



**BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551**

DATE: November 30, 2018

TO: Board of Governors

VIA: Governor Lael Brainard *LB*

FROM: Don Hammond, Chief Operating Officer *DH*  
Ricardo Aguilera, Chief Financial Officer *RAA*

SUBJECT: 2019 Board Operating and Capital Budgets<sup>1</sup>

**Action Requested**

Staff<sup>2</sup> recommends that the Board approve the following:

1. A \$793.6 million operating budget for 2019;
2. A \$19.5 million single-cycle capital budget for 2019;
3. A \$634.5 million multi-cycle capital budget;
4. A \$3.9 million overexpenditure within the 2018 operating budget for centrally-managed retirement and post-retirement benefits under the Board’s Delegations of Administrative Authority policy; this overexpenditure is more than offset by underruns in other areas, as described below in the 2018 budget performance section; and
5. The creation of a pool of 14 unallocated authorized positions.

**Summary**

This is the fourth budget request since the Board approved the 2016-19 Strategic Plan (the Plan) in July 2015. The Plan identifies six overarching pillars for the Board to address over the four-year planning

**Figure 1. Summary of 2019 Budget Components**

Components	Millions of dollars		Variance	
	2018 Budget	2019 Budget	Amount	Percent
Operating Budget	\$ 766.7	\$ 793.6	\$ 26.9	3.5%
Single-Cycle Capital	17.3	19.5	2.2	13.0%
Multi-Cycle Capital	552.6	634.5	81.8	14.8%

<sup>1</sup> The requests in this memorandum do 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.

<sup>2</sup> Steve Bernard, Karen Vassallo, William Futrell, Kevin Brooks, Troy Dibley, Matt Seay, and Obi Ukwuoma co-authored this memo.

horizon.<sup>3</sup> Recognizing the fiscal reality in which the Board operates, the Plan includes a key pillar related to project development and resource allocation, which seeks to align resources to support current and emerging programs central to accomplishing the Board's mission.

The 2019 budget request is grounded in the principles established by the Plan and provides funding to advance the Plan's goals, objectives, and initiatives. As shown in Figure 1, the operating budget represents a 3.5 percent increase over the 2018 approved budget. The single-cycle capital budget of \$19.5 million represents a 13.0 percent increase over 2018, driven by the continuation of software development projects within the Supervision and Regulation function. The multi-cycle capital budget of \$634.5 million represents a 14.8 percent increase from 2018, driven by building improvement projects, which will allow the Board to implement its long range space plan, improve compliance with modern building codes and utilize space more efficiently.

During the budget formulation process, several strategic priorities have been funded within the budgets of each functional area:

#### Monetary Policy

- Growing data aggregation, modeling, and simulation requirements. Under the Plan's data pillar, these initiatives help to further strategies to better access, control, track, and manage critical data.
- Increasing the efficiency and consistency of data collection for Treasury and mortgage-backed security (MBS) data from financial institutions overseen by the Board.
- Replacing paper-based content delivery to FOMC participants with an automated solution. Effective information support of the FOMC is a mission priority. Under the Plan's project development and resource allocation pillar, this initiative helps to further support effective processes and policies in support of expanded mission priorities.
- Enhancing technological support to the Federal Open Market Committee (FOMC) by providing secure document system access on mobile devices. The Board continues to enhance the mobile environment to meet requirements for information access, ease of use, and information security.

#### Supervision and Regulation

- Continuing software development projects to enhance data reporting, storage, and management capabilities within the function. Consistent with the Plan's technology and data pillars, these projects help get the right data to the right people at the right time.

#### Support and Overhead

- Implementing a facilities workplace strategy. With the acquisition of the building at 1951 Constitution Ave. NW ("1951"), renovation of the Martin Building, and planned

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<sup>3</sup> The six pillars in the Plan are: project development and resource allocation, workforce, physical infrastructure, technology, data, and public engagement and accountability. The Plan is located at: <http://www.federalreserve.gov/publications/gpra/files/2016-2019-gpra-strategic-plan.pdf>.

renovations of the 1951, Eccles, and New York Avenue buildings, the Board can provide a secure, modern environment that meets the needs of the workforce, promotes efficiency, supports resiliency and continuity efforts, and maximizes productivity.

