

FEDERAL EMPLOYEES SALARY ACT OF 1965

Pay & Allowances Bill File

HEARINGS

BEFORE THE

SUBCOMMITTEE ON COMPENSATION

OF THE

COMMITTEE ON

POST OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

FIRST SESSION

ON

H.R. 8207 and Similar Bills

**BILLS TO ADJUST THE RATES OF BASIC COMPENSATION OF
CERTAIN OFFICERS AND EMPLOYEES IN THE FEDERAL
GOVERNMENT, TO ESTABLISH THE FEDERAL SALARY
REVIEW COMMISSION, AND FOR OTHER PURPOSES**

JUNE 1, 2, 10, 15, 16, 18, 21, 22, 23, 24, 29, 1965

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FEDERAL EMPLOYEES SALARY ACT OF 1965

TUESDAY, JUNE 1, 1965

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

The committee met at 10 a.m., in room 215, Cannon House Office Building, the Honorable Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The subcommittee will come to order.

The Subcommittee on Compensation is meeting this morning to begin public hearings on the President's Federal civilian salary proposal, which the Chair has introduced as H.R. 8207, and other general salary bills which are expected to be introduced in the near future.

As bills dealing with this subject are introduced, they will no doubt be referred to this subcommittee, and we will consider all of them in the sessions that are to follow.

I might announce that the schedule of the hearings has been tentatively set. We will meet this morning, and we will meet again tomorrow morning at 10 a.m., at which time we will hear the Honorable John Gronouski, Postmaster General. The subcommittee will then recess until the morning of June 10. Subsequent to that, we will hold hearings on June 15, 16, 23, and 24.

It will be the hope of the Chair that we can complete public hearings on the last date that I have just indicated.

Unless there is objection, at this point in the hearing record the bill now before us, H.R. 8207, will be printed. This will be followed by the President's special message delivered to Congress May 12, 1965, on pay increases for certain civilian employees and members of the uniformed services.

Hearing no objection, it is so ordered.

(The bill, H.R. 8207, and the President's message follow:)

[H.R. 8207, 89th Cong., 1st sess.]

A BILL To adjust the rates of basic compensation of certain officers and employees in the Federal Government, to establish the Federal Salary Review Commission, and for other purposes

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

TITLE I

SECTION 1. This title may be cited as the "Federal Salary Adjustment Act of 1965".

CLASSIFICATION ACT EMPLOYEES

SEC. 2. (a) Section 603 (b) of the Classification Act of 1949, as amended (78 Stat. 400; 5 U.S.C. 1113 (b)), is amended to read as follows:

"(b) The compensation schedule for the General Schedule shall be as follows:

"Grade	Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,405	\$3,610	\$3,725	\$3,840	\$3,955	\$4,070	\$4,185	\$4,300	\$4,415	\$4,530
GS-2.....	3,800	3,925	4,050	4,175	4,300	4,425	4,550	4,675	4,800	4,925
GS-3.....	4,120	4,260	4,400	4,540	4,680	4,820	4,960	5,100	5,240	5,380
GS-4.....	4,615	4,770	4,925	5,080	5,235	5,390	5,545	5,700	5,855	6,010
GS-5.....	5,160	5,320	5,480	5,640	5,800	5,960	6,120	6,280	6,440	6,600
GS-6.....	5,670	5,820	6,050	6,240	6,430	6,620	6,810	7,000	7,190	7,380
GS-7.....	6,220	6,430	6,640	6,850	7,060	7,270	7,480	7,690	7,900	8,110
GS-8.....	6,820	7,050	7,280	7,510	7,740	7,970	8,200	8,430	8,660	8,890
GS-9.....	7,445	7,695	7,945	8,195	8,445	8,695	8,945	9,195	9,445	9,695
GS-10.....	8,160	8,430	8,700	8,970	9,240	9,510	9,780	10,050	10,320	10,590
GS-11.....	8,920	9,220	9,520	9,820	10,120	10,420	10,720	11,020	11,320	11,620
GS-12.....	10,590	10,945	11,300	11,655	12,010	12,365	12,720	13,075	13,430	13,785
GS-13.....	12,400	12,905	13,320	13,735	14,150	14,565	14,980	15,395	15,810	16,225
GS-14.....	14,640	15,130	15,620	16,110	16,600	17,090	17,580	18,070	18,560	19,050
GS-15.....	17,020	17,585	18,150	18,715	19,280	19,845	20,410	20,975	21,540	22,105
GS-16.....	19,575	20,225	20,875	21,525	22,175	22,825	23,475	24,125	24,775	.....
GS-17.....	22,185	22,925	23,665	24,405	25,145	.....	.....	.....	.....	.....
GS-18.....	25,285	.....	.....	.....	.....	.....	.....	.....	.....	.....

(b) Except as provided in subsection (d) of section 504 of the Federal Salary Reform Act of 1962, the rates of basic compensation of officers and employees to whom the compensation schedule sets forth in subsection (a) of this section applies shall be initially adjusted as of the effective date of this section, as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the corresponding rate in effect on and after such date.

(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between two rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date.

(3) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate in excess of the maximum rate for his grade, he shall receive (A) the maximum rate for his grade in the new schedule, or (B) his existing rate of basic compensation if such existing rate is higher.

(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to section 2(b)(4) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208(b) of the Act of September 1, 1954 (68 Stat. 1111), plus subsequent increases authorized by law, he shall receive an aggregate rate of compensation equal to the sum of his existing aggregate rate of compensation, on the day preceding the effective date of this section, plus the amount of increase made by this section in the maximum rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate compensation at a higher rate by reason of the operation of this Act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (i) and (ii) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purpose of section 208(b) of the Act of September 1, 1954, to constitute a part of the existing rate of compensation of the employee.

POSTAL FIELD SERVICE EMPLOYEES

SEC. 3 (a) Section 3542(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be 'PFS'. Except as provided in sections 3543

and 3544 of this title, basic compensation shall be paid to all employees in accordance with such schedule.

"POSTAL FIELD SERVICE SCHEDULE

"PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1.....	\$4,060	\$4,195	\$4,330	\$4,465	\$4,600	\$4,735	\$4,870	\$5,005	\$5,140	\$5,275	\$5,410	\$5,545
2.....	4,395	4,540	4,685	4,830	4,975	5,120	5,265	5,410	5,555	5,700	5,845	5,990
3.....	4,750	4,910	5,070	5,230	5,390	5,550	5,710	5,870	6,030	6,190	6,350	6,510
4.....	5,150	5,320	5,490	5,660	5,830	6,000	6,170	6,340	6,510	6,680	6,850	7,020
5.....	5,505	5,690	5,875	6,060	6,245	6,430	6,615	6,800	6,985	7,170	7,355	7,540
6.....	5,910	6,105	6,300	6,495	6,690	6,885	7,080	7,275	7,470	7,665	7,860	8,055
7.....	6,330	6,540	6,750	6,960	7,170	7,380	7,590	7,800	8,010	8,220	8,430	-----
8.....	6,840	7,070	7,300	7,530	7,760	7,990	8,220	8,450	8,680	8,910	-----	-----
9.....	7,410	7,655	7,900	8,145	8,390	8,635	8,880	9,125	9,370	9,615	-----	-----
10.....	8,075	8,345	8,615	8,885	9,155	9,425	9,695	9,965	10,235	10,505	-----	-----
11.....	8,820	9,220	9,520	9,820	10,120	10,420	10,720	11,020	11,320	11,620	-----	-----
12.....	9,870	10,200	10,530	10,860	11,190	11,520	11,850	12,180	12,510	12,840	-----	-----
13.....	10,925	11,290	11,655	12,020	12,385	12,750	13,115	13,480	13,845	14,210	-----	-----
14.....	12,060	12,460	12,860	13,260	13,660	14,060	14,460	14,860	15,260	15,660	-----	-----
15.....	13,310	13,755	14,200	14,645	15,090	15,535	15,980	16,425	16,870	17,315	-----	-----
16.....	14,725	15,215	15,705	16,195	16,685	17,175	17,665	18,155	18,645	19,135	-----	-----
17.....	16,290	16,835	17,380	17,925	18,470	19,015	19,560	20,105	20,650	21,195	-----	-----
18.....	18,060	18,660	19,260	19,860	20,460	21,060	21,660	22,260	22,860	23,460	-----	-----
19.....	20,015	20,680	21,345	22,010	22,675	23,340	24,005	24,670	-----	-----	-----	-----
20.....	22,185	22,925	23,665	24,405	25,145	-----	-----	-----	-----	-----	-----	-----

(b) Section 3543(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be 'RCS'.

"RURAL CARRIER SCHEDULE

	"Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service: Fixed compensation per annum.....	\$2,300	\$2,410	\$2,520	\$2,630	\$2,740	\$2,850	\$2,960	\$3,070	\$3,180	\$3,290	\$3,400	\$3,510
Compensation per mile per annum for each mile up to 30 miles of route.....	85	87	89	91	93	95	97	99	101	103	105	107
For each mile of route over 30 miles.....	25	25	25	25	25	25	25	25	25	25	25	25

(c) Section 3544(a) of title 39, United States Code is amended to read as follows:

"(a) There is established a basic compensation schedule which shall be known as the Fourth Class Office Schedule and for which the symbol shall be 'FOS', for postmasters in post offices of the fourth class which is based on the revenue units of the post office for the preceding fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accordance with this schedule.

"FOURTH CLASS OFFICE SCHEDULE

"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but less than 36.....	\$3,881	\$4,010	\$4,139	\$4,268	\$4,397	\$4,526	\$4,655	\$4,784	\$4,913	\$5,042	\$5,171	\$5,300
24 but less than 30.....	3,585	3,705	3,825	3,945	4,065	4,185	4,305	4,425	4,545	4,665	4,785	4,905
18 but less than 24.....	2,968	3,065	3,164	3,263	3,362	3,461	3,560	3,659	3,758	3,857	3,956	4,055
12 but less than 18.....	2,320	2,397	2,474	2,551	2,628	2,705	2,782	2,859	2,936	3,013	3,090	3,167
6 but less than 12.....	1,670	1,726	1,782	1,838	1,894	1,950	2,006	2,062	2,118	2,174	2,230	2,286
Less than 6.....	1,347	1,392	1,437	1,482	1,527	1,572	1,617	1,662	1,707	1,752	1,797	1,842

(d) The basic compensation of each employee subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule immediately prior to the effective date of this section shall be determined as follows:

(1) Each employee shall be assigned to the same numerical step for his position which he had obtained immediately prior to such effective date. If changes in levels or steps would otherwise occur on such effective date without regard to enactment of this title, such changes shall be deemed to have occurred prior to conversion.

(2) If the existing basic compensation is greater than the rate to which the employee is converted under paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND SURGERY OF THE VETERANS' ADMINISTRATION

SEC. 104. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

"§ 4107. Grade and pay scales

"(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

"SECTION 4103 SCHEDULE

"Assistant Chief Medical Director, \$25,235.

"Assistant Director, \$22,185 minimum to \$25,145 maximum.

"Director of Nursing Service, \$17,020 minimum to \$22,105 maximum.

"Director of Chaplain Service, \$17,020 minimum to \$22,105 maximum.

"Chief Pharmacist, \$17,020 minimum to \$22,105 maximum.

"Chief Dietitian, \$17,020 minimum to \$22,105 maximum.

"(b) (1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

"PHYSICIAN AND DENTIST SCHEDULE

"Director grade, \$19,575 minimum to \$24,775 maximum.

"Executive grade, \$18,255 minimum to \$23,745 maximum.

"Chief grade, \$17,020 minimum to \$22,105 maximum.

"Senior grade, \$14,640 minimum to \$19,050 maximum.

"Intermediate grade, \$12,490 minimum to \$16,225 maximum.

"Full grade, \$10,590 minimum to \$13,785 maximum.

"Associate grade, \$8,920 minimum to \$11,620 maximum.

"NURSE SCHEDULE

"Assistant Director grade, \$14,640 minimum to \$19,050 maximum.

"Chief grade, \$12,490 minimum to \$16,225 maximum.

"Senior grade, \$10,590 minimum to \$13,785 maximum.

"Intermediate grade, \$8,920 minimum to \$11,620 maximum.

"Full grade, \$7,445 minimum to \$9,695 maximum.

"Associate grade, \$6,510 minimum to \$8,445 maximum.

"Junior grade, \$5,670 minimum to \$7,380 maximum.

"(2) No person may hold the director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position."

FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND EMPLOYEES

SEC. 5. (a) The fourth sentence of section 412 of the Foreign Service Act of 1916, as amended (22 U.S.C. 867) is amended to read as follows: "The per

annum salaries of Foreign Service officers within each of the other classes shall be as follows :

"Class 1.....	\$23,430	\$24,210	\$25,235						
Class 2.....	18,915	19,545	20,175	\$20,805	\$21,435	\$22,065	\$22,695		
Class 3.....	15,365	15,875	16,385	16,895	17,405	17,915	18,425		
Class 4.....	12,490	12,905	13,320	13,735	14,150	14,565	14,980		
Class 5.....	10,275	10,620	10,965	11,310	11,655	12,000	12,345		
Class 6.....	8,570	8,855	9,140	9,425	9,710	9,995	10,280		
Class 7.....	7,225	7,465	7,705	7,945	8,185	8,425	8,665		
Class 8.....	6,220	6,430	6,640	6,850	7,060	7,270	7,480"		

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870(a)) is amended to read as follows: "The per annum salaries of staff officers and employees within each class shall be as follows :

"Class 1.....	\$15,365	\$15,875	\$16,385	\$16,895	\$17,405	\$17,915	\$18,425	\$18,935	\$19,445	\$19,955
Class 2.....	12,490	12,905	13,320	13,735	14,150	14,565	14,980	15,395	15,810	16,225
Class 3.....	10,275	10,620	10,965	11,310	11,655	12,000	12,345	12,690	13,035	13,380
Class 4.....	8,570	8,855	9,140	9,425	9,710	9,995	10,280	10,565	10,850	11,135
Class 5.....	7,725	7,980	8,235	8,490	8,745	9,000	9,255	9,510	9,765	10,020
Class 6.....	6,965	7,195	7,425	7,655	7,885	8,115	8,345	8,575	8,805	9,035
Class 7.....	6,380	6,595	6,810	7,025	7,240	7,455	7,670	7,885	8,100	8,315
Class 8.....	5,655	5,845	6,035	6,225	6,415	6,605	6,795	6,985	7,175	7,365
Class 9.....	5,160	5,330	5,500	5,670	5,840	6,010	6,180	6,350	6,520	6,690
Class 10.....	4,615	4,770	4,925	5,080	5,235	5,390	5,545	5,700	5,855	6,010"

(c) Foreign Services officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act.

ANNUAL SALARY COMPARISON AND SALARY ADJUSTMENT PROCEDURE

SEC. 6. Section 503 of the Federal Salary Reform Act of 1962, as amended (76 Stat. 841; 5 U.S.C. 1172), is amended by inserting "(a)" immediately after "Sec. 503," and by adding at the end thereof the following new subsections :

"(b) The President (1) may direct that annual salary comparison reports submitted to him under subsection (a) compare the rates of salary fixed by statute for Federal employees with the rates of salary paid for the same levels of work, as determined on the basis of appropriate annual surveys, in any fields of non-Federal employment in addition to private enterprise which he may designate, and (2) may include in his annual reports to Congress under subsection (a) comparisons of Federal salary rates with those in any additional fields of employment he designates.

"(c) The President's recommendations to the Congress for revision of statutory salary schedules shall be transmitted not later than January 31, shall be delivered to both Houses on the same day, and shall be delivered to each House while it is in session. The revised statutory salary schedules shall become effective the first day of the first pay period which begins after expiration of the first period of sixty calendar days of continuous session of the Congress following their transmittal to Congress, unless between the date of transmittal and the expiration of such sixty-day period there has been passed by either of the two Houses a resolution stating in substance that that House does not favor such revised statutory salary schedules.

"(d) For the purposes of subsection (c) of this section—

"(1) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

"(2) in the computation of the sixty-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than three days to a day certain.

"(e) The revised statutory salary schedules which become effective (1) shall have the same effect as if they were statutory enactments, and (2) shall be printed in the Statutes at Large in the same volume as the public laws, and shall be printed in the Federal Register."

EFFECTIVE DATE

SEC. 8. This title shall become effective on the first day of the first pay period which begins on or after January 1, 1966.

TITLE II

SEC. 201. This title may be cited as the "Federal Salary Review Commission Act".

SEC. 202. (a) There is hereby established a Commission, to be known as the "Federal Salary Review Commission" (hereinafter referred to as the "Commission"), which shall be composed of ten members, of whom (1) four shall be appointed by the President of the United States, one of whom so designated by him shall be Chairman; (2) two shall be appointed by the President of the Senate; (3) two shall be appointed by the Speaker of the House of Representatives; and (4) two shall be appointed by the Chief Justice of the United States.

(b) No person holding any office, appointive or elective, under the United States (except retired officers or employees) shall be eligible for appointment to the Commission. The first members of the Commission shall be appointed not later than January 31, 1966, and shall serve for one year; new members shall be appointed not later than January 31 every fourth year thereafter, beginning in 1970, for the same term; members shall not be eligible for reappointment. Members shall receive no compensation for their services but shall be reimbursed for necessary expenses incurred in the performance of their duties.

(c) Appointment of employees may be without regard to the civil service laws, but compensation shall be in accordance with the Classification Act of 1949, as amended; executive departments and agencies whose employees are compensated under the statutory salary systems may detail employees for service with the Commission without reimbursement; the services of experts and consultants may be obtained by the Commission under the authority of section 15 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 55a) at rates not to exceed \$100 per diem. Necessary funds are authorized to be appropriated for expenses of the Commission.

SEC. 203. (a) The Commission shall review the compensation, including rates of basic compensation and other forms of compensation, of (1) Senators, Representatives, the Resident Commissioner from Puerto Rico; (2) Justices and Judges of the United States; and (3) the salary levels established under the Federal Executive Salary Act of 1964, with a view to maintaining proper levels and relationships among the rates of basic compensation of these officers and salary levels, and with the salary rates of the Classification Act of 1949.

(b) The Commission shall also review the principles, concepts, structures, and interrelationships of the statutory salary systems governing the compensation of Federal civilian employees of the executive departments and agencies and of the members of the uniformed services.

(c) The Commission shall submit to the President not later than January 1, 1967, and January 1 of every fourth year thereafter beginning in 1971, a report containing its recommendations concerning rates of basic compensation and other forms of compensation for the categories referred to in subsection (a) of this section, concerning the principles, structure, and rates of the statutory salary systems referred to in subsection (b) of this section, and concerning such other matters relating to compensation as it deems pertinent.

SEC. 204. (a) The President, after consideration of such report, shall transmit to the Congress, not later than March 31, 1967, and not later than March 31 of every fourth year thereafter, beginning in 1971—

(1) a compensation plan containing his recommendations as to the rates of basic compensation for the categories referred to in section 203(a) above, provided that such recommended rates shall not exceed those recommended by the Commission, and

(2) his recommendations for such changes as he deems necessary in the statutory salary systems, and in other elements of compensation for Federal civilian employees and members of the uniformed services.

(b) The delivery of the recommended compensation plan to both Houses shall be made on the same day and shall be made to each House while it is in session. The compensation plan shall become effective on the first day the first pay period after July 1 following transmittal to the Congress, beginning in 1967, unless between the date on which the compensation plan is transmitted to the

Congress and the expiration of the first period of sixty calendar days of continuous session of the Congress thereafter, there has been passed by either of the two Houses a resolution stating in substance that that House does not favor such compensation plan.

(c) For the purposes of subsection (b) of this section—

(1) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

(2) in the computation of the sixty-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than three days to a day certain.

(d) the compensation plan which becomes effective shall have the same effect as if it were a statutory enactment; and shall be printed in the Statutes at Large in the same volume as the public laws, and shall be printed in the Federal Register.

SEC. 205. Unless the Congress shall otherwise authorize specifically by law, there shall be no change in the principles and basic structure of Federal salary systems between a quadrennial review made in accordance with this title and the next such quadrennial review, except for such periodic adjustments in civilian salary rates and military pay and allowances as may be recommended by the President (1) pursuant to the provisions of the Federal Salary Reform Act of 1962, and (2) in accordance with the policy hereby declared by the Congress that pay and allowances of uniformed personnel of the United States shall be kept comparable with pay levels of Federal civilian personnel and in appropriate relationship with pay levels in non-Federal employment.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING RELATIVE TO PROPOSING PAY INCREASE FOR CERTAIN FEDERAL CIVILIAN EMPLOYEES AND MEMBERS OF THE UNIFORMED SERVICES

To the Congress of the United States:

America expects—and receives—much from her public servants.

In every field of endeavor vital to the security of this Nation, from foreign affairs to science and technology to national defense, we depend on the career men and women of the Federal service for competence, devotion, loyalty, and responsibility.

I have been a part of this service for almost 35 years. I have seen it perform critical and vital tasks. Most of the time it has performed at its best—and that is the way we want it to stay.

I believe firmly that the merit system is the keystone of good government.

I believe that the public service is a profession of dignity, opportunity, and profound personal achievement.

I reject the proposition that government employment is somehow inferior to employment in business, in the professions, in university life, or in any other occupation. There can be no class system separating the men and women who are committed to the service of their fellow men or to the defense of their country.

I also believe strongly in the obligation of the Federal Government to be a good employer. And I define a good employer as one who—

- demands excellence and rewards it;
- is fair and just;
- respects the dignity of his employees;
- insists upon ethical standards and sets a good example;
- practices no discrimination;
- welcomes fresh ideas and new approaches;
- fulfills his responsibilities to the community;
- provides opportunities for growth and challenge; and
- combines prudent business judgment with enlightened policies on compensation and benefits.

We do not have two standards of what makes a good employer in the United States: One standard for private enterprise and another for the Government. A double standard which puts the Government employee at a comparative disadvantage is shortsighted. In the long run, it costs more.

In all respects, save one, the Federal Government today is meeting the test of a good employer. In the last 4 years we have almost—but only almost—

achieved adequate, up-to-date, and fair pay systems for all categories of Government personnel.

We must not cease our effort now.

In my budget message on January 25, 1965, I announced the appointment of a Special Panel on Federal Salaries to review Federal military and civilian pay levels.

That Panel presented its report to me on April 15. It is attached to this message. I have been studying it carefully.

The report contains a series of recommendations concerning adjustment of Federal pay in the fiscal year 1966.

I endorse the proposals of the Panel and recommend early action by the Congress to authorize:

An average increase of 3 percent in Federal civilian salaries.

An average increase of 4.8 percent in compensation of all uniformed personnel, except enlisted personnel with under 2 years of service.

A 2.7 percent increase in base pay of enlisted personnel with less than 2 years of service.

These proposed adjustments will restore the relationships between civilian and military pay established in 1963.

The adjustments will not bring us to full achievement of the comparability standard enunciated in the Federal Salary Reform Act of 1962, but they will prevent loss of ground already attained.

Before including the full effect in retirement plans, the proposed increases will have a total annual cost of approximately \$853 million--\$117 million for uniformed personnel and \$406 million for civilian personnel. In order to hold the costs of pay adjustments in the fiscal year 1966 within amounts included in the budget for that purpose, I recommend that the increases be made effective January 1, 1966.

Legislation to carry out these recommendations is attached. I ask that it be referred to the appropriate committees of the Congress for early consideration.

The pay adjustments proposed in this message emphasize the obligation of the Federal Government to insist upon maximum return from every dollar spent on a salary.

All agencies of the executive branch are working hard to improve the productivity of their employees and to curtail outmoded activities. All agencies have established personnel control programs which should bring to a halt unwarranted increases in average grades and average salaries.

I am continuing my personal efforts to hold down employment. The most recent monthly report of the Civil Service Commission shows that there are now about 22,000 fewer civilian employees in the executive branch than in December 1963.

New employees must replace many who leave, but additional employment will occur only when our responsibilities permit no other course of action.

I am proud of the progress we have made toward lean and fit competence in the discharge of Federal responsibilities. Adequate pay will help us to continue our advance toward that goal.

The report of the Panel proposes new procedures for acting upon compensation matters in the future.

The first proposal would establish a permanent mechanism for impartial review at 4-year intervals of the structure and interrelationships of all Government salary systems. Following these reviews, the President would be authorized to propose changes in salary schedules for top positions in the executive, legislative, and judicial branches. The changes would go into effect automatically at a given date, unless disapproved by resolution of either House of the Congress. Other changes proposed by the President as a result of a quadrennial review would be acted upon through the regular processes for the enactment of legislation.

The second proposal would authorize a procedure for acting, between quadrennial reviews, upon such periodic adjustments in pay rates for Federal civilian and military personnel as may be warranted to keep pace with changes in pay rates elsewhere in the economy. Under this proposal, the President would continue to make prescribed reports annually to the Congress. When any such annual report includes recommendations for revision of salary rates, these revisions would go into effect automatically at a given date, unless disapproved by resolution of either House of the Congress.

I concur in these recommendations of the Panel.

Legislation to establish the first of these new and improved procedures is attached.

Amendments of existing law to make the second recommendation effective are included in the bills authorizing pay adjustments for civilian and uniformed personnel.

The civilian pay bill also includes an amendment of the Federal Salary Reform Act of 1962 which would carry out another of the Panel's recommendations. This amendment would give the President discretionary authority to make salary surveys and comparisons in additional fields of non-Federal employment.

Existing law limits the annual surveys and comparisons to "private enterprise." Collection and analysis of salary rate information in such fields of employment as State and local governments and nonprofit institutions would give added assurance that Federal salary rates are kept in appropriate relationship with salary rates prevailing throughout our economy.

Drafts of legislation to carry into effect other important recommendations contained in the Panel's report will be promptly transmitted to the Congress. These drafts will propose to:

Authorize certain civilian employees not now receiving premium pay for overtime to receive such pay on an equal basis with other civilian employees.

Establish a coordinated and equitable system for payment of moving expenses to employees transferred for the convenience and benefit of the Government.

Authorize payment of readjustment allowances to certain employees separated involuntarily from Federal employment through no fault of their own.

The report of the Special Panel and this message largely take the place this year of the President's annual report to the Congress, as required by the Federal Salary Reform Act of 1962. Nevertheless, the report and analysis of the Bureau of the Budget and the Civil Service Commission on the comparison of Federal and private enterprise salary levels, and the views of employee organizations, should be available to the Congress. I am transmitting them by separate communication.

With the enactment of the legislation recommended in this message, we shall have taken still another series of steps in the most far-reaching revision of Federal compensation laws in this history of our country.

We shall be much nearer to full achievement of the comparability standard adopted by the Congress in 1962.

We shall have established for the first time sound procedures for maintaining interrelated salary systems for both civilian and military personnel, which will be based upon fair, clear, consistent, and up-to-date policies.

And we shall be in a far better position to attract and retain in Federal service the best talent in America.

I urge prompt consideration of these proposals. Their results will more than justify their costs.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *May 12, 1965.*

[Salary tables and related provisions deleted.]

PRESIDENT'S SPECIAL PANEL ON FEDERAL SALARIES,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C., April 15, 1965.

DEAR MR. PRESIDENT: On behalf of my colleagues on the Special Panel on Federal Salaries, I have the honor to present our report. On January 28, 1965, you announced the appointment of the Panel and referred to your 1966 budget message in which you made the following statement:

"In preparing this budget, I have given close attention to the matter of Government pay.

"Federal pay raises in the past 3 years have moved us much nearer to realizing the principle that civilian pay rates should be comparable to those in private enterprise for the same levels of work and that changes in pay and allowances of members of the uniformed forces should keep pace with advances in the general economy. These policies have been firmly established after careful congressional review. Taken together, they assure that civilian and military pay are effectively interrelated and maintained at rates which are fair to taxpayers and to Federal employees.

"I believe, however, that it is equally essential to assure that any proposals for further pay adjustments during this calendar year accurately reflect pay developments in the private economy and be compatible with our national wage and price objectives."

In your letters of appointment to us, you said:
"Your review of the basic policies under which the Federal Government pays its civilian employees and members of the uniformed forces has three purposes: (1) to provide assurance that the Government is effectively interrelating its several pay systems; (2) to provide an objective and independent judgment about the relationships which should be maintained between Government salaries and those paid in the private economy; and (3) to assist me in deciding whether further pay adjustments should be recommended to the Congress during this session."

The more important of the Panel's conclusions and recommendations on the three tasks assigned to us are summarized in the following several pages of this report. They are discussed more at length in the subsequent sections of the report.

SUMMARY OF PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS

Salary schedules: Structures and interrelationships

1. The principle adopted by the Federal Salary Reform Act of 1962—that the salary rates of the civilian statutory salary systems should be comparable with salary rates in private enterprise for the same work levels—presumes that the structures, interrelationships, and rules for use of salary schedules in such Federal systems will be kept up to date.

2. Structures, interrelationships, and rules for use can best be kept up to date by periodic comprehensive reviews of all related salary systems.

3. Such periodic reviews should reexamine the top salary schedules of the executive, legislative, and judicial branches, the statutory systems applicable to civilian and uniformed personnel, the interrelationships among them, and such other elements of total compensation as may be deemed pertinent.

4. It is important to establish and maintain effective interrelationships between Federal civilian and military salary levels.

5. The needed periodic reviews can best be made by an impartial body representing the public at large and each of the three branches of the Federal Government.

In the light of these five conclusions, we recommend that:

The President propose legislation establishing a "Salary Review Commission," with new members appointed every four years beginning in 1966 to serve for one year, to review and report to the President on all Government salary schedules and systems.

Further details about the Commission and its work are set forth on pages 8 to 11 of this report.

Civilian salary comparability

1. The comparability principle adopted as the standard for salary levels in the civilian statutory salary systems in the Federal Salary Reform Act of 1962 is sound.

2. Establishment of comparability means setting the average Federal salary rates at the private enterprise levels most recently reported by the Bureau of Labor Statistics in its National Survey of Professional, Administrative, Technical, and Clerical Pay (hereinafter referred to as the BLS Survey).

3. The BLS Survey is, and should continue to be continuously improved in all feasible respects to assure that salary data reported annually are fully representative of salary rates paid in the dominant category of U.S. employment, which is private enterprise.

4. Extension of the standard of comparability from "private enterprise" to "non-Federal employment" might provide useful data for annual salary comparisons.

In the light of these four conclusions, we recommend:

(a) *Continued adherence to the comparability principle, and*

(b) *Amendment of the Federal Salary Reform Act of 1962 to authorize the President, in his discretion, to extend the concepts and methodology of the BLS Survey and annual comparisons of salary levels to such additional fields of non-Federal employment as he may designate.*

This recommendation is discussed further on page 12 of this report.

Annual reporting and periodic adjustment

1. Maintenance of full comparability involves adjusting Federal civilian salary rates as necessary, on the basis of the annual BLS Survey and salary level comparisons required by the Federal Salary Reform Act of 1962.

2. The present legislative method for reviewing and placing into effect necessary periodic adjustments in salaries of both civilian and military personnel to keep pace with salary changes in the private economy: (a) is cumbersome; (b) tends to confuse executive and legislative responsibility; (c) contributes unnecessarily to time lag in making adjustments; and (d) opens the process to undesirable pressures for legislative changes not based on actual comparative data.

3. Full responsibility for deciding what adjustments are warranted should be placed in the President, subject to congressional disapproval.

In the light of these three conclusions, we recommend that:

The President propose amendment of the Federal Salary Reform Act of 1962, and applicable uniformed personnel compensation laws, to provide that the President's recommendations for such periodic adjustments as he finds necessary shall be transmitted to the Congress, and shall become effective without change unless disapproved by resolution of either House of Congress (the Reorganization Plan procedure).

This recommendation is further discussed on page 13 of this report.

Salary adjustments and establishment of civilian comparability

1. The gains resulting from recent civilian and military pay legislation could easily and quickly be lost if Federal salaries again should be permitted to remain unadjusted while salaries in private enterprise increase.

2. Establishment of full comparability for all civilian salary grades has not yet been achieved.

3. The most recent BLS Survey data show that private enterprise salaries increased by about 3 percent during the year ending March 1964.

4. An upward adjustment in Federal civilian salary rates of 3 percent on the average is warranted and would hold the advances toward comparability already achieved.

5. An increase in military compensation sufficient to restore the 1963 relationship with Federal civilian pay is warranted.

6. The proposed adjustments in pay for both military and civilian personnel would be compatible with national wage and price policies.

In the light of these six conclusions, we recommend that:

(a) The President propose enactment, for Federal civilian salaries paid under the four statutory systems, on an adjustment in the fiscal year 1966 amounting to 3 percent of payroll, on the average; and complete establishment, at the earliest practicable time, of full comparability between civilian salaries and salaries paid in private enterprise for the same levels of work.

(b) The President propose enactment of an upward adjustment in compensation of the uniformed services in the fiscal year 1966, which on the average would restore the 1963 relationship with Federal civilian pay.

The recommended action on military pay would result in an average compensation increase of 4.8 percent for all uniformed personnel except enlisted personnel with under two years' service, who would receive a 2.7 percent increase in base pay as a cost-of-living increase.

These proposals are discussed further on pages 68 to 71 of this report.

Pending military pay legislation

1. Congressional action in 1962, 1963, and 1964 placed military compensation at a level, in relation to civilian pay levels, sufficient to attract and retain adequate numbers and quality of personnel in the Armed Forces.

2. It would be unwise, and probably inequitable, to change the established relationship between military and civilian pay and between military pay and pay in the private sector of our economy prior to the proposed major structural review in 1966 of the military compensation system.

Consistent with the other conclusions and recommendations of this report and in the light of the foregoing two conclusions, we recommend that:

The Administration oppose military pay increases of the kind reflected in H.R. 5725.

Our position in this matter is further set forth on pages 71 to 74 of this report.

Premium pay for overtime

1. The Federal Government does not have a uniform and equitable policy with respect to premium pay for overtime work for all its civilian employees.

2. In some Government activities, existing statutes and practices require scheduling of uneconomical overtime work, and payment for overtime at regular rates.

In the light of these two conclusions, we recommend:

(a) Authorization of sufficient manpower to reduce or eliminate uneconomical overtime, and

(b) As soon thereafter as is practicable, the enactment of legislation authorizing all rank and file civilian employees of the statutory salary systems to receive premium pay for overtime on an equal basis.

These recommendations are further discussed on pages 18 and 19 of this report.

Nonpay matters

1. Some improvements are needed in forms of Federal payments on other than salary to provide either accessory tools to management or equity to employees, or both.

2. The most urgent needs are fair and adequate reimbursement of moving expenses, and the authorization of payment of certain readjustment allowances.

In the light these two conclusions, we recommend:

(a) Amendment of existing laws to permit agencies to establish a coordinated and equitable system for the payment of moving expenses to employees transferred for the convenience and benefit of the Government; and

(b) Enactment of legislation authorizing the payment of readjustment allowances to employees separated involuntarily from Federal employment through no fault of their own.

This recommendation is further discussed on pages 76 and 77 of this report.

In addition to its consideration of the foregoing issues, the panel has considered several other matters which will be dealt with in the final sections of this report.

ADVICE AND ASSISTANCE PROVIDED TO THE PANEL

In its studies and review, the panel has had the assistance of staff members of the Department of Defense, the Post Office Department, the Department of Labor, the Bureau of the Budget, and the United States Civil Service Commission.

The panel also has had advice and expressions of opinion from 32 professional associations and Federal employee organizations. They were unanimous in endorsing the comparability principle, and in urging action which would reflect its full implementation. One organization expressed the additional view that the Government should be a model employer, and a leader rather than a follower.

The Bureau of the Budget and the Civil Service Commission will include the reports of these groups, and further comments on them, in their annual report on comparison of Federal salaries with salaries in private enterprise. That report will be separately submitted to you in accordance with the provisions of the Federal Salary Reform Act of 1962 and Executive Order No. 11073.

The panel acknowledges a debt of gratitude to the more than 19,000 individual Federal civilian employees and members of the uniformed services who responded to our request, made in your behalf, for the views of all categories of Federal personnel. Their letters have added much to our perspective and understanding.

We think it is significant to note that civilian employees and uniformed personnel at almost every grade and rank took the time and trouble to respond to our invitation for their views, to express appreciation for the opportunity to write, and to set forth their views with clarity and great sincerity.

Limitations of time, and the late date of receipt of many letters, made it possible for the panel to review only a representative sample of the personal communications addressed to it. It would be impossible for us to respond to each letter by individual acknowledgment. We take this means to express our thanks to all who wrote to us.

A substantial number of thoughtful suggestions advocated changes in compensation which would affect relatively few of the more than 5 million Federal civilian employees and members of the Armed Forces. In general, these suggestions pertain to special problems of small groups or classes of employees. So far as we can determine, few of these special problems have been overlooked by the departments and agencies even though it has not been possible to find easy and equitable answers to the problems presented. We think this fact is a testimonial to the alertness and integrity of the Government's personnel management system.

To the panel's regret, our request for views was interpreted by many Federal employees as indicating that the panel had been given authority to consider appeals for attention to individual cases. Lack of response to such letters may

result in disappointment. We believe, however, that the limits of our jurisdiction are generally understood, and that there will be no widespread criticism of our decision neither to answer these letters nor to refer them to various Federal agencies for further attention. In our judgment, presentation of personal appeals outside of the regular channels for handling such matters would be improper and unfair both to employees and to their agencies.

SALARY SCHEDULES: STRUCTURES AND INTERRELATIONSHIPS

During the past three years, the Congress and the executive branch have worked together in a series of reviews of Federal salary matters. These reviews were more extensive than any similar undertakings in a great many years. As a result, the Congress enacted: (a) basic civilian salary reform measures, including a revised structure and a new policy and method for determining salary levels for Federal civilian employees; (b) military pay legislation establishing a revised base line for the pay and allowances of members of the uniformed services; and (c) new top salary structures and levels of compensation in all three branches of the Government without overlap between top executive salaries and those paid to career employees under the statutory salary systems.

In summary, the salary fixing principles enunciated in the Federal Salary Reform Act of 1962 are that—

(a) there shall be equal pay for substantially equal work, and pay distinctions shall be maintained in keeping with work and performance distinctions; and

(b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

Through the enactment of military pay legislation last year, effective eleven months after enactment of a major structural adjustment of such pay, the Congress effectively endorsed a policy of maintaining the interrelationships between military and civilian pay established in 1963 until both pay systems are restudied and further structural reforms proposed. Our recommendation for adjustment in pay of uniformed personnel in the fiscal year 1966 is designed solely for this purpose.

All of the members of the panel have been concerned in varying degrees in the development of the pay policies which have been the goal of the executive branch in the past four years. It is our belief that these policies do not require extensive review this year. The more critical need during the present session of the Congress is for legislation to hold the gains already achieved in the direction of keeping Government pay levels and private enterprise pay levels in appropriate balance.

For the long term, however, the comparability principle and continuing sound interrelationship of all Government salary systems require periodic updating of principles, concepts and structures of those systems. It is our opinion that updating should occur at regularly established intervals and after comprehensive and impartial review conducted under clear statutory standards.

The panel believes that lack of an established mechanism for this purpose has serious effects. All three branches of the Government, and particularly the executive branch, are hampered in effective salary administration. Agencies and the Congress are subjected to pressure for piecemeal changes which often have the tendency to depart from a rational and consistent salary structure. Hit or miss attention to salary matters is not a process in which either Federal personnel or the public at large can have full confidence.

The panel proposes, therefore, both the enunciation of review policies and the establishment of a mechanism to make the review. To this end we shall discuss in more detail the recommendation appearing on page 2 of this report.

We recommend that the President propose enactment of legislation which would:

(1) Establish a four-year cycle for review of the principles, concepts, and structure of all Government compensation systems for all three branches of the Government by a Salary Review Commission, supported by adequate funds and a small staff of its own choosing;

(2) Provide for the appointment of the first such commission early in the calendar year 1966, with new members appointed each fourth year thereafter; the commission to be composed on a nonpartisan basis of 10 representatives from the public at large of persons knowledgeable in salary matters—four appointed by the President, one of whom shall be chairman; two by the Speaker of the House of Representatives; two by the President of the Senate; and two by the Chief Justice of the United States;

(3) Authorize the commission within the calendar year of its appointment (a) to perform a searching review of Government salary systems,— including principles, concepts, structure, and other matters relating to compensation, and (b) to prepare and file with the President before the end of the year a report and recommendations for such changes as the commission believes to be in the national interest;

(4) Provide, after review of the commission's report by the President, for transmittal by him of his recommendations to the Congress for changes in the Government's salary systems and other matters affecting compensation, either directly or indirectly;

(5) Provide that the President's recommendations respecting compensation of Members of the Congress, members of the Federal judiciary, and top positions in the executive branch, shall lie before the Congress for a period of 60 days and, unless disapproved by resolution of either House of the Congress, shall thereafter automatically go into effect, and remain in effect until the next quadrennial review;¹

(6) Provide that the President's recommendations for changes in the principles, concepts of interrelationship and structure of Federal salary systems applicable to civilian employees and members of the uniformed forces shall be handled through the normal legislative processes for the enactment of legislation;

(7) Provide that the President's recommendations with respect to other matters directly or indirectly relating to compensation shall be handled in accordance with the normal legislative processes for the enactment of legislation;

(8) Provide that unless the Congress shall otherwise authorize specifically by law, no further changes in the principles, concepts of interrelationship and basic structure of Federal salary systems shall again be considered until the next quadrennial review, except for such periodic adjustments in civilian and military salary rates as are necessary to keep Government pay in line with pay levels in non-Federal employment.

Note

The non-Government members of the panel, Messrs. Folsom, Meany, Price, Stein, and General Bradley, wish to restate and reemphasize views and recommendations to which they subscribed as members of the earlier President's Advisory Panel on Federal Salary Systems. These views and recommendations were contained in the report of that panel, which was presented to the President by the panel chairman, Clarence B. Randall, on June 12, 1963.

The Government members of the present panel have not been asked to join in these supplemental views and recommendations.

The 1963 report of the Advisory Panel on Federal Salary Systems recommended fixing top salaries in the executive branch in a range moving downward from \$50,000 a year for the Cabinet secretaries to \$30,000 a year for the smaller agencies and boards and for second or third level officers of the larger agencies. The Cabinet salary of \$35,000 established in the 1961 Salary Reform Act is not adequate. Similarly, a bottom executive salary of \$26,000 restricts the attractiveness of Government service, and continues to place a demand of sacrifice which will cut short the service of many able people when they do accept public office. We repeat two conclusions of the 1963 report: "Our country cannot afford to depend only upon rich men to run its affairs" and "* * * independent means and the honor of office are not appropriate substitutes for proper compensation."

Furthermore, the differential between \$26,000 at the low end of the executive salary schedule and the \$24,500 figure fixed for top career salaries does not leave enough room for the upward adjustment of career salaries. Persons holding top career rank are as much entitled to share in the productive gains of our economy as are their subordinates. They will be able to do so only for a very limited period of time in the future. After not more than three years they must either advance into the range of the executive salary schedule or be frozen at a salary figure which will once again create the kind of salary compression that the executive salary scale was designed to preclude.

We defer to our Government colleagues, and accept their view, that this is the year in which to make further adjustments in the salary structure for top positions in the executive, legislative, and judicial branches. Nevertheless, we

¹ In connection with this part of the panel's recommendation, see note following for additional views of the non-Government members of the panel.

believe that we would not be discharging our responsibility to the President, and to the country, if we did not express regret and disappointment in the action of the Congress to limit last year's adjustments. The structural adjustments enacted in 1964 fell far below the recommendations of the Advisory Panel on Federal Salary Systems.

We call particular attention to the action of the Congress in denying to the Supreme Court of the United States salary increases equal to those granted to other members of the Judiciary, to executive branch officers below the Cabinet level, and to Members of Congress. When compared to the general executive level increase of \$7,500, the increase of \$4,500 a year granted to the justices of the Supreme Court can only be described as unfair.

The non-Government members of the panel recommended that the President propose early action to remedy this deficiency. A minimum increase of \$3,000 a year above the rates provided in the 1964 Act should be promptly enacted for the Supreme Court in order to provide the members of the Court treatment comparable to all other top positions in all three branches of Government.

We also recommend that the next revision of the salary structure of the Federal Government, which we join our Government colleagues in recommending be authorized to take place in 1966, again focus upon the problem of top salaries. At this time we are not prepared to suggest what changes would be appropriate. But we do state our belief that the base line should be at least that of our 1963 report—namely, a cabinet salary of \$50,000, a congressional salary of \$35,000 (of which \$5,000 should be deductible for income tax purposes to offset living expenses), a salary of \$60,000 for associate justices of the Supreme Court, and a salary of \$60,000 for the Speaker and the Vice President (with allowances of an additional \$15,000). The interrelationships and percentage differentials of those figures should be established and maintained.

Salary alone will never provide the chief attraction for service to country, nor should it. Salary, however, is an appropriate measure of the importance which the people of the United States attach to the discharge of the public's business. Salary can and should be a positive force for encouraging the ablest men and women in America to accept public office. The expectation of all Americans for the highest competence in the conduct of national affairs cannot be met if Federal salaries at the top levels are not at least equal to those paid for the top positions in any of the 50 State governments.

The need for excellence in all three branches of our Government is not in dispute. That excellence requires compensation on a basis commensurate with the complex and difficult role assigned to the principal officers of our Government. Upon them rests responsibility for continuing effort to obtain better and more efficient ordering of national affairs in a world of change.

CIVILIAN SALARY COMPARABILITY

The comparability principle, adopted by the 1962 Salary Reform Act, was intensively studied for a number of years before it was proposed to the Congress. Its implications and effects have been carefully reviewed twice since 1962. The panel is convinced that it is a fair, effective, and sound principle. Adherence to it should be continued.

The view has been expressed, however, that the standard of comparability should be broadened. Studies conducted for the Bureau of the Budget and the Civil Service Commission show that extension of the BLS Survey to additional fields of non-Federal employment would have little effect upon the national salary averages, since private enterprise clearly dominates non-Federal employment. Nevertheless, extension of the standard of comparability in the Salary Reform Act from "private enterprise" to "non-Federal employment" would make it possible to apply the concepts and methodology of the BLS Survey to such non-Federal white collar employment categories as State and local governments and nonprofit institutions. Both of these fields of employment cover activities similar to many Federal activities, and interest has been expressed in comparing their prevailing salary levels with Federal salary levels. We assume that in any such extension the high standards of the present BLS Survey would be followed.

For these reasons, the panel recommends amendment of the 1962 Salary Reform Act to give the President discretionary authority (a) to extend the concepts and methodology of the BLS Survey to such additional fields of non-Federal employment as he may designate, and (b) to use the data collected in the annual comparisons of salary levels. Assuming enactment of legislation authorizing ap-

pointment of a Salary Review Commission in 1966, we believe that it would be useful and appropriate for this matter to be reviewed again by that Commission.

In connection with current improvement in the BLS Survey the panel has been informed that work is underway, and additional funds requested, to test feasibility of collecting private enterprise salary data in smaller communities and in smaller employing establishments than previously included in the BLS Survey. We support this action.

The panel also endorses the periodic survey of salary supplements or fringe benefits payments made by private enterprise for comparison with similar payments made by the Federal Government. We have been informed that the first of such periodic surveys will shortly be released by the Bureau of Labor Statistics. It appears that no additional authorization is needed to continue this work, and we express the hope that it will be repeated at regular intervals.

ANNUAL REPORTING AND PERIODIC SALARY ADJUSTMENT

The panel believes that periodic adjustments in Government civilian pay can effectively and equitably be made only on the basis of known facts about compensation levels outside the Federal Government. In other words, pay adjustments must rest upon a solid base of experience, statistically measured as of a definite time, and properly reported. This means, in our opinion, that the Government should not attempt to forecast probable changes in non-Government salary rates after the time period applicable to the BLS Survey. Neither should the Government use, or accept the use of, such forecasts in salary adjustment legislation. This will happen if procedures and standards for annual review and adjustment of Government salary systems and pay rates are not formalized and maintained in accordance with the intent of existing law. Similarly, between quadrennial structural reviews, adjustments in military pay should parallel adjustments in civilian pay.

The present requirement for the enactment of substantive legislation to effect adjustments is cumbersome and tends to confuse executive and legislative responsibility. In the panel's opinion, it also contributes unnecessarily to time lags in making adjustments. Finally, it opens the process to undesirable pressures for legislative changes not based on actual comparisons between Government and non-Government pay.

The panel believes that responsibility for periodic adjustment of Federal military and civilian pay should be clearly placed in the executive branch, subject only to disapproval by the Congress. All uniformed personnel and the overwhelming preponderance of civilian employees are in the executive branch. It has the facilities to conduct necessary factual studies, to keep pay systems inter-related, and to do the technical work necessary to construct rational, balanced and consistent pay schedules.

Therefore, as set forth on page 3 of this report, the panel recommends amendment of the Salary Reform Act of 1962, and applicable uniformed personnel compensation laws, to apply the reorganization plan procedure to the President's recommendations concerning periodic adjustment action.

SALARY ADJUSTMENTS AND ESTABLISHMENT OF CIVILIAN COMPARABILITY

The national surveys of private enterprise salary levels which were made by the Bureau of Labor Statistics in 1962, 1963, and 1964 provided the basis for the panel's review of the need for salary adjustments in the fiscal year 1966. The BLS Surveys provide an acceptable basis for determining whether Government civilian pay rates need adjustment in the next few months in order to meet the standard of comparability with private enterprise pay rates. A lesser standard will not keep Government agencies in a reasonably competitive position to attract and retain competent personnel.

The gains which the Government has made under recent salary legislation could be rapidly lost if Government pay once again were allowed to remain unadjusted while salaries in private enterprise increase. The policy enunciated in the Salary Reform Act is intended to preclude such an eventuality. We believe that this policy should be adhered to and we endorse the comparability principle.

The panel cannot stress too strongly the fact that full adherence to the comparability principle involves, first, attaining comparability *at all grades*, and, second, making necessary periodic adjustments to keep Government pay levels comparable with private enterprise pay levels. Up to the present time, efforts

to obtain across-the-board comparability for all grades have not been successful. We express deep concern at this failure to carry into effect a uniform and equitable salary policy.

The panel does not support the view that because recent Government civilian pay raises have been substantial, attainment of comparability across the board can be indefinitely deferred. It is unfair to the employees affected and also an impediment to good government to permit the middle and higher grades to lag behind rates paid in private enterprise two, three, and four years ago. We earnestly recommend that the President again call this problem to the attention of the Congress and urge remedial action at the earliest practicable time.

The comparability principle also requires regular periodic adjustments to assure that Federal salary rates will be comparable to private enterprise salary rates for the same levels of work. The most recent BLS Survey takes as its reference period the months of February and March 1964. It shows that private enterprise salary levels increased about 3 percent during the year ending in March 1964. The panel accepts the accuracy and adequacy of the survey, and recommends a salary adjustment in the fiscal year 1966 averaging 3 percent of the overall payroll for civilian employees and a corresponding increase in compensation for uniformed personnel.

The purpose and the effects of such adjustments would be threefold: (a) to hold existing gains in the direction of comparability already achieved for civilian salaries; (b) to restore the 1963 relationship between civilian salaries and the compensation of uniformed personnel; and (c) to grant increases which would be compatible with the Administration's national wage and price policies.

As indicated on page 4 of this report, we recommend that the President propose legislation for these purposes.

Failure to support and achieve such an increase would not only lose ground which should not be lost, but it would also be construed as an attempt to negate the statutory principles and policies laid down in recent salary reform legislation and the legislative history accompanying it.

There are two alternatives for handling Federal pay matters. The Government must either proceed in accordance with a rational system such as that described above, or it must revert to the old, highly unsatisfactory practice of adjusting Federal pay only when political pressure, or actual deterioration and a growing failure to get and keep good people, results in demands for corrective action. The panel believes that the executive branch should continue to support the first alternative as the clear intent of the Congress and the only fair means of keeping Federal pay in step with gains in the economy as a whole.

In recommending an average increase of 3 percent of payroll for civilian employees and a corresponding appropriate increase for uniformed personnel, the panel recognizes that there are several alternatives for distribution of the dollars involved. Judgments, however, may differ as to which alternative should be chosen at this time. The panel, therefore, believes that the detailed plan should be left to the executive branch to develop in a manner most consistent with the President's policies and with maintaining satisfactory internal alignment of the resulting salary schedules.

To illustrate, the present Classification Act pay line does not represent the attainment of uniform comparability with private enterprise pay for any recent year. Because of a number of factors, different grades and levels in the civilian pay systems have attained comparability relating variously to private enterprise salary rates reported for each of the years 1961, 1962, 1963, and 1964. Taken in reverse order, the two lowest Classification Act grades, in which there is only a minor fraction of Federal employment, have already reached 1964 private enterprise rates. The next several higher grades have almost reached 1963 private enterprise rates. (The difference is 1 percent or less.) Salaries currently paid from approximately \$6,600 to \$9,500 per annum approximate 1962 private enterprise rates. Salaries from about \$11,000 to the top Classification Act salary of \$24,500 per annum lag behind even 1962 rates in varying percentages. In brief, the middle grades may be generally related to 1962 and the higher grades to 1961 private enterprise rates. These facts automatically suggest a variety of ways to distribute a 3 percent average increase in pay for civilian employees.

The salary rates now existing for military compensation cannot be directly related to salary rates in private enterprise. The panel, therefore, expresses the opinion that adjustments in military pay should be so distributed among grades and ranks as to be most effective in attracting and retaining the necessary skills needed in the Armed Forces.

The panel points out that its recommendations for pay adjustments in the fiscal year 1966 do not apply to retired pay of either military or civilian personnel. Retired pay is now linked to movement in the annual average of the consumer price index.

The panel also points out that it makes no recommendation with respect to adjustment of the salary schedules now applicable to employees of the legislative and judicial branches of the Government. Any changes which the Congress may wish to make to keep those salary schedules in step with adjustments in pay of executive branch employees should be handled through the regular legislative process.

Finally, as indicated on page 9, the panel believes that the 1966 adjustment should not extend to top executive branch positions contained in the Executive Salary Schedule of the 1964 Salary Reform Act, or to salaries of Members of Congress and the Federal judiciary.³ Any proposals for changes in these salary levels should await the quadrennial review of Federal salary structures recommended earlier in this report.

PENDING MILITARY PAY LEGISLATION

On March 5, 1965, you asked that the panel review and evaluate the proposal for a military pay increase (H.R. 5725) introduced in the House of Representatives on March 3, 1965.

This bill provides for an average increase of approximately 10.7 percent in basic pay for members of the uniformed services. The proposed increases are distributed unevenly throughout the grades and ranks of officer and enlisted personnel. The largest percentage increases for enlisted men go to those with under two years of service who are performing periods of obligated service. These increases range from 13 percent for a recruit (E-1) to 33.8 percent for Corporals (E-4) and Sergeants (E-5). Percentage increases for enlisted men with over two years of service average 11.2 percent. The largest percentage increases for officers, from 21 percent to 22.2 percent, also go to the group fulfilling their periods of obligated service. For officers with over two years of service, the percentage increases average 6.4 percent.

The annual additional cost of the proposal is \$1.005 billion, plus \$204 million in increased annual accrued costs for retirement. It will also add \$3.7 billion to the unfunded past service liability of the military retirement system. Amortized over the remaining service of the typical member of the Armed Forces, this is equivalent to an additional cost of approximately \$355 million per year.

Despite the substantial cost of the bill, there is little supporting factual material available to indicate the basis for the increases. A summary analysis of the bill printed by the House Armed Services Committee states that since 1952 increases in military pay to those with over two years of service total 36.6 percent, whereas pay increases during the same period for classified civil servants averaged 46.3 percent. The panel is unable to determine the basis for these figures. Data supplied by the Department of Defense indicate that the increase over this period for classified civil servants averaged 52.7 percent, and 57.1 percent for officers with greater than two years of service, and 34.1 percent for enlisted personnel with more than two years of service.

The statement to the press released with the bill asserts that the legislation for the first time attempts to link uniformed services and Federal civilian employees pay levels and identified "in precise amounts the value of so-called major traditional military fringe benefits." It is stated that the rates of basic pay proposed in the bill are based on the salaries of civilian Federal employees performing comparable tasks, reduced to accommodate military quarters and subsistence allowances, the tax advantage on such allowance and the 6½ percent contribution that civilian personnel make to their retirement system. The specific linkages between military and Classification Act grades have not been made available. So far as the panel has been able to determine, no satisfactory "comparability linkage" for military compensation has been developed.

In further support of the proposal, the House Committee's staff analysis of H.R. 5725 maintains that the Military Departments are unable to attract and retain "high quality" personnel. No supporting data are provided.

³ On page 11, the non-Government members of the panel express their views that the provisions of the 1964 Act for salaries of the members of the Supreme Court of the United States are unsatisfactory and should be corrected.

A large number of factors affect the ability of the Military Departments to attract and retain quality personnel, and the Department of Defense does not maintain that current pay levels account for recent trends. However, the fact is that in recent years, the Armed Services have met with increasing success in attracting and retaining high quality military personnel. Data supplied by the Department of Defense show that in the years 1952 through 1959, 78.2 percent of the men entering enlisted service were in the top three mental groups. In the period 1960 through 1964, 87.9 percent of enlisted personnel were in these groups. In 1956, approximately 55.2 percent of enlisted men were high school graduates, compared with 72.8 percent in 1963.

In recent years, there has been a marked increase in the experience levels of the force. This has been particularly true in the critical electronic occupations, where career manning has increased between 1956 and 1964 from 18 percent to 41 percent in Army, and in Air Force from 28 percent in 1956 to 55 percent in 1964. With respect to officers, the percent of college graduates rose from 55.5 percent in 1956 to the present level of over 70 percent.

The panel's attempts to obtain additional information from the House Armed Services Committee have been unsuccessful. On March 5, 1965, Mr. Folsom, Chairman of the panel, wrote to Chairman Rivers of the House Armed Services Committee and asked for materials developed by the staff, particularly the analysis supporting linkages between military and civilian pay, and the evaluation of relative military and civilian fringe benefits. In a letter dated March 8, 1965, the Chairman indicated that the information was not in such form that it could be sent to the panel but said he would be happy to meet with Mr. Folsom. Attempts by Mr. Folsom to arrange such a meeting have been unsuccessful.

Based on its analysis of the bill, the panel has concluded:

(1) No justification is offered for the 10.7 percent increase recommended to restore comparability, since no evidence is presented to establish a satisfactory "comparability linkage."

(2) Although the principal purpose of the bill is stated to be to remedy the Services' inability to attract and retain high-quality personnel the largest increases are proposed for those serving obligated service, and the smallest percentage increases apply to the grades at which the career commitment is normally made.

(3) The Committee proposal purports to take precise account of military fringe benefits. In fact, the only adjustment made to reflect the differences in supplementary benefits available to military and civilian employees is the exclusion of 6½ percent of basic pay, to take into account the noncontributory retirement system. The adjustment is erroneous. Liabilities for the military retirement system now accrue at a rate of 24.4 percent of basic pay.

(4) The Congress, by its actions in 1962, 1963, and 1964, when it enacted legislation which, in total, raised military compensation for those with over two years of service by an average of 18.4 percent, placed military compensation at a level, in relation to civilian pay levels, sufficient to attract and retain sufficient numbers and quality of personnel. We see no need to change this relationship before the next major structural review.

The panel has recommended adoption of a policy for structural review of all salary systems at four-year intervals. Between such reviews, we recommend continuing the policy which the Department of Defense inaugurated in 1963 of reviewing and adjusting military pay annually to reflect increases of salaries and wages in the economy as a whole.

In summary, the panel recommends that the Administration oppose H.R. 5725.

OTHER ISSUES PRESENTED TO THE PANEL

Overtime

The question of premium pay for overtime work long has commanded the attention of the Federal Government and of other governmental jurisdictions. Many statutory changes have occurred over a period of more than sixty years. Generally, these have rested upon the principle of premium pay as a financial deterrent to long hours and on the belief that such a deterrent would encourage the creation of new jobs. At present there is discussion of whether premium rates should be increased to serve again as a substantial financial deterrent to long hours. This issue was not before the panel, but there was brought to our attention the facts that Federal overtime pay practices are not consistent and that, because of certain statutory restrictions, employees in some Government activities, and particularly in the Post Office Department, have work schedules which result

in uneconomical overtime, as well as in far too long hours of work for certain categories of employees. This is unduly costly to the Government and unfair to the employees.

The panel, therefore, makes two recommendations.

First, we urge acceleration of present plans to hire a sufficient number of employees to reduce or eliminate uneconomical overtime.

Second, as soon as practicable thereafter, we recommend the enactment of legislation authorizing all rank and file civilian employees paid under the Statutory Salary Systems to receive premium pay equally and on a basis comparable with industry practices when overtime work is necessary.

In general, we believe that sufficient manpower should be authorized to regularize employment to the maximum extent possible on the basis of 40 hours per week with no scheduled overtime.

As indicated above, the need for action is particularly acute in the Post Office Department.

The wage board pay system

At the request of the United States Civil Service Commission and the Bureau of the Budget, the panel made a brief review of a draft report on a study of the Government wage board system recently prepared by those two agencies. The panel believes that it is not within its jurisdiction to assume responsibility for full review of that study. Accordingly, we present no comments upon the specific proposals for changes contained in the draft report.

However, as a matter of pay policy, the panel recommends that the executive branch take effective steps at the earliest possible time (a) to bring about equitable coordination of wage board practices, and (b) to eliminate pay differences now existing between and among Government agencies employing wage board personnel in essentially the same positions in the same localities.

Moving expenses

At the present time, military and civilian personnel are severely penalized because of inadequate authority to reimburse them fairly for legitimate expenses of transfers to new duty stations ordered for the benefit and convenience of the Government. The panel had substantial evidence presented to it that many employees who responded to the Government's request to transfer to new duties in a different location incurred losses ranging up to many hundreds of dollars. This situation should not be permitted to continue.

The panel recommends enactment of legislation which will grant sufficiently broad and flexible authority for a Government agency to defray the costs of moving in such a manner that there will be no unfair out-of-pocket costs to the employees involved.

We believe that the legislation should permit either the gaining or the losing agency to pay moving costs. We also recommend that moving expenses of Presidential appointees be defrayed by the Government at the time of initial appointment and when leaving Government to return to private life.

Readjustment allowances

Another matter indirectly related to compensation concerns the handicap now placed upon the executive branch by a lack of statutory authority to deal equitably with civilian employees separated from the service through no fault of their own. The rapidly changing nature of Government programs, and the needs which they are intended to fulfill, will continue to call for elimination of activities, closing of military bases and other installations, and major changes in program emphasis and direction resulting in substantial reductions in force or changes in required skills. The panel recommends enactment of legislation which would authorize payment of a coordinated package of readjustment allowances applicable in situations such as those just outlined. The new elements involved appear to be severance pay (or termination allowances) probably based on length of service and salary, and retraining costs under some circumstances. The element of moving costs, where pertinent could be handled as referred to above.

Life insurance

Some of the views presented to the panel suggested that authorization of more life insurance for Government employees was just as important as pay increases. The panel was impressed by the fact that the highly beneficial Government life insurance program enacted some years ago is badly out of date. It supplies inadequate protection for younger and lower-paid employees who need the pro-

tection most. However, since this matter has a direct relationship to the review of retirement systems now under way, the panel recommends that it be studied by the Cabinet Committee on Retirement Systems with a view to recommending such changes as appear warranted.

The concept of total compensation

In the future, and not later than the next basic review of Government salary system interrelationships, the panel recommends that all non-salary elements in Federal compensation be analyzed and taken into account. This will involve thorough consideration of the growing role of fringe benefits in compensation patterns throughout our economy. Here again the panel believes that there should be substantial equality between Federal and non-Federal employees, particularly those in private enterprise employment.

On the basis of data collected by the Department of Labor, there now appears to be approximate overall equality between Government expenditures and private enterprise expenditures for fringe benefits for white collar employees. There are, however marked differences in individual categories. For example, the Government cannot provide such fringe benefits as payments toward savings and thrift plans, nor in the form of stock options or yearend or other bonuses. A substantial offset, however, is found in greater Government expenditures for annual and sick leave.

There are also differences in fringe benefits applicable to civilian employees and uniformed personnel. Payments to Federal civilian employees in the form of fringe benefits now approach 25 percent of straight-time base pay, and those to military personnel have been estimated at approximately 35 percent of the elements of military compensation which are equivalent to civilian straight-time base pay. Expenditures of these dimensions should be kept under careful and continuous examination.

CONCLUSION

The assignment which you asked the panel to undertake may be looked upon by those who tend to be critical of the career services of the Federal Government as a cut and dried proposition. We have not considered our work to be a routine review. We have attempted to take a fresh look at the concepts and principles upon which civilian and military salaries are based. We are convinced that the concepts are sound and that the principles are both sound and fair. The only basic failure is that the principles have not been fully carried into effect. There are still deficiencies to be corrected if Federal civilian personnel and our military forces are to be compensated in accordance with their skills and in keeping with the performance expected of them.

Government can be effective in the complex world in which we live only if those who administer it and defend its very foundation are the peers in every way of persons performing like levels of work outside Government service.

The panel hopes that its deliberations and this report will be helpful to you, to the Congress, and to the American people. We are grateful to you for the opportunity we have had to perform our assignment, and we stand ready individually and collectively to assist you in any way you deem appropriate in carrying our recommendations into effect.

There are attached supplemental statements by Mr. Meany and General Bradley commenting upon certain aspects of our report upon which they wish you to have their personal views.

Respectfully,

MARION B. FOLSOM, *Chairman.*

For and on behalf of: Omar Bradley, General of the Army; Kermit Gordon, Director, Bureau of the Budget; John A. Gronouski, Postmaster General; John W. Macy, Jr., Chairman, United States Civil Service Commission; Robert S. McNamara, Secretary of Defense; George Meany, President, American Federation of Labor and Congress of Industrial Organizations; Don K. Price, Dean, Graduate School of Public Administration, Harvard University; Sydney Stein, Jr., Partner, Stein Roe & Farnham; W. Willard Wirtz, Secretary of Labor.

AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., April 14, 1965.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: While I am in general agreement with my colleagues on the President's Special Panel on Federal Salaries, I must in good conscience dissent from several of their specific findings.

The report carries a positive reaffirmation of the need for full comparability between salaries of Federal employees and those paid for similar work in private industries—a concept which originated with the Randall Commission and which is now the law of the land under the Federal Pay Act of 1962. But all we have is a concept for, as the report points out, full comparability has not been achieved. In much of government employment, in fact, we have not even approached comparability.

What is even worse, the majority on the Special Panel has failed to urge immediate achievement of full comparability. In my opinion, this is a grave disservice to government employees and to the nation.

The Report recommends a 3 percent overall increase in the classified payroll but it fails to specify that this should be applied across the board. The Panel implies that some formula other than a straight across-the-board increase would be acceptable. This is a judgment in which I cannot join and from which I would vigorously dissent.

The 3 percent figure relates to the increase in wages and salaries in this country from 1963 to 1964. If it were applied unevenly, it would do even more damage to the concept of comparability. In my opinion, now is the time for the government to step out boldly, eliminate all discrepancies in comparability, and reject the half-hearted attempt at reaching this concept which have marked federal salary increases in the past.

The same observations apply to the panel's proposal of a 4.8 percent general increase for military personnel. I further question the merit of limiting the increase to 2.7 percent for those with less than two years' service—primarily, the draftees. A young man who is called from civilian life to the service of his country surely has no less a financial problem than those who make the armed services a career. Let us remember that men in uniform are on "peacetime service" only in a technical sense. Today's draftees not only deserve an equal pay raise; they should be given education benefits of the kind proposed by Senator Yarborough's Cold War GI Bill of Rights.

With respect to both the civilian and military pay proposals, I dissent from the language equating them with "national wage and price policies." As you know, Mr. President, it is the position of the AFL-CIO that there are in fact no national wage and price policies, nor should there be in the absence of a war emergency. We believe wage and salary determinations, both private and government should be made on the basis of objective facts, not on the theoretical projections of academic economists.

Finally, in relation to wage boards for the so-called "blue collar" workers, it is my firm belief that the spirit of Executive Order 10988, which you have endorsed, must be applied. This would, of course, require full consultation with employee organizations on any proposed changes in the present wage board pay system.

With these exceptions, I am pleased to join in this report. I believe the panel's recommendations are generally in line with the spirit of your instructions, and will make a substantial contribution to the objectives you set in your budget message.

Sincerely yours,

GEORGE MEANY, *President.*

STATEMENT OF GENERAL OF THE ARMY OMAR N. BRADLEY, A MEMBER OF THE
PAY PANEL APPOINTED BY THE PRESIDENT ON JANUARY 28, 1965

I concur with the report of the Panel except for one point. The report implies that full comparability for the uniformed services was reached in the Military Pay Act of 1963 and that the pay is now sufficient to attract and retain qualified personnel.

I am not convinced that this is true.

(I want to point out that my pay would not be affected by any increase. All recent service pay legislation for active or retired officers has specifically excluded Generals of the Army and Admirals of the Fleet.)

Unlimited liability is inherent in the mandate from the people of the United States charging each person in uniform to stand ready to defend this nation, when necessary, at the risk of his life. This charge exists for no other walk of life, profession, or calling.

Military professionalism requires long training, rigid discipline, a high degree of versatility, and unflagging dedication. The need of the military services is more than a matter of numbers; it is the preservation and encouragement of excellence. For this reason, I am concerned that past failures to keep service pay abreast of civilian wage and salary increases are reflected in the quality of personnel in the armed services. Service pay scales should be adequate not only to attract but also to retain the quality and quantity of personnel required, and to motivate members of all ranks to strive for higher responsibilities throughout their careers. Few military personnel enter the profession of arms in search of financial gain. Yet, the standard of living the military is expected by the American people to maintain, coupled with the increased educational requirements caused by the complexity of the modern military machine, causes today's military professionals to be increasingly aware of the necessity for providing adequate estates for their families. The head of any military family must now evaluate his military pay in relationship to the demands for education of his children in an increasingly competitive society where his federal civilian counterparts have a continuing advantage. The head of a military household finds he lacks the financial resources to afford his growing children opportunity to attain a level of education similar to his own. It should be also pointed out that the military man knows no normal 40-hour week. Indeed, the military profession is a 24-hour-a-day calling, without the benefit of overtime pay compensation.

Comparison of military pay scales with civilian pay scales is extremely difficult since there are significant differences between military specialties, particularly in the combat elements of the armed forces, and civilian occupations. The unique demands of military service and the total responsibilities of military command have no counterparts in civilian life. Nevertheless, in line with President Johnson's statement that he wants "our uniformed citizens to be first-class citizens in every respect" and "their wives and children to know only first-class lives," it is appropriate that a determination of reasonable comparability be made.

Complete comparability of the military profession to any other calling is not possible because of the unlimited liability in defense of the nation which I have mentioned. Nevertheless, an attempt at comparison is useful for two reasons. First, the members of the Armed Forces of a democracy are true members of its society and should take their appropriate place in its structure. Second, qualified individuals look upon the military profession as one of several possible career pursuits and assess its advantages and penalties accordingly. If a life in the Services falls short in this comparison then the law of supply and demand will operate to reduce the quality of our fighting men.

Comparison must be made *not* at a single point in time, but must consider total lifetime accrual of benefits and penalties. It is when this long view is taken that the lack of compensation to military personnel is most obvious. Equity dictates that an individual who has chosen the military profession should, as he successfully advances through its hierarchy, take on the same stature in society as his running mate in other callings—equal energy, equal devotion, equal intellect, equal responsibility should bring equal compensation. But even if this requirement for equality were met—and it certainly is not when private soldiers earn less than the national minimum wage scale—even so the principle of comparability would require more compensation to military members to recompense them for the erosion of their estates caused by the three aspects of military life that severely discount present earnings. These three negative factors are: the ponderous inertia and inflexibility of military compensation caused by the requirement that it be established in law; the career-long transient status of the military and their families; and the short full-earning period caused by early mandatory retirement. Most men in civilian pursuits draw substantial salaries for many years after reaching responsible positions in their professions. Military men have very short periods to serve after reaching responsible positions and attaining salaries approaching those of business executives.

The first of these penalties denies to the soldier the flexible compensation advantages and retention incentives of his civilian counterpart—the Christmas

bonus, the cash award for suggestions, the profit-sharing plan, the stock options for the employee, the quick adaptation to a change in cost-of-living.

Frequent movement between military posts in the United States and remote locations overseas denies to both officer and soldier the opportunity to establish a permanent home, to build a permanent equity of material goods or of local reputation or to root his family in a social structure of confidence and security.

The prospect of forced retirement before an estate can be established--particularly before children can be educated--is the most serious of the imponderable penalties that face the career military man. Beginning a second career above the age of 50 is extremely difficult--particularly in view of the severe limitations placed by law upon a retired person's activities. This contrasts with other government servants who have a lifetime career until age 70.

In any discussion of pay, we have in mind total compensation--including fringe benefits and retired pay. Many years ago the uniformed services had more fringe benefits and a better retirement system than most of their counterparts. Now all workers have social security benefits, and most industries have fine retirement plans. Most workers have annual leave (and only work days count, whereas in the uniformed services every calendar day counts); sick leave; a Christmas bonus which in many cases includes up to a month's extra salary; profit sharing plans; company stores which in some cases rival post exchanges; health plans including hospitalization; and life insurance plans.

Usually when discussing any increase in service pay, the chance of such increase is tempered by mentioning how much such increase will add to later costs of the retired list. I don't recall hearing any such statements when considering increases for Civil Service employees--or when giving an increase to someone in industry.

In any study of comparability, all fringe and retirement benefits must be included in the pay of the industrial or Civil Service worker, as well as of the man in the uniformed service.

One may argue that job security partially offsets a lesser pay. I doubt that job security for a service man is any greater than that of a Civil Service worker, or of an industrial worker who is protected by his union, and the rules of the National Labor Relations Board. In contrast a career officer cannot take advantage of the right to go from one company to another one which would give him a better job.

On page 17 of the Panel report certain percentages are quoted, indicating improvements in qualifications of officers and enlisted men. The report states that many factors affect the ability to attract and retain quality personnel, but a hurried reading might lead one to jump to the conclusion that adequate pay was the primary factor. In fact, these improvements each had a very definite cause other than pay. For example, the Army raised its mental standards for acceptance in 1960; the total of high school graduating classes in 1963 was some 37 percent greater than in 1956; in 1956 we still had many officer call-ups from World War II and the Korean War, who have now been replaced largely by recent college graduates. (Most services have raised the educational requirements for new officers.)

I am not as concerned about the number of officers we can attract as I am about our ability to attract and retain enough outstanding ones--men such as Marshall, MacArthur, Eisenhower, Halsey, Nimitz, Rickover, etc. Statistics comparing the salaries offered by industry to members of the university and college graduating classes with those offered to second lieutenants and ensigns would show a big difference.

Taking all these things into consideration indicates that real comparability demands some form of additional compensation for the man who chooses the military life. Raising his earning-period income considerably is one clear method to do so. It is not the only way--elaborate scholarship plans, liberalized home-loan schemes, less rigid employment rules following retirement--these and many other such suggestions would help. But they would be ponderous to enact into law and selective in their applicability. Substantial increase in current pay at this time appears to be the simplest, most effective, and in the long run, cheapest solution if the Services are to retain the hard-core professionals which the nation so desperately needs.

I recommend that such increases be granted at an early date.

OMAR N. BRADLEY.

Mr. UDALL. I commend to the attention of the members the President's special message recommending adjustments in the statutory civilian salary systems, printed as House Document No. 170. A copy is on each member's desk. This proposal, designed to implement and further strengthen the principle of comparability between Federal and private enterprise salaries, was first laid down by the Congress as a permanent policy in the Federal Salary Reform Act of 1962.

As recommended by the President, title I of H.R. 8207 provides upward adjustments averaging 3 percent in the grades and levels of the major Federal civilian statutory salary systems. More specifically, in terms of the General Schedule of the Classification Act of 1949 and the postal field service schedule, the increase is 3 percent in the fourth step salary rate. The other step rates are increased in appropriate amounts to preserve uniform differences between all of the step rates.

Title II of H.R. 8207 is the Federal Salary Review Commission Act proposed by the President. This title would establish an independent, "quadrennial" commission, to review the salary structure as well as the statutory salary systems, for Members of Congress, Federal judges, and employees of the executives branch. This Commission would also recommend appropriate adjustments to the President every fourth year. The President, after considering the Commission's recommendations, would submit to the Congress his proposals for changes or adjustments in Federal civilian salaries. If neither House within 60 days approves a resolution stating that it does not favor the proposals, they would take effect as law.

The first witness this morning represents the administration. He is the Honorable John W. Macy, Jr., Chairman of the Civil Service Commission, and is accompanied this morning by Mr. Stahl and Mr. Hare.

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION; ACCOMPANIED BY O. GLENN STAHL, DIRECTOR, BUREAU OF PROGRAMS AND STANDARDS; AND ROBERT S. HARE, CHIEF, PAY SYSTEMS SECTION, PROGRAM PLANNING DIVISION, BUREAU OF PROGRAMS AND STANDARDS, CIVIL SERVICE COMMISSION

Mr. MACY. Mr. Chairman, I appreciate very much the action you have taken in introducing H.R. 8207 and the action you have taken in calling this early hearing with respect to the salary program for Federal employees.

This is a very important piece of legislation that relates to a very large number of men and women who work for the Federal Government. It has great significance in terms of carrying forward the salary reform program that was inaugurated in the statutes that you referred to earlier.

Mr. Chairman, in the interest of following the expedition that you cited, I would like to depart from the usual procedure of reading my prepared statement and instead, place it in the record if I may, and then speak briefly about the high points in this program, and then

be prepared to respond to any questions that you and Congressman Olsen may have with respect to all of the issues presented.

Mr. UDALL. That will be agreeable.

I know of few witnesses who come before the committee better able to handle themselves in give and take. I think this is sometimes the most effective way of presenting testimony.

Unless there is objection, the statement of Mr. Macy will be inserted in the record at this point.

(The statement referred to follows:)

STATEMENT OF JOHN W. MACY, JR., CHAIRMAN, U.S. CIVIL SERVICE COMMISSION

Mr. Chairman and members of the subcommittee. I appreciate this opportunity to appear today in support of the President's 1965 civilian pay proposals. Fair, up-to-date salary systems are essential instruments in the maintenance of a competent, productive career civil service.

The President's proposals, transmitted to Congress with his message of May 12, support the basic policy prescribed by the Federal Salary Reform Act of 1962 calling for—

Equal pay for substantially equal work, and pay distinctions in keeping with work and performance distinctions; and

Salary rates comparable with private enterprise salary rates for the same levels of work.

With his proposals the President also transmitted the report dated April 15, 1965, of a Special Panel on Federal Salaries which at his request had reviewed Federal military and civilian pay levels. The proposals are based on carefully considered recommendations of the Panel.

The report of the Special Panel and the President's message largely take the place of the annual report required by the Salary Reform Act to provide the comparison of Federal and private enterprise salary rates and any recommendations the President deems advisable. To make full information available to Congress, the President on May 17 transmitted the report and analysis of the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission on the comparison of Federal and private enterprise salaries and the views of Federal employee organizations.

I assume that these reports will be included in the record of these hearings. Consequently, I shall concentrate my discussion on only the key features of the proposals.

THE PRESIDENT'S INTEREST

Let me first, however, emphasize the high interest of the President in the measure which is before you. You will recall that in his message of May 12 he reasserted in unmistakable language his concern for the "dignity, opportunity, and profound personal achievement" in the public service as a profession. He further emphasized his concern for the quality of the service in his demonstration of progress toward economy and a lean and fit body of civil servants and his emphasis on the importance of adequate pay as a means to continue to advance the Government toward such goals. Interested as he is in the necessity for this year's particular salary adjustments, President Johnson is especially concerned with the more durable features of this pay bill and the methods by which we may continue to insure a rational salary system for the future. He believes firmly that, with the enactment of this legislation, we shall be on sounder ground to maintain equitable, consistent, and up-to-date compensation policies and as he put it in his closing words: "shall be in a far better position to attract and retain in Federal service the best talent in America."

SALARY REFORM ACCOMPLISHMENTS

In its nearly 3 years of operation, the salary reform law has brought about a remarkable improvement in the Federal salary picture. Full comparability with private enterprise levels has not yet been achieved, but the Government's position now is vastly superior to its situation in 1961.

Just before the 1962 reform measure, national average private enterprise levels were, for example, 6.8 percent above Classification Act rates at GS-5, 13.1 percent at GS-11, and 24.3 percent at GS-15. Comparisons based on the latest

BLS survey findings, for 1964, show private enterprise rates 3.5 percent above Classification Act salaries at GS-5, 8.9 percent at GS-11, and 10.7 at GS-15. The proposals before you do not reduce the remaining gap substantially, but neither do they permit it to become larger. The extent to which Federal salaries have been brought closer to prevailing business levels becomes even more notable when it is observed that private enterprise salaries themselves rose 10 percent during the period.

Although Classification Act rates form the basis for the annual comparison with private enterprise salaries, linkage of other statutory systems to Classification Act levels has resulted in parallel improvements in salaries of the postal field service, Veterans' Administration medical service, and the Foreign Service.

PRINCIPAL REMAINING PROBLEMS

But our experience under the 1962 and 1964 acts has disclosed that some problems remain and that further improvements are needed.

Present Federal schedules, as shown by the examples of salaries mentioned, not only continue to lag behind but also are unequally related to private enterprise levels. The remaining gap is much wider at the middle and upper grades than at the lower grades. Expressed another way, current Classification Act salaries for grades up through GS-5 approximate or exceed private enterprise levels for 1963; salaries for the next several grades are close to private enterprise levels in 1962, and grades from GS-11 or GS-12 to the top of the schedule equate most nearly with the private enterprise levels of 1961.

To overcome the remaining gap in an enduring way requires more than current salary adjustments. It requires solution of two major problems:

The excessive lapse of time between completion of the annual survey of private enterprise salaries by the Bureau of Labor Statistics and the reflection in Federal pay schedules of the changes that have taken place in pay rates in the private economy, and

The relatively static character of Federal salaries for offices at ranks above those of the four career, statutory schedules.

GENERAL NATURE OF PROPOSALS

The President's 1965 pay proposals recognize and propose solutions for these two problems, as well as others of lesser magnitude that have been encountered in administration of the reformed statutory systems. The improvements thus proposed would also apply to the pay systems of the uniformed military services which have been troubled by similar problems. The proposals would, furthermore, adjust current salary schedules to take into account the most recent Bureau of Labor Statistics findings on private enterprise pay levels and would add benefits necessary to modernize other forms of Federal compensation.

Today I shall focus primarily on civilian salaries and salary systems and specifically on those proposals of the President which have been introduced by Mr. Udall in H.R. 8207. Because salary adjustments being proposed are better understood in the light of the improvements proposed in the systems, I shall first discuss these improvements even though they do not occur first in the bill.

ANNUAL SALARY COMPARISON AND SALARY ADJUSTMENT PROCEDURE

While the principles enunciated in the Federal Salary Reform Act are eminently sound, experience has shown that there is room for improvement in existing procedures for salary reviews and adjustments. The two problems already mentioned are closely associated with the annual salary review and adjustment procedure for statutory schedules and with the absence of any formalized, regularly recurring procedure for reviewing upper Federal salaries.

The reform act requires the President to report annually to Congress, at no fixed time, the comparison of Federal and private enterprise levels and any recommendations he deems advisable. To carry out this procedure requires extensive analyses of salary survey findings and their translation into appropriate pay lines and pay schedules. Employee organizations are provided an opportunity to review the findings and comparisons and their views are obtained. The Director of the Bureau of the Budget and I then prepare and submit to the President a report with recommendations. The President determines his recommendations to Congress, which are then drafted into the form of a proposed

bill, the other documents necessary in a legislative proposal are carefully prepared, and the legislative proposal is transmitted to both Houses.

Each House of Congress then studies the proposals, through hearings like this and committee reviews of factual information, often detailed and technical, furnished on their own initiative or at the request of committees by the executive branch or other interested parties. Comprehensive reports are prepared by the committees, proposals are debated on the floor, and adjustments are then acted on.

This is a valuable but cumbersome and timetaking process for salary-setting purposes. It becomes particularly burdensome when a rising economy requires annual salary adjustments and repetition of the process each year. It results inescapably in an excessively long interval of time between a salary survey and the resultant salary adjustments. The initial schedules under the comparability principle that took effect in October 1962, for example, were based on a Bureau of Labor Statistics survey report published in the fall of 1961 and recommendations of the President transmitted to Congress on February 20, 1962. Although the circumstances were unusual in this particular instance, the current statutory pay schedules which became effective in July 1964 were based on the April 1963 recommendations of the President. Those recommendations reflected a Bureau of Labor Statistics report published in October 1962, showing data collected in the winter of 1961-62. The July 1964 adjustment took some account of the Bureau of Labor Statistics findings in 1963, to be sure, but only at a few lower grades.

The process for adjusting statutory salaries is much more cumbersome and timetaking than that for adjusting pay rates for other groups of Federal employees under a statutory prevailing rate policy, notably the more than 600,000 employees under wage board systems and the salaried as well as wage employees of such agencies as the Atomic Energy Commission and the Tennessee Valley Authority. To improve pay adjustment procedures for the statutory salary systems, however, it is not necessary to place as great a degree of authority in the executive branch as that exercised by the individual employing agencies for the two groups mentioned.

Section 6 of H.R. 8207, by adding new subsections (c), (d), and (e) to section 503 of the 1962 Reform Act, would permit, with important safeguards, the operation of a simplified and shortened salary adjustment procedure. The President would be required to transmit his annual recommendations to Congress by January 31. If neither House in the meantime passed a resolution expressing disfavor of the proposed rates, the salary schedules transmitted by the President could become effective as early as the pay period following the next 60 days of continuous session. During this year, for example, schedules recommended by the President could have become effective in the middle of April for most employees.

Under the proposed procedure, Congress would retain the review of the President's salary adjustment recommendations and no new schedules could become effective if either House objected. If there were no objection, however, the schedules would take effect promptly, and with the saving of a great deal of the time of Members of Congress that now must be devoted to highly technical pay matters.

Further, Congress would retain exactly the same control it now exercises over Federal salary structures and policies. The proposed periodic adjustment procedure would extend only to changes in statutory schedules necessary to reflect changes in prevailing salary levels since the last adjustment and to maintain the same structural relationships between Federal and private enterprise salaries that Congress had most recently fixed.

Any changes in the structure or other features of Federal systems would be accomplished only by the normal legislative process. Changes of this kind would generally be considered only at 1-year intervals, in connection with reviews made by the proposed Federal Salary Review Commission which I shall discuss later.

A procedure of the kind proposed for interim adjustments is the only prompt, and at the same time sound, means yet devised for reducing the lag between survey reports and salary adjustments. The alternative of projecting most recent survey findings, perhaps one year ahead, is a dangerous one. A wrong guess could be entirely too expensive; overestimating a projected increase by as little as 1 percentage point would cost the Government about \$135 million.

One other change in the annual review procedure is also proposed in section 6 of the bill. A new subsection (b) to be added to section 503 of the Reform Act would give the President discretionary authority to have salaries surveyed and

comparisons made in additional fields of non-Federal employment beyond the present private enterprise salary surveys and comparisons. Thus, surveys and comparisons could be extended to State and local governments and to nonprofit organizations, for example. This would assure that Federal salaries are appropriately related to those prevailing in the U.S. economy at large.

FEDERAL SALARY REVIEW COMMISSION

For another major and durable procedural reform, title II of H.R. 8207 would establish a Federal Salary Review Commission composed of 10 members; 4 appointed by the President of the United States, 2 by the President of the Senate, 2 by the Speaker of the House, and 2 by the Chief Justice. Anyone holding office at the time would be ineligible for appointment.

The first Commission would be appointed not later than January 1966 and serve for 1 year. A new 1-year commission would be appointed not later than January 31 of every fourth year thereafter.

The Commission would make a twofold, comprehensive review of Federal civilian and military compensation, consisting of—

A review of the compensation of Senators and Representatives, Federal Justices and judges, and individuals under the Federal Executive Salary Act of 1964, with a view to maintaining proper levels and relationships among the rates of compensation of these officers and between their rates and those of the Classification Act.

A review of the principles, concepts, structures, and interrelationships of statutory salary systems for civilian employees and members of the uniformed services.

The first Commission report would go to the President by January 1, 1967, and there would be a report by the same date of each fourth year afterward. The President would transmit to Congress not later than March 31 of each of these years (1) a compensation plan containing the rates he recommends for Senators and Congressmen, the Federal judiciary, and those under the Federal Executive Salary Act; and (2) his recommendations as to changes he deems necessary in the structure of statutory salary systems and other elements of compensation for civilian employees and the uniformed forces. From this point on, the course of the two types of proposals would be quite different.

The rates of compensation which he would propose—which could not exceed those recommended by the Salary Review Commission—would take effect on the first pay period after July 1, unless within the first 60 calendar days of continuous session after its transmittal either House has passed a resolution expressing disfavor. This process, we believe, would have wide public acceptance as a more objective way to set pay rates for Members of Congress and other top officers than now exists. Reticence of Congress to consider its own pay slows down consideration of top pay in all three branches to longer intervals than are equitable.

We believe the proposal is sound. It would relieve Congress of the embarrassment of initiating proposed rates for pay of its own Members, and it would have the advantage of making changes on the basis of a studied and balanced system of relationships among all pay schedules.

Recommendations for changes in the systems or structure for, or interrelationships among, career salaries and those features of civilian or military compensation other than the pay rates themselves would, on the other hand, follow the normal course of legislative proposals and would take effect only to the extent of affirmative enactment. Section 205 of the bill specifies further that unless Congress otherwise authorizes by law, there shall be no change in the principles and basic structure of Federal salary systems between quadrennial reviews, except for the periodic adjustments in pay levels necessary to maintain previously established relationships with prevailing salary levels.

The proposed procedure would maintain the same degree of control that Congress now exercises over all features of statutory systems except the interim adjustments based on measured changes in prevailing salary levels. Rather than reviewing systems to some extent nearly every year, however, the legislative review would be concentrated in every fourth year, and would be aided by the findings of a responsible, disinterested body which had given its attention to these matters over a period of a year.

Taken together, the quadrennial reviews of upper Federal salaries and of career salary structures and policies should contribute to increased effectiveness of the salary comparability principle. Periodic reviews and adjustments of upper

salaries would permit the top rates of career schedules to be increased as necessary to maintain proper relationships with outside salaries and with those of lower grades. By enactment of Congress, the structures of statutory salary schedules could be realigned to eliminate or to reduce, to the extent Congress deemed appropriate, the exceptionally large gap between salaries at upper grade levels and outside rates.

Equally important, the quadrennial reviews would provide for consideration of military compensation levels in relation to those of the civilian service. In this way, changes in salary levels and relationships in the national economy could be reflected in military compensation, and other improvements could be introduced in the military pay and allowance structure.

BASIC PROCEDURAL PROPOSALS

In effect then, the President is proposing two major procedural reforms:

1. An improved method for annual salary comparison and salary adjustment, largely eliminating the danger of a continuation of serious and indefensible timelags but preserving ultimate congressional sanction of Executive action on civilian and military compensation.
2. Establishment of a new mechanism for quadrennial review of legislative, judicial, and top executive salaries through the means of a Federal Salary Review Commission.

The remaining features of the bill concern the adjustment of current statutory schedules for career civilian and military employees.

ADJUSTMENT OF CURRENT STATUTORY SCHEDULES

Sections 2, 3, 4, and 5 of the bill would adjust, respectively, the present statutory schedules of the Classification Act, the postal field service, the medical service of the Veterans' Administration, and the Foreign Service. In each case, a general adjustment averaging 3 percent is proposed.

This increase corresponds with the rise in private enterprise salary levels, over those for the previous year, as shown by the most recent Bureau of Labor Statistics survey report published in November 1964, subsequent to the July 1964 adjustment of statutory schedules. The 3-percent adjustment would not bring Federal salaries closer to private enterprise levels than had the 1964 increase, but it would maintain recent gains and preserve the relationship most recently fixed by Congress.

The new schedules would become effective the first pay period on or after January 1, 1966. This date is proposed in order to hold the 1966 fiscal year costs within amounts included in the budget for salary increase purposes.

CONCLUSION

H.R. 8207 would thus make fundamental long-range improvements in salary review and adjustment procedures and would preserve for the immediate future the gains achieved up to this time under the comparability principle. A full-scale review of the relationship of Federal pay to compensation levels in the national economy would be carried out in 1966 by the first Salary Review Commission.

The new adjustment procedure and the quadrennial reviews by a Federal Salary Review Commission should result in reduction of the timelag in statutory schedule adjustments, substantial saving of the time of Congress, and more orderly relationships among top Federal salaries, career-level civilian rates, and compensation of the uniformed services.

Thus enactment of this bill will represent further significant progress toward the objective of adequate, up-to-date, and fair pay systems for all categories of Government personnel.

Mr. UDALL. I might say at this point that the subcommittee may well wish to consider a number of subjects, including severance pay, when we finally decide what bill, if any, to report. I think this would be an expeditious way of handling some of these matters.

We will be glad to have you comment on this new excellent proposal on severance pay in connection with your general testimony this morning.

Mr. MACY. I will be happy to do that.

You have already introduced in the record the President's message of May 12 on salary policy. This message in itself provides ample and forceful testimony to indicate the position of the administration with respect to the legislation that is before you.

I would like to point out that accompanying the President's message is a report of the President's Special Panel on Federal Salaries, a group of officials of the executive branch and augmented by distinguished persons from outside who reviewed the entire salary picture, military and civilian, for the President earlier this year and submitted a report on April 15. I will refer to that document as I go along.

Mr. UDALL. I would observe for the record this has been printed as House Document No. 170, and that the President's message, together with the Panel's report, is available in very handy form.

Mr. MACY. There is also available, Mr. Chairman, in an equally handy form, Document No. 174 which was submitted by the President on May 17 and contains the joint report of the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission to the President in accordance with the requirements of the Salary Reform Act of 1962. That joint report is the analysis of the Bureau of Labor Statistics' survey released last November 1964, and the conversion of that survey into a salary line and salary schedules.

This report was one of the documents considered by the Special Panel, and the recommendations from the Director of the Bureau and the Chairman of the Commission are incorporated in that report. But this document contains a great deal of very valuable and detailed information.

Let me also say, it contains the comments of virtually all of the Federal employee organizations, and I am certain you will wish to read their comments in that report as well as to hear the testimony they will present before the committee.

One of the important features of the 1962 statute was the provision for consultation with employee groups in the workings of the salary system.

Mr. Chairman, I would like to discuss the major features of the legislation in capsule form, this is legislation which is designed for the further improvement of the Federal salary systems. It is a Presidential program which constitutes a third phase in a continuing effort to establish a sound, responsive, and equitable salary system for the Federal employees covered by the statutory salary authorizations.

I think it is important to point out in considering salaries that they are a very essential part of a total program designed to achieve the necessary accomplishments in terms of the Federal programs authorized by Congress and administered by the executive branch.

The purpose of this particular plan is to achieve, with Congress, a salary system which is appropriately balanced, balanced so the interests of three very important groups, or forces, are fully recognized. The balance to be achieved should be one that provides salaries that are fair to employees and constitute a proper compensation for their efforts; secondly, it should provide such levels of salary as to be adequate to attract and retain the skills that are necessary for the accomplishment of Federal programs; and thirdly, the salary levels

should be those that do not place an undue or unfair burden upon the taxpayer who provides the resources for this system.

It is also important, Mr. Chairman, to realize that the salary system is only one of a number of features that makes up an effective program of personnel policies that are reflective of the interests of a good employer. It is necessary, along with salaries, to assure that there is a system that provides for merit appointment and promotion, means for constructive employee relationships with individuals and groups, that there are means for assuring that the working conditions in which Federal employees labor are of a safe and proper standard, and it is important that there be systems to assure opportunities for the placement and adjudication of grievances and appeals.

Likewise, it is essential there be systems of recognition in incentive to assure high performance, and finally, that salary programs be supplemented to provide certain benefits that are necessary to assure appropriate economic security for Federal employees.

I would like to call your attention, if I may, to the definition that the President provides in his message with respect to the standards for a good employer in Document 170, and this commences at the bottom of the first page. It says:

And I define a good employer as one who demands excellence and rewards it; is fair and just; respects the dignity of his employees; insists upon ethical standards and sets a good example; practices no discrimination; welcomes fresh ideas and new approaches; fulfills his responsibilities to the community; provides opportunities for growth and challenge; and combines prudent business judgment with enlightened policies on compensation and benefits.

And so the program that is embodied in H.R. 8207 is a means for fulfilling that definition as it relates to salaries.

I indicated this was the third phase in a continuing effort to build a constructive salary system. The first phase was the act of 1962, which established for the first time two fundamental principles as guidelines for the setting of salaries in the Federal Government. One was that such salaries should be at a level comparable to salaries paid in private enterprise for like services at a like level and called for regular adjustment to assure that this comparability principle was sustained.

A second principle, that of maintaining internal alinement within the Federal Government so that various jobs were ranked and ordered in accordance with their difficulty and responsibility.

In the 1962 statute there were basic structural changes in the Classification Act in order to assure that internal alinement was maintained.

The second step in the improvement of the salary systems in the Federal Government was enacted by Congress in the Salary Reform Act of 1964. The principal accomplishment in that enactment was the raising of top salaries on a rational and interrelated basis so it was possible to have within the career salary structure the kind of internal alinement that was necessary to reward relative responsibilities and at the same time to keep pace with salaries paid on the outside.

Last winter at the time when the required report on comparability was submitted to the President by the Budget Director and the Commission Chairman, the President desired further counsel as to how certain continuing issues with respect to salaries could be most

effectively resolved in order to formulate a program that could be presented to the Congress in 1964.

Basically there were three issues that were identified at that time. The first issue was that of the relationship of civilian salaries and compensation with that of the military. Through the years, action has been taken separately for civilian personnel and for uniformed personnel. At times it has been claimed that the two were in reasonable parity and at other times there have been serious morale problems because one group or the other appeared to be out of line in relation to the other system.

In view of the fact we have a very significant percentage, nearly one-half, of the civilian employees of the Federal Government working for the Department of Defense and in close proximity to many individuals in uniform, it was viewed as most important that there be a logical and sound relationship between the two compensation systems.

Secondly, there was a view that there was need for some additional refinement in the procedures carrying out the comparability principle in order to reduce the timelag and in order to reduce the burden on both the executive and legislative branches.

Third, as a result of the experience in 1963 and 1964 with respect to the upward adjustment of top salaries in the Government, those for Members of Congress, members of the judiciary and the top levels of the executive branch, it was thought there should be built into the salary system a means for regular review and potentially regular adjustment.

Further, there should be built into the system an assured, regular review of the structure and relationships, that it should not be necessary to review structures and relationships every time there was an adjustment, but it was important that it be done periodically to assure there were not significant departures from practice that was equitable to employees and assured the accomplishment of the Government's work.

With those three issues in mind, the President designated the Special Panel on Federal Salaries, and that group met on several occasions and reviewed these issues, as well as the report submitted by the Budget Bureau and the Civil Service Commission with respect to the current indicated adjustments based upon the Bureau of Labor Statistics nationwide survey.

The report that accompanies the President's message sums up the recommendations coming from that group, and those recommendations in turn constitute the basic issues that are incorporated in H.R. 8207.

The first of the proposals for further reform that appears in title I of H.R. 8207 is a device whereby the timelag presently existing in the system can be reduced, and more expeditious consideration can be given to adjustments on an annual basis.

The proposal is that as an extension of the annual review process there be a proposal from the President prior to January 31 of each year presented to the Congress in the form of a proposed set of salary schedules which, if not acted upon by the Congress, would then within the ensuing 60 days have the effect of law. If the Congress was disposed to reject such a set of schedules, such rejection would be accomplished by a majority vote in one of the other Houses. This

would provide an orderly, regular, and more expeditious means for the Congress to review the product of the survey and analysis and the proposal for adjustments.

It would still permit congressional review; it would permit a hearing such as this at which time the executive branch would present the facts on which the proposed adjustments were to be based; and it would, of course, at all times continue the appropriations process as a means for regulating increased expenditures for salaries.

This is the first proposal that is offered in this program.

The second proposal is one of a longer range nature, and is designed to meet the need of keeping the military and civilian salaries in harmony; to provide for a systematic review of structure and relationships among the civilian salary systems and in relation to salaries in the outside sector by the appointment of a group to be known as a Salary Review Commission to be appointed jointly by the President, the Speaker, and the Vice President and the Chief Justice, a group of 10 individuals, none of whom would be involved in the salaries being paid, and such a Commission would be appointed starting in 1966 and on a quadrennial basis subsequent to that so there would be a review in 1970, 1974, and every 4 years thereafter, and that the Commission would be required to report in sufficient time for the President to submit his recommendations from that report early in the next congressional session.

The review of that Commission would cover two basic areas—one would be the review of salary structures and relationships, and any changes in salary structures or relationships that were proposed would be sent to the Congress for consideration through the regular legislative process.

The second area would be the review of the top level salaries in the Federal Government—legislative, judicial, and executive.

The recommendations of the Commission with respect to adjustments in those salaries would be submitted to the President, and the President in turn would submit them to the Congress in whatever form he recommended, but not at a higher rate than the recommendation of the Commission, and that would be handled in the same fashion as the annual adjustment; in other words, in accordance with the Reorganization Act principle. They would lay before the two Houses of Congress for 60 days and if there were no negative action by either House, they would go into effect.

The view would be that such a procedure would make it possible for these higher level salaries to be reviewed on a regular basis and it would relieve both the executive and the legislative branch of the inherent embarrassment of proposing increases in its own salaries.

So these are two proposals that are procedural in nature, but they are very important procedures, and relate very directly to future adjustments in salary levels.

It should also be pointed out that both of these devices relate to both civilian and military personnel so that if your action in 1965 on civilian pay and the action of other committees on military compensation bring about the relationship that is proposed in this message of the President, the future adjustments would preserve that relationship.

That brings me to the specific recommendations with respect to salary.

The review was made of the data that was submitted by the Bureau of Labor Statistics and analyzed by the Civil Service Commission and the Budget Bureau. This was reviewed by the salary committee and by the President, and the conclusion was reached it was desirable this year to preserve the level of salaries established by the 1964 act through an increase averaging 3 percent; that the increase in salaries in the private sector as revealed by the Bureau of Labor Statistics report showed there had been a general improvement of 3 percent, and that the objective of the legislation this year should be to preserve the relationship that was established last year and the pay level that was established last year until such time as there was a further structural review in 1966.

