

**IMPROVING ADMINISTRATION OF OVERSEAS
ACTIVITIES OF THE U.S. GOVERNMENT**

HEARING
BEFORE THE
SUBCOMMITTEE ON CIVIL SERVICE
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
EIGHTY-SIXTH CONGRESS
FIRST SESSION

ON

H.R. 5007 and H.R. 5099

BILLS TO IMPROVE THE ADMINISTRATION OF OVERSEAS
ACTIVITIES OF THE GOVERNMENT OF THE UNITED
STATES, AND FOR OTHER PURPOSES

H.R. 5178 and H.R. 5238

BILLS TO PROVIDE FOR HEALTH AND MEDICAL SERVICES
FOR CIVILIAN EMPLOYEES IN GOVERNMENT SERVICE
OVERSEAS AND THEIR DEPENDENTS, AND FOR
OTHER PURPOSES

JUNE 10, 1959

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IMPROVING ADMINISTRATION OF OVERSEAS ACTIVITIES OF THE U.S. GOVERNMENT

WEDNESDAY, JUNE 10, 1959

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CIVIL SERVICE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., in room 215, Old House Office Building, Hon. Charles O. Porter (acting chairman) presiding.

Mr. PORTER. The committee will come to order.

Mr. MORRISON, the chairman of the subcommittee, has been delayed, and we thought we would get underway here. I have an opening statement which I will read at this point.

The Subcommittee on Civil Service this morning begins hearings on H.R. 5007, H.R. 5099, H.R. 5178, and H.R. 5238. H.R. 5007 and H.R. 5099 are bills to improve the administration of overseas activities of the Government by providing adequate allowances, differentials, and related benefits for American citizens employed abroad by our Government. H.R. 5178 and H.R. 5238 are bills to provide for health and medical services for civilian employees in Government overseas, and their dependents.

(The bills H.R. 5007 and H.R. 5178 follow:)

[H.R. 5007, 86th Cong., 1st sess.]

A BILL To improve the administration of overseas activities of the Government of the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Overseas Differentials and Allowances Act."

TITLE I—PURPOSE AND DEFINITIONS

PART A—PURPOSE

Sec. 101. The Congress hereby declares that it is the purpose of this Act to improve and strengthen the administration of overseas activities of the Government by—

- (1) providing a means for more effectively compensating Government employees for the extra costs and hardships incident to their assignments overseas,
- (2) providing for the uniform treatment of Government employees stationed overseas to the extent justified by relative conditions of employment,
- (3) establishing the basis for the more efficient and equitable administration of the laws compensating Government employees for the extra costs and hardships incident to their assignments overseas, and
- (4) facilitating for the Government the recruitment and retention of the best qualified personnel for civilian service overseas.

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PART B—DEFINITIONS

- SEC. 111. As used in this title, title II, and section 523 of title V, the term—
- (1) "Government" means the Government of the United States of America;
 - (2) "Government agency" means (A) each executive department of the Government, (B) each independent establishment or agency in the executive branch of the Government, including each corporation wholly owned (either directly or through one or more corporations) by the Government, and (C) the General Accounting Office;
 - (3) "Employee" means an individual employed in the civilian service of a Government agency and more specifically defined in regulations prescribed by the President, but including ambassadors, ministers, and officers of the Foreign Service of the United States under the Department of State;
 - (4) "Continental United States" means the several States of the United States of America, excluding Alaska but including the District of Columbia; and
 - (5) "Foreign area" means any area situated outside the continental United States, excluding Alaska, Hawaii, the Commonwealth of Puerto Rico, the Canal Zone, and the possessions of the United States but including the Trust Territory of the Pacific Islands.

TITLE II—ALLOWANCES AND DIFFERENTIALS IN FOREIGN AREAS

PART A—SHORT TITLE AND GENERAL PROVISIONS

SEC. 201. Notwithstanding section 1765 of the Revised Statutes (5 U.S.C. 70), the allowances and differentials provided by this title are authorized for and may be granted only to an employee stationed in a foreign area—

- (1) who is a citizen of the United States, and
 - (2) whose rate of basic compensation (A) is fixed by statute or (B) is fixed administratively in conformity with rates paid by the Government for work of a comparable level of difficulty and responsibility in the continental United States (without taking into consideration the allowances and differentials provided by this title),
- except that such allowances and differentials may be paid to an employee stationed in a foreign area who is not a citizen of the United States to the extent that the payment of such allowances and differentials to such noncitizen employee is authorized by any provision of law other than this title.

SEC. 202. Allowances granted under this title may be paid in advance, or advance of funds may be made therefor, through the proper disbursing officer in such sums as may be deemed advisable in consideration of the need and the period of time during which expenditures must be made in advance by the employee or employees. Any advance of funds not subsequently covered by allowances accrued to the employee or employees under this title shall be recoverable by the Government by setoff against accrued salary, pay, compensation, amount of retirement credit, or other amount due from the Government to such employee or employees and by such other method as may be provided by law for the recovery of amounts owing to the Government.

SEC. 203. The allowances and differentials authorized by this title shall be paid in accordance with regulations prescribed by the President establishing rules governing payments thereof and the respective rates at which such payments shall be made, the foreign areas, the groups of positions, and the categories of employees to which such rates shall apply, and other related matters.

PART B—QUARTERS ALLOWANCES

SEC. 211. Whenever Government-owned or Government-rented quarters are not provided without charge for an employee in a foreign area, one or more of the following quarters allowances may be granted to such employee where applicable:

- (1) A temporary lodging allowance for the cost of temporary quarters incurred by the employee and his family (A) for a period not in excess of three months after first arrival at a new post of assignment in a foreign area or a period ending with the occupation of residence quarters, whichever shall be shorter, and (B) for a period of not more than one month immediately preceding final departure from the post subsequent to the necessary evacuation of residence quarters;
- (2) A living quarters allowance for rent, heat, light, fuel, gas, electricity, and water, without regard to the limitations of section 3648 of the Revised Statutes, as amended (31 U.S.C. 529); and

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(3) Under unusual circumstances payment or reimbursement for extraordinary, necessary, and reasonable expenses, not otherwise compensated for, incurred in initial repairs, alterations, and improvements to an employee's privately leased residence at a post of assignment in a foreign area, if such expenses are administratively approved in advance and if the duration and terms of the lease justify payment of such expenses by the Government.

PART C—COST-OF-LIVING ALLOWANCES

SEC. 221. The following cost-of-living allowances may be granted, where applicable, to an employee in a foreign area:

(1) A post allowance to offset the difference between the cost of living at the post of assignment of the employee in a foreign area and the cost of living in Washington, District of Columbia;

(2) A transfer allowance for extraordinary, necessary, and reasonable expenses not otherwise compensated for, incurred by an employee incident to establishing himself at any post of assignment in a foreign area or at a post of assignment in the continental United States between assignments to posts in foreign areas;

(3) A separate maintenance allowance to assist an employee who is compelled, by reason of dangerous, notably unhealthful, or excessively adverse living conditions at his post of assignment in a foreign area or for the convenience of the Government, to meet the additional expense of maintaining, elsewhere than at such post, his wife or his dependents, or both;

(4) An education allowance or payment of transportation costs to assist an employee with the extraordinary and necessary expenses, not otherwise compensated for, incurred by reason of his service in any foreign area or foreign areas in providing adequate education for his dependents, as follows:

(A) An allowance not to exceed the cost of obtaining such elementary and secondary educational services as are ordinarily provided without charge by the public schools in the continental United States, plus, in those cases where adequate schools are not available at the employee's post, board and room, and periodic transportation between such post and the nearest locality, where adequate schools are available, without regard to the limitations of section 3648 of the Revised Statutes, as amended (31 U.S. C. 529); but the amount of the allowance granted shall be determined on the basis of the educational facility used;

(B) The cost of transporting dependents of an employee to and from a school in the United States to obtain an American secondary or undergraduate college education, not to exceed one trip each way for each dependent for the purpose of obtaining each type of education; but no allowance payments under subparagraph (A) of this paragraph (4) shall be made for any dependent during the twelve months following his arrival in the United States for secondary education pursuant to authority contained in this subparagraph (B). Notwithstanding Section 111(5) of this Act, transportation, for the purpose of obtaining undergraduate college education, may be authorized under this subparagraph (B), under such regulations as the President may prescribe, for dependents of employees who are citizens of the United States stationed in the Canal Zone.

PART D—POST DIFFERENTIAL

SEC. 231. A post differential may be granted on the basis of conditions of environment which differ substantially from conditions of environment in the continental United States and warrant additional compensation as a recruitment and retention incentive. Additional compensation paid as a post differential shall not in any instance exceed 25 per centum of the rate of basic compensation.

TITLE III—MISCELLANEOUS EXPENSES

PART A—REPRESENTATION EXPENSES

SEC. 301. The Administrative Expenses Act of 1946 (60 Stat. 806), as amended, is amended by adding at the end thereof the following new section:

"SEC. 22. Under such regulations as the President may prescribe, funds available to the departments for administrative expenses may be allotted to posts in foreign countries and to resident missions to international organizations for representation purposes in the promotion of official policies and programs."

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PART B—STORAGE

Sec. 311. (a) Paragraphs (4) and (5) of section 911 of the Foreign Service Act of 1946 (22 U.S.C. 1136 (4) and (5)) are amended to read as follows:

"(4) the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service, when he is absent from his post of assignment under orders, or when he is assigned to a post to which he cannot take or at which he is unable to use such furniture and household and personal effects, or when it is in the public interest or more economical to authorize storage; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;

"(5) the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service in connection with assignment or transfer to a new post, from the date of his departure from his last post or from the date of his departure from his place of residence in the case of a new officer or employee and for not to exceed three months after arrival at the new post, or until the establishment of residence quarters, whichever shall be shorter; and in connection with separation of an officer or employee of the Service stationed overseas, the cost of packing and unpacking, transporting to and from a place of storage, and storing for a period not to exceed three months, his furniture and household and personal effects transported at Government expense."

(b) Section 4(a)(1) (D) and (E) of the Central Intelligence Agency Act of 1949 (63 Stat. 209, 72 Stat. 337; 50 U.S.C. 403e(a)(1) (D) and (E)) are amended to read as follows:

"(D) pay the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Agency, when he is absent from his post of assignment under orders, or when he is assigned to a post to which he cannot take or at which he is unable to use such furniture and household and personal effects, or when it is in the public interest or more economical to authorize storage; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;

"(E) pay the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Agency in connection with assignment or transfer to a new post, from the date of his departure from his last post or from the date of his departure from his place of residence in the case of a new officer or employee and for not to exceed three months after arrival at the new post, or until the establishment of residence quarters, whichever shall be shorter; and in connection with separation of an officer or employee of the Agency stationed overseas, the cost of packing and unpacking, transporting to and from a place of storage, and storing for a period not to exceed three months, his furniture and household and personal effects transported at Government expense."

(c) The first section of the Administrative Expenses Act of 1946 (60 Stat. 806), as amended (5 U.S.C. 73b-1), is amended by adding at the end thereof the following new subsection:

"(e) Whenever any civilian officer or employee (including any new appointee in accordance with section 7 of this Act) is assigned to a permanent duty station outside the continental United States to which he cannot take or at which he is unable to use his household goods and personal effects or whenever the head of the department concerned authorizes storage of any such property in the public interest or for reasons of economy, storage expenses (including related transportation and other expenses) may be allowed such officer or employee in accordance with regulations prescribed by the President; but in no instance shall the weight of the property stored under this subsection, together with the weight of property transported under subsection (a), exceed the maximum weight limitation provided by subsection (a)."

(d) The term "furniture and household and personal effects", as used in the amendments made by this part to the Foreign Service Act of 1946, as amended, and the Central Intelligence Agency Act of 1949, as amended, and the term "household goods and personal effects", as used in the amendments made by

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this part to the Administrative Expenses Act of 1946, as amended, mean such personal property of an employee and the dependents of such employee as the Secretary of State and the Director of Central Intelligence, as the case may be, with respect to the term "furniture and household and personal effects", and the President, with respect to the term "household goods and personal effects", shall by regulation authorize to be transported or stored under the amendments made by this part to such Acts (including motor vehicles authorized to be shipped at Government expense).

PART C—OFFICIAL RESIDENCE EXPENSES

SEC. 321. (a) The Administrative Expenses Act of 1946 (60 Stat. 806), as amended, is amended by adding thereto, immediately following the new section 22 added to such Act by section 301 of this Act, the following new section:

"SEC. 23. Under such regulations as the President may prescribe, funds available to the departments for administrative expenses may be allotted to posts in foreign countries for the purpose of defraying the unusual expenses incident to the operation and maintenance of official residences suitable for the chief representatives of the United States at such posts and such other senior officials of this Government in foreign countries as the President may designate."

(b) Section 8 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 237e), is amended by striking out "and the allotment of funds, similar to the allotment authorized by section 902 of the Foreign Service Act of 1946, for unusual expenses incident to the operation and maintenance of such living quarters, to be accounted for in accordance with section 903 of said Act; and such other expenses as may be authorized by the Secretary of State; all without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5)" and inserting in lieu thereof "and unusual expenses similar to those authorized by section 23 of the Administrative Expenses Act of 1946, as amended by section 321 of the Overseas Differentials and Allowances Act, incident to the operation and maintenance of such living quarters, and such other expenses as may be authorized by the Secretary of State; all without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5)".

PART D—TRANSPORTATION OF MOTOR VEHICLES

SEC. 331. The first section of the Administrative Expenses Act of 1946 (60 Stat. 806), as amended (5 U.S.C. 73b-1), is amended by adding thereto, immediately following the new subsection (c) added to such first section by section 311(c) of this Act, the following new subsection:

"(f) Under such regulations as the President may prescribe, the privately owned motor vehicle of any employee (including any new appointee, in accordance with section 7 of this Act) assigned to a post of duty outside the continental United States on other than temporary duty orders may be transported to, from, and between the continental United States and such post of duty, or between posts of duty outside the continental United States, whenever it is determined by the head of the department concerned to be in the interest of the Government for such employee to have the use of a motor vehicle at his post of duty. Not more than one motor vehicle of any employee may be transported under authority of this subsection during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any employee may be so transported during such period upon approval, in advance, by the head of the department concerned and upon a determination, in advance, by such department head that such replacement is necessary for reasons beyond the control of the employee and is in the interest of the Government. After the expiration of four years following the date of transportation under authority of this subsection of a privately owned motor vehicle of any employee who has remained in continuous service outside the continental United States, the transportation of a replacement for such motor vehicle for such employee may be authorized, in accordance with this subsection, by the head of the department concerned. The head of each department may, in accordance with this subsection, authorize the transportation of privately owned motor vehicles of employees of such department, assigned to duty outside the continental United States, by commercial means if available at reasonable rates and under reasonable conditions or by Government means on a space-available basis. This subsection shall not apply to the Foreign Service of the United States under the Department of State and to the Central Intelligence Agency but shall not affect the authority contained in section 913 of the Foreign

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Service Act of 1946 (60 Stat. 1027; 22 U.S.C. 1138) or section 4(a)(4) of the Central Intelligence Agency Act of 1949 (63 Stat. 210, 72 Stat. 337; 50 U.S.C. 403e(a)(4))."

SEC. 332. Section 913 of the Foreign Service Act of 1946 (60 Stat. 1027; 22 U.S.C. 1138) is amended to read as follows:

"TRANSPORTATION OF MOTOR VEHICLES

"SEC. 913. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned motor vehicle, or replacement thereof, in any case in which he shall determine that water, rail, or air transportation of the motor vehicle, or replacement thereof, is necessary or expedient for all or any part of the distance between points of origin and destination."

SEC. 333. Section 4(a)(4) of the Central Intelligence Agency Act of 1949, as amended (63 Stat. 210, 72 Stat. 337; 50 U.S.C. 403e(a)(4)), is amended to read as follows:

"(4) Notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned motor vehicle, or replacement thereof, in any case in which it shall be determined that water, rail, or air transportation of the motor vehicle, or replacement thereof, is necessary or expedient for all or any part of the distance between points of origin and destination, and pay the costs of such transportation."

TITLE IV—AMENDMENTS TO ANNUAL AND SICK LEAVE ACT OF 1951

SEC. 401. Subsections (d), (e), and (f) of section 203 of the Annual and Sick Leave Act of 1951, as amended (5 U.S.C. 2062 (d), (e), and (f)), are amended to read as follows:

"(d) Notwithstanding the provisions of subsection (c), a maximum accumulation not to exceed forty-five days at the beginning of the first complete biweekly pay period, or corresponding pay period in the case of an officer or employee who is not paid on the basis of biweekly pay periods, in any year is authorized for the following categories of employees of the Federal Government stationed outside the continental United States:

"(1) Persons directly recruited or transferred by the Federal Government (A) from the continental United States, or (B) from Hawaii, the Commonwealth of Puerto Rico, or the possessions of the United States for employment outside the area of recruitment or from which transferred.

"(2) Persons employed locally but (A) (i) who were originally recruited from the continental United States, or from Hawaii, the Commonwealth of Puerto Rico, or the possessions of the United States but outside the area of employment, (ii) who have been in substantially continuous employment by other Federal agencies, United States firms, interests or organizations, international organizations in which the United States Government participates, or foreign governments, and (iii) whose conditions of employment provide for their return transportation to the continental United States or Hawaii, the Commonwealth of Puerto Rico, or the possessions of the United States, or (B) (i) who were at the time of employment temporarily absent, for the purpose of travel or formal study, from the continental United States, or from their respective places of residence in Hawaii, the Commonwealth of Puerto Rico, or the possessions of the United States and (ii) who, during such temporary absence, have maintained residence in the continental United States or in Hawaii, the Commonwealth of Puerto Rico, or the possessions of the United States but outside the area of employment.

"(3) Persons who are not normally residents of the area concerned and who are discharged from service in the Armed Forces of the United States to accept employment with an agency of the Federal Government.

"(e) The leave granted pursuant to this title shall be exclusive of the time actually and necessarily occupied in going to and from the post of duty and exclusive of such time as may be necessarily occupied in awaiting transportation, in the case of an officer or employee (1) who is within the purview of subsection (d) of this section, (2) whose post of duty is outside the continental United States, and (3) who returns on leave to the continental United States, or to his place of residence, which is outside the area of employment, in Hawaii, the Commonwealth of Puerto Rico, or the possessions of the United States. The provisions of this subsection shall not apply to more than one period of leave in a prescribed tour of duty at a post outside the continental United States.

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"(f) Upon completion of twenty-four months of continuous service outside the continental United States, officers and employees may be granted, in accordance with regulations of the President, leave of absence at a rate not to exceed one week for each four months of such service without regard to any other leave provided by this title, for use in the continental United States, or, if their respective places of residence are outside the area of employment, in Hawaii, the Commonwealth of Puerto Rico, or the possessions of the United States. Such leave so granted may be accumulated for future use without regard to the limitation in subsection (d) of this section but no such leave shall be made the basis for any terminal leave or for any lump-sum payment."

SEC. 402. (a) Section 202(b)(2) of the Annual and Sick Leave Act of 1951, as amended (5 U.S.C. 2061(b)(2)), is amended to read as follows:

"(2) This title, except section 203(g), shall not apply to alien employees who occupy positions outside the continental United States."

(b) Section 202(c)(2) of such Act, as amended (5 U.S.C. 2061(c)(2)), is amended to read as follows:

"(2) The President, in his discretion, may authorize leaves of absence to persons who are exempted from this title pursuant to subsection (c)(1)(B) for use in the continental United States and in Hawaii, the Commonwealth of Puerto Rico, and the possessions of the United States. Leaves of absence authorized under this paragraph shall not constitute a leave system and no such leave of absence shall be made the basis for any lump-sum payment."

(c) Section 202 of such Act, as amended (5 U.S.C. 2061), is amended by adding at the end of such section the following new subsection:

"(d) As used in this title, the term 'continental United States' means the several States of the United States of America (including Alaska) and the District of Columbia."

SEC. 403. The amendments made by this title to the Annual and Sick Leave Act of 1951, as amended, shall take effect on the first day of the first pay period following the date of enactment of this Act.

TITLE V—APPROPRIATION, REPEAL, AND MISCELLANEOUS PROVISIONS

PART A—APPROPRIATION PROVISIONS

SEC. 501. (a) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act and the amendments made thereby.

(b) Appropriations or funds otherwise available, for the fiscal year ending June 30, 1960, to any department, agency, establishment or corporation of the Government of the United States of America within the purview of this Act or of any amendment made thereby are hereby made available for the purposes of this Act and of any such amendment in accordance with the authority contained in this Act or contained in any law amended by this Act and in accordance with such regulations as the President may prescribe.

PART B—REPEAL PROVISIONS

SEC. 511. (a) The following provisions of law are repealed:

(1) That part of the Act entitled "An Act to provide living quarters, including heat, fuel, and light, for civilian officers and employees of the Government stationed in foreign countries," approved June 26, 1930 (46 Stat. 818; Public Law 445, Seventy-first Congress; 5 U.S.C. 118a), which reads "and, where such quarters are not available, may be granted an allowance for living quarters, including heat, fuel, and light, notwithstanding the provisions of section 1765 of the Revised Statutes (U.S.C., title 5, sec. 70)";

(2) That part of the first proviso of such Act of June 26, 1930, which reads "or allowances in lieu thereof"; and

(3) Sections 443, 901, 902, 903, and 911(9) of the Foreign Service Act of 1946, as amended (60 Stat. 1006, 1025, and 1026; 69 Stat. 27; 22 U.S.C. 888, 1131, 1132, 1133, and 1136(9)); and

(4) Section 2(b), 13, and 14 of the Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 (70 Stat. 890, 892; Public Law 885, Eighty-fourth Congress; 5 U.S.C. 170g(b), 170r, and 170s).

(b) Any provision of law which is not repealed by subsection (a) of this section but is inconsistent with any provision of this Act or of any amendment made

thereby shall be held and considered to be amended, modified, or superseded to the extent necessary to carry out the purposes of and conform to such provision of this Act or of such amendment.

PART C—MISCELLANEOUS PROVISIONS

SEC. 521. The repeal, modification, amendment, or superseding, by reason of section 511 of this Act, of any provision of law shall not affect any act done or right accruing or accrued, any liability, or any action, suit, or proceeding had or commenced in any civil cause, before such repeal, modification, amendment, or superseding; but all such rights and liabilities, under any provision of law so repealed, modified, amended, or superseded, shall continue and may be enforced in the same manner as if such repeal, modification, amendment, or superseding had not occurred.

SEC. 522. Whenever reference is made in any other law or in any regulation to any provision of law which is repealed, modified, amended, or superseded by reason of section 511 of this Act, such reference, unless inconsistent with this Act, shall be held and considered to refer to this Act or the appropriate provision of, or amendment made by, this Act.

SEC. 523. Notwithstanding any provision of this Act and until such time as regulations are issued under this Act, employees shall continue to be paid allowances and differentials in accordance with rules and regulations issued pursuant to the laws in effect immediately prior to the enactment of this Act and such rules and regulations may be amended or revoked in accordance with the provisions of such laws.

SEC. 524. Section 912 of the Internal Revenue Code of 1954 (relating to exemption for certain allowances) is amended to read as follows:

“SEC. 912. EXEMPTIONS FOR CERTAIN ALLOWANCES.

