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REPORT BY THE U.S.

General Accounting Office

Information On Selected Aspects of Federal Reserve System Expenditures

This report contains information on the status of the Federal Reserve's efforts to price float and the transportation of coin and currency; the cost and nature of the research conducted by the Federal Reserve System; the salaries and benefits of employees of the Federal Reserve System relative to those of civil service employees; and the expenditures, by object class, of each Federal Reserve bank.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-206248

The Honorable Paula Hawkins
United States Senate

Dear Senator Hawkins:

On November 12, 1981, you requested that we provide information on 1980 and 1981 Federal Reserve System expenditures. Specifically, you asked us to provide information on the status of the Federal Reserve's efforts to price float and the transportation of coin and currency; the cost and nature of the research conducted by the Federal Reserve System; the salaries and benefits of employees of the Federal Reserve System relative to those of civil service employees; and the expenditures, by object class, of each Federal Reserve bank. (See app. I.)

OBJECTIVES, SCOPE, AND METHODOLOGY

Our work was performed at the offices of the Board of Governors of the Federal Reserve System in Washington, D.C., because it has general oversight for Federal Reserve activities and maintains overall expense records for the System. We spoke with Board officials representing the Office of the Controller and the following divisions: Support Services, Personnel, Research and Statistics, International Finance, and Federal Reserve Bank Operations.

We gathered data at the Board concerning the operations of the 12 Federal Reserve banks as well as the Board. We used the Board's Planning and Control System to research the banks' expenditures in 1980 and the period January 1 to September 30, 1981. In addition, the Board assisted us in soliciting pertinent information from the Federal Reserve banks. In order to assure a timely response, we did not attempt to verify the information obtained from the Board or the Federal Reserve banks.

In the comparison of salaries and benefits of Board and Federal Reserve bank employees with those of civil service employees, we gathered available data on the benefits afforded employees by the Board and the Federal Reserve banks. Due to time constraints, we did not attempt to gather comparable civil

service employee benefits at all Federal agencies. Rather we relied heavily on information readily available and our experience and knowledge of secondary benefits generally available to civil service employees. The benefits we attribute to civil service employees may not represent all benefits available to all such employees.

Our review was performed in accordance with GAO's current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

STATUS OF THE FEDERAL RESERVE'S
EFFORTS TO PRICE FLOAT AND THE
TRANSPORTATION OF COIN AND CURRENCY

The Monetary Control Act of 1980 (Public Law 96-221) required the Federal Reserve to begin pricing its payment collection services and float together with other services, such as the transportation of coin and currency, by September 1981. The Federal Reserve has adopted fee schedules for its transportation services in supplying currency and coin to the nation's banks and thrift institutions. The fees became effective January 28, 1982. The Federal Reserve has not yet committed itself to a date for pricing float.

The pricing provisions of the Monetary Control Act of 1980 charged the Federal Reserve with:

- publishing a set of pricing principles and a proposed fee schedule for public comment by September 1, 1980, and
- beginning to put into effect a schedule of fees by September 1, 1981.

The pricing principles set forth in the act require that, over the long run, the prices set by the Board of Governors of the Federal Reserve System include all direct and indirect costs actually incurred in providing check collection. The prices are to include (1) an allocation of imputed costs that takes into account the taxes that would have been paid and (2) the return on capital that would have been provided had the services been furnished by a private business firm. However, the Federal Reserve is to give due regard to competitive factors and to provide an adequate level of services nationwide when it establishes these prices. The Federal Reserve is also required to reduce its operating budget commensurately with any actual or projected decline in volume and to pay the resulting savings to the U.S. Treasury.

On August 28, 1980, the Board of Governors of the Federal Reserve System published a set of pricing principles and policies and a proposed schedule of fees for public comment. Over 230 comments were received, including ones from each of the 12 Reserve districts, 200 from commercial banks and their associations, 10 from thrift institutions and their associations, and 4 from Federal agencies--Department of Justice, Federal Deposit Insurance Corporation, Federal Trade Commission, and National Telecommunications and Information Administration. The first fee--for wire transfer--went into effect on January 29, 1981.

Pricing of coin and currency transportation

After considering the comments received on the August 1980 fee proposal, the Board adopted, on November 2, 1981, the fee schedules for transportation services in supplying coin and currency to the nation's banks and thrift institutions. Effective January 28, 1982, the fee schedules cover coin and currency transportation by armored car and shipment by registered mail.

The adopted fee schedule for armored car carrier service consists of a volume charge (a fee per delivery or deposit of a bag of coin or currency) and a charge per stop. The Board established a \$75 ceiling on the per stop charge for 1982 and during the latter part of the year plans to review the need to continue the ceiling into 1983. There are no plans to extend the ceiling beyond 2 years.

The use of registered mail is intended to be limited to those endpoints where armored carrier service is unavailable. Fees for shipment of currency and coin by mail include the cost of postage, registered mail fees, and full insurance. There is no volume charge since fees reflect actual mail service. The Board adopted a \$37.50 ceiling for one-way mail service for 1982.

Appendix II details the Federal Reserve banks' estimated expenditures attributed to the transportation of coin and currency for the period January 1, 1981, to January 31, 1982. The fees for transportation of coin and currency became effective January 28, 1982. The first service price to be implemented took effect on January 29, 1981. Had the fees for the transportation of coin and currency become effective at this earlier date, it is possible that part of the expenditures listed in appendix II could have been recovered.

Pricing of float

In essence, Federal Reserve float is an interest-free advance provided to depositing institutions by a Federal Reserve bank. The Federal Reserve provides banks an assured collection schedule of no more than 2 days--the number of days depending upon the locations of the depositing and paying banks. The Federal Reserve is not always able, however, to actually collect the funds from the paying bank before it has credited the account of the depositing bank. Crediting the depositing bank's reserve account before actually collecting the funds creates Federal Reserve float within the check-clearing system. Federal Reserve float arises because of (1) peak workloads which exceed processing capacity; (2) delays in transportation; or (3) transportation schedules that do not permit collection within the Federal Reserve's 2-day time frame.

The Monetary Control Act of 1980 explicitly requires the Federal Reserve to price float, but the Federal Reserve has not yet committed itself to a pricing date. However, the Board has taken several steps to reduce the level of float. Also, the Board has taken action to generally implement the pricing provisions of the act. Those Board actions together with an analysis of the Board float pricing strategy are discussed fully in the General Accounting Office's soon-to-be-released report, "The Federal Reserve System Should Take Additional Steps To Eliminate Subsidy Of Its Check Clearing Operations" (GGD-82-22). A copy of this report will be provided to you.

FEDERAL RESERVE SYSTEM RESEARCH EXPENDITURES

In 1980, the Federal Reserve System (Board and banks) spent \$46 million, or 5.4 percent of its total expenditures, on research and related activities (including data collection, current analysis, implementation of monetary policy, and research broadly defined). For the period January 1 to September 30, 1981, expenditures increased slightly to 5.7 percent of total expenses. Appendixes III and IV provide the banks' and Board's research expenditures in 1980 and for the period January 1 to September 30, 1981.

In 1980, the Board's research expenditures totaled \$21.8 million while the banks' research expenditures were \$24.5 million. For the period of January 1 to September 30, 1981, the Board's research expenditures amounted to \$18 million and the banks' \$22.1 million. The New York bank had the largest expenses for research and related activities. In 1980, this bank spent \$6.4 million on research. For the period of January 1 to September 30, 1981, research expenses at the bank totaled \$5.9 million.

The number of research employees at the Board as of September 30, 1981, totaled 390. For the same time period, the banks' research staffs totaled 590 employees. As of September 30, 1981, the research staffs ranged from 21 employees at the Minneapolis bank to 162 employees at the New York bank. (See app. IV.)

At the Board of Governors, research is conducted by three functional areas: The Office of Staff Director for Monetary and Financial Policy, which houses the Federal Open Market Committee Secretariat, and the Research and Statistics and International Finance Divisions. The primary objective of the Research and Statistics Division is to support the monetary policy and regulatory responsibilities of the Board of Governors and the Federal Open Market Committee. Research and Statistics collects, interprets, and reports on current financial and nonfinancial data, forecasts economic activity and related variables, analyzes the implications of policy alternatives, and interprets the implications of regulatory actions. In addition to its short term responsibilities, the Research and Statistics Division carries on studies of a longer term nature designed to provide a better understanding of the workings of the economy, particularly in financial markets. The results of much of this research are published in professional journals and in the form of working papers.

The International Finance Division, which has responsibilities similar to those of the Research and Statistics Division, focuses its work on U.S. international transactions and on developments in the international monetary system and in foreign countries that have important implications for the U.S. economy and U.S. economic policy. The Division prepares a series of discussion papers on a wide range of subjects and contributes articles to the Federal Reserve Bulletin. In addition, the Division provides the Board with information that facilitates the structuring of monetary policy.