The President's message also proposes that the increase in rates be effective on January 1, 1966, which brings the total amount of military and civilian salary increases within the funds available in the President's budget.

In title I of H.R. 8207, there is also another perfecting amendment proposed, and that is that in the future the review of comparability be extended to cover other non-Federal salaries in addition to those in private enterprise. This would permit a coverage of State and local government salaries and those of the nonprofit corporations.

The Salary Panel, Mr. Chairman, also added three other related recommendations which I also offer at this time for your attention, although they will undoubtedly be discussed in greater detail by other witnesses, or in the case of one of them, they may actually come up before another committee.

The first proposal was that legislation be introduced to authorize certain civilian employees in the Post Office Department who are not now receiving premium pay for overtime to receive such pay on an equal basis with other civilian employees.

The Postmaster General will undoubtedly testify further on this point. Suffice it for me to say, the President desires to see this kind of across-the-board equality of treatment for all Federal employees.

The second related recommendation called for the establishment of a coordinated and equitable system for the payment of moving expenses to employees transferred for the convenience and benefit of the Government.

For a number of years, Mr. Chairman, the Civil Service Commission has been concerned about the necessity for Federal employees who were moved from one geographic location to another to suffer an out-of-pocket financial loss. The Salary Panel shared that concern and recommended that legislation be introduced which would make it possible for the Government to reimburse such individuals who were moved because of the Government's desires to use their services at some other location.

The Civil Service Commission has sent forward to the Congress a legislative proposal along these lines.

It is my understanding this proposal has now been referred to the House Government Operations Committee.

The final recommendation is for the authorization of payment of readjustment allowances to certain employees separated involuntarily from Federal employment through no fault of their own.

It may be that at this point, Mr. Chairman, you would like to have the statement with respect to severance pay introduced and bill H.R. 8424.

Mr. UDALL. Unless there is objection, the bill H.R. 8424 will be printed in the record at this point.

(The bill, H.R. 8424, follows:)

[H.R. 8424, 89th Cong., 1st sess.]

A BILL To provide severance pay to certain officers and employees of the Federal Government, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Severance Pay Act of 1965."

SEC. 2. (a) Except as provided in subsection (b), this Act applies to every civilian officer and employee in or under the executive branch of the Government of the United States, including an officer and employee of a corporation wholly owned or controlled by the United States.

(b) This Act does not apply to--

(1) an officer or employee whose rate of basic compensation is at a rate provided for the levels of the Federal Executive Salary Schedule or is in excess of the highest rate of grade 18 of the General Schedule of the Classification Act of 1949, as amended;

(2) an officer or employee serving under an appointment with a definite time limitation;

(3) an alien employee who occupies a position outside the several States and the District of Columbia;

(4) an officer or employee who is subject to the Civil Service Retirement Act, as amended, or any other retirement law or system applicable to Federal officers or employees or members of the uniformed services, and who, at the time of separation from the service, has fulfilled the requirements for immediate annuity under any such a law or system;

(5) an officer or employee who, at the time of separation from the service, is receiving compensation under the Federal Employees' Compensation Act, as amended, except one receiving this compensation concurrently with salary or on account of the death of another person;

(6) an officer or employee who, at the time of separation from the service, is entitled to receive other severance pay from the Government; or

(7) such other officers or employees as may be excluded by rules and regulations of the President, or such officer or agency as he may designate.

SEC. 3. (a) An officer or employee to whom this Act applies who is involuntarily separated from the service, or after the effective date of this Act, not by removal for cause on charges of misconduct, delinquency, or inefficiency, shall, under rules and regulations prescribed by the President or such agency as he may designate, be paid severance pay in regular pay periods by the department or independent establishment from which separated.

(b) Severance pay shall consist of two elements, a basic severance allowance and an age adjustment allowance. The basic severance allowance shall be computed on the basis of one week's basic compensation at the rate received immediately before separation for each year of civilian service up to and including ten years for which severance pay has not been received under this or any other authority and two weeks' basic compensation at such rate for each year of civilian service beyond ten years for which severance pay has not been received under this or any other authority. The age adjustment allowance shall be computed on the basis of 10 per centum of the total basic severance allowance for each year by which the age of the recipient exceeds forty years at the time of separation. Total severance pay received under this section shall not exceed one year's pay at the rate received immediately before separation.

(c) An officer or employee may be paid severance pay only after having been employed currently for a continuous period of at least twelve months.

(d) If an officer or employee is reemployed by the Federal Government before the expiration of the period covered by payments of severance pay, the payments shall be discontinued beginning with the date of reemployment and the service represented by the unexpired portion of the period shall be recredited to the officer or employee for use in any subsequent computations of severance pay. For

the purposes of subsection (c), reemployment which causes severance pay to be discontinued shall be considered as employment continuous with that serving as the basis for the severance pay.

(e) Severance pay under this Act shall not be a basis for payment, nor be included in the basis for computation, of any other type of Government benefits, and any period covered by severance pay shall not be regarded as a period of Government service or employment.

Sec. 4. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

Mr. MACY. This feature of providing severance pay is new to most of the categories of employees that are covered by the statutory salary systems.

There are today, however, severance pay provisions for military personnel and foreign service personnel where individuals are dropped from the service through the workings of their career plan.

In private industry, severance pay has been used to an increasing extent since 1944. The Bureau of Labor Statistics shows an expansion of benefits of this kind primarily designed to assist employees in their readjustment in the event their jobs are eliminated through causes which are beyond their control.

It was the view of the salary panel, and it was the view of the President, that the Federal Government should be equally humanitarian in its concern about those employees who are dropped for reasons of change in Government program, through the consolidation of activities, through the closing of bases, or other means.

The formula in H.R. 8424 calls for the payment of 1 week's salary for each year of service up to 10 years, and then for 2 weeks' pay per year after 10 years, and for a 10-percent increase in the amount of pay for those over 40.

As you can see, the formula is designed to provide extra financial assistance to those employees of longer service and older age who normally have greater difficulty in finding other work. The system would be controlled so in the event the individual was reemployed prior to the completion of the severance pay allowance, that the pay would be cut off and the allowance would be continued to run on a weekly basis rather than being paid in a lump sum in order to take care of situations such as that.

This would not apply to top level employees, to those employees on a fixed term assignment, or to those who are separated through inefficiency, or misbehavior.

I believe this is a very important supplement to the total array of Federal programs. In the past, the Federal Government has looked to some extent upon the accumulated annual leave as a cushion for those who depart, but basically that is not the purpose of the leave. The leave is provided by the Congress to give the employee time in the course of his employment to be away from his work and to refresh himself for future work.

In 1954 the Congress extended coverage of the unemployment compensation provisions to Federal employees. Those provisions are available to those separated, but as in private industry, it is frequently found that these benefits are not sufficient and the level of benefits do not match the definition of the "good employer."

In conclusion, Mr. Chairman, let me say that the President's program on salary policy for 1964 is an effort to move ahead as a good employer, to further extend the reform refinement and improvement in salary

system that occurred during the past 4 years. These adjustments in procedure and adjustments in rates involve a total of 1,736,000 employees as of March 31, 1965.

The cost of the 3-percent adjustment on the basis of a full year is \$406 million, and one-half of that on the basis recommended by the President and the administration of an effective date on January 1, 1966.

The coverage includes not only the Classification Act, but, through the linkage authorized in the 1962 statute, it includes the entire Postal Field Service, the doctors and medical personnel of the Veterans' Administration and the personnel covered by the Foreign Service Act.

Let me reemphasize the importance of this program as a means of establishing equity and harmony with compensation for more than 2 million military personnel who also serve their Government in very important programs. This is historic legislation in the sense it is designed to bring these two large groups of Federal workers into a harmonious salary relationship.

That concludes my commentary, Mr. Chairman. As it turned out, it was probably longer than my written statement, but I hope it was helpful in providing an interpretation of the President's message, and in indicating the earnestness of the administration in urging early and favorable consideration of H.R. 8207.

Mr. UDALL. Thank you, Mr. Macy. Your excellent statement was very helpful. I shall read your prepared statement in detail this evening. I have a few inquiries of my own, but before beginning, I would like to remind the members of the committee that the Chair is anxious to have these hearings conducted expeditiously and fairly.

We are going to take all the time we need and provide due process. However, the rules of the committee state that each member shall not interrogate a witness, including the time of his answer and time yielded, for more than 10 minutes.

Because Mr. Macy is the only witness this morning, we will have time for second rounds of questioning, but the Chair proposes that these hearings will operate under this 10-minute rule. The Chair will apply this rule to himself as well as to the other members.

Mr. POOL. At this point, I would like to compliment you for that.

Mr. UDALL. I want to say I have been tremendously impressed and pleased with the attitude of the President toward the civil service employees and toward those who work for the Government in all capacities. I think it has been a long time since we have seen this degree of enthusiasm and interest in the pay, working conditions, and morale of people in the civil service. I think it is due in no small part—and I am sure the witness cannot comment on this—on the kind of advice the President has been getting.

I am tremendously impressed with the message and the general thrust of what you are trying to do. I am happy to have had a chance to introduce and sponsor the legislation before us this morning.

I know members of this committee are sometimes criticized as going overboard in proposals for salary adjustments for the Federal civil service. I think you make the point in your statement that the proposal before us will not reduce the remaining gap. There is still a gap. Even if this bill were passed today, there would be a gap in common practicability between positions of responsibility in private

enterprise and State and city governments and comparable positions in the Federal service. All we do in this bill, assuming it is passed, is to make sure that lag does not get any bigger. Would you care to comment?

Mr. MACY. That is exactly the case, Mr. Chairman; there is a recognition that insofar as the private enterprise rates are concerned, this proposal does not bring the Federal Government all the way up at all levels to comparability. We believe that by the congressional action in 1964 a fair level was achieved and a reasonably sound relationship was achieved, and before further review is made the desirable action is to maintain the level that was established last year, plus the increase that has taken place in the marketplace.

It is very important to recognize that we are in a period in our history where, due to productivity, due to competition for skills, salaries have been rising over a span of time at a rate of about 3 percent a year. This 3 percent is what is reflected in this particular proposal.

Mr. UDALL. In this connection, right above the sentence that I referred to, you indicate there is a 6.8 percent lag between private enterprise, a 13 percent at GS-11, and a somewhat greater disparity in higher levels.

The question may well be raised that if there are different lags in these different grades, why is the proposed salary adjustment about 3 percent in all grades? Why does not the proposal provide that greater emphasis and greater pay raises be given in these grades further behind rather than the overall 3 percent increase?

Mr. MACY. That is a very valid question, and one that has been raised a number of times. These figures can be expressed in comparisons on point of time as well as percentage.

I think we can say that in the lower grades the 1964 enactment brings comparability as of 1963 to that level. At the middle, its comparability as of 1962, and at the top, comparability as of 1961. We feel, those of us who have been very close to the analysis of this data—and we have studied it a great deal in the course of the now nearly 3 years since this legislation has been on the books—that it would be a mistake to propose a plan that would overcome all these differences at one time.

We are very much aware of the substantial costs involved in any salary adjustment. You might be interested to know we now apply a rule-of-thumb with respect to all of the jobs that are covered by these salary systems, that to increase salaries by 1 percent costs about \$135 million. So really, the 1 percent, or a fraction of 1 percent constitutes a very substantial dollar increase in the payroll.

We feel that although we have confidence in the quantitative measures that are involved in the BLS survey, and the analyses we make of that survey, it is important that we continue to gain improvement and continue to have refinements in that system.

We believe this year the proper action is to maintain the level achieved in 1964, plus the 3 percent, which represents the 1 year's increase in private enterprise.

Mr. UDALL. I suppose that you as well as the President have to deal in all these things with the Bureau of the Budget and that larger raises in wiping out this lag would have a substantial bearing on holding the budget in line.

Mr. MACY. The Budget Bureau is an active partner in this whole enterprise. We feel as an administration an obligation to be certain we are not moving forward too fast, and that the increases that are proposed are substantially supported by the evidence received.

Mr. UDALL. Let me hit a couple of more points before my time expires.

I want to say I am impressed with the action of the administration not only in seeking to make rational and orderly adjustments in salary, but also in recognizing that a good employer must consider a number of other things.

I know in private industry such things as fringe benefits often are as important to an employee organization as the actual rate of pay. So it has been heartening to me to see that separate proposals have been submitted on overtime for certain special employees, the postal employees. In my opinion there never has been any rational excuse for working these people long hours without some consideration of overtime pay.

The moving expense proposal which you have touched upon is good. I know I had a constituent that was moved by the FAA from the east coast to Arizona, and he showed me he had lost some \$800 by making this move. I think an enlightened employer certainly does take care of this sort of thing.

Concerning the severance pay proposal, you indicated this is designed to give a larger degree of help to the employees in their forties or fifties, who are separated. Because it would be more difficult for them to find employment, we give them 2 weeks' severance pay per year after 10 years. I think this is very meritorious.

You mentioned unemployment compensation. How does this tie in with the severance pay total? For example, suppose that my shipyard is closed in Brooklyn and that although I had worked for many years, my employment is terminated. Would I get severance pay and unemployment compensation or would my unemployment compensation rights begin when my severance pay ran out?

Mr. MACY. This would depend, Mr. Chairman, on the State in which the employment actually occurred. I do not know what the New York provisions are, so I am not able to respond with respect to Brooklyn, but generally the States are divided on this.

In some instances, if a private employer has a severance pay plan, unemployment compensation is not paid until after the severance pay has been exhausted.

In other cases, they can be received concurrently.

It was the view of the administration that even if unemployment compensation was provided, the benefits are at such a level they are not of sufficient assistance to help an individual of long service and of higher age. In fact, the private employers have recognized this, and in many collective bargaining agreements there are now supplementary unemployment compensation benefits as well as severance pay.

There is a rising concern on the part of employers, partially motivated by the impact of automation, to do more to assist the employee who is displaced with interim financing until he is able to find some other work. We feel the Federal Government really needs to do this.

I think it is important to recognize this is not an inconsequential number of employees involved. Our research shows last year the

Federal Government laid off through reductions in force a total of 18,482 employees. Now, all of those employees would not be eligible for severance pay. Many of them would not have had enough service. Some would have been temporaries. Some would have been eligible for immediate retirement, and if that is the case they would not be eligible.

This does not represent the total universe that would be covered by this legislation, but it shows the magnitude of the program.

If the Federal Government is going to keep up with technology and with the changes in public mission, it is very important that it not be inhibited in making these changes because of a natural humanitarian concern.

Mr. UDALL. This is a very excellent point. As I indicated earlier, I am going to suggest to the subcommittee that when we begin to consider writing the bill we may well wish to take up some of these provisions. As long as we will be considering a more or less omnibus bill for this year, perhaps we might write these three proposals into any legislation we might report.

Mr. MACY. That would be excellent.

Mr. UDALL. The time of the gentleman from Arizona has expired. The gentleman from Louisiana.

Mr. MORRISON. I certainly want to join with the chairman of the committee in complimenting the witness, the Chairman of the Civil Service Commission. Both his statement and his presentation were excellent and well prepared. Over the years he has been most helpful to the Post Office and Civil Service Committees of both the House and Senate on so many matters that have come up affecting the Federal employees of our Nation.

I, like the Chairman, am very pleased that Mr. Macy himself feels that the Federal employees deserve a full and comprehensive study of the very vital field of pay legislation. I am also pleased that his statement is an expression of the President's sentiments.

If we go back a few years we realize that the Federal employee understood that his pay was 20 percent below the going wage of a person in a comparable job in private enterprise. He had to feel that perhaps he did not have the opportunity to voice his opinion as did a comparable employee in private industry. I think this had a very serious effect upon the morale of our employees.

I know that in the largest city of the district that I have represented since 1943 the employees were quitting the Post Office Department and going to work in private industry. They were giving up their rights in the retirement program as well as other fringe benefits to which they had contributed. So many people were leaving that in order to fill a job the Post Office Department had to advertise not only on the radio and in the paper, but even on television.

I think that has been brought out to a very marked degree. It certainly gave the people as a whole a feeling and understanding of the problems we faced in the Federal establishment as far as pay legislation was concerned.

I have heard, and I am sure other members have, about economy in Government. I have always maintained the position that practically every member, in fact all the members of our committee and certainly the Members of Congress, have been for economy in Govern-

ment. We all feel that no one has a monopoly on being for economy in Government. On the other hand, I think we certainly have to face a very important obligation that Congress owes to the Federal employees, since we have the responsibility for the amount of compensation they receive for their labors.

I am sure that all of us on this committee have heard complaints about various pay legislation enacted in the past. I have heard some things not too complimentary.

Now, Mr. Macy, when a Federal pay raise is enacted by Congress, does not a substantial amount of that pay go back into the Treasury through direct and indirect Federal taxes?

In other words, although a number of dollars leaves the Treasury of the United States for salaries, in effect some of it comes back. Is that not correct?

Mr. MACY. Yes, a portion would come back in income tax, depending on the income level of the individual employee. The withholding now is 16 percent. This is withheld and in most cases this covers the income tax liability of the individual. So I think we could compute that that percent, or roughly that percent, would be the minimum amount that would be returned out of any increase we provide.

Also, we have to recognize that accompanying every pay increase there are additional costs to the Government such as the increase in insurance, and the increase in retirement benefits. One of the points you have been concerned about in one of the subcommittees is the increase in the unfunded liability that accompanies every pay increase. We have to recognize that an increase will be reflected in subsequent retirement benefit increases. But you are right that there are some limited returns that will come back in the form of additional tax revenues.

Mr. MORRISON. You use the word "limited." But heretofore when we have had a pay raise an employee who bought an automobile paid a certain amount of taxes on that automobile. Similarly, an employee who had been renting a house might decide he could own his own home after a pay increase. If this new home were farther from work he would have to pay a little more in gasoline taxes. Thus it is a wrong premise to say the pay raise cost a number of dollars and that the Federal Government is out that much. As you have stated, and as I am sure the facts from a comprehensive study would bear this out, a lot of these pay increases have come back to the Treasury through direct taxes and indirect taxes.

I think the actual great reward to the Government has been in the better morale of its employees. They feel that they are being considered and appreciated and that they have someone who will listen to their side. They can certainly, as the old saying goes, petition their feelings to Congress as they have done on so many occasions. So I believe that all in all the Federal Government came out best in the past pay increases. Better morale has engendered better and more productive work. I certainly feel that the mere fact that you are here today making a contribution to the problems that face these Federal employees will be helpful to further morale building in the Government.

I certainly am glad to have had this opportunity to hear your testimony. I know it will be very valuable to our committee when we undertake final action on the bill.

Mr. MACY. I appreciate your support on this matter of productivity. I think this is a point that should be well recognized not only in these Halls but across the country. Federal employees have become more productive. We have seen instance after instance where there has been an increase in workload in the Bureau of Internal Revenue, the FAA, the GSA, where the same employees are accomplishing greater workloads than ever before, and I think there should be compensation for this increased productivity.

Also, as a supplement to your brief, I would say there is evidence of reduced turnover as a result of the better salary levels that have been provided by the Congress in the last 4 years. This is difficult to pinpoint, but we see a lesser turnover as a result of salary increases and the assurance that there will be regular consideration in the future of salary adjustments. Before the last few years it was only occasionally there were proposals for salary adjustments. Now the President has an obligation to review this annually, and the machinery we are providing here gives an added assurance that it will be given consideration.

Mr. UDALL. The time of the gentleman from Louisiana has expired. The gentleman from Illinois.

Mr. DERWINSKI. I, too, want to compliment you, Mr. Macy, on your very fine prepared statement as well as your oral remarks. I do not wish to expand on this eulogy because it might increase your ego slightly.

Mr. MACY. That is impossible.

Mr. DERWINSKI. You have given us a broad outline of your position and you have given the philosophy behind the proposal more than the details of the proposal. Could you give us more specifics on how the figure proposed in this bill was reached and some additional background?

Mr. MACY. Yes. Let me say, Mr. Derwinski, that in the Bureau of Labor Statistics study which was released last November 3—and it may be, Mr. Chairman, that this is another document that may very well be made a part of the record—entitled “National Survey of Professional, Administrative, Technical, and Clerical Pay,” Bulletin 1422, this document shows, on the basis of a survey of positions similar to those in the Federal Government in 80 cities across the country, that there was approximately a 3-percent increase in salaries in those particular occupations and locations from 1963 to 1964. There is some variation in the 3-percent margin depending on the different occupations, but the average increase worked out about that way.

Mr. POOL. Will the gentleman yield?

Mr. DERWINSKI. Yes.

Mr. POOL. Did they analyze the equipment the employees used and things like that?

Mr. MACY. You mean the equipment used by employees in private enterprise?

Mr. POOL. Yes.

Mr. MACY. The comparison, Mr. Pool, is made on a very careful job comparison. In other words, there is a description of what is done in the Federal Government and then a matching of that set of duties in private enterprise, so that we do not just compare job descriptions but the particular functions.

So, in answer to your question, if the equipment involved was a computer on which the individual employee was doing programming work, we would have to have a similar function with similar equipment in making the comparison in private enterprise.

Mr. POOL. Thank you. I will get into that more when I have my turn.

Mr. MACY. This information was turned over in this form to the professional staff of the Budget Bureau and the Civil Service Commission and they analyzed this and produced a statistical pay line which showed the average salary at each of the grade levels within the Classification Act and then projected a line. Since we do not collect data through the Bureau of Labor Statistics above grade 15, for grades 16, 17, and 18 there was a straight line projection of the curve to cover the total range of grades in the Classification Act. Then a schedule was constructed for each grade using the average rate as the fourth step. Then, once that was constructed for the Classification Act, by using the linkage points in the 1962 act a similar projection was made for the postal service, Veterans' Administration, and Foreign Service.

These schedules which are now included in H.R. 8207 are those which carry over the 3-percent increase that was reported in the year under study.

Mr. DERWINSKI. In your prepared statement you emphasize your principal remaining problems, and you seem most concerned with what you call the static character of salaries at the middle- and upper-grade levels. It is your intention, then, over a period of time, to eradicate this problem?

Mr. MACY. Yes. I think there has been decided progress in the two recent Salary Acts for providing a better relationship between the lower end of the scale and the middle and upper ends of the scale. What we have found is that over a period of time, as there are adjustments in career salaries, we run into a situation of compression at the top because of the fixed nature of congressional and executive salaries. So one of the purposes in this quadrennial review would be to evaluate the relationship of top salaries to top positions outside and to determine what changes should be made, because those changes will influence our ability to maintain pace with the market, particularly at the middle and upper steps of the Classification Act.

Mr. DERWINSKI. In the past we have had difficulty filling some positions at the lower levels. I have not noticed any lack of interest in congressional positions because of salary considerations. Is the President having difficulty filling Cabinet and sub-Cabinet positions because of the salaries?

Mr. MACY. There is decided difficulty, particularly in the sub-Cabinet and lower levels of the executive pay scale when the Government approaches someone in a top executive position in private industry. The salary and gross compensation of executives in large corporations has reached such a high level that it is doubtful we shall ever become comparable or within range. This means that an individual who accepts such a post in Government has to accept a very substantial reduction. We have found since the passage of the 1964 act, which substantially improved the Cabinet and sub-Cabinet rates of pay, there has been a greater willingness to serve because the differ-

ence is not of such magnitude. I do not think we will ever meet the salaries of top executives positions in General Motors, even though the comparable positions in the Federal Government may carry greater responsibilities than those in General Motors.

Mr. DERWINSKI. Inasmuch as Congress has produced substantial proper adjustments of Federal salary schedules, it seems to me this weakens your argument that Congress in the future might not effectively work in this field.

Mr. MACY. This is a very valid question. Let me see if I can be responsive to it.

I believe our experience in 1963 and 1964—which is really our first 2 years under the Salary Reform Act—indicated the difficulty that the Congress had in enacting an adjustment in rates even when the principles were rather precisely spelled out. It took the better part of 2 years to actually accomplish this, which means there was a farther falling behind as far as the rates are concerned. And it has been expressed by Members of Congress as well as people in the executive branch that it would be effective to reduce the amount of legislative action called for in order to bring about the adjustments, and the feeling of the panel is that an existing device which has been tested, and tested just recently, could effectively be used to achieve the adjustments now that Congress has spelled out such a comprehensive framework of principles within which the adjustments should be made, and there would be an opportunity within the 60 days to have just as extensive hearings in reviewing the data used in establishing those rates, but it means there would not be such an extensive consideration of alternative proposals. Congress would still be free, if it rejected the President's plan, to come up with something else.

Mr. UDALL. The time of the gentleman from Illinois has expired. The gentleman from Montana.

Mr. OLSEN. It is a pleasure to see you here again, Mr. Macy, and I concur with the chairman and my colleagues that you always make a very excellent statement and contribute greatly to the solution of all problems of Federal employment, especially the salary problem.

Mr. MACY. Thank you.

Mr. OLSEN. But with respect to this problem of timelag—and when we talk about timelag we mean lagging behind private employment in pay—do you think the Congress materially or greatly contributes to that timelag?

Mr. MACY. Yes, I do. I believe that if the proposal incorporated in H.R. 8207 were enacted it would be possible to put scales into effect in about 12 months after the reference month of the survey and that this would substantially reduce the timelag.

Mr. OLSEN. The reason I asked that, it seems to me the Congress, in the three pay acts that I have seen, has been willing to go further in closing the gap between private employment and Federal employment than has the Commission or the recommendations of the President. I think that is demonstrated again today. I wonder why it is you do not want to close the gap with the recommendations that the President sends up here today?

Mr. MACY. In answer to your first point, I think the Congress has been eager to see greater comparability achieved quicker at the lower end of the scale, but it has been slower in achieving comparability at the middle and upper ends of the scale.

Mr. OLSEN. Do you not think it would have been virtually impossible to pass a pay raise bill here at all if we had not listened to the people representing individuals at the lower end of the pay scale?

Mr. MACY. I would feel that under the principles in the Salary Reform Act, for which I believe there was universal support at the time of the hearings in 1962, it would mean that once we have reached a comparable scale at all levels it would be possible to put this into effect in a more expeditious fashion than in the past.

Mr. OLSEN. In this recommendation the President sends up here today, you do not recommend full comparability?

Mr. MACY. No. The President is recommending that we maintain the position that the Congress established in 1964 for this year plus 3 percent.

Mr. OLSEN. Is this not a violation of our comparability law established in 1962?

Mr. MACY. No, I do not think it is a violation of the law.

Mr. OLSEN. It is not compliance.

Mr. MACY. This is a continuation of what Congress considered to be comparability last year. This is a continuation of what Congress, following its own principles, applied last year by adding on the 3 percent difference which is revealed by the survey.

Mr. OLSEN. Would the Commission have any objection to the committee here attempting to improve on H.R. 8207 and bring it up completely to comparability?

Mr. MACY. Yes. The administration's position is that 3 percent represents the maximum amount desirable for this year.

Mr. OLSEN. They do not recommend that we have full comparability this year?

Mr. MACY. No. We frankly say there are still some gaps in comparability, but we think we should maintain pace with what Congress set last year until we take a further look at the structure and relationship of the pay systems.

Mr. OLSEN. Do you have any opinion on what percents would remain lagging under this act?

Mr. MACY. Well, it will preserve the present pattern of lag that was enacted by the Congress in 1964, which would be, at the lower level 1 year behind, at the middle level 2 years behind, and at the top level 3 years behind.

Mr. OLSEN. Who were the people on the special panel on Federal salaries?

Mr. MACY. The Government members were the Secretary of Defense, the Secretary of Labor, the Postmaster General, the Director of the Bureau of the Budget, and the Chairman of the Civil Services Commission. The outside members were Don K. Price of the Littauer School at Harvard; Marion Folsom, an executive of Eastman Kodak, served as chairman; General Bradley served and provided the benefit of his long experience with the military; President Meany of the AFL-CIO; and Sydney Stein, a businessman from Chicago.

Mr. OLSEN. How often did they meet?

Mr. MACY. I believe they had four full-day meetings and they did a lot of individual work between meetings and materials were provided to them similar to those I have provided to the committee, and the report you see attached to Document No. 170 was the final product of their work.

Mr. OLSEN. Was their recommendation unanimous?

Mr. MACY. There are some supplementary comments by President Meany and General Bradley that appear on pages 24, 25, 26, and 27 of Document No. 170. These supplementary views primarily related to military personnel.

Mr. OLSEN. That is with respect to General Bradley's statement?

Mr. MACY. Yes; and to some extent President Meany's statement as well, although he also expresses his views with respect to the 3-percent increase and feels that it should be greater than that.

Mr. OLSEN. Have you any figures at hand that would reflect what the increase should be at grade PFS-4 or grade 5 to obtain full comparability, say, for January 1, 1966?

Mr. MACY. We do not have any data more recent than the 1964 report. Based on that report, full comparability at grade 5 and PFS-4, as I recall it, would be an increase of about 5 percent. Is that right, Mr. Stahl?

Mr. STAHL. I do not recall the percentage.

Mr. MACY. Do you have that, Mr. Hare?

Well, I will correct the record. My recollection is it is about 5 percent or about 2 percent more than what is proposed here. (NOTE.—The correct figure is 3.5 percent.)

Mr. OLSEN. Do you have any information on what increases have occurred in private industry since the study of 1964?

Mr. MACY. No. The 1965 report will not be in our hands until the fall. It is still in process at the present time.

Mr. OLSEN. Mr. Chairman, do you expect to have the Chief of the Bureau of Labor Statistics testify?

Mr. UDALL. They are willing and able. We have not scheduled them as yet.

Mr. OLSEN. In this regard I would like to have them testify, because Mr. Ewan Clague gave very valuable testimony at our last pay hearing regarding the increase in pay that occurred subsequent to the report made in the last pay hearings.

Mr. UDALL. I think it is an excellent suggestion and we will take it up.

The time of the gentleman from Montana has expired. The gentleman from Texas.

Mr. POOL. Mr. Macy, first I want to compliment you on your testimony. I always enjoy listening to you because you know your subject better, I suppose, than any witness we have ever had before this subcommittee.

Mr. MACY. Thank you.

Mr. POOL. I do want to agree with my colleague, Mr. Olsen, when he says we should have complete comparability if we are to use comparability as a principle to go on.

It seems to me this Advisory Committee has overlooked one point, and that is if you are to have complete comparability you will have to go from the top down. Maybe I should not bring this out today, but as long as Congressmen are getting \$30,000, that is your top and you work down from that.

Mr. MACY. That is correct.

Mr. POOL. I voted for the pay raise for Congressmen and for everybody else on the comparability theory, and I thought I would probably

catch criticism, but I did all right. Actually, I do not see how you will accomplish this elimination of the lag if you do not tackle the congressional pay. I would have been willing to vote for \$35,000 for Congressmen last time.

Mr. MACY. Good for you.

Mr. UDALL. If the gentleman will yield, this is precisely the point I raised: Why don't you have full comparability? The answer is that if you did, a GS-18 would be getting \$27,500. The Indians would be getting more than the chiefs. The device of a 4-year review would take care of this problem so you could have full comparability.

Mr. POOL. In the future will they tackle congressional pay again?

Mr. MACY. Yes. In title II of H.R. 8207 there is a provision whereby the proposed Federal Salary Review Commission will, on a 4-year basis, take a look at congressional pay so we will not have to go for 10 years, as we did last time, or more than 30 years before the last time. So it needs to be reviewed and adjustments made if we will maintain comparability, or we will get to compression at the top.

If this legislation were enacted it would mean the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and the Chief Justice of the United States would name people to this Commission prior to January 1 of next year. They would study congressional salaries, executive salaries and judicial salaries during the course of the year and come up with a proposal the President would have to submit to the Congress before the first of the following year. So 2 years hence there will be an opportunity to take a look at a specific proposal as to how the top salary proposals should be handled.

Mr. POOL. There is one other thing I have not heard discussed. Does this cover rural route postal employees?

Mr. MACY. Yes. This covers all postal employees.

Mr. POOL. I have heard the suggestion that instead of having the rural route people furnish their own cars, that cars would be furnished by the General Services Administration. Does this mean they would have to have considerably more pay than at present because now they furnish their own cars and do the work on their cars themselves.

Mr. MACY. No. The proposal to have them use GSA cars is based on a cost study that shows several cents a mile can be saved for the Federal Government if this is done.

Mr. POOL. But it directly affects their pay?

Mr. MACY. Yes, but allowance for cars is not considered as compensation. The view is that this is a factor that should not be included as a part of compensation.

Mr. POOL. As a practical matter it is a part of compensation.

Mr. MACY. That is why these jobs are so attractive.

Mr. POOL. I do not think they will be so attractive under this other proposal.

Mr. MACY. I believe they will.

Mr. POOL. I disagree with you.

Mr. UDALL. The time of the gentleman from Texas has expired.

We have a limited amount of time left. The chairman will impose a 4-minute rule for the second round.

I have a couple of inquiries.

Mr. MACY. I have noted the statement here this morning has discussed two devices in the bill before us. One is that the annual Com-

mission or Board would submit proposals for pay to the President, who would then submit these proposals to the Congress.

Mr. MACY. In that instance it is not a Board. This is an additional step in the procedure already embodied in the 1962 statute by adding the Reorganization Act device for enactment.

Mr. UDALL. I am wrong about that.

The other is the quadrennial adjustment of congressional, executive, and judicial pay. Would you agree this is similar in its purpose, although different in its mechanism, to the proposal submitted by me a year ago which would have made an automatic adjustment?

Mr. MACY. This is a close cousin to your proposal last year. The intent is to provide, as I believe your amendment did, that a disinterested group make the actual study and make the recommendation to the President. I do not think your amendment that the Reorganization Act device in it. I think it was to be controlled by appropriation or the budget?

Mr. UDALL. That is right.

Mr. MACY. We have also added to this a feature which it seems to us now is most appropriate, and that is that there be a total review of structure and relationship. This is an added protection, if you will, to the Congress so the proposals they get on an annual basis will be according to the principles of the act and that changes in principles will come in the quadrennial review.

Mr. UDALL. I find great support for the quadrennial proposal. I believe I am in the majority on this. But Congress is very jealous of its prerogative under the annual principle.

Mr. OLSEN. If the chairman will yield, I believe the chairman is in the minority.

Mr. UDALL. There seems to be a long gestation period in Congress. It seems to me the function of Congress is to make broad policy. For example it cannot decide what should be done in the military on a day-to-day basis. It seems to me that if Congress sets the broad policy of comparability, we could spend the limited time we have on other matters and let this semiautomatic device go into effect.

I simply wanted to take the time I had to say there is at least one member of this committee that thinks the idea has some merit. I do not know how far it will go. Mr. Olsen has indicated I am in the minority.

Mr. MACY. Let me say even though gestation periods are long, you have a precedent 103 years old on the wage board system, which covers some 600,000 employees, where Congress laid down the principle in 1862 that rates of pay should be set in accordance with prevailing rates for similar work in the community. That has been operating very successfully ever since. In this proposal there is a great deal more in the way of congressional review that is involved in that.

Mr. UDALL. According to counsel my time has expired. The gentleman from Louisiana?

Mr. MORRISON. I have no further questions.

Mr. UDALL. The gentleman from Illinois?

Mr. DERWINSKI. I assume if the Congress tries to enact legislation that would advance the effective date before 1966 this would have an adverse effect on the budget calculations. Would the President then

be supporting us in maintaining the January 1 date rather than an earlier date?

Mr. MACY. Very definitely.

Mr. DERWINSKI. On the question Mr. Udall raised of the policy-making authority that the Congress might maintain in contrast to the surrender of authority in this field, I recall the 1964 congressional debate on the salary bill. The big problem, as I saw it, was that Congress was torn between two conflicting forces. The press concentrated almost entirely on the congressional salary structure. I considered this poor reporting and yellow journalism. On the other hand, being an election year, Congress was under pressure by the employee groups who were beating Congress over the head for abnormal pay increases. One fact of life in politics is if you cannot stand the heat, get out of the kitchen. It seems to me Congress adjusted admirably to the pressures, so I am not inclined to be pessimistic on the ability of Congress to meet its responsibility. Therefore I feel congressional defense of this prerogative might well be the main issue in this year's discussion.

Mr. MACY. I appreciate this is a departure. It is the objective of this not only to expedite but to regularize. I think it is significant that the dates of previous pay adjustments have been 1964, 1962, 1960, and 1958. I suppose there is more than a coincidence to the fact that the even years seem to be the years of adjustment. It is the view of the Executive that the orderly and regular way would be to have an annual review and annual action and, frankly, to try to take the setting of salaries out of politics and to establish some rational basis for making these adjustments. The Congress has extremely important policy considerations it must face and yet in the last few years pay has been a dominant and time-consuming feature. So it seems it is a responsibility for both branches without eliminating the congressional authority to make the basic review.

Mr. UDALL. The time of the gentleman from Illinois has expired. The gentleman from Montana.

Mr. OLSEN. Thank you. Like my colleague, Mr. Derwinski, I am not pessimistic of the ability of Congress to cope with these pay problems and I am not as worried as the chairman is that we would have all chiefs and no Indians. My observation is that every time one of these pay bills comes up here the greater emphasis by the panels is on larger increases in the higher grades. Looking at the President's recommendation, 3 percent of \$5,000 is only \$150 a year increase, and I do not see much steam for that kind of a pay increase. I do not think you can pass this bill at all with that kind of a pay increase for the rank and file. We certainly will not get support for this pay bill or any pay bill unless the PFS-4's and GS-5's get more dollars to take home. My calculation is this would give a PFS-4 an increase of \$5 per pay period. They will not fight very hard for that kind of pay increase and unless it is bigger this bill will not see the light of day at all.

Mr. MACY. This is the reason for the administration's proposal that other machinery be devised, because the fact that action depends on this kind of steam indicates we still have not set the pattern.

Mr. OLSEN. You have a point, and it is not a bad one, except, as Mr. Derwinski said, we coped with it and got a pay bill passed and

a big one. The trouble with turning it over to a committee dominated by the President is that they would pay more attention to the President's budget than comparability. I think the President ought to have confidence in the Congress that we will go along with him and pay attention to the budget and pay attention to the lower pay grades and that we will do a pretty responsible job as I have observed we have done in the past.

Mr. MACY. I think certainly the 1964 act, which was strongly supported by the administration, was a fine enactment. In fact, we think it was sufficiently sound that we propose a 3-percent increase on that without making further changes at this time.

Mr. OLSEN. My observation there, again, is that the administration came along rather slowly to do anything about the lower pay grades.

Mr. MACY. The lower pay grades are already and always have been far closer to comparability because Congress, through the years, has always provided greater increases at the lower grades.

Mr. OLSEN. The reason is, that is where the steam is.

Mr. MACY. Will you do this on principle or on steam? It seems that is what we are debating.

Mr. OLSEN. I think we try to do it on comparability and based on principle but we have to face the facts of life and the facts are we pass a bill because it has some steam behind it as well as principle. But it sure has to have some steam.

Mr. UDALL. The gentleman from Montana has a lot of principle and a lot of steam, but his time has expired. The gentleman from Texas.

Mr. POOL. Mr. Macy, I would like you to furnish the committee information on this comparability study, how you arrived at your figures.

Mr. MACY. As a matter of fact, Mr. Pool, this is spelled out in Document No. 174.

Mr. POOL. I am thinking along this line: Maybe these lower echelons the gentleman from Montana is talking about possibly could justify more than a \$150 pay raise a year. I do not know.

Mr. MACY. I would be happy to sit down with you and go over the material in detail and show how we arrived at it.

Mr. OLSEN. Will the gentleman yield? That is why I would like the Bureau of Labor Statistics to come up and discuss this timelag.

Mr. MACY. I tried to answer that.

Mr. OLSEN. I think it would be 5 percent.

Mr. MACY. In answer to your earlier point let me give you specific figures. In H.R. 8207 the proposed fourth rate for GS-5 and PFS-4 would be \$5,660. If you took absolute comparability, the fourth rate would be \$5,690. The present rate is \$5,495. That would be \$30 more to be absolute comparability. In other words, this bill, as it stands, brings the fourth rate of PFS-4 within \$30 of annual salary comparability.

I was in error when I said 5 percent. It is 3.5 percent.

Mr. POOL. 0.5 percent is the lag?

Mr. MACY. Yes.

Mr. POOL. As of what date?

Mr. MACY. As of the 1964 report, and the reference month is March.

Mr. POOL. March of 1964?

Mr. MACY. Yes.

Mr. OLSEN. So for January 1966 we will have a great deal more than the 3.5?

Mr. MACY. You would have more than 3.5; that is right.

Mr. POOL. Mr. Chairman, I am not quite through.

Mr. UDALL. You have about 30 seconds left.

Mr. POOL. Have you taken into consideration the saving you will have on the ZIP code?

Mr. MACY. Mr. Pool, I will yield on that to my good friend, Mr. Gronouski. I have plenty of steam and no "ZIP."

Mr. UDALL. Unless there are further questions we will conclude the hearing. As always, Mr. Macy, you have been very helpful.

We will recess until 10 o'clock tomorrow morning. We will start promptly and will hear the Honorable John A. Gronouski, the Postmaster General.

Mr. MACY. And if you desire any further information from me, please call me.

(Thereupon, at 11:55 a.m., the subcommittee adjourned, to reconvene Wednesday, June 2, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

WEDNESDAY, JUNE 2, 1965

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

The subcommittee met at 10 a.m., in room 205, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee), presiding.

Mr. UDALL. The subcommittee will come to order.

We will continue this morning with further hearings on the bill, H.R. 8207, the Federal Salary Adjustment Act of 1965, and on a number of related bills dealing with compensation of employees of the Federal Government.

Before beginning the testimony this morning the Chair would announce that yesterday I introduced H.R. 8693. This is a bill to provide premium pay under specified conditions to certain employees in the postal field service. This bill has been referred to the full committee and will be referred to this subcommittee. This bill was discussed yesterday by Mr. Macy of the Civil Service Commission and in a colloquy between Mr. Macy and the members of the subcommittee.

Without objection, the bill H.R. 8693 will be printed in the record at this point so that we will have it before us as a part of the hearing record.

(The bill, H.R. 8693, follows:)

[H.R. 8693, 89th Cong., 1st sess.]

A BILL To provide premium pay under specified conditions to certain employees in the postal field service, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3571 of title 39, United States Code, is amended to read as follows:

“§ 3571. Maximum hours of work

“(a) Except as otherwise provided in this title, employees may not be required to work more than eight hours a day. The work schedule of employees shall be regulated so that the eight hours of service does not extend over a longer period than 10 consecutive hours.

“(b) The Postmaster General shall establish work schedules in advance for annual rate regular employees consisting of five eight-hour days in each week.”

SEC. 2. Section 3573 of title 39, United States Code, is amended to read as follows:

“§ 3573. Compensatory time, overtime, and holidays

“(a) In emergencies or if the needs of the service require, the Postmaster General may require employees to perform overtime work or to work on holidays.

Overtime work is any work officially ordered or approved which is performed by—

- "(1) an annual rate regular employee in excess of his regular work schedule determined after deduction of any absence without pay;
- "(2) an hourly rate regular employee in excess of eight hours in a day or forty hours in a week; and
- "(3) a substitute employee in excess of forty hours in a week.

The Postmaster General shall determine the day and week used in computing overtime work.

"(b) For each hour of overtime work the Postmaster General shall compensate an employee in the PFS schedule as follows:

"(1) He shall pay each employee in or below salary level PFS-7 premium compensation at the rate of 150 per centum of the hourly rate of basic compensation for his level and step computed by dividing the scheduled annual rate of basic compensation by 2080.

"(2) He shall grant each employee in or above salary level PFS-8 compensatory time equal to the overtime worked, or in his discretion in lieu thereof pay such employee premium compensation at the rate of 150 per centum of the hourly rate of basic compensation of the employee or of the hourly rate of the basic compensation for the highest step of salary level PFS-7, whichever is the lesser.

"(c) For officially ordered or approved time worked on a day referred to as a holiday in the Act of December 26, 1941 (55 Stat. 862; 5 U.S.C. 87b), or on a day designated by Executive order as a holiday for Federal employees, each employee, under regulations prescribed by the Postmaster General, shall either be granted compensatory time in an amount equal to the time worked within thirty working days, or be paid for the time so worked a premium compensation at a rate equal to his hourly basic compensation. For work performed on Christmas Day, premium compensation shall be paid at a rate equal to 150 per centum of the employee's hourly basic compensation.

"(d) The Postmaster General shall establish conditions for the use of compensatory time earned and the payment of premium compensation for unused compensatory time.

"(e) If an employee is entitled under this section to unused compensatory time at the time of his death, the Postmaster General shall pay at the rate prescribed in this section, but not less than a sum equal to the employee's hourly basic compensation, for each hour of such unused compensatory time to the person or persons surviving at the date of such employee's death. Such payment shall be made in the order of precedence prescribed in the first section of the Act of August 3, 1950 (5 U.S.C. 61f), and shall be a bar to recovery by any other persons of amounts so paid.

"(f) Notwithstanding any provision of this section other than subsection (e), no employee shall be paid overtime or premium compensation for a pay period which when added to his basic compensation for the pay period exceeds one twenty-sixth of the annual rate of basic compensation for the highest step of salary level PFS-17.

"(g) For the purposes of this section and section 3571 of this title—

"(1) 'Annual rate regular employee' mean an employee for whom the Postmaster General has established a regular work schedule consisting of five 8-hour days in accordance with section 3571 of this title.

"(1) 'Annual rate regular employee' means an employee for whom the Postmaster General has established a regular work schedule consisting of not more than 40 hours a week.

"(3) 'Substitute employee' means an employee for whom the Postmaster General has not established a regular work schedule."

Sec. 3. Section 3575 of title 39, United States Code, is amended to read as follows:

"§ 3575. Exemptions

"(a) Sections 3571, 3573, and 3574 of this title do not apply to postmasters, rural carriers, postal inspectors, and employees in salary level PFS-15 and above.

"(b) Sections 3571 and 3573 of this title do not apply to employees referred to in section 3581 of this title.

"(c) Sections 3571 and 3573(c) of this title do not apply to substitute employees.

"(d) Section 3571(b) of this title does not apply to hourly rate regular employees."

SEC. 4. This Act shall become effective on the first day of the first pay period which begins on or after the date of enactment of this Act.

Mr. UDALL. The chairman will have to attend another subcommittee meeting shortly. I will leave Mr. Morrison and Mr. Olsen, who are highly renowned as presiding officers, to take my place.

I would like to announce that at the conclusion of today's testimony we will adjourn until June 10, a week from today. At that time we will hear Mr. Elmer B. Staats, of the Bureau of the Budget, and, at the suggestion of the gentleman from Montana, Mr. Olsen, we will hear Mr. Ewan Clague, of the Bureau of Labor Statistics. Following that, the next meeting will be on June 15, when we will begin hearing from representatives of various employee organizations. The first will be Mr. Jerome Keating, representing the National Association of Letter Carriers.

Our witness this morning is the Postmaster General, the Honorable John A. Gronouski, who is accompanied by Mr. Richard J. Murphy, Assistant Postmaster General, Bureau of Personnel, and Mr. Herbert Block, Director, Compensation Division, Bureau of Personnel.

General Gronouski, we are happy to have you and your associates with us this morning. I understand you have a prepared statement which you wish to present. We will be delighted to have you proceed in that fashion, and you may go ahead with that testimony, sir.

**STATEMENT OF HON. JOHN A. GRONOUSKI, POSTMASTER GENERAL;
ACCOMPANIED BY HON. RICHARD J. MURPHY, ASSISTANT POST-
MASTER GENERAL, BUREAU OF PERSONNEL; AND HERBERT
BLOCK, DIRECTOR, COMPENSATION DIVISION, BUREAU OF PER-
SONNEL, POST OFFICE DEPARTMENT**

Mr. GRONOUSKI. Thank you, Mr. Chairman.

I appreciate this opportunity to present to this committee our views both on the proposed pay bill and on the need for modernizing the laws covering premium pay for overtime work in the postal service.

It is an exhilarating experience to be part of an administration which has dedicated itself to an active and constructive approach to personnel and labor relations. It is easy to talk about needed reforms. It is far more difficult to follow through on them.

Congress acted in 1962, when the basic reforms on Federal pay administration were conceived. And again last year Congress followed through when it became clear that action was needed to adjust congressional salaries as well as those of the judicial and executive branches at the top policy level. I commend the Congress for its courage in facing up to situations that demanded action.

I am happy to say that this administration, as well as that of the late President Kennedy, has supported salary increases for postal workers which, since 1962, have averaged 16.8 percent, and added up to some \$613 million. Pay setting, however, should not be merely a stopgap procedure. As long as we have a growing, changing, and competitive economy, the Federal Government must be prepared to adjust its salary rates accordingly in order to attract and retain competent personnel.

This was the keystone of the initial reform measure enacted in 1962. It was not just another pay increase, as enacted so often in

the past. It set forth some extremely important principles on pay setting and pay relationships, together with a methodology for their execution. Now, after 3 years under the act, and after its first test in 1964, its techniques and concepts have become widely accepted by both Federal and employee union officials.

In other areas where corrective legislation was needed to assure progressive personnel policies and procedures, we have sought congressional adjustment. Last year, for example, we either initiated or concurred in legislation which—

1. Permitted fees from money order sales to be counted as revenue, enabling us to increase the salaries of postmasters in the lower grades.
2. Increased fees for the delivery of special delivery mail in the small towns where it is delivered on a fee basis.
3. Corrected situations where some seniors were receiving less money than their juniors.
4. Established an extra pay step for the bulk of our supervisors (PFS-7).
5. Authorized annual salary increments in each level to step 7.

While our proposal to adjust the salaries of postmasters in fourth-class offices was not accepted, their revised schedules and sizable pay increase can be considered real progress.

This year we have again proposed some needed legislative changes. We asked to be excluded from the employment ceilings imposed by the Whitten amendment. We testified in favor of the 5-day work-week for postmasters who work at least 40 hours within 5 days. And we strongly urged both Appropriations Committees to give us sufficient manpower to eliminate excessive and uneconomical overtime, and to permit regularizing postal employment over a 40-hour week.

Our objective, as I have said, is to assure sound and progressive personnel practices. It was also the objective of the President's Special Panel on Federal Salaries, of which I was happy to be a member. The Panel comprised a balanced cross section of leaders in the fields of education, labor, government, and industry. While they represented a viewpoint hardened by experience, they had sufficient breadth and wisdom to take a broad, constructive, and long-range view of the entire scope of Federal salaries.

Frankly, I was impressed with the opportunity afforded all of us to learn something about the special pay problems of other services, to think about the national economic implications of Federal pay, and to participate in reaching a consensus as to what ought to be recommended for the national welfare.

Perhaps more than anything else, the work of the Panel convinced me of the need for a periodic review of the Federal pay structure by people of varying backgrounds who are not limited in their outlook to special overriding considerations. I urge this committee to approve the President's recommendations for a Federal Salary Review Commission which will meet every 4 years to make a fresh current evaluation of the total salary requirements to operate the Federal Government efficiently, economically, and competitively.

One of the most pressing issues before the Salary Panel, and before the President, was the question of what kind of pay adjustment—if any—was appropriate during the next fiscal year. As you know the

Panel recommended an average increase of 3 percent. This recommendation was reached after much debate. We realized that past adjustments, while most commendable, did not achieve full comparability for each of the levels on the same scale. The goal of full comparability seems right and necessary. We were more concerned, however, with the long-range goal of achieving what I might call "systematic comparability."

We decided to take care of the immediate problem by making a "productivity" pay adjustment of 3 percent. This would not cause any lost ground in pay standing already achieved.

We also decided to recommend a method for attaining "systematic comparability." This would permit Congress to focus on some proposed structural changes which we believe are imperative if we are to establish a permanently sound wage scale. The first of these changes would be the quadrennial review of which I spoke earlier, and second, an annual review and implementation procedure which could be activated on a systematic basis.

The quadrennial review would, in effect, give Congress an opportunity to review the entire pay structure for all branches of the Government and set ceilings under which career salary rates could be established. These rates would be adjusted annually, based on an analysis by the Bureau of Labor Statistics of the wage rates generally prevailing in the private sector, using the concept of "comparability."

If we accept that concept, together with the standards and guidelines set by Congress, I think we will have reached a sound working relationship between the Congress and the executive branch for expediting pay adjustments as needed.

I recognize that the 3-percent productivity increase still does not give full comparability to employees in the middle and higher brackets—our supervisors and postmasters. But I am hopeful this will be remedied by the Salary Commission under the quadrennial review proposal.

It is our hope and intent to achieve full comparability for all levels at an early date. That objective, however, should not divert us from the larger goal of developing a defensible and lasting pay structure.

Another proposal before Congress would permit the President to establish a new pay rate annually—subject to a veto by either House of Congress. This is the process the President is authorized to use for reorganizing the executive branch. It has proved to be an expeditious and efficient technique.

This would shorten the timelag for achieving comparability. It would enable Congress to bypass some of the time-consuming process of legislative hearings. At the same time, it will not vitiate any of the constitutional powers and authority now vested in the Congress. In addition to the annual veto power, Congress also has the unrestricted right to initiate any pay legislation it considers necessary.

I have spoken only in the broadest terms about the structural changes proposed by the President and about the average increase of 3 percent since other administration spokesmen have gone into the specifics of those proposals. The matter I wish to spend most of my time on—and the one of extreme importance to the Post Office Department—is the whole question of premium pay and compensatory time for overtime work in the postal service.

Early in my tenure as Postmaster General, I learned to my amazement that:

1. We were regularly working large numbers of employees for excessively long periods of time over the commonly accepted 40-hour week.

2. Our substitutes received straight time rates regardless of the number of hours worked.

3. Our regulars, ostensibly assigned Monday through Friday schedules, were getting only compensatory time for working many Saturdays and Sundays.

These antiquated, unsatisfactory practices basically stemmed from an ever-increasing work load, accompanied by only a token increase in manpower. Since the law requires a compensatory day off for regulars within 5 days after working a Saturday or Sunday, substitutes became the workhorses of the Department, working many hours of overtime at straight pay. Correction of this inequity has become the No. 1 goal of major postal unions as well as of the Department.

The practice of working employees 50, 60, and 70 hours a week must be stopped. Obviously we must reduce the work hours of our employees. But this cannot be done administratively. We cannot add new employees because of manpower ceilings, nor can we alleviate the situation by shifting the work from substitutes to regulars. Each group is now accumulating the equivalent of 12,000 man-years over the normally accepted 40-hour week.

The solution calls for an attack on two fronts. The first is legislative approval for a drastic increase in personnel strength. As this committee knows, we requested 15,000 more positions to cope with our overtime problem. Unfortunately, only a small fraction of this request was granted by the House. We hope it will be restored in full later, when the Senate and House have had an opportunity to confer jointly on the matter.

As I mentioned earlier, we also requested Congress to exempt the Department from the Whitten amendment. This will permit us to convert thousands of temporaries to the status of permanent employees. Too call them "temporaries," after they have worked week after week and when continuing work is available, is at best a misnomer.

The second front of our attack centers on the question of premium pay. We started with some elementary premises:

1. Postal operations are continuous. Unlike the typical Government agency, we must operate 24 hours a day, 7 days a week. It is as important to move the mail on Saturday as on a Monday, even though the volume is down somewhat. And I think you have a chart which illustrates the average straight time hours of postal regulars from Monday through Friday and on Saturdays and Sundays. As you will see, from Monday through Friday our average straight time hours are 108.3 million compared to 75.7 million on Saturdays and substantially less, 16.8 million, on Sundays.

Mr. UDALL. This is a chart consisting of three bars or shafts attached to your statement?

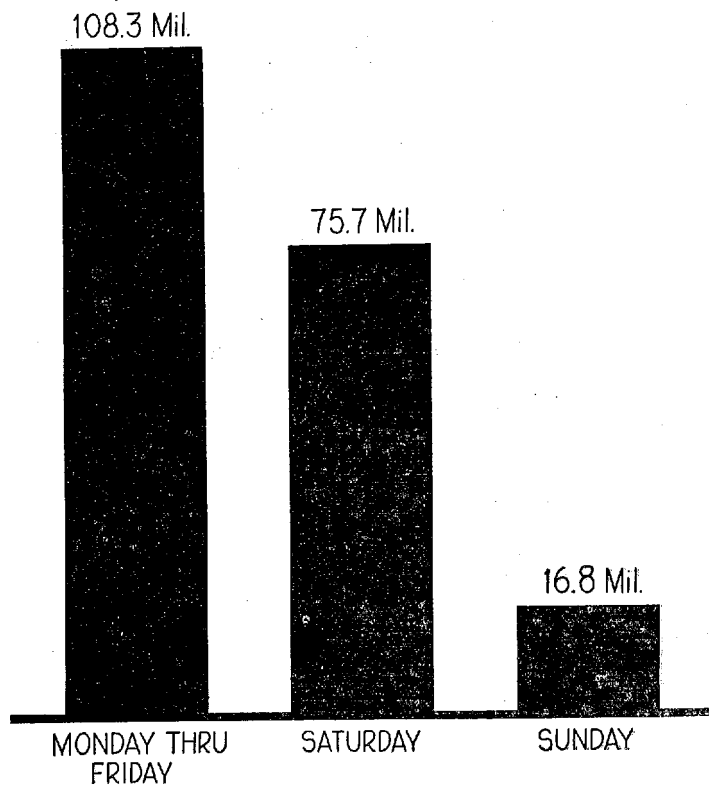
Mr. GRONOUSKI. That is correct.

Mr. UDALL. Without objection it will be made a part of the record at this point.

(The chart referred to follows:)

POSTAL REGULARS DAILY EMPLOYMENT

(Average Straight Time Hours)



Mr. GRONOUSKI. The chart shows postal operations are continuous. We are on a 7-day-a-week operation.

2. Cash for overtime instead of compensatory time is by far the prevalent practice for rank and file employees in industry.

3. Pay at the rate of time and a half for overtime, and the 40-hour week, are basic under various Federal laws for rank and file personnel.

4. Premium pay conditions, such as time and a half for rank and file regulars on Christmas Day, should be continued as part of postal tradition and history.

5. Personnel above the rank and file level should receive the same overtime pay or compensatory time as other Federal employees on the same level.

6. Since substitutes are really a kind of auxiliary "on call" work force, overtime pay should be measured not in terms of a daily schedule but the total hours of work in any week.

The proposed legislation for postal premium pay was drafted with these premises in mind. Here are some of its features:

1. REGULAR EMPLOYEES

Regular employees should have a work schedule of 40 hours a week, consisting of five 8-hour days. For work in excess of that schedule—more than 8 hours in 1 day or, duty on a 6th or 7th day premium pay will be required for all employees in salary levels PFS-7 or below. There would be no compensatory time for employees in PFS-7 and below. (It should be noted that while Saturday and Sunday should not be treated differently from any other workday, we have no intention of expanding weekend duty for employees. In fact, we will continue our present policy of limiting weekend duty as much as possible.)

The 5-day workweek within a 7-day period would make no basic change in the hours and days actually worked by regulars, but they would derive additional benefits. Any work on a scheduled offday would be paid at the rate of time and a half in cash rather than compensatory time. Also, a regular assigned to work on a weekend could use annual leave or sick leave for that day.

Furthermore, by eliminating the compensatory system for rank and file personnel, we would eliminate much dissension during the Christmas period over the question of how regulars are to be compensated for work performed on weekends in December. Three bills also dealing with this problem are now before this committee. H.R. 101 by Mr. Morrison, H.R. 429 by Mr. Daniels, and H.R. 2462 by Mr. Olsen.

2. SUBSTITUTES

We propose to end their "second class" status by paying them time and a half for all hours of work in excess of 40 in any 1 week. This arrangement was proposed after considering various Federal laws on the subject, as indicated by another chart which I believe you have before you and which I would like to have inserted in the record. It shows that under existing hours and overtime practices in Government and in industry only for the postal field service substitutes is the standard workweek other than 40 hours.

Mr. UDALL. Without objection the chart referred to will be made a part of the record at this point.

(The chart follows:)

**HOURS, OVERTIME PRACTICES
 IN GOVERNMENT, INDUSTRY**
 (Rank & File Employees)

Law and/or Employees Covered	Hours in Standard Work Week	Time & ½ over 40 Hours Per Week	Time & ½ Over 8 Hours in Day	Required Compensatory Time
WALSH-HEALEY ACT	40	YES	YES	NO
WORK HOURS STANDARDS ACT	40	YES	YES	NO
FAIR LABOR STANDARDS ACT	40	YES	NO	NO
WAGE BOARD	40	YES	YES	NO
CLASSIFICATION ACT	40	YES	NO (But hours over 8 normally boost total over 40)	NO
POSTAL FIELD SVC. REGULARS	40	NO	YES	YES SATURDAY & SUNDAY
POSTAL FIELD SERVICE SUBS. CAREER & TEMPORARY	UNLIMITED	NO	NO	NO

Mr. GRONOUSKI. Only in the postal service, in the whole gamut of employment in the country, is compensatory time rather than payment in cash used for Saturday and Sunday work. It is against the background of this information on Government and industry practices involved that we are proposing the premium pay proposal here today.

We also propose under this bill premium pay for both regulars and substitutes at the same base rate.

3. HOURLY RATE, REGULARS

These are employees about whom very little has been said. Their work, while recurring, does not normally extend over an 8-hour tour. Cleaners, for example, generally clean and dust executive offices for about 4 hours a day, starting at 5 p.m., for 6 days a week.

The proposed bill would give them overtime pay for work in excess of 40 hours a week as well as over 8 hours in 1 day.

4. HOLIDAY PAY

At the option of management, employees up to salary level PFS-15 would receive cash premium pay or compensatory time for working on a holiday.

5. SUPERVISORY PAY

Currently, premium pay for overtime by supervisors stops at salary level PFS-7. The proposed legislation would give supervisors above level 7 additional pay not to exceed 150 percent of the top salary rate of PFS-7, or at management's option, compensatory time. That level was selected because it represents the majority of our firstline supervisors. We believe it is right and proper for a firstline supervisor to receive a full measure of pay for overtime. Otherwise some of his subordinates would earn more in some weeks than he does. This is not a problem, however, for supervisors above PFS-7, who enjoy a sufficiently high base wage in this context.

6. EXEMPTIONS

Section 3 of the proposed bill bars overtime premium pay for officials with managerial responsibilities and certain other employees, such as rural carriers who are paid on a mileage basis.

Substitutes are excluded from the section relating to schedules since by definition they are "on call" employees. They are also excluded from the section on holiday benefits because they already have built into their basic hourly pay a pro rata amount for holiday work.

Hourly rate regulars are excluded from the section on arrangement of a 5-day 40-hour week schedule. There may be a need to schedule some of these employees, as is now done in many instances.

These provisions sum up the principal features of the proposal on postal overtime pay. It has been a privilege to discuss them with you. I am sure that we have not covered all the points of interest to you, and Assistant Postmaster General Richard Murphy and I will be glad to answer any questions this committee may have.

Thank you.

Mr. UDALL. Thank you, Mr. Gronouski, for a helpful statement.

The bill which I introduced yesterday will be before this subcommittee. The subcommittee might end up writing an omnibus bill including this bill in any we report. You refer to bills by Mr. Morrison, Mr. Daniels, and Mr. Olsen, dealing with premium pay.

Mr. GRONOUSKI. These bills just relate to the question of Saturday and Sunday work in December, but that would be taken care of by our time-and-a-half provision.

Mr. UDALL. There is no difference in that feature of overtime pay and compensatory pay? There is no difference in the approach taken in these bills and the larger bill I have introduced?

Mr. GRONOUSKI. As I understand, our bill includes the objective of these three bills.

Mr. UDALL. In your statement—item No. 3—you indicated that the legislative actions in the past couple years had corrected certain situations where some seniors were receiving less money than their juniors. Are there still instances of this in the postal service?

Mr. GRONOUSKI. I will ask Mr. Murphy to answer that.

Mr. MURPHY. Congressman, you will recall last time there was the so-called Dulski amendment which, according to our cost calculations, would have cost \$41 million additional to the Post Office Department. It had two features. One objective was to take care of a situation where an employee who had been senior to another employee turned out junior to him because of the step and conversion structure in the 1962 bill. We thought this was a legitimate objective to take care of and we went along with the committee and they put in a provision to take care of that. Since that time some 900 adjustments have been made in the Post Office Department to take care of the junior-senior relationship.

The other feature would have had the objective of moving forward to the very top of the level a number of employees based on a recalculation of their total postal service. We felt this was an extremely costly feature and we did not go along with it.

But in answer to your question, we have made some 900 such adjustments.

Mr. UDALL. Are there some remaining?

Mr. MURPHY. There may be a few remaining. If there is a special case, we have asked them to bring it to our attention and we will judge it on its merits. We have been liberal in this respect.

Mr. UDALL. I want to commend Mr. Gronouski for the emphasis he has placed on the status of temporaries. I think the present situation is unfair to temporaries. They do not have proper status. For my part, I want to see that action along the line suggested by Mr. Gronouski be taken at the earliest possible time.

The gentleman from Louisiana is recognized for 10 minutes.

Mr. MORRISON. I will not take 10 minutes but I do have a few questions.

General Gronouski, I think that the field of postal supervisors is another area where there is quite a discrepancy in the pay rates to various individuals. I was not here to hear your full testimony, and I would like to ask you if your testimony or your position includes the correction of this situation?

Mr. GRONOUSKI. My testimony supported the President's pay proposal which is roughly a 3-percent across-the-board increase to account for the productivity increase between 1964 and 1965.

Mr. UDALL. Excuse me. I have to leave now. I am turning over the gavel to Mr. MORRISON.

Mr. GRONOUSKI. My testimony recognized the discrepancy to which you referred and pointed out it was the objective of this administration and the Post Office Department to correct that discrepancy in the immediate years ahead and that the structure of pay adjustments which are proposed in the President's bill would give the framework, both in the every 4-year review by Congress and the intervening year adjustments under the reorganization principle, to correct whatever discrepancy exists here.

Mr. MORRISON (acting chairman). I take it you endorse the recommendation of the President for a 3-percent across-the-board increase, but that does not take into consideration those differences. I gave the example of supervisors, some of whom are getting a much higher pay raise than others; their salaries have been shown to be not comparable.

Are you in favor of an additional amendment to the President's salary bill to work out something to bring about comparability here and wherever else this discrepancy may exist?

Mr. GRONOUSKI. I think the President's proposal does provide the framework for making that adjustment. I am in favor of the President's proposal of a 3-percent increase effective January 1, 1966, and also the proposal for a Commission in 1966 to study the whole problem between industry and Government. Under the proposal, this would be the first of a series of 4-year structural evaluations of the pay structure by the Congress. I think this is the proper context in which to correct any inequities and also to bring up to date the basic comparability principle that was enacted in 1962 by Congress.

Mr. MORRISON. What would be your present position if an amendment were offered to bring about comparability?

Mr. GRONOUSKI. At this time my position is identical to the position that is expressed in the President's pay bill.

Mr. MORRISON. I do not think it is spelled out exactly there. I think it is a little ambiguous. Would you therefore be opposed to anything added to this bill to bring about comparability?

Mr. GRONOUSKI. My position with respect to supervisory employees—

Mr. MORRISON. Let us not limit it to supervisory employees. I think there are other employees similarly affected. I just gave that as an example. That example was given to us, and I believe they had some figures on it. But I understand there are cases of employees other than supervisors where there is a difference in comparability. It is like many bills that are enacted. After a bill is enacted a lot of times, it has to be corrected at a later date. It is impossible to get a bill out dealing with millions of employees that is perfect. I think that perhaps it is necessary to take this opportunity to see if some of these inequities can be straightened out. Where that is possible, would you be in favor of working it out?

Mr. GRONOUSKI. This was very carefully considered by the Pay Panel, of which I was a member, and also by the President and members of the executive in discussing the President's pay proposal. The Pay Panel and the President have recognized that, particularly as we get into the higher levels, the discrepancy becomes greater between

full comparability and what we have. But in the context of budgetary considerations and in the context of the proposal to have a complete study next year on the whole structure of Government pay, both internally and vis-a-vis the private economy, we concluded—and I concurred in the conclusion—that we should this year attempt to maintain the status quo, in other words, not retrogress over what we had last year, and provide for the productivity increase, which is 3 percent since last year; and that we should look at the quadrennial pay study, which would occur in 1966, and the action of Congress as a result of this study, to rectify inequities which we recognize have existed since 1962.

Mr. MORRISON. At the same time we have this bill under consideration would you object, if wherever possible, the committee works out a system or amendment that would place some of these jobs in a more comparable status with each other?

Mr. GRONOUSKI. I have this concern: In terms of the overall budgetary problems from the President's point of view certainly we are operating in the range of money available for pay increases. If we were to try to make adjustments internally that would rectify the more serious cases of comparability within the framework of the money available, it would result in a reduction below the 3-percent increase for the lower grades, and I would not be in favor of that.

Mr. MORRISON. While we are not discussing ZIP code legislation today, I am also a member of Mr. Olsen's subcommittee which will consider that field. I am concerned, as are other members of this committee, about the way many of these employees will retire from the service or change location. I have no desire to take the prerogative away from the chairman, Mr. Olsen, who is doing an outstanding job. However, I would like to make a request to you and to the heads of various departments that you be prepared to tell us exactly how the Department intends to bring this about. Having heard some of the employees in connection with their problems, the members feel that it is certainly necessary for the Department to give us an idea of how those adjustments will be brought about. Hopefully this report will be available in the near future.

Mr. GRONOUSKI. Mr. Chairman, may I respond?

Mr. MORRISON. Certainly.

Mr. GRONOUSKI. I have two points to make. First, I have said flatly and categorically and say now that no employees, substitute or regular, will lose their jobs resulting from the ZIP code.

Mr. POOL. Will you repeat that?

Mr. GRONOUSKI. No career employee, whether substitute or regular, will lose his job as a result of any adjustments resulting from the ZIP code or any other program of this Department.

And the second point is, I have accepted the kind invitation of Mr. Olsen to appear before his subcommittee on the 9th of June to discuss this and related questions, so at that point we will get it on the table.

Mr. MORRISON. Any questions, Mr. Olsen?

Mr. OLSEN. Thank you, Mr. Chairman. I want to thank the Postmaster General for being here today and for his splendid outline of the plans, so far as the Post Office Department is concerned, on pay.

I might say at the outset I very much support all the positions taken by the Postmaster General. However, I do not think that the 3 per-

cent increase provided in the President's proposal goes far enough. I have just a few questions:

Do you recollect the pay increases of 1962?

Mr. GRONOUSKI. I was not a Federal employee at that time but I do generally.

Mr. OLSEN. And that the Congress increased the pay of employees, especially those in the lower grades, substantially more than the President recommended?

Mr. GRONOUSKI. Dick Murphy was here and he has a fresher recollection than I, so I will ask him to comment on that.

Mr. OLSEN. All right, Mr. Murphy.

Mr. MURPHY. That is correct. They added an additional step upon conversion to the pay bill of 1962.

Mr. OLSEN. And the percentage of increase in the lower grades was higher than the President recommended?

Mr. MURPHY. That is correct.

Mr. OLSEN. And again in 1964 the percentage increase in the lower grades was greater than the President recommended?

Mr. MURPHY. Yes. We had a strange situation in 1964 in that the bill was based on the President's recommendation of 1963, but a year had gone by and we had the assassination of President Kennedy in between, but as a matter of fact the bill was based on the study made in 1963 but upgraded so full comparability was voted in the lower grades in 1964 but not full comparability in the middle and upper grades.

Mr. OLSEN. It was developed from the testimony of the Bureau of Labor Statistics that the recommendations of the President had to be updated by this committee.

Mr. MURPHY. I think the situation was that the recommendation of the President came forth in the spring of 1963. The hearings were in the process of being held. Then we had the assassination of President Kennedy and there was a further delay and at the time we got to the hearings we had the statistics for 1964 and on the basis of this the committee did add to the lower grades virtually full comparability, but not to the middle and upper grades.

Mr. OLSEN. In any event, we here in Congress made the adjustments in comparability?

Mr. MURPHY. Yes, sir.

Mr. OLSEN. What is the shortcoming of Congress that is being cited by the President's report? In other words, why is the President's report recommending that we send the authority for fixing pay down to the executive department?

Mr. MURPHY. Shall I answer that? I do not think he is exactly doing that.

Mr. GRONOUSKI. I might respond to that.

In the first place, the proposal of the President calls for Congress to fully review every 4 years the whole structure of pay both between private industry and Government employees as a group, and also between various grades of the Government sector, so that every 4 years there would be a complete review by Congress. It is only in the intermediate years where the President, following the basic comparability principle adopted by Congress in 1962, would recommend adjustments to Congress on the basis of Bureau of Labor Statistics informa-

tion, and even at that point, in this intermediate period between the 4-year congressional reviews, Congress, of course, would have complete option to reject it and come up with its own pay proposal. So I do not think the President's proposal is taking away any prerogative of the Congress. Rather it is providing a very systematic way—

Mr. OLSEN. Why did you not come up with the recommendation now of full comparability?

Mr. GRONOUSKI. The President's Pay Panel very carefully studied this whole question and concluded that for a variety of reasons, including the budgetary consideration, this year we should think in terms of retrogressing none from where we were last year, but rather maintaining the productivity increase in private industry, which was 3 percent, but not try this year to correct all the inequities that developed since 1962, and to leave it to the Study Commission next year to study the entire structure and come up with recommendations at that time.

Mr. OLSEN. Next year a Presidential panel would be fixing the salaries and we would have only 60 days to do anything about it. Is that right?

Mr. GRONOUSKI. This is not true on this one. It is only in the intervening 4 years that the President would make adjustments on the basis of Bureau of Labor Statistics data.

Mr. OLSEN. So this year the considerations of the budget would, in effect, veto the provision for comparability?

Mr. GRONOUSKI. It is not only budget. It is national pay policy, which is within the guideline of 3 percent for private industry; it is a recognition that compared to 1964 the 3-percent increase maintains comparability with private industry in the gains from 1964 to 1965, which is about 3 percent. There are many factors, but what the Pay Panel concluded and what the President followed was that in terms of correcting inequities in comparability that have developed since 1962, this should wait for a full review by the appointed Commission next year and the results presented to Congress at that time.

Mr. OLSEN. If I could direct this to Mr. Murphy, what is the comparability date?

Mr. MURPHY. The comparability date as proposed in this bill was based on figures gathered in 1964 and were actually gathered in February, March, April, and May of 1964 and were made available to us in late September or early October of 1964. So that what you are talking about here are figures that are about 1 year old.

Mr. OLSEN. They are 1 year old, and is not the figure actually 3.5 percent rather than 3 percent?

Mr. MURPHY. That is correct, 3.5, because the President's proposal would bring level 4 within five-tenths of 1 percent of comparability based on 1964 figures.

Mr. OLSEN. So in addition to a 1-year timelag we are also five-tenths of 1 percent behind?

Mr. MURPHY. At level 4. It goes up to 7.3 at level 20. Level 4 is almost 100 percent of comparability and then you come down to 92.7 and so on.

Mr. GRONOUSKI. PFS-7, which includes most of our line supervisors, after the 3-percent pay increase would be at a level of 96.6 of 1964 compared to 99.5 of 1964 for PFS-4 employees.

Mr. OLSEN. Mr. Murphy, there is an agency of the Federal Government that estimates the amount of income necessary for a family of husband and wife and two children to maintain a standard of living compatible with decency and health. What agency is that?

Mr. MURPHY. That is the Bureau of Labor Statistics, I believe, Congressman.

Mr. OLSEN. In the city of Seattle they figure the amount of income necessary is \$6,300.

Mr. MURPHY. I am not acquainted with Seattle, but I think it is in that range on a national basis.

Mr. OLSEN. And what is it for cities of 100,000 population or more, do you know?

Mr. MURPHY. I do not have that figure with me. I could get it.

Mr. OLSEN. We will get it from Mr. Clague when he comes up.

Mr. MURPHY. If I could make one comment on that: I think the problem is that the comparability formula is not based on that concept. Before we had comparability in 1962, past administrations used to debate these things before the committee and it was always the tactic to come in and cite all the low-wage categories of employees and say, "This is what the wages are." Then the employee organizations would come in and cite all the high wages and highly unionized crafts and say, "This is what it should be."

We tried to do away with that in 1962 and tried to maintain a set relationship from that time on, and what we are basing our pay on here is what the basic skill would bring in private industry. For example, if you were to attempt to base it on the pay in Seattle we would have to give a \$1,300 increase at the entrance step at level 4. Obviously we could not begin to set pay on that basis. Actually the average pay of a city letter carrier under H.R. 8207 will be \$6,325.

Mr. OLSEN. There is no specific skill comparable to a letter carrier in private industry. There are many skills, of course, out in industry that I would compare the letter carrier to, but it would not be letter carriers, it would be carpenters or other skilled craftsmen; and likewise postal clerks. But we will ask Ewan Clague to comment on that. I want to demonstrate when we talk about 3 percent being the productivity increase or the amount of increase necessary to maintain comparability with private industry on the level of 1964, I think we are in error. I think it should be a great deal more and I believe we will be able to demonstrate it when we get the Bureau of Labor Statistics up here.

Mr. MURPHY. I think the important thing to remember is, first, the administration strongly supported the view that there was no comparability in private industry with a distribution clerk or letter carrier. And in 1962 we strongly supported linking PFS-4 with GS-5, the college entrance rate. We were very strong on that. That was a rather favorable level at which to link them. We established a fixed relationship and we said there is no comparable job to a letter carrier or distribution clerk in private industry. We attain our comparability through linkage.

Mr. OLSEN. Thank you, Mr. Murphy. One other thing. I think there is one inconsistency here, and I would like to address this question to the Postmaster General: Is there not an inconsistency when you do not pay higher for Saturday and Sunday as in private industry?

Mr. GRONOUSKI. In the first place, we do plan to pay time and a half for the sixth and seventh day, but we do not plan to treat Saturday and Sunday as different days because we have the kind of business where we are on a 7-day work basis. But we do propose in this bill that in any 7-day period, the sixth and seventh days will be time-and-a-half days, regardless of which day they are.

Mr. OLSEN. Do you not recognize that in industry an employee who works the seventh day receives compensatory extra time or extra pay in cash?

Mr. GRONOUSKI. It depends on the kind of a situation the industry is in.

Mr. OLSEN. Even those industries that operate 7 days, three shifts a day.

Mr. GRONOUSKI. They treat the sixth and seventh days but not Saturday and Sunday especially.

Mr. OLSEN. Is not the trend in industry to treat the Sabbath day as a day for time and a half?

Mr. GRONOUSKI. I think Mr. Block can answer that.

Mr. BLOCK. In many industries where they have a continuous operation the sixth and seventh days of the calendar week are treated as ordinary work days. The sixth and seventh days of work in a scheduled workweek are overtime days.

Mr. OLSEN. I realize that has been the history, but what is the trend today?

Mr. BLOCK. The current automobile workers' contract for "7-day operations" says the sixth day of work is a straight overtime day; that is, time and one-half.

Mr. OLSEN. And what about Saturday?

Mr. BLOCK. I do not know, but the sixth day could be a Saturday or a Sunday depending on how the day fell.

Mr. OLSEN. In any event, they have a 6-day week. The seventh day would be an extra time day.

Mr. BLOCK. Yes. But if the Saturday or Sunday falls within the span of 5 days in a continuous operation, typically it is treated as an ordinary day.

Mr. MORRISON. You could do away with all overtime if you did that. You can stagger the week to take out Saturday and Sunday.

Mr. GRONOUSKI. If it is the sixth or seventh day of work, he would be paid overtime under our bill.

Mr. OLSEN. What you are going to restrict yourself to is 40 hours?

Mr. GRONOUSKI. With the substitutes, 40 hours.

Mr. OLSEN. Forty hours of eight-hour days; is that what you are talking about?

Mr. GRONOUSKI. With our regulars, 40 hours with 8-hour days. With the substitutes, it is 40 hours a week. Right now, the substitutes can work 60 or 70 hours a week and they are working straight time. Under this proposal, if they work 1 hour over 40 hours, they get time and a half. Regulars now work Saturday and Sunday. This proposal provides for cash payment, time and a half if Saturday or Sunday is their sixth day.

Mr. OLSEN. The dominant reason that the administration does not recommend more than a 3-percent increase is the budget consideration?

Mr. GRONOUSKI. I mentioned several factors. One has to do with

the fact that 3 percent is the productivity increase between 1964 and 1965 in industry and therefore is comparable.

Mr. OLSEN. It is 3.5 percent. You are not coming up to the 3.5.

Mr. GRONOUSKI. I think it is 3 percent. That is my recollection.

Mr. OLSEN. I think the testimony yesterday was 3.5.

Mr. GRONOUSKI. I am talking about the overall productivity increase in industry. I am pretty sure between 1964 and 1965 it is 3 percent. You can correct me if I am wrong.

Secondly, that the overall national pay policy is in the range of a 3-percent increase for private industry, and therefore this is the basic policy of this Government.

Thirdly, also budgetary considerations enter in. I will not say that budgetary considerations are either the sole or dominant reason.

It was the judgment of the pay panel, and of the administration, coming from the pay panel basically, that we have two problems here.

One is the problem of maintaining pay with the productivity increase between 1964 and 1965 so we do not retrogress.

Second, the problem which has accumulated since 1962 of correcting past discrepancies that have developed. These discrepancies are all along the way, but primarily are in the higher supervisory levels, for levels 7 and above.

It was the judgment of the Pay Panel and the President, and it is my judgment, that the proper program this year is to maintain Federal pay with the productivity increase of private industry between 1964 and 1965, which is the 3-percent figure, and to look toward—

Mr. OLSEN. You do not mean between 1964 and 1965.

Mr. GRONOUSKI. Since the last pay raise and this one.

Mr. OLSEN. You mean until March of 1965; is that not right?

Mr. MURPHY. I think the General is correct, we would maintain the same relationship between the pay raise that was voted in 1964 as between the various levels and the adjustment we would make now. The relationship between a supervisor and a rank-and-file person would not be changed by our proposal.

Mr. GRONOUSKI. And then look toward the Commission that would be appointed in the first part of 1966 which will study the full structure of our Government pay plan vis-a-vis the private sector, and within the public sector, study the whole structure with a recommendation to Congress to revise and reconstitute the whole pay structure as a result of that study coming out of the quadrennial study that would come about next year.

This would be the time, in our judgment, to make a correction of the inequities that have developed since 1962 rather than this year.

Mr. OLSEN. Thank you, Mr. Chairman.

Mr. DERWINSKI. You support the specific proposal before us which would remove congressional jurisdiction over future salary increases. At the same time, you do not recommend that we surrender our control over postal rates. Is it not inconsistent to then develop a policy whereby there will be periodic increases in salary which will then be followed by periodic increases in postal rates?

We will then be served with the facts of life and have no control over any phase of the operation.

Mr. GRONOUSKI. Two points.

I do not support any proposal that would have Congress surrender its control over pay. I am proposing every 4 years the Congress con-

sider in its wisdom the basic pay structure and there would be a thorough review of the pay structures by Congress and decisions by Congress, but in between these years we have a systematic way of carrying out the will of Congress, which is maintaining comparability.

Even in this case, Congress would have two alternatives, one, reject whatever the President suggests and on its own initiative it could take whatever action it wishes. I am not saying that Congress should abrogate its authority in this field.

Mr. DERWINSKI. This year you are not specifically recommending an increase in salaries over and above those contained in H.R. 8207?

Mr. GRONOUSKI. That is right. That is the President's bill.

Mr. BROYHILL. I have just one or two questions.

In your statement you listed some steps that were taken to assure more equitable treatment was given to the postal workers, and one was in point No. 5, "authorized annual salary increments in each level to step 7."

That means, of course, as I understand it, every postal worker through step 7 receives an annual increase in pay, or goes up a step, without any action by management.

Mr. GRONOUSKI. Management has the right to deny it for cause.

Mr. BROYHILL. For cause?

Mr. GRONOUSKI. You are right.

Mr. BROYHILL. This is automatic?

Mr. GRONOUSKI. It would be quite automatic, but there are exceptions.

Mr. BROYHILL. I certainly do not object to the formation or the continuation, you might say, of this Panel for a periodic review of Federal pay, but I certainly personally would oppose this granting of the authority to the President to then submit these increases to the Congress for a congressional veto. I think this is sort of backward from the way it is written out in the Constitution. We usually write the legislation here and submit it for his approval or veto.

Mr. GRONOUSKI. I think what we are talking about here is Congress setting up a basic policy on pay. Every 4 years Congress completely reviews the whole pay structure and establishes its policy and whatever comparability principle it wants to establish. All the President would be doing then in the intervening years would be adjusting on the basis of what Congress has set forth as the basis for adjustment.

During those 4 years, it would be in terms of a rather systematic carrying out of what Congress as a result of the basic quadrennial study has determined to be appropriate.

Assuming there is a possibility the salaries can get out of whack in 4 years, the Congress would review the whole structure again in 4 years. In no way is this depriving Congress of any authority.

Mr. BROYHILL. The President can submit the pay increases annually as I understand this.

Mr. GRONOUSKI. That is correct. Every year in the intervening periods between the quadrennial studies, he would be obligated to submit whatever in his judgment fitted the needs. In fact, right now he has to make a report every year.

Mr. BROYHILL. If the economy got started downhill and the statistics would show the Federal workers and postal workers were receiving more than industry, would that mean they would get a pay cut?

Mr. GRONOUSKI. Whatever happened would depend on what Congress decided. I expect the economy to be blossoming, especially under a Democratic administration, but whatever the President in his best judgment submits would be up for review or rejection and Congress could bring forth any new legislation it wanted.

Mr. BROYHILL. I note in your testimony you said that one of the considerations for recommending a 3-percent increase was budgetary considerations. You said this was only one of the reasons.

Could you briefly go into the budgetary consideration?

Mr. GRONOUSKI. I think Mr. Staats could go into it better when he testifies before you.

What I was referring to is the fact that in looking over the total budget of this Government the President ended up with a realm of consideration for rate increases, and this 3 percent fits into that realm of considerations. It is a judgment that is made in connection with making judgments on national defense, or judgments on all kinds of other things—the poverty program, the education bill, and medicare and all other factors that enter into the budget.

I do not want to overemphasize that point.

There is also the question of the productivity increase again in the last year since our last pay increase.

All these factors, including many more than I cannot think of now, affected the judgment of both the committee and the President that 3 percent this year was the desirable level of pay increase in order to prevent any retrogression from the structure picture of our wages, both between private industry and the Government between 1964 and 1965.

Mr. BROYHILL. What you are saying is this administration is recommending a number of new programs all of which have pressures upon the budget, and naturally all of them have to be reviewed and looked at in total to see they are in balance.

Mr. GRONOUSKI. That is precisely right, sir.

Mr. BROYHILL. This pay increase is to take effect on January 1 of 1966; is that correct?

Mr. GRONOUSKI. Yes.

Mr. BROYHILL. You would not support making this effective say July 1, 1965?

Mr. GRONOUSKI. All I saw here is, I support the bill as introduced, January 1, 1966.

Mr. BROYHILL. Can you tell us how much this bill will cost the Post Office Department?

Mr. GRONOUSKI. About \$126 million.

Let me check with Mr. Murphy. The full-year cost for the bill for the full year of 1966 would be \$126 million for the pay part of the bill. Besides that, we have the overtime provision which is not technically part of the bill, but you have to consider it along with it. How much that cost is depends on what my appropriation committees do. I have asked for 15,000 additional employees to take care of some of the excess overtime. I am hopeful we will get most of them. If we get none of them, or very little of them, the overtime provision will cost about \$58 million per year. If we get the 15,000 so we can reduce excess overtime and inefficient overtime, the overtime bill would be around \$40 million.

If in subsequent years we request additional employees, as I intend to further reduce and eliminate inefficient use of overtime, then the cost of the overtime bill will come down to about \$28 million. So it just depends how the balls are juggled. You have to add that to the \$126 million, whatever that figure turns out to be.

Mr. BROYHILL. For fiscal year 1966 then, the bill would cost \$126 million?

Mr. GRONOUSKI. Plus either \$40 or \$58 million for the overtime—for the fiscal year it would be half of that. If it starts January 1, 1966, to June 30, 1966, it would cost half of \$126 million, and half of \$40 or \$58 million.

Mr. POOL. Mr. Postmaster General, these 15,000 extra workers you requested, are they going to just take care of the overtime?

Mr. GRONOUSKI. They are not adding any additional hours work to the Post Office, but rather to absorb excessive and I think highly inefficient overtime now being worked by our employees.

Mr. POOL. I noticed in your earlier statement you said that you were limiting weekend work as much as possible.

I have had numerous complaints about the Saturday service rendered by post offices around the country. People cannot buy money orders and they cannot get registered mail. Is that correct?

Mr. GRONOUSKI. It depends on the post office. In some cases the postmasters within their manpower allotments have been able to give the service, and in some cases they have not been able to give the Saturday service on these items.

Mr. POOL. As I see the picture, people want services rendered by the post office, and if the post office is open until noon Saturday they expect to get these services, and it is frustrating to go down there to mail registered mail or buy a money order when the post office is open and cannot do it.

I am going to suggest very urgently you consider asking for enough employees to man the post offices to give that service.

Mr. GRONOUSKI. As a matter of fact, I am as concerned about some of these questions as you. I am giving serious consideration to a review of the whole Saturday picture.

Mr. POOL. Most people look upon their post office as the Government in their community. It is rather disconcerting to find out you cannot get the service, especially in view of the fact that postal rates have gone up, first-class mail and parcel post. Still, they do not get as much service as they used to. I want to bring that out.

I do want to ask about the rural carriers. If you go through with your plans to lease these cars, do you have any proposal in here about raising the rural carriers' pay?

Mr. GRONOUSKI. With respect to the rural carriers, of course, from everything I get from the leadership and talking to rural carriers, not only are they not making any money on the mileage allowance, but I have been told that at least a quarter of them are losing money on the present mileage allowance to the point they file with the Federal Income Tax Division all expenses out of their pocket.

Mr. POOL. You mean the rural carriers are in favor of leasing cars?

Mr. GRONOUSKI. That is not the question you asked me. The question was asked me whether I should raise their pay, and I have received no testimony from the leadership of the rural carriers, or the

rural carriers, that they are making any money on their mileage allowance now, and I am going to trust them as being honest.

Mr. POOL. I know they make a little on their own cars, but do they have to make their own repairs?

Mr. GRONOUSKI. I have been told that a quarter of them actually lose cash out of pocket on it. I hate to see them lose that cash.

I might also point out that the average rural carrier on a 36-hour week makes about \$700 more than a city letter carrier on a 40-hour week. I have not made any calculations on it, but I would say that \$700 would bring them into comparability on any basis.

Mr. POOL. Where do you get your figures?

Mr. GRONOUSKI. From our payroll records.

Mr. POOL. I am talking about the loss.

Mr. GRONOUSKI. I discussed this problem, as you properly suspect.

Mr. POOL. You did not look at the income tax returns, did you?

Mr. GRONOUSKI. I have not done that since 1963 when I was Tax Commissioner, and I was not looking at rural carriers at the time, I might add. They are a very honest and honorable group, and I would not think of looking at their income tax returns.

Actually, it is from testimony of the leadership of the rural carriers which indicates they get out forms every year to provide an orderly way for rural carriers to take income tax deductions for expenses in excess of their mileage allowance, and they indicate to me, and you can check this with their leadership, that about a quarter of the carriers make available to themselves these forms so about a quarter of them lose money on it.

Mr. MORRISON. The rural carriers that make more money than the letter carriers do not live in my district. The ones in my district that I have talked to think they are below the letter carriers.

I think we should hear from the head of the rural carriers and let him bring in his statistics.

Mr. POOL. I think that would be a good idea.

Mr. OLSEN. I understand they are invited in on the 15th day of June. We will hear from the president of the rural carriers at that time.

Mr. MORRISON. I think our main purpose here is not to get into a squabble as to who makes the most here or there, this individual or that individual. The idea is to bring about the greatest amount of comparability.

Mr. GRONOUSKI. I agree.

The only point I would make—

Mr. MORRISON. I am glad you are for comparability.

Mr. GRONOUSKI. I have always been for comparability.

Mr. POOL. The solution of the whole thing would be to drop this leasing deal.

Mr. MORRISON. Let's not get into that in this legislation.

Mr. GRONOUSKI. We will shortly get into that.

Mr. POOL. That is all the questions I have, Mr. Postmaster. I think you have done a good job. Sometimes I do not agree with what you are doing, but I think you are trying to go a good job.

The main gripe I have right now, and the one I get from the people is regarding these Saturday services, and I know you can work that out. I know you want to. You are running a good deal over there

and you want to do a good job. That is about the only thing I know of that I am getting any letters on.

Mr. CORBETT. No questions.

Mr. MATSUNAGA. No questions.

Mr. KREBS. First, I want to compliment the Postmaster General and his assistants on the comprehensive statement he made. I want at the outset to be on the record as being in complete agreement with my colleague, Mr. Olsen from Montana, with respect to his feelings about the adequacy of the 3-percent increase. I do not believe it is nearly enough.

I am sure if you check the productivity figures, you will find that they are substantially higher on the average, nationally, than was indicated here today.

One thing I would like someone to clear up for me is the terminology; I heard references to the concept of comparability. I believe I know what it is, but then we start talking about full comparability and systematic comparability and I begin to get confused, and I think other people might.

I would appreciate your straightening that out.

Mr. GRONOUSKI. I used systematic to designate the method used between the quadrennial reviews—the method by which the comparability would be achieved, the President sending systematically over to Congress the adjustment for comparability since last year, and Congress judging it on the basis of veto power.

Mr. KREBS. Am I right in assuming when you talk about comparability, you are talking about the way wages paid postal employees compared to wages paid to workers in private industry?

Mr. GRONOUSKI. With respect to postal employees, as has been brought out by the chairman, it is very difficult to find a comparable job. So in 1962, the postal employee, at the PFS-4 level, clerk and carrier, was arbitrarily regarded as being linked to the GS-5 pay level.

Mr. KREBS. That I understand.

Mr. GRONOUSKI. The comparability then for the PFS-4 in the Post Office Department is the private industry pay that is given people working in jobs in private industry comparable to the GS-5 jobs.

Mr. KREBS. So we are comparing postal workers' wages and conditions to those found in private industry, and in the case where there is not a comparable job in existence, you take what you think is the most closely related civil service job and compare that job to the job in private industry; is that the way it works?

Mr. GRONOUSKI. It is the skill represented in this case by the GS-5 Government worker.

Mr. KREBS. Let me ask this other question.

I, for the life of me, cannot understand what is equitable about paying a regular employee time and a half for overtime for work in excess of 40 hours in a week and work in excess of 8 hours in a day, and then not paying the substitute working in excess of 8 hours in a day. He cannot go into the butcher shop and say "I am a substitute, and I do not get time and a half for work in excess of 8 hours a day, so you give me a price below what the regular worker is paying because he is making more money on the basis of the overtime schedule."

Mr. GRONOUSKI. In the first place, you have to remember right now anything over a 40-hour week is straight time. We are making a big

jump forward and an important one by calling for time and a half over 40 hours in any week. So that is the first point.

Second, by the nature of the postal business, there is a need to have some employees, and the substitutes fall in this category, that work varying hours during the week. Some days they will work longer hours, some days shorter hours, in terms of the needs. We do not regulate our production. It comes in from the customers. So we vary it. We think we can achieve equity for the substitute who is on this kind of an on-call arrangement, but most of them are working well in excess of 40 hours now a week.

Mr. KREBS. It is difficult to convince me there is any justification for doing that, but there is no sense in pursuing it any further.

The next point I would like to raise is the question of what happens in private industry currently with respect to time and a half for Saturday and double time for Sunday versus time and a half for the sixth day worked and double time for the seventh day worked.

I want to disagree completely. I think if you did find that, Mr. Block, in a UAW contract, you have taken it out of context. I am not saying you did it deliberately. I would say this probably refers to powerhouse operation, the powerhouse operation being those few employees who are responsible for keeping the plant heated and the electrical power available.

For the other employees, it is inapplicable.

Mr. BLOCK. That is what I said.

For the continuous operation phases premium pay would be paid on the sixth and seventh day of work. I tried to distinguish between the ordinary production operation.

Mr. KREBS. I do not think it was clear enough and that is why I raise it now. You might find in a plant with 5,000 employees 10 people working in the powerhouse. It was to those 10 people the special rate applied; not the other 4,990.

Mr. GROSSOFSKI. I might say we have to look from where we are starting here. We have been paying regulars no overtime on Saturdays and Sundays at all. Under this proposal, regulars will for the first time in the postal service be paid time and a half on their sixth and seventh day of work, which I think is a big step forward.

Mr. KREBS. I do too. But I think it has taken too long. I think it is past due, and I do not think it justifies settling for less than what other employees are getting at this juncture.

I do want to say I am glad Mr. Block agrees with me. This was a reference to a very minute percentage of the employees in the total plant where concessions were made that they have a different overtime schedule because of their continuous 7-day, 24-hour-a-day operation.

Mr. BLOCK. The basic law, the Fair Labor Standard Act, only requires overtime after 40 hours.

Mr. KREBS. I am talking about comparability with what the actual facts are in industry. The Fair Labor Standard Act applies to a small percentage of the total workers of the country. The important thing is, you are dealing with real substantive problems that working people have, and I think you are applying an outmoded and antiquated yardstick in your attempts to resolve these.

The only other question I have is the reference made in the Postmaster General's statement: "Increased fees for the delivery of special

delivery mail in the small towns where it is delivered on a fee basis." Does that mean that this is a piecework arrangement?

Mr. GRONOUSKI. Yes.

In terms of the total number of special delivery employees, it is a very small number. What happens, in some of the small offices, especially fourth class, there may come one special delivery letter a week, or one a day, and you just have the postmaster there. You do not have anyone that can go out and some school kid or someone is hired on a piece basis to take it out. But the pattern in the Department is salaried employees for special delivery.

Mr. KREBS. I just want to state for the record, in my judgment the concept—and I have to emphasize this because I think it is most important—the concept of time and a half for the sixth day worked and double time for the seventh day worked actually does not exist in very many cases in private industry today.

For the last 10 years, in major industry in America, it has gone down the drain, and has not been nearly as important as you suggest, Mr. Block. That is all.

Mr. UDALL. The gentleman from Montana is recognized for 5 minutes.

Mr. OLSEN. I want to say that I very strongly agree with Mr. Krebs about the overtime.

I would like to ask this: Do you find any precedent for having workers work longer than 8 hours in a 24-hour period as a general rule?

Mr. GRONOUSKI. Right now, the precedent is to have workers work 60 or 70 hours a week on straight time, and I am trying to fight that precedent and make a very substantial contribution toward good decent labor policy by calling for time and a half over 40 hours.

We do have a precedent in the case of the postal service which is deplorable.

Mr. OLSEN. In industry in general, do you find for substitutes, or temporary employees, a rule of working them longer than 8 hours a day?

Mr. GRONOUSKI. I do not know of any industry that has the same kind of business.

Mr. OLSEN. You get to your kind of business. You say the Post Office Department does not regulate production, and that is true. But with the experience of the Post Office Department in each community, should you not be able to predict what the postal load is going to be?

Mr. GRONOUSKI. I wish we could, but we cannot. Not with the degree of precision that you are talking about.

A postmaster sometimes will get a call at 7 o'clock saying, "An hour from now we are coming in with three truckloads of third-class mail." It is entirely unpredictable at the margins.

Mr. OLSEN. I find real fault with working anyone, substitutes, temporaries, as well as regulars, more than 8 hours in a 24-hour period. In some of our States, we have constitutional provisions that 8 hours shall constitute a day's labor for that 24-hour period. We find in the trucking industry and in the air industry there is a limitation on the number of hours that any employee can be permitted to work, never mind required to work, in a 24-hour period.

I think, certainly, the Government—the U.S. Government—ought to be a leader rather than a follower in setting that kind of standard.

Mr. GRONOUSKI. I think this year if we make the giant step of reducing substitutes from 60 hours a week down to 40, we are making a big step, and also making the step of getting time and a half for overtime over 40 hours.

Mr. OLSEN. Would you object strongly if we went a step further and restricted the number of hours that substitutes and temporaries could be permitted, or required, to work in a 24-hour period?

Mr. GRONOUSKI. As a matter of fact, I will say what many Congressmen say to me, "Let me see your bill."

Secondly, if we lost the flexibility of scheduling varying hours for substitutes during the workweek, I cannot guess, but I know your employment ceilings would go way up. I do not know where we would have to go. I would have to study the bill.

Mr. OLSEN. I do not know why there would be any objection to that, of lifting the employment ceilings. I think we should, I think we ought to recognize that the Post Office Department is a growing industry, and the need for manpower grows.

Mr. GRONOUSKI. I am sure you realize from my seat, there is a difference of opinion in Congress on this matter. I also go before the Appropriations Committee.

Mr. OLSEN. I want to say that I strongly agree with Mr. Krebs as he says he agrees with me, that 3 percent is not adequate as an increase; we should go to full comparability. In my opinion it is more like 7 percent.

I think if there is an attempt to hold it at 3 percent, especially in the lower grades, we are attempting to, or the administration is attempting to, balance the budget by restricting the deserved increase in pay of these Federal employees.

Mr. GRONOUSKI. I might say, if we went to relative comparability along the way, it would call for higher increases in the middle brackets of our levels.

Mr. OLSEN. And I would not object to that. That is all right.

However, it hurts more at the lower levels to hold it to 3 percent than it hurts at a higher grade. There is a great deal of difference between 3 percent of \$20,000 and 3 percent of \$5,000.

Mr. GRONOUSKI. I am not sure now whether we are talking about comparability, or hurt.

Mr. OLSEN. The bill is not talking about full comparability. That is the point. If it were, my argument would not be so strong for the people in the lower grades. It is more strong when we consider we are not talking real comparability and then what is more.

Mr. THALL. One thing I would like to explore in connection with the point raised by Mr. Olsen would be the attitude of these substitutes. Many of them try to subsidize and get along as a substitute. If we were to restrict them to a rigid 8-hour day, many might not be able to work a 40-hour week. They can do it with a 10-, 11-, and a 3- and a 4-hour day, but if you make a rigid restriction of 8 hours, it might be a hardship to some of these people. This is something I would like to check out.

Mr. OLSEN. What is done in other industries. They can work a man 16 hours in a 24-hour period. We are trying to reduce that to

say 12 hours in a 24-hour period. Perhaps a restriction like that on substitutes and temporaries to start off with—a 12-hour restriction in 24 hours.

Mr. UDALL. Is your response to the criticism by Mr. Olsen that while it might be desirable logically to go the full route on this business, you think your proposal is defensible because it is a giant step from what is now a very unfair situation?

Mr. GRONOUSKI. Correct.

Mr. UDALL. For the information of the subcommittee, I wish you would furnish us an estimate of the cost of your overtime proposal as compared with cost of the suggestion made by Mr. Krebs and Mr. Olsen.

Can you give us an estimate for the record?

Mr. GRONOUSKI. Let's make sure what they are proposing.

Mr. Krebs, perhaps you could write me a letter.

Mr. KREBS. So the whole world would know, I would be happy to put a bill in the hopper today.

Mr. POOL. On this chart—

Mr. KREBS. I want to put into the record some figures left unagreed to, as it were.

So that the authenticity of these figures is recognized, they come from the President's Economic Report prepared for him by his Council of Economic Advisers, and in table B-32 you will find the following statistics with respect to the increase in productivity:

In 1960, the output per man-hour was calculated at 105.2; in 1961, it rose to 108.9, which is an increase of 3.7 percent; 1962, it rose to 113.8, which is an increase of 4.9 percent; in 1963, it rose to 117 percent, which is an increase of 3.2 percent; and in 1964, it rose to 120.5, which again is an increase of 3.5 percent, or an average over those 5 years of 3.5 percent plus.

Mr. GRONOUSKI. This is for all employees?

Mr. KREBS. This is the total productivity nationally, it is the climb in productivity nationally for all the goods and services that go to make up our GNP.

Mr. UDALL. I have conferred with the staff here, and if it is agreeable with Mr. Krebs, I will write a letter to you requesting specific proposals for overtime in the compensatory pay that would go beyond what is in the bill so we will have something to consider.

Let me take up one other subject here.

There has been some talk that perhaps the subcommittee may desire to consider an omnibus bill. Such a bill would contain not only the provisions of H.R. 8207, or those that the subcommittee agrees upon, but it would also include overtime provisions, severance pay, and the moving allowance.

We have a jurisdictional problem, and congressional committees are very jealous of their jurisdiction.

The moving allowance provision has been referred to the Committee on Government Operations. I intend to consult with that committee and see what are their desires and intentions. If they are willing to have our committee consider this as a possible amendment to the bill before us, we would be certainly happy to take it up.

Has your Department responded to a request from the Government Operations Committee on this moving allowance proposal?

Mr. GRONOUSKI. I do not think so. It has not come across my desk. It may be in the Department.

Mr. OLSEN. Was not your Department consulted by the administration in that recommendation the President made?

Mr. GRONOUSKI. Oh, yes. I am for the moving allowance and the severance pay and the overtime bill and for the pay increase. All you need to do is to get it to me.

Mr. UDALL. You stand on the portion of the President's pay message dealing with this subject?

Mr. GRONOUSKI. Yes.

Mr. UDALL. And you would endorse the position the President took on that subject?

Mr. GRONOUSKI. Yes.

Mr. OLSEN. I wonder if we could not formulate some inquiry of the Postmaster General on the cost so we would be able to put an amendment into this bill.

Mr. GRONOUSKI. I think moving costs are very important, particularly as we run into situations where adjustments have to be made and some of our employees have to move. I think it is very important.

Mr. UDALL. I agree. This is a delicate matter and there are certain sensitivities among our colleagues. If the chairman deems it tactful and appropriate, we will inquire of the Postmaster General.

Mr. OLSEN. I will support his leadership in this matter.

Mr. UDALL. If there is nothing further, we thank you for coming.

The next meeting of this subcommittee will be on June 10, 10 a.m. Then we will hear witnesses from the Bureau of the Budget and the Department of Labor Statistics.

The committee stands adjourned until 10 a.m., June 10.

(Whereupon, at 11:45 a.m., the subcommittee adjourned, to reconvene Thursday, June 10, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

THURSDAY, JUNE 10, 1965

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

The subcommittee met, pursuant to adjournment, at 10 a.m. in room 215, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The subcommittee will come to order.

We are gathered here today for further consideration of H.R. 8207, H.R. 8424, and various other measures related to compensation in the Civil Service and in the postal field service.

We have scheduled two witnesses this morning. The first will be Mr. Elmer B. Staats, Deputy Director, Bureau of the Budget. Mr. Staats is a frequent visitor to this committee. Following that, subject to the limitation of time, we will hear Mr. Ewan Clague of the Bureau of Labor Statistics.

Mr. Staats, you may come forward. If you have anyone with you, you may introduce them to the committee and proceed.

**STATEMENT OF HON. ELMER B. STAATS, DEPUTY DIRECTOR,
BUREAU OF THE BUDGET; ACCOMPANIED BY ROGER W. JONES,
SPECIAL ASSISTANT TO THE DIRECTOR; AND DAVID W. McAFEE,
MANAGEMENT ANALYST, OFFICE OF MANAGEMENT AND ORGA-
NIZATION**

Mr. STAATS. Thank you very much, Mr. Chairman.

I have to my left Roger Jones, whom all of you know, and to his left David McAfee, Management Analyst of the Office of Management and Organization, who has done a lot of work on this pay bill.

Mr. UDALL. It seems we have seen these faces before. They are pleasant faces and we are delighted to have them before us again.

Mr. STAATS. I have a brief statement. With your permission I would appreciate the opportunity to read it.

Mr. UDALL. You may proceed in whatever way you think would be most effective, Mr. Staats.

Mr. STAATS. The Bureau of the Budget appreciates the opportunity to appear before this committee in support of H.R. 8207 and H.R. 8424. Both bills are highly important in providing the Federal Government the basis for an adequate, systematic, and clearly understood system for fixing the salaries of nearly 2 million civilian employees of the executive branch involving a total cost upwards of \$12.5 billion.

We believe that the American taxpayer is entitled to a system of compensation which is at the same time equitable to the employee and in line with the compensation paid for the same work elsewhere in the economy.

The Congress took an historic step forward in establishing this principle in the Federal Salary Reform Act of 1962—and reaffirmed at the time of action on the Salary Reform Act of 1964. We believe that there is abundant evidence to support the wisdom of these actions in terms of increased employee efficiency and morale, and the growing public recognition that the Federal employee is entitled to no more—and no less—than his counterpart outside of Government.

The President gave strong support to the 1964 salary legislation. He continues to support strongly the comparability principle for Federal pay. In his budget message for fiscal year 1966 he stated as follows:

Federal pay raises in the past 3 years have moved us much nearer to realizing the principle that civilian pay rates should be comparable to those in private enterprise for the same levels of work and that changes in pay and allowances of members of the uniformed forces should keep pace with advances in the general economy. These policies have been firmly established after careful congressional review. Taken together, they assure that civilian and military pay are effectively interrelated and maintained at rates which are fair to taxpayers and to Federal employees.

I believe, however, that it is equally essential to assure that any proposals for further pay adjustments during this calendar year accurately reflect pay developments in the private economy and be compatible with our national wage and price objectives.

To assist the President in reaching a conclusion as to the appropriate legislative proposals, he appointed a panel composed equally of public members and officials of the executive branch which reported to him in April. His reendorsement of the comparability principle is set forth in his message to the Congress of May 12, 1965. That message has been included in the record of these hearings by the Chairman of the Civil Service Commission at the time of his testimony.

The President's message proposes a 3-percent upward adjustment in the statutory salary systems for civilian employees to keep Federal salary levels generally in line with 1964 adjustments in the private economy. On a full year basis this proposal would cost \$406 million. This is a fair and equitable adjustment, and deserves widespread general support. It is designed to be sure that Federal pay does not lose ground in terms of 1964 adjustments made for private enterprise employees.

As this committee is well aware, the establishment of the comparability principle was not easy—nor will it be easy to attain it across the board and then maintain it. But we believe every taxpayer has a stake in this principle as does every employee.

Because of the importance of maintaining the comparability principle, I should like to stress the particular importance of the recommendations included in the President's message with respect to the method and procedure for assuring that this principle is maintained in the future.

First, the President has proposed a review every 4 years of the entire pay system for all Federal employees—civilian and military—and for all three branches of the Government. There has been no regular procedure for doing this. It has been handled on a piecemeal

basis. By handling actions on a piecemeal basis we have created inequities and we have probably spent more money in some cases than necessary to carry out Federal programs in an effective manner.

In an enterprise as large as the Federal Government, involving many pay systems, and with total compensation embracing roughly 30 percent of the current Federal budget, there needs to be a more satisfactory method for assuring that Federal compensation is meeting the needs of management as well as the taxpayer. We believe that a special and independent review of all Federal salary systems every 4 years offers the best prospect for providing the American public with this assurance. The proposed Federal Salary Review Commission would serve this purpose.

The Commission, appointed from the public at large by the President, the principal officers of the House and Senate, and the Chief Justice of the United States, represents each of the three branches of the Government. Under statutory injunction to keep all Federal pay systems effectively interrelated, the Commission decides what changes in structure and policy would be in the public interest, and reports to the President. Thereafter, the President transmits a compensation plan and the Commission's report to the Congress. Changes proposed which affect top-level pay for the three branches go into effect unless disapproved by either House. Changes proposed which affect career-level pay are handled by enactment of legislation.

The proposal has the double advantage of retaining in the Congress the policymaking functions concerning Federal compensation, while at the same time requiring review of existing policy at regular 4-year intervals.

Throughout our history the Congress has given attention to its own pay structure only once every 20 years, on the average. Perhaps this was frequent enough during the long period in which service in the Congress did not require the full time of the Members. We believe that any such interval is now far too great, considering the obligations of the Members on a year-round basis and the dynamic nature of our economy.

Infrequent consideration of the congressional salary level has automatically meant infrequent consideration of salary matters affecting top officers in the other two branches of the Government. The inevitable final results have been unduly low ceilings on career salaries and less corrective action across the entire Federal structure than advances in the economy have warranted.

In fact, the percent of increase between 1939 and 1964 generally has been greater outside the Federal Government than in the Federal Government. For example, public school teachers in cities of 100,000 and over, received average increases in compensation of 195 percent in that 25-year period. The compensation of policemen and firemen increased 184 percent. Clerical employees in American railroads had increases averaging 209 percent. By contrast, Classification Act employees in grade GS-4 had increases averaging 172 percent; in grade GS-7, 145 percent; in grade GS-11, 134 percent; in grade GS-14, 122 percent; and in grade GS-15, 110 percent. Again in contrast, under the statutory processes for keeping their wages at prevailing local rates, Army Air Force Wage Board employees, in a representative grade (W-7), had an increase of 197 percent in their pay between 1939 and 1964.

Before the effective date of the 1962 Salary Reform Act, Federal civilian salary rates in all except the lowest grades had fallen behind private enterprise salary rates paid in March 1961. From grade GS-3 up, the percentage of shortfall increases rapidly to a maximum of 24 percent in grade GS-15 and its counterparts under the other civilian statutory systems.

Between 1961 and 1964 private enterprise salary rates, as measured by the Bureau of Labor Statistics, advanced an additional 10 percent.

The corrective effect of the pay increases granted in the 1962 act was somewhat further enhanced by the 1964 Salary Reform Act. While there is still a gap of about 10 percent between private enterprise salary rates and those at grade GS-13 and above, the situation is not as serious as it was 3 years ago. In summary, when taken together, the three increases enacted in the 1962 and 1964 Salary Reform Acts substantially closed the gap existing in 1962, and have prevented further loss of ground.

The cost of these actions was high. The Bureau of the Budget estimates that the increase in annual civilian payroll is in the neighborhood of \$1.8 billion. If full 1964 comparability should be authorized now, the cost would be in excess of \$850 million. The 1966 budget cannot accommodate any such sum for civilian pay adjustments.

In addition to cost factors, there are also other reasons why we recommend deferral of adoption of the full comparability standard until a later date. First, the executive branch is in the process of improving the Bureau of Labor Statistics' survey of salary rates in private enterprise. It is our belief that adoption of a number of recommendations contained in two studies transmitted to the committee on May 26, 1965, will improve the utility of the survey as a baseline for recommending changes in Federal civilian salary rates. These two studies are: "A Review of the Federal Salary Comparability Process," and "Statistical Methods and Procedures of Annual National Survey of Professional, Administrative, Technical, and Clerical Pay."

Since formal transmittal of the studies, copies have been provided to the committee staff for each member. Because of the length of these documents I do not suggest that they be included in the record of the hearings, but I do want to call the committee's attention to them, because we think, Mr. Chairman, that these are very important studies I shall be glad to comment on them further later on.

Second, it is our belief that the provisions of H.R. 8207 which would make it possible for the President to make annual salary comparisons in fields other than private enterprise, may provide an important addition to the existing basis for establishing comparability. As pointed out by the President's Special Panel on Federal Salaries, extending collection of salary rate data beyond the present statutory limitation of "private enterprise" would make it possible to apply the concepts and methodology of the Bureau of Labor Statistics' survey to such fields of employment as State and local governments and non-profit institutions. Both of these fields of employment cover activities similar to many Federal activities, and interest has been expressed in comparing their prevailing salary levels with Federal salary levels.

Third, we believe that final achievement of full comparability should be an across-the-board action. The salary rates for the higher grades as well as those for the lower grades should be related to the most recent year for which comparability measurements have been made. In our judgment none of the adjustments should be prospective. They should be related to actual data, not to an indication of what is currently happening in other sectors of the economy. Public faith and confidence in the result as more important than overcoming time lag by projections of probable advances in pay rates in the private economy.

In recent years, pay rates in private enterprise for professional, technical, and administrative jobs have increased approximately 3 percent per year. We have no basis for believing this will change this year. The whole basis for comparability crumbles, however, if such indications control action rather than actual data for the preceding year. We believe that some lag is inevitable and justifiable to give both the President and the Congress opportunity for full review of the evidence supporting proposed changes. This is particularly important when the magnitude of the dollar amounts involved in Federal pay adjustments is taken into account. As has already been pointed out by the Chairman of the Civil Service Commission, upward adjustment of 1 percent in civilian salaries, and related costs of retirement and life insurance, now has a cost of approximately \$135 million a year, and, of course, when we tie military and civilian together on the same concept we would have to extend this dollar cost to that area as well.

I shall not repeat the testimony of the Chairman of the Civil Service Commission with respect to H.R. 8424. Under today's conditions of rapid change in the Federal Government, we believe that provision for severance pay to employees who have lost their jobs through no fault of their own is thoroughly justified. The Postmaster General has presented the administration's testimony in support of uniform and equitable overtime pay for postal employees, so I shall not cover those two areas, Mr. Chairman.

In summary, the legislation before the committee is designed to provide the next to final step necessary to bring Federal salary systems up to date, to keep them up to date within reasonable limits, and to do so at regular intervals on a basis which is workable, sound, and fair. We do not think that it is unreasonable to continue to support the comparability principle while, at the same time, advocating that progress toward its achievement be made within the bounds of responsible fiscal policy. The comparability standard is not a will-o'-the-wisp, never to be achieved. The President is committed to it, and it seems equally clear that the Congress is committed to it.

On behalf of the Bureau of the Budget, I would like to urge as strongly as we can, favorable action by the Congress on these two bills. We think they are clearly justified and I would like to emphasize that this is a matter the President has been into himself at great length, as evidenced by his interest in having the benefit of the review of an outside group. But we want to assure you that the President fully supports this bill and he strongly urges that the procedure which we are suggesting here be given the most careful consideration, because it is only through a procedure of this kind, which both the executive branch and this committee has been wrestling with to my knowledge

for at least 10 years, that we think the comparability principle can be fully achieved.

Mr. UDALL. Thank you, Mr. Staats. As usual, you have been most helpful, and your testimony has been effective.

As indicated when we began the hearings, we are considering not only the bill H.R. 8207, but also H.R. 8424. This is the official proposal on severance pay. The President's message covers both of these, and I simply want the record to show that these hearings are related to both of these proposals.

I noticed with some interest in your statement a reference to applying the concepts and methodology of the Bureau of Labor Statistics' survey to such fields of employment as State and local governments and nonprofit institutions. You commented on that just a moment ago. I simply wanted to say from my own standpoint I fully agree that this is important. It is often difficult to go in private enterprise and find the exact types of work you have in welfare work, public health, and law enforcement. Therefore some types of work for which we do not have an exact parallel in private employment. I certainly agree with the idea that we should get information from State and local governments and nonprofit institutions in connection with these studies.

Mr. STAATS. Thank you. I think you have touched on precisely the point that has been of concern to us in the executive branch; namely, in getting as broad a base for job comparison as we can get, because one of the criticisms we have faced in the comparability approach is whether we are comparing like jobs in Government and outside of Government.

There is a second step, too. I think in part what we are after is to have the Federal Government be a good employer, and to do that we need to look at our competition, and our competition is not only with private industry but with the labor market, generally. We have already begun some preliminary studies in this area with the Bureau of Labor Statistics and with the Public Personnel Association, which is a group in Chicago made up of personnel people and agencies, looking toward applying this principle to salary levels in State and local government, hopeful that Congress would adopt this legislation.

Mr. UDALL. I want to comment on the statement in which you refer to the proposed basic review of all Federal salary systems. To me this is a critical and important proposal, one which will provide a systematic procedure to study these systems. I think the enactment of that particular proposal would be most wholesome. If we adopt the comparability standard and the 4-year review, I think we would have taken two of the most important steps to have a really sound adjustable Federal compensation system. I want to say I strongly support these proposals.

We have heard the thought expressed that Congress thereby gives up some of its functions and its policymaking rights and powers. I want to say I do not view it this way. I may tell one of my staff assistants I will pay the people in my office so much and that the amount should be kept comparable with what other Members are paying. By leaving this assistant to make the comparability studies, I do not feel I have given up my policymaking rights and powers. I feel I have more free time to devote to matters involving broad policy. Similarly, when we establish a standard of comparability and set up a systematic ma-

chinery for letting other people do the precise calculation and the necessary fieldwork, I do not think Congress has abdicated responsibility. I think it has gained time to devote to the basic things we were elected to do, that is to look at the broad policy objectives.

So I want to applaud the very forceful statement you made in that connection.

Mr. STAATS. Mr. Chairman, this represents a controversial area. We recognize this point. We recognize also a strong desire that has been expressed to us from many quarters of the Congress, as well as elsewhere, that there needs to be some more systematic way to look at all salary systems. We have the Foreign Service, the military service, and various other career services and unless we can find some way to look at them together, then neither the Congress nor the executive is doing the job properly.

Mr. UDALL. I think this is brought out by the fact that the historic 1964 bill was the first time in many, many years that the Congress had studied and reviewed the various salary systems together. I think this was an historic achievement. Once we take this step and review it every 4 years, I think we will have accomplished a great deal.

Mr. STAATS. Roger Jones likes to refer to this as the fourth step in a four-step process of achieving comparability.

Mr. UDALL. You said in your statement that for every 1 percent average increase in pay in civilian salaries, the annual cost for the systems we are concerned with in this bill is about \$135 million.

Mr. STAATS. That is correct.

Mr. UDALL. In its considerations can the subcommittee rely on the calculation that for each pay increase of 1 percent the annual cost will be about \$135 million?

Mr. STAATS. That is right.

Mr. UDALL. Could we calculate on the same basis if the subcommittee wants to consider a recommended effective date for this bill earlier than January 1? For instance, if it should go into effect October 1 rather than January 1, would the cost be one-fourth of \$135 million?

Mr. STAATS. That would be approximately correct. I think it would be close enough for working purposes.

Mr. UDALL. One final point and then my time will have expired.

I have made this argument occasionally that the true cost to the Federal Government of a pay raise of this kind is not necessarily the dollar cost. We must take into account the fact that the Federal Government withholds a part of the gross amount for taxes. If my salary is increased \$100, I do not get the \$100. I get \$100 less the amount that is withheld. Can you give us approximately what percentage of the \$135 million the Federal employees would never see? What amount would go right back to the Federal Government?

Mr. STAATS. About 18 percent, as I recall the figure. I am trying to think if there is a difference in this case, but normally we would consider 18 to 20 percent. I could give you a more precise figure for the record, but I would say roughly in the range of 18 to 20 percent.

Mr. UDALL. But for your bookkeeping purposes you have to show the full amount of the salary adjustment?

Mr. STAATS. Yes. It is like any other expenditure where a high proportion of the Federal expenditure is received in the form of com-

pensation or direct benefits to the employees that they pay income tax on.

Mr. UDALL. My time has expired, and the gentleman from Montana is recognized for 10 minutes.

Mr. OLSEN. I want to join my chairman in greeting Mr. Staats. I think he has done a splendid job in expressing the views of the administration, very clear and concise.

Referring to the question, in your statement, of other factors that private enterprise salaries compare with, have you received any complaints from State and local governments that the Federal Government is paying too much?

Mr. STAATS. Yes, sir. There were some on both sides. As you know, some States pay more than the Federal Government. In States like California, New York, and Pennsylvania, they pay more than the Federal Government. We had this information before the committee last year.

Mr. OLSEN. They have not complained that Federal salaries are too high?

Mr. STAATS. No, sir. But the evaluation affects both sides.

Mr. OLSEN. I wonder if the evaluation would tend to reduce Federal salaries?

Mr. STAATS. I have no way to estimate at the moment. We are seeking as broad a base as we can to compare jobs in Government with jobs outside of Government. We think in many instances States and localities are providing the same kind of services that are provided by Government, such as in hospitals, and that we are more likely to find comparability there than in private business. In jobs of this kind we are seeking as broad a base of comparability analysis as we can.

We also feel that basically, again, what we think Congress is attempting to achieve is to look at the Federal Government as a good employer—what is our competition and what is the labor market in the country? And since Federal employment has increased so greatly in recent years we think that is the third reason why this is an appropriate thing to do.

Mr. OLSEN. Generally, the competition for the good employees, the most competent employees, is with private enterprise; is it not?

Mr. STAATS. I think you have to differentiate the type of job you are considering. I do not think you can make that as a flat general statement. I think you have to look at the components of the job with which you are dealing. We face this all the time in areas of scarce skills such as medical, scientific, and other professional fields.

Mr. UDALL. Will the gentleman yield? I would say the biggest competition the Federal Government has in those fields comes from the large States that are paying the shortage skills considerably higher levels of salaries than the Federal Government. I think the Federal Government is behind the progressive and enlightened States in this field.

Mr. STAATS. This is precisely what we want to point out.

Mr. UDALL. We do not know.

Mr. STAATS. We do not know.

Mr. OLSEN. I would be interested in finding out where our competition comes from, if it comes from the States. I do not believe it does. I think, on the contrary, about 90 percent of the time the States

will be complaining that the Federal Government is paying so much as to be taking their employees away from them.

Mr. STAATS. I am sure you appreciate, though, that this does vary geographically. The situation differs in different parts of the country, just as it does in private enterprise.

Also, I think we have to keep in mind, in terms of what the potential effect of this would be on your baseline, that the State and local employment still is a relatively small portion of the total in the economy. So whatever variable that might inject in the picture would be a part of the total.

Mr. OLSEN. If we take into consideration the very low salaries being paid by State and local governments for the most part, we would be lowering the Federal standards and treating Federal employees as second-class employees?

Mr. STAATS. I do not think you can make that statement.

Mr. OLSEN. That is my feeling. I would like to see the figures.

Mr. STAATS. States like California, New York, Illinois, in general are paying higher salaries than the Federal Government.

Mr. OLSEN. Going to the point of having a Federal commission reviewing Federal salaries from time to time, do you think they would follow the congressional policy, which says these salaries shall be at levels comparable with private enterprise?

Mr. STAATS. Absolutely. But I do want to emphasize one point, and that is that the concept the President has with respect to this 4-year review—what we call the quadrennial review—is that this would be a thoroughgoing analysis of all Federal pay systems and that any action growing out of this would be handled as a congressional review. In other words, there is no special procedure proposed for handling that report; that is a report to the Congress with the President's recommendations thereon. Congress can accept or reject it for top pay levels in the three branches, and consider it as any other item of legislation that is proposed for the career salary systems. It would have the advantage of having participation by all three branches of the Government and by distinguished people who are brought in and who can look at this whole problem fresh every 4 years.

To answer your question, I would have no reservation as to whether they would accept the comparability principle. I think that is well established.

Mr. OLSEN. You do not think they would let considerations of the budget have an effect on their recommendations?

Mr. STAATS. As far as the commission is concerned, I do not think the commission would feel that is a part of their responsibility. The President may have a different recommendation, based on budget considerations, but as far as the commission is concerned, I do not think it would be proper for them to take this into account.

Mr. OLSEN. The panel that worked on this particular recommendation—

Mr. STAATS. They made no recommendation with respect to the amount of money or the timing.

Mr. OLSEN. But they made a recommendation as to a pay increase, did they not?

Mr. STAATS. Yes, 3 percent.

Mr. OLSEN. Did they take into consideration the problems of the budget when they made that recommendation?

Mr. STAATS. I do not think so. I think what they had in mind primarily was the fact that under the proposal they were making there would be this thoroughgoing review beginning next year. The first commission would be appointed in January 1966 to report before the President submitted his recommendation in 1967. That, I believe, together with the other points they made of the need for review of some of the techniques of developing comparability data and drawing the baseline from it, caused them to say, "This year, let us not lose any ground; let us put 3 percent in and then come back next year."

Mr. OLSEN. But they went on to say: "Let us not have real comparability." Is that not what they said?

Mr. STAATS. I do not think so.

Mr. OLSEN. They have not attempted to achieve real comparability in this recommendation, have they?

Mr. STAATS. They recognized that 3 percent would not achieve comparability. I think what we are talking about is at what point do you achieve full comparability?

Mr. OLSEN. I do not think there is anything infallible about having a Presidential committee, because they consider other factors than those set out by Congress. Congress says there shall be full comparability and I have no trust in any Federal commission recommending it. They just do not do it.

Mr. UDALL. The time of the gentleman has expired.

The gentleman from North Carolina.

Mr. BROYHILL. Mr. Chairman, I am sorry I am late and did not hear the full statement.

In your statement you said:

An upward adjustment of 1 percent in civilian salaries, and related costs of retirement and life insurance, now has a cost of approximately \$135 million a year.

Was this figure broken down as between the general schedule and the postal field service?

Mr. STAATS. Yes. We have that and would be glad to put it in the record.

Mr. BROYHILL. What percentage of this \$135 million would the general schedule represent and what percentage would the post field service represent?

Mr. STAATS. I think you had better let us do a little more work on our table here. In general the \$135 million is calculated roughly on the total payroll, which would produce \$125 million, and the additional \$10 million is for the related costs.

Mr. BROYHILL. I would like to know whether the general schedule would account for 40 or 50 percent of that \$135 million or what part would it be?

Mr. STAATS. I think I might answer your question accurately in the context of the administration proposal as to how that is broken down costwise. The administration proposal would cost \$406 million based on 3 percent. Of that \$406 million, the Classification Act makes up \$267 million and the postal \$126.5 million, and the others—Foreign Service, Veterans' Administration Medical Service—represents about \$12 million. So you might say roughly the postal side of it is about 35 percent.

(The table referred to follows:)

Estimated cost of a 1-percent salary increase, by pay system

Pay system	Estimate cost	
	Amount (in millions)	Percent
Total.....	\$185.4	100.0
Classification Act.....	89.0	65.8
Postal Service.....	42.2	31.2
Veterans' Administration medicine and surgery.....	2.3	1.7
Foreign Service.....	1.9	1.4

Mr. BROYHILL. I have not had an opportunity to read the reports you refer to in your statement. I have them on my desk and am anxious to look at them.

I understand your statement to say that these reports to contain some recommendations that you are making to improve the statistics on your salary rates. Are you implying there is something wrong with these surveys now?

Mr. STAATS. This is a very complicated job of measuring comparability, and while we have great confidence in the Bureau of Labor Statistics and the work they do, I think they and we would be the first to say we should not rest on the analysis at any given point. We should try to improve it. This is a very new thing we are trying to do here, and it is for that reason we and the Civil Service Commission felt we could not afford not to have the best experts in the country we could find look at the process by which this data was collected and, secondly, the process by which we draw an inference from it. I think we fall into the trap that there is something magical in this comparability figure, and there is not. It attempts to guess what is happening in the private economy compared to Federal jobs. The question is, where are these comparable jobs?

Mr. UDALL. I will observe that the next witness comes from the Bureau of Labor Statistics. He will be able to tell us how they go about it.

Mr. STAATS. Mr. Chairman, I do think this is a very important point that Mr. Broyhill has brought up here and it is a counterpart to the question Mr. Olsen brought up as to why this panel which reviewed this this year did not recommend full comparability this year. I have here the recommendations made by these two studies. For instance, in terms of new occupations, the panel recommended we add some occupations not covered in the survey. They suggested eight new occupations. I think Mr. Clague and his staff have found four of these they can obtain sufficient data to compare.

Secondly, with respect to the size of the firm that would be surveyed, they have been surveying firms only of 250 or larger. The panel has suggested that instead of a flat 250 cutoff, there should be a variable cutoff. In some manufacturing industries they have suggested holding it to 250, but in transportation and utilities they suggested 100 or more, and in finance, 50 or more.

I think if comparability is to mean anything we have to have the best expert judgment we can get as to what constitutes comparability, because otherwise we do not have anything.

That is what these two studies are designed to bring out and we feel, while it might not alter the overall result in any large way, unless we can assure Congress and the taxpayer that the principle behind this is really being measured, I do not think we are properly discharging our duties in the executive branch.

Mr. BROYHILL. I think that is a good point, that not only Congress but the public should have confidence in the group that makes the review.

Mr. STAATS. This was a very good group we had. It included the head of a management consulting firm, and we had a firm of statistical experts very familiar with the work of the Bureau of Labor Statistics give a separate report on the Bureau of Labor Statistics techniques.

Mr. BROYHILL. If this pay raise is approved substantially as it has been submitted to the Congress and is being considered by this committee, would a supplemental appropriation be necessary in order to obtain the funds to pay the cost of this bill?

Mr. STAATS. All of the cost in the administration proposal, which calls for an effective date of January 1, is included in the budget as submitted by the President last January in the reserve for contingencies. So within the overall total the President has provided adequate funds to cover the proposal.

Mr. UDALL. The time of the gentleman has expired.

The gentleman from New Jersey.

Mr. KREBS. Thank you, Mr. Chairman.

I, too, Mr. Staats, want to commend you for a very forthright presentation. It does, however, raise some questions in my mind that might just be questions of terminology.

I wonder if you could define for me comparability?

Mr. STAATS. Comparability is defined perhaps as well in the 1962 act as anything I can give you. The principle that we are trying to establish—and which I think has been well accepted now—is the idea that the Federal Government would pay no more and no less than is paid in private enterprise for the same job. I think that is about the best way I can describe it.

Mr. KREBS. If that be the definition of comparability, then let me ask you how the recommendation of a 3-percent increase is reconciled with a part of your statement, and I quote:

In fact, the percent of increase between 1939 and 1964 generally has been greater outside the Federal Government than in the Federal Government. For example, public school teachers in cities of 100,000 and over, received average increases in compensation of 197 percent in that 25-year period. The compensation of policemen and firemen increased 184 percent. Clerical employees in American railroads had increases averaging 209 percent. By contrast, Classification Act employees in grade GS-4 had increases averaging 172 percent; in grade GS-7, 145 percent; in grade GS-11, 134 percent; in grade GS-14, 122 percent; and in grade GS-15, 110 percent. Again in contrast, under the statutory processes for keeping their wages at prevailing local rates, Army-Air Force wage board employees, in a representative grade (W-7), had an increase of 197 percent in their pay between 1939 and 1964.

Using your own language, do you not believe this suggests how inadequate your proposed 3-percent increase would be in achieving comparability?

Mr. STAATS. Congressman, what we were attempting to do here was to indicate generally what has happened, going back over 25 years, by way of percentage increases in various types of employment. This

has nothing to do with comparability as such. This is an effort to measure—

Mr. KREBS. I do not like to interrupt, but when you say it has nothing to do with comparability as such, I am completely lost.

Mr. STAATS. Comparability is the effort to pay for jobs in the Government the same as is paid outside, based on a year-to-year review. What this does is to reflect the percentage growth in various categories of employment going back to 1939 as the base year. These figures would all be different if you started with 1962, when we had the Salary Reform Act put into effect, or any other base period. So I think it has nothing to do with the question of what is comparability.

Mr. KREBS. Then why did you put it in your statement?

Mr. STAATS. To indicate to the committee the percentage growth.

Mr. KREBS. I would like the record to show that I think this substantially indicates the inadequacy of the proposed 3-percent recommendation.

Mr. STAATS. We are very clear, Mr. Congressman, that 3 percent does not achieve full comparability. I do not want you to misunderstand our position.

Mr. KREBS. I am aware of that.

You say also that you are concerned with achieving full comparability and you say your colleague considers this would be the fourth-step process. But again in your statement you say:

Second, it is our belief that the provisions of H.R. 8207 which would make it possible for the President to make annual salary comparisons in fields other than private enterprise, may provide an important addition to the existing basis for establishing comparability.

And I refer to the section of the bill that you are talking about. On page 10 of the bill itself, in the last paragraph on the page, it says:

The President (1) may direct that annual salary comparison reports submitted to him under subsection (a) compare the rates of salary fixed by statute for Federal employees with the rates of salary paid for the same levels of work, as determined on the basis of appropriate annual surveys, in any fields of non-Federal employment in addition to private enterprise which he may designate, and (2) may include in his annual reports to Congress under subsection (a) comparisons of Federal salary rates with those in any additional fields of employment he designates.

In other words, what you are doing is saying you embrace the notion of going outside of private enterprise and going into other agencies, for instance, nonprofit agencies. Is this truly comparability in your opinion?

Mr. STAATS. Oh, yes.

Mr. KREBS. I do not see how you can call that comparability.

Mr. STAATS. It seems to come nearer to comparability than we have now when we limit it to a group of employers in the private economy only. This area of the economy is rapidly growing. I do not think we will have comparability until we have this.

Mr. KREBS. I am in considerable disagreement with you on that.

You also say in your statement:

While there is still a gap of about 10 percent between private enterprise salary rates and those at grade GS-13 and above * * *.

Do you have any idea roughly what the difference is in grades below GS-13?

Mr. STAATS. I think we have that.

I might just say while we are getting these figures—we can read you the figures by grade if you wish—that the 1964 act provided 1963 comparability for GS-1 through GS-5, and their PFS-1 and PFS-4, and then in the terms of the additional step which was provided, going back to 1962 for the postal service, it provided in effect for 1964 comparability for all employees on the payroll who received that additional step. So we have a situation now where we have 1964 comparability for this very large group of employees.

In the upper grades, 13 and above, we are still below 1961 comparability, so the effect has been quite different on different types of jobs. We can give you here the figures by grades.

Mr. KREBS. Rather than taking the time to have them read, I would like to have them put in the record.

Mr. UDALL. Will you furnish the figures for the record?
(The information requested follows:)

Progress of Classification Act salaries toward comparability—1961-64

Grade	Classification Act rates (4th step), 1961	Comparability payable, 1961	1961 comparability percentage above 1961 Classification Act rates	Comparability payable, 1964	Increases in private enterprise rates 1961-64	1964 comparability percentage above 1961 Classification Act rates	Classification Act rates July 1964	Increases in Classification Act rates 1961-64	1964 comparability percentage above 1964 Classification Act rates
			Percent		Percent	Percent		Percent	Percent
GS-1	\$3,300	\$3,300	None	\$3,630	10.0	3.7	\$3,730	6.6	None
GS-2	3,815	3,705	None	4,075	10.0	6.8	4,055	6.3	0.5
GS-3	4,075	4,150	1.8	4,565	10.0	12.0	4,410	6.3	3.5
GS-4	4,335	4,635	6.4	5,105	10.0	17.2	4,930	13.5	3.5
GS-5	4,840	5,170	6.8	5,690	10.0	17.6	5,495	13.5	3.5
GS-6	5,225	5,790	8.2	6,335	10.0	19.0	6,060	13.8	4.5
GS-7	5,850	6,380	9.1	7,020	10.0	20.0	6,660	13.7	5.6
GS-8	6,380	7,065	10.7	7,770	10.0	21.8	7,290	14.3	6.6
GS-9	6,890	7,800	12.5	8,580	10.0	23.8	7,955	14.8	7.0
GS-10	7,490	8,580	14.6	9,440	10.0	26.0	8,710	15.3	8.4
GS-11	8,340	9,435	13.1	10,380	10.0	24.5	9,535	14.3	9.9
GS-12	9,735	11,305	16.1	12,435	10.0	27.7	11,315	16.3	10.6
GS-13	11,415	13,405	17.4	14,750	10.0	29.2	13,335	16.3	10.7
GS-14	12,990	15,735	21.1	17,315	10.0	33.3	15,640	23.4	10.7
GS-15	14,705	18,285	24.3	20,120	10.0	36.8	18,170	23.6	10.7
GS-16	16,085	21,090	31.2	23,140	10.0	44.3	20,900	30.3	11.1
GS-17	17,300	23,930	38.3	26,330	10.0	52.2	23,695	37.0	11.1
GS-18	18,500	24,500	32.4	27,200	10.0	45.7	24,500	32.4	10.0

Mr. KREBS. I have one more question.
In your statement, you say:

We believe that final achievement of full comparability should be an across-the-board action. The salary rates for the higher grades as well as those for the lower grades should be related to the most recent year for which comparability measurements have been made. In our judgment none of the adjustments should be prospective. They should be related to actual data, not to an indication of what is currently happening in other sectors of the economy.

Is that not what is happening in other sectors of the economy, private enterprise, the whole essence of comparability as you defined it.

Mr. STAATS. Yes; what we are talking about here is the lag between adjustments that take place in the private economy and when they can take place on the Government side.

Mr. KREBS. I would like the record to show how you can say you are for comparability when you say in your statement it should not be compared to what private enterprise pays.

Mr. STAATS. We should not get—

Mr. KREBS. Comparability is perhaps the most flexible word anyone has used around Washington in a long time.

Mr. STAATS. We would like to improve it.

Mr. ELLSWORTH. I always like to take a lot of time welcoming Elmer Staats and putting in the record my high regard for him. Everyone knows that he has been Deputy Director of the Bureau of the Budget for a long time. Everyone knows that he is one of the outstanding scholars in the field of public administration. He writes for learned journals all the time and is an officer in prominent learned societies.

In addition to that, he is a very effective and capable Deputy Director of the Bureau of the Budget, as well as one of the outstanding witnesses that this or any other committee ever had. In addition to all that, he is a Kansas man. We claim him out there.

Mr. UDALL. The Chair suspected that was coming. It is not like the gentleman from Kansas to get carried away like this.

Mr. ELLSWORTH. To pursue for a moment, Mr. Staats, some of Mr. Broyhill's questions, I understood you said there was ample provision in the President's budget for fiscal year 1966 to fund the President's recommendations with respect to pay, both military and civilian; is that correct?

Mr. STAATS. That is correct. I might add here the President obviously had no certainty as to a precise amount; therefore, like other legislation where we have the same problem where the legislation has not been formulated, we have a reserve contingency and he specifically increased that reserve to make provision for an amount for pay increase. There is no doubt in anyone's mind that he had clearly in mind this possibility, but like any other item of proposed legislation, it was impossible to estimate precisely what that figure would be until it was formulated.

Mr. ELLSWORTH. I appreciate that.

I want to go into some of the other estimates that play on the total effect. The reason I want to do that is because this year we have a special situation. We have this subcommittee instead of the full committee hearing this pay increase proposal. So we have not only the

problem of dealing with the leadership in the House and the membership at large in the House, but also the committee as a whole.

One of the things that always comes up, as you know, in these matters is this question of the budgetary effect, and so if the President has already made provision in his budget proposal for fiscal year 1966 to fund this salary proposal, this is important to know. I want to ask some questions.

When he made the estimate, what kind of an excise tax cut did he have in mind in comparison to the excise tax cut that the House passed the other day?

Mr. STAATS. His initial proposal was for \$1.750 billion cut in excises. His concurrence subsequently was adjusted upward. I believe the upward adjustment is in line with what a person—and we can only guess now what the House and Senate will get together on—will produce. I think I can answer your question a bit more specifically.

I think I can say this—without equivocation—there is as of now still, even with the highest reduction that might be made, adequate provision in the budget, within the figure he recommended to Congress, for a pay increase of the size he has proposed.

Mr. ELLSWORTH. Another problem is going to come up, and it has already come up in informal discussions. It is the relationship between this proposal in this committee and the military pay proposal.

I understand that 34 out of the 37 members on the House Armed Services Committee supported substantially a larger military pay increase, much larger than the administration proposed. That is going to have an effect. It is going to have an effect on those men and women's attitude toward this bill. Do you see what I mean?

Mr. STAATS. Yes; I see what you mean.

Mr. ELLSWORTH. On the basis of the information you have, what is liable to be the effect on this bill of a substantial increase in the military pay bill, or do you think there is any meaningful likelihood we will have an increase over the administration's request on the military pay bill?

Mr. STAATS. I would certainly hope and believe that the administration's position on the military pay bill would be persuasive as far as the Congress is concerned. I think it has been carefully thought through.

While you always have a situation where many people feel any proposal is inadequate and should be higher, nevertheless, the proposal the administration has made to Congress on the military pay increase is justifiable. It runs about 4.8 percent, as you know, on total compensation; 5 percent if you take just the base pay. That is a substantial increase. It is in line with what we recommended on the civilian side if you take into account the fact they did not catch up in 1963.

It seems to me this is another good way to illustrate why we need this overall review of all Federal salary systems every 4 years because we constantly get the criticism we have discriminated against such and such level of job in the military, or on the civilian side, or the postal side. The point is, we do not have a rational pay system for the Federal Government. Until we get some approach of this kind, we are going to always be in a position where some people are getting

hurt in relation to other jobs in a different service of the Government, and this should not happen

Mr. ELLSWORTH. That is right.

In that connection, I want to second what the chairman has said when he applauded you for the specific proposals that are in these Presidential recommendations, particularly with respect to setting up procedures that would operate on an overall basis with an overall view with respect to Federal pay. I know that has been one of your principal concerns for a long, long time.

I second the chairman's recognition of your fine work in this field and I think it is very important. In fact, what you have said is that there are probably other situations over and above comparability that have to enter into the considerations of the Congress and the President when the question of Federal pay is approached? Is that correct?

Mr. STAATS. Certainly we ought to preserve the comparability concept on an annual current basis if we possibly can. We do not disagree with that at all.

Mr. ELLSWORTH. I understand you do not disagree.

Mr. STAATS. Other considerations have to play a part.

Mr. ELLSWORTH. In connection with comparability, I would like to focus for a minute on comparability as between higher grades and lower grades within the Federal service from the point of view of the impact on the family situation of the employee, not from the standpoint of comparability whether it is up to 1963 or 1964.

Is it not true that a timelag in achieving comparability as defined in the statute has different effects from a human, family point of view on the lower grades of Federal employees than it has on the upper grades?

Would you like to comment on that?

Mr. STAATS. I had not thought of it in those terms. I suppose the timelag would be harder in the case of the lower grade employee, but only if you had a sharp increase in the cost of living that went along with it.

Mr. ELLSWORTH. Take out the word "sharp." Assuming there is a continuous increase, would you not agree there is a difference in the effect?

Mr. STAATS. Well, I do not think I would. I think I would relate cost of living in that context in terms of any hardship or difficulty as between a higher grade employee and lower grade employee, but not a timelag in terms of achieving comparability.

If you had an increase in the cost of living that went along with it, then your point in my opinion would be valid, but otherwise, I do not see any difference.

Mr. ELLSWORTH. So perhaps when Congress comes to give consideration to fixing Federal salaries and determining the effective basis, it would be something for Congress to take into account that would be a factor over and above and beyond simple pure comparability as defined in the statute.

Mr. STAATS. You are speaking now as to how current you might want to bring it?

Mr. ELLSWORTH. Yes.

Mr. STAATS. I think I might accept your point.

Mr. UDALL. As I understand the proposal before us, H.R. 8207 would give the lower levels 1964 comparability, the middle levels, 1963 comparability, and the higher levels, 1962 comparability. Is that substantially correct?

Mr. STAATS. That is partially correct.

Mr. UDALL. Would you furnish for the record the cost estimates for giving the middle grade and the high grade for 1964 comparability. What would be the costs if we were to amend the proposal so all the grades got the 1964 comparability, the bill now provides only for the low grades?

(The information requested follows:)

Estimated cost, alternative salary adjustments

[Millions of dollars]

Grade	Estimated annual cost		
	1964 comparability	H.R. 8207 (Udall)	H.R. 8663 (Olsen)
GS-1 through GS-5 and equivalents.....	200	179	396
GS-6 through GS-11 and equivalents.....	320	135	260
GS-12 through GS-18 and equivalents.....	316	92	116
Total.....	836	406	772

Mr. UDALL. We thank you very much for your helpful testimony. That will conclude your testimony, and you may be excused.

Mr. STAATS. Thank you.

Mr. UDALL. Our final witness this morning is Mr. Ewan Clague, Commissioner of Labor Statistics.

You are accompanied by Mr. Leonard Linsenmayer, Office of Wages and Industrial Relations, and by Mr. Louis Badenhoop, assistant to Mr. Linsenmayer.

We are happy to have you with us once again, Mr. Clague.

I understand you have a brief prepared statement which you can present. I am sure the subcommittee members will have questions.

STATEMENT OF HON. EWAN CLAGUE, COMMISSIONER, BUREAU OF LABOR STATISTICS; ACCOMPANIED BY LEONARD LINSENMAYER, ASSISTANT COMMISSIONER, OFFICE OF WAGES AND INDUSTRIAL RELATIONS; AND LOUIS BADENHOOP, ASSISTANT TO MR. LISEN-MAYER

Mr. CLAGUE. I would like to read my brief statement since it is a precise statement of my findings.

Mr. UDALL. You may proceed.

Mr. CLAGUE. I once again wish to express my appreciation for the chance to appear before this committee to discuss the annual survey of the Bureau of Labor Statistics which provides the data for the administration's proposals on the salaries of Federal white-collar personnel. The survey relating to the winter of 1964 is comparable in scope to those conducted in the 4 previous years.

According to the February-March 1964 survey, average salaries in private industry had increased during the year from 2.6 to 4.8 percent

among the occupational groups comprising the 75 work levels studied. Among the larger occupational groups studied, the increases in average salaries amounted to 2.9 percent for engineers, 2.8 percent for accountants, 3.3 percent for chemists, 3.6 percent for engineering technicians, and 2.9 percent for clerical employees.

The increases that occurred during the most recent year were generally similar to those occurring during the previous year, 1962 to 1963. Although there were variations in each period in the amount of the increases for the various occupational groups, a larger increase in the earlier period often was offset by a somewhat smaller increase in the most recent period, or the reverse.

Occupational group	Percent increase in average salaries	
	1963 to 1964	1962 to 1963
Accountants.....	2.8	3.3
Auditors.....	2.1	3.6
Chief accountants.....	4.5	2.8
Attorneys.....	3.3	4.6
Managers, office services.....	2.7	2.2
Job analysts.....	2.5	2.6
Directors of personnel.....	4.6	3.0
Chemists.....	3.3	3.8
Engineers.....	2.9	4.4
Engineering technicians.....	3.6	2.9
Drafting.....	2.6	3.6
Clerical.....	2.9	2.6

Over a longer period of 2 years—1961 to 1964—there was evidence that average salaries for the higher levels of professional and administrative employees represented in the survey were increasing at a slightly faster rate than were the salaries of clerical employees. The increase in clerical salaries during the 3-year period amounted to 8.6 percent compared to approximately 10.4 percent for professional and administrative salaries at the higher levels of work.

This survey, which was planned specifically to meet the needs of the Federal Government for pay data for grades GS-1 through GS-15 in the Federal classified service, is a product of the joint efforts of the Bureau of Labor Statistics, Bureau of the Budget, and Civil Service Commission. Under section 503 of the Federal Salary Reform Act of 1962, the Bureau of Labor Statistics is designated as the agency to conduct the surveys upon which the latter two agencies make their salary comparisons.

The 75 occupational levels studied, covering a wide range of pay levels, are numerically important in industry as well as in the Federal service. Occupational definitions used in the collection of salary information reflect duties and responsibilities in industry, but are translatable to specific pay grades—GS-1 through GS-15—applying to Classification Act employees. The definitions were prepared by the Civil Service Commission in collaboration with the Bureau of Labor Statistics, or were selected from definitions developed earlier by BLS.

All industries which are major employers of the selected occupations are surveyed. The industry list includes manufacturing; transportation, communication, and other public utilities; wholesale and retail trade; finance, insurance, and real estate; and the small proportion of service industries devoted to engineering and architectural services and commercially operated research, development, and testing laboratories.

The survey has been limited to the Nation's metropolitan areas and to establishments employing 250 or more workers. About 75 percent of all Federal employees and more than 80 percent of Classification Act employees work in metropolitan areas.

The present survey involves visits to approximately 2,000 sample establishments for the collection of salary data for the professional and technical occupations, and approximately 5,000 establishments for the clerical and drafting jobs. The size of the samples for these two groups differs because of differences in survey requirements. Salaries for the clerical and drafting occupations are published, with considerable detail as to industry division and related fringe benefits, for each of the 80 metropolitan areas studied. Since the survey of professional and administrative salaries was designed to present nationwide salary data only, without area detail, this did not require as large a sample.

The salary data are collected during personal visits by BLS field economists, who carefully examine all company jobs matching the duties and responsibilities of the survey job definitions. This is done with the assistance of company officials, and with extensive use of such aids as company job descriptions, organization charts, and other personnel records. Some of the metropolitan area surveys, from which nationwide estimates for the drafting and clerical jobs are developed, allow for the collection of data by a combination of mail and personal visits in alternate years. However, the classifications reported in the male segment are those that have previously been evaluated by field economists during personal visits.

The field economists' reports on individual establishments are reviewed by senior staff members and further investigations are conducted where necessary. BLS also maintains a systematic quality control program consisting of visits by senior staff members to selected establishments to check the accuracy of the results of the field economists' interviews.

Salary data for professional and administrative occupations are collected primarily between February 1 and May 15 and relate, on average, to March of each year. The metropolitan area surveys from which we develop nationwide estimates for clerical and drafting occupations are conducted between August and June. Reflecting the concentration of white-collar employment in the Nation's large metropolitan areas, most of which are surveyed during the January-May period, the nationwide clerical and drafting salary information, on the average, relates to February of each year.

We are presently in the final stages of our field collection of data for the 1965 survey. Although we have yet to receive data from some of our major contributing companies, we expect to complete this collection by the end of June. At that time, the data must be subjected to a thorough, systematic review prior to its tabulation. Although preliminary findings can be made available within 2 months after the completion of the collection work, extensive and intensive tests must be carried out before the final report can be completed. As in earlier years, BLS plans to issue the bulletin report on the 1965 salary survey in November.

In the report of the President's Special Panel on Federal Salaries, which the President transmitted along with his message on Federal pay of May 12, 1965, there is a reference to the concept of total com-

compensation. The report concluded, based on Department of Labor data, that "there now appears to be approximate overall equality" between Government and private enterprise with respect to expenditures for fringe benefits for white-collar workers. It might be of interest to the committee for me to briefly indicate the circumstances under which the data supplied to the Panel were assembled, and to report on some of the conclusions suggested by that study.

At the request of the Bureau of the Budget and Civil Service Commission, the BLS conducted a survey of employer expenditures for supplementary compensation—fringe benefits—of nonproduction employees in the same segment of private industry covered by the annual BLS salary survey.

Although the survey had some technical deficiencies, the following summary of the findings may be accepted as reliable indicators of the relationship between Federal and private industry expenditures:

1. Total expenditures for fringe benefits were approximately the same, nearly 25 percent, for white-collar employees in private industry and the classified employees in the Federal executive branch.

2. Expenditures for paid leave were higher for Federal employees, but all other expenditures were higher for employees of private industry, including retirement, unemployment, and health benefit programs.

3. Private industry employees receive some additions to payroll not available to Federal employees; for example, savings and thrift plans and year-end and other special bonuses.

4. One-fourth of the companies reporting data paid all of the costs of health, accident, and life insurance plans. Three-fourths of those with contributory plans paid more than half the costs. The Federal contribution is less than half.

5. Private pension plans—excluding social security to which employer and employee contribute equally—were carried without employee contribution in three out of five companies of the companies with plans. More than four out of five companies with contributory plans paid more than half the costs.

6. The Federal employee makes a larger contribution relative to basic salary to his health and retirement programs than the private employee—about 8.5 to about 6 percent.

The findings of that fringe benefit survey will be published shortly. This is a preliminary statement to you as to our basic findings.

Mr. UDALL. We appreciate that very much.

There has been a lot of discussion over the years have about the so-called lag between determining comparability and actually putting it into effect.

I understand the timeable begins in February and March when your field economists go into these establishments. This takes a period of something like 2 months.

Mr. CLAGUE. Yes.

Mr. UDALL. The next step is evaluation, classification, processing, and averaging of this raw information?

Mr. CLAGUE. Yes.

Mr. UDALL. This takes about how long?

Mr. CLAGUE. About 2 months.

Mr. UDALL. Two months more?

Mr. CLAGUE. More.

Mr. UDALL. And then you see that these are published in your annual survey?

Mr. CLAGUE. Yes. If I may say so, what happens is that about the first of September, or sometime in late August, we are able to make available to the Civil Service Commission and the Bureau of the Budget our preliminary and rough approximation, on which they can begin the comparability comparisons they make. In the meantime, we develop our work still further, make further analyses and write a report which we publish in November.

Mr. UDALL. Is there any way you see that this process can be shortened?

Is it about as expeditious as possible?

Mr. CLAGUE. It would be very difficult to shorten it. As of now, we still have this year, as I say in my testimony, some reports coming in from some of the larger companies; so as of the middle of June, we still have not finished the collection.

When they do come in, as you can see from the size of the samples mentioned in my statement we have a large tabulating problem. We must also check back at times to find out if anomalies have appeared in the figures, if we have questions concerning certain occupations that do not seem to be quite right. This takes a period of time.

It would be very hard for us to shorten that much beyond the 2 months of July and August when we are doing that.

Mr. UDALL. Even with computers, additional staff, and all the modern aids, you honestly feel you have this down to about as quick an operation as you can make it?

Mr. CLAGUE. I would never say that.

The answer is, Certainly with more staff I could do it faster. But to get any significant speedup, we would have to collect our data earlier in the year.

As I see it, one of your problems is that our timetable does not fit with the sessions of Congress.

Mr. UDALL. That is what I will come to next.

The best we can hope for would be some very slight improvement in this process. You cannot see how we can cut it in half, or anything dramatic like that?

Mr. CLAGUE. No, we could not cut it in half.

Our problem in part is the difficulty in getting in the company reports. These companies have other things to do. We do not rank first in their priority because they have a regular business to manage.

Mr. UDALL. There is no way you can compel them to send it back by return mail the next day. You have to deal with their problems.

Mr. CLAGUE. It is all voluntary reporting. In some of these findings, particularly on the fringe benefits—and you notice that I said something about technical deficiencies on fringe benefits—our statistics are as good as we can make them. But fringe benefit costs are difficult to figure.

Sometimes it is difficult for the companies themselves to estimate what it is costing them. Some companies are hesitant to give us that information.

Our response rate is not as good as it is on the cash salaries paid.

Mr. UDALL. Further steps are out of your hands. They relate to the fact that the President cannot really deliver a message on this and

study this until January when Congress comes into session. Then we have problems of whether our committees are organized, whether there is sufficient interest, and whether there are other measures before the committee that have priority.

Up to November, this is the role you play. Beyond that, these further steps of actually putting comparability into effect through law are out of your hands?

Mr. CLAGUE. Yes, sir.

I think you have said it approximately. We have data on which work can begin by the 1st of September. It will surely take those agencies some time to decide on their recommendations. They have to analyze all these varying statistics that we provide.

You can see from our published data that there are differences among occupations. The agencies have to arrive at some general pattern which they can apply to the Federal classified service. They have to be the judges as to how much they could speed up their operations.

Mr. UDALL. Let us return to the point you made a moment ago. Instead of starting your work in February and March of each year, say you started in June so that almost the minute you completed your work and the agencies had completed theirs, we would be in a time period when Congress was in session and we could begin. We might save 2 or 3 months.

Mr. CLAGUE. What you are saying is, lag the date of our finding so it would be later in the calendar year.

Mr. UDALL. Tie it into the congressional schedules a little better. This is a thought that occurs to me.

Mr. CLAGUE. I would not like to answer offhand on that suggestion. This would involve us in a consideration of the problems of employers who supply this information—are there any problems to them in providing the data to us in June, July, or August.

Mr. Badenhop says we have to bear in mind vacations, particularly in August, when employers would say they could not give us any time.

Mr. UDALL. June would be the end of their fiscal year. Accounting and tax problems might be additional complicating factors.

Mr. CLAGUE. Our problem of staying away from the beginning of the calendar year is because of the yearend fiscal accounting they have to do.

One of the reasons we push into March is to get away from their yearend problems. I do not believe that their June problems are as serious.

Mr. UDALL. We discussed with Mr. Staats this morning the proposals that are made to plug into your studies not only private enterprise pay and fringe benefits, but those of local governments and non-profit corporations. These often have more comparable jobs than private employers.

What would be your comment on this suggestion? What difficulties would this cause you? Do you see anything about it you would like to discuss?

Mr. CLAGUE. First, we have not surveyed State and local salaries at all so far. We did put into our appropriation request this year a small amount for an experimental survey. We did not promise to get any results from that survey, but only to find out what the prob-

lems would be in collecting State and local salaries. However, we had to cut back to some extent on that part of our budget, so I am not sure that we shall be able to do much more than visit a few State and local agencies this coming year to find out what the problems would be in collecting statistics in those areas.

Mr. UDALL. Assuming you had adequate budget and staff, do you think you could correlate these studies into what you are now doing?

Mr. CLAGUE. As a statistician, I think I can measure almost anything, if I have a sufficient budget and staff and sufficient cooperation from the respondent.

The State and local salary matter is going to be difficult to survey. I am sure there are wide variations among the States. I noted the questions you directed at Mr. Staats.

Mr. OLSEN. Have you made any inquiry of the Council of State Governments on the fact of their gathering much of this information?

Mr. CLAGUE. We have done nothing.

As far as the Federal Pay Act is concerned, it refers to private industry salaries, and that is what we have had the funds to work on. That is what we have done up to date. The answer is, we have done nothing so far on State and local salaries.

Mr. OLSEN. I had some recollections that the Council of State Governments, to which I think all the States contribute, gathered statistics on the pay levels of the many States. I am certain they do from the State governments themselves and the offices that go to make up State governments.

What information they gather about the employees of these State offices, I am not clear.

Mr. CLAGUE. May I make a comment?

You can get many publications of salary schedules, but in our work we can not take the job title as evidence of comparable work. We have to check to see what the person actually does. That is what takes money and time.

With respect to the States, I will add another point. My impression, since I have had some experience in State government and local government as well as Federal, is that they differ very widely from each other. Some have very high level civil service and high salaried grades in their government service, while some have almost none of that, the jobs changing with each change of administration and the content of the job very different from time to time.

My guess is a State and local government survey will disclose vast differences among them. We may have considerable difficulty in trying to evaluate the results.

Mr. OLSEN. The changes experienced in State and local government, however, are not rapid, nor great at any time; is that not your experience?

Mr. CLAGUE. I think probably that is right.

Mr. OLSEN. My observation has been in most States the salaries are rather static and they do not change very frequently.

Mr. CLAGUE. There are certain salary changes that we are aware of. Part of my job in the Bureau of Labor Statistics is to supervise a Federal-State cooperative program on employment, hours of work, and earnings in many industries. That program is conducted in coopera-

tion with State labor departments and State employment security agencies. We in the Federal Government have to match salary increases that occur in those agencies. Nearly every year we have to request funds to match increases in salaries that have occurred in at least some of the States. But to what extent this occurs in all States as contrasted with a relatively small number of States each year, I do not know.

Mr. OLSEN. All the States, of course, are engaged in the employment security program; are they not?

Mr. CLAGUE. All States are in the employment security program, but the comparable salaries we are matching, in cooperation with the Bureau of Employment Security, are the salaries in the employment security program as such, these particular employees. However, their salaries are supposed to be comparable to those of other employees in that State.

Mr. OLSEN. They make their own State survey then and they adjust the salaries in the State and your problem is matching?

Mr. CLAGUE. Matching?

Mr. OLSEN. Matching money.

Mr. CLAGUE. That is right.

Mr. OLSEN. Getting back to this problem of the increase in pay that has been experienced from your survey, or developed from your survey, that date is March 1964?

Mr. CLAGUE. Yes.

Mr. OLSEN. There has been some question here what that figure was, whether 3 percent or 3.5 percent at level GS-5.

Mr. CLAGUE. At GS-5 it apparently was just 3 percent—exactly 3 percent.

Mr. OLSEN. And that would be the same then as PFS-4?

Mr. CLAGUE. I do not know.

Mr. UDALL. Counsel advises that is the case by linkage.

Mr. OLSEN. From the general information you have at present on your most recent survey, is it your observation that there has been an advance in the comparable pay positions in private enterprise?

Mr. CLAGUE. Oh, yes; there has been an increase during this past year. This increase occurs every year. We do not have enough data yet to give you any firm figure, but, of course, there will be an increase during this past year. That is the lag you are talking about?

Mr. OLSEN. Yes. Of course, whatever that increase is, it will only be calculated to March 1965?

Mr. CLAGUE. Right.

Mr. OLSEN. Could you make an educated guess as to what that advance has been for say a GS-5?

Mr. CLAGUE. No, I would not like to do that. As you can see from the table in my statement, some of our increases are as low as 1.5 percent in a given year, 2.5, 3, and 4 percent. I would not like to make a guess as to what any occupation would show, or even what the general average would show.

There has been an increase, but what that would be, and what our new average will show, I would not want to guess.

Mr. OLSEN. In recent years—and I am quoting from Staats' statement:

In recent years, pay rates in private enterprise for professional, technical, and administrative jobs have increased approximately 3 percent per year. We have no basis for believing this will change this year.

Would you confirm that statement?

Mr. CLAGUE. Yes. I said the same thing when I stated that from 1961 to 1964, which is a 3-year period, we get about 8½ percent for the clerical grades and about 10½ for the other grades. Those average out at about 3 percent, a little under in one case, a little over in the other. This is a fairly good guess, if you want to leave it as broad as 3 percent.

Mr. OLSEN. That is all I can expect, I realize that.

There are not any indications in the economy that would lead you to believe it would be any different this year than has been experienced over the past 10 years?

Mr. CLAGUE. The figures we are now getting would be about in line with long-run trends.

Mr. OLSEN. I would not want you to make a guess for 1965-66.

Mr. CLAGUE. Do not put me into the future.

In our studies of the collective-bargaining agreements, all of those up until March 1965 would indicate that the trend is about in line with previous years.

Mr. OLSEN. That is a pretty good indicator, these collective agreements that industries make with unions.

Mr. CLAGUE. They are good indicators, but probably a little too high for the general average. Wages in general are higher in unionized industries.

Mr. OLSEN. That is what the unions have in their favor, that is why they get members.

Mr. CLAGUE. That is right.

But in terms of trend, those figures are all right. In terms of level, they are probably a little higher than the general pattern.

Mr. OLSEN. I think we recognize that all over the country. That is why I hope we can repeal that section 14(b) of the Taft-Hartley Act. I think these unorganized people need some help. You do not have to comment on that.

Mr. CLAGUE. No comment.

Mr. OLSEN. I think it is healthy for the country that the employees get a good share of the prosperity that is being enjoyed.

Do you have any observation of the collective agreements that have been made since March of 1964?

Mr. CLAGUE. That is what I have been talking about.

Mr. OLSEN. Do you know about any collective-bargaining agreements since March of 1965?

Mr. CLAGUE. Only the most scattered kind of information has come through. The big ones have not been settled. In the steel industry, as you know, there has been a temporary settlement, but that one is coming up yet so we do not know what the final result will be. That is a big one and influences directly many others. Might have a good deal of influence on the general picture for 1965 by the end of the calendar year.

Mr. OLSEN. In any event, the steelworkers and the automobile workers, they do have a big effect on all the other wages. All the other wages tend to follow them advancing, or not advancing.

Mr. CLAGUE. They do not always follow. Sometimes the employers cannot give much. If an industry is poor, they may have to stay below the average increase. The great size of the steel industry means that they have an influence on our statistics.

When 1 million workers get such-and-such an increase, that rate of gain will have an important influence on the general average, in addition to which there are some attempts by other unions to try to match the increase.

Mr. OLSEN. Thank you very much.

Mr. BROYHILL. I certainly have appreciated this statement. I know more how the statistics are gathered.

Do you call this an index?

Mr. CLAGUE. No, we do not call this an index. We never summarize all the statistics into a single figure. For the consumer price index, we produce one single figure.

Mr. BROYHILL. This has been very interesting to me.

I assume you get very good cooperation from industry in gathering this information.

Mr. CLAGUE. The answer is "Yes," we do. In fact, a great deal of interest has been taken by private industry in this whole problem. Sometimes they have been alerted to think about their own salary policy.

As I indicated before, I will have to tell you that it is tougher going in the fringe benefit area, because a lot of employers do not know their costs exactly and, secondly, some have a hesitation to make them known.

Mr. BROYHILL. You have great faith in these figures that you have gathered, as to their accuracy and competency?

Mr. CLAGUE. I will make two observations.

I want to make clear that we do them as honestly as we know how to do them.

As far as accuracy is concerned, of course they could be improved.

As Mr. Staats indicated, the technicians that surveyed us made suggestions for more collection of data, or more occupations to be included, and for newer methods of sampling which might improve our survey to some extent.

But my answer is, that for what we are being paid to conduct it, and for the use you are making of it, I think our results are satisfactory.

Mr. BROYHILL. I think you alluded in your statement there are certain deficiencies. Do you not feel as long as you are going to be in this job you are going to be looking for new ways and new methods?

Are you not going to be looking for ways of improving your methods of gathering information?

Mr. CLAGUE. That is right.

Whenever we discover a new and better way to get better results, we will apply it.

Mr. BROYHILL. And you improve each year over the year before?

Mr. CLAGUE. That is right.

I am in my fifth term in this job. Many of my staff have been here longer than I have in this bureau.

Mr. BROYHILL. There is no such thing as status quos in your job?

Mr. CLAGUE. Mr. Linsenmayer points out as we develop these surveys, we get improved responses from the employers giving this

information to us. That is one of the greatest sources of our improvement, year by year.

Mr. KREBS. I would like to say, Mr. Clague, in my judgment, is to be complimented for not only his statement, but I believe that the purpose he has brought to his agency in the Federal Government over the long number of years that I know of his work, and the leadership given to that agency, is a credit to the Nation, and I think he should be complimented for it.

Mr. UDALL. I would say that Mr. Clague is an exceptionally well-qualified and outstanding public servant, even though he is from neither Kansas nor Arizona.

Mr. KREBS. Fortunately for both of us, I adopted him. He is now from New Jersey.

I want to say seriously, I have known of Mr. Clague's work for a long time and I have the highest respect for him. I just want to raise a couple of points.

One is, in the exchange between my colleague from Montana and Mr. Clague, reference was made to the high union salaries.

Of course, I think we agree you do not talk about these things in a vacuum. They are related to something. They are meaningless unless they are related to something. I do hope we all agree on relating these to the highest corporate net profits ever achieved in the history of our economy in this country, and the highest payment of dividends to stockholders in this country. I think the total picture should be reflected in the record.

The only other thing that I have, I ask unanimous consent that part II, title I, sections 501 and 502 of Public Law 87-793, known as the Postal Service and Federal Employees Salary Act of 1962, be included in the record since reference was made to the definition in the public law of "comparability." I believe comparability is a word upon which hangs much.

Mr. UDALL. I think this would be important for the record. If there is no objection.

Mr. KREBS. It is on page 10 of the public law.

Mr. UDALL. Unless there is objection, these provisions of the act will appear in the record.

(The material referred to follows:)

PART II—FEDERAL SALARY REFORM

TITLE I—GENERAL POLICY

SHORT TITLE

SEC. 501. This part may be cited as the "Federal Salary Reform Act of 1962".

DECLARATION OF POLICY

SEC. 502. The Congress hereby declares that, whereas the functions of a Federal salary system are to fix salary rates for the services rendered by Federal employees so as to make possible the employment of persons well qualified to conduct the Government's programs and to control expenditures of public funds for personal services with equity to the employee and to the taxpayer, and whereas fulfillment of these functions is essential to the development and maintenance of maximum proficiency in the civilian services of Government,

then, accordingly, Federal salary fixing shall be based upon the principles that—

(a) There shall be equal pay for substantially equal work, and pay distinctions shall be maintained in keeping with work and performance distinctions; and

(b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

Salary levels for the several Federal statutory salary systems shall be interrelated, and salary levels shall be set and henceforth adjusted in accordance with the above principles.

Mr. UDALL. Are there further questions?

If not, Mr. Clague, we thank you and your associates.

Mr. OLSEN. I want to say too that I certainly appreciate Mr. Clague's coming here. Early in the hearings I heralded your coming by insisting you be invited. You contributed greatly to the last pay increase, and your testimony is going to contribute much to this one.

As a matter of fact, it is because of your splendid work that we can go to the floor of the House with confidence that our recommendations on the floor of the House will be sustained and passed.

Thank you.

Mr. UDALL. With all of this praise ringing in your ears, you can pass out into the hall.

The committee stands adjourned until 10 a.m. next Tuesday, June 15.

(Whereupon, at 12 noon, the subcommittee adjourned, to reconvene Tuesday, June 15, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

TUESDAY, JUNE 15, 1965

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

The subcommittee met, pursuant to adjournment, at 10 a.m. in room 215, Cannon House Office Building, Hon. James H. Morrison (acting chairman of the subcommittee) presiding.

Mr. MORRISON. The subcommittee will come to order.

The first witness this morning is a man who is well known to the members of the subcommittee and the full committee and the entire political establishment. He is the president of the National Association of Letter Carriers, Mr. Jerome Keating.

We would like to hear from Mr. Keating at this time.

STATEMENT OF JEROME J. KEATING, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS; ACCOMPANIED BY JAMES H. RADEMACHER, VICE PRESIDENT; J. STANLY LEWIS, SECRETARY-TREASURER; CHARLES N. COYLE, ASSISTANT SECRETARY-TREASURER; GEORGE A. BANG, DIRECTOR OF LIFE INSURANCE; JAMES P. DEELY, DIRECTOR OF HEALTH INSURANCE; AND J. DON KERLIN, LEGISLATIVE CONSULTANT

Mr. KEATING. Mr. Chairman and members of the committee, my name is Jerome J. Keating. I am president of the National Association of Letter Carriers, an organization representing 170,000 letter carriers located in every State of the Union, the District of Columbia, and Puerto Rico.

I am accompanied this morning by James H. Rademacher, vice president; J. Stanly Lewis, secretary-treasurer; Charles N. Coyle, assistant secretary-treasurer; George A. Bang, director of life insurance; James P. Deely, director of health insurance; and J. Don Kerlin, legislative consultant. Also present are Philip Lepper, chairman of our executive board, George Morrow and William Sullivan of the executive board and Thomas Gerraty of our insurance board.

We are pleased to have this opportunity to testify on the pending pay legislation. We want to extend our thanks to Chairman Morris Udall for promptly scheduling hearings on this most important subject.

We also want to express our gratitude to President Lyndon Johnson for recommending a pay increase for Government employees at this

time. We appreciate the message the President sent to the Congress of the United States, in which he said:

I believe firmly that the merit system is the keystone of good government. I believe that the public service is a profession of dignity, opportunity, and profound personal achievement.

I reject the proposition that Government employment is somehow inferior to employment in business, in the professions, in university life, or in any other occupation. There can be no class system separating the men and women who are committed to the service of their fellow men or to the defense of their country.

The bill introduced by the chairman of this committee, Congressman Udall, H.R. 8207, carries the recommendations of the administration. Congressmen Thaddeus Dulski, Arnold Olsen, Paul Krebs, James Fulton, Joel Broyhill, Seymour Halpern, Joseph Addabbo, and Jacob Gilbert have introduced bills providing for larger pay increases.

The administration recommendation is for a 3-percent increase in pay; the bills by Congressmen Dulski, Olsen, Krebs, and others provide for a 7-percent increase. In our opinion, the 3-percent figure is totally inadequate. For the letter carrier in step 1, it would provide an annual increase of \$150 which, divided into 26 pay periods, would mean \$5.76 per pay period. With the deductions for income tax, retirement, and other deductions, the actual take-home increase for the 2-week period would be less than \$5.

We feel that the 7-percent increase is far more realistic, and intend to present substantial evidence to this committee showing why it is more realistic.

There are other differences between the administration-sponsored bill and the other bills mentioned.

The effective date for the pay increase in the Udall bill and the date provided for in the President's recommendation was January 1, 1966. Inasmuch as the comparability study on which the increases were based was in March 1964, the date of January 1, 1965, is far more realistic. This is the effective date provided in all of the bills before the committee except the Udall bill.

The Dulski-Olsen-Krebs bills and others eliminate the "level of competence" required for pay promotions from the Classification Act. We strongly favor this elimination.

The Dulski-Olsen-Krebs bills and others do not make the annual pay recommendations automatic. The Udall bill does—it carries the following provision which was one of the recommendations of the Pay Panel:

Sec. 6. * * * "(b) The President (1) may direct that annual salary comparison reports submitted to him under subsection (a) compare the rates of salary fixed by statute for Federal employees with the rates of salary paid for the same levels of work, as determined on the basis of appropriate annual surveys, in any fields of nonfederal employment in addition to private enterprise which he may designate, and (2) may include in his annual reports to Congress under subsection (a) comparisons of Federal salary rates with those in any additional fields of employment he designates.

"(c) The President's recommendations to the Congress for revision of statutory salary schedules shall be transmitted not later than January 31, shall be delivered to both Houses on the same day, and shall be delivered to each House while it is in session. The revised statutory salary schedules shall become effective the first day of the first pay period which begins after expiration of the first period of sixty calendar days of continuous session of the Congress following their transmittal to Congress, unless between the date of transmittal and the expiration of such sixty-day period there has been passed by either of the two Houses

a resolution stating in substance that the House does not favor such revised statutory salary schedules.

"(d) For the purposes of subsection (c) of this section—

"(1) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

"(2) in the computation of the sixty-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than three days to a day certain.

"(e) The revised statutory salary schedules which become effective (1) shall have the same effect as if they were statutory enactments, and (2) shall be printed in the Statutes at Large in the same volume as the public laws, and shall be printed in the Federal Register."

We are strongly opposed to this section. It carries with it the right to reduce, as well as increase. Congress would be practically shut out of all decisions having to do with setting pay scales. It would only have a veto power. If the recommendation for a pay increase were too small or too large, it would be faced with a difficult decision. It would have one chance—"one roll of the dice." The employees would be completely shut out of any chance to adequately present their case. We sincerely hope that Congress will reject this proposal.

Section 10 of the Dulski-Olsen-Krebs bills carries the following provision:

SEC. 10. Section 3552 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding the foregoing provisions of this section, each employee—

"(1) who, immediately prior to the first day of the first pay period which began on or after the date of enactment of the Postal Employees Salary Adjustment Act of 1962 (76 Stat. 850, Public Law 87-793) was subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, and

"(2) who is holding a position subject to any such schedule on the first day of the first pay period which begins on or after the date of enactment of this subsection, and

"(3) who has not reached the highest step for his position; shall, effective on the first day of the first pay period which begins on or after the date of enactment of this subsection—

"(A) be placed in the appropriate step of his position, determined in accordance with subsections (a), (b), and (c) of this section, on the basis of his total satisfactory postal service, without being considered to have received an equivalent increase in compensation by reason of such placement in step, or

"(B) be retained in the existing step of his position if the application of subparagraph (a) would result in a reduction in compensation, until he is entitled to further advancement by step increases under subsections (a), (b), and (c) of this section. Credit earned prior to adjustment under this subsection and not used in computing such adjustment shall be retained for purposes of all such further advancements."

This provision carries out the terms of the well-known "Dulski amendment" in the last session of Congress. When Public Law 87-793 was passed on October 11, 1962, employees who were about to attain a longevity grade were denied the increase they had coming, started a new anniversary date and in many instances were dropped back with other employees several years behind them in seniority. Some of these employees were within a day or two of securing their increase. Last year when this committee reported out H.R. 10049, the Dulski amendment was part of the bill. On its way to enactment, this provision was eliminated. Section 10 of the Dulski-Olsen-Krebs bill would correct the existing inequity.

I have here a service record of one of our carriers in Greenville, S.C., who entered the service on November 1, 1944. He would have been

entitled to an advance in grade on November 1, 1962. He was in 7-A and he attained the "A" rating because he had 13 years of service. He would have gone to 7-B because of having 18 years of service where he would have received another increase on the 1st of November. The law was effective October 12. He was just 17 days short of having the necessary 18 years. He had served 5 years over the 13 years for this advancement, but he was denied this advancement. Instead of being placed in step 10, if he had kept his anniversary date, he was put in step 9 and he is still there because under the new bill he had to serve an additional 3 years. He will not be advanced out of step 9 until November of this year. He was 17 days short of getting that advancement, and of course, when you lose a step, or you lose seniority, you lose pay. You not only lose it for 1 year, you lose it for every year until you reach the top grade, and in his grade that would amount to a substantial sum of money.

The new bills also would modernize the equipment allowance of the special delivery messengers. The amount provided is reasonable and has our support.

We think the present amount is out-of-date and this provision is most reasonable and we endorse it.

COMPARABILITY

We have supported the principle of comparability in determining pay for employees of the Government. In our opinion, the only fair and accurate system to be used in determining what Federal employees should be paid is to pay them on the same basis as those employed in outside industry. However, in determining what comparisons should be made, we run into substantial difficulty.

When the comparability principle was first established in 1962, the proponents of this system freely admitted that there was no one in private industry with whom they could compare the duties and responsibilities of a letter carrier. Accordingly, an arbitrary decision was made that the letter carrier would be linked with employees in GS-5. This was an entirely artificial linkage.

At the time the comparability feature of pay was established, it was also freely admitted that comparability was not based upon current statistics, but was based upon statistics approximately 2 years old. This admission was again made this year in the testimony of Civil Service Commission Chairman John Macy, Postmaster General John Gronouski, and Elmer Staats, Deputy Director, Bureau of the Budget.

Sometimes I feel that there are a great many people in Government—even in the Post Office Department itself—who do not realize the demands made upon letter carriers. I would like to have Vice President James H. Rademacher elaborate on this point.

Mr. RADEMACHER. Mr. Chairman and members of the committee, the letter carrier's job is an extremely responsible one, and it is also one of the most hazardous jobs in all Government.

I know that it is not necessary to belabor these points unduly, but I feel sometimes that the general public, which sees the letter carrier only when he is on the street delivering the mail, is generally unaware of the extent of responsibility and skill involved in the work.

Actually, like the iceberg, the visible part of a letter carrier's job is a comparatively small portion of the whole. A letter carrier must perform a multitude of difficult, painstaking tasks inside the office, in addition to carrying and delivering around 600 pounds of mail each day.

I would like to refer to this photograph.

This is the side of the job that the public does not see. I call your attention to the photos contained in the statement in the very back section.

This [indicating] is the job that the patron who receives deliveries of the mail is unaware of. You can see in this photo, too, how the letter carriers are deluged with mail and, unlike any other person working for a living today, the letter carrier arrives at his duty and never is aware in advance of how much work he is to perform. He reports on schedule and the volume of mail is waiting.

I do not need to tell you, the facts have been quoted recently, that the exploding mail volume has reached 72 billion pieces each year.

I want to point out in this photo, too, first of all, the evidence of productivity where you see everyone in motion, the inadequacy of the cases being used by the letter carriers to jam part of these 72 billion pieces into these inadequate cases.

I want to point out also the inadequacy of space, how people are actually working side by side in areas where you could not possibly increase your productivity beyond the point it is today.

I refer to a statement that is being made today by the Postmaster General in a speech here in Washington. He said:

Eventually we hope to replace 8,000 post offices that are now obsolete and we hope to eliminate a current deficiency of 4.5 million square feet of space needed to handle postal operations.

Again we point to comparability. Where is there another position in the labor market today that compares with the letter carrier?

I hope you can see from this picture that not only our letter carriers are burdened by the heavy volume of mail, but they are burdened by the unavailable space and by the fact that we are swamped with the tremendous volume which is exploding rapidly.

In the early hours of the morning, while he is still in the office, he must give meticulous attention to the casing and sorting of the mail on his route. Most letter carriers arise at 4:30 and 5 o'clock in the morning. They already have about 3 hours' work in before the average laboring man arrives at his office. He must have an excellent memory, for he is expected to remember the names and forwarding addresses of everyone who has moved from his route in the past 2 years, as well as the names and addresses of everyone presently living on his route.

You will note on the change of address card there is also a notice "Postmaster, please forward my mail." Very few people realize that it is the letter carrier early in the morning that forwards that mail to the new street address. This adds up to approximately 3,000 names and addresses which he must keep at his fingertips—and the list is constantly changing. This is no mean feat in itself.

In fact, the more experienced letter carriers carry far more names and addresses than this in their memories. I have known men who still go out of their way to forward mail to patrons who moved from their routes 10 and 15 years ago.

A letter carrier must also assimilate for instant use the postal laws and regulations which are contained in a manual of well over 900 pages. He must know all the rates of postage for all the various kinds of mail, the rules for registered mail, pension letters and money orders, and the characteristic peculiar to every kind of mail. Because he is the representative of the post office whom the patron sees and talks with most often, he is expected to be a walking encyclopedia of every aspect of the postal service.

He is expected also to be especially observant concerning everything that goes on along his route. He is often called upon to assist the Inspection Service, the Federal Bureau of Investigation, and other law enforcement agencies in the prevention and the detection of crime.

The letter carrier must be a superior physical specimen, as well as a superior mental specimen. He must be prepared to walk—on the average—about 10 miles a day, in all kinds of weather, carrying a satchel weighing 35 pounds. This requires stamina and excellent physical condition.

When we are talking about comparability, where else in the world would you find the man who has the responsibility of protecting the security and sanctity of the U.S. mails, who is forced as he proceeds along his route to stop on the curbside to have his lunch. This is one of the inequities of his employment he knows he must suffer in order to be a skilled carrier. This particular incident I show you is occurring 1,000 times over every day in the United States because of the tremendous suburban growth and because of the fact there are no suitable eating places for our letter carriers on their routes. So each day thousands of letter carriers stop for their lunch hour and have their lunch and proceed about their tour.

All of this came about because of the reduction from two deliveries to one. In the days of the two-delivery systems the letter carriers could enjoy their lunches back in the post office, or in restaurants nearby, but today thousands are forced to eat their lunch in this manner.

Who else working for a living in the world would have to suffer having to eat their lunch on a curbstone, or a relay box?

If he has a mounted route, he must be an accomplished operator of a motor vehicle and somewhat of a mechanic, and if he drives those three-wheeled monstrosities which the Department calls mailsters, he must also be a daredevil and a contortionist.

The letter carrier must be a diplomat. He is the representative of the Federal Government whom the public meets and gets to know. He must have the soft answer that turneth away the patron's wrath. He must know how to deal with the difficult citizen, the elderly, the confused, the juvenile, and the irate.

I might add that our letter carriers find their talents for diplomacy strained to the utmost in these days of deteriorating postal service, when they find they must try to explain to righteously indignant patrons why their mail is 3 days late, or why their parcel post packages are 3 weeks overdue, or why the packages, when they finally arrive, are shredded and squashed and battered and torn.

Above all, a letter carrier must be a person of exceptional honesty and integrity.

Many people who receive the mail are never aware of the fact that there are so many injuries involved among letter carriers. Most of them will jest and talk about the dog bites and they think that is the only hazard in the job of the letter carrier—perhaps he might get involved with a mean canine. We now have one particular instance in Miami, Fla., where a letter carrier, Al Hauser, has been injured and will be wearing a back brace for life because of an attack by a vicious dog. We could cite many similar cases, but I would like to point out the seriousness of the dog situation and ask again: Where is there a comparable position of where a man trying to earn a living must risk the fact that at the very next stop a vicious dog might be wishing to secure a little meat? There have not been many dog bites in recent years.

This letter carrier, whose name is Charles Jordan from Roanoke, Ala., has this to say:

I have been bitten, or nipped by all sizes and types over 100 times. Last week, during inspection, at Roanoke, Ala., the postmaster made a record of the dogs he could see. The total on that route was 218 dogs and the inspection records will show this. Perhaps there was another 10 that were not visible when the inspection took place.

The latest wound according to Charles Jordan has just healed over. It cost him \$15 for a pair of pants and \$25 for a pair of eyeglasses.

I only bring this to your attention to show you we are troubled with dog bites, but far more serious things come about because of the dedication and the conscientiousness of the letter carrier. Although last fiscal year 2,472 days were lost because of dog bites, I want to call to your attention that because of slips, trips, and falls on ice and icy steps, 71,052 days' employment were lost which, as you can see, 71,000 days lost slipping on ice is far more severe than 2,400 days lost, or hours lost by dog bites.

Now you can see from this photo we have another job that the patron does not realize we have, finding mailboxes in snowstorms. In Nagaunee, Mich., overnight 28 inches of snow fell. This letter carrier had to go out and find the mailbox. I might say the patron today is trying to find collection boxes, too, because they are being ripped out of the ground and the collection service in the postal service today is rapidly disappearing. This letter carrier found the box. He is placing that mail into his satchel where he will carry it around all day long so that mail left on this snowy day will be canceled, distributed, and delivered promptly—as promptly as a letter carrier is allowed to deliver.

Our next scene is another snow scene. This is an actual photograph of a letter carrier. There is nothing wrong with the photographer's camera. The spots you see are snow. You can see some of the dangers involved in the job of the letter carrier when the elements of weather become involved in his employment. The letter carrier never knows whether or not on the day he arises to go to his employment whether he will have to wear hip boots to walk through flooded areas, whether he is going to trespass over ground that has been ripped apart by tornadoes, or just what the obstacles of the day will hold.

I say: Where in the world is there a comparable position to our craft?

Postmaster General Gronouski has made a rough estimate that the letter carriers of this country handle and deliver approximately \$100

billion in money, negotiable papers, and goods to the people of the United States. This is an enormous responsibility and the letter carriers—as well as all other postal employees—live up to that responsibility in noble fashion.

There are roughly 600,000 employees in the Post Office Department. Out of these 600,000 people—postmasters, supervisors, postal clerks, mail handlers, custodial helpers, vehicle maintenance employees, special delivery messengers, letter carriers and the rest—only about 590 are accused of depredation and theft each year, and the total amount of money involved is less than \$250,000, or just a small fraction of the amount lost in a single robbery of a Brinks' armored truck.

I do not think there is a single class of employees of any kind, in or out of Government, which can show a record for integrity as outstanding as this. Certainly it compares most favorably with the banking industry, for instance, in which about 1,700 banks a year—or about one-eighth of all the banks in the country—are victimized by their own employees or their own officers.

Mr. Chairman and members of the committee, I have said that the job of a letter carrier is a hazardous one—perhaps the most hazardous in all Government. I would like to back up that statement with some facts and figures.

Figures from the Bureau of Employees' Compensation tell us that during calendar year 1962, there were 103,107 disabling accidents in the entire Federal Government, and that 48,092, or 47 percent, occurred in the postal service. I might add that the majority of these accidents involve letter carriers, since they are the postal employees who are walking the streets and facing the greatest hazards.

Unfortunately, the Bureau no longer breaks down the accident rate according to the individual crafts. However, in 1954, the last year in which the records were kept this way, the rate of disabling accidents for letter carriers was twice as high as it was for the Postal Establishment as a whole, and there is no reason to believe that this ratio has changed.

In 1963 there were 106,594 disabling accidents to Federal employees in general, and 48,921, or 46 percent, involved postal employees. In that year there were 190 fatal accidents to Federal employees, and 28 of them involved postal employees.

Perhaps an even more accurate gage of the comparative hazards is the table of casualty rates in the various agencies of Government.

In 1962 the casualty rate, or number of disabling injuries per million man-hours for the entire Government was 7.9. The rate for the Post Office Department, however, was 19.3. The rate in all Navy shipyards was 4. The rate for the FBI was 2.6. The rate for the Bureau of Prisons was 10.5. The rate for the Air Force was 6.3. For the Navy, it was 4. There simply is no comparison.

The letter carrier, in short, is a dedicated public servant who occupies a position of great trust, and involving considerable hazard. He is a skilled employee, engaged in a difficult and highly specialized occupation.

It now becomes, realistically, a matter of what is it worth to have this type of employee conscientiously serving the Government, rather than what does it cost. I think the postal patron is more concerned about the worth of a person of this character than the cost. It is unfortunate

that the general public is so unaware of the qualifications, the skills, and the hazards that go with the job. However, we feel that all these elements should be considered when determining the value, to the Government and to the people, of the men who carry and deliver the Nation's mail.

Mr. KEATING. Following that excellent statement by Vice President Rademacher, I would like to discuss comparability a little further.

In his minority statement, President George Meany, a member of the President's panel studying Federal pay systems, declared:

The report carries a positive reaffirmation of the need for full comparability between salaries of Federal employees and those paid for similar work in private industries—a concept which originated with the Randall Commission and which is now the law of the land under the Federal Pay Act of 1962. But all we have is a concept for, as the report points out, full comparability has not been achieved. In much of Government employment, in fact, we have not even approached comparability.

What is even worse, the majority on the Special Panel has failed to urge immediate achievement of full comparability. In my opinion, this is a grave disservice to Government employees and to the Nation * * *.

The 3-percent figure relates to the increase in wages and salaries in this country from 1963 to 1964. If it were applied unevenly, it would do even more damage to the concept of comparability. In my opinion, now is the time for the Government to step out boldly, eliminate all discrepancies in comparability, and reject the half-hearted attempt at reaching this concept which have marked Federal salary increases in the past * * *.

With respect to both the civilian and military pay proposals, I dissent from the language equating them with "national wage and price policies." As you know, Mr. President, it is the position of the AFL-CIO that there are in fact no national wage and price policies, nor would there be in the absence of a war emergency. We believe wage and salary determinations, both private and Government, should be made on the basis of objective facts, not on the theoretical projections of academic economists.

We agree entirely with the distinguished president of the AFL-CIO.

We have a great deal of admiration for the Bureau of Labor Statistics. There is no agency of Government that is more objective in its analyses and comparisons than the Bureau of Labor Statistics. It does not make extravagant claims about its studies, but is most objective in defining exactly what it does study. So much for the study on which comparability is based.

There is a grave weakness on the manner in which comparability studies upon which the President's pay proposal is based are applied. The comparability study in the lower pay levels is made entirely with the rates of pay that are given to officeworkers. This is unfair to postal workers because those who would ordinarily compete for jobs in the postal service are generally those who would work in production industries, as skilled technicians, or as policemen or firemen in a given city. There are some postal workers who come from office employment, but a true comparability study would certainly take in the pay received by production workers, skilled technicians, and particularly policemen and firemen in larger cities. Officeworkers are generally behind the rest of the labor force in pay; they are poorly organized and their pay needs are not strongly presented.

Mr. Ewan Clague, Director of the Bureau of Labor Statistics, in his testimony on June 10 pointed out that union workers are higher paid than nonunion workers. By being limited to officeworkers, we are shut off from the beneficial influence of union wages.

Actually, I believe that the Federal comparability program is based upon three separate comparability programs—office workers for lower grades; engineers and technicians for others—and I do not know what comparison is used for the top grades.

It is a common practice in Government to become enamored with words; to create shibboleths; to lump complex factors in a single word. In the use of the word “comparability,” we are moving in that direction. Government probably has outdone Noah Webster in the creation of new terms.

Immediately following World War II, there were several pay raises in Government which were flat, across-the-board raises. Each employee, whether in a high level or a low level, was given a specified number of dollars in the way of pay increase. This brought about much criticism to the effect that the flat increases were distorting the pay schedules. From one extreme, we went to the other extreme.

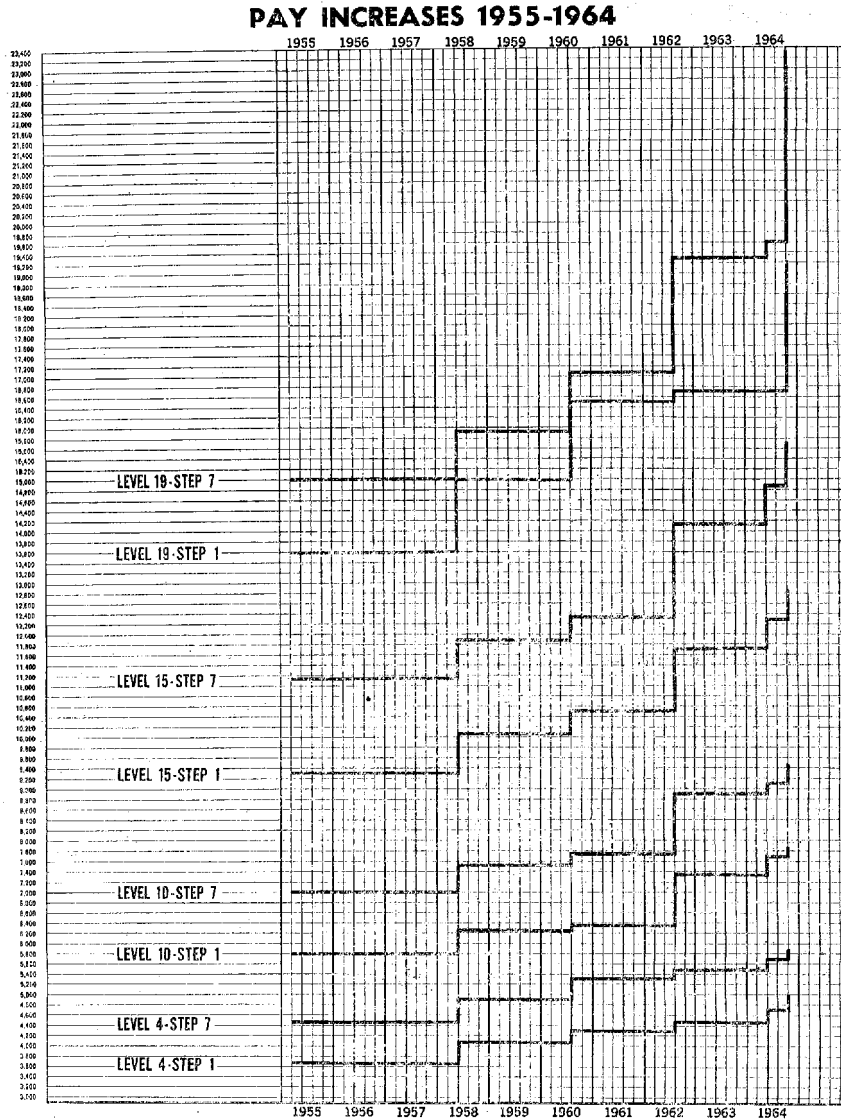
In Government, officials started talking about percentage increases. Percentages were held up as the ideal system in deciding what employees should be paid. But percentage increases distort the pay structure even more than flat increases, and they are decidedly unfair as a basis of determining necessary increases for those in the lower pay levels. The test is not in the percentage. With certain modifications it is in the amount of money the individual receives.

This chart will give you a graphic idea of what has happened to employees in levels 4, 10, 15, and 19.

With the percentage increase after the first increase, the next percentage is on a much larger amount for those in the higher salary level and a smaller amount for those in the lower level and the spread becomes greater and greater as each percentage is applied.

I am going to show you a chart here that will give you a graphic picture of what has happened.

(The chart referred to follows :)



Mr. KEATING. We have levels 4, 10, 15, and 19. We have steps 1 and 7.

Here is level 4. You will note that the pay increases have not moved us up very much. Levels 10, 15, and 19 have escalated much faster. This goes back to 1955, 10 years ago. At the time we started we were told those in the upper level were not getting comparable increases, and the escalation was much higher in the upper level. The percentage increase was much greater in the upper levels.

I might point out we went from 1955 to 1958 without a pay increase, but prior to that we had gone from 1951 to 1955 without a pay increase.

In level 10, the increase given when the Classification Act was amended in 1951 amounted to \$2,300 for those jobs in those positions.

Of course, the thing that is important to the person who receives the pay is the amount of dollars he receives. We feel that a dollar that goes to buy a loaf of bread, or a quart of milk, is more important than a dollar that enables a man to join a better country club or buy a better automobile.

We think the basic things are fundamental necessary and we submit down here at the bottom is where the increases have not kept pace. As a matter of fact, the total increases covered by this chart, in step 1, they amount to \$1,341. In step 7 they amount to \$1,580. This single particular increase in step 19 amounts to \$2,595. This one amounts to \$1,900.

Many of these single increases that you will note on the chart are much greater than all the increases received in level 4. We expect management to have better pay. We also realize the fact out of the 584,000 people that are in the postal service, 490,000 are in the first four steps.

They talk about compression. The compression is at the bottom. It is in the steorage compartment where we have compression, not on the upper decks. We think this should be given consideration when the pay adjustment is made at the present time.

The rich get richer and the poor get poorer, and yet there are some advocating a 15-percent increase for those at the top level with less than half of that for those in the lower levels.

We have additional charts here that we want to show you. They show comparative wages with those in outside industry between 1949 and 1965.

Now this chart is a national comparison.

(The chart referred to follows:)

National Comparison

	Pay of Step 7 Letter Carrier	Petroleum Refining and Related Industries	Blast Furnace and Basic Steel Products	Motor Vehicles and Related Workers
1949	\$1.815	\$1.80	\$1.66	\$1.70
1950	No Increase	1.84	1.70	1.78
1951	2.015	1.99	1.90	1.91
1952	No Increase	2.10	2.00	2.05
1953	No Increase	2.22	2.18	2.14
1954	No Increase	2.29	2.22	2.20
1955	2.19	2.37	2.39	2.29
1956	No Increase	2.54	2.54	2.35
1957	No Increase	2.66	2.70	2.46
1958	2.34	2.73	2.88	2.55
1959	No Increase	2.88	3.08	2.77
1960	2.55	2.91	3.05	2.83
1961	No Increase	3.03	3.25	3.00
1962	2.74	3.06	3.24	3.11
1963	No Increase	3.24	3.31	3.22
1964	2.78 2.88	3.25	3.39	3.32
1965	—	3.26	3.41	

Mr. KEATING. These figures are taken from the report of the Department of Labor of the Commerce Department.

In 1949 a letter carrier was getting \$1.81 an hour. Petroleum and refining and related industries, their average wage was \$1.80. Blast furnace and basic steel product workers, \$1.66. Motor vehicles and related workers, \$1.70. Here we are at \$2.88 in 1964.

The petroleum people go to \$3.25. They go to \$3.26 in 1965.

The blast furnace people were \$3.39 in 1964 and they go to \$3.41 in 1965. The motor vehicle people are \$3.32 in 1964.

You can see the many years when there were no increases for letter carriers. All of the increases have been rather small. The small increases is one reason we do not want semiautomatic annual adjustments.

The pay is cut down to meet budget objections. We have that constantly.

We believe one of the first responsibilities of anyone who employs people is to pay them adequately.

Now, we have some other charts that show these things and we have many figures that are not on charts. They reflect the same thing.

The next chart here is a comparison of hourly pay increases since 1949 between top grade letter carriers and other workers in Arizona, Iowa, Mississippi, Montana, and Oregon.

(The chart referred to follows:)

Comparison of Hourly Pay Increases Since 1949 Between
 Top Grade Letter Carriers and Other Workers in
 Arizona, Iowa, Mississippi, Montana, Oregon

	Pay of Step 7 Letter Carrier	Cement Finisher Tucson, Arizona	Sheet Metal Workers Waterloo, Iowa	Lineman So. Bell Tele. Jackson, Mississippi	Laborer Great Falls, Montana	Auto Mechanic Great Falls, Montana	Laborer Portland, Oregon
1949	\$1.815	\$2.10	\$1.85	\$1.45	\$1.50	\$1.78	\$1.70
1950	No Increase	No Increase	2.00	No Increase	1.65	1.90	No Increase
1951	2.015	2.40	2.10	1.925	No Increase	1.96	1.75
1952	No Increase	No Increase	2.25	2.025	1.80	2.06	1.85
1953	No Increase	2.75	2.40	No Increase	1.90	2.15	2.00
1954	No Increase	No Increase	2.55	No Increase	1.975	No Increase	2.17
1955	2.19	3.10	2.70	2.25	2.00	2.30	2.23
1956	No Increase	No Increase	2.85	2.375	2.08	2.45	2.25
1957	No Increase	No Increase	2.95	2.487	No Increase	2.55	2.35
1958	2.34	3.20	3.025	2.537	2.40	2.65	2.55
1959	No Increase	3.45	3.075	2.65	2.55	2.75	2.67
1960	2.55	3.65	3.175	2.75	2.62	2.92	2.80
1961	No Increase	3.85	3.40	2.82½	2.69	2.97	2.92
1962	2.74	3.96	3.50	2.92½	2.79	2.97	3.05
1963	No Increase	4.09½	3.65	3.02½	2.88	3.02	3.15
1964	2.78 2.88	4.26	3.80	3.12½	2.98	3.11	3.25
1965			3.95		3.08	3.11	3.25

Mr. KEATING. Here is a laborer in Portland, Oreg., that was getting \$1.70 in 1949. He is getting \$3.25 in 1965.

A laborer in Great Falls, Mont., who was getting \$1.50 in 1949 is getting \$3.08 at the present time.

The letter carrier went from \$1.81 to \$2.88.

A lineman of the Southern Bell Telephone Co., Jackson, Miss., was getting \$1.45 in 1949. He is up to \$3.12 in 1964.

The next chart is a comparison of hourly pay increases since 1949 between top grade letter carriers and other workers in New York, Oklahoma, and Tennessee.

