

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

R-713  
142



ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

October 14, 1940

Dear Sir:

It has been proposed by one of the Federal Reserve Banks that a new unit be established in the Functional Expense report, Form E, to which would be charged the following types of expense:

1. Salaries of employees who are being trained for positions other than those to which they have been assigned and, during the process of training, carry no responsibility. (The case was cited of a department head being trained to supervise another department.)
2. Salaries of employees who are being trained for technical positions, such as operation of teletype, telephone, and I.B.M. equipment, and, in the process of training, carry no responsibility for the operation of equipment. (It was noted that the training for operation of teletype and I.B.M. equipment was conducted outside the Bank.)
3. Portions of salaries of employees who have been loaned by one department to another which are in excess of the maximum salary permissible under Form A for the position in the borrowing department to which the employee has been assigned.

It will be recalled that under a former provision of the Manual Governing the Preparation of Functional Expense Reports (Form E) charges such as described above under Number 1 and Number 2 were made to and remained in an educational and training unit. This provision was later changed to provide for the distribution of such expenses to the units for which the employees were being trained, because the fact that most of the Reserve Banks did not have special training classes made it difficult to obtain uniformity.

I should like to have your comments and suggestions with regard to the above-mentioned proposals.

Very truly yours,

A handwritten signature in cursive script, appearing to read "E. L. Smead".

E. L. Smead, Chief,  
Division of Bank Operations.