

12/15/37 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, December 15, 1937, at 11:30 a. m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 10, 1937, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 11, 1937, were approved and the actions recorded therein were ratified unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Federal Advisory Council held on December 14, 1937, were approved unanimously.

Telegrams to Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, and Mr. Stewart, Chairman of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the banks today of the rates of discount and purchase in

12/15/37

-2-

their existing schedules.

Approved unanimously.

Telegram to Mr. Nardin, Chairman of the Federal Reserve Bank of St. Louis, reading as follows:

"Mr. Ransom has brought to attention of other members of Board your letter of December 11 in regard to Mr. McConkey and they have asked me to reply expressing their regret that other matters have prevented an earlier response. They feel after reviewing all circumstances in light of previous correspondence and general policy of the system that they would not be warranted in extending approval of payment of Mr. McConkey's salary beyond end of this year. It is their desire as you know to cooperate with you in your endeavor to meet the situation and they will be glad if you wish pending the selection of a permanent general counsel to lend you the services of one of the Board's counsel. If you feel that such action would be helpful please advise the Board."

Approved unanimously.

Letter to Mr. Hale, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"This refers to your letter of December 3, 1937, requesting a ruling upon the question whether deposits of the California State Automobile Association, Inter-Insurance Bureau may be classified as savings deposits under the definition in section 1(e) of Regulation Q.

"It is understood from your letter that this organization is operated under the same board of directors as the California State Automobile Association but has no other affiliation with the Association, its funds and accounts being entirely separate. You also state that the Bureau issues policies for all classes of automobile insurance to members of the Association and returns the excess of premiums collected over expenses and reserves to the policy holders at the end of each year.

"As you know, the Board of Governors in its letter of

12/15/37

-3-

"October 30, 1937, (S-41) took the position that deposits of mutual insurance associations and reciprocal or inter-insurance associations may not be classified by member banks as savings deposits. In view of the above ruling, deposits of the California State Automobile Association, Inter-Insurance Bureau may not be classified by member banks as savings deposits.

"Although the Board has ruled that deposits of the American Automobile Association and other similar organizations may be classified as savings deposits, the mere fact that the California State Automobile Association might fall within the scope of this ruling would not cause funds of the Inter-Insurance Bureau to be eligible for deposit in savings accounts.

"It is hoped that the above will clear up any questions which may exist with respect to this matter."

Approved unanimously.

Reference was made to the fact that the official hours of work of the clerical employees of the various divisions were not uniform. It was explained that, when the Divisions of Research and Statistics and Bank Operations were in the Otis and Shoreham Buildings, the hours of work of the employees of these Divisions on business days other than Saturdays were from 9:00 a.m. to 4:30 p.m. with a half hour for lunch; that these hours had been adopted by the Division of Security Loans when it was created because it originated in the Division of Research and Statistics; but that the hours of the Division of Examinations, Counsel's office and the Secretary's office were from 9:00 a.m. to 5:00 p.m. with an hour for lunch. It was agreed that, as all of the Board's staff are now housed in the same building, it was desirable that the hours of the staff be made uniform.

It was decided, by unanimous vote, that the official hours should be from

12/15/37

-4-

9:00 a.m. to 5:00 p.m. with an hour for lunch on each business day except Saturday when the hours should be from 9:00 a.m. to 1:00 p.m.

Consideration was given to a memorandum dated December 14, 1937, from Mr. Clayton submitting the suggestion of Chairman Eccles that the official travel regulations of the Board be amended to provide (1) for a reduction from \$12.00 to \$10.00 of the per diem allowed to Board members, (2) that where claim is made by members of the Board for actual necessary expenses, the items shall be detailed in all respects and that a claim for a lump sum should not be allowed, and (3) that, in the event a single bedroom is not available, the members of the Board may be allowed the additional railroad fare necessary to purchase Pullman accommodations, the cost of which does not exceed the cost of a compartment, as well as the extra cost of such accommodations.

The members of the Board approved Chairman Eccles' suggestion and, by unanimous vote, the Board's official travel regulations were amended to read as follows, with the understanding that the new regulations would apply to all travel vouchers hereafter paid by the Board:

Reimbursement for expenses of persons traveling on official business of the Board shall be as hereinafter set forth.

1. Members of the Board shall be allowed either (a) actual necessary transportation expenses and a per diem in lieu of subsistence not to exceed \$10.00 or (b) their actual necessary travel expenses. The terms underscored are defined below. When actual necessary travel expenses are claimed, the items of expense shall be set forth in detail in the expense voucher. Such expenses shall not be allowed when claimed in a lump sum. Members of the Board shall also be allowed reasonable expenses for telephone, telegraph, cable and radio service, and for miscellaneous expenses, including

12/15/37

-5-

stenographic and other clerical service, when such expenditures are necessary for the transaction of official business while in a travel status.

2. Heads or assistant heads of divisions of the Board's Washington staff (who shall include Assistants to the Chairman or the Board), the Federal reserve bank auditors who audit the accounts of the Board's Fiscal Agent, and any other persons traveling on official business of the Board upon specific authorization of the Chairman, the Vice-Chairman or Chairman pro tem, shall be allowed either (a) actual necessary transportation expenses and a per diem in lieu of subsistence not to exceed \$8.00 or (b) upon specific authorization of the Chairman, Vice-Chairman or Chairman pro tem, their actual necessary travel expenses when the travel voucher is supported by satisfactory receipts as required by the standardized Government travel regulations as amended.