Research activities at the Federal Reserve banks are independent of the Research and Statistics Division and the International Finance Division, although research and analysis is coordinated through a series of systemwide committees. Each bank has a research staff that gathers and analyzes a wide range of economic data for interpreting conditions and developments in the economy. This research assists the Federal Open Market Committee in formulating and implementing monetary policy and also contributes to informed decisionmaking by the banks in commercial bank supervision. Of all Federal Reserve bank functions, the System considers the support of monetary and economic policy to be its most important function.

Appendix V contains a listing of some of the publicly available research documents prepared by the banks and the Board's Research and Statistics Division and International Finance Division between January 1, 1980, and September 30, 1981. The internal research papers and studies produced are generally not available to us because of limits on our audit access authority stated in Public Law 95-320.

BOARD EMPLOYEES' SALARIES AND BENEFITS
COMPARABLE TO THOSE OF OTHER FEDERAL EMPLOYEES

The Board of Governors of the Federal Reserve System is an independent organization which pays salaries to its employees under four different pay schedules--the Wage Board Schedule, 1/ the Regular Salary Schedule, the Board Officer Compensation Program, and the Executive Pay Schedule. Under section 11 of the Federal Reserve Act of 1913 (12 U.S.C. 248(1)), the Board is authorized to employ individuals necessary to conduct the business of the Board and to set salaries for its employees. Board employees' salary structures are virtually identical to civil service salaries for comparable positions. Also, comparability adjustments for the Board's pay system are based on data used by the U.S. Office of Personnel Management, and pay raises have always been identical to those adopted by the Federal agencies. Appendixes VI and VII present the personnel expenditures of the Board and the banks for calendar year 1980 and the period January 1 to September 30, 1981.

The Board's Regular Salary Schedule, which sets the salary for most Board employees, is modeled after the Federal Government's General Schedule pay scale. The Board's pay schedule corresponds exactly with the General Schedule system through the GS-15 level in terms of amount of pay.

For Board officers--those above the equivalent of the GS-15 level--the pay system closely follows that of Federal employees. The Board's 89 officers are paid salaries under the Board Officer Compensation Program which is comparable to the Federal Government's Senior Executive Service. Although most Board officers' salaries do not exceed \$58,500, which is the Federal pay ceiling, several senior officers earn up to \$59,400. 2/ The Chairman and other members of the Board of Governors are paid by law (5 U.S.C. 5313 and 5314) under the Federal Executive Pay Schedule.

1/Comparable to Federal salaries for similar blue collar positions.

2/Excludes the Board's contributions to the Thrift Plan which is described on page 7.

The average salaries paid to Board employees under the Regular Salary Schedule are comparable to the average salaries paid Washington, D.C., Federal employees under the General Schedule. As of March 21, 1981, the Board paid an average annual salary of \$25,939 to Board employees under the Regular Salary Schedule. 1/ As of March 31, 1981, the average annual salaries for General Schedule, Washington, D.C., employees of the Federal Home Loan Bank Board and the National Credit Union Administration were \$26,500 and \$23,601, respectively. In addition, the March 31, 1981, average annual salary for all Washington, D.C., Federal employees paid under the General Schedule was \$25,645.

Board's retirement plan nearly identical to civil service plan

The Board's retirement plan covers about 1,300 of its 1,500 employees and is virtually identical to the civil service retirement plan. The remaining employees continue to participate in the civil service plan on the basis of their prior Federal employment. On January 1, 1944, the Board of Governors adopted special benefit and contribution provisions for its employees which were substantially the same as those provided under civil service. Whenever the benefit and contribution provisions of the civil service system are changed, conforming amendments are made to the Board plan.

In addition to its retirement plan, the Board also offers a savings plan--called the Thrift Plan--to all employees of the Board. 2/ The Thrift Plan was established on January 1, 1970. Federal Reserve employees can make contributions of up to 16 percent of their salary. The Board matches 40 percent of up to the first 6 percent of salary contributed by the employees. In 1980, the Board contributed an average of \$577.11 to the plan for each participating Board employee. Employees may make withdrawals subject to certain restrictions. At the end of 1980, 996 Board employees, or 67.9 percent of those eligible, participated in the plan. (See app. VII.)

Insurance benefits afforded Board employees

The Board offers the same health and life insurance plans to its employees that are available to civil service employees. The Board's contribution to the premiums on these policies is

1/Excludes the Board's contributions to the Thrift Plan which is described on this page.

2/The Thrift Plan is also available to bank employees.

identical to the Federal Government's premium contribution. Officers of the Board are afforded several benefits not available to Federal employees. These benefits are a free, long term disability income plan and a free \$150,000 life insurance plan. The Board is self-insured for the life insurance plan.

Another form of insurance provided free to Board employees, but not by the Federal Government to civil service employees, is a business travel accident insurance plan. 1/ The plan provides coverage on a 24-hour basis worldwide against any type of accident while the employee is on business of the Federal Reserve. Covered employees are eligible for insurance equal to three times their annual salary subject to a \$30,000 minimum and a \$300,000 maximum.

Other benefits available to Board employees

The Board provides other benefits to its employees which may also be available to some Federal employees in their places of work. 2/ Specific benefits available to Board employees include

- exercise facilities (including squash and tennis courts),
- an employee shop,
- an employee lounge area,
- beauty and barber shops,
- free limited underground parking, and
- a cafeteria and executive dining room.

The space occupied by the employee shop, lounge, and exercise facilities (excluding the tennis court) is provided by the Board. According to Board officials, the tennis court on the north side of the Martin Building is open to the public and is located on land owned by the Department of the Interior. The Board maintains the court and the surrounding grounds under an arrangement with the Department of the Interior.

1/The business travel accident insurance plan is also provided to bank employees.

2/We do not know to what extent these other benefits are available to Federal employees. Many Federal agencies have employee shops and free parking, and some have exercise facilities. We are not aware of the availability of beauty and barber shops.

The beauty and barber shops are located in the Martin Building. Although no fixed rent is charged to the operators of the shops, the Board receives 5 percent of the shops' gross receipts.

The space occupied by the Board's cafeteria is provided free by the Board and no attempt is made to recover the equivalent worth of the space in the cafeteria's food prices. According to a May 5, 1978, GAO report ^{1/} the nonrecovery of the lease expense for the cafeteria space is common among Federal agencies in their arrangements with Guest Services, Inc. The Federal Government provides space, utilities, and some equipment maintenance.

In 1980, the Board cafeteria operated at a net loss of \$391,384 and between January 1 and September 30, 1981, the net loss was \$314,058. These losses, funded by the Board, represent a cafeteria subsidy of about 43 percent. A similar subsidy is not paid by the Federal Government to operate the Guest Services, Inc. cafeteria operations.

SALARIES AND BENEFITS OF BANK
EMPLOYEES SET BY THE BANKS

Each bank sets its own salary structure on the basis of localized salary surveys. The survey of bank officer salaries is conducted every other year by Arthur Hansen and Company, a consulting firm in Dallas, Texas. The wage salary surveys of all other bank employees are conducted annually by each of the banks. The Board has prescribed guidelines and standards for the banks to follow in conducting their wage salary surveys.

Section 4 of the Federal Reserve Act of 1913 (12 U.S.C. 307) gave the Board the authority to approve any compensation paid by the banks to their boards of directors, officers, or employees. In 1947, the Board delegated to the banks the authority to set the salaries of their nonofficer employees within salary ranges previously approved by the Board. In April 1979, the Board further delegated banks the authority to adjust their nonofficer salary structures up to 9.5 percent in any 12-month period without the need for prior notification to the Board.

The 1981 12-bank average annual salary for nonofficer bank employees was \$17,697 and ranged from \$15,500 to \$21,077 depending upon the bank. On the basis of the pay structures in effect in the banks as of October 1981, a nonofficer bank employee could

^{1/}"Benefits General Services Administration Provides By Operating Cafeterias in Washington, D.C., Federal Buildings" (LCD-78-316, May 5, 1978).

make as little as \$6,070 or as much as \$51,000 per year. The 1981 12-bank average annual salary for officers was \$45,387 and ranged from \$40,912 at the Dallas bank to \$53,283 at the New York bank. (See app. VIII.)

Bank retirement plan includes social security

When the Federal Reserve retirement system was amended in 1944 to provide Board employees benefits comparable to the civil service system, bank employees continued to be covered by the retirement plan previously established in 1934. The bank plan is quite different from the Board plan and the civil service system. The bank plan does not require employee contributions, and bank employees have also participated in social security since 1951.

Normal retirement benefits are payable under the bank plan at age 60 with 30 years of service or at age 65 with 10 years. Bank employees may retire as early as age 50 with 10 years service, but their benefits are reduced substantially (up to 60 percent) when they retire early.

