

April 9, 2025



The Honorable Tim Scott
Chairman
U.S. Senate Banking, Housing, and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
Ranking Member
U.S. Senate Banking, Housing, and Urban Affairs Committee
534 Dirksen Senate Office Building
Washington, D.C. 20510

RE: Excessive Executive Compensation in the Federal Home Loan Bank System

Dear Chairman Scott and Ranking Member Warren,

The April 3 letter, signed by all Republican members of the Senate Banking Committee to FHFA Director William Pulte expresses concerns about “the extent to which the Enterprises and FHLBanks are effectively stewarding their resources.”¹ The letter notes that: “the American dream will remain out of reach for so many if the agencies tasked with serving the housing market are serving themselves.”

The excessive compensation package of one of the departed executives from the Federal Home Loan Bank of San Francisco is not an isolated incident within the Federal Home Loan Bank system.² Based on public information in the individual FHLBanks’ 10Ks (see attached spread sheet), 31 FHLBank executives earned over \$1 million in 2024. In 2024, the **11 FHLBank Presidents earned on average \$2.3 million**. And in the five years from 2019 to 2023, the Banks paid out more than half a billion dollars in **executive compensation**.

This is a wasteful and inefficient use of resources at this government-sponsored enterprise that enjoys the implicit backing of U.S. taxpayers. According to a Congressional Budget Office report, the FHLBanks received a total indirect government subsidy of \$7.3 billion in 2024 alone.³

¹ Chairman Tim Scott, “Scott, Colleagues Call on FHFA Director to End Waste, Politicization at Agency.” (April 3, 2025), https://www.banking.senate.gov/imo/media/doc/2025-04-03_letter_to_fhfa_on_waste_fraud_and_abusepdf.pdf

² See Fox News, “‘DEI is dead’ at these businesses, declares director of US Federal Housing.” (March 17, 2025), <https://www.foxnews.com/video/6370169394112>

³ Congressional Budget Office, “The Role of the Federal Home Loan Banks in the Financial System.” (March 7, 2024), <https://www.cbo.gov/publication/59712>

These excessive executive salaries also violate FHFA principles that “executive compensation must be reasonable and comparable to that offered to executives in similar positions at other comparable financial institutions.”⁴ The 11 FHLBanks in many cases only have one branch location and Presidents oversee a few hundred employees. The FHLBs make money with a simple business model of advance lending and managing an investment portfolio – unlike complexities found at large, global, banking institutions, for example.

A more appropriate comparison for FHLBank president compensation would be the Presidents of the Federal Reserve Banks who oversee many more employees, operate extensive branch networks, and supervise regulatory staff.

The excessive compensation at the FHLBanks shows that the letter is right on point: “the agencies tasked with serving the housing market are serving themselves.”

The Consumer Federation of America welcomes further scrutiny into this important point. The housing challenges facing Americans in too many communities across this nation need new approaches. Focusing FHLBanks on deploying their unique market position and significant wealth generated by their implicit federal backing is essential.

Thank you for your leadership in this critically important issue.

Sincerely,

Sharon Cornelissen
Director of Housing, Consumer Federation of America
scornelissen@consumerfed.org

⁴ P. S-13, 2023Q4 FHLB Financial Report, https://www.fhlb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf