

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Date: December 9, 2009
To: Board of Governors
From: Donald L. Kohn *DLK*
Subject: 2010 Final Reserve Bank Budgets

The Committee on Federal Reserve Bank Affairs has reviewed staff's recommendation that the Board approve the Reserve Bank budgets for 2010. In aggregate, the Reserve Bank budgets total \$3,221.3 million, an increase of \$51.6 million, or 1.6 percent over 2009 estimated expenses. I am forwarding the attached staff memorandum to the Board for its consideration.

Attachment

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF RESERVE BANK OPERATIONS AND PAYMENT SYSTEMS

Date: December 9, 2009

To: Board of Governors

From: Becky Royer, Lauren Guerin, Dorothy LaChapelle, Paul Bettge, Don Hammond

Subject: 2010 Final Reserve Bank Budgets

ACTION REQUESTED

Staff requests that the Board approve the 2010 Reserve Bank budgets totaling \$3,221.3 million, an increase of \$51.6 million, or 1.6 percent, from the 2009 estimated expenses and \$135.1 million, or 4.4 percent, from the approved 2009 budget.¹ Staff also requests that the Board approve the 2010 Reserve Bank, Federal Reserve Information Technology (FRIT), and the Office of Employee Benefits (OEB) capital budgets, which total \$434.4 million. The capital budgets are approved with the understanding that approval for actual capital outlays will be in accordance with the Board's Policies and Guidelines Concerning Reserve Bank Operations (FRAM 1-049). We have attached additional statistical information that provides details on expenses, staffing, and capital outlays.

¹ These expenses include those budgeted by Federal Reserve Information Technology and the Office of Employee Benefits that are chargeable to the Reserve Banks.

Total Expense and Employment Summary

The 2010 operating budgets of the Reserve Banks' total \$3,221.3 million. The 2010 budget is \$51.6 million, or 1.6 percent, higher than the 2009 estimate. Total 2010 projected employment for the Reserve Banks, FRIT, and OEB is 17,578 ANP, a decrease of 313 ANP, or 1.7 percent, from 2009 estimated staff levels.² The expense growth is driven by increases in

central bank functions, specifically those related to supervision and regulation, loans to depository institutions and others, and cash operations. These increases are significantly offset by decreases in priced services costs as a result of the decline in paper-check volume, the associated reductions in the check-processing infrastructure, and the substantial reduction in check transportation costs. In addition, the increase in expenses is further offset by a reduction in vendor fees in New York.³

Budgeted expenses for 2010, net of revenue and reimbursements, are expected to increase \$158.0 million, or 7.8 percent, from 2009 estimated expenses. Almost one-third of

Reserve Bank expenses in the 2010 budget are offset by priced service revenues (18 percent) and reimbursable claims for services provided to the Treasury and other agencies

	2009	2009	2010	2009 Est. vs. 2010 Bud.	
	Budget	Estimate	Budget	Amount	Percent
Central Bank Services	\$1,984.6	\$2,115.6	\$2,270.0	\$154.4	7.3%
Treasury Services	\$443.0	\$437.5	\$444.4	\$6.8	1.6%
Priced Services	\$658.6	\$616.6	\$506.9	-\$109.7	-17.8%
Total Expense	\$3,086.2	\$3,169.7	\$3,221.3	\$51.6	1.6%
Check	\$468.5	\$430.8	\$309.9	-\$121.0	-28.1%
Total Expense less Check	\$2,617.6	\$2,738.9	\$2,911.4	\$172.6	6.3%
Total Staffing¹	18,020	17,891	17,578	-313	-1.7%
Check	1,717	1,473	959	-513	-34.9%
Total Staffing less Check	16,303	16,418	16,619	201	1.2%

¹ ANP includes projected employment at the Federal Reserve Banks, FRIT, and OEB.

	2009	2009	2010	Percent Change	
	Budget	Estimate	Budget	09B vs. 10B	09E vs. 10B
Total Expense	\$3,086.2	\$3,169.7	\$3,221.3	4.4%	1.6%
Less:					
Priced Services Revenue ¹	\$692.4	\$679.1	\$565.9	-18.3%	-16.7%
Reimbursable Claims	\$461.7	\$456.5	\$463.2	0.3%	1.5%
Net Expenses	\$1,932.1	\$2,034.1	\$2,192.1	13.5%	7.8%

¹ Based on the final budget submission

² ANP is the average number of employees 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.

