The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Michigan?

There was no objection.

## COMMUNICATION FROM DISTRICT DIRECTOR, THE HONORABLE SUSAN DAVIS, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from Jessica Poole, District Director, the Honorable SUSAN DAVIS, Member of Congress:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
*Washington, DC, November 16, 2015.*

Hon. PAUL D. RYAN,
*Speaker, House of Representatives,*
*Washington, DC.*

DEAR MR. SPEAKER: This is to notify you formally, pursuant to Rule VIII of the Rules of the House of Representatives, that I have been served with a non-party subpoena, issued by the Superior Court of California, County of San Diego, for testimony in a criminal case.

After consultation with the Office of General Counsel, I have determined that compliance with the subpoena is consistent with the privileges and rights of the House.

Sincerely,

JESSICA POOLE,
*District Director,*
*Congresswoman Susan Davis.*

## PERMISSION TO POSTPONE PROCEEDINGS ON MOTION TO RECOMMIT ON H.R. 3189, FED OVERSIGHT REFORM AND MODERNIZATION ACT OF 2015

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that the question of adopting a motion to recommit on H.R. 3189 may be subject to postponement as though under clause 8 of rule XX.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

□ 1730

## FED OVERSIGHT REFORM AND MODERNIZATION ACT OF 2015

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and submit extraneous materials on the bill, H.R. 3189, to amend the Federal Reserve Act to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, to establish requirements for certain activities of the Board of Governors of the Federal Reserve System, and to amend title 31, United States Code, to reform the manner in which the Board of Governors of the Federal Reserve System is audited, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 529 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 3189.

The Chair appoints the gentleman from Kansas (Mr. YODER) to preside over the Committee of the Whole.

□ 1730

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 3189) to amend the Federal Reserve Act to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, to establish requirements for certain activities of the Board of Governors of the Federal Reserve System, and to amend title 31, United States Code, to reform the manner in which the Board of Governors of the Federal Reserve System is audited, and for other purposes, with Mr. YODER in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Texas (Mr. HENSARLING) and the gentlewoman from California (Ms. WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of H.R. 3189, the FORM Act, to reform the Federal Reserve. It is sponsored by the gentleman from Michigan (Mr. HUIZENGA).

To paraphrase an old automobile advertising campaign, Mr. Chairman, this is not your father's Fed.

Since the financial crisis, the Federal Reserve has morphed into a government institution whose unconventional activities and vastly expanded powers would hardly be recognized by those who drafted the original act. Regrettably, commensurate transparency and accountability have not followed.

Since the financial meltdown of 2008, the Fed has carried out unprecedented rounds of asset purchases, known as quantitative easing; and its balance sheet has swollen to almost $5 trillion, equal to one-fourth of the U.S. economy and almost five times its pre-crisis level.

We have had almost 7 years of near-zero interest rates, and the Fed's so-called forward guidance provides almost no guidance to investors on when rates might finally be normalized.

This ongoing uncertainty is a significant cause of businesses hoarding cash and postponing capital investments and community banks conserving capital and reducing lending.

Adding to the economic uncertainty, the Dodd-Frank Act granted the Fed sweeping new regulatory powers to directly intervene in the operations of large financial institutions. This is totally separate and apart from its monetary policy responsibilities, Mr. Chairman.

The Fed now stands at the center of Dodd-Frank's codification of too big to fail. With respect to these firms, the Fed is authorized to impose heightened prudential standards, including capital and liquidity requirements, risk management requirements, resolution planning, credit exposure report requirements, and concentration limits.

The Fed is even authorized on a vague, faint finding that if a financial institution poses a grave threat to financial stability, to actually break up the firm.

In other words, Mr. Chairman, the Fed can now literally occupy the boardrooms of the largest financial institutions in America and influence how they deploy capital.

The Fed's monetary policy must be made clear and credible, and its regulatory activities must comport with the rule of law and bear public scrutiny. To accomplish this, the Fed Oversight Reform and Modernization Act, again, the FORM Act, authored by Congressman HUIZENGA, should be enacted into law.

Reform accountability and transparency, on the one hand, and independence in the conduct of monetary policy, on the other, are not mutually exclusive concepts.

The main reforms of the FORM Act are as follows: Number one, on monetary policy, the Fed must publish and explain with specificity the strategy it is following.

The FORM Act allows the Fed to chose any monetary policy, strategy, or rule it prefers, and it has the power to amend or depart from that rule whenever the Fed decides economic circumstances so warrant.

Whether the Fed chooses to conduct monetary policy based upon the Taylor rule developed by Stanford Economist John Taylor or whether they choose to conduct monetary policy based on a rousing game of rock-paper-scissors or any other rule or method, the Fed will retain the unfettered discretion to do that.

The FORM Act simply requires the Fed to report and explain its rule and its deviations from the standard benchmark to the rest of us.

Economic history clearly shows that, when the Fed employs a more predictable, rules-based monetary policy, more positive economic results will occur.

Some have opined that such a provision will compromise the Fed's monetary policy independence. It does not. The Fed again will retain unfettered discretion in the exercise of monetary policy.

Given that members of the Fed Board of Governors enjoy 14-year terms, second only to lifetime judicial appointments, and the Fed's budget is independent of congressional appropriations, it is almost inconceivable that

Congress could impose upon the Fed's monetary policy independence.

On regulatory policy, as distinct from monetary policy, the format compels the Fed to conduct cost-benefit analysis for all its regulations. This is also known as common sense.

Under Dodd-Frank, the Fed is directed to publish upwards of 60 new regulations, some in conjunction with other agencies, but a cost-benefit analysis is not required. The Fed's failure to carry out these studies results in excessive regulatory burdens on our small banks and businesses, which harms the economy.

Furthermore, under the FORM Act, the Fed will be required to issue formal regulations after providing for notice and comment for Dodd-Frank stress test scenarios and disclose resubmitted stress tests.

The Fed's authority to use stress tests to direct operations of financial institutions it deems systemically important puts government bureaucrats in a position of essentially dictating business models and operational objectives of private businesses. Yet, the Fed's implementation of stress testing is marked by a lack of transparency and a total disregard for the rule of law.

Given the secrecy surrounding the stress test, it is difficult for Congress and the public to assess either the effectiveness of the Fed's regulatory oversight or the integrity of their findings.

Again, under Dodd-Frank, vast powers have been expanded of the Fed. The Fed is not using a transparent monetary policy. Because of this, greater transparency, greater accountability is necessary. Otherwise, we may soon awake to discover that our central bankers have morphed into our central planners.

Mr. Chairman, I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, I rise today in strong opposition to H.R. 3189, a bill that would undermine the Federal Reserve's monetary policy independence, politicize its decisionmaking, curtail its ability to respond to a wide range of dynamic economic data, and weaken its ability to effectively carry out its regulatory responsibilities to promote the safety and soundness of our financial system.

Mr. Chairman, H.R. 3189, the Fed Oversight Reform and Modernization Act, should more appropriately be called the Eliminate the Federal Reserve's Ability to Support the American Economy and Promote Full Employment Act.

While no Federal agency is perfect and should be reflectively shielded from reform, this bill does not reflect a good faith effort to strengthen the Federal Reserve or hold it accountable to its mission, to keep inflation low and stable, and to promote full employment.

Rather, this bill is designed to put monetary policy on autopilot under a strict, rules-based approach subject to reviews and audits by the GAO.

This approach seeks to discourage monetary policymakers from considering the wide range of ever-changing economic data that is relevant to effective decisionmaking and would discourage the Fed from engaging in the types of bold and forceful actions that have been so critical to our economy's recovery over the past 6 years.

As the largest economy in the world that is increasingly interconnected to a vast and complex global economy, the notion that we should be putting blinders on our central bank strikes me as a recipe for disaster. In fact, had the Federal Reserve taken the approach called for in the underlying bill during and in response to the recent financial crisis, economic performance would have been substantially worse.

As Federal Reserve Chair Janet Yellen put it in a letter to congressional leadership earlier this week, had the FOMC been compelled to operate under a simple policy rule for the past 6 years, the unemployment experience of that period would have been substantially more painful than it already was and inflation would have been even further below the FOMC's 2 percent objective.

But the straitjacket approach to monetary policy isn't the only reason to oppose this bill. H.R. 3189 includes a host of provisions that represent the latest Republican effort to block financial regulators from fulfilling their responsibility to promote the safety and soundness of our financial system as part of the Dodd-Frank Act.

In particular, this bill would impose unworkable cost-benefit analysis requirements that are designed to slow new rulemaking to a screeching halt and ensure the few that do get issued are tied up in court.

The bill also requires the Federal Reserve to make public and solicit comments on its stress test scenarios, a move that, while popular with the biggest banks, would undermine the effectiveness of the test, turning this valuable regulatory tool for assessing the health of the financial system into a useless exercise.

Finally, the Rules Committee print adds to the end of H.R. 3189 the text of H.R. 2912, a bill that would establish a partisan commission, with twice as many Republicans as Democrats, to review the Federal Reserve's conduct of monetary policy and recommend changes to its mandate as well as the specific instruments and operational regime to be used in achieving it.

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.

Operating under the current model, the Federal Reserve played a major role in ending the panic that gripped the financial sector in 2008 and, through its sustained efforts, has supported the creation of more than 13.3 million private sector jobs and cut the unemployment rate in half since the height of the crisis, all while keeping inflation well below the target.

Frankly, I think it is a terrible idea to put those who thought shutting down the government was a good idea and who thought fiscal austerity would grow the economy in a position to micromanage our monetary policy, also.

Finally, I would be remiss if I failed to note that the Congressional Budget Office estimates that this bill will cost $109 million over 10 years by forcing the Federal Reserve to jump through new rulemaking and administrative hoops.

To pay for this cost, the Rules Committee adopted an amendment that would raid $60 billion from the Federal Reserve's surplus account, a buffer that inspires confidence in the central bank itself. Ironically, this is the very same fund that Republicans voted to eliminate just 2 weeks ago.

□ 1745

For all of these reasons, I would urge Members to join me in opposing this terrible legislation that would do enormous damage to our economy and the American people. I can't believe this bill is before us.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. HUIZENGA), the author of the FORM Act and chairman of the Monetary Policy and Trade Subcommittee of the Financial Services Committee.

Mr. HUIZENGA of Michigan. Mr. Chairman, I rise today in support of H.R. 3189, a wonderful bill called the Fed Oversight Reform and Modernization Act, the FORM Act.

Mr. Chairman, Marriner Eccles, Chairman of the Federal Reserve under President Franklin Roosevelt, once began testimony to Congress by stating: "I am speaking for the Board of Governors of the Federal Reserve System, an agency of Congress."

Chairman Eccles recognized what many seem to have forgotten over the Federal Reserve's 100-plus-year history, that the Fed was created by Congress; the Board of Governors are all appointed for terms of 14 years by the President and confirmed by Congress; and it operates per its charter and laws set out by, yes, Congress. Therefore, the Federal Reserve is actually or, theoretically, is supposed to be accountable to Congress.

Today, the Federal Reserve is one of the most powerful institutions in the world. It is past time to restore transparency at the Fed and hold it accountable to the American taxpayers.

The U.S. Federal Reserve System, or the Fed, as it is known, was created in 1913 in response to a series of economic crises early in the 20th century. Although the Fed was created as an independent agency deriving its power from Congress, over the past 100 years, the Fed's power has significantly expanded.

While originally created to provide stability to the banking business, the Federal Reserve has gained unprecedented power, influence, and control over the financial system while remaining shrouded in mystery to the American people. At the same time, the American people have continued to suffer through a financial crisis, at least once per generation. With such a poor record, the Fed should not be free to carry on without accountability to the institution that created it.

Mr. Chairman, we will not fully realize robust economic growth until the Fed changes the conduct of its monetary policy. Six years have passed since the recession officially ended, but the U.S. economic opportunity remains well short of its potential.

The Fed must be accountable to the people's Representatives as well as to the hardworking taxpayers themselves. We need to modernize the Federal Reserve, restore accountability, and bring it into the 21st century. That is why I introduced H.R. 3189, the FORM Act of 2015. The FORM Act makes two fundamental changes to improve how the Federal Reserve conducts monetary policy.

Now, I know my colleagues on the other side of the aisle tend to kind of like to pass bills before they know what is in those bills. That is one of the ways that they discover what is in those bills. But if they actually read this bill, they would see that it protects the Fed's ability to develop what it believes is the best course of action on monetary policy—the exact opposite of what my colleague was saying. It requires them to then give the American people a greater accounting of its actions.

My bill directs the Federal Reserve to transparently communicate its monetary policy decisions to the American taxpayers—not what it must do, as is being asserted. Rather, they must simply explain what they are doing and why they are doing it. By requiring the Fed to regularly communicate how its policy choices compare to a benchmark guideline instead of continuing the ad hoc strategy currently being employed, the FORM Act will help consumers and investors make better decisions in both the present and create more sound expectations about the future.

Even Chair Yellen once championed the merits of this approach, stating that ''the framework of a Taylor-type rule could help the Federal Reserve communicate to the public the rationale behind policy moves.'' The FORM Act does not dictate any particular monetary policy course; it simply ensures that the Fed transparently communicates its monetary policy decisions. I can't agree more with Chair Yellen.

Second, the FORM Act reforms the Federal Reserve's emergency lending powers under section 13(3) of the Federal Reserve Act, closing a glaring loophole and preventing the likelihood of future bailouts, as we have seen in the past. During the last financial crisis, the Fed used extraordinarily broad powers to provide trillions of dollars in low-cost loans to a handful of massive financial institutions.

The FORM Act raises the bar from the current trigger, permitting the Fed to invoke its emergency lending powers only upon finding that—and this is from the text of the bill—''unusual and exigent circumstances exist that pose a threat to the financial stability of the United States.''

Responsibly limiting the Federal Reserve's lending authority has support from across the ideological spectrum, ranging from conservatives to liberals, such as Senator ELIZABETH WARREN.

The FORM Act also does the following: It requires the Fed to conduct cost-benefit analysis for all regulations it promulgates. Failure to conduct cost-benefit analysis results in excessive regulatory burdens on small banks and businesses, which harm the economy and I believe have slowed our recovery.

It also requires transparency about the Federal Reserve's bank stress tests as well as the international financial regulatory negotiations conducted by the Federal Reserve, the Treasury Department, the Office of the Comptroller of the Currency, the Securities and Exchange Commission, and the Federal Deposit Insurance Corporation.

Mr. Chairman, I am afraid that we are sliding into a much broader area of regulation that is not U.S. regulation but is actually European and world regulation. It requires the Federal Reserve to review the salaries of highly paid employees. It provides for at least two staff positions to advise each member of the Board of Governors independent from the Chair, and it requires Fed employees to abide by the same ethical requirements as other Federal financial regulators.

That sounds like an excellent idea in my mind.

It clarifies the blackout period governing when Federal Reserve governors and employees may publicly speak to Congress as well as to the public on certain matters, and it ends automatic seats at the Federal Open Market Committee table, which provides a more balanced representation of votes on Federal policy at the FOMC.

It requires the full FOMC to decide policy rates on excess balances maintained at a Federal Reserve Bank by a depository institution. It removes restrictions placed on the Government Accountability Office's ability to audit the Fed, and it directs the GAO to conduct an audit of the Fed within 12 months of enactment and report back to Congress.

Finally, the FORM Act establishes a bipartisan monetary commission, as proposed by Chairman Brady, to identify other opportunities for improvement.

Mr. Chairman, we can no longer afford to have an entity with so much power as the Federal Reserve by operating on a whim with ad hoc policy. The reforms in this legislation strike the right balance between holding the Fed accountable to Congress and the American people while still affording it its independence to make monetary policy decisions free from political pressure of all stripes.

Mr. Chairman, the Federal Reserve System is an agency of Congress. As such, it is not infallible, and its independence should not be unlimited. Let's restore proper congressional supervision and provide the American people with transparency. I urge my colleagues to vote in support of H.R. 3189, the Fed Oversight Reform and Modernization Act of 2015.

Ms. MAXINE WATERS of California. Mr. Chairman, despite what my colleague on the opposite side of the aisle, Mr. HUIZENGA, has said about our not knowing what is in the bill, we know what is in the bill, and this Congress should be frightened about what you are attempting to do with establishing this simple monetary policy rule that is unworkable. This is dangerous.

Mr. Chairman, I yield 4 minutes to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY). She is the ranking member of the subcommittee on Capital Markets and Government Sponsored Enterprises of the Financial Services Committee.

Mrs. CAROLYN B. MALONEY of New York. I thank the gentlewoman for yielding and for her leadership.

Mr. Chairman, I rise today in opposition to H.R. 3189.

