

DRAFT

FOR DISCUSSION PURPOSES ONLY

EXPLANATION OF REVISED CHART OF ACCOUNTS

We are proposing to review and make some changes in both administrative (4xxxx) accounts and the line item cost accounts (sub-accounts). The purpose of this review and changes is to accomplish the following:

- a) Insure consistency in charging and coding the costs (postage, telephone, Xeroxing, etc.) by office.
- b) Identify costs (by line item) by office.
- c) Insure agreement between the way costs are budgetted vs. how they are in fact distributed.
- d) Rationalize the current charge-out accounts to reflect a five office Bureau.
- e) Rationize the treatment of all overhead expenses.
- f) Define line cost items (sub accounts)

DRAFT

PRELIMINARY AND TENTATIVE - FOR DISCUSSION PURPOSES

CHANGES IN THE CHART OF ACCOUNTS

For FY 75 - Effective 7/1/74

Account Numbers Added:

41001 New York Administration  
41002 Cambridge Office Administration  
41003 New Haven Office Administration  
41004 Stanford Office Administration  
41005 Washington Office Administration  
  
42021 New York Office Duplicating Services  
42023 Cambridge Office Duplicating Services  
42024 Stanford Office Duplicating Services

Account Numbers Eliminated:

41050 Telephone Operators (costs to be split between 41000 and 41001)  
41070 Subscriptions (merged with 41040 - distributor of publications)  
41080 NBER-West Administration (replaced by 41004)  
42000 Typing (allocate typists directly to projects)  
42010 Mailing and Shipping  
42020 Offsetting (each office to have its own charge out account if needed)  
42040 Charting (combined with 42030 - editing and publishing)  
42050 Programming - N. Y. Research (allocate programmers directly to projects)  
44000 Occupancy costs (allocate these costs to office administration and projects)

CHART OF ACCOUNTS - FY 75

<u>Account Number</u>	<u>Description</u>	<u>Officers</u>	<u>Project head(s)</u>	<u>Funding Agency</u>
41000	Corporate Administration	Meyer/Smith	Lackstrom	NBER
41001	New York Office Administration	Lipsey	Patterson/LaPan	NBER
41002	Cambridge Office Administration	Kuh	Eaton	NBER
41003	New Haven Office Administration	Smith	Kaiser	NBER
41004	Stanford Office Administration	Fuchs/Maisel	Perkins	NBER
41005	Washington D.C. Office Administration	Fromm	Fromm	NBER
41010	Accounting & Budgeting	Smith/Lackstrom	Stephens/Ronkin	NBER
41020	Library-New York Office	Lipsey	Boschan/Wood/Crowley	NBER
41040*	Subscriptions & Dist'n of Publications	Smith	Mangas	NBER
41060*	Contributions	Eldridge/Gilmore	Brody	NBER
42021	<sup>Office</sup> New York Duplicating Services	Lipsey	LaPan	NBER
42022	<sup>Office</sup> Cambridge Duplicating Services	Kuh	Eaton	NBER
42024	<sup>Office</sup> Stanford Duplicating Services	Fuchs/Maisel	Perkins	NBER
42030	Editing & Publishing & Charting	Smith	Mangas	NBER
42052	Computer Operations Activity	Smith/Lackstrom	Ronkin	NBER

<u>Account Number</u>	<u>Description</u>	<u>Officers</u>	<u>Project head(s)</u>	<u>Funding Agency</u>
43010*	General Publicity	Gilmore	Steinthal	NBER
43050*	Information & Development	Meyer/Smith	Gilmore	NBER
44010	Trustees Meetings	Eldridge	Eldridge	NBER
44011	Annual Report	Lary/Eldridge	Mangas	NBER
44012*	Annals of Economic and Social Measurement	Smith	Mangas/Berg/Shulman	NBER
44013*	Exploration in Economic Research (O.P. Journal)	Smith	Mangas/Farrar/Shulman	NBER

\*Burdened Account

Instead of having one account as we do now to cover all administrative expenses (41000) each NBER office will have its own administrative account (see revised chart of accounts for the new numbering scheme). In addition, we will return the 41000 number to cover Corporate wide administrative costs. The division between a "corporate" administrative cost and a particular "office" administrative cost will not always be clear but we hope to provide guidelines in this memo and through negotiation, discussion, and experience we will be able to arrive at a sensible split.

