RICK SCOTT
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ARMED SERVICES
BUDGET
FOREIGN RELATIONS
HOMELAND SECURITY
SPECIAL COMMITTEE ON AGING
CHAIRMAN

United States Senate

October 28, 2025

The Honorable Jerome H. Powell
Chair of the Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, D.C. 20551

Dear Chairman Powell:

Earlier this month, on October 14, you indicated that the Federal Reserve (Fed) may stop the reduction of its balance sheet, known as quantitative tightening (QT) soon [1]. This is deeply concerning, and I urge you to reconsider.

When we first met over six years ago in 2019, the Fed's balance sheet was $3.8 trillion. Under your tenure as chair, the Fed's balance sheet ballooned to nearly $9 trillion, fueled by 4.7 trillion in security purchases you oversaw between March 2020 and March 2022[2]. It now sits at a whopping $6.6 trillion after you have failed to reach any single self-established benchmark to pay it down.

The Federal Reserve's reckless and unprecedented securities buying spree, coupled with the Fed's slow and insufficient pace of balance sheet run-off, has resulted in the highest inflation in four decades, making it harder for American families to put roofs over their heads and food on their tables. If the Federal Reserve ends quantitative tightening efforts now, the American people will continue to suffer from your failures.

As senator, I have worked to implement accountability at the Federal Reserve and expressed concerns about your complete mismanagement of the Fed's balance sheet and monetary policy. The Fed can fulfill its mission of providing stability for the American people and reducing its balance sheet, but that requires changing the status quo. For example, the Fed is currently operating with over $243 billion in losses [3], with taxpayers on the hook, but this could be significantly reduced by ending the Fed's Interest on Reserve Balances program, which pays interest to banks on reserves and wasted $186 billion in 2024 alone[4].

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[1] https://www.federalreserve.gov/newsevents/speech/powell20251014a.htm
[2] https://www.federalreserve.gov/monetarypolicy/bst_recenttrends.htm
[3] https://fred.stlouisfed.org/series/RESPPLLOPNWW
[4] https://www.federalreserve.gov/aboutthefed/files/combinedfinstmt2024.pdf

As your tenure as Fed chair ends, I simply ask that you do not add to your growing list of failures by ending efforts to pay down the balance sheet. This will prolong the American people's suffering and make it harder for your successor as chair to fix the Federal Reserve and restore Americans' trust in the central bank.

Sincerely,

Rick Scott
United States Senator