- Transitioning remaining mainframe applications to the distributed server environment. Replacing the mainframe will improve information processing and collaboration while reducing operating expenses, and is identified as a strategic initiative under the Plan's technology and data pillars.
- Implementing a workforce planning strategy to position the Board's staff to meet future workforce demands. Under the Plan's workforce pillar, the initiative will develop succession planning, career development frameworks, and job/competency specific training tools to sustain an effective and efficient workforce.
- Replacing the Board's core human capital, financial management, and procurement systems. The lifecycle replacements offer opportunities to expand capabilities, transform service delivery, and improve processes under the Plan's technology and project development and resource allocation pillars.

The following sections provide additional information.

### **2019 Operating Budget**

At the start of the budget process, the Chief Operating Officer and Chief Financial Officer met with the Committee on Board Affairs (CBA) to recommend a specific growth target for the Board's overall 2019 operating budget. The recommended growth target represented forecast to budget growth of 5.0 percent. The target, which was briefed to Board members during the budget process, included known changes in the run-rate of the Board's ongoing operations; projected increases to centrally-managed retirement and post-retirement benefits; known strategic priorities for 2019; and the 2019 Triennial Survey of Consumer Finances. To manage growth across the Board, specific growth rates were identified for each functional area: Monetary Policy and Public Programs, Supervision and Regulation, Reserve Bank Oversight, and Support and Overhead.

Achieving the CBA's growth target of 5.0 percent forecast to budget required all divisions to allocate resources to their highest priorities and seek tradeoffs and efficiencies. This included reducing several accounts in goods and services to reflect historic utilization and adjusting general lapse rates (vacancy) to more align with historic hiring and attrition rates.

Excluding the survey, the proposed 2019 operating budget of \$777.6 million represents growth of \$12.1 million (1.6 percent) over the 2018 budget and growth of \$37.2 million (5.0 percent) over forecasted spending for 2018.<sup>4</sup> Figure 2 presents the proposed 2019 operating budget by functional area<sup>5</sup>, with and without the survey. Appendix 1 reflects the 2018 operating budget, 2018 forecast,

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<sup>4</sup> Projected spending is based on actual expenses incurred through September 2018, current staffing levels, approved personnel actions, and anticipated spending for the final quarter of the year.

<sup>5</sup> Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next.

and proposed 2019 budget by division, office, or special account while appendix 2 contains the same information by account classification.

**Figure 2. Board 2019 Operating Budget by Functional Area**

Millions of dollars									
Functional Area	2018 Budget	2018 Forecast	Variance 2018F To 2018B		2019 Budget	Variance 2018F To 2019B		Variance 2018B To 2019B	
			Amount	Percent		Amount	Percent	Amount	Percent
Monetary Policy & Public Programs	\$ 198.3	\$ 192.0	\$ (6.3)	-3.2%	\$ 204.8	\$ 12.7	6.6%	\$ 6.4	3.3%
Supervision & Regulation	183.7	178.1	(5.6)	-3.1%	189.4	11.3	6.3%	5.6	3.1%
Reserve Bank Oversight	36.6	36.6	0.0	0.1%	35.0	(1.7)	-4.5%	(1.6)	-4.5%
Support & Overhead	346.8	333.7	(13.2)	-3.8%	348.5	14.8	4.4%	1.7	0.5%
<b>Total Without Survey</b>	<b>\$ 765.5</b>	<b>\$ 740.4</b>	<b>\$ (25.1)</b>	<b>-3.3%</b>	<b>\$ 777.6</b>	<b>\$ 37.2</b>	<b>5.0%</b>	<b>\$ 12.1</b>	<b>1.6%</b>
Survey of Consumer Finances	1.2	1.9	0.7	54.6%	16.0	14.1	762.5%	14.8	1233.3%
<b>Grand Total</b>	<b>\$ 766.7</b>	<b>\$ 742.3</b>	<b>\$ (24.4)</b>	<b>-3.2%</b>	<b>\$ 793.6</b>	<b>\$ 51.4</b>	<b>6.9%</b>	<b>\$ 26.9</b>	<b>3.5%</b>

Note: Each function includes allocations related to centrally-managed retirement and post-retirement benefits. Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next. Specifically, negative 2019 growth in Reserve Bank Oversight is driven by a shift to a more risk-based approach for Reserve Bank operational reviews. Components may not sum to totals and may not yield percentages shown because of rounding.

