

"(d) Section 1902 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d) Whenever any State desires a modification of the State plan for medical assistance so as to reduce the scope or extent of the care and services provided as medical assistance under such plan, or to terminate any of such care and services, the Secretary shall, upon application of the State, approve any such modification if the Governor of such State certifies to the Secretary that—

"(1) the average quarterly amount of non-Federal funds expended in providing medical assistance under the plan for any consecutive four-quarter period after the quarter in which such modification takes effect will not be less than the average quarterly amount of such funds expended in providing such assistance for the four-quarter period which immediately precedes the quarter in which such modification is to become effective,

"(2) the State is fully complying with the provisions of its State plan (relating to control of utilization and costs of services) which are included therein pursuant to the requirements of subsection (a) (30), and

"(3) the modification is not made for the purpose of increasing the standard or other formula for determining payments for those types of care or services which, after such modification, are provided under the State plan,

and if the Secretary finds that the State is complying with the provisions of its State plan referred to in clause (2); except that nothing in this subsection shall be construed to authorize any modification in the State plan of any State which would terminate the care or services required to be included pursuant to subsection (a) (13). Any increase in the formula or other standard for determining payments for those types of care or services which, after such modification, are provided under the State plan shall be made only after approval thereof by the Secretary."

The SPEAKER. Is there objection to the request of the gentleman from Arkansas (Mr. MILLS)?

Mr. BYRNES of Wisconsin. Mr. Speaker, reserving the right to object, I do not intend to continue the objection except for the purpose of asking the gentleman from Arkansas to make an explanation of the Senate amendment, and then be able to answer any inquiries that other Members of the House may have with respect to the amendment to the legislation, and I yield to the gentleman from Arkansas.

Mr. MILLS. I thank the gentleman for yielding.

Mr. Speaker, the provisions of H.R. 5833 as it passed the House were not changed in any way. The Senate amended the bill by adding three amendments to title XIX of the Social Security Act which provides grants to the States for medical assistance programs.

The first of these amendments would suspend the application of section 1903(e) of the act which requires the States to have in operation comprehensive medical assistance programs by July 1, 1975. Under the Senate amendment, this provision would be suspended in application until July 1, 1971. This means that the States would not be required to take any action pursuant to the requirements of section 1903(e) prior to that time. In addition, the Senate amendment would postpone the date when the comprehensive care requirement would finally apply from July 1, 1975, until July 1, 1977.

Mr. Speaker, section 1903(e) has been of concern to many States in considering whether or not they should establish a medical assistance program. There has been some question since this provision was enacted as to just what it requires of the States.

The amendment adopted by the Senate provides an opportunity for the Congress to further consider the type of requirement of this nature which should be in the law and if necessary to modify the requirement, to take into account the experiences that have been gained so far under the medical assistance program.

The second Senate amendment relates to section 1902(c) of the Social Security Act. This amendment is more in the nature of a clarification of original Congressional intent than a modification of the provisions of the section.

Section 1920(c) of the law states that the Secretary of Health, Education, and Welfare shall not approve a State program for medical assistance if he determines that the plan will result in a reduction in aid or assistance provided for individuals on public assistance prior to the adoption of the State's title XIX plan. The Department of Health, Education, and Welfare has interpreted this section to mean that a State could not adopt a title XIX program providing less in the way of medical benefits for public assistance recipients than were provided prior to that time in the form of medical vendor payments for any cash assistance recipients. This was not the intention of section 1902(c). As spelled out in the 1965 House and Senate committee reports on this legislation, the intention of this section of the law was to prohibit the States from reducing cash payments to public assistance recipients at the time they adopted their title XIX plans, and diverting the funds to pay for medical care.

This intention was clearly stated in the following language from the House Report on the 1965 amendments:

In addition, the Secretary is directed not to approve any State plan for medical assistance if he finds that the approval and operation of the plan will result in a reduction in the level of aid or assistance provided for eligible individuals under title I, IV, X, XIV, or XVI. An exception is provided allowing States to reduce such aid to the extent that assistance now provided under titles I, IV, IX, XIV, and XVI is to be provided under title XIX. The reason your committee recommends the inclusion of this provision is to make certain that States do not divert funds from the provision of basic maintenance to the provision of medical care. If the Secretary should find that his approval of a title XIX plan would result in a reduction of aid or assistance for persons receiving basic maintenance under the public assistance titles of the Social Security Act (except as specified above) he may not approve such a plan under title XIX. Your committee recognizes the need and urgency for States to maintain, if not improve, the level of basic maintenance provided for needy people under the public assistance programs. The provision is intended to prevent any unwarranted diversion of funds from basic maintenance to medical care.

The amendment adopted by the Senate clearly spells out this intention in section 1902(c) of the act.

The third amendment adopted by the Senate would add a new provision to title

XIX in the form of section 1902(d) which would require that whenever a State desires to reduce the scope or extent of care and services provided under its medical assistance plan, such modification must be obtained on the basis of an application submitted by the Governor of the State and approved by the Secretary of Health, Education, and Welfare. In such cases, the Governor of the State would be required to certify with respect to three important matters.

First, he would have to certify that the amount of funds expended in providing medical assistance from State and local sources in the year after such modification takes effect is not less than the amount of such funds expended in the year prior to the quarter in which such modification is to become effective.

Second, the Governor of such State must certify that the State is fully complying with the provisions of its State plan relating to control of utilization and costs of services. The Secretary of Health, Education, and Welfare would also be required to make a specific finding that the State is complying with its plan requirements concerning utilization and costs.

Third, the Governor must certify that the modification is not made for the purpose of increasing the standards for determining payment to doctors, nursing homes and other providers of services under the State plan. Provision is made in the amendment, however, that if there is a demonstrated need to increase the formula or standard for determining payments under a State plan after a modification has been adopted in the State's plan, such increases may be provided but they shall be made only after the approval of the Secretary of Health, Education, and Welfare has been obtained.

Mr. Speaker, these three amendments are very pertinent to the concern of Congress over the sharp and unanticipated increases in the cost of operating the medicaid program. They do not constitute a retrenchment in the medicaid program, but they will allow the States great freedom in determining the dimensions of their own programs in the light of their own individual needs and resources.

These amendments were adopted on the Senate floor without opposition. The first two of these amendments had earlier met with some opposition in the Senate and had held up action on the bill for a number of days. The third amendment which was added to the bill after it was reported out of the Finance Committee, however, along with a modification of the amendment to section 1903(e) gained complete support for the entire set of amendments from those Senators who had opposed the amendments as they had been reported.

I urge that the House accept the Senate amendments.

Mr. BURTON of California. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from California.

Mr. BURTON of California. Mr. Speaker, I had intended to reserve my right to object, so I could make a few points with reference to the pending matter, but I will accept the time yielded

to me by the gentleman from Wisconsin to achieve the same objective.

Title XIX, when enacted, provided a meaningful hope for the American people that comprehensive medical care would someday soon become reality. Also of importance, it provided a mechanism to obtain meaningful data for all of us to weigh when we consider to what extent we should move ahead to provide comprehensive medical care under the social security mechanism.

I must respectfully completely disagree with the view of our very distinguished chairman of the Committee on Ways and Means with reference to the second amendment relating to section 1902(c). The amendment before us will not be a clarification of the original intent of Congress with respect to the States being required to maintain not only their level of cash benefits, but, more importantly in the health field, the level of health services provided to public assistance recipients.

The fact of the matter is that when title XIX was approved there was the dual requirement on the States to maintain effort both on the cash side as well as on the health side to public assistance recipients.

The modification proposed by the Senate eliminates the requirement that States must comply with meeting their preexisting level of health services in order for their title XIX plan to be adopted. This is a step backward in terms of the health care that we require the States to provide in order to receive Federal funding under title XIX. Its significance is not so much today as it will become if we are ever to reach the triggering date of 1975 wherein State plans were supposed to be comprehensive in terms of providing health services.

So we have here two interrelated amendments. I do not like, but understand, the background that led up to the other amendment providing a delay for 2 years, from 1975 to 1977, to give the States further time to comply with the requirement in the law that there be comprehensive medical care and services.

If this matter were subject to a rollcall, I would vote against it. I believe the realities of the situation are that this is reasonably well considered, but nonetheless clearly a step backward in terms of our meeting the national objective to provide comprehensive medical care to the American people.

I would hope that we will not find ourselves in future sessions agreeing to further retrenchment and relaxation of the objectives to provide comprehensive medical care for the American people, at least through the mechanism provided under title XIX, by 1977.

I thank the distinguished gentleman from Wisconsin for yielding this portion of his time to me.

Mr. BYRNES of Wisconsin. Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

CIVIL SERVICE RETIREMENT FINANCING AND BENEFITS

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 380 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 380

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9325) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes, and all points of order against section 103 of said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from New York is recognized for 1 hour.

Mr. DELANEY. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, the purpose of this bill is to save the civil service retirement fund. If it were to drift the way it has been going, by 1975 the outgo would exceed the income.

This legislation is long overdue.

The rule provides the waiving of points of order on section 103, an open rule with 2 hours of general debate.

The purpose of the bill is to improve the financing and funding practices of the civil service retirement system so as to maintain its soundness and to assure that the necessary moneys are available when needed to pay the annuities of our Government retirees and survivors' annuities in the full amount.

It is also the purpose of this legislation to provide certain limited but needed improvements in the benefit structures of the system within the limits of the new financing approach.

The waiver of points of order, of course, is a restriction of the power to report appropriations. There are two sections which I will refer to of this bill. The first section is on page 5 of H.R. 9325, beginning on line 9, where it is stated that the civil service retirement and disability fund is appropriated for the payment of benefits and administrative expenses and is made available subject to the annual limitation by the Congress for the expenses incurred in connection with the administration of the retirement and annuity statutes. Then further on, on page 6, beginning at line 17, a new subsection of section 8348 requires the Secretary of the Treasury to credit annually the civil service retirement and disability fund as a Government contribution in an amount of

money equal to a specific percentage of the amount of interest on the unfunded liability of the fund.

It is clear, therefore, that this waiver is necessary on section 103 so that the heart of the bill not be destroyed by a point of order.

Mr. Speaker, a great deal of study has been put into the revision of this retirement fund. It has been put off year after year until now we are down to a point where we are near a crisis. The bill has been covered in the committee hearings and will be covered on all points during debate. It is long overdue, and I urge adoption of this rule so that we can get to the consideration of the bill.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. DELANEY. I am glad to yield to the gentleman from Missouri.

Mr. HALL. Did I understand the gentleman to state in his preliminary remarks that the waiver of points of order also applied to section 102?

Mr. DELANEY. No. Section 103.

Mr. HALL. I thank the gentleman for that clarification. I obviously misunderstood him. I listened with unusual attention to his subsequent explanation of the waiver of points of order pertaining to section 103. I disapprove heartily of a waiver of points of order even under such a circumstance. I think the individually elected Members should not be precluded from their elected responsibilities by even the distinguished Committee on Rules waiving such points of order, but in line with the new policy of the Committee on Rules wherein the distinguished gentleman from New York has explained on a line-by-line basis everything within the bill applicable thereto, I, for one, wish to state that I appreciate this method. I recognize the inevitable in House Resolution 380, and compliment the gentleman.

Mr. Speaker, I appreciate the gentleman yielding to me.

Mr. DELANEY. I thank the gentleman. I yield back the balance of my time.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, the main purpose of the bill is to increase the current funding provisions of the retirement system to assure that the necessary money will be available to pay beneficiaries. The bill also improves some of the benefits now existing.

The retirement fund is in trouble unless something is done. While Federal employees have fully met their share of the cost, the Government has not met its obligations. By the end of the fiscal year the deficiency of the fund will amount to about \$57,700,000,000 in unfunded future obligations. By 1975, as fund disbursements exceed income paid in annually, a serious problem will arise. It is estimated that by 1987 the current \$20,500,000,000 fund will be exhausted. To forestall such a result, the unfunded liability, resulting from the Government's arrears in making payments to the fund must be reduced and finally eliminated.

The bill will increase the employer contribution from 6½ percent each to 7 percent. Congressional employees will have their contribution rate increased to 7½ percent, the same as Members. These increases become effective in January 1970.

The existing unfunded liability is to be eliminated over a 30-year period by payment of annual installments by the Government. Permanent appropriating authority language is contained in the bill. Beginning in 1971 payments will begin from the Treasury to reduce the unfunded liability now existing and the interest thereon. The committee believes this system of payments will insure a sound, healthy retirement system for civil service employees.

Title II of the bill improves several of the benefits now available. These are more than covered by the increase in contributions.

First, the current formula for arriving at a retiree's annuity is modified. Now, it is based on a high 5-year average. This has caused some to remain on the job longer than they should. The new base period will be a high 3-year average.

For congressional employees the 15-year period upon which to apply the year average rate is removed.

Unused sick leave is recompensed by increasing the total actual work service credited to an employee by the length of service represented by the calendar value of his unused sick leave. One calendar month will be added for each 22 days of unused leave.

The cost-of-living automatic increase for annuitants is increased by adding 1 percent to all such future increases.

It is estimated that the 1-percent increase in contributions will increase fund income to \$220,000,000 per year, which covers both normal costs and the benefits increased by the bill. It is also estimated that by 1980 the amount to be transferred by the Treasury to the fund to cover the interest on the unfunded liability will be about \$2,700,000,000 annually. This figure is to be reached in 10-percent increments during the 1970's until full annual funding is achieved in 1980.

The administration supports the bill.

A waiver of points of order is needed for two sections of the bill as in two places appropriation language is provided for the Government-funding provisions. These occur on page 5, lines 18 to 22, and page 6, lines 17 to 25, and page 7, lines 1 to 7. Both of these sections violate rule XXI, clause 4, which prohibits appropriation language to be in a bill not reported by the Appropriations Committee.

Mr. Speaker, I yield 3 minutes to the gentleman from Iowa (Mr. Gross).

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, I doubt that there is a Member of Congress, either in the House or the other body, who does not want to do something about the chaotic condition of the Government employees' retirement fund, but what has happened is that this bill has been converted into a Christmas tree with a lot of tinsel and ornaments—something for

everybody—especially the Members of Congress.

I propose to make a further statement under general debate, but I would like at this point to read a letter which I received this morning from the Executive Office of the President, Bureau of the Budget:

DEAR MR. GROSS: This is in response to your letter of July 15, 1969, in which you asked whether the Bureau of the Budget would recommend to the President that he approve H.R. 9825 if it were enacted in its current form. Title I of H.R. 9825 would provide for full funding of the Civil Service retirement system and Title II would provide a number of benefit liberalizations.

In our letter of March 16, 1969, to the Chairman of the House Post Office and Civil Service Committee, we stated that "retirement legislation enacted this year should be confined to improving the financing and funding of the retirement system. . . ." In addition, in our report of July 10 to the Chairman of the Senate Post Office and Civil Service Committee, we stated that enactment of the liberalizations contained in Title II would not be consistent with the Administration's objectives and that the Congress should limit its action this year to enactment of the Title I financing provisions.

We believe the Administration's position on H.R. 9825 is clear. Thus, in view of the legislative history, the Bureau of the Budget would have to seriously consider recommending to the President that he disapprove H.R. 9825 if it were passed by the Congress in its current form.

Sincerely,

ROBERT P. MAYO,
Director.

Mr. Speaker, let me repeat:

We believe the Administration's position on H.R. 9825 is clear. Thus, in view of the legislative history, the Bureau of the Budget would have to seriously consider recommending to the President that he disapprove H.R. 9825 if it were passed by the Congress in its current form.

Mr. Speaker, I propose at the proper time to offer an amendment to strike title II from the bill. In that event I can support it. I am not opposed to the rule for, as I said previously, we do something about the chaotic condition of the retirement fund, but that does not mean that to accomplish that end it is necessary for us to stage another unwarranted raid on the Federal Treasury.

Mr. Speaker, I yield back the balance of my time.

Mr. LATTI. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska (Mr. MARTIN).

(Mr. MARTIN asked and was given permission to revise and extend his remarks.)

Mr. MARTIN. Mr. Speaker, we have before us a bill today which is in two sections. Title I of the bill I approve of heartily, because it would result in fiscal responsibility in the operation of our Civil Service Retirement System and put it on a sound basis, but on the other hand title II offsets the benefits derived from title I of the legislation, because it increases the liability under its provisions to the tune of \$3.7 billion.

Mr. Speaker, I would like to quote from the report on page 28 in a letter from the U.S. Civil Service Commission, written by Mr. Robert E. Hampton, and I quote from that letter:

Title II would liberalize existing benefits in the following ways:

1. Gross earnings, rather than basic pay, would be used in determining retirement benefits and deductions.

2. Average salary for annuity computation purposes would be determined on the basis of 3 rather than 5 years.

3. Unused sick leave would be added to the actual length of service in computing annuities.

4. An extra 1 percent would be added to each annuity increase resulting from changes in the Consumer Price Index.

And I quote further:

In summary, if the bill is amended to delete those financing provisions which we consider unnecessary and to delete the liberalizing amendments proposed in title II, we strongly urge enactment of H.R. 770.

Now, Mr. Speaker, I would like to quote from the letter to the chairman of the committee from the Executive Office of the President, Bureau of the Budget, written by Mr. Wilfred H. Rommel:

Title II of H.R. 770—

And that H.R. 770 was the original bill sent down to the Department—

Title II of H.R. 770 would provide a number of liberalizations primarily designed to enhance the value of annuities earned by long-service employees. In the aggregate, they would have the effect of increasing the unfunded liability by more than \$3.7 billion. We believe it would be incongruous to include in a bill designed to halt the growth of the unfunded liability of the retirement system, provisions which would of themselves increase the existing unfunded liability by more than 6 percent.

And I quote further:

Therefore, we recommend that the liberalizations contained in title II be deleted.

Mr. Speaker, the Congress has set a limitation on expenditures for the fiscal year 1970 by the executive branch of the Government and here we are in legislation proposing today under title II to increase further the cost of the operation of our Federal Government.

Title II will probably pass the Congress today, but it seems to me the height of irresponsibility to propose setting this fund up on a fiscally sound basis, and then on the other hand in title II to eliminate the good that is being done by the provisions of title I.

I would like to direct a question to the chairman of the committee, the gentleman from New York (Mr. DULSKI).

In the Rules Committee hearing I asked the question whether there would be any changes in the retirement for Members of Congress and the answer, as I recall it, was that the 7½ percent currently taken out of our pay checks would remain the same; is that correct?

Mr. DULSKI. That is correct.

Mr. MARTIN. The bill last year increased that one-half of 1 percent—but this remains the same?

Mr. DULSKI. That is correct.

Mr. MARTIN. Let me ask one other question of the chairman of the committee.

In reducing the basis for retirement from the high 5 years to 3 years, would this apply to the retirement of Members of Congress as well as civil service employees?

Mr. DULSKI. Yes, it would.

Mr. MARTIN. It would apply to Members of Congress as well?

Mr. DULSKI. Yes, it would.

Mr. MARTIN, Mr. Speaker, I am also opposed to that, because it increases benefits without any increase in the amount paid in.

Mr. DANIELS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. MARTIN. I am glad to yield to the gentleman from New Jersey.

Mr. DANIELS of New Jersey. The gentleman made a statement referring to the report of the Bureau of the Budget in which he stated that the bill would add over \$3 billion to the unfunded liability.

I believe that report had reference to the bill, H.R. 770, which was the bill I originally introduced on the opening day of this Congress. Do you know there is a substantial difference in one important feature of H.R. 770 and the bill, H.R. 9825, the bill presently under discussion?

Do you not know that the bill, H.R. 9825, does not include provisions as included in the bill, H.R. 770, relating to the inclusion of overtime, premium and differential pay of employees as basic pay for retirement purposes? Because that particular provision would cost over \$2½ billion, in the judgment of our committee, we deleted that and it is not included in the bill, H.R. 9825, the bill we are presently considering.

Mr. MARTIN. I would like to ask the gentleman why he did not—

Mr. DANIELS of New Jersey. If I may have the gentleman's attention, I will tell you exactly what the increase—

Mr. MARTIN. I will not yield further to the gentleman to make a speech. He can do that on his own time.

Mr. DANIELS of New Jersey. I am going to make a speech later.

Mr. MARTIN. I would like to ask the gentleman a question: Why were not the departments downtown requested to give their opinions on the bill which we have before us instead of the bill which you introduced last January, and why were not their letters included in this report?

Mr. DANIELS of New Jersey. Representatives of the departments appeared before the committee.

Mr. MARTIN. That does not answer my question. Why did you not have letters from the departments that would pertain to the legislation we have before us instead of some other bill that was not reported out by your committee?

Mr. DANIELS of New Jersey. This is a clean bill, sir.

Mr. MARTIN. This does not look like a very clean bill to me. The committee has the responsibility to write a report and include letters from the proper bureaus which accurately reflect their thinking on the bill before us. I note that the two letters from which I quoted, were written last March 19, although the letter from the Bureau of the Budget shows March 19, 1968.

I yield back the balance of my time.

Mr. DELANEY. Mr. Speaker, I have no further requests for time.

Mr. Speaker, I move the previous question on the resolution.

The previous question as ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. DULSKI. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9825) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from New York.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 9825, with Mr. McFALL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New York (Mr. DULSKI) will be recognized for 1 hour, and the gentleman from Pennsylvania (Mr. CORBETT) will be recognized for 1 hour.

The Chair recognizes the gentleman from New York.

Mr. DULSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, before yielding to the chairman of the Retirement Subcommittee, the gentleman from New Jersey (Mr. DANIELS), I will say that the bill before us is a special tribute to him and every member of his subcommittee, as well as the fine bipartisan support given by the minority side of the committee.

This landmark legislation has been carefully worked out through diligent and unceasing effort over a period of 2 years. It has been developed, refined, and tested through hearings, conferences, and executive deliberations that were among the most intensive in the history of our committee.

H.R. 9825 achieves a delicate, yet ideal, balance—a balance that should not be disturbed—in coupling together long-overdue retirement financing and a very moderate updating of the benefit structure—the first major benefit changes in 13 years.

Mr. Chairman, I urge my colleagues to give this excellent bill the overwhelming approval it so richly deserves.

I yield 15 minutes to the gentleman from New Jersey (Mr. DANIELS), the chairman of the subcommittee.

The CHAIRMAN. The gentleman from New Jersey is recognized for 15 minutes.

(Mr. DANIELS of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. DANIELS of New Jersey. Mr. Chairman, I rise to urge my colleagues on both sides of the aisle, Democrats and Republicans, to give their strong support to the legislation before you today, H.R. 9825, the major purpose of which is to improve the financing and funding practices of the civil service retirement system, and to provide certain limited, but needed, improvements in the benefits structure of the system within the framework of the new financing approach.

It is a good bill, a sound bill, and the product of many months of intense work,

study and consideration by the House Subcommittee on Retirement, Insurance, and Health Benefits in conducting extensive public hearings, executive sessions, and conferences with official representatives of agencies of the legislative and executive branches; namely, the Honorable Robert E. Hampton, the present Chairman of the U.S. Civil Service Commission; the Honorable John W. Macy, J., the former Chairman of the U.S. Civil Service Commission; the Honorable Philip S. Hughes, Deputy Director of the Bureau of the Budget; the Honorable Elmer B. Staats, Comptroller General of the United States, and others.

This three-pronged financing approach—dealing with normal cost, future unfunded liabilities, and the present unfunded liability—contains the recommendations, the unanimous recommendations, of the honorable gentlemen whose names I just mentioned. Also, I think the Members of this House should know that this bill was cosponsored by 25 Members, 24 of whom serve on the Committee on Post Office and Civil Service; that an identical bill, H.R. 10219, has been cosponsored by 14 other Members, several of whom previously served on the committee; and that all of the members of the Subcommittee on Independent Offices Appropriations cosponsored a bill embodying the basic financing proposals contained therein, H.R. 8608. It is worthy of note, also, that H.R. 9825 was reported favorably by the Subcommittee on Retirement, Insurance, and Health Benefits and the full Committee on Post Office and Civil Service without a dissenting vote. Of further significance is the fact that Senate bill S. 2326, which is identical to this legislation, and introduced by the chairman of the Senate Committee on Post Office and Civil Service, Senator McGEE, was the subject of public hearings by the Senate Retirement Subcommittee on July 10 and 11.

Therefore, H.R. 9825 is the product of the common effort of the officials of the Civil Service Commission, the Bureau of the Budget, the General Accounting Office, and by the members of the Retirement Subcommittee whose devoted attention and energies have been directed to a most involved and complex subject.

This body demonstrated its concern for the financial integrity of the civil service retirement program in the last Congress by passing a similar measure, H.R. 17682. While the bill was passed on October 1, 1968, unfortunately, time did not permit the Senate to act thereon.

I want to publicly commend the members of the subcommittee, our ranking majority and minority members—the gentleman from North Carolina, Congressman HENDERSON, and the gentleman from Virginia, Congressman SCOTT—and the chairman and ranking minority member of the full committee, Congressmen DULSKI and CORBETT, for their tireless efforts and contributions toward the development of a good and sound piece of legislation, H.R. 9825.

The Committee on Post Office and Civil Service believes that the civil service retirement system is one of its most important responsibilities. It is an essential

part of a modern employment system designed to attract and retain employees of the caliber to conduct the complex business of government. It contributes importantly to the financial security of millions of past, present, and future Federal employees and their dependents. There should never exist the slightest doubt of the system's ability to meet its commitments to these people.

The results of an in-depth study conducted by our standing Subcommittee on Retirement, Insurance, and Health Benefits over an extended period of time most assuredly attest to the fact that any doubt which exists as to the system's ability to meet future commitments is attributable to funding practices which have been grossly inadequate since the program's very inception in 1920.

Federal employees have always contributed the full amount set by law. While the Government has contributed substantial amounts to the trust fund, it has failed to appropriate regularly and systematically, on a concurrent basis, sufficient funds to meet the ultimate cost not covered by employees' contributions.

Retirement system financing has been a problem of continuing concern to the Congress, to its respective committees, and to officials of the executive branch. The history of actuarial reports has indicated successively for a long time past an increasingly pessimistic view with respect to actuarial costs and liabilities under the escalating benefits and other liberalizations in the specifics of the retirement programs. In past years, several methods for determining appropriations to meet the Government's obligation to the system have been considered, and some have been adopted. However, the attitudes of various administrations, Congresses, and respective congressional committees has changed from time to time, but facing the problem realistically has been long delayed.

At the end of the fiscal year 1969 the unfunded liability of the system approached \$57.7 billion. Full implementation of the 1967 salary statute in the fiscal year 1970, beginning this month, is expected to increase that deficiency to \$61.1 billion. Under present financing practices, the unfunded liability will continue to grow by more than \$2 billion every year, sometimes much more. By 1975 the disbursements will begin to exceed annual income of \$3.8 billion. Thereafter disbursements will continue to escalate appreciably under a relatively static income, and result in a declining fund balance. Consequently, to meet benefit payments, all disbursements in excess of current income will have to be met from the fund balance. Without additional funding, that balance will be totally exhausted by 1987. Immediately thereafter, disbursements will exceed income by \$3½ billion, and will require direct appropriations to meet benefit payments.

During ensuing years, progressively higher amounts would be required until, at the turn of the century, the necessary direct appropriations will approach \$5 billion. These substantial sums, it is emphasized, will be an addition to the approximate \$3½ billion income received by the trust funds from then active employee and agency contributions.

The historical pattern of employee-employer contributions to the retirement fund supports the conclusion that deficiencies—that is, accrued liability for which contributions to the fund have not been made—are the responsibility of the Government as the employer. The major causes of such deficiencies have been:

First. Creditable service for which neither the employee nor the employer contributed—such as free credit for military service, and for Federal civilian service during which the employee was not currently subject to the program.

Second. General wage increases which result in benefits based on a higher pattern of salaries than that upon which at least a portion of contributions is based.

Third. Liberalizations applying to benefits based on past and/or future service without a commensurate increase in contributions.

Fourth. Loss of compounded interest income which would have been earned if the accrued liability had been fully funded.

The Committee on Post Office and Civil Service feels strongly that, in furtherance of their objective of prudent management of the Government's financial affairs, it is important that Congress provide a definite plan to improve the system's financing.

The major purpose of the legislation is to improve funding practices so as to maintain confidence in the soundness of the Civil Service Retirement and Disability fund, and to assure that the necessary money is available when needed to pay the annuities of Federal retirees and survivor annuitants—in full and on time. The legislation also provides certain limited, but needed, improvements in the benefit structure of the program within the limits of the new financing approach.

The bill contains a three-pronged approach, as follows:

First. Normal cost financing through equal employee-agency contributions is retained. Because of the inadequacy of current contributions, implementation of normal cost financing of the existing benefit structure—including the legislation contained in title II—requires an immediate 1-percent increase in the combined contribution rate from 13 to 14 percent of payroll, in the case of employees, and from 13 to 15 percent of payroll in the case of congressional employees, effective in January 1970.

Second. The costs of future incremental unfunded liabilities which will result from benefit liberalizations for the active work force are to be fully financed by the Government through direct appropriations to the fund, in equal annual installments, over 30-year periods.

Third. Direct appropriations, under permanent indefinite authority, will be made to meet the Government's obligation for the presently increasing unfunded liability which arises from legislation already enacted, including that created in title II of this legislation, in amounts equivalent to interest on the future accrued deficiencies. This responsibility will be fulfilled by transfers of moneys from the Treasury, beginning on a modest scale in 1971 and progressively increasing by 10 percent each subsequent

year. In 1980 and thereafter, the amounts will equal the full equivalent of interest on the unfunded liability.

In the committee's judgment, this approach, while somewhat new in concept and mechanics, is sound and will accomplish the desired results by providing in full for the permanent financing of the civil service retirement system.

