

MEMORANDUM

January 27, 1988

TO: Chairman Ruder

FROM: George G. Kundahl *GGK*  
Executive Director

SUBJECT: Commission Cost for Market Volatility Study

The Commission initiated a study of the market volatility that occurred during October, 1987. The study required tremendous staff effort throughout the headquarters and regional offices, but primarily by the Division of Market Regulation. The majority of the Commission's costs were for personnel. A total of 39,438 staff hours are attributed to the study from October 19, 1987 through January 29, 1988 at a cost of \$728,773. An overhead rate of 25.3% was applied to the staff cost which totalled \$184,380. In addition, the Commission incurred costs for nonpersonnel activities such as travel, data processing and printing. These costs totalled approximately \$294,696. Therefore, the total cost to the Commission was \$1,207,849.

The Commission also provided support to the Presidential Task Force known as the Brady Commission. Very few tasks or activities were performed solely for the Brady Commission. Our support consisted primarily of sharing the data collected for our market volatility study with the Brady Commission. Specifically, 76 computer tapes of daily market information were given to the Brady Commission which represented approximately 600,000 pages of text. The estimated cost for processing these tapes totalled \$95,850. Commission staff expended about 1,050 hours assisting the Brady Commission which cost \$22,554. The total Commission resources to support the Brady Commission equalled approximately \$118,404.

This information was prepared by Susan Baumann of my staff. Please let me know if you would like to discuss this.

SEC COSTS FOR THE MARKET VOLATILITY STUDY

OFFICE	PROJECT	STAFF	-----STAFF HOURS-----			COST FACTOR	TOTAL COST
			REGULAR	OT/COMP.	DONATED		
MR		Both	18395	662.5	3373	\$21.59	\$411,451.43
IM		Prof.	3200	0	0	\$22.05	\$70,560.00
CF		Prof.	504.5	0	65	\$21.84	\$11,018.28
EDGAR		Prof.	98	0	119	\$21.88	\$2,144.24
GC		Prof.	465.5	4	54	\$23.08	\$10,836.06
CE		Both	2404	0	557	\$20.83	\$50,075.32
DEPA		Both	3466	215	135	\$20.43	\$75,202.83
CAIS		Prof.	1677.5	26.5	299	\$12.97	\$22,100.88
ISM		Prof.	572	0	0	\$17.87	\$10,221.64
ARD (Miami)		Both	106	0	0	\$19.71	\$2,089.26
BRO	B-D	Prof.	80	0	0	\$21.35	\$1,708.00
	IC/IA	Prof.	320	0	0	\$21.35	\$6,832.00
CRO	B-D	Prof.	632	0	0	\$20.90	\$13,208.80
	IC/IA	Prof.	100	0	0	\$20.90	\$2,090.00
FWRD	B-D	Prof.	88	0	0	\$22.20	\$1,953.60
	IC/IA	Prof.	240	0	0	\$22.20	\$5,328.00
	CAS Asst.	Prof.	108	0	24	\$22.20	\$2,397.60
LARD	B-D	Prof.	360	0	0	\$19.77	\$7,117.20
	IC/IA	Prof.	40	0	0	\$19.77	\$790.80
NYRD	B-D	Prof.	168	0	0	\$20.56	\$3,454.08
	IC/IA	Prof.	350	0	0	\$21.01	\$7,353.50
	CAS Asst.	Prof.	72	0	0	\$20.56	\$1,480.32
PRO	B-D	Prof.	123	0	2	\$20.52	\$2,523.96
	IC/IA	Prof.	88	0	0	\$20.78	\$1,828.64
	CAS Asst.	Both	244	0	0	\$20.52	\$5,006.88
STAFF HOURS & COST			33901.5	908	4628		\$728,773.32
OVERHEAD OF 25.3%							\$184,379.65
SUBTOTAL							\$913,152.96
OTHER COSTS:							
MR	Travel						\$18,594.43
OAS	DHL Mail						\$243.00
	Paper						\$1,832.00
	Type-setting						\$1,320.00
	Printing						\$5,037.00
ISM	Data Processing						\$267,670.00
TOTAL OTHER COSTS							\$294,696.43
TOTAL SEC COSTS FOR MARKET VOLATILITY STUDY							\$1,207,849.39

SEC COSTS TO ASSIST THE BRADY COMMISSION

OFFICE	STAFF	-----STAFF HOURS-----			COST FACTOR	TOTAL COST
		REGULAR	OT/COMP.	DONATED		
MR	Prof.	1000	0	0	\$21.59	\$21,590.00
ISM	Prof.	48	0	0	\$17.87	\$857.76
DEPA	Prof.	2	0	0	\$20.43	\$40.86
EDGAR	Prof.	3	0	0	\$21.88	\$65.64
STAFF HOURS & COST		1053	0	0	.	\$22,554.26
ISM DATA PROCESSING						\$95,850.00
TOTAL SEC COSTS TO ASSIST THE BRADY COMMISSION						\$118,404.26