



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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B-203557

JUNE 18, 1981

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RELEASED



115827

The Honorable John Paul Hammerschmidt
House of Representatives

Dear Mr. Hammerschmidt:

SUBJECT: [Anticipated Benefits of Moving the Federal Home Loan Bank of Little Rock, Arkansas, to Dallas, Texas, are Outweighed by Other Considerations] (GGD-81-82)

On March 19, 1981, you asked that we review several issues related to a proposal to move the Federal Home Loan Bank of Little Rock, Arkansas, to the Dallas, Texas, metropolitan area. You asked us to assess the performance of the Little Rock Bank as compared to the 11 other Federal Home Loan Banks, determine how many of the bank's employees would move and how any loss of employees would impact the bank's performance, and analyze any other aspects of the move as time permitted.

Our analyses show (1) the Little Rock Bank is a sound, stable institution and compares favorably to similar size banks, (2) most of the key employees would consider relocating to Dallas, Texas, (3) the move would be costly, and (4) the savings and loan associations do not clearly favor or oppose the move. In our opinion, the cost of the proposed move and the indecisiveness of the savings and loan associations outweigh the sole principal advantage of improved accessibility. Therefore, we believe the Federal Home Loan Bank Board (FHLBB) should not approve the proposed move of the Little Rock Bank to Dallas, Texas.

The Federal Home Loan Bank System consists of 12 Federal Home Loan Banks and the FHLBB in Washington, D.C. Each bank is a separate corporate entity owned by its member savings and loan associations. The Little Rock Bank was established in 1932, and has 615 member associations located in Arkansas, Louisiana, Mississippi, New Mexico, and Texas. It ranks sixth in asset size among the 12 Federal Home Loan Banks.

Although the Federal Home Loan Banks are independent corporate entities, the FHLBB must approve bank relocations. Since 1933, seven banks have been moved.

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Relocating the Little Rock Bank has been a matter of controversy since the bank's board of directors voted to move the bank to Texas in 1978. The FHLBB did not act on that proposal. Again on February 7, 1981, the Little Rock Bank's board of directors voted 12 to 4 to move the bank to the Dallas, Texas, metropolitan area. The FHLBB's Office of District Banks recommended that the bank be relocated for three basic reasons:

- (1) The existing bank quarters are inadequate and new quarters, whether in Little Rock or Dallas, are needed.
- (2) A majority of the member savings and loan associations support the move.
- (3) A Dallas, Texas, location would be more convenient to members.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our review were to

- ascertain Little Rock Bank employees' attitudes on relocating to Dallas,
- ascertain savings and loan associations' attitudes on relocating the bank to Dallas,
- provide a reasonable estimate of the cost of relocation alternatives, and
- compare the performance of the Little Rock Bank with other Federal Home Loan Banks.

We conducted our review at the Little Rock Bank and at the Washington, D.C., offices of the FHLBB. To solicit the views of the employees of the Little Rock Bank, we conducted structured interviews with 129 of the 130 full- and part-time employees. We interviewed the president and other officers concerning the results of our interviews and the potential impact of the move on the Little Rock Bank's operations. Using information available at the FHLBB's Office of District Banks and the Office of Examinations and Supervision, we evaluated the recent performance of the Little Rock Bank relative to the other 11 banks in the system. We sent a short questionnaire to each of the 615 savings and loan associations chartered on December 31, 1980, in the Little Rock Bank District to solicit their views on the proposed move. We received 588 responses, a 96 percent response rate.

We prepared estimates of the costs associated with moving the bank within Little Rock and to Dallas. We based the estimates on the results of the employee interviews and on information compiled by the bank for its study and verified by us. These estimates are not intended to be predictive. Rather, they provide a reasonable basis for comparing the two alternatives.

RELOCATION TO DALLAS COULD COST FROM \$2.5
TO \$4.2 MILLION IN THE YEAR OF THE MOVE

The Little Rock Bank estimates that it needs about 12,000 square feet more office space than it now occupies. Relocating the bank to Dallas is one way to obtain sufficient office space, but it is the most costly one of those considered. The cost to move to Dallas could range from about \$1.4 to \$3.0 million, or over five times more than moving within Little Rock. (See encl. II.) By adding the annual operating expenses attributable to a Dallas location, the first-year cost range would be about \$2.5 to \$4.2 million.

The most obvious difference in the cost estimates for moving to Dallas versus moving within Little Rock is the one-time employee-related expenses. The move to Dallas could cost the bank between \$800,000 and \$2.2 million to relocate employees. The bank would not incur this expense if it were to remain in Little Rock.

The one-time expense related to moving the bank itself would also be more costly if the bank moved to Dallas rather than within Little Rock. A move to Dallas could cost the bank between \$160,000 and \$311,200 for check printing, employment fees, and temporary living expenses for an advance staff. None of these expenses would be incurred if the bank remained in Little Rock.

An alternative to moving either within Little Rock or to Dallas would be for the bank to obtain sufficient space in its current building. The bank now occupies space on the 1st, 2nd, 5th, 13th, 14th, and 18th floors of a building in downtown Little Rock. It would be possible for the bank to lease additional space in that building--a less costly alternative. However, the bank would be unable to consolidate its space on adjacent floors until other tenants' leases expire--some as late as 1986.

Because a change in location could have an effect on the bank's annual operating costs, the total first-year cost of the move to Dallas can be viewed as follows:

<u>Cost</u>	<u>Low estimate</u>		<u>High estimate</u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
One-time bank	\$ 568,746	22.4	\$ 761,826	18.4
One-time employee relocation	799,646	31.5	2,219,038	53.4
Annual operating cost increase (note a)	<u>1,172,415</u>	<u>46.1</u>	<u>1,172,415</u>	<u>28.2</u>
Total cost	<u>\$2,540,807</u>	<u>100.0</u>	<u>\$4,153,279</u>	<u>100.0</u>

a/Additional operating expenses in Dallas versus Little Rock.

The recurring annual operating expenses consist of increased bank employee salaries, increased lease expense, and decreased travel expenses should the bank move to Dallas. We estimated a 26 percent salary increase, or a total payroll increase of about \$890,000, and a total increase in lease expense of \$325,000. The increases were partially offset by a \$40,000 reduction in the estimated business travel cost for bank employees should the bank move to Dallas. (See encl. II, p. 3.)