(The chart referred to follows:)

**Comparison of Hourly Pay Increases Since 1949 Between
Top Grade Letter Carriers and Other Workers in
New York, Oklahoma, and Tennessee**

	Pay of Step 7 Letter Carrier	Firemen New York, N. Y.	Stationary Engineers Tulsa, Oklahoma	Electricians Okla. City, Oklahoma	Carpenters Okla. City, Oklahoma	Plumbers Okla. City, Oklahoma	Plumber Jackson, Tennessee
1949	\$1.815	\$1.737	\$1.70	\$2.325	\$2.125	\$2.25	\$1.75
1950	No Increase	No Increase	1.80	2.50	2.20	2.375	2.00
1951	2.015	1.842	1.90	2.625	2.325	2.70	2.125
1952	No Increase	2.001	2.02	2.75	2.40	2.80	2.25
1953	No Increase	2.182	2.09	2.875	2.525	2.90	2.49
1954	No Increase	2.326	2.19	3.00	2.625	No Increase	2.65
1955	2.19	2.381	2.29	3.125	2.725	3.05	2.75
1956	No Increase	2.548	2.40	3.25	No Increase	3.15	2.875
1957	No Increase	2.616	2.50	3.375	2.875	3.42	3.00
1958	2.34	2.685	2.60	3.50	2.975	3.57	3.05
1959	No Increase	2.776	2.65	3.625	3.125	3.70	3.15
1960	2.55	3.06	2.75	3.75	3.275	3.85	3.25
1961	No Increase	3.26	2.80	3.90	3.375	3.95	3.35
1962	2.74	3.35	2.87	4.00	3.50	4.07	3.45
1963	No Increase	—	2.96	4.10	3.60	4.17	3.60
1964	2.78 2.88	3.55	3.20	4.25	3.70	4.27	3.75
1965			Negotiating	4.40	3.85	4.50	4.00

Mr. KEATING. We have the same story here again. You have a plumber in Jackson, Tenn., getting \$1.75 in 1949 when we were getting \$1.81. He is up to \$4 in 1965. We are up to \$2.88 in 1964.

This is the story of what has happened with wages.
 The next chart is a comparison of hourly pay increases since 1949 between top grade letter carriers and other workers in Texas, Washington, Wisconsin, and Minneapolis, Minn.
 (The chart referred to follows:)

**Comparison of Hourly Pay Increases Since 1949 Between
 Top Grade Letter Carriers and Other Workers in
 Texas, Washington, Wisconsin, Minneapolis, Minnesota**

	Pay of Step 7 Letter Carrier	Construction Iron Worker San Antonio, Texas	Transit Operators Seattle, Washington	Police and Firemen Seattle, Washington	Police and Firemen Milwaukee, Wisconsin	Cabinet Makers Millmen	Construction and General Laborers	Drivers Construction
1949	\$1.815	\$2.25	\$1.60	—	\$1.84	MINNEAPOLIS, MINN.		
1950	No Increase	2.50	1.67	\$1.737	No Increase			
1951	2.015	No Increase	1.81	1.788	1.95			
1952	No Increase	2.65	1.88	1.875	2.08			
1953	No Increase	2.75	2.00	No Increase	2.21			
1954	No Increase	2.875	2.04	1.962	2.28			
1955	2.19	3.00	2.18	2.106	No Increase	\$2.10	\$2.15	\$2.15
1956	No Increase	3.125	2.24	2.250	2.37	2.20	2.25	2.25
1957	No Increase	3.25	2.31	2.394	2.51	2.35	2.40	2.40
1958	2.34	3.375	2.42	2.567	2.75	2.45	2.55	2.55
1959	No Increase	3.50	2.50	2.715	No Increase	2.57	2.70	2.70
1960	2.55	3.625	2.58	2.85	No Increase	2.70	2.85	2.95
1961	No Increase	3.75	2.68	2.90		2.80	3.00	3.08
1962	2.74	3.75	2.75	3.08	3.04	2.88	3.10	3.20
1963	No Increase	3.875	2.88	3.16	3.18	2.96	3.20	3.20
1964	2.78 2.88	4.00	—	3.28	—	3.04	3.45	3.45
1965		4.12	3.00	3.39	3.56			

Mr. KEATING. We have three instances in the city of Minneapolis. In 1955 we were getting \$2.19. The cabinetmakers were getting \$2.10. Construction general laborers were getting \$2.15. Drivers of construction were getting \$2.15.

Mr. POOL. Do you have any average increase per year on these other categories?

Mr. KEATING. Any average ones?

Mr. POOL. Yes.

Mr. KEATING. The first ones we quoted were average. We have not lumped these others together for an average.

What should a person get? That is something we all want to know.

The Bureau of Labor Statistics used to work out the worker's family budget in major cities, in 20 different cities. They discontinued that study in 1960, but it has been taken up by the A.F. of L.-CIO. These are their figures—what is necessary in 20 major cities in autumn of 1964.

(The chart referred to follows:)

THE WORKER'S FAMILY BUDGET IN MAJOR CITIES

**Minimum Income Needed for "Modest but Adequate" standard of Living
 20 Major Cities—Autumn 1964**

City	Necessary Annual Income	Necessary Weekly Income	Necessary Annual Income For—		
			All goods, rents and services	Other costs	Personal taxes
U. S. average ¹	\$6,418	\$123	\$5,541	\$322	\$555
Atlanta	5,845	112	5,097	312	436
Baltimore	5,896	113	5,097	312	487
Boston	6,765	130	5,819	312	634
Chicago	6,687	129	5,820	312	555
Cincinnati	6,307	121	5,437	312	558
Cleveland	6,329	122	5,517	312	500
Detroit	6,177	119	5,388	312	477
Houston	5,577	107	4,872	312	393
Kansas City	6,290	121	5,462	312	516
Los Angeles	6,659	128	5,756	348	555
Minneapolis	6,440	124	5,485	312	643
New York	6,335	122	5,452	327	556
Philadelphia	6,171	119	5,293	312	566
Pittsburgh	6,439	124	5,569	312	558
Portland, Ore.	6,561	126	5,571	312	678
St. Louis	6,561	126	5,624	312	625
San Francisco	6,667	128	5,752	348	567
Scranton	6,035	116	5,221	312	502
Seattle	6,900	133	6,000	312	588
Washington, D. C.	6,514	125	5,599	312	603

¹ Average for the 20 cities listed, calculated by AFL-CIO on basis of each city's "SMSA" population.

Mr. OLSEN. The size of that family?

Mr. KEATING. Man and wife and two children.

If you will notice, the lowest salary is found in Houston at \$5,577. In Seattle, Wash., it is \$6,900. Our 2-year letter carrier could not afford to live in Seattle on a modest and inadequate basis according to this study. It would take a 5-year letter carrier to live on an adequate basis in the city of Houston.

The national average is \$6,418. I think these figures are quite revealing and they are made on the basis of what it takes for all goods, rents, personal taxes, and so forth. The study is careful. The figures are secured from the Bureau of Labor Statistics, but they have been compiled by the economist at the A.F. of L.-CIO.

We have taken these figures because from 1949 to 1958 are years in which the United States of America has moved ahead economically at a startling pace. Both the manner and standard of living has changed.

According to the June issue of Trends, corporate profits for the first quarter of this year shatter all previous records. Currently we are in the 52d consecutive month of increased economic advancement.

This is the longest peacetime record in history. Prices have advanced. So have wages. This has added up to a much better life for almost everyone—but the Government workers have been on the ragged edge. This is clearly demonstrated by the fact that while 5.2 percent of all workers hold a second job, and 5.8 percent of public administration workers hold an extra job, 14.2 percent of the postal employees hold an extra job.

While it is true that a lot of people will take a second job when the economic need is not great, certainly 14 of every 10 do not take extra jobs for that reason. They take the extra job because they need the money for a decent living.

In July 1957, 9.6 percent of the postal employees had extra jobs. In May 1964, the percentage had risen to 14.2. These figures come from a special labor force report made by the Bureau of Labor Statistics.

During the years 1949 to 1965, the gross national product of this Nation has increased from \$258.1 billion to \$649 billion in January 1965. Personal income has increased from \$208.3 billion in 1949 to \$513.5 billion in March of 1965. Personal consumption expenses increased from \$181.2 billion to \$418.2 billion in January 1965. Private consumer spending is the largest item in the total demand—usually above three-fifths of the total.

The charts that I showed you contrasted the pay increases received by letter carriers with those received by other workers in comparable categories during these years. It should be noted that each difference of 10 cents per hour represents a difference of \$208 per year.

As I remarked previously, private consumer spending is the largest component in the economic life of a prosperous nation. Inadequate consumer spending is not due to decisions on the part of the head of the house to curtail spending—it is due to inadequate consumer income. An adequate Federal pay increase would benefit not only the postal and Federal employees, but the American citizens as well.

One more comment on one phase of the salary bill. The administration recommendation provided for a special Salary Review Commission to study the complete pay structure every 4 years. This Commission would be composed of four members appointed by the President, two by the Speaker of the House, two by the President of the

Senate, and two by the Chief Justice of the United States. Every 4 years this Commission would present a recommendation to the President dealing with congressional, executive, and judicial salaries. The President would forward this to the Congress and, if neither House disapproved, it would become law. It is up to the Congress to make their own decision in this area. We do not object to this provision and believe that it is well justified, particularly in the case of Members of Congress. We base that on the experience that the Congress had last year in raising its own salary.

In the recommendation sent to the Congress by the President, the second function of the Salary Review Commission dealing with the 4-year review, would be to study the various salary structures in Government and make recommendations to the President which he would forward to the Congress and, according to the Panel recommendation, these would go through the normal congressional procedures.

In the Udall bill—there may be some doubt about this, but I think it is true—the recommendations on the various salary structures would be treated exactly the same as the pay recommendations for the congressional, judicial, and executive officials, and would require a veto by either House of Congress. This procedure would provide for administrative law—it would tie the hands of Congress and shut the employees out of proper representation. In other bills introduced the 4-year review is limited. The Olsen bill strikes out title II entirely.

SEVERANCE PAY

We hope that the committee will give favorable consideration to H.R. 8424 introduced by Congressman Matsunaga of Hawaii. We thank Congressman Matsunaga for sponsoring this bill. We favor this legislation; further, we believe that it is long past due.

There are a couple other items we want to say something about briefly.

This morning I picked up a Bureau of Labor Statistics report dated June 9. In the President's message he said that the 3-percent adjustment for postal and classified employees "will not bring us to full achievement of the comparability standard enunciated in the Federal Salary Reform Act of 1962, but they will prevent loss of ground already attained." I do not think they will prevent loss of ground already attained, because the increase in wages in outside industry is moving at a much faster rate than 3 percent.

There are six cases listed in this report of the Bureau of Labor Statistics of June 9:

The southern California carpenters got a 3-year contract providing a package increase of 87 cents an hour for 72,000 workers, an annual rate of 5.4 percent.

The southern California cement masons got a 3-year contract providing a package increase of 87 cents an hour for 5,000 workers, an annual rate of 5.6 percent.

The southern California hod carriers got a 5-year contract providing a package increase of \$1.27 an hour, or 5.8 percent a year, for 45,000 workers.

The Chicago laborers got a 2-year contract providing a 45-cent-an-hour package increase, or 5.7 percent a year, for 30,000 workers.

The Oregon and southwestern Washington carpenters got a 3-year contract providing a wage increase of \$1 an hour for 12,000 workers, an annual increase of 6.9 percent.

The eastern Washington and northern Idaho carpenters got a 3-year contract providing a 75-cent-an-hour package increase, or 5.3 percent a year, for 5,000 workers.

Those increases go from 5.3 to 6.9 percent a year, and they are the latest increases that have been granted in industry. I do not think the 3-percent proposed increase will hold us in line; I do not think it is adequate and I think we do need the 7 percent that we are asking as a minimum amount.

Mr. OLSEN. Mr. Chairman, I want to ask if the statistical data just read by Mr. Keating is a part of his presentation?

Mr. KEATING. I did not read the whole report, just the figures from it.

Mr. OLSEN. I ask unanimous consent that the data go in the record at this point.

Mr. UDALL. Is this agreeable to the witness?

Mr. KEATING. Surely.

Mr. UDALL. Without objection, it is so ordered.

Mr. KEATING. It is all very helpful. The whole statement is more helpful than just what I read.

(The statement follows:)

EXCERPT FROM U.S. BUREAU OF LABOR STATISTICS REPORT, JUNE 9, 1965

Reports of settlements affecting 169,000 construction workers were received during the first week of June:

Southern California carpenters.—A 3-year contract providing a package increase of 87 cents an hour for 72,000 workers—an annual rate of 5.4 percent. Wages increased 19 cents the first year, 24 cents the second, and 29 cents the third, with an option to divert 10 cents of the second and third year increases to vacations or health and welfare. Contractors agreed to pay 25 cents an hour to the pension fund (instead of 15 cents) and 30 cents beginning May 1, 1966.

Southern California cement masons.—A 3-year contract providing a package increase of 37 cents an hour for 5,000 workers—an annual rate of 5.6 percent. Wages were increased 17 cents the first year, 14 cents the second, and 24 cents the third. Contractors agreed to a 2-step increase to 30 cents for pensions (from 20 cents) by 1966, a 2-step increase to 25 cents for health and welfare (from 18 cents) by 1966, and a 3-step increase to 25 cents for vacations (from 10 cents) by 1967.

Southern California hod carriers.—A 5-year contract providing a package increase of \$1.27 an hour, or 5.8 percent a year, for 45,000 workers. Wages were raised each May 1 by 10 cents, 10 cents, 15 cents, 12 cents, and 17½ cents, respectively. Pension payments increase to 35 cents from 10 cents; health and welfare to 25 cents, from 12½ cents; and a vacation fund was established, with the contractors obligated to pay 25 cents an hour by May 1968.

Chicago laborers.—A 2-year contract providing a 45-cent-an-hour package increase, or 5.7 percent a year, for 30,000 workers. Wages were to increase 15 cents an hour on both June 1 of 1965 and 1966. Contractors agreed to raise payments to the pension and health and welfare fund by 7½ cents an hour each June 1 (from 10 cents for pensions and 7½ cents for health and welfare).

Oregon and southwestern Washington carpenters.—A 3-year contract providing a wage increase of \$1 an hour for 12,000 workers—an annual increase of 6.9 percent. Wages increase 30 cents an hour May 1, 1965, and 35 cents an hour on both May 1, 1966 and 1967. Current contractor payments of 15 cents an hour to both the pension and health and welfare funds are to continue.

Eastern Washington and northern Idaho carpenters.—A 3-year contract providing a 75-cent-an-hour package increase, or 5.3 percent a year, for 5,000 workers. The union has the option to use the money—25 cents each June 1, 1965, 1966, and 1967—as it wishes.

OVERTIME

Mr. KEATING. We want to express our deep appreciation to Postmaster General John Gronouski for his fine statement and for his con-

stant advocacy of time and one-half for overtime for substitutes in the postal service. We wish to thank Chairman Udall for introducing the administration proposal and for scheduling the legislation for hearing.

We find that we are not in agreement with the exact provisions of the administration proposal, but we do favor H.R. 2798, sponsored by Congressman Dominick Daniels, and H.R. 8707, sponsored by Congressman Paul Krebs.

The case for the legislation is clear; the Federal Government by law requires payment of overtime for those in private industry but, when it comes to substitutes in the postal service, they are required to work endless hours on a straight-time basis.

To give you some idea of how much time some of these men put in, the following table that you will find in the statement shows the number of employees in the Post Office Department who worked 96 hours or more for the pay period January 30 to February 12, 1965. These records are from the Postal Data Centers of the Post Office Department.

(The table referred to follows:)

POST OFFICE DEPARTMENT

Employees working 96 hours or more, pay period 4, 1965, Jan. 30 to Feb. 12, 1965

	96 to 99	100 to 109	110 to 119	120 to 129	130 to 139	140 to 149	150 to 159	160+	Total
PAY PERIOD 4									
Postal Data Center:									
Atlanta:									
Regular.....	489	650	172	16		1			1,337
Substitute.....	992	2,492	1,914	1,101	304	108	18	8	6,997
Total.....	1,481	3,151	2,086	1,117	304	109	18	8	8,334
Dallas:									
Regular.....	99	93	11						203
Substitute.....	570	1,194	775	432	152	37	6	4	3,170
Total.....	669	1,287	786	432	152	37	6	4	3,373
Minneapolis:									
Regular.....	1,236	374	20	3			1		1,634
Substitute.....	852	1,864	1,325	591	210	60	11		4,893
Total.....	2,068	2,238	1,345	594	210	60	12		6,527
New York:									
Regular.....	1,319	499	32	3					1,853
Substitute.....	1,086	2,391	1,911	1,121	485	166	43	26	7,229
Total.....	2,405	2,890	1,943	1,124	485	166	43	26	9,082
St. Louis:									
Regular.....	322	95	3						420
Substitute.....	709	1,047	1,144	546	270	167	17	4	4,603
Total.....	1,121	1,742	1,147	546	270	167	17	4	5,023
San Francisco:									
Regular.....	381	360	46	5					792
Substitute.....	684	1,379	938	551	176	91	27	14	3,360
Total.....	1,065	1,739	984	556	176	91	27	14	4,662
Total pay period 4:									
Regular.....	3,846	2,080	284	27		1	1		6,239
Substitute.....	4,963	10,967	8,007	4,342	1,666	629	122	56	30,752
Total.....	8,809	13,047	8,291	4,369	1,666	630	123	56	36,991

Mr. KEATING. There was a total of 36,991 employees that worked over 96 hours for the pay period January 30 to February 12, 1965. There was a total of eight employees at the Atlanta Postal Data Center that worked over 160 hours. That is over 80 hours a week.

In the New York Postal Data Center, 26 worked over 160 hours over that pay period. You can see from the distribution there were over 9,000 employees in the New York Postal Data Center that worked over 96 hours. Over 8,000 worked over 96 hours in the Atlanta Postal Data Center. The figures are there. It shows the distribution. A substantial number, over 12,000, worked between 100 and 109 hours. Also, a substantial number, over 8,000, worked between 110 and 119 hours. The figures are in the chart for you to peruse.

Working substitutes long hours, even more than 80 hours per week, is not efficiency. It is unfair and inhumane to the individual, and costly to the Post Office Department. The passage of the Daniels-Krebs bills would correct this abuse. On this point we all agree.

On the subject of overtime pay, the President's Panel on Federal Pay made the following comment:

The question of premium pay for overtime work long has commanded the attention of the Federal Government and of other governmental jurisdictions. Many statutory changes have occurred over a period of more than 60 years. Generally, these have rested upon the principle of premium pay as a financial deterrent to long hours and on the belief that such a deterrent would encourage the creation of new jobs. At present there is discussion of whether premium rates should be increased to serve again as a substantial financial deterrent to long hours. This issue was not before the Panel, but there was brought to our attention the facts that Federal overtime pay practices are not consistent and that, because of certain statutory restrictions, employees in some Government activities, and particularly in the Post Office Department, have work schedules which result in uneconomical overtime, as well as in far too long hours of work for certain categories of employees. This is unduly costly to the Government and unfair to the employees.

The Panel, therefore, makes two recommendations:

First, we urge acceleration of present plans to hire a sufficient number of employees to reduce or eliminate uneconomical overtime.

Second, as soon as practicable thereafter, we recommend the enactment of legislation authorizing all rank and file civilian employees paid under the statutory salary systems to receive premium pay equally and on a basis comparable with industry practices when overtime work is necessary.

In general, we believe that sufficient manpower should be authorized to regularize employment to the maximum extent possible on the basis of 40 hours per week with no scheduled overtime.

As indicated above, the need for action is particularly acute in the Post Office Department.

However, in submitting legislation to the Congress, the legislation proposed was not in accord with the Panel's suggestion—the plan was not comparable with industry practices.

To bring the program in line with industry practices, we favor the Daniels-Krebs bills which provide:

Time and one-half for all time worked over 8 hours per day, as well as 40 hours per week. This should apply to substitutes as well as to regulars.

Time and one-half of all Saturday work, instead of a scheduled workweek.

Double time for Sunday and holiday work, rather than compensatory time. Compensatory time should be eliminated; it is seldom found in private employment or in the Federal Government, except in the Post Office.

We hope that prompt action will be taken on the Daniels-Krebs bills. As the President's Special Panel commented: "* * * the need for action is particularly acute in the Post Office Department."

In closing we want to thank the committee for permitting us to testify on this vital legislation, and to thank all the members who have indicated interest by sponsoring legislation.

Mr. UDALL. Thank you, Mr. Keating.

I want to say this is one of the most compelling, meaty, and comprehensive statements I have had the privilege of listening to since I have been on this committee. I know some of the work that went into it was done by your very fine staff and I thank all of you for this very excellent presentation.

The gentleman from Pennsylvania, Mr. Corbett?

Mr. CORBETT. Mr. Chairman, I would like to join in your statement of commendation of Mr. Keating and his assistants, but I would like to charge them with a very heavy task. I recognize how difficult it is to even get a message across to the members of this committee, but I believe it is incumbent upon you, Mr. Keating, and other officers to get your story to as many Members of Congress as possible, and certainly to as many opinion-forming media as possible. We are constantly derided in the cloakrooms and on the floor with statements about, "Are we going to have another pay raise for these guys this year and are we going to have another before the election next year?"

With this sort of thing, along with deficit financing and the like, I think it is necessary that everybody connected with the employee associations, from the lowest level to the top level, do a good job of public relations. Granted that members of this subcommittee understand and know the problem; they need help, and I do hope that you and everybody that can be influenced to do so does the job of informing the public of what is at stake here and why some increase is deserved now. I think you have the facts and figures to do it.

Mr. UDALL. Will the gentleman yield at this point?

Mr. CORBETT. Yes.

Mr. UDALL. I want to agree with every word you have said. I wonder if, as a courtesy, because the gentleman from Nebraska has to leave in 1 minute, you would discontinue now and resume after he leaves?

Mr. CORBETT. I have a better suggestion. I will discontinue and leave also. I am due at another meeting.

Mr. UDALL. The gentleman from Nebraska, Mr. Cunningham.

Mr. CUNNINGHAM. Thank you.

I, too, want to thank Mr. Keating for his presentation. It is always a pleasure to hear statements made by competent people who know what they are talking about, and I have on many occasions complimented many postal employee representatives for comprehensive statements, and this is certainly one of the best.

I have just one further thought that came out of your testimony. We keep hearing all the time we must pay higher salaries in the upper brackets to keep good men in the Government. Well, would you agree that postal workers are good men and they are important to be kept in the Government also?

Mr. KEATING. I think they are important and of course, generally, the difficulty in employment is in the lower level. We have good peo-

ple and I think they should be paid enough salary to keep them on the job.

Mr. CUNNINGHAM. That was my point. They are just as important as people in the top jobs.

Mr. KEATING. I agree with you 100 percent.

Mr. CUNNINGHAM. Thank you.

Mr. UDALL. I thank the gentleman from Nebraska for his presence here this morning.

The gentleman from Montana.

Mr. OLSEN. Thank you. Again I want to commend Mr. Keating on his excellent statement and presentation. As usual, he and his organization are foremost in the field of representing Government employees.

First of all I would ask unanimous consent, if it is in order, that 2,000 copies of Mr. Keating's presentation be printed.

Mr. UDALL. I would have to confer with counsel.

Counsel advises me this can be done by committee print for use of the committee, and unless there is objection the unanimous-consent request will be adopted.

Mr. OLSEN. Mr. Keating, in your statement you refer to the fact that the Bureau of Employees' Compensation no longer breaks down the accident rate according to the individual crafts. Do you know of any reason why this is no longer done?

Mr. RADEMACHER. Undoubtedly, Mr. Olsen, economy is the main factor, but another reason could be the decentralization that has taken place since 1954. But I think economy is uppermost in their minds in this regard.

Mr. OLSEN. Mr. Chairman, I wonder if our subcommittee could make inquiry as to the feasibility of getting a breakdown of the accident rate among the various crafts?

Mr. UDALL. Counsel will make inquiry.

Mr. OLSEN. In your statement you take exception to a Presidential Salary Review Commission fixing the salaries of postal workers. I, of course, join you, but I want to take exception to the Presidential Salary Review Commission fixing the salaries of Members of Congress as well. I have found in my time here that just as the executive department has downgraded postal employees, they have downgraded the Congress, too, and I have a grievance there.

I introduced a new bill yesterday, H.R. 9030, which has the same provisions relating to pay and compensation as my earlier bill, H.R. 8663, which Mr. Keating described. I, also, in H.R. 9030, have salary increases for the ASC, Agricultural Stabilization employees, and I have provisions in H.R. 9030 for increases for all the legislative employees including those in the Congressmen's offices and committee staff employees. In fact, it covers all employees on the Hill except wage board employees, and employees in the House restaurants are included too; they have always been forgotten in the past.

Mr. UDALL. If the gentleman will yield, I would ask that this bill, H.R. 9030, be printed in the record of these hearings and be considered as one of the bills before us in the overall hearings being conducted.

If there is no objection, it is so ordered.

Mr. OLSEN. Thank you very much. We have plenty copies of H.R. 9030.

MR. UDALL. You just happen to have some with you?
 MR OLSEN. Yes, I just happen to have some of them right here.
 (The bill, H.R. 9030, follows:)

[H.R. 9030, 89th Cong., 1st sess.]

A BILL To adjust the rates of basic compensation of certain officers and employees in the Federal Government, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Salary Adjustment Act of 1965".

CLASSIFICATION ACT EMPLOYEES

SEC. 2. (a) Section 608(b) of the Classification Act of 1949, as amended (78 Stat. 400; 5 U.S.C. 1113(b)), is amended to read as follows:

GENERAL SCHEDULE

"(b) The compensation schedule for the General Schedule shall be as follows:

"Grade	"Per annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1-----	3,610	3,730	3,850	3,970	4,090	4,210	4,330	4,450	4,570	4,690
GS-2-----	3,930	4,060	4,190	4,320	4,450	4,580	4,710	4,840	4,970	5,100
GS-3-----	4,280	4,420	4,560	4,700	4,840	4,980	5,120	5,260	5,400	5,540
GS-4-----	4,780	4,935	5,090	5,245	5,400	5,555	5,710	5,865	6,020	6,175
GS-5-----	5,350	5,525	5,700	5,875	6,050	6,225	6,400	6,575	6,750	6,925
GS-6-----	5,875	6,070	6,265	6,460	6,655	6,850	7,045	7,240	7,435	7,630
GS-7-----	6,440	6,650	6,860	7,070	7,280	7,490	7,700	7,901	8,120	8,330
GS-8-----	7,040	7,270	7,500	7,730	7,960	8,190	8,420	8,650	8,880	9,110
GS-9-----	7,650	7,905	8,160	8,415	8,670	8,925	9,180	9,435	9,690	9,945
GS-10-----	8,340	8,620	8,900	9,180	9,460	9,740	10,020	10,300	10,580	10,860
GS-11-----	9,100	9,405	9,710	10,015	10,320	10,625	10,930	11,235	11,540	11,845
GS-12-----	10,710	11,075	11,440	11,805	12,170	12,535	12,900	13,265	13,630	13,995
GS-13-----	12,575	13,005	13,435	13,865	14,295	14,725	15,155	15,585	16,015	16,445
GS-14-----	14,650	15,145	15,640	16,135	16,630	17,125	17,620	18,115	18,610	19,105
GS-15-----	17,020	17,590	18,160	18,730	19,300	19,870	20,440	21,010	21,580	22,150
GS-16-----	19,590	20,245	20,900	21,555	22,210	22,865	23,520	24,175	24,830	-----
GS-17-----	22,185	22,935	23,685	24,435	25,185	-----	-----	-----	-----	-----
GS-18-----	25,250	-----	-----	-----	-----	-----	-----	-----	-----	-----

(b) Except as provided in subsection (d) of section 504 of the Federal Salary Reform Act of 1962, the rates of basic compensation of officers and employees to whom the compensation schedule sets forth in subsection (a) of this section applies shall be initially adjusted as of the effective date of this section, as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the corresponding rate in effect on and after such date.

(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between two rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date.

(3) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate in excess of the maximum rate for his grade, he shall receive (A) the maximum rate for his grade in the new schedule, or (B) his existing rate of basic compensation if such existing rate is higher.

(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to section 2(b)(4) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208(b) of the Act of September 1, 1954 (68 Stat. 1111), plus subsequent increases authorized by law, he shall receive

an aggregate rate of compensation equal to the sum of his existing aggregate rate of compensation, on the day preceding the effective date of this section, plus the amount of increase made by this section in the maximum rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate compensation at a higher rate by reason of the operation of this Act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (i) and (ii) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purpose of section 208(b) of the Act of September 1, 1954, to constitute a part of the existing rate of compensation of the employee.

POSTAL FIELD SERVICE EMPLOYEES

SEC. 3. (a) Section 3542(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be 'PFS'. Except as provided in sections 3543 and 3544 of this title, basic compensation shall be paid to all employees in accordance with such schedule.

"POSTAL FIELD SERVICE SCHEDULE

"PFS	"Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1	4,230	4,355	4,490	4,625	4,760	4,895	5,030	5,165	5,300	5,435	5,570	5,705
2	4,570	4,715	4,860	5,005	5,150	5,295	5,440	5,585	5,730	5,875	6,020	6,165
3	4,910	5,100	5,260	5,420	5,580	5,740	5,900	6,060	6,220	6,380	6,540	6,700
4	5,350	5,525	5,700	5,875	6,050	6,225	6,400	6,575	6,750	6,925	7,100	7,275
5	5,720	5,910	6,100	6,290	6,480	6,670	6,860	7,050	7,240	7,430	7,620	7,810
6	6,135	6,335	6,535	6,735	6,935	7,135	7,335	7,535	7,735	7,935	8,135	8,335
7	6,550	6,765	6,980	7,195	7,410	7,625	7,840	8,055	8,270	8,485	8,700	8,915
8	7,070	7,300	7,530	7,760	7,990	8,220	8,450	8,680	8,910	9,140	9,370	9,600
9	7,620	7,870	8,120	8,370	8,620	8,870	9,120	9,370	9,620	9,870	10,120	10,370
10	8,270	8,545	8,820	9,095	9,370	9,645	9,920	10,195	10,470	10,745	11,020	11,295
11	9,100	9,405	9,710	10,015	10,320	10,625	10,930	11,235	11,540	11,845	12,150	12,455
12	10,030	10,365	10,700	11,035	11,370	11,705	12,040	12,375	12,710	13,045	13,380	13,715
13	11,045	11,420	11,795	12,170	12,545	12,920	13,295	13,670	14,045	14,420	14,795	15,170
14	12,140	12,555	12,970	13,385	13,800	14,215	14,630	15,045	15,460	15,875	16,290	16,705
15	13,375	13,830	14,285	14,740	15,195	15,650	16,105	16,560	17,015	17,470	17,925	18,380
16	14,740	15,245	15,750	16,255	16,760	17,265	17,770	18,275	18,780	19,285	19,790	20,295
17	16,290	16,850	17,410	17,970	18,530	19,090	19,650	20,210	20,770	21,330	21,890	22,450
18	18,090	18,660	19,230	19,800	20,370	20,940	21,510	22,080	22,650	23,220	23,790	24,360
19	20,015	20,700	21,385	22,070	22,755	23,440	24,125	24,810	25,495	26,180	26,865	27,550
20	22,185	22,935	23,685	24,435	25,185	25,935	26,685	27,435	28,185	28,935	29,685	30,435

(b) Section 3543(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be 'RCS'.

"RURAL CARRIER SCHEDULE

	"Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service: Fixed compensation per annum	\$2,350	\$2,465	\$2,580	\$2,695	\$2,810	\$2,925	\$3,040	\$3,155	\$3,270	\$3,385	\$3,500	\$3,615
Compensation per mile per annum for each mile up to 30 miles of route	90	92	94	96	98	100	102	104	106	108	110	112
For each mile of route over 30 miles	25	25	25	25	25	25	25	25	25	25	25	25."

(c) Section 3544(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule which shall be known as the Fourth Class Office Schedule and for which the symbol shall be 'FOS', for postmasters in post offices of the fourth class which is based on the revenue units of the post office for the preceding fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accordance with this schedule.

"FOURTH CLASS POST OFFICE SCHEDULE

"Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but less than 36.....	\$4,033	\$4,162	\$4,291	\$4,420	\$4,549	\$4,678	\$4,807	\$4,936	\$5,065	\$5,194	\$5,323	\$5,452
24 but less than 30.....	3,729	3,848	3,967	4,086	4,206	4,324	4,443	4,562	4,681	4,800	4,919	5,038
18 but less than 24.....	3,078	3,178	3,278	3,378	3,478	3,578	3,678	3,778	3,878	3,978	4,078	4,178
12 but less than 18.....	2,416	2,492	2,568	2,644	2,720	2,796	2,872	2,948	3,024	3,100	3,176	3,252
6 but less than 12.....	1,742	1,766	1,850	1,904	1,958	2,012	2,066	2,120	2,174	2,228	2,282	2,336
Less than 6.....	1,405	1,449	1,493	1,537	1,581	1,625	1,669	1,713	1,757	1,801	1,845	1,889

(d) The basic compensation of each employee subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth Class Office Schedule immediately prior to the effective date of this section shall be determined as follows:

(1) Each employee shall be assigned to the same numerical step for his position which he had attained immediately prior to such effective date. If changes in levels or steps would otherwise occur on such effective date without regard to enactment of this title, such changes shall be deemed to have occurred prior to conversion.

(2) If the existing basic compensation is greater than the rate to which the employee is converted under paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND SURGERY OF THE VETERANS' ADMINISTRATION

SEC. 4. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans' Administration, is amended to read as follows:

"§ 4107. Grades and pay scales

"(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

"SECTION 4103 SCHEDULE

- "Assistant Chief Medical Director, \$25,250.
- "Medical Director, \$22,185 minimum to \$25,185 maximum.
- "Director of Nursing Service, \$17,020 minimum to \$22,150 maximum.
- "Director of Chaplain Service, \$17,020 minimum to \$22,150 maximum.
- "Chief Pharmacist, \$17,020 minimum to \$22,150 maximum.
- "Chief Dietitian, \$17,020 minimum to \$22,150 maximum.

"(b) (1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

"PHYSICIAN AND DENTIST SCHEDULE

- "Director grade, \$19,590 minimum to \$24,830 maximum.
- "Executive grade, \$18,270 minimum to \$23,800 maximum.
- "Chief grade, \$17,020 minimum to \$22,150 maximum.
- "Senior grade, \$14,650 minimum to \$19,105 maximum.

- "Intermediate grade, \$12,575 minimum to \$16,445 maximum.
- "Full grade, \$10,710 minimum to \$13,995 maximum.
- "Associate grade, \$9,100 minimum to \$11,845 maximum.

"NURSE SCHEDULE

- "Assistant Director grade, \$14,650 minimum to \$19,105 maximum.
- "Chief grade, \$12,575 minimum to \$16,445 maximum.
- "Senior grade, \$10,710 minimum to \$13,995 maximum.
- "Intermediate grade, \$9,100 minimum to \$11,845 maximum.
- "Full grade, \$7,650 minimum to \$9,945 maximum.
- "Associate grade, \$6,700 minimum to \$8,680 maximum.
- "Junior grade, \$5,875 minimum to \$7,630 maximum.

"(2) No person may hold the director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position."

FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND EMPLOYEES

SEC. 5. (a) The fourth sentence of section 412 of the Foreign Service Act of 1946, as amended (22 U.S.C. 867) is amended to read as follows: "The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

Class 1.....	\$23,430	\$24,335	\$25,250				
Class 2.....	18,915	19,550	20,285	\$20,820	\$21,455	\$22,090	\$22,725
Class 3.....	15,365	15,875	16,385	16,895	17,405	17,915	18,425
Class 4.....	12,490	12,920	13,350	13,780	14,210	14,640	15,070
Class 5.....	10,325	10,685	11,045	11,405	11,765	12,125	12,485
Class 6.....	8,685	8,975	9,265	9,555	9,845	10,135	10,425
Class 7.....	7,370	7,610	7,850	8,090	8,330	8,570	8,810
Class 8.....	6,410	6,620	6,830	7,040	7,250	7,460	7,670"

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870(a)) is amended to read as follows: "The per annum salaries of such staff officers and employees within each class shall be as follows:

Class 1.....	\$15,365	\$15,875	\$16,385	\$16,895	\$17,405	\$17,915	\$18,425	\$18,935	\$19,445	\$19,955
Class 2.....	12,490	12,920	13,350	13,780	14,210	14,640	15,070	15,500	15,930	16,360
Class 3.....	10,325	10,685	11,045	11,405	11,765	12,125	12,485	12,845	13,205	13,565
Class 4.....	8,685	8,975	9,265	9,555	9,845	10,135	10,425	10,715	11,005	11,295
Class 5.....	7,830	8,095	8,360	8,625	8,890	9,155	9,420	9,685	9,950	10,215
Class 6.....	7,140	7,370	7,600	7,830	8,060	8,290	8,520	8,750	8,980	9,210
Class 7.....	6,585	6,705	7,005	7,215	7,425	7,635	7,845	8,055	8,265	8,475
Class 8.....	5,890	6,060	6,270	6,460	6,650	6,840	7,030	7,220	7,410	7,600
Class 9.....	5,404	5,575	5,745	5,915	6,085	6,255	6,425	6,595	6,765	6,935
Class 10.....	4,780	4,935	5,090	5,245	5,400	5,555	5,710	5,865	6,020	6,175"

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act.

ANNUAL SALARY COMPARISON AND SALARY ADJUSTMENT PROCEDURE

SEC. 6. Section 503 of the Federal Salary Reform Act of 1962, as amended (76 Stat. 841; 5 U.S.C. 1172), is amended by inserting "(a)" immediately after "Sec. 503." and by adding at the end thereof the following new subsection:

"(b) The President's recommendations to the Congress for revision of statutory salary schedules shall be transmitted not later than January 31, shall be delivered to both Houses on the same day, and shall be delivered to each House while it is in session."

SEC. 7. Section 701(a) of the Classification Act of 1949, as amended (5 U.S.C. 1121(a)), is amended by inserting "and" after the semicolon in clause (A), by striking out clause (B), and by redesignating clause (C) as clause (B).

SEC. 8. Subsection (c) of section 3512 of title 39, United States Code, relating to the special delivery equipment allowance, is amended by deleting "at the rate

of 7 cents" and inserting in lieu thereof "at the rate of 12 cents" and by deleting "at the rate of 90 cents" and inserting in lieu thereof "at the rate of \$1.25".

SEC. 9. Section 3552 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding the foregoing provisions of this section, each employee—

"(1) who, immediately prior to the first day of the first pay period which began on or after the date of enactment of the Postal Employees Salary Adjustment Act of 1962 (76 Stat. 850, Public Law 87-793), was subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, and

"(2) who is holding a position subject to any such schedule on the first day of the first pay period which begins on or after the date of enactment of this subsection, and

"(3) who has not reached the highest step for his position;

shall, effective on the first day of the first pay period which begins on or after the date of enactment of this subsection—

"(A) be placed in the appropriate step of his position, determined in accordance with subsections (a), (b), and (c) of this section, on the basis of his total satisfactory postal service, without being considered to have received an equivalent increase in compensation by reason of such placement in step, or

"(B) be retained in the existing step of his position if the application of subparagraph (A) would result in a reduction in compensation, until he is entitled to further advancement by step increases under subsections (a), (b), and (c) of this section. Credit earned prior to adjustment under this subsection and not used in computing such adjustment shall be retained for purposes of all such further advancements."

AGRICULTURAL STABILIZATION AND CONSERVATION COUNTY COMMITTEE EMPLOYEES

SEC. 10. The rates of compensation of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 2 of this Act for corresponding rates of compensation in the appropriate schedule or scale of pay.

EMPLOYEES IN THE LEGISLATIVE RESEARCH

SEC. 11. (a) The rates of compensation of employees of the House of Representatives who are subject to the House Employees Position Classification Act, approved October 13, 1964 (Public Law 88-652), shall be increased by amounts equal, as nearly as may be practicable, to the increases provided by section 2 of this Act for corresponding rates of compensation in the appropriate compensation schedule of per annum rates.

(b) Except as provided by subsection (a) of this section, each officer or employee in or under the legislative branch of the Government, whose rate of compensation is increased by section 5 of the Federal Employees' Pay Act of 1946, shall be paid additional compensation at the rate of 5 per centum of his gross rate of compensation (basic compensation plus additional compensation authorized by law).

(c) The total annual compensation in effect immediately prior to the effective date of this section of each officer or employee of the House of Representatives, whose compensation is disbursed by the Clerk of the House of Representatives and is not increased by reason of any other provision of this section, shall be increased by an amount which is equal to the amount of the increase provided by subsection (b) of this section.

(d) The additional compensation provided by this section shall be considered a part of basic compensation for the purposes of the Civil Service Retirement Act (5 U.S.C. 2251 and the following).

(e) Notwithstanding any provision of this section, the rate of basic, gross, or total annual compensation received by any officer or employee subject to the provisions of this section, shall not be increased to a rate in excess of the highest rate of Grade 18 of the General Schedule of the Classification Act of 1949, as amended.

FEDERAL JUDICIAL SALARIES

SEC. 12. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are

fixed by or pursuant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U.S.C. 102(a)(2)), section 3056 of title 18, United States Code, the third sentence of section 603, sections 672 to 675, inclusive, or section 604 (a) (5), of title 28, United States Code, insofar as the latter section applies to graded positions, are hereby increased by amounts reflecting the respective applicable increases provided by section 2 of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended. The rates of basic compensation of officers and employees holding ungraded positions and whose salaries are fixed pursuant to section 604(a) (5) may be increased by the amounts reflecting the respective applicable increases provided by section 2 of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

(b) The limitations provided by applicable law on the effective date of this section with respect to the aggregate salaries payable to secretaries and law clerks of circuit and district judges are hereby increased by amounts which reflect the respective applicable increases provided by section 2 of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

(c) Section 753(c) of title 28, United States Code (relating to the compensation of court reporters for district courts), is amended by striking out the existing salary limitation contained therein and inserting a new limitation which reflects the respective applicable increases provided by section 2 of this Act in corresponding rates of compensation for officers and employees subject to the Classification Act of 1949, as amended.

EFFECTIVE DATE

SEC. 13. This Act shall become effective on the first day of the first pay period which begins on or after January 1, 1965.

Mr. OLSEN. In H.R. 9030 the executive department can, of course, make any recommendations as in the law we passed in 1962, but all of the authority will remain, as far as I am concerned, in this committee and in the Congress.

I do not think there is anything that can be added to Mr. Keating's statement and I do not think any questions can be put to him because his statement is so thorough and so detailed and so very accurate. I want to compliment you, Mr. Keating, for bringing figures from Montana. We had them previously in other salary hearings and, believe you me, when the postal employees are being paid less than the mechanics in Montana, they deserve a good substantial increase.

Thank you very much.

Mr. UDALL. The gentleman from Texas.

Mr. POOL. I, too, enjoyed your presentation very much. Last year I voted against the pay raise bill in committee. I voted for it on the floor. I wrote a minority report on that bill last year and it is 100 percent in agreement with what you said this morning. This is what I said in my minority report:

The employees in these lower levels are the ones who are really being squeezed in any upward surge of prevailing wage rates with accompanying increases in general living costs. For example, the average letter carrier or clerk in level 4 of the postal field service schedule (and incidentally 80 percent of all postal employees are in level 4 or below and most spend their entire careers in these levels) are paid \$2.68 an hour.

I go on and point out the things you have been pointing out this morning. I would like to be a prophet, and I think your philosophy will prevail in this committee and I hope in Congress.

Mr. UDALL. The gentleman has a very well deserved reputation as a prophet.

The gentleman from New Jersey, Mr. Krebs.

Mr. KREBS. I want to join my colleagues in paying tribute to Mr. Keating and his fellow union representatives for what I believe to be a most compelling series of arguments as to why 3 percent is not adequate and why the overtime provisions and other provisions contained in the bills to which you referred are very necessary.

I have been feverishly trying to do some arithmetic here. You said 499,000 of the 584,000 employees were in the first four steps?

Mr. KEATING. The first four levels, yes.

Mr. KREBS. Percentage-wise, this means 87.1 percent of all the employees fall in this lower category.

Mr. KEATING. That is right.

Mr. KREBS. Also, I was interested in your reference to needed purchase power. It is true if a man makes \$1 million a year and is raised to \$1.5 million, he will not buy many more Cadillacs or suits, but people working in the first four grades, it is reasonable to assume if these people are raised they will buy more milk, take their kids to the dentist, buy them shoes, and do all the things necessary. This has been referred to as high-powered purchasing power.

Mr. KEATING. If you go into consumer expenditures, that is the important place for it to go to maintain prosperity.

Mr. KREBS. I am sure these people in the first four grades do not have luxuries.

Mr. KEATING. That is right.

Mr. KREBS. I was also interested in your figures on the gross national product. You say the gross national product of this Nation has increased from \$258.1 billion to \$649 billion during the years 1949 to 1965. This is roughly a 180-percent increase. Have the postal clerks' or letter carriers' salaries gone up 180 percent in that period?

Mr. KEATING. Not nearly that much.

Mr. KREBS. My colleague from Montana started to ask a question and I do not know if he got an answer or not, I was busy with my arithmetic. Is there any relationship to the accident rate in these post offices where you have men working 11 hours plus a day?

Mr. KEATING. Long hours are bound to increase the incidence of accidents. Fatigue is one of the large factors in accident rates.

To get back to your other point you made about increases, since the salary in step 1 went from \$3,270 to \$5,000, you can see it is a long way from keeping pace.

Mr. KREBS. That is from 1949 to 1965?

Mr. KEATING. Yes.

Mr. KREBS. And you said you had a Bureau of Labor Statistics report published June 9, and you said the range of increases runs from 5.3 to 6.9 percent. I want the record to show that this averages 6.1 percent or twice the recommended increase for your group, and I am sure you agree with me that there are many eloquent arguments for the position taken in your brief, but this makes the case much more succinct, in my judgment.

Thank you.

Mr. UDALL. I want to make one point clear about my bill. I agree the drafting is not as artful as it might have been, but I wanted to make it very clear that in title II this 4-year Commission would have the power to fix, subject to veto, only legislative, judicial, and executive salaries and not those in the various salary systems. In looking

at it this morning I think it can be argued that it goes as far as you have indicated, but this was certainly not the intention of the author of the bill.

Mr. KEATING. I certainly thought that. The first time I read it I thought it included everything, then I read it again and where it had the statutory reference I thought it might be the intention to limit it. I do not think it is adequately clear.

Mr. UDALL. I agree with you and it might be clarified in committee.

I congratulate you for your presentation. It is a rare thing when all the time is not taken up, but your statement was so complete it did not leave room for many questions.

I was not here when we began the hearing, but I believe the record should indicate the associates with you.

Mr. KEATING. Yes, they are indicated.

Mr. UDALL. This subcommittee will continue hearings on these various bills before us tomorrow at 10 a.m., June 16, and Friday, June 18, at 10 a.m. On both days we will have a number of witnesses. Tomorrow we will hear more of the employee organization representatives.

The subcommittee will recess until 10 a.m. tomorrow morning.

(Whereupon, the subcommittee adjourned, to reconvene Wednesday, June 16, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

WEDNESDAY, JUNE 16, 1965

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

The subcommittee met, pursuant to adjournment, at 10 a.m. in room 215, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The Subcommittee on Compensation will come to order for the further consideration of the bill, H.R. 8207, and related proposals dealing with the general subject of compensation.

Our first witness this morning will be Mr. E. C. Hallbeck, president, United Federation of Postal Clerks, who is accompanied by Mr. Patrick Nilan, legislative director of the United Federation of Postal Clerks.

Gentlemen, you can come forward. We are happy to have you with us and to have your advice and counsel on these measures that are before us.

STATEMENT OF E. C. HALLBECK, PRESIDENT, UNITED FEDERATION OF POSTAL CLERKS; ACCOMPANIED BY PATRICK NILAN, LEGISLATIVE DIRECTOR, UNITED FEDERATION OF POSTAL CLERKS

Mr. HALLBECK. Mr. Chairman and members of the subcommittee, for the record, my name is E. C. Hallbeck, and I am president of the United Federation of Postal Clerks.

We welcome this opportunity to appear before your distinguished committee and to be heard once more on a subject which has such a direct bearing on the welfare of our members and, indeed, of every Federal employee.

I speak this morning as president of the United Federation of Postal Clerks, AFL-CIO, the exclusive national representative of the Nation's 245,000 postal clerks under the terms of our agreement with the Post Office Department.

That agreement, of course, does not cover the general subject of wages which Congress, quite properly in our judgment, has retained in its own jurisdiction.

Certainly, over the years, the Congress has demonstrated its awareness of the need for comparability between postal and classified pay rates in the Federal service and the national average rates of private industry, and this morning I think it is fair to say that pretty near everyone agrees—I do not know of any disagreement—that a salary increase at this time is necessary. There are only two questions that

have not been determined and on which there is any disagreement, and those are the questions of when and how much. Everyone, of course, has their own opinions, and I propose in the statement to give our opinion, not only as to the "when" but as the "how much." I am assuming that the statement made by Mr. Ewan Clague probably goes further and gives better reasons for salary increases at this time than I, or anyone else for that matter, would be able to advance.

First of all I would like to make it clear the United Federation of Postal Clerks totally and unequivocally supports the comparability principle first recommended by the late President John F. Kennedy and embodied in the Federal Pay Reform Act of 1962, and vigorously endorsed then and in subsequent years by President Johnson.

In fact, President Johnson in his message to Congress only last month, submitted as fine a definition of the philosophy of comparability as we have ever heard.

I reject—

Said the President—

the proposition that Government employment is somehow inferior to employment in business, in the professions, in university life, or in any other occupation. There can be no class system separating the men and women who are committed to the service of their fellow men or to the defense of their country.

Then the President in most positive terms affirmed his commitment to comparability in these words: "We do not have two standards of what makes a good employer in the United States—one standard for private enterprise and another for Government. A double standard which puts the Government at a comparative disadvantage is shortsighted. In the long run, it costs more."

Unhappily, however, as so often happens even in the best ordered scheme of things, the gap between principle and practice continues to haunt our efforts.

For while there is no question that the principle has won general acceptance, it remains far from being established as an operating practice. It remains all too easy for administration spokesmen to invoke the principle without committing themselves to a clearly defined policy.

We are still a long distance from what Postmaster General Gronouski has described as "systematic comparability," something that hopefully might be achieved over a period of time.

Surely this was not the intent of either the executive branch or the Congress back in 1962 when the Federal Pay Reform Act was enacted. That act established procedures for periodic adjustments to close the pay gap by designating the Bureau of Labor Statistics as the agency to conduct nationwide surveys from which the Bureau of the Budget and the Civil Service Commission could establish regular annual increments to keep pace with private pay levels.

But 3 years later we have not closed the gap. And 3 years later we are not keeping pace.

Today this committee has before it the administration's latest proposal on the subject, H.R. 8207 introduced by Chairman Udall. I regret to say that this proposal will still not catch us up with private industry as of the effective date provided, January 1, 1966, let alone keep us reasonably current with private pay levels.

The administration has asked Congress, through the medium of this bill, to raise Federal wages on the basis of statistics accumulated by the Bureau of Labor Statistics more than a year ago—statistics gathered in the fall of 1963 and spring of 1964. By establishing an effective date of January 1, 1966, the pending legislation would further widen the existing pay gap by establishing next year's Federal wages at a level that private industry was paying in late 1963 and early 1964—virtually 2 years out of date.

As if to compound inequities, section 6(b) of the bill, H.R. 8207, would authorize the President to direct that the annual salary comparison reports submitted to him be broadened to include "rates of salary paid for the same levels of work, as determined on the basis of appropriate annual surveys in any fields of non-Federal employment in addition to private enterprise, which he may designate," and goes further so as to permit the President to "include in his annual reports to Congress under subsection (a) comparisons of Federal salary rates with those in any additional fields of employment he designates."

Obviously, this is based on the recommendation of the President's Special Panel on Federal Salaries with respect to civilian salary comparability, in which the Panel recommended extension of the standard of comparability from "private enterprise" to "non-Federal employment" in order to make it possible to apply "the concepts and methodology of the Bureau of Labor Statistics survey to such non-Federal white-collar employment categories as State and local governments and nonprofit institutions."

In other words, it is proposed to dilute the Bureau of Labor Statistics figures by including such notoriously low paid categories as local and State government employees, schoolteachers, employees of philanthropic and charitable institutions, and other underpaid and low paid workers. This recommendation is made after experience has demonstrated, as any labor economist worthy of his salt could have predicted, that a steady annual increase in wages was virtually automatic. They propose now to reverse that trend by dilution.

We accepted the comparability concept because it was based on wages paid in private industry, not on wages paid to those less fortunate than ourselves. I venture to say that had this concept of comparability been a part of the original proposal, it would never have been accepted either by the employees or the Congress, and we urge this subcommittee to strike this provision from the bill, H.R. 8207, or any other bill that may be reported.

Officers of the Bureau of the Budget may deny that the comparability standard is a will-o'-the-wisp, as they have done before this very committee. But many of our members, to whom the inherent pledge of the 1962 Salary Reform Act was welcomed as a solemn obligation, fear the great principle of 1962 has already gone down the drain. Only positive action at this time is likely to change that belief.

Our members are deeply concerned that the concept of comparability, so newly launched and so filled with splendid promise, has begun to founder in a sea of budgetary expediency.

Their fears are not lessened by the testimony of responsible members of the executive branch telling us that the budget "cannot accommodate" what the law clearly promised or that "some lag is inevitable and justifiable."

And there arises in our minds the very grim specter of a situation, let us say in early 1966, when the executive branch may find it even more expedient to completely bypass further adjustments for postal and classified workers—by then long overdue—on the specious grounds that we have only just been given a raise, effective January 1 of that year.

The Government's own statisticians have told us that average annual pay increments are running about 3 percent in private industry—and have been now for about 5 years. The actual range from 1963 to 1964 was 2.6 to 4.8 percent among the occupational groups comprising the 75 work levels studied annually by the BLS.

Projecting these figures forward from last February–March 1964—on which current legislation is based—it is obvious that postal and classified salaries are lagging right now at least 6 percent behind comparable rates in private industry. And I think that is a rather modest estimate.

If we accept the Government's own figures on past increments and future trends, it is equally obvious that by the time the administration's proposed bill becomes law in 1966 the salaries of postal and classified employees will be lagging a good 9 or 10 percent behind their counterparts in the private sector.

The Budget Bureau may call that kind of lag inevitable and justifiable. Frankly, we don't.

What, then, is the answer?

H.R. 8207 is certainly not the answer. It will not contribute to the real objective—the objective which the Chairman of the Civil Service Commission, Mr. Macy, pledged to us during the Kennedy administration—which was simply to close the pay gap.

The bill, H.R. 8207, will not do the job because it does not rule out the continuing accumulation of time lags in statistical method and procedure which consigns the Federal employee to a continuing limbo—a limbo wherein he is never really paid on a basis comparable with private industry—and will only catch up in theory—some day, maybe.

If we are ever to obtain true comparability between the wages paid Federal employees for like work in private industry, provisions will have to be made to make increases, when warranted, retroactively effective to the time of the wage survey. Only in that way can true comparability be attained.

Mr. Chairman, we of the United Federation of Postal Clerks think the answer lies in putting aside the bill, H.R. 8207, and reporting out instead H.R. 8663 introduced by Mr. Olsen of Montana, and companion measures.

The Olsen bill has much to recommend it in meeting the terms of the comparability principle.

First, it contains more liberal and more realistic provisions for wage increments. It recognizes the existing pay gap and attempts to close it with schedules more in harmony with the objectives of the original Salary Reform Act of 1952.

Secondly, it would alter the methods and procedures by which Federal pay is matched to levels of private industry to the extent of leaving that determination in the hands of Congress—where it belongs.

Mr. Chairman, the principle of comparability is a fragile thing, as

events of the past 3 years have proved. Until legislation is adopted by Congress to nail down all the variables involved in that process and to gear them to a fixed procedural policy, the wage patterns of the Federal service are going to demand the constant and careful attention of both the President and the Congress. Otherwise, the accumulating pay lag will compound the disadvantage of Federal employees on a continuing basis.

H.R. 8663 will at least give Federal employees in the postal and classified service a meaningful forward step pending the determination of policies designed to make the basic law fulfill its promise.

If I may, I should like to stress the point that the Olsen bill also encompasses provisions which would alleviate specific inequities created among postal employees in all salary levels by the 1962 pay reform law.

Most of you, I believe, are aware of these inequities resulting from the earlier failure of Congress to provide full credits for years of service in converting postal employees from the salary schedules in effect prior to the enactment of Public Law 87-792 to the new postal field service schedules of the 1962 reforms. Unfortunately, section 114(b) of Public Law 88-426—the salary bill enacted last August—failed to correct these continuing inequities.

We feel Congress has a clear obligation to repair this oversight.

There are many questions before the subcommittee related in one way or another to the question of compensation. Bills covering the separate items—overtime, severance pay, moving and transportation expenses, and so forth, have been introduced and further legislation in these fields is badly needed. The Postmaster General touched on these subjects in his appearance before this subcommittee and stressed their importance to the overall picture.

Postmaster General Gronouski laid great stress on the need for the enactment of legislation which would provide for overtime pay for postal employees not now receiving such entitlements.

There is something slightly ridiculous in this day and age in having to argue for premium pay for postal employees who work more than 8 hours a day or 40 hours a week. This principle has been so long accepted in private industry and in Government as well that a mere mention of the areas in which it is not provided should almost be sufficient to cause enactment of legislation.

President Johnson, in his message to the Congress concerning the current pay bill said, "We do not have two standards of what makes a good employer in the United States—one standard for private enterprise and another for the Government." In 1938 the Congress enacted the Fair Labor Standards Act, setting up standards of overtime compensation for work in excess of 40 hours per week. Unfortunately, this legislation exempted the Federal Government. It seems to me that this is another area where comparability is long overdue.

During the last calendar year, more than 24,000 man-years of overtime was performed in the postal service. Approximately half or 12,000 man-years of such overtime was performed by substitutes who, under current law, can be worked unlimited hours at straight time—10, 11, 12, or longer hours per day are, in far too many of our large metropolitan areas the rule, rather than the exception. I am sure that I don't have to tell members of this committee that such work schedules

cannot be maintained over long periods of time without reducing the efficiency of the employee. The Postmaster General has recognized that the practice is not economical, and I am sure that anyone reasonably conversant with the problem will readily agree.

We commend the recognition by the current administration of the need for dealing with this problem. At the same time, I must say that we are firmly persuaded that the overtime proposals contained in the administration bill are inadequate and inconsistent with overtime practices in private industry.

The United Federation of Postal Clerks strongly urges the adoption of legislation introduced by Congressman Daniels, H.R. 2798, which provides true time and one-half overtime pay by regular and substitute employees for all hours of work in excess of 8 hours per day and on Saturday, with double pay for Sunday and holiday work. This, we believe, would be a further step toward comparability and a repudiation of the double standard which has existed for so many years. We fully agree with President Johnson that in matters of employment practices there should be no double standard—one standard for private enterprise—and another for the Government. I express the hope that this committee will, either as an amendment to the current pay proposals or in subsequent legislation, adopt the principles of the bill by Congressman Daniels, H.R. 2798.

This great Nation had the resources to close the missile gap, if it ever really existed. Two very brave American astronauts—supported by billions of tax dollars in the space program—recently demonstrated that we are closing the moon gap with Soviet Russia. Surely we have the technical skill and resources to devise methods and procedures for closing the pay gap to which both the executive and legislative branches are committed.

Mr. Chairman, I am confident that your subcommittee, in its deliberations and in its wisdom, will take the necessary steps to close that pay gap. We are conscious of the very favorable treatment we have received from the Congress, and particularly from the House Committee on Post Office and Civil Service, through the years. The job that has been done, sometimes under extremely adverse circumstances, is really a remarkable job and we want to formally at this time acknowledge our gratitude for the kind of support you, in particular, Mr. Chairman, and members of your subcommittee, have always given to the just proposals of our members.

Mr. UDALL. Thank you, Mr. Hallbeck, for a very excellent statement. I want to return the compliment by saying you are a most effective leader and a fine person to work with and it has been a pleasure for me to work with your organization on matters of mutual interest. I think you have given us this morning some things to think about and I think you have done it in a constructive fashion.

I am particularly interested in this overtime pay proposal. I have often wondered why we let this thing go on so long in the Government. The Federal Government has said for years in the Fair Labor Standards Act, that a private employer could be put in jail for failure to pay overtime; and yet in Federal establishments there are thousands of underpaid men working, as was pointed out yesterday, 80 or 90 hours a week and we do not pay them any overtime. I am sure any bill we report out will have some provision of this character and at least a start will be made in straightening out this situation.

In commenting on the lag you said in your statement that provisions might have to be made to make increases retroactively effective to the time of the wage survey. I wanted to observe that counsel has informed me that under Public Law 85-872 that was enacted in 1958 that same principle was applied to the wage board employees.

Mr. HALLBECK. That is right, sir.

Mr. UDALL. So there is precedent for doing so.

Mr. HALLBECK. I was aware of that for the wage board employees, and while no system is going to be without its faults, I suggest that that is one thing in the wage board salary legislation that is inherently fair.

Mr. UDALL. In this connection—and you do not have to answer this but I want to comment generally in my own opinion and, as I said previously, I am in the minority in this view—but it seems to me if Congress could devise a more speedy and orderly method of making salary adjustments, that it would save the time and effort of Congress and organizations such as yours. I am surprised there has not been more attention given by organizations to the concept of Congress realizing once and for all that we are going to have comparability, probably full comparability going back to the time the survey is made, and then simply turn it over to administrative agencies to from time to time put that principle into effect. As indicated yesterday, we have gone as much as 5 years without an adjustment in the past. More recently we have had our feet put to the fire and have had to take up these matters every year, which I do not think is necessarily bad. It seems to me the employees and the Government would benefit if we adopted a procedure and made it mandatory so that there would not be a lag in this bracket or that bracket and it would be an automatic mandatory procedure. Yet I have seen not only hostility to this specific proposal but to the idea itself. It seems Congress must go through this exercise every year or the employees will not get due process.

Mr. HALLBECK. I would say with the concept as you explained it you could probably get a lot quicker agreement than anything that has been suggested so far and brought down to words. If you can bring it to the point where fairness is automatic, then there will be no trouble with it, but when budgetary considerations have more effect than the figures of the Government's own bureau, then I think you can understand our shyness, if I may use the word, about accepting it. I agree with you that if you can bring it down to the point where it is an absolutely scientific and automatic thing, it would be a very fine thing. I have been here many, many years and I do not know how many times I have argued about salary, and it could have been handled many years ago by the proper procedure.

Mr. UDALL. I am glad to hear you say that. I do not say the provisions in my bill are perfect, and I do not say they would bring about the things we have been discussing, but it seems we could have one last pay bill, and the people in your organization would have to get your people enthused and write to your Congressmen, but if we could do battle one last time, nail the flag to the top of the mountain and have the battle won, so that budgetary considerations would be of no moment, and the Government this year and next year and every year would have to pay not 90 percent of comparability but 100 percent of comparability, this would permanently achieve justice rather than having to

come here every year and achieve justice or compromise with full justice.

Mr. HALLBECK. I am sure the idea expressed by you was the idea the former Secretary of Labor, now Associate Justice of the Supreme Court Goldberg, had when the comparability principle was first advanced. The then Secretary of Labor talked to the organizations before legislation was introduced, trying to get their ideas on it, and I think it is feasible that there could be discussions of the methodology of doing this thing that would lead to an agreement and Congress would not have to spend so much time on it. I am sure you know there have been sessions of this committee that have run almost continuously for 2 or 3 or 4 months on this subject.

Mr. UDALL. I think one of the big byproducts if this were ever achieved would be that Congress could devote its efforts to other areas, some of which are minor but they are important to the people involved, and year after year you never get to these things because you spend all your time on pay legislation. If 100 percent comparability was guaranteed automatically, regardless of budgetary considerations or anything else, that we paid it regularly just as the Government's rent and phone bill, then we could get to these other things.

I think this is the problem my subcommittee is faced with this year. If we had to have separate hearings on all the little bills and all the things discussed we would never get through. That is why I am constrained to pass a bill that would be automatic, and then we could pay attention to those other things.

Mr. HALLBECK. I would like to comment on this overtime. It is inconceivable that the Federal Government should have taken such a backward position for so many years but, strange as it may seem, this is the first administration to my knowledge that recognized there was any justice to paying substitutes overtime. The others have opposed legislation on this subject. This is the first one that has ever agreed to it.

Mr. UDALL. I am sure it would warm the heart of the Postmaster General to hear you say that.

I notice my time has expired. The gentleman from North Carolina.

Mr. BROYHILL. No questions.

Mr. UDALL. The gentleman from New Jersey, Mr. Krebs.

Mr. KREBS. I have no questions.

Mr. UDALL. Thank you, Mr. Hallbeck. We hope we will see you again sometime.

Mr. HALLBECK. The odds are pretty good.

Mr. UDALL. The next witness is Mr. Harold McAvoy, national president, National Association of Post Office and Postal Transportation Service Mail Handlers, Watchmen, Messengers, and Group Leaders.

Mr. McAvoy, you are no stranger here either. We are always pleased to have you appear before us. You may proceed.

STATEMENT OF HAROLD McAVOY, NATIONAL PRESIDENT, NATIONAL ASSOCIATION OF POST OFFICE AND POSTAL TRANSPORTATION SERVICE MAIL HANDLERS, WATCHMEN, MESSENGERS, & GROUP LEADERS; ACCOMPANIED BY AL DARCO, NATIONAL VICE PRESIDENT

Mr. McAvoy. Thank you, Mr. Chairman. I am accompanied by Mr. Al Darco, one of our national vice presidents.

Mr. Chairman and members of the subcommittee, for the record my name is Harold McAvoy. I am national president of the above-named organization. Our national offices are located at 501 13th Street NW., Washington, D.C. We are part of the American Federation of Labor and Congress of Industrial Organizations and the Government Employes' Council.

At this time I would like to say "thank you" for the privilege of appearing before your committee.

In order to conserve time, I would like to stress the need for early favorable action on pay legislation in line with true "comparability"—comparing our work in the postal service with workers in outside industry.

As outlined in the Federal Reform Act of 1962, I may quote:

(a) There shall be equal pay for substantially equal work and pay distinctions shall be maintained in keeping with work performance distinctions; and

(b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

At this time, Mr. Chairman and members of this committee, I would like to bring to your attention that the employees I am privileged to represent are the lowest paid employees in the postal service. In line with the "comparability" feature of the Federal Reform Act of 1962, I would like to make one or two comparisons between our duty assignments in the postal service and outside industry. The Longshoremen and the Teamsters are well over the \$3 per hour scale, and it is our honest opinion that our duties go far beyond the duties of said employees.

As President George Meany, AFL-CIO stated many times "* * * it has been said that postal jobs are without duplication or similarity anywhere else." I am in full accord with this statement.

For your information, I would like to present a job description of the duties our people perform in the postal service—as spelled out in Public Law No. 68:

DUTIES OF MAIL HANDLERS, LEVEL 3, POSITION 8, PUBLIC LAW 68

BASIC FUNCTION

Loads, unloads, and moves bulk mail, and performs other duties incidental to the movement and processing of mail.

DUTIES AND RESPONSIBILITIES

(A) Unloads mail received by trucks. Separates all mail received by trucks and conveyors for subsequent dispatch to other conveying units, and separates and delivers working mails for delivery to distribution areas.

(B) Places empty sacks or pouches on racks, labels them where labels are prearranged or racks are plainly marked, dumps mail from stacks, cuts ties, faces letter mail, carries mail to distributors for processing, places processed mail into sacks, removes filled sacks and pouches from racks, closes and locks

same. Picks up sacks, pouches, and outside pieces, separates outgoing bulk mails for dispatch and loads mail onto trucks.

(C) Handles and sacks empty equipment, inspects empty equipment for mail content, restrings sacks.

(D) Cancels stamps on parcel post, operates canceling machines, carries mail from canceling machine to distribution cases.

(E) Assists in supply and slip rooms and operates addressograph, mimeograph and similar machines.

(F) In addition, may perform any of the following duties:

(i) Acts as armed guard for valuable registry shipments and as watchman and guard around post office building.

(ii) Makes occasional simple distribution of parcel post mail requiring no scheme knowledge.

(iii) Operates electric fork-lift trucks.

(iv) Rewraps soiled or broken parcels.

(v) Performs other miscellaneous duties, such as sweeping in workrooms, offices, and trucks where such work is not performed by regular cleaners.

ORGANIZATIONAL RELATIONSHIP

Reports to a foreman or other designated supervisor.

In concluding our duties, I would like to add that our people separate the mail and where the post office scheme is needed we place the mail before the clerk. When the clerk has completed his work through his knowledge of the post office scheme—our people again take over the mail and follow through right into the motor vehicle truck.

About 25 years ago a classification bill was enacted into law. This law gave all postal employees a \$300 salary increase. Our mail handlers received \$150. How this came about, I do not know but ever since we have been striving to catch up.

At our last two national conventions, we went on record to ask the Congress to consider elevating our people in pay level 3 to pay level 4. This resolution is our No. 1 mandate—and our people would be grateful, if you the members of this committee would accept our bill which would elevate our mail handlers from pay level 3 to pay level 4, which in our opinion is our proper place in the post office pay schedule.

H.R. 4479 is the number of the bill before your committee. The bill has been before the House Post Office Committee for several years awaiting consideration of the members of the House Post Office and Civil Service Committee.

It has been brought to your attention by the Letter Carrier's representative, Mr. Jerome Keating—who did an outstanding job when he testified on Tuesday, June 15, 1965, for his people—that the letter carrier does many jobs on the work floor before he starts his morning route.

I would like to ask at this time—after reading to you our job assignments on the work floor that the vast majority of our people must keep moving the mail in bulk, and the weight of the mail in the mail-bag is 80 pounds. The majority of our people must work outdoors—transportation platforms and docks. They perform their 8-hour job assignments in all kind of weather: rain, snow, and sometimes below zero weather in many States.

Congressman Thaddeus Luiski, a member of the House Post Office and Civil Service Committee has introduced H.R. 3363. This bill would amend the Employees Uniform Allowance Act and include our people in the \$100 per year allowance. At this time our people must buy their own heavy clothing, workshoes, rubbers, and so forth—and

on the present hourly rate of \$2.29 or the entrance salary of \$4,615. I hope you will agree that our people must find it mighty hard just to survive. As H.R. 3363 is before this committee, I would like to urge you to include the contents of H.R. 3363 in the pay bill, this committee reports out to the full committee. This legislation is long overdue, and what you would be doing if included—to allow our people the same right as the Congress has extended to the letter carrier, motor vehicle, and special delivery employee. I urge you to give H.R. 3363 every consideration in your discussions.

At this time, I would like to say "thank you" to Chairman Udall for introducing H.R. 8207, the administration bill.

Congressmen Thaddeus Dulski, Arnold Olsen, Paul Krebs, James Fulton, Joel Broyhill, Seymour Halpern, and Jacob Gilbert have introduced bills that if enacted into law would provide for a larger salary increase—7 percent.

Previous witnesses have stated that the proposed pay increase is inadequate.

I would like to point out that the previous representatives who testified are one pay level above our people—the clerk, letter carrier are in pay level 4. I repeat, our people are in pay level 3—90 percent of the 40,000 employees in the mail handler craft work in our large cities. It has been pointed out to live, for instance, in Seattle, Wash., plus many cities that one needs a salary of \$6,900 for a family of four. Our starting salary is \$4,615 and after 22 years we reach our maximum salary of \$6,320. My question now is: Just how long will the Post Office Department be able to hire employees for our mail handler craft?

Mr. Clague, representing the Bureau of Labor Statistics answered a question pertaining to "comparability." How do you make your comparisons? Mr. Clague answered we do not use the title of the employee—we compare the work he does. I am in full accord with this procedure as it is the only way to come up with true "comparability."

Along the pay legislation path, over the years, I have heard that percentage pay increases are the only way to adjust pay schedules. If this is true, I would like to point out, that at this time, pay level 3 mail handlers are \$490 behind our pay level 4 people. If the administration's pay proposal was enacted into law, the present spread of \$490 would jump to \$575. It amazes our people when we hear about the small salary increase proposed for us, and as we go up the pay ladder we find that some people will receive up to a thousand-dollar increase, whereas our people will receive about \$150.

Our people are not seeking membership in a golf club nor trying to buy the latest sport car. All we are striving for—pertaining to a pay increase—is to be able to put decent food on the table or to be able to buy a pair of shoes for our children. We, too, would fully appreciate being adopted into this so-called better life for everyone—instead of having to hold down two jobs.

In closing this statement, I would like to say we fully endorse the Daniels-Krebs bills, which provide for time and a half for all work over 8 hours per day, as well as 40 hours per week. This would apply to both substitutes and regulars—time and a half for Saturdays and double time for Sundays and holidays. The working of our substi-

tutes over the 40 hours per week is hard on the individual substitute—just how long can he continue before his health breaks. We would like to go on record for H.R. 2798 and H.R. 8707.

We fully endorse the corrected language of section 10, the Dulski amendment, and hold high hopes that you, the members of the Compensation Committee, will include our clothes allowance proposal and our upgrading bill that will place our mail handlers in pay level 4, along with every other postal employee.

Thank you again for the privilege of appearing before you.

Mr. UDALL. Thank you, Mr. McAvoy. That was a fine statement.

You indicated there were 40,000 employees in the postal field service in the mail-handling craft. How many of these are members of your organization?

Mr. McAvoy. I would say two-thirds.

Mr. UDALL. Are these people all level 3, or are some level 4?

Mr. McAvoy. We have established group leaders. They lead the men. I would say there are 250 throughout the country, but the rest are all level 3.

Mr. UDALL. Well over 95 percent of your people are level 3?

Mr. McAvoy. That is right.

Mr. UDALL. Quick mathematics would indicate to me that the adoption of your suggestion that these people be placed in level 4 will cost something on the order of \$20 million a year; is that your understanding?

Mr. McAvoy. That is right. Close to it. We are the only people in the whole service that are in level 3. Everyone else is level 4.

Mr. UDALL. I am familiar with this problem and you make a strong case for adoption of provisions to change this to level 4. I was concerned about getting in the record the cost figure, because we are asked about that.

What is the present situation with regard to uniform allowances? Do your people get the uniform allowance?

Mr. McAvoy. No.

Mr. UDALL. What is the logic behind that?

Mr. McAvoy. I would not know. We have had a bill in here the last two sessions to get the uniform allowance. Our people are working, loading and unloading 8 consecutive hours. A letter carrier goes into a warm building during his route. The other people are indoors. Our people stay outside. Eighty percent of our people are out in the cold weather.

Take the Northern States, it is really rough in them.

Mr. UDALL. The uniform allowance is available to carriers. Is it available to clerks?

Mr. McAvoy. Motor vehicle operators and window clerks.

Mr. UDALL. But not the inside clerks?

Mr. McAvoy. That is right.

Mr. UDALL. I suppose the theory is the window clerks and the mailmen meet the public, whereas your boys are working off the platform and do not need it.

Mr. McAvoy. That is true. But how about the humane part of it? It is hard to stay out 8 hours in below-zero weather. Meeting the public is wonderful, but we do not want to kill our people.

Mr. UDALL. You spoke finally in your statement with regard to overtime. This question I am going to raise came up previously. If

we require overtime pay to be paid after 8 hours on any individual day, or require overtime be effective only after the employee has reached the total number of hours of 40 in 1 week, you have an entirely different situation with substitutes. A substitute may want two or three 12-hour days. In certain situations he may not get that opportunity.

Have you considered this? Do you still feel overtime should apply in both cases, after 8 hours and after 40 hours a week?

Mr. McAVOY. I am convinced that the job belongs to the regulars and if the regulars are in need of the money they should be given every opportunity. We are on record as opposed to substitutes. The job belongs to regulars.

I can understand one substitute to five regulars. We have proved in the overtime pertaining to Christmas that if you give the regular employees the overtime, we will move the mail and move it efficiently. We take people off the streets and, to be perfectly frank, I think they are only in the way. I have worked with them 15 years.

Mr. KREBS. I have one question: It would seem to me in an organization like the U.S. Congress, or many other branches of the Federal Government where seniority is of the utmost importance, to have a situation in the Post Office Department where people who have no seniority and no permanent status are given the overtime work and people who have been working for the Post Office Department who have acquired the seniority do not get it, is an indefensible position.

I would like permission to have a few pages of a study entitled "Review of the Federal Salary Comparability Process, April 1964," be put in the record, which goes a long way toward defining some of the questions we have been raising here for the last few days. I would like to put pages 2, 3, 4, 5, and 6 in the record at this point.

Mr. UDALL. Is there objection of the unanimous-consent request? Hearing none, it is so ordered.

(The pages follow:)

II. THE NATIONAL SURVEY OF PROFESSIONAL, ADMINISTRATIVE, TECHNICAL, AND CLERICAL PAY

The Federal Salary Reform Act of 1962 provides that Federal salaries shall be established on the basis of two principles:

"(a) There shall be equal pay for substantially equal work, and pay distinctions shall be maintained in keeping with work and performance distinctions; and

"(b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work."

In response to the second principle the Bureau of Labor Statistics has annually since 1960 provided salary survey information as a measure of private enterprise pay. This survey, known as the "National Survey of Professional, Administrative, Technical, and Clerical Pay" will hereafter in this report be referred to as "the survey."

Inquiries put forth by the Panel concerned two characteristics of the survey:

1. Definition of the term "private enterprise."
2. The survey design.

The results of these inquiries and considerations are the subject of this section of the report.

A. Definition of private enterprise

The all-inclusive term "private enterprise" must be restricted by technical definition to describe some universe within which salary data can be collected. Seemingly, it has been understood by most people generally familiar with the Federal Salary Reform Act that at least two restrictions applied to the term

"private enterprise" as it entered into the Federal pay process. One restriction is that private enterprise applies to non-Government work. This generally accepted restriction thereby rules out employees of State and municipal governments from survey consideration. The second restriction rules out all blue-collar occupations since Federal rates for these jobs are established by wage board determination.

Other technical restrictions imposed on the term "private enterprise" exclude the following:

1. Certain industries; namely, agriculture, mining, construction, and most service industries.
2. Nonprofit employers—such as hospitals, philanthropic organizations, and educational institutions.
3. All employment outside of standard metropolitan statistical areas.
4. Establishment with less than 250 people.

Restrictions 3 and 4 are more conveniently discussed in the next section titled "survey design." Considerations pertinent to the other exclusions suggested rather persuasive reasons for such action.

With respect to the industry exclusions, mining, and agricultural employment is found primarily outside of metropolitan areas and will be generally excluded by the area restriction. The Panel agrees with the decision to restrict the survey to metropolitan areas (see p. 14 for discussion of this topic) and hence concurs with these industry exclusions. The contract construction industry presents special characteristics which seem to warrant its exclusion from a salary survey of this type. A small portion of the service industry is retained in the survey and the exclusion of the major sector of this industry may be warranted by a lack of comparability between Federal jobs and those other than clerical in many service establishments.

Excluding nonprofit institutions from the survey was of initial concern to the Panel for this restriction rules out of the survey many occupations in these institutions which can be related to Federal occupations. It was finally concluded that the prevailing rationale for these exclusions is acceptable—that is, it is the profitmaking sector of industry which exerts the greatest influence on the absolute rates of pay for most occupations and on the salary changes from year to year.

In summary, the Panel agrees with the technical restrictions defining and delineating "private enterprise" for the purpose of surveying salaries to compare them with those paid to Federal employees.

B. Survey design

The survey design fixes the limits of comparability. It delineates what will be measured in private enterprise. It specifies how pay will be compared in terms of: levels of work, occupational sample, industrial mix, geographical limits, and data collection methodology. It defines where the comparison will be made by defining private enterprise with regard to metropolitan areas, industry mix, and establishment size. Finally, it specifies the when by the determination to price annually.

Therefore the design is basic to any findings of fact. It fixes the terms of reference so that questions of application, including the payline determination, take place within this frame of reference.

The survey is a little black box which seeks to project a visual image of the relationship of private pay levels to Federal pay levels. This visual image attempts to show the degree of similarity or difference between the pay rates prevailing in private enterprise and those in effect in the Federal service. The spread between the two pay levels represents the economic gap (if any) and fixes a quantitative objective or standard against which the Federal payline can be oriented. This review of survey design is concerned, therefore, with the inner workings of the little black box to answer the questions: Is the pay picture clear and accurate? Can it be improved?

These broad, general evaluations are offered in response to specific technical questions posed by the Government, examined in some depth by the panel of industry experts, and discussed here in a brief but pointed manner.

1. *Defining the levels of work.*—Does the process identify levels of work in private enterprise which are the same as Federal work levels?

The comparability principle states that "Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work." A level of

work is typically referred to as a grade, meaning a relative level of difficulty, responsibility, and knowledge or skill required within a hierarchy of levels. In the Federal service, under the Classification Act, 18 grade levels are defined and used in current practice. These range from GS-1 at the lowest or simplest end (including file clerk, office boys, and similar elementary level work) to GS-18 at the highest executive levels (including the apex of the career service posts). The pay survey collects data at selected levels by means of an occupational sample of 77 typical jobs.

Two of these jobs produced data insufficient to satisfy statistical tests, and eight are insufficiently representative of the work level. Thus the final occupational sample priced 67 typical jobs distributed among 11 of the 18 grade levels.

The levels of work represented obtain private enterprise salaries for work levels generally equivalent to grades GS-1, 2, 3, 4, 7, 9, 11, 12, 13, 14, and 15. The grade levels omitted are GS-5, 6, 8, and 10; the pricing questions regarding GS-16, 17, and 18 are discussed separately (see p. 13). These 11 levels of work embrace 813,889 employees or 80 percent of the 1 million Federal employees covered by the Classification Act. The employment distribution among the omitted grade levels is as follows:

GS-5	122,012
GS-6	50,974
GS-8	24,478
GS-10	14,864
GS-16	1,124
GS-17	468
GS-18	205

Total (20 percent of total employment) 214,125

With the exception of GS-5, which represents 122,000 employees, and is an important reference point, the omission of the other levels does not diminish the accuracy or validity of the sample. All these levels are interrelated in a continuous payline with all intermediate points, i.e., GS-5, 6, 8, etc., fitted between the price structure of the private enterprise market by interpolation, controlled by the intergrade differentials fixed by the slope of the payline itself. The number and distribution of employees within each of 11 levels and represented by the 67 key jobs priced is shown below:

Classification Act population of jobs surveyed, 1963

Grade	Total grade population	Classification Act series population represented by survey jobs	Percent of grade
1	2,581	1,789	69
2	34,077	17,611	52
3	153,585	93,151	61
4	169,419	45,945	27
7	93,407	13,658	15
9	109,915	22,008	20
11	96,205	27,272	28
12	71,442	21,999	31
13	49,169	16,733	34
14	22,778	8,136	36
15	11,321	2,857	25
Total	813,889	271,159	33

Overall, the 11 levels represented by 67 key jobs reflect 33 percent of the employment in these levels or 27 percent of the total employment under the Classification Act pay plan.

These 67 jobs reflect a cross section of Government occupations representing a significant and meaningful proportion of the employment within each of the 11 levels. Representation varies from 15 percent (GS-7) to 69 percent (GS-1) with significant proportions of each grade level. Tested in terms of their internal representativeness they are well chosen. However, some attention is

required to those survey titles which are thinly populated in the Federal service and which therefore are relatively less valid and less useful. Examples include:

Grade and title:	Population
GS-1, file clerk I.....	42
GS-2, Bookkeeping machine operator.....	19
GS-2, Switchboard operator.....	106
GS-3, Tracer.....	358
GS-7, Job analyst II.....	152
GS-7, Attorney I.....	174
GS-9, Office service manager.....	250

These represent such minute populations of work within the Federal service as to question the usefulness of these pricing points.

Externally the 67 key job samples may be tested by reviewing the results obtained in the recent surveys of 1962 and 1963.

The 1963 Bureau of Labor Statistics survey reported national average rates for 75 jobs representing 990,000 employees or about 20 percent of the total white-collar employment within the scope of the survey. The distribution of industry employees by major occupations was as follows:

Number of private industry employees by occupation, 1963

Accountants.....	47,655
Auditors.....	8,188
Chief accountants.....	2,263
Attorneys.....	5,255
Office services Managers.....	1,395
Job analysts.....	1,857
Personnel director.....	3,474
Chemists.....	27,280
Engineers.....	269,610
Engineering technicians.....	59,190
Draftsman.....	58,588
Clerical.....	502,811
Total.....	987,566

One aspect which raises questions is the concentration of employment among three occupational series which carry such a predominant part in the comparison process. Taken together accountants, chemists, and engineers represent 341,500 private-industry employees or 94 percent of the professional and administrative survey total. Engineers alone account for 74 percent of the total.

Mr. KREBS. Other than saying thank you for doing a fine job, I think this will make an important contribution to the final legislation.

Mr. McAVOY. We are very grateful. Thank you.

Mr. UDALL. Thank you. You may be excused.

The final witness this morning is Mr. John Snyder, executive director, National Association of Postmasters.

STATEMENT OF JOHN SNYDER, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF POSTMASTERS

Mr. SNYDER. Our president happens to be in South Dakota. Our legislative chairman happens to be in Michigan, so I am representing them.

Mr. UDALL. You are on your own this morning and I am sure you can handle yourself.

Mr. SNYDER. The remarks, as you will see, were made by our president.

My remarks herewith are offered in behalf of the approximately 32,000 postmasters who have membership in NAPUS. Those who belong to our organization come from offices of every size across the

country, and they comprise in total more than 90 percent of all the postmasters in the Nation. In addition to speaking to you as the current leader of our group, I want to express my thinking also as administrator of one of the country's largest post offices and as a citizen who is interested in the most effective use of the taxpayer's funds. The matter before us today is fundamental to the whole business of good government.

Like all of my associates in the postal service with whom I had discussed the impatiently awaited report of the Special Committee on Federal Salaries, and had anticipated the legislation which would be formulated in light of that report, I was very much surprised when I saw the schedule of proposed adjustments which was presented by the administration to the Congress. Our fault, obviously, was in reaching some conclusions which seemed natural to us but which were not regarded in the same light by others. We had taken it for granted that the principles of comparability proclaimed by the Federal Salary Reform Act of 1962 would govern the schedules proposed by the administration. Unfortunately, we were wrong. We do not, in fact, find any relationship between the schedules proposed and the principles upon which the 1962 act was based.

When one professes to speak authoritatively for an organization as large as ours, he sometimes wonders if he is not being presumptuous by expressing positive points of view other than what he can identify as his own. I can assure you, however, that such doubts do not exist with respect to the matter under consideration here today. Every postmaster in every class of office and in every part of the country is committed to the justice of and the need for comparability. Furthermore, every postmaster across the land, particularly since the pronouncements of 1962, has anticipated that past injustices in the Federal pay structure would be corrected as quickly as the economy would permit.

Postmasters are agreed that the most important ingredients of efficiency and economy are not manpower and mechanization but adequate and effective leadership. It is a platitude for me to point out that whereas "headship" is interested only in preservation of the status quo, "leadership" is concerned with constructive change and the on-the-job investment from day to day of initiative and imagination. The type of administrative structure that a successful postal service requires is based upon real leadership. It presupposes recognition of honest merit in the selection of those who constitute management and true comparability in the salary structure from top to bottom. There's no substitute for a properly qualified and adequately paid employee in a position of responsibility from which he can obtain psychological satisfaction.

Our Postal Establishment is one of the biggest businesses on earth. On our proper performance from day to day depend, in large measure, the success of businesses, the preservation of friendships, and the perpetuation of the democratic way of life. It isn't enough, therefore, simply to have a body in each of the niches described by the various tables of organization in the Postal Establishment. We must have, rather, in all the echelons of authority, the kind of people who are equipped to furnish challenge and stimulation. This is especially true in the postal service because of the monopoly we possess and the

monotony of the work we perform. And this is particularly true of the larger offices which function every hour of the day and every day of the year.

If supervision in the postal service is to be in fact what all of us are agreed that it ought to be in theory, then the best available talent must be found. Proper performance also presupposes that circumstances within the service will be such as to induce that talent to come forward. One of the most frustrating facts of the postmaster's life on the job these days is that some of those in his employ who are best fitted for leadership positions are unwilling to accept promotion because the rewards which come from a management position do not match the demands of the new job—one of which sometimes is change of working hours from day to night. Those in line for promotions are usually regular employees who have, through seniority, finally worked up to a day shift after several years of nighttime employment. Most of them are also married people who are reluctant to live lives out of harmony with the other members of their family when their earnings would be very little more than if they had remained as a regular employee, or even less if accepting a promotion would make them ineligible for overtime to which they would otherwise be entitled. Most every postmaster in a large office has at present on his register of eligibles for supervisory appointment top-rated clerks and carriers who decline to become part of management because the returns therefrom are not commensurate with the associated obligations.

Inherent in the American system of enterprise is the philosophy that there must be those who create policy and there must be those who put that policy into effect. Expressed in another manner, there must be those who make decisions and those who carry them out. While it has been well established in recent years that consultations between management and representatives of labor are profitable to everyone concerned, it has also been eloquently demonstrated that decisionmaking must ultimately be the responsibility of management. There are some these days who argue against their own better judgment that anybody can do anybody else's job, but objective and honest reflection indicates that this isn't so. Leadership demands qualifications which can't be found in everyone who happens to be working for whatever business is under consideration, public or private. Since labor and management are, in fact, different in terms of qualifications and burden of responsibilities, the salary structures which relate to these different positions must be different also. Between the decision-making and the responsibility-carrying group on the one hand and the rank-and-file employee group on the other, there must be sufficient distinctions, including salary range, to make management meaningful and worth while. Present salary schedules in the postal field service and the newly proposed schedules do not make these necessary distinctions.

On the schedule herewith we have shown the percentage of increase that we consider necessary to effect current comparability in levels above PFS-5. It is in these levels—particularly the middle ones—that the greatest negative distortions have developed in recent years between public service and private industry and between supervisory and nonsupervisory positions.

In conclusion, let me reiterate that if the postal service is to attract the kind of leadership it must have for the sake of efficiency and econ-

omy, then the salaries offered members of management at all levels must be in keeping with the theory of comparability propounded in 1962 and reflected in part in the salary legislation enacted by the Congress that year. This philosophy was disregarded in the Salary Act of 1964 and will be held in abeyance by the salary legislation now proposed unless it is amended to give greater percentages of increase to postmasters and supervisors, particularly those in the middle grades. Our hope is that the concept of true comparability will be incorporated into whatever salary legislation your committee and the House as a whole approves. We earnestly hope, also, that the Congress gives serious and sympathetic consideration to the President's proposal that a Salary Review Commission be established by law. The annual struggles over pay adjustments which have recently become traditional are an expensive and exhausting experience for everyone involved.

On behalf of my postmaster associates, I want to thank you for the privilege of speaking on a matter of supreme importance to all of us who are interested in good government. Though I may have seemed along the way to be pleading a cause that has particular reference to the postal service, the matter in issue goes far beyond the interests of any group or any single set of circumstances. The fundamental question to me and my organization is whether we are willing to recognize and to reward merit in management. If good management is not worth its proper hire, then we are indeed in a desperate plight.

(The chart follows:)

LEVEL	POSTAL FIELD SERVICE - ANNUAL SALARY												CURRENT BLS 2 ABOVE PRESENT SALARY
	STEP RATES WITHIN LEVEL												
	1	2	3	4	5	6	7	8	9	10	11	12	
5	5735	5925	6115	6305	6495	6685	6875	7065	7255	7445	7635	7825	7.5
	5746	5939	6133	6326	6520	6713	6907	7100	7294	7487	7681	7874	
6	5910	6105	6300	6495	6690	6885	7080	7275	7470	7665	7860	8055	8.5
	6222	6429	6635	6841	7047	7253	7459	7666	7872	8078	8284	8490	
7	6140	6345	6550	6755	6960	7165	7370	7575	7780	7985	8190		9.4
	6717	6961	7166	7390	7614	7839	8063	8287	8511	8736	8960		
8	6650	6870	7090	7310	7530	7750	7970	8190	8410	8630			9.4
	7275	7516	7556	7997	8238	8479	8719	8960	9201	9441			
9	7190	7430	7670	7910	8150	8390	8630	8870	9110	9350			9.4
	7866	8128	8391	8654	8916	9179	9441	9704	9966	10229			
10	8075	8345	8615	8885	9155	9425	9695	9965	10235	10505			11.0
	8691	8985	9280	9574	9868	10162	10456	10750	11045	11339			
11	8650	8945	9240	9535	9830	10125	10420	10715	11010	11305			11.3
	9627	9956	10284	10612	10941	11269	11597	11926	12254	12582			
12	9570	9895	10220	10545	10870	11195	11520	11845	12170	12495			11.6
	10680	11063	11446	11768	12131	12494	12856	13219	13582	13944			
13	10575	10960	11345	11730	12115	12500	12885	13270	13655	14040			11.7
	11812	12220	12628	13035	13443	13851	14259	14666	15074	15482			
14	11660	12065	12470	12875	13280	13685	14090	14495	14900	15305			12.2
	13083	13537	13991	14446	14900	15355	15809	16263	16718	17172			

By JAMES L. O'TOOLE, Chm.
Committee on Legislation

FFS 15: 12.6
FFS 16: 12.9

FFS 17: 13.1
FFS 18: 13.2

FFS 19: 13.2
FFS 20: 13.2

Mr. SNYDER. I would like to personally offer the thanks of our president and myself for the splendid cooperation in helping us pass H.R. 1771. I think it was a great thing to have it and have a unanimous vote. We would like to thank you for that.

Mr. UDALL. Thank you, Mr. Snyder. I shall report to Mr. Trevisick you were in good voice and you read the statement with enthusiasm.

I want to say to you, and also to Mr. McAvoy and Mr. Hallbeck that a number of the members indicated this morning they were unhappy they could not be here. The committee has been so busy with so much legislation this year, we have been imposing heavy burdens upon our staff as well as ourselves. We had two other subcommittees scheduled this morning where other members of this subcommittee had to be so that accounts in a large part for the lack of members here. It does not mean a lack of interest.

I want to thank you especially for your comments which I think are enlightened and helpful on the need for management and for the need to encourage leadership in the ranks to take positions of responsibility. We cannot do this, as your statement indicates clearly, unless there is a differential, unless a man can better himself financially by assuming leadership in this, or any other organization.

Are there any questions?

Mr. BROYHILL. I wonder if Mr. Snyder has the cost of his proposal.

Mr. SNYDER. The total cost—I can get it for you but I cannot give it to you today. This was hurriedly done. I will be able to give it to you for your committee.

(The above information requested follows:)

JUNE 17, 1965.

HON. JAMES T. BROYHILL,
House of Representatives,
Washington, D.C.

DEAR MR. BROYHILL: The Congress of 1962 which instituted the principle of comparability we heartily endorsed. While our recommendation may cost \$320,000, we are only subscribing the principles laid down by you, the Congress. We are grateful for a raise; however we emphatically opposed the straight across the board raise which was terribly distorted by the 1964 pay raise. We think that the Udall pay bill of 1964 was the fairest of all and deeply regret its defeat in the House.

Yours very truly,

JOHN P. SNYDER, *Executive Director.*

Mr. UDALL. The gentleman from New Jersey. Any penetrating questions?

Mr. KREBS. No, except to say I am happy to associate myself with the remarks made by our distinguished chairman. I want to thank you, Mr. Snyder, for your expression of appreciation for our assistance.

Mr. UDALL. Thank you.

We have received a prepared statement from Mr. Hayvis Woolf, O.D., which will be inserted in the record at this point.

(The statement referred to follows:)

PREPARED STATEMENT OF HAYVIS WOOLF, O.D., CHAIRMAN OF THE COMMITTEE ON ADMINISTRATIVE AGENCIES OF THE AMERICAN OPTOMETRIC ASSOCIATION

Mr. Chairman and members of the subcommittee, my name is Hayvis Woolf. I am an optometrist, practicing my profession at 575 Pontiac Avenue, Cranston 10, R.I.

In 1936, I graduated from the Massachusetts College of Optometry. For 5 years, during World War II, I served with the Army and Army Air Force, starting as a private and being separated as a first lieutenant. At the present time, I am a ready reservist with the rank of lieutenant colonel as an optometrist with the Army Medical Service Corps, assigned to the 1032d USAF School in Providence.

I also served as director of public welfare in Cranston.

The American Optometric Association is composed of an affiliation of 50 State associations and one in the District of Columbia. There are some 17,000 practicing optometrists in the United States and substantially more than half of this number are members of our association.

Last March, our Washington office was afforded an opportunity by Mr. Kermit Gordon, Director of the Budget, to give our views to the special Panel reviewing the present Federal pay situation for optometrists. This we did, but so far without any results.

Optometrists provide more than two-thirds of the vision care of the civilian population. There are some 450 optometrists on active duty with the Armed Forces who hold ranks from second lieutenant to colonel in the Army and from ensign to captain in the Navy. On the other hand, there are only about 50 optometrists employed by the Federal Government under civil service. This is in no small measure due to the inadequate pay which they receive. They have grades 7, 9, and 11. Those in grade 7 start at \$6,050 and if they remain in grade at the end of 8 years, they receive \$7,250. The initial annual salary in grade 9 is \$7,220, after 8 years the salary is \$8,600. In grade 11, the initial salary is \$8,650 and after 8 years the salary is \$10,420. These salaries are before deducting income taxes.

The association made a survey of the net income of optometrists in private practice and found that they are earning, on the average, a net income after taxes of \$11,725 during 3 to 8 years of practice; \$14,060 for the period of 9 to 13 years, and \$16,170 for 14 to 18 years. Graduates of our schools and colleges of optometry when employed by private industry are paid salaries from \$10,000 to \$12,000 a year, as shown by the records of our placement service.

Obviously, we are in favor of across-the-board increase for civil service employees but we also believe that something should be done to compensate optometrists in Federal service on a basis more nearly comparable to what they are paid in civil life. When one looks at these figures, one readily understands why there are only about 50 optometrists on the civil service rolls. This is not in the interests of the Federal employees nor of the taxpayers, and we trust that this committee will find some way to correct this situation.

We feel these pay raises for civil service employees are necessary to maintain or achieve a greater degree of comparability to incomes in the private sector.

This concludes the list of witnesses we have scheduled for this morning. Because there is a full committee meeting scheduled tomorrow, there will be no hearing by this subcommittee on this legislation, but we will convene on Friday, June 18, day after tomorrow, at which time we have scheduled a number of other witnesses representing various Federal employee organizations.

The subcommittee stands adjourned until 10 a.m. Friday, June 18.
(Whereupon the subcommittee adjourned, to reconvene Friday, June 18, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

FRIDAY, JUNE 18, 1965

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

The subcommittee met, pursuant to recess, at 10 a.m., room 215, Cannon House Office Building, Washington, D.C., Hon. Joe R. Pool (acting chairman of the subcommittee) presiding.

Mr. POOL. The subcommittee will come to order.

We will continue the hearings on the pending salary legislation. The first witness this morning is Mr. Henry J. Stoffer, president of the National League of Postmasters.

Mr. Stoffer, if you will have a seat, we will start.

However, before you begin, I want to commend you on behalf of the subcommittee for the fine job you are doing. Your work with the smaller post offices throughout the country is especially notable.

STATEMENT OF HENRY J. STOFFER, PRESIDENT, NATIONAL LEAGUE OF POSTMASTERS; ACCOMPANIED BY W. T. VAUGHN, LEGISLATIVE REPRESENTATIVE AND IMMEDIATE PAST PRESIDENT

Mr. STOFFER. Thank you very much, Mr. Chairman.

Mr. POOL. Mr. Tommy Vaughn, accompanying Mr. Stoffer, is a friend of a friend of mine in Dallas.

Certainly glad to have you here also.

Mr. VAUGHN. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, my name is Henry J. Stoffer, I am president of the National League of Postmasters, and postmaster at Sheffield, Iowa. I am accompanied this morning by W. T. Vaughn, legislative representative, and immediate past president of the National League of Postmasters, and postmaster at Paris, Tenn.

On behalf of the members of the National League of Postmasters, both Mr. Vaughn and I want to express our gratitude for this opportunity to present the views of our members.

At this time, several bills have been offered, relative to the pay of Federal employees. While each contain provisions we endorse, we would like to mention, briefly, some of the suggestions we desire to see included in the final consideration.

We are pleased that "comparability" has been accepted in recent pay legislation. We agree wholeheartedly with this concept, and feel its

complete adoption is vital in attracting capable employees in the postal service and to adequately compensate our dedicated employees.

Postmaster positions, as compared with other Federal positions, are unique. Our salaries range from the lowest to the highest in the postal field service. The duties also vary, depending on the size of the 34,000 cities and towns in which we serve. Postmasters have no special hours of duty. As managers we are on call at all times, and willingly respond during any peakload, Christmas rush, or other emergency without a thought of overtime or compensatory time. The salaries of our members currently range from \$1,313 to \$24,070.

Mr. POOL. May I interrupt you right there? Who gets \$24,070?

Mr. STOFFER. Mr. Christenberry in New York and Mr. Semrow in Chicago.

Mr. POOL. Do you know what the Dallas postmaster makes? This is just curiosity on my part.

Mr. STOFFER. It depends somewhat on the length of service. We can call it the base salary.

Mr. VAUGHN. He has all the service.

Mr. STOFFER. Yes, he does. The base for that position would be \$15,755 and could go on to \$20,705.

Mr. POOL. For the record, that is a level 17.

Mr. STOFFER. Yes, sir.

Mr. POOL. Go ahead.

Mr. STOFFER. Because of the wide spread in salaries and duties, we will classify postmaster positions into three general groups.

The first general group includes about 600 postmasters who are in level 12 and above. They manage offices in our larger cities, most of them being sectional centers, and having at least 100 employees. Postmasters at these offices must be experts in postal operations, public relations, and employee management. Most of them share community responsibilities along with top executives of major corporations and business leaders. Rarely can their salaries be compared with positions of comparable responsibilities, either in dollar volume or in number of employees. As the salary of the President of the United States generally is not to be compared with the president of General Motors or executives of similar corporations, our members rarely receive comparable salaries. They must, we believe, earn a wage that will permit them to participate in their communities, as the senior representative of Government in these cities, with the dignity this high position deserves.

Since we know it is nearly impossible to compare these positions to outside management, we feel we might at least compare the salaries with subordinate postal employees. As an example, a newly appointed postmaster in level 14 would have a starting salary of \$11,660 per year. If his assistant at level 13 has reached step 10, he would be earning \$13,860, or \$2,200 more than his boss. We have no quarrel with the salaries of these employees, but feel compelled to point out this great injustice. We doubt that any executive outside of the postal service would be named manager or president of a firm and receive less salary than his subordinates. This difference is greater as we compare higher levels, and becomes less when we compare lower levels. However, it is always there.