As an example, New York Office Administration (41001) would probably contain the following people and costs: (The personnel used below are only a sample and not intended to be complete).

41001

01 Personnel.

V. P. of office (Lipsev X%, Moore X%)

Business/Office Manager (Patterson 100%, La Pan 100%)

Administrative Assistants (Mortensen 100%)

Secretaries.

Other Administrative Personnel (Mitchell 100%)

Other Costs

S/A

04 Mailing and Shipping and Messenger

a) ~~Remuneration of postmen.~~

b) Postage and parcel post costs not allocated to projects.

05 Duplicating Services

These costs are the Xeroxing costs used for "office administration" and are costed through the charge out account (42021) at X cents per page.

06 Editing, Charting and Publishing

?

09 COA

?

10 Outside Services

~~Temporary general office help (mail room, stenography, etc.)~~

SOME legal + consulting Fees

11 Book Mfg.

?

12 Occupancy Costs

ALL COSTS NOT ALLOCATED TO Specific projects

13 Furniture and Equipment

All furniture and equipment not charged to an asset account (generally small items <sup>under \$50.00 each</sup> that are not subject to depreciation) should be charged here.

14 Books and Supplies

General Office Supplies for the Office. Only in very special cases do supplies get charged out to projects.

15 Travel and Meetings

This should be used to cover those costs incurred by personnel allocated to 41001.

16 Telephone

The WATS and FX costs of about \$900 per month should be split between 41001 and 41000 (Corporate).

The equipment and message units for the New York Office should be recorded here.

Long distance and credit card calls should be allocated to projects as usual.

LINE ITEM COSTS (SUB-ACCOUNTS)

<u>Account No.</u>	<u>Line Item Cost</u>	<u>Charges to Line Item Cost</u>
01	Salaries & Wages	1) Payroll cost for salaried, hourly, weekly, and per diem employees. 2) Agency cost for temporary help provided person is working in NBER office.
02	Fringe Benefits	1) Allocated NBER costs for employee health insurance, disability insurance, life insurance, retirement, workmen's compensation and FICA. 2) Employee moving expenses. 3) Employment agency fees. 4) Coffee & other refreshment expenses 5) Tuition for classes & seminars.
03	Honorariums	1) Honorariums paid to researchers, lecturers & other distinguished guests.
04	Mailing, Shipping and Messenger	1) Postage. 2) Messenger Service. 3) Parcel Service 4) Shipping <sup>+ handling</sup> costs.
05	Duplicating Service (charge out account)	1) Charges for use of NBER duplicating facilities. Outside duplicating expenses cannot be charged against this account.



<u>Account No.</u>	<u>Line Item Cost</u>	<u>Charges to Line Item Cost</u>
06	Editing, Charting & Publishing (charge out account)	1) Charges for use of NBER's editing, charting & publishing services. Expenses for outside editing, charting, & publishing, cannot be charged against this account.
09	Computer Operations Activity (charge out account)	1) Charges for use of computers, terminals, and data communication facilities under control of the COA. Charges for other computer time, equipment and data communications cannot be charged against this account.
10	Outside Services	1) Agency fees for temporary help when the person is not working in NBER office. 2) Audit fees. 3) Legal fees. 4) Contract editing. 5) Contract typing. 6) Contract programming. 7) Contract Research. 8) Consulting Services. 9) <i>Duplicating Services</i>
11	Book Manufacturing	1) Publishing Costs. 2) Printing Costs. 3) Layout Costs. 4) Art Work.

<u>Account No.</u>	<u>Line Item Cost</u>	<u>Charges to Line Item Cost</u>
12	Occupancy Costs	<ol style="list-style-type: none"><li>1) Rent.</li><li>2) Utilities.</li><li>3) Janitorial Services.</li><li>4) Maintenance &amp; Repairs.</li><li>5) Storage.</li><li>6) Parking fees associated with building rent.</li></ol>
13	Furniture & Office Equipment	<ol style="list-style-type: none"><li>1) Depreciation charges for furniture and equipment.</li><li>2) Purchase of office furniture and equipment with a per unit cost of under \$50.</li><li>3) Equipment Rentals.</li><li>4) Equipment Maintenance &amp; Repairs.</li></ol>
14	Books & Supplies	<ol style="list-style-type: none"><li>1) Books.</li><li>2) Office Supplies.</li><li>3) Other expendable items.</li></ol>
15	Travel	<ol style="list-style-type: none"><li>1) Travel expenses.</li><li>2) Conference expenses.</li><li>3) Meeting expenses.</li></ol>
16	Telephone	<ol style="list-style-type: none"><li>1) Equipment and local message unit costs (Administrative Accounts only)</li><li>2) Long Distance <sup>+ Credit Card</sup> Telephone calls.</li><li>3) WATS + FX</li><li>4) other special lines</li></ol>