The legislation also provides for these limited improvements and remedies in certain areas of the benefit structure of the retirement program:

First. Annuities of employees and Members would be computed upon the average of the 3 highest years of earnings, in lieu of the existing provision of computing benefits upon the 5 high years of average pay.

Second. The 15-year limitation imposed under the congressional employee computation formula would be remedied by removal of such limitation.

Third. A new provision would be incorporated into the program to include for service computation purposes the value of unused sick leave to the credit of an employee upon death in or retirement from Federal employment; thus, allowing credit of one additional month of service for each 22 days of accrued sick leave in computing his annuity, or that of his surviving spouse.

Fourth. An additional 1 percent would be added to future cost-of-living adjustments payable to retirees and survivor annuitants, so as to compensate for the 5-month waiting period which elapses between the Consumer Price Index attaining a rise of 3 percent and the eventual belated payment of the annuity increase.

Fifth. The remarriage provisions of present law with respect to the surviving spouses of the active work force would be extended to any surviving spouse whose remarriage occurs on or after July 18, 1966, the date that existing law was so amended.

Mr. Speaker, these minimal changes provided by title II of this legislation are attainable within the framework of the increased normal cost and incremental financing provisions of title I of the bill. The normal cost of present benefits, 13.86 percent of payroll, would be increased by thirteen one-hundredths of 1 percent, to 13.99 percent of payroll. The combined agency-employee contributions of 14 percent required by title I will not only cover those present benefits which are underfinanced by eighty-six one-hundredths of 1 percent, but the thirteen one-hundredths of 1 percent of those normal cost items provided herein. The additional unfunded liability incurred by all of title II will be stabilized by the payment of interest thereon, under the permanent-indefinite appropriations authority provided in title I.

Mr. Speaker, the magnitude of the problem of retirement financing is such that it is imperative that Congress take action toward a prompt and positive solution. While the budgetary impact of this legislation will be sudden and sharp, it will, nevertheless, be far less drastic than if present financing practices continue unchanged.

In view of the urgency to enact a definite program of action to insure the sys-

tem's ability to fulfill its future obligations, I strongly urge the adoption of H.R. 9825, without amendment.

Mr. CORBETT. Mr. Chairman, I yield myself such time as I may consume.

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Chairman, this is not only a good bill but, title I of the bill is an absolute must.

Mr. Chairman, if we do not properly finance this retirement program, we as a Congress are going to be in serious trouble come 1975 when the payments out of the fund are expected to exceed payments into the fund. And, by approximately 1987 the fund could be without any reserves whatsoever. So, I simply believe that there is no argument possible regarding title I. We simply have to pay the bill. We have ordered the meal and have consumed it. Now the check has come.

As a matter of fact, in approximate figures, we estimate that every day that this bill is not enacted into law is costing the fund \$500,000—\$500,000 a day. Therefore, it becomes increasingly clear that we have to have this part of the bill.

Now, then, regarding title II, there are those who raise some sincere objections to it. To these objections we can only say that if we are going to charge our employees one-half of 1 percent more of their salaries, they are entitled to any benefits for which their money pays.

Now, then, very definitely the amount of money which will be coming into the fund, new money, will more than offset the cost of the additional benefits that are provided for in the bill. As the gentleman from New Jersey (Mr. DANIELS) pointed out, the most costly benefit that might have been included was stricken from the proposal. Consequently, this bill provides for an actuarially sound program and should, as the gentleman says, be adopted without amendment.

I think it only fair to say also that if title II is continued in this bill without change, I propose and shall offer a recommittal motion to require that the Members pay 8 percent instead of their present 7½ percent.

I noticed on the news sheet being circulated in the cloak room yesterday that the business of the House today was to liberalize employee's and congressional pensions. This is absolutely misleading.

This bill is primarily to properly fund the retirement program, and only very incidentally to improve the ultimate annuities. Consequently, I join in congratulating the members of this subcommittee for the fine job they have done, and I join with most of them, if not all, in urging that the bill be passed as it came from committee. It is complicated and involved, and in the event that we start mixing up certain phases of it we are apt to get the whole thing out of balance.

So, Mr. Chairman, with that admonition to the House that we pass this bill, I will conclude my remarks.

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Chairman, at this time I yield 15 minutes to the ranking minority member of the subcommittee, the gentleman from Virginia (Mr. SCOTT), who worked on this bill with the Congressman from New Jersey (Mr. DANIELS).

(Mr. SCOTT asked and was given permission to revise and extend his remarks.)

Mr. HALL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 117]

| | | |
|-----------------|----------------|----------------|
| Adams | Hanna | Ottinger |
| Anderson, Tenn. | Hansen, Idaho | Patman |
| Ashley | Hansen, Wash. | Powell |
| Baring | Harsha | Preyer, N.C. |
| Becher | Hastings | Price, Ill. |
| Biaggi | Hawkins | Furcell |
| Boland | Hébert | Randall |
| Brock | Henderson | Reid, N.Y. |
| Brooks | Horton | Riegle |
| Brown, Ohio | Howard | Saylor |
| Broyhill, Va. | Joelson | Sebelius |
| Carey | Kastenmeier | Sisk |
| Clark | Kirwan | Staggers |
| Clay | Landrum | Stanton |
| Conte | Lipscomb | Stephens |
| Culver | Long, La. | Stratton |
| Daniel, Va. | McCarthy | Taylor |
| Davis, Ga. | McClory | Teague, Calif. |
| Diggs | MacGregor | Teague, Tex. |
| Evins, Tenn. | Mann | Thompson, N.J. |
| Feighan | Mayne | Udall |
| Flynt | Mollohan | Weicker |
| Fountain | Moorhead | Widnall |
| Frey | Murphy, N.Y. | Wilson, Bob |
| Fuqua | O'Konski | Winn |
| Goldwater | O'Neal, Ga. | Wolf |
| | O'Neill, Mass. | Wyder |

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McFALL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 9825, and finding itself without a quorum, he had directed the roll to be called, when 352 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. At the time of the quorum call, the gentleman from Virginia (Mr. SCOTT) had been recognized for 15 minutes.

(Mr. SCOTT asked and was given permission to revise and extend his remarks.)

Mr. SCOTT. Mr. Chairman, I rise in support of H.R. 9825. In my opinion, it is a much better bill than that approved by the House last year. In this bill, the Congress retains control over the setting of contributions to the civil service retirement fund by both the Government and the employee. Under the measure we approved last year, this function would have been transferred to the Civil Service Commission. This seems to me to be a legitimate legislative function of the Congress and one that should not be transferred and I feel the bill is strengthened by the elimination of the provision.

The primary purpose of the bill is to stabilize the civil service retirement fund. The distinguished chairman of the subcommittee has already explained in de-

tail the way in which the financing provisions will work. But I do want to endorse what he has said and to assure the Members that title I of the bill will vastly improve our retirement system and assure that the necessary money is available when needed to pay the annuities of the Government's retirees and survivor annuitants. Let me add, however, that this bill will not eliminate the present unfunded liability in the civil service retirement fund. As I understand, if all liabilities should suddenly become payable at one time, the Government would be obligated to pay \$78.3 billion; but, of course, not all Government employees could retire at the same time and demand complete payment of all obligations on the same day. Their right to retire does not accrue in this manner.

There is a balance of approximately \$20.6 billion in the retirement fund and an unfunded obligation of \$57.7 billion. Perhaps we should emphasize that this unfunded deficit is \$57.7 billion. What this bill does do is to tend to stabilize the unfunded liability by providing for payment of interest on the deficit in an increasing percentage over a period of years, as shown in table B on pages 10 and 11 of the committee report, so that by fiscal year 1980 the Government will be paying 100 percent of the interest on this deficit. I might mention, however, that this table is not entirely accurate in that it was prepared in connection with last year's bill rather than the current one. Interest alone at that time and each year thereafter will be \$2,690 million which, of course, is a sizable amount even for the Government to pay, but the consequence of bankruptcy of the fund and payment to Government employees out of direct appropriations each year is so undesirable that, in my opinion, we must stabilize the retirement fund in the interest of both the Government and the employees.

In an informal conversation with a Civil Service Commission official knowledgeable in this field, he indicated that if the Government would appropriate the entire \$57.7 billion represented by the unfunded liability, there would not be any immediate need for the appropriated funds, but the funds would be placed in interest-bearing obligations of the Government. In other words, the unfunded liability is presently an obligation of the Government upon which the interest would be paid in full annually beginning in 1980, and the same situation would exist if this money were appropriated. This is brought to the attention of the Committee so that no one will believe the passage of this bill will eliminate the unfunded liability of \$57.7 billion.

I think the Members should also be aware of two provisions in the bill which were the subject of some controversy during committee consideration. One provision will permit retirement service credit to be allowed for the calendar value of unused sick leave of Federal employees. Under this provision, an employee who meets the age and service requirements for immediate retirement will be able to add to his years of service

1 calendar month for each 22 days of sick leave for the purpose of computing his annuity. This sick leave would not, however, be counted in determining average pay or in attaining eligibility for retirement.

As is pointed out in the committee report and in the supplemental views, this is a departure from the historic philosophy of the sick leave system. But the committee believed that the provision was justified and would be beneficial to the Federal service.

Another provision of the bill relates to the computation of retirement annuities for congressional employees. These employees are defined in section 2107 of title 5, United States Code, as follows:

First, an employee of either House of Congress, of a committee of either House, or of a joint committee of the two Houses;

Second, an elected officer of either House who is not a Member of Congress;

Third, the Legislative Counsel of either House and an employee of his office;

Fourth, a member of the Capitol Police;

Fifth, an employee of a Member of Congress if the pay of the employee is paid by the Secretary of the Senate or the Clerk of the House of Representatives;

Sixth, the Architect of the Capitol and an employee of the Architect of the Capitol; and

Seventh, an employee of the Botanic Garden.

Presently, congressional employees have their annuities computed by multiplying the average pay times 2½ percent times so much of their congressional, military, or Member service as does not exceed 15 years. Any service above 15 years is computed at the rate of 2 percent. The amendments in this bill would eliminate the 15-year ceiling for computation at the higher percentage and would also limit the years of creditable military service to 5 years. This provision will bring congressional employees on a par with Members of Congress in these respects. However, it would also increase their contribution to the retirement fund from 6½ to 7½ percent, with the Government matching this contribution. The increase in contribution should more than offset the cost of the enlarged benefits as pointed out on page 19 of the committee report.

Mr. Chairman, the various provisions of this bill have been thoroughly discussed in both the subcommittee and the full committee. We have not been unanimous in our feelings toward all of the provisions. However, in my opinion, it is a good bill, one long desired by Government employees and one that should eliminate their concern for the continued worsening conditions of the retirement fund. Passage will assure them that necessary funds will be available when needed to pay all obligations of the fund.

Let me add one more thing: concern has been expressed by several Members of the House because title II of the bill provides that annuities will be computed on the basis of the highest 3 years of average earnings of Government employees rather than the highest 5 years under existing law. During a period of

time when salaries are increasing, this will, of course, result in higher annuities. However, employees will have 7 percent deducted from their salaries for retirement purposes rather than 6½ percent; congressional employees and Members will have 7½ percent, all matched with an equal Government contribution. Our committee has been assured by the Civil Service Commission that these contributions will be sufficient to cover the benefits received by the employees. You may be interested in reading the discussion of this matter on page 12 of the report.

The chairman of our subcommittee has been very fair in permitting all points of view to be presented. We have adopted a number of amendments to the measure as originally introduced and as passed the House last year. In my opinion, we have a much better bill. I hope the Committee will see fit to act favorably on the bill.

Mr. DULSKI. Mr. Chairman, I yield 5 minutes to the dean of the House of Representatives, the gentleman from New York (Mr. CELLER).

(Mr. CELLER asked and was given permission to revise and extend his remarks.)

Mr. CELLER. Mr. Chairman and Members of the Committee, I am pleased to rise in strong support of the legislation before this House today and of our colleagues on the Committee on Post Office and Civil Service and particularly the members of the Subcommittee on Retirement, Insurance, and Health Benefits.

Mr. Chairman, the thrust of the bill primarily is to protect the retirement fund. This fund to my mind is a sacred trust. It must be protected from any and all factors that might in the slightest degree militate against its integrity.

We must keep the faith—the faith to the thousands of Federal employees who years after faithful toil retire from their labors and enter into the deserved age of slippered ease and comfort. All employees look anxiously to this period of leisure. How frightening to them it would be if they had any doubts about the retirement fund which we are under obligation to protect. They would remain in fear constantly if there were the slightest danger of impairment of that fund.

We must keep that fund impervious to all dangers. The fund, unfortunately, is now in danger and we must address ourselves forthwith to erase that danger.

I am not going to go into all of the ramifications and convolutions of the financial aspects of this problem, particularly with reference to title I.

Suffice to say that there is involved herein a solution to the difficulties. The relief is through a three-faceted funding program that first, increases employee-employer contributions from 6½ to 7 percent of payroll to cover normal costs; second, provides payment of all future increases in the unfunded liability; and third, provides for the stabilization of existing unfunded liability.

This funding approach, as I understand, is fully endorsed by the Bureau of the Budget, the Civil Service Commission, the General Accounting Office and the House Independent Appropriations Subcommittee.

I do not think we can find greater authority than that for the efficacy and worthwhileness of this bill.

The three steps—in combination—that I have mentioned provide sound and permanent financing of this important program, cover the full cost of all future changes in the program; ease their budgetary impact; control growth of the deficiencies; keep the fund solvent, and at the same time avoiding excessive buildup of the balance before the money is actually needed, and restore confidence in the program's ability to make benefits available promptly and in full.

Such remedy is full and complete.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Iowa.

Mr. GROSS. Did the gentleman say that the Executive supports this bill?

Mr. CELLER. I did not hear the gentleman.

Mr. GROSS. Did the gentleman say that the executive branch of the Government supports this bill?

Mr. CELLER. I took the words that I just read from the report itself. If the gentleman has any opinion to the contrary, it might be well to let the House know that there are contrary views on that subject.

Mr. GROSS. I would say to the gentleman that I have already let the House know, but for the gentleman's information, the executive branch does not support title II of this bill.

Mr. CELLER. I heard the gentleman's remarks. I usually have great respect for his remarks, but I do not think the statement he read before is unconditional. It was in futura. The gentleman does not know exactly whether the Bureau of the Budget will or will not finally approve this legislation. The assistant who wrote that letter himself is not sure as to what action the Bureau of the Budget would take.

Mr. GROSS. Mr. Speaker, will the gentleman yield further?

Mr. CELLER. Yes, I yield to the gentleman from Iowa.

Mr. GROSS. The letter was signed by the Director of the Bureau of the Budget, Mr. Mayo, not an assistant.

Mr. CELLER. That may very well be, but it might be also that enlightenment will strike between now and the passage of the bill and the time the President may have an opportunity to sign it, and I doubt very much, sir, whether the President will take upon himself the grave responsibility of vetoing a bill of this character. The President will think many times over before he would follow the Bureau of the Budget in advice to veto a bill of this nature.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Virginia.

Mr. SCOTT. I appreciate the gentleman yielding. Since he is the dean of the House, I wonder if he could recall back over the years whether, during the time the gentleman has been in Congress, the executive branch has not usually had some objection from a monetary point of view to improvements or liberalizations

in the Government employees retirement fund.

Mr. CELLER. As I very quickly search my own memory, I do not recall any such incident where the Chief Executive took upon himself such a responsibility. I doubt very much whether the President of the United States would deign—and I use the word "deign" advisedly—to veto a bill of this character that seeks, in the main, to put the fiscal house with reference to the retirement fund in order. I cannot conceive how the President would do such a thing. The President is too shrewd, too conversant with the political repercussions of his actions to veto this bill.

Reference has been made to title II. I will say that perhaps there may be some objections to some of the forms involved in title II. You cannot get a perfect bill, gentlemen. In my long experience, I do not know whether we have ever had a perfect bill. Even the diamond has its flaws. Our experience always tells us that worthwhile legislation is always the result of compromise, and I take it that within the confines of this committee the intelligence of the members thereof has dictated some sort of compromise, so they have given us the best of their endeavors. I think we must have great confidence in the members of this committee, and if we would try to subvert and upset the labors of the committees of the House, we would get nowhere. We have neither the expertise nor the opportunity to learn all there is to be known about a given subject. In a word, the members of the committee must know everything about something, but we outside the committee must content ourselves to know something, be it ever so little, about everything.

So I cannot offer myself as an expert against the experts of this committee. I, therefore, hope this bill, a very salutary bill which requires attention of a very extreme nature; namely, the stabilizing of this fund, will pass—and pass overwhelmingly.

Mr. SCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa (Mr. GROSS).

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I sincerely want to support the main purpose of this legislation, which is to save the Federal employees' retirement fund from disaster and complete bankruptcy. But, I take vigorous exception to several provisions in the bill.

This measure is brought to the floor of the House under the guise of legislation needed to refinance the retirement fund. However, included in this bill is title II which grants over \$1 billion in retirement liberalizations. The administration opposes the provisions contained in title II because of the increased cost and has served notice as I stated earlier today that it will give serious consideration to a veto if those provisions remain in the legislation.

I shall offer an amendment to strike out title II of the bill which provides the following liberalizations: First, sick leave credit for retirement purposes; second, a 1-percent cost-of-living adjustment for

retired employees; third, an increase in survivor annuities; fourth, computation of retirement based upon the high 3-year average salary.

Another provision to which I take serious exception is the language of the bill, exempting the liberalizations it provides from the financing provisions of title I which provide that such liberalizations in the future shall be financed by equal annual appropriation installments over a 30-year period.

Believe it or not, the added liberalizations, or the liberalizations in this bill are not included in the unfunded liabilities which this bill seeks to correct.

I will offer an amendment to make any retirement liberalizations effective after July 1, 1969, as well as the retirement cost of the pay increase which became effective earlier this month subject to the 30-year financing provisions of title I.

There is another financing provision in this bill which provides that the Government shall assume responsibility for present retirement fund deficiencies by payment of interest on the unfunded liability created by past legislation which now amounts to over \$60 billion.

It should be pointed out that the Secretary of the Treasury was not invited to submit his views with respect to this section of the bill. It seems to me that where the Treasury Department is called upon to credit the retirement fund with tremendous Government payments beginning in fiscal year 1971 and each year thereafter, the Secretary of the Treasury should have been afforded an opportunity to submit his views in person. In case anyone believes this is a minor matter, I call attention to the fact that this provision requires the Treasury Department to credit the retirement fund with \$230 million in fiscal year 1971, which will gradually increase each fiscal year thereafter until fiscal year 1980. From that year on an amount of \$2.69 billion annually will be required, merely to pay the interest on the unfunded liability to keep the fund at the same level.

This bill originated last year when it took the form of a Johnson administration recommendation containing only the financing provisions which are in title I of H.R. 9825.

Thereafter, the bill was amended and the retirement liberalizations were added by the Post Office and Civil Service Committee, which are now in title II. That bill passed the House of Representatives last year on October 1, 1968, but the Senate did not consider it.

The former administration and this administration both opposed the liberalizations contained in title II. But, in order to get favorable action on this legislation, I strongly suspect the former administration was willing to accept the provisions of title II. However, there is no assurance that the President this year will approve the legislation in its present form, for the administration has opposed the enactment of title II in this bill.

As I stated earlier, the amendment which I shall offer is to make the provisions of the bill consistent by fully complying with the financing sections

to prevent the retirement fund from absolute depletion. I believe this amendment is necessary if we are to approve sensible legislation today.

Mr. DANIELS of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from Montana (Mr. OLSEN).

(Mr. OLSEN asked and was given permission to revise and extend his remarks.)

Mr. OLSEN. Mr. Chairman, I rise in support of H.R. 9825.

The testimony presented to the Subcommittee on Retirement, Insurance, and Health Benefits most assuredly attests to the fact that it is of the utmost urgency that we in the Congress address ourselves, promptly and positively, to this alarming situation. It is the responsibility of the Congress to insure that the civil service retirement fund will have the ability to fulfill the Government's obligation to its present and future retirees, and to their families.

I would invite the attention of this House to the "Statement of Operating Receipts and Disbursements from the Retirement Fund from 1920 to 1968," appearing on page 6 of the committee report. You will observe that from the system's inception until the early 1960's, that annual disbursements approximated, on the average, about one-half of the annual income.

It will be noted, however, that in the present decade the percentage of disbursements has gradually increased in proportion to the income. It will be observed that disbursements in past several years, and during the last fiscal year, are equivalent not to 50 percent—but to more than 60 percent of current income. In the present fiscal year it is estimated that receipts will total about \$3.6 billion, whereas disbursements will total \$2.3 billion—or 65 percent of current income.

Under existing funding practices, disbursements will continue to gradually exceed this 65 percent of annual income by an additional average of 5 percent each year, and eventually equal total receipts by 1975. Thereafter, outgo will continue to progressively exceed income over the following 12 years, and will be twice as great as income by the year 1987. In order to pay out more than 100 percent of current income during that 12-year period, it would be necessary to spend the entire assets of the retirement fund.

Since the entire fund is appropriated for the payment of benefits, those benefits would be paid as long as there is a dollar in that fund, supplemented by whatever comes into it by then-current employee deductions and agency contributions, plus interest thereon. The situation that H.R. 9825 proposes to preclude is the necessity of relying upon direct appropriations of billions of dollars each and every year to meet disbursements estimated to exceed \$6½ billion in 1987, and \$8 billion by the end of this century.

Mr. Chairman, I urge this body's unanimous support of H.R. 9825.

Mr. HICKS. Mr. Chairman, will the gentleman yield?

Mr. OLSEN. I yield to the gentleman.

Mr. HICKS. I thank the gentleman for yielding.

(Mr. HICKS asked and was given permission to revise and extend his remarks.)

Mr. HICKS. Mr. Chairman, I am very pleased that the House is considering today the long-delayed legislation to improve the financial condition of the civil service retirement fund in an effort to assure that necessary funds will always be available to pay annuity benefits.

I am particularly interested in this measure because there are nearly 25,000 Government employees in my district, the Sixth District of Washington State, who have rightly become increasingly apprehensive over the rapidly mounting level of the unfunded liability of the retirement fund. This results from the fact that many are just becoming fully cognizant of the great amount estimated to be needed to fully finance all benefits due employees and former employees, less money to the credit of the fund and that to be placed in the fund in the future. This amount of potential deficit has doubled since 1961. These employees realize that this trend cannot be allowed to continue or the fund balance will ultimately be depleted, possibly as early as 1987. Action must be taken to forestall this contingency.

Judging from the correspondence and inquiries I have received, the workers in my district favor the limited improvements in the retirement benefits this legislation would provide and are willing to pay for them with the increased contributions required by this bill.

Thinking that retirement annuities determined under the high 3 years provided in this bill would be more in line with today's cost of living, many people postponed their retirement when Congress began considering this retirement legislation. They have now been waiting nearly 2 years. As I understand H.R. 9825, it provides for adequate funding for this and the other benefits provided in title II.

Mr. Chairman, in addition to the Government employees in my district, there are thousands of people receiving retirement and survivor annuities. The people are having great difficulty keeping abreast with the continual increases in the cost of living. Although the procedure adopted in 1965 for providing cost of living adjustments helped considerably in solving this problem, the most recent round of inflation has demonstrated an additional gap in this process. The committee's bill should narrow this gap and provide a mechanism which will keep annuities more nearly in line with prices.

In closing, Mr. Chairman, I would like to commend the subcommittee and its chairman, the gentleman from New Jersey, Congressman DOMINICK V. DANIELS, for the excellent job they have done on this legislation. In my own view H.R. 9825 will restore confidence in the retirement system and correct the more glaring problems presently facing the system.

Mr. SCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois (Mr. DERWINSKI).

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, before addressing myself to the details of this issue, I would first wish to inform the Members who are here hard at work that the National League is leading in the all-star game 8 to 2. If someone thinks that this is quite a departure subject-matterwise from the bill before us, I believe that it is not so at all, since you might note the big league baseball pension fund is in very excellent financial shape, which is not a description that could be applied to the fund of the Federal employees.

For that reason, Mr. Chairman, I support title I of this bill along with the illustrious members of the subcommittee and the full committee who are writing such a fine, impressive, eloquent, and determined history of legislation this afternoon.

Mr. Chairman, as I see it, title II of the bill represents a backward step. Having developed at progressive approach in title I, the committee starts to chip away at it in title II. However, the distinguished gentleman from Iowa and myself are very concerned over this. We intend to aid the majority of the subcommittee and the full committee by helping to correct the innocent little items that have crept into this bill through the vehicle of title II. Once we do it title I will serve its real purpose.

If I may have the attention for a moment of the floor manager of the bill, the gentleman from New Jersey (Mr. DANIELS), in an effort to help clarify the record, could the gentleman explain to the House or define for the House the Congressional employees as covered by a provision in title II? Just whom are we covering or for whom are we providing under the term "Congressional employees"?

Mr. DANIELS of New Jersey. Any employee of the House or Senate in the employ of the Architect and the Architect.

Mr. DERWINSKI. And I presume also the Capitol Police.

Mr. DANIELS of New Jersey. They are employees of the House and the Senate.

Mr. DERWINSKI. Are any of these employees presently entitled to annual or sick leave or other fringe benefits?

Mr. DANIELS of New Jersey. I understand and am reliably informed that the employees of the Architect are.

Mr. DERWINSKI. What about the Capitol Police? My recollection is they have their own administrative benefits of some sort. Do they not?

Mr. DANIELS of New Jersey. I am advised by my chief staff assistant that they are entitled to such benefits also.

Mr. DERWINSKI. It would seem to me, then, that we in the House are adding a dubious additional fringe benefit for these employees who are presently covered in some form for sick leave and annual leave.

I am concerned that there is unnecessary controversy over this bill basically because of the little goodies that have crept into title II. This is why the gentleman from Iowa (Mr. Gross) and I are

trying to be helpful this afternoon in straightening up this bill.

If I may refer the Members to a letter that should have reached the office of everyone yesterday, from the chairmen of the full committee and of the subcommittee and ranking minority members of the full committee and of the Subcommittee on Retirement—and these are all outstanding Members of this body—these gentlemen in their letter stated, and I quote:

Because of some earlier confusion and misunderstanding we think it is most important that the record be set straight concerning this vital piece of legislation.

Then the letter goes on to discuss title I and the provisions to which we evidently all subscribe, but it does not really provide any explanation for the so-called confusion and misunderstanding which is contained in title II.

And, Mr. Chairman, if I were cynical, I would be led to believe that perhaps it is impossible to clarify the misunderstanding and confusion which is contained in title II of the bill, because this letter from the four distinguished Members never really did it.

I wonder if we would not solve this whole problem by accepting the amendment to be offered by the gentleman from Iowa to strike title II and then send it over to the other body and thereby avoid this confusion and misunderstanding.

Mr. Chairman, I should like to point out that there is a provision contained in the bill that the amendment to be offered by the gentleman from Iowa (Mr. Gross) to strike title II would correct, but if it does not prevail, I have an amendment to strike the provision for credit for unused sick leave. The reason for this amendment is that I am greatly disturbed at this departure from the basic provisions for which sick leave was intended. Sick leave was intended to provide for a situation under which an employee who was legitimately ill would have this sick leave to use under circumstances whereby he would be endangering his health or endangering the health of his associates if he were to continue working while he was suffering from an ailment which poses a problem for himself and his associates. This is the intention. The argument that sick leave is abused, as I see it, is no argument for scrapping sick leave as such.

However, this is what we would do if we provide credit for unused sick leave. We would encourage employees who are sick to continue to work anyway. This is hardly practicable. We would create a complete departure in philosophy from the concept of sick leave. If it is impossible to administer sick leave, then the committee should adjust the administrative provisions so that sick leave cannot and will not be abused. In my opinion that would be a logical step, and I am sure if it becomes necessary for me to offer that amendment, I would receive some interesting support for it.

I also suggest, Mr. Chairman, that we have a few other items contained in title II that require consideration. One is the matter of the present highest 5-year average for annuity which the committee

proposed to be lowered to the highest 3-year average. Unfortunately, as I read the report, especially the major portion prepared by the committee itself, I find very few statistics to back up the claim that this would cause only a minor dent in the fund. I am concerned over the possible abnormal costs which are not calculated and which are not clarified in any way in this bill.

It may well be that the overall logic which has been emphasized by the gentleman from Iowa (Mr. Gross) will prevail. I think the manner in which we all could be of help to the chairman of the subcommittee and to the full committee as well as the ranking Members is to support this position, is to reconsider and strike out title II. Then we would have a fine bill which would restore at long last fiscal responsibility to this retirement fund.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. FARBSTEIN. Mr. Chairman, I thank the gentleman for yielding.

There is one phase in this matter that puzzles me, and that I would like to have clarified, and if the gentleman can do so I would appreciate it.

Mr. Chairman, if one were to deposit money in the bank he gets compound interest. Does the gentleman know whether or not the moneys that are contributed by the Members as part of this annuity fund earn compound interest, or straight interest?

Mr. DERWINSKI. Theoretically—and I will crosscheck with the chairman of the subcommittee—theoretically the interest should be compounded. Is that correct?

Mr. FARBSTEIN. Mr. Chairman, would the chairman of the committee join in this, if the gentleman does not mind?

Mr. DANIELS of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New Jersey.

Mr. DANIELS of New Jersey. Mr. Chairman, in response to the inquiry, as I understand it, the funds are invested in Government securities. This morning I reported to the Democratic caucus that the funds are invested according to restrictions imposed by law, and which produce a return of 3.5 percent. And in speaking to the chief of our staff I am told that the entire portfolio today is now being broadly invested, and currently has a return of 4.6 percent.

Mr. FARBSTEIN. Compounded or regular interest?

Mr. DANIELS of New Jersey. I believe it is compounded annually.