The costs of any move would be borne by the bank's member associations through a reduction in their dividends. Using our high estimate of the total first-year costs, the move to Dallas could cost \$1.17 per share of bank stock. Thus, the smallest association in the district would pay only \$5.85 for the move, but the largest would pay over \$200,000. Most of the associations own between 1,000 and 5,000 shares of stock and would pay between \$1,170 and \$5,850.

FOUR VOTES SEPARATED MEMBER ASSOCIATIONS WHICH FAVOR AND OPPOSE THE MOVE

The members of the Little Rock Bank do not clearly favor or oppose the proposed move. (See encl. III.) Of the 615 member associations, 277 institutions (45 percent) holding 48 percent of the voting stock (see footnote, encl. IV) favor the move, and 273 institutions (44 percent) holding 42 percent of the voting stock oppose the move. The 65 remaining institutions (11 percent) were either undecided or did not reply to our survey or followup.

The influence of the location of the members on how the institutions voted is obvious: Arkansas, Louisiana, and Mississippi institutions overwhelmingly opposed the move, New Mexico institutions favored the move, and Texas institutions heavily favored the move. (See encl. IV.)

The most frequently cited reasons for supporting the move were that it would improve the members' access to the bank and improve the bank's services. The most frequently cited reasons for opposing the move were that the move would be inappropriate given the industry's present financial condition, increase the bank's operating costs, and cost too much.

Although almost every institution favoring the move believed it would result in improving its access to the bank, overall, there appears to be collective agreement that the bank's costs would increase if it was moved. More than 70 percent of those members opposing the move expect the bank's operating costs to increase, and less than 30 percent of those favoring the move believe the bank's operating costs would be lower.

Another area of agreement appears to be the impact of the move on the bank's services. Ninety-eight percent of those favoring the move believe it would improve the bank's services; 24 percent of those opposing the move believe it would worsen services.

Those institutions favoring the move outnumber those opposing the move, and they constitute a slight majority in terms of members and voting stock. By no means is there a clear indication among the membership of broad-based support for the move as the Little Rock Bank's board of directors' 12 to 4 vote implied. Regardless of whether the bank moves to Dallas or stays in Little Rock, almost one-half of the membership will not be satisfied with the decision.

DALLAS LOCATION WOULD BE MORE CONVENIENT

Dallas would be more convenient for most of the member savings and loan associations. The majority of members are located closer to Dallas than to Little Rock. Travel to and from Dallas would be easier, and the bank, were it located in Dallas, would spend less for travel. The Little Rock location, however, is not inaccessible, and the bank has no great need to be co-located with other Federal agencies in Dallas.

Most member associations are located closer to Dallas than they are to Little Rock. (See encl. V.) One-hundred and forty-five members are located within driving distance, or 200 miles, of Dallas, and only 97 members are located within 200 miles of Little Rock. Forty-four associations are located more than 750 miles from Little Rock, and only 5 associations are located more than 750 miles from Dallas.

The distance of members from the bank is important considering the number of meetings held between representatives of the bank and the members. During 1980, 799 meetings were held

between bank employees and association representatives. The majority of these meetings, 516, were held at the Little Rock Bank and the remainder, 283, were held at cities within the Little Rock District. We do not know how many separate trips were made by bank and member personnel to conduct the meetings. No doubt a member representative would schedule several meetings while visiting the Little Rock Bank.

Dallas is more conveniently located than Little Rock for member representatives who use air transportation. Dallas receives 438 direct daily flights from 40 cities in the Little Rock District as compared to Little Rock, which receives 43 direct daily flights from 7 cities. Also, Dallas has 103 daily connecting flights from 24 Little Rock District cities, and Little Rock has 145 daily connecting flights from 21 cities.

Hotel and motel room availability is greater in Dallas than in Little Rock. Dallas has about 25,000 rooms within a 16-mile radius of the business district and Little Rock claims but 3,665 rooms. We did not assess the occupancy rates for rooms at either city.

The Little Rock Bank occasionally must work with the regional offices of Federal agencies located in Dallas, but not in Little Rock. According to Little Rock Bank officials, none of the contacts with those agencies required travel to Dallas. When necessary, representatives of the Federal agencies visited the bank. In terms of travel by the bank staff to the Federal agencies in Dallas, proximity to those agencies is of no relevance to the location of the bank.

According to recent U.S. Postal Service statistics, mail is delivered faster between Dallas and other selected cities in the Little Rock District than between Little Rock and the same cities. The statistics analyzed were the average delivery days, and the cities selected had at least four savings and loan associations and were located in Arkansas, Louisiana, Mississippi, New Mexico, and Texas. Of the 10 cities selected, mail originating in 9 cities reached Dallas faster than Little Rock. Likewise, mail originating in Dallas reached 6 of the 10 cities faster than mail originating in Little Rock. The differences in average delivery times ranged from .1 to 1.8 days.

MOST LITTLE ROCK BANK EMPLOYEES WOULD
CONSIDER RELOCATING TO DALLAS

If a decision were made to move the bank, one element of a smooth transition would be the extent to which current employees would accompany the bank. The majority of the 129 Little Rock Bank employees we interviewed expressed a willingness to consider relocation. However, most expressed a willingness to move only

under certain conditions. The conditions most often expressed involved the benefits the bank would provide to defray the employees' relocation costs.

We categorized the employees' attitudes about relocating into four groups.

- (1) Ten percent, or 13, of the employees would move if the bank moves.
- (2) Fifteen percent, or 19, of them would move only if they could not find similar jobs in Little Rock.
- (3) Fifty-four percent, or 70, of them would move only under certain conditions.
- (4) Twenty-one percent, or 27, of them would not move under any circumstances. (See encl. VI, p. 5.)

The largest single category of employees would base their decisions to move on two factors related to alleviation of the financial impact of the move: an increase in salary and the reimbursement of expenses associated with moving. Both of these factors were important to 63 of the 70 employees in this category. Twenty-four employees said they would move if their spouses could find jobs in Dallas. Of these, 16 believed their spouses could find adequate employment in Dallas.

The management of the Little Rock Bank has indicated its desire to provide a relocation benefits package, including increased salaries, which will neither financially benefit nor penalize those employees who elect to move. Therefore, it is possible that most of the 70 employees concerned about those factors would decide to move. Were the bank moved, the maximum number of employees moving with it would be 102. This number could be reduced by those of the 19 who were successful in finding acceptable jobs in Little Rock and those of the 70 whose conditions were not met.

BANK'S PERFORMANCE IN DALLAS COULD BE
AFFECTED BY LOSS OF EMPLOYEES

Although most of the bank's current employees have indicated a willingness to move if the bank does, some key employees might not. The loss of these employees could have some impact on the bank's ability to provide services to its member associations.

