

The Federal Reserve Should Welcome External Reviews

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07 April 2025

Note: This presentation uses information from a [Mercatus policy brief](#) posted in March 2025. The views expressed here are solely those of the presenter and do not reflect the views of any other person or institution.

Overarching Issues

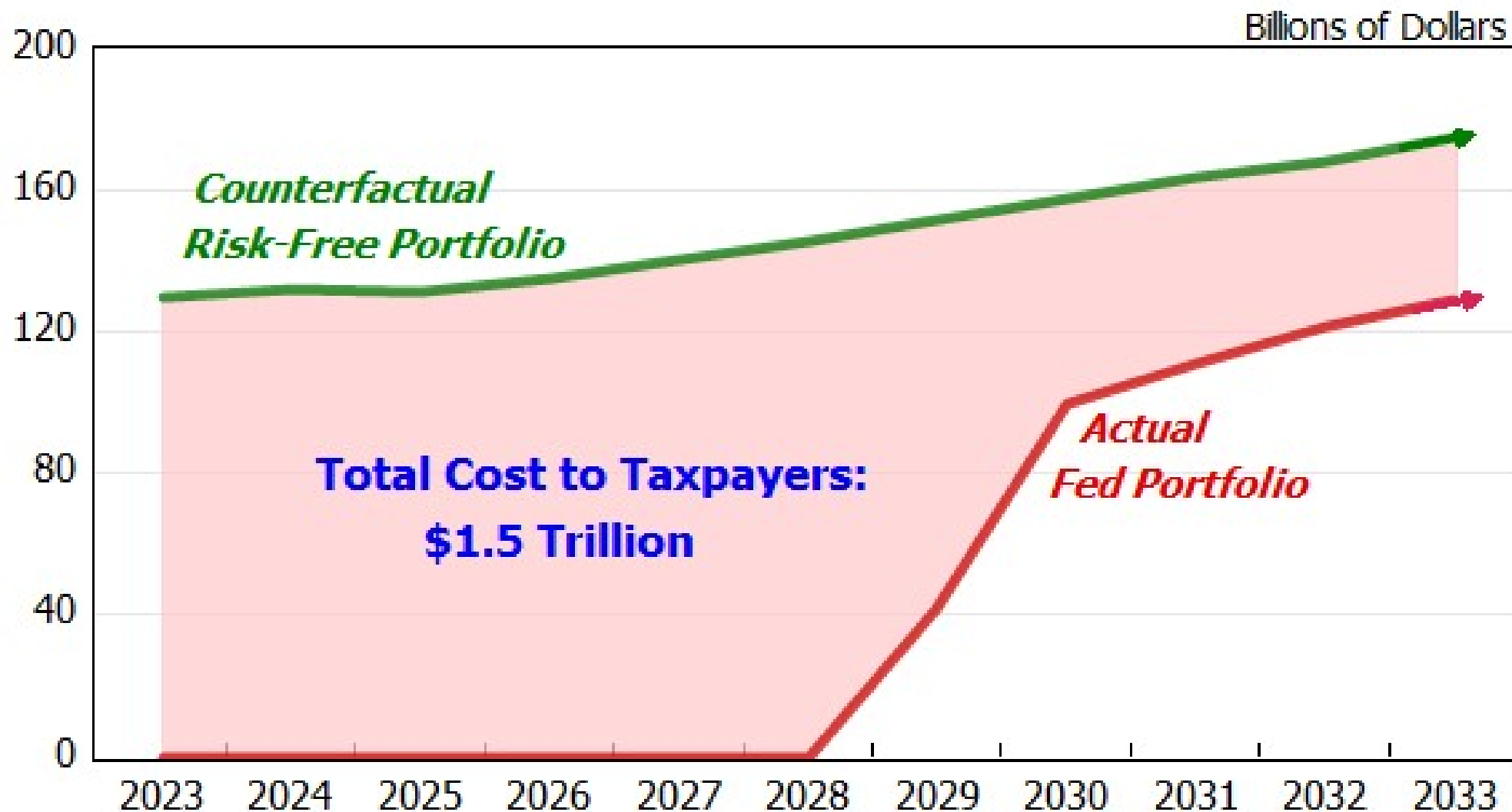
Longstanding Consensus

- Monetary policymaking should be **insulated from political interference**.
- Such independence is only sustainable in the context of **transparency** and **public accountability**.

Practical Concerns

- Congress has delegated monetary policy to the Fed and has given it **extraordinary independence** in setting its own budget, programs, and operations.
- The Fed's **lack of accountability** risks the erosion of its legitimacy and could threaten its independence.

Fed Remittances to the US Treasury



Sources: Levin & Nelson (2023), Levin (2025). The Fed itself has never released any cost-benefit analysis of the QE4 program.

Exemptions from Routine Oversight

- The Fed determines the **salaries** of its officials & staff.
- The Fed owns and operates its **buildings**, unlike other agencies. (The SEC leases its offices from the GSA.)
- The Fed sets its own **accounting rules**, whereas all other agencies follow FASAB standards.
- The Fed's operating budget is not included in the **appropriations process** (unlike FDIC, OCC, and SEC).
- The Fed's programs and operations are largely exempt from **GAO performance reviews**, whereas GAO audits all other agencies (including FDIC, OCC, and SEC).
- The Fed's **inspector general** is a Fed employee, whereas every other major agency has a fully independent IG.