Mr. DERWINSKI. I believe this would require further clarification. The previous year's interest income would be re-invested which, in effect, means that it is compounded.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. SCOTT. Mr. Chairman, I yield 2 additional minutes to the gentleman from Illinois.

Mr. DERWINSKI. I thank the gentleman for the additional time, and I now yield to the gentleman from New York.

Mr. FARBSTEIN. Mr. Chairman, on the basis of compound interest, money earning 4.5 percent would double within 14 years. Does the gentleman know whether or not the funds contributed by the membership have been given credit in the fund for this compound interest, or normal doubling over a period of 14 years for those members who have been in this system more than 14 years?

Mr. DERWINSKI. Mr. Chairman, it is my understanding that the contribution of members throughout the history of this retirement fund, so far as the Members of the House are concerned, has been adequate to meet the necessary contributions to the fund, including the earned interests on the funds deposited.

Mr. DANIELS of New Jersey. Mr. Chairman, if the gentleman will yield further, to give a direct answer to the gentleman from New York, if I may, I would say if you take a specific sum of money and put it out at interest, compounded it annually at 4½ percent that in a period of 14 years it would double itself. However, in the case of contributions of Federal employees to the retirement fund they make the contributions in small semimonthly installments. They are not investing the total amount of money in one lump sum at interest for a full period of 14 years.

Mr. FARBSTEIN. Then the real question is for their small sum that they deposit, does that draw compound interest? Because if you were to take that small sum, irrespective of how small it was, and deposit it in a bank, it would get compound interest, would it not?

Mr. DANIELS of New Jersey. If I may answer the question posed by the gentleman from New York, and I believe I answered that question before, it is that the present practice today of investing the funds is for it to earn compounded interest.

Mr. FARBSTEIN. It would appear, therefore, to me—if the gentleman would yield further—

Mr. DERWINSKI. I yield further to the gentleman from New York.

Mr. FARBSTEIN. It would appear that the funds contributed by the membership under these circumstances are not being adequately compensated, so that in effect the membership in getting their pensions are not being equitably treated.

Mr. DERWINSKI. We need a technical clarification that should be provided for the record—

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. SCOTT. Mr. Chairman, I yield 2 additional minutes to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, I again thank the gentleman for this additional time.

As I understand it, when the funds are invested, any interest earned accrues to this fund. This in effect is compounding the interest. This is the point of the gentleman's question.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. GROSS. I read from section 8342 of the United States Code wherein it is stated:

(h) Amounts deducted and withheld from the basic pay of an employee or Member from the first day of the first month which begins after he has performed sufficient service (excluding service which the employee or Member elects to eliminate for the purpose of annuity computation under section 8339 of this title) to entitle him to the maximum annuity provided by section 8339 of this title, together with interest on the amounts at the rate of 3 percent a year compounded annually from the date of the deductions to the date of retirement or death, shall be applied toward any deposit due under section 8334 of this title, and any balance not so required is deemed a voluntary contribution for the purpose of section 8343 of this title.

Mr. FARBSTEIN. Has the gentleman analyzed that section which you just read?

Mr. GROSS. No, I have not. But I simply cite that section of the code for the edification of the gentleman, for whatever it is worth.

Mr. FARBSTEIN. Does the gentleman mean the contribution of the Members to the pension fund is given credit for compound interest?

Mr. GROSS. I think it does—at the rate of 3 percent.

Mr. DERWINSKI. If I may comment on that point, that furnishes another argument for possible confusion and misunderstanding about this bill and perhaps further study by the committee might be in order. All the controversy revolves around the provisions of title II and if we go ahead and pass only title I of the bill, as the gentleman from Iowa recommends, it would solve these problems?

Mr. FARBSTEIN. I posed that question to the head of the Civil Service Commission. I think it was last year or 2 years ago when the question was raised in connection with the bill that came out of the Foreign Affairs Committee dealing with this subject, insofar as Foreign Service officers were concerned. I inquired then whether compound interest was paid and I was told, no. It was only given simple interest. This is the reason I pose the question I would like to have clarified as to whether only simple interest is being paid.

Mr. GROSS. I will say to the gentleman that the Foreign Service retirement is a different retirement system.

Mr. DERWINSKI. The passage read by the gentleman from Iowa clearly states that interest is compounded subject to other conditions of the act.

Mr. FARBSTEIN. I thank the gentleman very much.

Mr. DANIELS of New Jersey. I would like to respond to the question or the statement made by the gentleman from Iowa with respect to the passage he read from the United States Code dealing with compounded interest.

My chief of staff informs me that the section to which the gentleman from

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Iowa referred provides for an amount of interest charged to employees for period of service not covered by retirement deductions.

In other words, if you pay into the fund for periods of service that were previously not covered or refunded, then you have to pay a specific sum of money, with interest compounded at 3 percent per annum.

Mr. FARBSTEIN. Of course, that puts a different phase on the matter, do you think not?

Mr. DANIELS of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. NIX).

(Mr. NIX asked and was given permission to revise and extend his remarks.)

Mr. NIX. Mr. Chairman, the chairman of the Subcommittee on Retirement, Insurance, and Health Benefits, the gentleman from New Jersey (Mr. DANIELS), indeed deserves the gratitude of all Federal employees and annuitants who have a vested interest in their retirement system, for the deep concern and great courage he has displayed in dealing with a serious and complex matter which has been neglected far too long. Our colleague has described in detail the features of the committee's proposal for the future financing of the civil service retirement system, and the modest improvements in benefits proposed therein.

The real problem of retirement financing, as I see it, is primarily one of budgetary and legislative responsibility. Responsible procedures require that the full retirement system costs involved in Federal program and legislative actions be fully disclosed and the necessary steps be taken to cover those costs when program and legislative decisions are made.

It is useful, I believe, in considering the budgetary and overall financing aspects of H.R. 9825, to think of it in three basic parts.

First, current service liabilities. Each year's service by each Federal employee adds to the future benefits which the retirement system must eventually pay out. Since the employee only contributes part of these benefits through a payroll deduction, the remainder must be paid by the Federal Government.

Each man-year of Federal employment, therefore, has a retirement cost attached to it which is just as truly an employment cost as the wages and salaries currently paid out. To the extent that the sum of the Federal and employee current contribution rate covers actuarial costs, the retirement benefits covered by each current man-year of employment pay for themselves and add nothing to the unfunded liability of the retirement fund.

Second, the potential increase in unfunded liability for past service, caused by pay raises and liberalizations of retirement benefits. Every time a Federal pay raise is enacted, the retirement value, and the cost, of the past service of Federal employees is increased. After a pay raise, all the past years of service will be multiplied against a new and increased high average salary in determining retirement benefits. Automatically, the cost to the Federal Government of future retirement payments increases, and none of the increase is covered by

employee contributions. Similarly, when benefit liberalizations are enacted, or current annuitants given a benefit increase, or new groups blanketed into the retirement system, the value of future retirement payments increases. Unlike the first category—currently accruing liabilities—these costs are not related to current level of employment, but simply reflect the impact of pay raises or benefit liberalizations on past service. It is worthy of noting that each \$1 of general pay increase entails a retirement cost of \$2.55.

Third, the unfunded liability which now exists because the civil service retirement system was not adequately funded in past years. Even if the Federal and employee contribution rates were sufficient to cover fully the currently accruing liabilities, and even if appropriations were made to cover the increase in unfunded liabilities due to future pay raises or benefit liberalizations, the retirement system would still have a large and growing unfunded liability. This arises from the fact that in prior years the retirement system was not funded to cover its full actuarial costs. And since the fund is far below the full actuarial level, it foregoes interest payments each year which add still further to the actuarial deficit.

There, then, are the three major financing aspects of the retirement fund, and each of these aspects is covered by this legislation, in the light of sound budgetary and financial principles.

It is essential to good budgeting that each Federal program be judged and evaluated in the light of its full costs. Each man-year of civil service employment represents a cost to the Federal Government, not only in terms of direct wages and salaries, but also in terms of what that man-year of employment adds to the cost of the retirement system. Federal agency contributions, together with employee contributions, should therefore cover the full amount of what each current year's service by a Federal employee adds to retirement costs.

At the present time, the normal cost of each year's service by a Federal employee amounts to 13.86 percent of his salary. Further changes in the system recommended by the Committee on Post Office and Civil Service will raise normal cost to 13.99 percent. The combined agency-employee contribution amounts to 13 percent, almost a full percentage point lower than full-cost coverage would require. As a consequence, the bill specifies a contribution rate of 7 percent for Federal agencies and 7 percent for employees, to cover the full normal cost of present benefits and those contemplated in this legislation, beginning in January 1970.

It is emphasized that requiring employees to share the normal cost on an equal basis does not mean that employees are paying half the cost of the retirement system. Continuing improvements in salary rates and benefit liberalizations have increased—and undoubtedly will continue to increase—the retirement value of past service, whose cost the Federal Government bears fully.

The principle of full-cost coverage for

currently accruing service liabilities is not so much a matter of financing, but of full-cost disclosure. We ought to know what the full costs of any Federal program are. Even if the entire Federal retirement system were on a pay-as-you-go basis, principles of good budgeting would require that in making evaluations of Federal programs we "impute" a retirement cost of each Federal employee hired.

Of equal importance is that aspect of funding which relates to increases in past service liabilities. Here again, full-cost disclosure is important. When the Executive considers, for transmission to Congress, and when the Congress itself considers pay increase or benefit liberalization legislation, these considerations should be based on a full awareness of the future costs to the taxpayer of the increased retirement payment which will result from the proposed actions. Every pay raise and benefit liberalization has a price tag for increased retirement payments on past service. Those additional payments will be a cost to the taxpayer. The price tag should be known and action taken to meet it each time legislation is proposed and enacted, H.R. 9825 makes provision for handling this situation by amortizing such additional costs by appropriation payments into the fund scheduled to relatively coincide with outflow from the fund.

Of paramount importance is that aspect relating to the unfunded liability which has already been incurred, and to be further incurred, by failure to practice full-cost funding in prior years. As pointed out in the committee's report on this legislation, the system's existing multibillion unfunded liability, while being substantially affected by consistent liberalizations, recurring salary increases, and annuity adjustments, is largely attributable to the loss of interest on the deficiency—an amount that today approximates \$2 billion annually.

The board of actuaries of the civil service retirement system has repeatedly recommended that the Government, with respect to the system's deficiency, do no less than appropriate the amount of accruing interest thereon. The committee does, indeed, concur with the actuaries that the existing unfunded liability should not be allowed to continue to soar by reason of the system's not being fully funded in terms of complete actuarial costs. H.R. 9825 provides for minimizing further loss-of-interest growth, and for the stabilization of those deficiencies within the next decade.

Mr. Chairman, the Government's financial obligation is clear. The Government's recognition of, and action to meet, that obligation is imperative. The situation has been studied intensively during the past few years by the Civil Service Commission, the Bureau of the Budget, the Cabinet Committee on Federal Staff Retirement Systems, and the board of actuaries and has been discussed extensively with congressional committees. It is time, now, that Congress face the problem realistically and adopt a definite program to meet that problem. Such a program is offered in this bill. I urge this body's full support and unanimous adoption of H.R. 9825.

Mr. SCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland (Mr. HOGAN).

Mr. HOGAN. Mr. Chairman, as a member of the Post Office and Civil Service Committee and the Subcommittee on Retirement, I am pleased to rise in support of H.R. 9825. I am also privileged to be a cosponsor of H.R. 9825. I support it fully and urge its prompt passage here this afternoon.

In brief, Mr. Chairman, what we are doing here today is finally facing up to the unpleasant fact that a most vital Federal employee fringe benefit—one which holds the promise of the future for many millions of persons—faces complete bankruptcy.

The civil service retirement fund is now \$58 billion in the red. This unfunded liability is growing automatically by more than \$2 billion every year, and by 1975 expenditures from the fund will exceed annual income. If the action we contemplate here today is not taken, the cash balance in the fund will be totally exhausted by 1988, and, thereafter, in order to meet our responsibilities and obligations under the retirement program we will have to make direct appropriations beginning with \$3½ billion a year, escalating upward to \$5 billion a year at the turn of the century.

The present fiscal crisis facing the retirement fund is the result of many years of inadequate financing, neglect and mismanagement. While Federal employees have always paid their full fair share of retirement costs set by law, the Government itself has not done so.

It is true that monies have been appropriated to the fund from time to time in the past; but the Government's share of retirement costs has not always been paid regularly and systematically, or in amounts sufficient to meet its share of operating the program. And, in addition, over the years the Congress has enacted many benefit liberalizations which were never adequately financed.

Consequently, it is extremely imperative that we now act to put the retirement fund on a sound financial basis as contemplated by the provisions of H.R. 9825. If we do not, the situation can only get progressively worse and become even more difficult to resolve.

Mr. KEE. Mr. Chairman, the remarks the gentleman is making are so extremely important and germane to the bill as to require me, for the first time in my service in Congress, to make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 118]

| | | |
|---------------|--------------|---------------|
| Addabbo | Conte | Hanna |
| Alexander | Culver | Hansen, Idaho |
| Ashley | Daniel, Va. | Hastings |
| Baring | Diggs | Hawkins |
| Belcher | Evins, Tenn. | Hébert |
| Biaggi | Fallon | Henderson |
| Blackburn | Feighan | Howard |
| Blanton | Fish | Joelson |
| Boland | Flynt | Kastenmeier |
| Broyhill, Va. | Fountain | Kirwan |
| Carey | Frey | Landrum |
| Celler | Fuqua | Lipscomb |
| Chisholm | Gray | Long, La. |
| Clark | Gude | Long, Md. |
| Clay | Halpern | McClory |

| | | |
|----------------|---------------|----------------|
| MacGregor | Randall | Stanton |
| Mahon | Rees | Stuckey |
| Mayne | Reid, N.Y. | Taylor |
| Minshall | Riegler | Teague, Calif. |
| Moorhead | Roonney, Pa. | Teague, Tex. |
| Murphy, N.Y. | Rosenthal | Thompson, N.J. |
| O'Konski | Ruppe | Weicker |
| O'Neal, Ga. | Scheuer | Widnall |
| O'Neill, Mass. | Schelius | Winn |
| Ottinger | Sikes | Wylder |
| Powell | Sisk | |
| Price, Ill. | Smith, Calif. | |

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCFALL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 9825, and finding itself without a quorum, he had directed the roll to be called, when 353 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Maryland (Mr. HOGAN), has 7½ minutes remaining.

Mr. HOGAN. Mr. Chairman, I thank the distinguished gentleman from West Virginia (Mr. KEE) for his generous remarks.

I attended the hearings on this measure and, from the expert testimony I heard, it was clearly evident that there is an immediate need to overhaul and improve the funding and financing practices of the civil service retirement system.

The urgency of prompt enactment was best attested to by the distinguished Chairman of the Civil Service Commission, Robert E. Hampton, during the hearings, when he said that the retirement fund is now losing \$2 billion in interest each year due to the failure of the Government to make all of its authorized contributions.

Mr. Chairman, this is admittedly a very complex piece of legislation. However, I think it is extremely important to point out that the major financing proposals contained in the bill were carefully worked out with, and have been approved by, the Bureau of the Budget, the Department of the Treasury, the Comptroller General, and the Civil Service Commission. These are the agencies which will be committed to any financing plan which we enact and their complete and unequivocal support and endorsement are imperative to the successful implementation of the bill. H.R. 9825 is a giant step forward in fiscal responsibility. It would solve the finance problem by a three-step method:

First. The full normal costs of present and future benefits which would be paid currently through matching agency and employee contributions would be increased from 6½ to 7 percent.

Second. The Government would be authorized to cover in 30 equal annual installments all increases in the Government's obligations created by new legislation, such as pay raises and benefit liberalizations.

Third. The Government would fulfill its obligations created by laws already in effect by gradually increasing appropriations which would eventually replace the interest being lost by the retirement fund.

In essence, H.R. 9825 represents our commitment that the integrity of the civil service retirement system will be maintained and that there will always be enough money in the retirement fund to permit payment of all benefits—in full and on time—to all past, present, and future Federal employees.

In addition to the financing changes, there are several proposals in the bill that would result in improvements in benefits for civil service retirees. Annuities would be computed on the high 3 years, rather than the current high 5 years, of average earnings. The calendar value of unused sick leave would be included for the purpose of determining length of Federal service. At the present time, unused sick leave goes down the drain when an employee leaves the Government service.

An additional 1 percent would be added to all future cost-of-living increases to compensate for the usual 5-month delay in granting these increases. To me, this is only fair.

Finally, certain inequities would be removed regarding the annuities of surviving spouses.

Mr. Chairman, I support these benefits because I feel that the Government should lead, rather than follow, private industry in providing such benefits to employees. I think these benefit increases are absolutely warranted and will fill a legitimate need of Federal employees.

While I enthusiastically support H.R. 9825, I would like to take this opportunity to point out to the Members that a very serious inequity in the retirement coverage of many thousands of our dedicated employees remains uncorrected by this bill. I refer to the exclusion of overtime and premium pay for the purposes of computing annuities.

H.R. 9743, which I introduced on April 1 of this year, would correct this deficiency. Provisions similar to my own bill were in the retirement bill which passed this House last October and in the original bill, H.R. 770, which our committee considered earlier this year. It is a source of disappointment to me that the provisions were not included in the bill before us today.

At the present time, Mr. Chairman, we have large numbers of Federal employees who, because of the very nature of their employment are required to work a considerable amount of overtime. Some of these employees are the customs inspectors, border patrolmen, Weather Bureau employees, FAA traffic controllers, and Government Printing Office employees.

These employees receive overtime pay and premium pay for their overtime, but the amounts of such overtime are excluded from their total gross pay when computing retirement annuities. The consequence is that an employee approaching retirement who has established a certain standard of living by reason of his consistent overtime, finds that he goes into retirement at an annuity which is much lower in relation to his final salary than do other Federal employees whose occupations do not require that they work a considerable amount of overtime. The employee who has worked long enough to earn the maximum an-

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nulty of 80 percent of base pay finds that his standard of living is not reduced by 20 percent, but a much larger percentage due to the fact that the 80 percent is not computed on the basis of his gross salary.

The crediting of overtime and premium pay does not entail any additional normal cost in view of the fact that both the employee and the agency would be contributing the customary 6½ or 7 percent into the retirement fund. I sincerely believe, and I know that many who have studied the retirement program share my view, that total gross pay earned by an employee for his personal services should constitute the basic compensation for retirement purposes.

While the bill before us today does nothing to correct this serious inequity, I am hopeful that my own bill, H.R. 9743, will be acted upon separately by the committee and the Congress in the very near future.

Sometimes there seems to be a prevalent attitude which considers the Federal employee as a "stepchild" of America's work force. Yet, the very structure of government would cease to function if it were not for these loyal and devoted civil service employees. Having been a long-time Federal employee myself, I can attest to the work done and to the contributions made by our Federal workers. These employees are an integral part of America's productive strength and they play a vital role in our progress.

Therefore, I believe that we would be remiss in not voting for this measure which would recognize the contributions of these employees, correct inequities in the current system, and avoid potential hardships which would result from the financial chaos which will occur if the financial problems inherent in the system at the present time.

Mr. Chairman, I urge my colleagues to do what is right and equitable for our Federal workers by enacting H.R. 9825 without amendment.

Mr. DANIELS of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. HANLEY).

(Mr. HANLEY asked and was given permission to revise and extend his remarks.)

Mr. HANLEY. Mr. Chairman, I am pleased to support this measure designed to strengthen the financial condition of the civil service retirement system—a program in which all Federal civilian employees and retirees, and their families, have a vital stake.

All of the Government's several staff retirement systems are costly and, even without the liberalizations advocated by employees and retirees, costs are soaring. Benefits already earned but not yet payable will, in a few years, require additional appropriations amounting to billions of dollars annually. Rising costs of living, to which benefit adjustments are now tied by law, will add billions more to the future liability. So will future salary adjustments. Retirement system financing has, therefore, become a major problem to executive branch officials and to Congress, as well as a matter of serious concern to thousands of individuals who fear that the economic security they have

been counting on for their old age is slipping away.

Against this general background, facing the need for decision on a specific financing proposal is imperative. Methods of financing and funding Federal retirement systems vary: Some are contributory, some—technically at least—are noncontributory; some are fully funded, some partially funded, and some are pay as you go. While disagreement continues unresolved over the extent to which the individual employee should share retirement costs, and over the best approach to financing, methods of resolving these problems will have a tremendous impact on the budget of the Government.

Clearly, no one social or economic philosophy can adequately explain all of the changing currents of the retirement movement. The society in which the civil service retirement system was originally designed was relatively static; today's society is characterized by a dynamism that we have not yet learned to assess adequately, much less cope with, and the system shows the strains of the continuing effort to accommodate to this dynamism.

It attempts to cope with a particular set of employment conditions specific to most, but not applicable to all, who serve the Nation's largest and most diversified employer; it must continue to meet those special conditions if retirement is to serve its purpose for these employees and make a positive contribution to the Government's missions.

It attempts to balance divergent interests, accommodate conflicting values, and adjust to continually changing manpower needs and policies; it must continue to do so because that is what our democratic system demands of its public institutions.

It is costly because, despite its various inadequacies, it is essentially generous; it must remain so if the Government is to be a responsible employer.

The public hearings held by the Subcommittee on Retirement, Insurance, and Health Benefits, together with the considerable volume of correspondence it received, presented an opportunity to give appropriate consideration to a number of topics for study. Our major findings and recommendations are summarized in the committee report accompanying this legislation.

The provisions for financing and funding the civil service retirement system has been designed so as to first, require Government and employees to share normal costs, including those resulting from the liberalization of benefit provisions; and, second, to identify clearly and recognize Government's responsibility for other costs, including those for past service liability and those for post-retirement adjustment of benefits; and also to provide for maintenance of the retirement fund at a level sufficiently high to assure that all retirement benefits can be paid promptly as they fall due.

This legislation will completely cover normal cost, will automatically neutralize prospective causes of future financial deficiencies as they occur, and ultimately will stabilize the existing unfunded lia-

bility of the program. The mechanics of the legislation will require virtually full disclosure of retirement costs and explicitly allocate responsibility for such costs to, first, employees and agencies jointly; second, agencies only; and third, Government, as distinct from agencies.

Mr. Chairman, in order that there is no question as to the ability of the civil service retirement system to fulfill its future obligations to Federal employees and annuitants, I urge the adoption of H.R. 9825.

Mr. DANIELS of New Jersey. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. BRASCO), a member of the committee.

(Mr. BRASCO asked and was given permission to revise and extend his remarks.)

Mr. BRASCO. Mr. Chairman, I rise in support of H.R. 9825. First, I wish to commend the distinguished chairman of the Subcommittee on Retirement, Insurance, and Health Benefits, the gentleman from New Jersey, Congressman DOMINICK V. DANIELS, for the leadership he has demonstrated in bringing before the House a bill which embodies the subcommittee's major legislative effort of the last session of the 90th Congress, and its initial legislative endeavor of the 91st Congress. The bill was reported by both the subcommittee and the full Committee on Post Office and Civil Service without a dissenting vote.

Mr. Chairman, I wish to emphasize that within 6 years, we will be paying out more than present financing methods bring in. I emphasize that within 18 years the fund balance will have dropped from the present \$20½ billion to zero. Unless appropriations of billions of dollars are then made in full, and on time, each and every year thereafter, we will be unable to pay retired employees and their survivors the benefits they have earned through years of dedicated service, and upon which they are counting for support in their old age.

Nonreceipt, or even delayed receipt, of their annuity checks would be extremely serious for thousands of these elderly persons, many of whom have no other source of income. We would be delinquent in our responsibility, I say to the Members of this Congress, if we did not insist upon timely and effective congressional action to assure that such a situation does not occur.

During the course of this debate I have heard title II of this bill described as controversial and described as a Christmas tree ornately decorated with light bulbs and tinsel. Now, I have great respect and admiration for the integrity and intelligence of both of the members of the committee who described title II of this bill in that manner. Certainly it is with great trepidation that I pursue a path which would be directly opposite to their line of thinking. I do not know of any Federal employee who is living high on the hog today. I do not know of any Federal employee who has been able to bring his family up in dignity and decency. I certainly do not know of any retired Federal employee who can maintain that retired status in the manner we ought to want them to have in their twi-

light years. Among the Federal employees I know are those from New York, among them the post office employees, clerks and carriers, who start out at less than \$6,000 a year and after a long period of 21 years make less than \$8,000 a year. I think it is certainly fitting that some of the benefits in title II which are due to these dedicated employees be granted in this legislation.

I would like, if I may, now to go over what these benefits consist of. We heard one distinguished member of the committee concern himself with the fact that unused sick leave would be used in the formula to arrive at one's annuity payments. We have had testimony before the committee from the Civil Service Commission in which they stated that about one-third of those retired are retired by virtue of disability. That means they are directed by the Civil Service Commission to take all of their unused sick time. That means also that they are on the payroll for full salary and during that period they are charged against the agency's service list, so that no other manpower can be provided for that slot. We find—and the Civil Service Commission has so testified—that the difference between the one-third and up to 50 percent of those people who are not disabled but are retired are at a stage in their life when they are sick. So they are in the same position.

The last 50 percent forfeits, yes, forfeits some of its unused sick time. But I think that this legislation would represent a great deal of incentive in marginal cases to have Federal employees preserve their unused sick leave.

Then, Mr. Chairman, we come to the 1-percent cost-of-living increase. I do not believe there is any Member of Congress who would disagree that this is necessary for our retired civil service employees today.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. DULSKI. Mr. Chairman, I yield to the gentleman from New York 2 additional minutes.

Mr. BRASCO. Mr. Chairman, then we come down to the next great benefit and I guess this one is the one with all of the tinsel, to restore to widows their rights of survival annuities. During the course of any man's employment when he is married, one of the foremost thoughts in his mind is to provide for his surviving spouse, and he pays for that. In some instances many men will retire at reduced benefits only to continue the survivorship benefit for their wife. Are we going to take that away from him because a woman decides to remarry and perhaps remarries a man who is earning only a meager income? Mr. Chairman, do we say that this is tinsel and a type of a Christmas tree provision?

Then, Mr. Chairman, we have the next provision in which we take the 5-year average on which we basically compute retirement down and reduce it to 3 years.

It is interesting enough, and I would agree with the gentleman from Pennsylvania (Mr. CORBETT) when he says that all of this is being paid for by the Federal employee when we increase their rates paid into the fund from 6½ to 7 percent. I agree that is accurate.

Mr. Chairman, there is one thing that may cause some controversy and that is the fact that Members of Congress may be included in this provision. I understand there is going to be an amendment offered today to have Members of Congress taken out of this 3-year provision. You know something, I have been around here not very long, but long enough to be sort of tired, respectfully so, but tired of listening to that old song, "Your Lips Tell Me No, No, But There Is Yes, Yes, in Your Eyes."

Mr. Chairman, Members come here constantly and vote against benefits for Members, but as soon as such benefits are voted, run to the disbursing office to collect their benefits.

Mr. Chairman, I think there should be some kind of distinction between those who are voting against these benefits for Members, not because they are not entitled to them, but vote against them only because they may receive the benefit in the end.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. DULSKI. Mr. Chairman, I yield to the gentleman one-half additional minute.

Mr. BRASCO. Mr. Chairman, I was going to suggest that anyone who has such an amendment might draft the language in this way so that we will once and for all dispense with this kind of demagoguery and do away with the national pastime of "let us kick the Members of Congress around." I suggest that we could do this through an amendment by providing that any Member of Congress within 31 days after this act becomes effective may just write a letter to the disbursing office authorizing them to compute his retirement benefits on a 3-year period instead of 5, so we can honestly separate those who favor the provision and those who do not.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield to me?

Mr. BRASCO. I yield to the gentleman from California.

Mr. ANDERSON of California. Mr. Chairman, H.R. 9825 is a most important piece of legislation, for until the refinancing provisions of this bill go into effect, we do not have a sound financial base for the civil service retirement fund.

I have, in the past, indicated my support for this vital legislation by introducing an identical bill, H.R. 10219. A major reason for my interest in generating support for this bill is because the legislation provides for an additional 1 percent to each future cost-of-living increase and, as my colleagues in the Congress well know, the way things are moving now it appears another cost-of-living increase will soon be due. We simply cannot afford to allow our Federal employees and public service workers to fall further behind in the inflationary spiral we are presently experiencing.

We simply cannot afford to delay this measure any longer. In reporting the fiscal 1970 independent offices bill, I remind my colleagues that the House Appropriations Committee declared:

The committee again calls attention to the fact that the deficit in the Civil Service Re-

tirement and Disability Fund continues to increase. The deficiency is estimated at \$57.6 billion at June 30, 1969, and the fund will be paying out more than it is taking in by 1975 unless sound financing is provided for.

The many reports, telegrams, letters, and personal conversations I have had on this matter requesting a favorable vote leave me in no doubt as to what course the Members should take this afternoon on this bill.

I stress the great need for our prompt enactment of H.R. 9825 today in order to strengthen and maintain the viability of our civil service retirement system.

Mr. DULSKI. Mr. Chairman, I yield 3 minutes to the gentleman from Hawaii (Mr. MATSUNAGA).

(Mr. MATSUNAGA asked and was given permission to revise and extend his remarks.)

Mr. MATSUNAGA. Mr. Chairman, I rise in support of H.R. 9825, a dual-purpose bill which would strengthen the financial condition of the civil service retirement system and at the same time provide certain needed improvements in the employee benefits structure of the retirement system. H.R. 5831, a bill that I introduced, is similar to the one we are now considering.

