

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, April 12, 1945, at 10:30 a.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Thurston, Assistant to the Chairman

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on April 11, 1945, were approved unanimously.

Memorandum dated April 10, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, stating that the Department of State had requested the services of Miss Ruth Toni Giese, a research assistant in the Division of Research and Statistics, in connection with the Jurists Conference that is being held here and will be continued in San Francisco during the United Nations Conference, and recommending that the request be granted and that Miss Giese be placed on leave without pay for a period of approximately three months, effective upon the approval by the Board of the request, it being understood that if the Conference work is completed before the expiration of this period or if there is a pressing need for her services

4/12/45

-2-

here she will return immediately to the Division of Research and Statistics.

Approved unanimously, with the understanding that no additional help would be required by the Division of Research and Statistics because of Miss Giese's absence.

Letter to Mr. Leedy, President of the Federal Reserve Bank of Kansas City, Kansas City, Missouri, reading as follows:

"The Board approves the retroactive adjustments (estimated to cost approximately \$52,000) in overtime pay as proposed in your letter of April 4, 1945, (1) to include supplemental compensation in the salary in computing overtime paid non-exempt employees, and (2) to make adjustments in the case of those employees who, as a result of the current review, are being reclassified from exempt to non-exempt.

"It is noted that you feel that the payment of overtime based on supplemental compensation to non-exempt employees may cause some dissatisfaction on the part of exempt employees unless some additional payments are made to them. Accordingly, you advise that, if the Board interposes no objection, you propose within certain limits to include supplemental compensation in the salary base in computing overtime paid exempt employees in the future and in making retroactive adjustments (estimated to cost approximately \$2,000) for overtime worked in the past.

"The Board's letter S-670 of July 2, 1943 sets forth a formula approved by the Office of the Commissioner of Internal Revenue under which overtime may be paid exempt employees of the Federal Reserve Banks. The formula specifically states that overtime should be computed on basic salary only, exclusive of supplemental compensation. However, you advise that, under your practice overtime is paid exempt employees only for time in excess of 44 hours per week, and, as you state, it would be possible to make adjustments by paying overtime for time in excess of 40 hours. In the circumstances the Board will not object to your proposal with respect to exempt employees, provided:

4/12/45

-3-

"1. Retroactive adjustments shall not cover periods prior to July 1, 1943, and

"2. No payment shall be made either in retroactive adjustments or in future payments which would exceed the amount permitted under the formula set forth in the Board's letter S-670 computed on base salary, exclusive of supplemental compensation."

Approved unanimously.

Letter to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:

"Referring to your letter of March 19 regarding the general lack of interest among war contractors in T-loans, and to my acknowledgment thereof under date of March 26, I am enclosing herewith copies of memoranda received from Colonel Cleveland of the War Department and Commander Welles of the Navy Department in response to our request for comments on your suggestions.

"We shall furnish you with a copy of any comments the Office of Contract Settlement has to make as soon as they are received."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Donald Ransom
Vice Chairman.