The next general group are postmasters from levels 9 through 11. They are postmasters in our smaller cities, usually county seats, and

occasionally sectional center post offices with more than 10 employees but fewer than 100. These offices usually have city delivery, rural delivery, and independent branches. Some of these offices have an assistant postmaster, and some of the larger offices in this group may have three or more supervisors. None, however, have a secretary to perform some of the routine clerical duties, answer the phone, or do their typing. This, in itself, is not comparable to outside employment. Postmasters in these offices, generally maintain the records, conduct employee meetings, handle all public relations work, and are often seen on the workroom floor assisting during the peak periods.

Our final group are postmasters from rural America from levels 7 on down to the smallest fourth-class office. These postmasters have little or no clerical assistance, usually one or more rural routes, no janitorial assistance, and no city delivery. This is the postmaster who like all others must know all postal regulations and serve as window clerk, janitor, special delivery messenger, mail handler, and manager and must do so 6 days every week, and oftentimes 7. He must offer the identical services offered in the larger offices, but must do it alone. He must sell the stamps, rate the mail, issue money orders, register or certify letters, insure parcels, accept foreign parcels, cancel and sort outgoing mail, distribute incoming mail, accept c.o.d.'s, maintain all records, and answer all correspondence. In his spare time he will perform services for nearly every other Federal agency, which include the sale of savings stamps, migratory bird stamps, revenue stamps, and handle such other matters as alien reports, civil defense materials, statistical data for the Department of Agriculture, recruiting material for the Armed Forces, post FBI posters, provide burial flags for deceased veterans, distribute social security forms, and perform any other duties of a related nature.

Mr. POOL. May I interrupt you right there?

Mr. STOFFER. Yes, sir.

Mr. POOL. Am I correct in saying that you cannot buy a money order or send a registered letter on Saturday morning.

Mr. STOFFER. I believe you cannot buy a money order.

Mr. POOL. You can send a registered letter?

Mr. STOFFER. Yes, sir. But you cannot pay box rents or write money orders.

Mr. POOL. What is the reason for that?

Mr. STOFFER. The reason we were given was for economy.

Mr. POOL. You can send a registered letter but you cannot buy a money order?

Mr. STOFFER. That is right.

Mr. POOL. I cannot see why they would maintain one service while ending the other.

Mr. STOFFER. It has been confusing to us, sir.

Mr. VAUGHN. Mr. Chairman, some of the larger cities where they would have a registry window, then they would have a separate window for money orders. While the same regulation applies to all offices, in the smaller office one window would perform both of these services.

Mr. STOFFER. It is our opinion, Mr. Chairman, in the offices in this class, this group I am speaking of right now, this should never have happened because the same person, postmaster, was performing his

duties previously 6 full days a week. It was difficult to explain to the customer that you could not sell a money order after having sold them for 20 years on Saturday morning.

Mr. POOL. I want to tell you that I have told the Postmaster in these committee hearings of the letters I receive as a Congressman from Texas. I represent 10,200,000 people, the largest constituency in the House. I get plenty of mail. I appreciate that. I actually am embarrassed that I cannot give them an answer, since I am on the Post Office Committee. They think I have a little influence around here and should have no trouble in getting money orders sold on Saturday. So far I have not been able to accomplish that. I am just wondering if many people in your hometown or many of your postmasters around the country gripe to you that even though we have raised the mailing rates, this service has been curtailed.

Mr. STOFFER. Mr. Chairman, I might say this has been quite a gripe, particularly last year. We have sort of hardened into it. Our members have the same problem the Congressman had. We have had a tough time explaining it to patrons.

Mr. POOL. I know a lot of postmasters, and they all think like you in this respect. They are not shirking their job. They would not mind writing a money order if they were allowed to do so. It is confusing to me why they want to have such poor public relations. The public thinks of the post office as the center of government in town. In my opinion, not being able to buy a money order is ridiculous.

Go ahead.

Mr. STOFFER. He is always there, and his office is always open during the working hours, so he may be called upon for any emergency in the community. This is the postmaster who is usually applying for a rural route, so he can be relieved of many responsibilities, receive more pay, and work fewer hours. If overtime is granted for clerks and substitute clerks, as we agree it should, something must be done to properly compensate postmasters so the comparability will not get further out of line.

While we are still referring to this last general group, there is one more important feature we feel should be incorporated in pay legislation. This feature, is the outdated system of classifying offices. Changing classes from third to second, second to first, or first to second, or second to third, has no effect on the salary of the postmaster. However, we find a much different situation when the change is made from third to fourth or from fourth class to third.

Mr. POOL. Just a moment. You say that changing from second to first does not affect the pay of the postmaster?

Mr. STOFFER. No, sir.

Mr. POOL. I always had the impression it did.

Mr. STOFFER. The postmaster at level 9 is usually the border between. It changes his class as receipts go up or down. The only place it makes a difference is from third to fourth or fourth to third.

Mr. POOL. He changes class but does not get any more pay?

Mr. STOFFER. No, sir. Only from third to fourth or fourth to third.

The current system used in classifying offices is based on revenue or sales of postage and related income. In so doing, only one factor can divide the classes. That one factor is dollars, and to stay within

the provisions of the law, it finally gets down to 1 penny. If a small third-class office misses the required sales to stay above 36 revenue units (or \$2,163.24), he will be relegated to fourth class. The fact that he may have two rural carriers, or other demanding responsibilities makes no difference. If he was in step 1 of level 5, the minimum for third class, he would have been receiving an annual salary of \$5,345. However, since one patron purchased a book of stamps or mailed a parcel at another post office, resulting in the loss of a legitimate sale, his new salary will be \$3,769 or a decrease of \$1,576 per year.

Since the class of offices has virtually no purpose in the top three classes, yet creates such drastic and unfair treatment in fourth class, we urge this committee to incorporate in any pay bill a provision that would eliminate the classes of post offices. Postmasters in pay levels 6 and above are placed in these levels on the basis of duties, responsibilities, number of employees, and so forth, and is far more accurate than the present system of paying postmasters in fourth-class offices. In view of recent changes in mailing habits, brought about by automation, revenue receipts should no longer be a factor in determining the salary level of postmasters.

Postmasters are expected to participate in many community affairs. Our "business" compares with most others on Main Street. As a result, we are expected to be active in the chamber of commerce, civic clubs, and related organizations. When a contribution is needed for Christmas promotion, or appreciation days, we are contacted to assist in these worthy projects. For the postmaster, this must come from his pay. Having served as treasurer for many of these groups, I know these memberships and contributions are usually provided for by the business or firm. Not so for postmasters.

Postmasters are seldom ordered to attend meetings conducted by the Post Office Department. However, we are often "invited" to attend. The invitation usually concludes with the same old phrase "Without expense to the Department." I know of no other managers, in or out of Government, who are expected to attend such meetings without some allowance for expenses and mileage.

The Federal Reform Act of 1962 stated:

- (a) There shall be equal pay for substantially equal work and pay distinctions shall be maintained in keeping with work performance distinctions; and
- (b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

Permit us to make a few common comparisons as they apply to postmasters:

- (a) As stated earlier, a postmaster could be appointed, only to find his immediate subordinate earnings as much as \$3,595 per year more.
- (b) A postmaster in level 8 could be appointed and learn that his clerk in level 4 was receiving \$165 more each year.
- (c) In a small third-class post office a postmaster at level 5, and a rural carrier with a 60-mile route, the national average, could start to work on the same day. The rural carrier would not only receive \$105 more per year, but would receive equipment allowance of \$720 per day, have far less responsibility, and be off the job for the day by 11:30 a.m. on a normal day.
- (d) A postmaster in a fourth-class office with a rural carrier serving a 60-mile route would receive \$1,681 less per year, not to mention the additional hours or responsibility.

While current pay schedules fail in every instance to match true comparability figures (as supplied by the Bureau of Labor Statistics), the salaries of postmasters and supervisors in the middle and upper levels are further removed from this goal than other employees. The intent of the 1962 pay legislation to establish the theory of comparability was thwarted in 1964 when this group was not accorded the same percentage pay increase as employees in lower levels. Any across-the-board percentage increase this year will still not correct this pay increase inequity applying to thousands in this group.

In summary, we believe that no postmaster or supervisor should receive less salary than those they supervise. We believe Postmaster General Gronowski brought this out when he appeared before the committee on June 2, 1965. In his statement, referring to overtime pay for supervisors, Mr. Gronowski said "Otherwise some of his subordinates would earn more in some weeks than he does."

Mr. POOL. This would be embarrassing if he made less than one of his subordinates.

Mr. STOFFER. I should think so; I hope it never happens.

To help remove some of the present injustices, we suggest at least two pay levels between the postmaster and his highest ranking subordinate, due to the vast difference in actual responsibilities. Further, we believe post office classes should be discontinued, and place all postmasters now in fourth-class offices and those in level 5 in third-class offices, in level 6. If a post office is rated at 2 hours per day as some are, the postmaster would receive 25 percent of the pay for level 6.

Our members are fully aware of the needs of our employees, and without exception we stand for adequate pay for all. We not only favor present salaries, but support the requests now before you, including overtime. At the same time, we hope management will be properly recognized not only in comparability with private enterprise, but to the extent that no employee receives more salary than his boss.

Thank you for your time and consideration. Our members, postmasters from all 50 States, await your decision with great anticipation. Your favorable consideration of our suggestions will win their gratitude and strengthen their belief that they serve in the most honorable and personable agency in Government—the postal service.

Mr. POOL. That was a very good statement; the committee appreciates it. We appreciate your coming. In case the committee decides that we can not work your legislation into this pay bill, do you have the language worked out for a separate bill?

Mr. STOFFER. No, sir; not at this time.

Mr. POOL. Could you work that up for us?

Mr. STOFFER. Yes, sir.

Mr. POOL. I would be glad to have you submit this to us. I personally would like to see it. I might be inclined to introduce it if another more senior Member does not feel so inclined.

Mr. STOFFER. We certainly appreciate it.

Mr. POOL. I think you have a very good point there and I would be glad to work with you. I certainly think you are right.

Mr. STOFFER. Thank you.

Mr. POOL. I do not know about the overtime part of it. I do not know whether I would go for that.

Mr. STOFFER. We are not trying to get overtime for postmasters.
Mr. POOL. That is what I thought. I used to be a boss myself. I never did pay myself overtime.

Mr. STOFFER. We do not object to hours or anything else as long as we get more pay.

Mr. POOL. I think you have a good point there.

Mr. VAUGHN. We certainly appreciate this opportunity.

Mr. POOL. Work up your language and perhaps I could sell that to Congress. I think other Members of Congress are fairminded. It is a shame your legislation gets into all these other complex problems on the pay raise bill. Your program may be too difficult to incorporate but I would certainly like to see it done. The committee might even be willing to work it into the pay bill.

Mr. Buchanan from Alabama is here.

Congressman Buchanan, I do not know whether you have any postmasters from Alabama. Perhaps you would like to ask some questions. Even though you are not a member of this subcommittee, you are a member of the full committee.

Mr. BUCHANAN. We have a fair number of postmasters in Alabama, anyway. I want to say I appreciate your testimony and I think your point is well taken. A fine statement and I appreciate your bringing it. Also your members do a good job in Alabama and, I assume, everywhere. I appreciate the work that they do.

Mr. STOFFER. Thank you, sir.

Mr. POOL. Thank you for appearing.

Mr. William H. Ryan, president, district 44, International Association of Machinists & Aerospace Workers, AFL-CIO.

Mr. Ryan, it is a pleasure to have you before the subcommittee today. We will be glad to hear your testimony.

**STATEMENT OF WILLIAM H. RYAN, PRESIDENT, DISTRICT 44,
INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE
WORKERS, AFL-CIO**

Mr. RYAN. Thank you sir, Mr. Chairman and members of the committee, my name is William H. Ryan, and I am president and legislative representative of district 44 of the International Association of Machinists & Aerospace Workers with offices located in suite 811 of the Railway Labor Building, 400 First Street NW., Washington, D.C.

I deeply appreciate the opportunity to impart to this committee, the viewpoints of my organization in reference to the several bills receiving the attention of this committee.

I also want to express the appreciation of my organization to the several Congressmen who have sponsored compensation bills and to Congressman Matsunaga for introduction of the Severance Pay Bill.

I would like first to direct my testimony to the administration's compensation bill and certain portions of it which deeply concern and affect the Federal employees that my organization is privileged to represent.

We have had the pleasure of listening to several administration witnesses admit in response to the questioning of this committee, that the administration's bill, H.R. 8207, does not meet the salary compa-

rability principle that Congress and the executive branch embraced when the Salary Reform Act was enacted.

We respectfully suggest that the Congress and the executive branch should not shortchange postal and Federal employees by renegeing on a sound pay principle which every postal and Federal employee had high hopes would be the policy which would govern their wage adjustments on a more timely, and morally just and sound basis.

We urge this committee to keep faith with the postal and Federal employees by soundly supporting an increase in pay rates which reflect the industry wage pattern of a properly apportioned cross section of progressive private industries.

Mr. POOL. You are referring to the administration bill of 3 percent and the other bills of 7 percent?

Mr. RYAN. That is correct.

I would like to direct myself to a portion of the administration bill, H.R. 8207, which is of grave concern to the vast majority of wage board employees that we are privileged to represent.

This portion of the bill occurs in title II, section 203, and would scrap, if some future administration decreed, existing statutory laws and regulations governing the method of arriving at rates of pay for blue-collar Federal workers. (Section 202 of the Classification Act, as amended, and the Navy Wage Law of 1862, as amended.)

These statutory wage fixing methods currently permit each agency to adopt wage fixing policies which are tailored to meet their specific needs, and at the same time, be responsive to the influence of wage rates paid to industry jobs for similar levels of skill and degree of difficulty.

With our rapidly changing technology, the skill requirements of blue-collar employees are constantly changing, and the present statutory authorization for adjusting blue-collar rates consistent with industry practice, is what we would like to preserve and improve upon. We are concerned that the proposed legislation would encourage the establishment of a central wage fixing authority for blue-collar workers which would be fraught with cumbersome procedures and delays, and not immediately responsive to the changing needs of the agencies.

In this connection, we strongly recommend that statutory salary systems affecting blue-collar workers be removed from the jurisdiction of any Federal Salary Review Commission, if one is established by the Congress.

SEVERANCE PAY

The machinists and aerospace workers strongly endorse H.R. 8424 introduced by Congressman Matsunaga.

The providing of severance pay to workers separated from their jobs through no fault of theirs, is a morally sound industry practice which our Government should rapidly adopt in view of the hardships being experienced by thousands of families of loyal Federal employees who have lost their jobs because of base closures.

Many of these employees had years of dedicated service behind them, and their job security has been abolished, and other jobs within the range of their special skills are not available to them in the areas they have chosen to plant their social and economic roots.

The Government lags well behind a growing list of private employers who provide some type of severance pay.

Severance pay provisions embodied in H.R. 8424 are modest, and common decency and fairness should dictate the speedy enactment of H.R. 8424 and we urge an effective date of January 4, 1965, so as to cover employees adversely affected by early base closures.

We also urge that H.R. 8424 be amended to include employees of the District of Columbia government, and employees of the legislative branch, which would include employees of the Government Printing Office.

The testimony of the Chairman of the U.S. Civil Service Commission given to this committee on June 1, graphically points out the degree of industry acceptance of the severance pay principle, and we urge its speedy enactment.

Mr. Chairman, I understand in an earlier public announcement there were some indications that possibly this subcommittee would secure jurisdiction of another bill dealing with amending the Administrative Expenses Act of 1946, as amended. I would like to very briefly direct some of my testimony to that bill.

Mr. POOL. Pardon me. They would not yield jurisdiction. That will not be before our committee.

Mr. RYAN. At the time I gave my testimony I was not aware that they had not yielded.

Mr. POOL. They did not yield jurisdiction.

Mr. RYAN. I think the amendment of the Administrative Expense Act of 1946 is very important, Mr. Chairman. I certainly hope that the members of this subcommittee, when they have the opportunity, will adopt the provisions contained in H.R. 8814.

Mr. POOL. If that committee brings it to the floor, we will certainly look into it.

Go ahead and make your statement.

Mr. RYAN. Our organization also strongly endorses H.R. 8814 introduced by Congressman Kunkel.

The President's Special Panel on Federal Salaries pointed out in their report that, under the present statute, military and civilian personnel are severely penalized because of inadequate authority to reimburse them fairly for legitimate expenses of transfers to new duty stations ordered for the benefit and convenience of the Government.

The Panel reported that it had substantial evidence presented to it that many employees, who responded to the Government's request to transfer to new duties in a different location, incurred losses ranging up to many hundreds of dollars. We submit that this is a situation that should not be permitted to continue.

We believe that H.R. 8814 would grant sufficiently broad and flexible authority for a Government agency to defray the cost of moving in such a manner that there would be no unfair out-of-pocket cost to the employees involved.

This legislation provides, in part, that the transportation and storage of household goods for which reimbursement is made would be raised from the present 7,000 pounds to 11,000. Also, the employee would be repaid for travel and subsistence expenses for himself and his immediate family while en route to a new official station—in addi-

tion to the cost of their transportation, which is already provided—round trip travel for the employee and his wife to seek permanent quarters, and expenses while occupying temporary quarters up to 30 days, or 60 days for certain locations where shipment of household goods takes more than 30 days. Reimbursement would also be made for certain costs of real estate transactions in accordance with regulations to be established by the President.

Employees under the proposed bill, would receive a flat allowance to cover miscellaneous expenses of their move, not otherwise provided for. Single employees would receive an amount equal to 1 week's pay, while married ones with an immediate family, would receive the equivalent of 2 weeks' pay.

This legislation and the rules promulgated by the President under authority of the legislation, would apply to transfers for the convenience of the Government and those resulting from closing facilities.

In closing, Mr. Chairman and members of the committee, we sincerely hope that you will act boldly and eliminate all discrepancies in comparability, and reject any halfhearted attempt at reaching comparability in wages and other Government employee benefits to private industry practices which have marked Federal salary increases and related fringe benefits in the past.

Thank you very much, sir.

Mr. POOL. Most of your people are under the wage board?

Mr. RYAN. That is correct.

Mr. POOL. Not under this bill?

Mr. RYAN. That is correct. We have a small portion of our membership affected by the Classification Act bill but the majority of our people are so-called wage board employees.

Mr. POOL. Mr. Ryan, I want to compliment you very highly for your patriotic appearance before this committee on a matter of principle. It is very seldom that anyone comes before this committee without a real personal interest.

We appreciate your coming up here today since most of your people are not really affected by the bill.

You have been very helpful to us. Before you go, I have one question. I notice your statement says:

* * * I would like to direct myself to a portion of the administration bill, H.R. 8207, which is of grave concern to the vast majority of the wage board employees that we are privileged to represent. This portion of the bill occurs in title 2, section 203; and would scrap, if some future administration decreed, existing statutory laws and regulations governing the method of arriving at rates of pay for blue-collar Federal workers.

Would you elaborate on that? This was not the author's contemplated interpretation of the bill.

Mr. RYAN. Mr. Chairman, our concern rests—and referring again to H.R. 8207 on page 14, subparagraph (b)—the Commission, it says—shall also review the principles, concepts, structures, and interrelationships of statutory salary systems governing the compensation of Federal civilian employees in the executive branch and agencies and also members of the uniformed services.

In that respect, Mr. Chairman, we feel that this language gives this Commission, if it is set into motion by the Congress, the authority to go into statutory salary systems.

The two that govern the establishment of rates of pay for blue-collar workers are statutory systems: One is section 202 of the Classification Act as amended. The other is the Navy wage law of 1862. We have had our legal people review the language that I have just quoted in the bill and they are of the opinion that this Commission, if established, would take jurisdiction in this area.

I might add that there are other members of the committee that have introduced this legislation without this section in it.

Mr. POOL. We could add other language to the bill to clarify it.

Mr. RYAN. That is what I have asked.

Mr. POOL. All right. We will look into that, too. I am sure that we can do that for you. I would like to ask the committee counsel, Mr. Johnson, to make a statement on that also.

Mr. JOHNSON. Mr. Udall, chairman of the subcommittee, who sponsored this bill, has stated privately that he had no intention that these words "statutory salary systems" be used in any other context than referring to the statutory salary systems which prescribe by law the rates of pay. I wanted to make that clear for the record.

He has stated this to me. He would be perfectly willing to add any language that is necessary to make certain that it does not affect wage boards.

Mr. RYAN. Thank you very much.

Mr. POOL. I assure you that will be done. I do not think the committee would have any objection.

Mr. RYAN. Thank you very much, Mr. Chairman.

Mr. POOL. Mr. Buchanan, would you like to ask any questions?

Mr. BUCHANAN. No, I thank you for your testimony.

Mr. Chairman, I am a member howbeit of the Manpower Utilization Subcommittee and there is a certain amount of difficulty in this wage board system as I understand it because of varying standards in the different Federal agencies; Army and Navy, for example.

Mr. RYAN. There are differences, Mr. Buchanan, in the rates of pay paid to classifications of the same title.

Mr. BUCHANAN. Yes.

Mr. RYAN. But in many instances the actual job content of two jobs of the same title can be a lot different. To give you just one example of what occurs. In fact, right in the Washington, D.C., area for the unskilled level job of laborer-cleaner. The type of industry that is surveyed for a laborer-cleaner job in this area for the GSA is the kind of work that is done in hospitals, nonprofit organizations, and they are notoriously low paid in those types of industries, or those types of services.

On the other hand, a laborer-cleaner in an industrial plant, which in many instances may be organized, has a higher rate of pay. The laborer-cleaner that the Navy or the Army or the Air Force are trying to get wage data on is of the industrial type more than of the hospital type. So they go to industry. This creates a difference, sometimes rather a significant difference, in hourly rates of pay between two jobs of the same title. But actually the job content differs quite a bit.

Mr. BUCHANAN. Also in determining your area geographically you run into some problems. It seems to me that is an area in which we

could stand some improvement and have some kind of consistent standards.

I do not want to take the committee's time on that here. That has nothing to do with the bill, as the chairman said. I wanted to express, however, my view that this is an area where we could stand some improvement.

Mr. RYAN. Under the statutes as existing today that govern the procedures for arriving at rates of pay for ungraded employees, there is plenty of administrative leeway to make changes in the area to be surveyed and the types or the combination of types of industries that are used to survey. The thing is to get your argument across to the agency that you have the problem with. If it is a realistic one, they will adopt it.

Mr. BUCHANAN. It would not require legislation.

Mr. POOL. Mr. Ryan, I believe that in the 85th Congress this committee passed legislation to accelerate the wage board effective dates.

Mr. RYAN. That is correct.

Mr. POOL. Would you like to comment on that? It has not worked out?

Mr. RYAN. It has been working out very well, Mr. Chairman. I certainly want to use this opportunity to commend the members of the committee that are present here that supported this legislation.

Mr. POOL. I was not here at the time. I am sorry.

Mr. RYAN. I know that there are members of the committee that were here at the time and the bill is working out all right. We compromised on the length of time in the bill. We think that it could have been down to 30 days. We compromised on 45. We are still of the opinion that wage increases could be made effective in 30 days very easily without any undue hardship on anyone.

Mr. POOL. Do you recommend that other employees of the Government be put under a similar system?

Mr. RYAN. I certainly do, if we are to subscribe to and adopt a principle of comparability of pay we ought to also adopt it on the principle that it should be made effective as quickly as possible, not made effective a year or a year and a half later.

This is one of the things that I think is very unfair to the Postal and Federal Pay Act employees, when you do get comparability figures they are normally 1½ to 2 years old.

Mr. POOL. I certainly do appreciate your statement as well as your appearing here today to give us the benefit of your testimony. Thank you for being here.

Mr. RYAN. Thank you, sir.

Mr. POOL. At this time the Chair would like to recognize a very prominent visitor to our city, Mr. Abdol-Majid Majidi. Director of the Bureau of the Budget of the Imperial Government of Iran. Would you please stand and be recognized, sir? He is accompanied by Mr. David G. Chapman of the Post Office Department. Would you stand, please. [Applause.]

It is a real pleasure to have both of you here this morning.

The next witness is Mr. John G. Brady, legislative chairman, National Association of Internal Revenue Employees.

Mr. Brady.

STATEMENT OF JOHN G. BRADY, CHAIRMAN OF THE NATIONAL ASSOCIATION OF INTERNAL REVENUE EMPLOYEES; ACCOMPANIED BY GEORGE BURSACH, EXECUTIVE SECRETARY-TREASURER

Mr. BRADY, Mr. Chairman and members of the subcommittee. I appreciate this opportunity to appear today and submit to you our association's ideas and comments on the Federal Salary Adjustment Act of 1965.

We fully support the President's comments on May 12, 1965, when he said " * * equal pay for substantially equal work, and pay distinctions in keeping with work and performance distinctions; and salary rates comparable with private enterprise salary rates for the same levels of work." Also his concern for the dignity, opportunity, and profound personal achievement in the public service as a profession. Let us take a look at the present-day records regarding the cost of living.

HEADLINES TODAY IN ALL NEWSPAPERS

1. Consumers prices rose in April 1965 to a seasonally adjusted 109.3 percent. The 1957-59 average from 109 percent in March 1965. Food costs helped cause the boost.
2. "Hints on how to keep on eating in spite of rising meat prices."
3. Food, clothing, and gasoline led a wave of price increases three-tenths of 1 percent last month (April 1965). It was the biggest April jump in 5 years.
4. Costlier meals. Beef and pork prices soar, ending a 2-year's bargains in meat. Hogs up 34 percent this year, steers 13 percent as supplies fall.
5. Market basket cost rises for fifth month.

The above daily headlines show just some of the evidence as to our position as regards to present-day high cost of living. As one of our top agents stated the other day, "The income of Federal employees has failed to keep pace with that of employees of private industry. We are being caught in the middle as standards of living around us are improving. Even though our income is not keeping pace with private industry we are expected to maintain our personal lives above reproach and be part of a progressive community life in order to reflect a good image of the service.

AGENT'S VIEW COST OF LIVING

We require our new employees to possess educational skills of a nature which would command higher salaries in private industry. And we are constantly endeavoring to increase the skills of our experienced personnel, these efforts on a comparable basis with industry. I belong to various professional organizations and on many occasions rub elbows with members of these organizations in the resolution of many problems that require the utilization of professional know-how. Yet I cannot compete with their way of social life due to the lack of salary equalization commensurate with the ability which I am expected to possess.

Inasmuch as we are not afforded the opportunity of overtime pay and many of the other fringe benefits of private industry, it is mandatory that the pay scale of employees at least keep pace with that of

private industry. Many capable employees either leave the service or become complacent due to this loss of reward for services rendered.

You are aware of the special requirements placed on us by the code of conduct. Recent surveys indicating that Federal employees were the largest single group engaged in "moonlighting" are significant. This is a clear demonstration of the need for a salary adjustment. Many are forced to obtain permission to work at two jobs to make ends meet. In this situation we all suffer.

RECRUITING NEW AGENTS

Recruiting the past 2 years in colleges and universities to secure topflight agents has been a problem. Industries' starting salary scales have been above our GS grade structure. Therefore, we have been unable to secure top level college graduates. New employees consider not only the entrance grades, grades 5, 7, and 9, but in addition, look well beyond these to see what Government means in terms of their careers. They are not after large amounts of money. What they are after, it seems to me, is opportunity for useful and dignified service. They expect the Government to be fair—as far as equal pay is concerned—and to be assured on the part of the people they work for that fairness will prevail throughout their career.

There is conclusive evidence, as you gentlemen know, to point out the fact that there is major disparity between what is paid by private enterprise and what is paid by the public to its leadership. We know that there always will be disparity. We know that many of those who come to work for the Government do so because they feel the importance of rendering service. We feel, however, that we must not penalize them for desiring to be of service to their country.

Our organization fully agrees with the four paramount principles as outlined in the last session regarding pay structure.

1. To reaffirm the commitment of the Congress to the policy of adjusting the civilian career salary systems of the Federal Government in accordance with the principle of comparability enacted into law in the Federal Salary Reform Act of 1962.

2. To establish a new, consistent, and rational salary structure for positions of the highest level in the Federal Government in the legislative, executive, and judicial branches.

3. To provide a logical and appropriate relationship between career salaries paid under the four civilian statutory pay systems and compensation for top positions in the three branches.

4. To adopt a salary structure designed to meet the present-day needs of the Federal Government, the most important of which is obtaining and retaining personnel of the highest caliber at every level, without imposing upon any officer or employee a degree of financial sacrifice inconsistent with the principles of democratic government.

Our organization, composed of over 27,000 Internal Revenue employees, strongly urges the principle of comparability when you debate the issues covering the 1965 pay bill.

Thank you very much for the opportunity of appearing before you and presenting our views.

Mr. POOL. That concludes the witnesses for today.

The committee will stand adjourned until Monday, June 21, at 10 a.m.

(Whereupon the subcommittee adjourned, to reconvene Monday, June 21, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

MONDAY, JUNE 21, 1965

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

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 215, Cannon House Office Building, Hon. Joe R. Pool (acting chairman of the subcommittee) presiding.

Mr. Pool. The subcommittee will come to order.

The Subcommittee on Compensation meets this morning to continue hearings on salary legislation.

The first witness is Mr. Vincent E. Jay, executive vice president, the Federal Professional Association. He is accompanied by Dr. Lewis P. McCann and the Honorable Robert Ramspeck, consultant. Mr. Ramspeck is a former Member of Congress.

STATEMENT OF VINCENT E. JAY, EXECUTIVE VICE PRESIDENT, FEDERAL PROFESSIONAL ASSOCIATION; ACCOMPANIED BY DR. LEWIS P. McCANN, PRESIDENT, AND HON. ROBERT RAMSPECK, CONSULTANT

Mr. JAY. We are very pleased to appear before this committee this morning.

We are very happy that a large group of Federal professionals, members of the association, are in the audience. They have taken annual leave to indicate their interest in the testimony today. May I ask them to stand?

Mr. Pool. You may introduce them, and they will stand.
(Members of the association were introduced by Mr. Jay.)

Mr. JAY. Thank you, sir.

I would like to introduce my colleagues. Dr. McCann is a science research administrator with the Department of Agriculture, serving presently as president of the Federal Professional Association, and the Honorable Robert Ramspeck is a former Member of Congress for 16 years, former Democratic whip, former chairman of the House Civil Service Committee, and former Chairman of the U.S. Civil Service Commission. He is continuing to serve his Nation as a consultant to this Government and various organizations in which he is interested.

Mr. Pool. We are glad to have you gentlemen here this morning.

Mr. JAY. With your permission and in order to conserve time, I would like to present our statement for the record, and then have each of us make a brief reference to one or more aspects of the statement. Then we will be available for questioning.

Mr. Pool. If there is no objection, it is so ordered.

(The prepared statement referred to follows:)

PREPARED STATEMENT BY VINCENT E. JAY OF BEHALF OF THE FEDERAL PROFESSIONAL ASSOCIATION, WASHINGTON, D.C.

Mr. Chairman and members of the committee, the Federal Professional Association appreciates the opportunity to express the views of our members on the President's 1965 pay proposals.

The FPA supports the President's proposals to advance the basic policies prescribed by the Federal Salary Reform Act of 1962 to provide for equal pay for equal work and to provide for salary rates comparable with private enterprise for equal work and performance.

The FPA especially endorses the provisions for an annual schedule and a semiautomatic system for analyzing and adjusting administrative and fiscal inequities, inconsistencies, and errors. The shortening of the period of time now necessary to correct obvious errors is a major factor in favor of the proposal.

The FPA also favors the procedure for major reforms proposed in title II of H.R. 8207 establishing a Federal Salary Review Commission to review every 4 years the compensation of Senators, Representatives, the Federal judiciary, and executive officers under the Federal Executive Salary Act of 1961, and to adjust civilian and military salary systems in accordance with the compensation of these high officials.

The Federal Professional Association believes that paying public servants, including Members of Congress, salaries that are commensurate with their responsibilities to society is the essence of fiscal responsibility.

With respect to managerial and professional career Federal employees, we believe economy and fairness requires our efforts to be measured against those of our colleagues in the private sector of our economy. This affects our ability to meet our pressing problem of recruiting, retaining, and utilizing to the fullest extent the best talent available for the service of the people of the United States. In a real sense, we have become a training ground for private enterprise which has enabled our industry to build the foremost profit-making economy in the world. This is very worthwhile, of course, but our Government needs to retain at least a proportion of this talent to build and manage programs that cannot be measured in terms of money. For this purpose we need dedicated and trained men and women of the highest caliber.

The members of the Federal Professional Association are interested in many things besides money, but money is a matter of interest to us, despite rumors to the contrary. The presence here of so many of our members, despite great inconvenience and even personal sacrifice, shows they are concerned about being able to afford the "dignity, opportunity, and profound personal achievement" that the President has ascribed to the public service as a profession.

Most professionals in the Federal service received their basic training in universities and most maintain professional contact with colleagues in the universities throughout their professional lives. When considering his compensation, the Federal professional considers especially the compensation of his university colleague. This consideration does not limit itself to salaries, but heads also the other compensations of university life.

Universities throughout history have served as forums for free expression of new ideas. Universities were the earliest, and may be the largest, employers of professional talent. Our intellectuals, our pragmatic businessmen, and our political scientists are all dependent upon this climate of freedom in which our modern universities, like politics, make strange bedfellows.

Universities have found that the professional mind does not function effectively under a mass of arbitrary restraint, annoying paperwork, timeclock punching, or constant supervision. Universities have learned to give professionals a large degree of personal freedom to set their own work patterns. The universities have long recognized the need to guard against the unvarying routine which results in mental ruts by providing for sabbatical leave. In most universities, the taking of sabbatical leave is close to being mandatory so that the individual can retread his mental tires. For the same reason, universities recognize attendance at professional meetings as a necessary part of professional life. In these ways, universities provide the climate and intellectual challenge for a professional to continue to learn and study and grow, which we believe should be considered by Congress, along with compensation. The Federal Professional Association wishes to call the attention of this committee to this overall view of the Federal Government as an employer.

Salary is a major shortcoming if one compares the Federal professionals with his colleagues in private industry. Climate for work falls short for the Federal Government when compared with that of the campus.

What can the Federal Government do to meet the growing competition from business and the campus for the talented professional? You have already taken a step forward by promulgating the "principle of comparability" between the salaries of Federal workers and those of equal level and responsibility in private enterprise, although all measures introduced since then continue to fall short of the principle in those grades on which the Government depends for the quality and economy of all Federal activities.

Against this, the question of competing with the universities in building an intellectual climate attractive to professionals is most difficult. Perhaps since we can't beat them, we should try to join them, by using the universities as partners in the job of providing continuing educational opportunities for Federal professionals.

We are all quite aware of the Federal Government's use of the universities for research and development, and we are aware of the good and bad aspects of these arrangements. One major problem has been the loss of professional faculty from the teaching ranks to research and development. The Federal Government is responsible in large part for the brain drain from the classrooms to the research bench.

This situation could be reversed with positive effects all the way around. Faculty could be motivated to teach for or in the Federal Government if proper inducements were offered. I believe a major inducement would be the challenge of extending and inserting university concepts into the business of running the Government.

The Federal Government is not completely devoid of academic atmosphere. All branches of the military, as well as FBI, operate successful academies. The State Department has its Foreign Service Institute, and the Civil Service Commission has started a series of inservice seminars.

The Federal Government could well afford to induce proven teachers to spend part of their time keeping top-level Federal officers and employees up to date in their chosen professions. We would serve the teaching profession by inducing good teachers to remain as teachers and we would serve the Government by keeping its servants knowledgeable and current.

There is nothing new in the suggestion that we remember that education is a continuum. It is important that we remember that education is a necessary continuum in this age of rapid development of new ideas, techniques, and practices.

We recognize the need for training Government officials in our newly developing nations and yet we seem to be neglecting our own civil servants.

Should we not be thinking of preserving the talent we have in the ranks of our public servants? The best and only way to keep talent is to use it.

In summary, we urge the subcommittee to approve H.R. 8207. We feel that the provisions for annual review and semiautomatic adjustments and for the Commission are the most important factors of this legislation. It is only through such an arrangement that we will be able finally to achieve full comparability for all Federal officials and employees.

Our members would rather channel their limited time and resources into more important professional matters than into the constant and discouraging effort to keep from losing our best talent to industry and the campus because of our poor showing in the area of compensation and related problems.

For the attainment of a more efficient and effective Federal service for the general welfare of the Nation, we regard this as imperative.

Mr. JAY. In going through some papers in our office recently, I came across one that refers to 3 years ago approximately, when the principle of comparability was adopted by the Congress. It was estimated then that the initial cost of achieving comparability would have to be spread over a period of 3 years to minimize the impact on the Federal budget.

It is interesting to note that we still have not achieved comparability in the professional grades. In fact some legislation before the Congress would set us back from attaining comparability.

Mr. POOL. Are you referring to the Udall bill?

Mr. JAY. I am referring to other bills before the Congress. I am coming to the Udall bill which we wish to support.

Mr. KREBS. I would like to know what bills you are referring to?

Mr. JAY. H.R. 8207.

Mr. KREBS. What bills are you referring to in the sense they would set us back?

Mr. JAY. I do not have the numbers. The bills I am referring to are bills that have been introduced—

Mr. KREBS. I have a whole lot of them here. Would these refresh your memory? Will you check those?

Mr. JAY. H.R. 8663, 8752 and similar bills.

We support H.R. 8207. We feel the President's bill deserves the support of the committee. However, we would like to point out that if this committee makes any changes in this bill, you give first consideration to the fact that \$120 million was taken away from the middle grades in the last pay act. We would hope that if any changes are made, an attempt will be made to restore at least part of this sum of money to the middle grades.

Professionals perform the most important functions in the executive branch of the Federal service. In many instances they assign and review the work that is performed under contract in the most important programs in Government today. These professionals have as many if not more expenses than their counterparts in industry and many serve at considerable sacrifice. They have expenses incurred in travel, attendance at professional meetings, dues in professional societies, and other considerations where the costs are continually rising at a rather rapid pace and which industry generally pays for its professional employees and managers.

We urge the committee, in making a decision as to the kind of legislation you are going to recommend to the full committee and the House of Representatives that you consider all of the features of the President's pay proposal and the considerations of comparability affecting Federal professionals too.

Mr. POOL. May I interrupt you right here.

Let's talk about the dollar figures. What raise did you get last time?

Mr. JAY. I think the average increase last time was about 5 or 6 percent.

Mr. POOL. I mean in dollar value. How much raise did you get in takehome pay? What raise are we talking about?

Mr. JAY. The middle grades, 7 through 15.

Mr. POOL. How much raise did a grade 9 get?

Mr. JAY. I do not have the figure, sir.

Mr. POOL. You do not have any of the figures?

Mr. JAY. No, sir; I am sorry.

Mr. KREBS. Will you define comparability for us?

Mr. JAY. Comparability, as we understand it, is that professionals in the Federal service—engineers, lawyers, doctors, accountants, those in the administrative specialties—should have salaries comparable to the average salary levels of their counterparts in private enterprise.

Mr. KREBS. What about people who are not professionals? Are they not entitled to the same wage protection?

Mr. JAY. I should say they are.

Mr. KREBS. Why do you single out professionals?

Mr. JAY. Because our association happens to be made up exclusively of professionals and managers, sir, and it is these employees who are most out of line with comparability.

Mr. KREBS. Does your testimony have the figures the chairman asked you about?

Mr. JAY. No, but we will be happy to obtain them.

Mr. KREBS. I think they would be enlightened. You ought to have the facts of the charges that you are making, that the people in grades 7 through 15 are not treated as fairly as people in the lower grades. I think if this is your contention, you should substantiate it with the facts.

Mr. JAY. The facts are available.

Mr. KREBS. You ought to make them available to the committee.

Mr. JAY. We will.

Mr. KREBS. Do you believe it is impossible to give the professionals an equitable salary increase and the nonprofessional the same treatment? Are you saying if there is any money available for increases, it should go to people in grades 7 through 15?

Mr. JAY. Mr. Macy, Chairman of the Civil Service Commission, has testified that according to their figures on comparability that the lower grades are about 1 year behind in comparability.

Mr. KREBS. Comparability is really 21 months behind for everyone.

Mr. JAY. And that the upper grades, or the middle grades, are about 2 or 3 years behind. This ought to be taken care of at least concurrently with increases in other grades.

Mr. KREBS. You still have not answered my question. You are saying it is impossible to give all grades equitable salary increases.

Mr. JAY. I do not think it is impossible.

Mr. KREBS. I think it is important to get that established. I hope you will submit to the committee the statistics supporting the point of view you have expressed here today.

Mr. JAY. Thank you.

Mr. POOL. We have had previous testimony here on the cost of living and related areas. The lower grades contend the cost of living has gone up and that they must spend as much as professional people for the necessities of life. If you have any statement on that, we would like to have it.

Mr. JAY. We will provide that.

(The information requested follows:)

THE FEDERAL PROFESSIONAL ASSOCIATION,
Washington, D.C.

HON. MORRIS K. UDALL,
Chairman, Subcommittee on Compensation, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN UDALL: In appearing before your subcommittee Monday, June 21, I expressed the view that certain legislation introduced in this session of the Congress (H.R. 8663, H.R. 8752, H.R. 8759, and similar bills) would set back the attainment of comparability of salaries in the Federal service with those in private enterprise. Acting Chairman Joe R. Pool and Member Paul J. Krebs request that I submit data to substantiate my contentions.

I believe the attached chart will prove my point by indicating the dollar and percentage increases received by employees in the lower and higher grades as compared to what they should have received if early 1962 comparability had been provided in the last pay bill. However, as we testified, some 120 million was taken away from the middle and upper grades and applied elsewhere.

Of course, the cost of living has increased since the date when these data were current. In addition, salaries in private industry have increased substantially. Thus, further increases are now warranted for all grades. However, it should be clear from a study of the attached chart that a greater percentage of increase is required for the middle and higher grades to avoid greater divergence from the principle of comparability. A 3-percent increase across the board may compensate for increased cost of living for all grades, but it will not compensate for the large sum taken away from the middle in the last pay bill, and it will delay the attainment of comparability in these grades. A higher percentage of increase for the lower grades will set back the attainment of comparability by the extent to which it is higher than that provided for the middle and upper grades.

We testified in support of the administration bill which you introduced as H.R. S207 because, although it would delay the attainment of comparability, it would authorize the President to make annual adjustments in pay and quadrennial adjustments in executive salaries, subject, of course, to congressional approval. We feel that the operation of these features will assure early attainment of comparability with the participation and approval of the Congress.

We greatly appreciate the time and effort that you and other Members are putting into the study of the Federal pay situation. We are confident that you will report and recommend fair and equitable pay legislation that will be acceptable to the President and his administration, as well as to the public and the employees.

Very best wishes and warm personal regards as always.

Sincerely,

VINCENT E. JAY,
Executive Vice President.

Table comparing dollar and percentage increase received with dollar and percentage increases that civil service classified employees should have received in order to achieve full 1962 comparability

Grade	Increase received	Percent increase received	Increase for 1962 comparison	Percent increase for 1962 comparison
1	\$110	3.1	10	0
2	120	2.9	10	0
3	215	5.2	95	2.0
4	305	6.4	150	3.2
5	325	6.2	165	3.2
6	300	5.2	180	3.1
7	280	4.0	205	3.2
8	270	3.9	270	3.8
9	225	3.0	325	4.3
10	255	3.0	395	4.7
11	285	3.0	485	5.2
12	345	3.0	685	6.3
13	455	3.4	955	7.4
14	675	4.4	1,275	8.5
15	960	5.5	1,680	9.6
16	3,400	19.2	4,300	24.0
17	4,185	20.3	5,195	26.6
18	4,500	22.5	6,500	28.4

¹ 1962 salary was \$120 above comparability.

² 1962 salary was \$115 above comparability.

Source: Information provided by the Bureau of the Budget and assembled in chart form by the Federal Professional Association.

Dr. McCANN. I appreciate the opportunity to present my oral views which I hope represent those of the majority of our professional members and perhaps some of the professionals outside the membership of our association.

I realize fully that this committee is concerned mainly with the basic compensation in salary of Federal employees, but I would like to take some time to express some of the views that we have on some of the other areas, some of the intangibles, if you will, that the professionals as a group look at when compensation is considered.

I think perhaps some questions were asked on comparability—what is comparability? This is a difficult question to answer.

I think in our terms, there are two measuring sticks for this. One is the salary, the average salary, or the comparable salary that is paid to a man or woman in private enterprise who is doing a like or similar job to that of a person who is working for the Federal Government.

The second measuring stick, as I see it, is in the salaries paid in the universities. The universities have long been the employers of professional talent. I believe they are the largest employer of professional talent now.

I would suggest that, since most of our professionals retain their ties with university life, some consideration be given to the compensation of these people who are now in university life as compared with the Federal workers.

Mr. POOL. May I interrupt you right there?

Do you have any sort of chart for the consideration of the committee?

Dr. McCANN. We have no chart. I believe some charts have been worked up by the Land Grant Association, if I am not mistaken. These might be made available.

Mr. POOL. I would appreciate your making them available soon. This hearing will not last too long. We have received charts from other witnesses and associations; they are helpful to the committee in determining comparability. The main point of this discussion is whether or not there is comparability.

(Dr. McCann has submitted a letter and attachments. The letter follows (the attachments referred to are retained in the subcommittee files) :)

THE FEDERAL PROFESSIONAL ASSOCIATION,
Washington, D.C., June 25, 1965.

HON. MORRIS K. UDALL,

Chairman, Subcommittee on Compensation, Post Office and Civil Service Committee, House of Representatives, Room 215, Washington, D.C.

DEAR MR. UDALL: In compliance with the request by Mr. Pool made during the hearing held by the Subcommittee on Compensation on Monday morning, June 21, 1965, the Federal Professional Association is pleased to submit data for further consideration of your committee.

Mr. Pool's request for further detail and data followed a suggestion by Dr. Lewis P. McCann, president of FPA that the committee might wish to use other yardsticks in arriving at fair and equitable comparison of Federal Government compensation with other sectors of our economy in addition to private industry.

In November of 1964 the National Science Foundation published a study, NSF 64-28: Scientific and Technical Manpower Resources. Table IV-35 on page 103 shows the median annual salaries of scientists in the national register, by field and type of employer. Professional employees of the Federal Government, including the military and Public Health Service averaged about 10 to 11 percent below educational institutions, 18 to 20 percent below the average of all fields, and about 25 to 27 percent below industry and business.

The data in attachment No. 1 can be compared with information supplied by the Office of Education, Circular No. 737, 1964 edition (attachment No. 2). On page 15 of Circular 737, table III shows mean—9- to 10-month salaries paid to university faculty members in undergraduate programs. These figures indicate that compensation is higher for university work than for Government scientists, if fringe and other benefits important to professionals are considered.

The Federal Government is found wanting when other advantages and benefits common to university life are considered, such as, lower cost of living, lower or free tuition for children of faculty, 2 to 4 months free from the classroom schedules, available time for outside consulting work, better opportunity for interpersonal and social orientation, lower cost cultural opportunities, lower cost

recreational facilities, wider variety of intellectual contact, and perhaps the most attractive feature of all—freedom to work as an individual.

Information and data useful in determining true and distinct comparability regarding compensation are not readily available. Most of the data lose their usefulness and identity in averages and means. There is need for more and better information regarding the comparative standing of the professional who works for the Federal Government in relation to his colleague in industry, the universities, and other sectors of our economy.

The Scientific Manpower Commission Staff Report 65-1, dated February 1965 (attachment No. 3) shows on page 8, table IX, that in 1962 the median annual salary for all fields of science was \$9,000 for the Federal Government as compared with \$11,000 paid by industry and business.

Table XIII on page 14 of this same report is even more revealing. Mean salaries paid in 1962 by private industry to four different levels of professionals are listed on a monthly basis. On a yearly basis these salaries would be: \$10,272, \$13,308, \$15,024, and \$17,532. The \$9,000 median annual salary paid by the Federal Government during 1962 was lower than the lowest group by 8.8 percent and almost 50 percent lower than the high group in industry.

Between 1962 and 1964 the median annual salaries rose from \$9,000 to \$11,000 for the Federal Government and from \$11,000 to \$12,000 for industry and business. Although some progress has been made toward comparability as a result of the 1962 legislation, the data presented indicates that Federal compensation for professionals is far from being comparable to private industry.

Sincerely,

LEWIS P. McCANN, *President.*

Mr. KREBS. It is a very flexible word. It means different things to different people. I think we ought to get some meeting of the minds here of what we are talking about.

Dr. McCANN. I agree we do need measuring sticks for this. We want to reiterate that we certainly are in favor of the basic policy and principle of comparability.

I should mention, too, that we want to endorse the annual schedule and the semiautomatic system for analyzing and adjusting the administrative and fiscal inequities, the inconsistencies and errors that creep in.

Mr. POOL. Do you think this ought to be delegated by Congress to a commission, or do you think the Congress ought to look into it?

Dr. McCANN. I think it should be done on an annual basis, and we endorse the quadrennial suggestion that is in H.R. 8207.

We would like to call attention to the utilization of the university concepts within the Government service. Several of our defense agencies have been running very good academies for a number of years. The defense agencies have had access to in-service training for a number of years. We would like to see this general idea enlarged, or extended to include the possibility of our administrative and professional people while on the job.

This, I think, will hit the high spots.

I do want to reiterate that we appreciate this opportunity to appear before this committee.

Mr. KREBS. I would be interested in getting some specific suggestions from you, sir, as to retraining. Everyone is talking about retraining and automation displacing people. I think it is the New York Times' study that says we are losing 1 million jobs a year to automation. Everyone is talking about retraining. After you retrain them, where do they find jobs?

If there are some specific suggestions in your area, I think it would be most helpful to have them. Do you have any specific suggestions?

Dr. McCANN. This is most difficult because of the nature of our society today and the way things are moving so fast and furious. Ideas are coming in so fast and whole systems are being changed rapidly. I do not know of any way to approach the problems we have in this area specifically.

All I know is we do have brains. We have them in our universities, and I think we should call in these people to help us find some way to keep current and keep our people knowledgeable in the fields they are supposed to be knowledgeable in.

To be specific and say we should do this or that, I do not know. I do not have the ability to look forward far enough to see what we are going to meet. I do think we should try.

Mr. KREBS. In other words, you are saying retraining might be the panacea we are looking for, but we are not sure. We do not know where the jobs are we want to train for. Is that not about what it amounts to?

Dr. McCANN. From what we read these days we can expect that in the future the jobs in Government service will probably be routine. It will be too expensive to keep these routine jobs. We will be using machines. When we go to machines we will need professionals to keep the machines going and to feed information into them. Apparently we will have an increase in the number of professional people and a decrease in routine jobs. This is the way it looks.

Mr. KREBS. It is just conjecture at this point.

Dr. McCANN. I think so.

Mr. RAMSPECK. Mr. Chairman, I want, first, to make it plain that I do not appear here in opposition to whatever the committee may see fit to do for any other employees in the Government. I have for many years been quite well acquainted with employee organizations in this Government. I go back in the case of the letter carriers to Ed Gaynor, who was succeeded by Bill Doherty, who was succeeded by Jerome Keating. All were fine leaders. I knew Leo George, who was head of the postal clerks for many years, and I know Mr. Hallbeck who is also a very capable leader.

My interest in this group grows largely out of my experience with the Government, both inside and outside.

I was a Member of the Congress for a little over 16 years. I was chairman of the House Committee on Civil Service for 10 years and a member of it for more than 16 years, so this field is not entirely foreign to my experience. I was chairman of the Civil Service Commission for a couple of years, and even way back before I entered Congress, I worked in the U.S. Marshal's Office in Atlanta, Ga. I have now been out of the Congress for 19½ years and have worked for several years in private employment.

One of the things I want to say to you is that downtown you will find hundreds of former Government employees operating trade associations and performing as corporate representatives of big business dealing with the Government and they have all been siphoned out of the Government because of the salary.

I resigned from the Congress myself because I could not save any money up here. I sympathize with you fellows with your situation. I have several times testified in favor of higher salaries for Members of Congress. I served on the Pay Committee of the late President

Kennedy, which recommended a \$35,000 salary on my motion for the Members of Congress. I am sorry you did not put it at that figure because you need it.

Mr. POOL. I was for the same thing. I thought we made a mistake when we did not do it. It puts a ceiling on everyone else.

Mr. RAMSPECK. That is right.

Furthermore, the public does not understand that a Member of Congress—and the same thing is true of the people in the executive branch of the Government—not quite as much so because they do have expense accounts when they do travel on public business although the per diem is inadequate—but the Member of Congress has no expense account. That is why I quit the Congress. I could not save any money.

I went downtown with a trade association and got twice as much salary and all expenses. I got interested in the Federal Professional Association when they were organizing it because I believe if you are going to have good Government in this country, efficient Government and economical Government, it depends upon the leadership that you get in the executive branch of the Government and the people in the middle and upper grades.

As I said, I am not here appearing against those below grade 7. I do not want to be in that position at all. I do know many of the good people in the middle and upper grades are constantly being drawn out of the Government by private employment simply because they can make more money and they get all their expenses paid. I could get up a list, if it was necessary, of many people I know personally who have gone downtown and made more money.

As a matter of fact, the association I was with, the Air Transport Association—where I spent 5 years after leaving Congress—most of the people in that organization came out of the Federal Government. The present president of it started his work life in the Treasury Department of the United States and then he went outside.

The Defense Department and other departments of this Government to some extent have met this situation. Research people have been drawn away by corporate employment by contracting for research. Those contractors pay the same people who were in Government higher salaries and of course, indirectly, the Government is paying it. That is one of your problems.

The congressional and judicial and executive salaries in Government are quite a problem for the Members of Congress.

I realize it is difficult for a Member of Congress to go back home to his district, where most people do not make \$35,000 a year, and explain to them why he needs it. Therefore I support the President's proposal that those salaries be recommended by a committee, or whatever you want to call it, that he would send its recommendations up to the Congress and you would have a chance to vote it up or down. I think it would relieve you of a problem. There is no easy answer to it, as I know from experience. You cannot go to a man making \$5,000 or \$6,000 a year in your district and have any easy time making him understand why you need more money. It is hard to do.

I think this Government has gotten so big and it is so complex, the problems we are dealing with are so important today, that if we are to do a good job of governing this country and meeting our problems around the world, we must employ and keep, as far as we can, people

in what I call the management grades. To do so, we have to pay them something comparable to what they can make elsewhere. That is my particular interest.

I appreciate your listening to me. If there are any questions I can answer, I would be glad to do so.

Mr. POOL. Do you have any comment on the automatic provisions of title II?

Mr. RAMSPECK. As I understand it, that applies to the executive, judicial, and congressional salaries; is that correct?

Mr. POOL. That is right. It has a lot to do with your people's salary.

Mr. RAMSPECK. I do not see any objection to that. I think it might relieve the Congress of some problems and at the same time retain in the Congress the power of veto so if they do not agree with what the President proposes, they do not have to let it go through. I think it would be helpful.

Mr. POOL. I am not sure that I agree with it. I wanted to get your comment.

Mr. RAMSPECK. That principle has worked very well in reorganization matters. I know it has been in existence for a good, long time. The Congress always has the opportunity to stop it if they do not like it.

Mr. POOL. I have asked for this job. Part of the job is to pass on salary raises, including my own. I never was bashful about going back home and telling people I voted for a pay raise. I have had five or six opponents every time I have run. That is one of the first things they start hollering about on the stump. My answer is that I think I am worth it.

Mr. RAMSPECK. I think that is the right answer. That is what I told my people when I was running.

Mr. KREBS. May I ask the chairman a question?

Mr. RAMSPECK. I tried to put the Congress under a retirement act in 1939, and again in 1942 I did do it. I had the worst fight I ever had over that. I told them just as you, I thought we were entitled to it.

Mr. POOL. Sort of like a lawyer setting a fee.

Mr. KREBS. My question is this—and I certainly concur in your thinking with regard to a pay raise. I think most people do not thoroughly appreciate the kind of expensive dual household keeping and all the other things the Member has—but would you say that because you feel you are entitled to a pay raise this should be at some other employee's expense?

Mr. POOL. Are you asking me the question?

Mr. KREBS. I am asking you.

Mr. POOL. I have talked to the author of this bill. At one time I wanted to go right up to the top and work down. I voted for \$35,000 last year, and I am sorry we did not make that our salary. It would have saved us a lot of headaches. I understand they do not want to push for a congressional pay raise this time. Nevertheless I want these other people to have comparable wages. I am a team man. I will go along.

Mr. RAMSPECK. If I may comment on that, I think these people in the middle and upper grades are just as much entitled to consideration as those in the lower grades.

I emphasize again, I am not against whatever you want to do for those people. They are well represented. Congressman Olsen was quoted in the paper as saying they created the steam and I know they do, because I felt the steam when I was a Member of Congress. I do not blame them for that. They are smart to be organized. These people we are talking about, the professional people, are not well organized.

One of the major reasons I am here is because I found out from my experience in the Congress that the organized employees do not represent, by and large, the people we are talking about here today. They have no representation as a general rule. They are not well organized. Therefore, they do not create the steam.

I am talking from the standpoint of the welfare of the country, as much or more than I am the individuals involved. You cannot have an efficient organization in Government or private business unless you have leadership of good people.

Mr. POOL. The lag is 11 percent at grade GS-18. The present salary, GS-18, is \$24,500. If 11 percent is added, GS-18 salary would be \$27,195.

This would be greater than the salary for executive level V—\$26,000—or for executive level IV—\$27,000. Is not this also a factor for refraining from currently proposing “full comparability” in the higher classified levels?

Mr. RAMSPECK. The point Mr. Jay tried to make was, in the previous bill when this principle of comparability was first proposed to the Congress and adopted by the Congress, these people in the middle grades had \$120 million taken away from them and given to those in the lower grades.

Mr. POOL. Is that correct?

Mr. RAMSPECK. That is my understanding.

Mr. POOL. The lower grades were raised and the middle grades were lowered. However, it was not to the extent of \$120 million, was it?

Mr. RAMSPECK. I cannot answer that question because I have not checked on it. It was reported in the newspapers that is what happened. In any event, their percentage of increase was lower than those in the lower grades.

Mr. POOL. I have been advised by counsel that what you are saying is right. If anything, you are probably conservative. I stand corrected.

Mr. RAMSPECK. Thank you very much.

Unless there are further questions, I am through.

Mr. POOL. We thank you gentlemen for appearing here today and giving us the benefit of your testimony. The subcommittee will certainly take it into consideration.

The next witness will be Mr. John Murphy, president of the National Customs Service Association. This is one of the oldest Federal employee organizations.

STATEMENT OF JOHN J. MURPHY, PRESIDENT, NATIONAL CUSTOMS SERVICE ASSOCIATION

Mr. MURPHY. In view of the number of witnesses to follow, and in the interest of conserving time, with your permission, I would like to file our complete statement for the record and I would like to make a brief oral presentation at this time.

Mr. POOL. If there is no objection, it is so ordered.
(The statement referred to follows:)

STATEMENT OF JOHN J. MURPHY, PRESIDENT, NATIONAL CUSTOMS SERVICE ASSOCIATION

Various branches of this association have brought to our attention what they believe to be certain inequities in Public Law 88-426, 88th Congress, which was H.R. 11049, approved August 14, 1964. We suggest certain changes that we believe would be beneficial and would correct certain inequities and inconsistencies now in Public Law 88-426.

Section 102(a), the compensation schedule for the general schedule, shows 10 steps for most of the grades. In section 109, the postal field service schedule, 12 steps are shown from PFS-1 through PFS-6, and 11 steps in PFS-7. There is a compensation difference of approximately \$1,000 at the top of these grades when compared with similar grades in the general schedule. It is recommended that this gap be closed by the addition of two steps in grades GS-1 through GS-6 and one step in grade GS-7.

Section 114 of Public Law 88-426 eliminated the 2-year waiting period for steps 5, 6, and 7 of the postal field service schedule and granted step increases at these levels on the completion of 52 calendar weeks of satisfactory service. The general schedule requires employees to wait 104 calendar weeks for step increases in steps 5, 6, and 7. We believe this situation to be inconsistent with fair and equal treatment of all Federal employees and recommend that the general schedule be amended to provide for step increases after 52 calendar weeks of satisfactory service between steps 4 and 7.

Mr. MURPHY. Mr. Chairman and members of the subcommittee, my name is John J. Murphy. I am president of the National Customs Service Association, an independent organization that is representative of customs employees at all grade levels and in all occupations. I greatly appreciate the opportunity to testify concerning Federal employee pay legislation as embodied in the several bills now before this subcommittee.

The National Customs Service Association supports the principle of full comparability between the salaries of all Federal employees and the salaries of those in private enterprise. It is generally conceded that there is at present a considerable gap between Government pay and the salaries of their counterparts in the private sector. We believe that the administration recommendation for a 3-percent pay increase is wholly inadequate to close the gap at this time.

In our opinion, the most serious deficiency in making the Salary Reform Act realistic continues to be the timelag between the rise in the cost of living and the date of the salary adjustment. The administration's 3-percent proposal is based on industry figures that are now nearly 2 years old. During this period industry pay agreements have increased salaries from 5 to nearly 7 percent.

We have some misgivings concerning the proposal to establish a special Salary Review Commission to study the pay structure every 4 years as it would apply to Federal employees generally. While there may be considerable merit in using this method to adjust pay levels of congressional, executive, and judicial salaries, it is unrealistic

to the needs of the rank-and-file Federal employees. We believe the proposed system would effectively prevent employees from making their views known to Congress.

If true comparability is our aim—and there seems to be no disagreement that this is desirable—then the effective date of the current pay adjustment should be January 1, 1965. All, save one, of the pay bills before the subcommittee have as the effective date January 1, 1965. If comparability is good and desirable, let us have comparability now. We believe that equity can be accomplished only by revising salary schedules in line with the results of current findings.

We should like to endorse H.R. 8424, sponsored by Congressman Matsunaga, of Hawaii, that would provide for severance pay. We think that this legislation is long overdue and hope that favorable action will be taken on it.

In conclusion, I wish to thank you, Mr. Chairman, for holding these hearings and for your sympathetic interest in the pay needs of Federal employees. We wish to thank also the many Members who have sponsored legislation to increase pay rates. We hope that this subcommittee will recommend legislation to the Congress that will close the gap between the theory and the actuality of comparability.

Thank you, Mr. Chairman and members of the subcommittee, for your courtesy.

Mr. POOL. I would like to know what these customs people do.

Mr. MURPHY. Our primary function, Mr. Chairman, is the collection and protection of the revenue which includes the assessing and collection of duties on imported merchandise from foreign countries, the enforcement of the Tariff Act generally including the prevention of smuggling and prevention of frauds against the Government and prevention of smuggling of narcotics and generally the prevention of the introduction of clandestine material of any kind, including plant and fruit insects and other things in this category.

Mr. POOL. Do you have any idea how much money you collect every year?

Mr. MURPHY. Duty collections at the present time are about \$2 billion, which is collected at a cost of about 4 cents per dollar of duty.

Mr. POOL. In other words, you make 96 cents on the dollar for the Government?

Mr. MURPHY. The Government does. Yes.

Mr. POOL. That is a very worthwhile organization.

Mr. MURPHY. We think it is. All we need to collect more money for the Government is a slight increase in appropriations.

Mr. KREBS. What kind of hours do you have?

Mr. MURPHY. The hours conform to the hours of the port, 8:00 a.m. to 5 p.m. Where there is a recurring need for service such as at international airports, border crossings, and so forth, we have men on tours of duty. In some cases, we cover the entire 24 hours of the day on various tours of duty, many of which are overlapping, in order to attempt to cover the workload at the peak periods. Generally, our hours are 8 a.m. to 5 p.m.

Mr. KREBS. I would like to get as many definitions of "comparability" as I can on the record so when the committee comes around to considering legislation, we will have some understanding.

I would be interested in your point of view.

Mr. MURPHY. As you have said, Mr. Krebs, comparability means many things to different people. On our job, it is particularly hard to set up a basis of comparison due to the fact our work has no actual counterpart in the private sector. However, there are to a limited extent some positions which could be compared. A customs inspector who is discharging cargo from a steamship could; his position could be compared with that of a chief clerk of steamship company who was acting for the company in the delivery of cargo.

Our customs agents would compare with confidential investigators. I know there are very few in the private economy, but our agents would compare with the FBI and others.

Our liquidators would compare with accountants.

Our appraisers are experts in merchandise fields. They could be compared to experts in the private sector.

Mr. KREBS. Thank you very much.

Mr. MATSUNAGA. You say you have some misgivings about title II and setting up a commission?

Mr. MURPHY. Yes.

Mr. MATSUNAGA. Do you have any alternative plan that you could offer?

Mr. MURPHY. We think that the idea of having a commission, or whatever title you wish to give it, look into the pay matters periodically is a very good idea. However, with regard to title II, we feel this would probably fill the needs of the executive, legislative, and judicial branches, but we do not feel it would do the same job for the rank and file. We would prefer to have a study made, a presentation made to Congress, and then have Congress act on it specifically in a positive way in legislation rather than having a negative approach. We do not favor this approach. We would rather see Congress approach it in a positive way.

Mr. KREBS. In the final analysis, even under this title, Congress would have the final say.

Mr. MURPHY. They would have the final say, but the machinery would be somewhat different. We feel a positive approach with plenty of hearings is the way we would like to see it handled.

Mr. POOL. We appreciate your appearing here this morning.

Mr. MURPHY. Thank you very much.

Mr. POOL. The next witness is Mr. Paul H. Robbins, executive director, National Society of Professional Engineers.

Go right ahead, Mr. Robbins.

**STATEMENT OF PAUL H. ROBBINS, EXECUTIVE DIRECTOR,
NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS**

Mr. ROBBINS. Mr. Chairman, I am Paul H. Robbins, executive director of the National Society of Professional Engineers, with headquarters in this city. The society is composed of over 63,000 members, each of whom is qualified to engage in the practice of professional engineering under applicable State engineering registration laws.

The national society appreciates the opportunity to appear before this subcommittee in connection with its consideration of Federal employee pay legislation.

The society firmly believes that the Federal Government is entitled to and must have the best engineering and scientific talent available. To achieve this goal, the Government must be in a position to compete effectively in terms of salary scales, and must be able to adjust these scales quickly in order to meet the changing conditions in the private economy.

The Federal Salary Reform Act of 1962 contained features which represented a long stride forward in making Government service more appealing to engineers and scientists. The two most important of these features were: (1) establishment of the principle that Federal salary scales should be comparable to rates in private enterprise, and (2) broadening of the Civil Service Commission's authority to adjust Federal rates for individual categories of employees in short supply. Under authority of this latter provision, the Civil Service Commission has, in effect, created a separate schedule for engineers in grades GS-5 through GS-11.

The society believes that the principle of comparability was the most important provision of the 1962 act. Not only is it important in terms of providing equity to Federal employees, but its implementation is essential if the Federal Government is to attract and retain adequate numbers of highly trained engineers and scientists.

At the present time, unfortunately, Bureau of Labor Statistics figures show a considerable gap between the salaries of Federal engineers and those of engineers in the private economy. The rates proposed in H.R. 8207 would improve this situation only slightly, as indicated in the table below.

Engineering salaries--Present and proposed

Grade	1964 industry average	Present average rates for Government engineers	Percent increase needed	Average rates under H. R. 8207	Percent increase needed
GS-5 (step 1).....	\$7,344	\$5,990	22.6	\$6,170	19.0
GS-7 (step 1).....	8,004	7,050	13.5	7,270	10.1
GS-9 (step 2).....	9,204	7,955	15.7	8,195	12.4
GS-11 (step 3).....	11,016	9,535	15.5	9,820	12.2
GS-12 (step 4).....	12,924	11,315	14.2	11,855	10.9
GS-13 (step 4).....	14,820	13,335	11.1	13,735	8.0
GS-14 (step 4).....	17,652	15,640	12.9	16,110	9.6
GS-15 (step 4).....	20,484	18,170	12.7	18,715	9.4

NOTE.—Industry average taken from "National Survey of Professional, Administrative, Technical, and Clerical Pay, February-March 1964," Bureau of Labor Statistics Bull. No. 1422. Government engineer figures include above-minimum rates authorized by the Civil Service Commission for grades GS-5 through GS-11.

The society recognizes that it may be neither feasible nor desirable to provide complete comparability for engineers through legislative increases in the general schedule, due to the fact that engineers in private industry normally receive rates of pay in excess of those received by other categories of employees in similar levels of responsibility. It is evident that comparability can only be provided through more selective action, as permitted through section 504 of the 1962 act.

The society feels, however, that changes are needed in the wording and administration of this section.

Under the present section 504, the President has authority to adjust salaries of a particular category of employee whenever the Govern-

ment's recruitment or retention of qualified persons is significantly handicapped due to inadequate salaries. The Civil Service Commission, which administers this section, has interpreted the language involved to mean that no action can be taken until Federal agencies report significant increases in quit-rates and/or difficulty in filling positions. Accordingly, the Commission takes no action on its own in this respect, and has no mechanism for collecting data which would indicate either turnover or present average salaries of Federal engineers.

While the society recognizes that this procedure is well designed to fill the specified number of desks at the lowest direct cost to the taxpayer, it also believes that it will result in far higher indirect costs through the inefficiency and waste which are bound to permeate any organization staffed in such a manner. Private industry has long understood this cause-and-effect relationship, and would not dream of waiting until their best people had already begun to leave before moving to adjust salaries. It is well known that most individuals will not leave jobs they like to accept others with only slightly higher pay. When the salary differential reaches approximately 10 percent, however, they begin leaving in increasing numbers, the most valuable ones first. To prevent this, the alert salary administrator will adjust salaries before they reach this point.

Unfortunately, the Commission's interpretation of the present law, together with its failure to collect adequate data, prevents such adjustments in the Federal service, with the result that, at almost predictable intervals, the best employees begin leaving. The problem is all the more serious because these employees are normally in the higher grades, holding positions involving significant financial responsibility where the need is greatest for competence. The employees who remain, many of whom are equally able and dedicated, must be forgiven if they become somewhat cynical about a system which they know will not adjust their salaries until a specified percentage of their numbers resign.

It is clear to the society that this system should be changed. It is recommended that legislation be established which would authorize the President to act under section 504 whenever it is established that a gap of 10 percent or more exists between Federal and private rates for a particular category of employee. If it is necessary to establish more adequate machinery to make such determinations, then this should be done. It is further recommended that the Commission be directed to take such action automatically, without waiting for agencies to report the loss of their best employees. If it is necessary to strengthen the resources available to the Commission to achieve this, then this, too, should be done.

A last point we would like to make, Mr. Chairman, concerns the proposal contained in section 6 of H.R. 8207, which would provide for annual salary comparison and adjustment by the President, subject to congressional veto. Such a procedure would considerably reduce the time necessary to make salary adjustments, while still giving Congress final control. The society feels that this proposal is the logical way to implement the comparability principle, and urges its favorable consideration by this subcommittee.

This concludes my prepared statement, Mr. Chairman. I will, of course, be happy to answer any questions which you or other members of the subcommittee may have on our comments, or to provide any other information which may be desired.

Thank you for your consideration of our views.

Mr. POOL. Thank you, Mr. Robbins.

The gentleman from Hawaii, Mr. Matsunaga.

Mr. MATSUNAGA. I have no questions.

Mr. POOL. The gentleman from New Jersey.

Mr. KREBS. I have no questions.

Mr. POOL. Thank you very much, Mr. Robbins. I believe your statement covers your position very well. The committee has no questions on it. I particularly appreciate your taking a stand on the proposed Federal Salary Review Commission and the provision giving Congress a veto power. I think I disagree with you to a certain extent, but I do not have any particular questions.

Mr. ROBBINS. Mr. Chairman, if I might add—I had the privilege of hearing previous questions—I presume the committee has copies of studies, particularly the National Survey of Professional, Administrative, Technical, and Clerical Pay, February–March 1964, Bureau of Labor Statistics Bulletin No. 1422, which would be most helpful. That is the one we referred to in our statement, and counsel already has that. The study, Professional Income of Engineers, 1964, by the Engineers Joint Council, 345 East 47th Street, New York City, has many breakdowns; and, just released from our own society, is the 1964 Professional Engineers Income and Salary Survey, which again has a number of comparability figures which might be helpful to the committee.

Mr. POOL. The committee would appreciate your submitting those studies for its use.

Mr. ROBBINS. Thank you.

Mr. POOL. The next witness is Mr. Russell M. Stephens, president, American Federation of Technical Engineers. You may proceed, Mr. Stephens.

**STATEMENT OF RUSSELL M. STEPHENS, PRESIDENT, AMERICAN
FEDERATION OF TECHNICAL ENGINEERS, AFL-CIO; ACCOMPANIED BY MAX SHINE, FEDERAL EMPLOYEE REPRESENTATIVE OF AMERICAN FEDERATION OF TECHNICAL ENGINEERS, AFL-CIO**

Mr. STEPHENS. Mr. Chairman and members of the committee, for purposes of identification, my name is Russell M. Stephens. I am national president of the American Federation of Technical Engineers, an affiliate of the American Federation of Labor and Congress of Industrial Organizations. I am accompanied by Mr. Max Shine, Federal employee representative of our federation. Our offices are located at 900 F Street NW., Washington, D.C. Our federation was chartered in 1918 by the American Federation of Labor and since that date we have represented professional engineering, scientific, and technical personnel employed by the Federal Government, State, and local governments and private industry. Our Federal Government employee members are engaged in research, design, and development connected with naval ship construction, repair, and modernization; manned space flight; underwater research; ordnance; missiles and rocketry; reclamation and flood control projects; electronic guidance systems; manned aircraft; and miscellaneous hardware for national defense purposes. In addition, others of our members are employed in technical occupations by the municipal government of the District of Columbia.

Included among the classifications that we represent are physical scientists, professional engineers of all disciplines, mathematicians, digital computer programmers, engineering technicians, architects, engineering draftsmen, electronic technicians, engineering inspectors, and technical editors, to name but a few.

It is on behalf of this group of highly skilled and essential workers, many of whom hold graduate, as well as baccalaureate degrees, and all of whom have had advance training and academic instruction, that I appear before you today.

The highest award that can be granted for excellence in performance and achievement to civil service employees is the President's Award for Distinguished Federal Civilian Service, and it is significant to note that while engineers and scientists comprise but 11½ percent of the Federal white-collar work force, 43 percent of all such awards granted to date have been earned by career scientists. It is also significant to note that under the Government Employees Incentive Awards Act of 1954, of the 16 largest awards made, 13 were granted for scientific and technical achievement. This, then, I believe points out the excellence of quality found within our technical establishment. The Civil Service Commission program for quality recruitment has placed emphasis on recruitment of high-quality college students with superior academic standings. Due to the nature and relative complexity of their jobs, coupled with the excellence of the career potential of the qualified recruits, technical personnel advance over the years to the middle and upper brackets of the classification schedule. This is as it should be under the basic concept of position classification and interrelationship of jobs. It is strange to note, however, that pending legislation before this committee fails to provide an adequate percentage salary

increase at the grades within the general schedule where such a preponderance of technical employees are located. While I fully support that portion of the Olsen bill H.R. 8663 which would increase classification act salaries through GS-7 approximately 7 percent, the schedule for the middle and upper grades, GS-9 through GS-15, gradually diminishes to a point where an increase of less than 3 percent is indicated.

Public Law 426 of the 83th Congress signed on August 14, 1964, likewise provided for inadequate increases at the middle grades as compared to much higher percentage increases overall. While I realize that total budgetary considerations are a fact of life, nevertheless I cannot accept the proposition that middle- and upper-grade Federal employees should subsidize the overall program of salary adjustment. At this point I would direct your attention to a sentence in the President's pay message to the Congress, wherein he says, "and we shall be in a far better position to attract and retain in Federal service the best talent in America." If the talented groups in the middle and upper grades in the Federal service are being neglected in the proposed pay schedule, how can the President's statement become fruition? In his testimony before this committee the Chairman of the Civil Service Commission stated that the middle and upper grades lag decisively behind the 1964 private rates. This schedule, as presently contemplated, would continue that lag. The current pay rates from the GS-11 grades up are at the 1961 level, a far way off from the principle of comparability, as enunciated as policy by the Congress in 1962. Because of the time lag between BLS salary survey and action by the Congress we believe that all grades in the general schedule should be increased by no less than 7 percent at this time. This will still provide for some injustice in the middle and upper grades but will do much to close the gap.

The Pay Reform Act of 1962 for the first time in the administration of within grade increases established a requirement for an acceptable level of competence as qualification for a within-grade increase. The administration of this requirement, while seemingly inoffensive, has caused much mental anguish and suffering among a number of employees who have been the victims of maladministration of this requirement. We support the repeal of this requirement and would return to the former principle of satisfactory performance.

As is well known by members of this committee, the classified civil service employee has fallen far behind national standards, as enunciated in the Fair Labor Standards Act, which requires time and one-half as a premium payment for overtime work. Under the rules governing overtime payment for classified employees, an employee working more than 40 hours per week receives premium pay based only on that portion of his hourly earnings which does not exceed the first step of the GS-9 grade. Thus an employee at the third step of GS-12 and above is reimbursed for overtime hours at a rate which is less than his straight time hourly earnings. As an example, the GS-15 at the ninth step receives a half hour's pay for each hour worked on an overtime schedule. We wholeheartedly recommend that the Congress amend the law to provide payment of true time and one-half for all hours worked in excess of 8 hours per day or 40 hours per week.

Another item that is long overdue with respect to compensation of Federal employees is the principle of severance pay for those employees, who through no fault of their own find themselves in a reduction in force situation. Personal hardships resulting from reduction in force have become vividly manifested as a result of the recent defense base closings. Many employees who have devoted their lives to a career in Government service have suddenly found themselves unemployed. Employees faced with such unemployment would be particularly hard hit in those instances where the bases have been located in geographical areas having a high unemployment ratio. There is a noticeable trend among private employers to provide severance pay plans which give the laid off employee a means of providing for his family while he is seeking a new position. Practically all of our negotiated agreements with private employers today provide for such a program. We commend the administration for its recommendation that severance pay be granted to Federal employees and urge the Congress to adopt such a program. And similarly, we commend the administration for its proposal to provide relocation allowances and moving expenses for certain employees separated involuntarily from Federal employment through no fault of their own. We urge the Congress to adopt this phase of the administration's proposal.

We do not have two standards of what makes a good employer in the United States: one standard for private enterprise and another for the Government. A double standard which puts the Government employee at a comparative disadvantage is shortsighted. In the long run it costs more.

In all respects, save one, the Federal Government today is meeting the test of a good employer. In the last 4 years we have almost—but only almost—achieved adequate, up-to-date, and fair pay systems for all categories of Government personnel.

We must not cease our effort now.

So declared the President of the United States in his message to the Congress relative to pay increases. We emphasize, "We must not cease our efforts now."

Mr. POOL. Thank you, Mr. Stephens.

The gentleman from Hawaii, Mr. Matsunaga?

Mr. MATSUNAGA. Mr. Stephens, you know, of course, that a bill has been introduced to provide severance pay.

Mr. STEPHENS. Yes.

Mr. MATSUNAGA. I think it will fill a long-felt need.

Mr. STEPHENS. We certainly appreciate your efforts in this area.

Mr. MATSUNAGA. Thank you.

Mr. POOL. Mr. Krebs?

Mr. KREBS. I have only one question. You state: "Under the rules governing overtime payment for classified employees, an employee working more than 40 hours per week receives premium pay based only on that portion of his hourly earnings which does not exceed the first step of the GS-9 grade."

Will you elaborate on that a little bit?

Mr. STEPHENS. Under the Classification Act of 1949, as amended, when the principle of providing overtime compensation for certain employees was amended the last time, I believe about 1954, a ceiling on overtime compensation was established whereby an employee up to the level of the first step of GS-9 would receive time and a half for overtime. From that point it went on a straight horizontal line curve,

the employee receiving the same as the employee in the first step of the GS-9 grade.

Mr. KREBS. Thank you.

Mr. POOL. Thank you very much for your testimony, Mr. Stephens. We appreciate your coming here and giving us the benefit of your views.

Mr. STEPHENS. Thank you.

Mr. POOL. The next witness is Mr. Michael Cullen, president of the National Association of Special Delivery Messengers. Go right ahead, Mr. Cullen.

**STATEMENT OF MICHAEL J. CULLEN, PRESIDENT, NATIONAL
ASSOCIATION OF SPECIAL DELIVERY MESSENGERS, AFL-CIO**

Mr. CULLEN. Mr. Chairman and members of the committee. By way of identification, my name is Michael J. Cullen. I am president of the National Association of Special Delivery Messengers. We are affiliated with the American Federation of Labor-Congress of Industrial Organizations and have been accorded exclusive national recognition by the Post Office Department under Executive Order 10988 for our craft.

We welcome this opportunity to present our views on pending pay raise legislation and on other matters which come within the purview of this committee. We are appreciative of the genuine concern of the members of this committee for the plight of the postal and Federal employee as evidenced by the number of bills that have been introduced in our behalf.

We strongly support and urge favorable consideration of the Olsen bill and companion bills by Congressmen Joseph P. Addabbo, Joel Broyhill, Theodore J. Dulski, James Fulton, Jacob H. Gilbert, Seymour Halpern, and Paul J. Krebs.

We fail to see the logic of the administration's position in talking about comparability and then recommending a 3-percent salary increase. It is a matter of record that this recommendation was based on BLS figures for early 1964. Yet the administration is asking this committee to approve the 3-percent increase effective January 1, 1966. Concurrence with this recommendation would do a grave disservice to the concept of comparability contained in the Federal Salary Reform Act of 1962.

We believe that previous statements by representatives of employee organizations have made a strong case for the 7-percent increase provided for in the Olsen and companion bills for employees in the lower levels. We shall refrain from belaboring that point. We are hopeful that the administration's pay proposal for postal and Federal employees will receive the same treatment that its pay proposal for military personnel received from the Armed Services Committee of the House of Representatives.

We would like to solicit favorable consideration for that provision in the Olsen and companion bills for an adjustment in the automotive maintenance equipment allowance for special delivery messengers who furnish their privately owned vehicles, as needed, in the special delivery service. This allowance, first provided for in 1945, in Public Law 134, called for payment of 6 cents a mile or 75 cents an hour. In 1948,

Public Law 900 increased this allowance to 7 cents a mile or 90 cents an hour. There has been no subsequent change in this allowance. We feel that the 12 cents a mile or \$1.25 an hour requested in the Olsen bill is a most reasonable request and can be justified by the increased cost of vehicle operations during the past 17 years.

We would like to recommend for your approval the so-called Dulski amendments. The intent of these proposals is to give full credit for all postal service in establishing the step in grade for postal employees. The application of the Federal Salary Reform Act of 1962 resulted in many inequities. We are hopeful that the pending legislation will correct this situation.

We would also like to voice our approval of the principle of overtime pay for all regular and substitute postal employees for work in excess of 8 hours a day and for all work over 40 hours a week. In other words, under the administration's proposal if a substitute employee works in excess of 8 hours a day for 3 days but does not work over 40 hours during the week, he does not receive overtime pay for the hours worked in excess of 8 hours a day. We believe that in the interest of comparability time and one-half should be paid for Saturday work, and double time should be paid for work performed on Sunday or holidays.

Mr. POOL. What do you mean when you talk of an employee working over 8 hours a day for 3 days?

Mr. CULLEN. The proposal by the administration is that a substitute could work 12 hours 3 days and 4 hours the next, which would give him 40 hours for the week, and he would not get overtime for the first 3 days.

Mr. POOL. This only applies to substitutes?

Mr. CULLEN. The regulars are taken care of now if they put in more than 8 hours a day.

We would also like to express our support of the principle of severance pay as provided for in H.R. 8424 by Congressman Matsunaga.

The need for a more liberal moving allowance for postal and Federal employees is another matter that is deserving of favorable consideration by this committee. And by way of comparison, our employees are on the same salary grade as the postal clerks and letter carriers.

Mr. POOL. That is level 4?

Mr. CULLEN. Level 4, yes, sir.

Mr. POOL. Mr. Matsunaga.

Mr. MATSUNAGA. What is your present membership?

Mr. CULLEN. We have approximately 2,000 members.

Mr. MATSUNAGA. Do you have any in Hawaii?

Mr. CULLEN. I think there are some special delivery messengers in Hawaii, but, unfortunately, there are none in our organization.

Mr. POOL. You have some in Texas?

Mr. CULLEN. Yes.

Mr. MATSUNAGA. Perhaps you should send some organizers to Hawaii.

Mr. CULLEN. The travel expenses are prohibitive for the few potential members there.

Mr. POOL. Mr. Krebs.

Mr. KREBS. I have just one question. I think this ought to be spelled out a little more thoroughly in the record. What you are saying is that substitutes who work more than 8 hours in 1 day are not paid overtime?

Mr. CULLEN. Actually, under the present system no matter how many hours substitutes work a day or a week, they are paid straight time. The administration's proposal is to pay the time and a half if they work over 40 hours a week, but they are basing that on a weekly basis and not on a day-to-day basis. We think if they have to put in more than 8 hours in 1 day they should be paid overtime for the hours in excess of 8 in that day.

Mr. POOL. Is that the case in private industry?

Mr. CULLEN. I think where overtime pay is provided for they receive time and a half for hours worked in excess of 8 hours in 1 day. We are asking that you extend the principle of comparability.

Mr. KREBS. And under the principle of comparability if private industry pays it you think the Government should pay it?

Mr. CULLEN. Yes, sir.

Mr. KREBS. Actually, people can always use extra money and many would welcome a chance to work overtime at premium rates, and as a result of this the regular employee does not get a chance to work overtime any more because they would have to pay him time and a half whereas the substitute is paid straight time.

Mr. CULLEN. That is right. And sometimes the cost is greater because the regular might be available at the station where the work is, but rather than pay him overtime they bring in a substitute from another station and have to pay traveling time.

Mr. KREBS. Have you had any experience with overtime work increasing the rate of accidents?

Mr. CULLEN. We think that working excessive hours by any employee reduces his efficiency.

Mr. KREBS. There was testimony last week that some employees worked over 80 hours a week.

Mr. CULLEN. I heard that testimony.

Mr. KREBS. I wondered how many in your association worked that much overtime.

Mr. CULLEN. We have not had complaints from our members of working that many excessive hours, but we feel if any employee is required to work that number of hours his efficiency is reduced, and if he is required to drive a motor vehicle, there is more of a chance of accidents.

Mr. POOL. Under the Walsh-Healey Act private industry has to pay overtime for work in excess of 8 hours a day. However this act does not apply to the Federal Government.

Mr. CULLEN. That is right.

Mr. POOL. We appreciate your appearing before the committee and giving us the benefit of your views.

Mr. CULLEN. Thank you.

Mr. POOL. The next witness is Mr. Paul Hutchings, research director of the Metal Trades Department, AFL-CIO. Please proceed, Mr. Hutchings.

**STATEMENT OF PAUL R. HUTCHINGS, RESEARCH DIRECTOR,
METAL TRADES DEPARTMENT, AFL-CIO**

Mr. HUTCHINGS. Chairman Pool and members of the committee, my name is Paul R. Hutchings, and I am research director of the Metal Trades Department, AFL-CIO, with offices located in the AFL-CIO Building, 815 16th Street NW., Washington, D.C. I am appearing here today on behalf of president B. A. Gritta for the Metal Trades Department of the AFL-CIO, and its 22 affiliated national and international unions with membership employed in the Federal service.

We greatly appreciate this opportunity to express to this committee our views with reference to these several bills receiving the attention of the committee, and we will be very brief in our comments.

First, with regard to the administration's bill introduced by Congressman Udall, H.R. 8207, may we advise that while our area of direct interest is limited largely to Federal employees who come under the existing wage board systems, we heartily subscribe to the comments made by our affiliated organizations, already heard by this committee and which have indicated that the administration's bill does not adequately enunciate the salary comparability principle which the Congress and the executive branch enunciated and embraced when the Salary Reform Act was enacted. We join with our colleagues in urging that this committee should enunciate and support an increase in salary rates which will be truly reflective of the patterns established by forward-looking private industrial establishments, and testimony on which has been presented to you by our affiliated organizations directly involved in the interests of salary-rated employees.

Our department, through its affiliated international unions and its chartered metal trades councils operating in Federal activities, represents very large numbers of wage board employees in the Federal service. We speak for them, and we express our deep concern over the provisions of title II, section 203, of the administration bill, H.R. 8207. We are fearful that the language used in this section of the bill as introduced might be construed so as to allow some future administration to use the same as the vehicle for the destruction of the present laws and regulations which govern the fixing of rates of pay for so-called blue-collar Federal workers. The rates for these Federal workers are presently fixed in accordance with the provisions of section 202 of the Classification Act of 1949 as amended and by the Navy wage statute originally enacted in 1862 and now known as 12 Stat. 587, 10 U.S.C. 7474.

The existing statutory methods for the determination of wage rates allow for the individual agencies involved to devise and use wage-fixing policies designed to fit their individual needs while at the same time being reflective of the rates paid for comparable jobs in industry in the area.

It is the firm position of our department and its affiliated organizations that the present statutory methods for wage determination applicable to ungraded employees should be preserved and improved. Any movement which might result in the establishment of a single

central wage-fixing authority is one which we have vigorously opposed in the past and continue to oppose for the future.

It is respectfully pointed out to the committee that under the existing wage-fixing systems there is an opportunity for a degree of participation by the workers involved. We cite, for example, in the Department of the Navy, where our affiliates and local metal trades councils hold bargaining rights for many tens of thousands of civilian wage board employees, that such employees may participate in accordance with applicable regulations in many phases of the wage determination process. They frequently serve as observers to the local wage board, as data collectors or behalf of their activity, and in other such capacities. The system is so designed as to allow for a measure of participation by the wage board workers who are involved in the results of the wage survey and by their recognized unions as well. The establishment of any central wage board system would be most destructive to such effective participation by employees in wage surveys and rate determination.

It is the position of our department that such participation should be encouraged and improved upon rather than destroyed. Executive Order 10988 of January 17, 1962, and which has been affirmed by President Johnson, is grounded on the principle that participation by Federal workers in the formulation and implementation of personnel policies affecting them contributes to effective conduct of public business, and that subject to law and the requirements of the public service, employees should be provided with an opportunity for greater participation in the formulation and implementation of policies and procedures affecting their conditions of employment.

We are greatly concerned with language which might be constructed as to vest in a Federal Salary Review Commission any authority which might be used to bring into being a Federal central wage board type of wage-fixing process which would remove the agencies' rights to the use of wage determination policies which meet its needs and those of its employees. It is for these reasons that we strongly urge and recommend to the committee that any bill which it endorses and recommends in this area should clearly specify that any Federal Salary Review Commission which might be established would have no jurisdiction over the present statutory systems which govern the fixing of wage rates for ungraded Federal employees.

We would like to take this opportunity to express our appreciation to Congressman Matsunaga for the introduction of H.R. 8424 which would provide severance pay to workers separated from their jobs through no fault of their own when their jobs may be abolished and other jobs on which they could be employed to use their skills are not available. We believe that the principle enunciated by this bill is in keeping with the growing recognition in private industry of the responsibility of employers to those of their work force who lose their jobs through no fault of their own. We join with our colleagues who have suggested and urged that this bill be broadened so as to include within its scope employees of the District of Columbia government and employees of the legislative branch, which would include the Government Printing Office.

We would like also to take this opportunity to express our strong endorsement of Congressman Kunkel's bill, H.R. 8814, which provides

more adequate reimbursement to Federal workers for legitimate expenses in connection with their transfer to new duty stations. The legislation would increase the reimbursement allowed for transportation and storage of household goods and for travel and subsistence expenses of the worker and his immediate family while en route to his new duty station. As matters stand at present, many Federal workers are being required to meet much of the necessary costs of moving to new duty stations out of their pocket. This bill and the rules which the President would promulgate under it would apply to transfers made for the convenience of the Government and from those resulting from closures of its facilities. On behalf of the metal trades department and the many thousands of Federal workers represented through our organizations presently involved in such movements, we urge the prompt enactment of this legislation.

We are most appreciative of the committee's consideration in hearing our views on these matters and trust that in its consideration of the bills referred to they will receive your favorable consideration.

Mr. UDALL. Thank you, Mr. Hutchings, for a fine statement. We appreciate your help with this important legislation.

I am interested in your statement in which you express some ideas which were also stated the other day. We have had this wage board system for 100 years. It has removed the regulation of salaries paid to a very large number of Federal employees from the realm of politics and from the annual or biennial congressional fights. You have eloquently expressed your opposition to any change in the wage board system.

As author of one of the bills before us, it is not my intention to have the Federal Salary Review Commission modify any of the wage board procedures. If there is any doubt as to the meaning of the section to which you refer, it will be clarified before the bill is reported.

But I am disconcerted to find that some of the same witnesses who think the wage board system is good and who do not want to go back to having Congress fight over pay for blue-collar workers, but who are hostile to the provisions of my bill affecting postal and other Federal employees. I think we could save a lot of time if we laid down a policy on salaries, that they should be comparable with private enterprise, and then established a system whereby salaries could be adjusted every year based on comparability with private enterprise. Yet we have had some witnesses strongly opposed to having that kind of system replace what I consider a time-consuming and unsatisfactory system where we have to have these battles in the Congress annually or biennially, and organizations such as yours have to hold rallies and so forth.

I recognize and cheerfully concede that the proposals in my bill are not identical with the wage board system. As you pointed out, in the salary system the employees are not allowed to participate. That is a defect. There are other defects, such as the fact that the administration would still have the discretion to grant or not grant the necessary increases to provide comparability. Perhaps we could move closer to a national salary board system that would eliminate these defects.

I want to make it clear I am in favor of going in that direction sooner or later. I suspect I am in the minority, but I think it would

be a great day if we could have one pay battle and set up an ironclad, foolproof system. Then we could get adjustments every year, and Congress could devote more time to matters of broad policy.

Do you care to comment on that?

Mr. HUTCHINGS. Yes; I do.

I am heartened by your comments it is not your intention to set up a Commission that would have jurisdiction, even indirectly, over wage board systems that have come into being under section 202(7) of the Classification Act. Our concern was due to the fact some of the systems have their genesis in the Classification Act, and a salary commission, looking at that act, might construe its authority as including the wage board systems established by or referred to in section 202(7).

Mr. UDALL. It may be susceptible of that construction, and therefore I am anxious to change it so that there will be no doubt about the intention.

Mr. HUTCHINGS. I want to point out that we have had some problems in the past from those in Government who would remove from us our right to have participation in the wage-fixing process under existing law, and who are trying to put all unclassified Federal workers in one central wage board system. This would destroy our rights of many years. In the Navy, for example, the system has worked splendidly. I might say at the national level we have two union members who sit on the National Wage Advisory Committee to the Secretary of the Navy. Two of the five are union representatives and they have an opportunity to express the factual points for the local employees when it comes up at the national level, by making recommendations to the Secretary of the Navy.

I recognize the problems that would be faced in the operation of this type of program on the overall basis for salaried workers of the Government, but I would certainly urge that any program that might be considered in that direction should allow for all possible participation of the employees and their labor organizations that are affected by the findings and factual data gathering of the Commission.

Mr. UDALL. I want to thank you for your comments. Generally, I want to say I applaud those about Congressman Matsunaga and his severance pay bill. I think this is a great step forward and that it should have been taken some years ago. It is certainly my intention to support language similar to that which Congressman Matsunaga has sponsored.

Mr. HUTCHINGS. It is very heartening to hear you say that. We have many members being affected by the shutdowns, particularly at present at the Brooklyn Navy Yard, and we know the personal hardships they are enduring.

Mr. UDALL. It is utterly outrageous. I talked to a constituent of mine who was forced to transfer, and he was about \$800 out of pocket. The same applies to some extent to Members of Congress. I think I lost a couple of thousand dollars in moving, and I am sure other Members have had the same experience.

The gentleman from Hawaii.

Mr. MATSUNAGA. Mr. Chairman, I appreciate your giving me so much credit for the introduction of the bill dealing with severance pay. It was only through your courtesy that I was permitted to introduce it. You had the prerogative to introduce it because of the

position you hold, and it was through your courtesy that I was permitted to introduce it.

Mr. HUTCHINGS. We appreciate the chairman's courtesy and your forthright action, Congressman Matsunaga.

Mr. MATSUNAGA. I am very glad to hear about the success of the local wage boards. We have had trouble in Hawaii because the wage boards, particularly that of the Air Force, have refused to take into consideration, especially in the construction industry, wages paid in the defense construction areas, and rather than basing the wages on prevailing wages in that area, they have taken the wages of maintenance men in the Dole Pineapple Co. I am encouraged to know that in other areas the wage board system has been successful.

Mr. HUTCHINGS. Yes. This is particularly true in the Navy's wage system, where there is a greater degree of workers and union participation than in many of the other wage board systems functioning in the Government. I do not mean to imply we do not have our problems, such as in the sampling of comparable jobs concerned, but in the Navy we have a right to participate in the determination of the recommendation that goes to the Secretary of the Navy as to the validity of the samples that have been included.

Mr. MATSUNAGA. I was happy to hear the chairman express the viewpoint that the pending legislation was not intended to interfere with the wage board system.

Mr. UDALL. Mr. Krebs.

Mr. KREBS. No questions.

Mr. UDALL. This concludes the day's list of witnesses. Tomorrow we will convene at 10 a.m. and hear other employee representatives.

The subcommittee stands adjourned until 10 a.m. tomorrow morning.

(Whereupon, the subcommittee adjourned, to reconvene Tuesday, June 22, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

TUESDAY, JUNE 22, 1965

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

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 215, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The subcommittee will come to order for further hearings on the bill, H.R. 8207, and a number of other bills relating to the subject of compensation in the Federal salary systems.

We have a large number of witnesses scheduled this morning. The Chair is anxious to start on time and, if at all possible, to conclude the testimony of the several witnesses who are scheduled.

Our first witness today, an old hand at this committee, is Mr. J. Edward Day. Mr. Day, president of the National Civil Service League, is a former Postmaster General of the United States. He is a distinguished businessman and public servant.

Mr. Day, I understand you are accompanied by Mr. Bernard L. Gladieux, who is also well known to this committee, and by Mr. Jean Couturier, executive director of the National Civil Service League. We are happy to have all of you here today. Mr. Day, you may proceed.

STATEMENT OF J. EDWARD DAY, PRESIDENT, NATIONAL CIVIL SERVICE LEAGUE; ACCOMPANIED BY BERNARD L. GLADIEUX, CHAIRMAN OF THE BOARD OF DIRECTORS; AND JEAN COUTURIER, EXECUTIVE DIRECTOR, NATIONAL CIVIL SERVICE LEAGUE

Mr. DAY. Thank you, Mr. Chairman.

As president of the National Civil Service League, I appreciate the invitation to appear before this subcommittee. Mr. Bernard L. Gladieux, chairman of our board of directors, and Mr. Jean J. Couturier, executive director of the league, are with me today. Mr. Gladieux has a separate brief statement which, if agreeable to you, he will present after my testimony.

We are here to reaffirm our strong support of the principle of Federal salaries that compare favorably with those in the national economy at large and, as another step in progress toward this objective, to support enactment of H.R. 8207.

The National Civil Service League is a nonprofit, nonpartisan civic organization representing the public interest in matters affecting the

administration of the public service. It is the major citizens' group in the country working continuously to improve and modernize public personnel management at all levels of government. Founded in 1881, the league was instrumental in establishing this country's first civil service merit systems. Throughout its more than 80 years of existence the league has sponsored measures designed to make the public service at all levels increasingly responsive to the ever-growing demands upon it.

The board of directors of the league is composed of business and professional leaders. They are men, I might stress, fully conversant with conditions in the private economy, conversant with the responsibilities carried by private enterprise executives and with the standards of compensation for their performance. Many of them have served in positions of high responsibility in the Federal Government, and are equally aware of the demands on those who accept such offices and on the career civil servants on whom they so heavily rely.

We have studied the proposals in H.R. 8207. Essentially they would do two things:

- (1) Improve methods for establishing Federal salaries; and
- (2) Keep Federal salaries from slipping further behind the rest of the country.

Both of these need doing.

Adoption of the new salary-setting procedures, as proposed in H.R. 8207, would, in our opinion, represent another giant stride toward more progressive and orderly performance in the Federal compensation area.

We support the proposition that the initiative and administrative responsibilities in salary matters should be exercised by the Chief Executive, with Congress vigilant to review the results and to establish the framework of policy.

It is our considered view that a division of responsibilities along the lines proposed in this bill would enable both the executive and the Congress to fulfill their proper roles more fully and hence more effectively. I stress particularly that Congress would be reviewing each year all but the detailed operations of setting individual rates of pay.

Relieved of the necessity of detailed pay inquiries, schedules, and hearings each year, the Post Office and Civil Service Committees, their staffs, and the Congress itself would be able to devote the fullest attention every 4 years to the policies which guide the executive and to such fundamentals as whether the relationships between systems are what they should be and whether the systems are really keeping Federal salaries lined up properly with those in the rest of the country. If Congress every 4 years provides for the relationships within and among systems that it considers proper, I think that Congress can safely trust the President to maintain all these relationships for 4 years, merely moving the whole structure to the same extent that the outside economy moves, so as to preserve the relationship with outside salaries that the law prescribes.

On the whole, I think the ideas in this bill amount to an appropriate compromise between the present procedures for setting statutory salaries and the alternative of full operation by individual executive agencies as now exists for 625,000 wage board workers and for some professional and management staffs, as in the Tennessee Valley Authority and the Atomic Energy Commission.

One valuable feature of these proposals is that they would help solve the problem of upper level salaries, the biggest hurdle on the route to across-the-board comparability in Government pay and a major concern of our league because of our conviction we cannot have good government without the best management talent in Government. We are concerned that even with all the enormous progress that has been made in the last 3 years in applying the comparability principle, the problem of compression—of a wider gap from comparability at the upper levels—is still with us. For example:

At GS grades 3 through 5 there is a 3.5-percent gap between Federal and outside salaries, as shown by the latest BLS survey in 1964.

At grade 7, the gap is currently 5.6 percent.

At grade 11, there is an 8.9-percent gap.

At grade 13, the gap becomes 10.6 percent, and stays about the same above this.

These gaps in the grades above GS-5 would be reduced by approximately 3 percent if H.R. 8207 passes.