<u>Account No.</u>	<u>Line Item Cost</u>	<u>Charges to Line Item Cost</u>
17	Miscellaneous	1) Expenses not elsewhere classified.
18	Other Computing Services	1) Cost of computer time, and data communication facilities not under control of the COA.

EXPENSE ACCOUNT CLASSIFICATION

The Bureau uses a 9 digit number for the classification of expense items.

The format is:

XXXXX -	XXX	-	X
Project No. or Admin. Acct.	Sub-Acct. (Line Item Cost)		Restricted/ Unrestricted Code

The Project or Administrative Account Number is shown on the Listing of Administrative and Project Account Numbers.

The Sub-Account number is shown on the Sub-Account Listing.

The Restricted/Unrestricted codes are:

- 9 - Restricted
- 1 - Unrestricted

Example: The invoice for a book purchased specifically for the Simulation of Housing Dynamics study would be coded as follows:

74050 - 540 - 9

## CAPITAL EXPENSES

Starting this year, we are instituting a new procedure to budget for capital equipment and facilities renovation. Each office will be required to complete the attached new form and send it along with the rest of the budgets.

As you may know, purchases of equipment with a unit cost over \$ 50 are now (and has been for a year) treated as an asset and are depreciated. Thus, for example, when a desk <sup>was</sup> purchased, it should have been charged to an asset account ( 1520 ) not administration (41000). At the end of the year, accounting prepares a depreciation schedule and only the depreciation costs are allocated to administration (41000).

Since the Bureau will have five offices in this coming fiscal year and we have split up the chart of accounts to reflect a five office administration, it seems sensible to have each office prepare a budget to include all their capital requirements for the coming year.

The following items should be included in your budget.

### Equipment

- 1) Desks
- 2) Chairs
- 3) Bookcases
- 4) Major Phone installations
- 5) Calculators
- 6) Typewriters
- 7) Cabinets

### Facilities Renovation

- 1) Partitions (moveable)
- 2) Construction
- 3) Carpets, Drapes, etc.

Small items (under \$ 50 each) that are not subject to depreciation will be charged to your particular office administrative account (eg. New York - 41001).

NATIONAL BUREAU OF ECONOMIC RESEARCH

CAPITAL BUDGET - FY75

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OFFICE

<u>Descriptions</u>	<u>Unit Cost</u>	<u>Quantity</u>	<u>Total</u>
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NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Board of Directors, NBER  
From: John R. Meyer *JRM*  
Date: May 7, 1975  
Subject: National Bureau Policy

At the very close of the Board meeting on Friday, May 2, the suggestion was made that I had led the National Bureau systematically, but perhaps unintentionally, into a major revision of policy wherein the Bureau had abandoned its historical avoidance of "policy-oriented" research. It was further suggested that such an historic change in Bureau policy, though it might be desirable, certainly should not be undertaken without thorough discussion and prior approval by the Board.

Since this point was raised late in the meeting, I am not sure that in the ensuing few minutes before adjournment that my response to this matter was fully understood. Furthermore, the charge implicit in this -- namely that I have systematically departed from historic policy precedents without Board approval -- is of sufficient seriousness that a distinct and clear answer seems to be required.

Let me first assert unequivocally that if any major policy change of this or any other type were to be contemplated by me, I would certainly consult with the Board extensively before undertaking any such change. The fact, though, is that no such change in Bureau policy has occurred. The Bureau's role has always been to attempt findings of fact relevant to current and future economic policy problems, but not to make explicit recommendations about such policies. That continues to be Bureau policy now and will continue to be as long as I am President.

A distinction must also be drawn between doing research that is relevant to public policy making and making recommendations as to policy. In my view, as I look back over the record of Bureau publications, I think that the Bureau has always tried, generally with considerable success, to be relevant, if not to immediate policy concerns, then to future concerns.

