

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

February 28, 1951.

To: Board of Governors

From: Personnel Committee

On October 25, 1950, the Personnel Committee was requested to study the existing policies, rules, and procedures of the Board with respect to the expenses incurred by members of the Board for various purposes and to submit a recommendation for the Board's consideration. It was understood that after the recommendation of the Personnel Committee had been received the Board would review existing policies in executive session when all of the members of the Board are present so that effective rules and procedures with respect to the control of such expenses might be provided for the guidance of the staff.

In response to this request the Personnel Committee makes the following recommendations:

1. Under existing policy whenever an expenditure is proposed which in the judgment of the Director of the Division of Administrative Services is not justified and the proposal is not withdrawn, the matter is considered by the Secretary and if it can not thus be disposed of it is presented to the Board's Personnel Committee. As a means of emphasizing the need for careful expenditure of Board funds it is recommended that the members of the Board pay special attention to the policy which was restated in connection with the approval of the budget for 1951, i.e., specific expenditures should be carefully scrutinized before they are authorized to make sure they are necessary and are thoroughly justified.

2. It is also recommended that the Board approve the attached revised statements with respect to:

- (a) Travel by members of the Board and its staff
- (b) Use of Board automobiles and chauffeurs
- (c) Board members' messengers
- (d) Policy with respect to speeches and articles

3. Since they appear to be working satisfactorily, no change is recommended in existing policies with respect to:

- (a) Operation of the private dining rooms
- (b) Assignment of employees
- (c) Gatherings, dinners, etc.

Copies of these statements are also attached.

The Personnel Committee was prompted in recommending the revision of the statements referred to in paragraph (2) above by the following considerations:

Travel. The statement with respect to travel is in the form of an amendment to paragraph (8) of the Board's travel regulations and would require a full statement of (1) purpose of the travel, and (2) why it is deemed necessary in the conduct of the official business of the Board. It is the feeling of the Personnel Committee that a mere statement that the purpose of the travel is to attend a meeting or conference is not sufficient justification for the travel request and that a sufficiently complete statement should be given to make it clear why the travel is official and in the interest of the Board. The travel would not be approved if it appeared to be for any purpose other than official business that necessarily must be taken care of at the time. For example, travel merely to suit the convenience of the traveler even though official business was to be done during the trip would not be justification for approval. A third requirement in the amended paragraph would be that except in an emergency no official travel would be undertaken without the required approval in advance. This is to give an opportunity for a review of the need for the travel before the trip begins.

Use of Automobiles. The Personnel Committee believes it is important that members of the Board observe the requirement which was contained in the previous statement and is continued in the attached revision that the Board's automobiles shall not be used for travel between home and office in the ordinary course. This does not mean, however, that if a member of the Board needs to make a trip home from the office to get his bags for an official trip or to change clothes for an official function or if he is home and wants a car to take him to the station or airport in connection with official travel, the car should not be used for such purposes. The statement is directed at the use of the Board's cars for ordinary travel between home and office which is not regarded as official travel. The revised statement also requires that, except in an emergency, approval of the use of an automobile and chauffeur outside official working hours shall be obtained in advance and that an automobile will not be accompanied by more than one chauffeur or other attendant during the hours when the payment of overtime is involved. The purpose of this requirement is to hold the payment of overtime to a minimum consistent with the proper use of automobiles outside of regular working hours. The statement contains the additional requirement that any apparent violations of this policy shall be brought to the attention of the members of the Board. This is suggested because the Personnel Committee feels that care should be taken in the use of official cars and the members of the Board should know of any use that does not appear to be in harmony with established policies.

Board Members' Messengers. This statement would discontinue the assignment of a messenger to the office of each Board member and the recommendation is made for the reasons that have been discussed on various occasions by the members of the Board.

Speeches and Articles. The previous statement was limited in its scope to the distribution of speeches and articles. The proposed revision contemplates that there will be a more systematic selection of occasions on which members of the Board and its staff will speak or write articles in the interest of a more effective public relations program and that every effort will be made to conserve the time of the Board and its staff in the preparation and processing of speeches and articles, particularly at the present time when everyone is under such heavy pressure.

