

FINANCING VEHICLES AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE

This chapter contains descriptions of, and data on, financing vehicles and the Board of Governors of the Federal Reserve System (Board). The Resolution Funding Corporation provided financing for the Resolution Trust Corporation (RTC) and is subject to the general oversight and direction of the Secretary of the Treasury.

The Board's transactions are not included in the Budget because of its unique status in the conduct of monetary policy. The Board provides data on its administrative budget, which is included here for information. Its budget is not subject to review by the President and is executed and presented here on a calendar-year basis. The previous year's data reflects the final budget, as approved by the Board.

The 2020 balance sheet for the Resolution Funding Corporation is as of December 31, 2020, and the 2021 balance sheet is as of September 30, 2021.

RESOLUTION FUNDING CORPORATION

The Resolution Funding Corporation (REFCORP) is a mixed-ownership Government corporation established by Title V of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 or FIRREA (P.L. 101-73). The sole purpose of REFCORP was to provide financing for the Resolution Trust Corporation (RTC). Pursuant to FIRREA, REFCORP was authorized to issue debentures, bonds, and other obligations, subject to limitations contained in the Act and regulations established by the Thrift Depositor Protection Oversight Board. The proceeds of the debt (less any discount, plus any premium, net of issuance cost) were used solely to purchase nonredeemable capital certificates of RTC or to refund any previously issued obligations.

Until October 29, 1998, REFCORP was subject to the general oversight and direction of the Thrift Depositor Protection Oversight Board. At that time, the Oversight Board was abolished and its authority and duties were transferred to the Secretary of the Treasury. The day-to-day operations of REFCORP are under the management of a three-member Directorate composed of the Chief Executive Officer of the Office of Finance of the Federal Home Loan Banks and two members selected from among the presidents of the 11 Federal Home Loan Banks (FHLBs). Members of the Directorate serve without compensation, and REFCORP is not permitted to have any paid employees.

FIRREA, as amended, and the regulations adopted by the Thrift Depositor Protection Oversight Board and the Secretary of the Treasury required that FHLBs contribute 20 percent of net earnings annually to assist in the payment of interest on bonds issued by REFCORP until such time as the total payments are equivalent to a \$300 million annual annuity with a final maturity date of April 15, 2030. The FHLBs fulfilled this obligation on August 5, 2011. Since then, with the exception of funds derived from the sale of former RTC assets managed by the Federal Deposit Insurance Corporation's Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund, only the U.S. Treasury has paid interest on REFCORP's long-term obligations. For details, please see the Payment to the Resolution Funding Corporation account in the Department of the Treasury section of the *Appendix* volume of the Budget.

Balance Sheet (in millions of dollars)

Identification code 920-4981-0-4-373	2020 actual	2021 actual
ASSETS:		
Federal assets:		
Investments in U.S. securities:		
1102 Principal fund account investment, net	10,238	5,615
1206 Non-Federal assets: Assessments receivable for interest expense	504	322
1999 Total assets	10,742	5,937
LIABILITIES:		
Non-Federal liabilities:		
2202 Accrued interest payable on long-term obligations	504	322

2203 Debt	15,496	10,552
2999 Total liabilities	16,000	10,874
NET POSITION:		
3100 Nonvoting capital stock issued to FHLBanks	2,513	2,513
3300 Cumulative results of operations	22,458	22,779
3300 RTC nonredeemable capital certificates	-31,286	-31,286
3300 Contributed capital - principal fund assessments	1,057	1,057
3999 Total net position	-5,258	-4,937
4999 Total liabilities and net position	10,742	5,937

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Program and Financing (in millions of dollars)

