

THE FEDERAL RESERVE BANK OF ATLANTA

The Fed Explained





Fed Explained Infographic Activities

Created by Congress in 1913, the Federal Reserve (the US central bank) is responsible for overseeing the nation's monetary system, ensuring the safety and soundness of the US banking and financial system, providing financial services to depository institutions, and serving as the fiscal agent for the US government. This infographic highlights the basics about the Fed's structure and functions and the Federal Open Market Committee (FOMC), its policymaking body. It also presents aspects of the Fed's role as lender of last resort, the importance of its independence, and the goal of transparency.

Activity 1

Refer to the infographic (bit.ly/frba-fed-explained) to answer the following questions.

1. What is the Federal Reserve?
2. What is the basic structure of the Federal Reserve System?
 - a. Where is the Board of Governors located?
 - b. How many District Banks are there?
 - c. Based on where you live, what is the number of your Federal Reserve district?
 - d. Based on where you live, what states, or parts of states, are included in your Federal Reserve district?
3. How many Federal Reserve District Bank presidents vote as part of the Federal Open Market Committee?
4. How many governors make up the Board of Governors?
5. What Federal Reserve District Bank president is a permanent voting member of the Federal Open Market Committee?
6. How times a year does the FOMC meet?
7. What are the five primary functions of the Federal Reserve?
8. When the Fed pays interest on reserve balances which of its functions is being implemented?
9. What two conditions is the Federal Reserve intending to promote when it sets policy?
10. What must banks be able to provide when coming to the Federal Reserve to obtain credit?
11. What is meant when the Federal Reserve is referred to as the "lender of last resort"?
12. By what entities is the Federal Reserve System audited?
13. What are the two primary sources of funding for the Federal Reserve System?
14. Is the Federal Reserve independent? Explain.
15. Provide examples of how the Federal Reserve provides information to the US public as part of its efforts to promote transparency.



Activity 2

Use the links or excerpts provided to complete the following activities or to answer the questions.

1. Identify the Federal Reserve district in which you reside and then use bit.ly/federal-reserve-districts to research additional information about the district as you answer the following questions:
 - a. What is the city and number of your Federal Reserve district?
 - b. List the Federal Reserve District branches located within your district.
 - c. What is the name of the president of your district Bank?
 - d. List the names of the current members of the Board of Governors.
 - e. Who is the current chair of the Board of Governors? Identify three interesting facts about this person.
2. Use <https://www.federalreserve.gov/aboutthefed.htm> to answer the following questions:
 - a. Who is the current chair of the Board of Governors? Identify three interesting facts about this person.
 - b. Who is the current vice chair of the Board of Governors? Identify three interesting facts about this person.
 - c. When the Board of Governors is fully staffed, there are seven members. In addition to the chair and vice chairman, how many members are there at present?
 - d. Who nominates the governors and what body confirms them?
 - e. What is the length of a governor's full term?
 - f. What is the intention of making the governors' terms lengthy and their appointments staggered?
 - g. How long is the term of the chair and vice chair?
3. Read the following excerpt from the June 17, 2015, FOMC statement and summarize its intent.

To support continued progress toward maximum employment and price stability, the Committee today reaffirmed its view that the current 0 to $\frac{1}{4}$ percent target range for the federal funds rate remains appropriate. In determining how long to maintain this target range, the Committee will assess progress—both realized and expected—toward its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The Committee anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term.
4. Use assorted arts supplies to create a hanger mobile that illustrates the five functions of the Federal Reserve.