**Personnel Services Costs**

The 2019 proposed operating budget includes budget-to-budget growth in personnel services costs of \$15.5 million, as shown in appendix 2. Increases in personnel expenses reflect the following:

- Employment growth expected to occur in 2019;
- Salary adjustments, including promotions and equity adjustments, completed during 2018 and anticipated for 2019;
- Funding for the 2019 merit and variable pay programs; 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 by Functional Area**

Functional Area	2018 Positions	2019 Positions
Monetary Policy & Public Programs	821	836
Supervision & Regulation	718	728
Reserve Bank Oversight	146	139
Support & Overhead	1,162	1,158
<b>Grand Total</b>	<b>2,847</b>	<b>2,861</b>

Note: 2018 figures represent current levels. Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next. Specifically, negative 2019 growth in Reserve Bank Oversight is driven by a shift to a more risk-based approach for Reserve Bank operational reviews. In addition, public programs and engagement activities, such as Freedom of Information Act (FOIA), public website, releases, etc., were moved from Support and Overhead to Public Programs.

Figure 3 presents authorized positions for 2018 and 2019. Divisions will continue to prioritize their vacancies to meet their most critical needs.

## Goods and Services Costs

The 2019 proposed operating budget includes budget-to-budget reductions in goods and services costs of \$3.3 million, as shown in appendix 2. Forecast-to-budget growth is 4.3%. As part of the budget process, divisions were asked to align their goods and services budgets for continuing operations with historical spending trends, which led to the overall reduction. In addition, centralized adjustments were incorporated into the budget to reflect historical under-execution. Funding was reallocated and reprioritized to the Board’s strategic priorities related to physical infrastructure, technology, data, and workforce, as detailed in the summary section above.

## Survey of Consumer Finances

The 2019 proposed operating budget also includes \$16.0 million for the Survey of Consumer Finances, a budget-to-budget growth of \$14.8 million, as shown in appendix 2. This compares to actual costs in 2016 related to the last survey of \$14.2 million. The survey collects information about family incomes, net worth, balance sheet components, credit use, and other financial outcomes, and is conducted every three years.

## Capital Budget

The Board’s capital budget consists of single-cycle and multi-cycle components. Single-cycle capital projects, such as hardware purchases and software upgrades, are planned for completion within the current budget cycle, while multi-cycle capital projects, such as building renovations and certain automation initiatives, span several budget cycles.

Figure 4 summarizes the Board’s 2019 single-cycle capital budget request. The proposed budget of \$19.5 million represents an increase of \$2.2 million from the 2018 single-cycle capital budget, driven by the continuation of software development projects to enhance data reporting, storage, and management capabilities within the Supervision and Regulation function. For 2018, we are forecasting expenditures of \$15.6 million or 90.3% of budget.

**Figure 4. Single-Cycle Capital Budget**

Type	2018 Budget	2019 Budget	Variance 2018B To 2019B	
			Amount	Percent
Data Center Infrastructure	\$ 7.2	\$ 8.0	\$ 0.8	10.8%
Building Improvements	1.4	-	\$ (1.4)	-100.0%
Automation Projects	2.2	3.0	0.8	37.8%
Supervision & Regulation (S&R) Data Capabilities	-	2.5	2.5	n.a.
Equipment Purchases & Lifecycle Replacements	6.5	6.1	\$ (0.5)	-7.3%
<b>Grand Total</b>	<b>\$ 17.3</b>	<b>\$ 19.5</b>	<b>\$ 2.2</b>	<b>13.0%</b>

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. The proposed budget represents a net increase of \$81.8 million, which reflects new funding for new and existing capital projects, as described below.