Bank employees, like Board employees, can also participate in the System's Thrift Plan. As of the end of 1980, 18,093 bank employees participated in this savings plan. The percent of eligible employees participating in the plan ranged from 62.4 percent at the Dallas bank to 89.8 percent at the Philadelphia bank. In 1980, the banks contributed an average of \$302.53 to the plan for each participating bank employee. (See app. VII.)

Other employee benefits provided by the banks

Employee benefits provided by the banks are quite different from those provided by the Board and the civil service system. The banks pay the full premiums for the employees' health, business travel accident, and life and survivor income insurance. Also, long term disability and supplemental survivor income insurance are self-insured bank plans provided to bank employees at no cost.

According to a Board official, about 27 different health plans are used by the banks and their offices to provide employee health insurance. Although health insurance is provided free to each employee, employees are required to pay one-third of the premium if they elect to include their families in the plan.

In the event of the death of a bank employee, the life and survivor income insurance plan pays the beneficiary a lump sum payment, and the survivors receive monthly income benefits. The lump sum payment is equal to 1 year's salary raised to the next

higher \$1,000 if not a round \$1,000. The minimum survivor monthly income payment is \$50 per month and can be more depending upon social security payments and the deceased employee's salary.

The business travel accident insurance policy is the same policy which covers Board employees.

Other benefits available to bank employees vary depending upon the bank, branch, or office where they work. All banks do not offer all benefits. A list of benefits available in at least one of the banks includes

- exercise facilities,
- employee shops,
- employee lounges,
- free parking, and
- cafeterias and executive dining rooms.

In 1980, the banks provided cafeteria and food concession subsidies ranging from \$263,734 in the Minneapolis bank to \$1,434,000 in the New York bank. Appendix IX lists the availability of employee benefits in the banks and provides statistics on the cafeteria and food concession subsidy by bank.

EXPENSE STATEMENTS BY OBJECT CLASS
OF THE FEDERAL RESERVE BANKS

Total Federal Reserve bank expenses for the calendar year 1980 and the period January 1 to September 30, 1981, were \$791 and \$664 million, respectively. There is an indicated increase of 12 percent in expenses for 1981 derived by comparing total expenses as of September 30, 1981, with 75 percent of the total 1980 expenses. There was little change in the relative magnitude of the individual expense classes between the two periods, and the banks were ranked similarly in the two periods according to their proportionate shares of total expenses.

Personnel expenses are the largest bank expense. In 1980, personnel expenses constituted 57.3 percent of total bank expenses. These expenses constituted from 51.6 to 61.3 percent of each bank's total expenses. The New York bank had the highest percent of personnel expenses and the highest total expenses for the two periods. In 1980, this bank had total expenses of \$163.5 million which constituted 20.7 percent of all bank expenses that year. The six banks with the lowest expenses aggregated 32.8 percent of all bank expenses.

The object class expense statements for calendar year 1980 and January 1 to September 30, 1981, and a brief explanation of each object class are presented in appendixes X and XI, respectively.

AGENCY COMMENTS

Federal Reserve Board officials and staff members reviewed a draft of this report and provided oral comments. They suggested several technical changes which we have incorporated into the report.

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We trust the foregoing is responsive to your needs. Unless you publicly announce its contents earlier, we will make no further distribution of this report until 7 days from its issuance date.

Sincerely yours,



William J. Anderson
Director

PAULA HAWKINS
FLORIDA

United States Senate

WASHINGTON, D.C. 20510

November 12, 1981

The Honorable Charles A. Bowsher
Comptroller General
of the United States
Washington, D.C. 20548

Dear Mr. Bowsher:

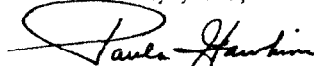
As you know, the Congress and the Administration are evaluating proposals to further lower Federal spending and the deficit. I am troubled by the fact that the Federal Reserve System is not subject to the Appropriation process, and in many ways, is free to spending substantial public funds without meaningful Congressional oversight. This creates the presumption, in my mind, that the system's priorities may be significantly different from the wishes of Congress and that the Congress might want to consider reducing their budget through appropriate legislative action.

I, therefore, request that the General Accounting Office study and provide information about the following areas:

- (1) The status of the Federal Reserve's efforts to establish and implement prices for "float" and currency and coin transportation in accordance with the Monetary Policy Act of 1980, and an assessment of the impact of any delays in charging banks for those services.
- (2) The cost of research conducted by the Board of Governors of the Federal Reserve and the Federal Reserve banks in 1980 and, to the extent possible, 1981, including the number of people involved and the extent of published results.
- (3) A comparison of the salaries and benefits of Board of Governors staff and the staff of the Federal Reserve banks with those of civil service employees of comparable rank or grade.
- (4) A detailed as possible statement of expenses for 1980 and, to the extent possible, 1981 for each Federal Reserve bank. The costs should be categorized in terms of object classes.

Please furnish the results of your studies or analyses, in the form of a report or reports, to me by no later than February 15, 1982. If you have any questions about this request, please contact Stu Sweet, of my staff, on 224-3041.

Sincerely yours,



Paula Hawkins
United States Senator

PH:g1j

FEDERAL RESERVE BANKS' COIN AND
CURRENCY TRANSPORTATION EXPENSES

	<u>January 1 to</u> <u>September 30, 1981</u>	<u>October 1, 1981,</u> <u>to January 31, 1982</u>
	----- (millions) -----	
Armored carriers	\$28.1	\$12.5
Registered mail (note a)	<u>.8</u>	<u>.4</u>
Total	<u>\$28.9</u>	<u>\$12.9</u>

a/Dollar figures were estimated by the Federal Reserve Board.

FEDERAL RESERVE SYSTEM RESEARCH EXPENDITURESFOR CALENDAR YEAR 1980

<u>Bank</u>	<u>Personnel</u>	<u>Data processing</u>	<u>Other</u>	<u>Total</u>	<u>Average number of research employees</u>
Boston	\$ 874,797	\$ 393,180	\$ 432,401	\$ 1,700,378	33
New York	3,461,600	837,301	2,126,175	6,425,076	126
Philadelphia	718,032	362,116	534,700	1,614,848	31
Cleveland	785,747	91,369	341,340	1,218,456	33
Richmond	784,129	127,588	587,506	1,499,223	35
Atlanta	931,352	365,149	699,977	1,996,478	41
Chicago	1,139,213	216,216	396,567	1,751,996	42
St. Louis	810,615	77,718	408,353	1,296,686	37
Minneapolis	508,162	102,688	395,807	1,006,657	24
Kansas City	604,240	82,181	382,354	1,068,775	24
Dallas	550,535	112,637	409,955	1,073,127	26
San Francisco	<u>1,368,933</u>	<u>267,225</u>	<u>2,232,890</u>	<u>3,869,048</u>	<u>56</u>
Federal Reserve Bank Totals	<u>\$12,537,355</u>	<u>\$3,035,368</u>	<u>\$8,948,025</u>	<u>\$24,520,748</u>	<u>508</u>
Federal Reserve Board Totals	<u>12,540,010</u>	<u>8,710,775</u>	<u>585,224</u>	<u>21,836,009</u>	<u>400</u>
Federal Reserve System Total	<u>\$25,077,365</u>	<u>\$11,746,143</u>	<u>\$9,533,249</u>	<u>\$46,356,757</u>	<u>908</u>

FEDERAL RESERVE SYSTEM RESEARCH EXPENDITURES
FOR THE PERIOD JANUARY 1 TO SEPTEMBER 30, 1981

<u>Bank</u>	<u>Personnel</u>	<u>Data processing</u>	<u>Other</u>	<u>Total</u>	<u>Average number of research employees</u>
Boston	\$ 719,747	\$ 503,168	\$ 318,905	\$ 1,541,820	37
New York	3,439,070	676,920	1,796,276	5,912,266	162
Philadelphia	589,259	481,700	330,509	1,401,468	33
Cleveland	755,121	108,719	198,841	1,062,681	37
Richmond	648,480	185,335	325,930	1,159,745	34
Atlanta	835,806	387,359	495,686	1,718,851	45
Chicago	1,047,859	145,823	375,434	1,569,116	45
St. Louis	657,462	80,292	468,238	1,205,992	38
Minneapolis	402,733	118,769	348,753	870,255	21
Kansas City	645,666	145,333	526,487	1,317,486	35
Dallas	576,016	128,455	349,850	1,054,321	32
San Francisco	<u>1,422,513</u>	<u>222,316</u>	<u>1,623,651</u>	<u>3,268,480</u>	<u>71</u>
Federal Reserve Bank Totals	<u>\$11,739,732</u>	<u>\$ 3,184,189</u>	<u>\$ 7,158,560</u>	<u>\$22,082,481</u>	<u>590</u>
Federal Reserve Board Totals	<u>9,948,366</u>	<u>7,525,706</u>	<u>530,201</u>	<u>18,004,273</u>	<u>390</u>
Federal Reserve System Total	<u>\$21,688,098</u>	<u>\$10,709,895</u>	<u>\$ 7,688,761</u>	<u>\$40,086,754</u>	<u>980</u>

SELECTED FEDERAL RESERVE BANK PUBLICATIONS 1980-1981Boston

Consumer Education, 1980

The Depository Institutions Deregulation and Monetary
Control Act of 1980

Credit Points, 1980

New England Economic Review (bimonthly)

New York

A Day at the Fed, 1980

Consumer Credit Terminology Handbook, 1980

Keeping our Money Healthy, 1981

Fedpoints 29--Commercial Paper, 1980

Quarterly Review

Fedpoints 13--The New York Fed, 1980

Fedpoints 23--Special Treasury Borrowings From the Fed, 1981

Fedpoints 27--System Open Market Account, 1980

Fedpoints 25--European Monetary System, 1981

Fedpoints 26--Foreign Banks and the Federal Reserve System, 1981

Fedpoints 19--The Swap Network and Bank Reserves, 1980

The Story of Checks and Electronic Payments, 1981

The Arithmetic of Interest Rates, 1981

Basic Information on Treasury Notes and Bonds, 1981

On Using Credit, 1980

Credit Scope, 1980

Philadelphia

Business Review (bimonthly)

Electronic Funds Transfer (Regulation E), 1980

Business Outlook Survey: Summary of Returns (monthly)

Cleveland

Economic Review--Quarterly--Current Research on Money and Banking

The Monetary Control Act--Mandate for Change, 1980

Economic Commentary (biweekly)

Richmond

Essays on Inflation, 1980

Keys for Business Forecasting, 1980

Annual Report, (February)

Atlanta

Federal Reserve Operations, 1980

Southeastern Economic Insight (semimonthly)

Chicago

Seventh District Statistics, 1980

Economic Perspectives (bimonthly)

St. Louis

Monetary Trends

Annual U.S. Economic Data (annually)

Role of Government in U.S. Economy Fiscal Policy, 1980

Minneapolis

Models in Monetary Economies, 1980

Your Credit Rights, 1981

Kansas City

Modeling Agriculture for Policy Analysis in the 1980's, 1981

Annual Statement (January)

Financial Letter (monthly)

Dallas

Through the Discount Window of the Federal Reserve, 1981

Annual Report (February)

San Francisco

Federal Reserve in Brief, 1980

Give Yourself Credit, 1981

SELECTED FEDERAL RESERVE BOARD PUBLICATIONSBY THE INTERNATIONAL FINANCE DIVISIONArticles 1980-1981

The Impact of Rising Oil Prices on the Major Foreign Industrial Countries. Published in October 1980 issue of Federal Reserve Bulletin.

U.S. International Transactions in 1979: Another Round of Oil Price Increases. Published in April 1980 issue of Federal Reserve Bulletin.

New Monetary Control Procedures. Published in February 1981.

U.S. International Transactions in 1980. Published in April 1981 issue of Federal Reserve Bulletin.

Public Policy and Capital Formation Staff Study in April 1981.

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In addition to the preceding articles, the division also prepared a series of discussion papers. The following are examples of these papers:

Dynamic Factor Demand Schedules for Labor and Capital Under Rational Expectations

Wealth Effects in the New Neoclassical Models

Modeling Bilateral Exchange Rates in a Multi-Country Model

Endogenous Technological Change and International Technology Transfer in a Ricardian Trade Model

Factors Determining Exchange Rates: The Roles of Relative Price Levels, Balances of Payments, Interest Rates and Risk

International Portfolio Disturbances and Domestic Monetary Policy

Some Consequences of U.S Taxation of Foreign Banks

Reserve Requirements on Eurocurrency Deposits: Implications for the Stabilization of Real Outputs

SELECTED FEDERAL RESERVE BOARD PUBLICATIONSBY THE RESEARCH AND STATISTICS DIVISION

Federal Reserve Bulletin, monthly

Federal Reserve Chart Book, quarterly

1980 Historical Chart Book

1981 Historical Chart Book

Annual Statistical Digest, 1970-1979

Annual Statistical Digest, 1980

Concordance of Statistics, March 1980

Concordance of Statistics, May 1981

Annual Report, 1979

Annual Report, 1980

New Monetary Control Procedures: Federal Reserve
Staff Study, Volumes I and II, February 1981

Staff Studies

Foreign Ownership and the Performance of U.S. Banks, July 1980

Performance and Characteristics of Edge Corporations, January 1981

Banking Structure and Performance at the State Level during the
1970s, March 1981

Federal Reserve Decisions on Bank Mergers and Acquisitions during
the 1970s, August 1981

Below the Bottom Line: The Use of Contingencies and Commitments
by Commercial Banks

Multibank Holding Companies: Recent Evidence on Competition and
Performance in Banking Markets

Costs, Scale Economics, Competition, and Product Mix in the U.S.
Payments Mechanism

Divisia Monetary Aggregates: Compilation, Data, and Historical
Behavior

Introduction to Flow of Funds, June 1980

Public Policy and Capital Formation, April 1981

Seasonal Adjustment of the Monetary Aggregates: Report of the
Committee of Experts on Seasonal Adjustment Techniques,
October 1981

In addition to these publications, Research and Statistics also published a series of working papers and papers that were published in professional journals, books, PH.D. dissertations, reports, and other publications. Many of the documents prepared by this division and not listed above are not available to the public. Rather, they are used by the Board of Governors of the Federal Reserve System in fulfilling its regulatory responsibilities.

PERSONNEL EXPENSES OF THE FEDERAL RESERVE SYSTEM

FOR THE CALENDAR YEAR 1980

	Federal Reserve Board	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco	TOTAL
Salaries	\$37,069,785	\$24,960,608	\$83,700,976	\$18,483,752	\$22,853,216	\$29,407,180	\$33,713,071	\$47,776,990	\$19,586,782	\$16,310,342	\$24,827,137	\$19,949,628	\$36,254,045	\$414,893,512
Retirement														
Board/bank plan	3,553,359	2,753,350	9,271,724	2,000,420	2,407,247	3,226,620	3,721,570	5,213,220	1,960,762	1,568,382	2,778,901	2,070,650	3,901,846	44,428,051
Civil service	395,553	-	-	-	-	-	-	-	-	-	-	-	-	395,553
Social security	6,980	1,418,790	4,615,006	1,054,332	1,322,119	1,746,677	2,058,637	2,778,850	1,142,270	948,674	1,464,475	1,163,375	2,091,275	21,811,460
Thrift plan	569,033	438,489	1,358,206	303,035	330,117	458,218	482,914	684,391	268,161	205,872	360,274	246,762	455,851	6,161,323
Special	a/ 4,550,000	-	-	-	-	-	-	-	-	-	-	-	-	4,550,000
Reimbursements	(18,112)	-	-	-	-	-	-	-	-	-	-	-	-	(18,112)
Total retirement	9,056,813	4,610,629	15,244,936	3,357,787	4,059,483	5,431,515	6,263,121	8,676,461	3,371,193	2,722,928	4,603,650	3,480,787	6,448,972	77,328,275
Benefits														
Life, survivors, and long-term disability insurance (note b)	84,943	1,169,611	4,947,969	1,250,899	1,614,046	1,271,790	1,076,716	2,484,072	1,235,958	785,702	1,138,242	953,974	1,786,306	19,800,228
Health insurance	644,214	1,369,791	3,109,897	1,237,167	969,998	1,011,377	1,876,452	2,315,734	1,132,833	563,939	1,376,093	743,028	1,950,976	18,301,499
Unemployment insurance	-	337,295	789,349	381,960	227,615	267,636	215,709	666,835	99,650	160,220	100,388	73,025	454,597	3,774,279
Workman's compensation	60,350	66,221	261,593	67,317	93,622	51,643	52,434	202,706	24,803	(8,739)	51,164	32,634	219,771	1,175,519
Other	c/ 51,740	1,044	-	525	-	472	5,913	17,050	562	615	-	-	234,471	312,392
Reimbursements	(1,929)	-	-	-	-	-	-	-	-	-	-	-	-	(1,929)
Total benefits	839,318	2,943,962	9,108,808	2,937,868	2,905,281	2,602,918	3,227,224	5,686,397	2,493,806	1,501,737	2,665,887	1,802,661	4,646,121	43,361,988
Other personnel expenses	16,844	340,411	2,361,131	308,889	306,376	420,428	274,366	812,492	172,216	314,538	253,496	656,126	1,552,990	7,790,303
Total personnel expenses	\$46,982,760	\$32,855,610	\$110,415,851	\$25,088,296	\$30,124,356	\$37,862,041	\$43,477,782	\$62,952,340	\$25,623,997	\$20,849,545	\$32,350,170	\$25,889,202	\$48,902,128	\$543,374,078

a/Cost of living allowance to Board retirees funded by the Board as an expenditure.

b/Cost of living allowances to bank retirees funded by each bank are included in this line item. Comparable Board expenses are listed under "Special" in the retirement section.

c/Payments to disabled employees or widows of deceased Board employees.

PERSONNEL EXPENSES FOR THE FEDERAL RESERVE SYSTEM

FOR JANUARY 1 TO SEPTEMBER 30, 1981

	Federal Reserve Board	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco	TOTAL
Salaries	\$30,090,527	\$20,253,394	\$66,875,771	\$15,441,826	\$19,042,766	\$24,013,135	\$27,212,003	\$40,627,932	\$16,266,870	\$13,743,825	\$20,429,870	\$18,116,762	\$31,708,552	\$343,823,233
Retirement														
Board/bank plan	2,528,951	1,922,287	6,166,121	1,383,290	1,495,405	2,583,774	2,759,488	3,743,791	1,363,601	1,100,150	2,143,917	1,667,967	2,683,581	31,542,323
Civil service	328,173	-	-	-	-	-	-	-	-	-	-	-	-	328,173
Social security	11,562	1,295,408	4,188,633	966,512	1,215,817	1,590,931	1,798,661	2,646,471	1,056,799	845,649	1,372,693	1,177,482	2,065,475	20,232,093
Thrift plan	449,097	308,680	1,095,225	299,037	273,084	382,556	397,192	578,158	233,238	174,324	302,812	217,584	396,421	5,107,408
Special	a/ 878,000	-	-	-	-	-	-	-	-	-	-	-	-	878,000
Reimbursements	(5,576)	-	-	-	-	-	-	-	-	-	-	-	-	(5,576)
Total retirement	4,190,207	3,526,375	11,449,979	2,648,839	2,984,306	4,557,261	4,955,341	6,968,420	2,653,638	2,120,123	3,819,422	3,063,033	5,145,477	58,082,421
Benefits														
Life, survivors, and long-term disability insurance (note b)	71,109	1,022,325	3,577,195	944,478	1,270,632	816,305	766,712	2,292,065	974,256	621,929	931,544	877,806	1,471,279	15,637,635
Health insurance	579,846	1,071,157	3,370,218	1,063,249	1,365,824	1,379,383	1,989,231	2,627,169	984,812	734,875	1,188,366	921,279	1,878,751	19,154,160
Unemployment insurance	-	376,922	533,809	376,464	234,310	195,565	189,699	489,731	132,130	162,948	103,512	85,368	408,464	3,288,922
Workman's compensation	51,719	114,555	227,274	48,999	128,984	109,182	54,592	146,325	59,824	30,978	81,875	57,823	198,714	1,310,844
Other (include business travel accident)	3,522	900	6,122	-	-	402	5,219	18,352	1,970	507	6,567	-	198,395	241,956
Reimbursements	(677)	-	-	-	-	-	-	-	-	-	-	-	-	(677)
Total benefits	705,519	2,585,859	7,714,618	2,433,190	2,999,750	2,500,837	3,005,453	5,573,642	2,152,992	1,551,237	2,311,864	1,942,276	4,155,603	39,632,840
Other personnel expenses	2,656	147,132	2,264,863	314,722	453,099	268,144	278,094	1,038,633	191,007	219,676	134,638	913,712	913,007	7,139,383
Total personnel expenses	\$34,988,909	\$26,512,760	\$88,305,231	\$20,838,577	\$25,479,921	\$31,339,377	\$35,450,891	\$54,208,627	\$21,264,507	\$17,634,861	\$26,695,794	\$24,035,783	\$41,922,639	\$448,677,877

a/Cost of living allowance to Board retirees funded by the Board as an expenditure.

b/Cost of living allowances to bank retirees funded by each bank are included in this line item. Comparable Board expenses are listed under "Special" in the retirement section.

NONOFFICER SALARY RANGES OF
FEDERAL RESERVE BANK EMPLOYEES

Federal Reserve <u>bank</u>	<u>Minimum</u> <u>salary</u>	<u>Maximum</u> <u>salary</u>
Boston	\$6,070	\$42,090
New York	6,525	51,000
Philadelphia	6,100	43,800
Cleveland	7,841	42,170
Richmond	6,968	39,000
Atlanta	7,000	43,125
Chicago	6,730	45,180
St. Louis	6,780	42,960
Minneapolis	7,300	43,800
Kansas City	6,968	46,800
Dallas	6,970	41,895
San Francisco	6,970	44,885
Federal Reserve bank average nonofficer salary	\$6,852	\$43,892

BENEFITS AVAILABLE TO BANK EMPLOYEES

<u>Benefit</u>	<u>Availability of benefit</u>	<u>Comment on arrangement</u>
Exercise facilities (tread mills, rowing machines, weights, bicycles, etc.)	7 banks	Six banks do not charge the users directly. One bank charges a membership fee for use.
Employee shop	3 banks	Space provided to the shops is not charged directly to the users.
Employee lounge	11 banks	Space provided for the lounges is not charged directly to the users.
Auto parking	7 banks	Free spaces generally al- located on the basis of employee seniority.
Retirement/Christmas parties	6 banks	Six banks subsidize a reception or dinner for retirees, and four banks subsidize retirement gifts. Two banks subsidize Christmas parties for employees.
Federal Reserve Club	12 banks	Total contributions during 1980 were \$206,561 or less than \$9 per employee. Five banks provide space, and eight banks provide printing services.
Cafeteria	12 banks	Space is not charged directly to the users.
Executive dining room	12 banks	Space is not charged directly to the users.

CAFETERIA AND FOOD CONCESSION SUBSIDY BY BANK

<u>Bank</u>	<u>Calendar year 1980</u>		<u>January 1 to September 30, 1981</u>	
	<u>Dollar amount</u>	<u>Percent</u>	<u>Dollar amount</u>	<u>Percent</u>
Boston	\$ 627,516	56	\$ 463,082	56
New York	1,434,000	64	1,160,000	62
Cleveland	608,806	57	532,503	59
Philadelphia	386,601	55	325,451	55
Richmond	1,268,913	63	812,612	62
Atlanta	1,168,824	64	979,876	65
Chicago	1,424,652	62	1,167,547	61
St. Louis	552,133	63	447,389	65
Minneapolis	263,724	43	246,069	51
Kansas City	645,403	65	510,514	65
Dallas	378,483	55	291,322	50
San Francisco	917,146	66	729,642	65