Mr. Chairman, I include in the RECORD an article from The Wall Street Journal written by Alan Blinder, a former Vice Chair of the Federal Reserve, a professor at Princeton, and the author of a book on the financial crisis, the response, and the work ahead. This is his strong article in opposition to this bill which he feels is extremely disruptive, problematic, and just plain wrong.

[From the Wall Street Journal, July 17, 2014]

AN UNNECESSARY FIX FOR THE FED

(By Alan S. Blinder)

The House Financial Services Committee held a hearing on Federal Reserve reform on July 10. The hearing didn't get much press attention. But it was remarkable. While the House can't manage to engage on important issues like tax reform, immigration reform and the minimum wage, it's more than willing to propose radical ''reform'' of one of the few national policies that is working well.

The bill under consideration is called the Federal Reserve Accountability and Transparency Act. (That's right: FRAT.) To be fair to an otherwise dreadful bill, accountability and transparency are worthy objectives, and FRAT does include some reasonable ideas, such as trimming the news blackouts before and after meetings of the Federal Open Market Committee. But it also includes some corkers, such as requiring public disclosures—in advance—before entering into international negotiations, disclosures that could make such negotiations next to impossible. How would you like to play your poker hand open?

But the meat-and-potatoes of the House bill has little to do with either transparency or accountability. Instead, it seeks to intrude on the Fed's ability to conduct an independent monetary policy, free of political interference.

As the title of Section 2 puts it, FRAT would impose ''Requirements for Policy Rules of the Federal Open Market Committee.'' A ''rule'' in this context means a precise set of instructions—often a mathematical formula—that tells the Fed how to set monetary policy. Strictly speaking, with such a rule in place, you don't need a committee to make decisions—or even a human being. A handheld calculator will do.

In the debate over such rules, two have attracted the most attention. More than 50 years ago, Milton Friedman famously urged the Fed to keep the money supply growing at a constant rate—say, 4% or 5% per year—rather than varying money growth to influence inflation or unemployment.

About two decades ago, Stanford economist John Taylor began plumping for a different sort of rule, one which forces monetary policy to respond to changes in the economy—but mechanically, in ways that can be programmed into a computer. While hundreds of ''Taylor rules'' have been considered over the years, FRAT would inscribe Mr. Taylor's original 1993 version into law as the ''Reference Policy Rule.'' The law would require the Fed to pick a rule, and if their choice differed substantially from the Reference Policy Rule, it would have to explain why. All this would be subject to audit by the Government Accountability Office (GAO), with prompt reporting to Congress.

In a town like Washington, the message to the Fed would be clear: Depart from the original Taylor rule at your peril. Federal Reserve Chair Janet Yellen understands this and, as she made clear in her semiannual testimony to the House Financial Services Committee on Wednesday, opposes the bill.

So what is this rule that FRAT would turn into holy writ? It's a simple equation, which starts by establishing a baseline federal-funds rate that is two percentage points higher than inflation; that's about 3.5% now. It then adds to that baseline one-half of the amount by which inflation exceeds its 2% target (that ''excess'' is now roughly minus 0.5%). Next, it adds one-half the percentage amount by which gross domestic product exceeds an estimate of potential GDP (that gap is controversial but is perhaps minus 4% today). Thus Taylor's mechanical rule wants the current fed-funds rate to be about 3.5 − 0.25 − 2.0 = 1.25%—which is vastly higher than the actual near-zero rate.

Fed staff could no doubt concoct an alternative rule that instructed the FOMC to set the fed-funds rate close to zero today, and the committee could pretend it was using that rule. That's transparency?

But there is a deeper problem. The Fed has not used the fed-funds rate as its principal monetary policy instrument since it hit (almost) zero in December 2008. Instead, its two main policy instruments have been ''quantitative easing,'' which is now ending, and ''forward guidance,'' which means guiding markets by using words to describe future policy intentions. If words are the Fed's main policy instrument, how is the FOMC supposed to set them according to a rule? And how can the GAO determine whether that rule resembles the ''Reference Policy Rule''?

The Taylor rule probably would give the Fed sensible instructions in normal times. But what about when the world is far from normal? The Fed claimed to be using Friedman's money growth rule during the tumultuous disinflation of 1979–82—with miserable results. Luckily for all of us, the Taylor rule wasn't tried during the 2008–09 financial crisis. That could have been disastrous, effectively tying the Fed's hands just when extraordinary monetary stimulus was most needed. Should we now bet the ranch that the world will remain placid forever?

Conservatives distrust concentrated government power—an idea embraced by our Constitution. They worry that human beings, who are fallible and maybe not even trustworthy, will make poor policy choices. Yes, to err is human. But humans can often recognize extraordinary events and try to adapt. Mechanical rules can't.

There is another conservative principle in which I've always believed: If it ain't broke, don't fix it. Monetary policy is one of the few things in today's Washington that ''ain't broke.'' The mischievous FRAT wouldn't fix it.

Mrs. CAROLYN B. MALONEY of New York. Mr. Chairman, this bill would significantly undermine the Federal Reserve's independence by requiring the Fed to adopt a rules-based approach to monetary policy. While it is true that this bill doesn't force, by law, the Fed to follow a particular formula for interest rates, it does attempt to bully the Fed into following the Republicans' preferred monetary policy by hauling the Fed Chair up to testify in front of Congress every time the Fed deviates from the monetary policy rule dictated by this statute. This would have a significant chilling and killing effect on the Fed's deliberations over interest rates and inappropriately interferes with the Federal Reserve's independence.

Let's also remember that the Taylor rule, which this bill would codify, would have performed disastrously in the financial crisis that we are still suffering from. Federal Reserve Chair Yellen testified that, during the crisis, the Taylor rule ''would have performed just miserably'' and would have led to a ''dreadful'' economic recovery.

But this is not the only troubling provision in this bill. Section 4 of the bill also needlessly overhauls the membership of the Federal Open Market Committee, or FOMC. The current makeup of the FOMC, which is responsible for setting monetary policy, has served this country well for the past 100 years. So if it isn't broken, don't try to fix it, and in this case, don't make it worse.

The New York Fed is responsible for implementing monetary policy; and this special role gives the New York Fed a unique understanding of monetary policy, of how markets will react to changes, and what actions are both feasible and effective.

I think that it is important to remember why the regional Fed president, with responsibility for implementing monetary policy, serves as the Vice Chairman of the FOMC.

Mr. Chairman, monetary policy does not end when the FOMC announces a target interest rate. Short-term interest rates do not magically move to the FOMC's desired level. It is not that easy. Someone has to implement monetary policy by pushing short-term interest rates toward the official target rate, and that someone is the New York Fed.

As Richmond Fed President Jeff Lacker said just last week, raising interest rates is ''pretty clear. You just write the statement and you must send it to'' the New York Fed in New York. The New York Fed does this primarily by buying and selling Treasury securities in the markets, which influences the supply of money in the system. Because the interest rate is a function of the supply and demand for money, the New York Fed controls short-term interest rates by influencing the supply of money in the system. This is an incredibly important job.

The CHAIR. The time of the gentlewoman has expired.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield the gentlewoman an additional 30 seconds.

Mrs. CAROLYN B. MALONEY of New York. The Fed's ability to control short-term interest rates is what allows the Fed to set monetary policy. If the markets didn't believe that the Fed had the ability to control short-term interest rates, then the FOMC's statement about raising or lowering interest rates would be viewed as merely wishful thinking rather than an actual monetary policy.

Mr. Chairman, this is why the New York Fed president serves as the Vice Chair of the FOMC, and I see no reason why this should change. So it is unclear what this problem is trying to fix, and I urge my colleagues to vote against this bill.

Mr. HENSARLING. Mr. Chairman, I yield 2½ minutes to the gentleman from New Jersey (Mr. GARRETT), the chairman of our Capital Markets and Government Sponsored Enterprises Subcommittee.

Mr. GARRETT. I thank the chairman and I thank the gentleman from Michigan (Mr. HUIZENGA) for all of their hard work to bring greater transparency to one of the most secretive agencies in the government, the Federal Reserve.

Mr. Chairman, earlier this year, Fed Chair Janet Yellen said: ''The Federal Reserve is already one of the most transparent central banks around the globe.''

Really? If that were the case, why is it we have seen the following headlines in the last few years: March of last year, Forbes, ''Fed on Target to Raise Interest Rates in Spring of 2015''; then in October, ''Two Fed Officials Say Interest Rates to Rise in Mid-2015''; then in The Wall Street Journal just last month, ''Fed Doubts Grow on 2015 Rate Hike''; and then just 2 weeks later in The Wall Street Journal, ''Fed Keeps December Rate Hike in Play.''

So which is it? Mr. Chairman, a simple Google search on the subject pulls up a range of headlines on this topic all pointing to one fact: There is a great deal of confusion and uncertainty as to how the Federal Reserve actually conducts its own monetary policy.

So the bottom line is the Fed needs to follow a rule when conducting monetary policy, and this bill, H.R. 3189, gives the Fed that flexibility to develop and implement its own rule as it sees fit and then simply to report to Congress and the public, should it find the need to deviate from it.

□ 1800

And this will then do what? It will give us greater economic certainty and moves us away from what we have seen, a Fed guessing game that we have all become too used to.

More troubling than all this, more troubling than the monetary policy, however, is the lack of transparency and accountability and openness surrounding their regulatory function. Despite the Fed's failure to prevent the crisis in 2008, despite their failure to even see it coming, the Dodd-Frank Act bestowed upon the Fed tremendous new regulatory authority, authority that it is now using to try and regulate huge swaths of the financial system, and what they are really trying to do is to stamp out all risk taking, if you will, in our capital markets.

The Fed fails to conduct any cost-benefit analysis of the rulemaking in that, and it has conspired, if you will, with various secretive international bodies, like the FSB, the Financial Stability Board, in so doing to try to rewrite the rules, if you will, to the detriment of who? Well, the American capital markets.

So before us today is the FORM Act, which would do what? It would shine the light of day, if you will, on the Fed's regulatory operations, so that all of us, the American public, can see actually what the powers are up to. So now more than ever we need transparency and accountability in the Federal Reserve.

I thank the chairman, and I thank the sponsor of the bill for moving the underlying bill.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield 2 minutes to the gentlewoman from Wisconsin (Ms. MOORE), the ranking member of the Subcommittee on Monetary Policy and Trade on the Financial Services Committee.

Ms. MOORE. Mr. Chairman, as the ranking member of the Monetary Policy and Trade Subcommittee, I rise in strong opposition to H.R. 3189.

Sometimes you can disagree on a bill, and it doesn't really make much difference. But this bill is extremely dangerous for many reasons. I want to focus on just two provisions—my time is limited—that would be absolutely disastrous for the U.S. economy:

One is the political audits of the Federal Reserve.

And, second, the computer model monetary policy, so-called Taylor rule.

Now, people think, well, what is wrong with auditing the Fed? The Fed is already audited, including an external audit, which all Americans can review online. This bill creates a mechanism for political audits of the Fed. Injecting politics into monetary policy and undermining the independence of the Central Bank would be an absolute disaster.

I am thinking just recently of the transportation bill that we passed out of here—and I voted for it, hoping that it can be fixed in conference—where the Fed is required to provide $60 billion—that is billion with a B, Mr. Chairman—and then is not being allowed to replenish its money supply. This is more than just tinkering in our economy.

There is overwhelming evidence and academic research that demonstrated an independent central bank anywhere in the world making economic decisions and not political decisions delivers lower inflation, higher employment, and better economic results.

Currently, the U.S. enjoys low borrowing costs, and our debt is considered the gold standard. The U.S. dollar is literally the reserve currency of countries around the world.

If adopted, this bill would potentially undermine the exalted status of U.S. debt.

The Acting CHAIR (Mr. HARDY). The time of the gentlewoman has expired.

Ms. MAXINE WATERS of California. I yield the gentlewoman from Wisconsin an additional 1 minute.

Ms. MOORE. Does anyone in America think that Congress is going to be more confident at conducting monetary policy than an independent central bank?

Let me remind you, under the stewardship of the Republican leadership of this House, we have seen government shutdowns, U.S. debt default threats, and fiscal austerity measures that hamper the economic recovery.

As to this Taylor rule, I doubt that anybody over there can explain the Taylor rule to you. But I tell you, had we had the Taylor rule in place in the 1980s when Volcker was here, he would not have been able to stop the rampant inflation that we experienced. The assumptions that it is based on have not accounted for Volcker's inflation fighting or Bernanke's aggressive recovery status. They couldn't have done it under this Taylor rule.

And, furthermore, banks, Wall Street, all the investors, would set their models to the Fed commuter model, and then it would set up all kinds of economic disruptions if the Fed would ever deviate from the model. It would take the discretion away from the Fed.

I strongly oppose the bill, and I urge my colleagues to reject this dangerous legislation.

Mr. HENSARLING. Mr. Chairman, I yield myself 10 seconds to, once again, encourage my colleagues to actually read the bill.

The Taylor rule is not mandated for the Federal Reserve. But had the Federal Reserve followed the Taylor rule in the first place, we would not have had a financial crisis because the real estate bubble would not have been inflated by the Fed keeping money too loose, too long.

I yield 2 minutes to the gentleman from Wisconsin (Mr. DUFFY), the chairman of our Oversight and Investigations Subcommittee.

Mr. DUFFY. Mr. Chairman, I appreciate the chairman yielding.

I want to thank Chairman HUIZENGA for his good work on the FORM Act. I think this is a commonsense set of reforms that make the Federal Reserve more accountable to the American people, which means they are more accountable to the United States Congress.

I would ask my colleagues across the aisle and my good friend from Wisconsin (Ms. MOORE), who says that the FORM Act is one that would provide for the Congress to set monetary policy, where in the FORM Act does it say that? Just because we ask for oversight, just because we want to have the Federal Reserve accountable to the Congress and to the American people, doesn't mean that Congress is taking the role of setting monetary policy. Again, that is just setting up a straw man and trying to knock it down in the argument.

This is important stuff. There is a distinct difference between the two sides of the aisle. We do think there should be accountability and transparency. But my friends across the aisle will continue to advocate for very powerful government institutions empowering bureaucrats that are not elected and that are not accountable to the American people to make decisions that have huge impacts on the American people.

What we say on our side of the aisle is, in our form of government, the people have a right to have a say in their government, which means you need to empower the Congress and the Senate to have oversight over these very powerful organizations.

That is the great debate that we are having here. We want oversight and transparency. We don't want to set monetary policy.

I chair the Committee on Oversight, and we have asked the Federal Reserve for documents that we are entitled to in regard to an FOMC leak. The Federal Reserve has basically said:

Yes, you are entitled to these documents. But, guess what, we are not going to give them to you.

What is the reason, Madam Chair?

I don't have a really good reason. Some people asked me not to give them to you. I know you are entitled, but I am not going to send them over to you.

The Acting CHAIR. The time of the gentleman has expired.

Mr. HENSARLING. I yield the gentleman from Wisconsin 30 seconds.

Mr. DUFFY. We had to go to extreme measures to get the Federal Reserve to comply with our subpoenas to provide us the documents that this institution is entitled to. That shows how arrogant this institution—the Fed—really is.

A rules-based approach makes sense. An audit of the Fed taking a look back that is not political, but a retrospective look at the Fed's monetary policy, makes absolute sense.

And to think that we are going to talk about the blackout period at the Fed that, yes, you can have a blackout for monetary policy, but you can't use that blackout when we are talking about the supervisory and prudential functions of the Federal Reserve.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield myself such time as I may consume.

I cringe at the thought that the documents from the FOMC meeting of 2012 would be released to the Members of Congress. They would cause some volatility in the markets and shake up this country and cause such harm that everybody ought to be alarmed at the thought.

I yield 3 minutes to the gentleman from Illinois (Mr. FOSTER), a member of the Committee on Financial Services.

Mr. FOSTER. Mr. Chairman, I thank the ranking member for yielding.

Mr. Chairman, I rise today in opposition to the legislation designed to chip away at the independence of the Federal Reserve. The Federal Reserve's objectives of maximum employment and stable prices have and will remain moving targets. The legislation attacks the independent judgment of the Fed in a number of ways by intrusive and dangerous meddling in the guise of Congressional oversight.

This legislation also suggests that this complex task could somehow be reduced to a function of two variables. Now, I am a physicist and, as Albert Einstein said: ''Everything should be made as simple as possible but not simpler.'' In reality, economics is a field of study that is constrained by numbers, but within those constraints, there lie large psychological variables and many external, often international, and often random variables.

It is obvious that any two-variable rule is far too simple to guide the monetary policy of a $17 trillion national economy interconnected with the economies in every part of the world.

