



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

DATE: November 30, 2022

TO: Board of Governors

VIA: Vice Chair Lael Brainard

FROM: Pat McClanahan, Chief Operating Officer
Ricardo Aguilera, Chief Financial Officer

SUBJECT: 2023 Board Operating and Capital Budgets¹

Actions Requested

Staff² recommends the Board approve the following:

1. A \$960.8 million operating budget for 2023, as presented in Appendix 1 by division/office and parent account³;
2. A \$21.7 million single-cycle capital budget for 2023, as presented in Figure 5 by category;
3. A \$3,171.2 million multi-cycle capital budget, as presented in Figure 6 by category; and
4. Increase to the Board's authorized position count by 10 to 2,990 positions.

Discussion

This is the fourth budget request since the Board approved 2020-23 Strategic Plan (the Plan).⁴ The Plan and the budget are organized by functional area, which helps ensure organizational resources are used to advance the Board's mission and provide a structure to fund strategic priorities over the four-year time horizon. We based the 2023 budget request on the principles established by the Plan and provided funding to advance the Plan's goals and objectives.

¹ This memorandum does not include the costs related to the budget of the Office of Inspector General (OIG) or Currency. Those budgets are submitted separately from the Board's budget.

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

³ The information presented in Appendices 2 through 6 are for background information only.

⁴ The Plan is located at: <https://www.federalreserve.gov/publications/files/2020-2023-gpra-strategic-plan.pdf>.

Figure 1 presents the components of the proposed 2023 budget, including the operating budget, single-cycle capital budget, and multi-cycle capital budget, compared to the 2022 budget and 2022 forecast⁵.

As shown in Figure 1, the 2023 budget components represent the following:

- Operating budget (\$960.8 million): 6.5 percent increase over the 2022 forecast⁶ (and a 0.9 percent increase over the 2022 budget), excluding the Survey of Consumer Finances.
- Single-cycle capital budget (\$21.7 million): 17.5 percent increase over the 2022 forecast (and an 8.4 percent increase from the 2022 budget).
- Multi-cycle capital budget (\$3,171.2 million): 31.8 percent increase over 2022.

Figure 1. Summary of 2023 Budget Components

Component	2022 Budget	2022 Forecast	2023 Budget	Variance 2022F To 2023B		Variance 2022B To 2023B	
				Amount	Percent	Amount	Percent
Ongoing Operations, Including Strategic Priorities	\$ 951.2	\$ 901.3	\$ 960.2	\$ 59.0	6.5%	\$ 9.0	0.9%
Total Without Survey	\$ 951.2	\$ 901.3	\$ 960.2	\$ 59.0	6.5%	\$ 9.0	0.9%
Survey of Consumer Finances (Triennial)	14.7	14.7	0.5	(14.1)	-96.4%	(14.1)	-96.4%
Grand Total, Operating Budget	\$ 965.9	\$ 915.9	\$ 960.8	\$ 44.8	4.9%	\$ (5.1)	-0.5%
Single-Cycle Capital Budget	\$ 20.0	\$ 18.5	\$ 21.7	\$ 3.2	17.5%	\$ 1.7	8.4%
Multi-Cycle Capital Budget	\$ 2,405.5	\$ 2,405.5	\$ 3,171.2	\$ 765.7	31.8%	\$ 765.7	31.8%

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

The 2023 budget includes funding for continuing initiatives and new strategic priorities. New strategic priorities identified during the budget formulation process are funded within the budgets of each functional area:

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 new initiatives include:

- Monitoring cyber risk to build the financial system’s resilience to cyber events through the acquisition and analysis of more robust and detailed cyber risk data.
- Supporting policymakers in the conduct of monetary policy through technology investments and more streamlined business processes and security controls.
- Modernizing the research automation landscape to provide scalable technology to economic and research customers.

⁵ Projected spending is based on actual expenses incurred through August 2022, current staffing levels, approved personnel actions, and anticipated spending for the last four months of the year.

⁶ The Board’s 2022 budget of \$951.2 million is forecast to be underspent by \$50.0 million for a total expenditure of \$901.3 million. The growth target of 6.5 percent is applied to the \$901.3 million forecast, which is the basis for the development of the 2023 budget. These figures exclude the Survey of Consumer Finances.

Supervision

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

- Conducting an investigative analysis to deliver a technology roadmap that provides recommendations to address new and emerging business-driven requirements for the Community Reinvestment Act (CRA).

Payment System and Reserve Bank Oversight

Goal 3 in the Plan fosters a safe, efficient, and accessible payment and settlement system. Specific new initiatives include:

- Replacing a legacy application for recordkeeping and accountability of Federal Reserve notes and collateral.
- Upgrading and enhancing the application used to schedule shipments of Federal Reserve notes.