“The following items shall not be included in gross income, and shall be exempt from taxation under this subtitle:

“(1) FOREIGN AREAS ALLOWANCE.—In the case of civilian officers and employees of the United States Government, amounts received as allowances or otherwise (but not amounts received as differentials) under the provisions of titles II and III of the Overseas Differentials and Allowances Act or title IX of the Foreign Service Act of 1946, as amended.

“(2) COST-OF-LIVING ALLOWANCES.—In the case of civilian officers or employees of the Government of the United States stationed outside continental United States, amounts (other than amounts received under the provisions of titles II and III of the Overseas Differentials and Allowances Act or title IX of the Foreign Service Act of 1946, as amended) received as cost-of-living allowances in accordance with regulations approved by the President.”

[H. R. 5178, 86th Cong., 1st sess.]

A BILL To provide for health and medical services for civilian employees in Government service overseas and their dependents, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the “Overseas Employees Health and Medical Services Act.”

PURPOSE

SEC. 2. The Congress hereby declares that it is the purpose of this Act to provide, to the extent feasible, a uniform program of health and medical services for overseas employees and their dependents for the protection of the health of such employees and dependents in order to—

(1) improve and strengthen the administration of activities of the Government in overseas areas,

(2) reduce absenteeism and increase the effectiveness of performance of duty by overseas employees,

(3) reduce Government expenses by lessening the necessity for the return of overseas employees to the continental United States on account of the impairment of their health or that of their dependents.

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- (4) facilitate for the Government the recruitment and retention of the best qualified personnel for civilian service in overseas areas, and
- (5) protect overseas employees from excessive medical expenses.

DEFINITIONS

SEC. 3. As used in this Act, the term—

- (1) "Government" means the Government of the United States of America;
- (2) "agency" means (A) each department, agency, or establishment in or under the executive or judicial branch of the Government, including each corporation owned or controlled by the Government, and (B) the General Accounting Office;
- (3) "continental United States" means the several States of the United States of America, excluding Alaska but including the District of Columbia;
- (4) "overseas area" means any area situated outside the continental United States, including the Trust Territory of the Pacific Islands, but excluding Alaska, Hawaii, the Commonwealth of Puerto Rico, the Canal Zone, and the possessions of the United States except to the extent that the President may designate by regulation all or any part of such excluded places as an "overseas area" for the purposes of this Act by reason of adverse health conditions or inadequacy or unavailability of non-Government health and medical services or facilities;
- (5) "employee" means (A) a civilian officer or employee of an agency who is a citizen of the United States of America, except a member of one of the "uniformed services" as defined in section 1072 of title 10 of the United States Code, and (B) any other civilian officer or employee of an agency who is not a citizen of the United States of America but is designated by or pursuant to regulation of the President as an "employee" for the purposes of this Act;
- (6) "overseas employee" means an employee in an overseas area, whether on a temporary or permanent assignment or in a travel status;
- (7) "dependent" means—
 - (A) any person who bears to an employee, or to an applicant for Government civilian employment for purposes of sections 4 and 11 only, the relationship of—
 - (i) lawful wife;
 - (ii) lawful husband who in fact is dependent on such employee or applicant for over one-half of his support;
 - (iii) child (including ward, stepchild, and adopted child) of such employee or applicant or of the spouse of such employee or applicant who is unmarried and under twenty-one years of age, or who is physically or mentally incapable of self-support regardless of age, or who is not more than twenty-three years of age, is enrolled in a full-time course of study in an institution of higher learning situated in an overseas area, and in fact is dependent on such employee for over one-half of his or her support;
 - (iv) parent of such employee or applicant or of the spouse of such employee or applicant, who in fact is dependent on such employee or applicant for over one-half of his or her support; or
 - (v) brother or sister (including stepbrother, stepsister, adoptive brother, and adoptive sister) of such employee or applicant or of the spouse of such employee or applicant, who in fact is dependent on such employee or applicant for over one-half of his or her support and who is unmarried and under twenty-one years of age or is physically or mentally incapable of self-support regardless of age; and
 - (B) Any other person defined as a "dependent" in the travel regulations of the Department of State;
- (8) "out-patient care" means medical, surgical, dental, and other health services, including but not limited to complete obstetrical and maternity services, prenatal and postnatal care, infant care, diagnostic tests and procedures, and laboratory and X-ray examinations, the rendition of which is deemed not to require admission of the patient to a hospital; and
- (9) "in-patient hospital care" means medical, surgical, dental, and other health services, including but not limited to complete obstetrical and maternity services, prenatal and postnatal care, infant care, diagnostic tests and procedures, and laboratory and X-ray examinations, the rendition of which

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is deemed to require admission of the patient to a hospital. The term "in-patient hospital care" also includes the furnishing of quarters and subsistence.

PHYSICAL EXAMINATIONS

SEC. 4. In accordance with such standards and regulations as the President may prescribe, the head of each agency is authorized to provide without charge, or pay the expenses of, physical examinations, at such times and places as may be deemed appropriate, for employees, applicants for employment, and their dependents, in connection with Government civilian employment of such applicants and employees in overseas areas or in areas other than overseas areas but outside the continental United States.

IMMUNIZATION SERVICES

SEC. 5. In accordance with such standards and regulations as the President may prescribe, the head of each agency is authorized to provide without charge, or pay the expenses of, such inoculations and vaccinations of employees and dependents being sent to or located in overseas areas or areas other than overseas areas but outside the continental United States, as may be deemed necessary to protect the health of such employees and dependents.

MEDICAL TRAVEL

SEC. 6. (a) If, in the judgment of the head of any agency concerned, the medical facilities at any place in an overseas area are unsuitable for the rendition of in-patient hospital care, or of out-patient care deemed necessary to relieve pain or suffering or protect health, to any overseas employee, or to any dependent of such overseas employee, at any such place, such agency head is authorized—

(1) to provide or pay for the travel of such overseas employee or dependent in need of such care to the nearest locality, within or outside such overseas area, where suitable medical care may be obtained for such overseas employee or dependent, and

(2) upon the recovery of such overseas employee or dependent, or under such other circumstances as may be deemed appropriate, to provide or pay for the travel of such overseas employee or dependent from such locality to a post of duty or to such other place as may be deemed appropriate under the circumstances of the case.

Such agency head is further authorized to pay the compensation, and provide or pay for the travel, of an attendant or attendants for any such overseas employee or dependent who is unable to travel unattended.

(b) Travel authorized by this section may be effected by such means and on such basis (actual expense or commuted) as such agency head deems appropriate and without regard to—

- (1) the Standardized Government Travel Regulations,
- (2) section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b),
- (3) the rates of per diem in lieu of subsistence prescribed by the Travel Expense Act of 1949, as amended (5 U.S.C. 835-842),
- (4) section 3648 of the Revised Statutes (31 U.S.C. 529), and
- (5) section 901(a) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(a)).

OUT-PATIENT CARE

SEC. 7. (a) The head of each agency concerned is authorized to provide or pay the expenses of necessary out-patient care for each overseas employee, and for each dependent of such overseas employee in an overseas area by reason of the service of such overseas employee, by any of the following methods which such agency head deems advisable:

- (1) through facilities of his agency,
- (2) through agreements or arrangements between his agency and any other agency or agencies,
- (3) through cooperative arrangements with foreign governments,
- (4) by purchase on a fee or contract basis without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), or
- (5) by any other appropriate means.

(b) Each such agency head is authorized to provide or pay the expenses of out-patient care under this section—

- (1) for any overseas employee, without cost to such employee, and

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(2) for any dependent, at such charges to the dependent as may be prescribed from time to time by the President.

(c) All sums received by the Government in payment of such charges for out-patient care for dependents under this section shall be deposited to the credit of the appropriation or fund supporting the facility or program furnishing such out-patient care.

(d) In accordance with such regulations as the President may prescribe, the head of each agency is authorized to provide or pay the expenses of necessary out-patient care under this section for an employee or dependent, after return of such employee or dependent from an overseas area, for any illness, injury, or other condition for which care or treatment shall have been authorized under section 8 of this Act

IN-PATIENT HOSPITAL CARE

Sec. 8. (a) The head of each agency concerned is authorized to provide necessary in-patient hospital care, or comparable treatment without admission of the patient to a hospital, for each overseas employee, and for each dependent of such overseas employee in an overseas area by reason of the service of such overseas employee, by any of the following methods which such agency head deems advisable:

- (1) through facilities of his agency,
- (2) through agreements or arrangements between his agency and any other agency or agencies,
- (3) through cooperative arrangements with foreign governments,
- (4) by purchase on a contract basis without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), or
- (5) by any other appropriate means.

(b) The payment for the cost of such in-patient hospital care or comparable treatment, for any illness, injury, or other condition which is not the result of the patient's vicious habits, intemperance, or misconduct shall be as follows:

(1) For each overseas employee, the head of the agency is authorized to pay in full the cost of necessary care or treatment.

(2) For each dependent, the head of the agency is authorized to pay that portion of such cost which exceeds the amount of the charges to be paid by the dependent. The amount of the charges to be paid by the dependent shall be determined as follows:

(A) in a Government hospital or clinic, at a fixed daily rate to be prescribed by the President,

(B) in a private hospital, for each admission, (i) the amount of the actual charges up to \$25.00 or (ii) an aggregate amount equal to the daily rate prescribed by the President under subparagraph (A) multiplied by a number equal to the number of days hospitalized, whichever amount is greater,

(C) if treatment comparable to in-patient hospital care is provided without admission of the patient to a hospital, for each illness, injury, or other condition, (i) the amount of the actual charges up to \$25.00 or (ii) an aggregate amount equal to the daily rate prescribed by the President under subparagraph (A) multiplied by a number equal to the number of days of such treatment, whichever amount is greater.

(c) Payment for the cost of such in-patient hospital care or comparable treatment for any illness, injury, or other condition which is the result of vicious habits, intemperance, or misconduct shall be at such charges as the President may determine from time to time but not less than the actual cost to the Government for providing such care or treatment.

(d) In accordance with such regulations as the President may prescribe, the head of each agency is authorized to provide or pay the expenses of care or treatment under this section, after the return from an overseas area of the employee or dependent concerned, for any illness, injury, or other condition which, in the determination of such agency head, was incurred in an overseas area.

(e) In patient hospital care provided under this section shall be limited to a period of not to exceed one hundred and twenty days for each admission. This limit shall not apply whenever the head of the agency concerned determines that the illness, injury, or other condition in the particular case clearly is caused by the fact that the individual concerned is or has been located in an overseas area.

(f) For the purpose of payment of charges of private hospitals for in-patient hospital care in such hospitals and of charges for comparable treatment furnished without admission of the patient to a hospital, the President is authorized to provide by regulation for the advancement of funds to an overseas employee for such

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care or treatment for such employee and his dependents to the extent of the estimated cost of such care or treatment without regard to the provisions of section 3648 of the Revised Statutes (31 U.S.C. 529). The employee shall refund to the agency any amount in excess of the actual charges of such care or treatment immediately after payment of such charges. Any such amount not so refunded shall be recoverable by the Government in the manner provided by section 9(c) of this Act.

(g) All sums received by the Government in payment of charges for in-patient hospital care and comparable treatment furnished to an employee or a dependent under this section shall be deposited to the credit of the appropriation or fund supporting the facility or program providing such care and treatment.

EMPLOYEES AND DEPENDENTS LIABILITY FOR PAYMENT OF CHARGES FOR CARE AND TREATMENT

SEC. 9. (a) Each overseas employee and each of his dependents concerned shall be jointly and severally obligated to repay to the Government the full amount of the charges to be paid by the dependent for out-patient care, in-patient hospital care, and comparable treatment furnished to such dependent under sections 7 and 8 of this Act.

(b) Each overseas employee concerned shall be obligated to repay to the Government the full amount of the charges to such overseas employee, for in-patient hospital care or comparable treatment furnished to such employee under section 8(c) of this Act.

(c) The amount of any such obligation referred to in subsection (a) or (b) of this section and the amounts of any refunds referred to in section 8(f) shall be recoverable by the Government (1) by setoff against accrued salary, pay, compensation, amount of retirement credit, or other amount due from the Government to such employee or dependent (with respect to the obligation referred to in subsection (a)) or to such employee (with respect to the obligation referred to in subsection (b) and the amounts of any refunds referred to in section 8(f)), as the case may be, and (2) by such other method as may be provided by law for the recovery of amounts owing to the Government.

(d) The head of each agency concerned is authorized, in accordance with regulations prescribed by the President, to waive any right of the Government to recover the amount of any obligation referred to in this section, if it is shown that such recovery would be against equity and good conscience.

MEDICAL FACILITIES

SEC. 10. In accordance with such standards and regulations as the President may prescribe, the head of each agency is authorized to establish first-aid stations, clinics, or dispensaries, and to provide the services of physicians and other medical personnel, at any posts in overseas areas, if in his judgment, (1) there are sufficient personnel at such posts to warrant such actions, (2) the local facilities are inadequate to meet the health and medical needs of overseas employees and their dependents at such posts, and (3) there are no adequate facilities maintained at such posts by any other agency.

UTILIZATION OF MEDICAL SERVICES AND FACILITIES

SEC. 11. (a) The Department of Defense and each other agency which operates facilities for medical care in overseas areas are authorized to provide, in accordance with the provisions of this Act, physical examinations (including physical examinations for applicants for Government civilian employment and their dependents), immunization services, out-patient care, and in-patient hospital care (or comparable treatment), for its overseas employees and their dependents and the overseas employees of other agencies and their dependents, subject to the availability of space, facilities, and capabilities of the medical staff.

(b) The Department of State is authorized, in accordance with the provisions of this Act, to make available to other agencies, upon request of such agencies, the services of the Foreign Service medical program including but not limited to physical examinations (including physical examinations for applicants for Government civilian employment and their dependents), immunization services, medical travel, out-patient care, in-patient hospital care (or comparable treatment), and other health services.

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(c) The amounts expended by agencies in providing care, treatment, or services under subsections (a) and (b) of this section, less any amounts paid to such agencies by employees or dependents, shall be paid or reimbursed by the requesting agencies at such rates as the President may prescribe. Amounts so paid or reimbursed shall be deposited to the credit of the appropriation or fund supporting the Government medical facility or program furnishing the care, treatment, or services.

ADMINISTRATION

SEC. 12. (a) The President shall coordinate the programs and activities of the respective agencies under this Act.

(b) The President is authorized to promulgate such standards and regulations as may be necessary and proper to carry out the purposes of this Act.

(c) The President is authorized to delegate any authority vested in him by this Act and to provide for the redelegation of any such authority.

OVERSEAS EMPLOYEES MEDICAL ADVISORY BOARD

SEC. 13. (a) In order to facilitate the accomplishment of the purposes of this Act and the coordination of the programs and activities of the respective agencies under this Act, the President is authorized to establish an Overseas Employees Medical Advisory Board to advise, consult with, and make recommendations to such authority or authorities as the President may designate, with respect to such purposes, programs, and activities and to perform such other related advisory functions for the purposes of this Act as the President may prescribe.

(b) The Board shall consist of such number of members as the President may determine, to be appointed by or under authority of the President from among the officials and other personnel of such agencies as may be designated by or under authority of the President. The President shall designate, or provide for the selection of, one of the members of the Board as Chairman of the Board. The Chairman and the other members of the Board shall serve as such without any compensation in addition to the compensation to which they may be entitled for other services performed by them for the Government; but they shall be entitled to travel and per diem in lieu of subsistence, in accordance with the Travel Expense Act of 1949, as amended (5 U.S.C. 835-842), and the Standardized Government Travel Regulations, in the performance of their duties as Chairman and members of the Board.

(c) The head of each agency represented on the Board is authorized to make available to the Board, from time to time, such personnel of his agency as may be necessary to assist the Board in carrying out its functions. Such personnel shall not be entitled to receive, for services performed by them for the Board, any compensation other than the compensation to which they may be entitled for other services performed by them for the Government, except that such personnel shall be entitled to—

(1) overtime pay, night differential, and holiday pay, for services performed by them for the Board to the extent that they would be entitled to any such pay or differential if such services were performed by them in the discharge of their other duties for the Government and

(2) travel and per diem in lieu of subsistence, in accordance with the Travel Expense Act of 1949, as amended, and the Standardized Government Travel Regulations, in the necessary performance of their duties for the Board.

(d) Service performed for the Board by personnel made available to the Board under subsection (c) of this section shall be held and considered to be service performed by such personnel in their other employment with the Federal Government, for the purposes of—

(1) the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2091-2103),

(2) the Federal Employees' Compensation Act, as amended (5 U.S.C. 751 and the following),

(3) the Civil Service Retirement Act, as amended (5 U.S.C. 2251-2267),

(4) annual and sick leave, and

(5) any other employment benefits related to the service performed by such personnel in their other employment with the Federal Government.

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OVERSEAS MEDICAL BENEFITS FOR OTHER GOVERNMENT PERSONNEL

Sec. 14. In accordance with regulations prescribed by the President, the head of each agency is authorized to make available, upon appropriate request, such of the benefits, services, and facilities provided by this Act as may be necessary—

(1) for those officials and other personnel of the Government (A) who are not within the purview of paragraph (5) or (6) of section 3 of this Act and (B) who, by virtue of their respective temporary or permanent assignments or their respective travel statuses, are in any overseas area or an area other than an overseas area but outside the continental United States, and

(2) for any person (A) who bears to any such official or other personnel member one of the dependency relationships specified in paragraph (7) of section 3 of this Act and (B) who, by reason of the service of such official or personnel member, is in an overseas area or an area other than an overseas area but outside the continental United States.

Such benefit, services, and facilities may be made available in accordance with those provisions of this Act (including provisions relating to payment and reimbursement) as may be deemed to be applicable under the circumstances of the particular case or on such other basis as may be deemed advisable or appropriate.

CHANGES IN EXISTING LAW

Sec. 15. (a) The following provisions of law are hereby repealed:

(1) Sections 941 and 942 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1156 and 1157);

(2) Section 4(a)(5) of the Central Intelligence Agency Act of 1949 (63 Stat. 210, 72 Stat. 337; 50 U.S.C. 403e(a)(5));

(3) Section 106 of the Civil Functions Appropriations Act, 1954 (67 Stat. 202; Public Law 153, Eighty-third Congress);

(4) Subparagraph (a) of the Act entitled "An Act to provide basic authority for the performance of certain functions and activities of the Department of Commerce, and for other purposes", approved October 25, 1949 (63 Stat. 907; Public Law 390, Eighty-first Congress; 5 U.S.C. 596a); and

(5) That part of the first sentence of section 4 of the Act entitled "An Act to provide for the expansion of facilities for hospitalization of departments of naval and Marine Corps personnel, and for other purposes", approved May 10, 1943 (57 Stat. 81; 24 U.S.C. 34), which reads: "to the officers and employees of any department or agency of the Federal Government,"

(b) Section 943 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1158), is amended to read as follows:

"PHYSICAL EXAMINATIONS

"Sec. 943. The Secretary shall, under such regulations as he may prescribe provide for such physical examinations as may be necessary to establish disability or incapacity in accordance with the provisions of section 831."

(e) Subject to section 16 of this Act, all provisions of law not repealed or amended by subsection (a) or (b) of this section but inconsistent with any other provision of this Act shall be held and considered to be amended, modified, or superseded to the extent necessary to carry out the purposes of and conform to such other provision of this Act.

PRESERVATION OF CERTAIN EXISTING AUTHORITY AND BENEFITS

Sec. 16. Nothing contained in this Act shall be held or considered—

(1) to affect the authority and responsibility of the Secretary of Labor under the Federal Employees' Compensation Act, as amended (5 U.S.C. 751 and the following),

(2) to deprive any employee or dependent of any benefits provided under the Federal Employees' Compensation Act or under the Act entitled "An Act to provide for health programs for Government employees", approved August 8, 1946 (5 U.S.C. 150), or

(3) to affect the authority of the United States Civil Service Commission under the Civil Service Act of January 16, 1883, or any other law, to determine physical standards with respect to positions in the competitive service.

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AUTHORIZATION OF APPROPRIATIONS

SEC. 17. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

EFFECTIVE DATE

SEC. 18. The foregoing provisions of this Act shall become effective on the one hundred and twentieth day following the date of its enactment.

Mr. PORTER. The subcommittee first will consider the overseas differentials and allowances legislation and, upon conclusion of the testimony on those bills, will proceed with consideration of the bills to provide overseas medical and health facilities.

This will complete the three-part oversea employee program of the Civil Service Subcommittee which was initiated in the 84th Congress. The first part of the program—the establishment of an appropriate system of pay and administration for our overseas dependents schools—will be completed when the House approves S. 96, which our committee reported on May 14, 1959.

The bills before the subcommittee today, as in the case of the overseas teachers legislation, were developed through extensive hearings and conferences and by the subcommittee during the 84th Congress, as part of a continuing cooperative study by the subcommittee, the Department of Defense, the State Department, and the Personnel Adviser to the president. These bills, when approved, will place in effect virtually all of the recommendations which were approved unanimously by the Post Office and Civil Service Committee and printed in House Report No. 2109, 84th Congress.

The report is at each member's desk. With respect to the report, a letter to the committee from the White House dated August 24, 1956, had this to say:

I would like to say first that this was an excellent report, carefully prepared and reflecting a comprehensive review of the facts, both in the oversea hearings and in the staff research. I believe that the liaison between your office and both my White House office and the Civil Service Commission has been a fine example of cooperative effort between legislative and executive branches of Government, in developing sound legislation in this field of personnel administration.

H.R. 5007 and H.R. 5099 will establish, for the first time, a reasonably uniform and modern system of differentials, allowances, and benefits for U.S. citizens who are engaged in carrying out our critical overseas programs. While most of the employees concerned are in the Department of Defense and the Department of State, all other departments and agencies are covered as well.

This legislation consolidates into one act provisions now found in a number of separate laws, in order to provide a single, continuing and uniform authority for allowances, differentials, and other benefits for foreign areas. It will provide the basis for more effective and equitable administration of these benefits. It will make available to employees of other departments and agencies certain benefits now available to personnel of the Foreign Service and of other agencies which follow the Foreign Service system.

This legislation is based upon, and will place in effect, an official recommendation submitted by the Secretary of Defense as a part of the President's legislative program for this Congress. In order to to conserve time I will not go into the detailed provisions of the bills; the departmental witnesses will develop these for the subcommittee.

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I do want to emphasize the fact that the legislation is extremely broad in scope and necessarily involves considerable complexity of language in view of the ultimate purpose to provide a reasonably uniform and comprehensive system for all overseas activities of the Government.

Some indication of the many problems that arise in the development and drafting of such legislation will be found in the committee print of H.R. 5007, on each member's desk this morning. The language in italic print represents changes recommended, and agreed to on a tentative basis subject to our committee action, since the introduction of the legislation. For convenience of reference, I will ask the witnesses to direct their remarks to H.R. 5007 and to the proposed changes shown in the committee print.

We will now proceed with consideration of H.R. 5007 and H.R. 5099. At the conclusion of the testimony on these bills, I will then present the overseas health and medical program bills for subcommittee consideration at open hearings.

Without objection, there will be inserted in the record letters in support of this legislation from the Department of Defense, the Department of State, the Library of Congress, the Director, Administrative Office of the U.S. Courts, and the Civil Service Commission, as well as the report of the Comptroller General of the United States. (The documents referred to are as follows:)

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., June 10, 1959.

