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As these words are being written, the financial crisis is stumbling into its second or third year (depending on who's counting) with no clear end in sight. But, in contrast to earlier financial calamities of this magnitude (e.g., the Great Crash of 1929, the Panic of 1873, the Panic of 1837), it's hard to argue that governments have been fiddling while Wall Street melted down. Indeed, the cost of the piecemeal bailout programs already put in place by the United States government – and detailed below – may eventually reach \$7.5 trillion.

The sheer size of those commitments may or may not limit President Obama's ambitious plans to invest heavily in health care, alternative energy, education and infrastructure repair. But one thing is already certain: it will be many, many years before Washington is fully extricated from hands-on management of capital markets that so recently gloried in their independence from tight oversight.

This table is part of a book detailing the mortgage meltdown and the financial crisis soon to be published by the Milken Institute. It will examine the origins of the crisis, track how it spun



out of control, analyze the public and private responses, and present proposals for reform. A summary can be found on the Institute's Web site (www.milkeninstitute.org).

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A GROWING TAB FOR TAXPAYERS

1. FEDERAL RESERVE PROGRAMS

1. Term Discount Window Program (TDWP)

FUNDING: \$92 billion as of 11/26/2008

DATE ANNOUNCED: 10/17/2007

Extends the term of Fed-to-bank overnight loans to up to 90 days.

2. Term Auction Facility (TAF)

FUNDING: \$407 billion as of 11/26/2008

DATE ANNOUNCED: 12/12/2007

The Federal Reserve auctions loans under the TAF every Thursday for a term of 28 days. It may expand TAF lending to \$900 billion by the end of 2008.

3. Term Securities Lending Facility (TSLF)

FUNDING: \$193 billion as of 11/26/2008

DATE ANNOUNCED: 3/11/2008

Establishes term swaps between the Federal Reserve and primary dealers. Collateral can be Treasury securities, federal agency securities or other highly rated debt securities.

4. Bear Stearns

FUNDING: Up to \$29 billion

DATE ANNOUNCED: 3/14/2008

The Fed acquired \$29 billion in mortgage-backed securities from JPMorgan Chase to fund its purchase of Bear Stearns. At the end of October 2008, the market value of these securities was \$26.8 billion.

5. Primary Dealer Credit Facility (PDCF)

FUNDING: \$58 billion as of 11/26/2008

DATE ANNOUNCED: 3/16/2008

Extends overnight borrowing from the Fed to primary dealers.

6. AIG

FUNDING: Up to \$173 billion and climbing

DATE ANNOUNCED: 9/16/2008

AIG received an \$85 billion, two-year secured loan on September 16, 2008 in exchange for warrants for a 79.9 percent equity stake in AIG. The firm was given an additional \$37.8 billion on October 8, followed by another \$20.9 billion credit line on October 30 (see Commercial Paper Funding Facility below). On November 10, Treasury purchased \$40 billion of newly issued AIG preferred stock (potentially reducing the original loan from the Fed from \$85 billion to \$60 billion under the TARP), terminated the \$37.8 billion lending facility previously established, and created a new lending facility to purchase up to \$22.5 billion of MBS from AIG, and another facility to lend up to \$30 billion to purchase CDOs for which AIG had written CDSs. As of November 26, 2008, \$79.6 billion of credit was extended to AIG and \$21.1 billion was extended to purchase CDOs.

7. Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF)

FUNDING: \$53 billion as of 11/26/2008

DATE ANNOUNCED: 9/19/2008

Loans to banks so that they can buy asset-backed commercial paper from money market funds.

8. Expansion of the Federal Open Market's temporary reciprocal currency arrangements (swap lines)

FUNDING: Up to \$620 billion

DATE ANNOUNCED: 9/29/2008

The Federal Open Market Committee authorized a \$330 billion expansion of its swap lines for U.S. dollar liquidity operations by the other central banks, raising the total cap to \$620 billion (up to \$30 billion by the Bank of Canada, \$80 billion by the Bank of England, \$120 billion by the Bank of Japan, \$15 billion by Danmarks Nationalbank, \$240 billion by the ECB, \$15 billion by the Norges Bank, \$30 billion by the Reserve Bank of Australia, \$30 billion by the Sveriges Riksbank and \$60 billion by the Swiss National Bank).

