

115TH CONGRESS
2D SESSION

H. R. 7095

To amend the Federal Reserve Act to modify the goals of the Board of Governors of the Federal Reserve System, to eliminate class A and B directors from the board of directors of each Federal reserve bank, and to establish certain reporting requirements for the Board of Governors, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 26, 2018

Mr. KHANNA (for himself, Mr. HASTINGS, Ms. CLARKE of New York, Ms. WILSON of Florida, Mr. POCAN, Ms. NORTON, Mr. ELLISON, Mr. PAYNE, and Ms. SCHAKOWSKY) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Federal Reserve Act to modify the goals of the Board of Governors of the Federal Reserve System, to eliminate class A and B directors from the board of directors of each Federal reserve bank, and to establish certain reporting requirements for the Board of Governors, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Coretta Scott King
5 Full Employment Federal Reserve Act of 2018”.

1 **SEC. 2. MODIFICATION OF THE GOALS OF THE BOARD OF**
2 **GOVERNORS OF THE FEDERAL RESERVE SYS-**
3 **TEM AND THE FEDERAL OPEN MARKET COM-**
4 **MITTEE.**

5 Section 2A of the Federal Reserve Act (12 U.S.C.
6 225a) is amended—

7 (1) by striking “The Board of Governors” and
8 inserting “(a) IN GENERAL.—The Board of Gov-
9 ernors shall”;

10 (2) by striking “stable prices” and inserting “a
11 stable rate of inflation”; and

12 (3) by inserting at the end the following:

13 “(b) GENERAL POLICY: CONGRESSIONAL REVIEW.—
14 In this section, the term ‘maximum employment’ means
15 a labor market in the United States in which—

16 “(1) job seekers can find work;

17 “(2) involuntary part-time work is at a min-
18 imum;

19 “(3) median wages are rising with worker pro-
20 ductivity; and

21 “(4) disparities in rates of unemployment and
22 pay between and among racial, gender, urban, rural,
23 and other demographic groups have reached their
24 lowest practicable level.”.

1 **SEC. 3. PROMOTING A DIVERSE, REPRESENTATIVE FED-**
2 **ERAL RESERVE.**

3 Section 4 of the Federal Reserve Act (38 Stat. 251)
4 is amended—

5 (1) in the provision designated “Fifth” of the
6 fourth undesignated paragraph, by inserting after
7 “employees.” the following: “In making the appoint-
8 ment of a president, the bank shall interview at least
9 one individual reflective of gender diversity, one indi-
10 vidual reflective of racial or ethnic diversity, and one
11 individual who has experience in scholarship or advo-
12 cacy on behalf of the interests of consumers, labor,
13 or other sectors of society whose interests are dis-
14 tinct from those of the banking and financial serv-
15 ices sector. Not later than January 1 of each year,
16 the bank shall submit a report describing the appli-
17 cant pool demographics for the proceeding fiscal
18 year to the Committee on Financial Services of the
19 House of Representatives, the Committee on Bank-
20 ing, Housing, and Urban Affairs of the Senate, and
21 the Office of the Inspector General for the Board of
22 Governors of the Federal Reserve System and the
23 Consumer Financial Protection Bureau.”;

24 (2) in the ninth undesignated paragraph, by
25 striking “, and divided into three classes, designated
26 as classes A, B, and C”;

1 (3) by striking the tenth, eleventh, fourteenth,
2 sixteenth, seventeenth, and eighteenth undesignated
3 paragraphs;

4 (4) in the twelfth undesignated paragraph—

5 (A) by striking “Class C shall consist of
6 three members who shall be designated by the
7 Board of Governors of the Federal Reserve Sys-
8 tem.” and inserting “Members of the board of
9 directors shall be designated by the Board of
10 Governors of the Federal Reserve System.”;
11 and

12 (B) by striking “class C”;

13 (5) in the fifteenth undesignated paragraph, by
14 striking “of class C”;

15 (6) in the twentieth undesignated paragraph—

16 (A) by striking “Class C directors” and in-
17 serting “Directors”;

18 (B) by striking “of class C”; and

19 (C) by striking “the third class C director”
20 and inserting “another director of the Board,
21 designated by the Board of Governors of the
22 Federal Reserve System,”; and

23 (7) in the twenty-fourth undesignated para-
24 graph—

1 (A) by striking “of classes A, B and C, re-
 2 spectively,”;

3 (B) by striking “one” the first place it ap-
 4 pears and inserting “three”;

5 (C) by striking “of each class whose term”
 6 the second place it appears and inserting
 7 “whose terms”;

8 (D) by striking “one whose term” the first
 9 place it appears and inserting “three whose
 10 terms”;

11 (E) by striking “one whose term” the sec-
 12 ond place it appears and inserting “three whose
 13 terms”; and

14 (F) by striking “in the several classes of”
 15 and inserting “on the board of”.

16 **SEC. 4. STUDIES.**

17 Section 2B(b) of the Federal Reserve Act (12 U.S.C.
 18 225b(b)) is amended—

19 (1) by striking “The Board shall” and inserting
 20 “(1) IN GENERAL.—The Board shall”; and

21 (2) by inserting at the end the following:

22 “(2) INFLATION AND EMPLOYMENT FIGURES.—

23 In each report required under paragraph (1), the
 24 Board shall include—

1 “(A) the results of a study of the past esti-
2 mates of the Board on longer-run unemploy-
3 ment rates, including—

4 “(i) an assessment of the accuracy of
5 such estimates;

6 “(ii) an assessment of the effect of
7 such estimates on decisions of the Board;
8 and

9 “(iii) recommendations of the Board
10 to improve the accuracy of such estimates;

11 “(B) a study of the inflation target, includ-
12 ing—

13 “(i) information on each measurement
14 of inflation used to calculate such target;

15 “(ii) information on each period dur-
16 ing which the Board determines that any
17 such measurement is above or below such
18 target; and

19 “(iii) a summary of the arguments for
20 and against setting the inflation target at
21 2 percent inflation;

22 “(C) an estimate of the impact that the
23 projected pathway for the Federal funds rate is
24 likely to have on labor market conditions and
25 on a variety of demographic groups, including

1 demographic groups that experience unemploy-
2 ment rates above the national rate;

3 “(D) an assessment of whether alternative
4 monetary policy approaches would affect such
5 conditions and on such groups; and

6 “(E) a description of the confidence inter-
7 val on each projection that the Federal Reserve
8 System, or any participant in the Federal Open
9 Market Committee, provides for the longer-run
10 rate of unemployment.”.

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