

managers of the bill and the other Senators who have labored so long on this legislation.

I have had recent opportunity to talk with Virginia miners—some of them victims of accidents, others of lung disease resulting from their occupation.

The Senate has taken a step today toward improving the conditions for safety in the mines and reducing the chances for contraction of pneumoconiosis by workers in the coal mines.

Mr. MANSFIELD. Mr. President, while I was unable to attend the opening sessions of the debate on this measure which is designed to up-date our coal mine industry and provide miners with long-needed protection, it was with great pleasure that I witnessed the highly thoughtful debate today. The overwhelming passage of this measure represents a splendid achievement for the miners of our Nation.

Much of the credit, I must say, belongs to the distinguished Senator from New Jersey (Mr. WILLIAMS). All of us appreciate the long hours he devoted to preparing this measure both in committee and while it was pending before the Senate. The high caliber of that preparation was exhibited in the wide acceptance of the proposal. We are grateful.

Our thanks go also to the distinguished senior Senator from New York (Mr. JAVITS) who joined constructively and with characteristic cooperation to assure this fine success. Other Senators played vital roles, as well. Noteworthy was the contribution of the distinguished Senators from West Virginia (Mr. RANDOLPH and Mr. BYRD). Representing a great mining State they understand well the grave problems of unsafe mines and mining operations. They contributed immensely to the discussion.

Of course, the distinguished senior Senator from Kentucky (Mr. COOPER) must be singled out for his contribution. Though his views differed to some extent with some features of the proposal, he urged his position with great advocacy and the deep sincerity which was always welcome. The same may be said for his colleague, the distinguished junior Senator from Kentucky (Mr. COOK). The Senator from Vermont (Mr. PROUTY) also deserves our gratitude for his contribution to the discussion and for cooperating to assure final disposition with such efficiency.

Finally, I wish to thank all Members of the Senate for their cooperation. I think each of us may take great pride in the passage of this measure. We have gone on record unequivocally in support of this great issue.

Mr. KENNEDY. Mr. President, I congratulate the Senator from New Jersey (Mr. WILLIAMS) for his outstanding leadership as he has led this important legislation through to passage today. His activities, and the final result today, are very impressive. I commend, as well, the Senator from New York (Mr. JAVITS), the Senator from Kentucky (Mr. COOPER), the Senator from Vermont (Mr. PROUTY), and the Senators from West Virginia (Mr. RANDOLPH and Mr. BYRD).

#### CIVIL SERVICE RETIREMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 333, S. 2754.

The PRESIDING OFFICER. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (S. 2754) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. MANSFIELD. Mr. President, with the concurrence of the distinguished chairman of the committee, I should like to yield at this time to the distinguished minority leader.

#### LEGISLATIVE PROGRAM

Mr. SCOTT. Mr. President, may I ask the distinguished majority leader what is the order of business from here on out? What is to be done on the pending measure, and what does the majority leader plan thereafter?

Mr. MANSFIELD. Mr. President, in response to the questions raised by my distinguished colleague, the minority leader, there is a hope—how good it is I do not know—that we might be able to finish the pending business tonight. Whether or not we finish it tonight or tomorrow, it will be followed by the John F. Kennedy Center bill, Calendar No. 316, and that, in turn, will be followed by the District of Columbia revenue bill, Calendar No. 427, and that in turn by S. 7, Calendar No. 346, the water pollution control bill.

It is anticipated that either tonight or tomorrow morning, we will bring up for reconsideration the Peace Corps measure, which I understand has been cleared all around.

That, to the best of my knowledge, is the situation as we see it.

Mr. SCOTT. I thank the distinguished majority leader.

#### CIVIL SERVICE RETIREMENT

The Senate resumed the consideration of the bill (S. 2754) to amend subchapter III of chapter 83 of title V, United States Code, relating to civil service retirement, and for other purposes.

Mr. McGEE. Mr. President, I sent to the desk amendments to the pending measure, S. 2754, and ask unanimous consent that the amendments be agreed to en bloc. These are perfecting amendments in language, or updating of dates, recommended by the administration, and have nothing to do with the substance or any controversial parts of the bill. I ask unanimous consent that they be agreed to en bloc.

The PRESIDING OFFICER. The clerk will state the amendments.

The assistant legislative clerk proceeded to read the amendments.

Mr. McGEE. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendments will be printed in the RECORD.

The amendments are as follows:

On page 8, line 7, change the section designation from "Sec. 201." to "Sec. 201. (a)".

On page 8, line 12, strike out the words "period of" and insert in lieu thereof the word "total".