It is also clear from the incoherent and counterfactual tirades that we listen to in our committee after the Republican financial collapse of 2007, that we want to keep politics as far away as possible from Federal Reserve monetary policy.

The truth is that Federal monetary policy is already guided, but not determined, by a number of complex, macroeconomic models. It is very far from ad hoc. In fact, at the heart of many of these models lies a variance of what is called the Cobb-Douglas production function. And the Douglas in that name is Senator Paul Douglas, an economist from the University of Chicago before he became a Senator and the author of some of the most influential papers in economics. My mother worked for Senator Paul Douglas when he was a Senator back in the 1950s, and when I see the level to which economic debate has fallen in this country from Senator Paul Douglas to what we see today, it breaks my heart.

Now, I agree that our markets and economies have changed since the Federal Reserve was formed. And the system deserves study, but this bill is not about studying the Federal Reserve. It is about subjecting it to the politics and the backseat driving that it often needs to overcome to meet its dual mandate.

Mr. Chairman, this bill chips away at the independence of the Federal Reserve, and I urge my colleagues to join me in opposing it.

Mr. HENSARLING. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. ROTHFUS).

Mr. ROTHFUS. Mr. Chairman, over the last 6 years, Americans have watched as the Federal Reserve has embarked on an interventionist monetary policy to an unprecedented degree.

The Fed's quantitative easing marked a dramatic departure from traditional monetary policy in the United States, and it resulted in a massive expansion of the Fed's balance sheet to some $4.5 trillion. To put this number in perspective, that is almost five times the size of the Fed's balance sheet before the financial crisis when it stood at $800 billion. It also represents one-quarter of the total size of the U.S. economy.

Unfortunately, despite this enormous expansion and influence over the economy, the Fed has persistently failed to implement measures to increase transparency as to its decisionmaking.

Americans continue to face a sluggish economy that has fallen far short of its potential, and they want to know the reasoning behind the Fed's actions or lack thereof. This is particularly important for those who have saved money for their retirement, especially grandparents on fixed incomes, who are being directly harmed by the Fed's decision to keep rates at near zero. They want transparency and answers from their government.

I suggest also our citizens should understand why the Federal Reserve would take an unprecedented action to explode its balance sheet by more than 400 percent over 5 years. No one—no one—knows how this experiment will end up turning out.

The legislation that we are considering today would implement important reforms to address these issues. To start, by requiring the Fed to explain the differences between its monetary policy decisions and a rigorously studied reference rule, the legislation would go far to improve the American public's understanding of monetary policy and how it impacts their lives.

Similarly, by requiring a cost-benefit analysis for any regulation that the Fed chooses to promulgate, it will ensure that all relevant costs are properly taken into account and that the Fed considers the full consequences of its actions in an open and understandable fashion.

To be clear, these reforms are about increasing transparency and improving how the Fed communicates its policy decisions to the American public. Contrary to what some claim, the legislation does not—does not—mandate any particular policy decisions, nor does it impact or threaten the Fed's independence in setting monetary policy. In fact, few have made a better case for these sorts of reforms than Chair Yellen herself, who stated: ''Transparency concerning Federal Reserve's conduct of monetary policy is desirable because better public understanding enhances the effectiveness of policy.''

Mr. Chairman, transparency and openness serve to strengthen a democratic republic like ours. That is what this legislation is all about.

I urge my colleagues to support this bill.

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Ms. MAXINE WATERS of California. Mr. Chairman, I inquire as to whether or not the chairman has more speakers.

Mr. HENSARLING. Mr. Chairman, we have at least three to four more speakers.

Ms. MAXINE WATERS of California. Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield 1½ minutes to the gentleman from Indiana (Mr. MESSER).

Mr. MESSER. Mr. Chairman, I rise today in support of H.R. 3189, the Fed Oversight Reform and Modernization Act.

We all recognize the importance of the Federal Reserve's independence when making monetary policy decisions. However, the American people rightly expect the Federal Reserve to be held accountable, too. They deserve to know exactly what the Federal Reserve does and to know that its rulemaking process is transparent and subjected to appropriate congressional oversight.

As a Member who represents 19 rural and suburban Indiana counties, I know middle America is still struggling to get back on its feet after the 2008 financial crisis. Hardworking Hoosiers know they didn't cause the financial collapse, but they are frustrated because the folks who did cause the crisis—bad actors in private industry and ineffective Federal banking regulators—haven't been held accountable at all.

The status quo is unacceptable. The Fed should be accountable and transparent in its decisionmaking, and H.R. 3189 is an important step towards that goal.

I urge my colleagues to support the bill.

Ms. MAXINE WATERS of California. Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota (Mr. EMMER).

Mr. EMMER of Minnesota. Mr. Chairman, I rise today in support of the much-needed Fed Oversight Reform and Modernization Act.

Minnesotans, like Robert from Becker and Kevin from Elk River, are correct in that the Fed is an ineffective and isolated government bureaucracy that is out of touch with the common man and the long-term needs of the American people.

Yes, quantitative easing may have been a boon for a few. However, three rounds of this reckless tactic have inflated the Fed's balance sheet to more than $4.5 trillion, threatening the economic stability of our Nation and the American Dream for many.

Equally problematic is the secrecy surrounding the Fed's discount window operations, open market operations, and agreements with foreign governments, which prevent market actors from knowing the information they need in order to prudently invest in the future.

In the past, Congressman Ron Paul led the charge against the Fed with his Audit the Fed bill. Today we are building upon his legacy legislation. I would like to thank my colleague, Congressman HUIZENGA, for introducing the Fed Oversight Reform and Modernization Act.

Not only does this new legislation include Audit the Fed, but it also requires the Fed establish a monetary policy rule that will enable us to have a better idea of where the Fed is likely to move monetary policy. Additionally, the bill limits taxpayers' exposure to bailouts by responsibly tightening the Fed's emergency lending authority.

Furthermore, this bill requires the Fed, before implementing any rule, to conduct a cost-benefit analysis. This will give the American people a true sense of the economic impact any Fed proposal will have. It would also mandate the Fed, Federal Deposit Insurance Corporation, and Treasury to disclose any positions they plan to take at international regulatory negotiations, enabling the American people and Congress to weigh in on international regulations that often adversely impact American business.

Finally, this legislation would clarify the Federal Open Market Committee blackout period, mandate the Fed to disclose employees' salaries, require the Chair of the Fed to participate in congressional hearings quarterly, and give more power to local district Fed Bank presidents over open market operations.

I understand that many of my colleagues on the other side of the aisle may be skeptical about reforming the Fed. However, it is important to remember that this legislation only enhances oversight, communication, and transparency. This legislation will in no way take away the Federal Reserve's control of monetary policy, but it will provide us the tools to ensure that sound policies are enacted.

Mr. Chairman, again I thank Mr. HUIZENGA and Chairman HENSARLING for their work on this bill. I encourage my colleagues to vote in favor of the Fed Oversight Reform and Modernization Act.

Ms. MAXINE WATERS of California. Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, may I inquire as to how much time is remaining on both sides?

The Acting CHAIR. The gentleman from Texas has 4½ minutes remaining. The gentlewoman from California has 13 minutes remaining.

Mr. HENSARLING. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. HUIZENGA), the author of the FORM Act.

Mr. HUIZENGA of Michigan. Mr. Chairman, I am taking this second opportunity to rise because I think we have heard a lot of misinformation out there, and there is a lot of fog that has been getting thrown up into the air.

This is about transparency. This is about accountability. This is not about Congress' coming in and dictating to the Fed how to do business. They, the Fed, will set a benchmark that they will then be measured against. It is not we. It is not Congress saying what they will or will not do. It is they, themselves. That seems pretty reasonable.

It also seems very reasonable to me that, if we are ever finding ourselves in a position in which there are these massive bank bailouts that some would claim need to be done again, we would have a belt and suspenders way to approach it in that we would say not just two or three or four people are going to decide whether that is going to happen, but that we would actually get the regional Fed Bank Governors involved in that as well. We would say that 9 of the 12 of them have to agree with the decisions that are being made.

We make sure that there is a redundancy, that we are not just rushing and plunging headlong. Ultimately, the goal is to make sure that we never have that situation happen again so that we never find ourselves in that situation of having to even have the discussion about whether we would have massive bank bailouts, which is what happened in 2009 under this administration.

Again, I appreciate the effort that has been put into this. There are a lot of small details to it, but there are a lot of broad themes to it. At the end of the day, we know that this is the best thing not only for Congress, not only for the Fed, but, ultimately, for the American people as they are demanding us to hold an organization accountable that we in Congress created not in an unreasonable fashion, but in a way that is balanced, transparent, and that ultimately helps the stability of the U.S. economy.

Ms. MAXINE WATERS of California. Mr. Chairman, I yield myself the balance of my time.

I am going to take the unusual step of reading a letter from Janet Yellen, the Chair of the Board of Governors of the Federal Reserve Bank. I take this unusual step because the letter is so well written and explains in such a profound way why the bill that is before us is dangerous and problematic.

''Dear Mr. Speaker and Madam Leader: I am writing regarding the House of Representatives' consideration of H.R. 3189, the Fed Oversight Reform and Modernization Act''—known as the FORM Act—''The FORM Act would severely impair the Federal Reserve's ability to carry out its congressional mandate to foster maximum employment and stable prices and would undermine our ability to implement policies that are in the best interest of American businesses and consumers. This legislation would severely damage the U.S. economy were it to become law.

''There are a number of harmful provisions in the FORM Act, but the provisions concerning the conduct of monetary policy are especially troubling. Section 2 of the bill would require the Federal Reserve to establish a mathematical formula or 'directive policy rule' that would dictate how the Federal Open Market Committee adjusts the stance of monetary policy at every FOMC meeting. The Government Accountability Office (GAO) would be responsible for determining whether the rule adopted by the FOMC met all the criteria in the legislation. Any time the FOMC was judged not to be in compliance with the GAO-approved rule, the GAO would be required to conduct a full review of monetary policy and submit a report to the Congress. Moreover, the GAO would also be required to conduct a full review of monetary policy and report to the Congress any time the FOMC changed its policy rule.

''These provisions are significantly flawed for a number of reasons. Most importantly, the provisions effectively cast aside the bipartisan approach toward monetary policy oversight developed by the Congress in the late 1970s. Under that approach, the Congress establishes the long-run objectives for monetary policy but affords the Federal Reserve a considerable degree of independence in how it goes about achieving those statutory goals, thus ensuring that the conduct of monetary policy is insulated from political influence. This framework is now recognized as a fundamental principle of central banking around the world. The provisions of the FORM Act, in contrast, would effectively put the Congress and the GAO squarely in the role of reviewing short-run monetary policy decisions and in a position to, in real time, influence the monetary policy deliberations leading to those decisions.

''Conducting monetary policy by strictly adhering to the prescriptions of a simple rule would lead to poor economic outcomes. There is no consensus among economists or policymakers about a simple policy rule that is best suited to cover a wide range of scenarios. For example, even during the period known as the Great Moderation, in the 1980s and 1990s, when a simple rule might have been expected to work well, the actual level of the Federal funds rate often diverged substantially from the level prescribed by the reference rule included in the FORM Act. Indeed, for much of this period, monetary policy was actually tighter than what would have been the case under that rule.

''Even more tellingly, no simple policy rule has yet been devised that would adequately address the effective lower bound on the policy rate—a constraint that has been binding in the United States since late 2008. Had the FOMC been compelled to operate under a simple policy rule for the past six and a half years, the unemployment experience of that period would have been substantially more painful than it already was, and inflation would be even further below the FOMC's 2 percent objective. Indeed, a recent study by the Federal Reserve economists suggests that the current unemployment rate would still be above 6 percent and inflation would now be running somewhat below zero, if the FOMC had not taken the actions it did but rather had followed the reference rule and made it clear that it would do so in the future. In other words, millions of Americans would have suffered unnecessary spells of joblessness over this period, generating enormous amounts of personal and collective damage that could have been avoided—and, in fact, was avoided because we had the latitude to use our available tools responsibly and forcefully.

''In addition to allowing the GAO to conduct a review specifically related to the 'directive policy rule,' Section 13 of the FORM Act also allows GAO to more broadly review and analyze the monetary policy decisions of the Federal Reserve at any time. This provision would politicize monetary policy and bring short-term political pressures into the deliberations of the FOMC by putting into place real-time second guessing of policy decisions. Such action would undermine the independence of the Federal Reserve and likely lead to an increase in inflation fears and market interest rates, a diminished status of the dollar in global financial markets, and reduced economic and financial stability.

''The provision is based on a false premise—that the Federal Reserve is not subject to an audit. To the contrary, under existing law, the financial statements of the Federal Reserve System are audited annually by an independent accounting firm under the supervision of the Inspector General for the Board.

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''These audited financial statements are made publicly available and provided to Congress annually. The GAO may also conduct an audit of the Board's financial statements and of transactions that the Federal Reserve conducts in the course of its lending and other activities. In addition, each week, the Federal Reserve publishes its balance sheet and charts of recent balance sheet trends as well as every security the Federal Reserve holds along with each security's CUSIP number. Moreover, as specified in the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Federal Reserve now releases detailed transaction level information for all open market operations and discount window with a 2-year lag.

''I am concerned about other provisions in the FORM Act as well, including the debilitating restrictions on the Federal Reserve's emergency lending authorities. In the face of a future crisis—where collapse of the financial system is on the scale of the Great Depression or the recent financial crisis—I believe it is essential that the Federal Reserve have the emergency lending powers necessary in those circumstances to support the flow of credit to households and businesses and mitigate harm to the U.S. economy. The FORM Act would essentially repeal the Federal Reserve's remaining ability to act in a crisis. I am also deeply troubled by provisions related to the Federal Reserve's supervisory responsibilities, particularly those that would undermine the strength and effectiveness our stress tests and impede our ability to advocate internationally for standards that are in the best interest of U.S. businesses and consumers.

''Throughout my career and certainly during my many years working with the Federal Reserve System, I have been an advocate for greater openness and transparency. As Chair, I remain committed to these important issues. Accountability and transparency of public institutions are critical in a democratic society. Unfortunately, the FORM Act attempts to increase transparency and accountability through misguided provisions that would expose the Federal Reserve to short-term political pressures. For these reasons, I urge the House not to adopt the FORM Act. The bill would severely impair the Federal Reserve's ability to carry out its congressional mandate and would be a grave mistake, detrimental to the economy and the American people.''

I don't think it could be better stated. I think the letter that I just read from Janet Yellen tells it all. It simply warns us about the danger of this bill. It not only warns us. It does it in such a way that everybody can understand it and would not want to put this economy and this country at such a risky position. I am hopeful that the Members will hear this. We will make copies available to everyone. Vote against this bill.

Furthermore, there is a Statement of Administration Policy from the Executive Office of the President, Office of Management and Budget:

''H.R. 3189 would establish requirements for policy rules, codify blackout periods of the Federal Open Market Committee, establish a cost-benefit requirement for other rulemakings by the Federal Reserve Board, and establish numerous, burdensome reporting requirements for the Federal Reserve Board and its members. The Administration therefore strongly opposes H.R. 3189.

''The Federal Reserve is an independent entity designed to be free from political pressures, and its independence is key to its credibility and its ability to act in the long-term interest of the Nation's economic health. One of the most problematic provisions in the bill would require the Comptroller General to audit the conduct of monetary policy by the Federal Reserve Board and the Federal Open Market Committee. The operations of the Federal Reserve are already subject to numerous audit requirements that ensure it is accountable to the Congress and the American people. The only aspect of the Federal Reserve's operations not subject to audit is its monetary policy decisionmaking, and for good reason. Subjecting the Federal Reserve's exercise of monetary policy authority to audits based on political whims of Members of the Congress—of either party—threatens one of the central pillars of the Nation's financial system and economy, and would almost certainly have negative impacts on the Federal Reserve's work to promote price stability and full employment.

''H.R. 3189 also would impose numerous, burdensome requirements for the Federal Reserve Board rulemaking authorities, including the imposition of a duplicative requirement that the Federal Reserve Board undertake a proscriptive cost-benefit analysis and a post-adoption impact assessment when promulgating rules. When a Federal agency, including an independent agency such as the Federal Reserve, promulgates a regulation, the agency must adhere to the robust substantive and procedural requirements of Federal law, including the Administrative Procedure Act, the Regulatory Flexibility Act, the Paperwork Reduction Act, and the Congressional Review Act, among other statutes. Additionally, Executive Order 13579 encourages independent regulatory agencies to conduct reasoned cost-benefit analysis, engage in public participation to the extent feasible, and conduct a systematic retrospective review of regulations.''

I can't read it all, but if the President was presented with H.R. 3189, his senior advisers would recommend that he veto this bill.

