



## What Is the Board of Governors?

### Lesson Author

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### Lesson Description

In this lesson, students will view a video clip and answer questions about the Federal Reserve, reinforce knowledge gained from the video through a kinesthetic activity, and review content by using a “chatterbox” game.

### Grade Level

9–12

### Concepts

Board of Governors  
Federal Open Market Committee  
Federal Reserve  
Monetary policy  
Structure of the Federal Reserve

### Objectives:

Students will be able to:

- Recognize the structure of the Federal Reserve, particularly the role of the Board of Governors as the Federal Reserve’s governing body.
- Identify the process by which governors are nominated and the specifications of their service.
- Distinguish the responsibilities of the Board of Governors and the Federal Open Market Committee.

### Time required

45–60 minutes

### Materials

*Internet access*

*Projector and audio to show video content*

*Markers or tape*

*Handout 1: “Video Guide”*

*Visual 1: “Wall Signs for Activity Sheets”*

*Handout 2: “Board of Governors Activity Slips”*

*Handout 3: “Peer Review Chatterbox”*

*Handout 4: “Chatterbox Folding Instructions”*

*Handout 5: “Infographic Extension Activity” (optional)*

*Copy (or copies) of the Fed Explained infographic (optional; may also be viewed online)*



## Preparation

Prior to beginning the activity, post Visual 1: “Wall Sign for Activity Sheets” on the walls of the classroom, and makes copies of Handouts 1, 3, and 4 for each student and a single copy of Handout 2 for the class. Cut Handout 2 into slips.

## Introduction

On November 2, 2017, President Donald Trump nominated [Jerome Powell](https://www.federalreserve.gov/aboutthefed/bios/board/powell.htm) (<https://www.federalreserve.gov/aboutthefed/bios/board/powell.htm>) to be the new Chair of the Federal Reserve’s Board of Governors, succeeding Chair Janet Yellen. For economics teachers, one benefit of this announcement is a greater awareness of the process by which governors, and especially the Chair, are named.

The president nominates all members of the Fed’s Board of Governors, which is the governing body of the Federal Reserve System. Members are confirmed by the US Senate. Governors serve 14-year terms, but may serve longer if they are nominated to fill the position of a departing governor whose term has not yet expired. In that case, they may serve the remainder of that unexpired term and then be appointed for a full 14-year term. The Chair and Vice Chair are presidential appointees who serve four-year terms that may be renewed as long as the governor’s term is active. They must be members of the Board of Governors (or be simultaneously appointed to the Board) and are also confirmed by the Senate. Once a governor’s term has expired, he or she may not be reappointed.

Randal K. Quarles, President Trump’s nominee for governor and vice chairman for supervision, was sworn in on October 13, 2017. Chair Yellen departed the Board two days before Powell was sworn in on February 5, 2018. Richard H. Clarida began a four-year term as Vice Chair of the Board of Governors of the Federal Reserve System on September 17, 2018. [Michelle W. Bowman](https://www.federalreserve.gov/aboutthefed/bios/board/bowman.htm) (<https://www.federalreserve.gov/aboutthefed/bios/board/bowman.htm>) took office as a member of the Board of Governors of the Federal Reserve System on November 26, 2018. Powell, Quarles, Clarida, Bowman, and [Lael Brainard](https://www.federalreserve.gov/aboutthefed/bios/board/brainard.htm) (<https://www.federalreserve.gov/aboutthefed/bios/board/brainard.htm>) serve as the current (April 2020) members of the Board, which consists of seven members when at full complement.

Members of the Board of Governors are not likely to be household names to students, but the role they play as participants in the Federal Open Market Committee (FOMC), the Fed’s monetary policymaking body, has a direct effect on students’ future. Through monetary policy’s influence on the amount of money and credit in the economy, which translates into the level of interest rates, anyone who borrows money—whether to buy a house or car or to fund his or her education—is affected by the Fed’s actions. The impact of interest rate changes on the economy as a whole (investment, spending) also affect employment, which is one of the Fed’s three monetary policy goals (along with stable prices and moderate long-term interest rates) specified by Congress. When students graduate, economic conditions influenced by the Fed’s actions may have a bearing on the ease with which they can find employment and the number of jobs available.