Hon. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service,
House of Representatives

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense on H.R. 5007 and H.R. 5099, 86th Congress, identical bills to improve the administration of overseas activities of the Government of the United States, and for other purposes.

The purpose of these bills is stated in their titles and amplified in section 101. They would provide a more effective and uniform means for compensating employees in overseas areas for extra costs and hardships incident to their assignments, and would facilitate the recruitment and retention of the best qualified personnel for civilian service overseas.

These bills would authorize the following not now authorized for civilian employees of the Department of Defense in overseas areas:

(a) Temporary lodging allowance for not to exceed 3 months after first arrival at new post of assignment and for not to exceed 1 month preceding final departure from the post, both depending on immediate nonavailability of residence quarters.

(b) Addition of "water" to the list of utilities included in the quarters allowance authorization.

(c) Repair, alteration, and improvement of employee's privately leased residence under certain conditions.

(d) Transportation costs to a school in the United States for dependents, not to exceed one trip each way, for purposes of obtaining secondary or undergraduate college education.

(e) Storage and related expense for household goods when in the public interest.

(f) Transportation of motor vehicles when it is determined to be in the interest of the Government for an employee to have the use of a motor vehicle at his post of duty.

(g) Extension of provisions of section 203(d)(1) of the Annual and Sick Leave Act of 1951 to permit employees recruited from Alaska, Hawaii, Puerto Rico, or the possessions for employment outside the area of recruitment or from which transferred to accumulate not to exceed 45 days of annual leave.

(h) Authorization of home leave. Upon completion of 24 months of continuous service outside the continental United States employees may be granted leave of absence at a rate not to exceed 1 week for each 4 months of such service for use in

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the continental United States or (if their place of residence is outside the area of employment) in Alaska, Hawaii, Puerto Rico, or the possessions.

(i) Amendment of section 912(1) of the Internal Revenue Code of 1954 to exempt foreign area allowances from income taxes.

The Department of Defense has consistently favored enactment of legislation containing the fundamental provisions of H.R. 5007 and H.R. 5099. These bills embody many of the features which this Department has recommended for inclusion in similar bills introduced in previous sessions of the Congress. Enactment of this legislation would be of material benefit to the Department of Defense in recruiting and retaining the best qualified civilian personnel for its oversea activities.

H.R. 5007 and H.R. 5099 have been carefully reviewed in consideration of recent experience in oversea employment and in light of some recent developments such as Alaskan and Hawaiian statehood. The Department of Defense suggests the following changes to make these bills more responsive to current needs:

1. The recent acquisition of statehood by Alaska and the impending statehood for Hawaii has created problems because of various definitions in statutes of such terms as "United States," "Continental United States," and "Foreign area." For purpose of clarification and to take into account differences in application of certain provisions of law to Alaska or Hawaii, as compared to the other 48 States, the following changes in definitions are recommended:

Page 3, line 5: After "Alaska" insert "and Hawaii". This will insure that when Hawaii becomes a State it will not be included in the term "Continental United States".

Page 3, line 6: Following line 6 insert a new subsection as follows:

"(5) 'United States' means the several States of the United States of America and the District of Columbia; and," This will provide a term for application to all the States and the District of Columbia.

Page 3, line 8: Redesignate this subsection as (6) instead of (5) and delete the words "continental" and "excluding Alaska, Hawaii".

Page 6, line 15: Strike out "continental".

Page 7, line 25: Change "111(5)" to "111(6)".

2. Under present law and regulation a post differential may be paid to employees on extended detail to a foreign post. In some cases this results in a reduction if an employee is detailed from one foreign post to another with a lower differential. To insure that this practice can be continued the following changes should be made:

Page 3, line 16: After the parentheses insert: "and except as provided in section 231".

Page 8, line 13: Change the period at the end to a comma and add "and may be granted to employees stationed at or on extended detail to a foreign post."

3. The Administrative Expenses Act of 1946, as amended, limits the shipment of household effects for civilian employees to 7,000 pounds if uncrated or 8,750 pounds if crated. The 7,000-pound limit is generally adequate; however, the limit for crated effects is unrealistic and has created many problems in the case of oversea shipments. The packing and crating which is necessary for oversea shipment increases the total weight of the shipment an average of 90 percent. The result is that employees are automatically restricted to a figure which, exclusive of packing and crating material, is considerably lower than was intended. In quite a few cases employees shipping household effects well within the uncrated limit of 7,000 pounds have been forced to pay overweight shipment charges running into several hundred dollars. To correct this inequity it is recommended that an amendment to the Administrative Expenses Act be included which would remove the present weight limit for crated household goods and effects, as follows:

Page 11, line 21: After "by" insert "striking out the second parenthetical clause in subsection (a) and inserting in lieu thereof '(not to exceed seven thousand pounds net weight)' and by".

4. Because of the acquisition of statehood by Alaska and the impending acquisition of statehood by Hawaii the coverage of the Annual and Sick Leave Act of 1951 as amended should be clarified. The Department of Defense believes that the provisions of this act should apply equally in all States of the Union. To accomplish this "United States" should be defined in the Annual and Sick Leave Act as that term is proposed to be defined in section 111 of H.R. 5007 and H.R. 5099. This will require the following changes in subsection 402(c):

Page 21, line 4: Strike out "continental".

Page 21, line 6: Strike out "(including Alaska)".

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These changes make the change proposed in section 202(c)(2) of the Annual and Sick Leave Act [section 402(b) of the bills] unnecessary, but will require a change in section 203(g) of the act. To accomplish this the following change should be made in H.R. 5007 and H.R. 5099:

Page 20, lines 13-22: Strike out the language of subsection (b) and insert in lieu thereof "Section 203(g) of such Act as amended (5 U.S.C. 2062(g)) is amended by striking out 'several States and the District of Columbia' and inserting in lieu thereof 'United States'."

The changes in definition above recommended will require the following changes in title IV of the bills:

Strike out "continental" at the following places: page 17, lines 22, 24; page 18, lines 3, 13, 17, 21; page 19, lines 10, 11, 17, 19, 24; and page 20, line 11.

Strike out "Hawaii" at the following places: page 17, line 25; page 18, lines 6, 14, 18, 22; and page 19, lines 13 and 25.

5. Employees who complete agreed tours of duty in oversea areas and who agree to serve for an additional tour at the same post are eligible for round trip travel to the United States for purposes of taking leave. Recently a question has been raised by the Bureau of Internal Revenue as to whether the expenses of such travel and transportation is income for purposes of taxation. The Department of Defense believes that as a matter of equity such expenses should not be considered income and should be clearly exempt from taxation. To accomplish this result, it is recommended that H.R. 5007 and H.R. 5099 be amended as follows:

Page 25, after line 6: Insert a new subsection as follows:

"(3) Expenses of Travel and Transportation.

(a) "In the case of civilian officers and employees of the United States Government, amounts received as expenses of travel and transportation, or costs of transportation provided in lieu thereof, from posts of duty outside the continental United States, to and from their place of residence, for the purposes of taking leave authorized by Section 7 of the Act of August 2, 1946, 60 Stat. 806, as amended."

(b) "The amendment made by this section shall apply with respect to taxable years beginning after December 31, 1958, and ending after the date of enactment of this Act."

6. In addition to the above changes the following minor technical corrections should be made:

Page 3, line 14: Strike out "Short Title and", since the short title appears after the enacting clause.

Page 5, line 7: After "the" insert "reasonable".

COST AND BUDGET DATA

Cost to the Department of Defense of enactment of this proposal would be as follows:

	Fiscal year 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963	Fiscal year 1964
Army.....	\$1,600,000	\$1,580,000	\$1,580,000	\$1,580,000	\$1,580,000
Navy.....	297,000	290,000	290,000	290,000	290,000
Air Force.....	1,075,000	1,020,000	1,020,000	1,020,000	1,020,000
Total.....	2,972,000	2,890,000	2,890,000	2,890,000	2,890,000

No funds for this proposal have been provided in the Department of Defense appropriation estimates for fiscal year 1960. In the event of enactment, additional funds would be required.

The Bureau of the Budget has advised that there is no objection to the submission of this report to the Congress.

Sincerely yours,

(Signed) L. NIEDERLEHNER
(For Robert Dechert).

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DEPARTMENT OF STATE,
Washington, D.C., May 5, 1959.

Hon. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. MURRAY: Reference is made to your letters of March 4, 1959, requesting reports on identical bills H.R. 5007 and H.R. 5099, "To improve the administration of overseas activities of the Government of the United States, and for other purposes."

The subject bills would extend to employees of other agencies who are stationed in foreign areas certain benefits that are now available only to the Foreign Service and to employees of those agencies to which the provisions of the Foreign Service Act have been specifically extended.

The Department considers that more uniform emoluments for Government employees stationed in foreign areas whose terms and conditions of employment are similar will contribute to improved personnel administration. Although the Department recognizes the benefits that can accrue from a Governmentwide approach, it would like to point out that the Foreign Service Act of 1946, as amended, constitutes, with relatively few exceptions, an integrated statute to govern the organization and administration of the Foreign Service. This act, as you are aware, originated with the House Committee on Foreign Affairs, which has, together with the Senate Committee on Foreign Relations, consistently maintained a deep interest in all matters affecting the Foreign Service. As a consequence of this, the Department is forwarding a copy of its comments to you on these two bills to the chairman of the House Committee on Foreign Affairs and the chairman of the Senate Committee on Foreign Relations.

Subject to the additional comments contained herein, the Department of State favors this proposed legislation. It is suggested, however, that section 311(a) of the bills be revised to delete the period at the end of the proposed amendment to paragraph (5) of section 911 of the Foreign Service Act of 1946 and to insert in lieu thereof a semicolon and the following limiting clause which appears at the end of the proposed paragraph (4): "; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law."

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary
(For the Secretary of State).

THE LIBRARY OF CONGRESS,
Washington, D.C., March 19, 1959.

Hon. JAMES H. MORRISON,
Chairman, Subcommittee on Civil Service of the Committee on Post Office and Civil Service, House of Representatives.

DEAR MR. MORRISON: I am very grateful to the Committee on Post Office and Civil Service for giving me an opportunity to comment on H.R. 5007.

I am very much interested in having the provisions of this bill apply to the Library of Congress because it is not presently authorized to pay from its regular congressional appropriations post differentials, and cost-of-living and similar allowances to Library personnel who may be stationed in foreign countries.

Authority to make such payments would meet an occasional need in connection with our normal foreign acquisitions program and would seem to be mandatory if the Library is to implement successfully the foreign programs which the Librarian of Congress is authorized to establish pursuant to section 104(n) of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) as extended and amended by Public Law 85-931.

I wish to thank you very much for your continued interest in the Library and should you need further information on the application of H.R. 5007, I shall be glad to provide it.

Sincerely yours,

L. QUINCY MUMFORD,
Librarian of Congress.

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ADMINISTRATIVE OFFICE OF THE U.S. COURTS,
Washington, D.C., March 11, 1959.

HON. JAMES H. MORRISON,
*Chairman, Subcommittee on Civil Service,
Post Office and Civil Service Committee,
House of Representatives.*

DEAR CONGRESSMAN MORRISON: It is my understanding that your Subcommittee on the Civil Service, Post Office and Civil Service Committee, of the House of Representatives will commence hearings in the near future on H.R. 5007, a bill which you introduced to improve the administration of overseas activities of the Government of the United States, and for other purposes.

The Judicial Conference of the United States would very much like to see the judges and supporting personnel of the U.S. courts included within the provisions of the bill. In this connection, the Administrative Office would greatly appreciate the opportunity to appear and testify whenever the hearings are held. While only a few employees within the judicial establishment are affected, the provisions of your bill would correct certain inequities which now exist.

With kind regards, I am,
Sincerely yours,

WARREN OLNEY III, *Director.*

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 11, 1959.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.*

DEAR MR. MURRAY: This is in further reply to your letters of February 27 and March 4, 1959, requesting the views of the Civil Service Commission on H.R. 5007 and H.R. 5099, identical bills to improve the administration of overseas activities of the Government of the United States, and for other purposes.

These bills are identical in purpose and substantially alike in detail to three bills introduced in the 85th Congress, H.R. 3527, H.R. 4943, and H.R. 6853, identical bills upon which the Commission reported favorably to your committee on March 3, 1958.

The Commission favors the enactment of either H.R. 5007 or H.R. 5099. For a number of years the Commission has been interested in improving and equalizing the administration of benefits for overseas employees. We believe enactment of the proposed legislation will accomplish these purposes.

The Bureau of the Budget has advised us that there is no objection to the submission of this report to your committee.

By direction of the Commission:
Sincerely yours,

ROGER W. JONES, *Chairman.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, March 31, 1959.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives.*

DEAR MR. CHAIRMAN: By separate letters both dated March 4, 1959, and acknowledged on March 5, you requested our report upon H.R. 5007 and H.R. 5099, respectively, which bills appear identical.

The bills would provide a uniform basis for the granting of special benefits to all personnel stationed outside the continental United States. In general, we favor the objectives of the bills although we have reservations concerning the necessity for, or the propriety of, certain of the provisions of the bills in their present form. Our comments upon those provisions are as follow:

Section 211(1)(A) : The temporary lodging allowance authorized under this provision for a period not to exceed 3 months conceivably could cover premium accommodations in an expensive hotel for the employee and his family. There is no monetary limitation upon the amount allowable under the provision. In contrast the present provisions of section 901 of the Foreign Service Act of 1946 (22 U.S.C. 1131), limit the amount payable for lodging at temporary quarters to the amount of per diem that would have been allowable to the employee and

members of his family for such period if they had been in a travel status. In the absence of some appropriate limitation, this provision of the bill could become subject to abuse.

Section 211(1)(B): We understand that in the State Department the general practice is to notify the employee months in advance of his transfer and that arrangements for crating and shipping his effects normally are made by State Department personnel after departure from the area of the employee who is being transferred. Obviously, under such practice there would be no need for payment of a temporary lodging allowance a month prior to the employee's departure. You may want to make it clear either in the bill itself or in your committee report that the temporary lodging allowance provided for in subparagraph (B) should not be granted as a routine practice but only when the circumstances are such as to indicate a bona fide need for the granting of such an allowance, and that the allowance should be granted for no longer period than circumstances require.

Section 211(3): The utmost care would have to be exercised in the administration of this provision to prevent abuse. If enacted it would afford opportunity for the granting of special treatment in individual cases. Moreover, it would authorize expenditures wherever U.S. employees are stationed in foreign areas for the purpose of making permanent improvements on property owned by foreign citizens with no direct compensating benefit to the United States. We urge that the most careful consideration be given to the possible implications of this provision prior to its enactment.

We note that it is not necessary for an employee to be permanently stationed in a foreign area to be granted the allowances provided for in title II. Conceivably those allowances could be granted an employee who is in a foreign area on temporary duty and who is receiving a per diem allowance while absent from his official station in the United States. In such a case, we think the employee should be precluded from receiving both the per diem allowance and a quarters allowance and a cost of living allowance under this title since in effect he would be compensated twice for the same expenses.

Section 311: For purposes of the storage provisions of the bill (title III, part B), subsection (d) defines the term "furniture and household and personal effects" and the term "household goods and personal effects" to include "motor vehicles authorized to be shipped at Government expense." However it is not clear whether it is intended that the weight of an automobile be included in applying the weight limitation on property that may be stored. Also, we doubt the necessity for a provision which would authorize storage of an automobile upon arrival at a new post. Whereas storage of ordinary household goods and effects might be necessary while the employee is locating permanent resident quarters, the same ordinarily would not be true in the case of an automobile which the employee doubtless would use from the date of his arrival at the post. Finally, we recommend that it be made clear in the bill or in your report that reimbursement of ordinary garage rent paid by an employee who rents garage space in a foreign area would not be reimbursable under the guise of storage.

Sections 332 and 333: Under these sections, there is no limit upon the number of replacement vehicles that can be shipped at Government expense whereas section 331 imposes a reasonable limitation—one replacement vehicle in 4 years unless replacement is required prior to that time by reason of conditions beyond the control of the employee. Since it is not unusual for Government employees to sell their automobiles in foreign countries, we think that a reasonable limitation should be placed upon the number of replacement automobiles which the Government will transport without charge under these sections (secs. 332 and 333) also.

Section 401: Employees now stationed outside the United States—other than officers and employees in the foreign service—are allowed to accumulate 45 days annual leave or 15 days more than employees stationed within the United States. Officers and employees of the Foreign Service, on the other hand, while entitled to accumulate only 30 days annual leave are granted, in addition, a special leave which accrues at the rate of 1 week for each 4 months of service. The special leave is cumulative from year to year but may not be used as a basis for any lump-sum leave payment. Section 401 would increase the amount of leave Foreign Service officers and employees may accumulate from 30 days to 45 days. At the same time it would grant employees stationed in foreign areas, other than employees of the Foreign Service, special leave benefits comparable with those allowable to officers and employees of the Foreign Service. It occurs to us that you may wish to provide one or the other of the benefits—the 45-day accumulation ceiling or the special leave provision applicable to Foreign Service—rather than both benefits as presently is provided by this section. If all employees stationed

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in foreign areas are granted special leave similar to that applicable to Foreign Service officers and employees it would appear reasonable to reduce their leave accumulation ceiling to 30 days.

Sincerely yours,

FRANK H. WEITZEL,
Acting Comptroller General of the United States.

Mr. PORTER. Our first witness will be the Honorable Stephen S. Jackson, Deputy Assistant Secretary of Defense, Manpower, Personnel and Reserve.

STATEMENT OF HON. STEPHEN S. JACKSON, DEPUTY ASSISTANT SECRETARY OF DEFENSE, MANPOWER, PERSONNEL AND RESERVE, ACCOMPANIED BY EDWARD A. SOMPAYRAC, OFFICE OF CIVILIAN PERSONNEL POLICY, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

Mr. JACKSON. Thank you, Mr. Chairman.

I appreciate this opportunity to discuss with you the provisions of H.R. 5077 which is legislation of considerable interest to the Department of Defense. I understand that the version of this bill which is under consideration this morning is the committee print of June 5, 1959, and it is to this version that I will address my remarks.

I believe it is pertinent to this discussion to give you a brief statement of what we have been attempting to do to provide an adequate and reasonable personnel program for civilian employees in overseas areas who are U.S. citizens.

At the end of World War II it became necessary for the first time for the Department of Defense and for other Federal agencies to employ U.S. citizens in foreign areas in rather large numbers.

Legislation governing civilian employment then in effect and the various administrative regulations by which such legislation was implemented were developed for application inside the continental United States. Large-scale employment in foreign areas was not anticipated and few adequate provisions were made for it.

It became necessary for those agencies which suddenly found themselves engaged in large-scale employment of U.S. citizens in foreign areas to develop a patchwork program which worked after a fashion. As soon as the full scope and extent of the problem became known a more comprehensive program was devised to correct deficiencies and to establish a more adequate system supported by proper legislation and implementing regulations.

Over the past few years considerable progress has been made and many of the very serious problems which previously existed have been resolved. As a result of the extension of the competitive service overseas, we now have in Defense a program which permits greater integration of the overseas work force with that inside the United States. With some notable exceptions, reasonable and consistent treatment can be provided all U.S. citizen personnel, thus improving our ability to attract better people and to rotate employees between stateside and overseas jobs.

Other Federal agencies faced with the same problems have worked with Defense in improving the personnel programs applicable to

overseas areas. All of us have received excellent support and much helpful advice and guidance from this committee and its able staff.

Despite progress which has been made, however, there are still differences as between agencies in the treatment of U.S. citizen employees in oversea areas, stemming from laws which do not apply equally to all agencies and which prevent desirable uniformity. Some of these differences are significant and are readily identifiable by employees. They create dissatisfaction, and they cannot be satisfactorily explained. Other dissatisfactions arise out of the application to oversea employment situations of laws which are inadequate simply because they were not written with the oversea employment problems in mind.

H.R. 5007 was prepared to solve a number of these problems. It would establish one system, applicable to all Federal agencies, for compensating U.S. citizen employees in foreign areas for the extra costs and hardships incident to their assignments. It would bring up to date certain laws which were enacted before large scale oversea employment became a problem. It would also provide, on a permissive basis, some highly desirable additional features and benefits.

Many of the provisions of this bill are now available to the Department of Defense but there are some that would be new. Of those that would be new to Defense some are now available to other agencies. Significant new authorities available to Defense would include:

(1) Authority to pay a temporary lodging allowance to an employee for up to 3 months after arrival at, and for up to 1 month before departure from, an oversea post. Such authority is now available only to agencies authorized to use the Foreign Service Act provisions. Temporary lodging allowances are intended to cover an employee's hotel room expenses upon first arrival at a foreign post, while looking for suitable quarters and awaiting arrival of furniture, and to cover similar expenses immediately prior to departure from a foreign post, when the employee has relinquished his lease on permanent quarters.

(2) Authority for storage of household goods and personal effects, at Government expense, when the employee is assigned to an oversea post to which he cannot take, or at which he cannot use, such goods and effects. This authority is presently available to agencies under the Foreign Service Act. It would relieve an employee of the personal expense for storage when conditions beyond his control would preclude his using his effects at his oversea post of assignment. The same weight limitations applicable to shipment would also apply to storage of household goods and personal effects.

(3) Authority for transportation to and from oversea posts of privately owned motor vehicles of civilian employees, when determined to be in the interest of the Government. There are many oversea posts at which, due to inadequacy of local transportation facilities, availability of his privately owned motor vehicle is necessary for proper performance of an employee's duties. At present, if he cannot purchase an automobile locally at a satisfactory price, a Defense civilian employee must personally bear the cost of shipping an automobile from the States to his post of assignment. The authority contained in H.R. 5007 would permit correction of this inequitable situation, when considered to be in the interest of the Department.

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(4) Authority to provide for "home leave," comparable to that available to agencies operating under the Foreign Service Act. At present Defense employees in oversea areas accrue annual leave on the same basis as stateside employees. Since much of this leave is used locally for personal requirements and vacation purposes, inadequate leave sometimes remains for the periodic vacations in the States which are both necessary and desirable for U.S. citizen employees.

The "home leave" provision would permit additional leave for this purpose. The provision is permissive only, which would be used only to the extent determined to be necessary to conditions of employment in particular oversea areas. Any "home leave" not used by an employee during his period of oversea employment would not be available for lump-sum payment upon separation.

H.R. 5007 would also amend the current authority in the Administrative Expenses Act relating to the shipment of household effects of civilian employees. The current law permits shipment of 7,000 pounds uncrated, or 8,750 crated. The 7,000 pounds uncrated is considered an adequate figure. However, the weight of packing and crating for oversea shipments averages about 90 percent of the weight of the household effects. For all practical purposes the net weight limit is reduced to slightly over 4,000 pounds.

This unrealistic gross limit has resulted in a number of employees having to pay for overweight shipments. H.R. 5007 would eliminate the gross limit and establish a net weight limit of 7,000 pounds. This would be consistent with the laws governing the shipment of household effects of military personnel and of Foreign Service personnel.

One further important provision of H.R. 5007 has to do with amending the Internal Revenue Code to provide that the expenses of travel and transportation provided employees between tours of duty in oversea areas will not be considered income for purposes of taxation. Such expenses have not in the past been subject to taxation but the Bureau of Internal Revenue has recently raised a question as to whether moneys received for this purpose are taxable. The provision in H.R. 5007 would settle the issue by excluding these moneys from income for taxation purposes.