Behind this situation, of course, are the salaries for the Government's very top positions and their acting as a roof over career salaries. No one can doubt that the 1966 review by the proposed Salary Review Commission will again bring forth recommendations for substantial increases in top Federal salaries. We in the league hope that authorization will be given for the further increases that are justified by the present responsibilities of Government and are supported by informed opinion of leaders in business and other fields.

In 1963, the league polled some 400 national leaders in business, education, journalism, and the professions as a guide to determining its own public position on top executive and legislative personnel in the Federal Government. The results are striking:

More than half (52 percent) favored Cabinet salaries of \$50,000 or more—over 82 percent favored Cabinet salaries of at least \$40,000—the average Cabinet salary recommended was \$46,000.

About half favored \$35,000 or more for Senators and Representatives—88 percent stated that legislators should receive at least \$30,000 annually—the average legislative salary recommendation was \$33,000.

I am glad to be able to say that the 1963 recommendations of the President's Advisory Panel on Federal Salary Systems took full account of the findings contributed by the league. Thoroughly supported by extensive data from many sources, the Panel recommended salaries of \$50,000 for Cabinet Secretaries and \$35,000 for Members of Congress. I observe that the non-Government members of the recent Special Panel on Federal Salaries who were also members of the 1963 Panel restated and reemphasized their views in a note to the April 15, 1965, Special Panel report.

While it is disappointing that the specific salary adjustments in H.R. 8207 do not propose to bring the upper grades into the same relationship with national average salary levels as the lower grades, the proposed 1966 full-scale salary study by a new Salary Review Commission offers promise that this can be accomplished reasonably soon. The league firmly hopes that the 1966 review will bring about the final phase of salary reform, with Federal salaries at all levels soundly related to

the standards that prevail in the national economy. In the meantime, the general 3-percent increase proposed in the bill would reflect the rise in outside salaries shown by the latest official survey report, which was published after the present salaries were set.

In summary, then, H.R. 8207 proposes significant improvements in Federal salary procedures and a holding action with respect to Federal career pay rates. The National Civil Service League believes that, with the prospect of a top-to-bottom salary review in 1966, these proposals represent significant progress along the road to a Federal pay structure suitable for the quality of government this country must have.

Thank you.

Mr. UDALL. Thank you, Mr. Day. As always, you have given an effective statement before this committee.

I want to say to you and the other witnesses here today that I am a little embarrassed because I was anxious to finish the testimony on these bills in the scheduled 4 days of hearings. As it turned out, in those 4 days Arizona bills have come up before another committee. I have to handle them because of local and technical points. So I have to leave now but will come back later. I will ask Mr. Krebs to take the chair.

I might say that Mr. Gladieux will present his testimony next. Then there will be joint questioning of both of you. I am sorry I have to leave.

Mr. KREBS (acting chairman). Mr. Gladieux, you may proceed.

Mr. GLADIEUX. Mr. Chairman, I have a brief supplementary statement to that offered by Mr. Day on one important aspect of the bill before you.

The board of directors of the National Civil Service League wishes to express its forceful opposition to measures now pending before this committee which would repeal the provision incorporated in section 603 of the Salary Reform Act of 1962 requiring an acceptable level of competence as a condition prerequisite to within-grade pay increases for classified personnel of the Federal service. Rescission of this modest requirement for a positive finding of merit would reinstate the near-automatic system of step increases in effect prior to 1962. In our judgment, this would represent retrogression in the Government's continuing efforts to upgrade civil service performance standards.

Our historic interest in a strong merit system and efficient governmental management caused the league strongly to support the 1962 salary legislation as a significant advance toward achieving compensation standards comparable to those applying in private enterprise, as Mr. Day has just pointed out and emphasized. But a policy of comparability certainly carries with it an obligation to accentuate the drive for higher levels of efficiency and productivity in the Federal service. Reversion to the former basis of a satisfactory efficiency rating as the sole requirement for in-grade salary increases would have the effect of equating mediocrity with outstanding competence, thereby discouraging incentive for superior service and tending to foster minimum standards.

The mere capacity to survive in the Federal service and to escape the severe penalty of dismissal by just meeting minimal work standards hardly justified the reward of an annual increase in compensation. This is not the way it is done in business and there is no reason for

such a tolerant practice in Government. It is a fact of life in the Federal service that a satisfactory efficiency rating often cloaks less than desirable work performance. However, the dismissal procedures are so formidable as to be of little utility except in the most flagrant cases. The requirement of a positive finding that performance warrants not only retention but a higher level of compensation permits the conscientious supervisor to make a meaningful and discriminating judgment concerning the respective merits of his employees. It also serves to give responsible officials a realistic alternative to dismissal for marginal performance by withholding salary increments until performance warrants such recognition.

We, therefore, strongly support retention of the provisions of section 603 requiring an acceptable standard of competence as a condition of within-grade increase. Beyond this we urge that the Civil Service Commission and personnel authorities throughout the Government insist on even more scrupulous compliance with the intent of this incentive to better performance. We further urge that a standard of substantial superiority over normal performance be established and insisted upon in order to merit the additional increases for high quality performance also authorized by section 603.

Please be assured of our continuing interest in all measures designed to protect and promote the meritorious in our Federal civil service. We are proud of the able men and women who serve their country in Federal employment and believe all measures which motivate higher achievement and which reward the worthy should be retained and strengthened.

I might just add, Mr. Chairman, I have had occasion to review the Progress Report of the U.S. Civil Service Commission on this legislation following its first year of operation and I would like to state my own appraisal that it represented an encouraging start. There were tangible results reflected in terms of incentive and higher productivity, and I would urge, rather than abandoning this effort, that the committee admonish the Commission to step up and enhance the use of this method to measure the difference between mediocrity and outstanding competence. The report represents progress but it also represents inadequate use of this potential measure.

Mr. KREBS. Thank you very much, Mr. Gladieux.

Mr. Couturier, do you have any statement to give?

Mr. COUTURIER. No, sir.

Mr. KREBS. I have only one question. There have been many divergent opinions on what comparability really means. I wonder if you, Mr. Day, or one of your associates, would like to put on the record your definition of comparability. In my opinion a clarification of this term is part of the problem.

Mr. DAY. Well, I think, Mr. Krebs, it would be difficult in an impromptu statement to bring in all the technicalities required in any comparability plan. Comparability plans are not unusual and are used by many private employers and by many city and county governments of a more enlightened type. They are efforts, by whatever means it can be achieved, to bring pay for public employees into line with jobs that can properly be considered roughly similar in private industry. There are inevitably disputes as to what jobs are similar. It is true there is no other job that is identical with that of a letter carrier, and

it is a very important job. So that I am sure there will always be a certain amount of dispute as to what it should be compared with in the private economy and in the rest of the Federal system. But I think the fact we have now adopted a comparability program and are really trying to improve it and refine it represents an enormous step forward. After all, it was only 50 years ago that the Federal Government took a view toward its employees that it did not care whether they liked their pay or not, that if they did not like it they could quit. That was the whole approach then and it has been the approach of some in more recent decades. Fortunately, that is behind us and I think the disputes and questions raised about comparability are all worthwhile in an effort to refine it and carry out its purpose more effectively.

Mr. KREBS. I have one further question. There were some suggestions made during the course of these hearings that you ought to compare the salaries in nonprofit agencies as well as those in private corporations. What do you think of that?

Mr. DAY. I think that is correct. I think there should be, and I think it is proposed that there should be introduced in the comparability formula, employees in State and public governments and nonprofit institutions. I think all segments of our society should be considered in coming up with these formulas.

Mr. KREBS. What happens if you find jobs comparable in General Motors and in State and county governments which have divergent rates?

Mr. DAY. There is an averaging that takes place with the formulas. There has to be an averaging in order to make it realistic.

Mr. KREBS. Thank you very much, Mr. Day. Mr. Broyhill.

Mr. BROYHILL. Thank you, Mr. Chairman. I want to apologize for being late. I think three of us here are also members of other subcommittees meeting today.

Mr. Day, are the members of your organization Federal employees?

Mr. DAY. No. The general membership of the trustees of the National Civil Service League are business and professional people from the academic world and many of them have been in Federal employment but they are not Federal employees at the present time. We circulate our magazine and keep in contact with people at all levels in the Federal Government, but they are not the group that actually finances or directly controls the policies of our organizations. It is a businessman type organization in the order of the Council of Economic Development, or something of that kind.

Mr. GLADIEUX. If I might supplement that, our bylaws prohibit anyone in Federal or other public employment from being a member of the board of directors of the National Civil Service League. Mr. Webb, the NASA Administrator, was a longtime member of the board. When he accepted the appointment to become NASA Administrator, he went on an on-leave status. We hope some day he will come back, but he takes no part in the league at the present time.

Mr. KREBS. Mr. Derwinski.

Mr. DERWINSKI. Mr. Day, when you were Postmaster General your relations with this committee and with Congress were rather good, I believe.

Mr. DAY. I think so; I hope so.

Mr. DERWINSKI. You basically were responsible for working with Congress in getting the 1962 pay bill passed. As a matter of curiosity,

why do you advocate removing from Congress the control of pay legislation, in view of the good experience you personally had with Congress?

Mr. DAY. I think the proposal is for a change in the method of control by Congress rather than removing the control. It seems to me if Congress sets the structure and outlines the program it wants undertaken, that the matter of fitting the formula in that program is an administrative job. We did not have such a comparability program in effect at the time the 1962 pay bill was passed. We had there, I think, a major change in the whole emphasis and philosophy of the Executive being more interested in pay increases for the Federal employees. Now that we have the comparability principle in effect I think the working out of the details is appropriately the thing that can be left to the Executive. I do not advocate this kind of a program for the purpose at all of not wanting to trust Congress or anything of that kind. I am personally very much against that point of view, which exists in some circles.

Mr. DERWINSKI. In endorsing H.R. 8207 do you also endorse the percentage of increase as opposed to the more liberal bills that have been introduced before this committee?

Mr. DAY. We accept that increase proposal because we think that is heavily involved in trying to have a platform for getting the rest of the proposal in. We continue to have increases to comparability only for the lower levels, and there is never a facing up to this compression problem, and we mainly accept this percentage in order to have some hope and assurance that we will move forward to the proposed review program and can do something about the upper levels.

Mr. DERWINSKI. Mr. Day, in view of your unique advantage as a witness of being very intimately acquainted with these problems and without, however, wishing to put you in the position of again being an administration spokesman, if Congress should pass an abnormally high wage increase—that is, higher than proposed by H.R. 8207—would this in your opinion necessitate an increase in postal rates?

Mr. DAY. No; it would not. Personally, I do not think the time is here for another increase in postal rates, and I feel that the determination of what is a proper objectively arrived at basis of compensation for postal employees should be determined purely on pay and economic considerations and not on what the postal rate is.

Mr. DERWINSKI. You say you do not think the time is here for another postal rate increase. Are you implying that perhaps the public is not ready to accept a new rate?

Mr. DAY. In all of this, of course, I am speaking personally. I do not think the National Civil Service League has any position on postal rates. But I think there is too much talk about the Post Office deficit. I think the Post Office is a major public service institution and that there is no more reason why there should be eternal preoccupation with the postal deficit than there would be in talking about the deficit of the Department of Commerce or the Department of the Interior. Everybody uses the post office and whether they pay for some of it through general revenues instead of through a rigid break-even postal policy, it seems to me is not a logical comparison. Some of it is and should be paid out of the general revenues.

Mr. DERWINSKI. You do not think this preoccupation with the deficit in the Post Office Department might have some psychological effect on salaries of postal employees?

Mr. DAY. I think the Post Office has and does believe very strongly in administrative efficiency, but I think there has been too much of a budget squeeze on the conventional agencies of the Government. I wish this committee were the appropriations committee of the Post Office Department because I think this committee better understands what the Post Office Department role is in our economy and in our Government. Some of the new and glamorous Federal programs—and many of them are highly beneficial—but they get an enormous amount of money. Yet, some people always want to have a curtailment program for the Post Office Department, and the Post Office Department needs curtailment like a hole in the head.

Mr. DERWINSKI. Thank you.

Mr. KREBS. Do you know of any other Government department that operates on a profit basis?

Mr. DAY. There are quite a few, Mr. Krebs. There is a list I have seen of organizations such as the Panama Canal Authority—

Mr. KREBS. I did not mean that. I meant departments at Cabinet level, such as the Department of Agriculture.

Mr. DAY. No department as a department. There are segments of some of the departments that do have significant revenues and sometimes are in a surplus situation or close to it.

Mr. KREBS. Is it not true that even though a small segment of a department might show a profit, that department as a whole does not make a profit?

Mr. DAY. That is true of the Federal departments, yes.

Mr. KREBS. Thank you very much.

Mr. DERWINSKI. Mr. Chairman, I have to leave for a Foreign Affairs Committee meeting. I would like the record to show I have been called to another meeting on world affairs.

Mr. KREBS. Very well.

The next witness is Mr. John Griner, president of the American Federation of Government Employees. Suppose you identify yourself and your associates for the record.

STATEMENT OF JOHN F. GRINER, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES; ACCOMPANIED BY GEORGE MEAGHER, DIRECTOR OF LEGISLATION; AND DR. W. J. VOSS, DIRECTOR OF RESEARCH, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Mr. GRINER. Mr. Chairman and members of the committee, my name is John F. Griner. I am national president of the American Federation of Government Employees. I am accompanied by Dr. W. J. Voss, our director of research, and Mr. George Meagher, our director of legislation.

The AFGFE has in excess of 160,000 members in every department and agency of the Federal Government, in the District of Columbia, in every State of the United States, and in Guam, Okinawa, Puerto Rico, Panama Canal Zone, Cuba, the Azores, and West Germany. We have exclusive recognition and bargaining rights for about 215,000

employees in the Federal Government. Therefore, we can say that we actually represent about 215,000 Federal employees.

The AFGE expresses its most sincere appreciation to the chairman, Mr. Morris Udall, for promptly scheduling the hearing on pay. We want to take this opportunity to express our gratitude to President Lyndon B. Johnson, who forsook the old axiom of political expedience and recommended a pay increase for Federal employees. Also, for his expression of confidence in the Federal employees, as expressed in his message to Congress.

We also commend this committee for its willingness to consider, along with pay, other matters which are of equal or more importance to the Federal employees; that is, premium pay, repeal of the acceptable level of competence provision of the 1962 Pay Reform Act, and severance pay. We also want to express our appreciation to other members of this committee who have introduced legislation relating to these subject matters.

The chairman of this committee, Congressman Udall, introduced H.R. 8207, which carries the recommendations of the administration. This bill recommends approximately a 3-percent increase for all grades in the classified service. Bills introduced by Congressmen Olsen, Dulski, Krebs, Fulton, Broyhill, Halpern, and Gilbert provide for increases ranging from the maximum of 7 percent to a minimum of 3 percent. In our opinion the 3 percent is totally inadequate for any grade in the classified service. It is not in accordance with the principle of "comparability" as expressed in the 1962 Pay Reform Act. A 7-percent increase for all grades is more realistic.

There are other differences between the administration-sponsored bill and other bills that I have referred to.

The effective date for the pay increase in the Udall bill is January 1, 1966. The comparability study on which the increases are based was made in 1963 and 1964, and centers in the first 2 months of 1964. The effective date of January 1, 1965, as proposed in the Olsen and other bills, is more realistic and is more in keeping with the comparability provisions of the 1962 Salary Reform Act. Should the effective date of January 1, 1966, be adopted, any increase provided by this bill would begin almost 2 years behind true comparability. Certainly the lag is too great at this point. The lag should not be increased.

Bills have been introduced by Congressmen Clevenger and Olsen which would correct some of the inequities and injustices of the Federal Employees Pay Act of 1945 relating to premium pay. We wholeheartedly endorse these bills and will discuss them in more detail later in this statement.

The bills introduced by Congressmen Olsen, Dulski, Krebs, Addabbo, and Gilbert contain provisions to repeal the discriminatory and unworkable "acceptable level of competence" provision of the 1962 Salary Reform Act. We wholeheartedly recommend the repeal of this provision. Our position will also be discussed in detail later in this statement.

At this point I wish to have the record show that I endorse wholeheartedly the position taken by the representatives of the postal unions in submitting to this subcommittee their appraisal of the implications of pending bills for their membership. Postal workers, as well as classified workers, are, in my opinion, entitled to higher increases

than have been proposed. However, the great majority of the membership in the leading postal unions is concentrated in the first four postal levels, while the employees represented by the AFGE are not concentrated in just a few grades, but are scattered over the entire width and breadth of the Classification Act. Consequently, the AFGE is acutely interested in a proportionate raise which is needed to gain and maintain comparability for all classified employees with private industry. Furthermore, we are interested in the necessity for maintaining a proper relationship between all grades in the classified service.

The AFGE endorsed the principle of comparability in 1962 and we endorse that principle today. We admit that there is a serious problem in determining how and by what means comparisons should be made in certain classes of positions principally because there are no similar positions in private industry. Necessary adjustments should be made with respect to those positions, especially when a large percentage of Federal employees fall in those categories. However, in making these adjustments the basic principle of comparability should not be bypassed or disregarded. With this objective in mind I shall from time to time during my statement comment on the broader aspects of the concept of comparability which is so basic to the salary problem and which, I believe, is so vital to the decision which confronts this subcommittee.

The question of a need for a pay raise for Federal employees is not a question in dispute among the majority of the members of this committee. The principal question to be resolved is how much and how it should be distributed, so as to do equity and justice to all the employees in the classified and postal service.

The magnitude of this problem, which you must resolve, is apparent when one realizes we are dealing with an expenditure of considerable proportions. On the other hand, we cannot overlook the fact that the real object of our concern cannot ever be lost sight of—the 1,700,000 persons, individuals if you please, who are involved. These 1,700,000 persons, in addition to those who are employed in the wage board classifications, make possible to the most minute detail, the functioning of the greatest government on earth. And that is a government which has an annual income and expenditure of about \$100 billion per year, on whose efficient operation depends the welfare and to a great extent, the future of a population of almost 200 million people and the continued growth of the national economy which is measured by a gross national product presently approximating \$650 billion a year.

I know this committee could adopt a philosophy of political expediency and dismiss the situation by merely concluding that only so much money could and should be expended on these proposed increases, or that, regardless of the facts as may be presented which would clearly support higher increases, the cost must be limited because so many persons are involved and a just raise would cost too much. My experience with this committee has been that the members are ready and willing to look at the facts and make their recommendations accordingly. Now, let us look at the facts with respect to pay, as I see it, based on comparability.

The history-making feature of the Salary Reform Act of 1962 was without question the principle of comparability which it introduced

into the salary-fixing system of the Federal Government. Hitherto, salary increases for classified and postal employees were sporadic and woefully inadequate. By the time a salary increase law was enacted, the new rates were already outdated when compared with the upward trend of pay in a fast-moving economy.

Because of the repeated delays, the cost of each proposed increase which was warranted represented a sum that boomed large in relation to the current budget. Hence, a reduction was usually inevitably forthcoming. Then the Salary Reform Act of 1962 introduced the new and uniquely useful procedure of establishing Federal salaries by using the wages of comparable positions in private industry as the point of reference for the purpose of measuring needed changes in Federal pay.

It was a change of crucial importance, and I dwell on this point because of developments in the interim. The importance of this step was emphasized by the late President John F. Kennedy in his message to the Congress in April 1963. In his message which transmitted the findings of the first survey completed after the Salary Reform Act became effective, the President termed the Salary Reform Act of 1962 "the most important Federal employee pay legislation in 40 years." Concerning comparability, President Kennedy made this significant comment:

The Government has adopted the principle of comparability with private enterprise and a process for accomplishing it which are noteworthy for objectivity and clarity. By our actions in this first year's test we can demonstrate that the Government has sincerely committed itself to the twin proposition of fair treatment of its employees and adequate compensation for recruitment and retention purposes.

That comment sets out in unmistakable terms the duty and responsibility of the U.S. Government toward its civilian employees. It is our contention that, since the Government has committed itself to the proposition of fair treatment of its employees with a pledge of adequate compensation to retain their services, the process for accomplishing comparability should be permitted to operate as it was established. As President Kennedy indicated, that process must be characterized by its objectivity. Otherwise, it is unreliable, misleading, and ultimately meaningless.

It is my opinion, which can be fully substantiated, that the Federal Government has not adhered to the principle of comparability. Instead it has compromised with that principle as originally enunciated by President Kennedy. It has compromised by failing to follow through with recommendations that closely reflected the findings of the Bureau of Labor Statistics national surveys conducted for the express purpose of determining the rates which should be paid to Federal classified employees.

In addition to that failure there has been an indefensible repetition of the budgetary influence on salary-fixing, the very factor which the process for basing classified rates on comparable rates in private industry was intended to eliminate.

What I am fearful of is that the day may come in the not too far distant future when the principle of comparability will be little more than a memory because it has been ignored and the principle violated repeatedly. This is a most disturbing thought, because if it comes to pass the Federal Government will have taken a step backward which

will negate much of the progress the civil service merit system has made during its more than 80 years of existence.

In a sense, the Classification Act system will have retrogressed the equivalent of a full century. It took that long to establish the principle of comparability for white-collar salaries. Fixing of wage board rates of pay has been done in accordance with a comparability principle since the law providing Navy wage fixing procedure was enacted in 1862.

Comparability has not been attained in preceding salary legislation. This failure has had a significant effect on the interrelationships of the Classification Act grades and this has been especially true of the four grades, GS-9 through GS-12.

The 1962 Salary Reform Act did not provide true comparability, and the 1964 act did not correct this situation as it did for the lower grades. In the course of its consideration in the House, several bills were introduced. Finally the House committee in its wisdom reported out increases for these grades which were adopted and which percentage-wise were as follows: GS-9, 2.6; GS-10, 2.0; GS-11, 1.7; and GS-12, 2.2.

Gentlemen, I would like to point out at this time that a very large percentage of our people who are in these grades—and about 31 percent of the classified people are in those four grades—do such work as claims examining and customs and immigration inspectors. A large percentage of these people are never seen by the public. The public gets the end results. It is not like some of the other people, customs and immigration, for instance, where the public are in contact with them day in and day out. They see the work being done, but they do not know of the work done in the Veterans' Administration, in the Social Security Administration, Railroad Retirement Board, and a number of other agencies, because the employees are behind closed walls. But yet they do work that is very vital and essential to the operation of this Government.

These rates, I might say, were raised by the Senate to approximately 3 percent. The Senate rates were finally adopted. However, it is a clear indication of disregard of the principle of comparability in these particular grades.

How we find that even the Olsen and similar bills will prolong that lack of comparability by not providing more nearly adequate raises. The percentage increases provided by these bills for these four grades are less than in some of the lower grades. Certainly we believe this is inexcusable, and if we are to follow the principle of comparability, these four grades should be brought up equal to that which is provided for the GS-5 category, so as to compensate for the inequities of the 1964 act.

Raises are again proposed which do an injustice to these grades. Table 3 illustrates in specific terms the extent to which the Udall and Olsen bills fail to attain comparability in these grades. Consider, for example, GS-9. The average of the salaries of positions surveyed by BLS in the 1964 national survey is \$8,421 for the positions in private industry which correspond to this grade. If the current fourth rate in GS-9, which is used as the assumed average in official discussions of the salary problem, is increased to the industry level, it would require a raise of 5.9 percent. The Udall bill proposes 3 percent, while the

Olsen and other similar bills would raise the fourth step by 5.8 percent. The increases provided by the Olsen bill become progressively less for the next three grades, dropping to 4.3 percent for GS-12, compared with 9.5 needed to match the industry average. Larger increases are needed because of what happened last year.

If the actual average of these grades is used to measure the raises needed to attain true comparability, an increase of 8.5 would be necessary in GS-9, and 14.9 percent in GS-12.

You will note that I have used the true average of Classification Act salaries in these grades. The purpose of this use is to show that the fourth step of these and other grades does not reflect the actual average of salaries under present conditions.

Gentlemen, I would like to call your attention to a document that was released by the House of Representatives. The title of it is "Joint Annual Report on Statutory Pay Systems Pursuant to the Federal Salary Reform Act of 1962." I note the White House sent this document over on May 17, 1965. If you will refer to page 14, you will find in that document some other figures. These figures are actually based on a survey made by the Bureau of Labor Statistics and for the grade 9 it would take 7.9 percent to bring it up to a comparable position with private industry; for grade 10 it would take 8.4 percent; for grade 11 it would take 8.9 percent; and for grade 12, it would take 9.9 percent. I do not know where we get the figure of 3 percent as shown in H.R. 8207, I believe it is, or the Udall bill. If we are going to following comparability, then let us have comparability, and even these figures are not comparable because they are based on a survey made in 1963 and the first few months of 1964. Another year will have passed before this probably goes into effect. We again will be 3 percent or more behind the figures which are quoted here, and I think it is time we did something to close this gap rather than broaden it.

Mr. KREBS. Mr. Griner, did you read the title of the document you referred to?

Mr. GRINER. Yes. It is Document No. 174 of the 89th Congress.

Mr. KREBS. It is not necessary to put it in the record because counsel tells me it is already there.

Mr. GRINER. Thank you, sir.

I would like to also call your attention to what I said a moment ago about the assumed average—that is, the fourth step. We find the assumed average to be more nearly correct because if you will note in these charts we show the actual average in each of these grades, which is less than the assumed average. I just wanted to call that to your attention. We are not opposing using the fourth step but we do not want to leave the thought that that is the actual average in the classified grades.

Table 3 shows clearly that a minimum raise of 7 percent is warranted. In using the fourth-step rate as the assumed average, the basis for rate fixing is a false standard, because it is higher than the true average. Thus the final measurement of the needed raise is made on a false premise.

I realize that the construction of a salary schedule must produce a smooth progression of rates which will maintain a proper relationship between grades, thus reflecting varying degrees of responsibility. I believe we should come closer to the true situation than the raises in

H.R. 8207 or even in H.R. 8663, which, of course, is a vast improvement.

I realize that what I have termed the industry average is based on a relatively small number of jobs. But it is a representative figure because those jobs have been carefully chosen and the survey conducted by the use of scientific sampling methods. If we are to accept the findings of the survey as valid we should formulate the proposed rates in closer approximation to those findings. Otherwise, what license have we to assume that we can state the extent to which we believe the survey varies from the facts?

Now let us move on to the next aspect of the salary problem which is the principal reason for us all being here. What should the increase be? I have already demonstrated in table 3 the accumulated difference between industry salaries and those in four of the classified grades in the Federal service. There is no doubt that an overall raise approximating 3 percent will not correct this difference between industry and the Government.

It is a truism that the standards applied to Federal salaries should be those large firms in industry. There is certainly no validity in relating Federal pay to employment in a small establishment with 50 or 75 employees. This fact is recognized by BLS in excluding establishments employing fewer than 250 employees.

Some persons appear to be of the opinion that salaries in the lower grades are above comparability when compared with salaries in private industry. We have not found this to be so. Even the more routine clerical positions in large corporations tend to be compensated uniformly, but more than that, they are paid at rates which emphasize the failure of Federal classified pay in the lower grades to equal that of large-scale employers. And so I offer as an example of the salaries paid by large companies the rates for six positions paid according to the schedule of the Chrysler Corp. These are union rates established by collective bargaining between that company and the United Automobile Workers (AFL-CIO).

Some representative rates for positions in the Chrysler Corp. are stated in table 4. The rates currently in effect are substantially above those for Federal positions on comparable levels.

I would like to refer you to table 4. At this point I would like to point out we have found in most large corporations that the salary for this type of work is about similar. We picked this because we had a current contract. In some of the others, we do not have a current contract. If we did, it would establish this to be a fact—they are somewhat similar. You might note they are nationwide.

This table also shows the increased rates, still within the terms of the union agreement, which are to become effective next September and a year later. This is by no means an isolated instance of large company rates which exceed those of the Federal Government. This is true of other companies, particularly if the clerical and technical workers are unionized. Moreover, the Chrysler rates are nationwide.

I also offer as further indication of the need for a 7-percent raise to attain true comparability the evidence presented in table 5. The increase of wages in office clerical positions in 30 cities throughout the United States is reflected in the 1963-64 survey on which the pending administration recommendations is based. However, inasmuch as there is a lag between the actual time at which an area was surveyed

and the present, still greater increases have taken place which are not reflected in the 1963-64 survey. The percentage increase in the cities shown in table 5 is stated for the 1964-65 survey which is nearing completion. The increases shown for both periods together substantiate a 7-percent increase because even some of those for the 1964-65 period represent a survey time of 8 or 9 months ago.

These data bring us to the problem of lag in the availability of the survey data. Commissioner Clague in his testimony before this subcommittee indicated that it would be difficult to accomplish any meaningful reduction of the time between the point at which a survey is completed and the date it can be made available. There must be time for analysis and adjustment. We should have reliable data and they can be obtained only in a survey in which they are no shortcuts to affect their validity.

I would suggest one possible solution. That would be to take into consideration the increases indicated presently by the 1965 survey not yet completed. They clearly indicate a trend that is greater than that displayed in the survey completed last year. Some of the metropolitan areas in the 1964 project on which the 3-percent recommendation was based were actually surveyed in July and August 1963, now almost 2 years ago.

There are certain features of the salary increase bills which have been introduced in the House and referred to the Post Office and Civil Service Committee on which I desire to express our views.

First there is the proposal in the Udall and other bills to establish a Federal Salary Commission. So far as this relates to Members of Congress, members of the Federal judiciary, and administrative positions within the scope of the Executive Salary Act, I have no comment other than to say that I believe that any action taken with respect to these groups is well within the province of Congress. We do not presume to concern ourselves with such salaries.

Our organization last year supported the recommendation of higher salaries for Members of Congress, the judiciary, and administrative officials. I will speak only for those employees I represent. As for these other groups, including Congressmen, I believe Congress should be the judge of what is adequate compensation.

We do not favor giving the Salary Commission authority to review the principles, concepts, structures, and interrelationships of the statutory civilian salary systems of the Federal Government.

I think one of the best examples that can be shown is what I pointed out a few minutes ago. When a document which originated at the White House shows figures that are entirely different than in the bill which is supposed to carry the administration's proposals and is supposed to be based on comparability, we will take our chances with you gentlemen. Any day we will take our chances with you gentlemen.

Whatever examination is made of the basic aspects of the civilian salary systems should, in our opinion, be made by Congress. We believe, and I wish to emphasize this statement, that such authority should remain with Congress. Sharing this authority with the Chief Executive, as provided in section 203(b), would not be in keeping with the concept of the Salary Reform Act of 1962. Moreover it would be contrary to the wishes of Federal employees. The decision as to employee compensation should be formulated by a congressional com-

mittee and approved by both Houses of Congress. Several of these bills also provide that the recommendations for salary changes submitted to Congress by the President should become effective at the end of 60 days unless either House passes a resolution disapproving the proposal. We do not favor this provision, as it is stated in section 204. These recommendations should be submitted to the usual legislative process, as provided in the Salary Reform Act and practiced even prior to that enactment. This procedure has the advantage of subjecting the matter to study by a regular committee and a report to the entire Senate and House.

There is urgent need for improving the premium pay provisions applicable to classified employees. Bills to accomplish that objective are in the process of preparation and introduction and I wish to acknowledge the interest displayed by Representatives Clevenger and Olsen, in particular.

The proposal which is being placed before the House committee would provide for premium pay after 8 hours in 1 day as well as after 40 hours within 1 week. Compensatory time off would be eliminated, and all authorized extra duty would be paid for in added salary. We might point out that employees now working under wage board classifications qualify for overtime after 8 hours in any one day and 40 hours in any one week. There is no provision for compensatory time under the wage board schedule.

Overtime pay would be increased to an extra payment of 1½ times the straight time rate for any Saturday. The overtime rate for a Sunday or a holiday would be a premium payment equal to two times the basic payment rate in addition to the basic rate of compensation.

I wonder if some of us realize at the present time if a person works on a holiday, he is not actually paid at a premium rate because he gets 1 extra day of compensation. His compensation for his holiday is computed on the basis of his annual salary. He gets paid for that anyway.

That is the reason we are asking for double time over and above the day that he will be paid for anyway for holidays.

Compensation would also be provided during periods of travel. There is real need for improvement in this regard, for the employee is being exploited many, many times for the convenience of the Government. He is either required to work at times when he cannot be compensated because there cannot be a showing of actual work during travel to or from the place the work is to be performed, or he is required to leave his station on a Saturday or Sunday so as to be at a location for duty on Monday.

I know of cases where it is necessary for a man to travel from home for 100 miles. It would take him 2 or 3 hours to reach the point where he must perform an official duty that might not require more than minutes. Of course he gets a minimum of 2 hours. After the work is performed, he returns to his official station. The only time that he is paid for is the time that he is actually performing this work even though he has to get up in the middle of the night, he has to break his rest, he is supposed to be off. He is not paid for this travel time.

I think the employees in the Federal Government are being exploited by having to travel on Sundays or holidays without pay in order to be at another station the following morning. We believe if they are required to travel they should be paid. Of course, now, if

they are traveling during a weekday during their regular assigned hours—say from 8 to 4 in the afternoon—any traveltime falling within those assigned hours is paid for, but let's say he does not reach his destination until 11 o'clock at night, he gets no extra pay for that time.

As I pointed out before, a great percentage of his travel is performed on Sunday when he should be at home with his family.

Present law permits payment only if the employee is actually performing duty during travel, such as a Federal officer accompanying a prisoner being transferred to another penal institution. The fact is that, regardless of what the employee is or is not doing while in a travel status, he is away from his home or family and constructively at least is in a duty status.

This legislation also would confine the administrative workweek of 40 hours to a period of not more than 5 of any 7 consecutive days. I can cite as a glaring example of the need for this feature of the bill a situation at the NASA Space Agency at Huntsville, Ala. There employees in the photographic laboratory at times are required to work 10, 12, or 14 hours. When they reach 40 hours during any one week they are placed in an off-duty status so there need be no payment for overtime. It is inconceivable that such disregard is shown at some Federal installations for the rights or convenience of employees, but it does happen.

A case was brought to my attention this morning where an employee was required to work from Monday through Saturday with Friday off. The next week he was required to work from Sunday through Thursday with Friday off. In other words, there is a break in the 40-hour workweek. You do not get your 2 consecutive days off. This can be corrected. It will cost the Government no more. It is just a matter in my mind of good, sound administration.

It is apparent that there are areas in this overtime situation that are greatly in need of correction. The limit on overtime payment to the minimum rate for GS-9 means that true time and one-half now ends at a salary of \$7,220. The overtime rate, however, becomes less than the straight time rate at the ninth step in GS-11, and the fourth step in GS-12.

Any overtime approved for the person above the first step, or in any higher grade, would be paid at the rate of time and a half for the first step. So when an individual reaches the ninth step in grade 11, or the fourth step in grade 12, his overtime rate is actually less than his straight time rate. Certainly, if there is a need for that man to work, then he should be paid accordingly.

Current law makes it possible to work an employee 10 consecutive days without a break. This practice is not unusual. Many of the employees now commute 75 miles or more and ride in car pools. Such work scheduling works a hardship on families who depend on one automobile, and as a result may find it difficult or even impossible to do necessary shopping or churchgoing on a weekend because the family care is needed to ride to work. Huntsville is not the only locality where this happens. It occurs at many large installations.

This is happening in Huntsville, Ala., and it is happening in other locations.

There is one more provision which is included in the premium pay legislation now being readied. It would include in the definition of

basic salary in the Retirement Act all extra pay of classified and wage board employees; that is, all bonuses, allowances, overtime pay, night differential, Sunday and holiday pay, and any other addition to basic salary provided by law or regulation.

I would like to point out here that the other two national systems, the social security system and the railroad retirement system, credit premium pay for purposes of retirement. Crediting of this extra pay is important, for we have many groups of employees, such as those in the Customs and Immigration Services, and meat inspectors in the Agriculture Department, for whom overtime pay is a considerable sum.

Another beneficial change needed in the classified pay system is the reduction of the total waiting periods within a Classification Act grade. Presently 18 years are required to advance from step 1 to step 10 in any grade up to and including GS-15. Prior to the Salary Reform Act of 1962, the sum of the waiting periods was 15 years. The change could be accomplished by changing the requirement in section 701 (a) of the Classification Act of 104 calendar weeks of service to 52 weeks of service in salary steps 4, 5, and 6.

And now I come to a provision in the Classification Act which has caused and is causing us a great deal of concern, because hundreds of Federal employees in the classified service are in danger of being terrorized by vengeful supervisors because of it. It is section 701 (a) (B) of the Classification Act which requires that an employee's work be "of an acceptable level of competence as determined by the head of the department" before he may be permitted to receive the next within-grade increase.

If I am not mistaken, I thought I heard former Postmaster General Day say he is in favor of this. I wonder why it is not in.

At the time this provision was placed in the law the unions never had an opportunity to comment on it officially. The fact it is not in the postal salary-fixing law nor is it applicable to wage board positions in our opinion clearly identifies it as prejudicial and discriminatory legislation. That fact in my opinion validly raises a question as to its legality.

Elimination of this requirement for an acceptable level of competence is provided in section 8 of the bills sponsored by Representatives Olsen, Dulski, Addabo, and Gilbert. We support that provision wholeheartedly and we are hopeful that it will be included in the bill finally approved by this subcommittee.

I would like to go into a little detail as to how this provision works. I do not think our people fully understand it.

In rating an employee's work performance, we actually have about four degrees of satisfactory performance and one degree of unsatisfactory performance. I will dispose of the unsatisfactory rating by saying it is the position of the AFGE that if an employee cannot do the work he is rightfully expected to do, he should be assigned to other work if available, or separated from the service. This union is not in favor of keeping anyone on the Government rolls who cannot perform the work for which he is being paid.

The four degrees of satisfactory rating are:

1. Satisfactory performing rating.

Some say No. 1 is borderline cases.

Then No. 2, we have the acceptable level of competence. A person can be satisfactory, but unless in the minds of a supervisor he meets

what the supervisor thinks is an acceptable level of competence, he is refused a step increase.

Now, between satisfactory and the acceptable level of competence there is a gray area that has not been defined, nor can it be defined. The Civil Service Commission has not defined it. There has been some meager attempts on the part of some agencies to define it, but I say to you, it has not been defined. There is no clear line of distinction any place that I know of to say at what point acceptable level of competence begins, or at what point it ends.

Then we have the quality increase. A person is supposed, to get special recognition. We are not opposing that because it does not take away from the employees something we believe they are rightfully entitled to. But there again, where does an acceptable level of competence end and where does the quality increase begin. There is again a gray area undefinable.

Then we have the outstanding ratings, and that is more or less definable.

You have a great gray area between the words "satisfactory" and "outstanding." Unfortunately, this gray area affects the pocketbooks and the livelihood and the morale and even sometimes the health of some of the employees. If he fails to attain the nod of his supervisors, that is to say, the supervisor says "I do not believe you have met the conditions of the acceptable level of competence," it cannot be considered an adverse action. He has no right of appeal except the right the agency gives him. So what happens? I do not think there is any question but that there is a moral obligation for one supervisor to support his brother supervisor unless the circumstances are so that he cannot possibly do so.

So we have a star chamber proceeding. We go through the motions and that is all it is of appealing an acceptable level of competence, and I know of very, very few cases that have been reversed.

Our experience to date clearly indicates that this provision is being used as a punitive measure against employees. It is a means for a supervisor expressing his likes or dislikes of a subordinate whom he might be required to rate.

All of you gentlemen probably recall the attempt on the part of AID last year to place its employees under the Foreign Service Reserve system, removing them from the classified service. To support their position, it was claimed that a large percentage of the employees who would be affected were considered to be borderline.

However, our investigation developed the evidence that out of 1,400 employees rated for salary increases based on the acceptable-level-of-competence provision, only 1 was found to be in the so-called borderline category. This is a prime example of what is happening. In other words, what we are saying is that the acceptable-level-of-competence requirement is being used as a club over the heads of employees who might be disliked by their supervisors.

We are unable to find any basis for this attempt to introduce these various degrees of satisfactory performance of work. Either the employee is performing his duties or he is not. If a valid measurement show that the amount of work he is doing is not sufficient or not what he normally might be expected to do, the action to be taken is simple—merely change the standard applicable to a particular position so it will reflect what is expected of an employee in that position.

It is our opinion that the acceptable-level-of-competence provision which the Salary Reform Act of 1962 introduced into the Classification Act is the most serious indictment that could be placed against supervisors in the Federal service. To me it shows lack of intestinal fortitude of supervisors to do the job they are supposed to do.

The President's Panel recommended a coordinated and equitable system for the payment of moving expenses of employees transferred for the convenience and benefit of the Government. The AFGIE heartily supports this recommendation. Present provisions are inadequate and as a result employees often are required to suffer a sizable monetary loss when required to transfer, although they have not requested the change of station.

Another improvement in the compensation system is to make provision for the payment of severance pay. Representative Matsunaga introduced H.R. 8424 which would make such provision. It is a highly meritorious measure which would offer an equitable solution to a vexing problem. The bill would provide a basic severance allowance and an age allowance which is especially beneficial to the employee who has long service. We certainly endorse H.R. 8424.

I am appreciative of the opportunity this subcommittee has given me as a spokesman for many of these employees represented by the AFGIE. I feel certain that this subcommittee will formulate its recommendations with respect to classified and postal salaries in a fair and just manner, ever mindful of the fact that the elements of this problem are only incidentally the dollars which must be prorated over salary schedules which are acutely in need of revision. I am certain that above all considerations of budgetary restrictions will be the realization that the deciding factors are the human lives and human needs which are so deeply involved.

(Tables 1 through 5 follow:)

TABLE 1.—Percent and amount of classified increase in Udall and Olsen bills, H.R. 8207 and H.R. 8662, minimum and maximum steps, by grade

GS grade	Percent of Increase				Amount of Increase			
	Minimum step of grade		Maximum step of grade		Minimum step of grade		Maximum step of grade	
	Udall bill	Olsen bill	Udall bill	Olsen bill	Udall bill	Olsen bill	Udall bill	Olsen bill
1.....	3.2	6.6	2.5	6.1	\$110	\$225	\$110	\$270
2.....	3.3	6.8	2.5	6.1	120	250	120	295
3.....	2.9	6.9	3.1	6.1	115	275	160	320
4.....	3.0	6.7	3.1	5.9	135	300	180	345
5.....	3.0	7.0	3.0	6.8	150	350	195	440
6.....	3.0	6.7	2.9	6.4	165	370	210	460
7.....	2.8	6.4	3.3	6.1	170	390	260	480
8.....	2.9	6.2	3.3	5.8	190	410	280	500
9.....	3.1	6.0	2.9	5.8	225	430	270	520
10.....	3.3	5.8	2.5	5.1	260	440	260	530
11.....	3.1	5.2	2.8	4.8	270	460	315	540
12.....	3.3	4.5	2.5	4.1	340	460	340	550
13.....	3.4	4.1	2.3	3.7	415	500	370	590
14.....	3.4	3.4	2.5	2.8	475	480	470	525
15.....	3.4	3.4	2.4	2.6	560	560	515	560
16.....	3.4	3.5	2.5	2.7	640	655	600	655
17.....	3.5	3.5	2.9	3.0	740	740	700	740
18.....	3.0	3.1			735	780		

TABLE 2.—Federal employees subject to Classification Act by grade, all areas, June 1964

General schedule grade	Number of employees		Percent of total	
	By grade	Cumulated	By grade	Cumulated
1.....	1,312	1,312	0.12	0.12
2.....	28,510	29,822	2.6	2.7
3.....	133,841	163,663	12.3	15.0
4.....	170,510	334,173	15.6	30.7
5.....	130,167	464,340	11.9	42.6
6.....	55,997	520,337	5.1	47.7
7.....	95,955	616,292	8.8	56.5
8.....	18,902	635,194	1.7	58.3
9.....	126,061	762,155	11.6	69.9
10.....	10,975	779,133	1.6	71.5
11.....	114,414	893,547	10.5	82.0
12.....	87,123	980,670	8.0	90.0
13.....	61,454	1,042,124	5.6	95.6
14.....	30,126	1,072,250	2.8	98.4
15.....	14,689	1,086,939	1.3	99.72
16.....	2,006	1,088,945	.18	99.91
17.....	746	1,089,691	.07	99.97
18.....	327	1,089,918	.03	100.00
Total.....	1,089,918			

Source: U.S. Civil Service Commission.

TABLE 3.—Class Act salary comparability measured in terms of current rate, rate proposed in H.R. 8207, and actual Class Act grade averages, grades 9 to 12 inclusive

GS grade	Average wage in BLS industry survey, 1964 ¹	Class Act current 4th step	Proposed classified rate (4th step)		Class Act actual average of current salaries ²	Percent increase			
			Udall bill	Olsen bill		Based on 4th step-rate		To attain true comparability, based on actual Class Act average	
						Needed to match industry average	Proposed		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
9.....	\$8,421	\$7,955	\$8,195	\$8,415	\$7,759	5.9	3	5.8	8.5
10.....	9,240	8,710	8,970	9,190	8,578	6.1	3	5.4	7.7
11.....	10,446	9,535	9,820	10,015	9,159	9.5	3	5.0	14.1
12.....	12,391	11,315	11,655	11,805	10,785	9.5	3	4.3	14.9

¹ National survey of professional, administrative, technical, and clerical pay February-March 1964, conducted by Bureau of Labor Statistics.

² As computed by Civil Service Commission.

TABLE 4.—Salaries of classified positions in Federal civil service and wages for comparable positions in the Chrysler Corp.¹

A. FEDERAL SALARIES AND CHRYSLER WAGES NOW IN EFFECT

Position	Current Federal salaries ²		Chrysler wages effective Sept. 7, 1964 ³	
	Minimum	Maximum	Minimum	Maximum ⁴
Tabulating machine operator.....	\$3,680	\$4,805	\$5,269	\$6,941
Key punch operator.....	3,680	4,805	4,937	6,350
File clerk.....	4,005	5,225	4,482	5,771
Typist.....	4,005	5,225	4,482	5,771
Stenographer.....	4,005	5,225	4,937	6,350
Accounting clerk.....	4,480	5,830	5,999	8,211
Tabulating machine operator.....	4,480	5,830	5,912	7,872

See footnotes at end of table.

TABLE 4.—Salaries of classified positions in Federal civil service and wages for comparable positions in the Chrysler Corp.¹—Continued

B. CHRYSLER WAGES TO BECOME EFFECTIVE

Position	Sept. 6, 1965 ^a		Sept. 5, 1966 ^a	
	Minimum	Maximum ^c	Minimum	Maximum ^c
Tabulating machine operator.....	\$5,396	\$7,111	\$5,543	\$7,305
Key punch operator.....	5,062	6,556	5,208	6,735
File clerk.....	4,607	5,911	4,763	6,072
Typist.....	4,607	5,911	4,763	6,072
Stenographer.....	5,062	6,556	5,208	6,735
Accounting clerk.....	6,196	8,412	6,365	8,643
Tabulating machine operator.....	6,055	8,064	6,220	8,285

¹ As provided in agreement between Chrysler and UAW approved Sept. 22, 1964.

² Federal maximum is now attained after 18 years.

³ Chrysler weekly wages converted to annual equivalent.

⁴ Chrysler maximum is highest wage of grade attained on merit basis following maximum rate of automatic progression reached after 42 months.

Source: UAW agreement approved Sept. 22, 1964.

TABLE 5.—Percentage of increase of office clerical positions in private industry in 30 metropolitan areas surveyed by the Bureau of Labor Statistics

Metropolitan area	Percent Increase	
	1964-65 survey period	1963-64 survey period
Albany-Schenectady-Troy, N.Y.....	2.4	3.4
Baltimore, Md.....	3.9	3.5
Columbus, Ohio.....	2.0	3.2
Dallas, Tex.....	3.7	2.9
Dayton, Ohio.....	3.5	1.4
Denver, Colo.....	2.7	3.5
Des Moines, Iowa.....	2.6	3.2
Detroit, Mich.....	3.0	3.0
Fort Worth, Tex.....	4.3	4.1
Green Bay, Wis.....	3.3	3.6
Indianapolis, Ind.....	3.4	2.3
Little Rock-North Little Rock, Ark.....	3.7	2.7
Louisville, Ky.-Ind.....	3.6	3.1
Memphis, Tenn.....	2.7	2.9
Miami, Fla.....	3.1	3.6
New Haven, Conn.....	2.5	3.3
Oklahoma City, Okla.....	2.8	3.3
Philadelphia, Pa.....	2.3	3.0
Phoenix, Ariz.....	3.1	3.4
Salt Lake City, Utah.....	3.1	2.8
San Bernardino-Riverside-Ontario, Calif.....	3.2	3.3
San Diego, Calif.....	3.6	3.1
San Francisco-Oakland, Calif.....	3.4	3.1
Scranton, Pa.....	3.9	3.4
Seattle, Wash.....	2.3	3.4
Trenton, N.J.....	3.1	1.6
Washington, D.C.-Md.-Va.....	4.0	3.4
Waterbury, Conn.....	2.8	3.1
Waterloo, Iowa.....	3.5	4.3
York, Pa.....	3.3	1.4

Source: Bureau of Labor Statistics.

Mr. GRINER. I think I must apologize for taking up so much of your time, but this is of such importance to the Federal employee that I thought if you granted me the time I should go into as much detail as I could. I certainly appreciate this opportunity for appearing before you.

Mr. UDALL. Thank you for a very extensive and helpful statement. For my part, I want to say you have provided very vigorous, effective leadership for the fine large organization that you head. We have scheduled three more witnesses this morning, and I was anxious to finish the hearings this week. In the interest of time I will reserve my comments.

Mr. OLSEN. I want to congratulate Mr. Griner on his fine statement. It is a splendid study of the situation the employees are facing with regard to conditions of employment. I am particularly interested in the tables you submitted. I think the tables well support your argument there should be a larger increase than is recommended by the President.

With respect to the Classification Act of 1962 wherein the requirements of acceptable level of competence was required for step increases, there were already standards by which the competence of the employees was graded.

Mr. GRINER. There were.

Mr. OLSEN. This is just a very complicated duplication of what was already good law?

Mr. GRINER. We believe so.

Mr. OLSEN. The elimination of this acceptable level of competence provision will just revert us back to the older system?

Mr. GRINER. That is right.

Mr. OLSEN. That proved very satisfactory?

Mr. GRINER. It proved very satisfactory.

In other words, if a person received a satisfactory rating under the old system, a performance rating, he would normally be entitled to the acceptable level of competence. To the best of my recollection—

Mr. OLSEN. Under the old system he had a right of appeal?

Mr. GRINER. He had a right to appeal even to the Civil Service Commission. If he did not get a satisfactory rating, he had to get an unsatisfactory rating, and he had a right to appeal to the Civil Service Commission. The right to appeal outside an agency is not given to him under the acceptable level of competency.

Mr. OLSEN. As you have stated in your statement, we do not contend unsatisfactory employees should continue in the service?

Mr. GRINER. No, sir.

Mr. OLSEN. But by the same token, employees should have a right of review of their case if they are being given an unsatisfactory rating?

Mr. GRINER. That is right.

Mr. OLSEN. Thank you very much.

Mr. BROYHILL. No questions.

Mr. KREBS. I had some questions. However, in the interest of conserving time, I will let them go and associate myself with the remarks made by my chairman and my colleague Mr. Olsen.

Mr. UDALL. Thank you, Mr. Griner.

Our next witness is Mr. Fred J. O'Dwyer, national president, National Association of Postal Supervisors. He is accompanied by Mr. Donald N. Ledbetter, national secretary, and Mr. Daniel Jaspan, legislative representative.

STATEMENT OF FRED J. O'DWYER, NATIONAL PRESIDENT, NATIONAL ASSOCIATION OF POSTAL SUPERVISORS; ACCOMPANIED BY DONALD N. LEDBETTER, NATIONAL SECRETARY; AND DANIEL JASPAN, LEGISLATIVE REPRESENTATIVE

Mr. O'Dwyer. My name is Fred J. O'Dwyer. I am the president of the National Association of Postal Supervisors, composed of more than 28,000 postal supervisors with members in every State and possession. Our members are employed in post offices, branches, stations, motor vehicle facilities, maintenance units, air-mail facilities, and mobile units. I am accompanied by our national secretary, Donald N. Ledbetter, and our legislative representative, Daniel Jaspán.

We are grateful to President Johnson for his continued interest in the principle of comparability as established by Public Law 87-793, enacted in 1962. We also appreciate the action by Congressman Udall in introducing H.R. 8207, a bill to carry out the objectives of the President, and Congressmen Olsen, Dulski, and Krebs who have introduced salary bills. We are especially grateful to Chairman Udall and this subcommittee for promptly scheduling and expediting the hearings.

The Federal Salary Reform Act of 1962 established the comparability principle by declaring that "(a) there shall be equal pay for substantially equal work, and pay distinctions shall be maintained in keeping with work and performance distinctions; and (b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work."

Public Law 87-793 contained a postal field service salary schedule based on the principle of comparability. However, due to budgetary limitations it trailed by a year or more comparability figures at that time. Nevertheless, the principle blazed a new path in salary bills. We assumed then that this would be carried out fully in future bills.

COMPARABILITY

Then came Public Law 88-426, the Federal Employees' Salary Act of 1964. The hopes and expectations of postal supervisors vanished into thin air. There were some bills that proposed the principle of comparability in all levels, but the bill enacted into law was an emaciated version of the original proposals. This was caused by the much larger increases granted to the first five levels and not to postal supervisors and others in the remaining levels. The following chart shows at a glance how the principle of comparability was distorted by Public Law 88-426. It illustrates the dollar increases and percentage increases for the first 13 levels which comprise about 99 percent of the employees in the field service.

CHART A

Dollar and percentage increases of levels 1-13 (PFS) in Public Law 88-426 [Step 4]

Level	Dollar Increase	Percentage Increase	Level	Dollar Increase	Percentage Increase
1.....	\$255	6.25	8.....	\$225	3.17
2.....	275	6.22	9.....	240	3.12
3.....	300	6.27	10.....	225	2.67
4.....	320	6.18	11.....	285	3.08
5.....	390	5.18	12.....	360	3.53
6.....	250	4.12	13.....	455	4.05
7.....	205	3.12			

As can be seen in the above chart, employees in the first four levels received a salary increase of more than 6 percent. This is double the increase of 3.12 percent for level 7. Level 10 was given only 2.67 percent increase. Dollarwise, the level 4 clerk and carrier received \$320 while the first line (level 7) supervisor received only \$205. No supervisor below level 12 received as much percentage or dollar increase as the level 4 employee. As a result, a compression was created in the middle levels. This is not in keeping with the principle of comparability. It is actually the reverse. The figures supplied by the Bureau of Labor Statistics amply demonstrated that larger increases should have been applied to the middle and upper levels. Fairness should have demanded no less than the same percentage for all levels.

It must be emphasized that we do not now and did not then oppose the 6 percent increase for the clerk-carrier and other employees. The amount was justified at the time, just as larger amounts were justified for supervisory levels. It is our contention that any equitable salary schedule, particularly when based on the principle of comparability, must show a larger increase in the higher levels where the duties and responsibilities are greater. This is merely good personnel practice.

This subcommittee has heard statements that supervisors have always received larger increases over the years than nonsupervisors. This is not borne out by the record.

From 1955 to 1964, level 4 received a 50-percent increase; level 7 a 46-percent increase, and levels 10 and 13 a 45-percent increase. These figures are based on the difference between the top step in 1955 and the top step possible to reach at this time. This shows that percentage increases have been less for postal supervisors than for others and the necessity for increasing the percentage in supervisory levels.

THE LATEST PROPOSALS

When the Bureau of Labor Statistics released its latest findings, based on salaries in industry more than a year ago, their charts demonstrated conclusively that the middle and upper salary levels had fallen further behind salaries in industry. The analysis of the BLS 1964 salary report, compiled by the U.S. Civil Service Commission and the Bureau of the Budget, demonstrated that postal salaries trailed 1964 salaries in industry for comparable positions. The amounts ranged from 3.5 to 11.1 percent, with the higher levels falling behind more than the lower.

When we submitted our brief to the President's Special Panel on Federal Salaries in March of this year, the fact was emphasized that the studies showed that to provide 1965 comparability, the following adjustments were necessary:

PFS level:	Percentage	PFS level—Continued	Percentage
3-4-5-----	7	10-----	11.9
6-----	8	11 to 12-----	12.5
7-----	9.5	13 to 14-----	13.5
8-----	11.1	15 and up-----	14.5
9-----	11.1		

We must point out that the administration proposal of an approximate 3 percent increase would continue a time lag of 1 year in the lower levels; 2 years in the middle levels, and 3 years in the upper levels.

To say that we were disappointed in the recommendation for the overall 3-percent salary increase is putting it mildly. Our recommendations and illustrations of the lack of comparability were apparently not considered by the President's pay panel. Even worse, although the President's proposal as embodied in H.R. 8207 is supposedly an across-the-board 3-percent increase, we find after close examination, that once more the higher levels would receive a smaller percentage increase than the lower levels. This is demonstrated by the following chart for the top step of the first 13 levels. As you will note, without exception, there is a gradual reduction from 3.16 percent in level 1 to 2.52 percent in level 13.

Level:	Proposed increase in H.R. 8207	Level—Continued	Proposed increase in H.R. 8207
1.....	3.16	8.....	3.24
2.....	3.09	9.....	2.83
3.....	3.00	10.....	2.83
4.....	3.00	11.....	2.78
5.....	2.93	12.....	2.76
6.....	2.93	13.....	2.52
7.....	2.93		

We ask this subcommittee to study these figures carefully. This will point out more vividly than any words, that the administration proposal is not actually a 3-percent increase for all levels.

Once more, we must reiterate that we do not oppose equitable and just salaries for nonsupervisory employees. As noted earlier, we recommended, through the President's Special Panel on Federal Salaries, that salaries in the first five levels be increased by 7 percent to bring them up to current comparability. The postal field service (PFS) salary schedule of H.R. 9030 introduced by Congressman Olsen, and other bills with identical PFS schedules, conform in this respect. However, the supervisory schedule is distorted by not extending current comparability to supervisors and others in the higher levels. This further distortion of the comparability provision of the law can best be exemplified by the following chart showing percentage increases recommended in H.R. 9030 and similar bills.

The following table shows the percentage increases at step 4, which is used as a base for comparability with industry:

Level:	Percentage increase	Level—Continued	Percentage increase
1.....	6.69	8.....	6.15
2.....	6.71	9.....	5.81
3.....	6.69	10.....	5.44
4.....	6.91	11.....	5.03
5.....	6.88	12.....	4.64
6.....	6.81	13.....	4.28
7.....	2.93		

Our friends in the nonsupervisory organizations who are supporting H.R. 9030 and similar bills base their request for a 7-percent increase on BLS figures. Our recommendations for increases in the supervisory levels are based on the same report. If the BLS report is valid for the lower levels, it should be equally valid for all levels.

Those who appeared before this committee expressing the viewpoints of the administration admitted that a greater lag in comparability exists in the middle and upper levels. They said, however, that this could be corrected in the future. That is part of the record of these hearings. We were told the same thing prior to the enactment

of Public Law 88-426. Now, once again, we are being told to wait. Postal supervisors—who carry the brunt of the load in seeing that the Nation's mail goes through—are beginning to wonder if they have been completely forgotten.

Public Law 87-793 spells out the basic concept of comparability. The figures of the Bureau of Labor Statistics demonstrate that there is a wide discrepancy in present proposals and true comparability. Now is the time to correct the inequity. We respectfully urge this committee to adhere to the law of the land as spelled out emphatically in Public Law 87-793 and report out a bill in conformity with this principle.

The only bill that fully carries out comparability for all levels is H.R. 9270, introduced by Congressman Hanley yesterday. We urge this subcommittee to make this bill a part of the record at this point.

Mr. UDALL. Without objection, the bill referred to will be printed in the record at this point.

(The bill referred to follows:)

[H.R. 9270, 89th Cong., 1st sess.]

A BILL To adjust the rates of basic compensation of certain officers and employees in the Federal Government, to establish the Federal Salary Review Commission, and for other purposes.

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

TITLE I

SECTION 1. This title may be cited as the "Federal Salary Adjustment Act of 1965".

CLASSIFICATION ACT EMPLOYEES

SEC. 2. (a) Section 603(b) of the Classification Act of 1949, as amended (78 Stat. 400; 5 U.S.C. 1113(b)), is amended to read as follows:

GENERAL SCHEDULE

"(b) The compensation schedule for the General Schedule shall be as follows:

"Grade	For annum rates and steps									
	1	2	3	4	5	6	7	8	9	10
GS-1.....	\$3,610	\$3,730	\$3,850	\$3,970	\$4,090	\$4,210	\$4,330	\$4,450	\$4,570	\$4,690
GS-2.....	3,930	4,060	4,190	4,320	4,450	4,580	4,710	4,840	4,970	5,100
GS-3.....	4,280	4,420	4,560	4,700	4,840	4,980	5,120	5,260	5,400	5,540
GS-4.....	4,780	4,935	5,090	5,245	5,400	5,555	5,710	5,865	6,020	6,175
GS-5.....	5,350	5,525	5,700	5,875	6,050	6,225	6,400	6,575	6,750	6,925
GS-6.....	5,875	6,070	6,265	6,460	6,655	6,850	7,045	7,240	7,435	7,630
GS-7.....	6,400	6,660	6,860	7,070	7,280	7,490	7,700	7,910	8,120	8,330
GS-8.....	7,040	7,270	7,500	7,730	7,960	8,190	8,420	8,650	8,880	9,110
GS-9.....	7,650	7,905	8,160	8,415	8,670	8,925	9,180	9,435	9,690	9,945
GS-10.....	8,340	8,620	8,900	9,180	9,460	9,740	10,020	10,300	10,580	10,860
GS-11.....	9,100	9,405	9,710	10,015	10,320	10,625	10,930	11,235	11,540	11,845
GS-12.....	10,710	11,075	11,440	11,805	12,170	12,535	12,900	13,265	13,630	13,995
GS-13.....	12,575	13,005	13,435	13,865	14,295	14,725	15,155	15,585	16,015	16,445
GS-14.....	14,650	15,145	15,640	16,135	16,630	17,125	17,620	18,115	18,610	19,105
GS-15.....	17,020	17,590	18,160	18,730	19,300	19,870	20,440	21,010	21,580	22,150
GS-16.....	19,590	20,245	20,900	21,555	22,210	22,865	23,520	24,175	24,830	-----
GS-17.....	22,185	22,935	23,685	24,435	25,185	-----	-----	-----	-----	-----
GS-18.....	25,250	-----	-----	-----	-----	-----	-----	-----	-----	-----

(b) Except as provided in subsection (d) of section 504 of the Federal Salary Reform Act of 1962, the rates of basic compensation of officers and employees to whom the compensation schedule sets forth in subsection (a) of this section

applies shall be initially adjusted as of the effective date of this section, as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the corresponding rate in effect on and after such date.

(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between two rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the higher of the two corresponding rates in effect on and after such date.

(3) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate in excess of the maximum rate for his grade, he shall receive (A) the maximum rate for his grade in the new schedule, or (B) his existing rate of basic compensation if such existing rate is higher.

(4) If the officer or employee, immediately prior to the effective date of his section, is receiving, pursuant to section 2(b)(4) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208(b) of the Act of September 1, 1954 (GS Stat. 1111), plus subsequent increases authorized by law, he shall receive an aggregate rate of compensation equal to the sum of his existing aggregate rate of compensation, on the day preceding the effective date of this section, plus the amount of increase made by this section in the maximum rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate compensation at a higher rate by reason of the operation of this Act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (i) and (ii) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purpose of section 208(b) of the Act of September 1, 1954, to constitute a part of the existing rate of compensation of the employee.

POSTAL FIELD SERVICE EMPLOYEES

SEC. 3. (a) Section 3542(a) of title 39, United States Code, is amended to read as follows:

"(a) There is established a basic compensation schedule for positions in the postal field service which shall be known as the Postal Field Service Schedule and for which the symbol shall be 'PFS'. Except as provided in sections 3543 and 3544 of this title, basic compensation shall be paid to all employees in accordance with such schedule.

"POSTAL FIELD SERVICE SCHEDULE

"PFS	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
1.....	\$4,220	\$4,355	\$4,490	\$4,625	\$4,760	\$4,895	\$5,030	\$5,165	\$5,300	\$5,435	\$5,570	\$5,705
2.....	4,570	4,715	4,860	5,005	5,150	5,295	5,440	5,585	5,730	5,875	6,020	6,165
3.....	4,940	5,100	5,260	5,420	5,580	5,740	5,900	6,060	6,220	6,380	6,540	6,700
4.....	5,350	5,525	5,700	5,875	6,050	6,225	6,400	6,575	6,750	6,925	7,100	7,275
5.....	5,720	5,910	6,100	6,290	6,480	6,670	6,860	7,050	7,240	7,430	7,620	7,810
6.....	6,210	6,410	6,610	6,810	7,010	7,210	7,410	7,610	7,810	8,010	8,210	8,410
7.....	6,755	6,970	7,185	7,400	7,615	7,830	8,045	8,260	8,475	8,690	8,905	.....
8.....	7,290	7,590	7,820	8,050	8,280	8,510	8,740	8,970	9,200	9,430	.....	.....
9.....	8,055	8,365	8,655	8,905	9,155	9,405	9,655	9,905	10,155	10,405	.....	.....
10.....	8,875	9,150	9,425	9,700	9,975	10,250	10,525	10,800	11,075	11,350	.....	.....
11.....	9,825	10,125	10,425	10,725	11,025	11,325	11,625	11,925	12,225	12,525	.....	.....
12.....	10,940	11,265	11,590	11,915	12,240	12,565	12,890	13,215	13,540	13,865	.....	.....
13.....	12,140	12,490	12,840	13,190	13,540	13,890	14,240	14,590	14,940	15,290	.....	.....
14.....	13,460	13,845	14,230	14,615	15,000	15,385	15,770	16,155	16,540	16,925	.....	.....
15.....	14,945	15,390	15,835	16,280	16,725	17,170	17,615	18,060	18,505	18,950	.....	.....
16.....	16,500	17,000	17,500	18,000	18,500	19,000	19,500	20,000	20,500	21,000	.....	.....
17.....	18,280	18,830	19,380	19,930	20,480	21,030	21,580	22,130	22,680	23,230	.....	.....
18.....	20,275	20,875	21,475	22,075	22,675	23,275	23,875	24,475	25,075	25,675	.....	.....
19.....	22,520	23,170	23,820	24,470	25,120	25,770	26,420	27,070	.....	.....	.....	.....
20.....	25,030	25,730	26,430	27,130	27,830	.....	.....	.....	.....	.....	.....	.....

(b) Section 3543(a) of title 39, United States Code, is amended to read as follows:

“(a) There is established a basic compensation schedule which shall be known as the Rural Carrier Schedule and for which the symbol shall be ‘RCS’.

“RURAL CARRIER SCHEDULE

	“Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
Carrier in rural delivery service: Fixed compensation per annum.....	\$2,350	\$2,465	\$2,580	\$2,695	\$2,810	\$2,925	\$3,040	\$3,155	\$3,270	\$3,385	\$3,500	\$3,615
Compensation per mile per annum for each mile up to 30 miles of route.....	90	92	94	96	98	100	102	104	106	108	110	112
For each mile of route over 30 miles.....	25	25	25	25	25	25	25	25	25	25	25	25’.

(c) Section 3544(a) of title 39, United States Code, is amended to read as follows:

“(a) There is established a basic compensation schedule which shall be known as the Fourth Class Office Schedule and for which the symbol shall be ‘FOS’, for postmasters in post offices of the fourth class which is based on the revenue units of the post office for the preceding fiscal year. Basic compensation shall be paid to postmasters in post offices of the fourth class in accordance with this schedule.

“FOURTH-CLASS POST OFFICE SCHEDULE

“Revenue units	Per annum rates and steps											
	1	2	3	4	5	6	7	8	9	10	11	12
30 but less than 36.....	\$4,033	\$4,162	\$4,291	\$4,420	\$4,549	\$4,678	\$4,807	\$4,936	\$5,065	\$5,194	\$5,323	\$5,452
24 but less than 30.....	3,729	3,848	3,967	4,086	4,205	4,324	4,443	4,562	4,681	4,800	4,919	5,038
18 but less than 24.....	3,078	3,178	3,278	3,378	3,478	3,578	3,678	3,778	3,878	3,978	4,078	4,178
12 but less than 18.....	2,416	2,492	2,568	2,644	2,720	2,796	2,872	2,948	3,024	3,100	3,176	3,252
6 but less than 12.....	1,742	1,796	1,850	1,904	1,958	2,012	2,066	2,120	2,174	2,228	2,282	2,336
Less than 6.....	1,405	1,449	1,493	1,537	1,581	1,625	1,669	1,713	1,757	1,801	1,845	1,889’.

(d) The basic compensation of each employee subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule immediately prior to the effective date of this section shall be determined as follows:

(1) Each employee shall be assigned to the same numerical step for his position which he had attained immediately prior to such effective date. If changes in levels or steps would otherwise occur on such effective date without regard to enactment of this title, such changes shall be deemed to have occurred prior to conversion.

(2) If the existing basic compensation is greater than the rate to which the employee is converted under paragraph (1) of this subsection, the employee shall be placed in the lowest step which exceeds his basic compensation. If the existing basic compensation exceeds the maximum step of his position, his existing basic compensation shall be established as his basic compensation.

EMPLOYEES IN THE DEPARTMENT OF MEDICINE AND SURGERY OF THE VETERANS’ ADMINISTRATION

SEC. 4. Section 4107 of title 38, United States Code, relating to grades and pay scales for certain positions within the Department of Medicine and Surgery of the Veterans’ Administration, is amended to read as follows:

“§ 4107. Grades and pay scales

“(a) The per annum full-pay scale or ranges for positions provided in section 4103 of this title, other than Chief Medical Director and Deputy Chief Medical Director, shall be as follows:

"SECTION 4103 SCHEDULE

- "Assistant Chief Medical Director, \$25,250.
- "Medical Director, \$22,185 minimum to \$25,185 maximum.
- "Director of Nursing Service, \$17,020 minimum to \$22,150 maximum.
- "Director of Chaplain Service, \$17,020 minimum to \$22,150 maximum.
- "Chief Pharmacist, \$17,020 minimum to \$22,150 maximum.
- "Chief Dietitian, \$17,020 minimum to \$22,150 maximum.
- "(b) (1) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 4104 of this title shall be as follows:

"PHYSICIAN AND DENTIST SCHEDULE

- "Director grade, \$19,590 minimum to \$24,830 maximum.
- "Executive grade, \$18,270 minimum to \$23,600 maximum.
- "Chief grade, \$17,020 minimum to \$22,150 maximum.
- "Senior grade, \$14,650 minimum to \$19,105 maximum.
- "Intermediate grade, \$12,575 minimum to \$16,445 maximum.
- "Full grade, \$10,710 minimum to \$13,995 maximum.
- "Associate grade, \$9,100 minimum to \$11,485 maximum.

"NURSE SCHEDULE

- "Assistant Director grade, \$14,650 minimum to \$19,105 maximum.
- "Chief grade, \$12,575 minimum to \$16,445 maximum.
- "Senior grade, \$10,710 minimum to \$13,995 maximum.
- "Intermediate grade, \$9,100 minimum to \$11,485 maximum.
- "Full grade, \$7,650 minimum to \$9,945 maximum.
- "Associate grade, \$6,700 minimum to \$8,630 maximum.
- "Junior grade, \$5,875 minimum to \$7,630 maximum.
- "(2) No person may hold the director grade unless he is serving as a director of a hospital, domiciliary, center, or outpatient clinic (independent). No person may hold the executive grade unless he holds the position of chief of staff at a hospital, center, or outpatient clinic (independent), or the position of clinic director at an outpatient clinic, or comparable position."

FOREIGN SERVICE OFFICERS; STAFF OFFICERS AND EMPLOYEES

SEC. 5 (a) The fourth sentence of section 412 of the Foreign Service Act of 1946, as amended (22 U.S.C. 887), is amended to read as follows: "The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

"Class 1	\$22,430	\$24,335	\$25,250				
Class 2	18,915	19,550	20,185	\$20,820	\$21,455	\$22,090	\$22,725
Class 3	15,365	15,875	16,385	16,895	17,405	17,915	18,425
Class 4	12,490	12,920	13,350	13,780	14,210	14,640	15,070
Class 5	10,325	10,685	11,045	11,405	11,765	12,125	12,485
Class 6	8,685	8,975	9,265	9,555	9,845	10,135	10,425
Class 7	7,370	7,610	7,850	8,090	8,330	8,570	8,810
Class 8	6,410	6,620	6,830	7,040	7,250	7,460	7,670"

(b) The second sentence of subsection (a) of section 415 of such Act (22 U.S.C. 870(a)) is amended to read as follows: "The per annum salaries of such staff officers and employees within each class shall be as follows:

"Class 1	\$15,365	\$15,875	\$16,385	\$16,895	\$17,405	\$17,915	\$18,425	\$18,935	\$19,445	\$19,955
Class 2	12,490	12,920	13,350	13,780	14,210	14,640	15,070	15,500	15,930	16,360
Class 3	10,325	10,685	11,045	11,405	11,765	12,125	12,485	12,845	13,205	13,565
Class 4	8,685	8,975	9,265	9,555	9,845	10,135	10,425	10,715	11,005	11,295
Class 5	7,830	8,085	8,340	8,625	8,890	9,155	9,420	9,685	9,950	10,215
Class 6	7,140	7,370	7,600	7,830	8,060	8,290	8,520	8,750	8,980	9,210
Class 7	6,585	6,795	7,005	7,215	7,425	7,635	7,845	8,055	8,265	8,475
Class 8	5,890	6,060	6,270	6,460	6,630	6,840	7,030	7,220	7,410	7,600
Class 9	5,404	5,675	5,745	6,015	6,085	6,255	6,425	6,595	6,765	6,935
Class 10	4,780	4,935	5,090	5,245	5,400	5,555	5,710	5,865	6,020	6,175"

(c) Foreign Service officers, Reserve officers, and Foreign Service staff officers and employees who are entitled to receive basic compensation immediately prior to the effective date of this section at one of the rates provided by section 412 or 415 of the Foreign Service Act.

ANNUAL SALARY COMPARISON AND SALARY ADJUSTMENT PROCEDURES

Sec. 6. Section 503 of the Federal Salary Reform Act of 1962, as amended (76 Stat. 841; 5 U.S.C. 1172), is amended by inserting "(a)" immediately after "Sec. 503", and by adding at the end thereof the following new subsections:

"(b) The President (1) may direct that annual salary comparison reports submitted to him under subsection (a) compare the rates of salary fixed by statute for Federal employees with the rates of salary paid for the same levels of work, as determined on the basis of appropriate annual surveys, in any fields of non-Federal employment in addition to private enterprise which he may designate, and (2) may include in his annual reports to Congress under subsection (a) comparisons of Federal salary rates with those in any additional fields of employment he designates.

"(c) The President's recommendations to the Congress for revision of statutory salary schedules shall be transmitted not later than January 31, shall be delivered to both Houses on the same day, and shall be delivered to each House while it is in session. The revised statutory salary schedules shall become effective the first day of the first pay period which begins after expiration of the first period of sixty calendar days of continuous session of the Congress following their transmittal to Congress, unless between the date of transmittal and the expiration of such sixty-day period there has been passed by either of the two Houses a resolution stating in substance that that House does not favor such revised statutory salary schedules.

"(d) For the purposes of subsection (c) of this section—

"(1) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

"(2) in the computation of the sixty-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than three days to a day certain.

"(e) The revised statutory salary schedules which become effective (1) shall have the same effect as if they were statutory enactment, and (2) shall be printed in the Statutes at Large in the same volume as the public laws, and shall be printed in the Federal Register."

Sec. 7. Section 701 (a) of the Classification Act of 1949, as amended, is amended by inserting "and" after the semicolon in clause (A), by striking out clause (B), and by redesignating clause (C) as clause (B).

Sec. 8. Subsection (c) of section 3542 of title 39, United States Code, is amended by deleting "at the rate of 7 cents" and inserting in lieu thereof "at the rate of 12 cents" and by deleting "at the rate of 90 cents" and inserting in lieu thereof "at the rate of \$1.25".

Sec. 9. Section 3552 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding the foregoing provisions of this section, each employee—

"(1) who, immediately prior to the first day of the first pay period which began on or after the date of enactment of the Postal Employees Salary Adjustment Act of 1962 (76 Stat. 850, Public Law 87-793), was subject to the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, and

"(2) who is holding a position subject to any such schedule on the first day of the first pay period which begins on or after the date of enactment of this subsection, and

"(3) who has not reached the highest step for his position; shall, effective on the first day of the first pay period which begins on or after the date of enactment of this subsection—

"(A) be placed in the appropriate step of his position, determined in accordance with subsections (a), (b), and (c) of this section, on the basis of his total satisfactory postal service, without being considered to have received any equivalent increase in compensation by reason of such placement in step, or

"(B) be retained in the existing step of his position if the application of subparagraph (A) would result in a reduction in compensation, until he is entitled to further advancement by step increases under subsections (a), (b), and (c) of this section. Credit earned prior to adjustment under this subsection and not used in computing such adjustment shall be retained for purposes of all such further advancements".

SEC. 10. Section 3552 of title 39, United States Code, is amended by striking out (a) (2) (d) (1) and (2) and inserting:

"(d) Notwithstanding the provisions of subsections (a), (b), and (c) of this section, the Postmaster General shall advance to the same step any employee in PFS level 9 or below who

"(1) was promoted to a higher level between July 9, 1960, and October 13, 1962; and

"(2) is senior with respect to total postal service to an employee in his own post office promoted to the same PFS level since October 13, 1962, and is at a step in the level below the step of the junior employee."

SEC. 11. Section 3552(a) of title 39, United States Code, is amended to read as follows:

"(a) Each employee in the Postal Field Service Schedule, each employee subject to the Rural Carrier Schedule, and employees subject to the Fourth Class Office Schedule, who has not reached the highest step for his position shall be advanced successively to the next higher step as follows:

"(A) to each step at the beginning of the first pay period following the completion of fifty-two calendar weeks of satisfactory service."

Delete (B).

EFFECTIVE DATE

SEC. 12. This title shall become effective on the first day of the first pay period which begins on or after January 1, 1967.

TITLE II

SEC. 201. This title may be cited as the "Federal Salary Review Commission Act".

SEC. 202. (a) There is hereby established a Commission, to be known as the "Federal Salary Review Commission" (hereinafter referred to as the "Commission"), which shall be composed of ten members, of whom (1) four shall be appointed by the President of the United States, one of whom so designated by him shall be Chairman; (2) two shall be appointed by the President of the Senate; (3) two shall be appointed by the Speaker of the House of Representatives; and (4) two shall be appointed by the Chief Justice of the United States.

(b) No person holding any office, appointive or elective, under the United States (except retired officers or employees) shall be eligible for appointment to the Commission. The first members of the Commission shall be appointed not later than January 31, 1966, and shall serve for one year; new members shall be appointed not later than January 31 every fourth year thereafter, beginning in 1970, for the same term; members shall not be eligible for reappointment. Members shall receive no compensation for their services but shall be reimbursed for necessary expenses incurred in the performance of their duties.

(c) Appointment of employees may be without regard to the civil service laws, but compensation shall be in accordance with the Classification Act of 1949, as amended; executive departments and agencies whose employees are compensated under the statutory salary systems may detail employees for service with the Commission without reimbursement; the services of experts and consultants may be obtained by the Commission under the authority of section 15 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 55a) at rates not to exceed \$100 per diem. Necessary funds are authorized to be appropriated for expenses of the Commission.

SEC. 203. (a) The Commission shall review the compensation, including rates of basic compensation and other forms of compensation, of (1) Senators, Representatives, the Resident Commissioner from Puerto Rico; (2) Justices and judges of the United States; and (3) the salary levels established under the Federal Executive Salary Act of 1964, with a view to maintaining proper levels and relationships among the rates of basic compensation of these officers and salary levels, and with the salary rates of the Classification Act of 1949.

(b) The Commission shall also review the principles, concepts, structures, and interrelationships of the statutory salary systems governing the compensation of Federal civilian employees of the executive departments and agencies and of the members of the uniformed services.

(c) The Commission shall submit to the President not later than January 1, 1967, and January 1 of every fourth year thereafter beginning in 1971, a report containing its recommendations concerning rates of basic compensation and

other forms of compensation for the categories referred to in subsection (a) of this section, concerning the principles, structure, and rates of the statutory salary systems referred to in subsection (b) of this section, and concerning such other matters relating to compensation as it deems pertinent.

SEC. 204. (a) The President, after consideration of such report, shall transmit to the Congress, not later than March 31, 1967, and not later than March 31 of every fourth year thereafter, beginning in 1971—

(1) a compensation plan containing his recommendations as to the rates of basic compensation for the categories referred to in section 203(a) above, provided that such recommended rates shall not exceed those recommended by the Commission, and

(2) his recommendations for such changes as he deems necessary in the statutory salary systems, and in other elements of compensation for Federal civilian employees and members of the uniformed services.

(b) The delivery of the recommended compensation plan to both Houses shall be made on the same day and shall be made to each House while it is in session. The compensation plan shall become effective on the first day of the first pay period after July 1 following transmittal to the Congress, beginning in 1967, unless between the date on which the compensation plan is transmitted to the Congress and the expiration of the first period of sixty calendar days of continuous session of the Congress thereafter, there has been passed by either of the two Houses a resolution stating in substance that that House does not favor such compensation plan.

(c) For the purposes of subsection (b) of this section—

(1) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

(2) in the computation of the sixty-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than three days to a day certain.

(d) The compensation plan which becomes effective shall have the same effect as if it were a statutory enactment; and shall be printed in the Statutes at Large in the same volume as the public laws, and shall be printed in the Federal Register.

SEC. 205. Unless the Congress shall otherwise authorize specifically by law, there shall be no change in the principles and basic structure of Federal salary systems between a quadrennial review made in accordance with this title and the next such quadrennial review, except for such periodic adjustments in civilian salary rates and military pay and allowances as may be recommended by the President (1) pursuant to the provisions of the Federal Salary Reform Act of 1962, and (2) in accordance with the policy hereby declared by the Congress that pay and allowances of uniformed personnel of the United States shall be kept comparable with pay levels of Federal civilian personnel and in appropriate relationship with pay levels in non-Federal employment.

Mr. O'DWYER. We would like to ask that the subcommittee consider its provisions in the final bill to be reported out by this subcommittee.

STEP INCREASES

We strongly recommend that progression in all steps in the PFS schedule be at 1-year intervals, and sincerely hope that this provision will be included in the bill to be reported out. It should be constantly borne in mind that a very large number of supervisors will never reach the top step. Under the present salary schedule, progression from step 7 to the top step is at 3-year intervals.

Supervisors are recruited from the clerk-carrier ranks. According to figures furnished by the Post Office Department, the average entry age of clerks and carriers is approximately 32. Many of them do not become supervisors in less than 25 years. This brings the average age up to 57. If they are promoted to level 7 at that time they are placed in step 6. It then takes 13 additional years to reach the top step if they remain in level 7. At this point, the employee would already be 70 years old—the mandatory retirement age. He could

not possibly serve 5 years in the top step of his salary grade and establish the necessary "high-5" average for retirement purposes. When an employee is promoted to level 7 he automatically drops back to a lower step. Many can never reach the top step of the new level because of the age factor.

It should be noted that this situation is common only to the postal service and does not exist in other agencies of the Government. In the postal service, practically all of the employees enter in the lower levels. In other agencies, many employees enter the service in the supervisory or management grades because there are many more positions in those grades than in the postal service. Only 9 percent of all postal employees are in level 7 or higher, while 42 percent of the employees under the Classification Act are in grade 7 or higher. A person who enters the Classified service in the middle and upper grades would normally have little difficulty in reaching the top step of his grade. In the postal service it is almost impossible.

We urge this subcommittee to seriously study our recommendation, that all steps in the postal field service schedule be at 1-year intervals. It is only under these conditions that the majority of postal supervisors could ever reach the top step of their levels.

JUNIOR-SENIOR RELATIONSHIP

When Public Law 88-426 was enacted, it contained one section which was not very clear and which we believe is not interpreted according to the will of Congress. We are referring to section 114(b) which authorizes the Postmaster General to advance any employee in PFS level 9 or below who

- (1) Was promoted to a higher level between July 9, 1960, and October 13, 1962; and
- (2) Is senior with respect to total postal service to an employee in his own post office promoted to the same position since October 13, 1962, and is at a step in the level below the step of the junior employee.

We believe it was the intent of Congress to permit the step advancement of employees in the same level rather than the same position only. In the postal service we have many titles for employees in levels 7, 8, and 9. We find that very few supervisors benefited by this provision because of the restrictions invoked by the Post Office Department.

Due to some past inequities in the laws, junior employees are, in many instances, in higher steps of the various levels than employees who are senior not only in total service but in supervisory service. Many of the senior employees are two, three, and four steps below the junior supervisors. We contend that this was not the intent of Congress in enacting this feature.

To correct this serious inequity, we ask this subcommittee to amend section 114(b) by deleting "same position" and inserting "same level" and including "whenever an employee with less total postal service is in a higher step of the level, the senior employee must be advanced to the same step."

CREDIT FOR PAST SERVICE

We endorse section 9 of H.R. 9030 which would give full credit for all past service in determining salary steps in all levels. Since serious

inequities would occur if there should be a cutoff at any level, we urge the committee to make sure it applies to all levels.

OVERTIME PAY

We are appreciative of the interest of Postmaster General Gronouski in recommending to Congress overtime provisions. We are equally grateful to Congressmen Udall, Corbett, Daniels, and Krebs for introducing bills on this subject.

Overtime for substitute clerks and supervisors is long overdue. We do have a concern, however, in the administration proposal that allows discretion to a postmaster for the payment of overtime or granting compensatory time in level 8 and above. We can foresee many inequities under this provision.

We feel, too, that overtime should be paid on Saturday and Sunday rather than on the sixth and seventh day.

H.R. 8707, introduced by Congressman Krebs, provides an equitable system by eliminating compensatory time and providing for payment of not only daily overtime but also for Saturdays with premium compensation for Sundays and holidays.

We are convinced that H.R. 8707 embodies the principle of comparability and is more equitable with overtime application in private industry.

We heartily endorse the provisions of this bill and recommend that the subcommittee include these provisions in the final bill.

SEVERANCE PAY

Another forward-looking bill has been introduced by Congressman Matsunaga. This bill, H.R. 8424, provides severance pay for employees separated from the service through no fault of their own and who are not entitled to an immediate annuity. According to a study made by the Upjohn Institute, 35 percent of all workers under union agreement were covered by severance pay plans by the end of 1963. That percentage has, no doubt, increased considerably since then.

We believe that the severance pay provisions of H.R. 8424 should be incorporated into any bill reported by this subcommittee. We also ask the subcommittee to examine H.R. 8057, introduced by Congressman Hanley. It provides a modest amount of severance pay for those employees who are separated from the postal service after 20 years or more and receive an immediate annuity. The severance pay would be at the rate of \$50 for each year worked. This would help in a small way to compensate for the many years we have been behind in our salaries as compared with salaries in industry.

AUTOMATIC SALARY ADJUSTMENTS

We are in favor of section 6 of H.R. 8207 which provides for automatic annual salary adjustments for postal and Federal employees. We commend Chairman Udall for his foresight in including this section in the bill he introduced. We believe that an annual adjustment of salaries will eliminate the constant pressure on Congress and also help to eliminate the continual lag in comparability with private industry. We also endorse the Federal Salary Review Commission as

provided in title II of H.R. 8207. In our considered judgment this is essential toward establishing realistic salaries in the executive, legislative, and judicial branches.

We strongly recommend, however, that comparability be restored in this session of Congress in the middle and upper levels. Thereafter, and in the future, we have the confidence that the President's proposals will be equitable and just or Congress will exercise the option to reject.

We can see nothing in the provisions that would prevent the Congress from acting as it now does if it is not in agreement with the proposals of the President. However, as it appears that the Bureau of Labor Statistics will determine the recommendations, we believe there should be safeguards placed in the language of the bill that would provide that they be current and not lag a year or more behind.

Mr. Chairman, the opportunity to present our viewpoints is appreciated.

Mr. UDALL. Thank you very much, Mr. O'Dwyer. You have given us a vigorous presentation on behalf of your fine organization. We appreciate your help in assisting us to write our bill. I hope it will be satisfactory and fair and that we will correct many of the present inequities in the salary laws.

Mr. OLSEN. I wish to join you in your comments commending Mr. O'Dwyer for his splendid statement. I want to ask two questions.

At what level would your organization recommend that automatic salary adjustments be made under title II?

Mr. O'DWYER. Title II embraces the legislative and the judicial. The annual review embraces all the levels within the postal field service and within the Classification Act schedule.

Mr. OLSEN. There has been some discussion as to where this level would be. Is it above level PFS-18?

Mr. UDALL. I do not know what level the witness had in mind. I think he was suggesting that comparability be restored in the middle and upper levels. His rather effective argument is that comparability has been distorted more in those levels than elsewhere. The provision of the bill providing for the annual review would be applicable to all levels.

Mr. OLSEN. You did not mean the postal field service should be part of the automatic increases of the President's recommendations?

Mr. O'DWYER. This was our recommendation. We also recommended, first, that comparability be restored in this session of Congress and subsequent to that, this formula be used—the annual salary review be submitted by the President and accepted or rejected by Congress. That is our recommendation.

Mr. UDALL. That warms the chairman's heart.

Mr. OLSEN. I will direct this toward the committee.

I ask unanimous consent we ask the Post Office Department for its comments on this subject of junior-senior relationship. I am very strongly in agreement with Mr. O'Dwyer there has been a misinterpretation.

Mr. O'DWYER. There certainly has been.

Mr. OLSEN. I think we ought to find out on what basis the Post Office Department made their interpretation. I think instead of correcting inequities, we have made more of them.

Mr. O'DWYER. This has been our experience. It would be very helpful to get a report.

Mr. UDALL. Counsel will prepare a letter over my signature for asking for comments from the Postmaster General.

Mr. OLSEN. I think it would be helpful if your organization has records and examples of this inequity.

Mr. O'DWYER. We have a few and will submit them to the committee.

Mr. OLSEN. If you would provide them to committee counsel, it would facilitate his inquiry of the Post Office Department.

(The information requested from Mr. O'Dwyer follows:)

NATIONAL ASSOCIATION OF POSTAL SUPERVISORS,
 Washington, D.C., June 24, 1965.

HON. MORRIS K. UDALL,
 Chairman, Subcommittee on Compensation, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. UDALL: In accordance with the request of Congressman Olsen for specific examples of inequities in section 114(b), as interpreted by the Post Office Department, the following examples are submitted:

Example No. 1

Date	Senior		Date	Junior	
	Level	Step		Level	Step
Sept. 1, 1932.....	4	1	Oct. 1, 1937.....	4	1
Oct. 1, 1962.....	7	3c	Nov. 1, 1962.....	5	11
Oct. 13, 1962.....	7	6	Nov. 1, 1963.....	6	11
July 4, 1964.....	7	7	Nov. 1, 1964.....	7	11

Example No. 2

Date	Senior		Date	Junior	
	Level	Step		Level	Step
Apr. 1, 1949.....	4	1	June 18, 1949.....	4	1
Sept. 6, 1958.....	7	2	Mar. 8, 1958.....	7	2
Feb. 4, 1961.....	9	2	Sept. 28, 1963.....	8	7
July 4, 1964.....	9	5	Feb. 1, 1964.....	9	7

Example No. 3

Date	Senior		Date	Junior	
	Level	Step		Level	Step
Sept. 1, 1928.....	4	1	Sept. 1, 1937.....	4	1
Oct. 1, 1962.....	7	3c	Nov. 1, 1962.....	5	11
Oct. 13, 1962.....	7	6	Jan. 1, 1963.....	6	11
July 4, 1964.....	7	7	Jan. 1, 1964.....	7	11

These inequities are created through the Post Office Department's interpretation and regulation that the employee must progress through the same levels. Public Law 88-426 does not state that progression must be through the same levels.

We appreciate the interest of the subcommittee on this subject and sincerely hope that section 114(b) will be amended to correct these inequities, as we suggested in our testimony.

Sincerely yours,

FRED J. O'DWYER, President.

Mr. KREBS. I want to join my colleagues in complimenting Mr. O'Dwyer and his helpers for presenting a comprehensive and compelling set of arguments for incorporating their ideas into law.

Mr. O'DWYER. Thank you very much.

Mr. UDALL. Thank you, Mr. O'Dwyer. We appreciate the help you and your associates have given.

I want to apologize to Mr. Huffman, president of the National Rural Letter Carriers Association, and to Mr. Wolkomir, president, National Federation of Federal Employees. Scheduling is an unpredictable job in this business. We have had a couple of mornings when we finished before 11 o'clock. This morning we erred in the other direction. It is still my intention to finish the hearings this week and we will try to reschedule you. It may be necessary to get unanimous consent from the House to sit either tomorrow afternoon or Thursday afternoon.

Tomorrow morning we have some out-of-town witnesses we have definitely scheduled to lead off. On Thursday we have some Members of Congress as well as Chairman Macy of the Civil Service Commission.

We will attempt to reschedule the testimony of these two witnesses at a time convenient to all.

The subcommittee stands adjourned until 10 a.m. tomorrow morning. (Whereupon, at 12 noon, the subcommittee adjourned, to reconvene Wednesday, June 23, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

WEDNESDAY, JUNE 23, 1965

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

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 215, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The Subcommittee on Compensation will come to order for consideration of H.R. 8207 and related bills.

I will say at the outset we have scheduled a long list of witnesses this morning. As I indicated earlier in the week, it was the hope of the chairman that we could finish taking testimony tomorrow. I know the witnesses here represent large groups. They have important things to say, and this is the only day in court. I do not want to foreclose anyone. We do want to see that all sides and all points of view are fully heard and represented. However, I do hope that where a witness can summarize or shorten his testimony he will do so in the interest of time.

Our first witness is Mr. Bernard G. Segal, chairman of the Committee on Judicial Selection, Tenure, and Compensation, of the American Bar Association; president of the American College of Trial Lawyers; and former chairman of the Commission on Judicial and Congressional Salaries, created by the 83d Congress. He is one of the foremost authorities in this field. In the past he has been most helpful to this committee and to me personally.

I am happy to have you with us this morning. You may proceed with your testimony. I understand Mr. Edward Kuhn, president-elect of the American Bar Association, is to be with you. Is he in the room?

If you would like to come forward and appear with Mr. Segal, perhaps you could back him up.

**STATEMENT OF BERNARD G. SEGAL, CHAIRMAN, COMMITTEE ON
JUDICIAL SELECTION, TENURE, AND COMPENSATION, AMERI-
CAN BAR ASSOCIATION, AND PRESIDENT, AMERICAN COLLEGE
OF TRIAL LAWYERS; ACCOMPANIED BY EDWARD W. KUHN,
PRESIDENT-ELECT, AMERICAN BAR ASSOCIATION**

Mr. SEGAL. Mr. Chairman and members of the committee, it is al-
ways a pleasure to appear before this committee, and I am therefore
particularly pleased to respond to the committee's invitation to testify
in support of title II—the Federal Salary Review Commission Act—
of H.R. 8207.

The subject of Government salaries has been a particular interest
of mine ever since I started teaching political science at the University
of Pennsylvania many years ago, and more particularly when I taught
public finance in the graduate department of the Wharton School of
that university. However, during the past 15 years, my special
concern has been congressional and judicial salaries, and because of
their inevitable relationship, to upper executive salaries as well.

It was my honor to serve, by appointment of President Eisenhower,
as Chairman of the Commission on Judicial and Congressional Sal-
aries created by Public Law 220 of the 83d Congress. From 1955
through 1961, I served six terms as chairman of the standing com-
mittee on Federal judiciary of the American Bar Association, and
during 3 of those years, from 1958 to 1961, as chairman of the board of
directors of the American Judicature Society, which has always been
concerned with the problem this committee is considering today.

For the past 3 years, I have been serving as chairman of the stand-
ing committee on judicial selection, tenure, and compensation of the
American Bar Association. In these various capacities I have super-
vised or been engaged in studies and the preparation of articles and
publications relating to congressional and judicial salaries and the
principles governing these important subjects.

I believe that there are few people, if any, who would not agree that
outside of the Presidency itself, there are no positions in this Nation,
or anywhere else, which are of greater importance or involve more
critical duties than membership in the Congress or on the Federal
judiciary. Further, the duties of these high offices are vastly greater
today in time consumed, energy required, and responsibilities imposed
than they have ever been before. In view of the importance of these
positions and the nature of the responsibilities which they entail, we
must be certain that inadequate compensation shall never constitute a
bar to any American citizen's opportunity to serve in the Congress or
on the Federal bench. Yet, despite the increases granted in the Gov-
ernment Employees Salary Act of 1964, congressional and judicial
salaries are still inadequate, and the present system for determining
these salaries is seriously deficient.

One of the striking facts which becomes immediately apparent in
any study of congressional and judicial salaries is the indefensible in-
frequency with which adjustment in such salaries have been made. Ex-
cluding the Government Employees Salary Act of 1964, we find that
since 1789, adjustments in congressional and judicial salaries have
been made, on the average, only once in every 20 years: since 1891,
when uniform salaries were established for the first time for all U.S.
district judges, judicial salaries have been increased on only five

occasions, and congressional salaries have been increased on only four occasions since 1866, an average of approximately once in every 25 years. Congressional salaries have been fixed by the Congress once each quarter century.

This infrequency with which Congress has addressed itself to this problem is not difficult to understand. Charged under the Constitution with the responsibility of fixing their own salaries, Members of the Congress have always displayed a natural reluctance to increase their own compensation; and because of the fact that judicial salaries have historically been related to congressional salaries, one of the effects of this reluctance has been a corresponding infrequency in the adjustment of judicial salaries.

The inevitable result has been that in practically every period of our history, the salary scales of Members of the Congress and of the Federal judiciary have been wholly inadequate and grossly inequitable by any appropriate standard. In 1945, the situation had become so unconscionable that there was a great surge of opinion and effort to remedy the situation. Thus, in 1949, the Commission on Organization of the Executive Branch of the Government, headed by former President Hoover, popularly known as the Hoover Commission, felt impelled, despite the fact that this was outside its assignment, to urge that there be increases ranging from 40 to 60 percent in congressional and judicial salaries. This recommendation was strongly endorsed by the house of delegates of the American Bar Association in 1949. Again in 1951, a resolution recommending substantial increases was passed by the ABA house of delegates, and in 1953, the board of governors of the association approved a recommendation of the standing committee on judicial selection, tenure, and compensation to endorse a bill introduced by Senator Pat McCarran, chairman of the Senate Judiciary Committee, providing increases of \$10,000 a year for Members of the Congress and of the Federal judiciary, with an increase of \$14,500 for the Chief Justice. Since then, with frequency and intensity, the American Bar Association has urged that more realistic compensation for these important officers of our Government be enacted and that some realistic method be established to remedy the situation in a continuing manner, not in the sporadic, every quarter century manner of the past.

It was my privilege to confer with congressional leaders in 1951 and 1952 in an effort to evolve some system whereby the force of public opinion could be brought to bear on the then substantial segment of the Congress who quite frankly feared the effects of increasing their salaries however great might be the need. Parenthetically, I may say that history has conclusively demonstrated that the concern of some Members of the Congress that a vote for a congressional pay increase would have adverse consequences at the polls are completely unfounded. That can readily be documented. In any event, out of these discussions grew the enactment of Public Law 220 of the 83d Congress, approved August 7, 1953, creating the Commission on Judicial and Congressional Salaries "to determine the appropriate rate of salaries for justices and judges of the courts of the United States and for the Vice President, the Speaker of the House of Representatives, and Members of Congress in order to provide for fair and reasonable compensation to such officials." The material assembled by this Commission, and its recommendations constitute the most

appropriate springboard for any current consideration of judicial and congressional salaries.

The Commission consisted of 18 voting members, including, in equal numbers, leading figures from labor, from agriculture, and from business and the professions. Six members of the Commission, including the Chairman, were appointed by the President, six by the Chief Justice, and three each by the Vice President as President of the Senate and the Speaker of the House. There were also nine advisory members, consisting of three Senators, three Members of the House of Representatives, and three Federal judges.

The work of the Commission was extensive. It was aided by an excellent staff assembled from various departments of the Government by authority of the President. As Chairman, I appointed seven task forces, comprised of members of the Commission, who were assisted by technical and professional staff employees. These task forces conducted detailed inquiries into a wide variety of areas related to the Commission's activity, including salary levels and fringe benefits of all segments of our economy.

The Commission invited the views of proponents and opponents of salary increases, communicated with the editors of 10,000 newspapers, magazines, and other publications throughout the country, and conducted extensive public hearings. A large number of leaders from agriculture, labor, business, education, the professions, the Government, and other groups appeared and testified.

I may say parenthetically that the only three individuals who appeared against the increases were Members of the Congress—three Members of the House of Representatives—and that no organization in the Nation appeared in opposition.

Many more individual citizens and organizations sent written communications for the record. Hundreds of editorials on the salary question appeared in newspapers and magazines in all parts of the country and all of the mass media devoted a great amount of time and widespread comment to the work and recommendations of the Commission.

Mr. Chairman, I have brought with me the official documents of the Commission on Judicial and Congressional Salaries, with the thought that they might be of use to the subcommittee and its staff. These include the following:

A copy of the report of the Commission as presented to the President, the Chief Justice, the Vice President, and the Speaker pursuant to the requirements of the legislation creating the Commission.

House Document No. 300 of the 83d Congress, 2d session, containing my letter of transmittal to the Speaker and a reprint by the House of the complete report of the Commission.

Senate Document No. 104 of the 83d Congress, 2d session, which contains a transcript of the Commission's hearings held in the Senate caucus room. Many of the editorials which appeared prior to the hearings are included, as are many written statements and communications offered at the hearings or sent for inclusion in the record.

Reports of the seven task forces, which were printed as Senate Document No. 97 of the 83d Congress, 2d session.

A Senate document containing hearings before a subcommittee of the Committee on the Judiciary, U.S. Senate, 84th Congress, 1st session, pertaining to salaries of justices and judges of U.S. courts and

Members of Congress, containing the transcript of the hearings on January 25 and 28, 1955. Included in this publication are many of the editorials which appeared following the report of the Commission on Judicial and Congressional Salaries.

Mr. UDALL. I thank you for making these documents available. We will place them in the file of these hearings.