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 new investments include:

- Implementing a modern, streamlined technology portfolio that disseminates sensitive information for Board review and consideration; facilitates Board decision-making; and ensures 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 promote effective information management within the Board and the Federal Reserve System, address cybersecurity risks, and automate business 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 new initiatives include:

- Implementing engagement survey results to leverage employee strengths and support career development.
- Identifying and developing diverse talent pools for critical positions across all divisions to support succession planning efforts.
- Meet operational needs of managing and on-boarding new technologies to support surging demand for cloud services and meet Federal Information Security Modernization Act (FISMA) and other security requirements.
- Modernizing technology integration across the enterprise through digital transformation, innovation, and experimentation.
- Executing the migration from the current contingency site to another site or provider.
- Modernizing the classified information capabilities within the Federal Reserve System to better align with business needs.

The following sections provide additional information.

2023 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 2023 operating budget. The CBA approved a forecast-to-budget growth target of 6.5 percent, excluding the impact of the Survey of Consumer Finances.

Growth in 2023 is driven by strategic priorities for 2023 and known changes in the run-rate of the Board's ongoing operations. Existing and new initiatives were evaluated, refined, and prioritized to fund the most important strategic priorities.

For 2023, all divisions were encouraged to take measured risk in developing their budgets. We will continue to encourage symmetrical risk across divisions, monitor financial performance throughout the year, and update the CBA on budget execution.

Figure 2 presents the 2022 operating budget, 2022 forecast, and proposed 2023 budget by functional area. Excluding the impact of the Survey of Consumer Finances, the proposed 2023 operating budget represents growth of 6.5 percent over the 2022 forecast, in alignment with the CBA target. Appendix 1 presents the proposed 2023 budget by division/office and parent account. Appendices 2 and 3 presents the 2022 operating budget, 2022 forecast, and proposed 2023 budget by division/office and account, respectively.

Growth for each functional area is affected by the initiatives previously discussed as well as compensation and benefits programs and organic average number of personnel (ANP)⁷ growth discussed in the Personnel Services Costs sub-section below. Growth in the Mission Enablement (Support and Overhead) functional area is driven by strategic priorities, including the NextGen transformation project⁸ and other approved technology initiatives.

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

⁸ This initiative replaces the Board's human capital, financial management, and procurement systems, and will offer opportunities to enhance organizational efficiencies and capabilities to provide cloud-based automation solutions that respond to stakeholder needs.

Figure 2. Board 2023 Operating Budget by Functional Area

Millions of dollars									
Functional Area	2022 Budget	2022 Forecast	Variance 2022F To 2022B		2023 Budget	Variance 2022F To 2023B		Variance 2022B To 2023B	
			Amount	Percent		Amount	Percent	Amount	Percent
Monetary Policy and Financial Stability	\$ 229.0	\$ 221.3	\$ (7.7)	-3.4%	\$ 237.7	\$ 16.4	7.4%	\$ 8.7	3.8%
Supervision	208.9	193.3	(15.5)	-7.4%	204.8	11.4	5.9%	(4.1)	-2.0%
Payment System and Reserve Bank Oversight	43.5	41.8	(1.7)	-3.9%	43.8	2.0	4.9%	0.3	0.7%
Public Engagement and Community Development	21.9	22.3	0.5	2.3%	23.3	1.0	4.3%	1.4	6.6%
Mission Enablement (Support and Overhead)	448.0	422.5	(25.5)	-5.7%	450.6	28.1	6.7%	2.6	0.6%
Total Without Survey	\$ 951.2	\$ 901.3	\$ (50.0)	-5.3%	\$ 960.2	\$ 59.0	6.5%	\$ 9.0	0.9%
Survey of Consumer Finances	14.7	14.7	-	0.0%	0.5	(14.1)	-96.4%	(14.1)	-96.4%
Grand Total	\$ 965.9	\$ 915.9	\$ (50.0)	-5.2%	\$ 960.8	\$ 44.8	4.9%	\$ (5.1)	-0.5%

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. Mission Enablement (Support and Overhead) includes most technology projects. Components may not sum to totals and may not yield percentages shown because of rounding.

Personnel Services Costs

The proposed 2023 operating budget includes growth in personnel services costs of \$41.5 million (6.0 percent) over the 2022 forecast and \$13.2 million (1.8 percent) over the 2022 budget, as shown in Appendix 3.

Increases in personnel expenses reflect the following:

- Employment growth expected to occur in 2023 with divisions continuing to prioritize their vacancies to meet their most critical needs;
- Salary adjustments, including promotions and equity adjustments, completed during 2022 and anticipated for 2023;
- Funding for the merit and variable pay programs approved by the Board in late 2022; and
- Projected increases to healthcare and decreases in centrally managed retirement and post-retirement benefits, which fluctuate due to changes in actuarial assumptions and demographics.