Two Contrary Viewpoints

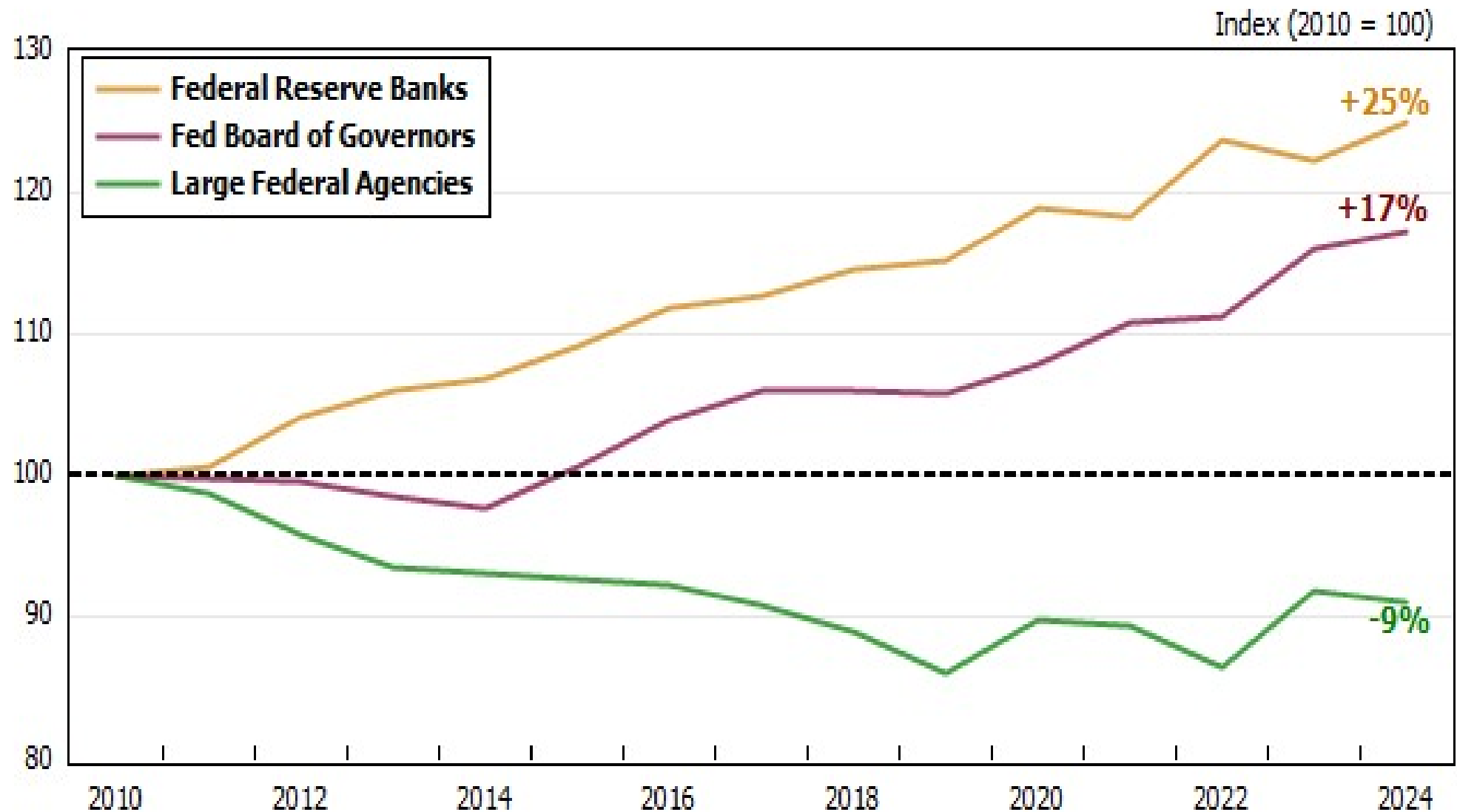
Elon Musk, incoming head of DOGE

The Federal Reserve is “**absurdly overstaffed.**”
(Dec. 2024)

Fed Chair Jerome Powell

- “We run a **very careful budget process...** we are fully aware that **we owe that to the public,** and we believe that we do that.”
(Jan. 2025)
- “**Overworked maybe, not overstaffed.** Everybody at the Fed works really hard.”
(Feb. 2025)