With positions on the Board still open and as the active role of the FOMC in [monetary policy normalization](https://www.federalreserve.gov/monetarypolicy/policy-normalization.htm) (<https://www.federalreserve.gov/monetarypolicy/policy-normalization.htm>) continues, the Board of Governors will remain in the news for some time to come. The accompanying activity will help students learn more about the important work the governors do, whether students are learning about the Board through the lens of current events or through a discussion of monetary policy and macroeconomics.

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## Procedures

1. To begin the lesson, let students know that each year, a [list](https://www.forbes.com/powerful-people/list/) (<https://www.forbes.com/powerful-people/list/>) is compiled of the most powerful people in the world. The list can also be viewed by country, such as the [United States](https://www.forbes.com/powerful-people/list/) (<https://www.forbes.com/powerful-people/list/>). Ask students if they can guess who would be considered the most powerful person in the United States. (*Most will likely guess it is the US president, which is correct.*) Ask students if they can guess other people who might be on the list. (*Answers will vary.*)
2. Reveal to students that the Chair of the Federal Reserve's Board of Governors is considered by many to be the second most powerful person in the country after the president. Ask students why they think the Fed Chair is considered powerful. (*Answers will vary, but if students have prior knowledge of the Federal Reserve, they will know its influence on the economy is the motivation behind the ranking. You may wish to show students the list, including the Fed Chair's #11 ranking on the world list for 2018.*)
3. Explain to students they are going to learn more about the Fed Chair and the Federal Reserve's Board of Governors, and the role they play in the US economy. Distribute Handout 1: "Video Guide" to each student and have students view the Federal Reserve and You [Segment 102](https://youtu.be/SJ-AX6PSPXw): (<https://youtu.be/SJ-AX6PSPXw>) Structure of the Federal Reserve video. (If students do not have prior knowledge of the Fed, [Segment 101](https://youtu.be/XhpS8d5UAug): (<https://youtu.be/XhpS8d5UAug>) may also be played to give them background information.) Supervise students during the video viewing to ensure they are filling in the blanks of their handouts, and review after the video has completed.
4. Pair students together and give each student pair a slip from Handout 2: "Board of Governors Activity Slips." Draw students' attention to the Visual 1 displays around the room and let them know their job is to match their slip to the correct blank. Give students markers to fill in the blanks or tape so they can tape their slip in the correct blank. (There are 10 wall signs and 17 slips; adjust as necessary for the number of students in the class. Wall sign sheets 3, 4, 5, 6, and 7 have one blank to fill, sheets 2, 8, and 9 have two blanks each, and sheets 1 and 10 have three each, so they can be grouped together for smaller classes, or broken up for larger ones.)
5. Allow students time to work, and ask them to return to their seats after they have completed posting their words in the correct blanks. Beginning with sentence 1, review the visual in sequence, correcting any errors (if applicable).
6. Show students a copy of Handout 3: "Peer Review Chatterbox," and demonstrate how to fold the page using Handout 4: "Chatterbox Folding Instructions." Ask students if they have seen something like this before. (Most students will have used or seen these types of folded paper/origami.) Tell students they will receive a paper like this, with the inside spaces blank. After they have folded their chatterbox, they are to write questions from what they have learned about the Federal Reserve, the Board of Governors, and monetary policy in the blank spaces. (Students may use their video guide and the visuals around the room as prompts.)
7. Distribute a copy of Handout 3 to all students, and allow them time to work on folding the paper and writing questions inside. (Instructions are also given if students would like to customize the chatterbox using Handout 4 as a guide.) When students have completed their origami folding, allow them 10 to 15 minutes to work in their original pairs or in groups of four to quiz other students using the origami as a peer review tool. They may check their peers' answers using the video guide and the visuals around the room.