As a former member of the House Post Office and Civil Service Committee, I am keenly aware of the fact that the financing of the civil service retirement system has been a continuing problem for many years. For too long a period, the reports of the actuary have been pessimistic. In 1958, for example, the unfunded liability of the program was about \$18.1 billion, and over the ensuing years it has risen so that by the end of this month, upon full implementation of the latest salary statute, the deficiency will exceed an estimated \$61 billion. The dire prediction has been made that if no changes are made in the law, the civil service retirement and disability fund will have a zero balance in about 18 years. It was in this climate that the House Post Office and Civil Service Committee considered and reported out a predecessor bill, H.R. 17682, in the last Congress.

On October 1, 1968, the House passed that bill without a dissenting vote. That bill was the result of careful and extended study by the committee in conjunction with the Civil Service Commission, the Bureau of the Budget, and the General Accounting Office. I regret that the other body did not have an opportunity to consider the bill. Like the bill we are now considering, H.R. 17682, presented a rational approach to financing the civil service retirement program. In addition, it would have made several worthwhile improvements in the benefits provided.

No one can honestly deny that the financial reforms provided in H.R. 9825, the bill now under consideration, are urgently needed. In the current fiscal year the unfunded liabilities of the program will rise by about \$1.9 billion due to the interest that accrues. If enactment is put off for another year, there will be a similar increase in fiscal year 1971. Now is the time to put a stop to this unwanted growth in needless cost to the taxpayer.

Mr. Chairman, in the current budget-conscious year, we have heard from some

quarters that we ought to preserve the financing features of H.R. 9825 while dropping the employee benefit improvements. I would like to point out that title I and title II of the bill supplement each other and are integral parts of the whole legislative package. The employee benefits provided under title II are long overdue. The cost of their enactment will be fully covered by the new combined employee-employer contribution rate of 14 percent of payroll provided under title I.

The employee benefit provisions, encompass such improvements as the reduction in the average pay computation period from 5 to 3 years, the credit for unused sick leave, the one percent increase in future automatic cost-of-living percentage adjustments, the deletion of the 15-year limitation from the congressional employee computation formula, and the reinstatement of a remarried widow's annuity without regard to the time her husband died or retired. These are all needed modernizations that do not in any way thwart our effort to strengthen the financing provisions.

Mr. Chairman, there is very little need to engage in lengthy debate today over these provisions of the bill. The need is present and clear. The House in the 90th Congress demonstrated its understanding of these problems and recognized the worth of the proposed solutions. There is no reason why we should not take the same course today with respect to this long overdue legislation.

Mr. SCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. DENT).

(Mr. DENT asked and was given permission to revise and extend his remarks.)

Mr. DENT. Mr. Chairman, there has been a great deal of interest in this legislation, and any legislation dealing with pensions in the last 3 or 4 years, and as chairman of the General Subcommittee on Labor, I have had the responsibility of the Welfare and Pension Funds, Reporting and Disclosure Act. This act covers the affairs and trusts and the operations of approximately 1,255,000 separate pension funds in the United States.

I have not had an opportunity to look at the whole million or so funds, but I can say to the Members that the highest contribution of any contributor to any of the funds we have studied is the contribution made by the Members of the Congress into the congressional fund.

The trouble with this fund is that it is mixed up in the whole general funding picture of the GSA, or the regular civil service employees retirement, but the truth of the matter is that the soundest pension fund that has come to our notice is the pension fund of the Members of the Congress of the United States.

I can understand why certain Members harbor a false premise on this particular situation of the pension fund in the Congress, because of a great deal of misinformation on pension funds in general, and especially those that attach themselves to Members of the Congress in this instance.

There is a serious problem that we ought to be looking at. We ought to be looking at it because in the days when I was investigating this particular pension fund of ours, in line with other pensions, I received a great number of letters from former Members of Congress who in detail gave me the problems they faced after they left the Congress, after having served here for 10 or 20 years or 15 years, and they found themselves completely away from whatever profession they may have had or whatever business they may have had.

If that was true in those days—10, 12, or 15 years ago, how much truer is it today when the Congress finds itself in the position of being a fulltime job, practically.

I do not know how the rest of you may be able to carry on your affairs at home, but I have not been able to and I have had to give up all my other business and activities. I am strictly a Member of the Congress of the United States 7 days a week. For that matter I doubt if anyone could actually say that he is not called upon, at all times like a good general practitioner in medicine.

However, I want to get down to the basic fundamental principle of pension legislation—not this particular legislation—but legislation dealing with pensions for the Members of Congress.

First of all, because of the fact that you have to serve 32 full years in the Congress to get the maximum pension allowance under the law, it forces the Members of Congress who, after being here for 10 or 12 years, have to stay to the end of their endurance and the will of the people. Many of us know that Members of Congress reach a certain age where I am sure they ought to be retired and should be retired and should have the inducement to retire.

Some of us worked out what we thought was a reasonable plan. There would be no less paid into the pension fund by Members but it would be paid in a shorter number of years and would allow retirement after a shorter number of years of service.

It is not a question of whether a person is able to serve when he is 78 or 79 years of age—it is a question as to whether he ought to be serving. We are all creatures of habit and we form certain habits and policies and opinions over the years—and they never change.

I hate to say this, but a great number of Members of this Congress who were here back in 1932 and 1933 and 1934 and 1936 are still fighting the old depression. There has been so much water over the dam since then and they are still talking about trade relations of the days of the horse and buggy when we just flew men to the moon the other day.

In other words, we become creatures of habit and form habits and opinions and we follow them—and we follow them more so in our later days when we do not have that vim and vigor or the notion to do any new thinking.

Let me just give you some facts that are very important. I want these facts to be understood for what they are. These are the actual facts of the pension plan of Congress.

First of all, anybody who conceives the idea or who thinks you can make a Government plan actuarially sound using the private insurance company basic figures is just simply out of any rational mind that he may have. It is impossible because any contract that is made with a private insurance company for annuities is based upon a contract that is not changeable during the lifetime of that contract.

You cannot compare the Federal pension to a regular pension system, simply because in the Government pension system we increase the benefits without adding contributions because all of those who are already retired receive benefit increases and do not contribute into the fund.

We have changed this fund in such a way that we have added enough extra cost to it so that even if we were to triple or to quadruple the amount of the contribution, it would not be actuarially sound in future years, as the private insurance companies figure it out.

It is also true that insurance companies as a group have greater earnings, more holdings, and more money in mortgages than any other business enterprise.

On the other hand the Government is not in the business of exploitation for profit and the Government fund should only be self-sustaining, not profitable.

The reason I make that statement is because it proves itself out mathematically and it proves itself out practically. For example, in 1947 we started this fund, and during that period of time the Federal Government was supposed to contribute its matching fund with ours. However, for the first 9½ years the Federal Government did not pay 1 cent into this fund, and at the 9½-year mark, it paid a half a year. Then it paid the next 10 years, according to the figures received from the Bureau in 1967. During that period of time our average annual income from investments, or parts of it, averaged less than 3 percent per year. If this money had been put out at 4½ percent under a prudent investor's rule, and if the fund were run like any other intelligently run fund, the fund for the Members of Congress would have over \$26 million over and above the amount of money that was required to pay out all claims.

In respect to claims, a Member of Congress who retired in 1955 received \$180 a month in 1955. To be accurate, so that there will be no question of the facts that Member—and I will give you his name if you so desire—now receives \$259 a month. Mind you, if you had an actuarially sound plan, and you based it upon the idea of being actuarially sound, you could not pay him \$259 a month. He would still have to receive \$180 a month. But we have generously added widows and others without funding. We have generously added other benefits for non-contributing Members into the fund, and the Members of Congress have paid for it.

Federal judges pay nothing into the fund but get full retirement benefits. The military has the same setup.

As of 1967 the facts were clear. Preliminarily, I would like to point out that

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there is one thing you must always remember. Political expediency and common justice seldom sleep together. They are very strange bedfellows.

We have added all of these extras. We are paying for them out of the fund, without matching contributions, or contributions being made out of the general fund. That is where these added benefits should come from since they are not benefits for the contributors. We are paying for them out of our pension fund. We are paying enough in our pension fund, as of the last figures available, to take care of the original program, but I would like to point out that the facts simply put are as follows:

First. The Members' pension is sound and is solvent as a pay as you go with a surplus as of the end of 1967 of over \$12,900,000 over and above all charges and costs against it, since its inception in 1947.

Second. The Federal Government

never met its matching requirements for the first 10 years and in the 11th year, 1957, it met only 50 percent of its matching and yet the Members' contributions were high enough to meet all claims against the fund and still have a reserve of \$3,227,000 for the 11-year period.

Third. During all these years—1947–67—the fund earned less than 3½ percent interest per year for a total of \$3,114,000 as against a total of \$10,508,000 if the Government had met its matching requirements and the fund had earned 5-percent annual interest.

Fourth. The fund would have a surplus of over \$25,008,000 instead of \$12,915,000 if the Government had paid its share as all other employers do on a matching basis.

This shows the amount of surplus over costs for the full retirement system of the Federal Government with the exception of free pensions to Judges, and special categories:

INVESTMENT OF THE RETIREMENT INCOME

| Type of security issue and interest rate | As of Dec. 31, 1966, investment (at par) (in thousands) | | Rate of interest | As of Dec. 31, 1967, investment (at par) (in thousands) | |
|--|---|---------|------------------|---|---------|
| | Amount | Percent | | Amount | Percent |
| Special, 2½% | \$585,000 | 3.46 | 2½% | \$200,000 | 1.11 |
| Special, 2¾% | 3,677,140 | 21.73 | 2¾% | 3,148,359 | 17.43 |
| Special, 2¾% | 1,009,576 | 5.97 | 2¾% | 869,014 | 4.81 |
| Special, 3% | 11,295,200 | 7.65 | 3% | 11,234,224 | 6.83 |
| Special, 3½% | 12,104,888 | 12.44 | 3½% | 12,024,661 | 11.21 |
| Special, 4% | 14,243,254 | 25.07 | 4% | 11,400,780 | 22.71 |
| Special, 4½% | | | 4½% | 11,758,171 | 9.74 |
| Special, 4½% | 11,907,732 | 11.27 | 4½% | 11,867,040 | 10.34 |
| Special, 4¾% | 163,072 | .37 | | | |
| Special, 5% | 117,876 | .70 | | | |
| Special, 5½% | | | 5½% | 143,004 | .24 |
| Special, 5½% | | | 5½% | 517,468 | 2.87 |
| Special, 5¾% | | | | | |
| Public, various 14.246 | 15,282,937 | 90.31 | 3.885 | 15,762,721 | 87.29 |
| | 1,640,403 | 9.69 | 4.463 | 2,295,953 | 12.71 |
| Grand total 3.736 | 16,923,340 | 100.00 | 3.959 | 18,058,674 | 100.00 |

1 Amounts invested since Oct. 4, 1961, under the 1961 Law.
 2 Average rate, weighted by face amount at each rate.

Note: Public Law 87-350, approved Oct. 4, 1961, changed the basis for future investment of the retirement fund with respect to special issues from an average coupon to an average market yield basis. It also provides for the redemption of investments made under the old basis and their reinvestment under the new basis over a 10-year period.

The calls and letters to Members by retirees—voluntary and otherwise—at test to the willingness of Members to pay more to get more in pensions and insurance plans. The following is quoted from one of many letters from former Members:

As you know, I was elected to Congress in 1934 and served until 1947, with the exception of 1943 to 1945.

It was my privilege to be a Member at the time the so-called Congressional pension or annuity was adopted in 1946. Our salary was then \$10,000 per year. We should have had an increase in salary long before that time, but we were thankful for the passage of the pension act.

Even though we former Members are not on the payroll, as such, we are called upon to render service because of our former Membership. Our opinions are sought after because of that standing. One does not realize the number of times this happens. We are happy to render such service; however, I feel that our pension or annuity is inadequate.

Of course, I fully realize that our contribution of 5% of our salary, based on our basic salary of \$10,000, was voluntary and was paid back to the time of our entry into Congress, and it was the best we could expect to pass at that time. My pension or annuity began in May 1955 when I became 62

years old at the rate of \$180 per month or \$2,160 per annum and has risen to \$259 per month or \$3,108 per year because of the increase in the cost of living.

You will note that his pension has increased 33½ percent without any contributions. The serving Members of Congress paid for this increase out of their contributions since no appropriations were provided for the increases.

This is another reason we cannot make the fund actuarially sound.

Following is a list containing the history of retirement legislation:

HISTORY OF LEGISLATION AFFECTING RETIREMENT OF MEMBERS OF CONGRESS

1. Act of January 24, 1942, Public Law 77-411, extended retirement coverage to Members of Congress.

2. Act of March 7, 1942, Public Law 77-490, removed Members of Congress from coverage under the retirement system.

3. Act of August 2, 1946, Public Law 79-601, extended retirement coverage to Members of Congress.

4. Act of June 19, 1948, Public Law 80-707, allowed a Member leaving his office to enter the armed forces during a war or national emergency, upon returning as a Member, to have the time spent in the military credited toward retirement, with no contribution to the retirement fund.

5. Act of April 4, 1953, Public Law 83-18, eliminated the 30-day waiting period for joint-and-survivorship-annuity elections by Members.

6. Act of March 6, 1954, Public Law 83-303, liberalized Member's retirement provisions with respect to creditable service, conditions for retiring amount of annuity, and death benefits.

7. Act of August 31, 1954, Public Law 83-730, provided that Member's annuity title could arise only if at least 1 year within the 2-year period next preceding Member's separation was served subject to the retirement law.

8. Act of August 11, 1955, Public Law 84-369, added a benefit for Members, separated July 1, 1955 or later, who had prior Government service other than as Member. Also permitted use of prior Member service in computing annuity upon retirement from non-Member employment.

9. Act of June 4, 1956, Public Law 84-556, waived 1-out-of-2 requirement in case of Member's death in service.

10. Act of July 31, 1956, Public Law 84-854, completely liberalized, revised and re-enacted the civil service retirement law with respect to all types of covered personnel, including Members.

11. Act of June 21, 1957, Public Law 85-58, liberalized the commencing date of annuities for survivors of Members who died subsequent to April 1, 1956 and prior to October 1, 1956.

12. Act of June 29, 1957, Public Law 85-65, liberalized the commencing date of annuities for survivors of Members who died on or after January 1, 1957.

13. Act of June 25, 1958, Public Law 85-465, provided annuity increases to retired Members or their survivors who were receiving or entitled to receive annuity on August 1, 1958, based on service terminated prior to October 1, 1956.

14. Act of August 14, 1958, Public Law 85-661, provided for payment of Member's voluntary contribution accounts prior to receipt of any additional annuity resulting therefrom.

15. Act of August 27, 1958, Public Law 85-772, provided annuity protection for survivors of employees who are elected or appointed as Members of Congress.

16. Act of July 7, 1960, Public Law 86-604, liberalized Members retirement benefits with respect to refund rights, annuity eligibility, deferred annuity and re-employment of former Members.

17. Act of July 12, 1960, Public Law 86-622, liberalized Members retirement benefits with respect to excess contributions, deferred annuity, immediate reduced annuity upon involuntary separation and survivor annuity.

18. Act of September 6, 1960, Public Law 86-713, accelerated the commencing date of Members annuities and the annuities of their survivors.

19. Act of July 31, 1961, Public Law 87-114, made permanent authorization for payment of annuity increases authorized for Members and their survivors by the Act of June 25, 1958.

20. Act of October 4, 1961, Public Law 87-350, liberalized the restoration to earning capacity provision of the retirement law relative to Members who retire on account of disability.

21. Act of October 11, 1962, Public Law 87-793, liberalized Members' survivor benefits and provided annuity adjustments to retired Members and survivors of Members.

22. Act of September 27, 1965, Public Law 89-205, as amended by the Act of November 1, 1965, Public Law 89-314, provided cost-of-living annuity adjustments to retired Members and to survivors of Members.

23. Act of July 18, 1966, Public Law 89-504, liberalized Members' survivor benefits for student-children and provided survivor annuity increases.

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24. Act of December 16, 1967, Public Law 90-206, liberalized Member's maximum basic annuity at 80% of the final pay of an appointive position in which the Member serves after termination of Member service.

[Mr. FULTON of Pennsylvania addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. CORBETT. Mr. Chairman, I yield to the gentleman from California (Mr. DON H. CLAUSEN).

(Mr. DON H. CLAUSEN asked and was given permission to revise and extend his remarks.)

Mr. DON H. CLAUSEN. Mr. Chairman, I rise today in support of H.R. 9825, the Civil Service and Retirement Financing and Benefits Act.

The House Committee on Post Office and Civil Service has done an excellent job in the area of drafting legislation intended to improve both the financing and funding practices of the civil service retirement system in order to maintain confidence in the soundness of the retirement fund. In addition, this legislation, in my judgment, provides certain limited, but necessary and needed, improvements in the benefits structure of the system within the confines of the new financing approach.

Certainly, we in the Congress must insure that the necessary money is available when needed to pay the annuities of Government's retirees and survivor annuitants in full and on time.

Essentially, this bill provides four basic improvements in our Civil Service Retirement Act.

First. An additional 1 percent will be added to all future annuity cost-of-living increases. This, I believe, is absolutely essential. Thus, if the cost of living is increased by 3 percent, annuities would be advanced by 4 percent to offset the increase.

Second. Annuities of surviving spouses who have remarried since July 18, 1966, will be continued or restored under certain conditions.

Third. Retirement service credit will be allowed for unused sick leave. While this provision may be debated, it should, nevertheless, be recognized as a valuable incentive for faithful service.

Fourth. And, last, annuities will be computed on the high 3 years rather than the high 5 years of average earnings.

On this latter provision of pay averaging and, in order to be consistent, it is my understanding that a motion to recommit will be offered on the basis that this provision includes Members of Congress. If the 3-year averaging provision is limited to Federal employees and excludes Members of Congress, I will support it. If it includes Members of Congress, however, I shall be compelled out of conviction to support the motion to recommit on that basis.

Increasing the salary and benefits for Members of Congress, as I see it, is not the answer to the problem and, whenever I have had the opportunity to cast my vote on this question, it has been against increasing Members' salaries and benefits. This was true during the last session on the question of establishing the so-called Presidential Commission on

Executive Salaries and it is true here today.

While I fully support improving the financial condition of the civil service retirement system, I cannot, in good conscience, believe that our actions here today will be construed as improving the critical problem of properly financing the system by improving benefits for Members of Congress which, in my judgment, are adequate at present.

While some may disagree, I believe that, over the years, Congress has just not provided sufficient funds or adequate "machinery" so that our civil service retirement system is capable of keeping pace with the cost of living or rising price index. Nor, in my judgment, has proper attention been paid to surviving widows.

This, then, is the problem that we should be addressing ourselves to here today.

Mr. CORBETT. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from West Virginia (Mr. KEE).

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. KEE. I yield to the gentleman from Missouri.

(Mr. BURLISON of Missouri asked and was given permission to revise and extend his remarks.)

Mr. BURLISON of Missouri. Mr. Chairman, the major purpose of this legislation is to improve the financing and funding practice of the civil service retirement system, so as to maintain confidence in the soundness of the retirement fund and to assure that the necessary money is available when needed to pay the annuities of Government's retirees and survivor annuitants in full and on time.

It is also the purpose of this legislation to provide certain limited, but needed, improvements in the benefits structure of the system within the limits of the new financing approach.

During the past 1½ years, the Subcommittee on Retirement, Insurance, and Health Benefits of the Committee on Post Office and Civil Service has devoted its full time and attention, in extensive public hearings, executive sessions, and conferences with the official representatives of agencies of the executive and legislative branches, to a searching review of the financial condition of the civil service retirement system—a program which is a vital part of the Federal employment system, and one of paramount importance to the Government's millions of retired, active, and future employees and their families.

The subcommittee's aim was to attempt to recognize the problems resulting from past and present funding practices, to resolve any doubts of the system's financial integrity, and to develop a definite plan of action to insure its ability to fulfill its obligations.

The results of the indepth study most assuredly attest to the fact that any doubt which exists as to the system's ability to meet future commitments is attributable to funding practices that have been grossly inadequate since the program's every inception in 1920.

Federal employees have always con-

tributed the full amount set by law, but, while the Government has contributed substantial sums to the trust funds, it has failed to appropriate regularly and systematically, on a concurrent basis, sufficient funds to meet the ultimate costs not covered by employees' contributions. In past years several methods for determining appropriations, to meet the Government's obligation to the system have been considered, and some were adopted. However, attitudes of various administrations, Congresses, and committees have changed from time to time, but facing the problem realistically has been long delayed.

The significance of expected continual deficiency increases is that the fund will ultimately be depleted unless action is taken to forestall this contingency. Thereafter, direct appropriations would be required each year, in addition to employee, and employing agency contributions, in order to meet benefit payments as they fall due. Unless steps are taken to eliminate, or at least halt the growth of, the unfunded liability, the fund balances will be drawn down and substantial direct appropriations will be required to meet future obligations.

In the committee's judgment and mine, its recommended approach, while somewhat new in concept and mechanics, is sound and will accomplish the desired results. Its impact on future budgets will be considerable, but the impact will nevertheless be far less drastic than if present funding practices continue unchanged. The longer action is delayed, the larger will be the problem to be dealt with. The committee believes that this bill will provide in full for the permanent financing of the civil service retirement system, so as to assure that there will always be enough money in the fund to permit the payment of all benefits due—in full and on time. I fully concur with the committee on these matters.

The annuity computation formula is an all-important technique of expressing basic policy decisions as to how much annuity to award specified groups of employees, and how much recognition or weight to give to length of service, level of earnings, and other relevant factors in arriving at the amount of annuity.

Substitution of the final salary, of the salary in the last full year of employment, of a high-2 average, or of a high-3 average have all been urged as remedies. Each of these would be more advantageous than the high-5 average from the viewpoint of most employees, of course, in that each would produce more favorable annuities.

On balance, it is my judgment that the high-3 average appears to be the best available alternative from the standpoint of both the Government and the employees. Normal costs will be increased by 0.07 percent of payroll—from 13.86 percent to 13.93 percent—or \$15.4 million annually—\$7.7 million each from employees and agencies—but will be fully covered within the normal cost financing provision of section 102 of this legislation.

A continuing concern has been expressed over the years that, while some

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employees are heavy sick leave users toward the end of their careers, many others retire with substantial balances accumulated by virtue of conscientious usage of the sick leave privilege. While one-third of all retirements are for disability—and such retirees are properly entitled to the full protection provided by their sick leave—the leave problem is brought within the scope of this legislation because the use of sick leave by employees otherwise planning to retire is creating difficulty for Federal agencies.

Recent studies indicate that there is a growing tendency, particularly among State and municipal governments, to provide some form of recognition for unused sick leave at the time an individual retires or dies while employed. In instances where a lump-sum payoff is provided, this recognition frequently equals 50 percent of the cash value of the unused leave. Statistics disclose that, since the adoption of such plans, overall sick leave usage has declined from an average of 8 to 7 days yearly. Further, that such a payoff is not quite unique is demonstrated by the practice in the Canadian Government's retirement system of continuing to pay a retired employee the equivalent of full salary and annuity benefits for the period equal to his unused sick leave.

The bill provides a limited measure of recompense for unused sick leave by increasing the total actual service performed by an employee—who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity benefits—by the length of service representative of the calendar value of his unused sick leave. An employee who has met the age and service requirements for immediate retirement, such as one who is age 55 and has served 30 years, for example, will have his service increased by 1 calendar month for each 22 days of unused leave; or a retired or deceased employee who has accrued sufficient leave to be carried in a paid-leave status for 1 year will be given retirement service credit of 1 calendar year. Consequently, the latter employee's annuity would be computed upon 31 years of service. The additional service so granted, however, shall not be counted in determining average pay or in attaining eligibility for retirement.

This legislation embraces a change in the basic historical philosophy underlying the sick leave system, and grants a limited recognition to those employees who have prudently utilized the sick leave privilege. It is expected that by providing a benefit as an additional incentive to conserve sick leave, there will be extra consideration given by employees, generally, to the use of the leave as it is earned. By crediting such accruals, normal cost will be further increased by 0.06 percent of payroll—from 13.93 to 13.99 percent—or \$13.2 million, but will be fully covered within section 102 of this bill.

It is the consensus of the committee that such additional costs will be significantly offset by the savings resulting from a reduction in the number of days of average sick leave usage throughout the Federal service. Again, I concur with the committee.

Federal staff retirement systems represent a mixture of insurance and humanitarian principles. In the matter of adjusting annuities after retirement, insurance practice would guarantee that whatever annuity an employee had earned at the time of retirement should be preserved without change. On the other hand, humanitarian considerations would urge that the welfare of the retired person is the major concern, and that annuities should be adjusted to changing needs. The latter theory has prevailed through congressional action; but putting theory into practice has proved difficult.

The level of benefits at the time of retirement is established by a formula based on service and salary. The needs and desires of annuitants are influenced by the cost of living and also the general level of standards of living. When these variables are stable or declining, annuity adjustments are no issue; this was essentially true from 1920 to 1945. When the variables increase, however, problems arise; and that has been the situation continuously since the end of World War II.

The Congress has tried a variety of devices to cope with the problem. After the Civil Service Retirement Act was passed in 1920, civilian salaries were adjusted by the Classification Act of 1923 and a subsequent increase in 1925; but a retirement recomputation principle was never adopted. In 1926 and 1930 new formulas for computing benefits were introduced. Annuities for persons already retired were increased to the levels provided by the new formulas. Under the 1930 act the maximum benefit was \$100 a month, and most employees retiring after a full career received this amount. During the 1930's salary schedules were stable except for temporary flat percentage cuts, and no changes were made in annuity formulas. The cost of living and general standard of living declined. Annuitants were relatively well off and therefore annuity adjustments were no issue.

During World War II, wartime controls ruled out any general action on salaries and annuities alike. However, one change was made: the \$100-a-month lid on annuities was removed in favor of a percentage of high-5 average, thus benefiting higher paid employees—which at the time meant those paid over \$2,800 a year. In 1946 this provision was also extended to cover employees who had retired before the amendment was passed.

As a result of inflation during and after the war, both active and retired employees found themselves in a new and bleaker economic world. The Consumer Price Index in 1946 stood 40 percent above the 1939 level. In 1951, with a boost from the Korean conflict, it reached 87 percent. Fortunately, civilian production recovered rapidly and action was taken to restore lost values, at least in part.

By 1956, pay schedules for most active employees, and annuities for new retirees, had pretty well caught up with the cost-of-living increase since 1939. However, national productivity still in-

creased and wages and salaries in industry continued upward. Annuitants who had retired before the effective date of the 1956 act received a 10-percent cost-of-living raise. Those retired later received nothing under that act.

In 1962 a major effort was begun to establish annuity adjustments on a stable basis. The act of October 11, 1962, first established the principle that Federal civilian salaries should be comparable with industry salaries for similar work, and new salary schedules took steps toward effecting the principle. The act also established the policy that the purchasing power of annuities would be maintained by adjusting benefits automatically whenever the Consumer Price Index for a year exceeded the base year by 3 percent. At the same time, annuities for 1962 and earlier years were raised by 5 percent; and to supplement the effect of the 1962 increases on high-5 averages, annuities for 1963 were raised by 4 percent, for 1964 by 3 percent, for 1965 by 2 percent, and for 1966 by 1 percent. Further, the 1952 and 1955 ceilings on annuity increases were abolished, so that all earlier retirees got the benefit of previous increases.

The Consumer Price Index had increased 118 percent from 1939 to 1962, and while the Consumer Price Index formula was a welcome innovation, its operation disappointed annuitants. It fell barely short of forcing an automatic increase in 1965 and left them to wait another year.

The 89th Congress reacted by passing new legislation in 1965. The Consumer Price Index formula was revised to provide automatic increases whenever the Consumer Price Index rose by 3 percent over the previous base period for 3 successive months. The new formula generated an automobile increase of 4.6 percent for all annuitants in 1965. In addition, the Congress provided additional increases of 6½ percent for civil service retirement annuitants who had retired before October 1, 1956, and 1½ percent for those who retired between that date and December 31, 1965—an average of 7½ percent. Subsequent automatic adjustments of 3.9 percent, respectively, have become effective on January 1, 1967, May 1, 1968, and as recently as March 1, 1969.

If the present Consumer Price Index formula had been in effect since 1920, it presumably would have been suspended during the period of wartime inflation as a result of wartime controls. After the war, however, it would have provided a guide more effective than any then available for bringing the value of annuities back to a reasonable relation with the rest of the economy. Once the annuities regained their original purchasing power, the formula would have maintained them by prompt and equitable action when living costs rose further.

While values are in better balance now, on the whole, than at any time in the past, a notable deficiency continues to exist. A period of 5 months elapses between the initial month in which the Consumer Price Index rises by 3 percent over the previous base month and the month in which the cost-of-living

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adjustment is reflected in the annuity checks. During that elapsed period the Consumer Price Index continues its upward trend, generally attaining a level in excess of 1 percent of the actual percentage rate of adjustment.

In order to correct this serious deficiency in the adjustment formula and thereby compensate retirees and survivor annuitants for the intervening incremental rises in the cost of living, H.R. 17682 will add 1 percent to all future percentage adjustments. For example, if the highest level attained during the 3-month measuring period equals 4 percent, an additional 1 percent will be added thereto and result in an automatic adjustment of 5 percent. Annual costs would be increased by approximately \$23 million on each occasion.

Mr. Chairman, the above constitutes a synopsis of the views of the Committee on Post Office and Civil Service, with which I am pleased to join.

Mr. Chairman, this bill (H.R. 9825) vigorously attacks a number of inequities presently existing in the civil service retirement system. I strongly feel that the Congress must meet its obligations to the millions of dedicated workers in the Federal service. I urge passage of this essential legislation.

Mr. KEE. Mr. Chairman, I take this opportunity to thank my very dear friend of many, many years standing (Mr. CORBETT of Pennsylvania) for his courtesy in yielding.

