

Note about the implementation of the Board's 2025 budget

The Board's budget represents the maximum amount that is authorized for particular purposes. It does not constitute an obligation to spend funds, and actual spending on budget items may be reduced or eliminated without formal amendment to the budget. Since the Board adopted its 2025 budget, a number of budget items have been reduced or eliminated.

For example, as it has done historically, the Board has sought to align itself where appropriate and within the law with executive orders, including with the federal government hiring freeze. The Board also announced that it initiated a plan to reduce its overall headcount by ten percent over the next few years and has instituted a voluntary deferred resignation program. The Board is also reevaluating its staffing needs related to the United States hosting the G20 in 2026 and G7 in 2027. And it is not proceeding with certain information technology modernization initiatives at their originally budgeted levels.



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

DATE: December 17, 2024

TO: Board of Governors

VIA: Vice Chair Philip Jefferson *Philip N. Jefferson*

FROM: Pat McClanahan, Chief Operating Officer

PATRICK MCCLANAHAN

Digitally signed by PATRICK
MCCLANAHAN
Date: 2024.12.17 15:02:43 -05'00'

Steve Bernard, Deputy Director, Division of Financial Management

STEPHEN BERNARD

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BERNARD
Date: 2024.12.17 11:19:23 -05'00'

SUBJECT: Updated 2025 Board Budget 12-17-24

Actions Requested

Staff¹ recommends the Board approve the following:

Operating Budget²

1. A \$1,168.6 million operating budget for 2025. For centrally managed benefits, staff request the Board approve the actual dollar amount required to fund benefits in accordance with the applicable benefits.
2. An increase of the Board's authorized position count by 47 to 3,057 positions total.

Capital Budget

3. A \$20.9 million single-cycle capital budget for 2025.
4. A \$3,182.2 million multi-cycle capital budget.

2024 Budget Performance

5. An overrun not to exceed 2.5 percent (\$26.1 million) of the 2024 operating budget.

¹ William Futrell, Troy Dibley, Kevin Brooks, and Mary Harrold co-authored this memo.

² The budgets of the Office of Inspector General (OIG) and Currency are excluded and submitted separately.

Discussion

Table 1 presents the components of the proposed 2025 budget, including the operating budget, single-cycle capital budget, and multi-cycle capital budget, compared to the 2024 budget and 2024 forecast.³ As shown in Table 1, the 2025 budget components represent the following:

- Operating budget of \$1,168.6 million:
 - Run rate growth for operations: 5.6 percent increase over the 2024 forecast;
 - Growth with strategic initiatives: 7.9 percent increase over the 2024 forecast which includes strategic investments for Forecasting and Modeling (F&M); and
 - Total growth: 10.4 percent increase over the 2024 forecast when including a temporary increase in demands to host upcoming G20 and G7 meetings and the impact of the triennial Survey of Consumer Finances, as discussed below.
- Single-cycle capital budget of \$20.9 million: 19.6 percent increase over the 2024 forecast, funding routine replacements of equipment, software, and building components, as discussed in the Capital Budget section.
- Multi-cycle capital budget of \$3,182.2 million: 0.1 percent increase over 2024, funding building improvements and technology initiatives that span several budget cycles, as discussed in the Capital Budget section.

Table 1. Summary of 2025 Budget Components

Millions of dollars				Variance		Variance	
	2024	2024	2025	2024B To 2025B		2024F To 2025B	
Component	Budget	Forecast	Budget	Amount	Percent	Amount	Percent
Run Rate: Operations	\$ 1,042.0	\$ 1,057.5	\$ 1,116.7	\$ 74.7	7.2%	\$ 59.2	5.6%
Strategic Initiatives							
Forecasting and Modeling (F&M)			24.2	24.2	n.a.	24.2	n.a.
Sub-Total, Without G20/G7, Survey	\$ 1,042.0	\$ 1,057.5	\$ 1,140.9	\$ 98.9	9.5%	\$ 83.5	7.9%
G20/G7	-	-	7.8	7.8	n.a.	7.8	n.a.
Survey of Consumer Finances (Triennial)	2.1	1.4	19.8	17.7	n.a.	18.4	n.a.
Grand Total, Operating Budget	\$ 1,044.1	\$ 1,058.9	\$ 1,168.6	\$ 124.5	11.9%	\$ 109.7	10.4%
Single-Cycle Capital Budget	\$ 25.1	\$ 17.4	\$ 20.9	\$ (4.2)	-16.8%	\$ 3.4	19.6%
Multi-Cycle Capital Budget	\$ 3,177.5	\$ 3,177.5	\$ 3,182.2	\$ 4.7	0.1%	\$ 4.7	0.1%

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

The 2025 budget request includes strategic investments in the Board's data and technology environment and the processes used for forecasting and modeling, a short-term (non-permanent) request to support the finance track for the upcoming G20 and G7 meetings, and funding to support the Board's triennial Survey of Consumer Finances.

³ Projected spending is based on actual expenses incurred through August 2024, current staffing levels, approved personnel actions, and anticipated spending for the last four months of the year.

- **Forecasting and Modeling (F&M):** This initiative is a multiyear investment in the Board’s data and technology environments and the processes used for forecasting and modeling, supporting priorities across Monetary Policy and Financial Stability and the entire organization. The initiative will: (1) develop foundational infrastructure that will provide Board staff with access to modern technology tools and platforms; (2) modernize the processes and environments used for forecasting, modeling, and data analytics; and (3) safeguard the Board’s data and information systems. This investment will reduce risk to the Board’s mission critical operations, enable nimble responses to changes in economic data, and allow for faster innovation and more robust economic analysis.