For 2023, the Board will have no new authorized positions with the exception of 10 economist positions that will not be funded (2,980 to 2,990 positions). The 10 additional unfunded positions are economist positions that will be allocated to the Board’s centralized position pool. If these positions are filled, they will be funded from underexecuted funds elsewhere in the Board’s budget in 2023. Appendix 4 reflects positions by division/office.

Figure 3 presents ANP for 2022 and 2023 by functional area, while appendix 5 reflects ANP by division/office. For 2023, budgeted ANP is expected to grow by 47 ANP (1.5 percent) over the 2022 forecast and decrease by 29 (-1.0 percent) from the 2022 budget. This growth is driven by divisions expectations to fill existing vacancies and new outside agency help to implement strategic technology initiatives. As previously discussed, functional areas grow at different rates in 2023. Growth in the Mission Enablement (Support and Overhead) functional area is driven by

strategic priorities, including the NextGen transformation project and other approved technology initiatives.

Figure 3. ANP by Functional Area

Functional Area	2022 Budgeted ANP	2022 Forecasted ANP	2023 Budgeted ANP	Variance 2022F To 2023B		Variance 2022B To 2023B	
				Amount	Percent	Amount	Percent
Monetary Policy and Financial Stability	793	784	793	9	1.2%	(0)	0.0%
Supervision	719	688	699	11	1.5%	(21)	-2.9%
Payment System and Reserve Bank Oversight	144	141	137	(3)	-2.3%	(7)	-4.8%
Public Engagement and Community Development	95	99	96	(3)	-3.4%	0	0.4%
Mission Enablement (Support and Overhead)	1,331	1,296	1,329	33	2.6%	(2)	-0.1%
Grand Total	3,083	3,008	3,054	47	1.5%	(29)	-1.0%

Note: Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next. Average number of personnel (ANP) includes Board staff and contractors. ANP changes in Payment System and Reserve Bank Oversight and Public Engagement and Community Development are impacted by resources shifting to other functions. Components may not sum to totals and may not yield percentages shown because of rounding.

Goods and Services Costs

The proposed 2023 operating budget includes growth in goods and services costs of \$17.5 million (8.2 percent) over the 2022 forecast and decrease of \$4.2 million (-1.8 percent) over the 2022 budget, as shown in Appendix 3.

Increases in goods and services reflect the following:

- Expected increase in travel and training expenses, which were significantly impacted by the COVID-19 pandemic; 2023 expenses for division travel reflect 50 percent of pre-pandemic levels due to changing business travel practices;
- Support and overhead allocations to the OIG and Currency budget, which increased due to ANP growth for both areas and new technology priorities within the Currency budget;
- Investment in strategic priorities previously mentioned; and
- Escalations for ongoing goods and services.

Survey of Consumer Finances

The proposed 2023 operating budget represents a decrease of \$14.1 million over the 2022 forecast and \$14.1 million over the 2022 budget, as shown in Appendix 3, as the bulk of costs for the new triennial Survey of Consumer Finances occurred in 2022. The survey collects information about family incomes, net worth, balance sheet components, credit use, and other financial outcomes.

Budget Risks

Measured budget risks were assumed in the development of the proposed 2023 operating budget. These risks include measured risk on the execution of existing and new strategic priorities funded

in the budget, funding of new term positions, and market compensation pressures. Staff will monitor these risks and update the CBA on budget execution in 2023. If these risks materialize, staff will brief the CBA on options to avoid overexecution in 2023, which could include reductions to spending or authorization to exceed the budget.

Multi-Year Projects

Figure 4 summarizes the project life budgets of two significant, multi-year projects:

- Long-term space plan (\$3,600.0 million⁹): This initiative provides a secure, modern environment that meets the needs of the Board’s workforce and leverages opportunities to increase collaboration, efficiency, productivity, and sustainability. The proposed change reflects increases across the building improvement projects, including significant increases in raw materials costs which far exceed standard cost escalations, higher labor costs, and changes in construction schedule expectations which lengthen use of leased space.
- NextGen transformation (\$160.0 million): This initiative offers opportunities to enhance organizational efficiencies and capabilities to provide cloud-based automation solutions that respond to stakeholder needs. The proposed change reflects increases driven by lengthening the project schedule to alleviate resource constraints, integrate related systems into the program plan, work through product gaps related to the Federal space, and allow sufficient time to complete testing, design/product gap issue resolution, and compliance activities. In addition, the increase replenishes project contingency. We incorporated operating costs for 2023 and multi-cycle capital expenditures as part of this budget request.

Figure 4. Multi-Year Projects

Millions of dollars			
Project	Current Project Life Budget	Changes	New Project Life Budget
Operating Expenses	\$ 438.6	\$ 117.3	\$ 555.9
Capital Expenditures	2,331.4	712.7	3,044.1
Long-Term Space Plan	\$ 2,770.0	\$ 830.0	\$ 3,600.0
Operating Expenses	90.5	35.4	126.0
Capital Expenditures	21.9	12.1	34.0
NextGen Transformation	\$ 112.4	\$ 47.6	\$ 160.0

Note: Components may not sum to totals and may not yield percentages shown because of rounding. Capital expenditures for the long-term space plan include all current building improvement projects (\$3,043.7 million) and the Eccles historic roof replacement project (\$0.4 million), which was closed with the approval of the 2021 budget. The NextGen transformation project includes internal labor costs.