³ Includes lower vendor fees associated with the MBS purchase program and outside legal counsel.

(14 percent).⁴ Budgeted 2010 priced services revenue is lower than the 2009 estimated level, primarily as a result of declining paper-check volume. Reimbursable claims are expected to remain relatively stable in 2010, reflecting an ongoing effort by the Treasury and the Reserve Banks to contain costs while maintaining support for key programs and advancing new initiatives.

The 2010 staffing decrease continues the trend of workforce reductions that began in the late 1990s and staffing levels are at their lowest point in more than 30 years. The 2010 budgeted staff reductions are largely due to the effect of infrastructure changes and paper-check volume declines,

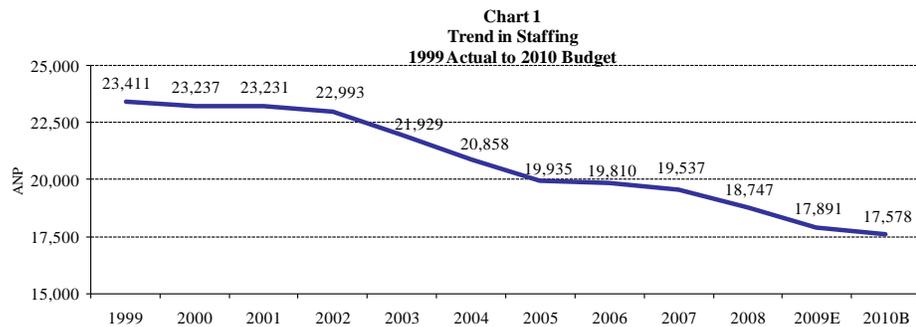
slightly offset by staffing increases in central bank functions. Given the current financial market and banking

conditions, the Reserve Banks have increased resources dedicated to fulfilling their central bank responsibilities, which include research, supervision and regulation, loans and credit, and public information.

2009 Budget Performance

Total 2009 expenses are estimated to be \$3,169.7 million, which represents an increase of \$83.5 million, or 2.7 percent, from the approved 2009 budget of \$3,086.2 million. Total 2009 estimated staffing of 17,891 ANP represents a decrease of 129 ANP from 2009 budgeted levels of 18,020 ANP.

The estimated expense increase compared with budget is driven by expanded responsibilities, primarily in New York, in response to the economic crisis (\$112.3 million and 99 ANP). The increase reflects additional staffing and data needs and unforeseen fees related to the Federal Agency Mortgage Backed Securities purchase and Term Asset-Backed Securities Loan



⁴ Reimbursable claims include the costs of fiscal agency and depository services provided to the U.S. Treasury, other government agencies, and other fiscal principals. Reimbursable claims are slightly higher than Treasury service expenses shown in table 1 because the reimbursable claims also include costs associated with the government's use of the Reserve Banks' check, ACH, Fedwire Funds, and Fedwire Securities services; these costs are included in priced services expense in table 1.

Facility programs. Also contributing to the overrun is an increase in supervision and regulation staffing in response to the financial conditions of the banking industry (\$10.0 million and 64 ANP).

Partially offsetting the overrun are decreased expenses in the check function (\$37.7 million or 8 percent). Reserve Banks significantly accelerated the closing of check-processing sites in 2009 beyond the initial budget projection, substantially reduced check transportation, and reduced staff in the check adjustments function due to paper-check volume declines. By 2010 there will be only one full-service paper-check processing site.

The underrun in Treasury services (\$5.5 million or 1.2 percent) reflects a reduction of \$5.7 million in Treasury Web Application Infrastructure (TWAI) expenses, resulting from the TWAI optimization program, an effort begun in 2007 to identify efficiencies and cost savings.

The underrun in total staffing of 129 ANP, compared with the approved budget, reflects lower staffing levels in several areas, offset by crisis-related overruns (99 ANP). Check operations are 244 ANP under budget because the System's legacy infrastructure was downsized beyond the budget projection and inter-District check transportation was eliminated. Treasury Services are 30 ANP under budget as a result of volume declines in Treasury retail securities and government checks, and delays with several Collections and Cash Management Modernization (CCMM) projects.⁵ Cash operations are 13 ANP under budget, primarily because of volume declines and productivity gains. In addition, Reserve Banks continue to reduce staffing in internal support functions in response to the declines in operating areas. Overall, support functions are 41 ANP under budget. Staffing reductions associated with efficiency improvements generated savings of \$2.5 million and include the outsourcing of the housekeeping function in one Bank (25 ANP), and process improvements in law enforcement (16 ANP) and food services (13 ANP).