Initiative: Forecasting and Modeling (F&M)

Millions of dollars	2025 Incremental Impact
Component	
Operating Budget	\$ 24.2
Positions	32
FTE	49
Multi-Cycle Capital	\$ 21.7
- **G20/G7:** Prepare to support the hosting of the G20 (2026) and G7 (2027) and move forward international forums to bring central bank and treasury officials together across the world’s largest economies to discuss pressing economic challenges, address financial stability crises and risks, and coordinate on cross-cutting and persistent monetary policy issues. The initiative reflects strong collaboration across numerous divisions and supports priorities across Monetary Policy and Financial Stability, Supervision and Regulation, and Payment System and Reserve Bank Oversight.

Initiative: G20/G7

Millions of dollars	2025 Incremental Impact
Component	
Operating Budget	\$ 7.8
Positions (Terms)	33
FTE	25
- **Survey of Consumer Finances:** Collect information about family incomes, net worth, balance sheet components, credit use, and other financial outcomes. The survey is triennial and will occur in 2025.

Survey

Millions of dollars	2025 Incremental Impact
Component	
Operating Budget	\$ 19.8

2025 Operating Budget

Personnel Services

The proposed 2025 operating budget includes growth in personnel services costs of \$52.8 million, or 6.5 percent, over the 2024 forecast, as shown in Table 2.

Run rate for operations increases within personnel services of \$39.6 million, or 4.9 percent, reflect the following:

- Funding for the Board's 2025 compensation program for merit, promotions, market adjustments, and variable pay.
- The full year impact of promotions and market adjustments completed during 2024.
- Rising healthcare costs, which have exceeded expectations, driven largely by medical insurance premiums negotiated through the Office of Personnel Management.
- Employment growth as existing vacancies are filled as the Board approaches natural attrition rates.
- Increases to centrally managed benefits, as discussed below.

Centrally managed benefits include retirement and post-retirement benefits, accrued annual leave, and the Office of Employee Benefits administrative assessment. The Board remains steadfast in its dedication to a fully funded pension and providing competitive employee benefits. While staff uses the most current information available to develop budgets and forecasts in these areas, external factors, such as changes to economic and demographic assumptions and/or actuarial changes that occur during the budget year, can impact expenses beyond the Board's direct control.⁴ Additional uncontrollable factors impacting expenses include modifications to benefit plans and changes in employee leave usage affecting the accrued annual leave liability. Therefore, rather than requesting a specific dollar amount, staff request the Board approve funding the benefits in accordance with the applicable benefits.

Funding for strategic initiatives within personnel services adds \$13.2 million of incremental investment, or 1.6 percent, to year-over-year personnel services growth and reflects the following:

- New authorized positions and contractor full-time equivalents (FTE) for the Forecasting and Modeling (F&M) initiative (\$7.2 million).
- Hiring of 33 term positions to meet a temporary increase in demands to host upcoming G20 and G7 meetings; these term positions will sunset by year-end 2027 (\$6.0 million).

Table 2. Board 2025 Operating Budget by Parent Account: Run Rate vs. Strategic Investments

Millions of dollars	2024 Forecast	2025 Run Rate Budget	Run Rate Growth 2024F To 2025RR		Strategic Projects, Survey	2025 Total Budget	Total Growth 2024F To 2025B	
Parent Account			Amount	Percent			Amount	Percent
Personnel Services	\$ 811.6	\$ 851.2	\$ 39.6	4.9%	\$ 13.2	\$ 864.4	\$ 52.8	6.5%
Goods & Services	247.3	265.5	18.2	7.4%	38.7	304.2	56.9	23.0%
Grand Total	\$1,058.9	\$1,116.7	\$ 57.8	5.6%	\$ 51.9	\$1,168.6	\$ 109.7	10.4%

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

⁴ Key economic assumptions include the discount rate, expected rate of return on plan assets, and expected salary increases. Key demographic assumptions include life expectancy, anticipated service periods, and expected retirement ages.

Goods and Services Costs

The proposed 2025 operating budget includes growth in goods and services costs of \$56.9 million, or 23.0 percent, over the 2024 forecast, as shown in Table 2.

Run rate for operations increases within goods and services of \$18.2 million, or 7.4 percent, reflect the following:

- Cost escalations of existing goods and services.
- Return to pre-pandemic travel levels coupled with increasing industry costs.
- Return to normal goods and services spend levels for 2025 as 2024 spend was temporarily lowered by intentional, proactive actions within divisions to reduce discretionary expenses, affecting furniture, equipment, and other expenses.

Funding for strategic initiatives within goods and services adds \$38.7 million of incremental investment, or 15.6 percent, to year-over-year goods and services growth and reflects the following:

- The next triennial Survey of Consumer Finances, which will occur in 2025 (\$19.8 million).
- Contractual services and professional fees, software, data, and other expenses to support the Forecasting and Modeling (F&M) initiative (\$17.1 million).
- Travel and event costs to host upcoming G20/G7 meetings (\$1.7 million).

