

File

[No. 56]

**SUBCOMMITTEE NO. 1 CONSIDERATION OF S. 3001, TO AMEND
TITLE 37, UNITED STATES CODE, TO INCREASE THE RATES OF
BASIC PAY FOR MEMBERS OF THE UNIFORMED SERVICES**

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE NO. 1 OF THE
COMMITTEE ON ARMED SERVICES,
Washington, D.C., Wednesday, July 22, 1964.

The subcommittee met at 10 a.m., Hon. L. Mendel Rivers (chairman of the subcommittee) presiding.

Mr. RIVERS. Let the committee come to order.

This is about a seven-page statement, and I am going to ask Mr. Blandford to read it.

Mr. BLANDFORD. All right, sir.

Mr. RIVERS. Because I have been speaking since 7 this morning. So, Mr. Blandford, you read this statement for me.

Mr. BLANDFORD. All right, sir.

Mr. RIVERS. And read it as strongly as you know how.

Mr. BLANDFORD (reading): Members of the committee, we are beginning hearings this morning on S. 3001, a very modest military pay increase proposal.

(The bill is as follows—committee insert:)

[S. 3001, 88th Cong., 2d sess.]

AN ACT To amend title 37, United States Code, to increase the rates of basic pay for members of the uniformed services

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203(a) of title 37, United States Code, is amended to read as follows:

“(a) The rates of monthly basic pay for members of the uniformed services within each pay grade are set forth in the following tables:

“COMMISSIONED OFFICERS

“Pay grade	Years of service computed under section 205						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
O-10 ¹	\$1,302.00	\$1,347.90	\$1,347.90	\$1,347.90	\$1,347.90	\$1,399.20	\$1,399.20
O-9.....	1,153.80	1,183.80	1,209.60	1,209.60	1,209.60	1,240.20	1,240.20
O-8.....	1,045.20	1,076.40	1,101.90	1,101.90	1,101.90	1,183.80	1,183.80
O-7.....	868.20	927.60	927.60	927.60	968.70	968.70	1,025.10
O-6.....	643.20	707.40	753.30	753.30	753.30	753.30	753.30
O-5.....	514.50	604.80	645.90	645.90	645.90	645.90	666.30
O-4.....	434.10	528.00	563.70	563.70	573.90	599.70	640.50
O-3 ²	353.70	450.90	481.80	533.10	558.60	579.00	609.90
O-2 ²	281.40	384.30	461.40	476.70	486.90	486.90	486.90
O-1 ²	241.20	307.50	384.30	384.30	384.30	384.30	384.30

Footnotes at end of table.

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"COMMISSIONED OFFICERS—Continued

"Pay grade	Years of service computed under section 205							
	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26	Over 30
O-10 ¹	\$1,506.90	\$1,506.90	\$1,614.30	\$1,614.30	\$1,722.00	\$1,722.00	\$1,829.70	\$1,829.70
O-9	1,291.50	1,291.50	1,399.20	1,399.20	1,506.90	1,506.90	1,614.30	1,614.30
O-8	1,240.20	1,240.20	1,291.50	1,347.90	1,399.20	1,455.60	1,455.60	1,455.60
O-7	1,025.10	1,076.40	1,183.80	1,266.00	1,299.00	1,299.00	1,299.00	1,299.00
O-6	753.30	779.10	902.10	948.00	998.70	1,025.10	1,112.10	1,112.10
O-5	702.00	748.20	894.60	850.80	876.30	907.20	907.20	907.20
O-4	676.50	707.40	738.00	758.40	758.40	758.40	758.40	758.40
O-3 ²	640.50	656.10	658.10	658.10	656.10	656.10	656.10	656.10
O-2 ²	486.90	486.90	486.90	486.90	486.90	486.90	486.90	486.90
O-1 ²	384.30	384.30	384.30	384.30	384.30	384.30	384.30	384.30

¹ While serving as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, basic pay for this grade is \$2,019.30 regardless of cumulative years of service computed under section 205 of this title.

² Does not apply to commissioned officers who have been credited with over 4 years' active service as an enlisted member.

"COMMISSIONED OFFICERS WHO HAVE BEEN CREDITED WITH OVER 4 YEARS' ACTIVE SERVICE AS AN ENLISTED MEMBER

"Pay grade	Years of service computed under section 205					
	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14
O-3	\$533.10	\$558.10	\$579.00	\$629.90	\$640.50	\$666.30
O-2	476.70	486.90	502.20	528.00	548.40	563.70
O-1	384.30	410.10	425.40	440.70	456.00	476.70

"Pay grade	Years of service computed under section 205					
	Over 16	Over 18	Over 20	Over 22	Over 26	Over 30
O-3	\$666.30	\$666.30	\$666.30	\$666.30	\$666.30	\$666.30
O-2	563.70	563.70	563.70	563.70	563.70	563.70
O-1	476.70	476.70	476.70	476.70	476.70	476.70

"WARRANT OFFICERS

"Pay grade	Years of service computed under section 205							
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12
W-4	\$361.20	\$440.70	\$449.70	\$459.90	\$471.00	\$492.00	\$512.40	\$548.40
W-3	328.50	405.00	405.00	410.10	415.20	445.80	471.60	486.90
W-2	287.40	353.70	353.70	363.80	394.30	405.00	423.30	435.60
W-1	238.20	312.00	312.00	338.40	353.70	369.00	384.30	399.90

"Pay grade	Years of service computed under section 205						
	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26	Over 30
W-4	\$573.90	\$594.00	\$609.00	\$630.30	\$651.00	\$702.00	\$702.00
W-3	502.20	517.50	533.10	553.50	573.90	594.00	594.00
W-2	450.90	468.50	481.80	497.10	517.50	517.50	517.50
W-1	415.20	430.50	445.80	461.40	461.40	461.40	461.40

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"ENLISTED MEMBERS

"Pay grade	Years of service computed under section 205							
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12
E-9							\$445.80	\$450.00
E-8						\$374.10	384.30	394.50
E-7	\$206.39	\$282.00	\$292.20	\$302.40	\$312.60	322.80	333.00	343.50
E-6	175.81	246.00	256.20	266.40	276.60	287.10	297.30	312.60
E-5	146.24	215.40	225.60	235.80	251.10	261.30	271.50	282.00
E-4	122.30	184.50	194.70	210.00	220.50	230.50	220.50	220.50
E-3	99.37	148.50	159.00	169.20	169.20	169.20	169.20	169.20
E-2	85.80	123.00	123.00	123.00	123.00	123.00	123.00	123.00
E-1	83.20	112.80	112.80	112.80	112.80	112.80	112.80	112.80
E-1 (under 4 months)	78.00							

"Pay grade	Years of service computed under section 205						
	Over 14	Over 16	Over 18	Over 20	Over 22	Over 24	Over 30
E-9	\$466.50	\$476.70	\$486.90	\$497.10	\$522.90	\$573.00	\$573.00
E-8	405.00	415.20	425.40	435.60	461.40	512.40	512.40
E-7	358.80	369.00	379.20	384.30	410.10	461.40	461.40
E-6	322.80	333.00	338.40	338.40	338.40	338.40	338.40
E-5	287.10	287.10	287.10	287.10	287.10	287.10	287.10
E-4	220.50	220.50	220.50	220.50	220.50	220.50	220.50
E-3	169.20	169.20	169.20	169.20	169.20	169.20	169.20
E-2	123.00	123.00	123.00	123.00	123.00	123.00	123.00
E-1	112.80	112.80	112.80	112.80	112.80	112.80	112.80

SEC. 2. Notwithstanding any other provision of law, a member of an armed force who was entitled to pay and allowances under any of the following provisions of law on the day before the effective date of this Act shall continue to receive the pay and allowances to which he was entitled on that day:

- (1) The Act of March 23, 1946, chapter 112 (60 Stat. 59).
- (2) The Act of June 26, 1948, chapter 677 (62 Stat. 1052).
- (3) The Act of September 18, 1950, chapter 952 (64 Stat. A224).

SEC. 3. The enactment of this Act does not reduce—

(1) the rate of dependency and indemnity compensation under section 411 of title 38, United States Code, that any person was receiving on the day before the effective date of this Act or which thereafter becomes payable for that day by reason of a subsequent determination; or

(2) the basic pay or the retired pay or retainer pay to which a member or former member of a uniformed service was entitled on the day before the effective date of this Act.

SEC. 4. This Act becomes effective on the first day of the first calendar month beginning after the date of enactment of this Act.

Passed the Senate July 20, 1964.

Attest:

FELTON M. JOHNSTON,
Secretary.

Mr. BLANDFORD. Now, let me tell you what the bill does, what the Department of Defense proposed, and what I suggest we do.

Stated simply, the bill increases the pay of all officers and warrant officers with over 2 years of service by 2.5 percent, and all enlisted personnel with over 2 years of service by 2.5 percent.

Commissioned and warrant officers with under 2 years of service receive an 8.5-percent increase because they have not been increased since 1952, and the Senate report has recommended a greater increase for this group on the grounds that young commissioned officers with under 2 years of service, following a short orientation course "are assigned to jobs carrying the full responsibility for the grade concerned and they are, therefore, not in a training status."

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The Senate report also points out that a young second lieutenant or first lieutenant is usually 4 to 7 years older than the enlisted man that is drafted. The Senate report further states that 55 percent of the second lieutenants and 69 percent of the first lieutenants are married and, thus, have dependents; whereas only 16.5 percent of the enlisted personnel are married. I presume this refers to enlisted personnel with under 2 years of service.

The Senate report also points out that no increase is provided for enlisted personnel with under 2 years of service because, for the most part, they are in a training status but that, in addition, the young man who enters service as an E-1 recruit is normally assured of three pay raises during his first 2 years of service, with a good chance of receiving a fourth increase. That is, after 4 months, the E-1 recruit is increased from \$78 to \$83.20 a month and shortly thereafter, is promoted to E-2 at \$85.80 a month. And most of the young men who enter service are promoted to E-3 in their first 2 years of service at a pay of \$99.37.

Second lieutenants, on the other hand, under present law receive \$222.30 a month and they normally wait 18 months before they are promoted to first lieutenant.

In 1963, the Committee on Armed Services rejected any increases for members of the armed services with under 2 years of service on the grounds that all individuals entering the service had an obligation to serve, and the officer who elected to go to college had the advantage of entering on active duty, in many cases, as a commissioned officer and, thus, receive more pay than he would receive as an enlisted man. However, it cannot be denied that the cost of living has increased considerably since 1952, the last time we provided increases in pay for those with under 2 years of service, and therefore the larger pay increase for junior officers with under 2 years of service can be justified on that basis since officers must provide their own food and lodging, if married, and in most instances the uniform allowance only covers a part of the cost of the uniform.

On the other hand, the young enlisted man is provided with food, clothing, shelter and, as I have indicated, normally enters on active duty without dependents.

Now, the Senate bill is not what the Department of Defense recommended. The Defense Department recommended a 3-percent increase for officers and warrant officers, including officers and warrant officers with under 2 years of service. The Department recommended a 2.4-percent increase for enlisted personnel with over 2 years of service but no increase for enlisted personnel with under 2 years of service. It is my understanding that the Department based its proposal on the relationship of basic pay rates to salary trends of professional and technical employees insofar as officers are concerned, and based its 2.4-percent increase for enlisted personnel on the relationship of basic pay rates to salary trends of technical and clerical personnel and Army-Air Force wage board pay scales. Be that as it may, the Senate committee saw fit to modify the Defense Department proposal, and gave the same percentage increase to officers, warrant officers, and enlisted personnel—namely, 2.5-percent increase, with the exception of junior officers and warrant officers with under 2 years of service who will receive an 8.5-percent increase.

The cost of the Senate proposal for all the uniformed services, including the Coast Guard, Public Health Service, and the Coast and

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Geodetic Survey, is \$207,519,000 on a 12-month basis, and \$172,321,000 if the bill becomes effective September 1, 1964.

The departmental proposal recommended an October 1, 1964, effective date at a cost of \$142,616,000 for the Department of Defense. When the cost of the Coast Guard, Public Health Service, and the Coast and Geodetic Survey is added, this increases the cost of the Department's proposal by about \$4 million. Thus, the difference between the Senate proposal and the amount budgeted for fiscal year 1965 is \$26 million more than that recommended by the Department of Defense. Of this amount, however, about \$10 million of the increase is due to the fact that the Senate refused to accept the Department's proposal that reservists in a drill pay status not receive any pay increase.