The Bank's president identified 35 current employees as being key employees--employees whose absence would have a considerable impact on the bank's operations. Only five of these employees were unwilling to move under any circumstances; six would move only if they could not find other jobs in Little Rock. Three key employees would move under any conditions. The largest number of key employees--21--would move under certain conditions. Twenty of them listed increase in salary and relocation benefits as primary concerns. (See enc. VII.)

Because of the bank's intentions to provide salary increases and relocation benefits, it is likely that most of the 20 key employees for whom such factors were critical would decide to move if the bank were relocated. Thus, if the bank were moved, it would lose a minimum of five key employees. The loss could increase to 11, depending on the Little Rock job market; and could go higher if salary and relocation benefits proved unsatisfactory to some people.

Little Rock Bank management has indicated that the bank's operations would be minimally affected if about 70 employees relocated and if 27 to 30 of those were key employees. The results of our interviews indicate a very good chance that at least 70 employees would move with the bank. However, there is the potential that fewer than 27 key employees would move. If all 6 of the key employees who would not move if they found similar jobs in Little Rock were to find those jobs, a maximum of 24 key employees would move with the bank. Thus, the bank, were it to move to Dallas, might be required to operate with fewer than its desired number of key employees. However, we do not know how great an impact this would have on the bank.

In any case, bank officials stated that having less than 100 percent of the bank's employees (key or non-key) would result in some employees having to assume extra duties and would result in some overtime.

THE LITTLE ROCK BANK COMPARES FAVORABLY
WITH OTHER SYSTEM BANKS

The Little Rock Bank, by the majority of the measures we used, has performed slightly better than the system average for the past 5 years. When compared with its size peers in the system, the Little Rock Bank has performed well.

The Federal Home Loan Banks are unusual in their response to the changing conditions of the business cycle. Growth in assets and profitability are the most evident results of economic and credit expansion. Similarly, a recessionary period reduces credit demand, including advances, and brings a substantial

reduction in the bank's size. Enclosure VIII presents key financial ratios between 1976 and 1980 for the Federal Home Loan Banks of Little Rock, Chicago, Cincinnati, Seattle, and the overall system. The Chicago, Cincinnati, and Seattle Banks were chosen because their size is similar to that of the Little Rock Bank.

The Little Rock Bank's assets as a percent of the system's assets remained fairly stable between 1976 and 1980. (See encl. VIII, p. 1.) In 1976, the Little Rock Bank accounted for 6.9 percent of the system's assets. This ratio grew to 7.6 percent in 1979 and leveled off at 6.8 percent in 1980. The Chicago and Cincinnati Banks' assets declined during this period, the Chicago Bank from 8.1 to 6.5 percent and the Cincinnati Bank from 7.9 to 7.0 percent. Meanwhile the Seattle Bank's assets grew from 5.6 to 6.8 percent of the system total.

Of the banks compared, only the Seattle Bank increased its net income as a percent of the system's net income between 1976 and 1980. (See encl. VIII, p. 2.) The Little Rock Bank's net income as a percent of system income declined from 9.5 to 7.7 percent. Although the Cincinnati Bank incurred a similar decline, the Chicago Bank's ratio only dropped from 10.6 to 9.9 percent.

With few exceptions, each bank's net income after transfer to legal reserve as a percent of average paid-in capital exceeded the system average each year. (See encl. VIII, p. 2.) The Little Rock Bank increased from 6.9 to 7.3 percent, while the system increased from 4.9 to 6.7 percent.

With the exception of the Seattle Bank, each bank's net income as a percent of gross income met or exceeded the system average each year. (See encl. VIII, p. 3.) All four banks, as did the system, experienced a decline in net income as a percent of gross income. While the ratio for the system declined from 10.9 to 8.1 percent, the ratio for the Little Rock Bank decreased more severely from 16.5 to 9.3 percent.

In summary, the performance of the Little Rock Bank relative to its size peers and the system average was favorable. The institution appears to be stable and financially sound. We noted no indications of inconsistencies, alarming trends, or financial instability.

The manner in which a Federal Home Loan Bank supervises its member associations is an important indicator of its success. Yet, it is the most difficult area to quantify. We analyzed 11 indicators of supervisory workload employed by the FHLBB to

compare banks within the system. The Little Rock Bank's indicators for the most recent period available, July 1, 1979, to June 30, 1980, tended to be low. Yet, for those measures most indicative of success in dealing with adversely rated and "problem" institutions, the Little Rock Bank was around the middle of the system.

CONCLUSIONS

The Office of District Banks' memorandum recommending that the Little Rock Bank be moved to Dallas cited three basic justifications: a need for more space, the desires of the savings and loan associations, and convenience and accessibility. In our view, these reasons are not compelling considering the move's potential costs. Nor do we believe that the bank's day-to-day operation and performance would be greatly enhanced by a change in location.

The bank has stated it needs additional, more contiguous office space. However, moving to Dallas is the most expensive way of obtaining that space. We estimate that the move could cost from about \$2.5 to \$4.2 million in the year of the move depending on how many employees move and how they are reimbursed for their relocation expenses. The move could increase the bank's operating costs by over \$1 million per year thereafter.

The 12 to 4 vote by the bank's board of directors would imply overwhelming membership support for the move. However, that vote was taken without benefit of reasonable cost estimates. Also, our questionnaire results show a deeply divided membership--4 votes out of 588 separate those who favor the move from those who do not.

By any measure, a Dallas location would be more convenient to a majority of the member associations. In terms of travel distances and transportation availability, Dallas is more accessible to most district members than Little Rock. However, the Little Rock Bank is not inaccessible: representatives of member associations do visit the bank, and bank representatives do visit member associations. The degree to which such interactions might change because of a Dallas location is unknown. Co-location of the bank in Dallas with other Federal agencies and regulators does not appear necessary.

The Little Rock Bank performance over the past 5 years has been near or slightly better than the system average. There is little to support a contention that a change in location would substantially improve the bank's performance. A move could, in the short term, slightly harm performance depending on how many and which employees would move to Dallas.

In our opinion, the issue is essentially one of convenience versus cost. Although the costs would be absorbed by the member associations, we are concerned about such a potentially high cost for such a small apparent gain. Therefore, we believe that the bank should not be moved. We also believe that the issue should be resolved quickly and permanently so that the bank and its employees can operate in a more stable atmosphere.