Attachments

## TRAVEL BY MEMBERS OF THE BOARD AND ITS STAFF

8. Whenever any travel at the Board's expense is contemplated by any member of the Board or by the Advisers to the Board, the Assistant to the Board, the Assistant to the Chairman, heads, associate heads, and assistant heads of divisions, a memorandum in a form provided for the purpose shall be submitted in advance of the trip to the Board's Personnel Committee\*, and whenever any such travel is contemplated by other members of the staff a similar memorandum shall be submitted in advance of the trip to the division head concerned, setting forth the proposed date or dates of absence on such travel, the itinerary to be followed, a full statement of the purpose of the travel, and why it is deemed necessary in the conduct of the official business of the Board (a statement that the purpose is to attend a meeting, conference, etc., will not be sufficient, but the nature of the meeting, conference, etc., and the necessity for the presence of the traveler must be fully set forth). If it appears in any case that the travel is for any purpose other than necessary official business that needs to be taken care of at the time, it shall be the duty of the Personnel Committee\* or the Division Head not to approve the travel. Except in an emergency, the nature of which shall be fully set forth in the travel voucher, no official travel shall be undertaken until approved by the Personnel Committee\* or the Division Head as the case may be and in the event of an emergency such approval shall be obtained as promptly as practicable. No voucher for travel expenses shall be paid by the Division of Administrative Services unless the Division shall have been furnished with advice of approval of such travel as required by this paragraph.

(\* Note: When travel of a member of the Personnel Committee is involved, the Chairman, Vice Chairman, or Chairman pro tem. will substitute for such member on the Personnel Committee.)

## BOARD MEMBERS' MESSENGERS

The present practice of assigning individuals with the title of messenger or clerk to each Board member shall be discontinued, and the services of these employees shall be pooled and made available to all offices in the Board members' section without specific assignment. The services of messengers shall not be used at the Board's expense at any time for private purposes, except that during regular business hours when no overtime pay is required, messengers assigned to the Board members' section may be used for running personal errands. Responsibility for the supervision of these messengers will be in the Division of Administrative Services and policies with respect to such supervision shall be determined by the Division in consultation with the member of the Board whose assignments include the supervision of the operation of the Board's building.

## POLICY WITH RESPECT TO SPEECHES AND ARTICLES

The time that can be devoted by members of the Board and its staff to the preparation of speeches and articles is necessarily limited. Furthermore, the time required for writing and processing speeches has made a very substantial drain on the time of the staff and every effort should be made, particularly during the present period of extraordinary demands, to keep such work at a minimum and to systematize it so that the effort expended can be used to the best possible advantage. For these reasons the following procedure has been approved by the Board. The procedure does not suggest in any way that the members of the Board are not entirely free to make their own decisions as to whether they will make a speech or write an article or as to what they may choose to say. Rather, it is designed to make the best possible use of the time available to the members of the Board and its staff and at the same time make our public statements as effective as possible in the interest of a better understanding of the System and its functions.

1. All invitations to speak or to write articles received by members of the Board and its staff will be reported to Mr. Thurston's office.

2. Mr. Thurston will review these invitations and he and the member of the Board whose assignments include public relations shall, in consultation with such other members of the Board and the staff as the situation might suggest, make recommendations as to the invitations that should be accepted (and perhaps invitations that should be sought).

3. The members of the Board will consider these recommendations in making their decisions as to speeches and articles that they will undertake.

4. Unless a speech or article is to be published in the Federal Reserve Bulletin and reprints made thereof in accordance with current policy with respect to such publication, not more than 300 copies of the speech or article shall be printed or otherwise reproduced and not more than 200 copies shall be distributed through the use of the franking privilege or at the expense of the Board.

### USE OF BOARD AUTOMOBILES AND CHAUFFEURS

Board automobiles shall not be used for travel between home and office or for any other non-official purpose at any time. Board automobiles shall not be accompanied by more than one chauffeur or other attendant during hours when the payment of overtime would be involved. Board automobiles shall not be used outside working hours during which Board chauffeurs are regularly on duty, without written approval, on a form provided for the purpose, by the Board member whose assignments include the supervision of the operation of the Board's building, or by his alternate when his use of a Board automobile is involved or when he is absent. In an emergency when such approval can not be obtained in advance, it shall be obtained as promptly as practicable after the use of the automobile and chauffeur. The record of trips made by official cars which the chauffeurs are required to keep under the Board's existing rules shall be reviewed from time to time by such Board member or his alternate, and it shall be his duty to bring to the attention of the Board any situation which appears to be a violation of the provisions of this paragraph.