Authorized Positions and FTE

For 2025, authorized positions will increase by 47, from 3,010 to 3,057 positions. Of the increase in 47 positions, 32 are driven by the Forecasting and Modeling (F&M) initiative, and 15 to replenish the Board's centralized position pool. The 15 positions designated for the centralized position pool were determined based on applying a 0.5% growth factor to the Board's total authorized position count ($0.5\% \times 3,010$). The Administrative Governor has determined that a centralized position pool will give the Board the ability to approve critical positions during the budget cycle not to exceed 0.5% of the Board's total position count. With the approval of the 2025 budget, the centralized position pool will include 19 positions (4 previously approved positions and 15 new positions) that can be allocated by the Administrative Governor. If the centralized pool positions are filled in 2025, they will be funded from under executed funds elsewhere in the Board's budget.

For 2025, budgeted FTE is expected to grow by 93, or 2.9 percent, over the 2024 forecast. FTE growth is driven by divisions filling existing vacancies, hiring staff for new positions, and onboarding contractors for strategic priorities.

2025 Budget Risk

The 2025 operating budget includes realistic vacancy rates that reflect achievable division hiring plans. Each division has reviewed and prioritized spend plans and is committed to monitor and

manage to the approved budget. Operational risks that may add funding pressure include, but are not limited to, technology and cybersecurity investments, expanding data needs, and future workforce skill requirements.

Staff will continue to monitor budget execution and potential risks and update the Committee on Board Affairs (CBA) during 2025.

Multi-Year Projects

Table 3 summarizes the project life budgets of significant Board multi-year projects:

- Long-term space plan (\$3,600.0 million): 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. Staff request the reallocation of existing funding across projects to meet the objectives of this initiative, as detailed under the Capital Budget section.
- NextGen transformation (\$170.0 million): This initiative provides new cloud-based automation solutions for the Board's human capital, finance, and procurement functions. There are no overall changes for this project.
- Forecasting and Modeling (F&M) (\$526.4 million; expected completion in 2030): This initiative is the first year of a five-year investment in the Board's data and technology environments and the processes used for forecasting and modeling, as discussed in a prior section. Capital budget estimates are preliminary and will be refined as plans mature.

Table 3. Multi-Year Projects

Millions of dollars	Current Project Life Budget	Changes	New Project Life Budget
Project			
Operating Expenses	\$ 555.9	\$ -	\$ 555.9
Capital Expenditures	3,044.1	-	3,044.1
Long-Term Space Plan	\$ 3,600.0	\$ -	\$ 3,600.0
Operating Expenses	138.6	-	138.6
Capital Expenditures	31.4	-	31.4
NextGen Transformation	\$ 170.0	\$ -	\$ 170.0
Operating Expenses	-	504.7	504.7
Capital Expenditures	-	21.7	21.7
Forecasting and Modeling (F&M)	\$ -	\$ 526.4	\$ 526.4

Note: Components may not sum to totals and may not yield percentages shown because of rounding. 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 routine replacements of equipment, software, and building components, within the current budget cycle, while multi-cycle capital projects, such as building improvements and certain technology initiatives, span several budget cycles.

Table 4 summarizes the Board's 2025 single-cycle capital budget request by category and includes routine replacements of equipment, software, and building components. The proposed 2025 single-cycle capital budget is \$20.9 million, which represents a \$3.4 million, or 19.6 percent, increase over the 2024 forecast and a \$4.2 million, or 16.8 percent, reduction from the 2024 budget. Several automation projects were deferred in 2024. Growth in 2025 is driven by routine building lifecycle replacements and an accounting threshold change for bulk purchases.

Table 4. Single-Cycle Capital Budget by Category

Millions of dollars	2024 Budget	2024 Forecast	Variance 2024F To 2024B		2025 Budget	Variance 2024F To 2025B		Variance 2024B To 2025B	
Category			Amount	Percent		Amount	Percent	Amount	Percent
Building Improvements	\$ 1.8	\$ 1.8	\$ 0.0	2.2%	\$ 4.0	\$ 2.2	117.5%	\$ 2.2	122.2%
Automation Projects	2.1	(0.0)	(2.1)	-100.0%	0.2	0.2	n.a	(1.9)	-91.4%
Equipment Purchases & Lifecycle Replacements	21.2	15.6	(5.6)	-26.3%	16.7	1.1	6.9%	(4.5)	-21.2%
Grand Total	\$ 25.1	\$ 17.4	\$ (7.6)	-30.4%	\$ 20.9	\$ 3.4	19.6%	\$ (4.2)	-16.8%

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

Table 5 summarizes the proposed multi-cycle capital budget of \$3,182.2 million by category.

Table 5. Multi-Cycle Capital Budget by Category

Millions of dollars	Current Project Life Budget	Initiatives/ Project Closures	New Project Life Budget	Estimated Project Life Spending Through Year-End 2024		2025 Expected Expenditures
Category				Dollars	Percent Spent	
Building Improvements	\$ 3,062.3	\$ -	\$ 3,062.3	\$ 1,186.2	38.7%	\$ 477.9
Data Strategy	18.0	-	18.0	11.7	64.9%	1.2
Automation	96.0	4.7	100.7	79.3	82.6%	30.5
Security Enhancements	1.1	-	1.1	-	n.a.	1.1
Grand Total	\$ 3,177.5	\$ 4.7	\$ 3,182.2	\$ 1,277.2	40.2%	\$ 510.7

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

The proposed multi-cycle capital budget represents a net increase of \$4.7 million, or 0.1 percent, over 2024.

First, staff request a net zero capital funding reallocation across the \$3,044.1 million in building improvement projects part of the long-term space plan:

- Increase funding for Eccles-1951 renovation program (+\$572.0 million).
- Decrease unused funding within Martin renovation program (-\$61.6 million).
- Decrease funding for New York Avenue (NYA) renovation program (-\$510.4 million).