- Building improvement projects: Over 95 percent of the multi-cycle capital funding increase is driven by building improvement projects. With the acquisition of 1951 Constitution Ave. NW (“1951”)<sup>6</sup>, renovation of the Martin Building, and planned renovations of 1951, Eccles, and New York Avenue buildings, the Board will provide a secure, modern environment that meets the needs of the workforce, promotes efficiency, supports resiliency and continuity efforts, and maximizes productivity.
  - Martin Building<sup>7</sup>: \$44.5 million for furniture and equipment purchases and renovation of the Martin Building north garage
  - 1951 Building: \$51.0 million for design and renovation services to begin the renovation process
  - Eccles Building: \$24.0 million for renovation services to begin the renovation process
  - New York Avenue Building: \$13.1 million to begin design services in preparation of the planned floor-by-floor reconfiguration and mechanical upgrades
- Automation projects: Increases to new and existing capital automation projects include: information portals; FOMC system enhancements; and upgrades to human capital, financial management, and procurement systems.

With the approval of the 2019 budget, the Board will have three major renovation projects that overlap in schedule, which might put a strain on project management resources. To help mitigate the risk, a master project schedule has been developed that incorporates all current and planned building improvement projects.

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<sup>6</sup> In May 2018, the Board of Governors approved the purchase of 1951 and transition to a mixed-use space strategy within the Board’s owned facilities.

<sup>7</sup> The program budget for the Martin Building renovation includes \$343.0 million for the design and construction of the Martin Building, \$34.7 million for north garage improvements, and \$88.6 million for related swing space costs.

**Figure 5. Multi-Cycle Capital Budget**

Millions of dollars Project	Current Project Life Budget	Initiatives/ Project Closures	New Project Life Budget	Estimated Project Life Spending Through YE 2018		2019 Budgeted Capital Outlays
				Dollars	% Spent	
Martin renovation program <sup>1,2</sup>	\$ 361.1	\$ 44.5	\$ 405.6	151.7	42.0%	\$ 107.7
NYA renovation program <sup>3</sup>	8.7	13.1	21.8	1.5	17.7%	9.9
NYA emergency generator	2.5	-	2.5	2.5	99.9%	-
International Square build out - existing space <sup>4</sup>	19.6	(19.6)	-	16.6	84.4%	-
International Square build out - new space <sup>4</sup>	20.0	(20.0)	-	18.6	92.8%	-
Eccles building renovation: design phase	16.0	24.0	40.0	1.5	9.3%	16.5
Eccles mechanical upgrades	9.0	-	9.0	7.7	85.8%	-
Eccles/NYA fire alarm system upgrade	5.2	-	5.2	1.5	28.0%	-
Eccles historic roof replacement	-	0.4	0.4	-	n.a	0.4
1951 Constitution Ave. NW: purchase, design phase, and early work <sup>1</sup>	51.9	51.0	102.9	43.7	84.3%	17.6
<b>Subtotal, Building Improvements</b>	<b>\$ 494.0</b>	<b>\$ 93.4</b>	<b>\$ 587.4</b>	<b>\$ 245.3</b>	<b>49.6%</b>	<b>\$ 152.1</b>
C-SCAPE <sup>4</sup>	11.8	(11.8)	-	11.4	96.7%	-
Regulation, Analysis, and Modeling Platform (RAMP)	11.0	-	11.0	6.0	54.5%	1.8
Advanced Data Analytics Platform (ADAP) <sup>5</sup>	1.9	-	1.9	0.7	37.3%	0.4
<b>Subtotal, S&amp;R Data Capabilities</b>	<b>\$ 24.7</b>	<b>\$ (11.8)</b>	<b>\$ 12.9</b>	<b>\$ 18.1</b>	<b>73.4%</b>	<b>\$ 2.2</b>
OCDO strategic initiatives	18.0	-	18.0	4.2	23.6%	4.0
<b>Subtotal, Data Strategy</b>	<b>\$ 18.0</b>	<b>\$ -</b>	<b>\$ 18.0</b>	<b>\$ 4.2</b>	<b>23.6%</b>	<b>\$ 4.0</b>
HR strategic automation	4.7	-	4.7	3.5	73.3%	0.4
Security tool implementation	0.7	-	0.7	0.5	69.9%	-
Statistics function support/ICAP <sup>4</sup>	4.6	(4.6)	-	4.2	91.8%	-
e-Discovery <sup>4</sup>	2.3	(2.3)	-	0.5	21.8%	-
Procurement software	0.3	-	0.3	-	n.a	-
Information portal (C&CA)	0.7	0.4	1.1	0.6	85.2%	0.5
FOMC system enhancements	0.8	0.7	1.5	0.6	68.9%	1.0
Mainframe strategy implementation	0.2	-	0.2	-	n.a	0.2
HR/financial management ERP operating system upgrade	-	1.6	1.6	-	n.a	0.8
Information portal (BDM)	-	0.5	0.5	-	n.a	0.3
Financial management and procurement system upgrades	-	3.9	3.9	-	n.a	3.9
<b>Subtotal, Automation</b>	<b>\$ 14.2</b>	<b>\$ 0.3</b>	<b>\$ 14.5</b>	<b>\$ 9.8</b>	<b>68.8%</b>	<b>\$ 7.0</b>
Physical access control systems upgrade	1.8	-	1.8	1.2	68.4%	0.6
<b>Subtotal, Security Enhancements</b>	<b>\$ 1.8</b>	<b>\$ -</b>	<b>\$ 1.8</b>	<b>\$ 1.2</b>	<b>68.4%</b>	<b>\$ 0.6</b>
<b>Total, Board Operations</b>	<b>\$ 552.6</b>	<b>\$ 81.8</b>	<b>\$ 634.5</b>	<b>\$ 278.6</b>	<b>50.4%</b>	<b>\$ 165.8</b>