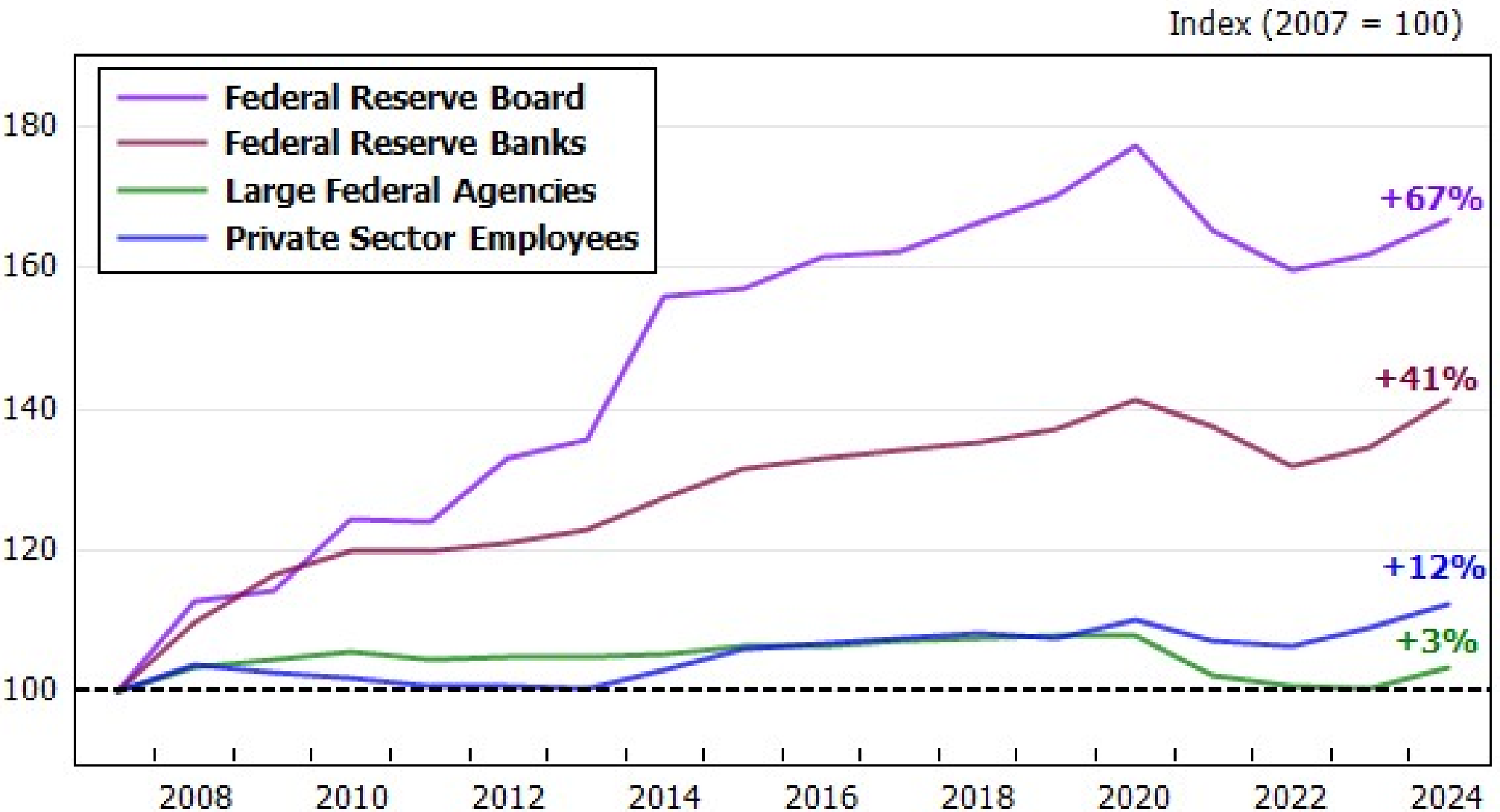
Number of Employees



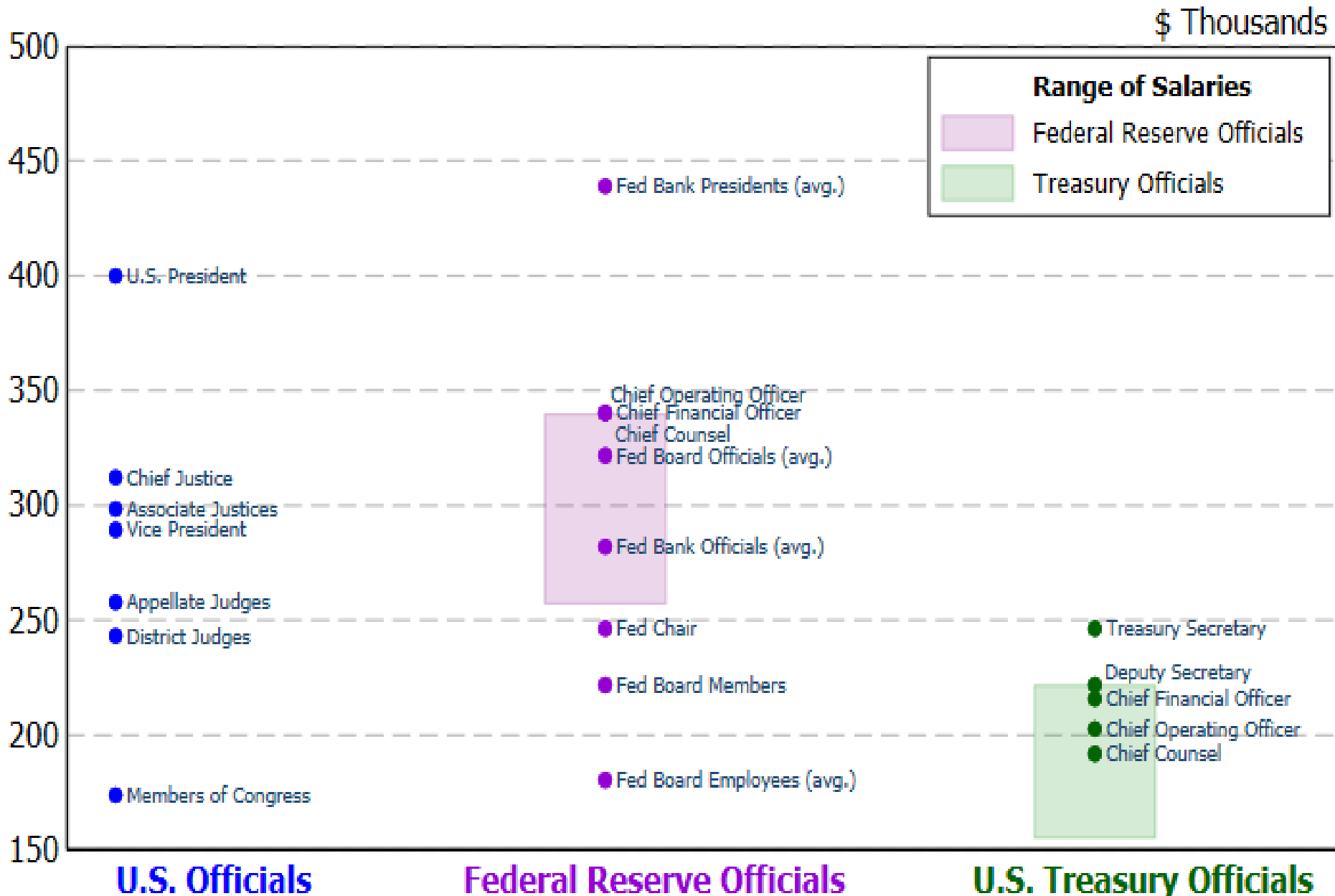
Salaries of Fed Officials & Staff

- The salaries of the Fed chair and Fed Board members are fixed by statute at the same level as cabinet officials.
- The Federal Reserve Act authorizes the Fed Board to set the salaries of all other Fed officials and staff.
- From 1913 to 1988, salaries at the Fed mirrored those of federal government officials and employees.
- In 1989 the Fed implemented a “market-sensitive” salary structure to address “low employee morale due to actual or perceived non-competitive pay.”

