

Working at the Federal Reserve*

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Preface

This guide is meant to help students who are interested in working at the Federal Reserve. Some of what is written here will be applicable to any post-bac RA job, but much of it will be specific to the Federal Reserve Board or regional banks. There are three main sections: Knowing if a job at the Fed is right for you, What the job is like, and How to apply.

Is the Federal Reserve a good fit for me?

Background Information

The Federal Reserve employs hundreds of Research Assistants, helping in research and policy work in every branch of economics. Most of these RAs are at the Board of Governors in Washington DC, but many work at the regional banks all over the US. Research Assistants perform an important role in data maintenance, chart and table presentation, and in original economic research. As an RA, your work will be used to help economists and the Board of Governors to understand important aspects of the economy and how these relate to crucial monetary policy decisions. RAs are expected to stay in that position for 2-3 years, and many go on to pursue graduate studies in economics, law, business, public policy, and political science, while others take jobs in government, policy organizations, or industry.

Why the Fed may not be for you

Not everyone enjoys working behind a computer all day with data and programming and minimal interaction with others. If you're not really interested in data work, coding, or economic analysis, this job may not be a good fit. Keep

*The opinions set forth are those of the authors and do not indicate concurrence by other members of the research staff or the Board of Governors.

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in mind that almost exclusively, former Fed RAs end up in graduate school or working in data analytics. If this sounds like the career path for you, great! If not, you probably won't enjoy your time here. In addition, if you value working as a team or don't consider yourself a self-starter, you may not get as much out of this job. Much of your work will be largely self-regulated, and you won't have constant interaction with economists. Some former RAs have remarked that it's possible to work at the Fed without doing anything. This is accurate. In many sections, once you get it down, the basics of this job will not take very much effort from you. Unless you get involved in additional projects, assignments, or research, you can skate by. If you're not self-motivated, it's possible to leave this job without getting anything out of it.

What if I want to pursue graduate studies?

If you're like me, you want to pursue a PhD in Economics, but you want more experience and credentials before applying. Perhaps you don't have the perfect grades that you need to get into a great program. The Federal Reserve RA program is an excellent foundation for graduate studies, particularly in Economics. According to survey data of outgoing RAs over the last 20 years, 87% of RAs who went on to PhD programs in Economics attended schools ranked in the top 25. Michigan, MIT, Columbia, UCLA, UCSD, and Wisconsin in particular frequently admit Fed RAs. You're not limited to Economics, either. Many Fed RAs have gone on to pursue PhDs in Finance, Statistics, Political Science, or Master's degrees in Public Policy, Public Administration, Law, Data Science, and others. The majority attend some of the top schools in the country for each of those fields.

What if I don't want to pursue graduate studies?

Not a problem! According to the above mentioned survey data, about 35-45% of outgoing Fed RAs do not immediately return to school. In recent years, Fed RAs have taken jobs at the Federal Reserve, the Council of Economic Advisers, as RAs at universities, the RAND corporation, consulting firms, and various major companies. Many of the skills acquired in the day-to-day work at the Fed are in high demand in industry, including data cleaning and analysis, coding in various languages, visualisation, and critical thinking.

One caveat: most of your direct supervisors and mentors will have PhDs in Economics or Finance, and the experience for many RAs has been that much of the mentoring and skill acquisition is most applicable to pursuing graduate studies in those areas.

What if I don't know what I want to do?

Join the club! In my experience, most RAs haven't quite figured out what they want to do. Of course, the sooner you figure it out, the sooner you can start to tailor your experience toward success in the path you choose. But you have a

few years to decide and accumulate skills and connections that will be beneficial to you no matter which course you take.

Am I qualified?

First, you must be a US citizen. You must have completed a bachelor's degree or higher by the time you start, and have good background in economics, mathematics, statistics, finance, computer science, or related field with demonstrated economics coursework. From what I can tell, most RAs received a bachelor's degree in Economics, and the vast majority have at least a minor in Economics. Many majored or minored in Mathematics, but it's not required. Only a small minority has above a bachelor's degree.

You should have proficiency with at least one statistical software package or programming language:

Most important: Stata, R

Bonus Points: Python, MATLAB, Unix/Linux, SAS

Note: In the interview (more on that later), most of the emphasis was on my programming knowledge and research experience.

A day in the life of a Research Assistant at the Federal Reserve

Disclaimer

RA experiences at the Fed are **highly variant** by section. Some RAs will work mainly in R, while others use Stata and still others work in SAS, Python, or Eviews. Additionally, some RAs will have a large portion of their time dedicated to research work with an economist, while other RAs will spend most of their time in data maintenance and chart creation for policy work. This depends on your section and personal preferences. Your experience is likely to be quite different from ours or the average RA.

Your section

After being hired, you will be able to choose from 3 or 4 sections. These consist of a section chief, 4-10 economists, 2-8 research assistants, and in some cases 1-3 financial or technical analysts. You will work most closely with the other research assistants, while most research and major policy projects will be at least supervised by one or more economists.

Details and perks

As of 2019, the starting salary for an RA at the Federal Reserve Board in D.C. is \$65,000. This will vary somewhat if you have an advanced degree. The regional banks have similar salaries, with some adjustment for cost of living. RAs receive other benefits such as subsidized health/dental/vision insurance, transit subsidy for the commute, relocation reimbursement for the cost of moving to D.C., and tuition reimbursement to take classes at a nearby university. Most RAs work a basic 9-5 schedule, though most sections are somewhat flexible on the exact timing.

