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(Original Signature of Member)

115TH CONGRESS
2D SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

Mr. KHANNA introduced the following bill; which was referred to the Committee on _____

A BILL

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

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

1 **SECTION 1. SHORT TITLE.**

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

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

8 Section 2A of the Federal Reserve Act (12 U.S.C.
9 225a) is amended—

10 (1) by striking “The Board of Governors” and
11 inserting “(a) IN GENERAL.—The Board of Gov-
12 ernors shall”;

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

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

16 “(b) GENERAL POLICY: CONGRESSIONAL REVIEW.—

17 In this section, the term ‘maximum employment’ means
18 a labor market in the United States in which—

19 “(1) job seekers can find work;

20 “(2) involuntary part-time work is at a min-
21 imum;

22 “(3) median wages are rising with the rate of
23 worker productivity growth; and

24 “(4) disparities in rates of unemployment and
25 pay between and among racial, gender, urban, rural,

1 and other demographic groups have reached their
2 lowest practicable level.”.

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

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

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

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

4 (3) by striking the tenth, eleventh, fourteenth,
5 sixteenth, seventeenth, and eighteenth undesignated
6 paragraphs;

7 (4) in the twelfth undesignated paragraph—

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

15 (B) by striking “class C”;

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

18 (6) in the twentieth undesignated paragraph—

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

21 (B) by striking “of class C” ; and

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

1 (7) in the twenty-fourth undesignated para-
2 graph—

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

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

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

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

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

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

18 **SEC. 4. STUDIES.**

19 Section 2B(b) of the Federal Reserve Act (12 U.S.C.
20 225b(b)) is amended—

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

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

1 “(2) INFLATION AND EMPLOYMENT FIGURES.—

2 In each report required under paragraph (1), the
3 Board shall include—

4 “(A) the results of a study of the past esti-
5 mates of the Board on longer-run unemploy-
6 ment rates, including—

7 “(i) an assessment of the accuracy of
8 such estimates;

9 “(ii) an assessment of the effect of
10 such estimates on decisions of the Board;
11 and

12 “(iii) recommendations of the Board
13 to improve the accuracy of such estimates;

14 “(B) a study of the inflation target, includ-
15 ing—

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

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

22 “(iii) a summary of the arguments for
23 and against setting the inflation target at
24 2 percent inflation;

1 “(C) an estimate of the impact that the
2 projected pathway for the Federal funds rate is
3 likely to have on labor market conditions and
4 on a variety of demographic groups, including
5 demographic groups that experience unemploy-
6 ment rates above the national rate;

7 “(D) an assessment of whether alternative
8 monetary policy approaches would affect such
9 conditions and on such groups; and

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