OPERATING EXPENSES FOR EACH FEDERAL RESERVE

BANK DISTRICT FOR CALENDAR YEAR 1980 AND

THE PERIOD JANUARY 1 TO SEPTEMBER 30, 1981

	BOSTON		NEW YORK		PHILADELPHIA	
	1980	1981	1980	1981	1980	1981
Personnel:						
Officer salaries	\$ 1,937,691	\$ 1,635,555	\$ 6,641,538	\$ 5,655,200	\$ 1,615,307	\$ 1,423,922
Employees' salaries	23,022,917	18,617,839	77,059,438	61,220,571	16,868,445	14,017,904
Retirement and other benefits	7,554,588	6,078,234	24,353,744	19,164,590	6,295,654	5,082,029
Other personnel expenses	340,411	147,132	2,361,131	2,264,863	308,889	314,722
Total personnel	<u>32,855,607</u>	<u>26,478,760</u>	<u>110,415,851</u>	<u>88,305,224</u>	<u>25,088,295</u>	<u>20,838,577</u>
Materials and supplies:						
Forms, parts, and supplies	2,058,850	1,584,455	4,574,555	3,705,676	1,363,236	1,100,424
Food supplies	-	-	1,057,920	889,797	271,907	228,959
Publications	257,214	195,994	692,348	589,321	-	-
Supply inventory	15,857	8,770	90,509	55,622	-	-
Total materials and supplies	<u>2,331,921</u>	<u>1,789,219</u>	<u>6,415,332</u>	<u>5,240,416</u>	<u>1,635,143</u>	<u>1,329,383</u>
Equipment:						
Equipment rentals	1,595,798	1,307,697	7,395,275	5,358,532	1,070,465	948,795
Equipment depreciation	1,135,500	1,008,296	3,081,228	3,570,244	1,524,506	1,215,221
Equipment repairs and maintenance	607,774	574,669	2,317,314	2,782,374	607,417	611,358
Total equipment	<u>3,339,072</u>	<u>2,890,662</u>	<u>12,793,817</u>	<u>11,711,150</u>	<u>3,202,388</u>	<u>2,775,374</u>
Shipping:						
Postage	641,192	583,875	2,207,436	1,697,790	593,035	332,440
Armored carrier	2,212,336	1,629,245	6,201,618	4,620,167	1,224,324	1,043,790
Other shipping	2,135,892	1,851,836	3,852,605	3,362,661	2,042,356	1,794,566
Total shipping	<u>4,989,420</u>	<u>4,064,956</u>	<u>12,261,659</u>	<u>9,680,618</u>	<u>3,859,715</u>	<u>3,170,796</u>
Travel	670,728	502,170	2,080,450	1,374,270	401,784	320,234
Communications	819,875	739,097	3,013,580	2,791,590	647,727	596,791
Building:						
Building insurance	26,014	22,309	51,885	31,002	47,774	38,591
Taxes on real estate	2,922,503	2,270,631	2,524,679	2,124,650	1,225,982	1,005,106
Property depreciation	2,273,863	1,735,572	391,631	434,431	1,461,057	1,109,323
Utilities	1,845,108	1,629,018	3,591,791	3,042,527	1,651,807	1,440,346
Rent	405,611	343,229	6,336,999	4,937,773	24,400	18,935
Other building expenses	453,937	327,764	738,138	1,247,248	712,786	562,264
Total building	<u>7,927,036</u>	<u>6,328,523</u>	<u>13,635,123</u>	<u>11,817,631</u>	<u>5,123,806</u>	<u>4,174,465</u>
Federal Reserve currency	3,778,604	3,273,214	4,844,238	10,843,155	3,361,052	2,532,009
Fees	288,692	230,814	2,123,210	2,187,396	265,401	244,758
Other:						
Relocation	9,399	37,716	95,726	75,011	22,856	21,194
Advertising	29,765	34,100	8,397	28,151	15,851	9,992
Education and tuition	178,860	180,954	713,752	634,011	157,341	131,116
Employee activities	14,369	17,627	13,508	12,199	8,810	7,864
Employee recognition awards	9,493	9,595	30,364	30,271	992	74
FRS club payments	17,590	20,901	17,623	17,646	8,308	10,700
Cafeteria fees	651,477	497,547	94,150	80,126	-	-
Protection costs	-	-	215,227	448	5,837	2,965
Medical services	27,270	19,416	154,554	147,459	15,675	12,703
DP procurement	100,909	53,827	413,719	39,209	36,560	48,011
Software	67,063	147,013	509,761	540,345	171,741	154,366
Dues for membership	8,167	10,746	20,578	19,100	7,769	9,719
All other	270,377	231,086	397,633	281,726	260,279	172,935
Total other expenses	<u>1,384,739</u>	<u>1,260,528</u>	<u>2,684,992</u>	<u>1,905,702</u>	<u>712,019</u>	<u>581,639</u>
Contra expense	(149,758)	(102,353)	-	-	(1,504)	-
Intradistrict expenses	-	-	-	-	-	-
Total expenses	<u>58,235,936</u>	<u>47,455,590</u>	<u>180,268,252</u>	<u>145,857,152</u>	<u>44,295,826</u>	<u>36,564,026</u>
Reimbursements/recoveries	(7,558,970)	(5,299,781)	(16,745,192)	(14,298,365)	(4,085,291)	(3,235,726)
Net operating expenses	<u>\$50,676,966</u>	<u>\$42,155,809</u>	<u>\$163,523,060</u>	<u>\$131,558,787</u>	<u>\$40,210,535</u>	<u>\$33,328,300</u>
Average number of personnel	1,515	1,541	4,478	4,456	1,163	1,197

APPENDIX X

APPENDIX X

	CHICAGO		ST. LOUIS		MINNEAPOLIS	
	1980	1981	1980	1981	1980	1981
Personnel:						
Officer salaries	\$ 2,946,152	\$ 2,509,169	\$ 1,694,646	\$ 1,448,415	\$ 1,457,011	\$ 1,244,471
Employees' salaries	44,830,838	38,118,763	17,892,136	14,818,455	14,853,331	12,499,354
Retirement, other benefits	14,362,855	12,542,060	5,864,996	4,806,630	4,224,662	3,671,360
Other personnel expenses	812,492	1,038,633	172,216	191,007	314,538	219,676
Total personnel	<u>62,952,337</u>	<u>54,208,625</u>	<u>25,623,994</u>	<u>21,264,507</u>	<u>20,849,542</u>	<u>17,634,861</u>
Materials and supplies:						
Forms, parts, and supplies	3,435,486	3,011,919	1,538,850	1,225,381	1,112,590	908,946
Food supplies	761,373	684,379	273,935	312,020	-	-
Publications	126,006	175,472	101,724	91,577	69,882	39,672
Supply inventory	56,388	22,229	-12,192	15	3,869	2,998
Total materials and supplies	<u>4,379,253</u>	<u>3,893,999</u>	<u>1,902,317</u>	<u>1,628,993</u>	<u>1,186,341</u>	<u>951,616</u>
Equipment:						
Equipment rentals	5,956,588	4,950,511	2,535,764	2,087,326	1,128,425	1,333,346
Equipment depreciation	1,174,928	1,326,328	1,109,274	731,725	710,650	796,828
Equipment repairs and maintenance	804,981	1,045,050	438,839	644,383	402,649	383,233
Total equipment	<u>7,936,497</u>	<u>7,321,889</u>	<u>4,083,877</u>	<u>3,463,434</u>	<u>2,241,724</u>	<u>2,513,407</u>
Shipping:						
Postage	1,525,759	1,287,872	1,120,327	1,049,873	921,461	760,609
Armored carrier	4,354,968	3,679,040	1,440,018	1,230,220	1,334,749	1,093,467
Other shipping	6,443,015	5,490,280	3,102,367	2,516,697	1,580,818	1,495,408
Total shipping	<u>12,323,742</u>	<u>10,457,192</u>	<u>5,662,712</u>	<u>4,796,790</u>	<u>3,837,028</u>	<u>3,349,484</u>
Travel	<u>1,648,838</u>	<u>1,492,098</u>	<u>629,221</u>	<u>449,032</u>	<u>659,832</u>	<u>573,038</u>
Communications	<u>1,561,756</u>	<u>1,586,938</u>	<u>535,367</u>	<u>501,295</u>	<u>651,392</u>	<u>614,342</u>
Building:						
Building insurance	17,444	10,070	16,708	2,960	12,066	9,221
Taxes on real estate	2,058,708	1,632,479	386,362	293,008	1,602,655	1,266,393
Property depreciation	500,708	418,071	397,316	340,905	864,649	639,181
Utilities	1,415,825	1,449,143	820,942	713,111	522,103	485,402
Rent	906,911	915,408	151,013	195,480	61,501	52,827
Other building expenses	1,426,069	1,274,442	472,959	261,107	486,554	361,442
Total building	<u>6,325,665</u>	<u>5,699,613</u>	<u>2,245,300</u>	<u>1,806,571</u>	<u>3,549,528</u>	<u>2,814,476</u>
Federal Reserve currency	<u>8,549,265</u>	<u>7,842,038</u>	<u>2,879,263</u>	<u>2,199,406</u>	<u>1,347,936</u>	<u>809,583</u>
Fees	<u>460,165</u>	<u>511,062</u>	<u>492,291</u>	<u>455,206</u>	<u>406,800</u>	<u>304,658</u>
Other:						
Relocation	209,378	157,837	114,978	19,565	30,540	15,724
Advertising	45,088	33,130	23,557	1,041	53,890	21,882
Education and tuition	195,382	351,580	74,989	70,714	108,895	151,561
Employee activities	-	750	4,514	1,927	1,718	1,350
Employee recognition awards	429	182	10,842	6,551	7,756	2,966
FRS club payments	11,185	3,650	7,670	8,490	7,200	4,500
Cafeteria fees	351,455	285,215	-	3	308,404	265,720
Protection costs	11,406	7,913	5,307	5,569	2,572	1,197
Medical services	58,440	45,625	35,242	29,728	17,195	11,647
DP procurement	878	3,911	-	-	57,620	38,429
Software costs	384,102	423,325	268,856	197,241	115,061	165,966
Dues for membership	22,496	19,758	8,497	8,881	8,168	5,958
All other	292,512	215,106	201,928	151,801	105,205	65,952
Total other expenses	<u>1,582,751</u>	<u>1,547,982</u>	<u>756,380</u>	<u>501,512</u>	<u>824,224</u>	<u>752,852</u>
Contra expense	<u>(323,157)</u>	<u>(430,174)</u>	<u>(140,022)</u>	<u>(48,984)</u>	<u>(57,213)</u>	<u>(51,654)</u>
Intradistrict expenses	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>107,397,111</u>	<u>94,131,262</u>	<u>44,670,700</u>	<u>37,017,762</u>	<u>35,497,134</u>	<u>30,266,663</u>
Reimbursements/recoveries	<u>(8,529,605)</u>	<u>(6,697,639)</u>	<u>(3,613,740)</u>	<u>(2,762,550)</u>	<u>(2,368,417)</u>	<u>(1,594,709)</u>
Net operating expenses	<u>\$98,867,506</u>	<u>\$87,433,623</u>	<u>\$41,056,960</u>	<u>\$34,255,212</u>	<u>\$33,128,717</u>	<u>\$28,671,954</u>
Average number of personnel	3,043	3,127	1,333	1,368	1,075	1,202

