

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 28, 1938.

Dear Sir:

At its meeting on December 21, 1938, the Board of Governors discussed the informal advices that had been received from Federal Reserve banks of proposed changes in official salaries for the year 1939. The Board has felt for some time that it labors under a considerable handicap in endeavoring, during a short period each year, to pass on proposals for changes in salaries of officers of the twelve Federal Reserve banks which, with few exceptions, represent increases and which, in accordance with the practice prevailing heretofore, are submitted annually to become effective on the first of January.

The Board believes that it has met the problem with respect to its own staff by terminating the practice of considering a list of salary changes annually as a part of the budget and by substituting the practice of dealing only with meritorious cases on an individual basis when it appears that an adjustment is due because of a substantial change in duties or responsibilities or other exceptional circumstances pertaining to the particular person or his job. It is convinced that such a change in practice has a salutary effect on the submission of proposals to increase salaries because of the realization that they will undergo an individual review when there is sufficient time to consider them instead of a necessarily more hasty consideration when there is great pressure at the end of the year.

With these points in mind, the Board has decided to adopt a policy with respect to the consideration of future changes in salaries of officers of the Federal Reserve banks similar to that which is in effect with respect to its own staff and to defer at this time consideration of the pending changes until it has had an opportunity during 1939 for a full discussion of the question of salaries with the Presidents of the Federal Reserve banks.

Accordingly, as early in 1939 as circumstances will permit, the Board will invite the President of each Federal Reserve bank to come to Washington at a convenient time for the purpose of reviewing thoroughly the salary situation at his bank.

With this procedure in mind, the Board will approve the salaries of the officers of your bank at the rates in effect on December 31, 1938, if fixed by the board of directors at those rates.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill".

Chester Morrill,
Secretary.

TO THE CHAIRMEN OF ALL FEDERAL RESERVE BANKS