Initiatives Affecting the 2010 Budget

The 2010 growth in expenses reflects several initiatives included in the Reserve Banks' budgets. In the central bank area, which includes monetary policy, public programs, supervision and regulation, and cash operations, total expenses are increasing \$154.4 million or

⁵ CCMM is a comprehensive multiyear initiative to streamline, modernize, and improve the services, systems, and processes supporting the Treasury's collections and cash management programs. The goal is to improve efficiency and reduce costs to the Treasury.

7.3 percent in the 2010 budget, and staffing levels are increasing 238 ANP, in part because of the full-year effect of 2009 staff additions, including 116 ANP supporting loans to DIs and others. Total costs for monetary policy are budgeted to remain relatively flat, reflecting higher salary-related costs, offset by nonrecurring crisis-related expenses. The budget for the supervision and regulation function is increasing \$60.0 million, or 8.3 percent, as the function plans for additional resources (148 ANP) to address staffing needs due to deterioration in the banking industry's performance and condition, sharply higher numbers of 3/4/5-rated state member banks and bank holding companies, and accelerated frequency of mandated examinations and inspections.

Cash operation expenses are increasing \$34.2 million, or 7.1 percent. The Currency and Coin Handling Environment (CACHE) project and upgrades to the currency processing sorters and related sensors are driving the increase.⁶ These expenses are slightly offset by a 30 ANP reduction in staff and related costs resulting from lower-than-expected volumes.

The budget for services to the Treasury, which are fully reimbursed, is increasing \$6.8 million, or 1.6 percent. Expenses related to the TWAI are increasing as the number of applications hosted in the infrastructure expands in connection with the CCMM initiative. In addition, several projects under the CCMM umbrella are expected to gain momentum in 2010. These increases are largely offset by lower costs and fewer staff (19 ANP) associated with continued volume declines in Treasury retail securities, government checks, and the completion of the Treasury Debt Management System (TDMS) application development effort.

Total check expenses are decreasing \$121.0 million, or 28.1 percent, reflecting the check restructuring costs and continued paper-check volume declines. In response to the continuing decline in paper-check volumes, in November 2008, the Federal Reserve announced that the Cleveland Reserve Bank will serve as the single paper check-processing and adjustments site and that the Atlanta Reserve Bank will serve as the single electronic check-processing site for the Federal Reserve Banks. The transition to one paper processing site is scheduled to be completed in the first quarter of 2010. Check staffing levels are decreasing 513 ANP in the 2010 budget as a result of these actions. Even with these cost-reduction efforts, Reserve Banks have

⁶ The goal of the CACHE project is to develop and deploy a new cash software application and technical architecture across the Federal Reserve System to streamline operations, improve controls, provide more-robust data management tools, and present a more-standardized face to the customer.

budgeted for a check cost recovery rate of 94.5 percent in 2010. The Reserve Banks will continue efforts to reduce cost to meet long-term cost-recovery objectives.

Despite a decline in Reserve Bank staffing levels, support costs are increasing \$26.7 million, or 2.8 percent in the 2010 budget. The increase reflects higher expenses in the facilities management (\$12.6 million) and information technology (\$8.7 million) functions. Facilities costs are increasing with the completion of large building projects that are now generating depreciation expense, and with the expansion of leased space New York. IT costs are increasing in support of cash and Treasury projects at several Banks, partially offset by decreases in staffing due to efficiency gains in other Banks.

2010 Personnel Expenses

Reserve Bank officer and employee salaries and other personnel expenses budgeted for 2010 total \$1,678 million, an increase of \$61.7 million, or 3.8 percent, from the 2009 estimate. The increase reflects budgeted salary administration programs, including merit increases, market adjustments, promotions, and variable pay. Funding in 2010 for officer and employee base salary administration programs is \$47.1 million: merit pools for officers and employees total \$33.2 million, and funding for market increases and promotions totals \$13.8 million. The 2010 budget for variable-pay programs is increasing \$9.5 million from the 2009 estimate, averaging 12.7 percent of salary expense for officers and senior professionals and 4.8 percent for employees.