Mr. SEGAL. In its published report, the Commission specifically found that the scale of judicial and congressional salaries had not kept pace with the growth of the duties and responsibilities of these offices; that the differences between salaries paid to Federal judges and Members of the Congress and those paid in private enterprise were grossly disproportionate; that the salaries of members of the judiciary and of the Congress had lagged far behind the salary adjustments granted most officials of the Federal Government and had fallen substantially below historic differentials; that judicial and congressional salaries were and for a long time had been grossly inadequate; that these salary rates tended to confine these high positions to persons of independent wealth or with outside earnings; that while there is no exact formula by which salaries of Federal judges and Members of the Congress can be determined, any of the accepted job evaluation criteria established that existing salaries were inadequate; and, finally, that the net cost to the Government of increasing salaries of the Federal judiciary and the Congress to reasonable amounts would be comparatively inconsequential.

The Commission recommended salaries of \$40,000 for the Chief Justice of the United States, and \$39,500 for the Associate Justices of the Supreme Court; \$30,500 for judges of the U.S. courts of appeals; and \$27,500 for judges of the U.S. district courts and Members of the Congress.

Hearings on legislation which was introduced to implement the Commission's recommendations, were conducted by a subcommittee of the Senate Committee on the Judiciary headed by the late Senator Kefauver. It was my privilege to work closely with that subcommittee, and with the majority and minority leaders of the Senate and the House. From many discussions I had with them over a period of several months and with a large number of other Senators and Congressmen as well—and I think this is significant to the deliberations of this committee—I can confidently assert that a majority of the Congress considered, as did all but two of the members of the Commission, that the Commission's recommendations were conservative. The Senate Judiciary Committee concluded:

There is no question but that the work of the Commission on Judicial and Congressional Salaries was thorough and its findings and recommendations based upon sound and logical conclusions * * *.

Editorially and through the writings of columnists, the press of the country strongly endorsed the Commission's recommendations, as did radio and television commentators. Typical was a full-page editorial in the Saturday Evening Post, then in its heyday, which concluded as follows:

In its elaborate, searching report, the Segal Commission recommended a scale of increases necessary to bring the salaries of judges and Congressmen into line.

* * * * *

* * * The public is aware of the need; what the lawyers call the last clear chance is here. The 84th Congress, in its 2 years' existence, will spend more money for more purposes than any other body of men on earth. Commonsense and public interest alike dictate that they should devote a tiny fraction of their appropriations to making the major jobs of statecraft in a free nation possible for the men best fitted to hold them.

Nevertheless, when legislation providing judicial and congressional salary increases was finally enacted on March 2, 1955, the recommendations of the Commission were cut by approximately one-third. The salaries enacted by the Congress in 1955 were \$35,500 for the Chief Justice, and \$35,000 for Associate Justices; \$25,500 for judges of the courts of appeals; and \$22,500 for Members of the Congress and judges of the district courts. That was approximately one-third in each case below the recommendations of the Commission. These salaries remained unchanged until the enactment of the Government Employees Salary Act of 1964, and this despite the fact that in the meanwhile the classified services of the Government had received six salary increases aggregating more than 51 percent.

In view of the major objective and innovation of title II in providing for regular, periodic reviews of judicial and congressional salaries, I emphasize this fact—that despite the circumstance that the Congress reduced by one-third the recommendations of a widely representative nonpartisan Commission composed of the four great segments of our economy—agriculture, labor, business, and the professions—which recommendations were widely endorsed by the mass media and representative citizens and organizations throughout the country, the Congress, while providing increases aggregating more than 51 percent for almost all of the other employees of the Government, stood still for almost 10 years as to the salaries of its Members and those of the Federal judiciary.

I come now to what I regard as most interesting and significant recommendations by one of the task forces of the Commission on Judicial and Congressional Salaries and by the Commission itself, both of which foreshadow the provisions of title II of the present bill.

The Commission's task force on salaries of the Vice President, the Speaker of the House, and Members of the Congress, which was composed of Chairman William A. Patterson, then president, now board chairman, of United Airlines, David J. MacDonald, then president of United Steel Workers of America, and Samuel R. Guard, editor and publisher of the Breeder's Gazette, made the following recommendation—remember this was back in 1954:

It is suggested that the Commission recommend a procedure wherein congressional salaries are to be reviewed every 4 years. It might be well to have such reviews by commissions such as this, a new commission to be appointed every 4 years. The great importance to the people of having their elected representatives properly compensated would seem to justify fully the relatively very small expense of having such commissions.

This view was unanimously endorsed by the Commission. Recognizing the urgent need for such periodic review as to both Members of the Congress and Federal judges, the Commission, in its final report, stated:

It should be noted that historically the Congress reviews its own salaries and those of Federal judges on an average of less than once in 20 years. The Commission holds the strong view that a system should be established providing for periodic review of such salaries.

In my testimony before the subcommittee of the Senate Judiciary Committee which conducted the hearings on the committee's recommendations, I urged legislation setting up a system of periodic review, for it was apparent that unless such a system was established, the Commission's recommendations, even if adopted in full, would achieve little more than temporary, stopgap relief.

This proposal for the enactment of a system of periodic review of congressional and judicial salaries was strongly endorsed by the American Bar Association and numerous agricultural, labor, business, and professional groups. Unfortunately, the bill enacted by the Congress in 1955 included no such provision, and, of course, none has been enacted since.

Events since 1955 unequivocally demonstrate the need for a mandatory periodic review. For although as I have indicated, the Congress cut the Commission's conservative recommendations by one-third, nevertheless, Congress did not again address itself to congressional and judicial salaries until 1964, some 9 years later. And even then, despite the recommendation for more substantial increases made by the President of the United States and strongly endorsed by the American Bar Association, State and local bar associations, and other groups, and by numerous supporting editorials inspired by the ABA campaign, the Congress adopted salary scales which, for the Supreme Court, just about equaled the Commission's recommendations in 1955, and that is still the case—the Supreme Court salaries are no higher today than the recommendations made 10 years ago—and for the Members of the Congress and the judges of the courts of appeals and the district court, the 1964 legislation brought their salaries to a level only \$2,500 above that recommended by the Commission almost 10 years before.

And this inaction, and these meager increases when finally made, were in the face of the fact that every survey, as for example the canvass of 677 important leaders of American life by the National Civil Service League in 1963, and every study by knowledgeable leaders of the various groups in our economy, as for example the President's Advisory Panel on Federal Salary Systems, known as the Randall Panel, resulted in recommendations for very substantial increases in congressional and judicial salaries far in excess of those which have been enacted.

Before addressing myself to the specific provisions of title II of H.R. 8207, I should like to say that the only alternative to periodic review by a commission which I can think of is that provided in the Udall amendment to the Morrison bill in the 88th Congress—H.R. 11049—which provided for an automatic increase in judicial, congressional, and executive salaries whenever increases were enacted in the classified salary scale. Such automatic increases would have been in an amount equal to either (1) the percentage increase in the maximum rate granted in the classified grades, or (2) the average percentage increase granted in all classified grades, whichever was greater. This provision had the support of our committee and of the American Bar Association. However, the Udall amendment was not included in the bill as passed in the Senate, and it was eliminated by the conference committee.

This brings us to the provisions in title II of H.R. 8207. This bill would establish a Salary Review Commission not unlike the former

Commission on Judicial and Congressional Salaries which I have described. The Commission would be appointed every fourth year, the members serving for 1 year, so that recommendations would be made to the Congress once every 4 years. As part of its responsibilities, the Commission would review the compensation of Members of the Congress, the Federal judiciary, and the higher officials of the executive branch of the Government, with a view to maintaining proper levels and relationships among the salaries of these officials and between their salaries and those provided for the classified services. The Commission would submit its recommendations to the President, who thereafter would transmit to the Congress a plan containing his recommendations as to the salaries for these officials. The President's proposed salaries could not exceed those recommended by the Commission. His recommendations would become effective after 60 days, computed as provided in the act, unless either the Senate or the House should pass a resolution disapproving the President's recommendations. This plan was recommended to President Johnson on April 15, 1965, by the President's Special Panel on Federal Salaries headed by Marion B. Folsom.

I strongly endorse this program. Indeed, in testifying before the House Committee on Post Office and Civil Service in 1963, I strongly recommended legislation providing for the establishment of a commission required to make frequent, periodic reviews of congressional and judicial salaries. And as I have indicated, in its essence, title II also conforms with the recommendations of the Commission on Judicial and Congressional Salaries and of its task force to which I have referred. Likewise, it has the support of the American Bar Association in principle.

Where the Commission which would be established under H.R. 8207 differs in detail from the Commission on Judicial and Congressional Salaries created by Public Law 220 of the 83d Congress, I think the changes are for the better. Thus, based on my experience with that Commission, I believe that a 10-member commission is preferable to one consisting of 18 members.

To the extent that unlike Public Law 220, title II would relieve Congress of the task of initiating increases in the salary of its own Members, I think that here, too, the present bill is preferable. The same public confidence as was inspired by the prior Commission's work would undoubtedly follow that of the Commission provided by the pending bill if, as I am confident would be the case, the Commission consisted of recognized leaders in their respective spheres of activity. Added to this would be the assurance which would come from the fact that the President of the United States, after study of the Commission's recommendations, had arrived at independent recommendations of his own, made with the sobering knowledge that in the absence of action by the Congress, they would become law. The safeguard that even the President could not recommend increases higher than those suggested by the Commission, would give prestige to the Commission and impart to it a very real sense of responsibility as well. And the constitutional mandate leaving to Congress the ultimate determination of the salaries of its Members, as well as those of Federal Justices and judges and the top executives of the Government, would clearly be met by the plan.

As this committee knows, enactment by nonaction of Congress is not new to our law. Next week I shall be sitting in a conference room in the Supreme Court as a member of the Standing Committee on Rules of Practice and Procedure of the Judicial Conference of the United States, reviewing the recommendations of certain of our Advisory Committees. If the Judicial Conference and the Supreme Court approves our recommendations, the Chief Justice will send these recommendations to the Congress and then, as under H.R. 8207, the recommendations will become law unless Congress acts to prevent this result.

While I have not conducted a poll, I am convinced that a Gallup poll among informed citizens would result in overwhelming endorsement of title II. Businessmen would say that it represents the simplest kind of good economics. Political scientists would say that it represents the simplest kind of good government. Lawyers would say that it is sound administration and meets constitutional requirements. There is also the overriding factor of basic justice to critically important officials of our Government, and the setting up of a system which relieves Congress of an embarrassment under which it has labored since the beginnings of our Government and which during most of our history has resulted in the serious inequities to the Members of the Congress and of the Federal judiciary. It is high time that inequalities in the compensation of these important officials be eliminated, and that salaries be assured for the future at levels which are consistent with the dignity and the stature which the informed, enlightened citizens of our country wish to have attached to the lofty offices of U.S. Senator, Member of the House of Representatives, and justice or judge in the U.S. courts.

In closing, I urge on behalf of the American Bar Association and of the committee I have the privilege to head, that in the public interest, and in simple justice to the officials who occupy the distinguished and critical positions involved, your committee recommend approval of title II of H.R. 8207.

Mr. UDALL. Thank you, Mr. Segal, for a very extensive, helpful statement. I think there are few citizens of this country who have given so much time and effective effort to improving top salaries in the Federal Government. It is always a pleasure for me to be associated with you. I am sure you and I and the other members of the committee could carry on extensive colloquy this morning about the points you have covered; but because we have five more witnesses scheduled, I am going to limit myself to just a couple of observations.

I want to thank you particularly in the presence of the president-elect of the American Bar Association for the help of that organization in the 1964 pay fight. Your executive director was highly instrumental in enabling us to overcome some of the difficulties we faced.

I only wish Mr. Pool, of Texas, was here this morning. Once or twice during the hearings he observed that he voted for the salary increase with some misgivings. He found out that it is not a political minus to make an intelligent adjustment in these salaries.

Mr. SEGAL. I cannot resist telling you a story that former Speaker Rayburn, since he is from Texas, told the majority and minority leaders of the Congress when that very subject was discussed. He said when he came to the Congress the salary was \$7,500. The Congress

soon thereafter raised the salary to \$10,000. He said his niece, in whose political hunch he had more confidence than in his own political sagacity, said, "Uncle Sam, do you think you will be returned to Congress after raising your own salary, because I don't."

First, instead of the avalanche of mail he expected, he received only one, signed by three friends. It said: "Dear Sam, what a darn fool you were. As long as you were doing it, why didn't you make the salary a thousand dollars a month."

Then came the campaign. In the very first political speech, which was at a smoker, and Speaker Rayburn observed that in Texas sometimes language gets a little rough at smokers, his opponent raised this question and said, "What does Sam Rayburn do when we send him to the Congress? The first thing he does is raise his own salary."

Speaker Rayburn said, "I got up and replied, 'Gentlemen, what my opponent said is true. But when the salary was \$7,500 he did not run for Congress. He was not interested in the job. I would have gone if it were \$5,000. I thought we were all worth \$10,000. So did a majority of the Congress. Now that it is \$10,000, my friend is a johnny-come-lately and he wants to be a Congressman.'"

Mr. Rayburn said he never heard another word about salary during the rest of the campaign and he was elected by more votes than in the preceding campaign.

Mr. UDALL. I have to leave these hearings for a few moments to take care of a bill of mine in another committee. I am going to ask Congressman Matsunaga, a distinguished presiding officer, to take my place. I wish you would comment for the record on one of the big complaints we get from Members of this House. We have always equated congressional salaries with those of judges of the Federal district courts. The argument made is that we are in effect the heads of the legislative branch. The judges of the court of appeals are not even the head of the judiciary. Yet we link our salaries, not to their level, but to the third level of judicial salaries. If we are going to be honest and frank about this, why do we not at least link the congressional salaries to the salaries of the judges of the court of appeals rather than to those of the district judges?

This is an argument we get periodically. I have some answers for it. One is that until recently the job of serving in Congress was considered to be part-time. We had 6 months off in which we could presumably supplement our income. Today Congress is a full-time job. Most of us find we simply cannot do other work. This is a standing objection I have had from colleagues in the House.

If you would like to comment, I would like to read your answer.

Mr. SEGAL. Congressman Matsunaga and members of the committee, I would be very glad to comment on that.

In the first place, I would adopt as one historical explanation the statement made by Congressman Udall. In the early days, membership in the Congress did not involve anything like even the 6 months to which Congressman Udall referred. At the beginning of the century, and in the first decades of the century, that is about the time it did take. The argument has been used that Members of Congress do not burn all their bridges behind them, they do not give up for life their opportunities for professional, or business, or public advancement as do the members of the judiciary.

My own opinion is that as the Congress is today constituted, any expert technical study that would be made on a job evaluation basis would finish with a conclusion that the Members' salaries would be more logically equated to those of the judges of the U.S. court of appeals than to those of the U.S. district courts.

I recognize that there is strong historical precedent to the contrary. The facts on which the precedent has been based no longer apply, and I should think the rule would no longer apply. However, I would add, having worked with the Congress for a dozen years on this subject, that I take a dim view of the chances of getting a majority of the Congress to change to the more logical and reasonable basis that their salaries be equated to those of the judges of the U.S. courts of appeals rather than those of the U.S. district judges. I should add that my reply to Congressman Udall's question states only my personal opinion.

Mr. MATSUNAGA (acting chairman). Thank you very much. I wish to commend you for your comprehensive and very illuminating statement. I am sure more Members of the Congress who voted against the bill would dare to vote for their own salary increase if we had you for our spokesman.

Mr. KREBS. I want to associate myself with the comments of Mr. Udall and Mr. Matsunaga.

Mr. DANIELS. I wish to apologize for not having arrived here early enough to listen to your entire statement. I did get the tail end of your statement, and I was impressed with what you had to say about the President's Commission.

Mr. SEGAL. Thank you very much.

Mr. BROYHILL. You are getting a lot of compliments here. I want to join in these compliments of my colleagues. Certainly you are very well qualified to comment on these matters and certainly your testimony today gives great weight to the arguments that have been brought before us.

I appreciate your high compliments of the Members of Congress, their duties and their responsibilities, and your high regard for the office. I have indicated that Members of Congress have had a great reluctance to raise their own salary. I do not take this as an indictment. I take it as a compliment, that Members of Congress have not been willing to dip into the public till and enrich themselves. I really think this is a compliment and not an indictment.

I would think it perhaps unfair if I led you to believe that I agree with you in whole. I agree with you in part, but I do disagree in that I feel it would be a mistake for the Congress to enact this part of H.R. 8207, particularly section 204 of title I, leaving it to inaction to raise anyone's salary.

I think if any salaries are raised, the Congress must do it by direct action and not by inaction. That is just my firm belief. Personally, I feel your recommendations for the Commission to look into these things are worthwhile and should be looked into. As to leaving these things up to inaction, I cannot go along with that.

Mr. SEGAL. Let me say that the concern you express has been one that I thought about a good deal. If this were the sole place in which Congress acted by inaction, I think I would be against setting the precedents for that. Congress has done it in many cases and it seems to me that if there is any place that this procedure would be appropriate, it is in this particular instance.

Now, if the whole policy of acting by nonaction were abandoned, then, of course it ought to be abandoned here. I supported it, because the policy is a policy of the Congress which has existed for many years, has been quite recently utilized in other legislation, and therefore I believe it would be a solution here because obviously either House being able to act, even without the other House, preserves the full integrity and autonomy of both Houses of the Congress.

Mr. KREBS. I certainly want to correct something in the record.

Our colleague on the other side of the aisle, by implication, and I am sure inadvertently, suggested that the chairman and Mr. Matsunaga and myself have embraced all you have to say. I do not by far. I was merely joining them in commending you on a scholarly and comprehensive job. Obviously I would not have put my own bill in if I agreed with everything you said.

Mr. BROYHILL. Certainly, I was not implying in any way all members of the committee were in agreement with Mr. Segal. I was not in any way trying to degrade the witness' statement. I think it was excellent and very worthwhile and I am certainly glad he has taken the time from his busy schedule to come here and give us the benefit of his thinking and experience on this subject. It was just on that one point that I disagree.

Mr. MATSUNAGA. Any further questions? If not, thank you for taking time out of your busy day to be with us.

Our next witness is Mr. Sidney Goodman, president of the National Postal Union. He is accompanied by Mr. David Silvergleid, secretary.

STATEMENT OF SIDNEY GOODMAN, PRESIDENT, NATIONAL POSTAL UNION; ACCOMPANIED BY DAVID SILVERGLEID, SECRETARY

Mr. GOODMAN. Mr. Chairman and members of the subcommittee, my name is Sidney A. Goodman, and I am privileged to serve as president of National Postal Union, an industrial union of postal employees, located at 509 14th Street NW., Washington, D.C. Accompanying me is our secretary-treasurer, David Silvergleid. We represent over 55,000 postal employees, organized in over 500 local affiliates in 50 States, including Alaska, and Hawaii, and in Puerto Rico and the District of Columbia, as well.

We are grateful, Mr. Chairman, for this opportunity to present our views on pending pay legislation, and appreciate the introduction of pay bills by the distinguished chairman of the subcommittee, Morris K. Udall, Congressman Thaddeus J. Dulski, Arnold Olsen, and Paul Krebs. We are also grateful to Congressmen James Fulton, Joel Broyhill, Seymour Halpern, and Jacob Gilbert, for having introduced expansion measures to the Olsen bill.

At the very outset, let us state for the record that we endorse and unequivocally support H.R. 8663 and companion bills, which provide for an average 7 percent increase in pay for postal employees in the first six levels, effective January 1, 1965. We assert that a 7-percent increase is the minimum amount required to give postal employees true comparability with their counterparts in private industry.

Mr. Chairman, we appreciate the initiative of the administration in offering its pay recommendations. In so doing, it has kept its commit-

ment to the principle of comparability, but it is the bare bones, lacking all flesh. This committee has received ample testimony clearly establishing that a minimum increase of 7 percent is required if postal employees are to receive real comparability. Postal employees have received only sporadic and long-delayed increases since 1945, and all of them have invariably been too little and too late. On the other hand, employees in comparable jobs in private industry have far outdistanced postal employees during the same period, in terms of salary increases, whether on an annual, percentage, or dollar basis.

On June 1, 1965, the distinguished Chairman of the U.S. Civil Service Commission testified at length before this subcommittee. Mr. Macy was articulate and forthright in supporting the administration's recommendations during his lengthy statement. He frankly conceded, however, that the proposed pay increase of 3 percent would definitely not constitute comparability on a current basis, let alone on the basis of being effective, as proposed, in January 1966. The Commission Chairman made it clear that the best the 3 percent could hope to do was hold the line presumably established by the pay increase granted postal and Federal employees, effective July 1, 1964.

In this connection, I quote from a column by the well-known Washington columnist, John Cramer, in the Washington Daily News of June 7, 1965, as follows:

I continue mildly astonished that administration spokesmen keep on insisting that President Johnson's recent Government pay raise proposals are not a retreat from the "comparability" principle of Federal pay setting.

They keep on saying that the President's recommendation for an average 3 percent raise for 1.6 million postal and classified (white collar) employees would not widen the "comparability gap" between Federal pay rates and private enterprise rates.

Well, it would.

By the calendar, it would widen it by a full 6 months.

The 1964 Government raise, roughly hitched—very roughly—to private enterprise rates as of January–February 1963 was effective last July 1.

By January–February 1964, private rates had climbed another 3 percent.

A new 3-percent raise, timed to take effect next July 1, would not widen the "comparability gap."

But the President's proposal would defer the increase to next January 1 is a gap widener if I ever saw one, and don't try to tell me the contrary.

The committee has already received voluminous statistical testimony. Without gilding the lily, I should like to bring to your attention just a few examples of the inadequacy of postal pay as compared with comparable private job rates. The following is taken from "Wage Settlements—California Union Agreement, 1964" issued by the Division of Labor Statistics and Research of the Department of Industrial Relations of the State of California, Edmund G. Brown, Governor:

I would like to include this as part of the record.

Mr. MATSUNAGA. Without objection, it is so ordered.

Mr. GOODMAN. The median average increase during 1964 for employees in transportation, communication, and public utilities, the closest comparable employment, was 9.7 cents per hour. The inter-quartile range, the increase received by the middle 50 percent of workers, was 8.8–10.5 per hour. The median hourly increase for the same employees for 1965, based on contracts negotiated in 1964, is 9.1 per hour. The total increase for 1964–65 alone, then, for these employees is 18.8 per hour.

This compares with an average increase of 10 cents per hour received by postal employees since January 31, 1964. Note there has been no attempt to compare postal workers with groups which obtained much higher increases, such as construction workers, whose median increase was 21.3 per hour for 1964 alone.

Mr. Chairman, I offer in evidence the "1965 Salary Ordinance of the city of Seattle, Wash., Ordinance No. 935000, passed by the city council, November 9, 1964." Employees of the city of Seattle have the option of retiring after 30 years of service regardless of age; after age 52 with 20 or more years of service, and after age 57 with 10 or more years of service. (See "Ordinances Governing Seattle City Employees Retirement System--January 1962.")

In addition, both police and firemen have an entrance salary of \$525 per month, and advance automatically to \$590 per month, or \$7,080 per year, in 2½ years.

Level 4 postal employees, constituting the vast majority of postal workers, on the other hand, would advance to \$7,020 per year under the administration's proposals, but only after 21 years of satisfactory service.

I ask permission that the committee receive these ordinances.

Mr. MATSUNAGA. Without objection, it is so ordered.

Mr. GOODMAN. In the city of New York, policemen and firemen advance automatically from \$7,032 per annum to \$8,482 per annum in 3 years. Sanitation employees in the same city go from \$5,544 to \$7,026 in 3 years, and in addition, can retire after 25 years of service regardless of age, at half pay. In the city of Los Angeles, Calif., policemen and firemen start at \$8,124 per annum, and after 4 years go to \$8,724. In all instances, only a high school education is required.

Previous administration witnesses have stated that neither the cost of living index nor average living standards have any direct bearing on pay comparability. However, Congress has long since indicated its proper concern with Federal employee standards of living, and its interest in how they compare to the so-called modest but adequate standard utilized by the U.S. Department of Labor in evaluating family budgets. This agency's "City Worker's Family Budget" for 1959, projected to date, showed, according to the AFL-CIO, that "today's worker needs an income of \$123 a week to provide a family of four with 'modest but adequate' standard of living in America's cities. At present prices, a worker would have to earn \$3.07 an hour, \$123 a week for 52 weeks a year--\$6,418 per year--in order to meet his family's current needs."

This amount is required to meet the necessities of life, pay taxes, and enjoy a few of the most modest amenities of life--but with no allowance for luxuries or savings.

We emphasize at this point, that level 4, step 4 pay, a median level, as provided in H.R. 8207, is only \$5,660, and as provided in H.R. 8663 is only \$5,875. Even with a 7-percent increase, the vast majority of postal employees would be substantially below the \$6,418 previously cited.

The administration's proposed effective date of January 1966 is particularly unfair, considering the fact that the administration has been committed to the principle of actual comparability since passage of Public Law 87-793, effective October 13, 1962, almost 3 years ago.

As unionists and citizens, we continue to applaud the President's efforts to assure greater opportunity and security for large numbers of fellow Americans. We support the administration's efforts to make the promise of this great land meaningful for many who have long needed aid, in the interests of the whole community. However, we submit that postal employees also need and deserve proper consideration.

We urge an effective date of January 1965, as provided in H.R. 8663. Mr. Chairman, section 6 of H.R. 8207 which contains the administration's recommendations, provides that the President may direct that annual salary comparison reports be submitted to him; may compare that rates of salary fixed by statute for Federal employees with rates of salary paid for the same levels of work as determined on the basis of appropriate annual surveys in any fields of non-Federal employment, in addition to private enterprise, which he may designate; and may include in his annual reports to Congress comparisons of Federal salary rates with those in any additional fields of employment he designates. In addition, provision is made that the President's recommendations shall be transmitted to Congress not later than January 31 of each year. The revised statutory salary schedules the President recommends shall become effective the first day of the first pay period after 60 days, unless either House of Congress rejects his recommendations.

Mr. Chairman, while we appreciate the ostensible intent of this proposal, we oppose it, as we believe it would be tantamount to substantial abdication by the Congress of initiative in the field of Federal employee salaries. We wholeheartedly concur in H.R. 8663, which provides that the President's recommendations to the Congress for revision of statutory salary schedules shall be transmitted not later than January 31 of each year, but leaves undisturbed the historical and traditional prerogative of Congress to initiate legislation—not merely exercise veto power.

We also oppose that portion of H.R. 8207 which would include salaries of employees of municipal and State government and other nonprofit institutions in arriving at "comparability." There are top-level positions in many municipal and State governments where salaries exceed those paid in the Federal Government. However, many cities and States pay notoriously low wages accompanying the lack of organization, or ineffective organization, amongst employees. This is particularly true in the case of nongovernmental institutions such as hospitals, where workers have been and are being kept at substandard salary levels. The U.S. Government should certainly not be the tail to such a kite, but should instead provide leadership in improving living standards.

We support section 6 of H.R. 8663, which amends the present law by providing that the President's recommendations be transmitted to both Houses not later than January 31 in each year. We also concur most strongly in support of section 10 of H.R. 8663, which would correct a major injustice created by passage of Public Law 87-793 in 1962, when postal employees were arbitrarily and unfairly denied credit for past service in establishing new pay rates. Section 10, while it would not apply retroactively, would at least take cognizance of this inequity on a current basis.

Mr. Chairman, I depart from my prepared statement momentarily to call attention that this is the Dulski amendment which has been pending before an appropriate committee of the House for the last 3 years.

At this point, we address ourselves to the formal statement of the Postmaster General before this committee earlier this month, on June 2. "Our objective," he said, "is to assure sound and progressive personnel practices." He also speaks of the opportunity afforded him and the members of the President's Special Pay Panel, and I quote:

"* * * to think about the national economic implications of Federal pay * * *."

Mr. Chairman, a recommendation which admittedly is at least 5 percent short of true comparability, and which is further admitted to be a minimum of 1 year behind actual comparability, cannot possibly be a "sound and progressive personnel practice." The concern expressed for "national economic implications" is respected, but what about the national moral implications of such an approach almost 3 years after the administration solemnly committed itself to comparability without qualification?

The Postmaster General also says, and I quote:

The goal of full comparability seemed right and necessary. We were more concerned, however, with the long-range goal of achieving what I might call "systematic comparability."

Mr. Chairman, I submit that a much more pressing and burning problem is the continued systematic denial of simple economic justice to postal employees, on the grounds of budget, national policy, the alleged increase in national productivity of only 3 percent, and the relative indifference to the immediate and urgent need for justice. The distinguished Postmaster General states, and I quote:

It is our hope and intent to achieve full comparability for all levels at an early date. That objective, however, should not divert us from the larger goal of developing a defensible and lasting pay structure.

Mr. Chairman, while the goal is a laudable one, I urge that it should not be permitted to divert us from the even larger one of equity now and not in some vague and distant future, euphemistically referred to as "at an early date."

It is, however, Mr. Chairman, when we come to the comments on overtime that the administration is at its best and worst. It is at its best in asserting that approval of its recommendation for overtime rates for substitutes for work in excess of 40 hours a week would be a "major step forward." However long overdue, it could indeed be called significant progress, and the administration and the Postmaster General are entitled to full credit, which National Postal Union is happy to publicly acknowledge.

However, we must take issue with the Postmaster General on a series of assertions which appear in his statement, as follows:

Point 1: "Postal operations are continuous. Unlike the typical Government agency, we must operate 24 hours a day, 7 days a week. It is as important to move the mail on Saturday as on a Monday, even though the volume is down somewhat. As an illustration, I have prepared this chart."

Our comment: This should not be permitted to obscure the special significance of Saturdays and Sundays. Operations are continuous,

but local collection and delivery of mail is sharply reduce on Saturdays, and especially on Sundays and holidays, and this is also true of transportation in general. Further, it is a matter of record that the Department, currently and since time immemorial, has taken concrete cognizance of the fact that Saturdays, Sundays, and holidays are, in fact, distinctly different from all other work days by sharply reducing work schedules for weekends and holidays accordingly.

Point 2: "Cash for overtime instead of compensatory time is by far the prevalent practice for rank-and-file employees in industry."

Our comment: True; but overtime rates for Saturdays, Sundays, and holidays, not an artificial "sixth or seventh day" is also, by far, the prevalent practice in private industry.

Point 3: "Pay at the rate of time and a half for overtime, and the 40-hour week, are basic under various Federal laws."

Our comment: Pay at the rate of time and a half for all hours in excess of 8 in any one day for outside employees has long been basic under the Walsh-Healey Act and the Davis-Bacon Act.

Point 4: "Premium pay conditions, such as time and a half for regulars on Christmas Day, should be continued as part of postal tradition and history."

Our comment: The invoking of tradition in this instance is selective and in sharp contrast to the Department's proposal to abolish all Saturdays and Sundays as such, especially for overtime purposes. There has never been a time in the memory of postal employees, when Saturdays, Sundays, and holidays have not been considered different from other days of the week. Public Law 68, the Classification Act of 1955, clearly made a distinction, albeit not paywise, between Saturdays, Sundays, holidays, and other days, by providing compensatory time specifically for these days.

Point 6: "Since substitutes are really a kind of auxiliary 'on call' work force, overtime pay should be measured not in terms of a daily schedule but the total hours of work in any week."

Our comment: Here we see, however unwittingly, a cynicism no less callous because it relies on postal history, and which in effect makes substitutes expendable. Is the strain of overtime, the financial needs of substitutes, and their entitlement to decent and equitable treatment any the less because they are called substitutes? No budgetary consideration should take priority over a substitute's fundamental right to elementary consideration as a citizen, human being, and employee.

Mr. Chairman, the Postmaster General in his statement said:

The 5-day workweek would make no basic change in the hours and days actually worked by regulars, but they would derive additional benefits. Any work on a scheduled offday would be paid at the rate of time and a half in cash.

This is a figleaf. It is true only insofar as it would make no change in the number of hours and days worked by regulars per week. It would most certainly result in radical changes in the work schedules of probably the vast majority of employees, and undoubtedly create much resentment and cause endless disruptions for untold thousands.

Mr. Gronouski also asserts, and I quote: "Also, a regular assigned to work on a weekend could use annual leave or sick leave for that day." This is true. Omitted, however, is the fact that this would be true only for those regular employees who would have to work every Saturday and Sunday ad infinitum as part of their designated workweek. Also

omitted is the fact that such employees, when charged with a.w.o.l. under a rigid and unfair sick leave procedure involving a requirement for "satisfactory evidence" of illness, could now for the first time, lose pay for absence on those days.

Point 4 under "Holiday pay" states:

At the option of management, employees up to salary level PFS-15 would receive cash premium pay or compensatory time for working on a holiday.

Here the Department again conveniently clutches tradition, however outmoded, to its breast, ignoring a clear contradiction. The sixth or seventh day for those employees who might have a Monday to Friday workweek designated, would mean as a practical matter, that they would receive time and a half for working on Saturday and/or Sunday, albeit incidentally. These same employees, however, could at the most receive only straight time for working on a legal holiday.

Under "Supervisor pay," the Postmaster General indicates Department concern with eliminating the possibility of a supervisor earning less in some weeks than some of his subordinates. The concern is understandable. Regulars are paid overtime for work in excess of 8 hours in any one day, but the administration is recommending overtime pay for substitutes only for time worked in excess of 40 hours in a week. The selective use of substitutes in excess of 8 hours a day in lieu of regulars on overtime, would probably tend to be standard procedure under such conditions. It could also lead to situations where substitutes earn more overtime than regulars in a given office, in a particular week. We submit that as a matter of consistency, the Postmaster General should be equally concerned with this aspect.

We address ourselves to the overall concept of payment at overtime rates for any sixth or seventh day of the week. This is, in fact, the "administrative workweek" never previously utilized except for mobile unit regular clerks. These employees are not scheduled on a daily work basis, but rather on the basis of work cycles consisting of "trips" which are of a varying number of days' duration. Overtime in lieu of compensatory time is not being offered. Saturdays and Sundays would be payable at overtime rates only if they were the sixth or seventh day, and such overtime, however, would have no relation to Saturdays or Sundays as such, and would rarely occur. On the contrary. The Department would define a particular work schedule for every regular employee, consisting on any 5 days in the week, and beginning on any given day of the week. No 2 workdays or offdays would have to be in any particular sequence. This is "flexibility" with a vengeance. The "improvement" is payment of overtime for a sixth or seventh day of the week, at the cost of the Post Office Department creating a unique calendar, under which every single day of the year, including Saturdays, Sundays, and holidays—with rare exceptions—becomes uniformly faceless, especially for overtime purposes. The Department would ride roughshod over the long universally accepted practice of recognizing the special features attached to working Saturdays, Sundays, and holidays. More than this, it would reject it entirely, in perpetuity.

The recommendation flies in the face of long and clearly established principles accepted by management in the United States of America, which properly place a premium on Saturdays and/or Sundays, as well as holidays. The proposed legislation deliberately turns its back

completely on this historic concept, universally observed. Instead, it presupposes a calendar in which all days have exactly the same value, and have meaning for overtime purposes only to the extent that they are a sixth or seventh day. Even Public Law 68, effective December 3, 1955, took cognizance of the special significance of Saturdays and Sundays by providing that the standard workweek for regulars was Monday to Friday, and compensatory time was specifically provided for service on Saturdays and Sundays, except in the month of December.

The national agreement between the Post Office Department and exclusive postal unions, specifically states in article XV, paragraph 1: "All regular annual rate employees in field installations of the postal service shall be scheduled for duty on the standard workweek of Monday through Friday." Further, part 755.12 of the Postal Manual provides that "Saturday and Sunday employment should be restricted to essential service." Now the administration would tell 600,000 postal employees and their families that for them, there is no such thing as Saturday or Sunday as such, now and forever. Further, while it would be possible for a given employee to receive overtime for a Saturday or Sunday, but only provided that it is a sixth or seventh day, the administration would continue to pay only straight time for holidays. What kind of consistency or equity is there in a recommendation which would enable time and a half for a Saturday or Sunday, even though accidentally, but only straight time for holidays, with even this at the option of the Department? With no distinction made between Saturdays, Sundays, and holidays and other days, work schedules could well become a major and chronic source of disruption, grievances, and resentment. What is proposed is an "administrative workweek" which heretofore was used only for mobile unit regular clerks. Its introduction into stationary units, along with the concept of overtime for a sixth or seventh day, would be one step forward and two steps back.

Mr. Chairman, we urge in the strongest possible terms that the standard workweek of Monday to Friday be continued, and that time and a half be provided for Saturdays, and double time for Sundays and holidays, as embodied in H.R. 2798 and H.R. 8707. It is time that the U.S. Government permitted its employees to enjoy the same conditions that millions of private industry employees have had for at least 30 years.

Mr. Chairman, in recommending overtime rates for substitute employees for work performed over 40 hours per week, the administration took a long overdue and historic step, for which it is entitled to full credit. However, here again there is a disappointing and glaring omission in the recommendation. Since passage of the Walsh-Healey Act in 1938, employees of private firms engaged in interstate commerce must be paid overtime rates for all time in excess of 8 hours a day. This was subsequently reinforced by the Davis-Bacon Act, which made the same thing compulsory for employees of firms engaged in Government contracts.

Mr. Chairman, I propound to the members of this committee, a very serious question which is pregnant in its moral implications. Can anyone name a single firm with anything remotely close to 600,000 employees, that would even attempt to raise the question of paying its employees at only straight time for hours worked in excess of 8 in any one day? How can the Government, with any sense of morality, seek

to reserve the right to do so? We submit that this committee has an inescapable obligation to assure postal employees the consideration long denied them.

Mr. Chairman, we urge that substitute employees be assured of time and a half for all work in excess of 8 hours in any one day, as well as for time in excess of 40 hours a week, as called for in H.R. 2798. We appeal to the committee to act resolutely on this vital aspect of a most fundamental issue.

Mr. Chairman, we do not oppose the establishment of a quadrennial salary commission to study and recommend concerning the salaries of Members of Congress, justices and judges of the United States, and top Federal executives. However, we are opposed to a semiautomatic adjustment of postal employee salaries by a quadrennial salary commission for the same reasons we have outlined hereinabove with respect to annual semiautomatic adjustments.

In conclusion, we sincerely appreciate the interest shown by the chairman and members of this subcommittee, and we are grateful for this opportunity to express our views on these important subjects.

Mr. MATSUNAGA. Thank you very much, Mr. Goodman. You have made a very convincing argument. I am sure you have erased any doubt, at least in my mind, as to the justice of considering Saturdays and especially Sundays as the same type of day for postal employees as it is for those in private industry.

Our chairman is back again.

Mr. UDALL. I was successful in getting a bill of which I was the author reported out of committee. I hope we have the same success here.

Are there any questions?

Mr. DANIELS. I would like to compliment the witness for his statement and for endorsing my bill, H.R. 2798. I see no reason why the Government should establish one standard for overtime pay for private industry and a different standard for employees who work for the Government. I am glad Mr. Goodman came here and endorsed not only the principle but the equity of overtime pay for Saturdays, Sundays, and holidays for all Federal employees. It is a very fine strong statement and I want to commend you.

Mr. GOODMAN. Thank you.

Mr. UDALL. Mr. Broyhill.

Mr. BROYHILL. I have no questions.

Mr. UDALL. Mr. Krebs.

Mr. KREBS. I, too, want to thank Mr. Goodman for the forceful job he did in presenting his organization's views. I have a couple questions:

No. 1, it is your position, is it not, that even if every one of your members were given a 7-percent increase it would be far below comparability?

Mr. GOODMAN. Pending a revision of the criteria for comparability, we submit 7 percent is due even on the basis of the testimony of administration spokesmen, who say 7 percent is necessary for true comparability.

Mr. DANIELS. As of what date would it bring it up to comparability?

Mr. GOODMAN. We say 7 percent as of January 1, 1965, would give comparability even on the basis of the testimony of administration spokesmen.

Mr. KREBS. The second question relates to the definition of comparability. I notice even in your testimony you allow for utilization of the rates of certain nonprofit organizations.

I want to call your attention to Public Law 87-793, 87th Congress, H.R. 7927, October 11, 1962. Even in the declaration of policy and implementation of policy they point out that the comparability should be between Federal civil service employees and private industry, and they also call attention to the fact, in section 503, as follows:

In order to give effect to the policy stated in section 502, the President: (1) Shall direct such agency or agencies, as he deems appropriate, to prepare and submit to him annually a report which compares the rates of salary fixed by statute for Federal employees with the rates of salary paid for the same levels of work in private enterprise as determined on the basis of appropriate annual surveys conducted by the Bureau of Labor Statistics.

The Commissioner of the Bureau of Labor Statistics testified here the other day and he said it was his strong feeling and the policy of his agency not to include nonprofit organizations in these calculations.

Mr. GOODMAN. I believe I make specific reference to that in my testimony. Let me say we are opposed to the principle of comparability to fields other than private employment. My brief makes reference to the obvious disadvantage in which we would be placed by including employees of municipal and State governments and other nonprofit institutions, such as hospitals, with notoriously low pay. We most certainly oppose the administration's approach to this and we firmly support the principle of law you have just read.

Mr. KREBS. There were witnesses in the last few days who said they felt nonprofit organizations should be included in these calculations.

Mr. GOODMAN. The National Postal Union does not, Mr. Krebs.

Mr. KREBS. You say that the "City Worker's Family Budget" for 1959, projected to date, showed, according to the AFL-CIO, that "today's worker needs an income of \$123 a week to provide a family of four with 'modest but adequate' standard of living in America's cities."

How far from that and how long at this pace would it take for your members to catch up?

Mr. GOODMAN. We refer to the median employee, level 4, because they constitute the large majority of the employees. I think this would have to be defined in terms of employees. I would say if we utilized level 4 as the median range, at \$6,418 it would take, I would say off-hand, 7 years for a level 4 employee to reach that point under the administration's proposal, that is, from step 1 to step 7.

Mr. KREBS. Another important point to be made, in my judgment, is the effective date and the timelag that would result from this taking effect in 1966. Can you tell us what that would do to the so-called timelag if we waited until 1966?

Mr. GOODMAN. Mr. Krebs, I would say undoubtedly it would hurt us. Exactly how much, I cannot say, because I have not done any research on it.

Mr. KREBS. Do you think it would be possible to get us this information?

Mr. GOODMAN. I believe so. I will be glad to make it available to the committee.

Mr. Chairman, may I ask the indulgence of the committee for something not included in my statement, and that is the severance pay bill

introduced by Mr. Matsunaga. The National Postal Union wants to thank Mr. Matsunaga for introducing this bill and to express its full support of that bill.

Mr. UDALL. What is the number of that bill?

Mr. JOHNSON. H.R. 8424.

Mr. KREBS. I would like to yield back the rest of my time, with the reservation if additional time is available I would like to ask a few more questions.

Mr. UDALL. I think there are no other questions. If you wish, you may pursue yours now.

Mr. KREBS. Mr. Goodman, I thought your statement was quite complete on the Walsh-Healey Act and the Davis-Bacon Act. I would say you have done such a thorough job there is no need for any further questions to be raised.

Mr. UDALL. Thank you, gentlemen.

Mr. GOODMAN. Thank you.

Mr. UDALL. The next presentation will be a joint one by Mr. Woodrow Jones, president of the National Association of ASCS County Office Employees, and by Mr. Clyde R. Payne, secretary.

Gentlemen, you have come a long way, from Texas and Florida respectively. You represent a very fine group of employees engaged in Government service. We are happy to have you with us. I understand each of you has a separate statement.

Mr. Jones, I am told that you want to proceed first.

STATEMENT OF WOODROW JONES, PRESIDENT, NATIONAL ASSOCIATION OF ASCS COUNTY OFFICE EMPLOYEES; ACCOMPANIED BY CLYDE R. PAYNE, SECRETARY-TREASURER

Mr. JONES. Thank you, Mr. Chairman.

Mr. Chairman and distinguished committee members, I am Woodrow Jones, Bowie County ASCS office manager, New Boston, Tex. As president of the National Association of ASCS County Office Employees, I am representing all employees who work in the ASCS offices in the more than 3,000 agricultural counties across the Nation. Mr. Clyde Payne, our secretary-treasurer, is with me and will furnish you some facts and statistics on our association, its officers and membership.

It has been my privilege, during the past 5 years, to appear before you people a number of times in behalf of our NASCOE members. I appreciate the opportunity to do so again. I especially appreciate the patient and considerate way you have always dealt with us. We have learned that this committee needs only the opportunity and a fair decision will be the result.

You first heard our pleas for consideration in 1960 and I believe you have tolerated our appearance at least once each year since. I know you must have noted our testimony becomes repetitious as we appear from time to time. However, each time Federal pay legislation is recommended by groups other than your committee, we find ASCS county office employees are omitted. We thank you for being kind enough to correct the inequity on each occasion. We are proud that your decisions to rectify have become just as repetitious as our testimony. We hope this continues.

My testimony will not contain a lot of "window dressing," statistics, or data. I just want to say we concur with the many other witnesses that have recommended a salary increase which will help maintain the principle of comparability. We have no recommendation on the amount of increase you should approve. I know you have a staff of experts in your field. I know you have access to data that is far more reliable than any I might direct to your attention. And, I know you must make a fair application that will serve both the interest of the employees and the public. Our people will be glad to abide by your decision.

Our great concern is with the fact that we have not been included in H.R. 8207, and some of the related measures. I think, in our earlier appearances, we have established to your satisfaction that all our work is in connection with administering farm programs formulated by you and your colleagues. Only a few weeks ago—on May 8—there was passed H.R. 8370 which will make appropriations for the Department of Agriculture to continue this work through the 1966 fiscal year. We are proud you have done this. We know you are making it possible for the agricultural community to utilize our resources more wisely. We need good employees to do our work like you would desire it to be done. Unless you see fit to include us in your legislation we will find that our people may become, again, the prime source of recruitment for other Government agencies and private business. We do not wish to return to this. Before you came to our rescue in 1960 more than 40,000 people had been trained in our offices only to be taken from us by other Government agencies offering better pay. We beg you to add a section in title I of this legislation that provides that the rates of compensation of persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act [16 U.S.C. 590H(b)] shall be increased by amounts equal as nearly as practicable to the increase provided by this act for corresponding rates of compensation in the appropriate schedule or scale of pay. We are asking that you give us the same consideration that you were good enough to bestow when enacting Public Law 86-568, the 1962 Salary Reform Act and the Federal Employees Salary Act of 1964.

NASCOE members will always be grateful for you giving me the time to present our case. We hope you will soon report favorably on this legislation after, first, having amended it to include our people.

Mr. UDALL. Thank you, Mr. Jones.

Mr. Payne, you may proceed with your statement. Then we will question both of you jointly.

Mr. PAYNE. I am Clyde R. Payne, Hamilton County ASOS office manager, Jasper, Fla., and secretary-treasurer of the National Association of ASOS county employees.

The National Association of Agricultural Stabilization and Conservation Service Employees (NASCOE) is a voluntary organization of County Agricultural Stabilization and Conservation Service Employees—hereafter referred to as ASOS employees. Approximately 93 percent of ASOS employees are members of NASCOE. The sole purpose of this organization is to promote the welfare of its members. Each State of the United States, except Alaska and Hawaii, has a State organization of ASOS county employees and is affiliated with

FEDERAL EMPLOYEES SALARY ACT OF 1965

NASCOE and there will be an organization in Hawaii on July 1. Each State affiliated with NASCOE has two members on the board of directors. NASCOE has national officers and an executive committee representing the six ASCS geographic areas of the United States. They are:

Area	Name	City and State
Northwest.....	Jerry Rees.....	Spokane, Wash.
Southwest.....	R. M. Christensen.....	Red Bluff, Calif.
South-central.....	Jack Gipeon.....	Walnut Ridge, Ark.
Southeast.....	Ralph Farr.....	Union, S.C.
Northeast.....	Evelyn Yeagle.....	Collegeville, Pa.
Midwest.....	Ray Vanderhorst.....	Bussey, Iowa.
President.....	Woodrow Jones.....	New Boston, Tex.
Vice president.....	Joy Flud.....	Durant, Okla.
Secretary-treasurer.....	Clyde R. Payne.....	Jasper, Fla.

All officers, committeemen, and so forth, are ASCS employees with no salaried personnel but we do have on a retainer basis Mr. Dillard B. Lasseter, Post Office Box 381, Washington, D.C., who keeps us advised on legislative activity and assists us in legislative work.

The Agricultural Stabilization and Conservation Service employees carry out various Federal programs assigned to them by the Congress, Secretary of Agriculture, Executive orders, and so forth. The headquarters for ASCS is in the U.S. Department of Agriculture Building, Washington, D.C. There are, also, State and county ASCS offices who administer only Federal programs. County, city, or State governments have no connection with the National, State, or county level of ASCS.

ASCS employees on county level administer directly to farmers of the United States a great number of the complex USDA farm programs, such as the soil bank, agricultural conservation, marketing quotas—tobacco, cotton, wheat, peanuts, and rice—commodity credit loans, wool incentive payments, sugar, feed grain, and so forth. This is practically all the action programs of USDA.

Previously this committee has determined and the Congress agreed—and we ASCS employees shall always be grateful to you—we, the ASCS employees on the county level, would have retirement, health and life insurance previously given to other Federal workers and you included us in your last pay adjustment bills. Today, we are before you representing our approximately 15,000 county ASCS employees asking you to include ASCS county employees in any pay raise bill you deem advisable to submit to the Congress. We ask for no special favors in the various salary proposals you are considering. We only ask you to treat us like you do other Federal workers and from past experience we know you will do this.

We have no specific amount of increase for any particular group. We feel the salaries of our clerks, who are in the lower grades, probably are more underpaid than the managers.

We are in the process of obtaining comparable salary grades between ASCS county personnel and other USDA personnel on the county level. Preliminary reports indicate people working for ASCS are, now, paid less than other USDA employees performing similar jobs. If we are not included in this proposed pay raise it will only widen the difference.

We urge passage of an upward salary adjustment being sure the lower grades are not forgotten.

The 15,000 ASCS employees in every county of the United States thank you for your consideration. We especially urge you to be sure ASCS county employees are in any salary adjustments.

There is one other thing that is not in the written testimony that I would like to put in the record. We would like the severance pay bills to have the statement in them that they apply to ASCS employees, also.

Mr. UDALL. Thank you, Mr. Payne.

Both of you represent one of my favorite groups of Government employees. You do an outstanding job.

Mr. JONES. Thank you.

Mr. UDALL. I detect from my conversations with members of this committee that there is a great ground swell in favor of the points you have made this morning.

Mr. JONES. Thank you.

Mr. UDALL. The gentleman from North Carolina, Mr. Broyhill.

Mr. BROYHILL. I want to welcome you gentlemen before this committee. I think you were before another subcommittee on which I served earlier this year, Mr. Jones.

Mr. JONES. Yes.

Mr. BROYHILL. And we are glad to see you here.

I think you have some people from North Carolina in the room with you? I know Mr. Inman from my district is here.

Mr. JONES. Yes; and I would like to introduce them to you.

Mr. UDALL. You may take a moment to introduce them. We are glad to have someone here from Mr. Broyhill's district. He is one of the most influential members of this committee.

Mr. JONES. I would like to introduce you to Mr. Ernest Inman, of North Carolina, Mr. Livingston Roberts, of North Carolina, and Mr. Warren Greer, from Louisiana.

Mr. BROYHILL. We are delighted to have them with us. I appreciate the brevity of your statement. I may take longer than you did. I think you have certainly outlined a good case here.

Your salaries come directly from the Federal Government, is that correct?

Mr. JONES. Yes, sir; we are paid by the Federal Government.

Mr. BROYHILL. There is no other agency of Government that contributes in any way to your salaries?

Mr. JONES. No other agencies. The only other moneys that might be construed as coming from another source are small fees sometimes collected from farmers for specific services we do for them. They are deposited in our account.

Mr. BROYHILL. But your salaries are dependent on appropriations of Congress?

Mr. JONES. Yes.

Mr. BROYHILL. And you cannot go to your State legislatures or county governments in order to be heard regarding increases in salaries?

Mr. JONES. We have no connection with any State, county, or local government organization.

Mr. BROYHILL. So this is the only place you can come to be heard?

Mr. JONES. Yes, sir.

Mr. BROYHILL. Thank you very much.

Mr. UDALL. The gentleman from Hawaii, Mr. Matsunaga.

Mr. MATSUNAGA. I am happy to know that Hawaii will be included in your organization beginning July 1.

Mr. PAYNE. Yes. We already have their check for their dues but we are holding it until July 1.

Mr. MATSUNAGA. I am glad to hear that. My great enthusiasm for your group will remain, but my interest has been enhanced. I suppose some day you will be able to introduce people from Hawaii as well as from other States.

Mr. PAYNE. They changed over a few months ago.

Mr. UDALL. Thank you very much, gentlemen.

Mr. JONES. Thank you.

Mr. UDALL. The next witness is Mr. Dillard Lasseter.

**STATEMENT OF DILLARD B. LASSETER, LEGISLATIVE COUNSEL,
ORGANIZATION OF PROFESSIONAL EMPLOYEES OF THE U.S.
DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.**

Mr. LASSETER. Mr. Chairman and members of the subcommittee, the Organization of Professional Employees, Department of Agriculture, comprises a membership of over 7,000 employees. We are dedicated to a variety of objectives for strengthening the career civil service. In this endeavor we have cooperated with the Department, the Civil Service Commission, and the committees of the Congress in reflecting the views and needs of professional employees. We are greatly interested in the Government's policy toward, and mechanism for, adjusting the compensation for classified employees. OPEDA wishes to commend the President for his action in establishing a special panel to review this subject. We wish also to recognize the leadership the Congress, the Bureau of the Budget, and the Civil Service Commission have exercised in this area.

The Congress has evidenced its vital interest in the overall well-being of Federal employees in many ways in recent years. For example, health and life insurance programs have been established, and there have been several adjustments in salary levels recently in recognition of advances in living costs, or the need to place Government salary levels on a more comparable basis with equivalent positions in private industry. This is as it should be. As a major employer, and in many ways a model employer, of a vitally important concentration of scientific and executive capability, the Government should exercise an aggressive role of leadership in matters pertaining to salaries, retirement, working conditions, and related subjects.

The adoption by the Government of a concept of Federal pay comparability with private industry was a necessary forward-moving step. There has been few actions the Government has taken in recent years which have accomplished more in strengthening the morale of rank-and-file employees. With the adoption of that concept, it is essential that the Government follow through with action to achieve comparability. There has been some hesitation to achieve comparability at all grade levels. This should not be condoned because the grades where comparability has not been achieved represent a vital concentration

of training, experience, knowledge, and accomplishment urgently needed in the public service.

Pay comparability is particularly essential for professional personnel. In many agencies professional employees are engaged in work involving contractual, grant, or cooperative research and development activities with private organizations. Certainly if Federal employees possess the competence to supervise, or share leadership for, public programs carried out through private firms, their compensation should be consistent with that paid for comparable levels of competence and responsibility in private industry. If compensation is not comparable, the Government will not recruit and retain the levels of skills and experience in the quantity required to administer efficiently the complicated programs which are now characteristic of the classified service.

Therefore, OPEDA supports an adjustment in salary levels for career employees consistent with the analysis of Bureau of Labor Statistics 1964 Salary Report in Relation to Classification Act and Other Federal Salary Schedules. The 1964 BLS study continues to show an overall average annual increase in industry salary levels of about 3 percent. The study clearly shows that Government salary levels are behind industry levels in all job categories and all grade levels beginning with grade GS-3. The study indicates the deficit to be 3.5 percent at the GS-3 level to a peak of 11.1 percent at the GS-17 level. The disparity is not limited to types of specializations which could be characterized as "shortage" categories. Therefore, adjustment in Federal salary levels at this time is needed to achieve comparability, particularly in the middle and upper grades. Since the 1964 BLS study is now a year old, the current disparity may range from approximately 5 percent for grade GS-3 to approximately 15 percent for some of the higher grades.

As is well known, the recommendations of the President's Special Panel on Federal Salaries did not follow the findings of the BLS study. Neither did the message from the President, proposing pay increases, follow the findings of the BLS study. The President recognized this in his message when he said in part "The adjustments will not bring us to full achievement of the comparability standard enunciated in the Federal Salary Reform Act of 1962, but they will prevent loss of ground already attained." An average 3-percent increase would achieve comparability, on the basis of 1964 BLS findings, only approximately for classified grades 3 through 5. The increase for the middle and upper grades would be sorely lacking. Obviously, proposals for increases averaging 7 percent for some of the lower grades down to 3 percent for the higher grades is not achieving comparability either. Such a step would, in considerable measure, be reversing the BLS findings.

Middle and upper grade employees have had to wait more than once for equitable adjustments in salary levels. The recommendation of the administration and some of the bills introduced in the Congress contemplate that higher grade employees will be expected to wait again. These employees are justified if they ask "Is this reasonable and equitable? Is this to be the pattern each time a pay adjustment is considered?" With the current, apparently rather rigid, numerical ceilings on grade GS-14 and above, it should be all the more incumbent upon the Government to follow through with its commitment on pay

comparability. If the Government is to maintain an image of dedication to a policy of pay comparability, let us believe and accept the results of the BLS studies and follow through with necessary corrective action. The longer the needed adjustments are delayed, the more grievous is the inequity and the initial cost requirement of the adjustment becomes larger.

OPEDA appreciates this opportunity to provide its comments during the current consideration of Federal pay in relation to salary developments in private industry.

Mr. UDALL. Thank you, Mr. Lasseter.

The next witness is John McCart, operations director, Government Employees' Council. This is another familiar face before our subcommittee. You may proceed, Mr. McCart. We are always happy to hear from you.

**STATEMENT OF JOHN A. McCART, OPERATIONS DIRECTOR,
GOVERNMENT EMPLOYEES' COUNCIL**

Mr. McCART. Mr. Chairman and members of the subcommittee, on behalf of the 31 unions associated with the council we desire to emphasize the necessity for prompt, favorable action on legislation providing salary adjustments for classified, postal, and employees in related pay schedules.

To you and your colleagues, the council expresses appreciation for arranging early hearings on this vital subject. The organization desires to convey its gratitude also to you, Representative Arnold Olsen, and numerous other members of the committee and the House who have introduced bills dealing with pay increases.

Because the basic issue confronting the subcommittee has been developed in earlier testimony, there is no need for me to recite the copious economic and statistical justification for adjusting salaries of the employees in question.

The fundamental question to be decided by Congress is whether the "comparability" principle enacted by the House and Senate in the 1962 Salary Reform Act will have real meaning, or whether the pay of these Federal employees will continue to fall behind the salaries of other employees in the private segment of our economy.

You will recall that AFL-CIO President George Meany served as a member of President Johnson's Special Panel on Federal Salaries. On April 14, 1965, he expressed general agreement with the findings and recommendations of the Panel, but dissented on several specifics.

After alluding to the Panel's confirmation of the principle of "comparability" in establishing salaries, Mr. Meany continues:

But all we have is a concept for, as the report points out, full comparability has not been achieved. In much of Government employment, in fact, we have not even approached comparability.

What is even worse, the majority of the Special Panel has failed to urge immediate achievement of full comparability. In my opinion, this is a grave disservice to Government employees and to the Nation.

During the course of these hearings, the three spokesmen for the administration have admitted that their recommendations will not attain salary parity for Federal workers.

On June 1, 1965, Civil Service Commission Chairman John W. Macy, Jr., commented to the subcommittee:

The 3-percent adjustment would not bring Federal salaries closer to private enterprise levels than had the 1964 increase, but it would maintain recent gains and preserve the relationship most recently fixed by Congress.

Deputy Director of the Bureau of the Budget Elmer B. Staats in his statement of June 10, 1965, observed:

In summary, the legislation before the committee is designed to provide the next to final step necessary to bring Federal salary systems up to date, to keep them up to date within reasonable limits, and to do so at regular intervals on a basis which is workable, sound, and fair.

Alluding to the President's Salary Panel, of which he was a member, Postmaster General John A. Gronouski asserted to the subcommittee on June 2, 1965:

We decided to take care of the immediate problem by making a "productivity" pay adjustment of 3 percent. This would not cause any lost ground in pay standing already achieved.

Thus, there is recognition that the salary proposals advanced by the Salary Panel do not meet the test of comparability.

Now in June 1965, the Congress is asked to approve pay rates for classified and postal employees based upon data collected by the Bureau of Labor Statistics in February-March 1964. If the administration's suggested effective date, January 1, 1966, is adopted, employees will be paid rates in effect almost 2 years before. And, in many instances, they will not be comparable with private industry scales even that recent.

Following completion of the first BLS review of private industry pay rates subsequent to enactment of the 1962 Salary Reform Act, our council commented to the Civil Service Commission on the lapse of time between collection of original data, publication of the report, and the formal action of pay recommendations by the President. In previous years, the Chairman of the Civil Service Commission has recognized this as a valid criticism. Even in his presentation of June 1, 1965, Mr. Macy refers to the timespan between completion of the BLS annual review and translation of these data into Federal salary schedules as one "of two major problems."

The gap between private industry and Federal salaries continues unresolved. Given the present employment level and equipment, Mr. Ewan Clague, Commissioner of Labor Statistics, indicated in his testimony of June 10, 1965, to the subcommittee that there is little possibility of closing that gap.

In his presentation to the subcommittee, Mr. Staats asserted that pay of professional, technical, and administrative personnel in private firms has increased about 3 percent annually in recent years. He stated also, "We have no basis for believing this will change this year."

Viewed in this light, the increases offered by the Panel do not by any means reflect the current salary situation in the private sector.

The issue, then, is whether the salaries of postal and classified workers will continue to fall behind those in the private sector or whether Congress will act to provide "comparability" on a current basis.

EFFECTIVE DATE

The President has recommended that the pay adjustments take effect January 1, 1966. Since it has been established that Federal salaries are not comparable today and will not be under H.R. 8207, it

follows that deferring the effective date of salary increases to next year will simply compound the imbalance. The bills offered by Representative Olsen and other members place the pay revision in effect January 1, 1965. If salary equity is to be achieved, we believe the 1965 date is fully justified.

ANNUAL AND QUADRENNIAL REVIEWS

Another feature of H.R. 3207 empowers the President to make increases based upon the annual surveys of the Bureau of Labor Statistics effective automatically, unless the House or Senate dissents. Because this approach would dilute the traditional authority of Congress in the highly important field of Federal salaries, the council must oppose it.

Title II of the bill establishes a Salary Review Commission which would review quadrennially congressional, executive, and judicial salaries. Upon completion of its study, the Commission would present recommendations to the President. He, in turn, would transmit his proposals to Congress, where, in the absence of nonconcurrence by either House, they would take effect. This, the council believes, is a salutary reform, which will permit continuing, orderly review of the pay of our highest Government officials to determine its relationship to other salaries. We endorse this item in the legislation.

However, title II authorizes the Salary Commission to examine all the statutory pay systems of the Federal Government controlling the compensation of classified, postal, and similar employees. The Commission's findings with respect to these salary systems, aside from rates of pay, would be treated in the same manner as its recommendations on congressional, executive, and judicial salaries.

In effect, this and the proposal for annual automatic adjustments place in the hands of the executive branch control over the basic precepts of the entire Federal salary system. We believe that Congress is being asked to abdicate a fundamental power, which it has exercised over the years with great care and wisdom.

WAGE BOARD EMPLOYEES

One other comment is in order on the effect of section 203 on a large segment of Federal employees.

For more than a century, the wages of Federal blue-collar workers in industrial and maintenance activities have been established under a wage board system based upon prevailing rates for similar jobs in private enterprises in the surrounding locality. In 1862, Congress enacted a law authorizing the Secretary of Navy to fix rates on this principle. Then in 1949, the Classification Act was approved. It contains a specific exemption for employees whose pay is arranged under the wage board or locality principle. From these laws has developed a wage board program, which has proved generally satisfactory. Of course, improvements are in order. But the organizations representing these employees believe that such changes can be achieved without the necessity of congressional action.

Because the language of section 203(b) could be interpreted to encompass the wage board system, as well as other programs for which

Congress legislates the rates of pay of civilian employees, the council strongly urges that the programs for fixing rates of pay of Federal blue-collar employees be removed from the purview of the Commission.

One other point deserves consideration. I refer to the provision in section 6 of H.R. 8207 permitting the President to expand the survey to include "any fields of non-Federal employment in addition to private enterprise." With few exceptions, rank and file employees of State and local governments are poorly compensated. We are convinced that the Federal Government should exercise leadership in this vital phase of personnel policy. The United States should not be placed in the position of following substandard rates paid to other Government employees who are unable to elevate their own standards.

In short, the work of the Commission should be confined to an examination of congressional, executive, and judicial compensation.

OVERTIME

A longstanding injustice involving thousands of postal employees would be corrected under the President's recommendation to include postal substitute employees in the time and one-half overtime principle now applicable to workers in other Federal agencies and in private industry.

In far too many instances, they work in excess of 70 hours a week.

The practice is unfair not only to these substitute postal workers, but also to the permanent staff of skilled career employees. Sustained employment of the temporary individuals provides unfair competition for those who have achieved permanent status through the normal method. Because the substitute worker is not subject to overtime pay, the temptation is to use him, of course.

Many years ago Congress enacted the Fair Labor Standards Act, which requires, among other things, that private industry employees engaged in interstate commerce be paid overtime compensation for work in excess of 40 hours weekly. However, in 1965, substitute workers in the postal service are still denied this basic benefit.

The council appreciates deeply the continuing concern of the Postmaster General over this inequity and the provision in the bills offered by Congressman Udall and other House Members to eliminate the injustice. The council advocates acceptance of these basic concepts governing overtime and premium compensation—

Overtime pay at time and one-half for all work beyond 8 hours a day or 40 hours a week.

Time and one-half overtime pay for all Saturday work, double time work on Sundays and holidays and elimination of compensatory time.

These standards are common in the private economy.

They are found in bills introduced by Representatives Daniels and Krebs.

In addition, our organization recommends that these same conditions be extended to classified employees where they do not now exist. We suggest also special provisions for overtime pay for Federal workers who must spend a large amount of time in an official travel status outside the normal workday and workweek. The provisions can be found in H.R. 9241, introduced earlier this week by Representative Clevenger.

LEVEL OF COMPETENCE

The 1962 salary reform statute contains a novel and drastic requirement affecting the advancement in pay steps for classified employees. Prior to the passage of that law, these workers were entitled to pass to the next higher step in grade upon completion of necessary years of service and with satisfactory performance. This concept was continued in the 1962 enactment.

But, in addition, section 701 of the Classification Act was amended to require that each employee's work be at "an acceptable level of competence" in order for him to advance in his grade. The council is convinced this is a completely undesirable requirement from the standpoint of both the Government and the employee and urges strongly that it be repealed.

First, the provision is unfair to employees because it imposes another standard in addition to satisfactory performance. It establishes two norms an individual must meet involving the same standard: accomplishing his work with reasonable judgment, accuracy, and dispatch.

Second, the system provides no adequate appellate machinery for employees outside their agencies when they fail to meet the level of competence standard. In contrast, the Performance Rating Act of 1950, which established the basic norm for nonpostal workers, carries a tripartite appeals mechanism for individuals who are dissatisfied with their ratings.

Third, continuation of the level of competence requirement perpetuates two systems for measuring the same qualities with the waste of funds necessary to administer the duplication.

If it is argued that a minute number of within-grade advancements have been denied under the level-of-competence standard, the case for repealing it as unnecessary is simply strengthened.

We urge, therefore, that section 8 of H.R. 8663 and similar bills repealing this unfair system, be approved by the subcommittee.

One other adverse result from the Salary Reform Act of 1962 involves the length of time Classification Act employees must now spend in advancing from the entrance step to the maximum step of their grade. Prior to 1962, through a series of step increases and longevity rates, employees could reach the highest rate within a grade in a period of 16 years. Changes incorporated in the pay reform law extended this timespan to 18 years. The council feels the earlier system should be restored so that individuals can achieve the maximum rate in the shorter 16-year period.

POSTAL LONGEVITY INCREASES

Several of the bills pending before the subcommittee include the Dulski amendment, which removes a serious inequity experienced by a number of senior postal employees.

When the Salary Reform Act was approved in 1962, those postal employees who would have been entitled to a longevity increase failed to receive it. The reason for this failure was the new law's requirement that these workers begin a new period for computing longevity. In many cases, these employees with greater service were placed in the same category as workers junior to them. This happened despite the fact that some of the older workers would have been awarded their

longevity increases had this provision not been included in the 1962 statute.

The House Civil Service Committee in reporting last year's salary bill included language correcting this problem. However, it did not appear in the 1964 law.

Section 10 of the bill introduced by Representative Dulski and several other members of the committee redresses this injustice. The council recommends that section be incorporated in any bill approved by the subcommittee.

Pay bills under consideration by the subcommittee update the equipment allowance available to special delivery carriers and messengers. We urge approval of this justified improvement.

SEVERANCE PAY

Another proposal advanced by the President would authorize the executive branch to inaugurate a program of severance pay for Federal workers who are separated from their jobs for reasons other than misconduct.

Mr. Chairman, the council desires to applaud the Special Panel on Federal Salaries, President Johnson, and Representative Spark Matsunaga, an able member of the committee, for their advocacy of this long-needed addition to the Federal personnel program.

In the past year, attention of Congress has been focused on the closure of Federal installations, of which the Brooklyn Naval Shipyard and Veterans' Administration hospitals, are two examples. Reductions in force have and will continue to occur in Federal facilities.

Moreover, technological change is advancing rapidly in Federal service. Although it has been possible to restrict displacement of employees to a minimum, future changes in techniques and machinery may very well cause job loss to agency workers.

In the light of the U.S. Government's desire, in President Johnson's words, "to be a good employer" we are happy to endorse the basic severance pay plan described in Congressman Matsunaga's H.R. 8424.

However, there are two changes we feel the subcommittee will desire to consider.

The first involves adding to the bill employees of the District of Columbia government and certain legislative workers, such as those in the Government Printing Office and Library of Congress. For purposes of this legislation, these employees occupy the same status as those in other Federal agencies. If they experience job loss for reasons other than misconduct, we believe it only fair that they have available severance pay benefits.

The second change applies to language in section 2(b)(7) of the measure authorizing the President or an agency he designates to exclude other Federal employees from the program. The council feels that denial of severance pay to a group of Federal employees is a serious matter touching the livelihood of each worker and his family. In the absence of a full justification of this provision, we recommend deletion of the subsection.

MOVING ALLOWANCES

We are grateful to the President's Special Panel and to the President for recommending fully justified improvements in transportation

and subsistence allowances for Federal employees who transfer from one locality to another for the convenience of the Government.

Reductions in force emphasize the plight of an employee who finds it necessary to accept a position in another Federal installation at a considerable distance in order to retain a job. Too frequently he is faced with a financial loss because of the inadequacy of present allowances for transportation and storage of household effects, travel expenses for his family, and reimbursement of necessary costs incurred in securing permanent housing.

In addition to situations involving transfer to avoid job loss, there are instances where employees, whose services are badly needed in other localities, are reluctant to move because of the severe financial loss entailed.

It is not clear whether the matter of moving allowances will be under consideration by this subcommittee.

Mr. UDALL. I can advise you that the Committee on Government Operations has indicated they want to make some rather extensive studies. They are very much interested in this problem, and the suggestion that they permit this committee to handle it has not been met with enthusiasm.

Mr. McCART. I will reserve my remarks for presentation to that subcommittee.

CONCLUSION

Mr. Chairman, this is a rather comprehensive statement. Its length is necessitated in part by the scope of the administration's desire to improve salaries and related benefits. For this we are grateful.

The fact that the President's recommendations affect all segments of the civilian Federal population—classified, postal, and wage board—contributed to the extent of our presentation also.

In summary, the unions affiliated with the council believe that the President's pay proposals, while well intentioned, do not meet the test of comparability. A larger salary adjustment for all employees involved effective January 1965, is fully justified.

We commend the President for his desire to establish the Federal Government as an enlightened employer and his legislative proposals on "fringe benefits" for acquiring and maintaining this reputation. With the changes the council has offered, we feel that Federal employees will be prouder than ever of their service to their National Government and the public at large.

I think we should express our very sincere appreciation to you and Congressmen Dulski, Krebs, and Olsen and all other Members who have introduced bills on this score.

This concludes my presentation. I appreciate your patience and I hope the presentation of the council has made a contribution to the work of the subcommittee.

Mr. UDALL. It has made a very valuable contribution. You, in particular, have always been helpful before this committee.

Any questions?

Mr. KREBS. I have one question.

First, I want to thank Mr. McCart for his testimony.

You made one statement, you said that substitutes, not being paid overtime, that there is a temptation to use them. Other witnesses have testified this was the universal practice. As a matter of fact, even

in the case of Mr. Keating, of the National Association of Letter Carriers, he showed a chart indicating substitutes were working 80 hours a week, and I would think that rather than this being a temptation, I would say it is a pretty universal practice.

Mr. McCART. I would be happy to correct the record to say this is not a temptation, it is a fact. There are substitute employees who work sometimes beyond the figure you cited. I agree completely.

Mr. UDALL. Thank you again, Mr. McCart.

Mr. McCART. Thank you.

Mr. UDALL. We have one final witness, Mr. Everett Gibson, president of the National Federation of Post Office Motor Vehicle Employees. You have been most patient with us. We will be happy to hear from you at this time.

STATEMENT OF EVERETT G. GIBSON, PRESIDENT, NATIONAL FEDERATION OF POST OFFICE MOTOR VEHICLE EMPLOYEES, AFL-CIO

Mr. GIBSON. Mr. Chairman and members of the committee, my name is Everett G. Gibson, I am president of the National Federation of Post Office Motor Vehicle Employees. We are affiliated with the American Federation of Labor and Congress of Industrial Organizations and the Government Employees' Council, AFL-CIO, with offices at 412 Fifth Street NW., Washington, D.C.

We have national exclusive recognition under Executive Order 10988 and are the sole bargaining representatives for all motor vehicle employees under the terms of the national agreement with the Post Office Department. Our membership consists of garagemen, automotive mechanics, vehicle and tractor-trailer operators, technical mechanics of the rank and file. We also have locals with formal recognition for our supervisors of both the Maintenance and Operation Divisions of our service. Our personnel maintain the maintenance of all Government-owned vehicles used by the Post Office Department and haul all bulk mails from terminals, airports, and post offices.

Mr. Chairman and members of this subcommittee, we appreciate this opportunity to express our views on the pending pay legislation. We sincerely appreciate the many bills that have been introduced by members of this committee and other Congressmen, dealing with salary increases for Federal and postal employees.

We support the Olsen bill and other related bills before the committee that will provide a 7-percent increase for all levels which we feel is justified under the comparability principle enacted in the Salary Reform Act.

We also recommend that the effective date for salary increases be as of January 1965, as contained in H.R. 9030. We endorse the so-called Dulski amendments that will give full credit for all postal service in establishing the step in grade for postal employees and would eliminate any inequities.

We commend the recommendation of Postmaster General Gronouski that would provide overtime for postal employees who worked more than 8 hours a day or 40 hours a week. Therefore, we endorse H.R. 2798 introduced by Congressman Daniels, and H.R. 8707 by Congressman Krebs, which provide time and one-half overtime by regular and substitute employees for all hours of work in excess of 8 hours

per day and on Saturday, with double pay for Sunday and holiday work.

We appreciate the privilege of appearing before the subcommittee today, allowing us to express our opinion on pending legislation which will provide a salary increase for Federal and postal employees. I am confident that this committee will approve legislation that will meet the needs of all, and that such legislation will be enacted during this session of Congress.

Thank you.

Mr. UDALL. Thank you, Mr. Gibson. You represent an organization that has been cooperative with us. We are happy to see you again.

Any questions? If not, you will be excused. We thank you for coming.

Mr. GIBSON. Mr. Chairman, may I add one thing?

Mr. UDALL. Yes.

Mr. GIBSON. We also endorse H.R. 8424, the bill on severance pay.

Mr. UDALL. The Chair intends to conclude the hearings on these bills tomorrow morning. We have a little bit of a problem. The final witness will be Mr. John Macy, Chairman of the Civil Service Commission. We have arranged for him to appear at 11 a.m. Mr. Floyd E. Huffman was here yesterday and has been most patient. We will hear him promptly at 10 a.m. Mr. Wolkomir, who was scheduled for yesterday, is also scheduled to be heard tomorrow morning. In addition there are two Members of the House who may appear in person. It will be the intention of the Chair to finish these remaining pieces of testimony by 11 a.m. and devote the final hour of the hearing to a statement by Mr. Macy and questions directed to him.

With that understanding, the subcommittee stands adjourned until 10 a.m. tomorrow morning.

(Whereupon, at 12:05 p.m., the subcommittee adjourned until Thursday, June 24, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

THURSDAY, JUNE 24, 1965

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

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 215, Cannon House Office Building, Hon. Arnold Olsen of Montana (acting chairman of the subcommittee) presiding.

Mr. OLSEN. The subcommittee will come to order.

Our first witness will be Mr. Floyd Huffman, president, National Rural Letter Carriers Association. He is accompanied by Mr. John Emeigh, secretary.

We are very glad to have you gentlemen here this morning testifying on this very important legislation. We are always glad to hear the counsel, advice, and testimony of the National Rural Letter Carriers Association.

STATEMENT OF FLOYD HUFFMAN, PRESIDENT, NATIONAL RURAL LETTER CARRIERS ASSOCIATION; ACCOMPANIED BY JOHN EMEIGH, SECRETARY

Mr. HUFFMAN. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, my name is Floyd E. Huffman. I am president of the National Rural Letter Carriers' Association, an organization with a current membership of almost 43,000 regular, retired and substitute rural letter carriers. With me today is our national secretary, John W. Emeigh.

We appreciate this opportunity to come before this committee and offer our views and recommendations on the pay issue before you. The bills being accorded public hearings by this committee strike at the heart of the most important aspect of employment—that is the price the employer pays for the ability and service the employee renders.

The U.S. Government should be a model employer. The Congress, in our opinion, has long recognized this and has acted responsibly over the years to move us closer toward that goal. In the area of salary compensation, the most important single step was the enactment of Public Law 87-793, the Federal Salary Reform Act of 1962 which sets forth a constructive procedure designed to maintain pay levels for Federal workers at a level comparable to those being paid in related positions of skill, responsibility and work requirements in private enterprise.

This comparability principle has been widely accepted by employees. It has won both acceptance and praise by organized groups represent-

ing Federal and postal workers. The National Rural Letter Carriers' Association wholeheartedly endorses the comparability principle and the formula and procedures which have been used to form the guideline for Federal salary adjustments since 1962. It has brought a measure of confidence to Federal employees that they will enjoy the benefit of salaries comparable to those in private industry. It is important and necessary that Congress fulfill its obligation, through the enactment of legislation, to assure that the comparability principle is not the promise of a goal but an established fact.

On behalf of this association and its members, we wish to commend President Lyndon B. Johnson for the positive action he has taken in transmitting a pay message to the Congress which would adjust salaries in line with the comparability principle. This is heartily agreed upon as being a step in the right direction.

We also appreciate the prompt action on the part of Chairman Morris K. Udall in introducing H.R. 8207, which contains the President's recommendations, and for the prompt scheduling of hearings in order that the pay issue would receive due consideration and action.

We are now approaching 2 years of operation under the comparability principle. We have seen "remarkable improvement" as was noted by John W. Macy, Jr., when he testified before this committee. The President has pointed out in his pay message, however, that the 3-percent increase recommended "will not bring us to full achievement of the comparability standard enunciated in the Federal Salary Reform Act of 1962, but they will prevent loss of ground already attained."

The 3-percent increase which is provided in H.R. 8207, coupled with the effective date of January 1, 1966, would set salaries for next year at the level the Bureau of Labor Statistics disclose as comparable private enterprise rates of March 1964. The desired goal of achieving comparability would, under this bill, be more illusory than real. This fact has been recognized by many members of this committee and of the Congress.

We wish to express our thanks to Representatives Thaddeus J. Dulski, Arnold Olsen, Paul Krebs, and others who have sponsored bills designed to close the existing salary gap and achieve a more meaningful comparability in line with what we believe was the purpose, intent and goal of the pay policy set forth in Public Law 87-793.

H.R. 9030, the bill introduced by Representative Olsen on June 14, would grant a 7-percent increase as of January 1, 1965. The Dulski and Krebs bills carry these same provisions. Enactment of this increase would establish a far more realistic salary schedule, close the ever-widening gap and give substance to the comparability principle. It would bolster the present loyalty, dedication, and purpose of Federal employees and would unquestionably, in the long run, bring a greater efficiency and economy into Government operations.

Productivity is a major guideline in setting private industry rates of pay. Postal employees have demonstrated that they are making a tremendous contribution in stepping up the productivity records of the Post Office Department. The rural delivery service, we believe, is a splendid example of that outstanding record.

I would like to ask our national secretary to bring to your attention some of the productivity records of rural carriers.

Mr. OLSEN. We will be glad to hear from Mr. Emeigh.

Mr. EMEIGH. We have introduced the data that will be given here at this time on productivity because of what Mr. Huffman has said with regard to setting pay rates in private enterprise, and also due to the fact it has been discussed by various witnesses that have appeared before you as one of the guidelines used in determining the comparability increases being proposed under the bills that have been introduced.

The R.F.D. is a traveling post office. It provides a complete collection and delivery service; it provides every rural patron with a complete postal service at his rural mailbox and permits him to purchase stamps, money orders, mail and insure packages and, in fact, transact any postal business which, for example, any citizen has available when he goes to the main post office here in Washington, D.C.

Each day, 6 days a week, the 31,323 rural carriers of the Nation travel more than 1.8 million miles—more than 72 times around the world each day—to provide this service to 36 million citizens—almost one-fifth of the population of the United States.

It is enlightening, and we believe pertinent to the salary issue, to note the productivity gains over the years in this branch of the postal service. In 1932, there were 41,602 rural routes. As of June 30, 1964, the number of routes had decreased to 31,323—a decrease of 10,279 employees in the rural delivery service. That is almost a 25-percent decrease in the number of employees needed to do the job. This statistic becomes meaningful when data is further studied noting the increased mail volume, expansion in miles traveled, persons served and the cost.

In 1932 the rural delivery service cost \$107 million. The total postal expenditure in that year was \$794 million. The R.F.D. required 13.4 percent of the total postal expenditure in that year of operation.

In 1964 the total cost of the Department rose to almost \$5 billion—a 520-percent increase over 1932—and rural delivery costs rose to \$313 million—a 196-percent increase over 1932. In 1964 rural delivery required only 6.35 percent of the total postal expenditure, compared with 13.4 percent in 1932. The cost of providing rural service to the rural and suburban patrons of America are expanding much more slowly than the costs of the total postal operation. On a related cost-ratio basis, there has been a 50-percent reduction in the costs of rural delivery over this period.

During this same period of time, the number of persons served by rural delivery increased 40 percent—almost 10 million more people; the number of miles traveled increased 33 percent—442,000 more miles daily; and the mail volume has soared. And the job is being done today with almost 11,000 less employees.

These figures, impressive as they are, do not tell the whole story. Since 1949 alone, more than 6,000 post offices have been discontinued. This resulted in tremendous savings to the Department. In the vast majority of cases, postal services were continued by adding the patrons at existing rural routes little or no additional cost.

In addition, more than 2,000 post offices are served by lock pouch service performed by rural carriers. This means that rural carriers transport the incoming and outgoing mail to that post office. This service is, in the vast majority of cases, provided with no additional cost to the Department.

We believe this data on productivity adds further weight to the value of the comparability principle and substantiates the justice of the 7-percent-increase bills which are pending before this committee. The rural service has outpaced the Post Office Department as a whole in productivity. A projection into the future would indicate that this trend will continue.

Mr. HUFFMAN. In addition to increased pay, another matter is under consideration by the committee which holds the special interest of many employees. This is the provision which is set forth in section 9 of H.R. 9030, and which is also included in the bills of Representatives Dulski (H.R. 8842) and Krebs (H.R. 8955). This is a provision which would correct a salary inequity which was created in moving employees into the new pay schedules enacted in Public Law 87-793, effective October 11, 1962. The conversion procedures, under which employees were moved from the steps and longevity grades of the old pay schedules into the pay steps of the new schedules failed to provide full credit for years of service.

Prior to the effective date of Public Law 87-793, employees held both automatic pay steps and longevity grades. In slotting them into the new pay steps of the pay schedules effective on that date, each longevity grade then attained was considered as a pay step. Many employees were approaching eligibility for an additional longevity grade which were granted after completion of 13, 18, and 25 years of postal service, respectively. This resulted in inequitable step placement due to the fact that years of service which would be creditable service for step advancement under present law was forfeited.

The amendment to section 3552 of title 39, United States Code, which is a part of the Olsen-Dulski-Krebs bills would restore full-time credit for the purpose of step placement in the current pay schedules. It would remove the inequity presently existing. We endorse this provision and trust it will be a part of any bill approved by this committee.

The BLS data substantiates that the 7-percent salary increase proposed in the several bills before the committee is justified. An increase in this amount would update the application of the comparability principle and would, in large measure, close the gap existing between present Federal and private pay rates. Until the gap is closed, or at least considerably narrowed, we will be talking pay comparability without effecting it by legislative action. It does little good, and in fact is harmful to the morale of employees, to pronounce and embrace the comparability pay principle in theory but fail to act to uphold and effect it.

THE FEDERAL SALARY FIXING COMMISSION

Mr. Chairman and members of the committee, the proposal submitted by the administration which would establish a Federal Salary Fixing Commission is a completely new and drastic change in regard to consideration of and fixing Federal salaries. Enactment of such a proposal would virtually eliminate the pay setting prerogatives and responsibilities which we strongly believe should be retained by the Congress. Under the proposal, salary schedules—increases and decreases—which would be determined by the Commission to be created would become effective unless either House of the Congress took action

to reject them. This is a negative procedure which would not, in our opinion, permit a full, fair consideration of the many aspects of salary fixing which are important if justice is to be done in this area.

There is no evidence that Congress is unable to cope with, consider and act on legislation dealing with salary fixing for employees of the Government. It was stated that this proposed procedure would eliminate the great deal of time Members of Congress must now devote to "highly technical pay matters." Congress, each and every Member who sits on a committee, is constantly involved in making judgments and decisions on highly technical matters. Pay is no different and, in fact to us, it would appear to be far less technical than many of the detailed and complex matters which day by day must be considered and acted upon in the Congress.

It is difficult for us to believe that Congress is less equipped to analyze data and statistics, and to act on the basis of these and related data, than any appointed Commission. The Federal Salary Fixing Commission is not, in our opinion, either needed or desirable. Speaking for the Nation's rural letter carriers, we strongly recommend against this proposal and urge that Congress retain the right and final authority to set the salaries which will be paid to the employees of the U.S. Government. We trust this proposal is rejected by this committee and the Congress.

I would like to add also in this statement that we wish the record to show that we do not oppose the quadrennial salary review and recommendations concerning the salaries of Members of Congress and the top executive and judicial officials. We feel in this area such recommendations might well serve the Members of Congress for their proper consideration of their own salary adjustment.

Mr. Chairman, may I again express our thanks for the privilege of presenting our views and recommendations. We trust that this committee will see fit to approve a bill granting an increase which will provide comparability and actuality and not shadow the hopes of employees by merely looking at some future date for realization.

Mr. OLSEN. Thank you very much, Mr. Huffman.

As usual, you have presented a very factual statement in support of your position and that of your organization.

I think you are correct that previous testimony, including that of the BLS, demonstrates that a 7-percent increase is necessary to sustain the comparability principle.

I welcome your observation about Congress making a full review of salaries. I recall that each time we have had a salary question before the Congress the recommendation from the administration was to balance the budget by holding the pay increase down. That is the way it seems to be this time. I think the Congress has to review its pay. That is the only way we are going to get anywhere near comparability.

I want to thank Mr. Emeigh too. As usual, his preparation is most thorough.

Mr. KREBS. I would like for you to explain more in detail what this problem of comparability is. Actually, during all these hearings there were new adjectives used each day that referred to different types of comparability.

Basically, what does comparability mean?

Mr. HUFFMAN. As enunciated by Public Law 87-793, it was to pay comparable salaries to Government employees as those paid in private industry that were doing the same type of work.

Mr. KREBS. Has it ever been your belief in this comparison that the salaries and wages being paid by nonprofit organizations be part of the data?

Mr. HUFFMAN. I do not think that should be part of the data in establishing comparability. As I recall, Public Law 87-793 did not specify that the salaries paid in nonprofit organizations would be included in this data, or study.

Mr. KREBS. I am glad you said that. That is my understanding too.

I read into the record what the law actually had to say. The law says this shall be determined by the index as established by the Bureau of Labor Statistics. We had Mr. Clague, Director of BLS, in here the other day, and he said the nonprofit organizations were not part of the Cost of Living Index.

However, we had Mr. Day, former Postmaster and an authority admittedly in these matters, who testified he thought the only fair way of establishing absolute comparability was to include the salaries and wages paid to people who worked in nonprofit organizations. I am reminded particularly of the scandalous wages paid to people who work in private hospitals.

The law itself says the comparability shall be calculated on the basis of the Cost of Living Index as calculated by the Bureau of Labor Statistics, and the Director, Mr. Clague, says they do not utilize the salaries and wages paid by nonprofit organizations. I want to see if you agree with him.

Mr. HUFFMAN. We agree wholeheartedly with your position and feel the present policy as enunciated in Public Law 87-793 should be continued.

Mr. KREBS. I do not know whether this applies to you or not, but this was the testimony of the letter carriers and I believe also the clerks, that the increase in pieces of mail handled annually rose from 45 billion pieces in 1940 to 70 billion pieces in 1965, and the projected rate of increase is 2 billion pieces per year.

While all this was going on, the work force has only increased 17 percent. Would you suggest some reason for this?

Mr. EMEIGH. I believe it bears out what we spoke about earlier here about productivity. I think postal employees in general have made a tremendous contribution to the Department in its constant absorbing of increased mail volume, which, of course, is an additional workload. They have done it without expanding the work force in relation to what it had been when carrying a lesser volume. This is what we are speaking about in connection with our own service.

On these many aspects of rural delivery, we have had more people to serve and more miles to travel and a greatly increased mail volume, and actually, we are doing it with fewer people. It is an outstanding example of productivity in the U.S. Government.

These postal employees are probably prejudiced, but to our knowledge we do not believe it is beaten by any division of Government except where they have introduced computer machines.

Mr. KREBS. Part of this might be automation. It might be the larger percentage of the increase in handling the mail in the post

office, but in your work I would venture to guess that automation has played the smallest part in this. In fact, the employees have done most of this work and now they are being asked to take a 3-percent increase in salary which is supposed to achieve comparability, or something approximating comparability.

By your testimony and from previous testimony, admittedly this timelag runs somewhere from 20 to 24 months. You will not achieve comparability as of 1965.

Mr. EMEIGH. It is somewhat disheartening to employees who have embraced this comparability principle and the formula used to date under it and then to discover that it is really somewhat meaningless when it comes to determining what the Congress will grant and what the administration proposes as comparability as of this date.

Mr. KREBS. Would you say it is your position that certainly 3 percent will not achieve anything approximating comparability, and even 7 percent across the board would not achieve absolute comparability?

Mr. EMEIGH. There is no question, it has been stated by everyone that has appeared before you and the administration, that 3 percent will not achieve comparability, and 7 percent is not going to achieve it, even when enacted.

Mr. KREBS. I join with my colleague, the chairman, in commending you for a comprehensive and direct statement. I am grateful for having had the opportunity of discussing this problem with you.

Mr. OLSEN. Thank you, Mr. Krebs.

Mr. BROYHILL. I certainly appreciate your coming before the committee today and giving us the benefit of your experience and the information you have brought to us.

In the testimony you mentioned an inequity that was created by the pay bill of 1962. Do I understand that a number of rural carriers were caught up in this?

Mr. HUFFMAN. All postal employees were, to my knowledge. Under the prior law they had three longevity grades they had with 13, 18, and 25 years of service. They were given one salary step for each longevity grade.

Suppose a postal employee had been working 17 years. He only had one longevity grade when he was slotted over into the new salary schedule. So from 13 to 17 years, there was 4 years of service he lost without any credit being given. Or he could have needed only a week before the conversion date of having the longevity grade.

Mr. BROYHILL. And there were a number of rural carriers caught up in it?

Mr. EMEIGH. Yes. It was throughout the service, just depending on their length of service.

Mr. KREBS. It has also been brought out in testimony and not denied otherwise that substitutes and regulars are not paid the same overtime wages, or salary. In other words, now a regular employee is paid time and a half for working over 40 hours, and substitutes are not. This has resulted in a situation where you find substitutes in some areas working as high as 80 hours a week and the substitutes are given this overtime work because they are paid at the rate of straight time. I find it hard to reconcile this with the Walsh-Healy Act which requires contractors doing work for the Government to pay overtime for work over 8 hours a day, or 40 hours a week.

Mr. EMEIGH. We are cognizant of that problem. It is bordering on a shame for the U.S. Government to continue that policy. We are in sympathy with the employee organizations that it affects. We want to see that corrected.

For the rural carriers, we are in a different category and in somewhat of an unusual position as far as substitutes are concerned. A substitute rural carrier is not a career employee of the U.S. Government. He is not appointed to the position under any type of civil service qualification, or rules. He has no civil service status. Rural carrier substitutes receive a daily rate of pay. They are employed for an entire day only. They do the same identical job on that day as the regular when he works. They receive a daily rate based on the step in the pay schedule they have earned based on their own service. So the overtime problem does not really strike at our service. This does not affect the rural carriers.

We do have some cases where rural carriers are receiving a type of overtime compensation known as heavy duty. It is part of their salary. If a substitute rural carrier works on such a route, in our case, he does receive the same type of a premium pay that the regular does. That question really does not affect the rural letter service.

Mr. KREBS. It does the letter carriers and the clerks?

Mr. EMEIGH. It does.

Mr. HUFFMAN. The amount of service provided by substitute rural carriers is quite limited in that a great number of the rural carriers serve the route 6 days a week. Therefore, there is no need for a substitute in those cases except when the carrier is on sick or annual leave.

Mr. OLSEN. Thank you very much. We appreciate your testimony.

Now we have the Honorable John Gilligan, Congressman from the great State of Ohio.

**STATEMENT OF HON. JOHN J. GILLIGAN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF OHIO**

Mr. GILLIGAN. I might explain that I have with me today to watch me to be sure I do not make any mistakes my oldest son, Donald Gilligan, and my administrative assistant, Edward Wagner.

It is a privilege to appear before you, and I shall not indulge in any attempt to examine statistical tables, or the intricacies of pay schedules, because I know you have had voluminous expert testimony on these matters.

Before coming to the Congress, I served 11 years in the City Council of the City of Cincinnati, where we had these same problems of attempting to arrive at equitable pay scales for our 6,500 employees of the city. We had adopted and reaffirmed each year a pay policy of paying comparable wages to our city employees comparable to those in outside industry. In our resolution, which was annually adopted and reaffirmed, we included a reference to union pay scales so there would be no confusion on just exactly what pay scales we were talking about.

In an effort to achieve comparability, we finally put into practice a program of adopting automatically in the city council pay scales achieved through bargaining between the building trade unions and the contractors operating throughout the city of Cincinnati. As soon

as they adjusted their pay scales, they automatically went into effect the next week in the city of Cincinnati so there would be no lag whatever.

This was not always achievable in some of the other kinds of work in the city, but nevertheless this was our constant effort. It was done in spite of the fact that one of the easiest ways to get publicity and to make political hay is to talk about saving the taxpayers' money by taking it out of the hides of public employees who are helpless. Therefore, I have had some minor league experience in this matter of public employees' pay rates, and I feel very strongly on the subject and my written comments to the committee will be extremely brief and will simply amount to an endorsement of the bills dropped in the hopper by Mr. Olsen, Mr. Dulski, and Mr. Krebs.

I want to express my sincere appreciation for your courtesy in permitting me to come before you to express my opinions on the Federal pay proposal which you are considering today. Although I am a new Member of the Congress, I have been conversant with the problems of postal and Federal workers for a number of years and very sympathetic toward their continuing struggle to achieve true comparability with their opposite numbers in private industry.

I would like to say at the outset that I agree basically and enthusiastically with the principle behind President Lyndon B. Johnson's message of May 12. I am proud that the President should actively seek pay increases for postal and Federal employees.

However, I would like to voice my personal disagreement with some of the details of that message.

I respectfully disagree that the proposed pay raises should be based on figures compiled as long ago as March 1964. If postal and Federal employees are going to achieve honest comparability, then I feel that the amount of this pay increase should be raised so these public employees can really and truly draw even with employees in the private sector.

By the same token, I respectfully disagree with the proposed January 1, 1966, effective date. If that date were to be maintained, then we would be giving postal and Federal employees comparability with a civilian wage scale that would be 2 years old on the day the pay raise would become effective. We would be creating a built-in obsolescence in the pay scale. I certainly favor making the pay raise effective at the earliest possible date and, by all means, not later than July 1, 1965.

Finally, Mr. Chairman and members of the committee, I would like to endorse the entire principle of comparability as embodied in the Postal and Federal Pay Reform Act of 1962. As you know, I was not privileged to be a Member of the Congress when this legislation was passed, but I feel myself morally bound by its provisions and I agree with those provisions wholeheartedly.

I think we should do everything in our power to put the postal and Federal pay problem on an orderly basis and thus avoid the wearing and expensive biennial pay campaigns that have exhausted the postal unions, the Congress, and the public every time they come around. I think we should make every effort to make the comparability pay raises, when recommended by the President, as close to being automatic as we can possibly make them.

Once again, Mr. Chairman and members of the committee, thank you for your courtesy in permitting me to come before you.

Mr. OLSEN. Thank you very much for coming, Mr. Gilligan, and for giving us your views.

The principle of comparability, of course, is sometimes hard to achieve. It is even harder if we let the budget considerations greatly interfere. If the budget considerations become paramount, you will never get comparability in pay. I think you found that in Cincinnati.

Mr. GILLIGAN. We did. We always had people saying "We agree the policy calls for an increase in wages. We agree the employees are entitled to it. Unfortunately, we do not seem to have the money around so they will simply have to tighten their belts." This we heard annually.

Mr. KREBS. I want to commend our colleague from Ohio for joining with us in this important work and for sharing with us the benefits of his experience.

In addition to thanking him for the bills we have put into the hopper and agreeing with us on the meaning of real comparability and the impossibility of achievement on the January 1, 1966, date, I find intriguing your automatic plan in your home city. I wonder if that is by ordinance, or policy statement, and if it is available in writing I would appreciate seeing a copy of it if that is possible.

Mr. GILLIGAN. It is possible, Mr. Krebs. I would be very happy to get some copies and provide them to you. It is embodied in terms of a resolution first adopted by the city council perhaps 15 years ago and it has been annually reaffirmed. It spells out insofar as the building trades are concerned the pay raises become automatic as soon as a contract is signed with private industry. This is a little easier problem than with other pay scales where there may be differences.

When a carpenter's pay scale is set in the city of Cincinnati and the contractors sign it, that becomes the city's pay scale automatically.

Mr. KREBS. I request at this point that when Mr. Gilligan makes available this plan that has become so effective in his own city, that it be made a part of the record.

Mr. OLSEN. Without objection, it is so ordered.

(The document referred to follows:)

JUNE 9, 1954.

HONORABLE MEMBERS OF COUNCIL,
Council Chamber, City Hall, Cincinnati, Ohio

GENTLEMEN: The question of a wage policy for the city of Cincinnati has been discussed both formally and informally with the city manager by various members of council and by representatives of union organizations. Council now has on its books a statement of policy to be followed by the administration in dealing with city employees with the exception of a formal resolution dealing with building craft employees.

In general it was the attitude of the employee representatives that the stated policy was satisfactory, but that it is the interpretation of the policy which gives rise to differences of opinion between employee representatives and the administration.

The city manager has studied the present established official policy of the city very thoroughly and has come to the conclusion:

1. That it states the position of the city, over the years, in dealing with wage problems and working conditions;
2. That its intent is clear, concise, and should not be subject to misinterpretation.

The section of this policy which would probably cause the most discussion is the second paragraph dealing with the city's financial condition as it affects the wages and fair working conditions of employees. Except in times of dire

financial distress, it is the opinion of the city manager that this section should be followed. When it is not to be followed, the position of the legislative body should be clearly stated officially and any variation from this policy should not be left to the administrative officials.

No policy has been adopted by resolution or ordinance of council dealing with the building craft employees except for the year 1954. It would, therefore, be the recommendation of the city manager:

1. That the wage policy of the city of Cincinnati be that as set forth in a resolution adopted by council under date of May 5, 1951, as reaffirmed by action of council on October 8, 1952.

2. That the resolution attached be adopted as a general policy dealing with the building craft employees.

3. Due to the fact that any system which is constantly revised, piecemeal, produces inequality, it is further recommended that a general overall pay and classification study be made for the purpose of a complete re-examination of all existing job classifications and salary schedules.

The city manager is not prepared to discuss this in detail at the present time, but presents it here as the basic element dealing with this entire problem.

Yours very sincerely,

C. A. HARRELL, *City Manager.*

RESOLUTION

Authorizing and directing the city manager to allow wage increases for building craft employees, based on a wage rate negotiated between the building contractors group and union in each specific trade

Whereas city council since October 15, 1941, has followed the unofficial custom of allowing wage increases to building craft employees according to a formula based on a wage rate negotiated between the building contractors group and union in each specific trade: Now, therefore, be it

Resolved by the Council of the City of Cincinnati, State of Ohio, That the city council authorize the city manager to allow wage increases for building craft employees, according to the prior custom and currently based on 90 percent of the union contracted hourly wage, multiplied by the agreed upon work year of 2,040 hours and adjusted to a biweekly rate.

Passed _____ A.D. 1954.