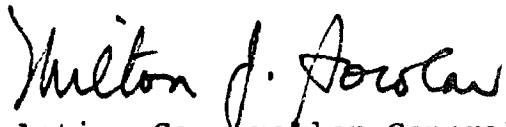
RECOMMENDATION TO THE FEDERAL HOME
LOAN BANK BOARD

We recommend the Federal Home Loan Bank Board reject the proposal to move the Federal Home Loan Bank of Little Rock to Dallas, Texas.

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As requested by your office, we did not solicit comments on this report from the FHLBB or the Little Rock Bank. Also, unless you publicly announce its contents earlier, we will make no further distribution of this report until 7 days from its issuance date. At that time, we will send copies to Senators Pryor and Bumpers, Representative Bethune, the chairman of the FHLBB, the president of the Little Rock Bank, and other interested parties and make copies available to others on request.

Sincerely yours,



Acting Comptroller General
of the United States

Enclosures

ENCLOSURE I

ENCLOSURE I

JOHN PAUL HAMMERSCHMIDT
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Congress of the United States
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March 19, 1981

COMMITTEES:
PUBLIC WORKS AND
TRANSPORTATION
SUBCOMMITTEES:
AVIATION
ECONOMIC DEVELOPMENT
WATER RESOURCES
VETERANS' AFFAIRS
SUBCOMMITTEES:
CEMETERIES AND BURIAL BENEFITS
COMPENSATION, PENSION, AND
INSURANCE
MEDICAL FACILITIES AND BENEFITS
SELECT COMMITTEE ON AGING

Mr. Milton J. Socolar
Acting Comptroller General
of the United States
411 G Street, N.W.
Washington, D. C. 20548

Dear Mr. Socolar:

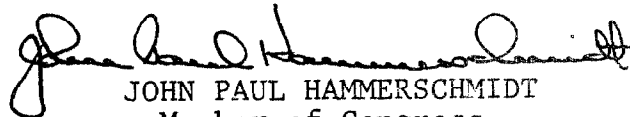
Enclosed herewith you will find a self explanatory letter to the chairman of the Federal Home Loan Bank Board from Senators Bumpers and Pryor, Congressman Bethune and myself. As you will note in the letter, we advised Chairman Dalton of our intention to have GAO make an inquiry into certain aspects of this problem.

We would appreciate it if you would conduct a study on a priority basis, along the lines outlined in our letter to the chairman.

Also enclosed for your use is a copy of the study made by the staff of the Federal Home Loan Bank Board.

For further information on this matter please contact my Administrative Assistant, Mr. Reid, at 225-4301.

Sincerely,


JOHN PAUL HAMMERSCHMIDT
Member of Congress

JPH:rkh
Enclosures

JOHN PAUL HAMMERSCHMIDT
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Congress of the United States
House of Representatives
Washington, D.C. 20515

March 16, 1981

COMMITTEES:
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SUBCOMMITTEES:
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WATER RESOURCES

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COMPENSATION, PENSION, AND
INSURANCE
MEDICAL FACILITIES AND BENEFITS

SELECT COMMITTEE ON AGING

Mr. John H. Dalton
Chairman
Federal Home Loan Bank Board
1700 G Street, N.W.
Washington, D.C. 20552

Dear Mr. Chairman:

We thank you for your courtesy in providing us with a copy of the study prepared by Staff on the petition before the Bank Board to move the Federal Home Loan Bank Board of Little Rock to the Dallas SMSA.

There are several points in the study which give us great concern. First is the Staff's estimate of the cost of a move to the Dallas area. You will note that the Staff report uses a comparison basis to show the difference between a move within Little Rock and a move to Dallas SMSA. Nowhere do we see any comments on the costs involved should there be the possibility of obtaining more space at their current location. Has this possibility been looked into and, if so, what were the results!

Next is the question of benefits for employees who choose to move. This is admittedly a difficult question to address in that the number of employees who will elect to relocate is not known at this time. But surely some analysis must have been given to such a key question. Let us make some assumptions along this line starting with a figure of \$27,000 to cover employee relocation costs. Then we can see what the costs would be should all 127 employees elect to relocate- \$3,429,000; 94 -- \$2,538,000; 63 -- \$1,701,000; 32 -- \$854,000. I trust you will agree that these figures put quite a different picture on the financial aspects of the proposed move. It seems to us that this one item illustrates most vividly why a study of this sensitivity should have been made by an outside, independent group which could have been expected to submit an unbiased report instead of relying on an in-house group which is naturally vulnerable to industry pressures.

Another major point is that of replacing people who will choose not to relocate. Again, let us go directly to the Staff report -- "We believe that the Bank will experience little difficulty in finding qualified replacements for employees who choose not to move, as Dallas is a financial center with a large pool of trained workers." Now let us look at an extract from a letter to you from Joseph E. Settle, President, FHLBB of Little Rock - "The key objective in the design of this package is to be fair and to keep the employee "financially whole" after the move. We believe this objective is a sound and

essential one to accomplish. We must be effective in retaining our employees if we are able to relocate successfully and maintain the operating efficiency of the Bank. Retention is especially important for a Federal Home Loan Bank because of the unique skills required, such as supervision, which are not routinely available in any job market (emphasis added). Consequently, we believe it is necessary to design a financial package that does motivate our employees to relocate without being unjustifiably liberal." Obviously there is quite a disparity in the two comments. As an aside, it does seem as if the report treats the question of the employees who will not be able to relocate to Dallas -- many with years of dedicated faithful service to the Bank -- in a very cavalier fashion.

The report states there is broad based support for the proposed move. A survey of member institutions completed on March 16, 1981, revealed that only 21% of those responding actually favored the move. We understand that the detailed results of the survey along with supporting papers have already been given to you.

A check of the records will show, we believe, that the System has tended to keep Banks in the city in which originally located. We are aware of only one exception. That Bank was the Federal Home Loan Bank of Greensboro, North Carolina, which was moved to Atlanta in 1972. We also recall that Mr. Carl O. Camp, now president of the Atlanta Bank, was a member of the Federal Home Loan Bank Board at the time the decision was made to make this move. In this connection, if the reasons given in the instant petition were to be applied to other Banks in the System, what would happen to the Banks in Topeka, Cincinnati, and Indianapolis? Certainly, the same reasons given for moving from Little Rock would apply to those Banks.