The merit budget reflects an average increase of 2.5 percent for both officers and employees. Although 2010 funding for merit increases decreased \$19.4 million (37 percent) when compared with 2009, merit continues to be the largest component of the total increase in salary administration costs. An increasingly significant factor driving growth in salary administration expense, however, is the cost of a more highly skilled workforce. Although ANP is budgeted to decrease 313 in 2010, the positions eliminated are largely nonexempt, lower-salaried positions. Staff additions are largely highly skilled, higher-salaried exempt and officer positions.

Five-Year Trend in Reserve Bank Expenses

Total expenses for the Reserve Banks have grown an average of 4.4 percent annually over the past five years, with the largest percentage growth in monetary and economic policy.

Trends in Central Bank Services Total Cost

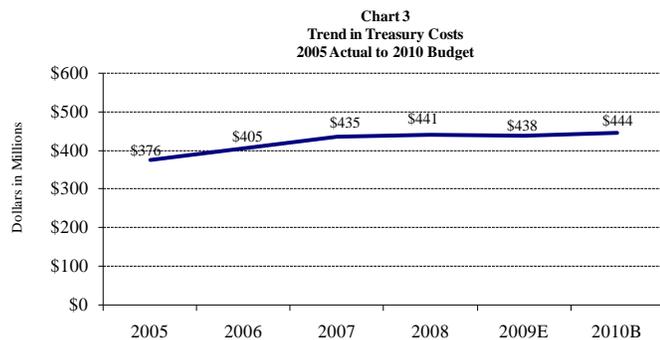
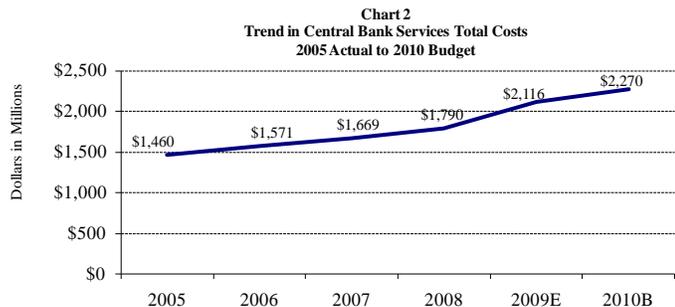
Central bank services have grown an average of 9.2 percent annually over the past five years. The increase is primarily in monetary policy, public programs, and loans to depository institutions and others, where expenses have grown on average 12.5 percent annually as Banks have increased resources dedicated to community outreach, financial literacy, regional economic research, and lending activities. Expenses in the supervision and regulation function have grown 9.0 percent over the past

five years because of additional resources necessary to recruit and retain supervisory staff with specialized skills, and more recently, to address financial market turmoil and market banking and economic

conditions. While there have been ongoing efficiency improvements in cash operations over the past five years, expenses have increased on average 5.2 percent annually reflecting increased costs to modernize the cash-processing and inventory-tracking infrastructure, along with higher support costs, particularly protection costs.

Trends in Treasury Services Total Cost

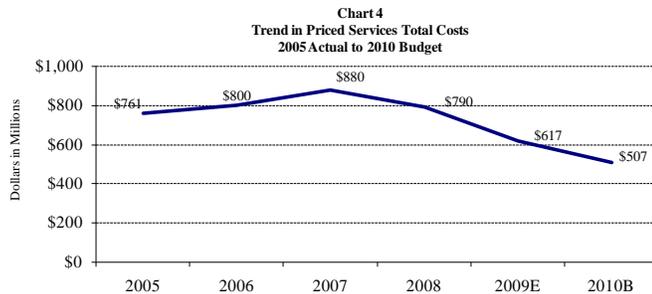
Treasury services expenses have grown on average 3.4 percent annually since 2005. The start of several CCMM projects that were delayed from 2009 have resulted in a slight increase in 2010 budgeted expenses from the 2009 estimated



expenses. The growth from 2005 to 2007 was driven primarily by the expansion of the TWAI to host a growing number of Treasury applications.