Attest:

_____, *Mayor.*

_____, *Clerk.*

RESOLUTION

Declaring a city wage policy and repealing resolution passed April 6, 1960, entitled "Declaring a City Wage Policy"

Whereas it is the accepted duty of the Council of the City of Cincinnati to provide a just and adequate wage, and fair working conditions for the employees of the city of Cincinnati in order that no citizen receive advantage or suffer disadvantage by accepting municipal employment instead of private employment; and

Whereas it follows, then, that while the recognition of such a just wage and fair working conditions is not to be predicated upon the financial status of the city, the city's financial condition will be considered by the council in acting on wage matters in connection with the operating budget of the city, and a decision temporarily as to whether to lay off employees or to pay less than the prevailing rates temporarily made with due regard for the interests of the employees and the public; and

Whereas the city has recognized the appropriate unions and established employee organizations as agents for bargaining with the city in the derivation of such rates and conditions: Now, therefore, be it

Resolved by the Council of the City of Cincinnati, State of Ohio:

1

That it shall be the policy of the Council of the City of Cincinnati, through the city manager and his designated assistants, to bargain collectively with city employees, their unions, or other authorized representatives, on all matters per-

taining to wages and working conditions before any final determination is made by city council; provided that such representatives can establish to the satisfaction of the city manager that they represent a majority of employees in a classification or other bargaining unit as determined by the city manager. The city manager and the various independent boards and commissions are authorized to enter into written memorandums of understanding for fixed periods of time with any such union desiring such memorandum, provided that such memorandums exclude from the bargaining unit the following:

1. Employees in classifications which, on the effective date of such memorandums, are represented in the city service by recognized organizations;
2. New employees still in their probationary periods;
3. Employees in the department of personnel, and confidential secretaries to department and division heads;
4. Employees above the first level of supervision, or any employee whose responsibilities include regularly assisting in the formulation of policies in the field of employee relations. For this purpose, crew leaders are not considered to be supervisory employees. In case of dispute over interpretation of this condition, the civil service commission shall decide.

Collective bargaining shall herein be defined as the process whereby city employees, their unions, or other authorized representatives and the city manager and his designated assistants shall make every effort through negotiation to reach an agreement on wages and working conditions. If an agreement cannot be reached, a board of review shall be set up to hear the reasoning of both the representatives of the group of city employees involved and the representatives of the city for the purpose of guiding negotiations to a satisfactory conclusion. This board, after hearing both sides, shall first make its recommendations to the city manager and the city employees' representatives. Then if either party is still in disagreement such recommendation shall be presented to city council for the purpose of guiding council in reaching an adequate and just decision for the employees' group affected. This board shall consist of three members. One member shall be appointed by the council upon nomination by representatives of the employees affected by the issue. This member shall not be a present or retired city employee or official of an organization representing city employees. The second member shall be named by the council on recommendation of the city manager, but shall not be a present or retired city official. The third member shall be selected by these first two members. It is understood that the employee organizations will not ask, and council shall have the right to refuse to name a board of review if, in its judgment, the issue to be presented to such board has been recently reviewed by another board.

If a board is created on any issue, the council shall determine whether other employee organizations have a legitimate interest in such issue and, if so, permit them to each nominate a representative. All board members shall attempt to agree on the selection of the public member. If agreement is not reached, the council shall select the public member. When the board hears and considers testimony affecting only members of any one group, only the representative appointed by that group will vote on the conclusions to be reached thereon.

II

The items upon which the collective bargaining shall be based shall be:

1. Cost of living data:
 - (a) Overall consumers price indexes as furnished by the Bureau of Labor Statistics for the latest complete 12-month period.
 - (b) Bureau of Labor Statistics food indexes for the latest 12-month period available at the time of negotiations.
2. Improvement factors:
 - (a) Improvements in the standard of living.
 - (b) Improvement in efficiency of city service.
3. National and local wage surveys:
 - (a) Bureau of Labor Statistics "family of four" budget estimates.
 - (b) Ohio Bureau of Unemployment Compensation average wage rates on covered workers.
 - (c) Other acceptable surveys by responsible factfinding authorities.
4. Relationships among the salary rates of the various classes of city employment.

5. Comparative salary data :
- (a) Prevailing union wage rates for comparable jobs in local industry.
 - (b) List of local companies to be used for wage rate comparisons.
 - (c) Prevailing union wage scales in currently comparable cities where no local parallel exists for comparison of a job classification.

6. Such other items or issues as may be introduced during meetings or conferences with city representatives, if, at the time they are offered, they are accepted as pertinent by both parties.

Be it further resolved, That the resolution passed April 6, 1960, entitled "Declaring a City Wage Policy" is hereby repealed.

Passed May 31 A.D. 1962.

WALTON BACHRACH, *Mayor*.

Attest:

DALE SCHMIDT, *Clerk*.

RESOLUTION TO REAFFIRM THE CITY WAGE POLICY ADOPTED ON DECEMBER 5, 1951

Whereas the special labor committee has held numerous meetings to explore the need for revising the city wage policy, adopted by resolution of council on December 5, 1951; and

Whereas said committee, at its meeting on February 18, 1955, voted to reaffirm, in their entirety, the provisions of said wage policy: Now, therefore, be it *Resolved by the Council of the City of Cincinnati, State of Ohio*, That it hereby reaffirms all the provisions of the city wage policy, adopted by the resolution passed on December 5, 1951.

Passed February 24 A.D. 1955.

CARL W. RICH, *Mayor*.

Attest:

C. R. McHUGH, *Clerk*.

I hereby certify that the foregoing resolution was published in the City Bulletin in accordance with the charter on March 8, 1955.

C. R. McHUGH, *Clerk of Council*.

RESOLUTION DECLARING A CITY WAGE POLICY

Whereas it is the accepted duty of the Council of the City of Cincinnati to provide a just and adequate wage, and fair working conditions for the employees of the city of Cincinnati, to the degree that no citizen receive advantage or suffer disadvantage by accepting municipal employment over private employment; and

Whereas it follows, then, that the establishment of such just wage and fair working conditions cannot be predicated on the financial status of the city, but rather that the city's finances shall indicate only how many employees shall be hired at these proper rates; and

Whereas the city has recognized the appropriate unions and established employee organizations as agents for bargaining with the city in the derivation of such rates and conditions: Now, therefore, be it

Resolved by the Council of the City of Cincinnati, State of Ohio:

I

That it shall be the policy of the Council of the City of Cincinnati through the city manager and his designated assistants, to bargain collectively with city employees, their unions, or other authorized representatives, on all matters pertaining to wages and working conditions before any final determination is made by city council.

Collective bargaining shall herein be defined as the process whereby city employees, their unions, or other authorized representatives and the city manager and his designated assistants shall make every effort to reach an agreement on all matters through negotiation. If an agreement cannot be reached, the representative of any group of city employees involved may request a factfinding board to examine and report upon such factional question as may be in dispute for the purpose of guiding negotiations to a satisfactory conclusion. This board shall be comprised of one member from the effected employees' group, one member designated by city council, and a third member to be selected by these first two members.

- That the items upon which the collective bargaining shall be based shall be:
1. Cost of living data:
 - (a) Overall consumers price indexes as furnished by the Bureau of Labor Statistics for the latest complete 12-month period.
 - (b) Bureau of Labor Statistics food indexes for the latest 12-month period available at the time of negotiations.
 2. Improvement factors:
 - (a) Improvements in the standard of living.
 - (b) Improvement in efficiency of city service.
 3. National and local wage surveys:
 - (a) Bureau of Labor Statistics "family of four" budget estimates.
 - (b) Ohio Bureau of Unemployment Compensation average wage rates on covered workers.
 - (c) Other acceptable surveys by responsible factfinding authorities.
 4. Relationships among the salary rates of the various classes of city employment.
 5. Comparative salary data:
 - (a) Prevailing union wage rates for comparable jobs in local industry.
 - (b) List of local companies to be used for wage rate comparisons.
 - (c) Prevailing union wage scales in currently comparable cities where no local parallel exists for comparisons of a job classification.
 6. Such other items or issues as may be introduced during meetings or conferences with city representatives, if, at the time they are offered, they are accepted as pertinent by both parties.

Passed December 5 A.D. 1961.

CARL W. RICH, *Mayor*.

Attest:

C. R. McHUGH, *Clerk*.

Mr. BROYHILL. I would like to say, that Mr. Gilligan and I served on another committee together, the great House Committee on Interstate and Foreign Commerce. I would like to say to you, Mr. Gilligan, as you know, in that committee we have written several pieces of very important legislation this year. I believe you and I have agreed on the final version of this legislation in every case practically.

Mr. GILLIGAN. That is right.

Mr. BROYHILL. That has come out of our committee. I think I find myself in somewhat disagreement with you on your testimony here today if I understand it correctly, that is, in part. If I understand your testimony, you are stating to this committee that you feel that future increases in the pay of Federal workers and postal workers should be put on an automatic basis, or semiautomatic basis; is that correct?

Mr. GILLIGAN. To restate it, I would say that I know these matters are complex. They were complex enough at the municipal level where we had 6,500 employees compared to the hundreds of thousands of Federal employees. I know it is difficult to arrive at a technical decision of what is the comparable wage scale, but insofar as these procedures can be streamlined to make the comparability principle effective as quickly as possible to keep the lag time down between the changes in the civilian wage scale and the following increases of the public pay scale, so far as that can be shortened, that dead time, by automatic or semiautomatic adjustments, I would favor them.

Mr. BROYHILL. Then you are not advocating we put wage increases into effect just at the recommendation of the administration?

Mr. GILLIGAN. No, I would not surrender the prerogatives of the Congress to review these recommendations and to act upon them any more than when I was a member of the council I was willing to let the city manager simply write out a pay schedule and rubberstamp it. But the endorsement of the principle was there.

We did not have the time, nor do I believe the Members of Congress with their multitudinous duties, have the time to arrive at individual decisions as to exactly what the proper scale is in each classification, but that we always try to maintain what pressure we can to keep the public pay scales up to that level of comparability, I think that is a basic responsibility of ours, and I think any short cuts that we can find, reasonable, to achieve that comparability in the fastest possible time is all to the good.

Mr. BROXHILL. I appreciate your explanation. I find we are closer together.

Mr. GILLIGAN. Thank you.

Mr. KREBS. I would like to say I disagree with my colleague because if we are in fact attempting to establish comparability, I know of no more positive way of accomplishing this than by embracing the policy that has been in effect so successfully in private industry, the automatic cost-of-living increases that workers in all the basic industries get. It has certainly been satisfactorily administered in both directions, to the satisfaction of the companies, employees, and unions. I think that is the meaning of comparability.

We are trying to find some way of giving Federal employees the same wages and conditions they get in private industry, and automatic increases have been in the contract for these parties and have worked successfully.

Mr. GILLIGAN. I would not disagree with that. This might be one of the devices approved by the Congress for a semiautomatic adjustment of the pay scale to bring them in line with those of the private sector. It would seem to me under specific circumstances to be acceptable and wise.

Mr. KREBS. And it might eliminate this timelag once and for all.

Mr. GILLIGAN. Thank you, Mr. Chairman.

Mr. OLSEN. Now we will hear from the Honorable James Fulton, Member of Congress from Pennsylvania. For many, many years it has been the pleasure of this committee to have the advice of Mr. Fulton. He has long been interested in the pay scales and the working conditions of all the employees across the country, especially those working in the public sector. We are happy to have you here again.

**STATEMENT OF HON. JAMES G. FULTON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF PENNSYLVANIA**

Mr. FULTON. Thank you.

When I first came to Congress I started out as a member of the Civil Service Committee. This is a fine committee and it has a tremendous responsibility to our Government.

I would like to compliment the chairman, Mr. Olsen, Mr. Dulski, and Mr. Krebs on introducing the Olsen bill. I felt so strongly about the legislation I have likewise introduced an identical bill and I hope it will be considered along with the Olsen bill. It is H.R. 8759.

Mr. OLSEN. We will assume you the Fulton bill will get the same consideration. This has been history for you. You have always been in the fore in introducing legislation concerning salaries. We feel you are an authority on this subject.

Mr. FULTON. Thank you. The committee counsel said to me it would not be pay hearings of the Post Office and Civil Service Com-

mittee unless I appeared here this morning, and I appreciate the compliment.

I do favor comparability, and complete comparability. I would disagree with my previous colleague, I do not believe pay rates should be set automatically. There are other factors that Congress should consider such as our increasingly productive U.S. economy in whose benefits all should share. There are factors of stress and strain on job duties. There are factors of grade level and comparability. Likewise in the public field, there are factors that we should consider because these employees have given up the right to strike. I do not think we should have a completely automatic formula set for pay scales for post office workers and Federal employees, but it should be Congress' responsibility to give special attention, and it should be Congress' special duty to see justice is done.

There is no doubt when there is a good day's work and a good day's pay, we do get efficiency. We have lower turnover in the public payroll with satisfied and enthusiastic workers.

This committee knows that as a Member of the House I represent part of the city of Pittsburgh and the county of Allegheny, the 27th district of Pennsylvania. We have a fine group of postal workers and Federal employees, many of whom are my personal friends. So I am speaking on a subject of which I had personal experience and personal knowledge of conditions.

I am very pleased that the national administration has recommended a pay raise for all postal and Federal employees. However, I am also firmly convinced that if true comparability is to be achieved, we must do considerably better than the administration's proposal. That is why I favor so strongly the Olsen bill, and recommend that it be promptly enacted. I favor it so much I put in a similar bill, H.R. 8759, to cosponsor the legislation.

I am especially certain of this after discussing the situation with the letter carriers from my district who visited with me during their pay conference which the National Association of Letter Carriers has been holding here in Washington during the past 3 days.

Salaries of postal and Federal employees should be based on the principle of comparability, and I mean real comparability.

Congress established the principle of comparability in determining the salary schedules for postal and Federal employees in Public Law 87-793, enacted in 1962. The law stated that Federal salary rates shall be comparable with rates paid in private enterprise for the same level of work.

Public Law 88-426, enacted in 1964, departed from this principle in that salary adjustments were made which resulted in lower dollar and percentage increases for postal supervisors than for those supervised.

The Government has the responsibility to provide salaries based on true comparability for all postal and Federal employees on all levels if we are to preserve employee morale and maintain a high level of efficiency in our postal service and other Government offices. Adequate pay, fair and equitable work standards and promotion schedules are certainly deserved and well merited.

I believe this is the time Congress should act, and strongly recommend prompt passage of legislation for substantial pay raise at this time.

When the Congress passed the Federal Salary Reform Act in 1962, Congress had the intention of giving postal workers and Federal employees full comparability, and I believe that means full comparability, with workers in private industry. However, as you all know, results did not work out that way. Congress was able to close the gap somewhat, but not enough to be fair to postal workers and Federal employees.

Last year Congress made progress still further, but pay scales and the cost of living in the private sector have continued to rise and our loyal employees particularly find themselves once again trying to catch up. I feel we have a real responsibility and obligation to these fine people to give them real economic equality with their like numbers in industry.

The President's proposal would give a pay raise that would amount to about 3 percent. For a letter carrier or a postal clerk, this would mean a pay raise of \$150 a year, roughly, or \$5.76 per pay period. The take-home pay would be less than \$5.

The administration's recommendation is based on figures that are already obsolete. The Bureau of Labor Statistics finished the collection of data on which the recommendations are based, almost a year and a half ago. The fact that the President's recommendation would withhold even this 3-percent increase until January 1, 1966, actually adds to the inadequacy of the proposal. Postal and Federal employees would be getting only comparability with pay schedules 2 years old.

For these reasons—and many others—I feel that the bills introduced by the gentleman from New York (Mr. Dulski), the gentleman from Montana (Mr. Olsen), the gentleman from New Jersey (Mr. Krebs) and others, including myself, would give a far more realistic degree of comparability in pay to our postal and Federal workers.

I strongly believe the increase of approximately 7 percent to the employees in the lower levels is well earned. I also feel that making the effective date retroactive to January 1, 1965, will be just, considering the time lag to exist insofar as comparability is concerned.

Unfortunately, postal and Federal employees must still get their pay raises as the result of long and arduous campaigns. Most workers in private industry have their automatic pay raises written into their contracts years in advance and they make their economic progress during the term of the contract.

Letter carriers and postal clerks, for instance, were earning \$1.815 an hour in 1949. This was a comparatively good wage. It was higher than the national average for comparable jobs in the petroleum industry (which was \$1.80 an hour), or the blast furnace and steel industry (which was \$1.66 an hour) or the motor vehicle industry (which was \$1.70 an hour).

In the 16 intervening years, postal and Federal employees did not receive any pay raises in 9 years: 1950, 1952, 1953, 1954, 1956, 1957, 1959, 1961, and 1963. But the workers in other industries I have mentioned—and in almost every other organized industry in the country—received a raise in pay every year.

As a result, the letter carrier and the clerk today are getting \$2.88 an hour. The worker in the petroleum industry is getting \$3.26 an hour—or 38 cents an hour more. The worker in the blast furnace and steel industry is getting \$3.41 an hour—or 53 cents an hour more. The

worker in the motor vehicle industry is getting \$3.32 an hour—or 34 cents an hour more.

This is the story in almost every industry we can name—workers who started out 16 years ago behind the clerk and the letter carrier are now well ahead of them.

This is the situation that Congress should remedy, and it is a situation which demands a solution in the near future.

I have read the statement presented by Jerome J. Keating, president of the National Association of Letter Carriers, and I have been enormously impressed by it. Mr. Keating has really adequately covered the subject.

I do want to add my voice in disapproval of the administration's proposal to take over the prerogative of the Congress in setting the wages of postal and Federal employees. I feel very strongly that we in Congress are more sensitive to the needs and desires of our constituents than any Presidential commission or board could possibly be, and I also feel that we are more responsive. The present system of setting wages may not be perfect, but it is infinitely superior to the rather bloodless and academic system recommended by the administration.

I have introduced H.R. 8759, which is identical to H.R. 8663, the bill introduced by the distinguished member of this committee, the Honorable Arnold Olsen. I believe approval of H.R. 8759 and H.R. 8663 will assist materially in adjusting Federal and postal pay fairly and realistically.

While the administration is to be commended for recommending what it refers to as "systematic comparability," I feel very strongly the administration's pay recommendations are inadequate and the effective date unnecessarily deferred.

We have become accustomed to speak in terms of percentage increases; it is well to remember that the actual dollar increase is of paramount importance, particularly to Government employees in the lower grades. A 3-percent increase in pay may be sufficient dollarwise for postal and Federal employees in top levels of the pay structure, but it is totally inadequate for postal and Federal employees in the lower and middle levels.

My bill proposes to give an average 7-percent increase to postal and Federal employees in levels 1 through 6, and provides substantially more for those in higher levels than the administration's proposal.

I repeat, that the 87th Congress, in approving Public Law 87-793 in 1962 established the principle of "comparability" between Government pay and pay in comparable jobs in private industry. Unfortunately, because of present methods and studies, there exists a so-called consistent timelag of more than 12 months. The administration's bill, proposing only a 3-percent-average increase to be effective January 1, 1966, would extend this timelag beyond 2 years. I believe our bills will achieve substantial comparability by making the pay increase effective January 1, 1965.

My bill will also adopt the principle of granting proper salary credit for all past actual service performed. This principle was originally outlined in the so-called Dulski amendment, which was approved by this committee last year, but failed of final approval on the floor of the House. This proposal is a fair one, and will merely enable Fed-

eral and postal employees to be placed in the proper pay grade based upon their years of Government service.

My bill further provides that the pay structure of municipal and State governments and nongovernmental agencies are not to be used in computing comparability between Federal salaries and private industry. In too many instances, the salaries of such employees have lagged for behind because of poor organization or complete lack of organization. I believe the Federal Government should provide a yardstick for lifting substandard salaries rather than seek lower levels.

My bill proposes further that the President be required to make an annual salary report and recommendations to both Houses on January 31 of each year, but that the semiautomatic provision of the administration's bill be eliminated. I feel that the approach of Congress to Federal employee salaries should be positive rather than negative. I strongly disagree with a proposal that Congress abdicate its control over establishing Federal salaries and merely retain a negative veto power.

As Members of Congress, we have assumed a definite obligation to maintain a salary structure for our Federal and postal employees currently comparable to pay in private industry. To assert such comparability can exist with a timelag of 2 years or more is to strain logic and sound thinking.

In order to maintain our Government operations at top efficiency, the Federal service must be made sufficiently attractive to retain loyal, devoted, and capable employees. This can only be successfully achieved by providing adequate pay, proper promotion procedures, and decent working conditions.

Mr. Chairman, I sincerely trust the committee will give the bill I have introduced its favorable attention and consideration.

I strongly urge, Mr. Chairman and members of the committee, that you approve the legislation that Mr. Dulski, Mr. Olsen, Mr. Krebs, and others, including myself, have introduced. I sincerely believe it is a more realistic bill and a more just bill for everyone concerned.

Thank you very much.

Could I make one more comment?

In computing comparability, we find there is included a factor of the wage scales and salary scales of public employees—State and local. I oppose this policy as I have stated, and have further reasons. I would recommend that because there is no collective bargaining and no adjustment of these wage scales to the private sector where the laws of economics set the wage scales, that this particular factor be eliminated. The reason I say that is this: We likewise in Congress have the obligation to use our best judgment on pay scales, and often in local communities we find that the local payrollers are carrying the burden of the budget. If the budget limits have to be met, the place where the turkey is cut is often on the local payrollers. So this sector does not have in it an independent factor which I believe exists in collective bargaining in trade and industry. Therefore, I would clearly eliminate the factor of the governmental and local employees' wages and salaries. Otherwise, we would be in the situation of a small French town where there was a jeweler who had a watch out in the window and he regularly set the watch by the whistle which always went off exactly at noon at the local factory. One time the

manager of the factory came by and said to the jeweler, "You know, it is very fine you have your watch out there because I set my watch by it about 5 minutes before 12 to set the whistle."

Mr. OLSEN. We appreciate your observations. I am sorry our timing was confused because of today's early session.

Mr. FULTON. The Members of Congress like to appear here before this committee because they get a cordial welcome and a good reception.

Mr. OLSEN. Our next witness is Nathan T. Wolkomir, president of the National Federation of Federal Employees. Mr. Wolkomir has been a leader in this organization for a great many years.

We are very happy to have you here. We know you to be an authority on the subject of salaries and working conditions for Federal employees.

**STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL
FEDERATION OF FEDERAL EMPLOYEES, ACCOMPANIED BY
HARRY JOHNSON**

Mr. WOLKOMIR. Mr. Chairman and members of the subcommittee, my name is Nathan T. Wolkomir. I am president of the National Federation of Federal Employees. Our organization is composed of career employees of the Federal Government in virtually all departments and agencies in the United States and overseas.

At the outset, I want to express the appreciation of our organization for the interest of the members of this committee and the administration in the vitally important issue of adequate compensation for career Federal employees. This interest, reflecting a determination to move forward in this area, is most encouraging.

The National Federation of Federal Employees originally put forward, by national convention resolutions, the proposition that salaries in the Federal service should be comparable with salaries in the private sector.

This proposition, which is founded upon sound, commonsense, logical premises which are very much in the national interest, was adopted by the Congress in the Federal Salary Reform Act of 1962.

As members of the subcommittee are fully aware, while the comparability principle has been embraced in the Federal pay statute, its implementation in certain grades has fallen substantially short. Moreover, the situation thus created has been worsened by the lag involved in the actual adjustment and in the amount of the adjustment, with the result that the gap widens and the effectiveness of the comparability principle is vitiated. Thus although both the President in his message on pay, and Mr. Macy in his testimony before this committee, espouse the comparability feature introduced in the 1962 Pay Reform Act their recommendations contradict the fact:

1. A 3-percent element to be effective 6 months from now is akin to "walking around Robin Hood's barn looking for a horse thief even though a cow was stolen."

(a) The GS-1 and GS-2 grades will be at that time just 1 year behind industrial comparability.

(b) GS-3-5 will be 2 years behind the private level, and

(c) Most grades from 6 and above even farther behind.

Please, gentlemen, note page 7 and appendix D—page 61—of Document No. 174, House of Representatives—The President's communication and Joint Annual Report on Federal Statutory Pay Systems which verifies this fact.

It is the position of the National Federation of Federal Employees that both in fairness to the career employees concerned and as an essential step in improving the efficiency and effectiveness of the Federal service, it is imperative to reduce the existing gap and to put the comparability principle into practice in all of those grades where it presently falls so seriously short.

We do not believe that the administration's proposals are adequate. As a matter of fact, the Chairman of the U.S. Civil Service Commission, Mr. John W. Macy, Jr., has admitted before this subcommittee earlier in these hearings that in certain grades "the proposals before you do not reduce the gap substantially * * *."

That the administration's recommendations are less than realistic is evidenced also by other legislation, that was required and thus introduced by Members of Congress.

The NFFE recognizes that rising living costs pose gravely serious problems to employees and their families in all grades but fall with greatest severity on those who are accorded the largest proportionate increases in these bills. We believe that a very persuasive case can be made for such increases to place the Federal Government in what should be its proper role as a leader and not a follower in progressive personnel actions.

At the same time, however, we would be derelict in our duty if we did not strongly emphasize that failure to accord equally proportionate increases to those grades which are shown by every official and authoritative study to be lagging far behind the private sector. This would continue and deepen a grave disservice both to the employees and the Government.

The comparability principle was adopted by the Congress because, essentially, it is a sound principle. The Government, as is well known to members of this subcommittee, has had a serious problem of both recruitment and retention of employees in various grades and skills and categories of positions. Turnover has been costly in dollars and has handicapped programs and missions.

The partial implementation of comparability has been an important step in the right direction and has improved the situation. But further improvement is urgently needed. The remedy is at hand. It is to be found in revision of the pending legislation to make comparability a fact—in all grades and at all levels.

This should include also an earlier effective date than that provided by the administration's bill; retroactivity to January 1, 1965, would be most desirable; certainly pay legislation should be effective no later than July 1, 1965.

With respect to the pay-setting proposals of the administration's measure, the NFFE finds merit in various plans to improve factfinding capability in relation to pay and other related matters. But we share with Members of Congress very serious reservations with respect to the administration's proposal which, in essence, would remove from Congress both initiative and basic responsibility. While Members of Congress themselves are aware that the present legislative method of

setting pay for all employees other than wage board workers has obvious disadvantages, including some of a personal nature affecting their own salaries, we are certain that most Members regard the pay-setting responsibility as one which Congress cannot and should not relinquish.

It is noteworthy also that in the past the initiative for pay increase legislation historically has come not from the executive branch but from the Congress, which has been, over the years, far more alert to the need for progressive action. More recently, thankfully, the administration has been less dilatory, more forward looking. But there is no assurance that administrations in the future would take and pursue the initiative called for by the proposed legislation. We have no doubt that the Congress will examine this proposal with the utmost care especially a committee whose judgments and objectiveness may be dominated by administrative will. Although much is made of time-lag factors with implications for adjustments to pay scales being made administratively, rather than by statute, why is not the administrative recommendation then, not in line with this thinking to prove possible expeditious action when done administratively. The administrative 3-percent recommendation at a later date defeats its own arguments. Mark pages 61-67 of Document No. 174 with an asterisk, gentlemen, it will reappear again I'm confident.

NFFE would also like to recall to the distinguished members of this committee, the June 12, 1963 Report of the Advisory Panel on Federal Salary Systems. Quoting from page 2:

Without favorable action on these matters by the Congress, career pay will not keep pace with the changes which occur in private industry, and the executive and legislative branches will both be faced with recurrent demands for pay adjustments which are not based upon reliable statistical comparisons.

Not only is Federal pay lagging, in various grades, substantially behind the private sector but the overall position of employees in business and industry with respect to fringe benefits is considerably better than that of Federal employees. Authoritative testimony to this effect has been presented in detail by Mr. Ewan Clague, Commissioner of Labor Statistics, U.S. Department of Labor. This fact in itself is a powerful argument in favor of prompt and adequate implementation of the comparability principle in Federal pay scales.

Although wage board employees are not directly affected by the present proposed legislation, the NFFE urges the subcommittee to give careful and favorable consideration to a proposal which we have made in the past and which now has received strong support from Members of Congress who have studied and are aware of the problem in all of its aspects.

Briefly, we urge an amendment which would provide for a single, central, unified agency to survey and set wage board pay rates. Representative Henderson's Manpower Utilization Subcommittee has reported on the many inequities and injustices which have resulted from the present system, under which various agencies make wage board pay surveys and set rates. This has brought about a condition under which, in many cases, employees doing the same work in the same city and even in the same neighborhood but employed by different agencies, receive quite different rates of pay.

The need for a new unified wage board procedure is clear and it is our view that the subcommittee could properly provide for it as part

of the pending legislation. In any event, it is a pressing Federal pay problem which should have early attention by the Congress. Also, in justice to wage board employees, a system of longevity pay for them should be provided.

Mr. Chairman, we appreciate the desire of the chairman and members of the subcommittee to expedite these hearings and thus speed action on much-needed pay legislation at this session. For that reason, we do not wish to burden the subcommittee or the record with a mass of statistical evidence, much of which already is before the members in one form or another, and with which they are familiar. Indeed, there are few matters now before the Congress on which the issues are clearer and on which there is such general agreement that action is necessary and urgent. At issue only, in the final analysis, is the question of degree to which the comparability principle is to be adhered to. We believe that the paramount national interest requires that this be done fully, and that it be done with equity and justice to employees in all grades from the bottom to the top of the schedules.

Moreover, we would emphasize also that much-needed pay increases should not be permitted to bring in their train job losses, as has happened in the past. The efficient use of manpower in the Federal service is an important issue, but there is neither efficiency nor justice in a policy which makes unemployment for some an inevitable concomitant of a pay increase for others. Installation closures, changes of missions, reductions in force, downgradings, agency realignments, and other factors now are having a seriously depressing effect upon morale in the Federal service. It would be most unfortunate if a pay increase, so much needed, would have the end result of increasing the feeling of insecurity which is so rife in much of the Federal service today by bringing about additional job losses. This can be met by adequate appropriations, and this we urge the Congress to provide.

In connection with the changes in the Federal service which have had so adverse an effect upon many employees in recent months, the administration has recommended two pieces of legislation which the National Federation of Federal Employees earlier proposed to the President's Special Panel on Federal Salaries. One would grant severance pay and the other would liberalize payments of costs when a Federal employee is transferred for the Government's convenience. Both of these measures are common practice in progressive business and industry. They cover additional areas in which, like pay, the Federal Government has been a laggard follower rather than a leader. Measures to accomplish the purposes of these proposals should be enacted promptly by the Congress.

While this committee is giving such close consideration to the various aspects of pay in the Federal service I urge that action also be taken at this time looking toward elimination of the so-called acceptable-level-of-competence provision which has been embodied in the pay statute.

This provision, experience shows conclusively, has not proved to be a practicable approach to the objective ostensibly sought. On the other hand, it has brought many charges of favoritism and inequitable administration and has been severely hurtful to morale. All studies have revealed that the efficiency and productivity of Federal employees has risen greatly over a long period of years but this has been accomplished

despite and not because of the acceptable level of competence provision.

Admittedly, the number of increases withheld because of failure to meet the acceptable level of competence is small. On the other hand, the widespread deleterious effect of this Damoclean sword on employee morale and upon good employee-management relationships in the Federal service is far out of proportion to negligible results attained through this provision. It should not be continued.

Mr. Chairman, I think it is pertinent, and the subcommittee may find useful, to present briefly the results of the observations and findings of the National Federation of Federal Employees with respect to public attitudes on the very basic issue of pay in the Federal service and in this I include, of course, the Congress.

The NFFE is approaching its 50th anniversary.

Over the years we have had a leading role in sponsoring and supporting an immense amount of legislation dealing with Federal pay, along with much other legislation.

For many years, and indeed until the recent past, public and press response to pay legislation has been largely, indeed overwhelmingly negative.

The response in most instances was a predictable one. It ranged from passive negative to aggressively negative. In the past, few voices among the public and the press, and in the business community, were raised to support those who understood the need for a Federal pay policy which would enable the Government to recruit and keep qualified employees.

More recently, however, there has been a very significant change in attitude. There has been brought about through various means, including an educational program carried on by the NFFE, a broad new understanding and a new appreciation of the fact that neither the public nor the Government gains through a niggardly, unrealistic pay policy.

There was substantial public and press support, and support from the business community as well, for the 1962 and 1964 pay legislation.

There were and remain glaring exceptions, of course. I do not mean to give the impression that there is all-out, 100-percent public backing for Federal pay legislation.

But that there has been an immense and remarkable change for the better in the public view of this problem cannot be questioned. We in the NFFE have had long and close experience in this area and to us this is one of the most heartening developments in many years.

This interesting and significant as a sign of maturity and as an indication that the public now is willing and able to approach this issue on the basis of facts and reason as opposed to prejudice and instinctive negativism. But it is more than that. It provides a solid foundation of understanding, upon which the Congress now can consider and approve legislation which is fully adequate to meet the national need.

This, Mr. Chairman, we urge the subcommittee to do, and knowing the forward-looking and constructive outlook of its members, we have every confidence that the bill which is to be reported will be pointed unmistakably in that direction.

The American people deserve and indeed the Nation's welfare and security imperatively require a Federal career service which can meet the demands upon it at home and abroad.

It is true that adequate pay alone will not guarantee that kind of a career service. But it is equally true that, lacking adequate pay, the Federal Government is increasingly disadvantaged in its quest for excellence. This is a form of "penny wise, pound foolish" economy that the people and Government can no longer afford.

On behalf of the National Federation of Federal Employees I urge the subcommittee to take the kind of action which will give substance in required measure to the principles embodied in pay legislation which already has won broad support in the Congress and in the country.

Mr. Chairman, again may I express my appreciation, and the appreciation of the officers and members of the National Federation of Federal Employees, to all members of the subcommittee for their interest and for the opportunity to present this statement here today.

I would like to call your attention, Mr. Chairman, to the fact that regardless of what happens to our pay increases, regardless of whether we use 3-, 6-, or a 100-percent-increase factor, I call your attention to the recent directive dated June 10, 1965, coming out of the Executive Office of the President, Bureau of the Budget.

The subject is "Upper Level Grades and Average Salaries," and I repeat, that regardless of what we may come up with by way of legislation, the restrictions and controls placed upon the various agencies by directives of the nature I now hold in my hand, will probably undo any good you may as Congressmen do for the welfare of the Government employees.

Approximately a year ago the Bureau of the Budget came out with a directive in which they spoke about grade escalation. The day after they came out with this directive, we forecast that because of these controls that are put upon the agencies there would be a series of downgrading actions, not in the grades they were speaking about, GS-14's and above, but in all grades, including reclassification actions for wage board employees.

We have on record case upon case upon case where this sort of control has happened. It is not grade escalation in itself, it is control of a budget set upon a mean arbitrarily determined by the Bureau. I have been in business a good many years, and if my particular business were to expand, I could not possibly operate on a budget of a year ago trying to expand my business. This is the concept under which these directives apply. As a result, there has been complete demoralization of our Government employees, and in my 25 years of experience in the Government, I have never seen the morale of the Government employee as low as it is today.

This concludes my statement and the addendum to my prepared testimony.

I appreciate your cooperation in permitting me to testify before your committee. Thank you very much.

Mr. OLSEN. We appreciate your patience for the way we have been scheduling witnesses. Because of the exigencies of the Congress and the unpredictability of the length of time witnesses take to testify, it has been quite hectic to schedule everyone correctly. You have been most patient, and we are grateful to you.

You have finally been able to submit your testimony. It is valuable to hear from a man who has had your broad experience.

Mr. BROYHILL. I have had an opportunity to read his statement in full, and I certainly appreciate your bringing this to our attention.

Mr. KREBS. I want to congratulate the witness for his testimony. I also want to thank him for reminding the record of Mr. Clague's testimony.

I would like to ask how you identify that last document you read.

Mr. WOLKOMIR. It is Document No. 174, 89th Congress, 1st session. It is the "Federal Statutory Salary Systems," communication from the President of the United States transmitted as a joint annual report on the Federal statutory pay systems pursuant to the Federal Salary Reform Act, sent by the President of the United States to the Honorable John McCormack.

Mr. KREBS. Thank you very much.

No further questions.

Mr. OLSEN. Thank you, Mr. Krebs.

We will hear now from our colleague, Congressman Miller of California.

**STATEMENT OF HON. GEORGE P. MILLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. MILLER. Mr. Chairman and members of the committee, I appreciate the opportunity to express my views on the salary reform bill you are considering.

As chairman of the Committee on Science and Astronautics, I am continually impressed with the great scale of national commitment to our space program, as well as the extreme complexity of technical problems inherent in its success. Naturally, the quality of the technical and the managerial leadership required by the major national enterprise today must be of the highest caliber to cope with the challenges of tomorrow.

We are concerned with the critical importance of adequate personnel for the successful prosecution of this program. This is probably the largest scale and most complex engineering and technological effort in our Nation's history. In terms of public policy, the Congress stated, in the National Aeronautics and Space Act, that this effort should be planned, directed, and effectively managed by the NASA, as a public enterprise. It is essential, therefore, that this governmental enterprise be able to secure and to hold men of exceptional, demonstrated ability and talent for their technical and managerial positions.

If we are to engage in complex and broad-range technical programs costing many billions of dollars and fraught with critical importance to our security and status as a nation, it is essential that we secure and maintain adequate quality and competence in the technical and managerial personnel required to plan and conduct the research and to plan and direct the vast industrial programs involved.

To secure and maintain staffs of people with demonstrated, superior competence, we must have a pay policy and structure that will be as nearly comparable as possible with that prevailing in private enterprise. Anything less than this invites serious risks for these major enterprises. The experienced and the most skilled will leave, often at the peak of their contribution. It is practically impossible to ask the experienced and most capable individuals from industry to come to Government at severely limited salary opportunities.

Our national posture as a leading member of the world community has become identified with this effort in aeronautics and space technology. We dare not fall behind. Vast segments of our Nation's industry, its scientific talent, and its resources are committed to the successful achievements in this national program.

My concern with our space employees must not be taken as an indication of apathy toward a general pay increase. Particularly, I should like to stress the need of a pay raise for the postal workers in the lower salary levels. Here, especially, the lag in comparability may be measured in the necessities of life rather than in years. Additional pay for these employees will go toward more food and better housing. Similarly, adequate pay levels will engender greater loyalty and efficiency for the Government by eliminating the need of maintaining a second job.

Mr. Chairman, I am sorry to observe that in the 22 years I have been honored to serve in the Congress of the United States we have never fully closed the gap between the ever-rising cost of living and the salaries of classified and postal employees. Bills were always introduced for this purpose but by the time the few of them were enacted into law the legislative time drag always left a gap. This certainly is not in the best interest of the Government and is adverse to the best interest of its loyal and efficient employees. It is the great morale destroyer.

No one wants to damage the financial stability of the Federal Government, but to say that paying living wages to our classified and postal workers will breed inflation is silly. I will continue to carefully scrutinize all expenditures of public money just as I have always done.

I am for a balanced budget, but I am not for balancing the budget at the expense of the sweat, exhaustion, and frustration of our faithful public servants.

Mr. OLSEN. We appreciate your testimony very much. We will now hear from our colleague the Honorable Jacob H. Gilbert, a Member of Congress from the State of New York.

**STATEMENT OF HON. JACOB H. GILBERT, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW YORK**

Mr. GILBERT. Mr. Chairman and members of the committee, I welcome the opportunity to appear in behalf of my own bill, H.R. 8995, and identical bills, to adjust the salaries of postal and classified Federal employees.

I would like to say at the outset that I am pleased that President Johnson has made recommendations for a general pay raise for all Federal and postal employees. This action, unique in the administrations of the late President John F. Kennedy and President Lyndon B. Johnson, is a wholesome contrast to the approach of the White House in past years which has been to oppose all pay increases whatsoever, and to veto pay raises when Congress has approved them.

However, I do feel very strongly that the administration's pay recommendations are somewhat inadequate and, therefore, my bill differs from those recommendations in some important respects. I offer my bill as one which will adjust the pay of postal and classified civil service employees realistically and fairly. The administration's

recommendation of a flat across-the-board 3-percent pay increase is not sufficient. It may be sufficient for those postal and Federal employees in the rarified atmosphere of the higher echelons of the pay structure, but it is not adequate down in the middle and lower echelons where the vast majority of our employees work. My bill will give a 7-percent increase to those employees in level 4 of the postal field service, and in grade 5 in the classified service and will be somewhat more generous to the other levels and grades than would the administration's bill.

Mr. Chairman, I have received hundreds of letters this past week from residents of my congressional district—the 22d, New York—in support of my bill. Postal and other Federal employees have poignantly illustrated their financial plights—how impossible it is for them to meet increased living costs on their present salaries. Without exception, these letters have said the 3-percent increase would not be sufficient. Mr. Jerome Keating, of the National Association of Letter Carriers, pointed out to you that a letter carrier in step 1 would receive an actual take-home increase for a 2-week pay period of less than \$5 under the 3-percent proposal.

Statistics show that the minimum annual income needed for a “modest but adequate standard of living” in New York City is \$6,335. I know that in my congressional district in the Bronx, a large percentage of postal workers must hold extra jobs in order to support themselves and families. A larger percentage of postal workers hold extra jobs than any other category of workers; while 5.2 percent of all workers have a second job, 14.2 percent of postal workers must do so to maintain a decent standard of living.

The Federal Employees Pay Reform Act of 1962 included a pledge by Congress to grant true comparability with private industry. We are now 3 years late in keeping this promise. I feel that my bill would do this, whereas the administration bill would not. Postal and classified salaries are lagging 6 percent behind comparable rates for private industry. Civil Service Commission Chairman John Macy acknowledged before this committee that the 3-percent raise would not bring Government salaries in line with industry pay, simply indicating that the administration's proposal “would prevent the pay gap from getting any larger.”

I have also inserted in my bill a provision that the pay structure of State, county, and city governments cannot be used in the computing of comparability for Federal and postal employees' salaries. In many States these local government salaries are far too low. Certainly they are far too low for valuable employments as a nationwide yardstick. It is obviously unfair to take the low-level wages that are paid in some communities and even in some State governments and make them a norm by which postal and Federal salaries should be measured.

The President's proposal for a Pay Commission to make reviews every 4 years is retained in my bill. However, I have eliminated the proposal for semiautomatic salary adjustments, unless Congress specifically were to disapprove it. I feel this is a wrong approach; it would leave Congress little decision in setting pay scales. The construction of pay scales should be a positive process, not a negative one, and it should be a prerogative of Congress. I feel that we as Members of Congress have an intimate and realistic picture of the economic conditions of postal and other Federal employees.

Also, Mr. Chairman, in my bill I would make the effective date January 1, 1965, not January 1, 1966. The figures on which the administration relied for its recommendations were compiled early last year. To make the pay raise based on those figures effective on January 1 next year would create no comparability whatsoever. It would bring the pay of postal and Federal employees up to where comparable wages in the private sector were 2 years ago. I feel that the intent of the Congress in the Federal Pay Reform Act of 1962 was to give postal and Federal employees contemporary comparability with private industrial workers, and my bill will do this.

If we are to obtain true comparability between the wages of Federal employees and private industry employees, provision should be made for these increases, when warranted, and effective retroactively to the time of the salary survey.

My bill will adopt, in principle, the so-called Dulski amendment which my colleague from New York tried to have enacted in the last Congress. This proposal is a just one and will permit postal and Federal employees to retain time credits which are now lost to them. When Public Law 87-793 was passed in 1962, employees who were about to attain a longevity grade were denied the increase and had to start a new anniversary date. In many instances this dropped them back with other employees several years behind them—some of them had been within days of securing these increases. Employees appointed prior to August 1962 would get credit for all the time served in determining within-grade raises under my bill.

My bill would repeal the acceptable-level-of-competence provision which was enacted in 1962. Under this provision a supervisor must certify that an employee's work had been of an acceptable level of competence before the employee can qualify for his periodic within-grade raises. This business of meeting acceptable standards of work sounds all very well, but we must remember that the determination must be made by an employee's supervisor. The present wording of the law creates a loophole through which many an injustice could penetrate the fabric of personnel management. A personality clash between a supervisor and an employee could result in the employee being deprived of his in-grade promotion unjustly. I think this "acceptable standard of work" provision makes many unhealthy conditions possible in the post office and Government offices, and I believe the best way to meet the situation is to eliminate the provision and make the promotions automatic. After all, if an employee is not meeting acceptable standards of work, he can be separated as incompetent. If the supervisor takes this course, the employee can defend himself through the appeals procedure. As it now stands, however, the employee has no real means of defending himself from possible vindictiveness and injustice.

Mr. Chairman, in addition to H.R. 8995 to provide salary increases, I want to call the committee's attention to other bills before your committee, which I have introduced in behalf of Federal employees, and to urge your early consideration of them: H.R. 1020, providing for 30-year retirement without reduction in annuity; H.R. 1023 for an improved system of overtime compensation for postal field service employees; H.R. 1021 to eliminate the use of work-measuring devices in the postal service; H.R. 2612 to liberalize the annuities formula;

and H.R. 1019 to provide an allowance for work clothing of certain postal field service employees. I have also introduced H.R. 1013, which is before the Ways and Means Committee, to exempt from income tax the annuities and pensions of Federal employees.

In conclusion, Mr. Chairman, I want to say that, if we are to maintain a high level of efficiency in our Government service—if we are to retain loyal and dedicated workers and preserve employee morale in the Government—we have a definite responsibility to provide them with adequate pay and with fair and equitable work standards and promotion schedules.

We spend billions to close the missile gap, to lead the space race, and for foreign aid to improve the living standards of peoples around the globe. We must take action now to improve the living standards of our Federal employees.

Mr. OLSEN. Thank you, Mr. Gilbert.

The next witness is the Honorable Joseph P. Addabbo, a Member of Congress from the State of New York.

**STATEMENT OF HON. JOSEPH P. ADDABBO, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW YORK**

Mr. ADDABBO. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present my views on the need for increased salaries of our Federal employees. I have introduced H.R. 8961 which is a companion bill to the one introduced by my colleague and a member of this subcommittee, Hon. Arnold Olsen.

It was my pleasure to serve on the Committee on Post Office and Civil Service in the 87th Congress when we were fighting to insure salaries for our Federal employees which would be comparable with salaries in private industry. We enacted into law Public Law 87-793, but, unfortunately, we have not provided the salaries to make "comparability" a reality.

The recommendation for a 3-percent increase is totally inadequate. In my congressional district reside large numbers of Federal employees, especially postal employees, and I know that most of them must work a second job, their wives work, and their children must take jobs as soon as they are old enough. Men who have worked long years for the Federal Government should be earning enough to support their families without working a second job and having their wives work—this they could do, if we faced up to our obligation to give them salaries commensurate with private industry for comparable duties.

It is false economy to keep Federal employees forever lagging behind employees of private industry. With the situation as it is, we are constantly losing our employees and must train new ones which in itself is an unnecessary expense. We should pay these people adequate salaries so as to cut down the huge turnover that we have. H.R. 8961 would go a long way toward bringing about comparability.

H.R. 8961 would also correct pay inequities which resulted from our failure to provide full credits for years of service in converting postal employees from the salary schedules in effect prior to the enactment of Public Law 87-793 to the postal field service salary schedules which resulted from enactment of this law.

Mr. Chairman and members of the subcommittee, I urge your early approval of the provisions of H.R. 8961 so that the Congress may have an opportunity to provide these salary adjustments which are long overdue.

Mr. OLSEN. We appreciate your testimony. We will now hear from our colleague, Mr. William H. Harsha, a Member of Congress from the State of Ohio.

**STATEMENT OF HON. WILLIAM H. HARSHA, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF OHIO**

Mr. HARSHA. Mr. Chairman and members of the committee, I greatly appreciate your allowing me to present my views on the legislation you are considering on "a salary increase for certain officers and employees in the Federal Government."

I favor an increase, and in particular the pay raise recommended under title I of H.R. 8842.

My primary interest is in seeing that those affected get reasonable compensation—reasonable in terms of pay in private industry, and in terms of maintaining an appropriate standard of living.

Particularly in an era when the Federal Government is interesting itself in the economic welfare of all our citizens, it is important that its employees be able to support themselves and their families, not only so as to provide a mere living, but they should be able to live well in this "Great Society" and they should be able, above all, to provide a good education and background training for their children that will enable them in turn to be self-supporting, productive citizens of the future.

The recommendations I support would be retroactive to January 1, 1965, and would give approximately a 7-percent raise to postal employees. The administration proposal is for a 3-percent raise. This latter would amount to an increased take-home pay of approximately \$2.50 a week. It would also not go into effect until next January.

The date of effectiveness is important inasmuch as the figures on which the administration made its recommendation were compiled before March of 1964. A raise to meet the pay in private industry in 1964, put into effect in 1966, would at its inception put the Government 2 years behind the wage scale in private industry. This would truly be a case of "too little too late."

Mr. Chairman, in connection with your study of overtime pay, I would also like to go on record with the committee as putting my full support behind H.R. 8707, which would allow time-and-a-half overtime pay to postal field service employees for all work over 8 hours a day, the same for any work on Saturday, and double time for work on Sundays or holidays. This would correct a prevalent abuse whereby substitutes in the postal service are required to work sometimes as long as 96 hours in a 2-week period, whereas the same Government that permits this legislates overtime on a straight-time basis for private industry.

It is shocking to consider that approximately 15 percent of our postal employees, in order to support their families, find it necessary to take on other employment. Although the Federal Government is rapidly getting the reputation of nurturing and caring for our citi-

zenry from the cradle to the grave, it is certainly not distinguishing itself as a very benevolent employer—in fact, it does not even meet the standards of humanitarianism that it demands of private industry.

I trust that the Congress will act on these matters promptly, and I urge this committee to give its approval to the recommendations to which I have spoken.

Again, I want to express my appreciation for the opportunity to appear before this distinguished subcommittee and testify on behalf of the postal workers.

Mr. OLSEN. Thank you, Mr. Harsha, we appreciate your testimony very much.

The next witness is Hon. Seymour Halpern.

**STATEMENT OF HON. SEYMOUR HALPERN, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. HALPERN. Mr. Chairman, I would first like to thank you for this opportunity to present to your distinguished committee my views on current bills designed to adjust the rates of basic compensation of certain officers and employees in the Federal Government and to establish a Federal Salary Review Commission. I would also like to express my appreciation to this committee for the excellent work it has done in giving these bills prompt and careful consideration.

Since the establishment of the Federal postal service, responsible civil servants have dedicated themselves to delivering the mail faithfully and promptly. In this country, too many people take such Government services for granted, but if one gives this matter any serious consideration, the importance of the great contribution of our postal workers is readily recognized.

In Europe and Asia, it has traditionally been a great honor to serve the government. In such a climate, the public servant does not have to be greatly concerned with fighting for an equitable salary. But such is not the situation in the United States. While this is the proud land of free enterprise, the services provided by the Government should be accorded the credit they so much deserve. Civil service activities are indeed a vital part of the Nation's commerce and essential to maintain our welfare.

With this in mind, one economic fact of life must be recognized: No matter how dedicated a Federal officer or employee is, if he cannot afford to maintain the same standard of living enjoyed by people outside the Government having ability equal to his own, family obligations may force him to leave the civil service. Today, we are faced with this danger. Postal employees could earn more by entering the private sector of the economy. As it is, 14.2 percent of the postal employees hold extra jobs while continuing to provide excellent public service. The cause of their added burden is precisely the insufficient pay scale now in effect.

I am sure that this committee is well acquainted with the trends of the economy of this Nation. Since the end of World War II, new and better products have appeared on the market, and services have also improved. Consequently, costs have risen. In the private sector, there is a self-corrective mechanism to keep salaries in line with these changes in the cost of living. But in public service industries, changes in

salaries must be legislated and the time to change the pay scale for postal workers is long overdue.

I strongly support proposals to raise the rates of basic compensation for postal workers by 7 percent, and I have registered this support by introducing H.R. 8762. I am convinced that the 3-percent increase recommended by the administration is clearly insufficient and that 7 percent is the only fair increase. As has been pointed out by Jerome Keating, president of the National Association of Letter Carriers, in step 1, the 3-percent increase would provide an annual increase of \$150, or an actual take-home increase, over a 2-week pay period, of less than \$5. This is only a token change, hardly as satisfactory as a 7-percent increase.

I believe that the creation of a Federal Salary Review Commission, as proposed in my bill, is a very fine method of insuring that adequate compensation of Federal employees is maintained. This is an important and forward-looking step. The salary of our civil servants, paid according to the rate established by law, would be regularly and carefully reviewed by a commission created specifically for this purpose. By constantly investigating the existing situation, the Commission will be able to recommend changes in pay scales to keep Government and private salaries on comparable levels.

This change is only equitable. It would seem to be obvious, but it is, nonetheless, desperately needed. It is because of this that I wish to impress upon you, in the strongest possible terms, the great value of giving the Review Commission the power and the responsibility to consider and recommend changes in compensation for Federal employees. This country needs an automatic reminder, a mechanism which insures that our civil servants will not, some time in the future, be subject to the risk of being neglected. This country needs a mechanism which insures the continued attraction of capable, responsible, and dedicated people to public service.

The changes incorporated in H.R. 8762 deserve to be made into law, and I urge that the bill be quickly and favorably reported so that our colleagues in the House may do their part in passing this important bill.

Mr. OLSEN. Thank you, Mr. Halpern.

Without objection, I would like to insert in the record at this point, a newspaper article, letters from the National Society of Federal Engineers, Scientists & Allied Professionals, and a statement from Mr. H. L. Graybeal.

(The newspaper article, letters, and statement follows:)

D.C. TRANSIT EMPLOYEES RATIFY PACT

D.C. Transit Co. workers have approved a 1-year contract providing a 15-cent-an-hour wage increase in four steps and improvements in the pension program.

George W. Apperson, president of Local 689 of the Amalgamated Association of Street Electric Railway & Motor Coach Employees, said the contract was ratified at the Regency Hotel in a standing vote Friday night by about 2,000 of the approximately 2,500 members.

The contract becomes effective November 1. Bus company workers will get a 4-cent-an-hour raise then, similar increases on March 1 and June 1 and 3 cents an hour August 1, raising the top hourly base pay to \$3.16 an hour.

Retired employees will be eligible under the new contract to receive increases in pensions based on percentage increase for working employees.

The new contract also provides early retirement for workers whose age and years of service total 85, an extra day's annual vacation for each year of service after 30, funeral leave for the death of immediate family members and a 10-percent allowance for uniform-cleaning, Apperson said.

The contract covers about 3,000 drivers and other workers for the company.

THE NATIONAL SOCIETY OF FEDERAL ENGINEERS,
SCIENTISTS AND ALLIED PROFESSIONALS,
Washington, D.C., June 28, 1965.

HOUSE COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
House Office Building,
Washington, D.C.

DEAR CONGRESSMEN: Although the National Society of Federal Engineers, Scientists and Allied Professionals (NSFESAP) was not accorded the privilege of appearing at your hearings to testify on Federal pay matters, I take this occasion to record the unalterable opposition of this society to such a paltry increase as 3 percent. It comes no where near establishing comparability with industry pay, particularly in grades GS-11 and above. So, let us either dispel the fiction of "comparability" or enact it as a fact.

NSFESAP fully endorses AFL-CIO Government Employees' Council spokesman John A. McCart's imputed hearing testimony that "3 percent is just not enough."

We further concur with National Society of Professional Engineers' spokesman Paul H. Robbins' imputed statement that "Federal engineers are paid 11 to 15 percent less than their counterparts in industry." These deficiencies are not confined to Federal engineers alone but are applicable to Federal employees in grades GS-11 and above. These are facts borne out by the fifth annual national survey report of professional, administrative, technical and clerical people, February-March 1964, Bulletin 1422, published by Bureau of Labor Statistics, Labor Department.

NSFESAP joins with bar association spokesman Bernard Segal's reported protest against "indefensible frequency of pay adjustment" and urges enactment of increases in Federal pay in proportion to their departure from "comparability" established in BLS Bulletin 1422. Despite rumors to the contrary, money is a matter of interest to professionals, administrative, technical, and clerical peoples in Federal service. We contend that "equal pay for equal work" is common justice and unlike the rain of heaven should fall on GS-grade people in proportion to their responsibilities. Otherwise, the career incentives of Government service are removed and disinterest, mediocrity, and incompetence are encouraged.

Respectfully,

JAMES J. CLIGGETT, *President.*

THE NATIONAL SOCIETY OF FEDERAL ENGINEERS,
SCIENTISTS AND ALLIED PROFESSIONALS,
Washington, D.C., June 28, 1965.

Members of the Postal and Civil Service Committee, the object of this reevaluation of the rate of pay for Federal employees, is to hold the qualified employees within the civil service ranks.

There has been reams of various types of testimony before the House Postal and Civil Service Commission to assist the House Members in drafting a law that will bring the Federal pay scale comparable with the industrial pay scale.

As engineers, scientists and allied professionals, we are compelled by ethics to call your attention to the hard cold facts only.

The only authoritative survey comparing Federal versus industrial pay scale, that we are aware of, is Bulletin 1422 by the Bureau of Labor Statistics. (Cold hard facts not fiction.)

The question your committee members must answer for themselves is, Are you voting for projects that require the best engineers, scientists, and other professionals, if so you must follow the facts as shown in Bulletin 1422. Should you be able to operate the projects with interns and people without years of experience, then you can compromise.

We realize it is almost impossible for you or anyone to find or check out the qualified professionals since the civil service does not see fit to label those that are qualified professionals.

If you have any doubts as to the value of having the proper qualified professional in the proper position; let us suggest that you confer with Senator Young (Ohio) since he has the backup data for his conceptions.

From the testimony before the House committee, you may feel that the Federal Government cannot afford to pay the proper salary. Our only suggestion is that if the Government cannot afford to do a top-notch job, then the only thing to do is to withhold projects. Do not authorize projects since no project is really necessary if you do not have the money for it.

The Federal Government is big business, and should be handled as big business. Big business does not quibble about such trivial matters such as the remuneration of the experienced key personnel when compared with the costs of the projects.

After checking the authorized projects and the projects that you feel will be authorized, does it seem to you that the Federal Government will need professional people with experience? Who do you desire to organize and develop the projects that you authorize? Can the novice handle them or will it take people with years of experience and know-how? Questions such as these can only be answered by Congress.

From what we know, this is no time for a compromise pay adjustment nor a procrastinated pay adjustment, to hold reliable qualified personnel with years of experience. To contract this type of service to private industry, is to pay more for it. Industry must be charging more for the service, otherwise industry could not be offering the civil service employee a larger salary to leave civil service and join private industry.

Trusting that you will see the benefits the Federal Government will derive from following Bulletin 1422, we remain

Yours truly,

EDWARD G. BATTY, P.E.,

Executive Secretary, for the Committee on Salaries and Wages.

PREPARED STATEMENT OF H. L. GRAYBEAL, NATIONAL PRESIDENT, NAVAL CIVILIAN ADMINISTRATORS ASSOCIATION

The Naval Civilian Administrators Association is an organization of top-level civilian administrators representing many of the field activities of the Navy Department, including all of the naval shipyards and several of the naval air stations and naval districts. As supervisors of a large group of civil service employees, we are intimately familiar with the problems of hiring and retaining competent personnel. We recognize the urgency and necessity for an adjustment in the salary structure for Government employees as revealed by the survey conducted by the Bureau of the Budget and the Civil Service Commission.

This association, at its national conference in June 1965, while recognizing the merit of a general salary increase, took the position that the proposed pay increase legislation, as recommended by the President's Advisory Committee on Federal Pay and as submitted to the Congress by the President's message to the House of Representatives and the Senate (H. Docs. 170 and 174), is contrary to the principle that civilian pay rates should be comparable to those in private enterprise for the same level of work.

Although the President's Advisory Panel on Federal Pay recognized the validity of the "comparability principle," it has seen fit to abridge this principle by recommending the basically across-the-board percentage increase. If this recommendation is enacted into law, it will only serve to compound now existing inequities in the Federal salary structure.

We urge that your committee give due consideration and support to the principle of comparability in its deliberations on the proposed pay legislation for Federal employees.

Mr. OLSEN. The committee will stand adjourned until 11 a.m., Tuesday, June 29, 1965.

(Whereupon, at 11:10 a.m., the committee adjourned, to reconvene Tuesday, June 29, 1965.)

FEDERAL EMPLOYEES SALARY ACT OF 1965

TUESDAY, JUNE 29, 1965

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

The subcommittee met, pursuant to adjournment, at 11 a.m., in room 215, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

MR. UDALL. The Subcommittee on Compensation will come to order for the further consideration of the bill H.R. 8207 and related proposals dealing with the subject of compensation.

Before we begin the testimony this morning, I have a number of communications which should go in the record.

The first is a letter dated June 28, 1965, directed to me as chairman and signed by Postmaster General Gronouski. It was prepared in response of my letter of June 11, 1965, requesting cost estimates relating to overtime compensation and other matters. Unless there is an objection, this will be made a part of the record.

(The letter referred to follows:)

OFFICE OF THE POSTMASTER GENERAL,
Washington, D.C., June 28, 1965.

HON. MORRIS K. UDALL,
Chairman, Subcommittee on Compensation of the Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of June 11, 1965, in which you asked for certain data and observations regarding compensating employees for overtime work.

(a) Proposal to pay substitutes time and one-half for all work performed in excess of 8 hours a day. Apart from the fact that this proposal would cost about \$17.4 million, we see no justification for the proposal in terms of equity as between postal employees. At first, it would appear that since we recommended a change in law under which regulars would be paid at time and one-half for work in excess of 8 hours in 1 day as well as for work in excess of 40 hours in 1 week that it would be only fair to provide the same benefit to substitutes. Actually, substitutes have equity with regulars under our recommended overtime plan for substitutes; i.e., after 40 hours in a week. Since regulars are to be scheduled for 5 days a week of 8 hours each, any overtime they work inevitably is overtime after 40. For regulars, then, the requirement of overtime after 8 has meaning only in those rare instances when sometime during the week the employee may have been on leave without pay and worked less than 40 hours in the week but over 8 on a particular day. The cost cited above represents an estimate based on only those substitutes who work 40 hours or less a week but more than 8 in 1 day for some days in their workweek. Over 40 hours in a week for substitutes will run about \$30.1 million if none of our requested additional employees are approved by Congress. The total cost then would be \$47.5 million for this group alone.

(b) Proposal to limit the work of postal employees to 12 hours of work in any 24-hour day. Inasmuch as we have attempted to administratively limit em-

ployees to a maximum employment of 12 hours in any 24 hours a day, we would not oppose the inclusion of such a provision in law. We do believe, however, that the law should recognize and permit emergencies where employment in excess of 12 hours may be necessary.

(c) Combination of proposals (a) and (b). As indicated above we see no basis for paying substitutes at overtime rates for work in excess of 8 hours in a day. On the other hand, we have no objection to the 12 hour limitation if the noted change in the law is also made.

If you wish to discuss these observations further, please call.

Sincerely,

JOHN A. GRONOUSKI,
Postmaster General.

Mr. UDALL. I also have a letter from Mr. Benjamin B. Warsaw, legislative director of the New Jersey Federation of Postal Clerks. He is requesting that a statement prepared by him on these pending bills be inserted in the record. Unless there is an objection, this will be done.

(The statement referred to follows:)

STATEMENT OF BENJAMIN B. WARSAW, LEGISLATIVE DIRECTOR, NEW JERSEY
FEDERATION OF POSTAL CLERKS, AFL-CIO

Mr. Chairman and members of the committee, I appreciate very much the opportunity extended to me by Chairman Morris Udall, through this prepared statement to express to this distinguished committee, our feelings on H.R. 8207 and bills relating to the payment of overtime and increased payment for nightwork in the postal service.

For the record, I am Benjamin B. Warsaw, legislative director of the New Jersey Federation of Postal Clerks, AFL-CIO. Our parent organization, the United Federation of Postal Clerks, is the sole national bargaining representative for the 245,000 clerks employed by the Post Office Department and under the terms of the national agreement with the Post Office Department.

The New Jersey Federation of Postal Clerks, supports the legislative program of our parent organization. The United Federation of Postal Clerks recently testified before this committee in great detail. We therefore have prepared a brief statement.

Postal employees in New Jersey, are very fortunate to have as members of the House Committee on Post Office and Civil Service, Congressman Dominick V. Daniels and Congressman Paul J. Krebs. We commend them for their interest in our behalf. The number of bills they have sponsored for postal employees in this section of Congress, will long be remembered by us. We note with pride, the membership of Congressman Krebs, on this subcommittee.

For many years, postal employees have been praised for their fine production records, loyalty and devotion to their country. These words of praise are always welcome, but the time has come for Congress, to compute these words into compensation, which is long overdue.

In 1962, the Congress, acting as the board of directors, of the country, voted to pay comparability. Almost 3 years has passed, since the signing of this much awaited piece of legislation. We are not near comparability, because the Government has failed to follow its own guidelines for pay adjustments.

Congressman Paul Krebs, recently said "Comparability" is perhaps the most flexible word anyone has used in Washington for some time." The State of New Jersey is also concerned with "comparability" for State employees, but unlike the Federal Government, New Jersey is doing something about it. The New Jersey Civil Service Commission has announced that starting July 5, all career State employees will get a special salary raise of about 5 percent. This will be in addition to the regular 5-percent increase for those still moving up their pay scales. This is what we call real progress.

The Federal Government tells private industry it is all right to grant a 3-percent raise each year. Postal employees, granted an increase in pay July 1964 has been told that the next adjustment in pay will be granted effective January 1, 1966. Gentlemen, this means postal employees must wait 18 months to receive a 3-percent increase. Let the Government tell this to our industrial workers and the plant would be empty in 5 minutes. We should be compensated, not penalized,

because we do not have the right to strike nor do we desire to have the right to strike.

The postal employee today is a very confused person. We read with anxiety what moves the Post Office Department will make next. The threat of loss of jobs due to the sectional center concept, automation, mechanization, and other programs have lowered the morale of employees quite a bit during the past year. It is not easy for an employee of 25 years' service to tell his family that he is being transferred 100 miles or so away from a community he called home.

All Government surveys and reports indicate postal employees need a larger pay adjustment, to be comparable with industry. The latest such report issued by the Bureau of Labor Statistics of the Labor Department dated May 26, 1965, indicates that the United Parcel Service of New York granted a weekly pay increase of \$14.80, this amounts to 37 cents per hour. The Government feels that 7 cents per hour is sufficient.

The New Jersey Federation of Postal Clerks calls upon this committee to reject H.R. 8207 and to give full support to H.R. 8663, providing a 7-percent increase effective January 1, 1965.

The Post Office Department must pay salaries keeping up with the changing times. Economic analysts tell us that in months to come prices on food, clothing, and automobiles will be increased. Many jobs in the post office will require skill to operate mail-sorting machines.

We need a higher wage, if the post office is to have employees capable of keeping up with the expected technical changes. We need a pay adjustment now, not 3 percent, but a raise in keeping up with the intent of the pay reform law, full comparability now, only H.R. 8663 will help us reach that goal.

Postal employees are now in the midst of a long overdue campaign to obtain overtime, long denied us. Many words can be said on this subject. The overtime proposal recently made by the Postmaster General, falls far short of what industry receives. We commend the Postmaster General for making an attempt to eliminate an unheard-of practice in private industry, that of substitute employees working over 40 hours on straight time. The New Jersey Federation of Postal Clerks, favors the several bills introduced calling for time and one-half for Saturday work and double time for Sunday. We feel that the following must be incorporated into any bill, reported out of committee.

1. Present services and work schedules to be maintained on Saturday, Sunday, and holidays.
2. Compensatory time and work schedules cannot be changed to avoid payment of overtime. We go on record as favoring the elimination of compensatory time in the postal service.
3. Regular and substitute employees will receive overtime for all work performed after 8 hours, and because they have used annual leave or sick leave during the pay period, overtime will not be denied.
4. Temporary employees will not be used as a device to deny regular and substitute employees of overtime.

The enactment of a true overtime bill, can be beneficial to postal employees if it is properly administered and interpreted by postal officials.

Another bill of interest to postal employees, is the passage of a 15-percent differential law for nightwork. The present law allows payment of 10 percent for work performed between 6 p.m. and 6 a.m. We would like to see employees paid 15 percent for 8 hours' work, if they work 5 hours or more between 6 p.m. and 6 a.m. The night differential should also apply, when an employee is on annual or sick leave, and this should also apply for holiday pay. The 15-percent proposal should become law, because more and more employees are required to work nights.

The members of this committee, have a difficult task to perform. I am quite sure that after going over all the facts, presented by the various employee organizations, a pay adjustment in accordance, with the provisions and the intent of the pay reform act, will be made. Thank you for this opportunity, for the New Jersey Federation of Postal Clerks, to present this prepared statement.

Mr. UDALL. Our first and only witness this morning is the Honorable John W. Macy, Jr., Chairman of the Civil Service Commission.

We have customarily invited you to be the one to follow all the other employees and public witnesses. We welcome your comments

on the suggestions and arguments we have heard in the last 2 or 3 weeks as well as any final suggestions that you might have. We are happy to hear you this morning in any fashion you suggest.

Do you have a prepared statement?

STATEMENT OF JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION

Mr. MACY. I do not.

I will take time to summarize some of the issues that have been developed since my previous testimony on June 1. I am prepared to do that if that is agreeable with you.

Mr. UDALL. I think this would probably be the most helpful procedure for the subcommittee this morning. You may begin your comments. When you are finished, I am sure that the members will have questions.

Mr. MACY. Thank you very much.

I have followed with a great deal of interest the hearings that have been conducted under your chairmanship. You have received testimony from representatives of groups and organizations that have a keen interest in this legislation. There have been a number of bills introduced which have dealt with the fundamental salary and compensation structure issues that are involved in the original bill which you introduced. There are a number of issues on which I would like to comment briefly.

First, it appears to me that the principal issue that has been brought out in controversy during these hearings relates to the size of the adjustment proposed and to the effective date of that adjustment.

I would like to reiterate for the record the recommendations of the President in his pay message of May 12, 1965, which you have already included in the record, are the basic provisions of the administration's position.

The President's proposal calls for an adjustment of 3 percent for the four statutory salary schedules which were enacted by the Salary Reform Act of 1964. This admittedly is not a catchup proposal in order to bring all of these schedules into line with the comparability objectives. It is an interim adjustment. It is designed to offset the increase in the marketplace for private salaries between 1963 and 1964, as shown by the latest Bureau of Labor Statistics report.

Congress took the 1963 BLS report into account in enacting the 1964 statute and based the existing schedules on that knowledge. The latest Bureau of Labor Statistics report reflecting the February-March salaries in 1964, published in November 1964, showed an average increase in private enterprise salaries of 3 percent. A 1965 increase of 3 percent would continue exactly the same relationship between Federal and private enterprise salaries that Congress established in 1964. Current salaries and relationships to private firm rates are developed by Congress in the extensive 2-year consideration of President Kennedy's recommendations with respect to comparability as they were submitted in 1963.

It is appropriate to recall that President Kennedy's recommendations of 1963 included a GS-18 rate of \$25,500 and a minimum GS-1 rate of \$3,305. When the statute was finally enacted and signed on August 14, 1964, the rates had been altered. The top rated had been cut back \$1,000 and the minimum rate had been raised \$80.

So the position of the administration, Mr. Chairman, is that the 3 percent represents a continuation of the salary structure as adopted by the Congress in 1964 based on the knowledge of the 1963 rates and perpetuates that for a year by applying the difference between 1963 and 1964 as revealed in the survey.

There has also been some discussion of the effective date of the adjustment. The President's recommendations called for an effective date on January 1, 1966. This is proposed, as Mr. Staats testified, to hold the cost within the amounts already included in the President's budget. While this constitutes a further delay in applying the rates, it is necessary in view of the budgetary situation.

The gap between the so-called comparability level as revealed by the BLS study and the administration proposal of 3 percent amounts, as I testified previously, to about a half a percent at the GS-3 to GS-5 level. It increases up to about 7 percent at GS-13 and above.

I think it is important to recognize, in thinking about the effective date and the amount, that there have been three increases for Federal employees since the enactment of the original comparability principle. In October 1962, there was an increase as of the date the act was signed; a second phase under that act as of January 1, 1964, and under the 1964 statute, a further adjustment as of July 1, 1964.

The closing of the gap is costly. It is necessary for us to bear in mind that cost. The Bureau of the Budget has estimated that the three adjustments that I have just described amount to \$1.8 billion in annual civilian payroll during the 1962-64 period. This would not include the increases that are proposed under the present legislative bills.

There has been some fear expressed in the hearings that a deferment of the effective date to January 1, 1966, would preclude further increases in 1966, no matter what the 1965 BLS surveys, which will be available in November 1965, would reveal.

I want to make it very clear that such is not the purpose of the January 1, 1966, effective date. This date was set to put both military and civilian adjustments effective on the same date.

It also should be borne in mind that in applying the President's proposal there would be a regular submission starting in 1966 on the basis of annual review.

With respect to the amount of the increase, there has been a good deal of publicity about certain bills that would call for an increase of about 7 percent and that 7 percent would represent a full comparability increase. I think it is very important we take a look at just what the conditions provided by those bills really are.

H.R. 8663 provides the most appropriate example. The rates proposed do not represent comparability. They are well above the 1964 comparability at the lower levels, about 1964 comparability in the middle levels and far below the 1964 comparability rates in the higher

grades. Full comparability schedules, based upon the Bureau of Labor Statistics 1964 study, are set forth, Mr. Chairman, in House Report 174 in appendix B, which starts on page 15. That represents the scale that would be the translation of the Bureau of Labor Statistics' data on a comparability basis into the schedules in the four statutory systems.

The bills such as H.R. 8663 do not really provide a 7-percent general increase. They provide about 7 percent at the first 5 or 6 grades and then taper gradually to very slightly over 3 percent at the top 4 or 5 grades. In other words, this legislation would further distort and eschew the comparability application in the schedules. It would mean that the lower levels would be farther ahead on comparability whereas the middle and upper levels would tend to continue to lag.

These bills are not based solidly on fact. Lower grade salaries are apparently based on some kind of a projection with respect to data that is not available as yet and will not be for a good many months. It seems to me it is fundamentally dangerous to adopt a pattern of projecting what the economy is going to show. Our economy is still too volatile to permit such a projection. The rates themselves in these bills are somewhat higher than even a reasonably calculated projection because they show 3½ percent above the present rates at GS-3 through GS-5 that would be necessary to bring it to the 1965 private level. All that would appear to be appropriate if such a projection would be 3 percent.

Even basing a projection on an approximately 3-percent increase for clerical positions in locations for which BLS has released 1961-65 locality surveys would reflect only movements of clerical salaries. The survey is not complete until the professional and administrative salaries are also studied by the Bureau of Labor Statistics.

You may feel it is inappropriate to be so concerned about the basic costs as long as we are endeavoring to seek comparability. I think all of us in the executive branch, as well as the Congress, need to recognize that the size of the Federal Establishment, and the level of salaries being paid produces an increase, an annual increase of about \$135 million for every 1 percent that is added to the Federal pay structure.

Mr. Chairman, you asked that I provide at this hearing some additional information with respect to costs. I am pleased to do that.

Making a comparison between H.R. 8207 and H.R. 8663, I find for the Classification Act, the first bill would cost on an annual basis \$267 million, whereas the second bill would cost \$176 million.

Mr. UDALL. If I may interrupt.

I hope you would have a schedule of the cost of all these proposals that have been made for the record.

Mr. MACY. I have such a schedule here.

Mr. UDALL. Could we have that passed out to the members so they could follow you?

Unless there is objection, this table will be inserted in the record at this point.

(The table referred to follows:)

Estimate of annual costs of principal civilian pay proposals

[In millions of dollars]

Subject	Admin- istration pro- posals	Additional costs of other proposals				Total cost with other pro- posals added
		H. R. 8663 and 9030 (Olsen) and other identical bills	H. R. 9270 (Hanley) (over costs of H. R. 8663, etc.)	H. R. 2798 (Danicis) and other identical bills	H. R. 9241 (Clevenger) and other bills	
1. Salary adjustment bills:						
Adjustment of schedules.....	406	366.0	29			801
Classification Act.....	267	209.0				
Postal Field Service.....	127	151.0	29			
Foreign Service-VA medical.....	12	6.0				
Other postal provisions.....		60.0	52			112
Basing within-level rate on total service.....		60.0				
Special delivery equipment allowance.....		.4				
Annual within-level ad- vancement to all rates of level.....			60			
Senior-junior adjustment of within-level rates.....			2			
2. Severance pay.....	50					50
3. Moving expenses.....	22					22
4. Postal special pay.....					(1) (2)	
Overtime pay for work beyond 40 hours, for substitutes, and for supervisors.....	58					58
Premium pay for any weekend work, double time for Sun- days and holidays, overtime over 8 hours for substitutes, etc.....				265		265
Total costs.....	536	426.0	81	265	(1) (2)	1,308

¹ Not included are a number of bills affecting the postal service which would, for example, increase night shift pay, clothing allowance, of PFS levels of certain groups.

² H. R. 9241 (and other bills) would extend to the Federal Employees Pay Act liberalized premium pay provisions similar to postal provisions in H. R. 2798. This bill would affect most Federal employees other than those under the wage board and postal pay systems. It is almost impossible to estimate the total costs of this bill because of inability to determine the amounts of overtime and the hours worked in abnormal workweeks by the employees concerned. A guess is that the additional figure for overtime and other premium pay could run from \$50,000,000 to \$100,000,000 per year since close to \$400,000,000 is now expended for these types of pay for both Classification Act and wage board employees together. Furthermore, sec. 7 of the bill would include bonuses, allowances, overtime, night differential, Sunday and holiday pay, and other forms of compensation (all of which are now excluded) in addition to base pay as basic salary for purposes of the Civil Service Retirement Act. The addition of these items, currently amounting to an estimated \$500,000,000 per year, would require additional appropriations of at least \$32,500,000 per year and would add \$1,125,000,000 to the unfunded liability of the retirement system.

Mr. MACY. The vertical column cited as "Administration proposals" shows on the first line under "Salary adjustment bills," the gross cost under the administration program of \$406 million. It shows the figure I just cited of \$267 million for the Classification Act. It shows \$127 million for the postal field service and \$12 million for the Foreign Service and the VA medical.

If you move your eye to the right, H.R. 8663 would produce an addition on those figures of the amounts indicated. The gross increment would be \$366 million broken down by an increase of \$209 million for the Classification Act, an increase of \$151 million for the postal field service and of \$6 million for the Foreign Service and the VA medical.

While I am on this table, let me explain the other features of it.

If you carry down the first column on the left, you will see that just below the figures that have been read are other postal provisions which are incorporated in H.R. 8663 and in H.R. 9270, and you will see in the first instance the total add-on is \$60 million, and the addition under the second bill is a further \$52 million, or an increase of \$112 million in both bills.

The second item on severance pay is \$50 million, and that is a provision on which there is complete unanimity. There is no increase in the subsequent bills.

The moving expense bill is No. 3, \$22 million, and that appears only in the administration column.

The postal special pay is item 4. In the administration proposal for overtime pay for work beyond 40 hours, the amount is \$58 million. That is the same in the other bills, but in H.R. 2798 the premium pay proposals would increase the cost \$265 million.

Leaving the cost, Mr. Chairman, I would like to speak briefly about the improvements in pay adjustment procedures which are in the President's program, and which have been discussed in the hearing subsequent to my earlier appearance.

I believe it would be helpful to clarify certain features of those procedures on which there has been some misunderstanding perhaps due to a lack of clarity in my earlier presentation.

Under these proposals, there would be, first of all, on an annual basis action by the President where he would recommend adjustment of statutory career schedules if necessary to reflect the rise in outside pay levels. Recommendations would have to go to the Congress by January 31 of each year and those recommendations would become effective by March 31 after 60 calendar days of continuous session, unless Congress, by resolution, expressed disapproval.

The second feature is a quadrennial adjustment action. That would call for the creation of a Federal Salary Review Commission which would report to the President on two separate subjects. The President would send recommendations to the Congress by March 31 of the year following the study by the Commission and the two subjects would follow somewhat different routes in the Congress.

Pay rates would be recommended for Congress, the judiciary, and for Federal executives to become effective in the first pay period after July 1, unless either House by resolution expressed disapproval. This procedure is like the one proposed for annual adjustment, for the statutory salary schedules.

The second subject covered by the Commission would relate to the structure and relationships of the salary systems. Those recommendations would be submitted by the President and would follow the normal legislative procedure just as pay proposals do at the present time. These are the two separate groups that would be based on this quadrennial review.

These procedures are proposed as a means of simplifying and expediting salary adjustments.

It would permit the action by the Executive in keeping with policies set by the Congress to come forward and be acted upon in a facilitated fashion. It would facilitate the application of the comparability principle. It would create an adjustment rhythm, if you will, that

would permit a reduction in the timelag and would permit the establishment of a regular cycle for annual salary review.

As an assurance of conformance with the comparability principle, the President's proposals would be required by January 31 and would take effect 60 days later unless there was disapproval. There would be no provision in the proposed procedures for delay, or postponing the effective date. The action is included in the procedures proposed.

If Congress ever thought that the President had been influenced by considerations other than non-Federal pay movement, they could of course initiate their own salary adjustment proposals outside of, or separate from, those offered by the President.

There appeared to be in one of the hearings some misunderstanding as to whether this system would apply to the wage board group. It is clearly not the intent that this procedure apply to the wage board group. That has been a system that has existed since 1862. I believe it operates properly. It customarily provides for an annual review and annual wage setting within the executive branch.

Under these procedures, the Congress would retain full control of Federal salaries. They could prevent annual salary adjustments from taking effect by a resolution from either House; changes in structure, or policy, or relationships would follow the full legislative procedures with hearings such as these and others that we have had in the past. At any time, just as at the present, Members of Congress could introduce pay bills into the normal legislative process and proposed new procedures would not foreclose consideration even of annual adjustments different from those recommended by the President. It would prescribe a procedure where the President's recommendations, based upon the policy set by the Congress, and based upon the comparability measurement procedures, would come before the Congress.

The third topic I would like to quickly touch upon is that of the acceptable level of competence. That provision was mentioned in the course of the hearings by some of the witnesses. I do not wish by silence to indicate I concur in the testimony offered by the union representatives advocating repeal of this provision.

The position of the administration is that this was a very desirable reform that was provided in the 1962 statute and should be continued. I do not have any evidence that there has been prejudice, or abuse, in the administration of this particular provision. In fact, my concern is just the reverse.

I feel there have actually been far too few cases where withholding would have appeared to have been justified. In a sample of a large number of Federal personnel actions, we have found that the experience has been that less than 1 percent of these actions have been withheld.

Actually, about 7 out of every 1,000 have been withheld. It is the testimony of management within the Federal service that this device has produced better work from many persons who were warned an increase might be withheld if performance did not improve. Similar salary advancement plans are followed in private firms generally for white-collar jobs. In very few instances do you find in private enterprise the use of a system that provides an increase in salary on the basis of length of service without a clear demonstration of competence.

Finally Mr. Chairman there has been some discussion as to just what the definition of comparability is in the 1862 statute, and what provisions are called for in measuring comparability. I think it is important to recall that the statute prescribes the policy of Federal salary rates comparable with private enterprise rates for the same work levels and also a policy of equal pay for substantially equal work and pay distinctions in keeping with work and performance distinctions; consequently, comparability is between Federal and private enterprise pay for given work levels; that is, work, of corresponding difficulty and responsibility, and not a fixing of different Federal salaries, occupation by occupation.

The intervals between salary ranges for successive Federal grades are regularized to provide appropriate pay distinctions for differences in responsibilities and difficulties. It is important to remember that Federal schedules that are under consideration are nationwide schedules, therefore, comparisons need to be on the basis of national average salaries, not a comparison with certain isolated occupations or locations where there are particularly high, or particularly low, salary levels.

BLS survey findings now represent salaries paid by all employers in major industries readily surveyable in establishments with at least 250 workers in 80 standard metropolitan statistical areas; coverage is being made more representative by extending the survey to somewhat smaller establishments in some industries and to the Nation generally rather than only standard metropolitan statistical areas.

All Classification Act types of occupations that are susceptible to survey and comparison are included; however, we are continuing our research to see if there are additional occupations that can be measured. We have an awareness of the importance in terms of equity to employees and in terms of cost to the Government that this system be as exact and as refined as possible. We will be continuing that research through the years. If we find from that research that there needs to be some basic changes in policy or in structure, those would come before you as a part of the quadrennial review.

In the administration plan there is a proposal that a provision be provided, or offered, to permit the inclusion of State and local government and nonprofit salaries. This is intended to give a further assurance that Federal pay is appropriately related to rates for the same level of work throughout the country. It is important to know where the Federal Government stands in these relationships.

Mr. Chairman, let me in conclusion reiterate, as I invite your questions, that it is the objective of the administration to meet the standards of a good employer as set forth in the President's statement of May 12.

It is the objective of the administration to support a third phase in a continuing salary reform that started in 1962 which was extended in 1964, and which is still incomplete. The provisions for new procedures are designed to make this system function more effectively. The adjustment is proposed in order to sustain the schedule that was developed in 1964 prior to a further quadrennial review.

It is my recommendation that the committee favorably consider the proposals that are embodied in your bill, Mr. Chairman, H.R. 8207, and that action be taken as quickly as possible.

Thank you very much.

Mr. UDALL. Thank you, Mr. Macy.

You have always been very helpful to us. I know a number of my colleagues are straining at the leash to ask penetrating questions.

I want to be as fair as possible in dividing up the time. I was disappointed we did not have a 2-hour session so we could have a more adequate opportunity for questions and exchange views. We have so many members here that I am probably going to violate the committee rule. In the interest of fairness I will divide the 28 remaining minutes into 4-minute segments.

I will start with my 4 minutes.

I think there has been considerable vying among the employee groups to formulate a proposal which would let the members of the Federal family come in and argue for more money and a different allocation of finances. We have had a great deal of help. These organizations have pinpointed what they consider the inadequacies and defects in the proposals before us. I think these hearings have laid the groundwork for better intelligent consideration of the various proposals.

When all the requests are made, we, the fathers of this Federal family, have to sit down and add up the bill. The total which you have presented comes to \$1.3 billion as against the original proposal of \$536 million.

There is a serious question, that I am not going to raise at this time, of whether your estimate is low. Mr. Johnson and I have attempted to discover whether this last item over at the right on the table actually includes both postal and classified pay for Saturday, Sunday, time and a half, and triple time.

Mr. MACY. Let me hasten to add with respect to H.R. 9241, which extends the same benefits proposed for postal employees to classified, we were unable to come up with any estimate. You are absolutely right, this is a minimum figure and the chances are there will be \$200 million or more added to the \$1,308 million that is the total cost of all proposals.

Mr. UDALL. I have a serious question of whether the Members of the House or the administration, in line with the 1962 or 1964 pay raises, would stand for all these proposals being enacted this year. We are probably going to have to do some picking and choosing to decide which adjustments will be the necessary ones to carry out.

I am more than ever convinced that an automatic annual adjustment procedure of some kind is the answer. We are eventually going to establish it. Although this idea probably represents the minority point of view, my belief is strengthened by what has been said here in these hearings.

Many of the employee groups have come in and said, "We do not have comparability. We want full comparability." Yet many of these same groups object to a procedure which would give comparability every year without going through the agony, expense, and difficulty of haggling over particular proposals.

These groups do make two objections to the administration's annual adjustment procedure which I think have at least some merit. The first is that the employees do not participate. The groups point out that the wage board relied upon a precedent that the employee groups are consulted and do participate.

The second objection is that these comparability adjustments are not automatic. They are at the discretion of the Executive. The

Executive may grant any, all, or none of the proposals that come forward from the Civil Service Commission and the Bureau of Labor Statistics.

I do not have any time left.

Mr. MORRISON. I will yield you my 4 minutes.

Mr. UDALL. I thank the gentleman. He is one of the most generous, kind, and able members of the committee.

I would like to see one last great pay fight that will achieve full comparability every year. A suggestion I throw out to you and to the administration is that we change your annual review to one in which the employee organizations participate. They have a right to be heard and to participate.

Secondly, we would require that when these adjustments are determined in the annual review of what is necessary in each and every grade to reach comparability we should close the comparability gap by one-third in every year. Effective in January 1966 we would give the employees one-third of the difference. We would provide that on January 1, 1967, we move them up to within one-half of that gap remaining. In the third year, January 1, 1968, we would reach full comparability in all grades. Each year thereafter the President would be required, when he submits this report, to fix full comparability in each and every grade so that we would have an automatic machinery based on the very successful wage board principle. Never again, unless Congress wanted to reopen this whole thing and have pay hearings, would we ever need to have these annual fights.

I do not have too much time left.

Mr. MACY. Let me respond.

On your first point, there is a provision in the 1962 act in section 503 which calls for consultation with the employee organizations. Let me read that.

Mr. UDALL. I have it here.

Mr. MACY. If the belief is that language is not sufficiently binding, why certainly we would be interested in discussing what modifications might be called for. Clearly it was the intent of Congress in 1962 that that language bind the executive branch, the Budget Bureau, and the Civil Service Commission to consult with employee organization representatives prior to submitting the joint report to the President.

The joint reports that have been submitted in the years past since the act was approved have included in full the comments of the employee groups so the President has had the benefit of their consultation in rather detailed statements.

My feeling is that this is a change we would certainly be willing to study further, but it is the intent as the law stands and the administrative practice as it is now pursued to seek such consultation.

On your second point, I think further consideration needs to be directed to it. I would be inclined to support action that would liquidate the gap over a period of time as we are further refining the system and improving the system, and that if we are able to do that, then move into a regular system where the President would submit a proposal based upon the study of comparability each session on a fixed count.

The only reservation would be that we cannot foresee all the conditions that would face us in the future and there might very well

be conditions in the fiscal picture of the Federal Government that would call for some change.

Mr. UDALL. Let me make this final comment.

Mr. MATSUNAGA. I yield to the gentleman 2 minutes.

Mr. UDALL. My proposal would reverse the situation.

Right now we are going to have a comparability gap until and unless Congress acts. Under my proposal, we would have full comparability every year in every grade unless Congress exercised a veto power. So in the types of emergency you are talking about—a war, a great depression—if we did not have the money to reach comparability, Congress could step in and say, "We are not going to make up the gap this year." I am glad to hear you do not reject this completely and that it has some possibility.

Mr. MACY. I would like to work with you to see if we could not develop something along this line.

Mr. UDALL. My proposal would insure that the gap would never get any worse and in three installments we would close it. If we are 3 percent behind now, we would close 1 percent next year, half of what is left the next year, and close the gap entirely the third year. For every year thereafter there would be no gap.

I think this is something that requires more study than we can give this year, but this is the kind of thinking I have been doing.

Mr. MACY. I would certainly agree to that.

It seems to me this is also the type of procedure that ought to come before the Salary Review Commission in a quadrennial review.

Mr. POOL. I will yield my time to Mr. Olsen.

Mr. CORBETT. Mr. Chairman, I am very interested in your proposal to establish paradise so far as salary legislation is concerned in harmony with the Great Society, and it would allow us then to just quarrel over fringe benefits.

How would the gentleman—and I would like to also ask Mr. Macy an allied question—in all of this which may be good, or medium, I have been very interested in a lot of fringe benefits regarding retirement, health, hospitalization, and the like.

What has happened to them?

First, what would happen to them under your proposal? Are they going to count as part of the compensation or not?

Mr. UDALL. No.

I would propose that Congress set the policy of comparability. We should do that in one decision which is permanent. Not having to haggle over comparability every year, we would have additional time to devote our efforts to fringe benefits and to the overall system.

Mr. CORBETT. You are saying comparability then only has to do with salary and not fringe benefits?

Mr. UDALL. I would not think that entirely true, but they would make the determination. The President would submit it and it would go into effect unless Congress vetoed. If we felt the administration had made the wrong calculations and were not giving proper credit for fringe benefits, we could spend our time adjusting the fringe benefits.

Mr. CORBETT. Let me ask the gentleman if fringe benefits count in determining what a steelworker makes, his compensation?

Mr. MACY. Well, the steelworkers in their negotiations with the steel industry include total compensation in their negotiations. Of course,

those are for the most part jobs that are in the blue-collar area and do not provide a basis of comparison for the types of positions we are talking about here.

On your point on fringe benefits, I feel that it is very important that we increasingly consider total compensation for Federal employees in any kind of liberalization, or improvement, that we are seeking. I think that part of our difficulty in the past has been, we have looked at retirement as a separate issue, we have looked at insurance as a separate issue, we have looked at other benefit programs separately from each other and separate from compensation.

Mr. CORBETT. This makes the problem much more complex of course of determining what comparability is?

Mr. MACY. In answer to your question, the comparability that is dealt with in this proposal, and which is covered in the Bureau of Labor Statistics survey, is merely base pay. It does not include comparability on fringe benefits.

Mr. CORBETT. May I ask further if there is any administration policy for the balance of this calendar year to propose any improvements in fringe benefits?

Mr. MACY. The administration has an internal group reviewing the total military and civilian retirement and insurance program and they will not report to the President until December 1.

Mr. CORBETT. Well, thank you very much. That is what I wanted to bring out—nowhere in this setup are we concerned with anything but salaries.

Is there anything concerned with the Chairman's future plan that would have to do with fringe benefits?

Mr. UDALL. No.

Mr. OLSEN. Mr. Macy, on this question of acceptable level of competence, the Commission and yourself have testified that the Commission is opposed to the elimination of acceptable level of competence that got in the bill in 1962.

Mr. MACY. That is correct.

We strongly support the provision that is in the 1962 statute, and oppose its repeal.

Mr. OLSEN. Has the Commission ever defined acceptable level of competence?

Mr. MACY. The Commission has set up standards for this, and the agencies have applied them in terms of individual jobs.

Mr. OLSEN. How did you publish this definition?

Mr. MACY. These were distributed to the agencies through the regular Commission circulars. There were extensive training sessions on using it with the department and agency heads.

Mr. OLSEN. Now, then, before the 1962 Salary Reform Act, the within-grade increase was based on satisfactory, or unsatisfactory, performance; is that not right?

Mr. MACY. That is correct.

Mr. OLSEN. And the employee had an opportunity to appeal an unsatisfactory rating, not only to his agency, but also to the Civil Service Commission?

Mr. MACY. That is correct.

Mr. OLSEN. Under the new procedure, is the employee denied this opportunity to appeal from the alleged failure of acceptable level of competence?

Mr. MACY. Under the present system, the action to withhold the within-grade increase is subject to review, but it is not covered by the regular appeals procedure on the grounds that it is the Commission's view this does not constitute an adverse action under the definition of such actions in the statute and regulations.

Mr. OLSEN. So in 1962, by this provision of acceptable level of competence, the employees actually lost some rights of appeal to the Commission?

Mr. MACY. No; they did not. There was a new system set up which required that the individual achieve acceptable level of competence before receiving an increase in salary. There is no adverse action because the individual did not lose salary. It was withheld.

As I indicated earlier, we have found this has been quite salutary as a warning to an employee and has resulted, in the few cases where it has been used, in improved performance on the part of the employee. We feel—

Mr. OLSEN. Previous to 1962 what did you consider if an employee appealed—

Mr. MACY. We feel an unsatisfactory rating is quite different. An individual with an unsatisfactory rating is one who should be dismissed, whereas, under the pre-1962 arrangement, under the Performance Rating Act, if an individual was rated as unsatisfactory he had an appeal on that action to his agency and to the Civil Service Commission under the provisions of that statute.

It is the view of the Commission that the provisions of the Salary Reform Act of 1962 in setting up the acceptable standard of competence is not of the same nature as an unsatisfactory performance rating, which would result in the employee's dismissal. Dismissal is not involved. It is not a disciplinary action.

This is a standard setting process by a Government that calls for an acceptable performance standard, but our view is, there is quite a distinction between unsatisfactory service and the acceptable standard of performance.

Mr. OLSEN. Prior to 1962, did an employee get his increases in pay unless he was found unsatisfactory?

Mr. MACY. Yes.

Mr. UDALL. The time of the gentleman has expired.

The gentleman from Hawaii has 2 minutes.

Mr. MATSUNAGA. In speaking of comparability, Mr. Chairman, comparability to me would mean equity. Equity to me would mean not allowing a Federal agency to do what we would not allow private industry to do.

I refer specifically to working our Federal employees, as in the Postal Department, in excess of 8 hours a day and not paying overtime, or allowing Federal employees to work on Sundays and Saturdays without any additional compensation.

Now, the biggest objection to the proposal to treat them as we would in private industry is that this would cost too much. Now, what is the view of the administration on this?

Mr. MACY. The view of the administration has been in support of the legislative action on overtime to put postal employees on the same basis as other Federal employees. This is the provision in the President's plan.

Mr. MATSUNAGA. But we just received a letter from the Postmaster General protesting that the cost would be too much.

Mr. MACY. He is referring to the provisions for weekend work and double time and the other provisions which would come to \$265 million more than the administration proposal, which calls for overtime work beyond 40 hours for substitutes and for supervisors.

Mr. BROTHILL. I yield my time to the gentleman from Kansas.

Mr. ELLSWORTH. I want to say first of all, Mr. Macy, that I have, and I know the committee have very much appreciated your fine testimony this morning. You are always a good witness, and this morning was no exception. There was very helpful and effective testimony this morning.

Mr. MACY. Thank you.

Mr. ELLSWORTH. I have a couple of short questions about items that concern me.

One thing that concerns me is this question of the difference between various levels of income, the different effects of a lag in comparability. In other words, if your income is quite low, if you are down in one of the lower classifications and you are not up to snuff on comparability, the effect on you from a human family standpoint, it seems to me, is a whole lot more than if you are lagging behind full comparability and your income is in one of the upper levels.

That question comes into play when you are talking about effective dates. It comes into effect when you give consideration to the chairman's very fine proposal for bringing comparability up by stages to within a third, a half, and so forth.

Do you not think that this is something that the Congress and the administration ought to take into account when determining such things as effective dates and determining such proposals as the chairman has made this morning and other specific issues that come up?

Mr. MACY. My view is that the Congress has taken that into consideration in both the 1962 and 1964 act. I believe that any further extra increase in the lower levels would just further distort what we are trying to do in having comparability all the way along the line.

What you inject in this discussion is a consideration of standard of living and patterns of living. What the Congress is trying to do in establishing comparability is to set rates in accordance with the marketplace so that jobs in the Federal service are compensated at the same level as similar jobs in the private sector.

Mr. ELLSWORTH. That is true, but, of course, the testimony has been uncontroverted that the administration's proposal would undoubtedly leave everyone lagging behind current comparability, and my thought is that lag has a whole lot more effect on a low-rated employee and his family than it does on employees and families at higher levels.

Mr. MACY. As I say, I think the present scale as it stands now places comparability at the lower end of the scale in 1963, the middle of the scale at 1962, and the upper end of the scale in 1961.

This is a reflection of the very thing you are calling for. The administration is saying, let's leave that the way it is and give everyone 3 percent.

Mr. ELLSWORTH. The other question I have: You placed a lot of reliance on the budgetary effect of these pay increases and I just wonder if we ought not be entitled to take account of the absorption of

this effect which I know the executive branch has been very efficient at doing—absorbing the cost of these things.

I read in the paper the other day where a very substantial percentage—36 percent—of the last pay raise had been absorbed. Do you not think we are entitled to take account of that if you are going to rely so heavily on budgetary considerations?

Mr. MACY. I think this is a factor. Certainly the executive branch will continue to try to absorb as much as possible, but I think if we are going to get on an annual basis, it is going to be increasingly difficult to absorb a significant amount each year, and I do feel that in fairness to the taxpayers who will have to pay for this, we ought to know what the total gross cost is before action is taken.

Mr. UDALL. I just want to say we have had very diligent attendance on the part of the members of my subcommittee. The man who has been the most diligent of all is the gentleman from New Jersey. He is always at the tail end of the questioning, and I recognize him for the remaining time.

Mr. KREBS. Thank you very much. I have only a few questions.

I may be mistaken. Did I understand you correctly when you said this was the third phase in a three-phase program?

Mr. MACY. I said it was the third phase in a salary reform program.

Mr. KREBS. 1962, 1964, and 1966 should be the three steps?

Mr. MACY. No.

I am saying this is the bill of 1965, which is the third phase. I was talking not so much in terms of the specific dollar adjustments as I was to the establishment of policies and procedures for carrying out policies.

Mr. KREBS. What you did say also, unless I misunderstood, was that the 3 percent proposal would maintain the same relationships in comparability as existed in 1964.

Mr. MACY. That is right.

Mr. KREBS. That means that we are recognizing right now that the 3 percent is inadequate to eliminate the inequities?

Mr. MACY. I indicated this would not constitute a catchup, but would sustain the same schedule that the Congress enacted in 1964, plus the difference between the comparability in 1963 and the comparability in 1964.

Mr. KREBS. All right.

Do you believe it would be attempting to achieve comparability to continue paying regular employees time and a half for work performed after 8 hours in 1 day and not giving the same to substitutes?

You are going halfway in giving substitutes time and a half after 40 hours, but why the distinction between regular employees and substitutes on this overtime after 8 hours in a day?

Mr. MACY. The belief was this was the primary inequity, and there was need to correct this at this time to bring the substitutes in line with the regular policy.

Mr. KREBS. You recognize it really does not accomplish the purpose?

Mr. MACY. It accomplishes the purpose of bringing this particular group into receiving overtime pay of time and a half after 40 hours.

Mr. KREBS. Do you think you can determine comparability by leaving the fringe benefits out?

Mr. MACY. Yes; I think we are talking about base pay. We are comparing Government base pay with private enterprise base pay.

Mr. KREBS. Private enterprise usually says, there are usually x dollars available for increases, you can have it in cents per hour and partly in improvements in your insurance program. This is a real part of a worker's earnings.

I do not think anyone can seriously contend that you can accomplish comparability and ignore this.

Mr. MACY. I would agree that ultimately we should get to a comparison of gross compensation. However, it is extremely difficult to make comparisons on various items of fringe benefits. In the meantime, we feel that we are applying the best possible measure of comparability in utilizing base pay, that in most of the white-collar jobs we are dealing with here this is the principal factor of compensation.

Mr. KREBS. You said 1 percent increase equaled about \$135 million per year.

Mr. MACY. That is correct.

Mr. KREBS. And if you do not relate it to anything, that sounds like a tremendous amount of money, but when you relate it to 560,000 postal workers alone, it shrinks in significance. I think it comes to something like \$10 a year per person.

Mr. MACY. I am talking about 1.7 million employees, not just the postal employees, but all those covered by the four systems.

Mr. KREBS. So it would be five times that, \$5 per year per person, which is not a lot of money in terms of the full amount.

Mr. MACY. I think that is true. I think we also need to recognize the magnitude of this in gross because of the size of the employment we are dealing with.

Mr. UDALL. The gentleman's time has expired.

This concludes our hearings this morning. Thank you, Mr. Macy.

The subcommittee stands adjourned, subject to the call of the Chair.

(Whereupon, at 12:05 p.m., the committee adjourned, subject to the call of the Chair.)

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