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

⁹ 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.

the current budget cycle, while multi-cycle capital projects, such as building improvements and certain automation initiatives, span several budget cycles.

Figure 5 summarizes the Board’s 2023 single-cycle capital budget request by category. The proposed 2023 single-cycle capital budget of \$21.7 million represents an increase of \$3.2 million (17.5 percent) from the 2022 forecast and an increase of \$1.7 million (8.4 percent) from the 2022 budget. The proposed budget includes building infrastructure needs and continued investments in automation projects and routine lifecycle replacements of equipment.

Figure 5. Single-Cycle Capital Budget by Category

Category	Millions of dollars							
	2022 Budget	2022 Forecast	2023 Budget	Variance 2022F To 2023B		Variance 2022B To 2023B		
				Amount	Percent	Amount	Percent	
Data Center Infrastructure	\$ 7.8	\$ 7.1	\$ 6.7	\$ (0.4)	-5.0%	\$ (1.1)	-13.9%	
Building Improvements	4.1	3.2	5.3	2.1	64.7%	1.2	28.0%	
Automation Projects	0.6	0.2	0.8	0.6	345.7%	0.1	23.9%	
Equipment Purchases & Lifecycle Replacements	7.4	8.0	8.9	0.9	11.3%	1.5	19.8%	
Grand Total	\$ 20.0	\$ 18.5	\$ 21.7	\$ 3.2	17.5%	\$ 1.7	8.4%	

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

Figure 6 summarizes the proposed multi-cycle capital budget of \$3,171.2 million by category, while appendix 6 reflects the multi-cycle capital budget by project/program.

Figure 6. Multi-Cycle Capital Budget by Category

Category	Millions of dollars					
	Current Project Life Budget	Initiatives/ Project Closures	New Project Life Budget	Estimated Project Life Spending Through Year-End 2022		2023 Expected Expenditures
				Dollars	% Spent	
Building Improvements	\$ 2,331.0	\$ 731.3	\$ 3,062.3	\$ 590.7	25.3%	\$ 125.8
Data Strategy	18.0	-	18.0	11.2	62.2%	-
Automation	56.5	33.2	89.7	43.7	77.3%	24.8
Security Enhancements	-	1.1	1.1	-	n.a.	1.1
Grand Total	\$ 2,405.5	\$ 765.7	\$ 3,171.2	\$ 645.6	26.8%	\$ 151.8

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

The proposed budget reflects funding for new and existing automation capital projects and programs. Please refer to appendix 6 for details.

- Additional funding for existing projects and programs:
 - Building improvements
 - Martin renovation program (\$108.3 million increase), NYA renovation program (\$92.2 million increase), Eccles-1951 renovation program (\$505.7 million increase), and post Eccles reconfiguration (\$6.6 million increase): As previously discussed, request reflects significant increases in raw

materials costs which far exceed standard cost escalations, higher labor costs, and changes in construction schedule expectations. In addition, increases for the Martin project include final estimated change order costs.

- Automation
 - Regulation, analysis, and modeling platform (RAMP) (\$1.6 million increase): Request is to continue development on the data store of record for stress testing projections and results.
 - NextGen transformation (\$12.2 million increase): As previously discussed, request is to lengthen the project schedule; this initiative replaces the Board's human capital, financial management, and procurement systems.
 - Technology optimization program (TOP) (\$13.2 million increase): Request is to right-size existing program labor, extend the overall schedule and budget to meet program deliverables, and absorb unplanned work. This initiative implements a modern, streamlined technology portfolio that disseminates sensitive information for Board review and consideration; facilitates Board decision-making; and ensures compliance with legal and regulatory requirements, such as the Government in the Sunshine Act, FOIA, and the Federal Records Act.
 - Ethics program support (\$0.5 million increase): Request is to continue development of an electronic database, consolidating and storing employee ethics disclosures and records to reduce or eliminate reliance on paper records and boost productivity.
- New funding for the following projects and programs:
 - Building improvements
 - Board contingency site (\$18.6 million): Request is to build out and relocate the Board's contingency site.
 - Automation
 - Currency data analytics platform (\$1.3 million): Request is to replace a legacy application for recordkeeping and accountability of Federal Reserve notes and collateral.
 - Technology for Community Reinvestment Act modernization (TCM) (\$1.6 million): Request is to address new and emerging business-driven requirements for the Community Reinvestment Act (CRA).
 - Contingency data center relocation (\$5.0 million): Request is to migrate information technology services from the current contingency site to another site or provider.
 - Security enhancements
 - Homeland Secure Data Network modernization (\$1.1 million): Request is to modernize the classified information capabilities within the Federal Reserve System to better align with business needs.