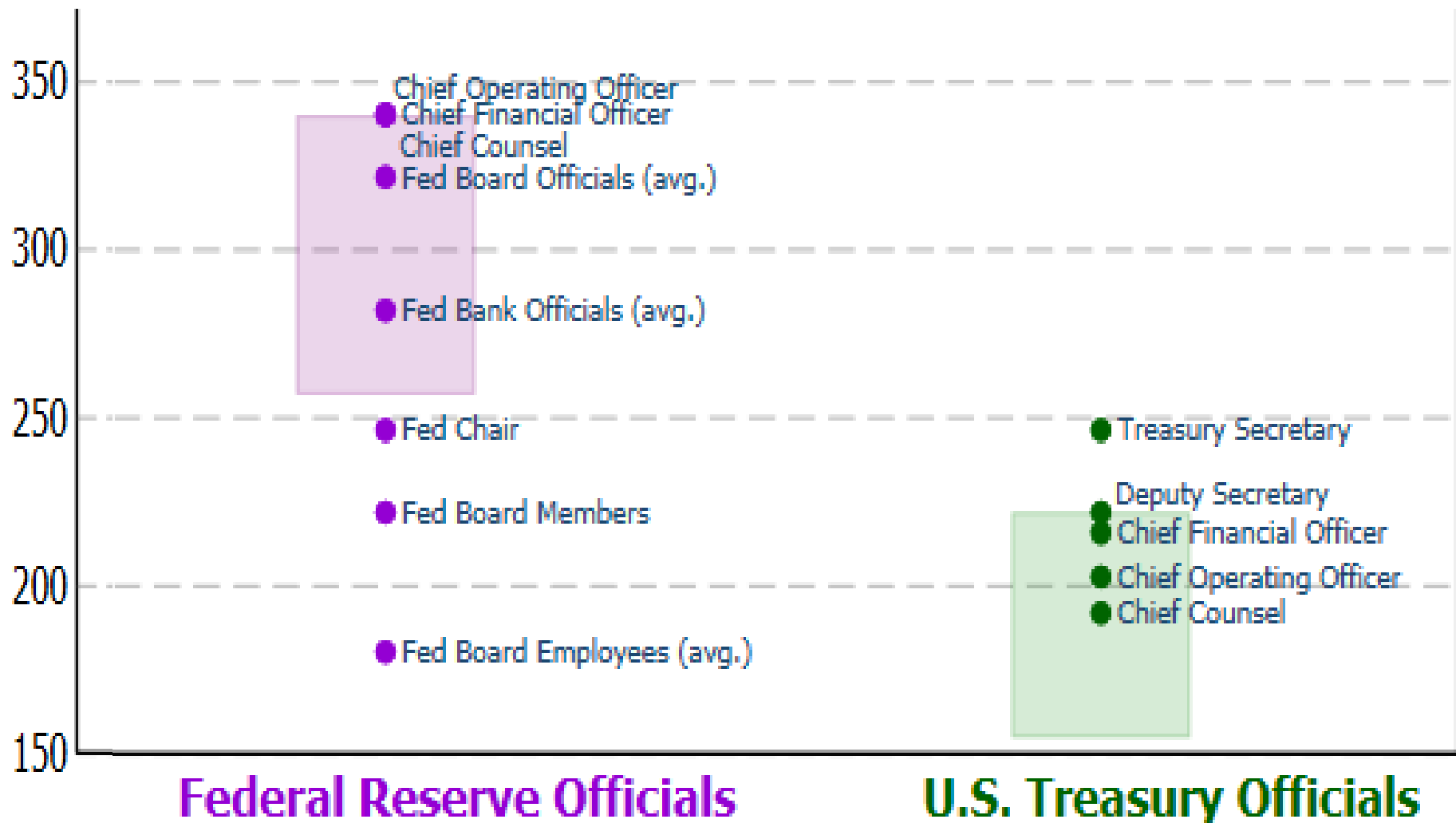
Inflation-Adjusted Compensation



Comparison of Salaries



Detailed Comparison of Salaries



The Fed's Headquarters



Google Earth satellite photo, May 2018

Marriner S. Eccles Building



Eccles Grand Entrance



Eccles Boardroom



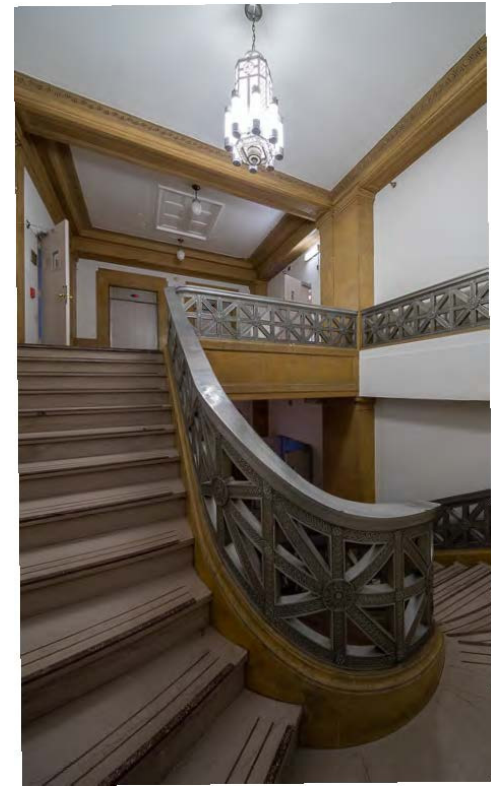
William M. Martin, Jr. Building



U.S. Public Health Service Building



U.S. Public Health Service Building



“The main stair and elevator lobbies...are highly ornamental with marble walls and wainscots, cast aluminum railings, plaster cornices, lighting...[and] retain a high level of historic and architectural integrity...The executive office suite was occupied by the Surgeon General and later by the Joint Chiefs of Staff and is currently the office of the Director for the Office of Surface Mining.” (GSA, 2014)