On page 8, line 12, insert the following new subsection "(b)":

"(b) Subsection (c) of section 8333 of title 5, United States Code, is amended to read as follows:

"(c) A Member or his survivor is eligible for an annuity under this subchapter only if the amounts named by section 8334 of title 5, United States Code, have been deducted or deposited with respect to his last five years of civilian service, or, in the case of a survivor annuity under section 8341(d) or (e) (1) of this chapter, with respect to his total service."

On page 12, in lines 1 and 16, strike out the word "consecutive".

On page 14, beginning on line 6, strike out all down through line 14 and insert in lieu thereof the following:

"(2) The annuity of each surviving child who, immediately prior to the effective date of such amendment is receiving an annuity under section 8341(e) of title 5, United States Code, or under a comparable provision of any prior law, or who hereafter becomes entitled to receive annuity under the Act of May 29, 1930, as amended from and after February 28, 1948, shall be recomputed effective on such date, or computed from commencing date if later, in accordance with such amendment. No increase allowed and in force prior to such date shall be included in the computation or recomputation of any such annuity. This paragraph shall not operate to reduce any annuity."

Mr. McGEE. Mr. President, the pending legislation relates to civil service retirement.

The PRESIDING OFFICER. The Chair would inquire of the Senator from Wyoming if he wishes that these amendments be agreed to prior to his presentation.

Mr. McGEE. If that is in order, Mr. President.

The PRESIDING OFFICER. Without objection, the amendments are agreed to en bloc.

The Senator from Wyoming may proceed.

Mr. McGEE. Mr. President, this legislation is a result of nearly 3 years of careful study and recommendation by the Committees on Post Office and Civil Service to enact legislation resolving the financial difficulties of the civil service retirement and disability fund and to make certain improvements in the benefits offered employees of the Federal Government through the retirement plan.

Each Senator has on his desk a copy of the public hearings which our Subcommittee on Retirement held on this legislation, as well as a copy of the committee report recommending enactment; so I will not dwell at length on the intricacies of the bill except to describe briefly the major purposes involved.

Title I relates to resolving the long-standing problem of adequately financing the civil service retirement system. Ever since its creation in 1920, the system has had a financial liability which was not properly funded. This was caused originally by permitting credit for all

civil service performed prior to August 1, 1920, and it has over the years accumulated a total unfunded liability of \$57.7 billion. It is "unfunded" because the amount of money collected from the employees and contributed by the Government, when invested at interest, will not pay the debt which the Government owes to all employees.

Let me point out that none of this liability results from any failure on the part of our civil service employees to pay their share. They have always paid whatever the law required, originally 2.5 percent of their gross salary, and now 6.5 percent of their gross salary.

The liability is solely the result of the Government's failure to live up to its part of the bargain. In the early years, no money was contributed by the Government to the fund. After 1928 the amount contributed was not sufficient to meet fully the future costs, and it was not until 1957 that Congress by law required agency contributions at a rate equal to the employee's contribution. So all that time, the fund lost earnings on money that would have been invested had it been contributed by the Government, and we call that the "lost interest on the unfunded liability." In addition, changes in the retirement law, statutory salary increases, inclusions of new groups of employees, and other liberal changes in the law create additional unfunded liability because no contribution is made to pay the cost of crediting past service.

Title I seeks to resolve this problem permanently. In the first place, the lost interest on the unfunded liability as well as the amount of annual annuity payments based on military service will be paid directly from the Treasury into the retirement fund. To soften the impact upon the budget, we will start at 10 percent and gradually move up to full payment over a 10-year period. By fiscal year 1980, the Treasury will pay directly to the fund approximately \$3 billion each year, and at that time the unfunded liability will cease to grow any larger on account of the loss of interest.

Second, title I authorizes the Congress to appropriate each year whatever amount of money is necessary to prevent an increase in the unfunded liability resulting from statutory changes in the retirement law or salary increases which affect the future liability of the fund. These payments would be amortized over a 30-year period at a level rate. At the end of 30 years, the payments would come to an end and because of the payments, the unfunded liability would not have increased.

That is title I in a nutshell. Our committee has worked for several years on this problem. The status of the fund has been a serious problem. We must act now to insure the future stability of the retirement program so that those who retire from the Federal service will never have their annuities jeopardized. The Bureau of the Budget, the Civil Service Commission, the House of Representatives' Committee on Post Office and Civil Service, all of the members of the House Appropriations Subcommittee on Independent Offices, and the Senate Com-

mittee on Post Office and Civil Service endorse and support this remedy for the unfunded liability.