Time and skill allocation

This is highly heterogenous. The average RA spends about 40% of their time in research or policy analysis, with 60% going to some of the more mundane tasks, such as charting and data management. Most of the heterogeneity is section-specific, but you have some control: if you'd prefer to spend more time on research, most sections will be happy to accommodate you. This is also heterogenous by tenure: in your first few months, the mundane tasks will take up a large majority of your time, and this allocation will move toward research and analysis as you gain experience and familiarity with your section's work.

What programming you do is also specific to your section. In the Real Estate Finance section, most of our policy and production work is done in R, while research with economists is mainly done in Stata. Other sections use more

SAS or Python, and all sections use at least some Fama, which is a language used almost exclusively at central banks for use with time-series data.

You should be aware that like any institution in academia, the economists at the Fed spent years learning how to be an economist, not how to be a supervisor. This means that you may have to put in some extra work to communicate your preferences and goals. If you're unhappy with your time allocation or the tasks you're assigned, let them know! While the needs of the section likely mean some of your work will be in activities you do not enjoy, you may be able to change certain aspects of your work.

Applying to the Federal Reserve

What you need

1. Cover Letter
2. Resume
3. Transcript
4. Two letters of recommendation (at least 1 must be academic)

Deadlines

For the Reserve Board in D.C., there are two recruitment cycles. The Fall recruitment cycle is August 15 - **October 15**, and the Spring recruitment cycle is October 21 - **January 31**. If you apply in the Fall recruitment cycle, you'll automatically be considered in the Spring as well. The regional banks vary in their deadlines, though most are similar to the Board. You can find all of the deadlines, where to apply, and other instructions at fedconjobs.org. **I strongly recommend applying to the Board before October 15.**

The Process

I (Daryl) applied only to the Board. I talked to two professors in August about writing letters of recommendation, and I collaborated with them on my cover letter and resume. I submitted the application in early October, and was contacted about two weeks later with an offer to interview in DC. They paid for the flight and hotel for the night, and I had a series of interviews on a Monday. I received the offer a week later, and had 3 days to accept or reject. A few months later, at the end of February, I received a list of 4 sections I could join, and I spoke with economists and RAs from each of these sections over the next few days before picking one. It wasn't until the end of April that I learned my start date.

Elijah was hired from the spring recruitment cycle, and his process went a little differently: I received a phone call inviting me out to DC to interview. A few days before I arrived, I was sent an itinerary with 5 interviews scheduled (each with a separate section of the Fed, which seems to differ from Daryl's process). In each interview I met two economists and 1-2 RAs from that section. In many ways, I felt more like I was interviewing them than the other way around. You should take advantage of this interview by asking questions about the time available for long-term research, how willing economists are to co-author with RAs, and what programming languages (or other skills) you can expect to develop during your time there. This will enable you to assess fit with each potential section. Questions you ask will depend on what you hope to get out of your experience at the Fed. For example, if you really want to learn R you may want to choose a section that does everything in R over those that

use a lot of FAME (which is board specific and will not transfer as well to later work). In my interviews, I had the opportunity to talk with the accompanying RA privately after the economists left. Use this chance to ask about what they and other RAs are doing after their appointment ends at the board. While these interviews do tend to be fairly easy, do be prepared to talk about every item on your resume. Be able to discuss your programming experience, major class projects with a research or coding focus, and any project you have done with research faculty. This matters quite a lot and you should be able to explain the big picture of why you were doing a particular project in a certain (and why you were doing such a project at all) rather than simply state the nuts and bolts of what you did. This will make your research sound more interesting and at the same time convey economic understanding to the economists you meet with.

At the end of the day of interviews, I ranked each section in order of preference. Economists take this part seriously and are unlikely to extend an offer to you if they don't place near the top. I ranked my top two choices as tied for first and received offers from both, but did not receive offers from the rest even though one of them really liked me as a candidate. I was then given three days to accept a general offer from the Fed followed by an additional three days to make my final choice of section. At this stage it is very important to consider whether you mesh personally with the section you are thinking of selecting as your ultimate match. You will be working with these people every day for two years. Keep in mind that in the interview you meet only a couple of the members of your team, so it may be useful to research the other economists in each section and their research interests before you decide. There is a lot that is also simply impossible to know before arriving in a new situation.

After you make your final choice it will likely take some time to receive confirmation of your start date and complete the formal hiring process. Be patient. The Federal Reserve is a large bureaucracy and you will likely receive much less attention immediately following the acceptance of your offer than you did immediately preceding it. This is normal.

The Interview

I had 3 45-minute interviews, each with two economists representing different sections in the 4 research divisions (Research & Statistics, Monetary Affairs, International Finance, and Financial Stability). They had some questions about my classes and academic background, but my interviews mostly focused on my work as an RA for different professors as an undergrad, my research projects for classes, my experience working with data, and different skills I had learned from these. The interviews were mostly conversational, and did not feature difficult questions about economics. They mostly wanted to get an idea of my experience and ability to handle the job.

Conclusion

The Federal Reserve can be a great place to work, whether you want to pursue graduate studies or not. As long as you performed relatively well in school, have some grasp of programming and data analysis, and have an interest in economics, you're qualified to work here and you can have an enriching experience in your 2-3 years that will set you up for career success. With a little effort on your part, you can participate in interesting and important research and receive mentorship from some of the most qualified economists in the world. In my experience, BYU students are well prepared for the Federal Reserve because of the rigor of our program and the ample opportunities for research as undergraduates.