We would also like to stress the information contained in one part of the report which deals with on-going annual expenses which differ with location. Specifically, we are referring to a difference of One Million dollars a year for lease of space and salaries and benefits should the Bank relocate to Dallas. Against this, there is an estimated off-setting savings in travel costs of \$40,000 a year!

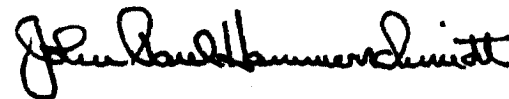
It seems to us that while the report gave considerable attention to the "convenience" factor as a basis for relocation, scant attention was given to the operating efficiency of the Little Rock Bank over the years. Therefore, in an attempt to obtain an unbiased evaluation of this vital element, we are asking the General Accounting Office to conduct a study comparing the performance of the Little Rock Bank to other Banks in the system over the past ten years. We are also asking the GAO to attempt to determine the number of employees currently employed at the Little Rock Bank who will not relocate to Dallas and the anticipated impact on the Bank's operating efficiency of such a loss of experienced personnel more or less at one time.

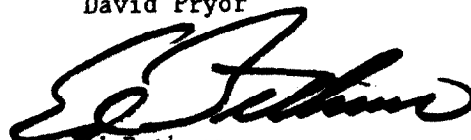
Finally, and perhaps most importantly, there is one other item which has surfaced which is of great concern to us. A news article which appeared in the Dallas Times Herald last month alleges that your personal plans included a return to Dallas after leaving the Board and a job combining your investment banking background with your "more recent expertise in financing, a prospect that can be only increased by his term as Chairman, no matter how short." While we obviously are not in a position to judge the accuracy of the story or its implications, we felt that it was only fair to all concerned to mention this because of the perceptions created by the report at a time when such things are of more significance than normal due to the fact that the Board currently has but two members.

Sincerely,


Dale Bumpers


David Pryor


JOHN PAUL HAMMERSCHMIDT
Member of Congress


Ed Bethune
Member of Congress

ESTIMATED RELOCATION EXPENSES
ONE-TIME DURING YEAR OF MOVE (note a)

Expense category (note b)	Move within Little Rock (note c)		Move to Dallas (note d)	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<u>Bank-related</u>				
Check printing differential	\$ 0	\$ 0	\$ 0	\$ 72,000
Employment fees - new hires	0	0	275,200	52,000
Advance staff living expenses	0	0	36,000	36,000
Lease cancellation expenses	0	291,780	0	291,780
Moving furniture and fixtures	13,000	28,000	13,546	28,546
Telephone equipment	25,000	30,000	26,000	31,000
ADP site preparation	82,500	100,000	82,500	115,000
Furniture and equipment--new	128,000	128,000	128,000	128,000
Space planning consultants	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>
Subtotal-- Bank-related	\$256,000	\$585,280	\$568,746	\$761,826

	Move within Little Rock (note c)		Move to Dallas (note d)	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
Personnel-related (note e)				
Relocation consultants	-	-	\$ 40,000	\$ 40,000
Loan equalization	-	-	88,655	1,152,519
Home selling fee reimbursement	-	-	20,944	272,272
Appraisals	-	-	1,980	25,740
Closing costs-- new home	-	-	7,568	98,384
Moving expenses	-	-	6,195	80,535
Lease cancellations-- non-homeowners	0	0	16,200	90,000
Housing search trips	-	-	15,454	121,253
Temporary living expenses	-	-	18,900	44,400
Relocation allowance	-	-	22,050	34,650
Tax equalization	-	-	4,576	59,488
Employment fees-- people not moving	-	-	353,750	65,901
Housing cost differ- ential	-	-	12,750	102,750
Severance pay	-	-	190,624	31,146
Subtotal-- Personnel- related	<u>0</u>	<u>0</u>	<u>\$ 799,646</u>	<u>\$2,219,038</u>
Total	<u>\$256,000</u>	<u>\$585,280</u>	<u>\$1,368,392</u>	<u>\$2,980,864</u>

a/A number of space alternatives involving leasing, purchasing, or constructing buildings in Little Rock or Dallas could have been considered. However, the bank leases its space now, and the bank's relocation study compared only leasing alternatives in the two cities.

b/The expense categories shown are those used by the Little Rock Bank in its 1981 study. The dollar amounts were developed using estimates prepared by the bank staff unless we found more current or reliable estimates. These estimates do not include amounts for any overtime at the new location because of employee losses, the cost of training new employees, or the cost of temporary help to fill early terminations and any shortage of employees at the new location.



c/These amounts represent estimates for moving to a new location in Little Rock and leasing 50,000 square feet of space. A less costly alternative would be to obtain additional space in the current building. However, the bank would be unable to obtain all of its space on adjacent floors until other leases expire--some as late as 1986.

d/We based our estimates on data prepared by the bank staff and the results of our employee interviews which indicated that the minimum number of employees willing to move would be 13; the maximum, 102.

e/A specific package of relocation benefits has not been developed. The amounts shown are based on bank staff estimates reflecting current private industry relocation practices and our employee interview results. Some portion of these costs could be paid out over 3 to 5 years depending on how the final package is designed. We have shown the total estimate as a one-time cost.

ESTIMATED ANNUAL OPERATING EXPENSES (note a)

<u>Operating expense category (note b)</u>	<u>Little Rock</u>		<u>Dallas</u>
	<u>Same building</u>	<u>Other building</u>	
Annual lease (50,000 sq. ft.)	\$ 375,000	\$ 525,000	\$ 700,000
Annual salary expense	3,413,134	3,413,134	4,300,549
Annual travel costs	<u>305,000</u>	<u>305,000</u>	<u>265,000</u>
Total (note c)	<u>\$4,093,134</u>	<u>\$4,243,134</u>	<u>\$5,265,549</u>

a/Total increased annual operating expenses attributable to a Dallas location are \$1,172,415. This figure is the difference between the total figure for the same building in Little Rock (\$4,093,134) and the total figure for Dallas (\$5,265,549).

b/Represents those operating costs which would be significantly affected by location.

c/Some portion of employee relocation expenses could be paid over a 3- to 5-year period. However, we have included all estimated employee relocation expenses as one-time.