9. Commercial Paper Funding Facility (CPFF)

FUNDING: Up to \$1.8 trillion

DATE ANNOUNCED: 10/7/2008

The CPFF will be structured as a credit facility to a special purpose vehicle (SPV). The SPV will purchase three-month U.S. dollar-denominated commercial paper from eligible issuers through the New York Fed's primary dealers. Eligible issuers are U.S. issuers of commercial paper, including those with a foreign-parent company.

The SPV will only purchase U.S. dollar-denominated commercial paper (including asset-backed commercial paper) that is rated at least A-1/P-1/F1 by a major nationally recognized statistical rating organization (NRSRO), and, if rated by multiple NRSROs, is rated at least A-1/P-1/F1 by two or more NRSROs.

The maximum amount of a single issuer's commercial paper the SPV may own at any time will be the greatest amount of U.S. dollar-denominated commercial paper the issuer had outstanding on any day between January 1 and August 31, 2008. The SPV will not purchase additional commercial paper from an issuer whose total commercial paper outstanding to all investors (including the SPV) equals or exceeds the issuer's limit.

As of November 26, 2008, \$294 billion was outstanding.

10. Money Market Investor Funding Facility (MMIFF)

FUNDING: Up to \$540 billion

DATE ANNOUNCED: 10/21/2008

Provides assurance that money market mutual funds can liquidate their investments if cash is needed to cover withdrawals from customers. As of November 26, 2008, the outstanding amount was zero.

11. Term Asset-Backed Securities Loan Facility (TALF)

FUNDING: Up to \$200 billion

DATE ANNOUNCED: 11/25/2008

TALF loans will have a one-year term, will be non-recourse to the borrower, and will be fully secured by eligible ABS. Treasury will provide \$20 billion of credit protection to the Fed in connection with the TALF. Eligible collateral will include U.S. dollar-denominated cash ABS (i.e., not synthetic ABS) that have a long-term credit rating in the highest investment-grade rating category (for example, AAA) from two or more NRSROs and do not have a long-term credit rating of below the highest investment-grade rating category from an NRSRO. The underlying credit exposures of eligible ABS initially must be auto loans, student loans, credit card loans, or small business loans guaranteed by the U.S. Small Business Administration. All U.S. residents who own eligible collateral may participate in the TALF. Collateral "haircuts" will be established by the FRBNY for each class of eligible collateral. Haircuts will be determined based on the price volatility of each class of eligible collateral.

12. Purchase of GSE direct obligations and MBS

FUNDING: Up to \$600 billion

DATE ANNOUNCED: 11/25/2008

The Fed will purchase the direct obligations of housing-related government-sponsored enterprises (GSEs) – Fannie Mae, Freddie Mac and the Federal Home Loan Banks – and mortgage-backed securities (MBS) backed by Fannie Mae, Freddie Mac and Ginnie Mae.

Purchases of up to \$100 billion in GSE direct obligations under the program will be conducted with the Fed's primary dealers through a series of competitive auctions and will begin in the first week of December. Purchases of up to \$500 billion in MBS will be conducted by asset managers selected via a competitive process with a goal of beginning these purchases before year-end 2008. Purchases of both direct obligations and MBS are expected to take place over several quarters.

2. CONGRESS AND THE WHITE HOUSE

1. FHA Secure

FUNDING: \$50 billion

DATE ANNOUNCED: 8/31/2007

Guarantees \$50 billion in mortgages.

2. Economic Stimulus Act

FUNDING: \$124 billion

DATE ANNOUNCED: 2/13/2008

Provided tax rebates in 2008. Most taxpayers below the income limit received rebates of \$300 to \$600. Also gave businesses a one-time depreciation tax deduction on specific new investments and raised the limits on the value of new productive capital that may be classified as business expenses. The Congressional Budget Office (CBO) estimates the net cost of the stimulus to be \$124 billion.

3. Housing and Economic Recovery Act of 2008

FUNDING: \$24.9 billion

DATE ANNOUNCED: 7/30/2008

The Congressional Budget Office estimates that the Act will increase budget deficits by about \$24.9 billion through 2018.

4. Purchase of GSE debt and equity

FUNDING: \$25 billion

DATE ANNOUNCED: 7/30/2008

Designed to shore up Fannie Mae and Freddie Mac.

5. HOPE for Homeowners

FUNDING: Up to \$300 billion

DATE ANNOUNCED: 7/30/2008

This voluntary program encourages lenders to write down the loan balances of borrowers in exchange for FHA-guaranteed loans up to 90 percent of the newly appraised home value. Program runs through September 2011.