Eccles-1951 project construction cost estimates have continued to increase, particularly within the mechanical, electrical, and plumbing trades, due to competitive bid pricing. Completion of the Eccles-1951 project is essential to provide a secure, modern environment that meets the needs of the Board's workforce and leverages opportunities to increase collaboration, efficiency, productivity, and sustainability.

To meet these objectives, fully fund the Eccles-1951 project, and ensure timely completion, staff propose reallocating existing unused funding within the Martin renovation program and transfer previously approved funding for the NYA renovation program. The Board will continue to own and maintain the NYA building but will not proceed with a complete renovation and expansion at this time.

Second, staff request new funding for the following automation projects and programs (+\$24.8 million):

- Forecasting and Modeling (F&M) (+\$21.7 million): Request is a multiyear investment in the Board's data and technology environments and the processes used for forecasting and modeling, as discussed in prior sections.
- Regulation, analysis, and modeling platform (RAMP) (+\$1.2 million): Request is to continue development on the data store of record for stress testing projections and results.
- Visitor Registration System (VRS) (+\$1.0 million): Request is to replace the legacy system, which will increase efficiency and comply with legal and regulatory requirements.
- Integrated Research Analytics Platform (IRAP) (+\$0.9 million): Request is to upgrade functionality and enhance platform capabilities. IRAP is an existing cloud-based data platform that provides seamless data management and analytics and allows Federal Reserve users to search data catalogs, access data, and collaborate with others.

Third, staff request the closure of the following completed automation projects and programs (-\$20.1 million):

- Federal Open Market Committee (FOMC) system enhancements.
- ServiceNow enterprise solution.
- Board statistics portfolio modernization.
- Ethics program support.
- New data download program (NDDP).
- Alternate data center (ADC) relocation.

2024 Budget Performance

The Board is being asked to approve a 2024 operating budget overrun of up to 2.5 percent (\$26.1 million). While staff expect the budget overrun to be around \$14.8 million, or 1.4 percent, we are requesting approval for a larger contingency to account for unexpected events.

Financial performance highlighted the need for increasing forecasting accuracy, improving expense tracking, and strengthening our ability to anticipate unforeseen costs. While staff has confidence in the accuracy of the current forecast, we recognize that uncontrollable events could still impact performance. Therefore, staff are recommending a larger contingency to mitigate these potential risks and ensure we are prepared for unforeseen challenges.

Uncontrollable factors within centrally managed benefits drive \$12.5 million, or 85 percent, of the \$14.8 million forecasted overrun. As previously discussed, staff use the latest and best estimates available when the budget is finalized. However, actuarial and demographic assumptions, economic conditions, and other factors contribute to variations.

- Pension costs (\$7.6 million overrun): Driven by lower assumed discount rates and higher actuarial compensation assumptions.
- Accrued annual leave (\$3.2 million overrun): Driven by updated assumptions related to 2024 leave usage.
- Other benefits administrative fees (\$1.5 million overrun).

Controllable factors drive \$2.2 million, or 15 percent, of the forecasted overrun. Vacancy rates in the 2024 budget were set using historical levels. During the year, vacancy rates continued to move lower, which placed upward pressure on 2024 spending. To help offset this pressure, divisions took proactive actions to reduce discretionary spending without impacting mission.

Appendices

Appendix 1, Strategic Planning and Operating Budget Process, contains an overview of the budget process and how the budget aligns with the Board's *2024-27 Strategic Plan*.

Appendix 2 contains tables that show how resources are allocated across divisions, functions, and accounts, and includes:

- Table A2.1. Board 2025 Operating Budget by Division/Office.
- Table A2.2. Board 2025 Operating Budget by Functional Area.
- Table A2.3. Board 2025 Operating Budget by Functional Area: Run Rate vs. Strategic Investments.
- Table A2.4. Board 2025 Operating Budget by Account.
- Table A2.5. Positions by Division/Office.
- Table A2.6. FTE by Division/Office.
- Table A2.7. FTE by Functional Area.
- Table A2.8. Multi-Cycle Capital Budget by Project/Program.

APPENDICES

Appendix 1. Strategic Planning and Operating Budget Process

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 2025 operating budget. The CBA approved run rate growth of 5.6 percent over the 2024 forecast to fund Board operations. In addition, the CBA considered strategic investments in priority areas, including Forecasting and Modeling (F&M), along with the impact of G20/G7 support and the Survey of Consumer Finances.

This budget request aligns with the Board's *2024-27 Strategic Plan* (the Plan).⁵ The Plan outlines the organization's priorities within five functional areas for maintaining the stability, integrity, and efficiency of the nation's monetary, financial, and payment systems:

- Monetary Policy and Financial Stability
- Supervision and Regulation
- Payment System and Reserve Bank Oversight
- Consumer Protection and Community Development
- Mission Advancement

Annually, the Board engages in a planning process that supports budget development. The planning process allows leadership to evaluate the current environment. The Board seeks to understand changes in the economic and financial environment and how these changes may impact policy decisions. Additionally, the Board monitors changes in the financial services industry, including the influence of advances in technology, to execute its supervisory and regulatory responsibilities. The Board's mandated responsibilities have become increasingly complex, resulting in a need for enhancements in operational areas such as data, cybersecurity, technology, and workforce planning.