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

Acronyms: New York Avenue (NYA). Consolidated Supervision Comparative Analysis, Planning, and Execution (C-SCAPE). Office of the Chief Data Officer (OCDO). Human Resources (HR). Information Collection and Processing (ICAP). Federal Open Market Committee (FOMC).

1. Current project life budget includes funding approved as part of the amendment to the 2018 budget (dated May 10, 2018).

2. It is requested that the Martin building renovation and Martin north garage and east fountain exterior improvements projects be combined into one program with the 2019 budget. Additional funding includes construction of the Martin north garage and east fountain exterior improvements and furniture and equipment expenses for the Martin building.

3. It is requested that the NYA 8th floor reconfiguration and restroom infrastructure and NYA mechanical upgrades projects be combined into one program with the 2019 budget. Additional funding includes reconfiguration work on all other floors.

4. These projects will be retired with the approval of the 2019 budget.

5. Previously, this project was named S&R IT advanced data analytics.

## **2018 Budget Performance**

Staff forecast the Board will underrun its 2018 operating budget by approximately \$24.4 million, or 3.2 percent. Figure 2 presents 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 will underrun the budget by \$13.1 million, goods and services expenses will underrun the budget by \$12.0 million, and preparation expenses for the Survey of Consumer Finances will overrun the budget by \$0.7 million. 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, depreciation, travel, and other areas. As previously discussed, 2018 forecasted under-execution in goods and services was used to align 2019 submissions.

For 2018, centrally-managed retirement and post-retirement benefits are forecasted to exceed its operating budget by \$3.9 million, primarily due to higher-than-planned pension-related expenses. This overrun is largely the result of changes in actuarial assumptions, including lower-than-planned discount rates and changes in demographics. 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.