Relevance, of course, can take many forms. It can mean the development of better factual bases for making public policy decisions, or it can mean the development of better analytical devices for such purposes; these analytical devices could range from better theories about economic behavior to improved analytical tools to better computer software or computerized simulation models. If there has been a change in the mix of Bureau research over the past few years, it has been to put somewhat more emphasis on the development of analytical tools and perhaps a bit less on substantive fact finding. However, even that judgment or assessment is somewhat subjective and certainly debatable. Moreover, this shift in mix does not represent an abandonment of the historic Bureau

policy of abstaining from specific policy recommendations; indeed, by some standards, a shift from substantive empirical work to more emphasis on the development of analytical skills and models might be construed as a possible step away from policy involvement or relevance -- but again this is debatable and a matter of individual and subjective judgment.

One piece of empirical evidence cited in support of this seeming shift in Bureau policy, that is an abandonment of the historic stricture against specific policy recommendations, is the fact that there may have been a rise in the percentage of total Bureau research funded under government contract as contrasted with government grants. Whether or not this has occurred, would require a fairly careful empirical investigation of recent Bureau financial matters. My guess would be that in the almost eight years that I have been associated with the Bureau, that the percentage of contract money rose initially and most recently has fallen somewhat. The total amount of contract money is still a small percentage of total Bureau expenditures. Specifically, contract funds will constitute 11 per cent of total National Bureau expenditure next year, whereas these funds constitute 18 per cent for this fiscal year, and were 7 per cent for fiscal year 1974.

There are, moreover, many different kinds of government contracts and grants, and the varieties have proliferated in recent years. Perhaps most importantly, the National Science Foundation has adopted, especially in RANN (Research Applied to National Needs) a form of modified "grant bidding" in which the Foundation outlines a general area of interest and invites specific proposals for research within the area. The Bureau, partly because of a long standing and generally very satisfactory relationship with the Foundation, has often cooperated in these grant "competitions" -- though I would quickly add that our success rate has been quite limited.

In government agencies other than the National Science Foundation, the decision whether to go the grant or the contract route often depends on historical accidents and characteristics of the particular agency. The Bureau's policy has been not to respond to routine, short-term requests to do highly specific policy oriented research, in which specific policy findings and recommendations are sought. In any contract situation, and even for some grants as well, our policy has been to insist on a negotiated or sole source contract and to carefully negotiate the terms so as to preclude a commitment to make specific policy recommendations or findings. I would admit that sometimes fuzzy and difficult distinctions must be made, but I do feel that we have, on the whole, conscientiously and consistently avoided explicit policy recommendation involvements. Indeed, when in doubt in these matters we have tended to withdraw totally. If the problem was one in which we had a considerable research interest, or felt there were some other compelling reasons for involvement, we have gone to a conference format, inviting participation by researchers outside the Bureau and deliberately making it quite clear that any resultant publications are not official publications of the Bureau, just as all of our Conference series are not.



May 7, 1975

We have also undertaken some very specific service contracts to help various government commissions or committees involved with policy problems -- as the Bureau has long done. For example, the Bureau staff did some very important background work, both of an analytical and fact finding character, for both the government Task Force on Railroad Productivity and a National Academy of Science Committee on the Benefits and Costs of Automobile Emissions, both of which I chaired. This background research will result eventually in conventional Bureau publications which will contribute to our substantive knowledge about economic problems. In neither case, though, has the Bureau been involved in publishing or making actual policy findings and recommendations. Indeed, in neither case could the Bureau be so involved since both the Productivity Commission Task Force and the National Academy of Science Committee were composed of many people, mostly from outside the Bureau. In these cases I might add that the policy findings and conclusions were published by government agencies and circulated by the Government Printing Office, as seems entirely appropriate and proper.

In other cases, of course, Bureau researchers have sometimes published books or articles outside of the Bureau which develop the policy implications of research they have done at the Bureau. Perhaps the most important recent example of this is Victor Fuchs' very successful book, Who Shall Live?. This book has been a notable best seller and perhaps is also almost too little identified with the National Bureau. In the same vein, our researchers often give speeches before different groups and make presentations before Congressional committees or engage in other activities wherein they express their personal policy views. But all this they do as individuals, not as official representatives of the Bureau.