The Board reviews and prioritizes operational activities and initiatives while assessing new strategic priorities and associated investments to allocate resources accordingly. The budget is reflective of this process and is organized by functional area. In developing their 2025 budgets, divisions submitted realistic and achievable hiring plans and reviewed and prioritized goods and services spending. The 2025 budget sets forth the needed resources to sustain operations as well as fund new strategic initiatives that will further the Federal Reserve's mission, strategic goals, and objectives in the year ahead.

The new strategic priorities identified during the budget formulation process are funded within the budgets of each functional area. These priorities are also reported on each year in the Board's *Annual Performance Plan* and *Annual Performance Report*.

⁵ The Plan is located at: <https://www.federalreserve.gov/publications/files/2024-2027-gpra-strategic-plan.pdf>.

Goal 1: Monetary Policy and Financial Stability

The Plan moves forward efforts that support the congressional mandate for maximum employment and stable prices, as well as the stability of the financial system. Ongoing operational activities include:

- Identify, monitor, and analyze economic and financial developments, changes in the financial system, and technological changes.
- Research that promotes understanding of labor markets, inflation, and the financial system, including differences or inequities across demographic groups and areas, and implications for the functioning of the economy.
- Advance understanding of multifaceted, interconnected issues and their potential effects on the economy and financial stability.

Goal 2: Supervision and Regulation

The Plan promotes safety, soundness, and fairness of financial institutions and systems.

- The 2025 budget will ensure the Federal Reserve can successfully supervise the banking industry in the future as the economic and operating environment changes.

Goal 3: Payment System and Reserve Bank Oversight

The Plan focuses on fostering a safe, efficient, and accessible payment, clearing and settlement system, and promoting effective Reserve Bank strategies, policies, and operations. Ongoing operational activities include:

- Replace and streamline legacy applications for recordkeeping and accountability of Federal Reserve notes and collateral.
- Oversee and support enhancements to the FedNow Service.
- Monitor market structure developments and assess financial market infrastructure's resiliency and use of emerging technologies.
- Ensure accountable Reserve Bank stewardship of resources in alignment with strategic planning and budget processes.

Goal 4: Consumer Protection and Community Development

The Plan promotes fostering an accessible and fair financial system and promote community investment. Ongoing initiatives and operational activities include:

- Modernize Community Reinvestment Act (CRA) legacy examination tools and supporting services to increase automation and efficiency and ensure high-quality information.
- Advance consumer protection and financial inclusion, particularly for low- and moderate-income households and communities, by engaging with industry experts and community and consumer organizations.
- Review and, as needed, refine consumer protection supervisory policies, processes, and analytical tools, as appropriate.

Goal 5: Mission Advancement

The Plan works to advance operations and capabilities to sustain a high-performing workforce; promote diversity, equity, and inclusion; ensure effective stewardship of resources; modernize infrastructures; and provide impactful communication and outreach. Ongoing operational activities include:

- Conduct comprehensive workforce planning reviews to assess current human capital and to guide future workforce requirements. Promote financial stewardship, cross-functional business processes, responsible acquisitions, and appropriate risk management to optimize resource allocation and enable informed decision making.
- Strengthen cybersecurity and privacy programs.
- Facilitate communications with the public, media, Congress, and other stakeholders to ensure timely and accurate dissemination of information.

Appendix 2

Table A2.1. Board 2025 Operating Budget by Division/Office

Millions of dollars	2024 Budget	2024 Forecast	Variance 2024F To 2024B		2025 Budget	Variance 2024B To 2025B		Variance 2024F To 2025B	
Division/Office			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	\$ 115.5	\$ 116.9	\$ 1.4	1.2%	\$ 125.3	\$ 9.8	8.5%	\$ 8.4	7.2%
International Finance (IF)	47.5	47.9	0.4	0.9%	55.9	8.4	17.7%	8.0	16.6%
Monetary Affairs (MA)	54.5	55.7	1.2	2.2%	58.9	4.4	8.1%	3.2	5.8%
Financial Stability (FS)	22.8	23.7	0.9	3.9%	26.9	4.1	17.8%	3.2	13.4%
Supervision & Regulation (S&R)	140.9	141.9	0.9	0.7%	152.3	11.3	8.0%	10.4	7.3%
Consumer & Community Affairs (DCCA)	43.4	43.3	(0.1)	-0.3%	47.6	4.1	9.5%	4.3	9.9%
Reserve Bank Operations & Payment Systems (RBOPS)	55.4	55.8	0.4	0.7%	59.7	4.2	7.7%	3.9	6.9%
Board Members (BDM)	32.6	33.6	1.0	3.1%	35.2	2.7	8.2%	1.7	4.9%
Secretary (OSEC)	13.6	13.7	0.0	0.4%	15.5	1.8	13.5%	1.8	13.1%
Legal	42.6	41.5	(1.1)	-2.7%	44.3	1.7	4.0%	2.9	6.9%
Chief Operating Officer (COO)	21.2	20.0	(1.2)	-5.7%	23.1	1.9	8.8%	3.1	15.3%
Financial Management (DFM)	17.8	17.6	(0.2)	-1.4%	18.7	0.9	4.9%	1.1	6.4%
Information Technology (IT)	186.6	190.4	3.8	2.0%	218.8	32.1	17.2%	28.4	14.9%
Management (MGT)	200.4	200.4	(0.0)	0.0%	209.9	9.5	4.7%	9.5	4.8%
Centrally Managed Benefits (CMB)	26.0	38.6	12.5	48.2%	42.4	16.4	62.9%	3.9	10.0%
Extraordinary Items	45.9	40.3	(5.7)	-12.3%	39.8	(6.1)	-13.4%	(0.5)	-1.2%
Savings & Reallocations	(25.0)	(23.6)	1.3	-5.2%	(25.4)	(0.5)	1.9%	(1.8)	7.5%
Survey of Consumer Finances	2.1	1.4	(0.7)	-32.7%	19.8	17.7	n.a.	18.4	n.a.
Grand Total	\$ 1,044.1	\$ 1,058.9	\$ 14.8	1.4%	\$ 1,168.6	\$ 124.5	11.9%	\$ 109.7	10.4%