8. Once students have finished quizzing one another, display a copy (or copies) of [The Fed Explained infographic](https://bit.ly/fed-explained) (poster or viewed online) (<https://bit.ly/fed-explained>) and review the content with the class. [Order](https://bit.ly/infographics-order-form) (<https://bit.ly/infographics-order-form>) your own set of infographics. Have students complete Extension Activity 2 of the accompanying [infographic poster activity](https://www.atlantafed.org/-/media/documents/education/teach/infographic-posters/IB_4_FedExplained_withAnsKey.pdf) ([https://www.atlantafed.org/-/media/documents/education/teach/infographic-posters/IB\\_4\\_FedExplained\\_withAnsKey.pdf](https://www.atlantafed.org/-/media/documents/education/teach/infographic-posters/IB_4_FedExplained_withAnsKey.pdf)) as an assessment. You may further assess students' understanding by creating a free account in [Econ Lowdown](https://www.stlouisfed.org/education/econ-lowdown-online-learning) (<https://www.stlouisfed.org/education/econ-lowdown-online-learning>), creating a class, and assigning the Federal Reserve and You: Segment 102: Structure of the Fed quiz to your students. Student quiz scores will be transmitted to your Instructor Management Panel.



## Handout 1: Video Guide

Instructions: As you watch the video, fill in the blanks to complete the information about the Federal Reserve's Board of Governors.

1. The three major parts of the Federal Reserve are:
  - a.
  - b.
  - c.
2. The Board of \_\_\_\_\_ in Washington, DC, oversees the \_\_\_\_\_ System.
3. The Board of Governors consists of \_\_\_\_\_ members.
4. Members of the Board of Governors are appointed by the \_\_\_\_\_ and confirmed by the \_\_\_\_\_.
5. Each Federal Reserve Bank has a nine-member \_\_\_\_\_; three directors are \_\_\_\_\_ and the other six directors are \_\_\_\_\_ who work outside of banking. Three members of each Federal Reserve Bank's Board of Directors are appointed by the \_\_\_\_\_ and six directors are elected by \_\_\_\_\_ in the District.
6. The Federal \_\_\_\_\_ Committee, known as the FOMC, is the group that sets \_\_\_\_\_.
7. The seven members of the Board of Governors and all 12 Federal Reserve Bank presidents attend \_\_\_\_\_ meetings. Voting members of the FOMC include the seven members of the \_\_\_\_\_ and five of the Reserve Bank presidents. The president of the Federal Reserve Bank of \_\_\_\_\_ always votes.
8. The Federal Reserve is \_\_\_\_\_ within the \_\_\_\_\_.
9. Members of the Federal Reserve's Board of Governors are appointed for \_\_\_\_\_-year terms.
10. The Fed is not funded by the \_\_\_\_\_.

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## Handout 1: Video Guide (Answer Key)

Instructions: As you watch the video, fill in the blanks to complete the information about the Federal Reserve's Board of Governors.

1. The three major parts of the Federal Reserve are:
  - a. *Board of Governors*
  - b. *Reserve Banks*
  - c. *Federal Open Market Committee, or FOMC*
2. The Board of Governors in Washington, DC, oversees the Federal Reserve System.
3. The Board of Governors consists of seven members.
4. Members of the Board of Governors are appointed by the president and confirmed by the Senate.
5. Each Federal Reserve Bank has a nine-member Board of Directors; three directors are bankers and the other six directors are citizens who work outside of banking. Three members of each Federal Reserve Bank's Board of Directors are appointed by the Board of Governors and six directors are elected by member banks in the District.
6. The Federal Open Market Committee, known as the FOMC, is the group that sets monetary policy.
7. The seven members of the Board of Governors and all 12 Federal Reserve Bank presidents attend FOMC meetings. Voting members of the FOMC include the seven members of the Board of Governors and five of the Reserve Bank presidents. The president of the Federal Reserve Bank of New York always votes.
8. The Federal Reserve is independent within the government.
9. Members of the Federal Reserve's Board of Governors are appointed for 14-year terms.
10. The Fed is not funded by the federal budget.

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**Visual 1: Wall Signs for Activity Sheet 1**

The Federal Reserve's  
Board of Governors is  
located in \_\_\_\_\_  
and  
is run by \_\_\_\_\_ members,  
known as \_\_\_\_\_.



## Visual 1: Wall Signs for Activity Sheet 2

Governors are nominated  
by the \_\_\_\_\_  
and confirmed by the  
\_\_\_\_\_.





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## Visual 1: Wall Signs for Activity Sheet 3

All members of the Board  
of Governors serve on the

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Committee.