U.S. GENERAL ACCOUNTING OFFICE
SURVEY OF SAVINGS AND LOAN ASSOCIATIONS
CONCERNING THE PROPOSED MOVE OF THE
FEDERAL HOME LOAN BANK OF LITTLE ROCK TO DALLAS

THE U.S. GENERAL ACCOUNTING OFFICE, AN INDEPENDENT AGENCY OF THE CONGRESS, HAS BEEN ASKED TO REVIEW THE PROPOSED MOVE OF THE FEDERAL HOME LOAN BANK OF LITTLE ROCK TO DALLAS, TEXAS. WE ARE LOOKING AT SEVERAL ASPECTS OF THE PROPOSAL. IN THIS PART OF OUR REVIEW WE ARE POLLING ALL SAVINGS AND LOAN ASSOCIATIONS IN THE LITTLE ROCK DISTRICT. SINCE YOUR ASSOCIATION WOULD INDIRECTLY SHARE IN FINANCING THE MOVE THROUGH A REDUCTION IN THE DIVIDENDS YOU RECEIVE FROM THE LITTLE ROCK BANK, YOUR OPINION IS IMPORTANT TO US. PLEASE ANSWER THE FOLLOWING QUESTIONS AND PROMPTLY RETURN BOTH PAGES OF THE MAILGRAM TO US. YOUR RESPONSE WILL BE KEPT CONFIDENTIAL. CALL MARK GEBICKE ON (202) 389-4254 IF YOU HAVE A QUESTION.

1. DO YOU FAVOR OR OPPOSE THE MOVE TO DALLAS? (CHECK ONE)

/277/ FAVOR - ANSWER QUESTIONS 2 AND 4
/273/ OPPOSE - ANSWER QUESTIONS 3 AND 4
/38/ UNDECIDED - ANSWER QUESTION 4
/27/ NO RESPONSE

2. I FAVOR THE MOVE BECAUSE IT WOULD (CHECK ALL APPLICABLE)

/271/ IMPROVE MY ACCESS TO BANK
/183/ IMPROVE BANK SERVICES
/78/ LOWER BANK'S OPERATING COSTS
/120/ LOWER MY COSTS
/36/ OTHER (SPECIFY)

3. I OPPOSE THE MOVE BECAUSE IT WOULD (CHECK ALL APPLICABLE)

/72/ LESSEN MY ACCESS TO BANK
/65/ WORSEN BANK SERVICES
/197/ INCREASE BANK'S OPERATING COSTS
/160/ INCREASE MY COSTS
/192/ COST TOO MUCH
/227/ BE INAPPROPRIATE GIVEN THE INDUSTRY'S FINANCIAL
CONDITION
/32/ OTHER (SPECIFY)

4. COMMENTS

THANK YOU FOR YOUR ASSISTANCE.

SUMMARY OF MEMBER RESPONSES BY
STATE AND VOTING SHARES (note a)

<u>Member locations</u>	<u>Favor Number of</u>		<u>Oppose Number of</u>		<u>Uncertain Number of</u>		<u>Not Responding Number of</u>		<u>Total Number of</u>	
	<u>S&Ls (%)</u>	<u>Shares (%)</u>	<u>S&Ls (%)</u>	<u>Shares (%)</u>	<u>S&Ls (%)</u>	<u>Shares (%)</u>	<u>S&Ls (%)</u>	<u>Shares (%)</u>	<u>S&Ls (%)</u>	<u>Shares (%)</u>
Arkansas	0	0	73 (97)	219,799 (98)	1 (1)	1,752 (1)	1 (1)	3,383 (2)	75	224,934
Louisiana	32 (25)	107,279 (28)	80 (62)	239,536 (62)	13 (10)	26,562 (7)	5 (4)	14,129 (4)	130	387,506
Mississippi	5 (8)	21,592 (16)	48 (81)	109,271 (78)	5 (8)	6,335 (5)	1 (2)	2,090 (2)	59	139,288
New Mexico	18 (53)	65,654 (58)	12 (35)	36,244 (32)	2 (6)	3,466 (3)	2 (6)	8,462 (7)	34	113,826
Texas	222 (70)	757,775 (69)	60 (19)	229,051 (21)	17 (5)	58,216 (5)	18 (6)	57,893 (5)	317	1,102,935
Totals	277 (45)	952,300 (48)	273 (44)	833,901 (42)	38 (6)	96,331 (5)	27 (4)	85,957 (4)	615	1,968,489

a/Voting shares were calculated similar to voting shares calculated for each member when voting for the election of directors. For purposes of this poll, the number of votes which each member may cast is equal to the number of shares of bank stock which it was required to hold as of December 31, 1980. No member, however, could cast more votes than the average number of shares required to be held as of December 31, 1980, by the stockholders in the Little Rock District.

DISPERSION OF MEMBER SAVINGS AND LOAN
ASSOCIATIONS WITHIN THE LITTLE ROCK FEDERAL HOME
LOAN BANK DISTRICT - FEBRUARY 28, 1981

No. of road miles	<u>Proximity to Dallas</u>			<u>Proximity to Little Rock</u>		
	<u>No. of asso- ciations</u>	<u>No. of offices (note a)</u>	<u>Total assets (millions)</u>	<u>No. of asso- ciations</u>	<u>No. of offices (note a)</u>	<u>Total assets (millions)</u>
0-50	39	297	\$ 6,918	16	68	\$ 1,616
51-100	23	73	1,865	20	51	772
101-150	41	102	2,352	23	54	974
151-200	42	113	2,317	38	105	1,911
201-300	135	829	19,316	80	239	4,531
301-400	115	336	7,460	125	577	11,979
401-500	105	297	5,837	146	782	19,542
501-750	110	341	8,068	123	371	9,259
751-1150	<u>5</u>	<u>7</u>	<u>175</u>	<u>44</u>	<u>148</u>	<u>3,724</u>
Totals	<u>615</u>	<u>2,395</u>	<u>\$54,308</u>	<u>615</u>	<u>2,395</u>	<u>\$54,308</u>

a/Includes member associations' main offices.

U.S. GENERAL ACCOUNTING OFFICE
SURVEY OF THE EMPLOYEES OF THE FEDERAL HOME
LOAN BANK OF LITTLE ROCK CONCERNING
THE PROPOSED MOVE TO DALLAS

PART A

1. How long have you been employed by the Little Rock Bank? (Enter number of years to the nearest year. If less than 6 months enter 0.)

