

CENTENNIAL MONETARY COMMISSION ACT OF 2015

---

NOVEMBER 16, 2015.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. HENSARLING, from the Committee on Financial Services,  
submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 2912]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 2912) to establish a commission to examine the United States monetary policy, evaluate alternative monetary regimes, and recommend a course for monetary policy going forward, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE AND SUMMARY

Introduced by Representative Brady of Texas, H.R. 2912, the “Centennial Monetary Commission Act of 2015,” establishes the Centennial Monetary Commission to study monetary policy including, among other topics, (1) the historical monetary policy of the Federal Reserve; (2) the various operational regimes under which the Federal Reserve may conduct monetary policy; (3) the use of macro-prudential supervision and regulation as a tool of monetary policy; and (4) the Lender-of-Last-Resort function. The Commission is also charged with recommending a course of United States monetary policy going forward and must report to Congress with its findings, conclusions, and recommendations by December 1, 2016.

The Commission is empowered to hold hearings, take testimony, receive evidence, and administer oaths. The Commission is also authorized to obtain official data from Executive Branch agencies.

## BACKGROUND AND NEED FOR LEGISLATION

Throughout the history of the United States, commissions have helped government officials develop and implement federal policy reforms. For example, the National Monetary Commission contributed to the establishment of the Federal Reserve System in 1913. Similarly, the 9/11 Commission led to important reforms of the nation's intelligence system.

H.R. 2912 establishes the Centennial Monetary Commission (CMC) and charges it with studying the conduct of monetary policy, including:

- The historical monetary policy of the Federal Reserve in terms of output, employment, prices, and financial stability over time;
- The various operational regimes under which the Fed may conduct monetary policy in terms of achieving its current dual mandate, including
  - Discretion in determining monetary policy without an operating regime;
  - Price level targeting;
  - Inflation rate targeting;
  - Nominal-GDP targeting;
  - Use of monetary policy rules; and
  - The gold standard.
- The use of macro-prudential supervision and regulation as a tool of monetary policy in terms of achieving maximum output, employment and price stability over the long-term; and
- The use of the Lender-of-Last-Resort function by the Fed Board of Governors as a tool of monetary policy in terms of achieving maximum output, employment, and price stability over time.

The membership of the CMC is comprised of 12 voting members, six of whom are appointed by the Speaker of the House of Representatives (of which four are majority party members and two are minority party members); the remaining six voting members are appointed by the President Pro Tempore of the Senate (of which four are majority party members and two are minority party members). The CMC's membership also includes one non-voting member appointed by the Secretary of the Treasury and one non-voting member appointed by the Federal Reserve Chair from among the presidents of the Federal Reserve Banks. One of the CMC's members is jointly designated as the chair by the Speaker and the Senate majority leader.

H.R. 2912 requires the CMC, by December 1, 2016, to submit to Congress and make publicly available a report on monetary policy. The report must include findings and conclusions concerning the areas of study outlined above, as well as recommendations for United States monetary policy going forward with respect to, among other matters, transparency and the Fed's legislative mandate.

The CMC is empowered to hold hearings, take testimony, receive evidence, and administer oaths. The CMC is additionally permitted to enter into contracts and obtain official data from federal agencies. It may utilize administrative support services from the Gen-

eral Services Administration, retain detailees and consultants, and hire and set compensation for staff subject to certain limits.

The CMC terminates on June 1, 2017.

#### HEARINGS

The Committee on Financial Services' Subcommittee on Monetary Policy and Trade held a hearing examining matters relating to H.R. 2912 on July 22, 2015.

#### COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on July 28, 2015 and July 29, 2015, and ordered H.R. 2912 to be reported favorably to the House without amendment by a recorded vote of 35 yeas to 22 nays (recorded vote no. FC-54), a quorum being present.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The sole record vote in committee was a motion by Chairman Hensarling to report the bill favorably to the House without amendment. The motion was agreed to by a recorded vote of 35 yeas to 22 nays (Record vote no. FC-54), a quorum being present.

## Record vote no. FC-54

Representative	Yea	Nay	Present	Representative	Yea	Nay	Present
Mr. Hensarling .....	X			Ms. Waters (CA) .....		X	
Mr. King (NY) .....	X			Mrs. Maloney (NY) .....		X	
Mr. Royce .....	X			Ms. Velázquez .....		X	
Mr. Lucas .....	X			Mr. Sherman .....		X	
Mr. Garrett .....	X			Mr. Meeks .....		X	
Mr. Neugebauer .....	X			Mr. Capuano .....		X	
Mr. McHenry .....	X			Mr. Hinojosa .....		X	
Mr. Pearce .....	X			Mr. Clay .....			
Mr. Posey .....	X			Mr. Lynch .....		X	
Mr. Fitzpatrick .....	X			Mr. David Scott (GA) .....		X	
Mr. Westmoreland .....	X			Mr. Al Green (TX) .....		X	
Mr. Luetkemeyer .....	X			Mr. Cleaver .....			
Mr. Huizenga (MI) .....	X			Ms. Moore .....		X	
Mr. Duffy .....	X			Mr. Ellison .....		X	
Mr. Hurt (VA) .....	X			Mr. Perlmutter .....		X	
Mr. Stivers .....	X			Mr. Himes .....		X	
Mr. Fincher .....	X			Mr. Carney .....			
Mr. Stutzman .....	X			Ms. Sewell (AL) .....		X	
Mr. Mulvaney .....	X			Mr. Foster .....		X	
Mr. Hultgren .....	X			Mr. Kildee .....		X	
Mr. Ross .....	X			Mr. Murphy (FL) .....		X	
Mr. Pittenger .....	X			Mr. Delaney .....	X		
Mrs. Wagner .....	X			Ms. Sinema .....		X	
Mr. Barr .....	X			Mrs. Beatty .....		X	
Mr. Rothfus .....	X			Mr. Heck (WA) .....		X	
Mr. Messer .....	X			Mr. Vargas .....		X	
Mr. Schweikert .....	X						
Mr. Guinta .....	X						
Mr. Tipton .....	X						
Mr. Williams .....	X						
Mr. Poliquin .....	X						
Mrs. Love .....	X						
Mr. Hill .....	X						
Mr. Emmer .....	X						

## COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

## PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 2912 will facilitate the formulation and execution of effective monetary policy by forming a commission to study Federal Reserve operations and issue a report recommending improvements to the Fed's monetary policy function.

## NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

## CONGRESSIONAL BUDGET OFFICE ESTIMATES

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, August 19, 2015.*

Hon. JEB HENSARLING,  
*Chairman, Committee on Financial Services,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2912, the Centennial Monetary Commission Act of 2015.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

KEITH HALL.

Enclosure.

*H.R. 2912—Centennial Monetary Commission Act of 2015*

H.R. 2912 would establish the Centennial Monetary Commission to, among other things, examine how United States monetary pol-

icy has affected economic performance, evaluate various structures for conducting monetary policy, and recommend a direction for future actions. The commission would be required to prepare a report for the Congress and the public containing its findings and recommendations by December 1, 2016. The commissions authority would lapse on June 1, 2017.

Based on the cost of similar commissions, CBO estimates that implementing H.R. 2912 would cost about \$1 million over the 2016–2020 period, assuming appropriation of the necessary amounts to cover the cost of professional and administrative staff, travel, consultants, and general overhead. Enacting H.R. 2912 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 2912 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates reform Act.

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

#### APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

#### EARMARK IDENTIFICATION

H.R. 2912 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI.

#### DUPLICATION OF FEDERAL PROGRAMS

Pursuant to section 3(g) of H. Res. 5, 114th Cong. (2015), the Committee states that no provision of H.R. 2912 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

#### DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(k) of H. Res. 5, 114th Cong. (2015), the Committee states that H.R. 2912 contains no directed rulemakings.

## SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

*Section 1. Short title*

This Section cites H.R. 2912 as the “Centennial Monetary Commission Act of 2015.”

*Section 2. Findings*

This section contains findings relating to the reasons for establishing the Centennial Monetary Commission.

*Section 3. Establishment*

This section establishes the Centennial Monetary Commission.

*Section 4. Duties*

This section requires the Centennial Monetary Commission to study matters relating to monetary policy and report thereon not later than December 1, 2016.

*Section 5. Membership*

This section provides that the membership of the Centennial Monetary Commission shall consist of 12 voting members appointed by specified members of the Legislative Branch, one non-voting member appointed by the Treasury Secretary, and one non-voting member who is a Federal reserve bank president appointed by the Chair of the Federal Reserve Board of Governors. This section further provides that the Chairman of the Commission shall be jointly designated by the Speaker of the House and the majority leader of the Senate. Finally, this section establishes procedures for the occurrence of membership vacancies and the conduct of Commission meetings.

*Section 6. Powers*

This section permits the Centennial Monetary Commission to hold hearings, to enter into contracts, to obtain data, to secure the assistance of federal agencies, and to use the postal service in the same manner and under the same conditions as other departments and agencies.

*Section 7. Commission personnel*

This section permits the Chair of the Centennial Monetary Commission to appoint and fix the pay of the Commission's executive director and other personnel as the Chair considers appropriate. This section further provides that Commission staff may be appointed without regard to title 5, U.S. Code, relating to appointments in the competitive service, and that such staff may be compensated without regard to classification and General Schedule pay rates under chapter 51 and subchapter III of chapter 53 of title 5, U.S. Code. Finally, this section establishes a ceiling applicable to Commission staff salaries and permits the Commission to utilize consultants and federal agency detailees subject to certain conditions.

*Section 8. Termination*

This section provides that the Centennial Monetary Commission shall terminate on June 1, 2017.

*Section 9. Authorization of appropriations*

This section authorizes the appropriation of such sums as may be necessary to carry out the Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 2912 does not amend any section of a statute. Therefore, the Office of Legislative Counsel did not prepare the report contemplated by clause 3(e)(1)(B) of rule XIII of the House of Representatives.



## MINORITY VIEWS

H.R. 2912, is a solution in search of a problem. In response to the 2008 financial crisis and the worst recession since the Great Depression, the Federal Reserve took a number of extraordinary actions consistent with its dual mandate to promote price stability and full employment and its role as the lender of last resort. As a result of its actions, the U.S. economy has made remarkable progress, leading to the creation of more than 13 million private sector jobs over 68 consecutive months and solid growth in nominal household wealth.

Yet despite these gains, Republicans complain that the Federal Reserve's monetary policy was too accommodative, too risky, unpredictable and prone to inflation. In response to these concerns, which are without merit, they have called for "reforms" to virtually every aspect of the Federal Reserve from its overarching objective to keep inflation in check and promote full employment, to reviewing the particulars of the securities and operational regime used in achieving its statutory objectives.

The fact is the Federal Reserve's current dual mandate and operational monetary policy independence have served the economy well. Such independence ensures that policy decisions are empirically driven rather than motivated by short-term political pressures, while its clear objectives allow Congress to hold it accountable. The creation of a partisan panel where 8 of the 12 voting members are Republicans will unlikely result in objective improvements to our current monetary policy system.

Rather, it would legitimize calls to eliminate the Federal Reserve's focus on employment and interfere with the Federal Reserve's independence in using the policy instruments it determines are necessary to strengthen the economy.

For these reasons, the Minority opposes H.R. 2912.

MAXINE WATERS.  
GWEN MOORE.  
CAROLYN B. MALONEY.

○