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**Visual 1: Wall Signs for Activity Sheet 4**

The Federal Open Market  
Committee is the  
organization in the Federal  
Reserve that makes

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**Visual 1: Wall Signs for Activity Sheet 5**

Members of the Federal  
Open Market Committee  
include the Board of  
Governors and the 12

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bank presidents.



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**Visual 1: Wall Signs for Activity Sheet 6**

Voting members of the  
Federal Open Market  
Committee include  
the Board of Governors and

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of the Reserve Bank  
presidents.



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**Visual 1: Wall Signs for Activity Sheet 7**

The president of the  
Federal Reserve Bank of

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is a permanent voting  
member of the Federal  
Open Market Committee.



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**Visual 1: Wall Signs for Activity Sheet 8**

Members of the board of  
Governors serve for  
\_\_\_\_\_ -year  
terms. The Chair of the  
Board of Governors is  
appointed for \_\_\_\_\_ years.



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**Visual 1: Wall Signs for Activity Sheet 9**

The Board of Governors is  
responsible for overseeing  
the \_\_\_\_\_ Federal Reserve

\_\_\_\_\_.



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**Visual 1: Wall Signs for Activity Sheet 10**

Federal Reserve Banks have member boards; the \_\_\_\_\_ and Vice Chair are chosen from the three directors appointed by the \_\_\_\_\_ of Governors.





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## Handout 2: Board of Governors Activity Slips

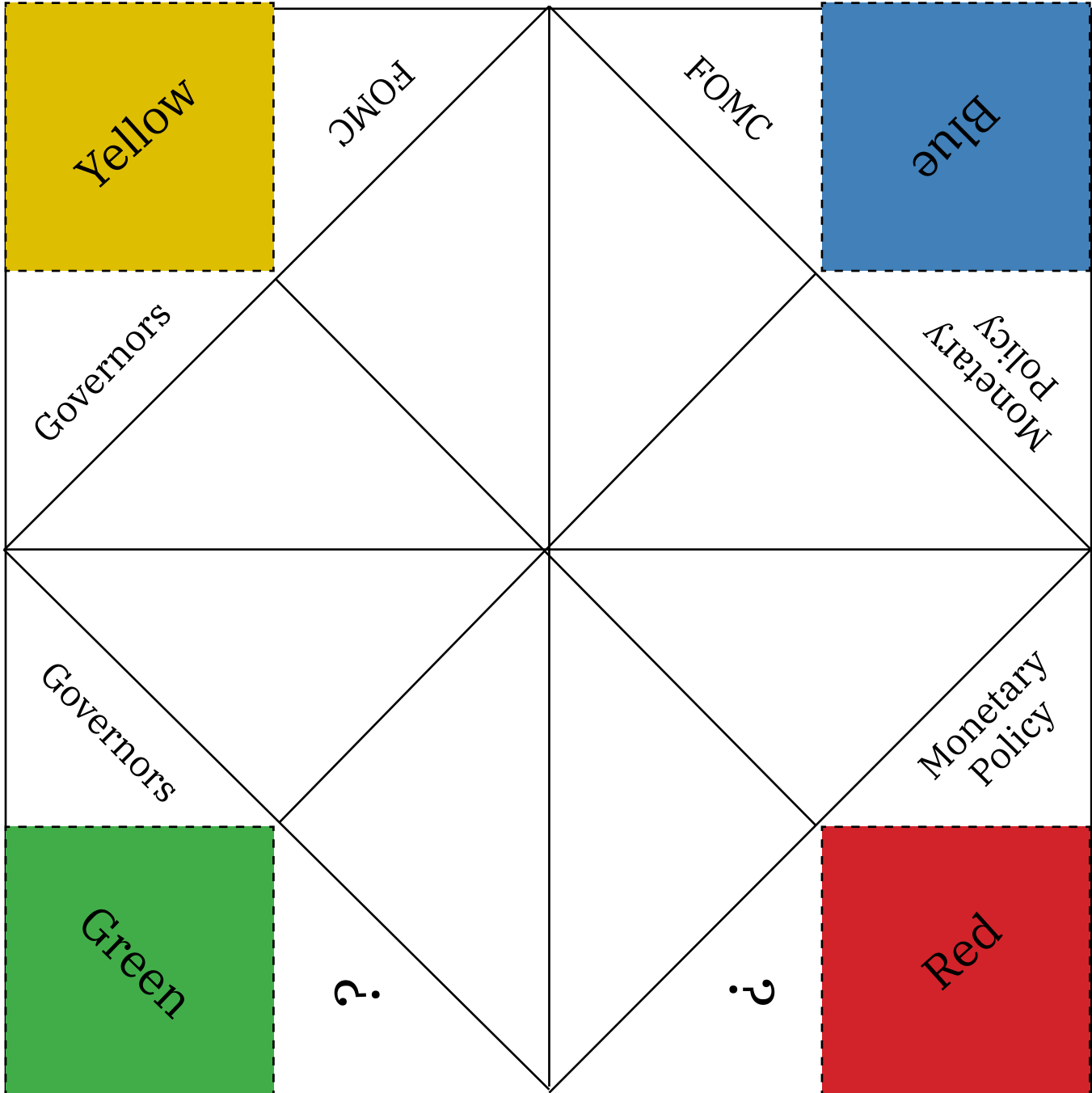
Washington, DC	7
Governors	President
Senate	Federal Open Market
Monetary policy	Federal Reserve
5	New York