Identification code 920-4982-0-4-803	2020 actual	2021 est.	2022 est.
Obligations by program activity:			
0801 Monetary policy	192	209	244
0802 Public programs	20	21	22
0803 Supervision and regulation	191	197	209
0804 Reserve Bank oversight	37	43	43
0805 Currency operating expenses (Board incurred)	48	66	71
0806 Support and overhead	371	414	448
0809 Reimbursable program activities, subtotal	859	950	1,037
0810 Office of Inspector General operating expenses	32	35	36
0900 Total new obligations, unexpired accounts	891	985	1,073
Budgetary resources:			
Financing authority:			
Spending authority from offsetting collections, mandatory:			
1800 Collected	891	985	1,073
1930 Total budgetary resources available	891	985	1,073
Change in obligated balance:			
Unpaid obligations:			
3010 New obligations, unexpired accounts	891	985	1,073
3020 Outlays (gross)	-891	-985	-1,073
Financing authority and disbursements, net:			
Mandatory:			
4090 Budget authority, gross	891	985	1,073
4110 Outlays, gross (total)	891	985	1,073
Offsets against gross financing authority and disbursements:			
Offsetting collections (collected) from:			
4123 Non-Federal sources	-891	-985	-1,073
4180 Budget authority, net (total)
4190 Outlays, net (total)

The Federal Reserve System operates under the provisions of the Federal Reserve Act of 1913, as amended, and other acts of the Congress. To carry out its responsibilities under this Act, the Board of Governors (Board) determines general monetary, credit, and operating policies for the System as a whole and formulates the rules and regulations necessary to carry out the purposes of the Act. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

Under the provisions of section 10 of the Federal Reserve Act, the Board levies upon the Federal Reserve banks, in proportion to their capital and surplus, an assessment sufficient to pay its estimated expenses. Also under the Act, the Board determines and prescribes the manner in which its obligations are incurred and its expenses paid. Funds derived from assessments are deposited in the Federal Reserve Bank of Richmond and the Act provides that such funds "not be construed to be Government funds or appropriated moneys." No Government appropriation is required to support operations of the Board.

The Board issues U.S. currency (Federal Reserve notes) and the Reserve Banks distribute currency through depository institutions. The Board incurs costs and assesses the Reserve Banks for these costs related to producing,

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Continued

issuing, and retiring Federal Reserve notes, as well as providing other services. The assessment is allocated based on each Reserve Bank's share of the number of notes comprising the System's net liability for Federal Reserve notes on December 31 of the prior year. The Board recognizes the assessment in the year in which the associated costs are incurred.

Since 2017, the Board has undertaken a greater role in the currency program, including in research and development and quality assurance. This expanded role is reflected in the reclassification of certain transactions compared to prior years. The information presented pertains to Board operations only, which includes these new programs; expenditures for the currency program costs specific to the work performed by Treasury, including production, issuance and retirement, are not included.

The Dodd-Frank Act (P.L. 111–203), enacted July 21, 2010, directed the Board to collect assessments, fees, or other charges equal to the total expenses the Board estimates are necessary or appropriate to carry out the supervisory and regulatory responsibilities of the Board for certain bank holding companies and savings and loan holding companies, as well as nonbank financial companies designated for Board supervision by the Financial Stability Oversight Council (FSOC). The Board does not recognize the supervision and regulation assessments as revenue nor does the Board use the collections to fund Board expenses; the funds are transferred to the Treasury. The Economic Growth, Regulatory Relief, and Consumer

Protection Act (EGRRCPA, P.L. 115–174), enacted May 24, 2018, directed the Board to collect these assessments, fees, or other charges on such companies with total consolidated assets of \$100 billion (from \$50 billion in the Dodd-Frank Act), as well as to adjust amounts charged to reflect changes in supervisory and regulatory responsibilities resulting from EGRRCPA on firms with total consolidated assets less than \$250 billion.

Object Classification (in millions of dollars)

Identification code 920–4982–0–4–803	2020 actual	2021 est.	2022 est.
Reimbursable obligations:			
11.1 Personnel compensation: Full-time permanent	515	531	564
12.1 Civilian personnel benefits	103	108	114
13.0 Benefits for former personnel	22	30	36
21.0 Travel and transportation of persons	5	10	10
22.0 Transportation of things	25	34	37
23.2 Rental payments to others	37	38	38
23.3 Communications, utilities, and miscellaneous charges	10	10	9
24.0 Printing and reproduction	1	1	1
25.1 Advisory and assistance services	86	116	144
25.2 Other services from non-Federal sources	48	59	62
25.4 Operation and maintenance of facilities	4	5	5
25.7 Operation and maintenance of equipment	5	5	6
26.0 Supplies and materials	1	1	1
31.0 Equipment	29	37	46
99.9 Total new obligations, unexpired accounts	891	985	1,073