6. Conservatorship of Fannie Mae and Freddie Mac

FUNDING: Up to \$200 billion

DATE ANNOUNCED: 9/7/2008

Treasury and FHFA established contractual agreements to ensure that each company maintains a positive net worth. They are indefinite in duration and have a capacity of \$100 billion each.

Treasury also established a new secured lending credit facility, available to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. Funding is provided directly by Treasury in exchange for eligible collateral from the GSEs (guaranteed mortgage backed securities issued by Freddie Mac and Fannie Mae as well as advances made by the Federal Home Loan Banks).

To further support the availability of mortgage financing, Treasury is initiating a temporary program to purchase GSE mortgage-backed securities, with size and timing at the discretion of the Treasury Secretary.

7. Guaranty Program for Money Market Funds

FUNDING: Up to \$50 billion

DATE ANNOUNCED: 9/19/2008

To restore confidence in money market funds, Treasury was authorized to make available up to \$50 billion from the Exchange Stabilization Fund.

8. IRS Notice 2008-83

FUNDING: ?

DATE ANNOUNCED: 9/30/2008

Allows banks to offset their profits with losses from the loan portfolio of other banks they acquire. Initial news media reports estimate that Wells Fargo alone may be able to claim more than \$70 billion in losses from its acquisition of Wachovia, securing tax savings that exceeded the market value of Wachovia as of November 7, 2008.

9. Emergency Economic Stabilization Act (EESA)

FUNDING: Up to \$700 billion

DATE ANNOUNCED: 10/3/2008

Empowers Treasury to use up to \$700 billion to inject capital into financial institutions, to purchase or insure mortgage assets, and to purchase any other troubled assets necessary to promote financial market stability.

10. Troubled Assets Relief Program (TARP)

FUNDING: \$179 billion as of November 7, 2008

DATE ANNOUNCED: 10/14/2008

Part of the EESA, TARP allows Treasury to purchase up to \$250 billion of senior preferred shares in selected banks. The first \$125 billion was allocated to nine of the largest financial institutions on October 28, 2008. An additional \$38 billion was allocated to 21 banks as of October 29, 2008. On November 23, 2008, Treasury purchased an additional \$20 billion of preferred shares from Citigroup.

3. FEDERAL DEPOSIT INSURANCE CORPORATION

1. Increased FDIC insurance coverage

FUNDING: ?

DATE ANNOUNCED: 10/3/2008

A provision of the EESA temporarily raised the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor. Limits are scheduled to revert back to \$100,000 after December 31, 2009.

2. Temporary Liquidity Guarantee Program

FUNDING: \$1.5 trillion plus?

DATE ANNOUNCED: 10/14/2008

Temporarily guarantees the senior debt of all FDIC-insured institutions and their holding companies, as well as all deposits in non-interest-bearing transaction accounts. Certain newly issued senior unsecured debt issued on or

before June 30, 2009, would be fully protected if the issuing institution subsequently fails or its holding company files for bankruptcy. This includes promissory notes, commercial paper, interbank funding, and any unsecured portion of secured debt. Coverage would be limited to June 30, 2012.

The other part of the program provides for a temporary unlimited guarantee of funds in noninterest-bearing transactions accounts (the Transaction Account Guarantee Program, or TAG).

On November 21, 2008, FDIC strengthened TLGP. Chief among the changes is that the debt guarantee will be triggered by payment default rather than bankruptcy or receivership. Another change is that short-term debt issued for one month or less will not be included in the TLGP. Eligible entities will have until December 5, 2008 to opt out of TLGP.

4. TREASURY, FEDERAL DEPOSIT INSURANCE CORPORATION AND FEDERAL RESERVE

1. Guarantee a portion of an asset pool of loans and securities backed by residential and commercial real estate and other assets on Citigroup's balance sheet

FUNDING: \$249 billion (with \$5 billion via TARP)

DATE ANNOUNCED: 11/23/2008

Up to \$306 billion of Citigroup's assets are guaranteed. Citigroup takes the first loss up to \$29 billion, and any loss in excess of that amount is shared by the government (90%) and Citigroup (10%).

Treasury (via TARP) takes the second loss up to \$5 billion, while FDIC takes the third loss up to \$10 billion. The Federal Reserve funds the remaining pool of assets with a non-recourse loan, subject to Citigroup's 10 percent loss sharing, at a floating rate of overnight interest swap plus 300 basis points.

UPPER LIMIT TO TOTAL FUNDS PROVIDED UNDER THESE PROGRAMS: \$7.5 TRILLION+