The requirement that the Treasury pay the annual cost of crediting military service for civil service retirement purposes was given our very careful consideration. The idea first arose some years ago when the then chairman of the Senate Committee, Senator Olin Johnston, recommended that the Department of Defense be required to reimburse the fund for the military service added to an employee's retirement credit. Our committee considered that proposal and we also considered charging the cost to the Veterans' Administration. But in the last analysis, we determined that the cost for military service should not be borne by any one agency of the Government. It is a benefit to those who have served in the Armed Forces, which is a general responsibility of the Government. Originally, Congress idea was to credit such service for men who had their career in the Federal civil service interrupted on account of war. Congress deemed that they should not lose retirement credit under such circumstances if they returned to the Government and retired on a civil service annuity. There are thousands of employees in those circumstances; but there are also thousands of employees whose career was military rather than civilian, and who retire after 30 years in the Army or the Navy, and come into the civil service. Subsequently, after 5 years' civilian service, they may be eligible to retire and have their entire military service credited toward civil service retirement if they give up their military retired pay, or if they were retired from the military on account of a combat-connected disability.

The result is that nonveteran employees pay a portion of their contribution for a retirement benefit which they do not receive and which in many cases will pay a retirement benefit to a retired officer or enlisted man who spent 20 or 25 or 30 years in the Armed Forces. I am sure my colleagues have heard a number of complaints from constituents concerning this particular quirk in the law. With that in mind, our committee recommends that the Government generally pay this cost, that it not be charged to the Army or the Navy or the Veterans' Administration or the retirement fund itself. As in the case of the interest on the unfunded liability, the impact of the payment would be softened by amortizing it over a 10-year period, beginning at about \$9.5 million and increasing to about \$195 million over a 10-year period.

Finally, Mr. President, title I increases the amount of contribution by employees and each agency of the Government. Presently, employees, including congressional employees, pay 6.5 percent of the gross annual pay into the retirement program, and each agency contributes 6.5 percent of its payroll into the system. Members of Congress pay 7.5 percent of their annual salary, and an equal amount is contributed by the appropriations available for congressional operations.

Under the new rate, each employee will contribute 7 percent of pay, effective

in January 1971, each congressional employee will contribute 7.5 percent, and each Member will contribute 8 percent. The total additional contribution into the system will be about \$240 million a year, based on next year's payroll. The total contribution will be 14 percent, and the total cost of the program after the effective date of the amendments in title II, will be 13.98 percent of payroll.

Title II makes certain very basic changes in the Civil Service Retirement Act to improve the system. Five of these were included in the bill which passed the House a couple of weeks ago:

First, changing the high 5 to the high 3 for computing civil service annuities;

Second, including accumulated sick leave as service for an employee who retires with sick leave to his credit;

Third, adding 1 percent to the cost-of-living adjustments for annuitants which are made from time to time on the basis of Consumer Price Index.

Fourth, permits the widow of a Federal employee who died or retired before the act of July 18, 1966, to remarry and continue to receive her annuity if she is past 60 years of age; and

Fifth, permits an employee of the Congress to receive the 2.5-percent computation formula for all years of service. He would pay an additional 1 percent for this improved formula.

In addition to these changes the Senate bill exempts up to \$3,000 of civil service annuity from Federal income taxation, and improves the survivor annuity protection for employees or disability-retired employees.

Some of these features are well known to all Members. Changing the high 5 to the high 3 is an effort to make more relevant the annuity which an employee receives in relation to the salary he was receiving at the time of his retirement. There is not anything magic about the high 5. It has been in the law for 39 years, and it is time to recognize that retirement annuities should be as closely related to the standard of living the employee was purchasing and enjoying at the time of his retirement as we can make them.

Adding sick leave to an employee's retirement credit resolves a very basic problem, because although employees are paid for their accumulated annual leave at the time of retirement, they give up all of their sick leave. One result is that employees tend to call in sick quite frequently in the last year or two before they retire. When an employee retires on disability, it is standard practice to use up all of his sick leave before leaving office. So the Government pays at full value for accumulated sick leave in many cases. In other cases, an employee who has enjoyed good health and good conscience gives up 2,000 hours or so of accumulated sick leave for which he receives no credit or compensation.

The additional 1-percent adjustment in annuities recognizes that our national productivity continues to increase, and that there is more to maintaining a reasonable standard of living after retirement than just chasing after the consumer price indicators.

The change in the retirement computation for the employees of the Congress

makes their retirement computation identical to that of Members of Congress—2.5 percent for congressional service, and 2.5 percent for up to 5 years of military service. For this they will pay an extra 1 percent each year.

