

FEDERAL RESERVE BOARD

WASHINGTON

X-3278
December 21, 1921.

SUBJECT: Distribution of Operating Expenses.

Dear Sir:

In accordance with the announcement made on behalf of the Board to the Joint Conference of Governors and Chairmen and Federal Reserve Agents at the recent October meeting, there has been constituted an Auxiliary Committee of the banks to assist the Board's Committee on Internal Economy and Comparative Efficiency of the Federal Reserve Banks. The members of the Auxiliary Committee are Messrs. Norris and Calkins, Governors respectively of the Federal Reserve Banks of Philadelphia and San Francisco, and Mr. Wills, Chairman and Federal Reserve Agent of the Federal Reserve Bank of Cleveland. This Committee held its first conference with the Board's Committee on December 7th, all members being present except Mr. Calkins.

In order to get a satisfactory basis for studying the operations of the Reserve Banks from the viewpoint of economy and comparative efficiency, the Committee requires information showing the operating expenses of the Federal Reserve Banks so distributed as to be in comparable form. For this purpose, schedules have been drawn up, copies of which are being transmitted to you under separate cover, registered. It is appreciated, of course, that the forms of accounting are not in all respects uniform in the twelve Federal Reserve Banks, and that difficulty may be encountered in some cases in assembling the information asked for segregated according to the captions used in the schedules. It is, however, so necessary for the purposes of the study being made by the Committee to have information on expenditures from the twelve banks in a form as nearly comparable as possible, that every effort should be made to follow the captions of the schedules as closely as possible.

The following further suggestions are made with respect to the schedules:

(1) Under the caption "Executive Officers", include only the number and salaries of such senior officers as are not specifically assigned to the supervision of a department. Where an executive officer is assigned specifically to a given department, his salary should be charged to that department.

(2) In cases where captions appearing on Schedule 1 embrace more than one division of your organization, you are requested to make the necessary segregation of expenses in conformity to the schedule.

(3) Should there be divisions of your organization not covered by any of the captions, they should be set up following the caption "All Other".

(4) A statement in detail covering items included under the captions "All Other" should be furnished.

(5) In districts where branches or agencies are operated, schedules should be filled out to cover:

1. Head Office.
2. Each branch or agency separately.
3. Consolidated figures for the district.

(6) The allocation of the cost of printing and stationery to each department will probably be difficult and if the exact amount is not available a reasonable approximation will serve.

(7) Information requested under the heading on Schedule 1 - "Total units handled" need be furnished for the following captions only:

1. Collateral.
2. Coupon.
3. Discount.
4. Sorting (currency).
5. Transit.

(8) The distribution of expenses on Schedule 2 follows for the most part the form used in reporting these items to the Board and the general instructions governing the preparation of reports of expenses should maintain.

It is desired that the schedules be completed as soon after the first of the year as possible and forwarded to the Board so as to be available on or before January 15, 1922.

Very truly yours,

G o v e r n o r .

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS.
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