WASHINGTON -- When the U.S. Federal Reserve meets this week, the easy decision will be what to do about interest rates. With a low inflation rate and sluggish jobs growth, policy makers are almost certain to leave the rate target unchanged at the 45-year low of 1%.

The trickier issue will be what to say about the interest-rate decision afterward, an issue that has bedeviled the Fed since the spring. In October, the Fed's policy-making Federal Open Market Committee set up a working group, headed by Fed governor Roger Ferguson, to study options on communications policy.

Issues on the table include whether to simplify the statement that follows the Fed's meeting; how much input the other 18 FOMC members should have into the statement, which is drafted by Chairman Alan Greenspan; and whether to release minutes of their policy discussions before, instead of after, their subsequent meeting.

Officials are scheduled to spend much of the first of their two-day meeting, starting Tuesday, discussing communications. But people close to the Fed said officials still don't appear close to consensus. Thus, the Fed may not be able to announce any changes by the time the meeting ends and the interest-rate decision is released Wednesday afternoon.

For years the Fed has supplemented its interest-rate decisions with a "tilt," "bias" or risk assessment that indicated whether it was leaning toward higher, lower or unchanged rates in the future. Beginning last May, it expanded that by offering separate assessments on the risks to growth and inflation.

Note: Chart begins at Dec. 9, 2000
Source: Federal Reserve
In August, it added a commitment to keep rates low for a "considerable period." Repeated changes to the statement's format at times have confused markets, and bothered some Fed officials who think the Fed shouldn't hint at its future actions.

Some officials favor a shorter, simpler statement, coupled with an earlier release of the minutes to provide context for the interest rate decision. But shortening the statement runs contrary to the Fed's, and Mr. Greenspan's, belief that saying more rather than less makes the Fed more effective.

Nor is there universal support for earlier release of the minutes. Mr. Ferguson has previously warned that releasing the minutes soon after the statement could give markets potentially conflicting signals. However, advocates of earlier release have gotten ammunition from markets' enormous reaction to the downbeat October meeting minutes, which were released in December. By that time, the Fed was much more confident about the outlook.

In any event, the economic outlook hasn't changed enough to demand radical changes to what the Fed says now. "We do not expect a change in the structure of the statement at this meeting," former Fed governor Laurence Meyer, president of Meyer's Monetary Policy Insights, an advisory service, said in a report Friday.

He said the Fed still is happy with the statement it released in December when it said rates could stay low for a "considerable period" provided the inflation rate was low and unemployment high. The Fed is more likely to change its communications policy when it drops the "considerable period" commitment, he said.

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