Mr. Chairman, I rise to commend Chairman DANIELS, and the members of the Subcommittee on Retirement, Insurance, and Health Benefits, and all of the members of the Committee on Post Office and Civil Service for reporting H.R. 9825, sound legislation now under consideration, which was cosponsored by 24 of 26 members of the committee.

Under the wise and able leadership of our distinguished colleague (Mr. DANIELS), of New Jersey, we have before us legislation that deserves the unanimous support of every Member of the House without amendment. This measure was reported unanimously by the subcommittee, and by the full committee it was supported by a vote of 22 yeas and 1 present, and with not a single nay. Mr. Chairman, I submit to the Members of the House, this is an excellent example of bipartisan support.

For 1½ years, the subcommittee chaired by Mr. DANIELS has devoted full time and attention in extensive public hearings.

Title I improves the financial condition of the civil service retirement fund.

Title II provides moderate liberalization, which will amply be covered by title I. This is sound fiscal legislation.

I should note that the employees of the executive branch of Government are by law required to contribute to the fund.

The members of the legislative branch, including Members of Congress and congressional employees, are the only Government employees who have the choice of choosing to participate or not to participate. Some do, and some do not. The choice is up to the individual alone.

I might point out at this time that members of the executive branch, once

they are appointed, even on a temporary basis, do contribute. But when they stay and they are qualified, for permanent civil service status, they have their jobs for their lifetime, as long as they perform their assigned duties in an acceptable fashion.

The Members of the House, however, have to go before the electorate, before the voters of our districts, twice every 2 years. We have to report to our people in our primary elections and in our general elections. Our congressional employees are dependent upon our success. Without them, of course, none of us could be successful.

Mr. Chairman, I should also like to add that our Nation was founded with the idea that our Nation would survive or fall upon the performance of the U.S. House of Representatives.

This legislation is designed to fulfill this sacred obligation. As we look to the future, this measure, when approved, will serve to help attract some of the most capable and qualified citizens into public service. Because of this fact, our country will benefit.

Therefore, Mr. Chairman, this legislation is an investment in the future of America.

Mr. Chairman, I respectfully, therefore, urge every Member of this House, and I strongly beg and plead with every Member of this House, let us pass this measure unanimously, without a single amendment.

Mr. CORBETT. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington (Mr. PELLY).

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. PELLY. Mr. Chairman, this legislation to provide proper financing for the retirement fund is long overdue.

Mr. Chairman, the question here, to my mind, is whether the good outweighs the bad. No one opposes the objective of H.R. 9825; namely, to improve the financing and funding practices of civil service retirement. For years I have called for legislation to eliminate the \$57 billion deficit in the system. This title I of the bill would accomplish. But, by the same token title II of the bill would increase the unfunded liability, and I oppose that.

Since I have been in Congress—which is more than 16 years—I have contributed to the retirement fund almost \$30,000. That fund for Members of Congress has a substantial surplus, I am informed. So I do not feel obligated to vote against more benefits for Members of Congress. But this is a civil service retirement for all Federal workers, and I feel constrained to look at it in that way.

So, Mr. Chairman, when a vote comes—as I believe it will—to raise the employment from 7½ percent to 8 percent I intend to support that effort to eliminate more deficit financing. I am for higher benefits but I want the program to be fully financed. I hope that amendment carries. I will pay 8 percent of my salary willingly for the liberalization of the program.

Also I will support a reduction in benefits, if that is necessary to bring the fund into balance.

But I support the objective of the bill. It is long overdue and its passage especially title I is most desirable.

Mr. CORBETT. Mr. Chairman, I yield such time as she may consume to the gentleman from Washington (Mrs. MAY).

(Mrs. MAY asked and was given permission to revise and extend her remarks.)

Mrs. MAY. Mr. Chairman, I find it most objectionable that this bill contains provisions which would liberalize the retirement financing and benefits for Members of Congress. I submit that the people of this Nation will view this section of the bill as further special benefits which Members of Congress bestow upon themselves.

Mr. Chairman, can anyone doubt that the American people are upset about the 41-percent increase in pay that the House of Representatives allowed themselves this year? And just before asking the people to submit to an extension of the income tax surcharge?

As far as I am concerned, Mr. Chairman, the provisions for Members of Congress in this bill are just as untimely as was the pay increase for Members earlier this year.

It is possible that my opposition to benefits for Members of Congress may be construed by some as opposition to retirement financing improvements and benefits for civil service workers. This is not so. I fully recognize the need to improve the situation of civil service employees, and I have always supported those provisions of the bill. But I cannot in good conscience support a bill that retains these benefits for Members of Congress.

It would be wonderful if our national economy and budgetary situation were such that we could do anything we wanted to do. We tried that for the past few years, Mr. Chairman, and as a result we are faced with economic catastrophe.

To survive we must realign our national priorities and a good place to start is right here in this Chamber.

I will not vote for any bill that contains any monetary benefits for Members of Congress. Not with the taxpayers of this Nation being asked to tighten their belts and pay high taxes at the same time.

Mr. FARBSTEIN. Mr. Chairman, I rise in wholehearted and enthusiastic support of H.R. 9825, legislation to liberalize and reform the civil service retirement system.

This bill takes a series of much needed steps in the direction of directly improving benefits for recipients. The program currently computes retirement benefits on the basis of the average of the high-5-year salary. H.R. 9825 would substitute a high-three average computation for the present high-five; the cost of the increased benefits are taken into account in the financing provided by the bill. The high-three substitute is an especially welcome provision of the bill because it would assure that retirement benefits more closely resemble a person's final salary—which is generally also his high-

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est salary—than does the present high-five computation.

The civil service retirement program now increases retirement benefits to match cost-of-living increases 5 months after the consumer price index rises by 3 percent. In order to compensate for this 5-month lag in providing retirees with increased benefits, H.R. 9825 provides that the cost-of-living increase paid to retirees would be 1 percent higher than the rise in consumer price index.

Under present law, widows and widowers of Government employees may remarry after age 60 and still receive annuities if their deceased spouses were employed after July 18, 1966. The bill under consideration would extend these benefits by applying this provision to all widows and widowers whose remarriage took place on or after July 18, 1966.

H.R. 9825 makes an additional improvement in the program by giving credit for unused sick leave. Presently, employees seem to use an inordinate amount of sick leave during their last year of service. In order to encourage them to accumulate it rather than use it unnecessarily, this bill would provide that accumulated sick leave would be given credit in the computation of retirement benefits. The cost for this provision, too, is covered by the bill's financing provisions, though the committee reports that it believes that the savings resulting from the decreased use of sick leave would greatly offset the increased costs.

This legislation would also put the civil service retirement program on a much sounder financial footing. The need for this legislation has been sorely felt for a number of years. If no changes are made in the benefits or the financing of the program, it is forecast that the civil service retirement funds will have a zero balance in 18 years.

Thousands of men and women have chosen to serve their country in one of the most direct possible ways; by working for their national Government. As a legislator and also as a citizen, I am grateful to them. And I am anxious for them to have advantages similar to those they would receive in the private sector. The level and type of employee retirement benefits without doubt present one of the areas where the good intentions and the ultimate fairness of the Government can be clearly judged. Up to this time, the judgment on the matter of equitable and sound retirement benefits would have gone against the Government. The Congress now has an opportunity to reverse that judgment; I urge that we make use of that opportunity by passing H.R. 9825.

Mr. FEIGHAN. Mr. Chairman, I support H.R. 9825, which has tremendous significance for all Federal employees, legislation that will vastly strengthen and renew our confidence in the civil service retirement system. This bill will greatly improve the financing and funding practices of the retirement fund.

Federal employees have consistently contributed to the Government's retirement since its inception in 1920 with the assumption that their contribution would be supplemented with allotments from the Government, thereby enabling

them to live comfortably in their golden years. Now it seems that this hope for a comfortable retirement may be endangered due to a lack of sufficient moneys in the retirement fund. While the Government has contributed substantial sums to the fund since 1920, it has failed to appropriate regularly and systematically, or on a concurrent basis, sufficient funds to meet the ultimate costs not covered by employee contributions. Unfortunately, none of the several methods of financing proposed from 1920 through 1957 provided for an automatic reflection of the Government's share of retirement costs in annual appropriations. As the Committee on Post Office and Civil Service pointed out in its report:

The stabilization of employment during the early fifties, combined with sporadic and inadequate employer contributions, made it apparent that as the system matured, annual trust fund revenues would soon be less than benefit payments.

For these reasons, the deficiency, or the unfunded liability in the fund when computed for fiscal year 1969 is expected to have reached a level of \$57.7 billion.

To meet this deficiency, three major provisions are contained in H.R. 9825, which will dramatically alter the financing of the system. The bill would raise Government and employee contributions to the civil service retirement fund from 6.5 to 7 percent and from 7 to 7½ percent for congressional employees. A second provision calls for costs of future unfunded liabilities from benefit liberalizations, salary increases, and extensions of coverage to be met by the Government through appropriations to the fund in equal annual installments over a 30-year period. Third, the bill provides for appropriations to meet the Government's presently increasing unfunded liability in amounts equal to the interest on future accrued deficiencies.

The possibility that the fund eventually may be depleted demands our prompt action today. It is up to us now to take the necessary steps to insure a viable fund for the hundreds of thousands of dedicated Government employees who comprise our federal system.

Along with the above provisions, H.R. 9825 is designed to increase substantially the retirement benefits available to Government employees by computing retirement annuities on the highest 3 instead of the present 5 years of average salary and granting civil service employees credit at retirement for unused sick leave.

It was disclosed during the committee's consideration of H.R. 9825, that there is a growing tendency, particularly among State and municipal governments, to provide some form of recognition for unused sick leave at the time an individual retires or dies while employed. Such a policy has acted as an incentive to employees to conserve their sick leave in anticipation of applying this unused time to their length of service when computing retirement benefits. The bill provides that unused sick leave shall not be counted in determining average pay or in attaining eligibility for retirement. This provision has long been a goal of the Government employee unions and

would guarantee that those employees who have judiciously utilized their sick leave will receive adequate compensation in their retirement years.

Federal employees nationwide are eagerly awaiting congressional action on this bill and are universal in their hopes for prompt passage of comprehensive reform legislation. I urge my fellow Members to give their full support to the provisions of this bill.

Mr. LEGGETT. Mr. Chairman, as a matter of fiscal integrity and common sense, the House should pass H.R. 9825. This is a very well-structured bill that both puts the civil service retirement trust fund on a fiscally sound basis as well as providing increased benefits for retired personnel.

Title I of this act proposes a positive plan of action to solve the problem of financing the system by improving past and present funding practices which have proven to be inadequate. It is not the employee contributions which have caused the present troubles, but rather, the method of computation of agency contributions. By the end of this fiscal year, the unfunded liability of the system will be over \$48 billion. Under the present financing system, the unfunded liability will continue to grow by more than \$1.5 billion each year. If the system is continued disbursements will outstrip revenues by 1974. At the present time there is a balance of somewhat more than \$17.1 billion in the trust account. This balance will be totally depleted by 1987 under the current contributory system.

Although total collapse of the civil service retirement system is still 18 years away, it is incumbent upon us to take remedial action now so as to avert the consequences which are so clearly indicated.

While Government employees have always contributed their share to the fund, the Government has not appropriated sufficient sums with any regularity, and the sums so contributed have not been sufficient to meet the portion of accrued costs attributable to the Government contribution account.

While I have already pointed out that the fund is still sufficient to meet present and immediately future obligations, the laxity in Government contribution has resulted in a loss of possible interest which now amounts to \$1.7 billion per year.

This is not the whole story however. While the fund can meet existing obligations, actuarial studies indicate that at the present time—right now—no funds exist in respect of nonretired persons, whether to their accrued annuities or as to their own accumulated contributions. A private insurance company certainly could not operate in this manner and retain its license. I see no reason why the Federal Government should be automatically entitled to a stance of fiscal irresponsibility.

It is contended, however, that modern economists generally accept that Federal retirement systems, backed by the "Full Faith and Credit of the United States" need not accumulate reserves to the same extent that are required of private pen-

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sion plans. This concept may be valid, and is certainly necessary when we are involved with mandatory spending programs in which deficit financing is the only alternative to no program at all. Here however, we are presented with a financial package which will go far to reduce the expected deficit in the trust fund without dislocating any other options. The ultimate conclusion is clear. If title I is not passed, the future deficiencies will have to be met by annual appropriations in addition to employee and agency contributions. Title I offers a solution which must be accepted.

Title II of this bill provides for certain limited increases in benefits, both cash and otherwise. It is the title II programs which have generated an enormous amount of mail to my office. This mail is overwhelmingly in favor of the bill, and I am sure that most of my colleagues share this experience. I fully support that section of the bill providing that the retirement annuity be based on the high 3-year average rather than the present high 5-year average. The present 5-year standard tends to keep Government employees on the job beyond the age when they would normally retire, is not consistent with retirement schedules now becoming prevalent in industry, and does not necessarily reflect the rationale behind the program—which is to reward the Federal employee in a manner commensurate with his contribution to the Government.

Equally valuable is the section of the bill providing a credit for unused sick leave. This section is the most morally justifiable provision in the bill, for it rewards those persons who have shown a competence and responsibility far above that of the average civil service employee. At present, unused sick leave is forfeited if not used. It has been common for many employees to use up their accrued sick leave prior to retirement. This, of course, results in long absences from work, and in the case of agencies under hiring curbs, work not completed. Many of the conscientious and often high level employees recognize their responsibilities however, and do not take advantage of their accrued sick leave. When the retirement date arrives they must forfeit this leave. In essence, the present system penalizes the competent employee and rewards the irresponsible employee.

It is argued that inclusion of this section will set a bad precedent, and that inclusion of this section implies that the present sick leave policy is being abused. I think the present policy is being abused. Agency reports confirm this.

While the purpose of sick leave is to provide income for a certain amount of time for those employees who are absent from work due to illness, experience clearly shows that as many employees reach retirement, they go through long periods of "illness" and then experience a quick recovery upon separation. Contrary to the supplemental views in the committee report, I do not feel that inclusion of this section will result in employees reporting for work if they are sick in order to gain the credit.

Crediting unused sick leave will in all probability result in increased effi-

ciency as the long-term employee will have the incentive to continue active work up to the time of official separation.

In conclusion, I am convinced that H.R. 9825 is a well thought out package which will stabilize the present chaotic system and provide the necessary benefits that have been lacking and which are certainly due the Federal employee.

Mr. EILBERG. Mr. Chairman, it is with a great deal of pride and a sense of relief that I rise today to give my support of H.R. 9825. I am sure all my colleagues will agree that the bill was a long time getting to the floor and those of us who have cosponsored the legislation are just plain glad it is here now.

I am hopeful that we will pass this bill again this year as we did at the end of the 90th Congress. When it is enacted, it will insure the solvency of the civil service retirement system and make some improvements in that system which are long overdue so that it will be more modern and capable of meeting the present and future needs of our retired civil servants.

I believe that maintenance of the civil service retirement system is one of the most important responsibilities of the Congress. It is an essential part of the modern employment system which we have tried to develop to attract and keep employees of the highest caliber to conduct the complex business of Government. Enactment of H.R. 9825 will contribute greatly to the financial security of the many past civil servants and their families as well as to future retirees. It will represent a landmark in our efforts to maintain the system and remove any doubt as to the retirement fund's ability to meet its commitments to our Federal civil servants.

The results of a comprehensive study conducted by the Committee's Subcommittee on Retirement, Insurance, and Health Benefits testifies to the need for this legislation. Federal employees have always contributed the full amount to the fund but, while the Government has contributed substantial amounts, it has failed to appropriate regularly and systematically sufficient amounts to meet the ultimate cost of the system which are not covered by employee contributions.

At the end of the 1968 fiscal year, the unfunded liability of the system had approached \$55 billion. If we do not pass this bill, under current system funding practices, this unfunded liability will continue to grow at the rate of \$2 billion per year. When the latest salary statute was implemented and Federal salaries at last in most cases came within striking distance of comparability, this coupled with cost-of-living increases for annuitants increased the unfunded liability to about \$60 billion. The need for action is evident and I am confident that we will decide overwhelmingly to take that action today and approve this bill.

Mr. Chairman, I am alarmed that the Bureau of the Budget recommended against enactment of some provisions of this bill specifically those which would liberalize existing benefits in the following ways: First, gross earnings, rather than basic pay should be used in determining retirement benefits and deduc-

tions; second, average salary for annuity computation purposes would be determined on the basis of 3 rather than 5 years of service; third, unused sick leave would be added to actual length of service in computing annuities; fourth, an extra 1 percent would be added to each annuity increase resulting from changes in the consumer price index; and fifth, amendments which permit continuation for the annuity when a surviving spouse remarries after reaching age 60, and restoration of annuity upon termination of a remarriage which occurred before age 60, would be made applicable to all cases in which remarriage occurs after July 17, 1966.

I support all these provisions and I hope that my colleagues feel likewise. Enactment of this legislation is absolutely necessary to the continued efficiency of our Government.

Mr. FASCELL. Mr. Chairman, today we consider what I am sure will be one of the most worthy bills to come before this session of Congress. Basically, it is legislation to provide just retirement benefits for our Federal employees, and improve the funding of the civil service retirement program.

I am sure that there will be general agreement on the objectives of this legislation. I have cosponsored a bill, H.R. 10219, identical to the measure before us, and so have many other Members. The need for this type of improvement is clear and compelling, for it is imperative that we provide adequately for the retirement of career Government workers who have devoted their lives to public service.

H.R. 9825 is a "clean bill" in that it is a final version of similar legislation which has long been studied by this body. It incorporates refinements and improvements which reflect the extensive consideration devoted by the Congress to this field. No Senate action was taken on the similar bill passed unanimously by the House in the last Congress, but in view of the increasingly severe hardship caused on retirees by inflation, I feel confident that the other body will be in a more receptive mood this year.

One of the best elements of this bill is its provision reducing the average pay computation period to 3 years from the present 5 years. This provision is strongly endorsed by employees and their professional organizations, and it deserves our wholehearted support. It is needed in part because of the recent pay increases we have enacted to bring Federal employee salaries into closer comparability with private enterprise salaries. It would do little good for thousands of valuable Government employees if we raised their pay briefly before retirement, then computed their retirement income based on 5 years of previous salaries that were admittedly inequitable. Justice demands that we at least reduce the computation period to 3 years so that the pay increases which we found to be justified are taken into better account.

During this period of rapid escalation, those whose pay has finally been brought to comparability with the rest of the Nation should not be penalized by continuation of the 5-year base period. This long a period overlooks the rapidly

changing nature of the Government pay structure and our efforts to upgrade Federal salary levels.

The other provisions of this measure are also sound. By adding unused sick leave to the length of service of an employee who is retiring or has died while employed, for example, we are justifiably rewarding the employee's good work and attendance record. This provision will add a significant incentive for employees to not "use up" all of their allowable sick leave during their years of service and should result in large savings to the Government.

To help pay for the increased benefits, the bill adds an extra 1 percent to the rate of employee and agency contributions to the retirement fund. This contribution would rise to 7½ percent from the present 6½ percent, but I feel that the overwhelming number of our Government employees will be happy to share this additional burden in view of the higher benefits they will eventually receive.

As one who has supported an adequate civil service retirement program throughout his congressional service, I enthusiastically endorse this legislation. I hope and expect that we can win its final enactment in the current Congress, thereby meeting our responsibilities to our faithful Federal employees.

Mr. BIAGGI. Mr. Chairman, I would like to express my complete and enthusiastic support for H.R. 9825.

This bill will effectively ameliorate our present civil service retirement system. That this program needs improvement is quite obvious. The unfunded liability of the system was \$18.1 billion in 1958, and jumped to \$57.7 billion at the close of fiscal year 1968. At this terrifying rate of increase, it is anticipated that if no changes are made in the law, the civil service retirement trust fund will have a zero balance in about 18 years.

To preclude such a dire financial crisis, H.R. 9825 utilizes a three-pronged approach to the problem. First, and of greatest importance, the bill provides for payment of the interest accruing on the \$57.7 billion. This would be accomplished by paying 10 percent of the interest in 1970, 20 percent in 1971, 30 percent in 1972, et cetera, until 1980 when all of the interest would be paid up. In such a manner, the astronomical growth of the unfunded liability would be stopped since the interest is what is responsible for the major increase of this deficit.

Second, the bill would assure any increase in principal that may occur through further liberalization of the program would be paid for by the Government in 30 equal annual installments.

In order to fund the above two financial improvements, H.R. 9825 would raise employee and agency payroll contributions one-half of 1 percent, from 6½ to 7 percent. This contribution increase would be effective January 1970.

In addition to promoting a health financial situation, H.R. 9825 would also considerably improve the benefits derived from the civil service retirement program. There are four of these major improvements.

First, the bill calls for an increase in benefit payments 1 percent greater than the rise in the cost of living. This would alleviate the present lag in the timing of the benefit increase since it takes at least 5 months before the increase takes effect. Since the cost of living generally goes up month by month, this 5-month lag in increase can sometimes be most serious.

Second, the bill will provide for the restoration of benefits to certain remarried widows who are denied them only because their spouse died or retired before July 18, 1966.

The third benefit improvement which H.R. 9825 would make is to change the number of years of high salary from 5 to 3 on which retirement benefits are based. In this way, the retirement benefits would be more closely related to the salary at time of retirement—normally the highest—and would lessen the tendency of employees to postpone retirement indefinitely.

Finally, the bill would provide that in the computation of annuities credit would be given for unused sick leave accumulated by an individual at the time he retires. This would of course encourage employees to accumulate sick leave rather than to use it unnecessarily, particularly as some do during their last year.

For all of these important and significant reasons, I heartily endorse H.R. 9825. Thank you.

Mrs. GREEN of Oregon. Mr. Chairman, I rise in support of legislation being offered to the House today by my distinguished colleague DOMINICK DANIELS and the hard-working members of the Subcommittee on Retirement, Insurance, and Health Benefits.

It is a special pleasure to support H.R. 9825. Chairman DANIELS and his colleagues have engaged during the last year and one-half in the sore of conscientious and thorough preparation of legislation that is a credit to all of us in the Congress. The subcommittee has conducted a searching examination of the civil service retirement program, and the result of that study is an admirable piece of legislation which deserves the wholehearted support of everyone in this Chamber.

The Federal Government must be able to attract and retain the most dedicated and best prepared people in the Nation. And those people who enter Government service have every right to expect adequate retirement payments in return for their years of service. Thus, this legislation is another investment in efficient government and in dedicated people.

Moreover, I cannot emphasize enough that the Congress must be more responsive to the needs of our senior citizens generally. There are thousands of older Americans who live in real poverty. And there are millions of older Americans who subsist on the most meagre of resources: budgeting themselves rigidly so that they may take an afternoon bus ride, or buy a Sunday newspaper, or a new pair of shoes. This is an unacceptable living situation; and I contend that the poverty of the aging in America is

assuredly the most unnoticed—but in many ways the most compelling. Theirs is the worst poverty of all, for it is companion to the loneliness of silence.

If the House would take an important step toward reassuring the American people that it will not tolerate economic deprivation among the elderly, this body will authorize the provisions of H.R. 9825, which will make our retirement program for Federal employees financially secure, adequate in payments to retirees, and equitable in structure. Specifically, the House will have addressed itself to the financial necessities of Government employees in their later years. But in the larger framework, the House will have indicated its concern and determination to insure financial security for all of our older citizens.

This bill puts the retirement fund on a sound basis through an improved program of financing and funding. In meeting the need for resources, H.R. 9825 increases the rate of employee and employer contributions from 6½ to 7½ percent.

Important improvements are made in retirement benefits. The average pay computation period is reduced from 5 years to 3 years. The bill takes a realistic approach to the rise in the cost of living and the inadequacy in the adjustment formula. Unused sick leave is added to length of service of an employee who is retiring.

H.R. 9825 was thoughtfully prepared. It is a practical response to the retirement needs of Federal employees. H.R. 9825 deserves the immediate attention and support of both House.

Mr. MIZELL. Mr. Chairman, I rise in support of the amendment offered by my colleague from Alabama, Mr. JOHN BUCHANAN.

I think his bill would completely eliminate the controversy which surrounds this piece of legislation. I do not think that we should do anything at this time that would lead the citizens of this country to believe that this body is voting special privileges for themselves, so therefore, I favor Congressman BUCHANAN'S amendment to base the retirement for Congressmen on 5 years of service instead of at the 3 highest salaried years as is proposed in the bill.

The purpose of this legislation should be to strengthen and improve the retirement for civil service employees and not special benefits for Congressmen. I urge the passage of this amendment which I think would greatly improve the bill and make it more acceptable.

Mr. FRASER. Mr. Chairman, I wish to state my strong support for H.R. 9825, to strengthen the civil service retirement system. This bill which sets new and liberalized retirement benefits is, in my opinion, absolutely necessary.

At a time when we must, more than ever, attract and hold competent individuals in the civil service, we must build a retirement fund that is on a par with the best of labor unions and private industries. Certainly, we cannot allow Government employees to suffer from substandard pension programs.

The report of the Post Office and Civil Service Committee noted that the deficiency in the retirement fund will reach \$57.7 billion this year. By 1975, the disbursements, because of the increased number of eligible people, will skyrocket beyond the income level, which will remain relatively static over the next 6 years. If we would allow such a situation to develop, the soundness of our civil service system would reach a low point.

I also would like to express special support for that provision of the bill which provides for an adjustment of the benefits to the cost of living. The inflation we are currently experiencing has made us painfully aware of the suffering of those living on fixed incomes and pensions. Is this a proper reward for years of faithful Government service?

The Post Office and Civil Service Committee has worked long and hard in producing such a fine piece of legislation. I urge the immediate adoption of this bill.

Mr. BROYHILL of Virginia. Mr. Chairman, I rise to endorse with all the vigor at my command and to urge passage of the legislation we are considering today, to improve both the financing and benefits of the civil service retirement provisions.

On March 13, 1969, I urged the Congress to give the earliest consideration to H.R. 770, predecessor of H.R. 9825, introduced on the first day of this Congress by the distinguished gentleman from New Jersey (Mr. DANIELS). On that same day I introduced a companion bill, H.R. 8924, to add to my verbal support for this legislation.

When the bill under consideration today, H.R. 9825, was reported by the Subcommittee on Retirements, I again added my support to this revised bill by cosponsoring another companion bill, H.R. 10219, on April 16, 1969.

Needless to say, Mr. Speaker, I am very much interested in this Congress taking the necessary steps to insure the financial soundness of the civil service retirement fund and to improve benefits to annuitants under the civil service retirement system.

The chairman and members of the Committee on Post Office and Civil Service are to be commended for the more than 2 years of work they have done in formulating this legislation and bringing H.R. 9825 to the floor of the House. The modifications of the original bill have been minor, and I believe they insure its passage by both Houses of the Congress.

The soundness of the fund is insured by raising the deduction from an employee's base pay from 6½ to 7 percent for classified employees and from 6½ to 7½ for Members and employees of the Congress. With the fund now over \$55 billion in the red, the need for this increase is obvious, as is the like increase in the Government's employer contribution.

The high 3-year average in determining base pay for annuity computation purposes rather than the previously enacted high 5-year average is completely justified and long overdue, as is the provision that unused sick leave can be added in computing the employee's total actual service performed for an-

nity computation. Finally, a 1 percent addition to all future automatic cost-of-living adjustments will go a long way toward bringing Federal annuities up to the level we would hope to provide for our retired civil service employees.

Mr. Chairman, H.R. 9825 provides for urgently needed improvements in our civil service system, and I urge our colleagues to support it.

Mr. CORBETT. Mr. Chairman, we have no further requests for time.

Mr. DANIELS of New Jersey. Mr. Chairman, I rise at this time merely to state I have no further requests for time, and to take this opportunity to express to Members who have participated in this debate my gratitude, and also the gratitude of the subcommittee for their serious concern over this very vexing problem we face here today.

The budgetary impact of solving the problem has resulted in congressional, as well as Executive, hesitation; so we have gone much further today in trying to solve this problem than we ever have done before.

I think we have before us a program for the financing of the Retirement Fund which is very sound and businesslike. I urge all Members of the House on both sides of the aisle to give their support to this bill without any crippling amendments.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

H.R. 9825

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

TITLE I—CIVIL SERVICE RETIREMENT FINANCING

SEC. 101. Section 8331 of title 5, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (15);

(2) by striking out the period at the end of paragraph (16) and inserting a semicolon in lieu thereof; and

(3) by adding immediately below paragraph (16) the following new paragraphs:

Mr. SCOTT. Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk read as follows:

"(17) 'normal cost' means the entry-age normal cost computed by the Civil Service Commission in accordance with generally accepted actuarial practice and expressed as a level percentage of aggregate basic pay;

"(18) 'Fund balance' means the sum of—

"(A) the investments of the Fund calculated at par value; and

"(B) the cash balance of the Fund on the books of the Treasury; and

"(19) 'unfunded liability' means the estimated excess of the present value of all benefits payable from the Fund to employees and Members, and former employees and Members, subject to this subchapter, and to their survivors, over the sum of—

"(A) the present value of deductions to be withheld from the future basic pay of em-

ployees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf; plus

"(B) the present value of Government payments to the Fund under section 8348(f) of this title; plus

"(C) the Fund balance as of the date the unfunded liability is determined."

Mr. BENNETT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, at this time I should like to outline an amendment which I shall offer to this bill. It is not a crippling amendment; it is a perfecting amendment. It is one recommended by the U.S. Civil Service Commission.

(Mr. BENNETT asked and was given permission to revise and extend his remarks.)