H.R. 5007 would also continue existing cost-of-living allowances and post differentials in oversea areas. The philosophy behind these provisions, and the special provisions previously referred to, is that the Government should compensate Federal employees in oversea areas for expenses associated with oversea service not incurred, or not incurred on a comparable scale, by Federal employees in the States, and for differences in conditions of environment at oversea posts that necessitate additional compensation as a recruitment and retention incentive.

The various provisions of H.R. 5007 would be administered in accordance with regulations to be issued by the President. It is expected that such regulations would be similar to those issued pursuant to existing laws, which include many of the provisions of this bill. Within Defense we would propose to administer the program on a strict basis of authorizing only those provisions in each foreign area which are considered necessary to insure fair and equitable treatment of our employees.

The Department of Defense must, of necessity, continue to maintain sizable military forces overseas in the interest of national defense.

These forces must be assisted in their missions by civilian personnel. To the fullest practicable extent, use is made of indigenous personnel from the various countries in which military installations are located. This considerably reduces our costs. But there are many positions in which local personnel cannot be used, both because of security considerations and because they are many times not available in the skills which we require. In such positions, Defense must use U.S. citizens, and the provisions of H.R. 5007 will be extremely helpful to us in recruiting and retaining the kinds of people we need.

We appreciate the opportunity which has been given us to work with the staff of this committee in developing H.R. 5007. It has been prepared to be responsive to our needs and will greatly improve our civilian personnel program for foreign areas. It will provide for much needed consistency with the programs of other agencies.

On behalf of the Department of Defense I urge that this committee favorably consider this bill.

Mr. MORRISON (presiding). I thank you, Mr. Jackson.

Any questions, Mr. Porter?

Mr. PORTER. I would like to ask a couple questions, Mr. Chairman.

Mr. Secretary, I see by a letter here from the General Counsel, Department of Defense, that the costs of this are estimated to be about \$3 million a year for the Army, Navy, and Air Force. I recognize that you want to be fair and equitable, and so does this committee, but I wonder if you can tell us a little more about the demonstrated need. Have you had difficulties in recruiting? Have you had people leaving the service because they were not given these advantages?

What has brought this to your attention besides the desire to treat these people in a manner you deem to be fair?

Mr. JACKSON. We have had instances, of course, as we have in other areas, of not being able to retain these people. We have had instances where people whom we might want to go overseas have been disinclined to do so. Specifically, I would like to ask Mr. Sompayrac, if I may, if he has any concrete examples that he is familiar with. I have not any specifics.

Mr. SOMPAYRAC. Probably the greatest effect or lack of such comprehensive legislation has been, as Mr. Jackson says, in our inability in some cases to persuade people to go overseas. The other major effect has been some dissatisfaction on the part of employees who are overseas because they do not receive certain of the benefits which employees of other agencies may receive. This is a general equalization of benefits available to persons of all Federal agencies overseas, that is what it amounts to.

Mr. BROYHILL. I should like to point out to the gentleman that this was one of the areas that we need legislation in that we considered in our visits over there in various installations in 1955. We heard from many employees, many employee representatives, and they said there are many inconsistencies and inequities that exist.

For example, shipment of household effects, inconsistencies between the various departments of Government which had a very serious effect on morale.

Mr. PORTER. I must say I am sympathetic with the desire to be fair, I am just trying to see if we have any statistical data which would demonstrate a need in terms of recruitment of turnover of employees because of these conditions.

Mr. SOMPAYRAC. No, sir; we have no statistical data. This is a very difficult area in which to try to build up a statistical case. The major problem, as I mentioned, is a matter of dissatisfaction or complaints about certain things. Few of these are really serious, but they are sources of considerable irritation.

Mr. PORTER. I suppose you do have figures on recruitment in terms of how many people apply for the available jobs. Do they show a progressive decline because of the dissatisfaction arising from these inequitable conditions?

Mr. SOMPAYRAC. No, sir; they don't. As a matter of fact, statistics in this area again would be a little bit misleading. As Mr. Jackson pointed out in his statement, we have greatly improved our program. Over the years we have made a lot of improvements. We are now in a position where we are able to concentrate more with people who are with us—good, reliable career employees—to accept tours of duty overseas.

We are concentrating more and more on sending people overseas, having them over there awhile, a reasonable tour, and then rotating them back to the United States. There has been an excellent improvement in the ability and quality of the people that we have been able to get, but we still recruit probably close to two-thirds of our employees from the outside; that is, they are not regular employees with us.

We have a fairly adequate number of applicants, don't have statistics of how many, but we don't have too much trouble recruiting from most areas.

Mr. PORTER. How many people are concerned in this legislation?

Mr. SOMPAYRAC. We have approximately 20,000 people in foreign areas. I can give you the exact figures.

Mr. PORTER. They are U.S. citizens?

Mr. SOMPAYRAC. Yes.

Mr. PORTER. That would be the total number of persons concerned by this legislation directly?

Mr. SOMPAYRAC. That is right, sir.

Mr. PORTER. What is your turnover per year?

Mr. SOMPAYRAC. The turnover runs about 18 percent per year in foreign areas.

Mr. PORTER. You can't demonstrate the spending of this additional \$3 million a year is necessary to improve the quality of the people who apply for jobs or the quality of the people who stay for additional tours?

Mr. SOMPAYRAC. I cannot prove it; no, sir.

Mr. PORTER. It just has to be based on your impressions and impressions of our subcommittee to give us the statistical demonstration?

Mr. SOMPAYRAC. That is right; people have been dissatisfied because of certain things. As a matter of fact, we could do it for every one of the things that is covered in this bill that is a new provision for Defense, but as for building up a statistical case we just don't believe we could do it.

Mr. PORTER. Now this transportation of household goods and motor vehicles, we have had allegations from time to time about abuses in this area. I know of one case recently which may or may not have been abused, where a man took his car overseas and then sold it for quite a profit. Are there any controls over that sort of thing?

Mr. SOMPAYRAC. Yes, sir; there are considerable controls over that now. As a matter of fact, the various agencies that are concerned with oversea operations have been working very closely here in recent months to put restrictions on that. There have been abuses of it, but it has been stopped.

Mr. JACKSON. We have had, if I may say, a rather top-level committee working intensely on the problem as it involves the military, because the military has more leeway with regard to shipments than civilians without this bill. We are very much concerned, not only from the possibility of making a profit in an individual case, but we are concerned with the effect on the host countries where in some instances the economy is very low and the means of transportation are not at all comparable in size and what seems to them to be very luxurious type of vehicles.

There has been a very marked consciousness of this and efforts to decrease this unfavorable impact on the local people. I am confident, and I am prepared to state this for the record at this time, that as far as the Defense Department is concerned, and I am sure the State and other agencies are conscious of this, that the authorization of transportation of motor vehicles will be very austere administered, for the civilians I am talking about.

Mr. PORTER. Thank you.

I have one other observation. Apparently there are about 20,000 people affected by this bill and the Congress has provided for legislation exactly what we are seemingly to provide in this case for people in foreign service. We have already provided such legislation for them. Apparently we thought these provisions were just, fair, and equitable. How many persons already have the advantages of such legislation? Do you have any idea?

Mr. SOMPAYRAC. I am not sure, sir. It would be all of those who are subject to the Foreign Service Act. That would take in the Department of State and ICA.

Mr. PORTER. Does this include also ICA because they are an adjunct of the Department of State? Do all the employees have the advantages that are here being sought for the Department of Defense employees overseas?

Mr. SOMPAYRAC. I think they have just about all of these. I am not aware of any they don't have.

Mr. PORTER. In other words, what this legislation seeks to do is bring these advantages to the people who don't have them now with the advantages that have already been granted by the previous legislation for the Foreign Service and others?

Mr. SOMPAYRAC. Pretty much so; yes, sir.

Mr. PORTER. I would like to have those figures if you could get them. Perhaps they were gathered one time.

Mr. Broyhill, were they gathered at that time, do you know? There are people overseas who have these advantages now and these people don't have them, so we are differentiating between them and not giving them advantages that were given by Congress before.

Mr. BROYHILL. I think they are outlined in this report, Mr. Porter. We didn't have them listed right there at the hearing, but I think during the hearings throughout the various countries we had them all presented to us.

Mr. PORTER. I think it is an argument for this bill that we should not be discriminating between American citizens overseas; they should have these advantages or they should not have them. If they are things that we should give, we ought to bring these people up to this status.

Mr. MORRISON. There was a direct contrast made that showed that these people are being discriminated against as compared to other employees of the Federal Government, as for example those in the State Department and certain other agencies.

Mr. PORTER. Thank you.

That is all I have.

Mr. MORRISON. Mr. Broyhill, any questions?

Mr. BROYHILL. Just to repeat Mr. Porter's question, to make sure that I understand it thoroughly, this bill will provide all of the benefits for Department of Defense employees that now exist for Foreign Service employees; is that correct?

Mr. SOMPAYRAC. Yes, sir; that it would make all of the benefits available to all of the agencies. That does not mean we would use all of these, but they would be available in the event we need them.

Mr. BROYHILL. That gets to my next question.

The Secretary stated that the automobile allowance or shipment allowance portion would be administered very austerely.

Mr. JACKSON. Yes, sir.

Mr. BROYHILL. I would imagine the case of the schoolteachers that we considered in the most recent legislation which may go over on a 1-year contract or a 1-year tour. Would they necessarily receive the full benefits, such as shipment of automobiles, as an employee that was over on a longer term contract? I am just citing that out as an example.

Mr. JACKSON. Our concern about the automobiles isn't so much the term; it is the need and it is the impact of the local environment and it is the desirability if they are going to get cars that they ought to have cars like the local people have. I am sure that schoolteachers and others, there would be a very sharp look first of all to the need, it has to be indicated that they cannot get along without it, and it is needed to carry on their job. The requirement as to the time in general it might be a factor, but it is conceivable that you would have a tour where the situation was so difficult that an automobile would be indispensable. I don't know what the plans are with regard to the length of tour. Do you?

Mr. SOMPAYRAC. No, sir; there is no plan that the length of tour would affect it, because of the conditions in certain areas where there are shorter length of tours they may not be authorized. On the other hand, there could be conditions there that would thoroughly justify them. We have to look at every area.

Mr. BROYHILL. During the hearings you will recall that there was a great deal of testimony concerning problems that considered in-quarters allowance. What is the present provision for quarters allowance for civilian employees at the Department of Defense?

Mr. SOMPAYRAC. At the present time in foreign areas we do have authority to and do provide either free quarters or a quarters allowance to our people.

Mr. BROYHILL. The quarters allowance to the employee, it is an allowance outright that he can pay what he can or finds available and he pockets the difference?

Mr. SOMPAYRAC. As it is administered now, the Department of State fixes a maximum amount which may be made to an employee, depending upon his family status and depending upon what they find to be the reasonable cost of quarters in a foreign area. Now within this maximum allowance for the man's family status and his grade, he may rent quarters for whatever he wishes to pay. If what he pays for them is less than the maximum, he receives the lesser figure. He receives what he actually pays. If the cost of his quarters exceeds the maximum, he must pay the difference out of his pocket.

Mr. BROYHILL. That is the way I understood the program at that time, and as I recall it seemed to have a tendency in some areas to push the rent up to your maximum allowance whether the quarters were worth that rent or not.

Mr. SOMPAYRAC. That is right.

Mr. BROYHILL. Have you noticed that to be the case?

Mr. SOMPAYRAC. Yes, we believe there is a tendency to do that, and the State Department which administers this allowance program has given a lot of study to this recently, and they are considering various ways of trying to control this. They have not come out with positive proposals yet, but I believe they will.

We are aware that is apparently taking place, and we try to control it.

Mr. BROYHILL. How does that system you have just outlined compare with the Foreign Service and with military officers?

Mr. SOMPAYRAC. It is the same as Foreign Service.

Mr. BROYHILL. How about officers? They get a flat allowance and keep it if—

Mr. SOMPAYRAC. The military personnel have a different system but they attempt to relate the amounts that are authorized for military personnel to the rates that are authorized for civilians by the State Department. They are starting to work much closer together to try to equate those rates.

Mr. BROYHILL. Will this legislation provide for any improvements in the quarters allowance system?

Mr. SOMPAYRAC. Yes, sir; it will. For one thing, it would authorize the payment of one additional utility which is not covered at the present time, and that is to pay for water. Now that is authorized for the State Department, but it is not authorized for other Federal agencies. Ordinarily water is not too significant an item, but in some foreign areas it becomes a rather significant item, so it would add that.

Another thing that it would do would be to provide for this temporary post allowance which as Secretary Jackson said would authorize the payment of the hotel room for an employee for up to 3 months on first arrival. If he received that he would not receive the quarters allowance for that period of time. Many times people are subjected to rather heavy expense by reason of having to stay in a hotel for a month or two or three until they get permanent quarters.

Mr. BROYHILL. That was brought out in our hearings over there?

Mr. SOMPAYRAC. Yes, sir.

Mr. MORRISON. Mr. Foley, any questions?

Mr. FOLEY. Yes.

Mr. Secretary, I was just reading through here. On pages 5 and 6, quarters allowance, a couple questions came to mind. This proposed legislation as I read it is rather general, and I am wondering in what

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manner it would be administered by the various agencies of the Government?

Mr. JACKSON. May I ask you please, are you referring to the committee print?

Mr. FOLEY. Yes, page 6 of the committee print.

Mr. JACKSON. Yes, sir; I have it.

Mr. FOLEY. My question is, as you see the language there it is very general, and it provides for the various allowances. The basic justification for the change is the one equity. I am wondering how as a practical matter there would be uniform administration of this general language by the various agencies so that the goal of equitable allowances would not be frustrated by differences among the various agencies by not awarding or granting the cost of living allowances.

Mr. JACKSON. In implementing this the President is the one that would have the responsibility for prescribing the regulations and there is every indication that they would probably follow precisely as they are now or substantially as they are now in the agencies that have this right. But the fact that it is vested in the President would be the best assurance of uniformity throughout.

There may be some necessary modifications, but by and large we expect they will be as they are now in those agencies that have these authorities under the law.

Mr. FOLEY. Has the Civil Service Commission come into the picture at all in drafting and promulgating the uniform regulations for all agencies?

Mr. JACKSON. No; at the present time the authority is vested in the State Department and all of the other agencies are obliged to comply. We may have some discussion in developing that, and this will be the continued procedure. As we view it the State Department will take on these additional agencies and you have the same uniformity and the same procedure.

Mr. FOLEY. Will discretion rest with the individual agency heads in the administration of the various regulations to allow or disallow the benefits?

Mr. JACKSON. In those that are permissive they will have discretion. There is a provision here, for instance, which would give to the Department of Defense the same authority that the State Department now has for an additional cost where an individual is transferred let us say from a tropical region to a region in a north country, necessitating additional clothing. We have no notion of using that, the State Department does and they use it. To that degree there is discretion, but once it is used we would be required with the same limits as any other agency.

Mr. FOLEY. That is all, Mr. Chairman.

Mr. MORRISON. Mr. Gross, any questions?

Mr. GROSS. Yes, I have several questions.

First of all, Mr. Jackson, where did this legislation originate, with you people or where? Who wrote the bill?

Mr. MORRISON. If the gentleman will yield I will answer that question.

Mr. GROSS. I will be glad to yield.

Mr. MORRISON. The bill was written as a result of our hearings and studies in the overseas trip, and I asked that the bill be prepared by the staff.

Mr. GROSS. The Defense Department joined in the preparation of the bills, is that right, or did they write the bill?

Mr. MORRISON. No; they didn't write it. It was written largely by the staff and the legislative counsel, in cooperation and consultation with the Defense Department.

Mr. GROSS. I am a little puzzled. When I got the notice yesterday afternoon of the hearing today it was too late when I got back to the office from the House session to get a copy of the bill from the committee. I asked for a copy this morning and was given H.R. 5007 introduced on February 25 by the chairman of the subcommittee. When I got to the committee room a few minutes ago I found a committee print. I don't know exactly how to approach this thing since I had no knowledge of there being a committee print.

Mr. MORRISON. For the gentleman's information, a bill very similar to this one was introduced in the last session. It was available to him at all times.

Mr. GROSS. This morning you have a committee print dated June 10.

Mr. MORRISON. You asked me a question. I want to explain it if you will bear with me a minute.

Mr. GROSS. Yes; go right ahead.

Mr. MORRISON. The bill was pending all during the last session. It was available. It was introduced in this session and it was available to everyone that wanted to see it. The committee print was prepared to make some technical corrections. It is practically the same bill, in substance, that was introduced in the last session and again introduced in this session.

Mr. GROSS. Is the gentleman through?

Mr. MORRISON. I think I have answered your question; yes.

Mr. GROSS. I note that the committee print carries the date of June 10, which was yesterday. Well, is this, Mr. Jackson, a bill that might well be called keeping up with the Joneses; in other words, keeping up with the State Department? Does the Defense Department think it can keep up with the State Department in matters of this kind?

Mr. JACKSON. This bill is designed to correct what we considered to be inequities and discrepancies in the payments and benefits to civilian employees overseas of the Defense Department and other departments who get different benefits than the Foreign Service, that is correct; yes, sir.

Mr. GROSS. So it is a keeping up with the Jones' bill.

The gentleman from Oregon said that this bill would cost on an annual basis \$3 million. Nowhere in your statement nor in the statement which the gentleman read on behalf of the gentleman from Louisiana, the subcommittee chairman, do I find any reference to the cost of this bill. Will the gentleman from the Department please state what the annual cost of this will be?

Mr. MORRISON. If the gentleman will yield.

Mr. GROSS. Yes; I yield.

Mr. MORRISON. We have a statement here from the General Counsel of the Department of Defense. It shows on the last page that the cost to the Department of Defense of enactment of this proposal would be as follows: fiscal year 1960, Army, \$1,600,000; Navy, \$297,000; Air Force, \$1,075,000, a total of \$2,972,000.

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In fiscal year 1961 a little less, fiscal year 1962 a little less, fiscal year 1963 a little less, and fiscal year 1964 a little less.

Mr. GROSS. I ask the gentleman why there would be a reduction in the costs of the bill?

Mr. MORRISON. Well, for the simple reason, I guess, that it won't be necessary to take care of as many people as the program continues. I am sure Mr. Jackson can answer that. It is a very slight reduction.

Mr. JACKSON. It is a very slight reduction, sir. The reduction from fiscal 1960 to fiscal 1961 is the difference between \$2,972,000 and \$2,890,000, and it is reflected to a slight degree in each one of the services.

It would be pretty hard without going back to the auditing people to determine what it is, but it probably is lesser people and it is probably lesser administrative costs once it is in operation. The initiation of the program would require a one-shot change in administration which would level off.

So I would assume it is probably in both of those factors a slight decrease.

Mr. MORRISON. I think everyone realizes that in the beginning of a program it always costs a little bit more money to get it started than it does after the program is well along in operation.

Mr. GROSS. Can the gentleman give us any encouragement as to a reduction in the number of people you have overseas?

Mr. JACKSON. According to the present posture of our military deployment and according to anything in the future that anyone has, that I have or anyone that I know in the Defense Department, there is no substantial change contemplated. As the deployment of the military is fixed, so to a considerable degree is the allocation of civilian personnel. So to answer your question there is not any substantial change, increase or decrease, contemplated at this time.

Mr. GROSS. So if we follow the lead of the British and withdraw some or all of our troops from the continent of Europe it would follow that the civilian personnel would decrease, is that right?

Mr. JACKSON. The removal of military personnel should and does involve a decrease in civilian but not necessarily man for man. Some of the duties that were performed by the military before they left may be continued for a time, but by and large they complement each other; yes, sir.

Mr. GROSS. What has been your increase since 1946, how have you increased? Let us get at it this way. How many do you have overseas now?

Mr. JACKSON. We have 20,990 U.S. citizens, civilian employees spread over approximately 70 countries overseas.

Mr. GROSS. What has the increase been from 1948 when this thing probably started? Is that about the year that this program started of trying to run the world with our military and our money and civilians? Is that about when the program started, in 1948?

Mr. JACKSON. As to the nature of the program, I would not want to characterize it necessarily by my answer.

Mr. GROSS. I will do it for you.

Mr. JACKSON. The dates and the increase, Mr. Congressman, we don't have it. We will be very glad to provide them to show the annual increase if you request it. We don't have it with us.

Mr. GROSS. I would like it on the beginning basis of 1948 and particularly since 1953. I would like to know how much it has grown under the present administration.

Mr. JACKSON. We would be very happy to provide that for you, sir.

Mr. GROSS. I would like it from 1948 on by the U.S. nationals provided by the U.S. Department of Defense.

Mr. JACKSON. We would be glad to furnish it.
(The information requested follows:)

Department of Defense--U.S. citizens employed in foreign countries

	Department of Defense total	OSD	Army	Navy	Air Force
Mar. 31, 1959.....	21,047	43	10,973	2,100	7,981
June 30, 1958.....	20,872	43	11,300	1,955	7,574
June 30, 1957.....	22,553	44	12,270	1,825	8,414
June 30, 1956.....	22,417	61	12,777	1,770	7,809
June 30, 1955.....	21,947	56	13,512	1,655	6,724
June 30, 1954.....	19,360	61	12,126	1,415	5,758
June 30, 1953.....	19,481	44	12,439	1,340	5,658
June 30, 1952.....	20,640	54	13,197	1,892	5,497
June 30, 1951.....	19,224	-----	14,412	612	4,200
June 30, 1950.....	18,912	-----	13,092	506	3,314
June 30, 1949.....	20,759	-----	17,446	176	3,137
June 30, 1948.....	24,623	-----	24,489	137	(?)

¹ As of July 31.

² Included in Army total.

Mr. GROSS. So it is going to cost approximately \$3 million?

Mr. JACKSON. Yes, sir.

Mr. GROSS. Now I will have to use H.R. 5007 because that is the only bill I had an opportunity to read, and you can tell me if any of the provisions have been stricken by virtue of the committee print that is now before us. On page 6 it is established that Washington, D.C., be used for purposes of this bill as the cost-of-living area. Why do you select Washington, D.C.?

Mr. JACKSON. This is traditionally the norm in this matter. I would like to ask Mr. Sompayrac if he knows why and how it came to be the traditional norm if I may.

Mr. SOMPAYRAC. It appeared in the original bill which authorized the payment of differentials and allowances for civilian employees in oversea areas. I believe that prior to that it had been the norm for payment of such allowances for Foreign Service personnel. I think the reason it was selected by the Congress was that most Federal salaries seemed to be based on conditions—that is, for classification act type of employees, seemed to be based on conditions in the District of Columbia. It gave a very handy norm for comparative purposes. I might say that the committee that worked on the preparation of the bill gave consideration to using the cost of living in other cities or a combination of cities, but believe the committee came to the conclusion that that was the handiest.

Mr. GROSS. Is that because it is considered to be the highest cost-of-living area in this country?

Mr. SOMPAYRAC. As I recall, sir, it is not the highest, there are a number that are higher.

Mr. GROSS. Will the gentleman state one or two that are higher?

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Mr. SOMPAYRAC. I don't have the statistics in front of me, sir. I would be glad to furnish that.