In addition, the proposed budget includes the closure of a completed project: financial market infrastructure (FMI) participation database.

2022 Budget Performance

The Board is forecasted to underrun its 2022 operating budget by \$50.0 million, or 5.3 percent. Figure 2 presents forecasted budget performance by functional area, while Appendices 2 and 3 contain budget performance by division/office and account, respectively. As shown in Appendix 3, forecast for personnel services expenses is expected to underrun the budget by \$28.3 million (3.9 percent) and goods and services expenses is expected to underrun the budget by \$21.7 million (9.2 percent). Expenses related to the Survey of Consumer Finances are expected to align with the 2022 budget (\$14.7 million). The underrun in personnel services is driven by higher-than-expected vacancy rates in several divisions due in part to higher than planned separations, lower pension and central benefits expenses, the slower start in ramping up new initiatives, and the use of existing Board staff instead of new outside agency help for technology projects. The underrun in goods and services is driven by lower contractual professional services, software fees, hardware and data purchases, and reduced employee travel and training spend.

Significant underexpenditures within Extraordinary Items, which includes strategic initiatives and the centralized position pool, are driven by a slower start in ramping up new technology initiatives (see Appendix 2). Overexpenditures for Board Members and Secretary are within the CFO approval threshold, under the Board's Delegation of Administrative Authority.

APPENDICES

Appendix 1. Board 2023 Operating Budget by Division/Office and Parent Account

Millions of dollars Division/Office	Parent Account		2023 Budget
	Personnel Services	Goods & Services	
Research & Statistics (R&S)	\$ 91.7	\$ 16.6	\$ 108.3
International Finance (IF)	38.7	3.5	42.2
Monetary Affairs (MA)	47.2	2.1	49.3
Financial Stability (FS)	19.9	1.1	21.0
Supervision & Regulation (S&R)	118.1	11.5	129.7
Consumer & Community Affairs (C&CA)	37.1	3.9	41.0
Reserve Bank Operations & Payment Systems (RBOPS)	40.9	10.5	51.4
Board Members (BDM)	26.2	3.8	30.0
Secretary (OSEC)	11.1	0.8	11.9
Legal	34.9	1.9	36.8
Chief Operating Officer (COO)	12.9	2.1	15.1
Financial Management (DFM)	15.8	0.3	16.1
Information Technology (IT)	103.7	54.4	158.2
Management (MGT)	85.7	107.0	192.7
Centrally Managed Benefits ¹	29.7	3.4	33.2
Extraordinary Items ²	16.1	32.2	48.3
Savings & Reallocations ³	(0.5)	(24.2)	(24.7)
Total Without Survey	\$ 729.4	\$ 230.9	\$ 960.2
Survey of Consumer Finances	-	0.5	0.5
Grand Total	\$ 729.4	\$ 231.4	\$ 960.8

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

1. Centrally Managed Benefits includes centralized Boardwide benefit programs, such as accrued annual leave, academic assistance, and relocation, and retirement and post-retirement benefits, which fluctuate due to changes in actuarial assumptions and demographics.

2. Strategic initiatives will continue to be centralized within Extraordinary Items. Also includes the centralized position pool.