## **Proposed Unallocated Position Pool**

For 2019, the Board will create a centralized position pool of 14 positions to be used for strategic areas of growth. The COO and CFO will determine the prioritization and allocation process for these new positions and the process for replenishment of the central pool. Following the Board's Delegation of Administrative Authority, we will request approval of the processes and each position reallocation from the Administrative Governor. After the initial seeding of the pool with 14 new positions, we expect to replenish the central pool annually utilizing existing vacancies from divisions that exceed the Board benchmark vacancy percentage. Therefore, the Board's total authorized position count for 2019 will increase by 14 from 2,847 to 2,861. Appendix 3 contains more detailed information regarding position changes by division.



## APPENDICES

**Appendix 1. Board 2019 Operating Budget by Division, Office, or Special Account**

Millions of dollars Division, Office, or Special Account	2018 Budget	2018 Forecast	Variance 2018F To 2018B		2019 Budget	Variance 2018F To 2019B		Variance 2018B To 2019B	
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	\$ 85.0	\$ 83.1	\$ (1.9)	-2.3%	\$ 85.6	\$ 2.6	3.1%	\$ 0.6	0.7%
International Finance (IF)	34.7	32.1	(2.6)	-7.5%	35.0	2.9	9.1%	0.3	0.9%
Monetary Affairs (MA)	43.4	42.0	(1.4)	-3.3%	44.7	2.7	6.4%	1.3	2.9%
Financial Stability (FS)	13.1	12.5	(0.7)	-5.0%	13.5	1.0	8.3%	0.4	2.9%
Supervision & Regulation (S&R)	144.8	143.5	(1.3)	-0.9%	151.4	8.0	5.6%	6.7	4.6%
Consumer & Community Affairs (C&CA)	37.6	35.5	(2.1)	-5.5%	38.1	2.6	7.2%	0.5	1.3%
Reserve Bank Operations & Payment Systems (RBOPS)	46.3	45.2	(1.1)	-2.4%	45.7	0.5	1.0%	(0.7)	-1.4%
Board Members (BDM)	28.5	26.6	(1.9)	-6.7%	28.9	2.3	8.8%	0.4	1.5%
Secretary (OSEC)	12.0	11.8	(0.1)	-0.9%	12.3	0.5	4.2%	0.4	3.3%
Legal	32.0	30.4	(1.6)	-5.0%	32.2	1.9	6.1%	0.2	0.8%
Chief Operating Officer (COO)	19.2	17.2	(1.9)	-10.1%	19.2	1.9	11.3%	0.0	0.1%
Financial Management (DFM)	13.1	13.2	0.1	0.4%	14.0	0.9	6.5%	0.9	6.9%
Information Technology (IT)	118.2	114.0	(4.2)	-3.5%	117.2	3.2	2.8%	(1.0)	-0.8%
IT Income	(52.8)	(52.8)	(0.0)	0.0%	(55.8)	(3.0)	5.7%	(3.0)	5.7%
Management (MGT)	137.7	134.3	(3.5)	-2.5%	139.3	5.1	3.8%	1.6	1.2%
Special Projects <sup>1</sup>	14.5	15.2	0.7	5.2%	12.9	(2.4)	-15.6%	(1.6)	-11.2%
Centrally-Managed Benefits <sup>2</sup>	17.4	21.3	3.9	22.7%	21.1	(0.3)	-1.2%	3.7	21.3%
Extraordinary Items <sup>3</sup>	20.9	18.2	(2.7)	-13.1%	29.7	11.5	63.4%	8.8	42.0%
Savings & Reallocations <sup>4</sup>	-	(2.8)	(2.8)	n.a.	(7.4)	(4.6)	164.7%	(7.4)	n.a.
<b>Total Without Survey</b>	<b>\$ 765.5</b>	<b>\$ 740.4</b>	<b>\$ (25.1)</b>	<b>-3.3%</b>	<b>\$ 777.6</b>	<b>\$ 37.2</b>	<b>5.0%</b>	<b>\$ 12.1</b>	<b>1.6%</b>
Survey of Consumer Finances	1.2	1.9	0.7	54.6%	16.0	14.1	762.5%	14.8	1233.3%
<b>Grand Total</b>	<b>\$ 766.7</b>	<b>\$ 742.3</b>	<b>\$ (24.4)</b>	<b>-3.2%</b>	<b>\$ 793.6</b>	<b>\$ 51.4</b>	<b>6.9%</b>	<b>\$ 26.9</b>	<b>3.5%</b>