I yield back the balance of my time.

Mr. HENSARLING. Mr. Chairman, the ranking member for the last 13 minutes has let us know that the President and his bureaucratic appointees don't want any more transparency and accountability. I don't particularly find a news flash in that.

I have the greatest amount of respect for Chair Yellen. I both like and respect her. I have never encountered a bureaucrat who didn't want more money, more power, less transparency, and less accountability. She is no different. The Dodd-Frank Act has vastly expanded the powers of the Federal Reserve.

Mr. Chairman, for all intents and purposes, they have the ability to actually come in and de facto manage any large financial institution in America. The government has that power. It is a frightening power that has been given by Dodd-Frank, and transparency and accountability is demanded.

In addition, we have a Federal Reserve taking monetary policy and tools to a place it has never been before. At a bare minimum, it owes the people's elected Representatives, the Congress, some transparency on why it is doing what it is doing.

I would, yet again, encourage all Members to actually read the bill before they claim to know what is in the bill. The Federal Reserve maintains its monetary policy independence, as it should. But it must explain to the rest of us what that is and why they choose to deviate from it if they believe economic circumstances warrant. Again, if they want to base monetary policy on the Taylor rule, so be it. If they want to base it on a rousing game of rock, paper, and scissors, so be it. The American people demand answers because this economy is still underperforming. It is not working for working people. This has to change.

We have had the largest economic monetary policy stimulus in our Nation's history, but yet it does not work for working people, and the poor continue to follow behind.

All this bill by the gentleman of Michigan does is bring about needed transparency and accountability to the most powerful economic agency in government today. It is demanded by the vast increases in power by the Dodd-Frank Act. The American people deserve answers. We should enact it.

I encourage all Members to vote for H.R. 3189, the FORM Act.

I yield back the balance of my time.

The Acting CHAIR. All time for general debate has expired.

In lieu of the amendment in the nature of a substitute recommended by the Committee on Financial Services, printed in the bill, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 114–35, modified by the amendment printed in the part B of House Report 114–341, is adopted. The bill, as amended, shall be considered as the original bill for the purpose of further amendment under the 5-minute rule and shall be considered as read.

The text of the bill, as amended, is as follows:

H.R. 3189

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

***SECTION 1. SHORT TITLE; TABLE OF CONTENTS.***

*(a) SHORT TITLE.—This Act may be cited as the ''Fed Oversight Reform and Modernization Act of 2015'' or the ''FORM Act of 2015''.*

*(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:*

*Sec. 1. Short title; table of contents.*
*Sec. 2. Requirements for policy rules of the Federal Open Market Committee.*
*Sec. 3. Federal Open Market Committee blackout period.*
*Sec. 4. Membership of Federal Open Market Committee.*
*Sec. 5. Requirements for stress tests and supervisory letters for the Board of Governors of the Federal Reserve System.*
*Sec. 6. Frequency of testimony of the Chairman of the Board of Governors of the Federal Reserve System to Congress.*
*Sec. 7. Vice Chairman for Supervision report requirement.*
*Sec. 8. Economic analysis of regulations of the Board of Governors of the Federal Reserve System.*
*Sec. 9. Salaries, financial disclosures, and office staff of the Board of Governors of the Federal Reserve System.*
*Sec. 10. Requirements for international processes.*
*Sec. 11. Amendments to powers of the Board of Governors of the Federal Reserve System.*
*Sec. 12. Interest rates on balances maintained at a Federal Reserve bank by depository institutions established by Federal Open Market Committee.*
*Sec. 13. Audit reform and transparency for the Board of Governors of the Federal Reserve System.*
*Sec. 14. Reporting requirement for Export-Import Bank.*
*Sec. 15. Membership of Board of Directors of the Federal reserve banks.*
*Sec. 16. Establishment of a Centennial Monetary Commission.*

***SEC. 2. REQUIREMENTS FOR POLICY RULES OF THE FEDERAL OPEN MARKET COMMITTEE.***

*The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 2B the following new section:*

***''SEC. 2C. DIRECTIVE POLICY RULES OF THE FEDERAL OPEN MARKET COMMITTEE.***

*''(a) DEFINITIONS.—In this section the following definitions shall apply:*

*''(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term 'appropriate congressional committees' means the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.*

*''(2) DIRECTIVE POLICY RULE.—The term 'Directive Policy Rule' means a policy rule developed by the Federal Open Market Committee that meets the requirements of subsection (c) and that provides the basis for the Open Market Operations Directive.*

*''(3) GDP.—The term 'GDP' means the gross domestic product of the United States as computed and published by the Department of Commerce.*

*''(4) INTERMEDIATE POLICY INPUT.—The term 'Intermediate Policy Input'—*

*''(A) may include any variable determined by the Federal Open Market Committee as a necessary input to guide open-market operations;*

*''(B) shall include an estimate of, and the method of calculation for, the current rate of inflation or current inflation expectations; and*

*''(C) shall include, specifying whether the variable or estimate is historical, current, or a forecast and the method of calculation, at least one of—*

*''(i) an estimate of real GDP, nominal GDP, or potential GDP;*

*''(ii) an estimate of the monetary aggregate compiled by the Board of Governors of the Federal Reserve System and Federal reserve banks; or*

*''(iii) an interactive variable or a net estimate composed of the estimates described in clauses (i) and (ii).*

*''(5) LEGISLATIVE DAY.—The term 'legislative day' means a day on which either House of Congress is in session.*

*''(6) OPEN MARKET OPERATIONS DIRECTIVE.—The term 'Open Market Operations Directive' means an order to achieve a specified Policy Instrument Target provided to the Federal Reserve Bank of New York by the Federal Open Market Committee pursuant to powers authorized under section 14 of this Act that guide open-market operations.*

*''(7) POLICY INSTRUMENT.—The term 'Policy Instrument' means—*

*''(A) the nominal Federal funds rate;*

*''(B) the nominal rate of interest paid on nonborrowed reserves; or*

*''(C) the discount window primary credit interest rate most recently published on the Federal Reserve Statistical Release on selected interest rates (daily or weekly), commonly referred to as the H.15 release.*

*''(8) POLICY INSTRUMENT TARGET.—The term 'Policy Instrument Target' means the target for the Policy Instrument specified in the Open Market Operations Directive.*

*''(9) REFERENCE POLICY RULE.—The term 'Reference Policy Rule' means a calculation of the nominal Federal funds rate as equal to the sum of the following:*

*''(A) The rate of inflation over the previous four quarters.*

*''(B) One-half of the percentage deviation of the real GDP from an estimate of potential GDP.*

*''(C) One-half of the difference between the rate of inflation over the previous four quarters and two percent.*

*''(D) Two percent.*

*''(b) SUBMITTING A DIRECTIVE POLICY RULE.—Not later than 48 hours after the end of a meeting of the Federal Open Market Committee, the Chairman of the Federal Open Market Committee shall submit to the appropriate congressional committees and the Comptroller General of the United States a Directive Policy Rule and a statement that identifies the members of the Federal Open Market Committee who voted in favor of the Rule.*

*''(c) REQUIREMENTS FOR A DIRECTIVE POLICY RULE.—A Directive Policy Rule shall—*

*''(1) identify the Policy Instrument the Directive Policy Rule is designed to target;*

*''(2) describe the strategy or rule of the Federal Open Market Committee for the systematic quantitative adjustment of the Policy Instrument Target to respond to a change in the Intermediate Policy Inputs;*

*''(3) include a function that comprehensively models the interactive relationship between the Intermediate Policy Inputs;*

*''(4) include the coefficients of the Directive Policy Rule that generate the current Policy Instrument Target and a range of predicted future values for the Policy Instrument Target if changes occur in any Intermediate Policy Input;*

*''(5) describe the procedure for adjusting the supply of bank reserves to achieve the Policy Instrument Target;*

*''(6) include a statement as to whether the Directive Policy Rule substantially conforms to the Reference Policy Rule and, if applicable—*

*''(A) an explanation of the extent to which it departs from the Reference Policy Rule;*

*''(B) a detailed justification for that departure; and*

*''(C) a description of the circumstances under which the Directive Policy Rule may be amended in the future;*

*''(7) include a certification that such Rule is expected to support the economy in achieving stable prices and maximum natural employment over the long term; and*

*''(8) include a calculation that describes with mathematical precision the expected annual inflation rate over a 5-year period.*

*''(d) GAO REPORT.—The Comptroller General of the United States shall compare the Directive Policy Rule submitted under subsection (b) with the rule that was most recently submitted to determine whether the Directive Policy Rule has materially changed. If the Directive Policy Rule has materially changed, the Comptroller General shall, not later than 7 days after each meeting of the Federal Open Market Committee, prepare and submit a compliance report to the appropriate congressional committees specifying whether the Directive Policy Rule submitted after that meeting and the Federal Open Market Committee are in compliance with this section.*

*''(e) CHANGING MARKET CONDITIONS.—*

*''(1) RULE OF CONSTRUCTION.—Nothing in this Act shall be construed to require that the plans with respect to the systematic quantitative adjustment of the Policy Instrument Target described under subsection (c)(2) be implemented if the Federal Open Market Committee determines that such plans cannot or should not be achieved due to changing market conditions.*

*''(2) GAO APPROVAL OF UPDATE.—Upon determining that plans described in paragraph (1) cannot or should not be achieved, the Federal Open Market Committee shall submit an explanation for that determination and an updated version of the Directive Policy Rule to the Comptroller General of the United States and the appropriate congressional committees not later than 48 hours after making the determination. The Comptroller General shall, not later than 48 hours after receiving such updated version, prepare and submit to the appropriate congressional committees a compliance report determining whether such updated version and the Federal Open Market Committee are in compliance with this section.*

*''(f) DIRECTIVE POLICY RULE AND FEDERAL OPEN MARKET COMMITTEE NOT IN COMPLIANCE.—*

*''(1) IN GENERAL.—If the Comptroller General of the United States determines that the Directive Policy Rule and the Federal Open Market Committee are not in compliance with this section in the report submitted pursuant to subsection (d), or that the updated version of the Directive Policy Rule and the Federal Open Market Committee are not in compliance with this section in the report submitted pursuant to subsection (e)(2), the Chairman of the Board of Governors of the Federal Reserve System shall, if requested by the chairman of either of the appropriate congressional committees, not later than 7 legislative days after such request, testify before such committee as to why the Directive Policy Rule, the updated version, or the Federal Open Market Committee is not in compliance.*

*''(2) GAO AUDIT.—Notwithstanding subsection (b) of section 714 of title 31, United States Code, upon submitting a report of noncompliance pursuant to subsection (d) or subsection (e)(2) and after the period of 7 legislative days described in paragraph (1), the Comptroller General shall audit the conduct of monetary policy by the Board of Governors of the Federal Reserve System and the Federal Open Market Committee upon request of the appropriate congressional committee. Such committee may specify the parameters of such audit.*

*''(g) CONGRESSIONAL HEARINGS.—The Chairman of the Board of Governors of the Federal Reserve System shall, if requested by the chairman of either of the appropriate congressional committees and not later than 7 legislative days after such request, appear before such committee to explain any change to the Directive Policy Rule.''.*

***SEC. 3. FEDERAL OPEN MARKET COMMITTEE BLACKOUT PERIOD.***

*Section 12A of the Federal Reserve Act (12 U.S.C. 263) is amended by adding at the end the following new subsection:*

*''(d) BLACKOUT PERIOD.—*

*''(1) IN GENERAL.—During a blackout period, the only public communications that may be made by members and staff of the Committee with respect to macroeconomic or financial developments or about current or prospective monetary policy issues are the following:*

*''(A) The dissemination of published data, surveys, and reports that have been cleared for publication by the Board of Governors of the Federal Reserve System.*

*''(B) Answers to technical questions specific to a data release.*

*''(C) Communications with respect to the prudential or supervisory functions of the Board of Governors.*

*''(2) BLACKOUT PERIOD DEFINED.—For purposes of this subsection, and with respect to a meeting of the Committee described under subsection (a), the term 'blackout period' means the time period that—*

*''(A) begins immediately after midnight on the day that is one week prior to the date on which such meeting takes place; and*

*''(B) ends at midnight on the day after the date on which such meeting takes place.*

*''(3) EXEMPTION FOR CHAIRMAN OF THE BOARD OF GOVERNORS.—Nothing in this section shall prohibit the Chairman of the Board of Governors of the Federal Reserve System from participating in or issuing public communications.''.*

***SEC. 4. MEMBERSHIP OF FEDERAL OPEN MARKET COMMITTEE.***

*Section 12A(a) of the Federal Reserve Act (12 U.S.C. 263(a)) is amended—*

*(1) in the first sentence, by striking ''five'' and inserting ''six'';*

*(2) in the second sentence, by striking ''One by the board of directors'' and all that follows through the period at the end and inserting the following: ''One by the boards of directors of the Federal Reserve Banks of New York and Boston; one by the boards of directors of the Federal Reserve Banks of Philadelphia and Cleveland; one by the boards of directors of the Federal Reserve Banks of Richmond and Atlanta; one by the boards of directors of the Federal Reserve Banks of Chicago and St. Louis; one by the boards of directors of the Federal Reserve Banks of Minneapolis and Kansas City; and one by the boards of directors of the Federal Reserve Banks of Dallas and San Francisco.''; and*

*(3) by inserting after the second sentence the following: ''In odd numbered calendar years, one representative shall be elected from each of the Federal Reserve Banks of Boston, Philadelphia, Richmond, Chicago, Minneapolis, and Dallas. In even-numbered calendar years, one representative shall be elected from each of the Federal Reserve Banks of New York, Cleveland, Atlanta, St. Louis, Kansas City, and San Francisco.''.*

***SEC. 5. REQUIREMENTS FOR STRESS TESTS AND SUPERVISORY LETTERS FOR THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.***

*(a) STRESS TEST RULEMAKING, GAO REVIEW, AND PUBLICATION OF RESULTS.—Section 165(i)(1)(B) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5365(i)(1)(B)) is amended—*

*(1) by amending clause (i) to read as follows:*

*''(i) shall—*

*''(I) issue regulations, after providing for public notice and comment, that provide for at least 3 different sets of conditions under which the evaluation required by this subsection shall be conducted, including baseline, adverse, and severely adverse, and methodologies, including models used to estimate losses on certain assets; and*

*''(II) provide copies of such regulations to the Comptroller General of the United States and the Panel of Economic Advisors of the Congressional Budget Office before publishing such regulations;''; and*

*(2) in clause (v), by inserting before the period the following: '', including any results of a resubmitted test''.*

*(b) APPLICATION OF CCAR.—Section 165(i)(1) of such Act is further amended by adding at the end the following new subparagraph:*

*''(C) APPLICATION TO CCAR.—The requirements of subparagraph (B) shall apply to all stress tests performed under the Comprehensive Capital Analysis and Review exercise established by the Board of Governors.''.*

*(c) PUBLICATION OF THE NUMBER OF SUPERVISORY LETTERS SENT TO THE LARGEST BANK HOLDING COMPANIES.—Section 165 of such Act is further amended by adding at the end the following new subsection:*

*''(l) PUBLICATION OF SUPERVISORY LETTER INFORMATION.—The Board of Governors shall publicly disclose—*

*''(1) the aggregate number of supervisory letters sent to bank holding companies described in subsection (a) since the date of the enactment of this section, and keep such number updated; and*

*''(2) the aggregate number of such letters that are designated as 'Matters Requiring Attention' and the aggregate number of such letters that are designated as 'Matters Requiring Immediate Attention'.''.*

***SEC. 6. FREQUENCY OF TESTIMONY OF THE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM TO CONGRESS.***

*(a) IN GENERAL.—Section 2B of the Federal Reserve Act (12 U.S.C. 225b) is amended—*

*(1) by striking ''semi-annual'' each place it appears and inserting ''quarterly''; and*

*(2) in subsection (a)(2)—*

*(A) by inserting ''and October 20'' after ''July 20'' each place it appears; and*

*(B) by inserting ''and May 20'' after ''February 20'' each place it appears.*

*(b) CONFORMING AMENDMENT.—Paragraph (12) of section 10 of the Federal Reserve Act (12 U.S.C. 247b(12)) is amended by striking ''semi-annual'' and inserting ''quarterly''.*

***SEC. 7. VICE CHAIRMAN FOR SUPERVISION REPORT REQUIREMENT.***

*Paragraph (12) of section 10 of the Federal Reserve Act (12 U.S.C. 247(b)) is amended—*