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

Appendix 2. Board 2023 Operating Budget by Division/Office

Millions of dollars Division/Office	2022 Budget	2022 Forecast	Variance 2022F To 2022B		2023 Budget	Variance 2022F To 2023B		Variance 2022B To 2023B	
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	\$ 100.3	\$ 99.8	\$ (0.5)	-0.5%	\$ 108.3	\$ 8.5	8.5%	\$ 7.9	7.9%
International Finance (IF)	40.2	40.0	(0.2)	-0.5%	42.2	2.1	5.4%	1.9	4.8%
Monetary Affairs (MA)	45.8	45.4	(0.5)	-1.0%	49.3	3.9	8.6%	3.4	7.5%
Financial Stability (FS)	20.3	19.0	(1.4)	-6.7%	21.0	2.0	10.7%	0.7	3.3%
Supervision & Regulation (S&R)	128.7	120.8	(7.9)	-6.2%	129.7	8.9	7.3%	1.0	0.7%
Consumer & Community Affairs (C&CA)	38.8	38.2	(0.7)	-1.7%	41.0	2.9	7.5%	2.2	5.7%
Reserve Bank Operations & Payment Systems (RBOPS)	49.0	47.4	(1.6)	-3.3%	51.4	4.0	8.4%	2.4	4.9%
Board Members (BDM)	27.4	27.9	0.5	1.7%	30.0	2.1	7.6%	2.6	9.4%
Secretary (OSEC)	10.4	11.3	1.0	9.3%	11.9	0.5	4.7%	1.5	14.5%
Legal	36.3	33.7	(2.5)	-7.0%	36.8	3.1	9.1%	0.5	1.4%
Chief Operating Officer (COO)	15.7	13.3	(2.4)	-15.0%	15.1	1.7	12.8%	(0.6)	-4.1%
Financial Management (DFM)	15.2	14.6	(0.6)	-3.8%	16.1	1.5	10.0%	0.9	5.9%
Information Technology (IT)	148.5	147.5	(1.0)	-0.6%	158.2	10.6	7.2%	9.7	6.5%
Management (MGT)	185.8	183.3	(2.5)	-1.3%	192.7	9.4	5.1%	6.9	3.7%
Centrally Managed Benefits ¹	55.0	48.0	(7.0)	-12.7%	33.2	(14.9)	-30.9%	(21.8)	-39.7%
Extraordinary Items ²	54.1	36.9	(17.2)	-31.9%	48.3	11.5	31.1%	(5.8)	-10.7%
Savings & Reallocations ³	(20.3)	(25.9)	(5.5)	27.2%	(24.7)	1.2	-4.7%	(4.3)	21.3%
Total Without Survey	\$ 951.2	\$ 901.3	\$ (50.0)	-5.3%	\$ 960.2	\$ 59.0	6.5%	\$ 9.0	0.9%
Survey of Consumer Finances	14.7	14.7	-	0.0%	0.5	(14.1)	-96.4%	(14.1)	-96.4%
Grand Total	\$ 965.9	\$ 915.9	\$ (50.0)	-5.2%	\$ 960.8	\$ 44.8	4.9%	\$ (5.1)	-0.5%

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

1. Centrally Managed Benefits includes centralized Boardwide benefit programs, such as accrued annual leave, academic assistance, and relocation, and retirement and post-retirement benefits, which fluctuate due to changes in actuarial assumptions and demographics.

2. Strategic initiatives will continue to be centralized within Extraordinary Items. Also includes the centralized position pool.

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

Appendix 3. Board 2023 Operating Budget by Account

Millions of dollars									
Account	2022 Budget	2022 Forecast	Variance 2022F To 2022B		2023 Budget	Variance 2022F To 2023B		Variance 2022B To 2023B	
			Amount	Percent		Amount	Percent	Amount	Percent
Salaries	\$ 535.7	\$ 518.9	\$ (16.8)	-3.1%	\$ 558.5	\$ 39.6	7.6%	\$ 22.7	4.2%
Outside Agency Help	38.3	36.6	\$ (1.7)	-4.4%	44.5	7.9	21.6%	6.2	16.3%
Retirement/Thrift Plans	78.0	74.7	(3.4)	-4.3%	71.2	(3.5)	-4.7%	(6.9)	-8.8%
Employee Insurance	45.6	42.3	(3.3)	-7.3%	47.5	5.2	12.3%	1.9	4.1%
Net Periodic Benefits Costs ¹	18.5	15.4	(3.1)	-16.7%	7.7	(7.7)	-50.0%	(10.8)	-58.4%
Sub-Total, Personnel Services	\$ 716.2	\$ 687.9	\$ (28.3)	-3.9%	\$ 729.4	\$ 41.5	6.0%	\$ 13.2	1.8%
Postage & Shipping	0.3	0.3	0.0	12.9%	0.3	(0.0)	-7.3%	0.0	4.7%
Travel	9.2	6.6	(2.6)	-28.1%	8.9	2.3	34.7%	(0.3)	-3.1%
Telecommunications	7.1	6.1	(1.0)	-14.2%	6.9	0.8	13.4%	(0.2)	-2.7%
Printing & Binding	0.7	0.5	(0.2)	-28.3%	0.5	0.0	5.6%	(0.2)	-24.3%
Publications	0.3	0.3	(0.0)	-7.7%	0.3	0.0	8.3%	-	0.0%
Stationery & Supplies	1.1	1.1	(0.0)	-3.3%	1.1	0.0	4.6%	0.0	1.1%
Software	35.6	30.6	(5.0)	-14.0%	35.9	5.3	17.2%	0.3	0.8%
Furniture & Equipment (F&E)	10.0	9.3	(0.7)	-6.9%	6.9	(2.3)	-25.3%	(3.0)	-30.5%
Rentals	37.5	38.1	0.6	1.5%	39.6	1.5	4.0%	2.1	5.6%
Data, News, & Research	21.0	17.6	(3.5)	-16.4%	22.4	4.8	27.5%	1.4	6.5%
Utilities	1.9	2.5	0.5	26.5%	2.4	(0.1)	-3.1%	0.4	22.5%
Repairs & Alterations - Building	4.9	5.0	0.1	1.5%	5.8	0.8	17.1%	0.9	18.9%
Repairs & Maintenance - F&E	5.5	5.3	(0.2)	-3.1%	5.9	0.6	11.5%	0.4	8.0%
Contractual Professional Services (CPS)	49.2	43.3	(5.9)	-12.1%	47.3	4.0	9.2%	(1.9)	-4.0%
Interest	0.0	0.0	0.0	94.1%	0.0	0.0	2.6%	0.0	99.1%
Training & Dues	6.0	3.1	(2.9)	-48.7%	5.3	2.2	71.4%	(0.7)	-12.1%
Subsidies & Contributions	3.2	3.3	0.1	2.2%	3.4	0.1	3.6%	0.2	5.9%
All Other	5.1	6.2	1.1	22.6%	7.3	1.1	17.7%	2.2	44.3%
Depreciation/Amortization	59.9	57.8	(2.1)	-3.5%	57.2	(0.6)	-1.0%	(2.7)	-4.5%
Support & Overhead Allocations ²	(19.1)	(19.1)	(0.0)	0.0%	(21.9)	(2.9)	15.0%	(2.9)	15.0%
IT Income	-	-	-	0.0%	-	-	0.0%	-	0.0%
Income	(4.4)	(4.4)	0.0	-1.0%	(4.7)	(0.3)	7.7%	(0.3)	6.6%
Sub-Total, Goods & Services	\$ 235.0	\$ 213.4	\$ (21.7)	-9.2%	\$ 230.9	\$ 17.5	8.2%	\$ (4.2)	-1.8%
Total Without Survey	\$ 951.2	\$ 901.3	\$ (50.0)	-5.3%	\$ 960.2	\$ 59.0	6.5%	\$ 9.0	0.9%
Survey of Consumer Finances	14.7	14.7	-	0.0%	0.5	(14.1)	-96.4%	(14.1)	-96.4%
Grand Total	\$ 965.9	\$ 915.9	\$ (50.0)	-5.2%	\$ 960.8	\$ 44.8	4.9%	\$ (5.1)	-0.5%