## Handout 2: Board of Governors Activity Slips (Continued)

14	4
12	Banks
9	Board
Chair	

### Handout 3: Peer Review Chatterbox



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## Handout 4: Chatterbox Folding Instructions

Note: If using the given template, this will make a small chatterbox. To make a larger chatterbox or to customize, follow the do-it-yourself steps.

1. Cut out the template.
2. Put the template face down and make a napkin fold from opposite corner to opposite corner, so that you have a large triangle. 
3. Unfold and bring each of the four corners into the middle.  The color blocks will be on the inside.
4. Turn the chatterbox over and fold each corner into the middle, making another square.  The word triangles will be on the flaps.
5. Fold in half, making a rectangle. 
6. Insert fingers into each of the four color flaps and push toward the middle, completing your chatterbox. (You may need to fold the flaps both ways.) Students can now open the chatterbox and write questions on the flaps underneath the words “Governors, Monetary policy, FOMC, and ?” on the interior of the chatterbox.

### Do-it-yourself (DIY) steps

1. Place an 8 1/2-inch by 11-inch sheet of paper on a solid surface horizontally. Fold the bottom left corner up to the top edge and cut off the remaining paper. (This makes a square.)
2. Unfold your square and fold into a triangle from both directions to make four creases (this will look like an X in the middle of your paper).
3. Unfold and bring each of the four corners in toward the middle, making another square.
4. Turn the chatterbox over and repeat, folding each corner in toward the middle.
5. Fold in half, making a rectangle.
6. Insert fingers into each of the four flaps and push toward the middle, completing your chatterbox. (You may need to fold the flaps both ways.) Students may be given a copy of the template to guide their decoration of the chatterbox, or complete it on their own.



## Handout 5: Infographic Extension Activity

Answer the following questions using <https://www.federalreserve.gov/aboutthefed.htm>.

- 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 at full complement, there are seven members. In addition to the Chair and Vice Chair, 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?



## Infographic Extension Activity (Answer Key)

Note: All answers are correct as of April 21, 2020.

Answer the following questions using <https://www.federalreserve.gov/aboutthefed.htm>.

- a) Who is the current Chair of the Board of Governors? Identify three interesting facts about this person.

*Jerome Powell; answers will vary according to the Chair's bio or if students answer with additional research.*

- b) Who is the current Vice Chair of the Board of Governors? Identify three interesting facts about this person.

*Richard H. Clarida; answers will vary according to the Vice Chair's bio or if students answer with additional research.*

- c) When the Board of Governors is at full complement, there are seven members. In addition to the Chair and Vice Chair, how many members are there at present?

*Three.*

- d) Who nominates the governors and what body confirms them?

*Governors are nominated by the president of the United States and confirmed by the US Senate.*

- e) What is the length of a governor's full term?

*14 years*

- f) What is the intention of making the governors' terms lengthy and their appointments staggered?

*This ensures stability and continuity, and monetary policy decisions focus on achieving long-run economic goals free from political pressures.*

- g) How long is the term of the Chair and Vice Chair?

*The Chair and Vice Chair serve a term of four years.*