Now, let me give you the monthly increases recommended in this bill by grade.

The 2.5-percent increase provides the following average monthly increases in pay for commissioned officers and warrant officers:

O-2	First lieutenant.....	\$11.00
O-3	Captain.....	15.00
O-4	Major.....	18.00
O-5	Lieutenant colonel.....	22.00
O-6	Colonel.....	26.00
O-7	Brigadier general.....	31.00
O-8	Major general.....	36.00
O-9	Lieutenant general.....	39.00
O-10	General.....	45.00
O-10	Chief of staff.....	49.00
W-1	Warrant officer.....	10.20
W-2	Warrant officer.....	11.80
W-3	Warrant officer.....	13.50
W-4	Warrant officer.....	16.00

For the officers with less than 2 years of service who will receive an 8.5-percent increase, the average increase will be:

O-1	Second lieutenant.....	\$19.00
O-2	First lieutenant.....	22.00
O-3	Captain.....	28.00
O-4	Major, if there are any.....	34.00
W-1	Warrant officer.....	18.78
W-2	Warrant officer.....	22.58
W-3	Warrant officer.....	25.86
W-4	Warrant officer.....	28.30

For enlisted personnel, the 2.5-percent increase will provide the following average increases:

E-1	for those few who have over 2 years of service.....	\$2.80
E-2	Private.....	3.00
E-3	Private first class.....	3.50
E-4	Corporal.....	5.00
E-5	Sergeant.....	6.50
E-6	Staff sergeant.....	7.80
E-7	Sergeant first class.....	9.20
E-8	Master sergeant.....	10.40
E-9	Sergeant major.....	12.10

The Department also recommended that all reservists in a drill pay status not receive an increase. They suggested something similar last year and we refused to accept it. They recommended that all reservists receiving drill pay not receive an increase this year and the Senate eliminated it from their bill. Thus, we do not have that problem to contend with.

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Now, let me give you my views on this proposal.

Mr. RIVERS. Now I want everybody to listen to this. Everybody who is affected listen to this.

Mr. BLANDFORD (reading): When I say this is a modest pay increase, that is the understatement of the year. I am not impressed with comparability studies that have been prepared comparing military pay with civil service pay. I doubt very much whether military pay can be compared with any civilian occupation, civil service or private industry. I know one thing, unless we provide adequate increases for members of the armed services, we are going to develop a generation of mediocre officers and noncommissioned officers which may be one of the most dangerous trends ever faced by any nation.

"This is not a pay increase that will do much for the military except to keep faith with the pledge that President Kennedy made when he said he would use his best efforts "to assure that in the future, military compensation will keep pace with increases in salaries and wages in the civilian economy."

This proposal does provide an increase and it can be argued, if you use the right set of figures, that it provides some comparability with civil service employees. But I don't know how you compare the responsibility of a captain of a carrier or a squadron commander or a regimental commander with a GS 14 or GS 15. On the other hand, I don't know how you compare the responsibility of a GS-14 or 15 with a colonel or a captain serving on a board waiting to be retired. The civil service employee, for the most part, has a continuing responsibility and his job does not change frequently. On the other hand, military personnel--officers and noncommissioned officers alike in a normal career will have varying degrees of responsibility. On some occasions, they will be paid far less than the responsibility they have assumed. On some occasions they will be paid approximately the right amount for the responsibility assumed, and, in a few cases, will be paid more than the responsibility assumed. For that reason, I am not impressed with comparability studies, but I realize we have to compare military pay with something.

Now if I am nothing else, I hope I am practical. And one of the first things I learned early in life is that "a bird in hand is worth two in the bush." I do not want to jeopardize the expeditious enactment of this proposal by suggesting changes that will increase the pay scales by an amount that might endanger its immediate consideration. For example, a half of 1 percent increase in this proposal involves an annual cost increase of about \$40 million.

There are other problems that face the military. Not the least of these is a rather doubtful decision of the Internal Revenue Service that dislocation allowances are taxable income. But this is a question that probably will have to be decided by the Ways and Means Committee and if we were to amend this bill in an attempt to correct that ruling, it might well be subject to a point of order.

So, I shall support this bill just as it is presented to us. It is simply a revised pay scale that will do little for our military personnel except to let them know that we are aware of their existence. It won't overcome the tendency toward mediocrity which I am afraid will develop unless we take some drastic action in the near future.

If I am here next January, and if certain other events take place, and I should be chairman of this committee, or the ranking minority

member, I will state here and now that it is my intention to introduce a bill that will provide substantial increases in military pay, that will provide substantial increases in subsistence allowances, and that will overcome this somewhat naive decision of the Internal Revenue Service with regard to dislocation allowances.

In addition, by next January if the Department of Defense has not come up with a solution to the problems that have been created through the payments of proficiency pay and reenlistment bonuses, then I propose to begin hearings, if I am in a position to do so, on those subjects.

I shall support this measure just as the Senate has presented it to us because it is the only practical way to handle the problem. Next January, one way or another, I intend to do a great deal more for the members of our armed services who are watching their privileges, their rights, their benefits being attacked from every side.

Mr. RIVERS. There is nothing else I need to say but this: The only reason I make that statement is because one crumb is better than no crumbs, and that is exactly what is before us.

Mr. WILSON. I hate to vote for this crummy bill, but I guess I will have to.

Mr. RIVERS. This thing has one eye on the budget, one eye on something else. We don't have the benefit of any hearings. We have not had the benefit of any expression from any witnesses. And after discussion with the chairman and Mr. Blandford, we find it is better to take this and hope that we can do something better in the future.

Now, the reason we didn't put in last year the under 2 years' officers: We felt then and we feel now, lots of us—and certainly the House is on record—that these ROTC and other officers owed the country a definite obligation and were really an unknown quantity. And if it turned out as we hoped it would, and as a great percentage of them have turned out and will turn out, they make excellent officers. We didn't feel that we really owed them any responsibility. They signed the contract.

Positively we have no complaint about it and no fuss with the other body about it. But we do think there are other considerations that have not been adequately taken care of. And this is the reason, with great painstaking, this statement has been made.

In the areas which I have outlined, I feel very deeply, Mr. Secretary, that these things have come about and we have been reluctant—and the Department—to do something about it.

I would like very much to make an all-inclusive bill, as I tried to do last year. But maybe in the future we will be in a position to do more. I hope so, at any rate.

Now, that is the position I am in. That is the position I hope the committee will take. We face a practical problem. It is better to get this 2.5 than nothing.

Now, I do agree with what the other body has done about not agreeing with the Department on these drill pay status groups. They did do a good job on that. I am glad to go along with them on that. So my statement will have to speak for itself.

Mr. Secretary, did you want to say something?

Mr. BLANDFORD. He has a statement.

Mr. RIVERS. Mr. Bates?

Mr. BATES. Well, I would prefer that the Secretary make his statement and then I think we can ask questions at that time.

Mr. RIVERS. That is right. And in view of this, we have thought it would wise to hear from the distinguished Secretary, because nobody has had the benefit of his position on this.

You sent up a roughly 3-percent bill, didn't you?

Secretary PAUL. Yes, sir; 3-percent for officers and a lesser amount for enlisted personnel.

Mr. BATES. Mr. Chairman, do I understand the Senate did not conduct any hearings on this?

Mr. RIVERS. No, nothing.

Secretary PAUL. Yes, sir.

Mr. RIVERS. So, Mr. Secretary ---

Mr. BLANDFORD. They did have a witness. You did testify, did you not?

Secretary PAUL. No.

Mr. BLANDFORD. Or did you answer questions?

Secretary PAUL. No, sir.

Mr. RIVERS. I don't think there was any. We have no record.

Mr. BATES. May I ask another preliminary question with respect to that? Was this bill also introduced in the House?

Mr. RIVERS. No.

Mr. BLANDFORD. No.

Mr. BATES. Now, how did the Department of Defense transmit this to the Senate? Was that on request?

Secretary PAUL. No, sir. We submitted a legislative proposal in February, Mr. Bates, which was not the same as the bill that Senator Russell's committee reported out.

Mr. BATES. Was that introduced in the House?

Secretary PAUL. No, sir. It was not introduced in either the Senate or the House.

Mr. RIVERS. I am glad Mr. Bates has asked that question.

Last year during the hearings, Mr. Bates, if you will remember, the Department did tell us that after this bill was passed--last year, wasn't it?

Mr. BLANDFORD. Yes.

Mr. RIVERS. A proposal would be sent up here promptly this year, and that commitment was kept, Mr. Secretary, for which I congratulate you. But the chairman, Mr. Vinson, didn't feel that we should take any action on this bill, this recent proposal, until we had had some sort of expression from the other body. Because as we recall, we passed the last bill last March and it wasn't sent back to us until--what, late in September, is it, Mr. Blandford?

Secretary PAUL. Yes, sir; I believe it was late in September.

Mr. RIVERS. Very late in September. And we didn't want that to happen again. So we were gratified with action in the other body, so gratified that we want to have this meeting. That is the reason for it.

You may proceed, Mr. Secretary.

Secretary PAUL. Thank you, Mr. Chairman.

Your excellent statement covered some of the points in my statement, but inasmuch as this is the only hearing we will have had on this pay bill, I would appreciate the opportunity to read my statement. It is very short.

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Mr. RIVERS. Go right ahead, sir. This meeting is the only history we have on it, the legislative history.

Secretary PAUL. Mr. Chairman and members of the subcommittee, I am happy to appear this morning to testify on S. 3001, a bill to increase the rates of basic pay for members of the uniformed services.

An increase in military pay is clearly justified on the basis of upward salary adjustments in the civilian sector, including Federal civilian pay. Of at least equal importance as the actual amounts proposed, however, is the principle embodied in this legislation of the need for an annual review procedure for military compensation. This is in keeping with the pledge made by President Kennedy when he signed last year's pay bill to the effect that the administration would use its best efforts to assure that in the future military compensation will keep pace with increases in salaries and wages in the civilian economy. In his budget message to the Congress this year, President Johnson reaffirmed the soundness of the principle of an annual review and support of this pledge.

One of the principal sources of difficulty for the military has been that, whereas their compensation has been adjusted sporadically and after considerable timelag, the pay of Federal civilian employees has been adjusted on a more regular basis. The last basic pay increase for members of the uniformed services became effective on October 1, 1963, but before that it had been 5 years since the last military pay increase. During this 5-year period, classified employees of the Federal Government received four pay increases—in 1958, 1960, 1962, and 1963—and conferees of the House and the Senate are now scheduled to meet on an additional civilian pay increase for this year. The consequences of previous lags in military pay increases behind the civilian sector have been unfortunate, and dramatic. We have calculated, for example, that over the last 15 years, the average officer—I believe we took a captain with 6 years of service as the average—has lost \$14,000 because he got his pay increases at such infrequent intervals. The Department of Defense submitted a legislative proposal in February of this year which would have raised the basic pay of all enlisted personnel with over 2 years of service by 2.4 percent and the basic pay of all officers, including those with under 2 years of service, by 3 percent.

As you are aware, S. 3001, while not distributing basic pay in increases in these same amounts, is roughly comparable in total cost. Specifically, S. 3001 would grant all enlisted personnel with over 2 years of service one-tenth of 1 percent more than the Defense Department proposal—a 2.5-percent increase as contrasted with 2.4 percent. In the case of officers, S. 3001 would grant all officers with over 2 years of service one-half of 1 percent less than the Defense Department proposal—a 2.5-percent increase as compared with a 3-percent increase. S. 3001 would grant officers with under 2 years of service 6 percent more than the Department of Defense proposal—8½ percent as contrasted with 2½ percent. The only other difference relates to drill pay for reservists and National Guard personnel. S. 3001 would extend the new pay rates to all reservists including those called to active duty and those performing drill. The Defense Department proposal would have extended the new pay scales only to members of the Reserve forces while on active duty, including active duty for training.