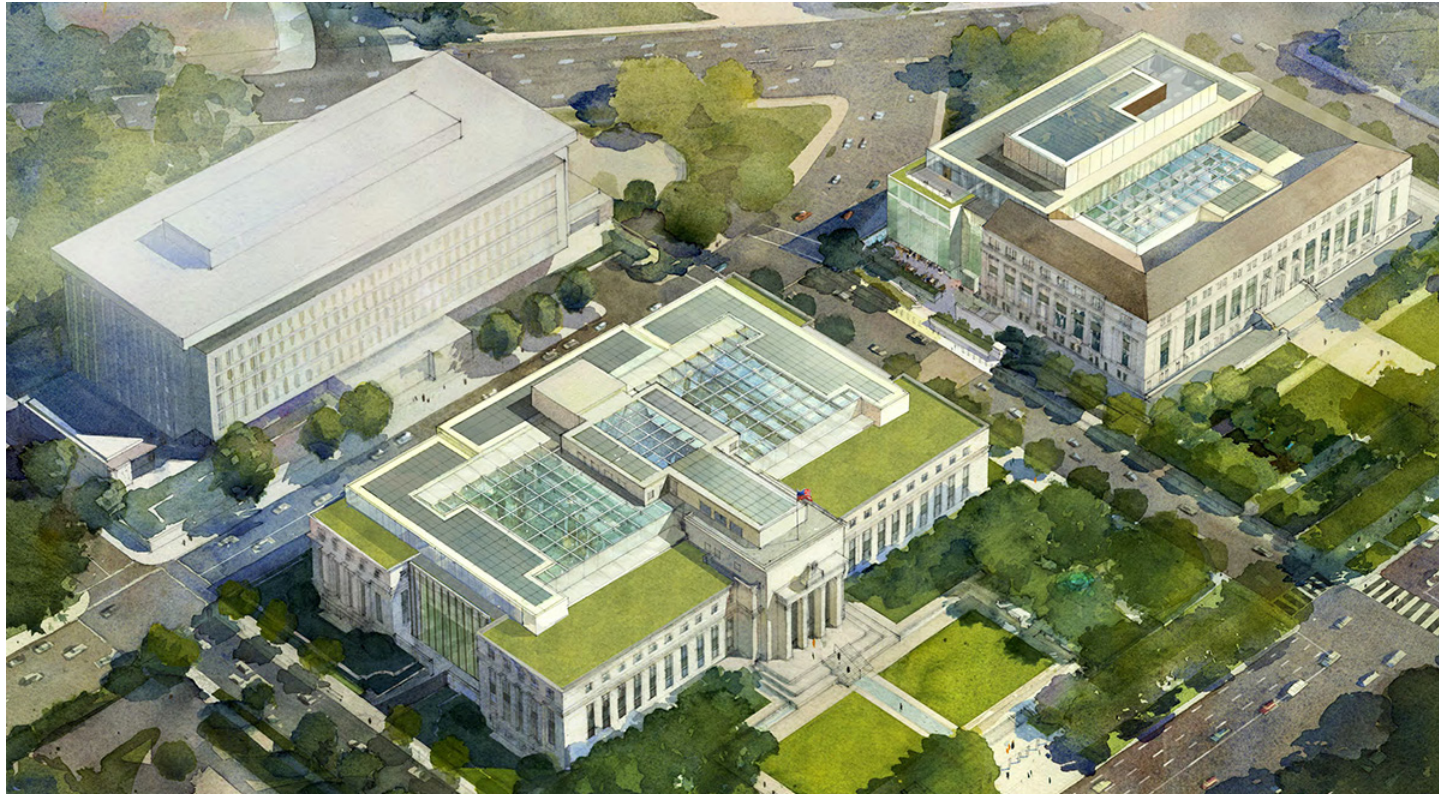
GSA Press Release, July 2018

“We are pleased to transfer this building to the Federal Reserve Board, enabling them to **renovate this historic property... 3.2 acres, facing the National Mall, listed in the National Register of Historic Places. This transfer will put a vacant building back into productive use, allow the FRB to consolidate several leases, and result in **savings for taxpayers**.”**

Acquisition Cost: \$41.6 million

GSA Renovation: ~\$50 million

The Fed's \$2.5 Billion Upgrade



FRB East Building: \$1 billion

Eccles Building: \$880 million

Martin Building: \$600 million

Architectural Design



Design Options for NCPC & CFA

ALTERNATIVES SUMMARY



OPTION A

- 6-story addition with penthouse
- 1,567 seats
- Maintains interior of meeting room in FRB-East, but vertically realigned with Level 1
- Maintains the heritage trees with parking under South Lawn



OPTION B (PREFERRED)

- 5-story addition with penthouse
- 1,704 seats
- Removes center wing of FRB-East
- One large activated atrium
- Maintains the heritage trees with parking wrapping under 20th Street

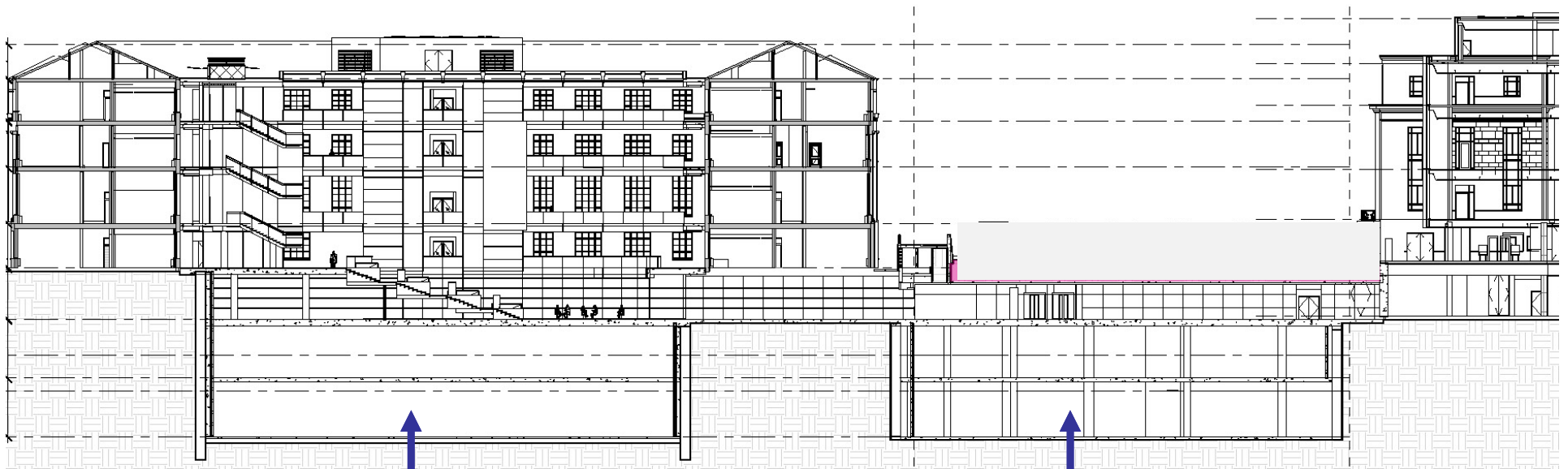


OPTION C

- 7-story addition with penthouse
- 1,533 seats
- Maintains center wing of FRB-East
- 2 smaller atria separated by historic meeting room



