

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.

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	2024 actual	2025 actual
ASSETS:		
Federal assets:		
Investments in U.S. securities:		
1102 Principal fund account investment, net	7,019	7,704
1206 Non-Federal assets: Assessments receivable for interest expense	314	301
1999 Total assets	7,333	8,005
LIABILITIES:		
Non-Federal liabilities:		
2202 Accrued interest payable on long-term obligations	314	301
2203 Debt	10,539	10,532
2999 Total liabilities	10,853	10,833

NET POSITION:			
3100	Nonvoting capital stock issued to FHLBanks	2,513	2,513
3300	Cumulative results of operations	24,196	24,888
3300	RTC nonredeemable capital certificates	-31,286	-31,286
3300	Contributed capital - principal fund assessments	1,057	1,057
3999	Total net position	-3,520	-2,828
4999	Total liabilities and net position	7,333	8,005

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Program and Financing (in millions of dollars)

Identification code 920-4982-0-4-803	2024 actual	2025 est.	2026 est.	
Obligations by program activity:				
0801	Research and Statistics	117	125	123
0802	International Finance	48	56	56
0803	Monetary Affairs	55	62	64
0804	Financial Stability	24	24	24
0805	Supervision and Regulation	140	152	146
0806	Consumer and Community Affairs	43	48	45
0807	Reserve Bank Operations and Payment Systems	56	60	62
0808	Board Members	33	33	32
0809	Reimbursable program activities, subtotal	516	560	552
0810	Secretary and Legal	54	59	58
0811	Chief Operating Officer	20	6	3
0812	Financial Management	17	20	19
0813	Information Technology	187	245	247
0814	Management	201	235	222
0815	Centrally Managed Benefits, Extraordinary Items, and Savings and Reallocations	53	24	25
0818	Survey of Consumer Finances	2	20	2
0819	Reimbursable program activities, subtotal	534	609	576
0820	Office of Inspector General operating expenses	40	41	52
0821	Currency operating expenses (Board incurred)	57	63	58
0900	Total new obligations, unexpired accounts	1,147	1,273	1,238
Budgetary resources:				
Financing authority:				
Spending authority from offsetting collections, mandatory:				
1800	Collected	1,147	1,273	1,238
1930	Total budgetary resources available	1,147	1,273	1,238
Change in obligated balance:				
Unpaid obligations:				
3010	New obligations, unexpired accounts	1,147	1,273	1,238
3020	Outlays (gross)	-1,147	-1,273	-1,238
Financing authority and disbursements, net:				
Mandatory:				
4090	Budget authority, gross	1,147	1,273	1,238
4110	Outlays, gross (total)	1,147	1,273	1,238
Offsets against gross financing authority and disbursements:				
Offsetting collections (collected) from:				
4123	Non-Federal sources	-1,147	-1,273	-1,238
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

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Continued
 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, 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.

Section 11 of the Federal Reserve Act (as amended) directs 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 and nonbank financial companies designated for Board supervision by the FSOC. As an agent, 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 United States Treasury (Treasury).

Object Classification (in millions of dollars)

Identification code 920-4982-0-4-803		2024 actual	2025 est.	2026 est.
Reimbursable obligations:				
11.1	Personnel compensation: Full-time permanent	651	695	664
12.1	Civilian personnel benefits	129	137	136
13.0	Benefits for former personnel	21	26	25
21.0	Travel and transportation of persons	9	12	12
22.0	Transportation of things	19	22	21
23.2	Rental payments to others	44	39	43
23.3	Communications, utilities, and miscellaneous charges	9	8	10
25.1	Advisory and assistance services	141	188	168
25.2	Other services from non-Federal sources	59	63	81
25.4	Operation and maintenance of facilities	5	6	4
25.7	Operation and maintenance of equipment	10	11	10
26.0	Supplies and materials	1	1	1
31.0	Equipment	49	65	63
99.9	Total new obligations, unexpired accounts	1,147	1,273	1,238