Mr. GROSS. On page 8 of the bill, representation expenses, what is included in that?

Mr. JACKSON. That, sir is a provision which is required at times by the State Department I am sure in which there is a need for entertainment in order to maintain international relationship in that particular country.

The Defense Department does not intend to use this provision. I want to correct my record. We have that authority now, and as evidence of what I have indicated previously as to the approach to the Defense Department may I read the directive or instruction with respect to this provision implementing the provision dated in 1957:

Representation allowance. This allowance may be paid when specifically authorized by law and in individual cases upon advance written approval by the Secretary of Defense or the respective section of the military departments.

Upon inquiry up to date we have never approved one.

Mr. GROSS. So this is what is commonly known in connection with the State Department as the liquor bill, isn't it?

Mr. JACKSON. I think it has some such popularization.

Mr. GROSS. Yes, and under this provision you would not even have to come to Congress to get an appropriation for that purpose, would you?

Mr. JACKSON. I am not sure with respect to its administration as to just what the fiscal implications are. We have never used it.

Mr. GROSS. Let me read section 22:

Under such regulations as the President may prescribe, funds available to the departments for administrative expenses may be allotted to posts in foreign countries and to resident missions to international organizations for representation purposes in the promotion of official policies and programs.

whatever that is.

Official policies and programs. So it is wide open, you don't even have to come to Congress for this liquor, and entertainment fund.

Mr. JACKSON. As I say, the Department of Defense policy is that we have never used it, sir, for civilian employees, as I have mentioned.

Mr. GROSS. If I have my way you won't have an opportunity to because I hope to get it out of this bill before it comes to the House floor.

Mr. MORRISON. Will the gentleman yield?

Mr. GROSS. Yes.

Mr. MORRISON. You asked why the District of Columbia was chosen as the basis for comparing overseas costs. The primary law establishing Washington costs as the basis for overseas differential is found in section 207 of the Independent Office Appropriation Act, 1949, and it is now in the law.

Mr. GROSS. Now on the packing and crating of property for people who are going overseas, does the Department of Defense call for competitive bids?

Mr. JACKSON. On overseas shipment?

Mr. GROSS. Yes.

Mr. JACKSON. I am not familiar with the procedure on overseas shipment. Do you have any knowledge on how the bids are? I am familiar with the continental situation, but I am not with overseas.

Mr. SOMPAYRAC. Most of the shipments overseas that originate in this country, the actual packing and crating is done at the military ports of embarkation. Much of this material is packed in special sea vans which then goes aboard military transportation services, ships, and is taken overseas.

Mr. GROSS. Are you saying that the military does the crating?

Mr. SOMPAYRAC. They do practically all of it for overseas shipments.

Mr. GROSS. Or is it done by private concerns?

Mr. SOMPAYRAC. Most of it is done by military that goes over, most of it that comes back is done by overseas firms.

Mr. GROSS. We are talking about household goods.

Mr. SOMPAYRAC. Yes.

Mr. GROSS. We are in agreement on that?

Mr. SOMPAYRAC. Yes.

Mr. GROSS. Where are these centers where this packing is done? Where do you do it in this area, for instance?

Mr. SOMPAYRAC. Cameron Station I believe is the name of the Army post that does most of the packing for the overseas shipment from the Washington area.

Mr. GROSS. Tell me how it is done. They call at the home of the individual who is going overseas, a military van calls? Is that the way it is handled?

Mr. SOMPAYRAC. I am not positive. In many cases a military van does call, but I would have to check to get the details.

Mr. GROSS. I would like to know about that because I am sure you are aware quite a scandal was uncovered in the District of Columbia in connection with the State Department and Foreign Service. The Subcommittee on Appropriations found that they are paying 22 to 55 percent to a couple of firms in Washington, D.C., for the crating of material for Foreign Service employees going overseas above what they could have obtained from 10 other firms here.

Now I just want to be sure when we pass this legislation that some restriction is put in to take care of that, if it is possible to do it, because I know of no reason why my taxpayers in the Third District of Iowa should be paying 22 to 55 percent above cost for the Foreign Service and the State Department.

If no other member of the committee is interested, I wish the gentleman would provide me before this bill comes up with some information as to how the household goods of people serving the Defense Department are handled for overseas shipment.

Mr. PORTER. I join the gentleman in that request and also am interested in knowing something concerning air transport, whether it is done by carrier or by MATS.

Mr. JACKSON. Air transport of household effects?

Mr. PORTER. Yes. I understand recently there has been an attempt by MATS to contact the moving companies to get that business for themselves at rates which are below the price of private companies. I would like that confirmed, transporting household effects overseas and personal effects.

Mr. JACKSON. To compete with commercial air? I am not familiar. This is an area that is not in our field, but I will be glad to get this information for you.

Mr. PORTER. It is relevant to this bill. I agree with Mr. Gross, there has been abuse and overpayment. Under these provisions if we can write it in, we will.

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Mr. JACKSON. Let me ask if I can clarify what is wanted. Information with respect to the present procedures for crating household effects for overseas assignments. Is that correct, Mr. Gross?

Mr. GROSS. I would like you to take a hypothetical case of a man going overseas, Mr. X, who gets his furniture sent, where it goes, and the various processes that you have been using in the past and you contemplate using in the future.

Mr. JACKSON. We will be glad to do that.

Mr. PORTER. I will take it from there. I would like to know what is the procedure used to transport it either by sea or by air, and is there a policy of trying to get this business away from private carriers to MATS at this point?

Mr. JACKSON. We will try to get that information for you, sir.

Mr. PORTER. Thank you.
(The information follows:)

In the shipment of household effects of civilian employees of the Department of Defense between points within the United States and overseas areas, the following general rules apply:

(a) Commercial transportation is used within the United States to the extent it is available or readily obtainable and satisfactorily capable of meeting movement requirements;

(b) Commercial means are used for other transportation and for packing and crating, unpacking and uncrating, draying, etc., to the extent they will provide the required services satisfactorily and are more economical. This applies to the use of air as well as surface carriers.

In some instances commercial means are used entirely from residence at origin to residence at destination. In other instances one or more of the services are performed by military means under the above conditions.

Contracts for packing and crating household effects are established through competitive methods.

A proposal for greater use of the Military Air Transport Service for moving household effects has been considered by the Air Force, but was rejected as infeasible.

Mr. GROSS. I will tell you, Mr. Secretary, the hearing record of the Appropriations Subcommittee on the State Department and related agencies provides abundant evidence that this thing is being abused all over the lot. It cites cases of people who have abused this transportation of property from one post to another. You might do well to read this.

Mr. JACKSON. Is the Defense Department involved?

Mr. GROSS. No, not at all. But I say insofar as the State Department—the Foreign Service—is concerned, it has been abused. Since we have this legislation here I want to see that every possible restriction can be put on it to guard against abuse. On page 2 of your statement, Mr. Secretary, you say as a justification for this bill that some of these differences are significant and are readily identifiable by employees, they create dissatisfaction and they cannot be satisfactorily explained.

Can you give us an example of some of the dissatisfaction that has occurred? Where, what country?

Mr. JACKSON. The satisfaction expressed—

Mr. GROSS. The dissatisfaction.

Mr. JACKSON. Dissatisfaction expressed by our employees?

Mr. GROSS. Apparently that is what you are talking about.

Mr. JACKSON. Yes, we discussed that. We do not have concrete specific cases where people actually failed to continue on with us because of this or any statistics as to failure to employ, but there has

been. As I understand it the committee has found evidences of complaints by people of the Defense Department, for instance, that those under the Foreign Service Act were receiving benefits and assistance in the added costs and the Defense Department employees and others were not, and it was rather difficult to explain or justify why there was a difference. They are working in the same locality, doing similar work, and it is to this that I alluded in my statement.

Mr. GROSS. You say you have an 18 percent turnover. What do you estimate your turnover will be if this legislation is adopted and you are caught up with the Joneses in the State Department?

Mr. JACKSON. I would like to make it clear that we are not prognosticating any dramatic change in retention by this bill but we do feel that as a personnel policy it is unwarranted to have unjustifiable discrepancies between other departments, a large department like the Defense Department that has a rather considerable problem personnelwise. But I would not pretend to state that there would be any dramatic increase in our retention or our recruitment because of this.

Mr. BROYHILL. Will the gentleman yield?

Mr. GROSS. Yes.

Mr. BROYHILL. Again I think the gentleman asked a very pertinent question. At our hearings, the printed record of our hearings that we had in 1955 will show many examples of expressions of dissatisfaction on the part of employees concerning these conditions. We had testimony from many employee representatives, as I pointed out before, and many examples of that is included in the hearing. Probably the staff could underline some of them for the gentleman if he would like to have them.

Mr. GROSS. On page 5 you apparently have a provision in this bill to provide for exemption as to Federal income taxes on travel expenses.

Mr. JACKSON. Yes, sir.

Mr. GROSS. What is the situation with the Foreign Service in that regard?

Mr. JACKSON. It is the same. It would apply to all concerned. There has recently been an indication that this type of payment, Foreign Service or anyone else involved, might be regarded as income and therefore taxable.

Mr. GROSS. What I don't understand is why you people and the State Department don't do as the United Nations does, just exempt all employees from Federal taxes. Why don't you go the whole way, why don't you take them off altogether, salaries and all?

Mr. JACKSON. We feel that this provision here is an instance where that would be warranted because it is a payment that involved an additional expense because of employment, and I think that if I am not mistaken the Internal Revenue Bureau is in accordance with this provision.

Mr. FOLEY. Would the gentleman yield just for a clarifying question on this point?

Mr. GROSS. Yes.

Mr. FOLEY. Is it the position of the Department that these expenses are basically incurred in the interest of the Government at the order and direction of the Government, and since it is Government incurred therefore there should not be a tax consequence for the individual employee?

Mr. JACKSON. That is correct.

Mr. FOLEY. Thank you very much.

Mr. GROSS. Whatever the reason, if you are trying to catch up with the State Department why don't you try to catch up with the United Nations and bring a provision in here to provide they pay no Federal income taxes on salary, expenses, or anything else?

Mr. MORRISON. If the question were to come before the committee, I would say the committee would not go along with that and neither would the Congress.

Mr. GROSS. Yes, but the Congress did go along with it in the case of the United Nations.

Mr. MORRISON. Majority rule has always governed Congress and always will.

Mr. GROSS. Then the gentleman might be surprised, there just might be a majority that would vote for it in order to provide fairness and equity. That is what this bill purports to provide, isn't it?

Mr. MORRISON. The gentleman is entitled to his opinion, but frankly I don't think the Congress would go for that.

Mr. FOLEY. I would ask if the gentleman from Iowa is in favor of such an exemption?

Mr. GROSS. Of course not.

Now you say, Mr. Secretary, on page 5 that H.R. 5007 would also continue existing cost-of-living allowances in most overseas areas. We have spent a good many billions of dollars in these countries developing the underdeveloped and overdeveloping the already developed. Is there any indication that we can dispense with some cost-of-living allowances in some of these countries? Are they ever going to get to the point in this huge program that we are carrying on that we can dispense with these extras?

Mr. JACKSON. None of these are fixed. They are constantly reviewed in terms of the local economy and in terms of the expense involved in the differential allowance. The post differential is predicated on the hardship that may be involved because of the climatic and other environmental factors which would normally perhaps dissuade people from going there.

Mr. GROSS. Would you be good enough to provide for the record a list of countries where these allowances have been discontinued?

Mr. JACKSON. Yes, sir; I think this is readily available. Now you are talking I assume about the differential?

Mr. GROSS. Yes.

Mr. JACKSON. Not the post, because none of those that I know of have been discontinued. That is based on the conditions in the country. But on the differential allowance we would be very happy to provide that to you, sir; those that have been discontinued.

Mr. GROSS. For any reason?

Mr. JACKSON. Yes, for any reason of those that have been discontinued. We would be glad to supply it.

Mr. GROSS. We would be glad to have it.

(The information follows:)

OVERSEAS ACTIVITIES OF THE U.S. GOVERNMENT

Changes in cost-of-living allowances and post differentials for the period Jan. 1, 1956, through May 30, 1959

Country and post	Post allowance (cost-of-living allowance)			Post differential		
	From	To	Effective date	From	To	Effective date
				Percent	Percent	
Aden: Aden.....	0	1	Feb. 8, 1959			
Afghanistan:						
Kabul.....	1	0	Jan. 12, 1958			
Lashkari Gah.....	1	0	do			
Algeria:						
Algiers.....	3	2	Feb. 11, 1957	0	10	Mar. 11, 1956
Do.....	2	1	Sept. 8, 1957	10	15	Aug. 12, 1956
Do.....	1	0	Oct. 5, 1957			
Do.....	1	2	Aug. 13, 1956	15	10	Feb. 10, 1957
Angola: Luanda.....				20	25	July 1, 1956
Ascension Island.....				20	15	May 4, 1958
Azores: Santa Maria Island.....						
Bahamas: Nassau.....	3	4	Apr. 9, 1956			
Belgian Congo:						
Bukavu.....	4	3	Dec. 1, 1956			
Elisabethville.....	4	3	June 4, 1956			
Leopoldville.....	6	5	do			
Belgium:						
Antwerp.....	1	2	Oct. 5, 1957			
Brussels.....	1	2	June 4, 1956			
Henri Chapelle.....	1	2	Dec. 1, 1957			
Neuville-en-Condroz.....	1	2	do			
Wacregghen.....	1	2	do			
Bermuda: Hamilton.....	1	0	Dec. 1, 1956			
Bolivia:						
La Paz.....				20	25	Apr. 5, 1959
Santa Cruz.....				25	20	Jan. 11, 1959
Do.....				20	25	Apr. 5, 1959
Brazil:						
Florianapolis.....				20	15	July 14, 1957
Foz do Iguaçu.....				20	15	Do.
Natal.....	1	0	Sept. 8, 1957			
Rio de Janeiro.....	0	1	May 4, 1957			
Do.....	1	0	Feb. 9, 1958			
Sao Paulo.....	0	1	May 6, 1957			
Do.....	1	0	Feb. 9, 1958			
Taubate.....				20	15	July 14, 1957
Do.....				15	10	Dec. 1, 1957
Do.....				20	15	July 14, 1957
British Honduras: Belize.....	4	5	Jan. 12, 1957			
Burma: Mandalay.....						
Cambodia:						
Battambang.....	2	1	Sept. 8, 1957			
Phnom Penh.....	2	1	Sept. 8, 1957			
Cameroun:						
Yaounde.....	4	6	May 4, 1957			
Do.....	6	7	Nov. 2, 1957			
Do.....	7	6	Feb. 8, 1959			
Ceylon:						
Colombo.....	0	1	Sept. 7, 1958			
Kandy/Peradeniya.....	0	1	Sept. 7, 1958			
China:						
Tainan.....				25	20	Jan. 13, 1957
Taipei.....				20	15	Do.
Congo: Brazzaville.....	0	3	Feb. 8, 1959	25	20	Aug. 12, 1956
Costa Rica: Turrialba.....						
Cuba:						
Camaguey.....				15	10	May 3, 1959
Havana.....	7	6	Jan. 12, 1957			
Do.....	6	5	May 31, 1959			
Nicarao.....				0	10	May 4, 1958
Do.....				10	20	Dec. 14, 1958
Do.....				20	0	May 3, 1959
Do.....				0	10	May 4, 1958
Santiago de Cuba.....	3	2	June 1, 1957	10	20	Dec. 14, 1958
Do.....				10	20	Dec. 14, 1958
Do.....				20	0	May 3, 1959
Cyprus:						
All Posts.....				0	10	Mar. 11, 1956
Do.....				10	15	Aug. 12, 1956
Do.....				15	0	June 1, 1959
Czechoslovakia:						
Praha.....	10	1	Jan. 12, 1957			
Do.....	1	0	Jan. 12, 1958			
Dominican Republic:						
Ciudad Trujillo.....	5	4	Jan. 12, 1957			
Do.....	4	3	Apr. 5, 1959			
Sabana de la Mar.....	2	0	Dec. 1, 1956			
Santiago de los Caballeros.....	6	4	May 7, 1956	15	10	Oct. 2, 1958
Do.....	4	2	Aug. 10, 1957			

40 OVERSEAS ACTIVITIES OF THE U.S. GOVERNMENT

Changes in cost-of-living allowances and post differentials for the period Jan. 1, 1956, through May 30, 1959—Continued

Country and post	Post allowance (cost-of-living allowance)			Post differential		
	From	To	Effective date	From	To	Effective date
El Salvador: San Salvador	4	3	Nov. 5, 1956	Percent	Percent	
Ethiopia:						
Addis Ababa	1	0	Sept. 7, 1958	25	20	July 13, 1958
Gondar	2	1	Dec. 1, 1957			
France:						
Le Havre	0	1	June 1, 1958			
Do	1	0	Jan. 25, 1959			
Lille	1	0	Sept. 6, 1957			
Lyons	1	2	Aug. 13, 1956			
Do	2	1	Sept. 8, 1957			
Do	1	2	June 1, 1958			
Do	2	1	Jan. 25, 1959			
Marseille	1	2	Aug. 13, 1956			
Do	2	1	Sept. 8, 1957			
Do	1	2	June 1, 1958			
Do	2	1	Jan. 25, 1959			
Nice	1	2	Aug. 13, 1956			
Do	2	1	Sept. 8, 1957			
Do	1	2	June 1, 1958			
Do	2	1	Jan. 25, 1959			
Paris	3	3	June 30, 1956			
Do	3	2	Sept. 8, 1957			
Do	2	1	Jan. 25, 1959			
St. Nazaire				0	10	Feb. 8, 1959
Saumur				0	10	Oct. 6, 1957
Strasbourg	1	0	Sept. 8, 1957			
Suresnes	2	1	do			
Do	1	0	Jan. 25, 1959			
Tours	0	2	Aug. 13, 1956			
Do	2	1	Sept. 8, 1957			
Do	1	0	Jan. 25, 1959			
French West Indies:						
Martinique	2	1	May 7, 1956			
Do	1	0	Sept. 8, 1957			
Do	0	1	Sept. 7, 1958			
Do	1	0	Feb. 8, 1959			
Ghana: Accra	4	3	Mar. 11, 1956			
Greece: Iraklion (Crete)				10	0	Jan. 13, 1957
Guatemala:						
Chiquimula	2	1	July 13, 1958			
Chocoma	3	2	Oct. 5, 1957			
Do	2	1	July 13, 1958			
Entre Rios	4	3	Jan. 12, 1956			
Guatemala City	3	2	Jan. 12, 1957			
Do	2	3	Jan. 11, 1959			
Haiti: Port-au-Prince				10	15	July 14, 1957
Honduras: Tegucigalpa				0	10	Feb. 8, 1959
Hungary:						
Budapest				20	15	Mar. 11, 1956
Do				15	25	Nov. 5, 1956
Iceland:						
Keflavik	0	4	Jan. 12, 1958			
Do	4	0	July 13, 1958			
Reykjavik	2	0	do			
India:						
Bombay	0	1	Mar. 4, 1957			
Calcutta	0	1	Feb. 9, 1958	20	15	Apr. 8, 1956
Do				15	20	Dec. 14, 1958
Karnal				20	25	Sept. 7, 1958
Kotah				20	15	Apr. 7, 1957
Do				15	20	May 4, 1958
Madras				15	10	Apr. 8, 1956
New Delhi	0	1	Apr. 5, 1959			
Poona				0	10	Jan. 11, 1959
Indonesia:						
Bandung				15	20	July 13, 1958
Djakarta	2	0	May 7, 1956	20	25	Nov. 3, 1957
Malang				10	15	Oct. 6, 1957
Medan	2	0	do	20	25	Mar. 18, 1958
Semarang	1	0	do			
Surabaya	1	0	do			
Iran:						
Isfahan				20	15	Aug. 12, 1956
Kermanshab				25	20	Do
Khorramshahr				25	20	Oct. 6, 1957
Shiraz				20	15	Aug. 12, 1956
Tabriz				25	20	Do
Tehran				15	10	Nov. 2, 1958

OVERSEAS ACTIVITIES OF THE U.S. GOVERNMENT

Changes in cost-of-living allowances and post differentials for the period Jan. 1, 1956, through May 30, 1959—Continued

Country and post	Post allowance (cost-of-living allowance)			Post differential		
	From	To	Effective date	From	To	Effective date
Iraq:				Percent	Percent	
Baghdad.....	1	2	Apr. 9, 1956	15	25	July 15, 1958
Do.....	2	0	Aug. 10, 1957			
Do.....	0	1	Apr. 6, 1958			
Basra.....	1	0	Aug. 10, 1957	20	25	Do.
Latafiyah project.....	2	0	do.			
Do.....	0	1	Apr. 6, 1958			
Israel:						
Haifa.....				10	25	Nov. 5, 1956
Do.....				25	15	Apr. 7, 1957
Do.....				15	10	Nov. 2, 1958
Do.....				10	0	May 3, 1959
Tel Aviv.....				10	25	Nov. 5, 1956
Do.....				25	15	Apr. 7, 1957
Do.....				15	10	Nov. 2, 1958
Do.....				10	0	May 3, 1959
Italy:						
Leghorn.....	0	1	Feb. 9, 1958			
Naples.....	2	1	Jan. 12, 1957			
Nettuno.....	1	2	Feb. 9, 1958			
Trieste.....	1	0	Jan. 12, 1957			
Do.....	0	1	Mar. 7, 1958			
Ivory coast:						
Abidjan.....	4	0	May 6, 1957			
Do.....	6	5	Feb. 8, 1959			
Jerusalem:						
Jerusalem.....				0	10	Aug. 12, 1956
Do.....				10	25	Nov. 5, 1956
Do.....				25	15	Apr. 7, 1957
Do.....				15	10	Nov. 2, 1958
Do.....				10	0	May 3, 1959
Jordan:						
Amman.....				15	20	Nov. 5, 1956
Do.....				20	15	May 3, 1959
Kenya: Nairobi.....				10	0	Sep. 9, 1956
Kuwait:						
Kuwait.....	5	6	Aug. 13, 1956			
Do.....	6	5	Aug. 10, 1957			
Laos:						
Pakse.....	0	1	Oct. 20, 1957			
Do.....	1	2	Jan. 11, 1959			
Vientiane.....	8	2	Feb. 12, 1956			
Do.....	2	1	Jan. 12, 1957			
Do.....	1	0	May 4, 1957			
Do.....	0	2	Oct. 20, 1957			
Lebanon:						
Beirut.....	1	0	Aug. 10, 1957	0	10	June 12, 1958
Do.....				10	20	Aug. 10, 1958
Do.....				20	0	Nov. 2, 1958
Tal Amara.....				10	20	Aug. 10, 1958
Do.....				20	0	Nov. 2, 1958
Terbol.....				10	20	Aug. 10, 1958
Do.....				20	0	Nov. 2, 1958
Liberia:						
Ganta.....	3	4	Jan. 11, 1959			
Gbarnga.....	3	4	do.			
Greenville.....	4	5	Apr. 8, 1957			
Harper.....	5	4	Nov. 5, 1956			
Monrovia.....	5	6	Jan. 11, 1959			
Suakoko.....	3	4	do.			
Voinjama.....	4	3	Nov. 5, 1956			
Libya: Derna.....				20	15	Oct. 7, 1956
Luxembourg: Luxembourg.....	0	1	July 13, 1958			
Malaya:						
Kuala Lumpur.....	3	2	Mar. 11, 1956	10	0	July 13, 1958
Penang.....	2	1	Nov. 2, 1958	10	0	May 4, 1958
Malgache Republic: Tananarive.....	3	2	Dec. 14, 1958			
Morocco:						
Ben Guerir.....				15	20	Jan. 1, 1956
Do.....				20	15	July 13, 1958
Do.....				15	10	Nov. 2, 1958
Boulhaut.....				20	15	July 13, 1958
Do.....				15	10	Nov. 2, 1958
Casablanca.....	2	1	June 1, 1957	0	15	Jan. 1, 1956
Do.....	1	0	Sept. 8, 1957	15	10	July 13, 1958
Do.....				10	0	Nov. 2, 1958