Mr. BENNETT. Mr. Chairman, the purpose of this amendment is to provide for one case I know of, which has been brought to my attention, of a constituent of mine who received advice in writing from an employee of the Civil Service Commission, acting for the Commission, that she would not forfeit her pension if she remarried. She has a letter to that effect. The Civil Service Commission regrettably acknowledges that now she has had her pension cut off, since she remarried relying on this statement. The amendment I will offer reads as follows:

Notwithstanding the prohibition contained in the first sentence of this section on the payment of annuity for any period prior to the enactment of this section, in any case in which the Civil Service Commission determines that—

(1) the remarriage of any widow or widower described in such sentence was entered into by the widow or widower in good faith and in reliance on erroneous information provided in writing by Government authority prior to that remarriage that the then existing survivor annuity of the widow or widower would not be terminated because of the remarriage; and

(2) such annuity was terminated by law because of that remarriage;

then payment of annuity may be made by reason of this section in such case, beginning as of the effective date of the termination because of the remarriage.

As I have already mentioned, the Civil Service Commission has passed on this matter. Despite the fact that I have introduced a private bill to accomplish this same result, they feel it ought to be remedied in this bill. They prefer it be remedied in this bill. So, at a later time, when we reach the proper point in the discussion, I shall offer the amendment.

Mr. DANIELS of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I am happy to yield to the gentleman from New Jersey.

Mr. DANIELS of New Jersey. I happen to be in possession of a report of the U.S. Civil Service Commission with respect to the private bill the gentleman introduced, H.R. 10356, and in substance the Civil Service Commission states that this lady acted like a reasonable and prudent person, that she made inquiry of the civil service examiner and received an opinion in writing.

I further understand that an aide in the gentleman's office who was consulted by this lady, Mrs. Hicks, also made inquiry of the Civil Service Commission and

likewise was advised that if she remarried her annuity would not be cut off.

Under those circumstances, since she remarried and under the law lost her annuity, I believe it not more than fair and reasonable and in justice to this woman that we should make an exception in this case for this particular individual, who received an opinion in writing from a governmental agency. In such a case what more could one expect a private individual to do?

She did what I think is a fair, reasonable, and sensible thing, and in justice to her we ought to allow this amendment.

Mr. BENNETT. I thank the gentleman very much. I will offer the amendment at the proper time and at that time I will ask the minority to accept it.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

Sec. 102. (a) Section 8334 of title 5, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

“(a) (1) The employing agency shall deduct and withhold 7 percent of the basic pay of an employee and 7½ percent of the basic pay of a Congressional employee and a Member. An equal amount shall be contributed from the appropriation or fund used to pay the employee or, in the case of an elected official, from an appropriation or fund available for payment of other salaries of the same office or establishment. When an employee in the legislative branch is paid by the Clerk of the House of Representatives, the Clerk may pay from the contingent fund of the House the contribution that otherwise would be contributed from the appropriation or fund used to pay the employee.

“(2) The amounts so deducted and withheld, together with the amounts so contributed, shall be deposited in the Treasury of the United States to the credit of the Fund under such procedures as the Comptroller General of the United States may prescribe. Deposits made by an employee or Member also shall be credited to the fund.”; and

(2) by amending subsection (c) to read as follows:

“(c) Each employee or Member credited with civilian service after July 31, 1920, for which retirement deductions or deposits have not been made, may deposit with interest an amount equal to the following percentages of his basic pay received for that service:

Service period

“Percentage of basic pay:

Employee:

2½—August 1, 1920, to June 30, 1926.

3½—July 1, 1926, to June 30, 1942.

5—July 1, 1942, to June 30, 1948.

6—July 1, 1948, to October 31, 1956.

6½—November 1, 1956, to December 31, 1969.

7—After December 31, 1969.

Member or employee for Congressional employee service:

2½—August 1, 1920, to June 30, 1926.

3½—July 1, 1926, to June 30, 1942.

5—July 1, 1942, to June 30, 1948.

6—July 1, 1948, to October 31, 1956.

6½—November 1, 1956, to December 31, 1969.

7½—After December 31, 1969.

Member for Member service:

2½—August 1, 1920, to June 30, 1926.

3½—July 1, 1926, to June 30, 1942.

5—July 1, 1942, to August 1, 1946.

6—August 2, 1946, to October 31, 1956.

7½—After October 31, 1956.

Notwithstanding the foregoing provisions of this subsection, the deposit with respect to a period of service referred to in section 8332(b)(6) of this title performed before January 1, 1969, shall be an amount equal to 55 percent of a deposit computed in accordance with such provisions.”.

(b) The amendment made by subsection (a)(1) of this section shall become effective at the beginning of the first applicable pay period beginning after December 31, 1969.

Sec. 103. (a) Section 8348 of title 5, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

“(a) There is a Civil Service Retirement and Disability Fund. The Fund—

“(1) is appropriated for the payment of—

“(A) benefits as provided by this subchapter; and

“(B) administrative expenses incurred by the Civil Service Commission in placing in effect each annuity adjustment granted under section 8340 of this title; and

“(2) is made available, subject to such annual limitation as the Congress may prescribe, for any expenses incurred by the Commission in connection with the administration of this chapter and other retirement and annuity statutes.”; and

(2) by striking out subsections (f) and (g) and inserting in lieu thereof:

“(f) Any statute which authorizes—

“(1) new or liberalized benefits payable from the Fund, including annuity increases other than under section 8340 of this title;

“(2) extension of the coverage of this subchapter to new groups of employees; or

“(3) increases in pay on which benefits are computed;

is deemed to authorize appropriations to the Fund to finance the unfunded liability created by that statute, in equal annual installments over the 30-year period beginning at the end of the fiscal year in which the statute is enacted, with interest computed at the rate used in the then most recent valuation of the Civil Service Retirement System and with the first payment thereof due as of the end of the fiscal year in which the statute is enacted.

“(g) At the end of each fiscal year, the Commission shall notify the Secretary of the Treasury of the amount equivalent to interest on the unfunded liability computed for that year at the interest rate used in the then most recent valuation of the System. Before closing the accounts for each fiscal year, the Secretary shall credit to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated, the following percentages of the amounts equivalent to interest on the unfunded liability: 10 percent for 1971; 20 percent for 1972; 30 percent for 1973; 40 percent for 1974; 50 percent for 1975; 60 percent for 1976; 70 percent for 1977; 80 percent for 1978; 90 percent for 1979; and 100 percent for 1980 and for each fiscal year thereafter. The Commission shall report to the President and to the Congress the sums credited to the Fund under this subsection.”.

(b) (1) The provisions of subsection (g) of section 8348 of title 5, United States Code, as contained in the amendment made by subsection (a) (2) of this section, shall become effective at the beginning of the fiscal year which ends on June 30, 1971.

(2) Paragraph (1) of this subsection shall not be held or considered to continue in effect after the enactment of this Act the provisions of section 8348(g) of title 5, United States Code, as in effect immediately prior to such enactment.

Sec. 104. Section 1308(c) of title 5, United States Code, is amended by striking out “on a normal cost plus interest basis”.

Sec. 105. The proviso under the heading “CIVIL SERVICE COMMISSION” and under the subheading “PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND” in title I of the Independent Offices Appropriation Act, 1962 (75 Stat. 345; Public Law 87-141), is repealed.

TITLE II—CIVIL SERVICE RETIREMENT BENEFITS

Sec. 201. Paragraph (4) (A) of section 8331 of title 5, United States Code, is amended by

striking out “5 consecutive years” and inserting in lieu thereof “3 consecutive years”.

Sec. 202. Subsection (g) of section 8334 of title 5, United States Code, is amended—

(1) by striking out the word “or” at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word “or”; and

(3) by adding the following new paragraph immediately below paragraph (4):

“(5) days of unused sick leave credited under section 8339(m) of this title.”.

Sec. 203. Section 8339 of title 5, United States Code, is amended—

(1) by striking out of subsection (b) the words “so much of his service as a Congressional employee and his military service as does not exceed a total of 15 years” and inserting in lieu thereof “his service as a Congressional employee, his military service not exceeding 5 years.”.

(2) by amending subsection (c) (2) to read as follows:

“(2) his congressional employee service.”; and

(3) by adding at the end thereof the following new subsection:

“(m) In computing any annuity under subsections (a)–(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity includes, without regard to the limitations imposed by subsection (e) of this section, the days of unused sick leave to his credit, except that these days will not be counted in determining average pay or annuity eligibility under this subchapter.”.

Sec. 204. Subsection (b) of section 8340 of title 5, United States Code, is amended by inserting “1 percent plus” immediately after the word “by”.

Sec. 205. The provisions of subsections (b) (1), (d) (3), and (g) of section 8341 of title 5, United States Code, also shall apply in the case of any widow or widower—

(1) of an employee who died, retired, or was otherwise separated before July 18, 1966;

(2) who shall have remarried on or after such date; and

(3) who, immediately before such remarriage, was receiving annuity from the Civil Service Retirement and Disability Fund;

except that no annuity shall be paid by reason of this section for any period prior to the enactment of this section. No annuity shall be terminated solely by reason of the enactment of this section.

Sec. 206. (a) The amendments made by sections 201, 202, and 203 of this Act shall not apply in the cases of persons retired or otherwise separated prior to the date of enactment of this Act, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if such sections had not been enacted.

(b) The amendments made by section 204 of this Act to section 8340 of title 5, United States Code, shall apply only to determinations of amounts of annuity increases which are made under such section 8340 after the date of enactment of this Act.

Mr. DANIELS of New Jersey (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, that it be printed in the RECORD and be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 3, line 9, strike out the word “and” and insert in lieu thereof a comma.

On page 3, line 10, strike out the word "and" and insert in lieu thereof a comma and the following: "and 8 percent of the basic pay of".

On page 4, immediately below "7½—After October 31, 1956," insert the following: "8—After December 31, 1969."

Mr. DERWINSKI. Mr. Chairman, this amendment is fairly simple and self-explanatory. It would merely raise to 8 percent the figure upon which the basic pay of a congressional employee or Member shall be subject to deduction and contribution to the fund.

We have had all sorts of statements made this afternoon by Members wishing to have this fund as strong as possible and also to make the most equitable contribution possible.

I understand that this amendment is supported by the ranking member of the full committee on the minority side, and therefore I hope it will be accepted by the floor managers of the bill and that we can move on expeditiously to other items.

Would the gentleman from Pennsylvania care to comment on this?

Mr. SCOTT. Will the gentleman yield?

Mr. DERWINSKI. I will in just a moment, but first I would like to get the attention of the gentleman from Pennsylvania (Mr. CORBETT), because I understood him earlier to support such a provision.

Mr. CORBETT. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes. I am glad to yield.

Mr. CORBETT. The gentleman from Virginia was going to ask if your amendment did not include congressional employees as well as Members.

Mr. DERWINSKI. Yes, it does.

Mr. CORBETT. I can inform the gentleman that the amendment I spoke in support of earlier only included Members. Now, I will go that far with the gentleman from Illinois but not the whole way.

Mr. DERWINSKI. Well, then, perhaps the gentleman could offer a substitute to my amendment to strike the congressional employees from my amendment and then we would be in perfect harmony and could accept it and go on from here.

Mr. CORBETT. If the gentleman will yield further, I believe that this proposal only becomes fair if the 3-year formula is continued in the bill for Members. So at this particular time, with the possibility that the 3 years might be stricken from the bill, I could not support the amendment. I will take a position on the matter when I find out that the fate is of title II. I think the gentleman's amendment comes just at the wrong time.

Mr. DERWINSKI. May I say I believe the gentleman from Pennsylvania is an excellent tactician even though I may not necessarily concur in his strategy. But I think this is an amendment which as I stated earlier is self-explanatory by making the contribution for congressional employees and Members 8 percent in order to alleviate a great deal of criticism that might come from what I might say the fourth estate.

I, therefore, hope the amendment will have the quick support of the membership.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Iowa.

Mr. GROSS. Does the gentleman have a copy of his amendment at hand?

Mr. DERWINSKI. Yes.

Mr. GROSS. Would the gentleman read the copy of his amendment which, I believe, refers to page 4, between lines 7 and 8.

Mr. DERWINSKI. At page 4, immediately below "7½—After October 31, 1956," insert the following: "8—After December 31, 1969."

Mr. GROSS. That does not include legislative employees.

Mr. DERWINSKI. Let me review the language in the bill on page 3, line 10—that is right. The gentleman is correcting me properly.

Mr. GROSS. Yes; this is the amendment that the gentleman from Pennsylvania (Mr. CORBETT) said he wanted to introduce and wanted to support.

Mr. DERWINSKI. Excuse me. I misread the amendment. It was my intention, in order to help the gentleman from Pennsylvania, to offer the very amendment that he has said he would support. That is why I wanted the gentleman's attention. You may say this is a "Corbett proposal misinterpreted by DERWINSKI." It does the very thing that the gentleman from Pennsylvania will do and at this time I presume I have his support.

Mr. HAYS. Does the gentleman not think the request of the gentleman from Pennsylvania (Mr. CORBETT) was a reasonable request? You are increasing the contribution in title I. Title II is wiped out. Why should we pay more into a fund that is already stable, one where we are paying sufficiently into it now for Members of Congress?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent (at the request of Mr. HAYS) Mr. DERWINSKI was allowed to proceed for 2 additional minutes.)

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes, certainly.

Mr. HAYS. I think the gentleman should withdraw his amendment and offer it at a later time when we see what happens to this 3-year thing. He might get an acceptance of it.

I made a study of this, as the gentleman knows, in connection with the Foreign Service retirement last year, and found that, although the members' pension fund is not separate, it has made a profit of about 100 percent since it has been put into effect. In other words, there is about 100 percent more there now than has been paid out. You are, in effect, increasing contributions by more than has been paid out.

I have no objection to your amendment, but if you are going to continue to base it on 5 years, I do not see why Members of Congress should be taxed to the extent of building up a surplus more than they have already. In other words, we are now more than carrying our own weight in this matter.

I think this would be the thing to do. I commend the gentleman for what he has done, and I think it is eminently fair.

Mr. DERWINSKI. I thank the gentleman from Ohio for his contribution.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding.

I have in hand a letter from Mr. Andrew Ruddock, Director of the Bureau of Retirement of the U.S. Civil Service Commission, in which he says this:

We estimate the total cost of the present retirement provision for Members of Congress will be about 25 percent of payroll.

In other words, if the Members of Congress were to pay what the Civil Service Commission says is their share of the cost of payroll, they would be paying 12.5 percent.

Mr. DERWINSKI. Mr. Chairman, I innocently, of course, added a new controversy to this bill, and that is why I would think we were at the point now where the members of the subcommittee and the full committee, having recognized for months the problems that they have, and presumably because of those problems have withheld floor action on this bill, might not just drop title II and solve the whole controversy.

Mr. DANIELS of New Jersey. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois.

Mr. Chairman, as I stated originally when I took the floor today, the Subcommittee on Retirement Insurance and Health Benefits made an in-depth study of this legislation. It conferred with the heads of the governmental agencies such as representatives of the Civil Service Commission, the Bureau of the Budget, and the General Accounting Office, not only in the present administration, but in the prior administration, and they fully endorse the financing approach undertaken by this bill, the three-pronged approach, one of which is the increasing of the employees' contribution from 6.5 to 7 percent, with a like increase on the part of governmental agencies, making a total of 14 percent.

It was reported to our committee, and it is undisputed, that the normal cost for carrying the retirement benefits comes to 13.86 percent. So by virtue of each employee and his employing agency contributing a like sum, we have a total of 14 percent, resulting in a surplus of fourteen one-hundredths of 1 percent.

It was for that reason we have had the problem in title II. I am assured by all the witnesses who have appeared—and there is not a bit of testimony in the record to contradict this statement—that the financing under title I is not only adequate to take care of the sections of title I to put the fund on a sound economic and businesslike basis, but in addition thereto we have provided for those benefits provided in title II of this bill.

For that reason, Mr. Chairman, I rise in opposition to the amendment.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DANIELS of New Jersey. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, does memory serve me correctly that there was an 8-percent contribution provided for Members of Congress in last year's bill?

Mr. DANIELS of New Jersey. In last year's bill this is absolutely true. But when we continued hearings it was the judgment of our committee that in view of the testimony that had been adduced that it was not necessary to increase the contribution of the Members. There is no reason why we should overcharge the Members of Congress.

Mr. GROSS. But the Director of the Bureau of Retirement in the Civil Service Commission says that the Members of Congress should be paying in 12.5 percent. In other words, a total payroll cost of 25 percent.

Mr. DANIELS of New Jersey. The Members of Congress would be required to pay 12.5 percent, and with the Government picking up 12.5 percent, as required by law, would make a total of 25 percent; yes, that amount of money would be necessary if we were picking up the debt. But I see no reason why Members of Congress have to pick up the debt. If we do, then we should compel Federal employees to do so. In that case you would need 24 percent with the employee contributing 12 and the Government contributing 12. So why should we make an exception with the Members of Congress?

Mr. GROSS. Mr. Ruddock predicated this on normal costs.

Mr. DANIELS of New Jersey. No, normal costs are an entirely different matter.

Mr. GROSS. That is what I am talking about.

Mr. DANIELS of New Jersey. No. When you refer to 25 percent you are referring to Members of Congress picking up the debt.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

The amendment was rejected.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: Strike out all of title II beginning with line 1, page 8, and ending with line 17, page 10.

(By unanimous consent, Mr. Gross was allowed to proceed for 2 additional minutes.)

Mr. GROSS. Mr. Chairman, I rise in support of my amendment to strike out title II of H.R. 9825 which contains provisions opposed by the administration.

The announced purpose of this legislation is to refinance the civil service retirement fund. This administration and the prior administration urged the Congress to eliminate the liberalization of retirement benefits contained in title II of this bill.

If we are to take any constructive action toward eliminating the \$61 billion retirement fund deficiency we cannot at the same time provide liberalizations in retirement benefits which amount to over \$1 billion.

The retirement benefits provided in title II are unnecessary at this time. The present retirement benefits for Federal employees are most generous and such benefits are equal to if not better than similar benefits provided employees in private industry.

One provision in title II would permit computation of annuities based on the high-3-year average salary rather than on the basis of the high-5-year average salary. This will increase the obligation of the retirement fund by \$337 million.

Retaining this provision in the bill is even more costly to the Federal Government if we consider the fact that it will encourage many experienced and competent employees to leave the Federal service before their productive and useful years of service are completed. The Federal Government has invested many millions of dollars in training experienced and knowledgeable employees. I do not believe we should unwisely waste this investment.

Also, to be considered is the fact that in the past several years substantial pay increases have been granted to Federal employees on the theory that we must attract and retain the best qualified persons in the Federal service. To encourage these employees to leave Federal employment prematurely is a disservice to the American people.

I need not remind my colleagues that this extreme liberalization in H.R. 9825 also provides benefits for Members of Congress which are, in my opinion, out of all proportion to their retirement needs. Under the provisions of title II of this bill, if adopted, Members would be voting to give themselves greater retirement benefits right on top of an exorbitant pay increase.

Another provision in title II proposes to give Federal employees retirement credit for unused sick leave at the time of their retirement at a cost of \$329.5 million to the retirement fund.

The underlying basis for laws granting sick leave benefits is that such benefits are a privilege granted by the Government to its employees for the purpose of time off with pay during periods of legitimate illness. They were never intended to be converted into retirement benefits. Sick leave is a protection for the employee and whether it is used or not, its existence creates an attitude of confidence for the employee to know that it is available if necessary.

The principal argument in support of crediting unused sick leave for retirement purposes is the contention that it would prevent sick leave abuses and therefore save payroll costs for the Government. This is a spurious allegation. The sick leave provision in title II will have the effect of encouraging employees to come to work when they are ill. Efficiency will decrease and the exposure of coworkers to illness in turn will create greater loss to the Government.

During the debate on this legislation on October 1, 1968, we were told that the sick leave provision in this bill would increase Federal payroll retirement costs by \$22 million annually. This year we are told that such costs will be increased by \$13.2 million. I am unaware of how this payroll cost could be reduced by almost one-half in less than a year, but it remains a fact that such provision is costly because it will increase the unfunded liability of the retirement fund by \$329.5 million.

Another inequity created by this provision is the clear discrimination against

those employees who, through no fault of their own, are forced to take legitimate sick leave for serious operations or catastrophic illness.

The sick leave provision in the bill completely reverses the basic concept of such leave which has governed its uses from its inception.

The other two retirement liberalizations proposed in title II are equally unmeritorious and will add \$393 million to obligations of the retirement fund.

The addition of 1 percent to all future percentage adjustments in annuities is an outright gift and cannot be justified on any objective basis. This provision costing \$243 million does not belong in this legislation.

The adjustment in survivor annuities for spouses who remarry provided in title II costing \$150 million does not belong in legislation primarily concerned with refinancing the retirement fund.

The record of the Congress is far from encouraging to millions of Americans who are experiencing the pressures of inflation in the form of higher taxes and higher costs of living with no relief in sight.

The examples that are being set in Congress provides the people with little confidence in a Government that continues to give its top officials record-breaking increases in salaries and retirement benefits.

We point with grave alarm to the inflationary pressures in our economy. We tell our constituents we cannot long survive if we continue on this path. We should reduce appropriations, but we increase them. Industry and labor are asked to hold the line. We point to the fact that some economic indicators suggest a slowdown in business, while at the same time interest rates continue to soar.

And in the first 6 months of 1969 we in Congress have done nothing except to encourage every inflationary pressure in our economy, and this bill is one of the worst examples.

I urge the Members to adopt my amendment striking out the unnecessary provisions in title II of H.R. 9825 and thereby save over \$1 billion in Federal funds.

Mr. MARTIN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Nebraska.

Mr. MARTIN. I wish to commend the gentleman for his remarks. I agree with him completely. I understand that the Post Office and Civil Service Committee is currently considering legislation which would increase further the pay of postal employees to the tune of approximately \$300 million a year, and that favorable consideration of this legislation is very imminent. Is that correct? Is that legislation in your committee?

Mr. GROSS. The bill, I assume, will be brought before the committee tomorrow. The estimate of its cost is \$300 million. I could not say to the gentleman whether it is more or less, but the preliminary estimates I have heard are close to that figure.

Mr. MARTIN. And that would further increase the amount of retirement benefits eventually, of course.

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Mr. GROSS. That is correct, and I thank the gentleman from Nebraska for his timely observations.

Mr. DANIELS of New Jersey. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa (Mr. Gross).

Since the new combined contribution rate of 14 percent of payroll will actually exceed the present normal costs of benefits—now at 13.86 percent of payroll—the committee decided, in the interest of equity and fairness to Federal employees, to provide certain limited, but needed, improvements in the benefits structure of the retirement system.

Every single benefit proposal that had been introduced in the Congress in the past several years was carefully considered in both the subcommittee and the full committee. All were eliminated—primarily on the basis of cost—except the moderate liberalizations which are contained in title II. The normal cost of these improvements is fully covered by the new combined employee-employer contribution rate of 14 percent of payroll. The Civil Service Commission has assured the committee that the other funding provisions in title I will adequately take care of any increase in the unfunded liability which may result from the enactment of these benefits.

In brief, then, title I and II of the bill supplement each other and are integral parts of a total package that will not only put the Federal employees' retirement program on an actuarially sound basis but, also, make limited, but long overdue, improvements in the program.

Therefore, I urge the defeat of the proposed amendment.

I would also like to read from a letter from the U.S. Civil Service Commission, dated May 22, 1969, addressed to me as chairman of the Subcommittee on Retirement, Insurance, and Health Benefits:

Hon. DOMINICK V. DANIELS,
Chairman, Subcommittee on Retirement, Insurance, and Health Benefits, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. DANIELS: This is in reply to your letter of May 13.

In my opinion, Title I of H.R. 9825, as reported by the Committee on Post Office and Civil Service, does make adequate provision for financing the additional normal cost and the unfunded liability that would result from the enactment of Title II of the bill.

Sincerely yours,

ROBERT E. HAMPTON,
Chairman.

Therefore, Mr. Chairman, I urge the defeat of the proposed amendment.

Mr. HAYS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I hope that the amendment offered by the gentleman from Iowa is not an attempt to get Congressmen cut out of this, which would also hurt all other Federal employees as well. As I said earlier, I made a little study of this Federal pension system. It all depends upon whose figures we want to take. We can get all the actuarial figures we want, but these are all suppositions. I am not going to deal with actuarial figures, but I am going to tell

Members when this congressional pension fund was set up in 1946, everybody who was in the Congress was blanketed in as though he had been paying into it all the time he had been here. Members with 20 years of service, with 30 years, with 5 years or 10 years, whatever it was, they all started paying into it as of the beginning of the fund.

If we have that clear, let me tell Members what happened. Over the years, with all those people blanketed in, and with some of them retiring immediately, without contributing anything, I imagine, and some of them retiring after 2 years with 25 years of service and contributing only for 2 years, in spite of that, if the fund were separate, and if we had separate figures, the fund would show \$7 million more was paid in than was paid out.

I proposed to increase contributions to 10 percent and increase benefits by 2.5 percent, because 7.5 percent is to 2.5 as 10 percent is to 3.3, but the gentleman from Iowa (Mr. Gross) and others said we would destroy the fund. I remind Members the fund started with no pay in, nothing, and it has made money.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Arizona?

Mr. UDALL. Mr. Chairman, I commend the gentleman from Ohio for the statement he is making.

I certainly agree with the gentleman that one of the troubles I found in my studies of this, one of the places where people get misled is they take nice actuarial figures which deal with all kinds of typical industrial employees who look forward to retiring and are forced to quit then by the rules of the company and do retire at 65. Then they apply those figures to the people who serve in Congress. But in this institution many Members serve into their seventies and into their eighties and do not retire as soon as typical industrial employees.

The figures given by the gentleman are correct.

Mr. HAYS. Mr. Chairman, I thank the gentleman from Arizona.

Mr. Chairman, I want to comment on the actuarial figures which are used by the insurance companies. They charge people money and pay people on retirement, but who has all the money in this country? Which are the richest people in this country? Which are the richest corporations? I am not running them down, but it is the insurance companies, and they operate on actuarial figures. They figure not only what we pay in and what is taken out, but the profit they make. That is taken into consideration.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. Mr. Chairman, I will yield to the gentleman from Iowa, but before I do, I want to comment on the statement about the exorbitant salaries for us. I assume the gentleman is accepting his salary increase, as he indicated to me the other day?

Mr. GROSS. As long as the gentleman voted it, I will take it.

Mr. HAYS. The gentleman voted against it, but he will take it.

Does the gentleman have a question?

Mr. GROSS. Mr. Chairman, I expect I am worth about as much as the gentleman.

Mr. HAYS. That is a matter of opinion. If the gentleman were to put that to a vote, he might lose.

Mr. GROSS. It is a matter of opinion.

Mr. HAYS. I said it is a matter of opinion. The gentleman thinks he is worth as much as I am, and I think he is worth about half as much. It is a matter of opinion.

Mr. GROSS. The gentleman speaks of actuarial figures. The retirement fund is actuarially unsound to the tune of about \$60 billion.

Mr. HAYS. I am talking about the Members' fund and the gentleman is talking about a fund that is actuarially unsound, as the gentleman puts it, because for many years the Government did not put in its share. That is the reason it is actuarially unsound, and the gentleman knows it and I know it.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield further.

Mr. GROSS. Mr. Ruddock has had many years of experience in this business. He is the Director of the Retirement Bureau in the Civil Service Commission, and he says that to meet the normal costs of this fund the Members of Congress should be putting in 12½ percent of their pay.

Mr. HAYS. That is what you say. That is what the letter to you says. That fellow is anti-Congress. You know it. I know it.

Again, that is his opinion. I am stating to you how much money is there, and how much profit has been piled up by the Members' contributions. You cannot deny those facts and those figures, because if you write him a letter he will have to tell you that is it.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. SCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am opposed to the amendment offered by the gentleman from Iowa to strike title II of the bill.

The present normal cost of all benefits being earned by employees covered by the retirement program is 13.86 percent of payroll. Since title I of this bill sets a new combined contribution rate of 14 percent of payroll, we would be overcharging employees unless some limited benefits were given to them within the framework of the new contribution rate.

Under this amendment we would raise the employee contribution from 6½ to 7 percent without any benefit of any nature to them. I believe in fairness we must admit that the Government, not the employee, is responsible for the present deficit. The employee over the years has been putting in his share of the cost of this fund and the Government oftentimes has not.

Many proposals have been introduced in the Congress over the years to liberalize the retirement program in a number of ways. Our subcommittee and the full committee carefully considered these proposals, and all of them except the moderate liberalizations contained in title II were eliminated primarily on the

basis of cost. It is also significant to point out that the Federal employees' retirement program has remained rather static since the retirement act amendments of 1956, and that the moderate liberalizations contained in title II represent the first real improvements in this program in the past 13 years.

Mr. Chairman, in the opinion of the majority of the members of the committee, titles 1 and 2 complement each other and each title is an integral part of a total package that not only will put the Federal employees' retirement program on a actuarially sound basis, but also will improve and modernize the program.

Title 2 will improve the retirement program and its elimination from the bill would be grossly unfair to all Federal employees. The normal cost of all benefits provided in title 2 is completely covered under the new combined contribution rate of 14 percent of payroll, and we are reliably informed by the Civil Service Commission that the other financing provisions of the bill adequately take care of any increases in unfunded liabilities.

If we eliminate title 2 we destroy one of the principal purposes of this legislation. We will be denying to our Federal employees certain benefits to which they are entitled and for which they will be paying.

Mr. Chairman, I urge the membership in the interest of fairness and equity, to vote down this amendment.

Mr. CORBETT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, my chief objection to this amendment, as stated by my colleague, is the fact that we are charging the employees a half percent more of their salaries and in return therefor they should get something.