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The formula we applied in arriving at our proposed military basic pay increases this year was as follows:

(a) Officers: The basic pay of officers will be adjusted annually to insure that it retains a constant relationship to an index based upon the Bureau of Labor survey of the salaries of professional, administrative, and technical employees, except that no adjustment will be made until the index moves 2 points.

(b) Enlisted, over 2 years of service: The basic pay of enlisted personnel with more than 2 years of service will be adjusted annually to insure that it retains a constant relationship to an index of technical, clerical, and wage board wages (the index shall be based on the Bureau of Labor National Survey of Technical and Clerical Pay and the Army-Air Force Wage Board pay scales), except that no adjustment will be made until the index moves 2 points.

(c) Enlisted, under 2 years of service: The basic pay of enlisted personnel with less than 2 years of service will be adjusted annually to insure that it retains a constant relationship to the Consumer Price Index, except that no adjustment will be made until the index moves 2 points.

In applying this formula, our review indicated that in the period between the time of our calculation as to the military pay increases in 1963 and the time for developing our program and budget estimates for fiscal year 1965 the appropriate indexes relating to officers, and to enlisted personnel with over 2 years of service, had risen by more than the minimum indicated in our formula, whereas the index for enlisted personnel with under 2 years had not.

The other important principle embodied in our proposed legislation this year relates to the impact of a military pay increase on the cost of the retirement system. In the military, an increase in basic pay increases retirement costs more than a comparable increase in civilian pay because military retirement benefits are tied exclusively to terminal pay, as against a high-five average, and are drawn for a longer period of time, due to the early retirement provisions for military personnel. Taking into account these differences, we made an adjustment in our military pay proposals which lowered the proposed increases below those which would have resulted from a strict comparison with the indexes described above. The result was the proposed increase of 3 percent for officers and 2.4 percent for enlisted personnel with over 2 years of service.

In summary, Mr. Chairman, the Department of Defense strongly supports a basic pay increase for military personnel this year. The amounts of such increases in the bill before your subcommittee vary from the amounts we had recommended. This is of much less consequence than the fact that in passing even this modest increase within a year after passage of the last military pay increase, the Congress and the administration will have demonstrated clearly that the principle of regular military pay adjustments is accepted as the established policy of this Government. We believe that increases in the dollar magnitude reflected in S. 3001, as in our proposals, are fully justified, and we appreciate your prompt consideration of a matter which is of such great importance to the morale, well-being, and general efficiency of the men and women in our uniformed services.

Thank you, Mr. Chairman.

Mr. RIVERS. A very fine statement.

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Now, in summary, you think that your proposal would automatically take care of the cost of living for the future if such a thing were underwritten by Congress; that is, the two points in the Consumer Index?

Secretary PAUL. I think it would. Now, there is always a question as to whether we start at the right starting point. But assuming we started at the right point, which is the present moment—yes, sir; I do think that a regular adjustment of this kind is about as good a formula as we have been able to come up with. I can't guarantee that it would at all times keep pace with the outside economy, but—

Mr. RIVERS. The reason I ask you that question, you have capably referred to the civilian employees in the Department. They don't follow any such thing. You have pointed out in your statement that there were bills in 1948, 1950, 1962, and 1964.

Now, I have been in Congress 24 years, 24 long years, and we have had an awful lot of pay increases for the civilians, and I haven't noticed—not deprecating the contribution that these fine people make to their Government, but certainly not apologizing for an equal contribution the military have made to keeping this country free. I don't think that those who have framed the pay increase for the civilians followed any such a formula as this.

And if we were to follow your idea, the comparability would be ridiculous to even consider it.

Is this right or not, Mr. Blandford?

Mr. BLANDFORD. I think that is quite correct, Mr. Chairman.

Mr. RIVERS. I find trouble now following comparability.

Secretary PAUL. So do I, Mr. Chairman.

Mr. RIVERS. I don't know how you are going to compare a GS-14—we will say a GS-12 with an equal pay of an officer in charge of one of these lonely, lonely SAC missions in an absolescent aircraft, or something over yonder in that dismal role in Korea, keeping watch over something that he doesn't even know what the program is or the policy is and the hope is. I don't know how you are going to compare that.

So comparability gets me confused in a morass of—I don't know what. Certainly it is confusion. So I don't know. But I do think Mr. Secretary—and I want to compliment you—this is something that we have got to keep under constant consideration in the Department, because of these things I have indicated. They attacked the commissaries and they attacked all the fringe benefits. I have just finished, as you know—almost finished—the first phase of a hospital hearing. All of these fringe benefits are under constant, annoying attacks from all kinds and/or descriptions of people. And the morale of the military in the meantime is being seriously affected. And this is why I am glad to hear you say what you have. We have to stand watch all the time on the interests and the morale of these people, these dedicated people. And we are the only voice they have.

Mr. Bates, have you anything?

Mr. BATES. Just a few questions, Mr. Chairman.

Mr. Secretary, did I understand you support S. 3001, even though it varies somewhat from the DOD proposal?

Secretary PAUL. Well, we certainly support it in the sense, Mr. Bates, that we think it is a good bill. We do think that our formula

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makes a little more sense, but certainly I am not here to criticize S. 3001.

Mr. BATES. Well, does that pose any problems for you in the future, the passage of this bill?

Secretary PAUL. Well, the only problem I can foresee, Mr. Bates -- and I don't think this is necessarily a major problem -- is in raising the "under two" officers by 8½ percent. As the chairman pointed out earlier, we had actually proposed an increase for the "under two" officers last year, and this subcommittee also reported out a bill that had a significant increase for them. But when the final act came out, there wasn't any increase.

So we have proposed an increase, and obviously we think they should have one. But the only difficulty I can see is that this bill, in providing an 8½ percent increase for that particular category, is in effect making a slight structural change in the pay system, whereas our theory behind our proposal was that this was an annual adjustment, not looking toward the basic structure of the system. With that reservation, I think it is a very good bill.

Mr. BATES. We also had the reservation last year, and as a matter of fact since 1952, when we denied the many increases.

Secretary PAUL. Yes, sir.

Mr. BATES. We had reservations there, too. There was a question of we had so much money available and we tried to give it to those who had the greatest family responsibilities.

Mr. RIVERS. That is right.

Mr. BATES. And unfortunately in most cases these young men that were coming into the service didn't have the same commensurate responsibility that those in the advanced grades had. Therefore, we made the pay structure the way that we did.

Secretary PAUL. Yes, sir.

Mr. BATES. Mr. Secretary, I note your comment in respect to the various increases which the civil servants have had. And you say that the consequence of previous raises in military pay increases behind the civilian sector have been unfortunate and dramatic. Do you know any cases where the Department of Defense has presented pay bills to the Congress where the Congress failed to act?

Secretary PAUL. No, sir; I don't know of any.

Mr. BATES. Now in respect to another matter, and that is the comparability feature -- and I have the same problem in my mind as the chairman, because I don't think that you can mix oil and water. It is a useful tool. I could go that far, and have it as one phase of comparison.

But I trust that on this occasion we are not establishing a frozen rule so that henceforth everything will be in absolute accord with the base period that we are accepting now. Because as you said yourself a few moments ago, if the starting point is right, we are all right. If it isn't, we are wrong. So I would think that we ought to have some latitude here.

Now, in respect to officers, the Bureau of Labor survey's salaries of professional, administrative, and technical employees: Are these civilians in Government or civilians out of Government, or both?

Secretary PAUL. It does not include the Government.

Mr. BATES. The entire economy?

Secretary PAUL. Civilians.

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Mr. BATES. Now we may as well be practical. We know the political influence of the civil servants. We know that. We have seen this history here where the military have been denied pay increases because they haven't exercised the same political pressures that have been exerted by other groups. We know that.

Now, if we are going to consider just outside people or primarily people outside the Government, I think that that is something we ought to watch very carefully, because I think any time the civilians in Government get an increase we certainly ought to consider the same thing for the military. And it hasn't been done. You have complained about it and we have complained about it. And if we establish a formula which doesn't include that possibility, I think we are making a mistake.

Now in the second group, enlisted men with over 2 years of service, the Bureau of Labor national survey of technical and clerical pay and the Army-Air Force Wage Boards—now we know what the wage boards are, which is separate from your regular civil service pay. I can understand that.

Now this other group is the same as you had under the officers, that is outside civilians primarily?

Secretary PAUL. It is a different survey, but it is outside civilians, yes, sir.

Mr. BATES. All right.

Now the third group you have got for the cost of living index for the enlisted under 2 years of service.

Secretary PAUL. Yes, sir. We feel for the reasons that the chairman has stated and that Senator Russell stated on the floor of the Senate that aside from a cost of living adjustment, that these people who are fulfilling an obligation, who are in the training status, given the limitations on what one can spend for a pay increase, would fall in the lowest priority.

Mr. BATES. Now none of us read the bill. I haven't even read the bill. I don't think any of us have read the bill. I don't even know if we have it before us.

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. We have a report.

Mr. BATES. We have a report. I don't know whether it contains the language you have. It says "The basic pay of officers will be adjusted annually to insure that it retains a constant relationship."

Secretary PAUL. No, sir.

Mr. BATES. Is that part of the bill?

Secretary PAUL. No, none of this is in the bill.

Mr. BATES. None of this philosophy is associated with the bill?

Secretary PAUL. None of this is in the bill.

Mr. BATES. Mr. Chairman, since it is not in the bill and since it is not a matter before us, I won't consider it any further.

Mr. RIVERS. This bill only goes—simply stated, the bill increases: with over 2 years, 2.5, and the under 2 years' officers, the 8.5, and the over 2 years' enlisted—

Mr. BLANDFORD. 2.5.

Mr. RIVERS. 2.5; that is about all?

Mr. BLANDFORD. That is all.

Mr. RIVERS. And the drill status.

Secretary PAUL. Yes, sir.

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Mr. BLANDFORD. Well, actually it increases them.

Of course, the drill pay status isn't mentioned now. It was in the original proposal but it isn't in this bill because it is not necessary.

Mr. RIVERS. Yes.

Mr. BATES. Mr. Chairman. I have just a couple of other quick questions.

I have been receiving some mail from servicemen with respect to possible exchanges and commissaries. Now that is all in lieu of pay, emoluments for service performed, really. Is there any contemplated action by the Department now in respect to commissary stores and post exchanges, to cut them down, to eliminate them, to curtail them in any respect?

Secretary PAUL. No, sir, I know of no such plans.

Mr. BATES. Mr. Secretary, I wonder if we could--because we are starting or talking about a base point here, in this bill, a starting point for further adjustments later on. Even though you don't have it, these rules and ratios, in the bill, nevertheless we are discussing them.

Secretary PAUL. Yes.

Mr. BATES. I wonder if you have some charts, starting with the Hook Commission report in the bill enacted in 1949, so we could get these comparisons?

Mr. BLANDFORD. It is in the Senate report.

Mr. BATES. Fine.

Secretary PAUL. Yes, sir.

Mr. BATES. So we know what this relationship has been since 1949.

Mr. BLANDFORD. It is in the Senate report.

Secretary PAUL. Yes, sir, there is an analysis in that report.

Mr. BATES. All right.

Mr. Chairman, I have no further questions.

Mr. RIVERS. Are there any other questions?

Mr. WILSON. I have a question, Mr. Chairman.

Mr. RIVERS. Go ahead.

Mr. WILSON. Mr. Secretary, can this be in any way construed as a cost-of-living increase?

Secretary PAUL. Well, I could rationalize myself into saying it is, although the surveys, Mr. Wilson, really weren't based on that. They were based on the actual salaries being received by other people, civilians, in the general economy. So I think it is stretching it a bit to just say it is a cost-of-living increase, although of course it takes that into consideration, indirectly, because that is one of the reasons why their pay has been increased, I presume.

Mr. WILSON. The reason why-- I recognize of course that retired personnel are not in any way considered in this bill because of the existing laws. And their situation is dependent on a cost-of-living increase before they are granted increases.

(Mr. Blandford nods)

Mr. WILSON. So I want it pretty clear as to whether this should be considered a cost-of-living increment or for comparability reasons or some other reasons.

Secretary PAUL. No; it really is not a cost-of-living increase.

Mr. BLANDFORD. I think, Mr. Wilson, the cost-of-living index would run about 1.8.