*(1) by redesignating such paragraph as paragraph (11); and*

*(2) in such paragraph, by adding at the end the following: ''In each such appearance, the Vice Chairman for Supervision shall provide written testimony that includes the status of all pending and anticipated rulemakings that are being made by the Board of Governors of the Federal Reserve System. If, at the time of any appearance described in this paragraph, the position of Vice Chairman for Supervision is vacant, the Vice Chairman for the Board of Governors of the Federal Reserve System (who has the responsibility to serve in the absence of the Chairman) shall appear instead and provide the required written testimony. If, at the time of any appearance described in this paragraph, both Vice Chairman positions are vacant, the Chairman of the Board of Governors of the Federal Reserve System shall appear instead and provide the required written testimony.''.*

***SEC. 8. ECONOMIC ANALYSIS OF REGULATIONS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.***

*(a) AMENDMENT TO FEDERAL RESERVE ACT.—Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended by inserting after subsection (l) the following new subsection:*

*''(m) CONSIDERATION OF ECONOMIC IMPACTS.—*

*''(1) IN GENERAL.—Before issuing any regulation, the Board of Governors of the Federal Reserve System shall—*

*''(A) clearly identify the nature and source of the problem that the proposed regulation is designed to address and assess the significance of that problem;*

*''(B) assess whether any new regulation is warranted or, with respect to a proposed regulation that the Board of Governors is required to issue by statute and with respect to which the Board has the authority to exempt certain persons from the application of such regulation, compare—*

*''(i) the costs and benefits of the proposed regulation; and*

*''(ii) the costs and benefits of a regulation under which the Board exempts all persons from the application of the proposed regulation, to the extent the Board is able;*

*''(C) assess the qualitative and quantitative costs and benefits of the proposed regulation and propose or adopt a regulation only on a reasoned determination that the benefits of the proposed regulation outweigh the costs of the regulation;*

*''(D) identify and assess available alternatives to the proposed regulation that were considered, including any alternative offered by a member of the Board of Governors of the Federal Reserve System or the Federal Open Market Committee and including any modification of an existing regulation, together with an explanation of why the regulation meets the regulatory objectives more effectively than the alternatives; and*

*''(E) ensure that any proposed regulation is accessible, consistent, written in plain language, and easy to understand and shall measure, and seek to improve, the actual results of regulatory requirements.*

*''(2) CONSIDERATIONS AND ACTIONS.—*

*''(A) REQUIRED ACTIONS.—In deciding whether and how to regulate, the Board shall assess the costs and benefits of available regulatory alternatives, including the alternative of not regulating, and choose the approach that maximizes net benefits. Specifically, the Board shall—*

*''(i) evaluate whether, consistent with achieving regulatory objectives, the regulation is tailored to impose the least impact on the availability of credit and economic growth and to impose the least burden on society, including market participants, individuals, businesses of different sizes, and other entities (including State and local governmental entities), taking into account, to the extent practicable, the cumulative costs of regulations;*

*''(ii) evaluate whether the regulation is inconsistent, incompatible, or duplicative of other Federal regulations; and*

*''(iii) with respect to a proposed regulation that the Board is required to issue by statute and with respect to which the Board has the authority to exempt certain persons from the application of such regulation, compare—*

*''(I) the costs and benefits of the proposed regulation; and*

*''(II) the costs and benefits of a regulation under which the Board exempts all persons from the application of the proposed regulation, to the extent the Board is able.*

*''(B) ADDITIONAL CONSIDERATIONS.—In addition, in making a reasoned determination of the costs and benefits of a proposed regulation, the Board shall, to the extent that each is relevant to the particular proposed regulation, take into consideration the impact of the regulation, including secondary costs such as an increase in the cost or a reduction in the availability of credit or investment services or products, on—*

*''(i) the safety and soundness of the United States banking system;*

*''(ii) market liquidity in securities markets;*

*''(iii) small businesses;*

*''(iv) community banks;*

*''(v) economic growth;*

*''(vi) cost and access to capital;*

*''(vii) market stability;*

*''(viii) global competitiveness;*

*''(ix) job creation;*

*''(x) the effectiveness of the monetary policy transmission mechanism; and*

*''(xi) employment levels.*

*''(3) EXPLANATION AND COMMENTS.—The Board shall explain in its final rule the nature of comments that it received and shall provide a response to those comments in its final rule, including an explanation of any changes that were made in response to those comments and the reasons that the Board did not incorporate concerns related to the potential costs or benefits in the final rule.*

*''(4) POSTADOPTION IMPACT ASSESSMENT.—*

*''(A) IN GENERAL.—Whenever the Board adopts or amends a regulation designated as a 'major rule' within the meaning of section 804(2) of title 5, United States Code, it shall state, in its adopting release, the following:*

*''(i) The purposes and intended consequences of the regulation.*

*''(ii) The assessment plan that will be used, consistent with the requirements of subparagraph (B), to assess whether the regulation has achieved the stated purposes.*

*''(iii) Appropriate postimplementation quantitative and qualitative metrics to measure the economic impact of the regulation and the extent to which the regulation has accomplished the stated purpose of the regulation.*

*''(iv) Any reasonably foreseeable indirect effects that may result from the regulation.*

*''(B) REQUIREMENTS OF ASSESSMENT PLAN AND REPORT.—*

*''(i) REQUIREMENTS OF PLAN.—The assessment plan required under this paragraph shall consider the costs, benefits, and intended and unintended consequences of the regulation. The plan shall specify the data to be collected, the methods for collection and analysis of the data, and a date for completion of the assessment. The assessment plan shall include an analysis of any jobs added or lost as a result of the regulation, differentiating between public and private sector jobs.*

*''(ii) SUBMISSION AND PUBLICATION OF REPORT.—The Board shall, not later than 2 years after the publication of the adopting release, publish the assessment plan in the Federal Register for notice and comment. If the Board determines, at least 90 days before the deadline for publication of the assessment plan, that an extension is necessary, the Board shall publish a notice of such extension and the specific reasons why the extension is necessary in the Federal Register. Any material modification of the assessment plan, as necessary to assess unforeseen aspects or consequences of the regulation, shall be promptly published in the Federal Register for notice and comment.*

*''(iii) DATA COLLECTION NOT SUBJECT TO NOTICE AND COMMENT REQUIREMENTS.—If the Board has published the assessment plan for notice and comment at least 30 days before the adoption of a regulation designated as a major rule, the collection of data under the assessment plan shall not be subject to the notice and comment requirements in section 3506(c) of title 44, United States Code (commonly referred to as the Paperwork Reduction Act). Any material modification of the plan that requires collection of data not previously published for notice and comment shall also be exempt from such requirements if the Board has published notice in the Federal Register for comment on the additional data to be collected, at least 30 days before the initiation of data collection.*

*''(iv) FINAL ACTION.—Not later than 180 days after publication of the assessment plan in the Federal Register, the Board shall issue for notice and comment a proposal to amend or rescind the regulation, or shall publish a notice that the Board has determined that no action will be taken on the regulation. Such a notice will be deemed a final agency action.*

*''(5) COVERED REGULATIONS AND OTHER ACTIONS.—Solely as used in this subsection, the term 'regulation'—*

*''(A) means a statement of general applicability and future effect that is designed to implement, interpret, or prescribe law or policy, or to describe the procedure or practice requirements of the Board of Governors, including rules, orders of general applicability, interpretive releases, and other statements of general applicability that the Board of Governors intends to have the force and effect of law; and*

*''(B) does not include—*

*''(i) a regulation issued in accordance with the formal rulemaking provisions of section 556 or 557 of title 5, United States Code;*

*''(ii) a regulation that is limited to the organization, management, or personnel matters of the Board of Governors;*

*''(iii) a regulation promulgated pursuant to statutory authority that expressly prohibits compliance with this provision; or*

*''(iv) a regulation that is certified by the Board of Governors to be an emergency action, if such certification is published in the Federal Register.''.*

*(b) RULE OF CONSTRUCTION.—Nothing in this section shall apply to the requirements regarding the conduct of monetary policy described in section 2.*

***SEC. 9. SALARIES, FINANCIAL DISCLOSURES, AND OFFICE STAFF OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.***

*(a) IN GENERAL.—Section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended—*

*(1) by redesignating the second subsection (s) (relating to ''Assessments, Fees, and Other Charges for Certain Companies'') as subsection (t); and*

*(2) by adding at the end the following new subsections:*

*''(u) ETHICS STANDARDS FOR MEMBERS AND EMPLOYEES.—*

*''(1) PROHIBITED AND RESTRICTED FINANCIAL INTERESTS AND TRANSACTIONS.—The members and employees of the Board of Governors of the Federal Reserve System shall be subject to the provisions under section 4401.102 of title 5, Code of Federal Regulations, to the same extent as such provisions apply to an employee of the Securities and Exchange Commission.*

*''(2) TREATMENT OF BROKERAGE ACCOUNTS AND AVAILABILITY OF ACCOUNT STATEMENTS.—The members and employees of the Board of Governors of the Federal Reserve System shall—*

*''(A) disclose all brokerage accounts that they maintain, as well as those in which they control trading or have a financial interest (including managed accounts, trust accounts, investment club accounts, and the accounts of spouses or minor children who live with the member or employee); and*

*''(B) with respect to any securities account that the member or employee is required to disclose to the Board of Governors, authorize their brokers and dealers to send duplicate*

*account statements directly to Board of Governors.*

*''(3) PROHIBITIONS RELATED TO OUTSIDE EMPLOYMENT AND ACTIVITIES.—The members and employees of the Board of Governors of the Federal Reserve System shall be subject to the prohibitions related to outside employment and activities described under section 4401.103(c) of title 5, Code of Federal Regulations, to the same extent as such prohibitions apply to an employee of the Securities and Exchange Commission.*

*''(4) ADDITIONAL ETHICS STANDARDS.—The members and employees of the Board of Governors of the Federal Reserve System shall be subject to—*

*''(A) the employee responsibilities and conduct regulations of the Office of Personnel Management under part 735 of title 5, Code of Federal Regulations;*

*''(B) the canons of ethics contained in subpart C of part 200 of title 17, Code of Federal Regulations, to the same extent as such subpart applies to the employees of the Securities and Exchange Commission; and*

*''(C) the regulations concerning the conduct of members and employees and former members and employees contained in subpart M of part 200 of title 17, Code of Federal Regulations, to the same extent as such subpart applies to the employees of the Securities and Exchange Commission.*

*''(v) DISCLOSURE OF STAFF SALARIES AND FINANCIAL INFORMATION.—The Board of Governors of the Federal Reserve System shall make publicly available, on the website of the Board of Governors, a searchable database that contains the names of all members, officers, and employees of the Board of Governors who receive an annual salary in excess of the annual rate of basic pay for GS–15 of the General Schedule, and—*

*''(1) the yearly salary information for such individuals, along with any nonsalary compensation received by such individuals; and*

*''(2) any financial disclosures required to be made by such individuals.''.*

*(b) OFFICE STAFF FOR EACH MEMBER OF THE BOARD OF GOVERNORS.—Subsection (l) of section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended by adding at the end the following: ''Each member of the Board of Governors of the Federal Reserve System may employ, at a minimum, 2 individuals, with such individuals selected by such member and the salaries of such individuals set by such member. A member may employ additional individuals as determined necessary by the Board of Governors.''.*

***SEC. 10. REQUIREMENTS FOR INTERNATIONAL PROCESSES.***

*(a) BOARD OF GOVERNORS REQUIREMENTS.—Section 11 of the Federal Reserve Act (12 U.S.C. 248), as amended by section 9 of this Act, is further amended by adding at the end the following new subsection:*

*''(w) INTERNATIONAL PROCESSES.—*

*''(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before any member or employee of the Board of Governors of the Federal Reserve System participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Governors shall—*

*''(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(B) make such notice available to the public, including on the website of the Board of Governors; and*

*''(C) solicit public comment, and consult with the committees described under subparagraph (A), with respect to the subject matter, scope, and goals of the process.*

*''(2) PUBLIC REPORTS ON PROCESS.—After the end of any process described under paragraph (1), the Board of Governors shall issue a public report on the topics that were discussed during the process and any new or revised rulemakings or policy changes that the Board of Governors believes should be implemented as a result of the process.*

*''(3) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before any member or employee of the Board of Governors of the Federal Reserve System participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Governors shall—*

*''(A) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(B) make such notice available to the public, including on the website of the Board of Governors; and*

*''(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.*

*''(4) DEFINITION.—For purposes of this subsection, the term 'process' shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).''.*

*(b) FDIC REQUIREMENTS.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:*

***''SEC. 51. INTERNATIONAL PROCESSES.***

*''(a) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Board of Directors participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—*

*''(1) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(2) make such notice available to the public, including on the website of the Corporation; and*

*''(3) solicit public comment, and consult with the committees described under paragraph (1), with respect to the subject matter, scope, and goals of the process.*

*''(b) PUBLIC REPORTS ON PROCESS.—After the end of any process described under subsection (a), the Board of Directors shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Board of Directors believes should be implemented as a result of the process.*

*''(c) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before the Board of Directors participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—*

*''(1) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(2) make such notice available to the public, including on the website of the Corporation; and*

*''(3) consult with the committees described under paragraph (1) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.*

*''(d) DEFINITION.—For purposes of this section, the term 'process' shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).''.*

*(c) TREASURY REQUIREMENTS.—Section 325 of title 31, United States Code, is amended by adding at the end the following new subsection:*

*''(d) INTERNATIONAL PROCESSES.—*

*''(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Secretary participates in a process of setting financial standards as a part of any foreign or multinational entity, the Secretary shall—*

*''(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(B) make such notice available to the public, including on the website of the Department of the Treasury; and*

*''(C) solicit public comment, and consult with the committees described under subparagraph (A), with respect to the subject matter, scope, and goals of the process.*

*''(2) PUBLIC REPORTS ON PROCESS.—After the end of any process described under paragraph (1), the Secretary shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Secretary believes should be implemented as a result of the process.*

*''(3) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before the Secretary participates in a process of setting financial standards as a part of any foreign or multinational entity, the Secretary shall—*

*''(A) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(B) make such notice available to the public, including on the website of the Department of the Treasury; and*

*''(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.*

*''(4) DEFINITION.—For purposes of this subsection, the term 'process' shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).''.*

*(d) OCC REQUIREMENTS.—Chapter one of title LXII of the Revised Statutes of the United States (12 U.S.C. 21 et seq.) is amended—*

*(1) by adding at the end the following new section:*

***''SEC. 5156B. INTERNATIONAL PROCESSES.***

*''(a) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Comptroller of the Currency participates in a process of setting financial standards as a part of any foreign or multinational entity, the Comptroller of the Currency shall—*

*''(1) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(2) make such notice available to the public, including on the website of the Office of the Comptroller of the Currency; and*

*''(3) solicit public comment, and consult with the committees described under paragraph (1), with respect to the subject matter, scope, and goals of the process.*

*''(b) PUBLIC REPORTS ON PROCESS.—After the end of any process described under subsection (a), the Comptroller of the Currency shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Comptroller of the Currency believes should be implemented as a result of the process.*

*''(c) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before the Comptroller of the Currency participates in a process of setting financial standards as a part of any foreign or multinational entity, the Board of Directors shall—*

*''(1) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(2) make such notice available to the public, including on the website of the Office of the Comptroller of the Currency; and*

*''(3) consult with the committees described under paragraph (1) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.*

*''(d) DEFINITION.—For purposes of this section, the term 'process' shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).''; and*

*(2) in the table of contents for such chapter, by adding at the end the following new item:*

*''5156B. International processes.''.*

*(e) SECURITIES AND EXCHANGE COMMISSION REQUIREMENTS.—Section 4 of the Securities Exchange Act of 1934 (15 U.S.C. 78d) is amended by adding at the end the following new subsection:*

*''(j) INTERNATIONAL PROCESSES.—*

*''(1) NOTICE OF PROCESS; CONSULTATION.—At least 30 calendar days before the Commission participates in a process of setting financial standards as a part of any foreign or multinational entity, the Commission shall—*

*''(A) issue a notice of the process, including the subject matter, scope, and goals of the process, to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(B) make such notice available to the public, including on the website of the Commission; and*

*''(C) solicit public comment, and consult with the committees described under subparagraph (A), with respect to the subject matter, scope, and goals of the process.*

*''(2) PUBLIC REPORTS ON PROCESS.—After the end of any process described under paragraph (1), the Commission shall issue a public report on the topics that were discussed at the process and any new or revised rulemakings or policy changes that the Commission believes should be implemented as a result of the process.*

*''(3) NOTICE OF AGREEMENTS; CONSULTATION.—At least 90 calendar days before the Commission participates in a process of setting financial standards as a part of any foreign or multinational entity, the Commission shall—*

*''(A) issue a notice of agreement to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate;*