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

1. Includes centralized Boardwide benefit programs.

2. Retirement and post-retirement benefits fluctuate due to changes in actuarial assumptions and demographics.

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

4. Centralized budget execution adjustments.

**Appendix 2. Board 2019 Operating Budget by Account Classification**

Account	Millions of dollars									
	2018 Budget	2018 Forecast	Variance 2018F To 2018B		2019 Budget	Variance 2018F To 2019B		Variance 2018B To 2019B		
			Amount	Percent		Amount	Percent	Amount	Percent	
Salaries	\$ 449.8	\$ 435.6	\$ (14.2)	-3.1%	\$ 461.3	\$ 25.6	5.9%	\$ 11.5	2.6%	
Retirement/Thrift Plans	61.7	58.6	(3.1)	-5.1%	58.4	(0.1)	-0.2%	(3.3)	-5.3%	
Employee Insurance	42.8	40.1	(2.7)	-6.4%	41.1	1.0	2.4%	(1.8)	-4.1%	
Net Periodic Benefits Costs <sup>1</sup>	-	6.9	6.9	n.a.	9.0	2.1	30.5%	9.0	n.a.	
<b>Sub-Total, Personnel Services</b>	<b>\$ 554.3</b>	<b>\$ 541.2</b>	<b>\$ (13.1)</b>	<b>-2.4%</b>	<b>\$ 569.7</b>	<b>\$ 28.6</b>	<b>5.3%</b>	<b>\$ 15.5</b>	<b>2.8%</b>	
Postage & Shipping	0.3	0.3	0.1	21.9%	0.2	(0.1)	-33.8%	(0.1)	-19.3%	
Travel	17.1	14.6	(2.5)	-14.6%	15.0	0.4	3.1%	(2.0)	-12.0%	
Telecommunications	7.2	6.1	(1.1)	-14.6%	6.1	(0.0)	-0.1%	(1.1)	-14.7%	
Printing & Binding	1.8	0.6	(1.2)	-67.1%	0.5	(0.1)	-21.0%	(1.3)	-74.0%	
Publications	0.6	0.4	(0.2)	-32.7%	0.6	0.2	48.6%	-	0.0%	
Stationery & Supplies	1.4	1.2	(0.2)	-13.4%	1.4	0.1	10.9%	(0.1)	-4.0%	
Software	17.0	18.0	1.0	6.1%	19.4	1.4	7.9%	2.5	14.5%	
Furniture & Equipment (F&E)	6.3	5.8	(0.5)	-7.8%	6.5	0.7	11.6%	0.2	2.8%	
Rentals	32.5	33.4	0.9	2.6%	33.9	0.5	1.5%	1.4	4.2%	
Data, News, & Research	13.6	14.8	1.2	9.0%	16.0	1.2	8.2%	2.4	17.9%	
Utilities	2.3	1.6	(0.7)	-29.8%	2.0	0.4	25.1%	(0.3)	-12.2%	
Repairs & Alterations - Building	2.5	3.1	0.6	22.1%	3.4	0.3	9.1%	0.8	33.2%	
Repairs & Maintenance - F&E	4.7	4.5	(0.2)	-3.8%	4.5	(0.1)	-1.6%	(0.3)	-5.4%	
Contractual Professional Services (CPS)	54.2	48.1	(6.1)	-11.2%	52.8	4.7	9.8%	(1.4)	-2.5%	
Interest	0.0	0.0	0.0	124.4%	0.0	(0.0)	-20.1%	0.0	79.3%	
Training & Dues	4.7	4.3	(0.5)	-9.9%	4.9	0.7	15.8%	0.2	4.4%	
Subsidies & Contributions	2.1	2.0	(0.1)	-2.7%	3.1	1.1	51.5%	1.0	47.5%	
All Other	4.0	3.2	(0.8)	-19.3%	3.3	0.1	2.3%	(0.7)	-17.4%	
Depreciation/Amortization	43.2	41.3	(1.9)	-4.5%	39.8	(1.5)	-3.7%	(3.4)	-8.0%	
IT User Charge	52.2	52.2	(0.0)	-0.1%	55.2	3.0	5.7%	3.0	5.7%	
IT Income	(52.8)	(52.8)	0.0	-0.1%	(55.8)	(3.0)	5.8%	(3.0)	5.7%	
Income	(3.8)	(3.7)	0.1	-2.2%	(4.9)	(1.2)	33.6%	(1.2)	30.7%	
<b>Sub-Total, Goods &amp; Services</b>	<b>\$ 211.2</b>	<b>\$ 199.2</b>	<b>\$ (12.0)</b>	<b>-5.7%</b>	<b>\$ 207.9</b>	<b>\$ 8.6</b>	<b>4.3%</b>	<b>\$ (3.3)</b>	<b>-1.6%</b>	
<b>Total Without Survey</b>	<b>\$ 765.5</b>	<b>\$ 740.4</b>	<b>\$ (25.1)</b>	<b>-3.3%</b>	<b>\$ 777.6</b>	<b>\$ 37.2</b>	<b>5.0%</b>	<b>\$ 12.1</b>	<b>1.6%</b>	
Survey of Consumer Finances	1.2	1.9	0.7	54.6%	16.0	14.1	762.5%	14.8	1233.3%	
<b>Grand Total</b>	<b>\$ 766.7</b>	<b>\$ 742.3</b>	<b>\$ (24.4)</b>	<b>-3.2%</b>	<b>\$ 793.6</b>	<b>\$ 51.4</b>	<b>6.9%</b>	<b>\$ 26.9</b>	<b>3.5%</b>	