3. All other persons traveling on official business of the Board pursuant to proper authorizations shall be allowed actual necessary transportation expenses and a per diem in lieu of subsistence of \$5.00.

4. For the purposes of paragraphs 1, 2 and 3 above, the term actual necessary transportation expenses includes the cost of all necessary official travel by railroad, airline, steamboat, bus, streetcar, taxicab, automobile and other means of conveyance, together with minimum priced single first-class accommodations in staterooms on vessels or one standard lower berth or single seat in a sleeping or chair car, except that persons referred to in paragraphs 1 and 2 above may be allowed any Pullman accommodations obtainable in connection with a single fare, and that, when a single bedroom is not available, any member of the Board may be allowed the extra railroad fare necessary to enable him to obtain Pullman accommodations the cost of which does not exceed the cost of a compartment, as well as the extra cost of such accommodations. If accommodations are shared by the traveler, the fact should be stated in his expense voucher and he may claim only his proportionate share of the costs. This item also includes reasonable expenditures for the ordinary incidentals to transportation which are not covered by the definition of per diem in lieu of subsistence, such as cost of baggage transfer; official telegraph, telephone, radio and cable messages relating to transportation; steamer chairs and steamer rugs; fees or tips to baggagemen, to hotel, station, sleeping or chair car, and cabin porters, or cabin boys, for service rendered in connection with sleeping or

12/15/37

-6-

Pullman accommodations en route or with baggage, and to room and library stewards on vessels; and the usual taxicab, street-car or bus fares from station or wharf or other terminal to place of abode or place of business and from place of abode or place of business to station or wharf or other terminal, while in a travel status. When using his own automobile in official travel, the traveler may be allowed mileage at a rate not to exceed 5¢ per mile in lieu of actual operating expenses, except that persons referred to in paragraph 3 above may be allowed reimbursement on such basis only to the extent that such allowance does not exceed the cost of transportation by common carrier over the shortest usually traveled route between the points of travel.

When savings can be effected by the purchase of round trip or special rate tickets, they shall be obtained.

Extra expense incurred by persons referred to in paragraphs 2 and 3 above by reason of travel on airlines, extra fare trains, or unusual means of conveyance, will be allowed only when the travel voucher is accompanied by a satisfactory showing of the necessity therefor, or that the cost thereof, less the amount of subsistence allowance saved by more expeditious travel and the amount of salary of the traveler for the time thus saved, does not exceed the cost of rail or steamer transportation and Pullman or stateroom fare between the points of travel.

5. For the purposes of paragraphs 1, 2 and 3 above, the term per diem in lieu of subsistence includes all meals; lodgings; personal use of room during daytime; baths; fees or tips to waiters, bellboys, and other hotel servants, and dining room stewards and others on vessels, in connection with subsistence; telegrams and telephone calls reserving hotel accommodations; laundry and valet service; and transportation between places of lodging or where meals are taken and places of duty.

When meals are included in the cost of passage ticket on vessels, per diem in lieu of subsistence will not be allowed while traveler is on shipboard, but for such period he will be reimbursed on the basis of actual necessary travel expenses.

When a member of the Board's staff finds it necessary to take leave of absence on account of illness while in a travel status, he may be allowed (with the approval of the Chairman, Vice-Chairman or Chairman pro tem in the case of a head of a division, and with the approval of the head of the division in the case of other employees of the Board,

12/15/37

-7-

per diem in lieu of subsistence during such absence, for a period not to exceed one week and, in the event the illness extends beyond one week, he may be allowed per diem in lieu of subsistence for such additional period as may be fixed by the Board.

6. For the purposes of paragraphs 1 and 2 above, the term actual necessary travel expenses includes all actual necessary expenditures covered by the definitions of (a) actual necessary transportation expenses and (b) per diem in lieu of subsistence. When hotel or other accommodations are shared by the traveler, the fact should be stated in his expense voucher and he may claim only his proportionate share of the costs.

7. Except to the extent specifically allowed otherwise by this regulation, the provisions of the standardized Government travel regulations as amended shall continue to apply to all persons other than members of the Board traveling on official business of the Board.

It was pointed out that in the foregoing revision there had been incorporated a provision that whenever Pullman, hotel or other sleeping accommodations are shared by the traveler the facts should be stated in his expense voucher and he may claim only his proportionate share of the cost. This provision was added to make it clear that in this respect the same policy is to be followed by the Board as is required of travelers under Government regulations.

Reference was then made to the procedure followed in the approval of vouchers for the payment of travel expenses of members of the Board, and it was agreed that, they should not require any approval other than that of the Board members submitting them together with the usual administrative review and approval in the Secretary's office, as provided by the existing procedure for other vouchers, to determine that they conform to the Board's regulations.

12/15/37

-8-

The suggestion was discussed and, by unanimous vote, the third paragraph of the statement of existing procedure was changed to read as follows, effective immediately:

That all such expenditures be evidenced by vouchers in suitable form, including or supported by purchase orders, itemized bills or statements of account; that such vouchers be certified and administratively approved for payment by the Secretary or an Assistant Secretary acting under his direction or in his absence or disability, and that such vouchers be thereupon forwarded to the Fiscal Agent of the Board of Governors for verification and payment, with the exception that such items as, in the judgment of the Secretary or such Assistant Secretary, warrant submission to a member of the Personnel Committee, be routed to such member for approval prior to being forwarded to the Fiscal Agent for verification and payment, and

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

Paul Ransom
Vice Chairman.