42 OVERSEAS ACTIVITIES OF THE U.S. GOVERNMENT

Changes in cost-of-living allowances and post differentials for the period Jan. 1, 1956, through May 30, 1959—Continued

Country and post	Post allowance (cost-of-living allowance)			Post differential		
	From	To	Effective date	From	To	Effective date
Morocco—Continued				Percent	Percent	
Nouasseur				10	15	Jan. 1, 1956
Do				15	10	July 13, 1958
Do				10	0	Nov. 2, 1958
Do				10	0	Do.
Port Lyautey				0	15	Jan. 1, 1956
Rabat				15	10	July 13, 1958
Do				10	0	Nov. 2, 1958
Do				15	20	Jan. 1, 1956
Sidi Slimane				20	15	July 13, 1958
Do				15	10	Nov. 2, 1958
Do						
Nepal:						
Katmandu	2	3	Feb. 11, 1957			
Parwanipur	1	3	Aug. 10, 1957			
Pokhara	1	3	do			
Netherlands Antilles:						
Aruba	5	6	June 30, 1956			
Curacao	4	5	do			
St. Maarten Island	4	2	July 13, 1957			
Nigeria:						
Lagos	1	0	Mar. 11, 1956			
Do	0	1	Dec. 1, 1957			
Okinawa Island:				15	10	Mar. 11, 1956
All posts except Okuma				10	0	Aug. 10, 1958
Do				15	10	Do.
Okuma						
Pakistan:						
Abbottabad	0	1	Apr. 8, 1957			
Chittagong	0	3	Aug. 13, 1956			
Daulatpur	0	2	Mar. 8, 1959			
Karachi	0	1	Mar. 11, 1956			
Lahore	0	1	June 30, 1956			
Lyallpur	0	1	Oct. 5, 1957			
Peshawar	0	1	Apr. 8, 1957			
Quetta	0	1	do			
Rawalpindi	0	1	June 30, 1956	15	20	Nov. 1, 1956
Tando Jam	0	1	do			
Panama:				20	15	Apr. 6, 1958
David	1	0	Jan. 12, 1957			
Panama City						
Philippines:				15	10	Aug. 10, 1958
Angeles				20	15	Do.
Camp O'Donnell				15	10	Do.
Cavite	4	3	Feb. 9, 1958	20	15	Do.
Cebu				15	10	Do.
Manila				10	15	June 1, 1958
San Miguel				20	15	May 5, 1957
Subic Bay						
Poland:						
Poznan	3	0	Feb. 8, 1959	25	20	Mar. 11, 1956
Warsaw						
Saudi Arabia:						
Dhahran	1	0	Nov. 5, 1956			
Jidda	5	3	June 4, 1956			
Do	3	2	Sept. 8, 1957			
Do	2	0	Apr. 6, 1958			
Do						
Senegal:						
Dakar	6	8	May 6, 1957			
Do	8	7	Sept. 8, 1957			
Do	7	5	Oct. 5, 1957			
Do	5	6	Mar. 9, 1958			
Do	6	4	Feb. 8, 1959			
Do	2	1	Feb. 11, 1957	10	0	May 4, 1958
Singapore: Singapore						
Somaland, Trust Territory of:						
Mogadiscio	0	4	Dec. 1, 1957			
Do	4	3	Jan. 11, 1959			
Do	2	1	July 13, 1957	20	15	Apr. 6, 1958
Surinam: Paramaribo						
Tanganyika:				25	20	Aug. 12, 1956
Dar-es-Salaam				20	15	Oct. 2, 1958
Do						
Thailand:				20	15	July 14, 1957
Bangkok				25	20	Oct. 7, 1956
Chiengmai						
Cholburi	0	2	Dec. 4, 1958			
Korat	1	2	July 2, 1958			
Lampang	1	2	June 30, 1956			

OVERSEAS ACTIVITIES OF THE U.S. GOVERNMENT 43

Changes in cost-of-living allowances and post differentials for the period Jan. 1, 1956, through May 30, 1959—Continued

Country and post	Post allowance (cost-of-living allowance)			Post differential		
	From	To	Effective date	From	To	Effective date
Tunisia:				Percent	Percent	
Carthage.....	2	3	Aug. 13, 1956			
Do.....	3	1	Oct. 5, 1957			
Tunis.....	2	3	Aug. 15, 1956			
Do.....	3	4	July 13, 1957			
Do.....	4	3	Sept. 8, 1957			
Do.....	3	1	Oct. 5, 1957			
Turkey: Adana.....	0	1	Nov. 8, 1957			
Uganda: Kampala.....				20	15	Mar. 9, 1958
U.S.S.R.:						
Moscow.....	13	12	Apr. 8, 1957			
Do.....	12	3	May 4, 1957			
Do.....	3	4	May 3, 1959			
United Arab Republic:						
Aleppo.....	2	1	Mar. 9, 1957			
Do.....	1	0	Dec. 14, 1958			
Alexandria.....				0	25	Nov. 5, 1956
Do.....				25	10	Apr. 7, 1957
Do.....				10	0	Nov. 2, 1958
Cairo.....				0	25	Nov. 5, 1956
Do.....				25	10	Apr. 7, 1957
Do.....				10	0	Nov. 2, 1958
Damascus.....	1	2	Aug. 13, 1956	0	10	Aug. 12, 1956
Do.....	2	1	Mar. 9, 1957	10	15	Nov. 5, 1956
Port Said.....				10	25	Do.
Do.....				25	15	Apr. 7, 1957
Do.....				15	10	Nov. 2, 1958
Venezuela:						
Caracas.....	11	10	Mar. 9, 1957			
Do.....	10	9	Mar. 9, 1958			
Maracaibo.....	10	9	do.			
Puerto la Cruz.....	11	10	do.			
Vietnam:						
DaLat.....	1	0	Oct. 5, 1957			
Hue.....	8	2	Feb. 12, 1958			
Do.....	2	0	Oct. 5, 1957			
Nha Trang.....	1	0	do.			
Do.....	0	1	Dec. 1, 1957			
Saigon.....	2	0	Oct. 5, 1957	25	20	Oct. 7, 1956
Yemen: Taiz.....	0	2	May 3, 1959			
Yugoslavia:						
Belgrade.....				20	15	Mar. 11, 1956
Zagreb.....				20	15	Do.

POST CLASSIFICATIONS AND PAYMENTS TABLES STANDARDIZED REGULATIONS (GOVERNMENT CIVILIANS FOREIGN AREAS)

POST ALLOWANCES: WITHOUT FAMILY

Annual rates

Salary	Post classification														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
\$13,000 and over.....	280	555	835	1,110	1,390	1,685	1,945	2,285	2,775	3,380	3,825	4,440	4,995	5,550	6,105
\$11,000 to \$12,999.....	270	540	810	1,080	1,350	1,620	1,890	2,210	2,700	3,260	3,790	4,320	4,860	5,400	5,940
\$10,000 to \$10,999.....	260	520	780	1,040	1,300	1,560	1,820	2,140	2,630	3,190	3,640	4,170	4,710	5,250	5,790
\$9,500 to \$9,999.....	250	500	750	1,000	1,250	1,500	1,750	2,080	2,570	3,130	3,580	4,110	4,650	5,190	5,730
\$9,000 to \$9,499.....	240	480	720	960	1,200	1,440	1,680	1,980	2,470	2,930	3,380	3,910	4,450	4,990	5,530
\$8,500 to \$8,999.....	230	465	695	920	1,155	1,385	1,625	1,915	2,395	2,850	3,295	3,820	4,350	4,880	5,410
\$8,000 to \$8,499.....	225	450	675	900	1,125	1,350	1,575	1,865	2,345	2,790	3,235	3,760	4,290	4,820	5,350
\$7,500 to \$7,999.....	220	435	655	870	1,095	1,320	1,545	1,790	2,270	2,710	3,150	3,680	4,210	4,740	5,270
\$7,000 to \$7,499.....	210	420	630	840	1,060	1,280	1,500	1,750	2,230	2,670	3,110	3,640	4,170	4,700	5,230
\$6,500 to \$6,999.....	200	400	600	800	1,000	1,200	1,400	1,650	2,130	2,570	3,010	3,540	4,070	4,600	5,130
\$6,000 to \$6,499.....	190	380	570	750	930	1,110	1,290	1,535	2,010	2,450	2,890	3,420	3,950	4,480	5,010
\$5,500 to \$5,999.....	180	360	540	720	900	1,080	1,260	1,485	1,960	2,400	2,840	3,370	3,900	4,430	4,960
\$5,000 to \$5,499.....	170	340	510	680	850	1,020	1,190	1,420	1,890	2,330	2,770	3,300	3,830	4,360	4,890
\$4,500 to \$4,999.....	155	310	465	620	775	930	1,085	1,275	1,650	2,090	2,530	3,060	3,590	4,120	4,650
\$4,000 to \$4,499.....	140	280	420	560	700	840	980	1,155	1,500	1,940	2,380	2,910	3,440	3,970	4,500
\$3,500 to \$3,999.....	130	260	380	520	650	780	910	1,070	1,380	1,780	2,180	2,680	3,210	3,740	4,270
\$3,000 to \$3,499.....	120	240	360	480	600	720	840	990	1,280	1,640	2,000	2,460	2,920	3,380	3,840
\$2,500 to \$2,999.....	105	210	315	420	525	630	735	855	1,100	1,400	1,750	2,150	2,550	2,950	3,350
Under \$2,500.....	90	180	270	360	450	540	630	740	900	1,050	1,260	1,470	1,680	1,890	2,100

OVERSEAS ACTIVITIES OF THE U.S. GOVERNMENT

POST ALLOWANCES: WITH FAMILY
Annual rates

Salary	Post classification														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
\$13,000 and over.....	\$770	\$740	\$1,110	\$1,480	\$1,850	\$2,220	\$2,590	\$3,050	\$3,700	\$4,440	\$5,180	\$5,920	\$6,660	\$7,400	\$8,140
\$11,000 to \$12,999.....	360	720	1,080	1,440	1,800	2,160	2,520	2,965	3,600	4,320	5,040	5,760	6,480	7,200	7,920
\$10,000 to \$10,999.....	345	690	1,035	1,380	1,725	2,070	2,415	2,845	3,450	4,140	4,830	5,520	6,210	6,900	7,590
\$9,500 to \$9,999.....	330	660	990	1,320	1,650	1,980	2,310	2,720	3,300	3,960	4,620	5,280	5,940	6,600	7,260
\$9,000 to \$9,499.....	320	640	960	1,280	1,600	1,920	2,240	2,640	3,200	3,840	4,480	5,120	5,760	6,400	7,040
\$8,500 to \$8,999.....	310	620	930	1,240	1,550	1,860	2,170	2,555	3,100	3,720	4,340	4,960	5,580	6,200	6,820
\$8,000 to \$8,499.....	300	600	900	1,200	1,500	1,800	2,100	2,470	3,000	3,600	4,200	4,800	5,400	6,000	6,600
\$7,500 to \$7,999.....	285	570	855	1,140	1,425	1,710	1,995	2,350	2,850	3,420	3,990	4,560	5,130	5,700	6,270
\$7,000 to \$7,499.....	270	540	810	1,080	1,350	1,620	1,890	2,225	2,700	3,240	3,780	4,320	4,860	5,400	5,940
\$6,500 to \$6,999.....	255	510	765	1,020	1,275	1,530	1,785	2,100	2,550	3,060	3,570	4,080	4,590	5,100	5,610
\$6,000 to \$6,499.....	240	480	720	960	1,200	1,440	1,680	1,980	2,400	2,880	3,360	3,840	4,320	4,800	5,280
\$5,500 to \$5,999.....	225	450	675	900	1,125	1,350	1,575	1,855	2,250	2,700	3,150	3,600	4,050	4,500	4,950
\$5,000 to \$5,499.....	210	420	630	840	1,050	1,260	1,470	1,730	2,100	2,520	2,940	3,360	3,780	4,200	4,620
\$4,500 to \$4,999.....	195	390	585	780	975	1,170	1,365	1,605	1,950	2,340	2,730	3,120	3,510	3,900	4,290
\$4,000 to \$4,499.....	180	360	540	720	900	1,080	1,260	1,485	1,800	2,160	2,520	2,880	3,240	3,600	3,960
\$3,500 to \$3,999.....	165	330	495	660	825	990	1,155	1,360	1,650	1,980	2,310	2,640	2,970	3,300	3,630
\$3,000 to \$3,499.....	150	300	450	600	750	900	1,050	1,245	1,500	1,800	2,100	2,400	2,700	3,000	3,300
\$2,500 to \$2,999.....	135	270	405	540	675	810	945	1,110	1,350	1,650	1,980	2,310	2,640	2,970	3,300
Under \$2,500.....	115	230	345	460	575	690	805	950	1,150	1,380	1,610	1,840	2,070	2,300	2,530

ADDITIONAL POST ALLOWANCES FOR CHILDREN

Additional annual rate of post allowance is payable to an employee with family (sec. 215c) for each unmarried member who is under 21 years of age. Where an officer or employee has no adult member of family, the first child shall entitle him to the "with family" rate for which he is eligible under section 941.2, and for each additional child, he shall be entitled to the appropriate amount set forth below.

Post Classification:	Annual rates
1.....	\$60
2.....	65
3.....	70
4.....	75
5.....	80
6.....	85
7.....	90
8.....	100
9.....	110
10 and above.....	120

Mr. MORRISON. Mr. Harmon, do you have anything?

Mr. HARMON. The only thing I want to say, Mr. Chairman, and Mr. Secretary—I have received a lot of questions in the mail from various parts of the world in regard to these matters. I am very happy for the bill which will perhaps even up these things that have been neglected and forgotten. I know in Germany—and that answers more or less Mr. Porter's question—certain cases. There is a question I would like to ask. In their wages or salary, is there any money withheld and not paid to them until they return to the state-side? Private industry does that for different reasons. Back in the early days people adopted a policy that if you were not satisfied with your job there was no way you could just take leave, because you didn't have enough money to get away. Some of the letters seem to think that their pay was not as much in the case of teachers as of certain jobs over in Germany as they had been led to believe.

Of course, they didn't elaborate or make any detail on it. I was just curious to know.

Mr. JACKSON. With regard to the teachers—that was a very real situation because of the fact that they were thinking in terms of what the pay grade for a year-round person would be, and there was not as much because they were not in a year-round employment. That is one of the things that you gentlemen corrected in recently approving the teachers' bill.

Mr. HARMON. I had that as well as these things here in rent and fuel, and it varies in different countries and different localities, even in Germany.

Mr. JACKSON. Yes, sir.

Mr. HARMON. Different cities or counties, provinces, and so forth.

Mr. JACKSON. That is right.

Mr. MORRISON. The Chair wishes to thank Mr. Jackson and Mr. Sompayrac and compliment them on a very excellent presentation here before the committee.

Mr. JACKSON. Thank you.

Mr. BROYHILL. May I make one request?

I believe it would be helpful to the committee, Mr. Secretary—even though we have a rather detailed analysis of these inequities in this report, I am wondering if it is possible for your office to prepare a brief outline of the inequities which now exist that this legislation would

correct, if it could be done in a brief outline form that would be readily referred to.

Mr. JACKSON. For the Defense Department, sir?

Mr. BROYHILL. Yes.

Mr. JACKSON. Yes, we will be very happy to do that.

(The information follows:)

H.R. 5007 would correct the following inequities.

1. Would extend to all agencies the following provisions which are now available to those agencies subject to the Foreign Service Act.

a. Temporary lodging allowances for not to exceed 3 months after first arrival at a new post of assignment.

b. Addition of "water" to the list of utilities included in the quarters allowance authorization.

c. Transportation costs to a school in the United States for dependents not to exceed one trip each way for purposes of obtaining secondary or undergraduate education.

d. Storage and related expenses for household goods when it is determined to be in the public interest to provide such storage in lieu of transportation.

e. Transportation of motor vehicles when it is determined to be in the interest of the Government for an employee to have the use of a motor vehicle at his post of duty.

f. Authorization of "home leave." Upon completion of 24 months of continuous service outside the continental United States, employees could be granted leave of absence at a rate not to exceed 1 week for each 4 months of such service for use in the United States.

2. Would authorize the following new provisions:

a. Repair, alteration, or improvement of employees privately leased residence under certain conditions and because of inability to secure adequate quarters.

b. Amend the Internal Revenue Code of 1954 to exempt foreign area allowances and the cost of transportation provided employees between tours of duty overseas from income taxes.

c. Amend the Administrative Expenses Act to eliminate present unrealistic gross limit on the shipment of household effects overseas. A net limit of 7,000 pounds would be retained.

Mr. GROSS. Will the gentleman yield?

Mr. BROYHILL. Yes.

Mr. GROSS. Can somebody in the Pentagon give us some hope that this civilian army we have overseas—that some day they are going to be brought back to this country and we will get out of some of this foreign business that we are in? Do you suppose there is anybody over in the Pentagon that could give us any help along that line?

Mr. JACKSON. Perhaps the Geneva Conferences and the summit meeting may point to the day when we can bring back our military and civilians, and we can get back to normalcy, but I don't have any specific knowledge or too much hope at the moment.

Mr. GROSS. Taxpayers have taken care of an awful lot of world travel.

Mr. JACKSON. There is a lot involved in the present international crisis.

Mr. MORRISON. Thank you very much, gentlemen.

The next witness we have is Mr. William L. Ellis, Assistant Director, Administrative Office of the U.S. Courts.

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**STATEMENT OF WILLIAM L. ELLIS, ASSISTANT DIRECTOR,
ADMINISTRATIVE OFFICE OF THE U.S. COURTS.**

Mr. ELLIS. Thank you, Mr. Chairman.

Mr. MORRISON. Mr. Ellis, before you begin I would like to insert in the record a letter from Mr. Warren Olney, Director of the Administrative Office of the U.S. Courts.

(The letter referred to follows:)

ADMINISTRATIVE OFFICE OF THE U.S. COURTS,
SUPREME COURT BUILDING,
Washington D.C., June 10, 1959.

HON. JAMES H. MORRISON,
*Chairman, Subcommittee on Civil Service, Post Office and Civil Service Committee,
House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN MORRISON: There are about 90 officers and employees of the U.S. courts who are stationed in Hawaii, Alaska, Puerto Rico, the Canal Zone, the Virgin Islands, and in Guam. Like other employees of the judicial branch of the Government, they are not subject to the civil service act, and their positions are not under the classification act. Rather, their compensation is fixed under authority of law by the Judicial Conference of the United States. The Conference policy has in general provided for the same rates of compensation to the referees, clerks, deputies, probation staff and other employees as are paid for similar employment in the courts in this country. Except for a very few of the cases, the Conference has also provided a cost-of-living allowance or differential computed on a percentage basis adopting the scale of allowances provided by Executive order for employees of the executive branch.

These and certain other allowances are the subject of H.R. 5007, the proposed Overseas Differentials and Allowances Act, which is now before your committee. In order that the Judicial Conference of the United States may continue its program of adopting for the judicial branch employees stationed beyond the seas similar allowances to those provided for the civil service, it is suggested that a brief section be added at an appropriate place in the bill which might provide, in substance:

"With respect to officers and employees comprising the courts of the United States and their staffs stationed beyond the continental United States or in a foreign area, the Judicial Conference of the United States is authorized to establish allowances and differentials to the extent and within the limitations authorized by law or regulation for employees of executive agencies similarly located."

Sincerely yours,

WARREN OLNEY III, *Director.*

Mr. ELLIS. My statement is very brief. Since you have it in the record I can make the points orally in three or four sentences, and that is all I will have to say unless you have questions for me.

In the court system there are about 90 officers and employees who are in Hawaii, Alaska, Puerto Rico, Canal Zone, Virgin Islands, Guam. Like other employees of the courts, they are not under the civil service act, they are not under the classification act. Rather, under the law the Judicial Conference of the United States sets their salary scale. The policy that has been adopted is to provide for these 90 employees the same salary scales that are applicable to similar court employees here within the 48 States, except we add the same cost-of-living allowance on a percentage basis, which is allowed by Executive order and by the independent office act for the executive branch employees. Now, that is the present situation. This bill affects that allowance, and certain other allowances that we have occasioned.

When we transfer a probation officer to Alaska, for example, we have the problem of shipping his household goods. This bill affects those allowances in several respects. Hence, since the bill is drawn to pertain to the executive branch, it would be our respectful suggestion

that a brief sentence be added at the end merely saying in effect that the Judicial Conference may adopt for the court employees up to these same allowances—not above—but up to these same allowances for the people beyond the continental United States which the law provides for the executive branch. Now this does not affect, I want to point out, any of these various allowances that are listed here as in the foreign areas, quarters, post differential. None of that is concerned because we have no employees beyond what are called here the foreign areas.

What we are concerned about are these relatively minor items, household goods, motor vehicles, annual and sick leave, and the tax item, the taxability of cost of living allowance in Hawaii and Alaska. That is about the extent of our present concern, but our suggestion would be that since the Conference has been authorized for many years to fix their pay, may be authorized also to give them these same allowances as are given even to executive employees in Alaska, Hawaii, Guam, and so on.

Mr. FOLEY. Mr. Chairman, I have a question that comes to mind.

Mr. MORRISON. Mr. Foley.

Mr. FOLEY. Under the technical provisions of the bill, more particularly the definitions, you will notice on the committee print on page 3 the continental United States defined as excluding Alaska and Hawaii, and foreign areas is defined as outside the United States, Commonwealth of Puerto Rico, Canal Zone, and the possessions of the United States. I am just raising the question, Mr. Ellis, in the light of your recommendation whether or not some specific reference would have to be made to Alaska and Hawaii.

Mr. ELLIS. I didn't see the committee print this morning.

Mr. FOLEY. In the drafting and submission of your recommendation I wanted to point out that under the definitions there is sort of a gray area involving Hawaii and Alaska.

Mr. ELLIS. I understood the program of the legislation contemplated where it said beyond the continental United States that means if we have an employee in Alaska or Hawaii he is covered by beyond the continental limit. If that is covered in the drafting, we have to make a change.

Mr. FOLEY. Excludes Alaska and Hawaii, and the foreign area does not include Alaska and Hawaii, so there is a gray area not covered by the other definition.

Mr. ELLIS. That is a good point. I have not seen this bill this morning, and I would not want to comment on it without studying those changes.

Mr. FOLEY. That is all.

Mr. BROYHILL. Mr. Foley covered my question there about continental limits.

Mr. MORRISON. Mr. Gross?

Mr. GROSS. Thank you, Mr. Chairman.

Why should there be an exclusion of Alaska and Hawaii?