APPENDIX X

APPENDIX X

	KANSAS CITY		DALLAS		SAN FRANCISCO	
	1980	1981	1980	1981	1980	1981
Personnel:						
Officer salaries	\$ 1,985,409	\$ 1,682,860	\$ 1,438,958	\$ 1,264,762	\$ 3,137,461	\$ 2,732,754
Employees' salaries	22,841,728	18,747,010	18,510,670	16,852,000	33,116,584	28,975,798
Retirement, other benefits	7,269,536	6,131,285	5,283,445	5,005,309	11,094,090	9,301,079
Other personnel expenses	253,496	134,638	656,126	913,712	1,552,990	913,007
Total personnel	<u>32,350,169</u>	<u>26,695,793</u>	<u>25,889,199</u>	<u>24,035,783</u>	<u>48,901,125</u>	<u>41,922,638</u>
Materials and supplies:						
Forms, parts, and supplies	1,988,408	1,658,589	2,030,730	1,710,827	2,529,384	1,964,931
Food supplies	239,070	185,134	88,089	73,983	284,456	3,792
Publications	154,970	134,001	994	-	264,080	177,553
Supply inventory	21,857	3,506	34,888	33,059	36,272	32,693
Total materials and supplies	<u>2,404,305</u>	<u>1,981,230</u>	<u>2,154,701</u>	<u>1,817,869</u>	<u>3,114,192</u>	<u>2,178,969</u>
Equipment:						
Equipment rentals	3,088,142	1,558,097	1,998,582	1,837,517	3,337,236	3,073,312
Equipment depreciation	1,587,184	1,705,349	1,214,393	1,190,410	3,000,534	1,726,614
Equipment repairs and maintenance	680,906	918,366	936,012	956,642	1,227,422	1,213,893
Total equipment	<u>5,356,232</u>	<u>4,181,812</u>	<u>4,148,987</u>	<u>3,984,569</u>	<u>7,565,192</u>	<u>6,013,819</u>
Shipping:						
Postage	1,721,673	1,190,206	787,029	685,948	1,708,595	1,322,808
Armored carrier	1,397,366	1,155,152	1,966,010	1,474,214	4,550,906	3,766,758
Other shipping	3,465,131	3,002,621	3,011,871	2,872,862	3,717,286	2,992,741
Total shipping	<u>6,584,170</u>	<u>5,347,979</u>	<u>5,764,910</u>	<u>5,033,024</u>	<u>9,976,787</u>	<u>8,082,307</u>
Travel	<u>1,104,675</u>	<u>828,019</u>	<u>808,529</u>	<u>682,316</u>	<u>1,469,066</u>	<u>1,264,127</u>
Communications	<u>916,951</u>	<u>775,291</u>	<u>984,314</u>	<u>768,199</u>	<u>1,376,188</u>	<u>1,143,326</u>
Building:						
Building insurance	12,044	16,367	4,355	2,439	19,506	14,789
Taxes on real estate	470,275	340,918	508,050	371,216	553,956	440,268
Property depreciation	591,602	534,125	313,513	350,512	559,610	512,844
Utilities	820,336	738,954	804,916	792,337	911,279	803,736
Rent	32,338	26,837	28,811	58,073	722,597	698,154
Other building expenses	271,216	260,815	648,521	434,844	288,883	210,100
Total building	<u>2,197,811</u>	<u>1,918,016</u>	<u>2,308,166</u>	<u>2,009,421</u>	<u>3,055,831</u>	<u>2,679,891</u>
Federal Reserve currency	<u>3,952,862</u>	<u>3,296,469</u>	<u>5,143,575</u>	<u>3,960,915</u>	<u>9,548,900</u>	<u>7,098,845</u>
Fees	<u>360,845</u>	<u>270,513</u>	<u>334,663</u>	<u>382,726</u>	<u>737,441</u>	<u>647,421</u>
Other:						
Relocation	24,704	47,850	55,714	92,428	243,133	125,138
Advertising for employees	22,015	13,997	107,479	81,806	192,904	104,086
Education and tuition	152,136	128,227	119,774	121,529	196,301	197,346
Employee activities	-	136	-	2,100	2,739	194
Employee recognition awards	11,968	5,634	1,275	591	6,330	9,935
FRS Club payments	27,930	25,686	16,888	19,846	34,600	36,800
Cafeteria fees	258,125	202,323	677,566	354,701	276,393	699,313
Protection costs	5,000	13,668	1,157	1,176	26,111	16,378
Medical services	25,001	16,420	21,681	16,560	28,067	26,205
DP procurement	-	-	517	-	13,056	28,806
Software costs	202,642	172,128	196,513	243,579	458,202	342,485
Dues for membership	16,807	14,035	13,366	5,862	13,902	10,238
All other	141,529	101,100	148,017	122,463	199,303	168,197
Total other expenses	<u>887,857</u>	<u>741,204</u>	<u>1,359,947</u>	<u>1,062,641</u>	<u>1,691,041</u>	<u>1,765,121</u>
Contra expense	<u>(484,139)</u>	<u>(426,216)</u>	<u>(155,735)</u>	<u>(133,142)</u>	<u>(242,456)</u>	<u>(129,725)</u>
Intradistrict expenses	<u>1</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total expenses	<u>55,631,751</u>	<u>45,610,210</u>	<u>48,741,256</u>	<u>43,604,323</u>	<u>87,193,307</u>	<u>72,666,741</u>
Reimbursements/recoveries	<u>(4,502,413)</u>	<u>(2,966,424)</u>	<u>(2,839,519)</u>	<u>(2,153,368)</u>	<u>(7,526,052)</u>	<u>(5,476,762)</u>
Net operating expenses	<u>\$51,129,326</u>	<u>\$42,643,686</u>	<u>\$45,901,737</u>	<u>\$41,450,955</u>	<u>\$79,667,255</u>	<u>\$67,189,979</u>
Average number of personnel	1,676	1,668	1,365	1,486	2,108	2,228