Secretary PAUL. Yes; I have that. It runs about 1.2 percent over the same period under which these percentages were compiled.

Mr. WILSON. That is the figure.

In other words, for the purpose of computation of retired pay increases—as you know, of course it has to be cumulative, 3 percent or more, and I think we start computing from January 1 to each succeeding January. And you are at 1.2 percent level now.

Secretary PAUL. Yes, sir. And that is for a period of roughly a year, a little more than a year.

Mr. WILSON. I would like to have a clarification on your reference to the cost of living with regard to enlisted pay in your statement.

Why did you refer to it at all? Is this proposed legislation that you are going to introduce next year?

Secretary PAUL. No, sir. I was just describing the formula that we had applied in developing our own proposals to the Congress. And the reason why I referred to that one as the cost-of-living increase is because that one and that one alone is based on the Consumer Price Index, which is a cost-of-living calculation, and that is the same index upon which the adjustment in retired pay is to be based.

Mr. WILSON. And your cost of living is over a greater period of years, then, because there have been no increases since 1952 in that category, as I understand it.

Secretary PAUL. Well, there has been a 1.2-percent change, and I think that is about standard in the way of a raise, over a period of about 12 months.

Mr. BLANDFORD. Well, you didn't quite understand I think Mr. Wilson's question, because your answer will have to be different.

The cost of living obviously has gone up considerably more than 1.2 percent since 1952.

Secretary PAUL. Oh, yes.

Mr. BLANDFORD. The Department used as a basis the decision of the Congress that as of October 1, 1963, the pay of the enlisted man with under 2 years of service was exactly the base point where it should be, and therefore whenever the cost of living after October 1, 1963, goes to two points or more, then the Department will recommend a cost-of-living increase for enlisted personnel with under 2 years of service.

Isn't that correct?

Secretary PAUL. That is right.

Mr. WILSON. But you don't anticipate any legislation in the future that would make it an automatic increase based on the 2-percent raise in the cost of living?

Secretary PAUL. No, sir. We don't think that mandatory legislation—no, sir, we are not proposing that.

Mr. WILSON. Now, Mr. Chairman, just let me say this.

I came to this meeting intending to oppose this legislation, because I think, while it is intended to be a pat on the back, it is practically a slap in the face to the military, because it is inadequate.

I hope—by granting a minor increase this year, I hope we don't forgo next year the prospect of giving a logical increase or a needed increase next year.

I think this is entirely inadequate. I think the military is far behind the increases that have been granted civil servants, and I just want to go on record as saying, that I am reluctantly supporting you in this position.

Mr. RIVERS. That is the reason I made my statement, in hopes that I could dispel any feeling in my colleagues' minds that I was going to take this thing lying down. And I am glad to hear my colleague say that.

Mr. LONG. Mr. Chairman.

Mr. RIVERS. Wait just a minute.

Have you finished, Mr. Wilson?

Mr. WILSON. Yes.

Mr. RIVERS. Yes.

Mr. LONG. I just wanted to ask, Mr. Chairman---

Mr. RIVERS. Who was asking?

Mr. LONG. It was I.

I wanted to ask if the military have fallen behind, as they have during a number of years, and what has been the reason for it? Has it been the fault of this committee or does it lie in the Budget Bureau or who has been initiating or failing to initiate adequate pay increases for the military people over the years?

Mr. RIVERS. Well, there are many factors involved. I would say--Mr. Blandford, check me out on this.

The Department was lax from the period--the last pay bill we had was, what, 1956?

Mr. BLANDFORD. 1955.

Mr. RIVERS. Before 1960.

Mr. BLANDFORD. We have had pay increases actually in 1949, 1952--since this committee has been established.

Mr. RIVERS. 1949, 1952---

Mr. BLANDFORD. 1949, 1952, 1955, and 1958.

Mr. RIVERS. 1958 was the last one--1958 was the last one, before 1963.

Now, I don't--of course, Mr. Paul was not here. But the Department had been slow getting it up, and the Congress has been equally slow doing something about it.

Mr. LONG. By the Congress, do you mean this committee or do you mean the Congress as a whole?

Mr. RIVERS. I mean the Congress. This committee has always been alert.

Mr. BLANDFORD. I think, Mr. Chairman, one of the things you have to keep in mind in this is that when you are dealing with military pay, which is about \$12 billion--pay and allowances now constitute about \$12 billion of the defense budget--just a tiny increase in the pay, for example, of the under-two man runs into a very substantial amount of money.

And I can recall pay bills--I think the pay bill in 1949 ran \$400 million, and the pay bill in 1952 ran close to \$500 million. Then in 1955 it ran between \$700 and \$800 million.

But you are dealing with such large sums that the Congress, not by inertia but because of the tremendous amount involved, normally waits for the administration to make the recommendation, because of the large amounts involved.

Every pay increase for the military involves a very substantial sum of money. This is the smallest, if I am not mistaken, pay increase proposal that has ever been submitted to the Congress, isn't that correct, since 19--I think since 1922.

Secretary PAUL. Yes; and also the quickest one to be submitted after the last previous one.

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Mr. BLANDFORD. Yes.

Secretary PAUL. If I may add that.

Mr. STRATTON. Mr. Chairman.

Mr. RIVERS. Yes—

Mr. Blandford, have you finished?

Mr. BLANDFORD. When the members are finished, Mr. Chairman, I have several technical questions to develop.

Mr. RIVERS. Mr. Stratton.

Mr. STRATTON. Mr. Chairman, I would just like to ask with regard to this matter of providing no pay increase for those with less than 2 years' service. It wasn't very long ago, Mr. Secretary, that we were disturbed with reports that appeared in the press and that were discussed I think on the floor, either in the House or the other body, and considerable agitation from Members of Congress in both bodies, with regard to poverty in the Air Force and presumably by extension to some of the other services.

Why do you continue to insist on no pay increase for those with 2 years of service in view of these statistics that were presented, presumably with the blessing of the Air Force, I think in the Air Force Times and possibly in other publications?

I have never seen, Mr. Secretary, any statement by the Defense Department on those figures.

Individual Members were contacted by the press and asked to comment whether we were in favor of poverty in the armed services while we were trying to eliminate it elsewhere. And my only reaction was that we were aware of the fact that those who were serving under 2 years were probably not being adequately compensated, that we had removed an increase for them in the last pay bill largely in an effort to bring the total below or down a little closer to the budget figure. And it was my impression that we all agreed that they ought to be increased in their compensation and that the Department recognized that.

Now here we are in a position where officers with under 2 years are being given increases as you point out—what is it, 8 percent?

Mr. RIVERS. 8.5.

Mr. STRATTON. 8.5 percent. And yet neither you nor the Senate committee apparently, in spite of all the agitation a couple of months ago about being concerned about poverty in the Air Force, has even considered this point.

I would like to know, Mr. Secretary, two questions. First of all, I would like to have you answer this specific question for me, and second—because you seem to have agreed in your statement that enlisted men with under 2 years' service shouldn't have a pay increase because you say they come in 4 to 7 years younger than the officers and most of them aren't married, and yet we are given these statistics about 7,000 of them who are on relief or could be on relief.

Second, I would like to know what the position of the Department is for the first time officially with regard to those stories that appeared in the Air Force Times and elsewhere.

Secretary PAUL. Well, the story that appeared in the Air Force Times—I read that analysis for the first time in the Air Force Times. We have responded to as far as I know every congressional inquiry we have had on the subject of this article.

I think—first of all, it is a statistical exercise. We have since that time analyzed it.

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I think it is to some degree misleading. General Berg, who accompanied me this morning, is the leading expert in our office on this general subject and has given a good deal of time to an analysis of this. And we can furnish you with an analysis of the Air Force article, either in writing or orally, as you prefer.

Mr. RIVERS. What about your statement on the 12th?

Secretary PAUL. Sir?

Mr. RIVERS. What about the statement you made—excuse me, Mr. Stratton.

The statement you made on the 12th of June regarding the 8,000 Air Force men which fell below the minimum established by the President on poverty? I think that is what Mr. Stratton is referring to.

Secretary PAUL. I don't recall that precise statement.

Mr. STRATTON. I wasn't aware that they had made any official statement, Mr. Chairman. Maybe they responded to Members of Congress. But I think it is important we ought to get into the record what the position of the Department is.

Mr. RIVERS. I think so.

Secretary PAUL. I would be very happy to put it in the record here.

Mr. BLANDFORD. I have some information, Mr. Chairman, that might be helpful in this matter.

Mr. STRATTON. Mr. Chairman, can't we get the Secretary to give us his answer?

Mr. RIVERS. I want—right here, this article, let Mr. Slatinshek read it—

Mr. STRATTON. I am a little disturbed. I am in favor of this legislation, Mr. Chairman, and I support your feeling. I don't want to hold this up.

I do think that in view of the public flaps that were created by these statistics, whether they are fallacious or whether they are true, we ought at least to make a statement as to why, once again, in spite of these statistics, we are refusing to increase the pay of enlisted men with less than 2 years of service.

Secretary PAUL. The statement that Mr. Slatinshek has, which came from me, is our official position on it, Mr. Stratton.

Mr. CHAIRMAN-----

Mr. RIVERS. Let him read it.

Mr. SLATINSHEK. This is an interoffice memo from General Berg to Secretary Paul in respect to this particular problem, and it is entitled "Air Force Pockets of Poverty." The memo reads as follows:

The Department of the Air Force made a recent news release which inferred that some of its members fell below the poverty line established by the President in his "War on Poverty." Specifically, it was indicated that some 8,000 Air Force members made less than the prescribed amounts for their size family; i.e., \$3,000 for a family of 4, \$2,500 for a family of 3, \$2,000 for a family of 2, and \$1,500 for a single person. The following comments regarding this portion of the announcement are offered.

(a) The 8,000 members estimated were all airmen second class (B-3) or airmen third class (B-2) with less than 2 years' service. This number was arrived at on a statistical basis of the number of people in these grades who were married with either one dependent or two dependents who were not on flying status, did not receive proficiency pay or any other incentive pay. Further, this determination did not include any value for medical care for themselves or their dependents nor did it include any value for commissary or post exchange privileges. Since it was a statistical conclusion and did not consider actual individuals, no consideration could be given to the possibility of added income from "moonlighting" or added income from the adult dependent.

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(b) Aside from the doubtful validity of these statistics as set forth above, it must be noted that whatever poverty may exist for these people is primarily a result of their own decision. Existing law does not contemplate that an enlisted man of the first 4 pay grades with under 4 years of service will be married. To this end, no quarters allowance is provided for these people and they are not entitled to housing. Upon a permanent change of station, their dependents are not recognized and the sponsor is not entitled to travel allowance for his dependents or movements of his household goods. He is entitled to a "dependents assistance allowance" which, together with a mandatory allotment from him is supposed to "assist" his dependents at their original residence.

In addition, the Air Force indicated that some 4,000-odd of its members were receiving relief by living in low-cost housing. These figures must also be approached with caution since the rules to enter low-cost housing vary by geographical area. The lower income limits for low-cost housing are not necessarily equivalent to poverty levels and once an individual enters low-cost housing, he is not required to move until his income has exceeded a maximum level.

In conclusion, the Air Force presentation which, startling in its general conclusion, may not be at all indicative of the actual situations.

Mr. BENNETT (presiding). I think Mr. Stratton still has the floor.

Mr. STRATTON. If I may pursue this matter.

Mr. Secretary, it was my recollection that 2 years ago, or 1 year ago, when we had the other pay bill here before us, it seems to me it was Admiral Smedberg who pointed out that the same situation existed in the Navy, and that there were certain members of the Navy who were qualified for relief under the laws of the State of New York. I am not sure whether this was a technical statistical presentation, it may have been, or whether there were specific cases of individuals living in the New York metropolitan area who actually were receiving some kind of assistance.

So I don't think that your statement that this story was purely a statistical statement quite holds up.

I remember the story indicated that of this total—I have forgotten whether it was 4,000 or 7,000—the overwhelming majority were those who were in public housing. And I would agree with you that because somebody is in public housing—and I have served on a public housing authority in my home community—that that doesn't mean that he is necessarily destitute. In fact, we used to give breaks to service personnel. But they also listed a specific number who were actually receiving other kinds of welfare assistance.