- | | |
|---------------------------------|--------------------------|
| 1. <u>33</u> Less than 6 months | 3. <u>29</u> 4-10 years |
| 2. <u>52</u> 1-3 years | 4. <u>15</u> 11-28 years |

2. In which division do you currently work? (Check one.)

1. 27 Division of Supervision and Industry Development
2. 26 Bank Operations and Treasury Division
3. 13 Research and Member Services Division
4. 42 Data Processing Division
5. 18 Personnel and Administration Services
6. 3 Other

3. What is your job title?

4. How long have you held this position? (Enter number of years to nearest year. If less than 6 months enter 0.)

- | | |
|-------------------------|-------------------------|
| 1. <u>114</u> 0-3 years | 3. <u>1</u> 11-20 years |
| 2. <u>12</u> 4-10 years | 4. <u>2</u> 21-31 years |

5. Are you an officer of the bank?

1. 21 Yes
2. 108 No

6. Approximately how many years have you lived in the Little Rock area? (Enter years to nearest year. If less than 6 months enter 0.)

1. 14 0-3 years
2. 26 4-10 years
3. 34 11-20 years
4. 36 21-30 years
5. 19 31 years or more

7. Are you currently married or planning (within one year) to be married?

- 1. 75 Currently married
- 2. 8 Planning to marry
- 3. 46 No SKIP TO QUESTION 11

8. Is your spouse (fiance) currently employed full or part time? (Check one)

- 1. 64 Yes - Full time
- 2. 4 Yes - Part time
- 3. 15 No SKIP To QUESTION 11
- 4. 46 Not applicable

9. Could your spouse (fiance) arrange a transfer with the same employer in the Dallas area? (Check one)

- 1. 10 Definitely yes
- 2. 2 Probably yes IF YES, SKIP TO QUESTION 11
- 3. 7 Uncertain
- 4. 6 Probably no
- 5. 43 Definitely no
- 6. 61 Not applicable

10. Do you feel your spouse (fiance) could find a similar job in the Dallas area?

- 1. 21 Definitely yes
- 2. 21 Probably yes
- 3. 3 Uncertain
- 4. 3 Probably no
- 5. 8 Definitely no
- 6. 73 Not applicable

11. Do you have any children living with you?

- 1. 68 Yes
- 2. 61 No SKIP TO QUESTION 13

12. How many of your children are in each of the following age groups?

- 1. Pre School 36
- 2. Elementary School 45
- 3. Jr. High School 12
- 4. High School 14
- 5. College or Older 10

13. Do you have any adult dependents other than your spouse living with you?

- 1. 1 Yes
- 2. 128 No

14. About what percentage of your total household income comes from your Little Rock Bank salary? (Check one)

1. 9/ Less than 30%
2. 14/ 30 - 40%
3. 15/ 41 - 50%
4. 11/ 51 - 60%
5. 9/ 61 - 70%
6. 7/ 71 - 80%
7. 6/ 81 - 90%
8. 58/ 91 - 100%

15. Do you own (or are you paying for) your home? (Check one)

1. 72/ Yes
2. 57/ No

16. How long have you owned the house? (Enter number of years to nearest year. If less than 6 months enter 0.)

1. 26/ 0-3 years
2. 30/ 4-10 years
3. 12/ 11-20 years
4. 4/ 21 years or more
5. 57/ Not applicable

17. Do you have a mortgage on your home? (Primary residence only. Check one)

1. 66/ Yes
2. 6/ No SKIP TO QUESTION 19
3. 57/ Not applicable

18. What interest rate do you have on your mortgage? (Check one)

- | | |
|--|--|
| 1. <input checked="" type="checkbox"/> 5/ Less than 6% | 6. <input checked="" type="checkbox"/> 0/ 10.0 - 10.9% |
| 2. <input checked="" type="checkbox"/> 4/ 6.0 - 6.9% | 7. <input checked="" type="checkbox"/> 0/ 11.0 - 11.9% |
| 3. <input checked="" type="checkbox"/> 16/ 7.0 - 7.9% | 8. <input checked="" type="checkbox"/> 3/ 12.0 - 12.9% |
| 4. <input checked="" type="checkbox"/> 19/ 8.0 - 8.9% | 9. <input checked="" type="checkbox"/> 2/ 13.0% and above |
| 5. <input checked="" type="checkbox"/> 17/ 9.0 - 9.9% | 10. <input checked="" type="checkbox"/> 63/ Not applicable |

19. Do you own any other property in the Little Rock area?

1. 24/ Yes
2. 105/ No SKIP TO QUESTION 21

20. What kind of property do you own? (Check all that apply.)

- 1. 5/ Recreation
- 2. 13/ Residential
- 3. 3/ Commercial
- 4. 7/ Other (Specify)

21. I am going to read a list of relocation benefits employers may or may not provide when they relocate employees. Tell me how important, if at all, each benefit would be to you personally. (Check one for each item.)

- 1. Payment of costs associated with selling home (including loss, if any) or breaking a rental lease.
- 2. Payment of expenses to move household goods.
- 3. Reimbursement for house hunting trips.
- 4. Payment of direct costs (closing costs, etc.) to buy a new home.
- 5. Payment of indirect costs required to set up new household (telephone, gas, etc. service fees)
- 6. Salary adjustment based on cost of living in Dallas area.
- 7. Payment for higher interest rate on mortgage.
- 8. Payment for cost of housing difference.
- 9. Are there any other benefits that would be important to you?

	Very Great Importance	Great Importance	Moderate Importance	Some Importance	Little Or No Importance
	1	2	3	4	5
1. Payment of costs associated with selling home (including loss, if any) or breaking a rental lease.	71	17	13	3	25
2. Payment of expenses to move household goods.	86	24	15	1	3
3. Reimbursement for house hunting trips.	77	35	13	0	4
4. Payment of direct costs (closing costs, etc.) to buy a new home.	69	16	8	8	28
5. Payment of indirect costs required to set up new household (telephone, gas, etc. service fees)	58	34	18	12	7
6. Salary adjustment based on cost of living in Dallas area.	119	7	3	0	0
7. Payment for higher interest rate on mortgage.	76	11	6	5	31
8. Payment for cost of housing difference.	89	11	14	7	8
9. Are there any other benefits that would be important to you?	12	0	6	1	1

22. Which of the following statements best describes your current feelings about a move to Dallas? (READ ALL STATEMENTS)

1. 13 If the bank moves, I will definitely move.
2. 19 If the bank moves, I would not move if I could find a similar job in Little Rock.
3. 70 If the bank moves, I would move only under certain conditions. ASK

Under what conditions would you move? Check all mentioned.

1. 63 Increase in salary.
2. 63 Type of relocation benefits offered.
3. 24 Spouse could find job in Dallas area.
4. 21 Other (Specify) _____

4. 27 I would not move under any conditions. ASK Why?

23. Consider for a moment the objectives of the bank. Do you feel the move to Dallas would be in the best interests of the bank?