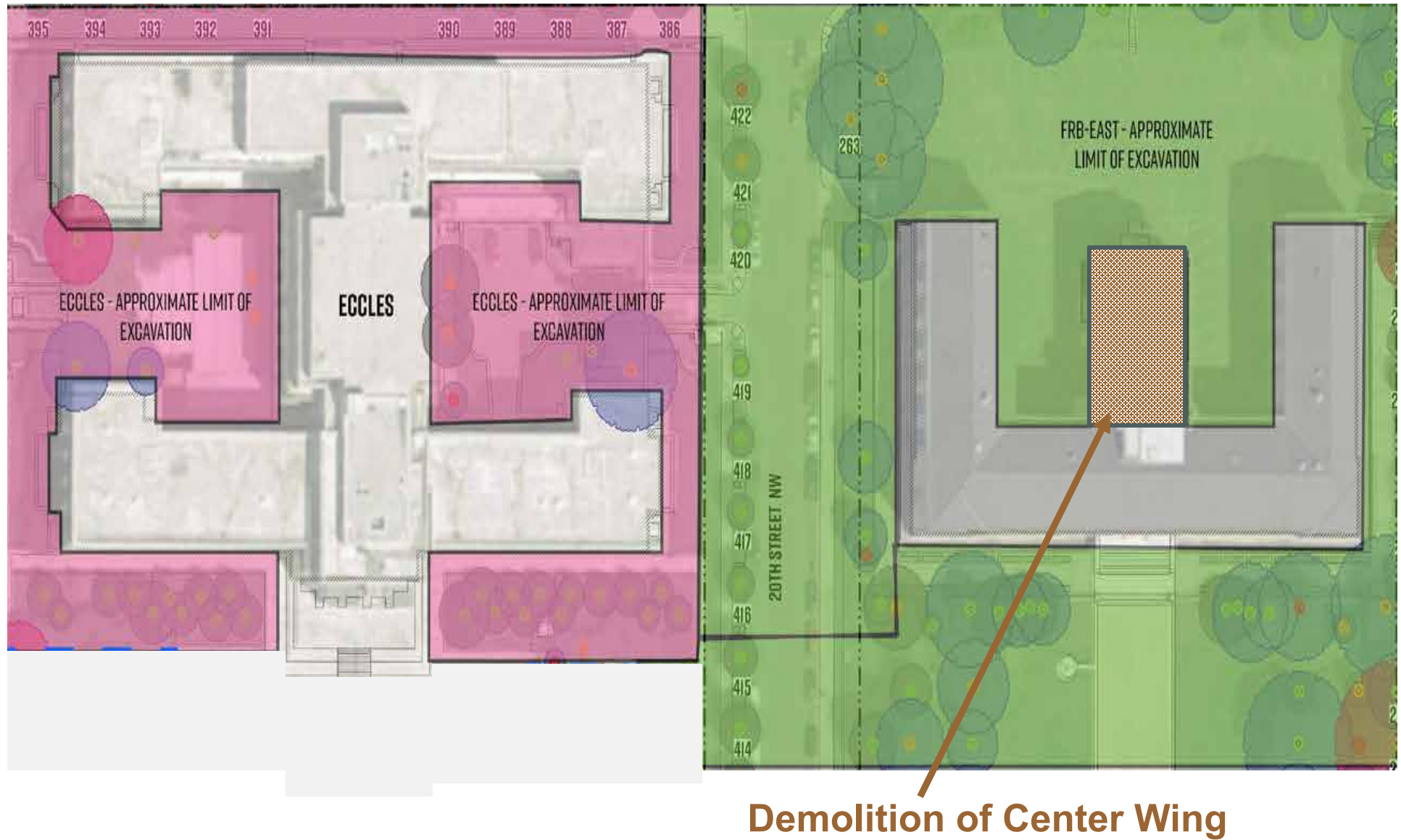
Blueprints



**New Underground
Parking Garage**

**Concourse Level linking
Eccles and FRB East**

Demolition & Excavation





Federal Reserve Building Excavations

📍 Washington, DC, USA

The challenge

Due to the proximity to the Potomac River, groundwater was encountered between 8 ft and 10 ft from the existing site grade, and bedrock was encountered between 46 ft and 67 ft across the site.

The solution

Keller was contracted to provide dewatering to keep the planned excavations dry. To do this, Keller installed 34 dewatering wells up to 60 ft deep through mud rotary drilling and a 5000-ft perimeter collection header. Drilling fluids and spoils were contained and properly disposed of off-site. The dewatering wells were modified and lowered as the excavation progressed.

Upon collecting groundwater, there was a concern about the potential contamination due to volatile organic compounds and suspended solids from sumping operations. Therefore, Keller was also contracted to provide water treatment and installed 250 GPM and 500 GPM treatment systems, including two 18,000-gallon weir tanks, duplex transfer pump skids, duplex bag filter skids, and four 10,000-lb. media vessels with granular activated carbon. Technicians were on site 24/7 to monitor operations and maintenance as required.

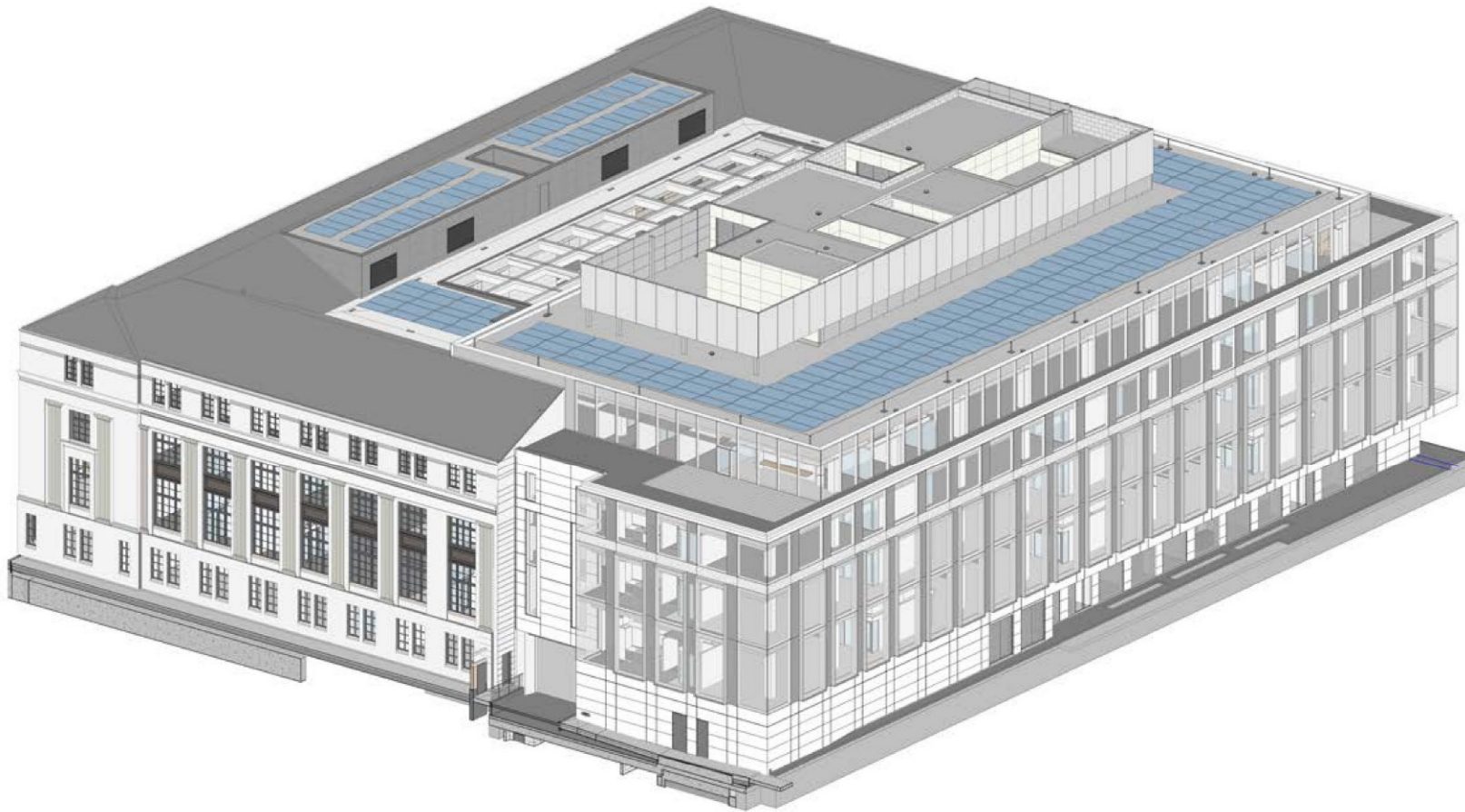
<https://www.keller-na.com/projects/federal-reserve-building-excavations>