Now this wasn't a statistical determination. Unless the Air Force Times was completely misrepresenting the picture, these were a specific number of persons who were getting various kinds of relief. Relatively to the numbers who were on public housing it was small. But it was specific.

And the reason that this story was dramatically brought to my attention is that I remember that Admiral Smedberg made a point of this 2 years ago. And certainly if this was true 2 years ago, it would be even truer today when we have failed to give those with less than 2 years service any increase at all.

Mr. WILSON. Will the gentleman yield?

Mr. BENNETT. Well—

Mr. STRATTON. I would like—may I just get the answer to this?

Secretary PAUL. Well, you are correct.

The Air Force Times, incidentally, did report very accurately what the Air Force told them, because I asked for a copy of the briefing that was given to them and received it. The article was accurate.

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And you are also correct in stating that there are other types of relief benefits that the roughly 5,000 people have been receiving.

Of the total of 5,000, 4,698 were in low-cost public housing. And the other numbers were 280 food, 45 grants, and 24 clothing. And that completes the 5,000.

And it is also correct that Admiral Smedberg had specific examples of people who were in a relief status. And New York City was one of them. And there were various newspaper articles written at about that time that listed specifics. So there are specific cases that certainly do exist.

Now translating that into the answer to your question, Mr. Stratton, about why do we allow this to go on and why don't we ask for an increase for these people. I can only repeat what has been said earlier, that these personnel with under 2 years of service historically—the philosophy regarding their pay has to be provided them with their needs in kind, such as clothes, food, shelter, with a minimum remuneration in the form of pay.

Mr. BENNETT. They are not all volunteers, are they?

Secretary PAUL. No, they are not.

Mr. BENNETT. Well, that is a strange thing now. Now the letter says this is our own fault and that they brought it on their own because they are married.

Mr. BLANDFORD. They are married after being inducted.

Secretary PAUL. A lot of them marry after being inducted.

Mr. BENNETT. The statement says volunteers, and they are not volunteers for military service, but that they have asked for it themselves.

I assume what that letter meant was that they asked for it because they were married and not because they were in the service.

Is that the meaning of that article?

Secretary PAUL. That is the meaning, yes, Mr. Bennett.

Mr. STRATTON. Do you have a rule against marriage on the part of enlisted men in the first 2 years?

Secretary PAUL. No. The Air Force and the Marine Corps do not allow a man to enlist if he is married. The other services do. However, of course, once he is in we can't stop him from getting married.

Mr. STRATTON. Well, aren't we being a little bit ridiculous, then? You can stop him. You can stop him in the service academies. Aren't you being a little bit ridiculous to have no rule against it, and yet to say that it is his own fault and he is just going to have to sleep in the bed that he has made for himself?

You say you are not going to provide any additional food, you are not going to provide any housing, you are not going to provide any moving of furniture. The nature of human nature being what it is, it seems to me you can expect these men to get married, and it seems to me extremely shortsighted if we are not going to make any provision for that during a 4-year period.

Mr. BLANDFORD. We do provide, Mr. Stratton, of course, the advantages of the Dependents Assistance Act with that very thought in mind. That was written in 1950, during the Korean crisis, and it has been the law ever since, and we have continued it, and it amounts to a very substantial amount of money being paid out each year. It was never intended to equalize what they might have earned on the outside, but it was to provide them against penury, complete penury.

Mr. BENNETT. Are you through, Mr. Stratton?

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Mr. STRATTON. I don't want to pursue this too far, Mr. Chairman. Let me just say I would appreciate it if the Secretary would give me a copy of this analysis, and I think it ought to be in the record. Is there something more than just the letter that Mr. Slatinshek read?

Secretary PAUL. We can provide you with more information. That is all that has been given to the committee so far. We can go into more detail if you wish.

Mr. STRATTON. I think, too, Mr. Chairman, that while as I say I don't intend to oppose this bill, I do think that this position that is taken particularly on a followup pay bill with regard to those with under 2 years of service is really indefensible, and I think something should be done about it. I can't quite believe that the Department would take what seems to be the callous attitude that they are taking.

Secretary PAUL. Mr. Stratton, I really don't think we are being callous about this. We are complying with the existing statutes, and the existing statutes have been on the books for many years, and what you are suggesting would involve a basic relook at the whole philosophy of what we pay to these people who are in a training status and why we do it.

Mr. STRATTON. You proposed an increase for those under 2 years' service in the last bill. We are the ones that cut it out.

Secretary PAUL. Well, it was by far the smallest increase of any in the bill. It was, I believe, a 5-percent increase and we did not resist it at all when it was taken out. It was so much smaller than any of the other increases that it was really de minimis in a bill of the magnitude we were proposing last year.

Mr. STRATTON. You are not suggesting in the future that the pay for the first 2 years should be just frozen in perpetuity and all future increases would relate to those over and above 2 years of service?

Secretary PAUL. No, sir; I certainly don't, and I would also like to restate, which was mentioned I believe in the chairman's statement earlier, that a man who comes in as an E-1 with any luck at all will realize several advancements before he has completed his 2 years of obligated service or his 2-year tour so that his pay will, in fact, increase. There is an automatic increase after 4 months. He becomes an E-2, and in most cases he can achieve the rating of E-4 perhaps within a year of his first service, so that he does realize some compensation increase through that method.

Mr. STRATTON. Well, it seems to me that we got to keep that pay in mind just as much as the pay of those above 2 years. We are certainly not going to keep them paying \$21 a day once a month from now until doomsday.

That is all I have, Mr. Chairman.

Mr. BENNETT. Okay.

Mr. Wilson.

Mr. WILSON. I wanted to point out, Mr. Chairman, that we are not paying them \$21 once a month, and that is the reason in considering these pay increases in the past that we bypassed the privates and gave some consideration to those up the line, because, for political reasons, since there are more privates than anybody else, they have benefited over the years more proportionately in their increases than others in higher grades.

Frankly, I don't think they are underpaid right now, in the first-year category. When you look at interns who have gone through 8 years of medical school or so and consider the pay they get while they

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are in a training status, I don't think that there is or could be any valid objection to withdrawing or leveling them out for the first 2 years.

I would just like to say this: I would like a copy of General Berg's statement to you, Mr. Secretary. It is incredible—it is an incredible statement, in my opinion. I mean we are saying that the Army or the Air Force Times, who said, and very clearly—it is a Department of Air Force news release that contains all this information, and claimed that Air Force men were in that condition. So I don't think it is any editorial comment. This is an actual statement by the Department of Defense, and in effect, General Berg, if I am reading this correctly, says "We said it but it wasn't true," and yet it really doesn't say that.

Secretary PAUL. We didn't say it, Mr. Wilson. The Department of the Air Force put it out.

Mr. WILSON. Well, all right.

Secretary PAUL. I never saw it until I read it.

Mr. WILSON. Who is the Department of the Air Force?

Secretary PAUL. For these purposes, I wouldn't know. [Laughter.]

Mr. STRATTON. Was any effort made to find out?

Secretary PAUL. Yes. General Berg perhaps—I don't recall of any individuals. This has happened before in the Defense Department, Mr. Stratton. Individual military departments give briefings to the press on a variety of issues.

Mr. LONG. Mr. Chairman----

Secretary PAUL. Realistically we can't stop it.

Mr. RIVERS. Wait now. I haven't recognized Mr. Schweiker. Who had the floor last?

Mr. BENNETT. Mr. Stratton.

Mr. STRATTON. Mr. Wilson.

Mr. RIVERS. Well, wait. Dr. Long, and then you are next, Mr. Schweiker.

Mr. LONG. It occurred to me as you were speaking there, Mr. Paul, and giving these justifications, that we were really applying a double standard to the higher ranks as compared to the people who have been in there less than 2 years. A lot of the arguments that the higher standards are underpaid are also statistical. I mean you could probably find many people who had other means or other sources of income, just as you could argue that the people with less than 2 years, while theoretically they may have low incomes, may have other sources of income.

I think this applies also to many of the arguments of medical subsistence and so on.

So I don't think you are entitled to use these arguments for one group and not use them for another.

Now isn't—I would also like to ask this question. What is your statistics for the average pay increase that a person under 2 years gets by promotion, by virtue of promotion, as opposed or as compared to what the others have gotten by virtue of time and promotion?

Secretary PAUL. Well, the E-1, which is the lowest entry grade, is \$78 a month and after 4 months----

Mr. LONG. Now you are giving me a theoretical figure. I want to know, taking the whole gamut of enlisted people, I mean of men who are under 2 years' service, what has been their average pay increase?

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In the terms of how much you are paying them now, the average man, after he is in 6 months, 1 year, and a year and a half?

Follow me——

Mr. RIVERS. Let me give you this and maybe this will help you.

After 4 months, the E-1 recruit is increased from \$78 to \$83.20 a month, and shortly thereafter is promoted to E-2 at \$85.80 a month.

Mr. LONG. Are they all promoted on that way of——

Mr. RIVERS. And most of the young men who enter the service are promoted to E-3 in their first 2 years of service at the pay of \$99.37.

No; they have the opportunity.

Mr. LONG. Well, what I am trying to find out is not what they can do but what does actually happen. How many men who have been—— what is the average earnings of your men who have been, that is who have ended their first year of obligated service?

Secretary PAUL. General Berg, can you help out?

General BERG. Approximately \$100 a month.

Mr. LONG. As compared with how much starting out?

General Berg. \$78.

Mr. LONG. \$78.

Mr. RIVERS. What percentage——

Mr. LONG. How much are they earning at the end of 2 years obligated? What is your average?

General Berg. It varies considerably by service, but somewhere in the neighborhood of 50 percent of them end up by making \$122.30 a month.

Mr. LONG. Yes. It is still a pretty modest amount.

Secretary PAUL. Yes, sir.

General BERG. On a percentage basis, to answer the question you asked originally, at the end of 2 years the average man's pay will have increased 27 percent. This is the under-2 enlisted man.

Mr. LONG. Right. How does this compare with people in higher ranks above that? For example, what about a second lieutenant who is not in his first 2 years but is going on? How much does his pay increase after 2 years?

General BERG. Well, in order to make the same comparison——

Mr. LONG. Yes

General BERG. An under-two officer gets promoted one time, at the end of 18 months, and the increase in pay for him amounts to 5.9 percent.

Mr. LONG. Now, is it the real reason——well, let me ask this question: Are you going to come in next year, Mr. Paul, with no recommendation for an increase of pay for the people with less than 2 years?

Secretary PAUL. I don't know.

Mr. RIVERS. Of course you may not be here. Let's find out if you are going to be here.

Secretary PAUL. If I am here, I don't know, Dr. Long, what we are going to come up with next year.

Mr. LONG. Is there any discussion of this? Because it does seem to me it is relevant to our consideration here. You come in here with a pay increase and we all would——we don't want to hold things up. We want to see the people get their pay increase. And we are sort of prisoners, in other words, of your proposal.

But if you are going to do this year after year, come in here with no pay increase for the people under 2 years, then I think we are entitled

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to say to ourselves, "Well, maybe we ought to start voting against your proposals, to make you come in with something better."

Secretary PAUL. We have—in answer to your question, we have this matter very much under study, along with other aspects of military compensation. At this time, though, I can't say what we are going to come up with next January, whether we will or we won't.

Now we have—as Mr. Stratton pointed out, last year we did recommend an increase for people in this category, of 5 percent. It did not come out that way in the final act. We accepted that, of course.

Now whether we would propose what is essentially a whole change in the philosophy of how you treat these people is a very big subject indeed, and we certainly will study it. But I can't say now what we might do.

Mr. LONG. Let me ask you this question. Do you think this is good economics, to underpay these people?

Now as a Congressman, I do a very lively business in parents of people in these first couple of years and the men themselves, using every device they can to try to get out of this obligated service. They want postponements. They want to get out early. They want hardship this, they want hardship that. And isn't a very large part of this due to the fact that this isn't a good deal compared with what they can get elsewhere? And if you did pay them more, you wouldn't have much of this finagling and dodging, and you would have more willing people and perhaps a better kind of person wanting to stay in.