*''(B) make such notice available to the public, including on the website of the Commission; and*

*''(C) consult with the committees described under subparagraph (A) with respect to the nature of the agreement and any anticipated effects such agreement will have on the economy.*

*''(4) DEFINITION.—For purposes of this subsection, the term 'process' shall include any official proceeding or meeting on financial regulation of a recognized international organization with authority to set financial standards on a global or regional level, including the Financial Stability Board, the Basel Committee on Banking Supervision (or a similar organization), and the International Association of Insurance Supervisors (or a similar organization).''.*

***SEC. 11. AMENDMENTS TO POWERS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.***

*(a) IN GENERAL.—Section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3)) is amended—*

*(1) in subparagraph (A)—*

*(A) by inserting ''that pose a threat to the financial stability of the United States'' after ''unusual and exigent circumstances''; and*

*(B) by inserting ''and by the affirmative vote of not less than nine presidents of the Federal reserve banks'' after ''five members'';*

*(2) in subparagraph (B)—*

*(A) in clause (i), by inserting at the end the following: ''Federal reserve banks may not accept equity securities issued by the recipient of any loan or other financial assistance under this paragraph as collateral. Not later than 6 months after the date of enactment of this sentence, the Board shall, by rule, establish—*

*''(I) a method for determining the sufficiency of the collateral required under this paragraph;*

*''(II) acceptable classes of collateral;*

*''(III) the amount of any discount of such value that the Federal reserve banks will apply for purposes of calculating the sufficiency of collateral under this paragraph; and*

*''(IV) a method for obtaining independent appraisals of the value of collateral the Federal reserve banks receive.''; and*

*(B) in clause (ii)—*

*(i) by striking the second sentence; and*

*(ii) by inserting after the first sentence the following: ''A borrower shall not be eligible to borrow from any emergency lending program or facility unless the Board and all federal banking regulators with jurisdiction over the borrower certify that, at the time the borrower initially borrows under the program or facility, the borrower is not insolvent.'';*

*(3) by inserting ''financial institution'' before ''participant'' each place such term appears;*

*(4) in subparagraph (D)(i), by inserting ''financial institution'' before ''participants''; and*

*(5) by adding at the end the following new subparagraphs:*

*''(F) PENALTY RATE.—*

*''(i) IN GENERAL.—Not later than 6 months after the date of enactment of this subparagraph, the Board shall, with respect to a recipient of any loan or other financial assistance under this paragraph, establish by rule a minimum interest rate on the principal amount of any loan or other financial assistance.*

*''(ii) MINIMUM INTEREST RATE DEFINED.—In this subparagraph, the term 'minimum interest rate' shall mean the sum of—*

*''(I) the average of the secondary discount rate of all Federal Reserve banks over the most recent 90-day period; and*

*''(II) the average of the difference between a distressed corporate bond yield index (as defined by rule of the Board) and a bond yield index of debt issued by the United States (as defined by rule of the Board) over the most recent 90-day period.*

*''(G) FINANCIAL INSTITUTION PARTICIPANT DEFINED.—For purposes of this paragraph, the term 'financial institution participant'—*

*''(i) means a company that is predominantly engaged in financial activities (as defined in section 102(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5311(a))); and*

*''(ii) does not include an agency described in subparagraph (W) of section 5312(a)(2) of title 31, United States Code, or an entity controlled or sponsored by such an agency.''.*

*(b) CONFORMING AMENDMENT.—Section 11(r)(2)(A) of such Act is amended—*

*(1) in clause (ii)(IV), by striking ''; and'' and inserting a semicolon;*

*(2) in clause (iii), by striking the period at the end and inserting ''; and''; and*

*(3) by adding at the end the following new clause:*

*''(iv) the available members secure the affirmative vote of not less than nine presidents of the Federal reserve banks.''.*

***SEC. 12. INTEREST RATES ON BALANCES MAINTAINED AT A FEDERAL RESERVE BANK BY DEPOSITORY INSTITUTIONS ESTABLISHED BY FEDERAL OPEN MARKET COMMITTEE.***

*Subparagraph (A) of section 19(b)(12) of the Federal Reserve Act (12 U.S.C. 461(b)(12)(A)) is amended by inserting ''established by the Federal Open Market Committee'' after ''rate or rates''.*

***SEC. 13. AUDIT REFORM AND TRANSPARENCY FOR THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.***

*(a) IN GENERAL.—Notwithstanding section 714 of title 31, United States Code, or any other provision of law, the Comptroller General of the United States shall complete an audit of the Board of Governors of the Federal Reserve System and the Federal reserve banks under subsection (b) of such section 714 within 12 months after the date of the enactment of this Act.*

*(b) REPORT.—*

*(1) IN GENERAL.—Not later than 90 days after the audit required pursuant to subsection (a) is completed, the Comptroller General—*

*(A) shall submit to Congress a report on such audit; and*

*(B) shall make such report available to the Speaker of the House, the majority and minority leaders of the House of Representatives, the majority and minority leaders of the Senate, the Chairman and Ranking Member of the committee and each subcommittee of jurisdiction in the House of Representatives and the Senate, and any other Member of Congress who requests the report.*

*(2) CONTENTS.—The report under paragraph (1) shall include a detailed description of the findings and conclusion of the Comptroller General with respect to the audit that is the subject of the report, together with such recommendations for legislative or administrative action as the Comptroller General may determine to be appropriate.*

*(c) REPEAL OF CERTAIN LIMITATIONS.—Subsection (b) of section 714 of title 31, United*

*States Code, is amended by striking the second sentence.*

*(d) TECHNICAL AND CONFORMING AMENDMENTS.—*

*(1) IN GENERAL.—Section 714 of title 31, United States Code, is amended—*

*(A) in subsection (d)(3), by striking ''or (f)'' each place such term appears;*

*(B) in subsection (e), by striking ''the third undesignated paragraph of section 13'' and inserting ''section 13(3)''; and*

*(C) by striking subsection (f).*

*(2) FEDERAL RESERVE ACT.—Subsection (s) (relating to ''Federal Reserve Transparency and Release of Information'') of section 11 of the Federal Reserve Act (12 U.S.C. 248) is amended—*

*(A) in paragraph (4)(A), by striking ''has the same meaning as in section 714(f)(1)(A) of title 31, United States Code'' and inserting ''means a program or facility, including any special purpose vehicle or other entity established by or on behalf of the Board of Governors of the Federal Reserve System or a Federal reserve bank, authorized by the Board of Governors under section 13(3), that is not subject to audit under section 714(e) of title 31, United States Code'';*

*(B) in paragraph (6), by striking ''or in section 714(f)(3)(C) of title 31, United States Code, the information described in paragraph (1) and information concerning the transactions described in section 714(f) of such title,'' and inserting ''the information described in paragraph (1)''; and*

*(C) in paragraph (7), by striking ''and section 13(3)(C), section 714(f)(3)(C) of title 31, United States Code, and'' and inserting '', section 13(3)(C), and''.*

***SEC. 14. REPORTING REQUIREMENT FOR EXPORT-IMPORT BANK.***

*The Board of Governors of the Federal Reserve System shall include, as part of the monthly Federal Reserve statistical release titled ''Industrial Production or Capacity Utilization'' (or any successor release), an analysis of—*

*(1) the impact on the index described in the statistical release due to the operation of the Export-Import Bank; and*

*(2) the amount of foreign industrial production supported by foreign export credit agencies, using the same method used to measure industrial production in the statistical release and scaled to be comparable to the industrial production measurement for the United States.*

***SEC. 15. MEMBERSHIP OF BOARD OF DIRECTORS OF THE FEDERAL RESERVE BANKS.***

*Section 4 of the Federal Reserve Act (12 U.S.C. 302) is amended—*

*(1) in the eleventh undesignated paragraph (relating to Class B), by striking ''and consumers'' and inserting ''consumers, and traditionally underserved communities and populations''; and*

*(2) in the twelfth undesignated paragraph (relating to Class C), by striking ''and consumers'' and inserting ''consumers, and traditionally underserved communities and populations''.*

***SEC. 16. ESTABLISHMENT OF A CENTENNIAL MONETARY COMMISSION.***

*(a) SHORT TITLE.—This section may be cited as the ''Centennial Monetary Commission Act of 2015''.*

*(b) FINDINGS.—Congress finds the following:*

*(1) The Constitution endows Congress with the power ''to coin money, regulate the value thereof''.*

*(2) Following the financial crisis known as the Panic of 1907, Congress established the National Monetary Commission to provide recommendations for the reform of the financial and monetary systems of the United States.*

*(3) Incorporating several of the recommendations of the National Monetary Commission, Congress created the Federal Reserve System in 1913. As currently organized, the Federal Reserve System consists of the Board of Governors in Washington, District of Columbia, and the Federal Reserve Banks organized into 12 districts around the United States. The stockholders of the 12 Federal Reserve Banks include national and certain State-chartered commercial banks, which operate on a fractional reserve basis.*

*(4) Originally, Congress gave the Federal Reserve System a monetary mandate to provide an elastic currency, within the context of a gold standard, in response to seasonal fluctuations in the demand for currency.*

*(5) Congress also gave the Federal Reserve System a financial stability mandate to serve as the lender of last resort to solvent but illiquid banks during a financial crisis.*

*(6) In 1977, Congress changed the monetary mandate of the Federal Reserve System to a dual mandate for maximum employment and stable prices.*

*(7) Empirical studies and historical evidence, both within the United States and in other countries, demonstrate that price stability is desirable because both inflation and deflation damage the economy.*

*(8) The economic challenge of recent years—most notably the bursting of the housing bubble, the financial crisis of 2008, and the ensuing anemic recovery—have occurred at great cost in terms of lost jobs and output.*

*(9) Policymakers are reexamining the structure and functioning of financial institutions and markets to determine what, if any, changes need to be made to place the financial system on a stronger, more sustainable path going forward.*

*(10) The Federal Reserve System has taken extraordinary actions in response to the recent economic challenges.*

*(11) The Federal Open Market Committee has engaged in multiple rounds of quantitative easing, providing unprecedented liquidity to financial markets, while committing to holding short-term interest rates low for a seemingly indefinite period, and pursuing a policy of credit allocation by purchasing Federal agency debt and mortgage-backed securities.*

*(12) In the wake of the recent extraordinary actions of the Federal Reserve System, Congress—consistent with its constitutional responsibilities and as it has done periodically throughout the history of the United States—has once again renewed its examination of monetary policy.*

*(13) Central in such examination has been a renewed look at what is the most proper mandate for the Federal Reserve System to conduct monetary policy in the 21st century.*

*(c) ESTABLISHMENT OF A CENTENNIAL MONETARY COMMISSION.—There is established a commission to be known as the ''Centennial Monetary Commission'' (in this section referred to as the ''Commission'').*

*(d) STUDY AND REPORT ON MONETARY POLICY.—*

*(1) STUDY.—The Commission shall—*

*(A) examine how United States monetary policy since the creation of the Board of Governors of the Federal Reserve System in 1913 has affected the performance of the United States economy in terms of output, employment, prices, and financial stability over time;*

*(B) evaluate various operational regimes under which the Board of Governors of the Federal Reserve System and the Federal Open Market Committee may conduct monetary policy in terms achieving the maximum sustainable level of output and employment and price stability over the long term, including—*

*(i) discretion in determining monetary policy without an operational regime;*

*(ii) price level targeting;*

*(iii) inflation rate targeting;*

*(iv) nominal gross domestic product targeting (both level and growth rate);*

*(v) the use of monetary policy rules; and*

*(vi) the gold standard;*

*(C) evaluate the use of macro-prudential supervision and regulation as a tool of monetary policy in terms of achieving the maximum sustainable level of output and employment and price stability over the long term;*

*(D) evaluate the use of the lender-of-last-resort function of the Board of Governors of the Federal Reserve System as a tool of monetary policy in terms of achieving the maximum sustainable level of output and employment and price stability over the long term; and*

*(E) recommend a course for United States monetary policy going forward, including—*

*(i) the legislative mandate;*

*(ii) the operational regime;*

*(iii) the securities used in open market operations; and*

*(iv) transparency issues.*

*(2) REPORT.—Not later than December 1, 2016, the Commission shall submit to Congress and make publicly available a report containing a statement of the findings and conclusions of the Commission in carrying out the study under paragraph (1), together with the recommendations the Commission considers appropriate.*

*(e) MEMBERSHIP.—*

*(1) NUMBER AND APPOINTMENT.—*

*(A) APPOINTED VOTING MEMBERS.—The Commission shall contain 12 voting members as follows:*

*(i) Six members appointed by the Speaker of the House of Representatives, with four members from the majority party and two members from the minority party.*

*(ii) Six members appointed by the President Pro Tempore of the Senate, with four members from the majority party and two members from the minority party.*

*(B) CHAIRMAN.—The Speaker of the House of Representatives and the majority leader of the Senate shall jointly designate one of the members of the Commission as Chairman.*

*(C) NON-VOTING MEMBERS.—The Commission shall contain 2 non-voting members as follows:*

*(i) One member appointed by the Secretary of the Treasury.*

*(ii) One member who is the president of a district Federal reserve bank appointed by the Chair of the Board of Governors of the Federal Reserve System.*

*(2) PERIOD OF APPOINTMENT.—Each member shall be appointed for the life of the Commission.*

*(3) TIMING OF APPOINTMENT.—All members of the Commission shall be appointed not later than 30 days after the date of the enactment of this section.*

*(4) VACANCIES.—A vacancy in the Commission shall not affect its powers, and shall be filled in the manner in which the original appointment was made.*

*(5) MEETINGS.—*

*(A) INITIAL MEETING.—The Commission shall hold its initial meeting and begin the operations of the Commission as soon as is practicable.*

*(B) FURTHER MEETINGS.—The Commission shall meet upon the call of the Chair or a majority of its members.*

*(6) QUORUM.—Seven voting members of the Commission shall constitute a quorum but a lesser number may hold hearings.*

*(7) MEMBER OF CONGRESS DEFINED.—In this subsection, the term ''Member of Congress'' means a Senator or a Representative in, or Delegate or Resident Commissioner to, the Congress.*

*(f) POWERS.—*

*(1) HEARINGS AND SESSIONS.—The Commission or, on the authority of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out this section, hold hearings, sit and act at times and places, take testimony, receive evidence, or administer oaths as the Commission or such subcommittee or member thereof considers appropriate.*

*(2) CONTRACT AUTHORITY.—To the extent or in the amounts provided in advance in appropriation Acts, the Commission may contract with and compensate government and private agencies or persons to enable the Commission to discharge its duties under this section, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).*

*(3) OBTAINING OFFICIAL DATA.—*

*(A) IN GENERAL.—The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the Government, any information, including suggestions, estimates, or statistics, for the purposes of this section.*

*(B) REQUESTING OFFICIAL DATA.—The head of such department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the government shall, to the extent authorized by law, furnish such information upon request made by—*

*(i) the Chair;*

*(ii) the Chair of any subcommittee created by a majority of the Commission; or*

*(iii) any member of the Commission designated by a majority of the commission to request such information.*

*(4) ASSISTANCE FROM FEDERAL AGENCIES.—*

*(A) GENERAL SERVICES ADMINISTRATION.—The Administrator of General Services shall provide to the Commission on a reimbursable basis administrative support and other services for the performance of the functions of the Commission.*

*(B) OTHER DEPARTMENTS AND AGENCIES.—In addition to the assistance prescribed in subparagraph (A), at the request of the Commission, departments and agencies of the United States shall provide such services, funds, facilities, staff, and other support services as may be authorized by law.*

*(5) POSTAL SERVICE.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.*

*(g) COMMISSION PERSONNEL.—*

*(1) APPOINTMENT AND COMPENSATION OF STAFF.—*

*(A) IN GENERAL.—Subject to rules prescribed by the Commission, the Chair may appoint and fix the pay of the executive director and other personnel as the Chair considers appropriate.*

*(B) APPLICABILITY OF CIVIL SERVICE LAWS.—The staff of the Commission may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of level V of the Executive Schedule.*

*(2) CONSULTANTS.—The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the rate of pay for a person occupying a position at level IV of the Executive Schedule.*

*(3) STAFF OF FEDERAL AGENCIES.—Upon request of the Commission, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of such department or agency to the Commission to assist it in carrying out its duties under this section.*

*(h) TERMINATION OF COMMISSION.—*

*(1) IN GENERAL.—The Commission shall terminate on June 1, 2017.*

*(2) ADMINISTRATIVE ACTIVITIES BEFORE TERMINATION.—The Commission may use the period between the submission of its report and its termination for the purpose of concluding its activities, including providing testimony to the committee of Congress concerning its report.*

*(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000, which shall remain available until the date on which the Commission terminates.*

***SEC. 17. ELIMINATION OF SURPLUS FUNDS OF FEDERAL RESERVE BANKS.***

*(a) IN GENERAL.—Section 7 of the Federal Reserve Act (12 U.S.C. 289 et seq.) is amended—*

*(1) in subsection (a)—*

*(A) in the heading of such subsection, by striking ''AND SURPLUS FUNDS''; and*

*(B) In paragraph (2), by striking ''deposited in the surplus fund of the bank'' and inserting ''transferred to the Board of Governors of the Federal Reserve System for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury''; and*

*(C) by striking the first subsection (b) (relating to a transfer for fiscal year 2000).*

*(b) TRANSFER TO THE TREASURY.—The Federal Reserve banks shall transfer all of the funds of the surplus funds of such banks to the Board of Governers of the Federal Reserve System for transfer to the Secretary of the Treasury for deposit in the general fund of the Treasury.*

The Acting CHAIR. No further amendment to the bill, as amended, shall be in order except those printed in part C of House Report 114–341. Each such further amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MR. HECK OF WASHINGTON

The Acting CHAIR. It is now in order to consider amendment No. 1 printed in part C of House Report 114–341.