It is exactly in that spirit, in the event this amendment is voted down and the 3-year formula prevails, that I will make the recommittal motion raising the Member's contribution to 8 percent of salary. I do this because if we are going to get the benefit, we ought to pay for it. We are definitely charging the employees a half percent more. Therefore, they should get something for their money. Again, if we raise our own payment to 8 percent, we are maintaining the historical differential of 1 percent between the employees and the Members.

Mr. Chairman, I urge the defeat of this amendment.

Mr. KYL. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, there is one serious matter which has not been discussed at length and of which this body should be cognizant. We can talk about statistical tables, economics, and economic laws. We all recognize that psychological reaction is an important thing. Perhaps one of the greatest benefits of last week's scientific achievement is the psychological effect of the moon shot on the governments and the people of all the nations of the world.

The people of this country today are in a state of unrest. Their paycheck does not reach from one week to the next. Living costs are high. Interest rates are high.

So the people attack the symbol of all their difficulties, which is taxes, and they shout loudly for tax reform.

The point I make is this, Mr. Chairman: In our present circumstance especially, it is very important that the Congress of the United States and especially this House, which I consider to be the very heart of our free system of representative government, must be aware of public attitudes. If the people lose faith in this body, then they lose faith in the fundamental institutions of this great Nation. Anything which seems to be a self-serving process engaged in by Members of Congress further dissipates the respect and the faith that the people have for their Government.

I do not present myself as one who is more ethical or more moral than any other in this body, but I do feel very keenly that we must not only do those things here which are right and refrain from doing those things which are wrong, but we must also refrain from doing those things which seem wrong to vast segments of the electorate. Even if the preponderance of the evidence makes it logical that the Members of Congress should have an adjustment in their retirement program, this is no time to effect that adjustment. Therefore, I join my colleague in supporting his amendment.

Mr. MOSS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I listened rather carefully to the remarks of the gentleman who has just concluded. They have a great deal of appeal, but I think we should recognize that we have a responsibility here as the directors, for all practical purposes, of this fund for all of the employees of the Federal Government and that we should provide reasonably competitive working conditions. I believe throughout the industries of this Nation the majority of retirement systems would compare very favorably to, and with a great deal of advantage over, that which we offer to the employees of the Federal Government.

Mr. Chairman, I would like to point out a few facts of the matter of retirement. I am not totally unfamiliar with it. I worked on the last retirement bill that made any significant change in the system of the Federal employees retirement system.

What we are talking about here for congressional Members is .0001938 of 1 percent, roughly one-fiftieth of 1 percent or seven-tenths of 1 percent, the amount that changing the formula from 5 years as the basis for computation of retirement to 3 years would cost in its entirety, or \$15.4 million a year. That is what we are talking about with reference to cost. One-fiftieth of that is attributable to congressional employees. Now, we are doing this by raising the rate of employee contributions, a rate of contribution which in my judgement as I stated previously exceeds that of many corporate employers today.

In fact, many of the systems require no contribution from employees. We in the Federal Government have systems requiring no contributions from the em-

ployees. We have this procedure in our judicial system and we have it in our military system.

This is an attempt for the first time in 13 years to bring a measure of greater equality to a system which is designed to provide for the men and women who render faithful service to this Government. I am one of those who believes that the average employee of the Federal Government is equal in every respect in competence and in dedication to the average employee of American industry.

I think there is an awful lot of fussing and fuming being made here on the premise that somehow or other if you can criticize Congress loudly enough, it is going to produce votes in your district. I have pride in the Congress and I have pride in the Federal service. I have a deep conviction that I am worth what I voted for as a salary and I think that those gentlemen who feel that the salary was outrageous or unconscionable should make every effort to return it to the people. They have made the judgment and not I that they are worth less than the amount they are being paid.

It is difficult for me to understand the reasoning here today, "if it comes, give it to me, but I am opposed to it."

If I were opposed to it, I would fight it all out and I would not want the benefits of it. But the great majority of people concerned with the civil service retirement system have not the privilege of the floor of this House and they cannot come here and tell their story. I think we should listen a little bit to them. They are our employees.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I recognize that the House is in a mood for a vote and I also recognize from a quick glance at the membership that this amendment will probably be rejected. But I would like to point out that this debate has now degenerated completely beyond the purpose of the amendment.

I would like to state that the primary purpose of this bill is to improve the financial condition of the retirement fund.

Title II does a disservice to the financial condition of the retirement fund. Title II includes little things that are often referred to as Christmas-tree items, that type of thing that the other body loads into many House bills. I do not believe it would be wise at this point for the House to accept a title in which Christmas-tree items are loaded into this retirement fund. The gentleman from Iowa is actually performing a great service to the House in offering his amendment. The delay of 3 months, and the concern the members of the committee have had in bringing this bill to the floor, could well have been alleviated if we took this amendment and struck title II from the bill. We would then achieve

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the purpose of strengthening the financial condition of the civil service retirement fund. There would not be any controversy, any quibbling, or any debate over the solvency of the fund.

For that reason, Mr. Chairman, I would suggest that we support the amendment offered by the gentleman from Iowa.

Mr. BRASCO. Mr. Chairman, would the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. BRASCO. I thank the gentleman for yielding.

I was curious—and certainly in committee I respect the opinion of the gentleman, and certainly his intelligence, and I am wondering whether or not the gentleman considers the restoration of the widow survivors' annuity a Christmas-tree decoration?

Mr. DERWINSKI. No, but under the procedure which we are following we have no choice but to take this title.

Mr. BRASCO. But the gentleman would be for that?

Mr. DERWINSKI. Yes.

Mr. BRASCO. I thought the gentleman would.

Mr. Chairman, I would like to ask another question. I am wondering whether or not the gentleman considers to be a Christmas-tree-decoration approach, the 1 percent cost-of-living increase for retired employees, when we know the cost-of-living index has risen from, say, December of last year, until now, about 2-point-something percent. Does the gentleman not think retirees would need that in order to live?

Mr. DERWINSKI. Yes, and we could even do better than that in a separate bill. But that is the very reason that I used the term "Christmas tree" approach, because you lump a few of these items into a title in order to carry a few other items, and that is the issue this afternoon.

Mr. BRASCO. Is the gentleman against that, though, specifically?

Mr. DERWINSKI. No.

Mr. BRASCO. The gentleman would be for that?

Mr. DERWINSKI. But I am against the entire title, because of how it is being used, and therefore it is a Christmas-tree title.

Mr. BRASCO. Because I assure the gentleman—

Mr. DERWINSKI. Just one moment. I would hope that the gentleman would use his abnormal influence on that side to join with me with regard to the Christmas-tree items.

Mr. BRASCO. Mr. Chairman, I suggest to the gentleman at this point that the gentleman's Christmas tree is drooping and that is why I want to find out just how much of a Christmas tree it is. Those are two items that the gentleman seems to agree with.

Mr. DERWINSKI. Let me just say this to the gentleman—

Mr. BRASCO. Let me ask about the third item.

Mr. DERWINSKI. It is not my Christmas tree.

Mr. BRASCO. Well, it is the gentleman's description of this bill.

Mr. DERWINSKI. All I am trying to do is to preserve the portion of title II which is the guts of the bill, which is the one thing that we should not purposely just overload.

Let me say that I did not directly participate in the overloading of title II which the gentleman from Iowa is seeking to correct by his amendment.

Any item which will stand on its own merits we could take up, we do have a meeting tomorrow, and pass out a new bill.

Mr. BRASCO. I suggest the gentleman is for retrenchment, but not for retreat.

Mr. DERWINSKI. Mr. Chairman, I yield back the balance of my time.

Mr. KEITH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I really had not intended to take the microphone, but there have been some charges made here on both sides of the aisle by the proponents and opponents of this particular legislation, having been in the life insurance business I would like to make a few comments that might help us to see what it is we are voting for or against.

In the first place, the profit question our colleague from Ohio referred to is not profit, in my view.

It is forward funding to meet the liabilities that will occur or accrue at the time we reach retirement age. It is the reserve to pay the claims when they mature.

I did a little computing as I was listening to the debate as to what would happen if this goes through and how much a Congressman would get—how much he would pay in—and how much it would cost the Federal Government to pay its share.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. KEITH. I am glad to yield to the gentleman.

Mr. HAYS. Will the gentleman deny that insurance stocks are about the best buy on the market and that insurance companies are making the most profit of any corporations in the country? Of course, I am not against that. But you can call that forward funding or whatever you want to.

Mr. KEITH. I do not want to waste the gentleman's time. The insurance companies are supposed to be good investments. I was with a mutual insurance company and the policyholders got dividends and no profits as such.

Mr. HAYS. And I suppose the president got a pretty high salary, did he not?

Mr. KEITH. Yes, they certainly did and they got a better plan than we are getting.

But if you are interested in what you are going to get and how much it is going to cost—at the outset I have done a little computing on this and it might be helpful to you.

So if you have a salary of \$42,500 and if you work here for 20 years, we would have earned a total of \$950,000 during 20 years time and when we put in 8 percent and add a little interest to it, which the total value of that contribution might be somewhere in the vicinity of \$125,000 when you add the interest portion to it. The benefits when you reach age 60 will be 50 percent of

pay—that is 20 years times 2½ percent. Fifty percent of \$42,500 is \$21,250 which divided by 12 means you get about \$1,300 a month.

Now—what is such a pension worth? How much would it cost to buy \$1,300 a month.

At age 60 it costs about \$15,000 to buy \$100 a month so multiplying it out, your pension works out to be worth approximately a couple of hundred thousand dollars.

That is what the insurance company would charge you roughly if you were 60 years old and were to buy a pension of \$1,300 a month. It is a pretty good pension—and I happen to think it is a little generous in this instance. I am going to vote against the amendment.

Now as to the provision of a pension for your second wife—should your first wife predecease you—if you are going to get remarried and you want to transfer some pension to your new wife maybe the insurance company is the best bet, rather than adding such a fringe benefit to our own pension system. Are we supposed to take care of ourselves and our wives and their successors? If we do all of this through this pension plan there would be fewer opportunities for the private companies to which our colleague from Ohio referred. I would think we should patronize the private sector for our private benefit for our second wife who may become a widow.

In any event, I just had these thoughts and I thought I would share them with you. I think our present plan is generous enough and we should not in these times of high taxes vote ourselves any pension benefits that will increase taxes.

Mr. HOGAN. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

(Mr. HOGAN asked and was given permission to revise and extend his remarks.)

Mr. HOGAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa.

The proposed "pay off" for sick leave is not an expensive benefit. In fact, it will be paid from the \$220 million collected each year by increasing the employee-employer contributions to 7 percent. The formula prescribed in the bill would grant 1 month of service credit for for each 22 days of unused sick leave. The normal cost of this benefit, estimated at \$13.2 million, would be equally shared by employees and employing agencies, each contributing \$6.6 million toward such normal cost.

In testifying for this cost, representatives of the Civil Service Commission also stated that, if this provision served as an incentive to reduce the overall usage of sick leave by only 1 day each year, that savings would exceed \$90 million annually.

My reading of the CONGRESSIONAL RECORD shows that during last year's debate, and again during committee consideration of this incentive provision, the opponents argued that, first, there is no justification for "payoff" or "incentive legislation" to encourage or motivate employees to conserve sick leave; and second, sick leave has been granted by

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Congress for only one purpose: to protect employees against loss of income during periods of illness.

The reasons used by opponents may have been valid in the past, but do not meet the problems of today.

The Congress and most State, county, and city governments are enacting or proposing many forms of incentive legislation to accomplish specific objectives. Congress has passed incentive legislation which rewards more than 1,600 prosperous farmers with subsidy payments of \$50,000 or more per year for not planting crops. Congress has passed generous incentive legislation to encourage or motivate oil companies to constantly expand their search for more oil. Congress has also passed incentive legislation to encourage or motivate military reenlistments, to build highways, tear down slums, build low-income housing projects and we also grant subsidies to railroads and airlines.

All of the Government agencies also encourage or motivate their employees with cash awards for adopted suggestions and superior performance of duty. The cash spent on incentive sick leave legislation to motivate employees to conserve sick leave would return more savings to the Government than the money which is now spent on superior achievement awards.

Incentive sick leave legislation would also provide some monetary protection to many conscientious employees who now forfeit 1,000 to 2,000 hours of sick leave at time of retirement, and sometimes become seriously ill after retirement.

Many States, counties, and cities now have effective incentive sick leave provisions for workers. I have some interesting data on the results of these laws. The following information is based on a sick leave survey of 67 State, county, and city agencies taken in 1967:

The average number of sick leave days granted by these agencies was 13½ days as compared to the 13 days granted Federal employees.

Twenty-four agencies, or more than one-third of the 67 agencies surveyed, had some type of sick leave incentive plan. There is, of course, presently no incentive sick leave plan in any Federal agency.

The average number of sick leave days used annually in the non-Federal agencies was 7.1 days. The average number of sick leave days used annually by Federal employees is 8.5 days and 10 to 11 days per year in some of the larger post offices.

Statistics show that the use of sick leave increases materially during the last working year before an employee retires or resigns from the Federal service. This use of sick leave by Federal employees is probably motivated by the use-it-or-lose-it situation now prevailing.

Most of the non-Federal agencies surveyed claimed that the use of sick leave was reduced after the adoption of a practical incentive sick leave plan.

The State of Michigan, which has 42,000 employees, released a report on July 27, 1967, which stated:

The average use of sick leave by State Civil Service workers declined for the third straight year during 1966. A Civil Service Department study showed that although full-time classified workers are allowed 13 days' sick leave a year, the actual use last year averaged 7.61 days. Employees may accumulate unlimited sick leave and are paid one-half of the total on death or retirement.

H.R. 9825, which is before us today, does not provide even 50 percent of the hourly compensation allowed the State of Michigan employee. If a Federal employee lives for 12 years after retirement, he would receive only 24 percent of the average salary from H.R. 9825, whereas the Michigan State retiree receives 50 percent of his hourly rate at time of retirement, multiplied by all of his unused sick leave hours.

Many other States, counties, and cities now have or are considering incentive sick-leave legislation to reduce absenteeism and thereby save on replacement costs.

The Ohio State legislators are considering a bill that would provide a lump-sum payment for a maximum of 180 days, or 1,440 hours, of sick leave at time of separation or retirement. Terminal pay would be based on the individual's daily rate of pay at the time of his leaving.

Incentive sick-leave legislation would benefit the Government and also motivate Federal employees to conserve sick leave. The cost to a Federal agency for each employee who uses all of his sick leave before he retires is approximately \$8,000, and this cost factor will increase each year. Additionally, considerable cost is frequently involved to replace the sick employees.

Mr. Chairman, the importance of retaining the limited credit for unused sick leave in this legislation cannot be overemphasized. I urge defeat of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. Gross).

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 64, noes 147.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. BENNETT

Mr. BENNETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT: On page 10, immediately after the period at the end of section 205, insert the following: "Notwithstanding the prohibition contained in the first sentence of this section on the payment of annuity for any period prior to the enactment of this section, in any case in which the Civil Service Commission determines that—

"(1) the remarriage of any widow or widower described in such sentence was entered into by the widow or widower in good faith and in reliance on erroneous information provided in writing by Government authority prior to that remarriage that the then existing survivor annuity of the widow or widower would not be terminated because of the remarriage; and

"(2) such annuity was terminated by law because of that remarriage; then payment of annuity may be made by reason of this section in such case, beginning as of the effective date of the termination because of the remarriage."

Mr. BENNETT. Mr. Chairman, this is the amendment I have already discussed.

Mr. DANIELS of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from New Jersey.

Mr. DANIELS of New Jersey. I would like to ask the gentleman in the well whether this is the amendment he discussed previously.

Mr. BENNETT. It is.

Mr. DANIELS of New Jersey. On behalf of myself and the members of the committee on the majority side, we accept the amendment.

Mr. BENNETT. May I hear from the minority?

Mr. SCOTT. We have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BUCHANAN

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 8, strike out lines 3 through 6 and insert in lieu thereof the following:

"Sec. 201. Paragraph (4) of section 8331 of title 5, United States Code, is amended to read as follows:

"(4) 'average pay' means the largest annual rate resulting from averaging—

"(A) an employee's rates of basic pay in effect over any three consecutive years of creditable service; or

"(B) a Member's rates of basic pay in effect over any five consecutive years of creditable service;

with each rate weighted by the time it was in effect;"

Mr. BUCHANAN. Mr. Chairman, it is frankly with regret that I offer this amendment to legislation which I do support. I commend the chairman of the subcommittee and the other members of the subcommittee in reporting out this bill, and also the members of the Post Office and Civil Service Committee. It has been my privilege in a previous Congress to serve as a member of that subcommittee and to become aware of the need for legislation to improve the funding of the Federal retirement system. It does strike me, therefore, as meritorious legislation deserving of our support, and a step toward meeting that need of better funding.

Because the real problem is the lack of Federal payment of its share of the cost of the retirement program through the years, and because the employees have paid their share, I feel it equitable and just that they should receive additional benefits from adding to this cost of the retirement system to them. Therefore, that which they desire, the reduction from 5 years to 3 years as the years upon which to figure their retirement, and the very meritorious provision which provides for sick leave being counted toward retirement—these, I think, are equitable.

Nor would I challenge the value of Members of Congress nor express any lack of confidence in the worth of every Member of this body. I believe in the

people of this country, and I believe in their elected Representatives.

Mr. Chairman, this is not the best of all possible worlds, and even though I know there is not a Member who sponsored this bill and there is not a Member who reported it out of committee and there is not a Member who will vote for it on the floor this day who is doing it to benefit himself, we all know it is being so portrayed, and it can be so portrayed, and it will be so portrayed, and the people in many cases will, in fact, believe that Members are voting another benefit to themselves on top of the salary increase.

Because I share the concern of the gentleman from Iowa (Mr. KYL) that not only should we be doing right, but also the people should understand that this is a responsible body that is concerned about our fiscal crisis, and to show this is a body that is trying to pass legislation on its merits and not for the Members' self-benefits, I cannot in good conscience fail to offer this amendment to take the Members out of the provisions of this bill.

If my amendment is adopted, it will simply do this: Members at present, like others in the Federal retirement system, upon meeting the qualifications for a retirement annuity, receive a pension, the amount of which is based on the average of their salary during the highest 5 years of their Federal service, which is taken into consideration in figuring their retirement. If my amendment is adopted, this will continue to be the case. If this is not adopted, we will, with other people participating in this system, have to serve only 3 years at our new salary level in order to retire at the higher retirement figure.

I urge support of this amendment, although I offer it regretfully.

Mr. CORBETT. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Pennsylvania.

Mr. CORBETT. Mr. Chairman, I thank the gentleman for yielding.

Does the gentleman from Alabama not believe if we change the bill further to raise our own payment into the fund, that we will be in effect paying for this very slight benefit?

Mr. BUCHANAN. I will say to the gentleman I will support his proposal and will vote for it, but we already have a richer formula than the other people in the system and, therefore, it seems to me that putting us on a more equal footing might well justify a heavier contribution to the system. Therefore, I will support both my amendment and the proposal of the gentleman, and feel that both are justified.

Mr. CORBETT. Mr. Chairman, I thank the gentleman.

Mr. OLSEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have already been over all this subject. The fact of the matter is that the fund has made a profit from the Congress. That is the shape of things today. That will continue to be the fact. So there is nothing at all wrong with the proposition of our enjoying the same benefit of retiring on the high 3

years as any other Federal employee will enjoy. I submit that there will still be a profit in the fund with this new bill.

Mr. Chairman, I hope we can defeat this amendment unanimously.

(Mr. HARSHA asked and was given permission to revise and extend his remarks.)

Mr. HARSHA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment of the gentleman from Alabama. I am not arguing the cause of whether or not Members of Congress are entitled to more liberalized retirement benefits—they undoubtedly are, but this is not the time nor is this Nation in a fiscal situation to warrant such action.

The administration has just asked the Congress to continue the surtax for another year. In doing so the President has made it abundantly clear that without this tax this country would face economic chaos and inflation that would make our present inflationary spiral look weak by comparison. I cannot, therefore, in good conscience ask the already overburdened taxpayer to pay additional taxes and vote to liberalize my own retirement benefits. The American people expect their Representatives to exercise prudence and economy in spending their tax dollars. Under our present fiscal dilemma I do not consider liberalizing congressional retirement benefits either prudent or good economy and therefore must support the amendment. I urge the House to accept this amendment and strike from the bill that provision which liberalizes congressional retirement benefits. Let us not put any more burden on the already fatigued taxpayer.

Mr. DANIELS of New Jersey. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Alabama, a former and highly respected member of this subcommittee. We have been over this question. I think every Member of the House understands it. We have gone through it not only during the course of debate, but in the course of discussion of previous amendments that have been offered.

So, Mr. Chairman, I urge Members to vote this amendment down.

Mr. MYERS. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MYERS asked and was given permission to revise and extend his remarks.)

Mr. MYERS. Mr. Chairman, in general, I supported the amendment offered by the gentleman from Iowa (Mr. GROSS). As it affected other employees, other than Members of Congress, I was not in complete agreement, but I did vote for the amendment. The need for improving the financing and funding for the civil service retirement system is certainly in order and much needed. In fact this should have been done several years ago. It seems to me that now is the time since it was not done earlier to start restoring the solvency of our Government and its agencies.

The argument has been made that the funds paid in by Members of Congress has been much greater than the amount

paid out as retirement benefits to retired Members. This is good, but let us keep it that way. The \$7 million now in the fund is the best protection I can think of to keep the fund strong. I wish other agencies of our Federal Establishment were in as good of shape financially. But this is no reason to raid the account now.

I hope to be able to vote for this bill. The refinancing feature to build up the account is good. I will find it difficult to support the bill, however, if it contains the provision for recalculation of time for Members.

This amendment now offered by the gentleman from Alabama (Mr. BUCHANAN) does what is needed and I will support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. BUCHANAN).

The amendment was rejected.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 6, strike out all of line 1 and insert in lieu thereof the following:

"(f) Any statute which authorizes, effective on or after July 1, 1969—"

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, the purpose of my amendment is to make the provisions of title II of this bill conform to the policy established under title I. This simply means that the Government shall pay costs of every increase in unfunded liability created in the retirement fund by new legislation, including three liberalizations granted in title II, through equal annual appropriations installments over a 30-year period.

This bill is brought to the floor of the House of Representatives with a great deal of fanfare and laudatory comments by the proponents who say that at last we are putting the retirement fund on a sound financial basis. However, in the next breath they state that the liberalizations created under the provisions of title II of the bill shall not be subject to the 30-year financing provisions of title I. This is inconsistent and makes the bill a mockery. To millions of Federal employees who have invested their retirement deductions in the retirement fund, which has a \$60 billion deficit, this action and this inconsistency is a cruel hoax.

I hope the Members will read my comments on this matter on pages 37 and 38 of the committee report on H.R. 9825, which explain in detail what the committee has done.

I call attention specifically to the statement by the Director of the Bureau of the Budget, who on April 22, 1969, stated:

This administration is thoroughly in accord with the objective of fiscal responsibility which your proposed amendment is intended to achieve.

It is unnecessary to debate the question as to whether the bill actually creates the inconsistency which my amendment corrects. I raised this ques-

tion during committee deliberations on this legislation and the author of the bill agreed that the 30-year funding provisions in title I do not apply to the liberalizations in title II. However, a quick reading of subsection 103(a) (2) (f) on page 6 of the bill leads one to the conclusion that it is intended to cover the costs of all future liberalizations.

My amendment covers the following liberalizations and increases in the unfunded liability contained in title II of the bill:

First. High 3-year average, \$337 million.

Second. Sick leave credit, \$329.5 million.

Third. Survivor annuity, \$150 million.

In addition, my amendment will apply to the Federal pay raise effective this month which will increase the liability of the retirement fund by \$3.4 billion.

The total increase of \$4.2 billion in the unfunded liability of the retirement fund under my amendment, would be authorized to be paid into the fund in 30 annual equal appropriation installments, as provided in subsection 103(a) (2) (f) of the bill.

Mr. Chairman, I re-emphasize my deep conviction that something must be done to prevent the constant erosion of the employees' and Government's contributions to the retirement fund. Title I of this bill, in some measure, secures this objective. But, I am certain that we cannot go on indefinitely into the future exempting liberalizations from the financing provisions of the bill.

The proponents of the bill will argue that to exempt the liberalizations in this bill is not of great importance provided we do not exempt them in the future. I disagree. If we are going to establish a policy of the nature contained in title I, then I think now is the time to adhere to that principle and not wait until some indefinite time in the future.

I urge the Members to support my amendment.

Mr. DANIELS of New Jersey. Mr. Chairman, I rise in opposition to the amendment offered by my good friend from Iowa (Mr. Gross) a member of the Post Office and Civil Service Committee.

The amendment would add nothing to the value of the bill as a means to strengthen the financing of the civil service retirement system.

The general philosophy of this legislation is—for very practical reasons—to eliminate present unsound financing practices on a gradual basis, spread over a reasonable period of years because of the tremendous sums involved, and thereby preclude excessive impact on any one or a few annual budgets.

The proposed amendment would depart from this policy and, if adopted, would have an excessive impact on budgets in the immediate future.

In fact, adoption of this amendment would most seriously endanger final approval of this desperately needed legislation.

The officials of the Civil Service Commission assure the committee that title I of H.R. 9825, as reported, makes adequate provision for financing the additional normal cost and the unfunded lia-

bility which would result from enactment of title II of the bill.

If the distinguished gentleman's amendment was adopted, the budget for the fiscal year 1970 would require a supplemental appropriation request of \$55.6 million to cover title II benefits, and a \$173½ million request for the July 1969 salary increases, or a total of \$234.1 million.

The budgetary impact will be eased by financing these items as contemplated in the bill by requiring a \$15¼ million payment in 1971—10 percent of the interest due thereon—progressing by an additional \$15¼ million each year, until in 1980 and thereafter interest thereon would entail a payment of \$157½ million yearly.

Adoption of the amendment could very well preclude the bill's final enactment in this session of Congress.

For those reasons, Mr. Chairman, I oppose the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. Gross).

The amendment was rejected.

AMENDMENT OFFERED BY MR. CORBETT

Mr. CORBETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CORBETT: On page 3, lines 10 and 11, strike out "and a Member." and insert in lieu thereof "and 8 percent of the basic pay of a Member".

On page 4, between lines 7 and 8, amend the table headed "Member for Member service" by adding the following new lines "8 ----- after December 31, 1969."

Mr. CORBETT. Mr. Chairman, I had earlier stated that I was going to put in a recommittal motion to this same effect. I thought it better, since title II has been preserved, to offer it at this time as a straight amendment. It would simply increase the payment by Members into the retirement fund from 7½ to 8 percent. There are two reasons for this. No. 1, it maintains the 1 percent differential which has existed historically between what the employees pay and what the Members pay, but more importantly, for the very small amount of benefit that the 3-year formula would give us as opposed to the 5-year formula, I believe that we ought to be willing to pay for it. As a matter of fact, if our pensions were raised a great deal more, I, for one, would certainly be willing to pay a great deal more into the fund. But in any event I do hope this amendment will be adopted in order that we can go to the public and say that we paid for what we are getting. Now, the psychological effect is something different. eW, again, are faced with the fact that we must do the right thing regardless of what someone seems to think we did.

So, Mr. Chairman, I urge the adoption of this amendment.

Mr. DANIELS of New Jersey. Mr. Chairman, I move to strike the requisite number of words.

(Mr. DANIELS of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. DANIELS of New Jersey. Mr. Chairman, I believe all Members of the

House understand this amendment very well, the proposal which has been offered by the ranking minority member of the committee because it is one-half of the amendment that was offered earlier this afternoon by the distinguished gentleman from Illinois (Mr. DERWINSKI).

That original amendment provided for an increase to 8 percent in contributions not only of congressional staff members, but also the Members of Congress. So, what the distinguished ranking minority member would do, in proposing his amendment, is to confine his amendment strictly to Members of Congress.

I would like to point out one further thing: Just bear in mind, gentlemen, that if you are elected for 3 years beyond the present session of Congress, it does not make a particle of difference if we have the highest 5 years, or the highest 3 years, or the highest 1 year. Our salaries would be \$42,500 under all circumstances.

Mr. Chairman, I urge the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. CORBETT).

The question was taken; and the Chairman announced that the yeas appeared to have it.

Mr. CORBETT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. CORBETT and Mr. DANIELS of New Jersey.

The Committee divided, and the tellers reported that there were—ayes 119, noes 138.

So the amendment was rejected.

Mr. DERWINSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I have everyone's attention for 30 seconds?

Mr. ALBERT. Mr. Chairman, will the gentleman from Illinois yield to the gentleman from New Jersey (Mr. DANIELS), who wishes to make a request to see if debate may be closed in 5 minutes?

Mr. DERWINSKI. Yes, and hopefully in 30 seconds. I yield to the gentleman from New Jersey (Mr. DANIELS).

Mr. DANIELS of New Jersey. Mr. Chairman, may I ask—are there any amendments pending at the Clerk's desk?

The CHAIRMAN. There are no amendments pending at the Clerk's desk.

Mr. DANIELS of New Jersey. Mr. Chairman, I ask unanimous consent that upon conclusion of the remarks to be made by the gentleman from Illinois (Mr. DERWINSKI) that is, in 5 minutes, debate on the bill and all amendments thereto close.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DERWINSKI. Mr. Chairman, in order to provide the utmost possible cooperation with concern of the majority and the gentleman from New Jersey who wish to expedite action on the bill, I may take just a minute to inform the Members what will be involved in the motion to recommit.

May I emphasize that the motion to recommit is properly designed to help

the bill and to speed this legislation through the other body.