Eccles Building – Rooftop Facilities



Scale Model, May 2020

FRB East – Rooftop Facilities



PENTHOUSE EXPANSION PROPOSED DESIGN

JANUARY 26, 2021

LEDES / FRB EAST | SECTION ONE COMPLIANCE

FORUMS | BOARD OF GOVERNORS - THE FEDERAL RESERVE SYSTEM

Central Atrium at FRB East



Architectural Rendering, August 2020

Eccles Building – West Atrium



Architectural Rendering, August 2020

Building Materials

GLAZING

ACID-ETCHED GLAZING



DIFFUSING GLAZING



LOW-IRON GLAZING

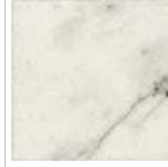


STONE

WHITE GEORGIA MARBLE INTERLAYER

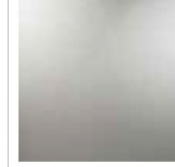


MARBLE (POLISHED & HONED 'WHITE GEORGIA')



METAL

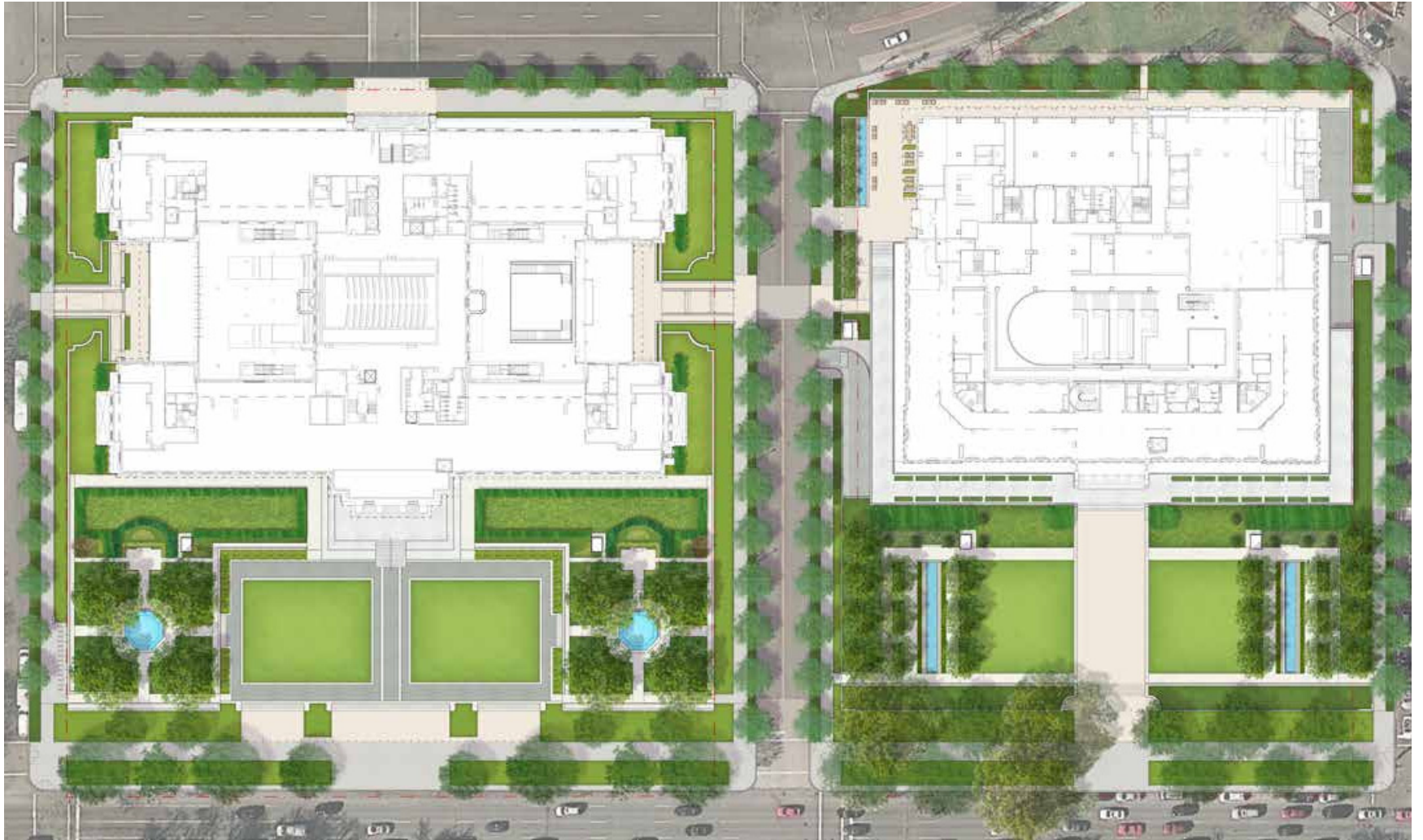
RANGE OF STAINLESS STEEL FINISHES (BEAD BLAST AND DIRECTIONAL)