Mr. HECK of Washington. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 5, line 8, strike ''Not''.

Page 5, line 9, insert the following:

''(1) IN GENERAL.—Not''.

Page 5, after line 15, insert the following:

''(2) EXCEPTION.—The requirements of paragraph (1) shall not apply if the Federal Open Market Committee determines at the end of a meeting that the current conditions represent a significant divergence from the goals of maximum employment and stable prices described in section 2A.''.

The Acting CHAIR. Pursuant to House Resolution 529, the gentleman from Washington (Mr. HECK) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Washington.

Mr. HECK of Washington. Mr. Chair, I yield myself 2½ minutes.

Thus far, this has been an interesting debate that seems to have mostly revolved around a philosophical point. On the one hand, you have arguments for increased transparency and accountability. On the other hand, you have arguments against increased political interference by this institution. I have always proceeded with the assumption that philosophical debates are irreconcilable in a lot of regards because you have to presume that the other side has a point of view.

This is not why I oppose the underlying bill. Although I hasten to add, why anybody would ever want to give more authority and control over the levers of the economy to this institution, with its track record in the last several years, including government shutdowns and the like, is beyond me. Again, it is a philosophical debate.

Here is what is not debatable: what is proposed in this bill doesn't work. It does not work. Let's back up. Essentially, color it any way you want, this bill argues for the adoption of the so-called Taylor rule. What is that?

The Taylor rule was devised by Professor Taylor of Stanford in the 1990s, looking back at the experience of the economy and what the Fed had done using a mixture of GDP, GDP potential and inflation, and he derived a formula. The problem is, again, it does not work. That is why I have offered this amendment, which would provide the Fed the ability to opt out, if we get to a stressful situation where clearly the application of the Taylor rule wasn't working.

Here is the deal. I can prove to you that the Taylor rule wouldn't work. Let me show you. We have had a couple of instances in recent history in which we can test the application of the Taylor rule, both against the Fed's mission to achieve price stability as well as achieve full employment.

This chart tracks the years 1979 to 1983. The red line is what the chair of the Fed, Mr. Volcker, utilized in the way of the actual Fed fund rates. The blue line is the Taylor rule. You can see that for many years, Mr. Volcker opted for a 5-percent increase over what the Taylor rule would have been. You can also see that Mr. Volcker was right, that he broke inflation.

Now, unless we want to return to 12 to 14 percent home mortgages and a 17 to 18 percent inflation rate, we should——

The Acting CHAIR. The time of the gentleman has expired.

Mr. HECK of Washington. I yield myself an additional 30 seconds.

Quickly, here is the chart for the most recent economic crisis. The red line is what the Fed did. The Taylor rule is the blue line. This is unemployment.

The Taylor rule would have provided, beginning back in 2010, substantially higher interest rates when unemployment rates were still unacceptably high. The Taylor rule doesn't work. Adopt my amendment.

I reserve the balance of my time.

□ 1845

Mr. HENSARLING. Mr. Chairman, I claim the time in opposition to the amendment.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Chairman, I do rise in opposition to the amendment. The gentleman has clearly stated he doesn't like the underlying bill, so his amendment simply guts the underlying bill and allows the Fed to opt out of the underlying bill.

I have listened carefully to the gentleman's interest and what he recited about the Taylor rule, but again I would encourage him to read the bill because he would then know, as I suspect that he does, that the Federal Reserve under the FORM Act is not mandated to follow the Taylor rule. It is simply a comparison. So, if the Taylor rule is as bad as the gentleman claims it will be, then the FORM Act will reveal that to all the world. All the world will know this.

However, I think if we study economic history carefully, what we will discover is that, when the Fed used a more predictable, rules-based monetary policy to where investors and businesses actually had some idea of what interest rates would be, the economy would flourish, as it did during the great moderation.

So again, the FORM Act allows the Fed to use any monetary policy it wishes, to change the policy, to deviate from the policy, but it has to communicate that to the rest. That is essentially what the FORM Act says. It is about communication. It doesn't tell them how to conduct the policy. It does tell them how to communicate the policy to the American people, who deserve to know this from the single most important economic agency of government today.

Mr. HUIZENGA of Michigan. Will the gentleman yield?

Mr. HENSARLING. I yield to the gentleman, the author of the FORM Act.

Mr. HUIZENGA of Michigan. I appreciate the chairman yielding to me on this.

Exactly what you were talking about is the case. This is merely a benchmark guideline to measure against. In fact, in committee, when Chair Yellen was testifying in front of our committee, I suggested that, if they saw problems, that they would then put a floor or put a ceiling on any movement that could happen within that timeframe. I thought I gave a very helpful suggestion that we call it the Yellen rule at that point, and she can claim credit for doing exactly what is being discussed.

Mr. HENSARLING. Well, I thank the gentleman for his leadership on this.

Again, I have portions of the act in front of me. The bill stipulates: ''Nothing in this Act shall be construed to require.'' That is what the act says on a formal policy directive. ''If the Federal Open Market Committee determines that such plans cannot or should not be achieved due to changing market conditions.''

Again this is about communication. When we have an economy that is underperforming, where had we only had the average recovery in the postwar era every man, woman, and child in America would have $6,000 more, millions would be back to work, I think the American people deserve to ask some hard questions.

This is such an incredible red herring with this argument on independence. Mr. Chairman, the Board of Governors have 14-year terms—second only to lifetime appointments to the bench—14-year terms, independent funding of the congressional appropriations process. And so now we don't want them to answer some questions.

Will their feelings get hurt if they are asked some tough questions by Members of Congress? Are they that delicate that they can't conduct monetary policy if in an open committee hearing they have to answer questions? I think the American people, Mr. Chairman, are saying: Give me a break.

Mr. Chairman, I reserve the balance of my time.

Mr. HECK of Washington. Mr. Chairman, I yield myself 1½ minutes.

Where is it? Bring it. If it is not the Taylor rule, it is some other rule that is going to work magically to achieve price stability and full employment, you think it exists somewhere?

The Taylor rule is what is essentially referenced in the bill. You say: But it isn't required.

Okay. There is a better rule? Show your hand. It is time to lay your cards down. If there is actually some kind of mathematical magic formula that can always trump human judgment and changing economic circumstances, lay it on the table. But you haven't done it.

Mr. HENSARLING. Will the gentleman yield?

Mr. HECK of Washington. I would be glad to yield to the gentleman from Texas out of my extreme respect for both you and the prime sponsor of the bill.

Mr. HENSARLING. Whether you call it a rule or a method or approach, the Fed is already doing something. They are looking at variables, and they are making decisions. All we are asking is that they communicate that to the rest of the American people. Ask them what their rule is. We would like to know. That is what the FORM Act is all about.

Mr. HECK of Washington. Their rule is to break the back of inflation. Their rule is to achieve increased employment. That is the rule they use. Exercising, yes, judgment based upon ever-changing economic circumstances.

But to suggest that you can arbitrarily apply a formula without being willing to advance the formula, you want disclosure, you want transparency? Start with you. Put your rule on the table.

I reserve the balance of my time.

Mr. HENSARLING. Again, it is up to the Fed. You can't argue this both ways. The FORM Act is not imposing a rule. The Fed says that it is data dependent. What is the data? What is the reaction function? Tell us what you are doing. If you decide tomorrow morning you want to do it differently, that is fine. Just tell the rest of us.

In this economy that continues to underperform, an economy that continues to suffer, monetary policy ought to be made clear and transparent to the American people. That is what the FORM Act demands.

I yield the remaining 15 seconds to the gentleman from Michigan (Mr. HUIZENGA).

Mr. HUIZENGA of Michigan. Mr. Chairman, I don't trust Congress enough for us to come up with the rule, which is why I wrote into the bill that the Fed develops the rule, the guideline, the benchmark that they put forward. We know they do this already. They look at the Taylor rule, they look at a number of other models, and they then go advance forward with the best policy that they think is the right thing. We are just asking them to communicate that to Congress and the American people.

Mr. HENSARLING. Mr. Chairman, I urge a rejection of the amendment.

I yield back the balance of my time.

Mr. HECK of Washington. Mr. Chairman, with all due respect to my friend from Michigan, you didn't put the formula in the bill because it doesn't exist. If it did, you would have put it in. If there would have been an absolute magic formula that would keep this economy at full employment and price stability, we would have it on the table, but no such formula exists. That is why you didn't put it in the bill. It doesn't exist.

Adopt the amendment. Allow the Fed to do the job to achieve price stability and full employment.

I yield back the balance of my time.

The Acting CHAIR (Mr. WOODALL). The question is on the amendment offered by the gentleman from Washington (Mr. HECK).

The amendment was rejected.

AMENDMENT NO. 2 OFFERED BY MR. HECK OF WASHINGTON

The Acting CHAIR. It is now in order to consider amendment No. 2 printed in part C of House Report 114–341.

Mr. HECK of Washington. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 6, line 25, strike ''and''.

Page 7, line 3, strike the period at the end and insert ''; and''.

Page 7, after line 3, insert the following:

''(9) include a plan to use the most accurate data, subject to all historical revisions, for inputs into the Directive Policy Rule and the Reference Policy Rule.''.

The Acting CHAIR. Pursuant to House Resolution 529, the gentleman from Washington (Mr. HECK) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Washington.

Mr. HECK of Washington. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the purpose of this amendment is to ask the Fed to build a time machine because, frankly, that is the only way that this bill works.

You see, the fact of the matter is that, when Mr. Taylor, Professor Taylor, devised his study, which was groundbreaking, was important, he did so in the 1990s, looking back over the previous 10 years which, as I indicated earlier, was an unusually fairly stable period of time, unusually fairly stable, not an exceptional performance, good or bad, in the economy.

He did so with the benefit of data that had been updated over time, because, you see, the Bureau of Economic Analysis doesn't just do one fixed number that people get to rely on. In fact, in the first year they put out not one, not two, but three updates, called the advanced estimate, the preliminary estimate, and the final estimate.

But wait, there is more, to quote the Ronco ad. The next year they update again. That is called the annual reestimate. But wait, there is more. Every 5 years they do a benchmark reestimate. That is the data that Professor Taylor had the advantage of.

In essence, to ask the Fed to utilize or apply the Taylor rule or any such thing like it, which does not exist, is to ask them to have the benefit of data which is not final.

I don't know about you, but every month when the unemployment numbers come out, I have begun to view them pretty skeptically over the years. We all know the reason for that: because they get revised so much—so much.

At the beginning of President Obama's first term, when he indicated, as is often cited, that he would act to get unemployment no higher than 8 percent, he was doing so on the basis of the first estimate, which said it was 6.7 percent or something like that. The revision was 7.8 percent 3 months later.

So the fact of the matter is the Taylor rule or anything like it has the advantage of hindsight, which no rule can fully incorporate.

The purpose of this amendment—vote for it, vote against it—is if you want to do this, build yourself a time machine, because that is the only way you can reasonably, with any sense of scholarship and solid research, be able to devise a formula that would work because we don't know the conditions until quite sometime later.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I ask unanimous consent to claim the time in opposition to the amendment, although I am not opposed.

The Acting CHAIR. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Chairman, just to throw my friend and colleague a curve ball, I will support his amendment. Although, I must admit, I am somewhat surprised and shocked, given the debate of the last, that he would want to interfere in the independence of the Fed and require them to use fully revised data.

I will, nonetheless, support the amendment, notwithstanding the intrusion upon their independence.

Mr. Chairman, I yield back the balance of my time.

Mr. HECK of Washington. Mr. Chairman, I am not often speechless in the face of my friend from Texas' remarks.

Look, we cannot perform a calculation without accurate data. If you are going to join me and throw in with H. G. Wells and a great heritage of both literature and cinema history regarding time travel, then I can do nothing but shockingly accept your gracious support of this amendment.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Washington (Mr. HECK).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. GRAYSON

The Acting CHAIR. It is now in order to consider amendment No. 3 printed in part C of House Report 114–341.

Mr. GRAYSON. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 44, line 25, insert ''annually'' after ''shall''.

Page 45, line 7, strike ''the audit'' and insert ''each audit''.

The Acting CHAIR. Pursuant to House Resolution 529, the gentleman from Florida (Mr. GRAYSON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida.

Mr. GRAYSON. Mr. Chairman, my amendment would simply make the one-time audit required by section 13 of this bill an annual audit. A 2011 GAO audit of the Fed, the only independent Fed audit in its 102-year history, detailed how the United States provided at least $16 trillion in loans to bail out American and foreign banks and businesses.

With an annual audit, Congress is at a great advantage in how to avoid waste, fraud, and abuse at the Fed. I urge my colleagues to support this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I ask unanimous consent to claim the time in opposition to the amendment, although I am not opposed.

The Acting CHAIR. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Chairman, I want to thank the gentleman from Florida for his amendment. I rise in support of the amendment.

The FORM Act provides for GAO audits of the Federal Reserve but is silent as to the frequency of when audits should occur. I think the gentleman makes a compelling case.

This will clarify that GAO should audit the Fed on an annual basis, and it will serve to help inform Congress and the American people with regular updates on the Fed's activities. It will promote greater transparency and accountability, which is the objective of the bill.

I urge all Members to adopt the amendment. I thank the gentleman for his leadership here.

Mr. Chairman, I yield back the balance of my time.

Mr. GRAYSON. Mr. Chairman, I yield back the balance of my time.

□ 1900

The Acting CHAIR. The question is on the amendment offered by the gentleman from Florida (Mr. GRAYSON).

The amendment was agreed to.

The Acting CHAIR. It is now in order to consider amendment No. 4 printed in part C of House Report 114–341.

AMENDMENT NO. 5 OFFERED BY MR. GRAYSON

The Acting CHAIR. It is now in order to consider amendment No. 5 printed in part C of House Report 114–341.

Mr. GRAYSON. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end of the bill the following:

**SEC. 17. AMENDMENT TO FEDERAL RESERVE DISTRICTS.**

(a) IN GENERAL.—Section 2 of the Federal Reserve Act, (12 U.S.C. 222 et seq.) is amended—

(1) by striking ''twelve'' each place such term appears and inserting ''fifteen'';

(2) by inserting after the fourth sentence the following: ''One such Federal reserve districts shall be for Northern California (located in San Francisco), one such district shall be for Southern California (located in Los Angeles), and one such district shall be for Florida (located in Orlando). The border between the two California districts shall be drawn so that the districts are contiguous and compact, the population of the districts is approximately equal, and the districts do not divide any California county border as in existence on the date of enactment of this sentence.''

(b) CONFORMING AMENDMENTS.—Section 16 of such Act is amended by striking ''twelve'' and inserting ''fifteen''.

The Acting CHAIR. Pursuant to House Resolution 529, the gentleman from Florida (Mr. GRAYSON) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida.

Mr. GRAYSON. Mr. Chairman, my amendment would increase the number of Federal Reserve Districts from 12 to 15. The three new districts would be for northern California, southern California, and Florida; based in San Francisco, Los Angeles, and Orlando. No current Federal Reserve banks would be relocated as a result.

Take a look at the map to my right and you will see a map that is over a century old. The Federal Reserve Districts have not been updated significantly since they were first established in 1913—102 years ago. It is time to bring our Federal Reserve Districts into the 21st century.

Right now, for instance, one district represents everywhere from Utah to the Pacific Ocean, including Alaska and Hawaii. The three new districts would be centered in three of the fastest growing regions of our country in terms of both population and economic growth.