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

Extraordinary Items includes the NextGen transformation project, centralized position pool (CPP), centralized data accounts, and other programs. After the 2024 budget was approved, 16 positions were allocated from the CPP to several divisions. For 2025, most centrally budgeted projects within Extraordinary Items were moved to division budgets within COO, DFM, IT, and MGT. For comparability, all reporting periods have been adjusted.

Starting in 2025, Centrally Managed Benefits (CMB) only include retirement and post-retirement benefits, accrued annual leave, and Office of Employee Benefits administrative assessment. For comparability, all reporting periods have been adjusted.

Savings & Reallocations include Board support and overhead allocations to the OIG and Currency.

The Survey of Consumer Finances is managed and produced by R&S.

Table A2.2. Board 2025 Operating Budget by Functional Area

Millions of dollars	2024 Budget	2024 Forecast	Variance 2024F To 2024B		2025 Budget	Variance 2024B To 2025B		Variance 2024F To 2025B	
Functional Area			Amount	Percent		Amount	Percent	Amount	Percent
Monetary Policy and Financial Stability	\$ 260.0	\$ 266.8	\$ 6.7	2.6%	\$ 309.8	\$ 49.8	19.2%	\$ 43.1	16.1%
Supervision and Regulation	222.7	226.7	4.0	1.8%	245.4	22.7	10.2%	18.7	8.2%
Payment System and Reserve Bank Oversight	47.3	48.8	1.5	3.2%	51.7	4.4	9.4%	2.9	6.0%
Consumer Protection and Community Development	35.2	36.1	0.9	2.5%	45.2	10.0	28.3%	9.1	25.2%
Mission Advancement	478.9	480.5	1.6	0.3%	516.4	37.5	7.8%	35.9	7.5%
Grand Total	\$1,044.1	\$1,058.9	\$ 14.8	1.4%	\$1,168.6	\$ 124.5	11.9%	\$ 109.7	10.4%

Note: Components may not sum to totals and may not yield percentages shown because of rounding. Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next. Monetary Policy and Financial Stability includes the impact of the Survey of Consumer Finances. Starting in 2024, the statistics function was centralized within Consumer Protection and Community Development; 2025 growth is affected by shifting of IT resources to the statistics function from Mission Advancement.

Table A2.3. Board 2025 Operating Budget by Functional Area: Run Rate vs. Strategic Investments

Millions of dollars	2024 Forecast	2025 Run Rate Budget	Run Rate Growth 2024F To 2025RR		2025 Components			2025 Total Budget	Total Growth 2024F To 2025B	
Functional Area			Amount	Percent	F&M	G20/ G7	Survey		Amount	Percent
Monetary Policy and Financial Stability	\$ 266.8	\$ 278.4	\$ 11.6	4.4%	\$ 6.2	\$ 5.4	\$ 19.8	\$ 309.8	\$ 43.1	16.1%
Supervision and Regulation	226.7	244.7	18.0	7.9%		0.7		245.4	18.7	8.2%
Payment System and Reserve Bank Oversight	48.8	50.7	2.0	4.0%		1.0		51.7	2.9	6.0%
Consumer Protection and Community Development	36.1	45.2	9.1	25.2%				45.2	9.1	25.2%
Mission Advancement	480.5	497.7	17.2	3.6%	18.0	0.7		516.4	35.9	7.5%
Grand Total	\$1,058.9	\$1,116.7	\$ 57.8	5.6%	\$ 24.2	\$ 7.8	\$ 19.8	\$1,168.6	\$ 109.7	10.4%

Note: Components may not sum to totals and may not yield percentages shown because of rounding. Divisions/sections are mapped into functional areas based on work performed. Annual mapping validations may cause adjustments from one year to the next. Monetary Policy and Financial Stability includes the impact of the Survey of Consumer Finances. Starting in 2024, the statistics function was centralized within Consumer Protection and Community Development; 2025 growth is affected by shifting of IT resources to the statistics function from Mission Advancement.