Secretary PAUL. Well, I think undoubtedly if you significantly increased the pay of these people, more of them would stay in and there would be less griping and less people leaving the service. As Mr. Blandford pointed out, the cost of a significant pay increase—and we are talking about well over 800,000 people here—the cost of a significant pay increase would be in hundreds of millions of dollars a year, and whether the Government feels that this is an investment that they wish to make is a question.

So far it has not been an investment they wish to make. Now I must say also in connection with our study of the draft, we owe the President a report on this subject I believe by the first of April next year. We are very actively studying it now. We are considering in the course of that study whether or not we might be able to, by an increase in pay, eliminate the need for the draft, just as we are also studying a possible lowering of the standards for admission into the service, and a number of other things.

So this is certainly what we are looking at right now. But whether it is worth the price, I can't say.

Mr. LONG. Don't you feel it is true that while we all have an obligation to our country, to take young boys in the early years of their lives, just getting started out, and underpaying them for this service to the country—this is a rich country, a prosperous country. We are in a sense asking people in the formative years of their lives, in the years when they are trying to get started and trying to get going, we are asking them to subsidize the rest of us in a way which is perhaps putting a greater burden upon them than we have a right to ask them to do?

Secretary PAUL. Well-----

Mr. LONG. I mean—in other words, why should a young boy 18 or 19 subsidize me as a taxpayer, by working for me at a lower price

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that what he is worth on the open market? In wartime yes, but why in peacetime?

Secretary PAUL. Well, the obligation of a young man to serve in the military forces of his country in my own opinion, Dr. Long, is a fixed obligation and one that every young man in this country has, if he is physically fit and able to do it.

Mr. LONG. Of course.

Secretary PAUL. But I don't see—

Mr. LONG. But at a lower price than his services are worth? Don't we as taxpayers have the obligation to pay the taxes to support our country and to defend our country? Why should we expect him to do it at a lower rate?

Secretary PAUL. Well, there is a big question as to what he's worth—and I hate to get into this kind of a discussion about what a young man is worth—but as a soldier he isn't worth very much until he is trained and a good deal of the time he spends in his first month in the service is strictly nonproductive from the point of view of the Government, until that man is trained and ready to perform as a soldier.

Mr. LONG. Well, you could say that about the Congressman. You can say we weren't worth very much until we get training, but they pay me the same amount of money as they do for Mr. Rivers, who has been here for 24 years.

I mean, I don't think we should use one argument—

Mr. RIVERS. No; I don't think we better include the Congress.

Mr. WILSON. Well, as long as you are including Congressmen, I point out that the congressional salaries in 1940 were \$10,000 and we are now paid \$22,500. The private's wage in 1940 was \$21 and he now gets \$80, and he has gained far more, 400 percent almost—made a far greater gain than many other elements of our society.

Mr. LONG. Well, of course it is possible to argue to a fellow who is starving to death that you are giving him three times as many calories as you did last year, but if he is still starving, it isn't very much consolation to him.

Mr. WILSON. This is merely an arbitrary figure.

Mr. LONG. I might raise this question, too: The point was made here that these men are on a training status and it is customary to pay people in a training status a lower amount, and the analogy was drawn with interns and so on. But an intern, working to be a medical doctor, is doing something, acquiring training that is a longrun investment in his earning capacity and will pay off very handsomely in the future. I don't think you are arguing that a fellow coming into the armed services, serving obligatory service, is acquiring the kind of training that is going to be helpful to him in the future, in that same sentence.

In many cases they won't be very much better off.

Mr. RIVERS. Are you addressing yourself to the beyond the 2 years?

Mr. BLANDFORD. No; the under 2.

Mr. BENNETT. Under 2.

Mr. LONG. I am talking about the under 2.

Mr. RIVERS. I thought the Secretary gave you a good answer. There is an area of obligation.

Mr. LONG. Well, I agree that a man is obligated to serve his country, but I don't see why he is obligated to serve it at cut-rate prices.

Mr. BENNETT. You can always introduce a bill to make it better.

Mr. RIVERS. Of course that is subject to a lot of discussion. I think we have done pretty well by them.

In that connection, in the last pay bill, General LeMay and I were talking, and having many discussions about the inadequacy of the pay, in the first bill as a whole. And he told me, I think he said it cost him \$30,000 to train a boy in the Air Force for 2 years, that in the first 2 years they invested over \$30,000 in him, General Berg. And the return was very nominal. Just at the time he started producing, he was looking for greener pastures because as he put it, and you have put it, that it wasn't attractive.

And of course we get to the apple. You can only cut it so many ways, and Mr. Blandford says you have to look at the budget. And Senator Russell has said in his statement there just wasn't enough money. And he cut his half a percentage point above what you recommended across the board, but he added the drill status and the under-2 officers.

Mr. LONG. I wonder—we are spending \$50 billion a year, Mr. Chairman, on our Armed Forces. I wonder how much paying people under 2 years a sum which would be compared to what their opportunity for earning would be in real life, in other words, giving them the same type of compensation you try to give to give comparability pay to the other—how much this would add in dollars and percentage terms to your national defense budget?

Mr. BLANDFORD. I think we can develop that, Dr. Long.

Mr. LONG. What?

Mr. BLANDFORD. I plan to develop that this morning.

Mr. LONG. You do?

Mr. RIVERS. Are you finished?

Mr. LONG. I would like to hear the answer to that.

Mr. BLANDFORD. I think it is important. I think Dr. Long has put his finger on a point that we ought to look at, because you recognize that if you increase the under 2 to a sizable amount, and since we always try to keep a relationship between one pay scale vis-a-vis the other pay scales, that this will automatically set up a chain reaction for all the rest of the pay scales.

Now, Mr. Secretary, am I correct, if we provide a 2.5 increase for enlisted personnel with under 2 years of service, that this would increase the cost of this bill by approximately \$28 million?

Secretary PAUL. Yes, that is correct.

Mr. BLANDFORD. Now, if you use that as a basis and considering the fact that a half of 1 percent increase in this bill constitutes a \$40 million increase for all of the pay scales, and you multiply that to come up with any kind of an increase that would amount to anything, you can see that a 1-percent increase will cost \$80 million additional a year—

Mr. RIVERS. Above the 2 years.

Mr. BLANDFORD. Multiply that by whatever percentage you wish.

Mr. RIVERS. Wait, now. Above 2 years, 1 percent would be \$80 million.

Mr. BLANDFORD. \$80 million.

Mr. RIVERS. Below the 2 years, 2½ would be \$28 million.

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Mr. BLANDFORD. Yes, sir.

We have gone into this, Dr. Long, since I have been here, since 1947, since we have been handling these pay bills. We have gone into these—they are staggering sums of money when you get into some sizable increases. Where you are really going to come up with the statistics that will be most helpful to you—and I am confident that the Congress is going to have to face this problem—will be on the size of your Armed Forces, your training costs, which are tremendous, and how you are going to obtain personnel in the future, and whether it will be possible for the armed services to operate with fewer people if you provide an adequate amount of money so you can eliminate the necessity for drafting people. If you can continue to cut your retraining cost, increase your reenlistments and retention rates, you can then pay these people the amounts that you are talking about.

I personally think it can be done. But you can't do it if you are going to maintain a force structure of 2,800,000 people within the economy. That is the problem.

Mr. RIVERS. Well, now, let's hold that right there. I want to get to Mr. Schweiker because he has been trying to get the floor.

Mr. Schweiker.

Mr. SCHWEIKER. Thank you, Mr. Chairman.

Mr. RIVERS. And then we will get back to you, Doctor.

Mr. LONG. I am all through.

Mr. SCHWEIKER. I would like to ask the Secretary: The President has ordered some study about eliminating the draft. Now, what studies have you folks made with relation to this pay scale in the event we do decide we can on a practical basis eliminate the draft, and, if so, were these factors considered in this pay raise?

Secretary PAUL. Well, in this particular pay raise, no, because we have not completed our study on the alternatives, possible alternatives to a draft. This is going to take us at least a year, to complete that study.

As I said to Dr. Long, we are taking into account the effect of paying people more, on whether or not we might be able to eliminate the draft. We just haven't completed that as yet.

Mr. SCHWEIKER. Well, if you eliminate the draft you certainly would conclude you are going to have to pay more to attract them. Isn't that an obvious conclusion? You wouldn't pay them less to attract them?

Secretary PAUL. No, you wouldn't pay them less, but I don't think it is an obvious conclusion that you have to pay them more.

Mr. SCHWEIKER. You don't have to pay them more to attract them?

Secretary PAUL. I think—

Mr. SCHWEIKER. Why can't we get them now, then, if you don't have to pay them more?

Secretary PAUL. Well, for one thing, our standards, both mental and physical, are quite high. Much higher than they have been in previous years. And there is a possibility that we could lower the standards and thereby get voluntary enlistments, I don't know. It is premature for me to state conclusions at this point. But I don't think pay is necessarily the answer.

Mr. SCHWEIKER. Well, I couldn't agree with—

Secretary PAUL. It may turn out to be. I wouldn't want to prejudge that.

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Mr. SCHWEIKER. I couldn't agree with you less. You can't read letters that come into our offices as to how these fellows try to make out--by just hauling a trailer to their base of destination. We passed a bill and it nearly broke the backs of these fellows just to move them. Because he didn't have the money to put out. He deducted and put aside so many dollars a month for how many months were involved in his particular move, without figuring the extra costs. Which was something that was caused by the nature of his occupation.

And U.S. News had another article, that nobody referred to yet, that there are thousands of people under the poverty standards in all branches of the service. Are you folks familiar with this article?

Secretary PAUL. I haven't read that article.

Mr. SCHWEIKER. You haven't read that article. I would sure be glad to send it to you, because if you are studying it on the basis of some comparability program you would look at that analysis, and including the extra emoluments of the job, you will find it would still put us below the poverty standards, of thousands of men in the Army, Navy, and Air Force.

I don't think this argument--I would like to state this for the record, that I don't buy this argument that because he is training he ought to be on starvation wages.

If you are talking comparability, no business does this today, business goes to a college and recruits the fellows at the going rate, and keep them on a rate for a year or two, even though they are completely unproductive. And they even pay them to go to college, at the rate that they get when they are earning.

So, as far as comparability, we are way off from anything comparable to business. If you take the minimum wage rate alone, why, these fellows, even if they are earning the higher rate that you say they are earning after a year, they are still only one-half of what we pay as a minimum rate in this country, which labor is griping is inadequate and wants to be raised now.

So, I sure think this is a tragic mistake, to not increase our lower enlisted ranks. I just can't understand, that we put a bill in and not do that, in view of the fact we are moving toward the elimination of the draft, if it is practical, and we are trying to get better men, whether we lower the physical standards or not, and we are trying to get them to stay. And I must say I do approve the 8½-percent increase for the junior officers. These are the fellows that need it the most. They are forming homes, they are buying furniture, they are buying furnishings. They have no savings to rely on when they form their families. I approve of that.

But I sure swallow hard to put a bill through without increasing the lower pay grades. In essence, we are discriminating, No. 1, against the married man, and, No. 2, against the draftee, because that is what the 2-year deal is aimed at, that the fellow serves.

If the draft were being done fairly it is one thing, but a lot of people don't get drafted.

So you ask the fellow to take a double penalty, of the penalty of giving 2 years of his life, and the penalty of lower wages. So I think this is all backward, Mr. Chairman. I think it is a sorry bill to pass with this provision in it.

I agree with the comparability principle, and I agree with your statement about higher pay rates and more study later on. But I

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think we are certainly going backward in our thinking, and are very obsolete in our approach when we come in with a bill like this.

Mr. RIVERS. As I have said in my statement, this is not my bill. I am taking it because I have no alternative. But, next year, I hope to be in a position to do more at an earlier period.

Now, are there any other questions?

Mr. BLANDFORD. Yes, Mr. Chairman.

Mr. RIVERS. Wait. I want to find out the order of questioning.

Dr. Long, have you finished?

Mr. LONG. I am finished.

Mr. RIVERS. Thank you.

Mr. BLANDFORD. Mr. Secretary, would you identify for the purposes of the record the 10 O-4's with under 2 years of service?

Secretary PAUL. These O-4's are very elusive, I find, Mr. Blandford. It is quite possible that that statistic, which has been on the books of the Defense Establishment for a great many years, is in error. We are attempting to track it down right now.