COATED ALUMINUM



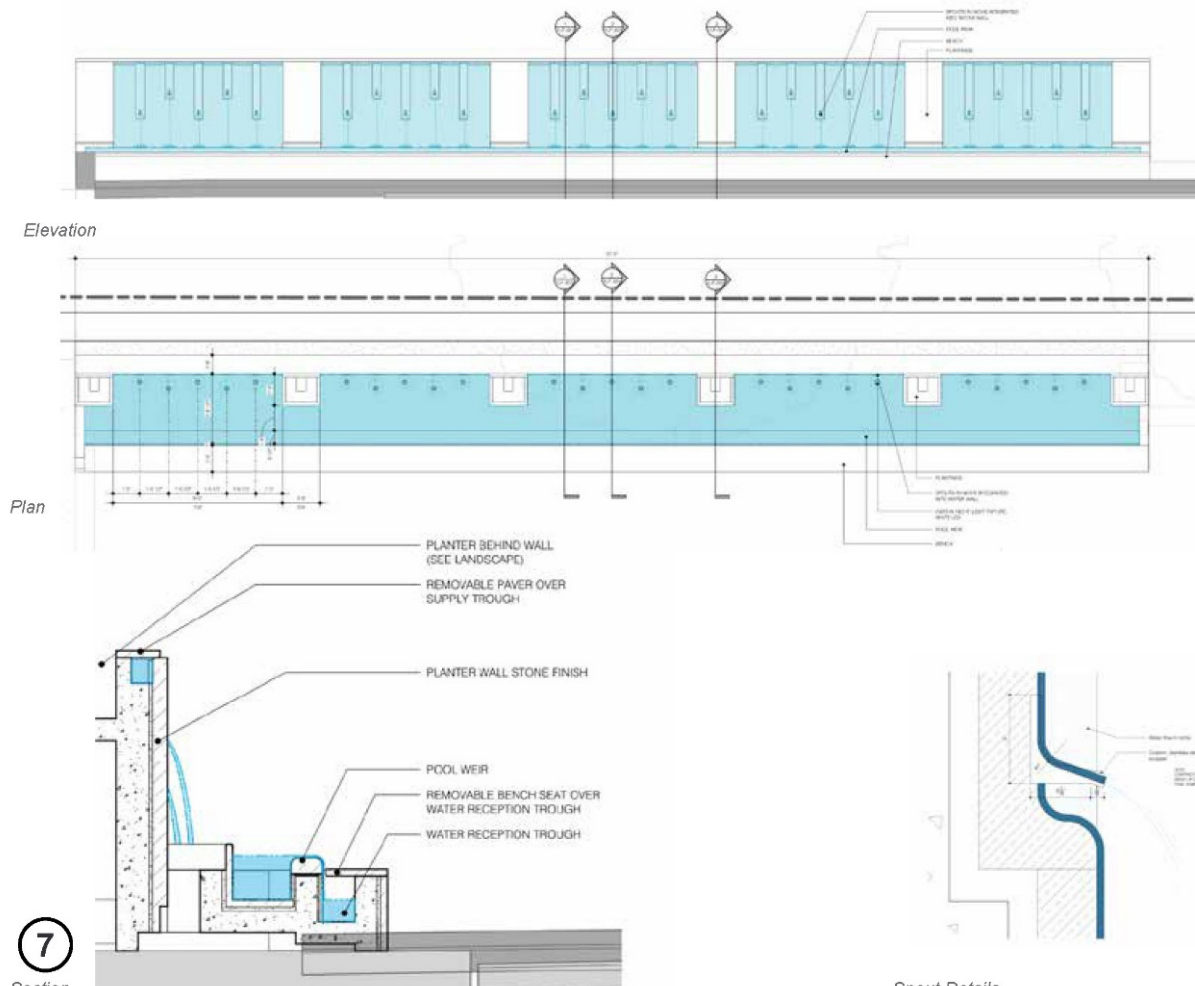
Landscaping & Water Features



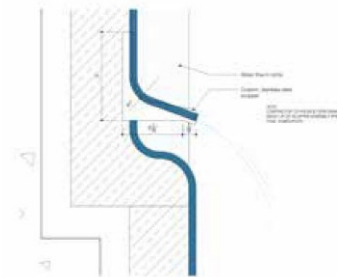
Architectural Design, Jan. 2021

FRB East Waterfall Features

FRB-EAST | ENTRANCE PLAZA WATER FEATURE WALL



Historic Precedent for Water Spouts in Wall



Spout Details

Rooftop Garden Terraces



NCPC Submission, August 2020

Next-Door Neighbors



View of the Federal Reserve and the U.S. State Department, March 2020

Other Operational Issues

- **Forecasting:** As of Nov. 2021, the FOMC still indicated that elevated inflation was likely to be “transitory”, and the staff was projecting inflation in 2022 at 2%. Unlike other major central banks, however, the Fed has not conveyed any “lessons learned” re: its forecast process.
- **Payments:** The Fed spent a decade developing an instant payments system, and it was launched in August 2023. As of 2024:Q4, FedNow processed 10,000 transactions per day (about 0.01% of the transactions on ACH).
- **Information Security:** In Jan. 2025, the DOJ indicted a former Fed adviser for economic espionage, including sending sensitive documents to a personal email and then sharing them with foreign government officials.

GAO: “The Taxpayer’s Best Friend”

- Independent and Non-Partisan
 - Comptroller General selected via bipartisan process
 - Appointed to a single non-renewable 15-year term
- Comprehensive Reviews of All Federal Agencies
(including SEC, CFTC, FDIC, NASA, etc.)
 - Financial Audits
 - Efficacy and Efficiency
- Extraordinary Track Record
 - Documented savings to U.S. taxpayers of **about \$1 trillion** over the past decade

GAO report warns Artemis 3 landing may be delayed to 2027

Jeff Foust December 1, 2023



Illustration of a SpaceX Starship lunar lander on the moon. Credit: SpaceX