1. 15 Definitely yes
2. 19 Probably yes
3. 20 Uncertain
4. 25 Probably no
5. 50 Definitely no

24. Why?

25. Interviewer. Record sex of respondents here.

1. 47 Male
2. 82 Female

26. I have several questions I would like you to fill out. (Hand respondent PART B.) I will wait a moment while you check your answers.

27. I have no further questions. Do you have any other comments about the proposed move?

PART B

Please answer the following questions:

1. What is your age? (Check one.)

1. Under 21
2. 21-30
3. 31-40
4. 41-50 IF 50 YEARS OLD OR LESS, SKIP TO QUESTION 3
5. 51-60
6. Over 60

2. Do you plan to retire within the next 3 years? (Check one.)

1. Definitely yes
2. Probably yes
3. Uncertain
4. Probably no
5. Definitely no
6. Not applicable

3. What is your current gross salary (before deductions) from the Little Rock Bank? (Check one.)

1. Under \$10,000
2. \$10,000 - \$19,999
3. \$20,000 - \$29,999
4. \$30,000 - \$39,999
5. \$40,000 - \$49,999
6. \$50,000 and above

4. Which, if any, of the following types of strong personal commitments or attachments do you have to the Little Rock area? (Check all that apply.)

1. Family and relatives
2. Personal friendships
3. Outside business or property ventures
4. School commitments (Children)
5. School commitments (yourself/Spouse)
6. Church or Community work
7. Social life or Life style
8. Recreational Opportunities
9. Geographic preference
10. Other (Specify) _____

INTERVIEW RESPONSES BY
KEY VERSUS NON-KEY EMPLOYEES

Response about willingness to move	<u>Key employees</u>		<u>Non-key employees</u>		<u>Total</u>	
	#	(%)	#	(%)	#	(%)
Would definitely move with the bank	3	(2)	10	(8)	13	(10)
Would move only if new job could not be found	6	(5)	13	(10)	19	(15)
Would move under certain conditions	21	(16)	49	(38)	70	(54)
Would not move under any conditions	<u>5</u>	<u>(4)</u>	<u>22</u>	<u>(17)</u>	<u>27</u>	<u>(21)</u>
Total	<u>35</u>	<u>(27)</u>	<u>94</u>	<u>(73)</u>	<u>129</u>	<u>(100)</u>

NET INCOME AND COMPARATIVE FINANCIAL RATIOS
OF FOUR FEDERAL HOME LOAN BANKS AND FEDERAL
HOME LOAN BANK SYSTEM FOR FIVE YEARS

Net Income (in thousands of dollars)

<u>FHLBank</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Little Rock	\$16,601	\$16,909	\$31,511	\$40,286	\$32,121
Chicago	18,435	21,078	38,936	50,008	41,294
Cincinnati	17,531	18,557	32,776	42,171	33,097
Seattle	7,988	11,578	20,782	36,549	24,692
System	174,528	191,631	399,714	537,538	416,598

ASSETS AS A PERCENT OF SYSTEM ASSETS

<u>FHLBank</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Little Rock	6.9	6.9	7.4	7.6	6.8
Chicago	8.1	8.9	8.5	7.9	6.5
Cincinnati	7.9	8.2	8.1	7.7	7.0
Seattle	5.6	6.7	6.8	6.8	6.8
System	100.0	100.0	100.0	100.0	100.0

NET INCOME AS A PERCENT OF SYSTEM NET INCOME

<u>FHLBank</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Little Rock	9.5	8.8	7.9	7.5	7.7
Chicago	10.6	11.0	9.7	9.3	9.9
Cincinnati	10.0	9.7	8.2	7.8	7.9
Seattle	4.6	6.0	5.2	6.8	5.9
System	100.0	100.0	100.0	100.0	100.0

NET INCOME AFTER TRANSFER TO LEGAL RESERVE AS
A PERCENT OF AVERAGE PAID-IN CAPITAL (note a and b)

<u>FHLBank</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Little Rock	6.9	5.9	9.1	9.5	7.3
Chicago	5.5	5.6	8.7	9.5	7.3
Cincinnati	5.9	5.6	8.3	8.9	6.6
Seattle	5.3	6.4	8.4	11.6	8.2
System	4.9	4.8	8.4	9.3	6.7

a/Legal reserve is a mandatory transfer of net income. Each FHLBank must transfer 20 percent of its net income to the legal reserve semiannually until the reserve equals the capital stock amount. Thereafter, 5 percent of the FHLBank's net income must be allocated for this purpose.

b/Average paid-in capital is capital that originates from the stockholders' investment.

NET INCOME AS A PERCENT OF GROSS INCOME

<u>FHLBank</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Little Rock	16.5	15.9	17.8	14.5	9.3
Chicago	13.3	15.0	18.1	16.4	10.8
Cincinnati	13.8	14.2	16.6	14.5	8.7
Seattle	10.3	13.0	12.4	14.2	7.0
System	10.9	12.2	16.6	14.4	8.1

OPERATING EXPENSES AS A PERCENT
OF TOTAL EXPENSES (note a)

<u>FHLBank</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Little Rock	2.7	2.7	1.9	1.4	1.4
Chicago	4.2	4.9	2.7	1.4	1.3
Cincinnati	5.3	5.9	4.1	1.9	1.8
Seattle	2.2	1.9	1.2	.9	.8
System	3.2	3.6	2.5	1.4	1.2

a/Operating expenses include salaries and benefits, fees and professional services, travel expenses, telephone and transmission costs, stationery and supplies, cost of quarters, depreciation--furniture and equipment, equipment rental and expense, and other, i.e., educational meetings, miscellaneous expense, etc.

GROSS INCOME AS A PERCENT OF TOTAL ASSETS

<u>FHLBank</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Little Rock	6.5	6.2	6.6	7.8	9.4
Chicago	7.6	6.4	6.9	8.3	10.9
Cincinnati	7.1	6.5	6.6	8.1	9.9
Seattle	6.2	5.4	6.6	8.1	9.6
System	7.1	6.4	6.6	8.1	9.5

NET INCOME AS A PERCENT OF AVERAGE ASSETS

<u>FHLBank</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Little Rock	1.2	1.1	1.4	1.3	.9
Chicago	1.0	1.1	1.5	1.5	1.1
Cincinnati	1.0	1.0	1.3	1.3	.9
Seattle	.7	.9	1.0	1.3	.7
System	.8	.9	1.3	1.3	.8

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