Mr. BLANDFORD. I wonder if I might have that for the purpose of the report, if possible?

Mr. RIVERS. Say that again. I missed that question, Mr. Blandford.

Mr. BLANDFORD. Well, there was some fuss in the Senate about 10 majors who had under 2 years of service, and Senator Russell said they couldn't be identified, and then they pointed out in the report that there were 10 majors but nobody has been able to find them. I don't think they exist.

I think—in order to avoid the same conflict on the floor, I would like to eliminate those 10 majors with under 2 years of service.

Mr. BATES. Were they doctors or what they are?

Mr. BLANDFORD. (Statement requested off the record.)

No, they are not doctors. That is something else we want to point out. That is, physicians and dentists who enter on active duty come in with longevity credit when they enter on active duty. So no doctor is included under this. There will be lawyers and there may be some specialists of some type.

Mr. RIVERS. Of course we have argued the case of lawyers and never got to first base. I have had some fights with the Army on lawyers. When a lawyer gets in the service, he is a man almost without a country. He doesn't have anybody striking for him.

Do you agree or not?

Secretary PAUL. I am a lawyer. How can I disagree, Mr. Chairman? [Laughter.]

Mr. BLANDFORD. Would you identify the 2,527 captains with under 2 years of service?

Secretary PAUL. I suspect, Mr. Blandford, that that figure is in error, also. And we will clean it up before you have to write your report.

Mr. BLANDFORD. Well, we are saving money then.

How about the 4,861 first lieutenants?

Secretary PAUL. That one—

Mr. BLANDFORD. Is solid.

Secretary PAUL. Is a solid figure.

Mr. BLANDFORD. All right. And of course we know about the second lieutenants.

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Then the other question is, Would you give me for the record the average rate of progress, the same question that Dr. Long asked you? I wanted to be satisfied, and I think the subcommittee should be satisfied, as to what happens to the average inductee or volunteer. We know that at the end of 4 months he automatically goes from an E-1 recruit to the higher pay, so that he goes from \$78 to \$83.20 automatically at the end of 4 months.

Now, on the average, how long does the E-1 recruit wish over 4 months serve before he is promoted to E-2?

Secretary PAUL. On the average 1 additional month.

Mr. BLANDFORD. One additional month.

Then on the average, how long does the average E-2—now these are going to haunt you so be careful.

Mr. RIVERS. Before you answer it, I am glad that Mr. Blandford asked that because I was going to ask that in my closing statement. If these figures that we have made for the record, made by Senator Russell—

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS (continuing). Are accurate in your books?

Certainly we don't question the Senator. We just wanted to be certain.

Because it comes back to the question of Dr. Long and Mr. Schweiker, about these under two enlistees. So be very careful with your answer.

Mr. BLANDFORD. Now—

Mr. RIVERS. Wait, now. Let's get his answer.

Mr. BLANDFORD. You say they served 1 month after. So after 5 months of service, the average enlisted man is then an E-2 drawing \$85.80 per month?

Secretary PAUL. That is correct.

Mr. BLANDFORD. Now, how long does the average E-2 serve in that grade before he makes E-3?

I again caution you that every E-2 who doesn't make E-3 in that period of time will either write you or me.

Secretary PAUL. On the average, an additional 9 or 14 months from the time he entered the service.

Mr. BLANDFORD. So the average enlisted man becomes an E-3, with the pay of \$99.37, within 14 months after he enters on active duty.

Now—

Mr. STRATTON. Mr. Chairman, may I interrupt Mr. Blandford at that point?

I think the word "average" is misleading here. I think if we are going to get into this, we better find what percentage of these people actually make it.

Mr. BLANDFORD. That was going to be my next question.

Mr. STRATTON. Because there are a lot of them that don't make that, and the word "average" is highly misleading.

Mr. RIVERS. Let Mr. Blandford follow that.

I think he wants to establish that first.

Mr. BLANDFORD. Now, what is the average time that the E-3 served before he goes to E-4?

Secretary PAUL. This is—now we are getting into an area where there is a considerable variance between services. Promotion is fastest in the Army and slowest in the Air Force, and the Navy is

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somewhere in between. So this is a difficult figure to state as an average.

But I would say that many—now, I don't even know whether we can put it in percentage terms, we can certainly try—are promoted to E-4 prior to their 2 years of service, but I am unable to give you a number of months in which that is accomplished.

Mr. BLANDFORD. And Mr. Stratton, of course, has anticipated this.

Would you furnish the record the number of people who served, if you have these figures, varying months before they are promoted; in other words, how do you arrive at the average? Do you have those figures?

Enlisted men—Total service and percent promoted by service (less than 2 years' service), fiscal year 1964

Grade	Army		Navy		Marine Corps		Air Force	
	Percent of eligibles promoted	Average months of service at time of promotion	Percent of eligibles promoted	Average months of service at time of promotion	Percent of eligibles promoted	Average months of service at time of promotion	Percent of eligibles promoted	Average months of service at time of promotion
E-1								
E-1 (over 4 months)	100	4	100.0	4	100.0	4.0	100.0	2.0
E-2	100	4	86.2	4	99.9	7.7	93.6	2.0
E-3	100	8	87.3	13	59.6	19.0	85.0	23.4
E-4	150	30	17.0	29	5.0	31.2		50.0

¹ Approximate. About 50 percent of draftees attain E-4 during 2-year tour.

Monthly amount of pay

E-1	\$78.00
E-1 (over 4 months)	83.20
E-2	85.80
E-3	99.37
E-4	122.30

Secretary PAUL. Well—yes, we must have, or we couldn't have gotten to the average. So we will furnish them.

Mr. BLANDFORD. I would like to know, for example, are we talking about 5 percent of the enlisted personnel might take 5 years to make E-3, and then we got 51 percent who make E-3, or do we have 68 percent who make E-3 in that period of time?

I think that is exactly what Mr. Stratton was trying to get at.

Mr. STRATTON. Right.

Secretary PAUL. We will give you that.

Mr. RIVERS. You can give that by the services easily, can't you?

Secretary PAUL. Yes, sir, we should have no difficulty about that.

Mr. BLANDFORD. We should have that as soon as possible.

Now, one other question. May I have the figure again, on the cost of 8.5 increase for officers with under 2 years of service? And if the figures that are in here that were contained in the Senate report may now be in error, it is conceivable that the cost of this bill will be a little less than you have indicated.

Secretary PAUL. Could you ask the question once more, Mr. Blandford?

Mr. BLANDFORD. Yes. You had some question about the 2,000-some odd captains with under 2 years of service. I am trying to arrive at a cost estimate of this bill.

You say you question whether there are 2,527 captains with under 2 years of service.

(Secretary Paul nods.)

Mr. BLANDFORD. But I presume your cost estimate on the 8.5 increase did include that number.

General BERG. Yes, that is right.

Secretary PAUL. It did.

Mr. BLANDFORD. Therefore . . .

Secretary PAUL. So that would lower the cost.

Mr. BLANDFORD. Now what is the cost figure for the 8.5-percent increase?

Secretary PAUL. \$10,500,000, roughly.

Mr. BLANDFORD. \$10,500,000.

And it is quite possible now, on reconsideration, that that figure may be somewhat less?

Secretary PAUL. Yes.

Mr. BLANDFORD. All right. I have no further questions, Mr. Chairman.

General BERG. Mr. Blandford, in defense of the budget experts in the service, while your statement is exactly true, this bill will be less. Their budget proposals for the pay of people will in fact go up, because where the people move over to the over two, it costs them more money.

Mr. BLANDFORD. I am not suggesting that we are going to save money. I am merely suggesting that the cost of this bill will be less.

General BERG. Yes, sir.

Mr. BLANDFORD. Because obviously if they aren't under two, they are serving over two, and they should have asked for more money in the first place.

General BERG. That is correct.

Mr. BLANDFORD. I have no further questions, Mr. Chairman.

Mr. RIVERS. Can it be successfully stated in general terms that an enlisted man, the greater percentage of them, over 75 percent we will say— the greater percentage of them go from E-1—what is below E-1?

Mr. BLANDFORD. Well, it is an E-1 with less than 4 months, and then E-1 with over 4 months.

Mr. BATES. A recruit.

Mr. RIVERS. A recruit, or E-1 with less than 4 months, or an E-3, the greater percentage receive over a 33-percent increase in their pay?

Secretary PAUL. Is that about a 33-percent increase?

Mr. BLANDFORD. It is not 33.

Secretary PAUL. It is not quite that much, Mr. Chairman.

Mr. RIVERS. It is from \$78 to \$99; isn't it?

General BERG. It is 27.4 percent.

Secretary PAUL. Right.

Mr. RIVERS. In the neighborhood of 30 percent.

General BERG. Yes, sir.

Secretary PAUL. Yes, sir.

Mr. RIVERS. And that under two officers have not, of course—that is a matter of record. They have not received an increase in 12 years.

Secretary PAUL. That is correct, Mr. Chairman.

Mr. RIVERS. Twelve years?

Secretary PAUL. Yes, sir.

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Mr. RIVERS. So the statement of Senator Russell to the effect that they do receive an increase is a factual one?

Secretary PAUL. Yes, sir.

Mr. RIVERS. Is that right, Mr. Blandford?

Mr. BLANDFORD. That is correct, Mr. Chairman.

May I insert at this time a statement from Senator Nelson with respect to his views on the under 2 years of service enlisted men?

Mr. RIVERS. Without objection.

(The material is as follows:)

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
July 21, 1964.

Hon. L. MENDEL RIVERS,
Chairman, Subcommittee No. 1 of the House Armed Services Committee, U.S. House
of Representatives, Washington, D.C.

DEAR MR. RIVERS: I understand that your committee is presently considering S. 3001, the military pay raise bill recently approved by the Senate. I have prepared a statement relating to this bill and I would very much appreciate it if it could be brought to the attention of your committee.

Sincerely yours,

GAYLORD NELSON,
U.S. Senator.

JULY 22, 1964.

STATEMENT OF SENATOR GAYLORD NELSON PREPARED FOR THE HOUSE ARMED
SERVICES COMMITTEE

I am submitting this statement for consideration of the House Armed Services Committee because the service pay of the enlisted man for his first 2 years is so inadequate that it ought, I think, be a matter of concern to all of us.

In general, the military pay increase bill is one that should be supported by every Member of Congress. Our men in service deserve adequate pay. In view of the recent pay increase legislation for civilian Government employees, this bill, which gives a 2½-percent increase to some military men, is certainly justified.

Nonetheless, I believe it suffers from a serious deficiency. Continuing a policy we have followed for the last 12 years, it does not grant a salary increase to the enlisted man in his first 2 years of service. Whereas this policy may have been justified in the past when service was universal or nearly so, it would seem to be grossly unfair to continue it any longer.

The bill leaves unchanged the existing pay schedule which rewards the entering enlisted man with only \$78 per month for his service to his country. I believe it can be shown that this low pay is one of the main reasons we have been failing to hold men in the lower ranks. Moreover, it is undoubtedly one of the main reasons more men do not volunteer for service. And, since we are now drafting only 90,000 men per year on an average, the failure to increase pay and other incentives to volunteers helps perpetuate the draft which, I believe, is rapidly becoming obsolete.

For these various reasons I would like to suggest that the committee consider the following additions to the legislation:

A provision which would grant pay increases of 8½ percent to enlisted men in their first 2 years of service. (This would be an increase corresponding to the increase provided for officers in their first 2 years under the pending legislation.)

A provision which would direct the Secretary of Defense to offer for congressional consideration, study, and debate, a broad plan of general pay increases designed to better attract and retain high-quality men, especially in the lower ranks, so that the present high turnover could be reduced.

Consider some of the results of our present failure to pay an adequate wage to men in the lower ranks of military service:

We have not raised the pay of first-year enlistees for 12 years. Since 1952, a man entering service has been paid \$78 per month. During this period the average total pay increase for the services has been 39.2 percent. In reality, of course, since the first-2-year men have received no raise at all, this percentage figure understates the basic fact that the great majority of

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servicemen have had very substantial pay increases relative to the first-2-year enlistees, who have had none.