Trends in Priced Services Total Cost

Priced services expenses have been declining an average of 7.8 percent annually, driven by the check service. Efforts to reduce the size of the System's paper-check operations, consistent with volume declines, have resulted in an average annual decline of 12.9 percent in check services expenses since 2005. The decrease in check expense reflects significant ongoing staff reductions resulting from the accelerated consolidation of check operations.



Risks in the 2010 Budget

There are a number of risks in the 2010 budget. Primary among these is the potential for legislative changes that could alter the Federal Reserve's authority. Additional staff may be needed to manage the ongoing challenges facing banking supervision and regulation in the current economic climate. Treasury project changes and delays could also increase budgeted expenses. In connection with the CCMM initiative, the Treasury continues to refine its vision for collections and cash management systems. If the Treasury changes its current direction, additional costs and resources may be required.

Finally, accounting changes make it difficult to predict fluctuations in employee healthcare costs. Compliance with FAS 106 will increase the amount of retiree medical costs in the 2010 budget. The budget will also incorporate unexpected changes to post-employment costs as a result of implementing FAS 112.

2010 Capital Plan

The 2010 capital budget submitted by the Reserve Banks, FRIT, and OEB totals \$434.4 million, a \$2.0 million, or 0.5 percent, decrease from the 2009 estimated levels. The capital budgets include funding for projects to support strategies that improve operational

efficiencies, enhance services to Bank customers, and ensure a safe and high-quality work environment. In support of these strategies, the 2010 budget identifies seven categories of capital outlays: building projects and facility improvements, payment system improvements, cash services initiatives, Treasury initiatives, information technology initiatives, security enhancements, and miscellaneous acquisitions.

The proposed capital budget includes \$178.3 million for building-related projects and facility improvements. Of the total building capital, \$48.8 million is related to major projects begun in previous years in Boston, New York, and St. Louis. The total also includes a major project in New York to accommodate increased staffing related to financial stability efforts. The remaining outlays in this category will fund various building renovation and refurbishment projects, as well as miscellaneous facility improvement projects.

Initiatives related to cash, payment systems, and Treasury initiatives represent \$111.9 million in the capital budget. Of this total, \$54.6 million represents cash-services initiatives, including the CACHE development effort (\$21.4 million) and the Systemwide upgrade of cash-processing equipment (\$25.1 million). The budget includes \$35.4 million for reimbursable Treasury initiatives, including support of TWAI, GWA (Government-Wide Accounting), CCMM-related efforts, and various other initiatives and \$21.8 million for multiyear efforts to migrate applications off the mainframe to a distributed environment, including FedACH and Fedwire.

The Reserve Banks and FRIT included \$98.8 million in funding for major information technology initiatives. These initiatives do not include the automation components of building or payment systems initiatives discussed separately. Of the total automation-related outlays, FRIT projects and acquisitions account for \$32.0 million and New York Reserve Bank projects account for \$32.8 million. In addition, the budget includes \$6.5 million in initial funding for Systemwide server consolidation.

The proposed capital budget also includes \$40.9 million for security enhancements and \$4.6 million for equipment not falling into the categories defined above.

ATTACHMENT
Statistical Supplement

Table 1	Total Expenses of the FR Banks, by District
Table 2	Total Employment of the FR Banks, by District
Table 3	Total Expenses of the FR Banks, by Functional Area
Table 4	Total Employment of the FR Banks, by Functional Area
Table 5	Salary Administration Expenses of the FR Banks, by District
Table 6	Capital Outlays of the FR Banks, by District
Table 7	Capital Outlays of the FR Banks, by Category

Notes: In the following tables, Reserve Bank expenses include those budgeted by FRIT and OEB that are chargeable to the Reserve Banks.

Components may not add to totals because of rounding. Table-to-table comparisons may also differ due to rounding.