In 1913, the 12th district, based in San Francisco, had only 6 percent of the population of the United States. In 2000, it had 19 percent, or 65 million Americans.

As you can see from the next chart, districts designed originally a century ago to have equal population have reached the point where one district has 10 times the population of another district.

In the case of the Western district, it now includes a total of nine States jumbled together, California and eight surrounding States. Similarly, the district including Florida and the neighboring States has grown to 45 million Americans—twice the average. It combines Florida and five neighboring States. It is time for the Fed to recognize this change in where Americans live.

A similar change has been made in the court systems over the year. The tenth circuit was taken out of the eighth circuit when the population increased to the point where it was no longer sustainable as a single circuit court.

Similarly, the 11th circuit—my circuit—was carved out of the fifth circuit for exactly the same reason. But the Fed districts have remained static now for a century.

I am proud to introduce this amendment to modernize the Federal Service to more accurately reflect who we are as Americans and where we live and where we work.

I yield to the gentlewoman from California (Ms. MAXINE WATERS).

Ms. MAXINE WATERS of California. Mr. Chair, while I appreciate the spirit of the amendment, which seeks to ensure that the most populous regions of the country have adequate representation within the Federal Reserve system, I am concerned that the amendment does not fully contemplate the implications of adding the additional reserve districts.

For example, the amendment would add a Federal Reserve District headquartered in San Francisco, a city which is already home to a Federal Reserve bank. Furthermore, the current Federal Reserve Bank of San Francisco has a number of branches located throughout the West, including one in Los Angeles, a city which would be home to another Federal Reserve Bank under the gentleman from Florida's amendment.

The amendment also does not address how the new Reserve Banks would participate in the current rotation on the Federal Open Market Committee, a matter which is prescribed by law under section 12(a) of the Federal Reserve Act.

Rather than add an additional Reserve Bank or additional Reserve Banks to the Federal Reserve system, I respectfully submit that the desired effects of this amendment to provide greater diverse range of views across our country could more usefully be achieved without increasing the number of regional Reserve Banks and within the confines of the current system.

The Acting CHAIR. The time of the gentleman from Florida has expired.

Mr. HENSARLING. Mr. Chairman, I rise in opposition to the amendment.

The Acting CHAIR. The gentleman from Texas is recognized for 5 minutes.

Mr. HENSARLING. Mr. Chairman, I want to—I guess to put it civilly—gently oppose the amendment from the gentleman from Florida.

I think the gentleman from Florida does make some good points. These Federal Reserve Districts, in some respects, are anachronistic. They were derived from our early 20th century history. I do believe that it is a subject that needs to be looked at. I am just not prepared to say today that the gentleman has necessarily gotten it right.

There is probably something very humorous today about siting a Federal Reserve Bank in the same city as Disney World. I will refrain from making any such humorous references.

But, again, I think the gentleman makes a good point. I would like this issue to go through regular order. I believe it is a matter that Chairman HUIZENGA and the Monetary Policy and Trade Subcommittee of our full committee will be taking a look at: Are these appropriate cities for the Federal Reserve Banks to be sited?

So, again, I thank the gentleman for bringing the matter to the House's attention, I thank him for bringing it to my attention, but I am not prepared to say that San Francisco, L.A., or Orlando are necessarily the places that Federal Reserve Banks ought to end up, without going through regular order.

So I want to look at the matter, but I would otherwise encourage Members at this time to reject the amendment of the gentleman from Florida. I would ask the House to reject the amendment at this time.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Florida (Mr. GRAYSON).

The amendment was rejected.

AMENDMENT NO. 6 OFFERED BY MR. KING OF IOWA

The Acting CHAIR. It is now in order to consider amendment No. 6 printed in part C of House Report 114–341.

Mr. KING of Iowa. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Add at the end the following:

**SEC. 17. PUBLIC TRANSCRIPTS OF FOMC MEETINGS.**

Section 12A of the Federal Reserve Act (12 U.S.C. 263), as amended by this Act, is further amended by adding at the end the following:

''(e) PUBLIC TRANSCRIPTS OF MEETINGS.—The Committee shall—

''(1) record all meetings of the Committee; and

''(2) make the full transcript of such meetings available to the public.''.

The Acting CHAIR. Pursuant to House Resolution 529, the gentleman from Iowa (Mr. KING) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Iowa.

Mr. KING of Iowa. Mr. Chairman, amendment No. 6 is an amendment that addresses the transparency that we have heard much dialogue about in the debate here on the floor, especially from members of the Financial Services Committee.

It is an amendment that requires that the records of the Federal Open Market Committee be recorded, in the same fashion that our committee meetings are recorded, and made public.

The FOMC sets the monetary policy for the U.S. economy, but there is no law that compels the Fed to release FOMC meeting transcripts to the public. The details of the meetings are crucial for an accurate understanding of how the Fed views the state of the economy and the reasoning behind Fed policy and actions. That has also been a significant part of our debate here with the underlying bill.

So, my amendment directs them to keep a transcript, keep a record, and make that record public. It compels those transcripts to be made public so that those of us here in the United States Congress, but also people in households and businesses across the country, can have a look into the decisions that are made and especially the rationale behind those decisions of the full proceedings of the Federal Open Market Committee.

Every congressional hearing makes these transcripts publicly available. That is what my amendment does. It requires the FOMC to do the same. And I would urge its adoption.

Mr. Chairman, I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Chairman, I rise in opposition to the gentleman's amendment.

The Acting CHAIR (Mr. JODY B. HICE of Georgia). The gentlewoman is recognized for 5 minutes.

Ms. MAXINE WATERS of California. Mr. Chair, the amendment would, at best, duplicate the Federal Reserve's current policy regarding the disclosure of transcripts and, at worst, falsely imply that the Federal Reserve would be prohibited from exercising its discretion in determining when to release FOMC meeting transcripts in accordance with prudent monetary policy. After all, communication in and of itself is a key monetary policy tool, and it would be unwise to tie the Fed's hands when it comes to using it.

Furthermore, any failure to allow the Federal Reserve to strike the appropriate balance between transparency and the disclosure of potentially market-moving information, particularly at a time of financial stress, would have significant adverse impacts on our economy and could, in turn, have a chilling effect on monetary policy deliberations.

To underscore the fact that this potentially harmful amendment is completely unnecessary, I think it is also worth pointing out that the Federal Reserve is already a leader among central banks in advanced economies when it comes to making its transcripts available to the public.

While the Federal Reserve releases transcripts with a 5-year lag, other advanced economies have adopted requirements to release transcripts after much longer periods. Japan's Central Bank releases transcripts to the public after 10 years, and the European Union releases transcripts after 20 years.

In addition to releasing transcripts to the public, the Federal Reserve employs a range of additional measures to enhance the public's understanding of the Federal Open Market Committee's views and expectations. For example, the Federal Reserve issues a statement following the conclusion of each of its meetings that includes the Federal Reserve's policy decisions and its rationale, includes the vote of each FOMC member, and provides a short summary of any dissenting views.

The Federal Reserve also releases detailed minutes that are released on a 3-week lag following each FOMC meeting. The minutes contain a detailed discussion of the policy deliberations and the range of views that were presented and includes votes on each policy action taken by each FOMC member.

Since 2011, the Chair of the Federal Reserve gives a press conference following each FOMC meeting for which a summary of economic projections is prepared, amounting to four press conferences each year. This provides the opportunity for the Chair to explain her views and respond to questions from the financial press.

In January 2012, the Federal Open Market Committee also published a statement of longer-run goals and monetary policy strategy in which it outlined how it would assess its compliance with statutory mandates to promote full employment and price stability. Subsequently, in September 2014, the Federal Reserve published a statement outlining its policy, normalization principles, and plans.

Finally, the Federal Reserve, as it is required by law, regularly testifies before the House and Senate on monetary policy matters on no less than two occasions a year. Chairman Yellen has made herself available to testify on regulatory matters at the request of Congress.

So, all of this is to say that claims that the Federal Reserve lacks transparency or doesn't communicate its thinking to the public just don't hold up to the facts.

I urge Members to oppose this amendment.

Mr. Chairman, I reserve the balance of my time.

MODIFICATION TO AMENDMENT NO. 6 OFFERED BY MR. KING OF IOWA

Mr. KING of Iowa. Mr. Chairman, I ask unanimous consent to modify my amendment with the form I have placed at the desk.

The Acting CHAIR. The Clerk will report the modification.

The Clerk read as follows:

Modification to amendment No. 6 offered by Mr. KING of Iowa:

Add at the end the following:

Page 53, line 4, strike ''and''.

Page 53, line 11, strike the period and insert ''; and''.

Page 53, after line 11, insert the following:

(F) consider the effects of the GDP output and employment targets of the ''dual mandate'' (both from the creation of the dual mandate in 1977 until the present time and estimates of the future effect of the dual mandate ) on—

(i) United States economic activity;

(ii) Federal Reserve actions; and

(iii) Federal debt.

Page 53, line 18, add at the end the following: ''In making such report, the Commission shall specifically report on the considerations required under paragraph (1)(F).''.

□ 1915

The Acting CHAIR. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Acting CHAIR. The amendment is modified.

The Chair recognizes the gentleman from Iowa.

Mr. KING of Iowa. Mr. Chairman, I want to thank the ranking member for her cooperation and opportunity to have this debate, and I will just address it briefly.

In 1977, Congress established what is known as the dual mandate. The dual mandate set the goals of the Federal Reserve System and the Federal Open Market Committee to include goals of maximum employment and stable prices.

There has been a lot of debate about whether the tension of those two issues has brought about decisions of the Fed that might have otherwise been different, and so this amendment requires a study to be done in order to take a look at the effects of the dual mandate. It is pretty simple that way, and I urge its support and adoption.

I circle back then to the transcripts. And in response to the gentlewoman's comments, I would just remind Members of Congress that we do keep records in all of our proceedings. There is a transcript taking place right now of these proceedings, of each of our committees and subcommittees. They are available to the public, and, in fact, we are on C–SPAN with almost all of our subcommittees and committees today.

We are open. We are open records, and there is much sunlight on what we do. And yet, many of the decisions that we make here have far less impact on the American citizen than the decisions made by the Fed.

So, again, I urge the adoption of this modified amendment.

I reserve the balance of my time.

Ms. MAXINE WATERS of California. Mr. Chair, continuing time in opposition, first, the notion that the Federal Reserve's large-scale asset purchases did not help the economy and job growth is simply false. The forceful and sustained actions that the Federal Reserve took in recent years to bring us out of a recession and into recovery are well-documented and cannot be overlooked.

For instance, the November jobs report showed the economy added a whopping 271,000 jobs in October, pushing the unemployment rate down and, even further, to 5 percent and bringing the total number of private sector jobs created to more than 13.3 million over the past 68 months.

Second, the amendment's implication that the Federal Reserve's monetary policy has added to the U.S. national debt is also demonstrably false. Although raising revenue is not the purpose of monetary policy, as a consequence of the Federal Reserve's actions in recent years, it has generated substantial sums in the hundreds of billions of dollars which has returned to the Treasury. These sums have reduced the deficit, not contributed to it.

Rather than relentlessly attacking the Federal Reserve and taking steps to undermine their independence, all of us really should be thanking them for what they have done to get our economy back on track.

I yield back the balance of my time.

Mr. KING of Iowa. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. I thank the gentleman for yielding.

I want to urge all Members of the House to adopt his amendment. With respect to full transcripts of the FOMC meetings, all this is doing is simply codifying a current practice. It is simply to make sure that there is a transparency, at least this level of transparency, that the Fed doesn't backslide.

With respect to the dual mandate, the truth is the Fed has many mandates and they all ought to be examined. The Fed has been around for 100 years. It is time to poke under the hood. That is why we are having the Centennial Monetary Commission, and I think it is important that we take a good look to see if, at times, these are working at cross purposes.

So I thank the gentleman from Iowa for his leadership. I urge all Members to adopt his amendment.

Mr. KING of Iowa. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment, as modified, offered by the gentleman from Iowa (Mr. KING).

The amendment, as modified, was agreed to.

The Acting CHAIR. There being no further amendments, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. WALKER) having assumed the chair, Mr. JODY B. HICE of Georgia, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 3189) to amend the Federal Reserve Act to establish requirements for policy rules and blackout periods of the Federal Open Market Committee, to establish requirements for certain activities of the Board of Governors of the Federal Reserve System, and to amend title 31, United States Code, to reform the manner in which the Board of Governors of the Federal Reserve System is audited, and for other purposes, and, pursuant to House Resolution 529, he reported the bill back to the House with sundry further amendments adopted in the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any further amendment reported from the Committee of the Whole? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. Pursuant to clause 1(c) of rule XIX, further consideration of H.R. 3189 is postponed.

## RECOGNIZING THE AURORA REGIONAL CHAMBER OF COMMERCE

(Mr. FOSTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FOSTER. Mr. Speaker, I rise today to recognize the Aurora Regional Chamber of Commerce in Aurora, Illinois.

For their dedication to hiring veterans in our community, the group recently received the Three Star Chamber of Valor Award by the United States Chamber of Commerce. They were recognized for their participation in the Hiring Our Heroes program and for encouraging local businesses to provide access to good-paying jobs for the men and women who have served our country in uniform.

Of course, they didn't do it on their own, so I would like to join the Chamber in recognizing a few local businesses who have taken the lead in hiring and supporting veterans: Old Second Bank, Alarm Detection Systems, and The Studio at 46 West, a veteran-owned business.

I would also like to join the Chamber in recognizing the Roosevelt Aurora Post No. 84 of the American Legion for their work in serving the community.

I would like to thank the members of the Aurora Regional Chamber of Commerce and all of the local businesses in our community who have made hiring veterans a priority.

## VIOLENT EXTREMISM

The SPEAKER pro tempore (Mr. JODY B. HICE of Georgia). Under the Speaker's announced policy of January 6, 2015, the gentlewoman from New Jersey (Mrs. WATSON COLEMAN) is recognized for 60 minutes as the designee of the minority leader.

### GENERAL LEAVE

Mrs. WATSON COLEMAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extraneous material on the subject of my Special Order.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. WATSON COLEMAN. Mr. Speaker, last week, after many of us had returned to our homes across the country, while our constituents were enjoying the beginning of their weekend, Paris fell victim to one of the most violent terrorist attacks in recent memory.

Nohemi Gonzalez, an American student studying architecture abroad, was among those killed.

A day earlier, in Beirut, dozens of innocent lives were cut short in a coordinated attack on that city.

Earlier this year, an attack at Garissa University in Kenya left 147 dead.

And just yesterday, a suicide bomber killed 34 people in Yola, Nigeria. That attack was followed by two more today, driving the number of lives lost there to 49.

Before we go any further, Mr. Speaker, I would ask for a moment of silence to remember the lives of those who have been lost.

Mr. Speaker, the world is facing an incredible wave of violence with the single purpose of stoking fear. It is the kind of fear that keeps us from solving problems and that paralyzes us into inaction. It is the kind of fear that we are hearing in the calls to block refugees from seeking shelter here in the United States, violating all of our values because of an immediate emotional reaction.

The individuals who committed these atrocious acts of violence are counting on us to fall into that kind of fear, and that is why it is so important not to.

We must stand with our allies in Paris. We must stand with the innocent in Beirut and Garissa and Nigeria. We must stand firm in our role as world leaders and as part of an international coalition dedicated to bringing down ISIS.

We must stand for the values that have always been paramount in the United States, and one of those values is opening our doors to those seeking safety.

We cannot turn our backs to the humanitarian crisis facing the Syrians refugees. They are fleeing a conflict they are not responsible for and want no part in. They have lost their homes, their jobs, and members of their families. The only thing that many of them are seeking is a chance to start over. The vast majority of these refugees are women and children.

Even more importantly, agencies involved with allowing them to enter will prioritize survivors of violence and torture and those with severe illnesses.

If we can do it safely, verifying the identities and backgrounds of those seeking safety here in the United States, and developing systems to ensure that we don't let in anyone seeking to harm us, then we must help these refugees. It is not just our responsibility as a world leader; it is the right thing to do as a nation of immigrants.

While we can't remove every risk, we do have an intensive screening process in place, and refugees receive the greatest scrutiny of any individual coming here. The FBI's Terrorist Screening Center, the Department of Homeland Security, the Department of State, the Department of Defense, and the National Counterterrorism Center are all involved in the process of clearing these people.

As recent events have shown us, the threat of ISIS is real. The terror that they spread across the world, the violence they perpetrate, and their disregard for innocent human life are all despicable.

We have a chance right now to build something positive from these tragedies. We must unify as a global community against the evil of ISIS and in support of peace and freedom and humanity.

The only goal of ISIS is to destroy life. By giving refugees the opportunity to escape, we can save them.