APPENDIX X

APPENDIX X

	CLEVELAND		RICHMOND		ATLANTA	
	1980	1981	1980	1981	1980	1981
Personnel:						
Officer salaries	\$ 1,533,847	\$ 1,267,177	\$ 2,512,729	\$ 2,200,676	\$ 2,619,111	\$ 2,254,269
Employees' salaries	21,319,369	17,775,589	26,894,451	21,812,459	31,093,960	24,957,734
Retirement, other benefits	6,963,759	5,984,056	8,034,424	7,058,091	9,490,344	7,960,790
Other personnel expenses	306,376	453,099	420,428	268,144	274,366	278,094
Total personnel	<u>30,123,351</u>	<u>25,479,921</u>	<u>37,862,032</u>	<u>31,339,370</u>	<u>43,477,781</u>	<u>35,450,887</u>
Materials and supplies:						
Forms, parts, and supplies	1,959,767	1,548,889	2,360,112	1,957,069	2,852,196	2,368,230
Food supplies	-	-	572,678	531,509	222,999	332,808
Publications	29,721	21,420	137,560	36,741	76,808	109,821
Supply inventory	-1,207	-121	2,828	-972	81	-673
Total materials and supplies	<u>1,988,281</u>	<u>1,570,188</u>	<u>3,073,178</u>	<u>2,524,347</u>	<u>3,152,084</u>	<u>2,810,186</u>
Equipment:						
Equipment rentals	3,107,260	2,891,146	4,823,662	4,000,309	4,251,519	3,908,412
Equipment depreciation	1,281,680	1,113,685	864,115	1,259,117	1,298,823	1,181,319
Equipment repairs and maintenance	543,454	491,051	749,805	986,535	1,001,114	1,025,619
Total equipment	<u>4,932,394</u>	<u>4,495,882</u>	<u>6,437,582</u>	<u>6,245,961</u>	<u>6,551,456</u>	<u>6,115,350</u>
Shipping:						
Postage	891,333	759,542	1,132,596	881,055	1,162,977	929,823
Armored carrier	2,584,618	2,086,075	4,915,843	3,886,349	1,880,033	1,530,244
Other shipping	3,018,583	5,605,229	3,832,097	3,178,170	5,809,900	4,910,946
Total shipping	<u>6,494,534</u>	<u>5,450,846</u>	<u>9,880,536</u>	<u>7,945,574</u>	<u>8,852,910</u>	<u>7,371,013</u>
Travel	<u>908,627</u>	<u>703,001</u>	<u>1,041,488</u>	<u>847,534</u>	<u>1,279,769</u>	<u>951,987</u>
Communications	<u>793,504</u>	<u>729,087</u>	<u>(1,466,268)</u>	<u>(1,557,376)</u>	<u>1,462,523</u>	<u>1,282,715</u>
Building:						
Building insurance	22,095	16,520	13,697	10,769	28,801	3,259
Taxes on real estate	903,702	737,192	1,203,534	924,572	742,222	680,048
Property depreciation	744,973	610,918	2,557,268	1,996,707	508,499	645,387
Utilities	997,768	847,283	1,687,297	1,138,817	1,282,021	1,259,062
Rent	141,317	135,340	827,766	741,954	437,952	99,067
Other building expenses	259,119	278,520	725,918	714,463	408,193	408,713
Total building	<u>3,068,974</u>	<u>2,625,773</u>	<u>7,015,480</u>	<u>5,527,282</u>	<u>3,407,688</u>	<u>3,095,536</u>
Federal Reserve currency	<u>4,895,984</u>	<u>3,292,763</u>	<u>8,191,401</u>	<u>6,657,908</u>	<u>6,632,921</u>	<u>3,957,613</u>
Fees	<u>353,607</u>	<u>278,254</u>	<u>451,719</u>	<u>258,221</u>	<u>312,387</u>	<u>310,446</u>
Other:						
Relocation	13,046	48,829	55,633	62,627	167,136	173,327
Advertising for employees	10,000	5,334	15,854	10,463	26,334	16,702
Education and tuition	120,563	118,012	189,378	205,921	90,110	140,855
Employee activities	17,856	12,546	8,373	1,963	-	70
Employee recognition awards	827	6,252	6,857	2,485	3,139	1,506
FRS Club payments	21,403	28,676	12,295	19,930	23,869	26,136
Cafeteria fees	556,644	497,101	121,072	27,014	552,259	466,713
Protection costs	9,059	7,494	19,981	18,074	2,204	1,846
Medical services	40,804	32,928	26,326	24,915	26,465	25,654
DP procurement	72,167	50,782	13,632	23,300	38,800	47,981
Software costs	129,295	184,249	305,252	204,288	94,159	49,122
Dues for membership	5,478	4,451	11,611	10,153	24,363	8,290
All other	119,101	101,530	261,716	201,989	200,626	154,525
Total other expenses	<u>1,116,243</u>	<u>1,098,184</u>	<u>1,047,980</u>	<u>813,122</u>	<u>1,249,464</u>	<u>1,112,727</u>
Contra expense	<u>(152,159)</u>	<u>(114,679)</u>	<u>(194,433)</u>	<u>(126,443)</u>	<u>(244,076)</u>	<u>(215,814)</u>
Intradistrict expenses	<u>-</u>	<u>-</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>-</u>
Total expenses	<u>54,523,340</u>	<u>45,609,220</u>	<u>73,340,697</u>	<u>60,475,503</u>	<u>76,134,907</u>	<u>62,242,646</u>
Reimbursements/recoveries	<u>(5,757,458)</u>	<u>(4,294,200)</u>	<u>(5,437,640)</u>	<u>(4,525,274)</u>	<u>(5,959,812)</u>	<u>(4,230,254)</u>
Net operating expenses	<u>\$48,765,882</u>	<u>\$41,315,020</u>	<u>\$67,903,057</u>	<u>\$55,950,229</u>	<u>\$70,175,095</u>	<u>\$58,012,392</u>
Average number of personnel	1,529	1,528	2,083	2,083	2,315	2,284

BRIEF EXPLANATION OF EXPENSE CATEGORIES FOR THE
FEDERAL RESERVE BANKS' OBJECT CLASS BUDGETS

Personnel:

Officer salaries: Compensation for personal services paid to those persons whose positions have been designated as "official" such as President, Vice President, and Secretary.

Employees' salaries: Compensation for personal services paid to regular and hourly bank employees including overtime and different types of leave pay.

Retirement, other benefits: Amounts paid for the benefit of officers and employees in current service and for the benefit of those officers and employees who have retired or are in an inactive status. Payments are made to the Retirement System for retirement benefits and long term disabilities. Other major contributions made for the benefit of personnel in current service are: the Federal Reserve Thrift Plan, social security, hospital/medical insurance, group life insurance, unemployment insurance, and workmen's compensation.

Other personnel expenses: Major expenses charged to this activity are compensation paid to officers and employees upon separation from current service and absence due to extended illness or other approved reasons.

Materials and supplies:

Forms, parts, and supplies: The cost of these materials, forms, and supplies used directly in processing work and for general use such as: supplies for general office work, data processing, accounting, cafeteria operation, housekeeping, building operation, etc.

Food supplies: The cost of food purchased for use in the bank's cafeteria or in food vending machines.

Federal Reserve publications: The cost of printed Federal Reserve publications ordered by the bank.

Equipment:

Equipment rentals: Includes the costs of all rentals paid to outside firms for equipment such as: automotive, communication, computer, and other data processing.

Equipment depreciation: The depreciation expense calculated on bank-owned equipment.

Equipment maintenance and repairs: Includes costs incurred by payments to outside parties. This category does not include costs for repairs on fixed machinery and equipment.

Shipping:

Postage: Includes costs of postage, registration, insurance, and reimbursements made to commercial banks for postal shipments made at their expense.

Armored carrier: Costs of all private contracts for armored car service and reimbursements made to commercial banks for armored car shipments made at their expenses.

Other shipping: Costs of other contract carriers, the banks' pro rata share of the ITS Air Charter Service and other shipping costs including trash removal.

Travel:

All expenses for travel, foreign and domestic, incurred by directors, members of the Federal Advisory Council, officers, employees, and nonemployees while traveling on authorized bank business.

Communication:

Costs of all telephone and telegraph service and each bank's pro rata cost of the Federal Reserve Communications System maintained by the Federal Reserve Bank of Richmond.

Building:

Building insurance: The cost of all insurance premiums paid in connection with the ownership and/or occupancy of buildings including liability insurance coverage.

Taxes on real estate: The cost of all taxes paid to local or State authorities in connection with the ownership and/or occupancy of real estate.

Property depreciation: Depreciation calculated on bank-owned buildings, vaults, fixed machinery and equipment, furniture, furnishings, and fixtures.

Utilities: The cost of all payments made to utility companies for water, electricity, steam, gas, etc., and the costs of any fuel such as coal, oil, or gas purchased for use in buildings owned and/or occupied by the bank.

Rent: This expense includes rent paid for office space, garage space, relocation sites, safe-deposit boxes, post office boxes, and the expenses of occupying such space-utilities, alterations, repairs, and amortization of leasehold improvements.

Other building expense: Costs of contract cleaning and maintenance and other payments to outside firms for maintenance of buildings, fixed machinery, and equipment.

Federal Reserve Currency:

Costs of issuing new currency, consisting principally of payments to the Board of Governors for the costs of printing new currency and payments to armored carriers for its shipping.

Fees:

The cost of fees paid to Reserve bank directors and members of the Federal Advisory Council, outside consultants, attorneys, and others who are not employees of the banks.

Other:

Relocation: All relocation expenses for which officers and employees are reimbursed after employment or transfer.

Advertising: Outside cost for all advertising (newspaper, college brochures, etc.) for employees to fill vacant or future positions with the bank.

Education and tuition: All outside costs absorbed by the bank in connection with the education and training of employees.

Employee activities: All payments made to outside firms in connection with bank-sponsored employee activities.

Employee recognition awards: All payments made to outside firms for plaques, desk sets, etc., and the cost of Savings Bonds presented to employees for long term service or upon retirement.

FRS club payments: All payments made to the bank's FR Club, Employees' Club, etc.

Cafeteria fees: Reflects cost of payments made to outside firms which operate cafeterias and/or food concessions. Includes all costs absorbed by the bank in operating food, drink, and refreshment vending machines except the cost of food purchased by the bank used in stocking vending machines.

Protection costs: Includes the cost of payments made to outside firms for providing alarm detection services and the cost of any other similar outside protection services.

Medical services: Reflects cost of all outside medical services, such as fees paid to physicians, charges made to clinics or hospitals for physical examinations, the cost of ambulance services, etc.

Data processing procurements: Cost of payments to outside firms for data processing services such as keypunching and software programs purchased or rented.

Software: Reflects the cost of all computer software packages or programs purchased or rented from an outside firm. This account also includes any charges made for installing, implementing, and/or maintaining such packages or programs.

Dues for membership: Cost of dues paid in connection with the bank's membership in outside organizations such as the American Institute of Banking.

All other: The cost of other operating expenses that are not included in other detailed accounts.

Reimbursements/recoveries:

Reimbursements are expenses that are reimbursable from the U.S. Treasury, other Government departments and agencies, or others for services provided by the bank. Recoveries are reimbursements received incidental to the purpose for which the expense was incurred.

(233079)

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