We have, in sum, labored hard and diligently as a staff to try to adhere to the historic Bureau policy of not involving the Bureau in specific policy recommendations. I personally believe that to be a wise policy, and I also believe most of the staff do as well. It is not, of course, a policy without its problems and difficulties. Sometimes, some very subtle and delicate distinctions must be drawn. We have always tried to be scrupulous in drawing these and if in doubt, to bend "on the side of caution" or conservatism in these matters. Again, I would repeat that that would continue to be my policy as long as I am in charge of Bureau affairs.

I would also repeat that I have no intention of ever deliberately violating any basic Board policies or directives. If I feel that changes are required in such matters, I have always been and will continue to be completely forthright in asking directly for such changes. It is not in my nature to attempt major policy modifications by stealth or indirection. That has never been my manner and it shall not be in the future.

JRM:ejl

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Victor Fuchs, Sherman Maisel  
From: John R. Meyer *JRM*  
Date: May 7, 1975  
Subject: Personnel Hiring Freeze

Given the Bureau's continuing deficit and the large amount of pending research funds at NBER-West, I must extend a partial hiring freeze to your office at this time. As you know, a total hiring freeze has been in effect in the other four Bureau offices since February 3, 1975. Specifically, there should be no hiring for the time being on administrative or unrestricted accounts without my permission in advance.


I am sorry that this is necessary. I hope we can work out a way to ease our present budgetary problems so that we can soon go back to an easier set of arrangements.

JRM:amt

cc: E. Casey  
T. Eaton  
D. Eldridge  
G. Fromm  
J. Kaiser  
E. Kuh  
W. Lackstrom  
R. LaPan  
R. Lipsey ✓  
H. McMains  
G. Moore  
R. Michael  
C. Mortensen  
S. Parker  
G. Ronkin  
F. Selhorst  
E. K. Smith

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: NBER Officers  
From: John R. Meyer   
Date: June 13, 1975  
Subject: Personnel Hiring Freeze

Upon reviewing the budget yet again before departing for Europe, I find that it continues to be very worrisome indeed, and therefore with considerable regret I feel that we must impose a total freeze on all hiring while I am away. The only exception will be that Victor Fuchs may hire people who are charged to restricted funds for the Palo Alto office. This memorandum supersedes all previous memoranda on this subject.

JRM:ejl

CC: V. Fuchs  
G. Fromm  
E. Kuh  
W. Lackstrom (6)  
R. Lipsey ✓  
W. Mangas  
H. McMains  
S. Maisel  
G. Moore  
G. Ronkin  
E. Smith

*B. Sigrey*

Memorandum

**To:** New York Staff  
**From:** John R. Meyer  
**Date:** April 18, 1975  
**Subject:** New York Office Administration

I have appointed Harvey McMains to be the chief administrative officer in the National Bureau's New York office. Mr. McMains has come to the Bureau after a distinguished career at the American Telephone and Telegraph Company. He was Director Corporate Planning until his retirement this year. The editorial, public relations, contributions, and subscriptions departments will be under Mr. McMains' direction, as well as the overall administration of all activities at NBER New York except for the accounting department.

Mr. McMains will be located in Room 1005B, which he will share with me. His extension is 754.

JRM:vc

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Memorandum

To: Those Listed Below  
From: John R. Meyer *JRM*  
Date: 21 February 1975  
Subject: Personnel Hiring Freeze

It seems that the whole concept of the hiring freeze is being misunderstood if I interpret correctly the hiring requests being initiated since my memo of February 3. Distinctions should not be made between restricted and unrestricted funds. The whole idea is to maintain employment and it is possible that by shifting personnel from unrestricted to restricted projects we can fill open slots without hiring from the outside, thus minimizing or eliminating layoffs from within.

Therefore, there should be no hiring in New York, New Haven, Washington, D.C., or Cambridge for either unrestricted or restricted projects without permission from me IN ADVANCE.

Distribution: Eldridge, D.  
Fromm, G.  
Kuh, E.  
Lackstrom, W.  
Lipsey, R. ✓  
Moore, G.  
Smith, E.K.

xc: S. Parker  
V. Fuchs  
S. Maisel  
R. Michael  
C. Mortensen  
G. Ronkin  
J. Kaiser  
T. Eaton  
E. Casey  
F. Selhorst  
R. LaPan