Mr. ELLIS. Mr. Gross, I believe I share your problem. I didn't see the committee print of this morning, and I don't believe I am capable of commenting on the technical language. I think I should leave that to the experts of the committee. We think the court people should be allowed the same allowances that the executive branch people located in the same areas get, and if the committee turns out

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nothing for Alaska and Hawaii there will be no problem, but I don't believe I should be the one to try to settle the technical problem that the counsel here will take care of.

Mr. MORRISON. Mr. Johnson, would you explain that, please?

Mr. JOHNSON. Yes. The committee print, on page 3, contains a new paragraph in italics beginning at line five, providing that the term "United States," when used in a geographical sense, means the several States of the United States of America and the District of Columbia.

This includes Alaska and will also include Hawaii when admitted as a State. This added definition is one of the technical changes made by the print because of the problem that has arisen with the admission of Alaska and the pending admission of Hawaii. With it we have a single definition to cover 50 States and the District of Columbia.

Then we proceed with the next definition in paragraph 5:

"Continental United States" means the several States of the United States of America, excluding Alaska and Hawaii.

This definition is needed as a means to authorize payment of the allowances and differentials in certain cases where it is desirable when an employee may be sent to Alaska or Hawaii. The employees of the U.S. courts would be in the same category, where an allowance or differential is proper even though Alaska and Hawaii are among the 50 States of the United States. By excluding Alaska and Hawaii from the definition of "continental United States," we have a device whereby we can authorize allowances and differentials for employees stationed there.

Further, the definition on line 16, as Mr. Foley pointed out, does not include Hawaii and Alaska. Hawaii and Alaska are among the several States of the "United States" but not in the "continental United States." Nor are they in "foreign areas." They are included only in the new definition of the United States for certain purposes.

There was a gray area, and this gray area has been clarified by the addition of paragraph 4 defining United States, a term which is used a number of times throughout the bill in reference to employees who should receive allowances even though they are going to one of the States outside of the 48 States (and the District of Columbia) until recently constituting the continental United States.

Mr. FOLEY. Right on that point, Mr. Chairman, I would like to ask this. Directing your attention to lines 17 and 18, reference is made to outside the United States. We can then interpret United States, revert to lines 4 and 5, which means that when you are referring to the United States in line 18 you are actually referring to Hawaii and Alaska.

Mr. JOHNSON. Yes, because they are not foreign areas but States of the United States. In referring to the United States in paragraph 6 we are referring to 50 States (when we have 50) and a foreign area is something that is not a part of the United States in any sense.

Mr. MORRISON. Mr. Broyhill?

Mr. BROYHILL. Will there be cases, then, where employees who are being transferred to Hawaii would receive certain quarters and allowances similar to oversea allowances, that that same employee in the same capacity would not receive if he were transferred for example to California?

Mr. JOHNSON. Exactly; that is correct, sir.

Mr. BROYHILL. In that instance the States of Hawaii and Alaska are not similar to the rest of the States?

Mr. JOHNSON. The States are considered differently because of their geographic locations. There are certain instances in which agencies transfer employees either from continental United States to Alaska or Hawaii—or from another post in a foreign country to Hawaii or Alaska—whereas their places of residence may be in the District of Columbia or in the 48 States existing before Alaska became a State. The overall purpose of this bill, of course, is to place all employees in pari materia with respect to their living conditions so that they are reimbursed and made whole for any excessive costs or difficulty they may incur by reason of working outside of the continental United States.

Mr. GROSS. Referring to the language on page 16, let me ask you, Mr. Johnson, is the Commonwealth of Puerto Rico considered to be a hardship post?

Mr. JOHNSON. Allowances and differentials have been authorized under Executive order for Puerto Rico for some time past. It can be considered a hardship post. It is not necessarily always a hardship post but again the purpose is to make the employee whole, that is, to reimburse him or otherwise place him in substantially the same position as though he were working for his Government at the seat of Government in Washington or somewhere in the continental United States.

Mr. MORRISON. If there are no questions we wish to thank you very much, Mr. Ellis.

The next witness is Mr. Rutherford D. Rogers, the Chief Assistant Librarian of Congress.

Mr. Rogers.

**STATEMENT OF RUTHERFORD D. ROGERS, CHIEF ASSISTANT
LIBRARIAN OF CONGRESS**

Mr. ROGERS. Thank you, Mr. Chairman.

Gentlemen, I am not here to speak to the technical provisions of the bill, but to request on behalf of the Librarian of Congress that employees of the Library be made eligible for the allowances and differentials provided for in H.R. 5007.

Public Law 85-931 amending Public Law 460 of the 83d Congress authorizes the Librarian of Congress to operate programs overseas using for this purpose U.S. foreign-owned currency appropriated by the Congress. Although no such appropriation has yet been made, it is expected that this matter will come before the Congress during this session.

It is therefore quite possible that a number of Library employees might be assigned to work in foreign countries, and it would be of the utmost importance that these employees be eligible for the benefits of this bill.

Beyond the Public Law 460 program the Library has had occasion in the past to send staff members abroad for extensive periods of time on such missions as supervising the microcopying of rare and archival materials and in connection with the acquisition of materials for the Library's collections. Such members have been paid post differential only when gift moneys were available for this purpose.

The Library has actually been forestalled from carrying out some desirable programs because of its inability to compensate staff members appropriately. As an agency of the legislative branch of the Government, the Library of Congress would not fall within the definition contained in the present bill. If this committee considers favorably our request for inclusion, legislative counsel may wish to consider sections of the bill other than title I, part B, for any special problems that may be posed by the inclusion of the legislative agency.

Mr. MORRISON. Mr. Broyhill, any questions?

Mr. FOLEY. One question, Mr. Chairman.

These Library employees, would they be on temporary assignment or permanent assignment in the foreign areas?

Mr. ROGERS. We are planning on periods of 2 years. I believe that is considered a permanent assignment.

Mr. MORRISON. Mr. Gross?

Mr. GROSS. No questions.

Mr. MORRISON. Mr. Harmon?

Mr. HARMON. No.

Mr. GROSS. You are not in this bill and you want to get in on the act, is that correct?

Mr. ROGERS. Yes.

Mr. MORRISON. The next witness is Mr. John S. Warner, Legislative Counsel, Central Intelligence Agency, accompanied by Mr. Joseph G. O'Neill.

STATEMENT OF JOHN S. WARNER, LEGISLATIVE COUNSEL, CENTRAL INTELLIGENCE AGENCY, ACCOMPANIED BY JOSEPH G. O'NEILL, ASSISTANT GENERAL COUNSEL, CENTRAL INTELLIGENCE AGENCY

Mr. WARNER. Thank you, Mr. Chairman.

This bill contains a number of provisions amending the basic act governing the Central Intelligence Agency. A number of authorities in the bill have been available to the Agency through our own legislation.

What we have endeavored to do with the fine cooperation of the staff is to conform our legislation to this legislation so that we will follow a standard and uniform procedure across the board, which is one of the major objectives of the bill. We generally favor this bill as it is presently written, and I do not want to repeat the statements made by Secretary Jackson.

We will hold ourselves available for questions, if you have any. This is a rather complicated bill, and there may be some questions as to precisely what these amendments are, but I believe that substantially we can say this conforms our legislation which previously was similar to the Foreign Service Act to the changes that are being made here.

Mr. MORRISON. Any questions?

Mr. BROYHILL. Yes.

Did I understand you to say this will change some of the basic legislation which now affects you?

Mr. WARNER. That is right, sir. Somewhat like the Foreign Service Act we have the Central Intelligence Agency Act of 1949 which grants to us many of the basic authorities similar to the Foreign Serv-

ice Act. So as to keep ourselves in consonance with these proposed amendments we are amending our act with this bill.

Mr. BROYHILL. This legislation will amend your act?

Mr. WARNER. Yes.

Mr. BROYHILL. In line with the Foreign Service?

Mr. WARNER. And the provisions of this bill itself. We do not want to be out of phase with the provisions of this bill or the Foreign Service Act. We would like to conform.

Mr. BROYHILL. It will have no adverse effect?

Mr. WARNER. No.

Mr. MORRISON. Mr. Gross?

Mr. GROSS. Well, does this bill treat you more favorably than your present status?

Mr. WARNER. In some respects, yes.

Mr. GROSS. How much more? Go ahead, I would like to hear it.

Mr. WARNER. We do not presently have authority to accrue home leave for our employees. This would enable us to grant our employees home leave similar to that which is being given to the rest of the Government by this proposed bill, and which the Foreign Service today has. This is the major advantage being conferred by this bill.

Mr. GROSS. How much more are you going to add to the cost of this legislation?

Mr. WARNER. We believe that the other provisions of the bill will not add measurably to our costs. We do not believe—

Mr. FOLEY. Before you answer that further, I would like to ask would not a recitation of cost items be a somewhat indication of the total employees overseas and therefore is objectionable on the same grounds that the previous question is?

Mr. GROSS. I don't buy that at all, and I can't yield to the gentleman for that purpose. I would like to know how much more this is going to cost. We had one unfortunate experience with the CIA, in our Manpower Utilization Subcommittee. We sought to find how many super grades you had, and were told that was classified. We didn't ask for names or job descriptions or anything else. We finally got them, but we had trouble. Now I understand the nature of your CIA operation, but I also understand that there are questions that you can answer and I don't intend to be stopped in asking this question. I want to know how much more you estimate this is going to cost?

Mr. MORRISON. If the gentleman can answer that without divulging anything that is classified, please do.

Mr. WARNER. I will attempt to do so, Mr. Chairman. As indicated, I do not believe that the other provisions of the bill will add measurably to our cost, because most of the authorities we presently have. In the case of home leave, we find it rather difficult to estimate how much this will cost, since it is not a direct cost item. You do not pay for home leave, you simply grant, so that it is not in that sense a measurable additional cost.

Mr. GROSS. I am going to ask you to supply for the record an estimate of what your part of this program would cost, the additional cost of this program.

Mr. WARNER. I do not believe that a written answer would convey any more information than I have given you here, Mr. Gross.

Mr. MORRISON. Any questions, Mr. Harmon?

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Mr. HARMON. No.

Mr. MORRISON. Thank you very much, Mr. Warner and Mr. O'Neill.

Mr. WARNER. Thank you.

Mr. MORRISON. That will conclude the testimony on H.R. 5007 and H.R. 5099.

The subcommittee now will take up H.R. 5178 and H.R. 5238, bills to provide health and medical services for civilian employees in Government service overseas and their dependents, and for other purposes.

The Department of Defense, the Bureau of the Budget, and the State Department in the last several years have officially recommended legislation to effect the purposes embodied in H.R. 5178, to provide health and medical services for civilian employees in Government service overseas and their dependents, with one minor amendment. A copy of the bill is at each member's desk.

This legislation was developed through our Civil Service Subcommittee overseas hearings and report, unanimously approved by the full committee and printed as House Report No. 2109, 84th Congress. The bill was prepared in cooperation with the executive branch. The bill carries out the policy approved by the committee in House Report No. 2109.

Briefly, this legislation provides that:

- (1) Overseas employees and dependents will receive physical examinations before departure for their posts;
- (2) Necessary immunization will be provided at Government expense;
- (3) The cost of medical travel for employees and dependents will be paid by the Government;
- (4) Greater responsibility will be imposed on the Government for providing adequate medical care for overseas employees, at no cost to the employees and at reasonable charges to their dependents;
- (5) Clinics or dispensaries may be established by the Government where necessary in overseas areas;
- (6) Any department or agency operating medical facilities or services overseas may provide care to all Federal employees; and
- (7) The President will coordinate activities of the various departments and agencies in providing overseas health and medical services.

This legislation is needed because overseas employees undergo health hazards not encountered in the United States. The incidence of disease is greater, and health and sanitary conditions generally are less favorable, in overseas areas than in the United States. Medical attention and facilities meeting American standards often are not available locally.

It is both necessary and desirable that a health and medical program meeting American standards be provided by the Government to maintain a high level of efficiency in carrying out our vital overseas commitments.

There has been no uniformity of approach or coordination of effort, resulting in serious deficiencies in caring for the health of our overseas employees. These deficiencies will be corrected by this bill, which will establish, for the first time, a comprehensive, uniform, and coordinated program assuring substantially equal health and medical services to all Federal employees overseas.

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There is full and complete agreement on the part of the executive branch on the need for prompt approval of this legislation.

We have not much time left, but I think we should utilize that. The committee would like to hear from the Deputy Assistant Secretary of Defense; Hon. Stephen S. Jackson, and Mr. Sompayrac on this bill.

Without objection, there will be inserted in the record letters in support of this legislation from the Civil Service Commission, the Department of State, the Administrative Office of the U.S. Courts, as well as the report of the Comptroller General.

(The letters referred to are as follows:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 12, 1959.

HON. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. MURRAY: This is in further reply to your letters of March 4 and March 6, 1959, requesting the views of the Civil Service Commission on H.R. 5178 and H.R. 5238, identical bills to provide for health and medical services for civilian employees in Government service overseas and their dependents, and for other purposes.

The Commission favors enactment of the proposed legislation.

The purpose of these bills is to establish a uniform health and medical service program for all Federal employees and their dependents serving abroad. At the present time there is no such uniform program. Individual agencies have long realized the importance of protecting employees from the health hazard of overseas living and to the extent possible under existing laws have attempted to protect and maintain the health of employees. However, the medical benefits provided by individual agencies vary greatly. Some agencies have authority for, and have developed, a somewhat comprehensive health and medical services program for both employees and dependents, while others offer employees and their dependents few or no health benefits. The proposed bills would overcome the major inequities and shortcomings of the existing agency overseas medical and health plans by authorizing a comprehensive and uniform program of health and medical benefits for all Federal employees and their dependents.

The bills would grant authority to the heads of agencies, in accordance with regulations prescribed by the President, to provide the following benefits for civilian employees and their families serving abroad:

1. Predeparture and periodic physical examinations for overseas employees and their dependents at Government expense.

The cost to the Government of providing this service would be more than compensated for by the weeding out of those applicants or dependents who are physically unable to withstand the rigors of overseas living. Periodic examinations would permit the early detection of illnesses and insure prompt treatment thus reducing the Government's liability.

2. Inoculations and vaccinations at Government expense.

This practice is commonly followed at the present time. Immunizations substantially reduce the susceptibility of personnel to endemic diseases thus providing an essential "ounce of prevention."

3. Medical travel provided or paid for by the Government.

This provision would protect employees assigned to backward areas or isolated posts against heavy financial expense necessary for either them or their dependents to receive medical care at some distant locality.

4. Outpatient care would be provided free to employees and at a nominal cost to dependents.

5. Employees would receive free hospital care and dependents would receive similar care at a nominal cost.

6. Agency heads may pay the expenses of both inpatient and outpatient care for employees or dependents after return to the United States from an overseas area for any illness or injury which was incurred in an overseas area.

The bills require that employees and dependents repay to the Government the full amount of charges which are their responsibility in those cases where the Government has advanced the money to them. It also provides that, if necessary,

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recovery can be made by setoff against accrued salary, compensation, amount of retirement credit, or other amount due the employee from the Government.

Agencies are authorized to establish firstaid stations, clinics, or dispensaries and provide the services of a physician at those posts which lack adequate medical facilities and where (1) there are sufficient personnel to warrant such action, (2) local facilities are inadequate, and (3) there are not adequate facilities maintained by other agencies. Agencies which operate medical facilities overseas are authorized to make the services of these facilities available to all Federal employees and their dependents. In addition, the bill would authorize the President to establish an Overseas Employees Medical Advisory Board which would be responsible for regulating and coordinating agency health and medical programs.

The Commission believes that the proposed legislation would establish an effective and uniform overseas health and medical program. We urge that favorable consideration be given these measures by the Congress.

The Bureau of the Budget has advised us that there is no objection to the submission of this report to your committee.

By direction of the Commission,
Sincerely yours,

BARBARA GUNDERSON, *Acting Chairman.*

DEPARTMENT OF STATE,
Washington, D.C., June 10, 1959.

HON. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives.*

DEAR MR. MURRAY: Reference is made to your letters of March 4, 1959, and March 6, 1959, requesting reports on the identical bills, H.R. 5178 and H.R. 5238, "To provide for health and medical services for civilian employees in Government service overseas and their dependents, and for other purposes."

The Department recognizes that more uniform medical benefits for Government employees stationed overseas would contribute to improved personnel administration. Although it recognizes the benefits that can accrue from a Government-wide approach to personnel administration problems, the Department would like to point out that the Foreign Service Act of 1946, as amended, constitutes, with relatively few exceptions, an integrated statute to govern the organization and administration of the Foreign Service. This act, as you are aware, originated with the House Committee on Foreign Affairs, which has, together with the Senate Committee on Foreign Relations, consistently maintained a deep interest in all matters affecting the Foreign Service. Since the subject bills propose to repeal certain sections of the Foreign Service Act and to amend another, the Department is forwarding a copy of its comments to you on these bills to the chairman of the House Committee on Foreign Affairs and to the chairman of the Senate Committee on Foreign Relations.

You will note that subsection 15 "(e)" on page 21, line 20 of H.R. 5178 should be changed to read "(c)."

Subject to the foregoing comments, the Department of State does not object to the enactment of this proposed legislation.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, JR.,
*Assistant Secretary
(For the Secretary of State).*

ADMINISTRATIVE OFFICE OF THE U.S. COURTS,
Washington, D.C., March 11, 1959.

HON. JAMES H. MORRISON,
*Chairman, Subcommittee on Civil Service, Post Office and Civil Service Committee,
House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN MORRISON: It is my understanding that your Subcommittee on the Civil Service, Post Office and Civil Service Committee, of the House of Representatives will commence hearings in the near future on H.R. 5178 and H.R. 5238, companion bills introduced to provide for health and medical services for civilian employees in Government service overseas and their dependents, and for other purposes.

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The Judicial Conference of the United States would very much like to see the judges and supporting personnel of the U.S. Courts included within the provisions of these bills. In this connection, the Administrative Office would greatly appreciate the opportunity to appear and testify whenever the hearings are held. While only a few employees within the judicial establishment are affected, the provisions of these bills would be very beneficial to them and their dependents.

With kind regards, I am

Sincerely yours,

WARREN OLNEY III, *Director.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, April 15, 1959.

Hon. TOM MURRAY,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives.*

DEAR MR. CHAIRMAN: Your letter of March 4, 1959, acknowledged March 5, requests our report on H.R. 5178. What is said herein concerning that bill applies also to H.R. 5238, an identical bill which was the subject of your letter of March 6.

H.R. 5178 would provide, to the extent feasible, health and medical services for civilian employees in the Government service overseas and their dependents. The broad purpose of the bill is one of policy primarily for determination by the Congress; therefore, we offer no comment on its merits. However, the following suggestions on H.R. 5178 are submitted for your consideration.

We believe that the term "applicant" as used in the bill should be clearly defined in section 3.

Generally, our view is that in those sections of the bill which grant authority to agency heads, such as sections 7 and 8, the authority so granted should be expressly subordinated to the President's power to regulate under section 12. We feel that heading up such authority in the President not only will lead to practical uniformity in the administration of the bill, if enacted into law, but also will eliminate overlapping of agency activities, multiplicity of contracts for services, and duplication of facilities at the same geographical locations with possible resulting waste. We do not believe that this would restrict the operation of the program by emphasizing centralized control. An alternative suggestion in that regard would be to vest overall administration of the program in the Department of State which already is administering a large program of overseas medical care. We do not construe the authority granted agency heads by sections 7 and 8 as authorizing the building of physical plants for hospitals, clinics or other medical facilities.

Regarding subsection 6(b) we recommend—without intent to limit the authority granted by the section—that the travel expenses authorized generally be required to comply with the Standardized Government Travel Regulations and existing statutes pertaining to travel but that in emergency or other appropriate cases the travel may be effected by such means as the agency head may deem proper without regard to such regulations or statutes. The shift in emphasis of the language in this section of the bill will, we believe, tend to curb abuses and unnecessary expenditures.

Subsection 7(d) provides for continued outpatient care of any employee or dependent who should return from an oversea area while still suffering from an illness. A similar provision for inpatient care is contained in subsection 8(d). The provision for continued care and treatment of these employees and their dependents in the United States brings to attention the fact that there are pending bills providing for Federal contributions to employee health insurance programs. We believe that this aspect of H.R. 5178 should be considered in conjunction with such bills of which H.R. 494 and H.R. 5386 are typical.

Subsection 8(c) provides for inpatient hospital care or comparable treatment without admission to a hospital, of any illness, injury or other condition of an employee or his dependent which is the result of vicious habits, intemperance, or misconduct. Subsection (c) provides that such care and treatment shall be at such charges as the President may determine, but not less than the actual cost to the Government for providing such care and treatment. Since the ascertainment of actual cost of care or treatment of a particular case in a Government hospital would be difficult, we recommend the insertion of the words "estimated or" before the word "actual" in line 1, page 12 of the bill. For inpatient care of such employees or their dependents at non-Government hospitals or for com-

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parable treatment the actual cost could be determined from billings to the Government. In section 9(b) we recommend the inclusion of dependents.

In view of the frequent use of the term "comparable treatment" in sections 8, 9, and 11 as distinguished from the term "inpatient hospital care" and the definition of the term "outpatient care" in section 3, we suggest that the term "comparable treatment" be clearly defined.

If we may be of further assistance in this matter, please let us know.

Sincerely yours,

Comptroller General of the United States.

STATEMENT OF HON. STEPHEN S. JACKSON, DEPUTY ASSISTANT SECRETARY OF DEFENSE, MANPOWER, PERSONNEL AND RESERVE; ACCOMPANIED BY EDWARD A. SOMPAYRAC, OFFICE OF CIVILIAN PERSONNEL POLICY, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE—Resumed

Mr. JACKSON. Mr. Chairman, I have a prepared statement which covers very closely the points you have made. I will be very happy to submit it or read it at your pleasure, sir.

Mr. MORRISON. How long is it?

Mr. JACKSON. It would take about, I would say, about 8 minutes or less. Probably 5 minutes.

Mr. FOLEY. Could the letter be submitted in the record, and Mr. Jackson just point out the highlights he wants to make?

Mr. GROSS. Let us hear the statement read.

Mr. MORRISON. We have not time to hear it read and for questions, so if you will just briefly highlight it I think that will suffice.

Mr. GROSS. We have the statement here?

Mr. MORRISON. Let the statement be filed.

(The statement referred to follows:)

STATEMENT OF HON. STEPHEN S. JACKSON, DEPUTY ASSISTANT SECRETARY OF DEFENSE (MANPOWER, PERSONNEL AND RESERVE)

Mr. Chairman and members of the committee. I am pleased to be given this opportunity to discuss with you the provisions of H.R. 5178 and H.R. 5238. As these are identical bills I will refer only to H.R. 5178. Because of its large employment of U.S. citizen civilian employees in overseas areas the Department of Defense has a vital interest in this bill. This interest is accentuated by the fact that the majority of the medical facilities of the U.S. Government in overseas areas are, of course, operated by the military departments.

Federal employees overseas are frequently subjected to health hazards not encountered in the United States. The incidence of disease is greater and health and sanitary facilities are frequently bad. In many areas, doctors and hospitals are poor by American standards.

