

FEDERAL RESERVE BOARD

WASHINGTON

X-3396
May 8, 1922.

SUBJECT: Reimbursement of Fiscal Agency Expenses.

Dear Sir:

At the conference of Governors of the Federal Reserve Banks recently held in Washington, there was referred to it for consideration a letter from the Under Secretary of the Treasury, a copy of which is enclosed for your information.

The conference requested the Federal Reserve Board, in behalf of the Federal Reserve Banks, to advise the Treasury that the banks will submit estimates of expenses and will ask for reimbursement. The Secretary of the Treasury has been advised that this will be done. July 1, 1922 has been fixed by the Treasury as the date from which the reimbursements will be made. You are requested to have made up and forward to the Board at your early convenience a list of all junior officers or managers, heads of divisions and employees whose time is devoted entirely to fiscal agency work, together with a statement of the salary paid in each case. This information will be transmitted to the Treasury Department.

The Treasury wishes it understood that in making reimbursement there will be no provision made for general supervision or overhead, thus following the precedent established during the time when fiscal agency expenses were reimbursed.

Very truly yours,

G o v e r n o r .

CHAIRMEN OF ALL F.R.BANKS
COPIES TO GOVERNORS

C O P Y

THE UNDERSECRETARY OF THE TREASURY

Washington

May 1, 1922.

X-3396a.

My dear Governor:

This will confirm the statement which I have several times made orally to you and other members of the Federal Reserve Board that, in view of the extension of the appropriation for expenses of loans and the probability that at least some of the Federal Reserve Banks will not be able under present conditions to earn enough to pay expenses and dividends without making special investments in Government securities for that purpose, the Treasury now stands ready, upon request through the Federal Reserve Board, to reimburse the Federal Reserve Banks for necessary fiscal agency expenses. The Treasury will be prepared to discuss with the Federal Reserve Board, or with the Federal Reserve Banks individually, as may be desired, any details relating to reimbursement for fiscal agency expenses, with particular reference to the dates from which the Treasury will resume reimbursement. It is understood, of course, that if the Treasury is to make reimbursement for fiscal agency expenses the Federal Reserve Banks, with the cooperation of the economy and efficiency committee of the Federal Reserve Board, will make every effort to keep fiscal agency expenses down to the minimum, and that the Treasury will itself have the right to exercise general supervision over these expenditures.

Yours very truly,

(Signed) S. P. Gilbert, Jr.,
Under Secretary.

Hon. W. P. G. Harding,
Governor, Federal Reserve Board,
Washington, D. C.