The motion to recommit will do just two things. It will strike the provision as to the high-3-years average on retirement as it would apply to the Members of Congress and anyone covered by the civil service retirement fund. In other words, it would leave the law as it is at present, with the 5-year-high provision.

The other change it would make is that it would strike line 20, page 8, the liberalization provision for congressional employees.

It does not touch unused sick leave, it does not touch the retirees' annuity. It does not touch title II as it applies to widows and widowers. It merely eliminates the 3-high-year provision and removes from the bill the additional liberalization that was to be afforded only to congressional employees.

Mr. Chairman, in view of the spirit of anxiety in the House and the desire of the House to move expeditiously but effectively, these are the provisions of the motion to recommit.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. HAYS. Your motion to recommit strikes out the provision for the high 3 years for all Government employees; is that right?

Mr. DERWINSKI. Right, and for all Members of Congress.

Mr. HAYS. Well, I know that—but I want the Members to know what they are doing to Government employees if they vote for the motion to recommit.

Mr. DERWINSKI. The purpose, of course, is not to have premature retirement of the affected Government employees that we have covered by the civil service retirement fund.

In view of that fact and obviously from what I see by the expression of the Members, I got my message across and they may be rallying to the support of the motion to recommit.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McFALL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 9825) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes, pursuant to House Resolution 380, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed

and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY
MR. DERWINSKI

Mr. DERWINSKI. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DERWINSKI. I am, in its present form.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DERWINSKI moves to recommit the bill, H.R. 9825, to the Committee on Post Office and Civil Service with instructions to report the same back forthwith with the following amendments:

On page 3, line 10, strike out "Congressional employee and a".

On page 4, between lines 7 and 8, strike out the schedule relating to Member or employee for Congressional employee service.

On page 8, beginning with line 20, strike out all of line 20 and all that follows down through the end of line 3 on page 9.

On page 9, line 4, strike out "(3)".

On page 8, strike out all of section 201 beginning with line 3 down through line 6 and renumber the succeeding sections and references thereto accordingly.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 129, nays 281, answered "present" 1, not voting 21, as follows:

[Roll No. 119]
YEAS—129

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|----------------|-----------------|----------------|
| Abbitt | Erlenborn | Poage |
| Anderson, Ill. | Eshleman | Poff |
| Andrews, Ala. | Findley | Price, Tex. |
| Arends | Fisher | Quillen |
| Ashbrook | Ford, Gerald R. | Railsback |
| Baring | Foreman | Reid, Ill. |
| Beall, Md. | Fountain | Rhodes |
| Belcher | Gaydos | Robison |
| Betts | Goldwater | Roth |
| Brock | Goodling | Roudebush |
| Broomfield | Gross | Ruth |
| Brotzman | Grover | Satterfield |
| Brown, Ohio | Hall | Saylor |
| Burleson, Tex. | Hansen, Idaho | Schadeberg |
| Byrnes, Wis. | Harvey | Scherle |
| Camp | Hastings | Schneebeli |
| Carter | Hull | Sebelius |
| Cederberg | Hunt | Shriver |
| Chamberlain | Hutchinson | Skubitz |
| Clancy | Ichord | Smith, Calif. |
| Clausen | Jarman | Snyder |
| Don H. | Johnson, Pa. | Springer |
| Clawson, Del | Jonas | Stafford |
| Cleveland | Keith | Stelger, Ariz. |
| Collier | Kuykendall | Stelger, Wis. |
| Collins | Langen | Stuckey |
| Colmer | Latta | Taft |
| Conte | Lloyd | Talcott |
| Cowger | Lujan | Taylor |
| Cramer | McClure | Thomson, Wis. |
| Daniel, Va. | McCulloch | Vander Jagt |
| Davis, Ga. | Mahon | Wampler |
| Davis, Wis. | Marsh | Watkins |
| Dellenback | Martin | Whalley |
| Denney | Mayne | Whitten |
| Dennis | Michel | Wiggins |
| Derwinski | Miller, Ohio | Winn |
| Devine | Mize | Wold |
| Dickinson | Mizell | Wydler |
| Dorn | Montgomery | Wylie |
| Dowdy | Mosher | Wyman |
| Duncan | Nelsen | Zion |
| Dwyer | O'Neal, Ga. | |
| Edwards, Ala. | Pickle | |

| | | |
|------------------|-----------------|----------------|
| Abernethy | Garmatz | Nix |
| Adair | Gettys | Obey |
| Adams | Gialmo | O'Hara |
| Addabbo | Gibbons | Olsen |
| Albert | Gilbert | O'Neill, Mass. |
| Alexander | Gonzalez | Ottinger |
| Anderson | Gray | Passman |
| Anderson, Calif. | Green, Oreg. | Patman |
| Anderson, Tenn. | Green, Pa. | Patten |
| Andrews, N. Dak. | Griffin | Pelly |
| Annunzio | Griffiths | Pepper |
| Aspinall | Gubser | Perkins |
| Ayres | Gude | Fettis |
| Barrett | Hagan | Philbin |
| Bell, Calif. | Haley | Pike |
| Bennett | Hamilton | Pirnie |
| Berry | Hammer- | Podell |
| Bevill | schmidt | Pollock |
| Biester | Hanley | Preyer, N.C. |
| Bingham | Hanna | Price, Ill. |
| Blanton | Hansen, Wash. | Pryor, Ark. |
| Blatnik | Harsha | Pucinski |
| Boggs | Hathaway | Purcell |
| Boland | Hays | Quie |
| Bolling | Hébert | Randall |
| Bow | Hechler, W. Va. | Rarick |
| Brademas | Heckler, Mass. | Rees |
| Brasco | Helstoski | Reld, N.Y. |
| Bray | Hicks | Reifel |
| Brinkley | Hogan | Reuss |
| Brooks | Hollifield | Riegle |
| Brown, Calif. | Horton | Rivers |
| Broyhill, N.C. | Hosmer | Roberts |
| Buchanan | Hungate | Rodino |
| Burke, Fla. | Jacobs | Rogers, Colo. |
| Burke, Mass. | Joelson | Rogers, Fla. |
| Burlison, Mo. | Johnson, Calif. | Ronan |
| Burton, Calif. | Jones, Ala. | Rooney, N.Y. |
| Bush | Jones, N.C. | Rooney, Pa. |
| Button | Jones, Tenn. | Rosenthal |
| Byrne, Pa. | Karth | Roybal |
| Cabell | Kastenmeller | Ruppe |
| Caffery | Kazen | Ryan |
| Cahill | Kee | St Germain |
| Casey | King | St. Onge |
| Celler | Kleppe | Sandman |
| Chappell | Kluczyński | Scheuer |
| Chisbolm | Koch | Schwengel |
| Clark | Kyl | Scott |
| Clay | Kyros | Shipley |
| Cohelan | Landgrebe | Sikes |
| Conable | Leggett | Sisk |
| Conyers | Lennon | Slack |
| Corbett | Long, La. | Smith, Iowa |
| Corman | Long, Md. | Smith, N.Y. |
| Coughlin | Lowenstein | Staggers |
| Cunningham | McCarthy | Steed |
| Daddario | McCloskey | Stephens |
| Daniels, N.J. | McDade | Stokes |
| Dawson | McDonald, | Stratton |
| de la Garza | Mich. | Stubblefield |
| Delaney | McEwen | Sullivan |
| Dent | McFall | Symington |
| Diggs | McKneally | Teague, Calif. |
| Dingell | McMillan | Teague, Tex. |
| Donohue | Maconald, | Thompson, Ga. |
| Downing | Mass. | Thompson, N.J. |
| Dulski | MacGregor | Tiernan |
| Eckhardt | Madden | Tunney |
| Edmondson | Mailliard | Udall |
| Edwards, Calif. | Mann | Utt |
| Edwards, La. | Mathias | Van Deerlin |
| Eilberg | Matsunaga | Vanik |
| Esch | May | Vigorito |
| Evans, Colo. | Meeds | Waldie |
| Evins, Tenn. | Melcher | Watson |
| Fallon | Meskill | Watts |
| Farbstein | Mikva | Weicker |
| Fascell | Miller, Calif. | Whalen |
| Feighan | Mills | White |
| Flood | Minish | Whitehurst |
| Flowers | Mink | Widnall |
| Flynt | Minshall | Williams |
| Foley | Mollohan | Wilson, Bob |
| Ford, | Monagan | Wilson, |
| William D. | Moorhead | Charles H. |
| Fraser | Morgan | Wolf |
| Frelinghuysen | Morse | Wright |
| Frey | Morton | Wyatt |
| Friedel | Moss | Yates |
| Fulton, Pa. | Murphy, Ill. | Yatron |
| Fulton, Tenn. | Murphy, N.Y. | Young |
| Fuqua | Myers | Zablocki |
| Galifianakis | Natcher | Zwach |
| Gallagher | Nedzi | |
| | Nichols | |

ANSWERED "PRESENT"—1
Brown, Mich.

July 23, 1969

H 6236

NOT VOTING—21

| | | |
|---------------|-----------|--------------|
| Ashley | Fish | Lipscomb |
| Biaggi | Halpern | Lukens |
| Blackburn | Hawkins | O'Konski |
| Broyhill, Va. | Henderson | Powell |
| Burton, Utah | Howard | Rostenkowski |
| Carey | Kirwan | Stanton |
| Culver | Landrum | Ullman |

So the motion to recommit was re-rejected.

The Clerk announced the following pairs:

Mr. Henderson with Mr. Broyhill of Virginia.
Mr. Kirwan with Mr. Blackburn.
Mr. Rostenkowski with Mr. Lipscomb.
Mr. Carey with Mr. Fish.
Mr. Biaggi with Mr. Halpern.
Mr. Landrum with Mr. Burton of Utah.
Mr. Howard with Mr. Lukens.
Mr. Hawkins with Mr. O'Konski.
Mr. Culver with Mr. Stanton.
Mr. Ashley with Mr. Ullman.

Mr. TEAGUE of California changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 358, nays 48, not voting 26, as follows:

[Roll No. 120]
YEAS—358

| | | |
|----------------|-----------------|-----------------|
| Abernethy | Celler | Fountain |
| Adair | Chamberlain | Fraser |
| Adams | Chappell | Frelinghuysen |
| Addabbo | Clancy | Frey |
| Albert | Clark | Friedel |
| Alexander | Clausen, | Fulton, Pa. |
| Anderson, | Don H. | Fulton, Tenn. |
| Anderson, | Clawson, Del | Fuqua |
| Tenn. | Clay | Galliarakis |
| Andrews, | Cohelan | Gallagher |
| N. Dak. | Collins | Garmatz |
| Annunzio | Conable | Gaydos |
| Arends | Corte | Gettys |
| Aspinall | Conyers | Corbett |
| Ayres | Corman | Gibbons |
| Baring | Coughlin | Gilbert |
| Barrett | Cramer | Goldwater |
| Beall, Md. | Cunningham | Gonzalez |
| Belcher | Daddario | Gray |
| Bell, Calif. | Daniels, N.J. | Green, Oreg. |
| Bennett | Davis, Ga. | Green, Pa. |
| Berry | Davis, Wis. | Griffin |
| Betts | Dawson | Griffiths |
| Bevill | Delaney | Grover |
| Biester | Dellenback | Gubser |
| Bingham | Denney | Gude |
| Blanton | Dent | Hagan |
| Blatnik | Diggs | Haley |
| Boggs | Dingell | Hamilton |
| Boland | Donohue | Hammer- |
| Bolling | Dorn | schmidt |
| Bow | Dowdy | Hanley |
| Brademas | Downing | Hanna |
| Brasco | Dulski | Hansen, Idaho |
| Brinkley | Dwyer | Hansen, Wash. |
| Brock | Eckhardt | Harsha |
| Brooks | Edmondson | Harvey |
| Broomfield | Edwards, Ala. | Hastings |
| Brotzman | Edwards, Calif. | Hathaway |
| Brown, Mich. | Edwards, Ia. | Hébert |
| Brown, Ohio | Eilberg | Hechler, W. Va. |
| Broyhill, N.C. | Erlenborn | Heckler, Mass. |
| Buchanan | Esch | Helstoski |
| Burke, Fla. | Evans, Colo. | Hicks |
| Burleson, Tex. | Evins, Tenn. | Hogan |
| Burlison, Mo. | Fallon | Hollfield |
| Burton, Calif. | Farbstein | Horton |
| Bush | Fascell | Hosmer |
| Button | Feighan | Hungate |
| Byrne, Pa. | Findley | Hunt |
| Byrnes, Wis. | Fisher | Jacobs |
| Cabell | Flood | Jarman |
| Caffery | Flowers | Jeilson |
| Cahill | Flynt | Johnson, Calif. |
| Camp | Ford, Gerald R. | Johnson, Pa. |
| Carter | Ford, | Jones, Ala. |
| Casey | William D. | Jones, N.C. |
| Cederberg | Foreman | Jones, Tenn. |

| | |
|----------------|----------------|
| Karth | Nelsen |
| Kastenmeter | Nichols |
| Kazen | Nix |
| Kee | Obey |
| Keith | O'Hara |
| King | Olsen |
| King | O'Neal, Ga. |
| Kleppe | O'Neill, Mass. |
| Kluczyński | Ottinger |
| Koch | Passman |
| Kuskindall | Patman |
| Kyl | Patten |
| Kyros | Pelly |
| Landgrebe | Pepper |
| Langan | Perkins |
| Leggett | Pattis |
| Lennon | Philbin |
| Long, La. | Pickle |
| Long, Md. | Pike |
| Lowenstein | Pollack |
| Lujan | Preyer, N.C. |
| McCarthy | Price, Ill. |
| McCluskey | Pryor, Ark. |
| McClure | Pucirski |
| McCalloch | Purcell |
| McDade | Quie |
| McDonald, | Rallsback |
| Mich. | Randall |
| McRwen | Parick |
| McFall | Rees |
| McKinnally | Reid, Ill. |
| McMillan | Reid, N.Y. |
| Madonald, | Reifel |
| Mass. | Reuss |
| MacGregor | Rhodes |
| Madden | Rivers |
| Mailliard | Roberts |
| Mann | Robison |
| Mathias | Rodino |
| Matsunaga | Rogers, Colo. |
| Meeds | Rogers, Fla. |
| Meicher | Ronan |
| Meekill | Rooney, N.Y. |
| Mikva | Rooney, Pa. |
| Miller, Calif. | Rosenthal |
| Mills | Roudebush |
| Mitchell | Roybal |
| Mink | Ruppe |
| Moynihan | Ruth |
| Mohr | Ryan |
| Mize | St Germain |
| Mizell | St. Onge |
| Mollohan | Sandman |
| Monagan | Schauer |
| Moohoad | Schwengel |
| Morgan | Scott |
| Morse | Schubert |
| Morton | Shipley |
| Mosher | Shriver |
| Moss | Sikes |
| Murphy, Ill. | Sick |
| Murphy, N.Y. | Skubitz |
| Myers | |
| Natcher | |
| Nedzi | |

NAYS—48

| | | |
|----------------|--------------|----------------|
| Abbt | Goodling | Montgomery |
| Anderson, Ill. | Gross | Pinnie |
| Andrews, Ala. | Hall | Poage |
| Ashbrook | Hull | Poff |
| Bray | Hutchinson | Price, Tex. |
| Clayland | Ichord | Quillen |
| Collier | Jonas | Roth |
| Colmer | Latta | Satterfield |
| Daniel, Va. | Lloyd | Saylor |
| Dennis | Mahon | Schadeberg |
| Derwinski | Marsh | Scherle |
| Dovine | Martin | Schneebell |
| Dickinson | May | Springer |
| Duncan | Mayne | Steiger, Ariz. |
| Eshleman | Michel | Whitten |
| Foley | Miller, Ohio | Wylie |

NOT VOTING—26

| | | |
|---------------|-------------|--------------|
| Ashley | Cowger | Landrum |
| Biaggi | Culver | Lipscomb |
| Blackburn | de la Garza | Lukens |
| Brown, Calif. | Fish | O'Konski |
| Broyhill, Va. | Halpern | Powell |
| Burke, Mass. | Hawkins | Rostenkowski |
| Burton, Utah | Henderson | Stanton |
| Carey | Howard | Ullman |
| Chisholm | Kirwan | |

So the bill was passed.

The Clerk announced the following pairs:

Mr. Henderson with Mr. Broyhill of Virginia.
Mr. Kirwan with Mr. Blackburn.
Mr. Rostenkowski with Mr. Lipscomb.
Mr. Carey with Mr. Fish.
Mr. Biaggi with Mr. Halpern.

| | |
|----------------|-------------------------------------|
| Slack | Mr. Howard with Mr. Cowger |
| Smith, Calif. | Mr. Hawkins with Mr. O'Konski. |
| Smith, Iowa | Mr. Culver with Mr. Burton of Utah. |
| Smith, N.Y. | Mr. Ashley with Mr. Lukens. |
| Snyder | Mr. Burke of Massachusetts with Mr. |
| Stafford | Stanton. |
| Stagers | Mr. Ullman with Mr. Powell. |
| Steed | Mr. de la Garza with Mr. Landrum. |
| Steiger, Wis. | Mr. Brown of California with Mrs. |
| Stephens | Chisholm. |
| Stokes | |
| Stratton | |
| Stubblefield | |
| Stuckey | |
| Sullivan | |
| Symington | |
| Taft | |
| Talcott | |
| Taylor | |
| Teague, Calif. | |
| Teague, Tex. | |
| Thompson, Ga. | |
| Thompson, N.J. | |
| Thomson, Wis. | |
| Tierman | |
| Tunney | |
| Udall | |
| Utt | |
| Van Deerlin | |
| Vander Jagt | |
| Vanik | |
| Vigorito | |
| Waggonner | |
| Waldie | |
| Wampler | |
| Watkins | |
| Watson | |
| Watts | |
| Welcker | |
| Whalen | |
| Whalley | |
| White | |
| Whitehurst | |
| Widnall | |
| Wiggins | |
| Williams | |
| Wilson, Bob | |
| Wilson, | |
| Charles H. | |
| Winn | |
| Wold | |
| Wolf | |
| Wright | |
| Wyatt | |
| Wylder | |
| Wyman | |
| Yates | |
| Yatron | |
| Young | |
| Zablocki | |
| Zien | |
| Zwach | |

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. DANIELS of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore (Mr. EDMONDSON). Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PERMISSION FOR SELECT COMMITTEE ON SMALL BUSINESS TO SIT DURING GENERAL DEBATE THURSDAY AND FRIDAY

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent that the House Select Committee on Small Business be permitted to sit during general debate on Thursday and Friday of this week, July 24 and 25.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE 91ST CONGRESS—A REPORT

(Mr. HANNA asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. HANNA. Mr. Speaker, it is already preaged by some statements and easily predictable in more to follow that the press will be characterizing this session as a "do little Congress." In anticipation of such unjustified categorizing and in an attempt to place things in their proper perspective may I suggest a closer view of what this Congress really is all about.

First and foremost it must be realized and appreciated that Congress does not sit to simply arithmetically score up a continual enactment of legislation. Rarely has there been such a disgorging of legislative bills as was experienced in the first 2 years of the Johnson administration. It is discernable by even the most casual observer that Mr. Nixon has assumed the stance of caution and deliberation for his administration's first 2 years. Following as he does the exuberant Johnson years of vigorous legislation, his approach has much to commend it. Now we need to measure the performance of these programs; perfect their application, and to make effective the implementation of laws already in existence. Congress plays a dynamic and effective role in this approach as much as in the more dramatic business of passing new laws.

Committee on Public Works: July 24, executive, on S. 7, proposed Water Quality Improvement Act of 1969, 10 a.m., 4110 New Senate Office Building.

Committee on Rules and Administration: July 23, executive, on committee business, 10 a.m., 301 Old Senate Office Building.

Select Committee on Small Business: July 22 and 23, to resume hearings on cargo theft and pilferage at airline terminals and waterfront docks, 10 a.m., 318 Old Senate Office Building.

Select Committee on Nutrition and Human Needs: July 22-24, to continue hearings on the role of private industry in meeting the nutritional needs of the American people, 10 a.m., Tuesday and Wednesday in 1202 New Senate Office Building, and Thursday in 318 Old Senate Office Building.

Special Committee on Aging: July 25, Subcommittee on Retirement and the Individual, to hold hearings on the Federal role in economic preretirement planning and new work-lifetime patterns, 10 a.m., 3110 New Senate Office Building.

House Chamber

Monday, Consent Calendar and the following suspensions:

1. H.R. 11651, temporary emergency assistance to provide nutritious meals to needy children;
2. H.R. 10987, to extend National Commission on Product Safety;
3. H.R. 11609, to authorize the construction of an entrance road at Great Smoky Mountains National Park, N.C.; and
4. H.R. 11363, to prevent the importation of endangered species of fish and wildlife into the United States.

Tuesday, H.R. 12781, Department of the Interior and related agencies appropriation bill for fiscal year 1970.

Wednesday, H.R. 9825, Civil Service retirement financing and benefits (open rule, 2 hours of debate).

Thursday and balance of week:

H.R. —, Departments of State, Justice, Commerce, the Judiciary, and related agencies appropriation bill for fiscal year 1970; and

H.R. 2, separate Federal credit union agency (open rule, 1 hour of debate).

NOTE.—Conference reports may be brought up at any time. Any further program will be announced later.

House Committees

Committee on Agriculture: July 21, to hear Members of Congress on bills pending before the committee which would extend or amend existing laws on the general farm program, 10 a.m., 1301 Longworth House Office Building.

July 22, full committee, to hear Members of Congress on all bills pending before the committee which would extend or amend existing laws on the food stamp program.

July 23, Subcommittee on Livestock and Grains, to hold hearing on H.R. 485, to amend the Agricultural Adjustment Act of 1938 with regard to wheat, 10 a.m., 1302 Longworth House Office Building.

July 23, Subcommittee on Departmental Operations, to hold hearing on H.R. 10236 and related bills, to amend Federal Seed Act, 10 a.m., 1301 Longworth House Office Building.

Committee on Appropriations: July 21, executive, to consider the Departments of State, Commerce, Justice and judiciary appropriations for fiscal year 1970, 11 a.m., H-140, Capitol.

Subcommittee on Military Construction, executive, 2 p.m., B-300 Rayburn House Office Building.

Subcommittee on Legislative, executive, 2 p.m., H-302, Capitol.

Committee on Armed Services: July 21, executive, to consider H.R. 12171, amended, military construction authorization for fiscal year 1970, 10 a.m., 2118 Rayburn House Office Building.

July 22, 24, and 25, full committee, executive, to continue hearings on Army military posture and fiscal year 1970 military procurement authorization, 10 a.m., 2118 Rayburn House Office Building.

Committee on Banking and Currency: July 21, 22, 23, and 24, Subcommittee on Housing, to continue hearings on housing legislation, 10 a.m., 2128 Rayburn House Office Building.

July 22, Ad Hoc Subcommittee on Urban Growth, to continue hearings on population trends in the United States, 2 p.m., 2222 Rayburn House Office Building.

Committee on the District of Columbia: July 22, executive, to meet for discussion of revenue legislation, 10 a.m., 1310 Longworth House Office Building.

Committee on Education and Labor: July 21, Select Subcommittee on Education, to continue hearings on H.R. 9312, Drug Abuse Education Act of 1969, 9:45 a.m., 2175 Rayburn House Office Building.

July 22, General Subcommittee on Labor, executive, to mark up coal mine health and safety legislation, 10 a.m., 2175 Rayburn House Office Building.

July 23, General Subcommittee on Education, executive, to consider H.R. 8660 and H.R. 9065, the Learning Disabilities Act; and H.R. 4807 and H.R. 12814, to provide for educational assistance for gifted and talented children, 9:45 a.m., 2261 Rayburn House Office Building.

Committee on Foreign Affairs: July 22, executive, 25, open, to continue hearings on H.R. 11792, proposed foreign aid legislation, 10 a.m., 2172 Rayburn House Office Building.

July 22, Subcommittee on Europe, executive, for briefing on recent visit to Europe by Hon. Martin J. Hillenbrand, Assistant Secretary of State for European Affairs, 2:30 p.m., 2200 Rayburn Building.

July 22, Subcommittee on National Security Policy and Scientific Developments, to continue hearings on the advisability of a MIRV testing moratorium, 2 p.m., 2255 Rayburn House Office Building.

July 23, full committee, to hold hearings on H.R. 11039, to amend further the Peace Corps Act, as amended, 10 a.m., 2172 Rayburn House Office Building.

July 24, full committee, executive, to mark up H.R. 11039 (explanation above), 10 a.m., 2172 Rayburn House Office Building.

Committee on Interior and Insular Affairs: July 21, Subcommittee on National Parks and Recreation, to hold hearing on H.R. 12578 and S. 1686, relating to age limits in connection with appointments to the U.S. Park Police, 9:45 a.m., 1324 Longworth Building.

July 22, Subcommittee on National Parks and Recreation, to hold hearing on H.J. Res. 81, to provide for the development of the Eisenhower National Historic Site at Gettysburg, Pa.; and H.R. 7066, to provide for the establishment of the William Howard Taft National Historic Site, 9:45 a.m., 1324 Longworth Building.

July 23, full committee, to consider H.R. 850 and S. 713, to designate the Desolation Wilderness, Eldorado National Forest, in the State of California; and H.R. 6223 and S. 912, to provide for the establishment of the Florissant Fossil Beds National Monument in the State of Colorado, 9:45 a.m., 1324 Longworth Building.

Committee on Internal Security: July 22, 23, and 24, to continue investigation into SDS activities with examination of SDS activities at George Washington and American University campuses, 10 a.m., 311 Cannon House Office Building.

Next meeting of the SENATE
11:00 a.m., Tuesday, July 22

Committee on Interstate and Foreign Commerce: July 21, 22, 23, 24, and 25, to hold hearings on H.R. 12374, H.R. 12780, and related bills, airways and airport development, 10 a.m., 2123 Rayburn House Office Building.

Committee on the Judiciary: July 23, Subcommittee No. 2, executive, on private claims bills, 10 a.m., 2226 Rayburn House Office Building.

July 24, Subcommittee No. 1, to hold hearing on private immigration bills, 10:30 a.m., 2237 Rayburn House Office Building.

July 24, Subcommittee No. 2, to hold hearing on private claims bills, 10 a.m., 2226 Rayburn House Office Building.

Committee on Merchant Marine and Fisheries: July 22, Subcommittee on Merchant Marine, to hold hearings on H.R. 210, to eliminate requirements for disclosure of construction details on passenger vessels meeting prescribed safety standards, and H.R. 12605, to amend section 613 of the Merchant Marine Act, 1936, as amended, 10 a.m., 1334 Longworth House Office Building.

Committee on Post Office and Civil Service: July 22, 23, 25, to continue hearings on postal reform, 10 a.m., 210 Cannon House Office Building.

July 22, Subcommittee on Manpower and Civil Service, executive, to consider H.R. 10247, to amend title 5, United States Code, to grant court leave to employees of the United States and the District of Columbia when called as witnesses in certain judicial proceedings on behalf of State and local governments, 9:30 a.m., 320 Cannon House Office Building.

July 22, Subcommittee on Compensation, executive, to consider H.R. 12823 and similar bills, employee pay comparability, 9:30 a.m., 209 Cannon House Office Building.

July 24, full committee, executive, to consider action recommended by Subcommittee on Compensation on Federal salaries; and H.R. 12884, to assure confidentiality of information furnished on the census, 10 a.m., 210 Cannon House Office Building.

Committee on Public Works: July 22 and 23, Subcommittee on Roads, to continue hearings on H.R. 11870, to amend section 127 of title 23, United States Code, relating to vehicle weight and width limitations on the Interstate System; and H.R. 11619, to

Next meeting of the HOUSE OF REPRESENTATIVES
12:00 noon, Monday, July 21

amend section 127 of title 23 of United States Code relating to vehicle width limitations on the Interstate System in order to increase such limitations for motorbuses, 10 a.m., 2167 Rayburn House Office Building.

Committee on Rules: To continue hearings on H.J. Res. 681, direct popular election of the President and Vice President, 10:30 a.m., H-313, Capitol.

Committee on Science and Astronautics: July 22, 23, and 24, Subcommittee on Science, Research, and Development, to continue hearings on centralization of Federal science activities, 10 a.m., 2325 Rayburn House Office Building.

Select Committee on Small Business: July 22, 23, 24, and 25, to hold hearings on programs and policies of the Small Business Administration, 10 a.m., 2359 Rayburn House Office Building.

Committee on Standards of Official Conduct: July 23, executive, on pending business, 2 p.m., 2360 Rayburn House Office Building.

Committee on Ways and Means: July 21, executive, to continue executive consideration of tax reform, 10 a.m., committee room, Longworth House Office Building.

Joint Committee Meetings

Joint Economic Committee: July 23 and 24, Subcommittee on Urban Affairs, to resume hearings on industrialized housing, 10 a.m., G-308 New Senate Office Building.

COMMITTEE MEETINGS FOR SATURDAY, JULY 19

(All meetings are open unless otherwise designated)

Senate

No meetings are scheduled.

House

Committee on Post Office and Civil Service, Subcommittee on Compensation, to continue hearings on pending pay legislation, 9:30 a.m., 210 Cannon House Office Building.

Extensions of Remarks, as inserted in this issue

SENATE

Dole, Robert, Kans., E6109
Javits, Jacob K., N.Y., E6110

HOUSE

Annunzio, Frank, Ill., E6117
Conyers, John, Jr., Mich., E6112
Dulski, Thaddeus J., N.Y., E6111
Farbstein, Leonard, N.Y., E6112

Fraser, Donald M., Minn., E6109
Lowenstein, Allard K., N.Y., E6111
Robison, Howard W., N.Y., E6111
Ronan, Daniel J., Ill., E6112
Teague, Olin E., Tex., E6116



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