Of necessity most Federal agencies have taken steps to guard the health of employees and their dependents by making available to them certain health and medical services. Because of differences in available facilities and varying legislative authorities, however, there has been little coordination or uniformity of action.

To the extent that military facilities permit, employees of the Department of Defense and their dependents are provided medical care for nominal charges. The overseas employees of other agencies are also provided care. In some cases the employing agencies have authority to pay for such care; in other cases the employee must bear the cost in full or in part. Some agencies provide physical examinations and inoculations for employees and their dependents prior to leaving for overseas posts. Other agencies require the employee to pay for these services for himself or his dependents, or both.

H.R. 5178 was prepared to eliminate inequities such as these, and to provide a comprehensive and consistent legislative policy, applicable to the extent feasible to all agencies alike. It is based on the principles that necessary additional medical expenses incurred as a result of oversea service should be borne by the Government rather than by the employee; that adequate medical facilities should be made available for the protection of employees and their dependents; and that employees should be protected from possible excessive medical expenses which could result from oversea service.

H.R. 5178 would provide for the following:

1. Free predeparture physical examinations, inoculations, and immunizations for employees and their dependents. Defense now provides these services.

2. Transportation for oversea employees and their dependents to and from the nearest locality where necessary medical care may be obtained, when suitable facilities are not available locally. Defense now provides, in emergency cases, for such transportation on a noncommercial, space available basis, to the nearest point where necessary care may be obtained. Return transportation to the post of duty on completion of treatment cannot, however, be provided.

3. Outpatient and inpatient care, free to oversea employees, and for a reasonable charge to dependents. Such care would be furnished through the facilities of the employing agency or through arrangements with other agencies having facilities, cooperative arrangements with foreign governments, or on a fee or contract basis with private facilities. Defense now provides both outpatient and inpatient care for its oversea employees and dependents at reasonable charges if adequate military facilities are available. Otherwise no care is furnished and no assistance can be given the employee to meet the cost.

4. Heads of agencies would be authorized to establish first aid stations, clinics, or infirmaries and to provide care to all Federal employees and their dependents in the oversea area, at the expense of the employing agency. Defense now has adequate authority for this purpose but most other agencies do not.

5. The President would be authorized to establish an Oversea Medical Advisory Board, composed of agency representatives and others appointed by him to coordinate the program and the activities authorized by this bill.

As noted, the bill provides only a few new authorities for the Department of Defense. The most significant are the transportation authority and the authority to provide medical care in other than Government facilities. The number of places where this might be necessary are comparatively few, as most Defense civilian employees and their dependents are stationed where military medical facilities are available. In those few cases, however, the new authority would be of considerable benefit.

H.R. 5178 is permissive in nature, merely authorizing the heads of agencies to provide medical care and authorizing those agencies with medical facilities to make them available to the oversea employees of other agencies and their dependents, subject to the availability of space, facilities, and capabilities of the medical staff. In this connection it must be pointed out that the Department of Defense can afford no assurances as to the extent to which it will be able to furnish, through the Department's medical facilities, the medical care provided for in the bill for employees of other Federal agencies. The fundamental mission of the medical facilities of the Department of Defense is to provide adequate medical services to its military personnel. In the event of any emergency, the performance of this primary mission may well preclude the furnishing of medical care even to dependents of military and civilian personnel of the Department of Defense. At present the availability of adequate medical facilities is a factor considered before civilian employees may be taken to an oversea area.

H.R. 5178 contains many provisions similar to those appearing in the Dependents' Medical Care Act (Public Law 569, 84th Cong.; 78 Stat. 250), which law reflects generally the standards of medical care which should be made available to dependents of military personnel. The Department of Defense believes that medical care to be provided for dependents of civilian employees of the Government stationed in oversea areas should, as a general proposition, conform with the general principles which have been set for military dependents. It is assumed that the implementing regulations of the President will be written with this consideration in mind. Further, it would be the intent of the Department of Defense to implement the permissive features of H.R. 5178 in such manner as to provide reasonable comparability.

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This bill would provide a much needed legislative policy on a matter of extreme importance to the thousands of U.S. citizens stationed in oversea areas by reason of their employment by the U.S. Government. It would provide essential authority on a consistent basis for all Federal agencies. It would result in reasonably comparable treatment of all employees and their dependents.

On behalf of the Department of Defense I urge that this bill be favorably considered by this committee.

Mr. JACKSON. Yes, sir, the highlights are as you have indicated. There has been no fixed uniform policy for all of our people overseas. One of the factors that is of special importance from the standpoint of the Department of Defense is that we are involved in an important matter in two ways. Most of the facilities that will be involved will be military facilities that are deployed throughout the world, and of course we have a very large number of people who are involved.

As the chairman has pointed out, the matter of additional expense for the very necessary inoculation to insure immunization is certainly a requirement that is imposed and necessary, and should be uniformly applied. I would like to point out to you that from a standpoint of the Department of Defense again the utilization of our facilities, military facilities, are conditioned on the first priority of its primary mission, and that is the health and physical condition of our troops. We are strongly in favor of this bill. It is a bill which we think will iron out again some unexplainable deficiencies, and lack of uniformity which obtains with regard to our civilian employees overseas. I will be glad to try to answer any specific questions, sir, if you wish to ask them.

Mr. MORRISON. Mr. BROYHILL?

Mr. BROYHILL. Inoculation, as an example, are there cases now where some employees going overseas have to pay for their own inoculations?

Mr. JACKSON. Not in the Defense Department, but in other agencies.

Mr. BROYHILL. How about in your hospitalization and medical services of your employees overseas? Are there instances where you do not provide for them now?

Mr. JACKSON. Ourselves?

Mr. BROYHILL. Yes.

Mr. JACKSON. No, sir. We provide for the Department of Defense employees and for dependents if the space and facilities are available at the present time.

Mr. BROYHILL. In what way would this bill assist the Department of Defense?

Mr. JACKSON. Well, the bill again is not designed primarily to the Department of Defense. It may impose some added burdens, but there is one instance that comes to mind at the present time if we have a person in a fairly remote area who has to be taken to the hospital for an operation where there are facilities; oddly enough we can take them there, but we cannot take them back; they have to come back at their own expense.

There is one that benefits us, and there are several adjustments of these things to make it fairly equitable to all.

Mr. BROYHILL. Do you know what the cost of this bill would be?

Mr. JACKSON. I am sorry, sir. We had contemplated a medical staff member with us here, but because of some development he is not here. I will be very happy to supply the cost.

Mr. BROYHILL. Apparently it is not too great?

Mr. JACKSON. Yes. We were not able to come up with any reliable figure, because most of the benefits of this bill are already available to the Department of Defense. The major provision would be to extend to employees of other agencies. The additional expense would not be very great.

Mr. FOLEY. Mr. Chairman, just a couple of brief question to see if I understand the operation. The civilian employees of the Department of Defense, would they, by virtue of this bill when they are serving overseas, have easier access to the medical facilities of the Army, Navy, and Air Force, or does this provide for Federal facilities by local practitioners in the foreign countries?

Mr. JACKSON. By the former. It would provide for use of Federal facilities as at present and in addition would permit use of local practitioners and facilities.

Mr. FOLEY. And the goal is uniformity?

Mr. JACKSON. Yes, sir; and an overall legal basis with regard to the administration and providing of these facilities.

Mr. FOLEY. One final question.

The effect of the bill would not eliminate the cost item altogether; in other words, the civilian employees would have to bear the cost of certain aspects of the medical program, or is this provided free for all?

Mr. JACKSON. No, sir; the dependents would have to pay. The civilian employee would parallel the military, and he would get free care.

Mr. FOLEY. But his dependents would have to pay?

Mr. JACKSON. Yes.

Mr. FOLEY. Is that true of military?

Mr. JACKSON. Outpatients in foreign—I know the local situation better, I don't know what it is in foreign countries. I don't think it is fixed, sir. They do not have to pay here if there is space available. They would have to pay under this bill.

Mr. FOLEY. Finally, again, there would be uniform regulations promulgated by the President?

Mr. JACKSON. That is right.

Mr. FOLEY. And would apply to all civilian employees regardless of what agency they were working for overseas?

Mr. JACKSON. Yes, sir.

Mr. FOLEY. Thank you.

Mr. MORRISON. Mr. Gross?

Mr. GROSS. Yes.

Mr. Secretary, you made the statement you can take them there, but you cannot take them back. Were you referring to taking them to the hospital, but you could not take them back? Explain that, please.

Mr. JACKSON. You would provide for the transportation or cost of it to a hospital in an emergency situation by military vehicle if available, or if not by the cost for private. But when they have recuperated and would return back to their local post, there is no authorization presently in the law for us to provide the return transportation.

Mr. GROSS. Now the Foreign Service, the State Department and the Foreign Service are taken care of, are they not, in other legislation? Does this bill apply to them?

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Mr. JACKSON. I am not familiar with the State Department on this particular item. This bill in answer to your question, Mr. Gross, would apply to the State Department now; yes, sir.

Mr. GROSS. This would apply to the State Department as well as to the Department of Defense?

Mr. SOMPAYRAC. Yes, sir. They do have some legislation which covers this now, but this would put everybody on the same footing.

Mr. GROSS. They must be taken care of. I see no witness from the State Department here. Now you say that this is not essential to you particularly—this legislation. The State Department apparently is taken care of. Who is this designed to benefit?

Mr. SOMPAYRAC. Our authorities are somewhat different from the State Department's authorities. This is an attempt to try to equate on a reasonable basis these benefits for all employees overseas and to establish in law a reasonable policy governing it.

Mr. GROSS. You are carrying the torch for all the Government agencies; you are here for all the rest of the Federal employees?

Mr. SOMPAYRAC. We are here, sir, because we favor this bill and we are here to support it.

Mr. GROSS. But your 20,900, whatever it is, employees, are taken care of?

Mr. SOMPAYRAC. There are very desirable features in this bill for us. They cover things which we are doing now on a humanitarian basis but for which we believe it would be best if we had a clear legal authority.

Mr. GROSS. What is your cost of this bill?

Mr. SOMPAYRAC. We do not have an estimate of the cost of it, sir. We don't believe it will be very high, but we were unable to compute it because we don't know just what the regulations of the President would be—just what the charges would be that he would require in his regulations—and therefore it is very difficult to try to compute it.

Mr. GROSS. What are the health conditions in Britain and France today? Are they bad?

Mr. SOMPAYRAC. Generally they are quite good.

Mr. GROSS. But this bill would apply in Britain and France, would it not?

Mr. SOMPAYRAC. It would apply there, yes.

Mr. GROSS. And you have a lot of people over there?

Mr. SOMPAYRAC. Yes.

Mr. GROSS. In both those countries?

Mr. SOMPAYRAC. Yes, sir.

Mr. GROSS. And yet this is predicated upon poor health conditions?

Mr. JACKSON. Excuse me. We referred to poor health conditions in many countries as being the reason why foreign service employees, particularly, should be protected when they are sent there. We didn't say that the bill would only apply where there are poor health conditions.

Mr. GROSS. I understand that, but it would apply there?

Mr. JACKSON. Certainly.

Mr. GROSS. With equal force, and the expenditures would probably be greater in those countries where good health conditions prevail because you had more people stationed in those countries?

Mr. JACKSON. Well, the relationship between the—

Mr. GROSS. Holland, Belgium—all the rest of them.

Mr. JACKSON. Good medical care or the good conditions that may obtain in the country is not the basis for this program, sir.

Mr. GROSS. Isn't it a factor as to the necessity for this legislation?

Mr. JACKSON. It is a factor in making it imperative in certain cases in certain countries where the conditions are unfavorable both of medical facilities, sanitary, and so on. That is not to say in areas where the conditions are good that we should not have medical facilities for our people.

Mr. GROSS. You do have them?

Mr. JACKSON. Yes.

Mr. GROSS. As far as your people are concerned. I don't know where the people are that would be benefited by the legislation since the State Department is taken care of and Defense Department is taken care of.

What are the rest of these people? And what are their numbers?

Mr. JACKSON. The Defense Department and the State Department and the other people whose numbers I don't have are getting medical care under a miscellany of programs which vary in some degree, and this is to bring order to it. As Mr. Sompayrac says, to give statutory authority where it has been done traditionally, perhaps, and put it on a uniform, solid basis, no radical change in the amount of medical care to be given or not given but to straighten out some of the discrepancies and some of the anomalies that exist in the present pattern.

Mr. MORRISON. Mr. Barry.

Mr. BARRY. This describes for the Government employee what his rights are or what he might hope to get and would pave the way for getting out a brochure so he would know what benefits he is entitled to. He should know where he needed to be privately insured, and where he didn't need to be insured.

Mr. JACKSON. That is true. I don't know if most employees could define what their rights would be if they had medical care. There would be some doubt in their minds and it would clarify it.

Mr. BARRY. In a very real sense this might be an incentive for an employee overseas to take better care of himself or look into his situation in the event of illness.

Mr. JACKSON. Could well be.

Mr. GROSS. Will the gentleman yield?

Mr. BARRY. Yes.

Mr. GROSS. Don't you presently provide information and regulations on the rights of your employees when you send them overseas? Don't they know what medical attention they can get, what hospitalization they can get, and so on and so forth, and under what circumstances?

Mr. JACKSON. We provide them that information, but there are some areas which I have tried to indicate the program varies and it is not firm, particularly across the executive all agencies, and this would define this both for the Defense Department and all civilian employees what they could and could not get.

Mr. GROSS. As far as I am concerned, Mr. Jackson, this is just another excellent reason why we should be hauling these civilians back to this country, and getting our noses out of some of the business we are in overseas.

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Mr. MORRISON. If there are no further questions I wish to again thank Mr. Jackson and Mr. Sompayrac and to compliment you on your very excellent presentation.

The next witness will be Mr. James Campbell, president, American Federation of Government Employees, accompanied by Mr. John McCart, legislative representative.

Mr. Campbell.

**STATEMENT OF JAMES CAMPBELL, PRESIDENT, AMERICAN
FEDERATION OF GOVERNMENT EMPLOYEES**

Mr. CAMPBELL. Mr. Chairman and members of the subcommittee, the American Federation of Government Employees approves the four bills under consideration by this committee, with slight modification, which will be indicated in this statement.

In providing improved differentials and allowance for Federal employees serving overseas, the bills H.R. 5007 and 5099 provide needed betterment of the Government's program for personnel administration outside continental United States. The bills H.R. 5178 and 5238 further supplement the overseas program in a very important and beneficial manner by providing wherever feasible a uniform program of health and medical services for employees and their dependents.

The two separate legislative proposals which are included in these four bills are of major importance, for they relate to a significant segment of the Federal personnel program. A sizable group of employees would be affected. In December 1958, the Federal Government employed 196,360 persons overseas. In the Territories and possessions of the United States, 67,781 persons were employed including 52,146 who were citizens of this country. Employment in foreign countries totaled 128,579 persons of whom 33,522 were U.S. citizens.

The need for employing U.S. citizens in large numbers developed during World War II. After hostilities ended this need continued, and there are likely to be large numbers of Federal employees continuing to serve overseas, not only in the regular Foreign Service of the State Department but working for other agencies as well.

An important objective of this legislation is to stimulate recruitment of persons for duty overseas and to provide a more stable work force. The objective is quite important. It will of course also provide more nearly equitable treatment of persons who are willing to undergo the hardships, inconvenience, and at times, hazard of foreign assignments.

The American Federation of Government Employees has in its membership many Federal employees serving overseas in Hawaii, the Panama Canal Zone, Guam, and Okinawa, and in various foreign countries. They have from time to time indicated their needs and have emphasized the disadvantages which they have encountered. Employees who accept these foreign assignments do so because they are interested in service abroad and in the benefit that comes from travel and residence in other parts of the world. The Government has very great need for competent employees in these remote localities, but has encountered difficulty at times in obtaining persons best suited to such service.

When the House Committee on Post Office and Civil Service investigated the personnel programs and policies of the Federal Government in overseas operations in 1956, a series of recommendations was

made which included some of the provisions of the bills presently under consideration. When the committee reported to the House May 3, 1956, on its study of these programs and policies, the report contained recommendations which pointed the way to the bill now under consideration. The subcommittee, headed by Representative Morrison, the distinguished chairman heading the present subcommittee which is developing this legislation, at that time visited various foreign areas and then appraised the need for improvements in governmental policy in the light of its observations.

The committee report emphasized the need for quarters and related allowances, transfer allowances, cost-of-living allowances, authority for shipment of privately owned automobiles, as well as extension in principle of the home leave provision of the Foreign Service Act of 1946, as amended, to departments and agencies having overseas employees.

The question of home leave is closely related to the overall objective indicated. Employees who go abroad are loathe to lose touch with their native country, and they should not be required to do so. That has been recognized by the State Department and we believe that the same principle should be applied to personnel of all departments and agencies who go overseas.

In discussing the provisions of the bills H.R. 5007 and 5099, relating to administration of overseas operations, we shall make our comment with respect to the committee print dated June 10, in which certain changes in the text of H.R. 5007 appear.

Home leave is provided on a broader scale in section 401 of H.R. 5007, which amends subsection (f) of section 203 of the Annual and Sick Leave Act of 1951, as amended. We approve the extension to employees of other agencies of home leave amounting to 1 week for each 4 months of service now available to employees in the Foreign Service of the Department of State. However, we believe that these bills should provide an outright grant of such leave instead of making it contingent on regulations issued by the President. There is always the possibility that regulations may restrict and reduce the amount of the benefit which Congress intended to give.

The home leave of the Foreign Service is presently provided in section 203(f) of the Annual and Sick Leave Act of 1951, as amended, without any restricting stipulation as to issuance of regulations. We believe that the grant of home leave in H.R. 5007 and 5099 should be similarly worded. This may be accomplished by omitting the words "in accordance with regulations of the President."

The American Federation of Government Employees urges the amendment of H.R. 5007 and 5099 so as to apply the provisions of home leave to all Federal employees serving in the Panama Canal Zone.

There appears to be need for clarifying the definitions of the terms "United States," "continental United States," and "foreign area," stated on page 3 of the committee print of H.R. 5007. The Commonwealth of Puerto Rico, the Canal Zone, and the possessions of the United States have been excluded from the term "foreign area," but since they are not States, the area enumerated could scarcely be included in the terms "United States" and "continental United States." If the Canal Zone is not a foreign area, it should be clearly indicated

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whether it is to be considered as a part of the United States or of continental United States.

Recognition was given to the need for uniformity in providing medical and hospital services. In this connection, the report of the committee contained the following recommendation which pointed the way to the bills H.R. 5178 and 5238 providing health and medical services:

The Civil Service Commission, and the departments and agencies having substantial numbers of overseas employees in any area, should review existing policies for furnishing medical and hospital services to such employees and review regulations, standards, and practices to insure that, to the extent possible, the services are made available to all such military and civilian employees on a substantially equal basis and that there is no unwarranted variance or discrimination in the charges made to the employees or their dependents.

The first question we wish to raise concerning these two bills providing medical and hospital care relates to the geographical areas in which service would qualify an employee to receive the benefits provided. The definition of "overseas area," in section 3(4), on page 3 of the bill H.R. 5178, excludes "Alaska, Hawaii, the Commonwealth of Puerto Rico, the Canal Zone, and the possessions of the United States." An employee in such areas may benefit only "to the extent that the President may designate by regulation all or any part of such excluded places as an 'overseas area' for the purposes of this Act by reason of adverse health conditions or inadequacy or unavailability of non-Government health and medical services or facilities."

This exclusion is discriminatory and we urge amendment of the bill to permit employees in any area outside continental United States to receive medical care and hospital service without cost to themselves and in the manner indicated elsewhere in the bill for their dependents. Employees serving in some of the excluded areas may to greater extent be affected by "adverse health conditions or inadequacy or unavailability of non-Government health and medical services or facilities" than are employees serving in the great metropolitan centers of Europe.

There is one other comment we wish to make concerning a specific provision of these bills. It has to do with the Overseas Employees Medical Advisory Board which would be established pursuant to section 13. As presently written, the bills indicate that the membership of this Board shall be selected "from among the officials and other personnel of such agencies as may be designated by or under authority of the President." We would like to add this sentence, appearing in section 13(b) on page 17 of H.R. 5178, the words: "to include at least three representatives of bona fide Federal employee organizations." We believe that it is important to provide specifically for a means of making available the viewpoint of organized employees.

It is not only desirable but clearly necessary for the Federal Government to provide these medical and hospital services for employees in distant areas. There are considerations quite apart from the hospitalization insurance program already under consideration. In these foreign areas it is not only a matter of cost but of availability of services. Where they are not adequately available specific provision should be made for the protection of the employee and his dependents by transporting the individual to an available facility if necessary. That could be done under these bills and it is a cogent reason for their enactment at an early date.

We are appreciative, Mr. Chairman, of the opportunity to state our views for the benefit of the committee.

Mr. MORRISON. Thank you, Mr. Campbell.

The next witness will be Mr. Vaux Owen, president, National Federation of Federal Employees.

Mr. Owen.

**STATEMENT OF VAUX OWEN, PRESIDENT, NATIONAL
FEDERATION OF FEDERAL EMPLOYEES**

Mr. OWEN. Mr. Chairman and members of the committee, I am Vaux Owen, president of the National Federation of Federal Employees.

Our organization numbers among its members many employees of the Federal Government serving the Federal Government overseas.

On behalf of the National Federation of Federal Employees I wish to express our strong endorsement of H.R. 5007, now under consideration by this committee.

This bill, which has been developed as a result of long and intensive study by qualified authorities, in our view represents a very long step toward the solution of many special problems which have confronted many overseas personnel. It deals, in a constructive way, with such questions as housing, hospitalization, travel, leave, transportation of vehicles, and others.

The bill gives long overdue recognition to the special nature of the work of overseas employees, local environmental conditions, the distances from the continental United States, and a great many other factors, all of which have a direct bearing upon the capacity of the Government to recruit and retain the qualified personnel it requires in its farflung operations overseas.

The need for remedial action in this field has long been apparent. Numerous resolutions have been presented to national conventions of the National Federation of Federal Employees, covering all aspects of the several problems treated in the pending legislation. Personnel and other officials in the departments and agencies affected also have been aware of the extent and urgency of the issues and have pointed to the need for action.

That the employees concerned should be given the relief which this legislation provides is unmistakably clear, and is called for by every consideration of justice and equity.

But I would emphasize most strongly the fact that in the final analysis the chief beneficiaries under this legislation would be the Government and people of the United States.

That is so because there is every indication that the highest considerations of national policy will require the United States to maintain substantial oversea activities for the foreseeable future.

No employees of the Government bear greater and more portentous responsibilities than those who man our various worldwide establishments. It is imperative, in the interest of the national welfare and security, that the Government be able to secure and to keep the best qualified employees for a wide range of civilian positions overseas. The pending legislation will, in our view, go a long way toward achieving this objective.

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The National Federation of Federal Employees thus wishes to place itself on record as vigorously supporting this legislation and urging its enactment as soon as possible.

I thank the committee for its interest and for the opportunity of stating the position of our organization on a matter which we believe to be of such far-reaching importance.

Mr. MORRISON. Thank you, Mr. Owen.

The meeting will now stand adjourned until 10 tomorrow morning.

Mr. JACKSON. Thank you, sir.

(Whereupon, at 12 o'clock noon, the hearing was recessed, to reconvene in executive session at 10 a.m., Thursday, June 11, 1959.)

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