2010 Final Budget

TOTAL EXPENSES OF THE FEDERAL RESERVE BANKS
by District, 2009 and 2010
(Dollars in Thousands)

District	2009 Budget	2009 Estimate	2010 Budget	Percent Change	
				09B vs. 09E	09E vs. 10B
Boston	153,479	157,232	160,841	2.4%	2.3%
New York	646,993	756,386	791,329	16.9%	4.6%
Philadelphia	152,724	153,039	148,493	0.2%	-3.0%
Cleveland	171,007	177,041	168,410	3.5%	-4.9%
Richmond	283,005	279,914	294,937	-1.1%	5.4%
Atlanta	387,155	358,781	354,324	-7.3%	-1.2%
Chicago	274,078	267,034	275,191	-2.6%	3.1%
St. Louis	222,717	213,567	222,488	-4.1%	4.2%
Minneapolis	154,652	152,405	150,245	-1.5%	-1.4%
Kansas City	169,232	173,438	173,306	2.5%	-0.1%
Dallas	182,399	189,371	185,729	3.8%	-1.9%
San Francisco	288,730	291,485	296,001	1.0%	1.5%
Total	3,086,172	3,169,694	3,221,295	2.7%	1.6%

2010 Final Budget

TOTAL EMPLOYMENT OF THE FEDERAL RESERVE BANKS
by District, 2009 and 2010
(Average Number of Personnel)

District	2009 Budget	2009 Estimate	2010 Budget	Change	
				09B vs. 09E	09E vs. 10B
Boston	899	890	876	-10	-13
New York	2,877	2,983	3,066	105	83
Philadelphia	1,009	939	868	-71	-71
Cleveland	1,367	1,360	1,312	-7	-48
Richmond	1,638	1,586	1,509	-52	-77
Atlanta	1,776	1,763	1,717	-13	-45
Chicago	1,339	1,315	1,297	-25	-18
St. Louis	964	943	962	-20	19
Minneapolis	1,082	1,067	1,018	-15	-49
Kansas City	1,213	1,225	1,189	12	-36
Dallas	1,235	1,212	1,204	-22	-8
San Francisco	1,686	1,645	1,610	-41	-35
Subtotal	17,086	16,927	16,628	-159	-299
FRIT	889	919	904	30	-15
OEB	45	45	47	0	2
Total	18,020	17,891	17,578	-129	-313

2010 Final Budget

TOTAL EXPENSES OF THE FEDERAL RESERVE BANKS
by Service Line
(Dollars in Thousands)

Year	Total	Monetary and Economic Policy	Services to U.S. Treasury and Gov't Agencies	Services to Financial Institutions and the Public	Supervision and Regulation	Fee Based Services to Financial Institutions
2005	2,597,013	290,839	376,164	660,496	508,920	760,594
2006	2,776,028	320,150	405,010	700,397	550,494	799,978
2007	2,983,492	351,221	434,578	724,909	593,222	879,561
2008	3,020,763	389,219	440,669	758,595	642,238	790,043
2009 E	3,169,694	504,187	437,520	887,241	724,189	616,557
2010 B	3,221,295	505,085	444,370	980,753	784,209	506,877
AAGR 2005-2010	4.4%	11.7%	3.4%	8.2%	9.0%	-7.8%

2010 Final Budget

TOTAL EMPLOYMENT OF THE FEDERAL RESERVE BANKS¹

by Service Line
(Average Number of Personnel)

Year	Total	Monetary and Economic Policy	Services to U.S. Treasury and Gov't Agencies	Services to Financial Institutions and the Public	Supervision and Regulation	Fee Based Services to Financial Institutions	Local Support and Overhead	Nat'l Consolidated Support	FRIT and OEB
2005	19,935	877	1,288	2,683	2,539	3,323	6,509	1,943	773
2006	19,810	914	1,267	2,646	2,656	3,101	6,363	2,073	790
2007	19,535	934	1,258	2,615	2,657	2,693	6,366	2,200	813
2008	18,750	1,010	1,184	2,477	2,674	1,936	6,363	2,240	865
2009 E	17,891	1,079	1,110	2,589	2,849	846	6,428	2,095	895
2010 B	17,578	1,125	1,091	2,634	2,996	386	6,406	2,059	881
AAGR 2005-2010	-2.5%	5.1%	-3.3%	-0.4%	3.4%	-35.0%	-0.3%	1.2%	2.7%

¹ Includes average number of personnel at FRIT and OEB.