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. Support and overhead allocations include a net zero transfer of costs from the Board operating budget to the OIG and Currency operating budgets for Board support and overhead expenses attributable to the OIG and Currency.

Appendix 4. Positions by Division/Office

Division/Office	2022 Budget	2022 Current	Variance 2022C To 2022B		2023 Budget	Variance 2022C To 2023B		Variance 2022B To 2023B	
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	364	364	-	0.0%	364	-	0.0%	-	0.0%
International Finance (IF)	168	168	-	0.0%	168	-	0.0%	-	0.0%
Monetary Affairs (MA)	186	186	-	0.0%	186	-	0.0%	-	0.0%
Financial Stability (FS)	80	81	1	1.3%	81	-	0.0%	1	1.3%
Supervision & Regulation (S&R)	497	497	-	0.0%	497	-	0.0%	-	0.0%
Consumer & Community Affairs (C&CA)	138	138	-	0.0%	138	-	0.0%	-	0.0%
Reserve Bank Operations & Payment Systems (RBOPS)	187	190	3	1.6%	190	-	0.0%	3	1.6%
Board Members (BDM) ¹	123	124	1	0.8%	124	-	0.0%	1	0.8%
Secretary (OSEC)	55	56	1	1.8%	56	-	0.0%	1	1.8%
Legal	132	136	4	3.0%	136	-	0.0%	4	3.0%
Chief Operating Officer (COO)	65	64	(1)	-1.5%	64	-	0.0%	(1)	-1.5%
Financial Management (DFM)	72	72	-	0.0%	72	-	0.0%	-	0.0%
Information Technology (IT)	418	419	1	0.2%	419	-	0.0%	1	0.2%
Management (MGT)	485	485	-	0.0%	485	-	0.0%	-	0.0%
Extraordinary Items ²	9	-	(9)	-100.0%	10	10	n.a.	1	11.1%
Grand Total	2,979	2,980	1	0.0%	2,990	10	0.3%	11	0.4%

1. In September 2022, the Administrative Governor approved an increase of 1 position to the Board's authorized position count to support a significant increase in workload.