## RULES GOVERNING OPERATIONS OF THE PRIVATE DINING ROOMS

The private dining room area is to be used only by the Board Members, heads and assistant heads of Divisions, certain members of the Board's staff and others to whom invitations have been issued by the Board, and such guests as they may bring with them.

On October 22, 1948, the Board approved the following arrangement with respect to the use of the Board Members' two dining rooms:

"Both the Brown and the Blue dining rooms shall be open to the members of the Board and their guests, the Special Adviser to the Board, the Assistant to the Board and the Assistant to the Chairman, with the understanding (1) that as a general rule a member of the Board will take preferably not more than one guest, and in any event not more than two guests, into the Brown Room, (2) that the Blue Room will continue to be used for special luncheons for the Federal Advisory Council and the Presidents' Conference as in the past, (3) that when a member of the Board wishes to invite a special official guest or guests for a luncheon to which will be invited the other members of the Board, and such members of the staff as the Board member may wish, the Blue Room may be reserved for that purpose and the member arranging the luncheon will advise the other members of the Board and the Supervisor of the cafeteria as far in advance as possible and ask her to reserve the Blue Room for the luncheon, and (4) that when the Blue Room is not being used for a special luncheon as referred to above it will be set up to accommodate eight persons."

The large room, known as the Staff Dining Room, is to be used primarily by staff members and others who hold invitations, and the use of this room is confined exclusively to men. However, a Board Member may, of course, reserve a table in this room should he desire to do so.

Luncheon may also be served in the Board Members' offices. Under the arrangement approved by the Board, the cafeteria will prepare the food and place it in carriers, upon reasonable advance notice, to be called for by the Board Member's messenger not later than 2:00 p.m. This service is confined to the offices in the Board Members' area on the second floor.

Dining room checks will be presented by the waitress at the time of service and should be signed by the Board or staff member both for himself and for any guest accompanying him. A bill will be rendered each month. A surcharge of 15 cents for service is made for each person served. There is no tipping. The hours of service are from 1 to 2 p.m.

The following is a list of persons whose luncheon checks may be charged to the Board:

1. Directors, officers and employees of the Federal Reserve Banks and their Branches; and the members and Secretary of the Federal Advisory Council. In these cases the checks may be signed by the individual served; or they may be signed by any member of the Board or of the senior staff and charged to the Board if the notation "Official Guest" is placed upon the check.

2. Cabinet officers and the Under Secretaries and Assistant Secretaries of all Executive Departments; the Directors of the Federal Deposit Insurance Corporation; the Comptroller and the Deputy Comptrollers of the Currency; the Administrator or members of the Board in charge of any independent Federal Agency; and the Directors of any Government-owned corporation. In these cases the check may be charged to the Board when it is signed by a member of the Board or a member of the senior staff and the notation "Official Guest" is placed upon the check.

3. Any member of the Board may charge to the Board's account the luncheon check of any other official guest of such member by placing on it the notation "Official Guest" and signing the check.

### ASSIGNMENT OF EMPLOYEES

The Board shall not carry on the pay roll of, or charge to the budget of, one office or division the salary of an employee who performs service in another office or division, except when such service is only for brief periods of an intermittent character. Any transfer necessitated by this regulation shall be subject to approval in advance by the Board.

GATHERINGS, DINNERS, ETC., AT FEDERAL RESERVE BANKS

In order to remove any basis for misunderstanding as to the relation of the Board or any of its members to any special gatherings or luncheons, dinners or other occasions which may create expense for any Federal Reserve Bank or its branch that would not be incurred otherwise, no such arrangements shall be requested or suggested by any member of the Board or of its staff, except with the approval of the Board which will be communicated to such Federal Reserve Bank by the Board's Secretary or Assistant Secretary. No arrangements at the expense of the Board for such purposes shall be made without the approval of the Board which will be communicated to the Division of Administrative Services by the Board's Secretary or Assistant Secretary.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Members of the Official Staff  
Who will retire within ten years

<u>Division</u>	<u>Name</u>	<u>Present Age</u>
Board Members	Elliott Thurston	56
Board Members	Winfield W. Riefler	55
Legal	George B. Vest	56
Examinations	Fred A. Nelson	56
Examinations	George S. Sloan	60
Bank Operations	J. E. Horbett	58
Bank Operations	R. F. Leonard	58

July 28, 1952.