121	0	0.1%	0	0.3%
Secretary (OSEC)	52	49	(3)	-4.9%	50	1	1.9%	(2)	-3.1%
Legal	117	113	(4)	-3.8%	118	6	4.9%	1	1.0%
Chief Operating Officer (COO)	58	56	(2)	-3.4%	58	2	4.1%	0	0.6%
Financial Management (DFM)	68	67	(1)	-1.8%	71	4	5.9%	3	4.0%
Information Technology (IT) ¹	494	491	(3)	-0.7%	476	(15)	-3.1%	(19)	-3.8%
Management (MGT)	485	469	(16)	-3.3%	484	15	3.3%	(0)	-0.1%
Extraordinary Items ¹	16	10	(5)	-34.2%	39	29	274.8%	23	146.6%
Savings & Reallocations ²	(9)	-	9	-100.0%	(7)	(7)	n.a.	2	-19.9%
Grand Total	2,891	2,855	(36)	-1.3%	2,903	48	1.7%	12	0.4%

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

1. Growth rates are affected by the shifting of strategic technology projects from IT.

2. Includes negative centralized budget execution and forecast adjustments.