Table A2.4. Board 2025 Operating Budget by Account

Millions of dollars									
Account	2024 Budget	2024 Forecast	Variance 2024F To 2024B		2025 Budget	Variance 2024B To 2025B		Variance 2024F To 2025B	
			Amount	Percent		Amount	Percent	Amount	Percent
Salaries	\$ 607.6	\$ 617.4	\$ 9.8	1.6%	\$ 659.2	\$ 51.6	8.5%	\$ 41.8	6.8%
Outside Agency Help	50.3	53.1	2.8	5.6%	51.1	0.9	1.7%	(2.0)	-3.7%
Retirement, Insurance, and Benefits	114.9	118.9	4.0	3.5%	128.3	13.5	11.7%	9.5	8.0%
Pension and Post-Retirement Benefits	14.5	22.2	7.8	53.6%	25.8	11.3	78.1%	3.5	15.9%
Sub-Total, Personnel Services	\$ 787.2	\$ 811.6	\$ 24.4	3.1%	\$ 864.4	\$ 77.2	9.8%	\$ 52.8	6.5%
Contractual Services and Professional Fees	54.3	47.4	(6.9)	-12.7%	66.6	12.3	22.7%	19.2	40.5%
Rentals	42.3	44.6	2.3	5.4%	39.3	(3.1)	-7.2%	(5.3)	-12.0%
Data, News, and Research	28.5	26.3	(2.2)	-7.7%	48.9	20.5	72.0%	22.7	86.3%
Software	40.8	43.3	2.5	6.2%	58.0	17.2	42.3%	14.7	33.9%
Furniture, Equipment, Postage, and Supplies	8.4	6.4	(2.0)	-23.5%	7.6	(0.8)	-9.0%	1.2	18.9%
Repairs and Maintenance	13.5	15.2	1.7	12.4%	16.1	2.6	18.9%	0.9	5.8%
Utilities	9.9	9.2	(0.7)	-7.5%	8.1	(1.8)	-18.3%	(1.1)	-11.7%
Travel	7.9	8.8	0.9	11.3%	10.7	2.8	35.3%	1.9	21.7%
Other Expenses	22.0	18.7	(3.2)	-14.8%	23.8	1.9	8.5%	5.1	27.3%
Depreciation/Amortization	57.6	57.1	(0.5)	-0.8%	55.4	(2.2)	-3.8%	(1.7)	-3.0%
Support and Overhead Allocations	(22.9)	(23.8)	(0.9)	3.9%	(25.4)	(2.5)	10.8%	(1.6)	6.7%
Earned Revenue	(5.3)	(5.9)	(0.6)	11.8%	(4.9)	0.4	-6.9%	1.0	-16.7%
Sub-Total, Goods & Services	\$ 256.9	\$ 247.3	\$ (9.6)	-3.7%	\$ 304.2	\$ 47.3	18.4%	\$ 56.9	23.0%
Grand Total	\$ 1,044.1	\$ 1,058.9	\$ 14.8	1.4%	\$ 1,168.6	\$ 124.5	11.9%	\$ 109.7	10.4%

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

Table A2.5. Positions by Division/Office

Division/Office	2024 Budget	2024 Forecast	Variance 2024F To 2024B		2025 Budget	Variance 2024B To 2025B		Variance 2024F To 2025B	
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	366	368	2	0.5%	370	4	1.1%	2	0.5%
International Finance (IF)	168	171	3	1.8%	172	4	2.4%	1	0.6%
Monetary Affairs (MA) ¹	188	191	3	1.6%	192	4	2.1%	1	0.5%
Financial Stability (FS)	81	83	2	2.5%	84	3	3.7%	1	1.2%
Supervision & Regulation (S&R)	497	499	2	0.4%	499	2	0.4%	-	0.0%
Consumer & Community Affairs (C&CA)	138	139	1	0.7%	139	1	0.7%	-	0.0%
Reserve Bank Operations & Payment Systems (RBOPS)	190	191	1	0.5%	191	1	0.5%	-	0.0%
Board Members (BDM)	126	127	1	0.8%	127	1	0.8%	-	0.0%
Secretary (OSEC)	54	55	1	1.9%	55	1	1.9%	-	0.0%
Legal	139	139	-	0.0%	139	-	0.0%	-	0.0%
Chief Operating Officer (COO) ²	64	66	2	3.1%	71	7	10.9%	5	7.6%
Financial Management (DFM)	72	72	-	0.0%	74	2	2.8%	2	2.8%
Information Technology (IT)	419	420	1	0.2%	438	19	4.5%	18	4.3%
Management (MGT)	485	485	-	0.0%	487	2	0.4%	2	0.4%
Extraordinary Items ³	20	4	(16)	-80.0%	19	(1)	-5.0%	15	n.a.
Grand Total	3,007	3,010	3	0.1%	3,057	50	1.7%	47	1.6%

Note: 2024 forecast reflects current position allocations.

1. In August 2024, the Board approved an additional position for MA.

2. In November 2024, the Board approved 2 additional positions for COO.

3. Includes the centralized position pool (CPP). After the 2024 budget was approved, 16 positions were allocated from the CPP to several divisions.

Table A2.6. FTE by Division/Office

Division/Office	2024 Budget	2024 Forecast	Variance 2024F To 2024B		2025 Budget	Variance 2024B To 2025B		Variance 2024F To 2025B	
			Amount	Percent		Amount	Percent	Amount	Percent
Research & Statistics (R&S)	373	385	12	3.3%	389	16	4.2%	3	0.9%
International Finance (IF)	172	174	3	1.6%	190	18	10.6%	16	8.9%
Monetary Affairs (MA)	189	194	5	2.7%	195	7	3.5%	2	0.8%
Financial Stability (FS)	83	86	3	4.1%	92	9	10.5%	5	6.2%
Supervision & Regulation (S&R)	488	497	9	1.8%	506	17	3.5%	8	1.7%
Consumer & Community Affairs (DCCA)	139	139	0	0.0%	147	8	5.7%	8	5.7%
Reserve Bank Operations & Payment Systems (RBOPS)	178	182	4	2.3%	181	3	1.6%	(1)	-0.7%
Board Members (BDM)	127	132	5	3.9%	132	5	3.8%	(0)	-0.1%
Secretary (OSEC)	58	62	4	6.8%	66	8	13.7%	4	6.5%
Legal	128	125	(3)	-2.3%	127	(1)	-0.4%	2	1.9%
Chief Operating Officer (COO)	64	66	2	3.2%	80	16	24.8%	14	20.9%
Financial Management (DFM)	80	74	(6)	-7.0%	75	(5)	-6.0%	1	1.1%
Information Technology (IT)	549	564	16	2.8%	594	45	8.2%	29	5.2%
Management (MGT)	481	482	1	0.2%	492	11	2.3%	10	2.0%
Extraordinary Items	41	35	(6)	-13.7%	27	(14)	-34.5%	(8)	-24.1%
Grand Total	3,148	3,198	50	1.6%	3,291	143	4.5%	93	2.9%