2010 Final Budget

**SALARY ADMINISTRATION EXPENSES OF THE FEDERAL RESERVE BANKS
Officers and Employees by District, 2010**

(Dollars in Thousands)

District	Additions to Salary Base			Variable Pay	Total	Percent ¹
	Merit	Promo, Reclass, and Equity & Market Adjustments	Subtotal			
Boston	1,682	683	3.0%	-374	1,991	2.3%
New York	6,905	4,108	3.3%	4,321	15,333	4.1%
Philadelphia	1,660	784	3.6%	107	2,551	3.5%
Cleveland	1,943	1,024	3.5%	310	3,278	3.6%
Richmond	3,245	1,208	3.8%	338	4,790	3.7%
Atlanta	2,289	806	2.4%	2,437	5,532	4.0%
Chicago	2,255	679	2.7%	540	3,474	3.0%
St. Louis	1,944	709	3.7%	230	2,882	3.7%
Minneapolis	1,425	356	2.5%	-400	1,381	1.7%
Kansas City	2,295	959	3.7%	85	3,339	3.4%
Dallas	1,697	301	2.4%	66	2,063	2.3%
San Francisco	3,637	1,309	3.4%	885	5,830	3.7%
FRIT	2,153	853	3.5%	807	3,813	3.9%
OEB	136	50	3.3%	23	209	3.4%
Total	33,265	13,829	3.2%	9,373	56,467	3.5%

Merit: the amount of budgeted salary expense that reflects the cumulative effect of planned salary increases based on performance.

Promo & Reclass: the amount of budgeted salary expense that reflects the cumulative impact of salary increases for individuals as a result of grade promotions and reclassifications resulting from a job evaluation.

Equity & Market Adjustments: the amount of budgeted salary expense to bring individual salaries to the minimum of a grade range or to better align salaries with the market.

Variable Pay: the change in the amount of incentive payments (payment for the achievement of pre-determined goals) and cash awards (awards in recognition of exceptional achievements)

¹ Percent represents the total of the stated payments as a percentage of total salary and other personnel expense.

2010 Final Budget

CAPITAL OUTLAYS OF THE FEDERAL RESERVE BANKS
by District, 2009 and 2010
(Dollars in Thousands)

District	2009 Budget	2009 Estimate	2010 Budget	Percent Change	
				09B vs. 09E	09E vs.10B
Boston	27,241	27,485	21,191	0.9%	-22.9%
New York	154,713	140,868	112,627	-8.9%	-20.0%
Philadelphia	21,648	21,316	16,055	-1.5%	-24.7%
Cleveland	11,669	11,597	12,014	-0.6%	3.6%
Richmond	32,224	31,820	27,806	-1.3%	-12.6%
Atlanta	36,735	25,483	27,974	-30.6%	9.8%
Chicago	23,259	22,155	36,081	-4.7%	62.9%
St. Louis	21,507	17,584	20,082	-18.2%	14.2%
Minneapolis	10,444	14,772	13,547	41.4%	-8.3%
Kansas City	7,152	5,267	8,636	-26.4%	64.0%
Dallas	29,729	21,357	25,324	-28.2%	18.6%
San Francisco	62,239	44,572	44,771	-28.4%	0.4%
Subtotal	438,560	384,273	366,106	-12.4%	-4.7%
FRIT	79,758	50,272	64,093	-37.0%	27.5%
OEB	1,050	1,905	4,228	81.4%	122.0%
Total	519,368	436,450	434,428	-16.0%	-0.5%

2010 Final Budget

CAPITAL OUTLAYS OF THE FEDERAL RESERVE BANKS¹
by Category, 2009 and 2010
(Dollars in Thousands)

	2009 Budget	2009 Estimate	2010 Budget	Percent Change	
				09B vs. 09E	09E vs. 10B
Building Related Projects and Facility Improvements	179,159	185,047	178,254	3.3%	-3.7%
Payment System Improvement Initiatives	65,133	20,267	21,779	-68.9%	7.5%
Cash Services Initiatives	72,593	53,745	54,648	-26.0%	1.7%
Treasury Initiatives	44,718	34,882	35,433	-22.0%	1.6%
Information Technology Initiatives	105,770	87,898	98,827	-16.9%	12.4%
Security Enhancements	48,742	48,908	40,862	0.3%	-16.5%
Miscellaneous ²	3,254	5,703	4,626	75.3%	-18.9%
TOTAL	519,368	436,450	434,428	-16.0%	-0.5%

¹ Capital outlays for the Federal Reserve System include the twelve Districts, FRIT, and OEB.

² Miscellaneous includes other equipment and software not falling into the other defined categories.