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

1. The net periodic benefits costs account was established after the approval of the 2018 budget to track net periodic benefits costs other than services costs related to pension and post-retirement benefits.

**Appendix 3. Positions by Division**

Division or Office	2018	2018	Variance		2019	Variance		Variance	
	Budget	Current	2018B To 2018C	Percent	Budget	2018C To 2019B	Percent	2018B To 2019B	Percent
Research & Statistics (R&S)	356	356	-	0.0%	356	-	0.0%	-	0.0%
International Finance (IF) <sup>1</sup>	155	156	1	0.6%	156	-	0.0%	1	0.6%
Monetary Affairs (MA) <sup>1</sup>	172	171	(1)	-0.6%	171	-	0.0%	(1)	-0.6%
Financial Stability (FS)	55	55	-	0.0%	55	-	0.0%	-	0.0%
Supervision & Regulation (S&R)	493	493	-	0.0%	493	-	0.0%	-	0.0%
Consumer & Community Affairs (C&CA)	131	131	-	0.0%	131	-	0.0%	-	0.0%
Reserve Bank Operations & Payment Systems (RBOPS)	183	183	-	0.0%	183	-	0.0%	-	0.0%
Board Members (BDM) <sup>1</sup>	121	121	-	0.0%	121	-	0.0%	-	0.0%
Secretary (OSEC)	53	53	-	0.0%	53	-	0.0%	-	0.0%
Legal	125	125	-	0.0%	125	-	0.0%	-	0.0%
Chief Operating Officer (COO) <sup>2</sup>	67	62	(5)	-7.5%	62	-	0.0%	(5)	-7.5%
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) <sup>2</sup>	454	459	5	1.1%	459	-	0.0%	5	1.1%
Extraordinary Items <sup>3</sup>	-	-	-	n.a	14	14	n.a	14	n.a
<b>Grand Total</b>	<b>2,847</b>	<b>2,847</b>	<b>-</b>	<b>0.0%</b>	<b>2,861</b>	<b>14</b>	<b>0.5%</b>	<b>14</b>	<b>0.5%</b>

1. Reflects the transfer of a position between IF, MA, and BDM.

2. Reflects the transfer of five positions for the project management office from COO to MGT.

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