2. Includes the centralized position pool.

Appendix 5. ANP by Division/Office

Division/Office	2022 Budget	2022 Forecast	Variance 2022F To 2022B		2023 Budget	Variance 2022F To 2023B		Variance 2022B To 2023B	
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	362	361	(1)	-0.2%	363	1	0.4%	1	0.2%
International Finance (IF)	163	161	(2)	-1.3%	161	0	0.1%	(2)	-1.1%
Monetary Affairs (MA)	181	179	(2)	-1.0%	180	1	0.6%	(1)	-0.4%
Financial Stability (FS)	78	75	(3)	-4.5%	77	2	2.6%	(2)	-1.9%
Supervision & Regulation (S&R)	490	468	(23)	-4.6%	472	4	0.9%	(18)	-3.7%
Consumer & Community Affairs (C&CA)	140	138	(2)	-1.1%	139	0	0.1%	(1)	-1.0%
Reserve Bank Operations & Payment Systems (RBOPS)	179	176	(3)	-1.9%	176	1	0.4%	(3)	-1.5%
Board Members (BDM)	122	124	2	1.8%	124	0	0.1%	2	1.9%
Secretary (OSEC)	54	56	3	5.2%	55	(2)	-3.3%	1	1.7%
Legal	124	116	(8)	-6.4%	120	3	2.7%	(5)	-3.9%
Chief Operating Officer (COO)	60	54	(6)	-10.1%	56	2	4.0%	(4)	-6.5%
Financial Management (DFM)	72	77	5	6.8%	74	(2)	-3.1%	2	3.5%
Information Technology (IT)	479	482	2	0.5%	485	3	0.6%	5	1.1%
Management (MGT)	489	471	(18)	-3.7%	473	2	0.5%	(16)	-3.2%
Extraordinary Items	116	77	(39)	-33.3%	104	27	35.1%	(11)	-9.8%
Savings & Reallocations ¹	(26)	(7)	18	-71.5%	(4)	3	-41.3%	21	-83.3%
Grand Total	3,083	3,008	(76)	-2.4%	3,054	47	1.5%	(29)	-0.9%

Note: 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.

1. Includes negative centralized budget execution and forecast adjustments.

Appendix 6. Multi-Cycle Capital Budget by Project/Program

Millions of dollars Project/Program	Current Project Life Budget	Changes	New Project Life Budget	Estimated Project Life Spending Through Year-End 2022		2023 Expected Expenditures
				Dollars	% Spent	
Martin renovation program ¹	\$ 491.7	\$ 108.3	\$ 600.0	\$ 451.3	91.8%	\$ 30.0
NYA renovation program ²	438.2	92.2	530.4	4.0	0.9%	-
Eccles-1951 renovation program ³	1,377.8	505.7	1,883.5	135.4	9.8%	77.2
Post Eccles reconfiguration	23.3	6.6	29.8	-	0.0%	-
Board contingency site	-	18.6	18.6	-	n.a.	18.6
Sub-Total, Building Improvements	\$ 2,331.0	\$ 731.3	\$ 3,062.3	\$ 590.7	25.3%	\$ 125.8
OCDO strategic initiatives	18.0	-	18.0	11.2	62.2%	-
Sub-Total, Data Strategy	\$ 18.0	\$ -	\$ 18.0	\$ 11.2	62.2%	\$ -
Regulation, Analysis, and Modeling Platform (RAMP)	13.0	1.6	14.6	12.9	99.1%	1.5
FOMC system enhancements	2.6	-	2.6	0.7	27.9%	-
NextGen transformation	21.9	12.2	34.0	17.2	78.7%	9.7
Technology Optimization Program (TOP)	9.0	13.2	22.2	6.5	72.3%	2.5
Financial market infrastructure (FMI) participation database ⁴	2.1	(2.1)	-	2.0	95.7%	-
ServiceNow enterprise solution	1.0	-	1.0	1.0	97.3%	0.0
Board statistics portfolio modernization	2.4	-	2.4	1.0	43.6%	1.3
Ethics program support ⁵	0.8	0.5	1.3	0.9	119.4%	0.3
Cyber capability investment ⁶	2.2	-	2.2	0.7	31.1%	1.1
New data download program (NDDP)	0.9	-	0.9	0.5	60.7%	0.4
Metadata management platform ⁷	0.8	-	0.8	0.3	33.3%	0.3
Currency data analytics platform	-	1.3	1.3	-	n.a.	1.3
Technology for CRA modernization (TCM)	-	1.6	1.6	-	n.a.	1.6
Contingency data center relocation	-	5.0	5.0	-	n.a.	5.0
Sub-Total, Automation	\$ 56.5	\$ 33.2	\$ 89.7	\$ 43.7	77.3%	\$ 24.8
HSDN modernization	-	1.1	1.1	-	n.a.	1.1
Sub-Total, Security Enhancements	\$ -	\$ 1.1	\$ 1.1	\$ -	n.a.	\$ 1.1
Grand Total	\$ 2,405.5	\$ 765.7	\$ 3,171.2	\$ 645.6	26.8%	\$ 151.8

Note: Components may not sum to totals and may not yield percentages shown because of rounding. For changes, new initiatives are positive values and project closures are negative values.

Acronyms: New York Avenue (NYA). Office of the Chief Data Officer (OCDO). Federal Open Market Committee (FOMC). Homeland Secure Data Network (HSDN).

1. Includes the Martin north garage and east fountain exterior improvements projects.
2. Includes 8th floor reconfiguration, restroom infrastructure, and mechanical upgrades projects.
3. The Eccles renovation and 1951 Constitution Ave. NW renovation are now combined as one program.
4. Project will be retired with the approval of the 2023 budget.
5. Project over-execution in 2022 was more than offset by under-execution within other automation projects.
6. Previously, this project was named cybersecurity initiatives.
7. Previously, this project was named data management platform.