Note: Components may not sum to totals and may not yield percentages shown because of rounding. Full-time equivalent (FTE) includes Board staff and contractors. Extraordinary Items includes the NextGen transformation project and centralized position pool (CPP). For 2025, most centrally budgeted projects within Extraordinary Items were moved to division budgets within COO, DFM, IT, and MGT. For comparability, all reporting periods have been adjusted.

Table A2.7. FTE by Functional Area

Functional Area	2024 Budget	2024 Forecast	Variance 2024F To 2024B		2025 Budget	Variance 2024B To 2025B		Variance 2024F To 2025B	
			Amount	Percent		Amount	Percent	Amount	Percent
Monetary Policy and Financial Stability	826	850	23	2.8%	875	49	5.9%	26	3.0%
Supervision and Regulation	724	731	7	1.0%	749	25	3.5%	18	2.5%
Payment System and Reserve Bank Oversight	142	143	1	1.0%	141	(1)	-0.4%	(2)	-1.4%
Consumer Protection and Community Development	125	130	4	3.5%	149	23	18.5%	19	14.5%
Mission Advancement	1,330	1,345	14	1.1%	1,377	46	3.5%	32	2.4%
Grand Total	3,148	3,198	50	1.6%	3,291	143	4.5%	93	2.9%

Note: Components may not sum to totals and may not yield percentages shown because of rounding. Full-time equivalent (FTE) includes Board staff and contractors. Annual mapping validations may cause adjustments from one year to the next. Payment System and Reserve Bank Oversight growth is driven by the reallocation of resources to contractual fees. Starting in 2024, the statistics function was centralized within Consumer Protection and Community Development; 2025 growth is affected by shifting of IT resources to the statistics function from Mission Advancement.

Table A2.8. 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 2024		2025 Expected Expenditures
				Dollars	Percent Spent	
Martin renovation program	\$ 600.0	\$ (61.6)	\$ 538.4	\$ 476.4	79.4%	\$ 49.9
NYA renovation program	530.4	(510.4)	20.0	4.1	0.8%	-
Eccles-1951 renovation program	1,883.5	572.0	2,455.5	701.6	37.2%	425.0
Post Eccles reconfiguration	29.8		29.8	-	0.0%	-
Board relocation site	18.6		18.6	4.0	21.6%	3.0
Sub-Total, Building Improvements	\$ 3,062.3	\$ -	\$ 3,062.3	\$ 1,186.2	38.7%	\$ 477.9
OCDO strategic initiatives	18.0		18.0	11.7	64.9%	1.2
Sub-Total, Data Strategy	\$ 18.0	\$ -	\$ 18.0	\$ 11.7	64.9%	\$ 1.2
Forecasting & Modeling (F&M)	-	21.7	21.7	-	n.a.	21.7
Regulation, Analysis, and Modeling Platform (RAMP)	16.0	1.2	17.2	15.7	98.0%	1.2
FOMC system enhancements ¹	2.6	(2.6)	-	0.7	27.9%	-
NextGen transformation	31.4		31.4	26.4	84.2%	1.4
Technology Optimization Program (TOP)	22.2		22.2	15.6	70.6%	4.2
ServiceNow enterprise solution ¹	1.7	(1.7)	-	1.5	90.0%	-
Board statistics portfolio modernization ¹	2.4	(2.4)	-	2.2	94.3%	-
Ethics program support ¹	1.3	(1.3)	-	1.3	102.6%	-
Cyber capability investment	2.2		2.2	1.3	60.0%	-
New data download program (NDDP) ¹	0.9	(0.9)	-	0.9	95.1%	-
Metadata management platform	0.8		0.8	-	0.0%	-
Currency data analytics platform (CDAP)	1.7		1.7	1.5	88.2%	0.2
Technology for CRA modernization (TCM)	1.7		1.7	1.3	78.7%	0.3
Alternate data center (ADC) relocation ¹	11.3	(11.3)	-	10.8	95.4%	-
Integrated Research Analytics Platform (IRAP)	-	0.9	0.9	-	n.a.	0.9
Visitor Registration System (VRS)	-	1.0	1.0	-	n.a.	0.8
Sub-Total, Automation	\$ 96.0	\$ 4.7	\$ 100.7	\$ 79.3	82.6%	\$ 30.5
HSDN modernization	1.1		1.1	-	0.0%	1.1
Sub-Total, Security Enhancements	\$ 1.1	\$ -	\$ 1.1	\$ -	0.0%	\$ 1.1
Grand Total	\$ 3,177.5	\$ 4.7	\$ 3,182.2	\$ 1,277.2	40.2%	\$ 510.7

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. Project will be retired with the approval of the 2025 budget.