Since 1946, the only pay increase for entering enlistees has been the 1952 raise of \$3 per month, from \$75 to \$78. Over a year's period this amounts to \$36. Thus, on average in the 18 years since 1946, his pay bracket has been raised about \$2 per year, or the pitifully low annual increase in weekly pay of about 4 cents. This has been a major factor contributing to the unfortunate situation summarized by a recent Department of the Air Force study entitled, "Economic Status of Certain Air Force Personnel."

169,000 airmen draw less pay than the poverty level standards set by the President's Council of Economic Advisers;

8,000 airmen are below the poverty level even after adjustment is made for the value of their rations and quarters;

70,000 airmen must resort to "moonlighting" to supplement their income;

60,000 airmen are actually eligible for various relief benefits;

Incredible as it must seem to us, more than 5,000 airmen are actually receiving relief;

The Air Force Relief Agency, in response to the emergency needs of airmen, spent one-half of its \$2 million 1963 budget on such basics as food, clothing, and rent.

The Senate Armed Services Committee report on the bill under consideration states that its purpose is to "provide a timely increase in basic pay for the members of the uniformed services and thereby maintain a reasonable comparison in compensation trends for military personnel."

If indeed we are to be faithful to this purpose I believe we should increase the pay of first-term military men. Some 840,000 military members with less than 2 years of service will not receive a raise under this bill. This amounts to 35 percent of the 2.3 million active duty enlisted members forecast for fiscal year 1965.

Ninety-five percent of the enlisted members who are being denied an increase under S. 3001 fall into the lowest three pay grades, private first class and below, E-1, E-2, E-3. Of the 5 percent remaining, 45,000, fully 40,000 are in the next higher grade, corporal, E-4.

Every Member of Congress is reminded daily of the state of affairs in the lower ranks by the number of requests he receives for hardship discharges based mainly on financial need.

The only reason things are not worse is that lower graders are mostly unmarried and they receive rations and quarters. If this were not true, they would be among the most impoverished citizens in these United States with their \$961.32 first-year take-home pay.

But even taking the factors of rations and quarters into consideration, they are at a distinct disadvantage even in comparison to the least skilled, lowest ranked Federal employe. After we add the value of these benefits to the first-year salary of the enlisted man, I estimate that the lowest paid white-collar Federal employe receives 47 percent more annually, and the lowest paid blue-collar Federal employe receives 71 percent more.

Perhaps a more relevant comparison is between the first-year enlisted man and the entering apprentice, rather than the lowest paid worker, for, of course, the services do not accept all those who might qualify simply for clerk or janitorial work. I estimate that the average Federal employe at the beginning apprentice level receives 125 percent more than the entering serviceman.

I believe our men in service deserve better treatment than this.

And I believe that our Nation's military strength could be substantially improved by providing better treatment, for one result of our present pay schedules is a strikingly high turnover of personnel. The following figures show that we are not able to retain trained personnel for substantial periods of time with existing pay rates, especially at the lower ranks:

In the average year, 236,000 men at or below the E-3 level leave the service for reasons other than retirement.

If the next higher grade is included, E-4 (corporal level), the yearly loss for reasons other than retirement amounts to 380,000.

Thus, on average, every 4 years we lose the equivalent of the total number of men in service at these levels. Almost as many men as the total estimated complement of men at or below the E-3 level (1.09 million for 1965) and more than the total estimated complement of those at or below E-1 (1.54 million) leave service in every 4-year period.

This high loss rate in the lower ranks is highly uneconomic, is detrimental to military morale, and is certain to have a weakening effect upon our military efficiency. I believe better pay would substantially reduce the rate of loss.

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Thus, both for reasons of fairness, and of sound military personnel policy, I respectfully urge that the pay increase legislation now being considered be modified to include substantial pay increases for men in their first years of service.

STATEMENT OF THE HONORABLE ROBERT W. KASTENMEIER, BEFORE THE SUBCOMMITTEE OF THE HOUSE ARMED SERVICES COMMITTEE, ON S. 3001

I am grateful for the opportunity to submit a statement on S. 3001. My remarks will be in keeping with the brief treatment given this bill, because I have only one point to urge on the committee.

For the second time in 10 months the House is being asked to approve a military pay bill which leaves unchanged the pay of enlisted men with less than 2 years of service. If S. 3001 passes in its present form, the 88th Congress will have added almost a billion and a half dollars a year to the Nation's military payroll, but so distributed it that certain junior officers will receive a greater monthly pay raise than the entire monthly earnings of all enlisted men below the rank of sergeant who have not completed their second year under arms.

Taken in combination, these two pay bills constitute a major legislative achievement of this Congress. The sum involved is greater than the amount asked in the President's antipoverty legislation, and almost three times as great as that provided in the civil service pay measure. Yet this whole effort could be a national disgrace, even a political disaster, because it openly ignores the more than 843,000 enlisted men in those grades which have received no pay improvement since 1952.

This discriminatory treatment is supported by reasons which at best add up to a bad excuse for spending less money. It has been, and is being, perpetuated by a series of military pay "reviews" which consistently avoid the real issue of providing a decent and equitable minimum wage to a vast segment of our military forces. Neither the reasons nor the reviews any longer command widespread respect within Government. We can hardly expect a more generous regard for these official explanations when we go back home to face the mothers and fathers of these young enlisted men, or the men themselves. I for one do not intend to tell them that justice was done when Congress raised its own starting pay by \$7,500 a year while declining once again to raise theirs above \$1,000.

As this thin volume of hearings is the sole public record of discussion on the \$207 million measure, at some point it should clearly state the obvious: The existing pay levels for first-hitch enlisted men are possible only because military manpower requirements are met by a draft of labor. Without official coercion we could not, on the strength of this pay scale, achieve or maintain the level of forces necessary to our national security.

If the draft were today, as it once was, an institution which had almost universal support and nearly universal application, this would not be so objectionable. But the draft today has neither. It actually reaches fewer than half the people to whom it is ostensibly directed. Moreover, it discriminates without good reason and without adequate warning. As a result, the class of young men ultimately subject to call is only slightly more equitably defined than the class which is indirectly forced to enlist.

Most of those who now enter uniformed service because of the draft clearly feel that it is, to a large extent, time out of their lives. Both on entering service and on leaving it, they feel at a disadvantage to their contemporaries who are not called. Yet they receive no compensating bonus for this sacrifice. Instead, they have for many years now had only the promise of somewhat better pay if they enlist for a second hitch. Reenlistment records show that this promise is an insufficient incentive to a large percentage of both draftees and enlistees.

The time may again come when compulsory military service is widely considered a necessary obligation, and to some extent its own reward. Clearly, that time has passed in the minds of many Americans. This is reflected in the Defense Department's decision to work toward a system of wholly voluntary military recruitment at a time when cost effectiveness is a major policy goal. Looking forward to a not too distant future without the draft, I would ask whether we ought to continue paying \$78 a month in 1965 for services rendered by draftees and enlisted men alike, when 3 years later the same tasks may be performed at a cost of \$100 by young men who have voluntarily chosen to make the armed services a career. In short, should we continue to insist that some young men subsidize our national security with their lost earnings as well as part, or all, of their lives?

I think we should not. I would propose a substantial and genuinely compensating increase for these men. I would not tie it, as two members of the other body have, to a formula drawn from the context of the bill. The danger

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with that approach, even in the form suggested by my colleague, Senator Nelson, is that it does not confront and abolish the basic inequity present in the distorted structure of today's military pay scale. And, as the events of the last year show, repeated application of a uniform percentage formula to the existing scale quite literally compounds the original distortion.

The cost of any substantial change will be great. It is estimated that an increase of 25 percent for those enlisted men with less than 2 years of service would more than double the present bill's burden on the Treasury. But cost has always been an obstacle and failure to surmount it has only meant that it appears higher the next time.

Furthermore, avoidance of this real question has given undeserved new life to the theory that first-hitch enlisted men already get enough if not too much. I should think that the continuing need for a draft would be an eloquent and sufficient reproof to this idea, but the Senate report relies heavily on it. Implicit in this argument is the assumption that an enlisted man's first term of service life should be undercompensated because in many cases it is compelled. This runs directly counter to a growing feeling that compulsory service without added compensation is, in fact, a servitude. I urge the committee to reexamine this outworn assumption and report out a bill with a significant pay improvement for those enlisted men who have long deserved it.

Mr. RIVERS. Now-----

Mr. SCHWEIKER. Is he for or against it?

Mr. BLANDFORD. He is very much in favor of an increase for those with under 2 years of service.

Mr. RIVERS. We will take care of that next year. We will have a bill next year. I will either be sitting here or here [indicating].

Mr. Blandford, have you finished with those figures?

Mr. BLANDFORD. Yes, sir. May I insert in the record a statement from the Honorable Robert W. Kastenmeier, concerning S. 3001.

Mr. RIVER. Without objection.

Mr. STRATTON. I just wanted to comment on your comment.

Mr. CHAIRMAN, I think you were out at the time, but I inferred from what the Secretary said--perhaps he didn't mean it, but he implied that these pay rates for those under 2 years were going to be frozen in perpetuity and that increase would upset the whole pay scale. I indicated I think when you were out that I felt very strongly that we should increase these under 2 years of service and I am glad that your comments suggest, Mr. Chairman, that next year you would look favorably on that kind of an increase.

Mr. RIVERS. Well, what we are going to do, we are going to look favorably on an increase, period, across the board.

Secretary PAUL. Mr. Chairman-----

Mr. RIVERS. I don't want to confine myself to any category or commit myself to any category, but we are going to have a very inclusive--let me finish--we are going to have a very inclusive, a very comprehensive proposal.

I don't know how far it will get, but it will positively get to the hopper.

Secretary PAUL. Mr. Chairman, I would just like to say that I hope I didn't imply, and I apologize if I did, that the pay rates of these people were going to be frozen in perpetuity. I think that would be certainly completely contrary policy to our policy.

As a matter of fact, in my statement I outlined a formula that would give them an increase.

Mr. RIVERS. Yes.

Secretary PAUL. When the cost of living goes up by a certain number of percentage points.

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Mr. RIVERS. I understood you to say—now, let me see if I understood you. You said in your thinking in your shop, if it got 2 points you would then start planning from there on. This is your planning point.

Secretary PAUL. If it got to 2 points. If it had gotten to 2 points this year, we would have proposed an increase to the Congress.

Mr. RIVERS. That is right. Then you recognize, of course, any report that you make, we have the last word on. You recognize that, don't you?

Secretary PAUL. Yes, sir, I recognize that.

Mr. RIVERS. Of course, we are going to continue to work together.

Secretary PAUL. Yes, sir.

Mr. RIVERS. I hope I am here and I hope you are there.

Secretary PAUL. Thank you. I hope so also.

Mr. RIVERS. We have a lot of plowing behind us and we will understand where we are going. It is not beyond the realm of possibility—Sam, you better put it on the record now. It is not beyond the realm of possibility that you may occupy a higher position and I certainly hope you do. I certainly hope you do because you have merited it, Mr. Secretary.

This is on the record. You have been very cooperative with this committee. You have been very frank and you have not misled us or failed to give us anything for which we have asked, and this we appreciate. We have had a fine relationship with you and we appreciate it very much.

Secretary PAUL. Thank you, Mr. Chairman.

Mr. RIVERS. Now, Mr. Blandford, is there anything else?

Mr. BLANDFORD. Just report the bill.

Mr. RIVERS. We don't need any executive session.

Mr. BLANDFORD. No.

Mr. RIVERS. Without objection, the bill is reported without amendment.

Did you have any technical amendments?

Mr. BLANDFORD. No technical amendments.

Mr. RIVERS. And without objection we will submit it to the full committee. I think the regular hearing date is on Tuesday.

Mr. BLANDFORD. Next Tuesday.

Mr. RIVERS. Mr. Blandford, you get the necessary statement.

Mr. BLANDFORD. Right.

Mr. RIVERS. I want to thank the committee.

The committee is recessed according to the call of the Chair.

I wanted to ask if anybody has any statements to include in the record.

(No response.)

Mr. RIVERS. Thank you, Mr. Secretary.

Secretary PAUL. Thank you, Mr. Chairman.

(Whereupon, at 11:59 a.m., the committee was recessed, to reconvene at the call of the Chair.)

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