The exclusion of up to \$3,000 of civil service annuities from Federal income taxation is a goal that retired civil service employees have sought for many years. It is just hard to explain to people back home that civil service annuities are taxed as ordinary income, while social security is tax free, railroad retirement is tax free, and income from investments on municipal bonds is tax free. That does not create a very good impression upon a retired civil service employee who is trying to get by on \$2,000 or \$3,000 a year and is paying taxes on it. This is an amendment to the Civil Service Retirement Act and is very similar, except for the dollar amount, to the bill, S. 2087, which I introduced on May 8, 1969, and which was referred to the Committee on Post Office and Civil Service.

This exclusion of up to \$3,000 would be in lieu of the retirement credit now provided by the Internal Revenue Code. Under that law, any pension or annuity payment which is not taxed must be subtracted from the retirement credit. The effect of our amendment, therefore, would be to replace the retirement credit for civil service annuitants only, thus giving them a tax benefit equal to the difference between the \$3,000 exclusion and the tax credit they now receive, which is now a maximum of \$228. The impact on revenue would not be substantial because retired employees past 65 who are married to a spouse past 65 have very little taxable income anyway.

Finally, the bill revises very substantially the survivor annuity benefits for a widow of a Federal employee who dies or who has retired on account of physical disability and thereafter dies.

Under existing law, the widow and children of an employee who has less than 5 years' service receives no benefit at all if her husband dies. If an employee has 5 years of service, his widow is entitled to a percentage of his earned annuity; and since civil service retirement is a system based on long service and average salary, the earned annuity of a young employee is very small. After 10 years, his earned annuity is just 16¼ percent of his average salary. After 20 years, it is just 36¼ percent of his average salary; and when you give the widow 55 percent of that, she will not get rich. The examples cited on pages 6 and 7 of the committee report indicate how drastic the financial impact of the death of a short-term employee is upon his wife and children.

For some time our committee has attempted to work out legislation acceptable to all to provide for a transfer of credit between civil service retirement and social security. Nothing acceptable has been developed. We shall continue that effort, but in the meantime, we must resolve the problem for the survivors now. Our bill does this, and I think it is a most significant improvement in the retirement program.

The amendments provide that when an employee dies after completing 18 months' service under the Civil Service Retirement Act, he has a vested annuity for survivor annuity purposes only. His widow is entitled to at least 55 percent of 40 percent of his average salary or 55 percent of his annuity projected to age 60, whichever is less; and his children would be entitled to the lesser of \$900, 60 percent of his average salary divided by the number of children, or \$2,700 divided by the number of children. The effect of our amendments are to make very substantial improvements in the survivor annuity protection offered an employee who has at least 18 months' service, but not more than 22 years of service. This is where the retirement program for civil service employees is now gravely deficient and that is where we have aimed our corrections.

The cost of the bill as reported from the committee is about \$205 million in direct transfer from the Treasury to the civil service retirement fund in the coming fiscal year, that is fiscal year 1971. The normal cost of the system is increased by about one-fifth of 1 percent of Federal payroll. One percent of Federal payroll was about \$22 billion as of June 30, so the extra cost which, of course, will be fully paid for under the financing portion of the bill is \$44 million a year. That is \$2 million a year less than the provision of the bill passed by the House of Representatives. The difference relates primarily to changing the method of financing military service credit.

The unfunded liability of the system would be increased by \$1.4 billion as a result of the liberalizations in title II, but the overall liability of the fund would be reduced because of the direct Treasury funding for military service credit. The net result would be a decrease in the liability of the fund of about \$3.3 billion.

Mr. FONG. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. Mr. President, I congratulate the distinguished Senator from Wyoming for his leadership in bringing to the Senate this very constructive bill. This bill really stabilizes, for the first time, the retirement system and assures that our civil service employees will be paid in the future. It also adds a few changes to the law that are very desirable.

Mr. President, the Civil Service Retirement Amendments of 1969, contained in S. 2754 and presently under debate, contains critical and very necessary changes in the U.S. civil service retirement system and fund. The bill was reported out unanimously by the Senate Committee on Post Office and Civil Service.

I strongly urge my Senate colleagues to approve the proposed legislation.

For 22 years the U.S. Civil Service Commission has urged Congress to approve legislation eliminating or stabilizing the Federal retirement fund's unfunded liability. The Senate report on S. 2754 explains in detail the reasons for

this huge deficit, now totaling \$61,000,000,000, and the committee's proposal to correct the present intolerable situation which if allowed to continue will bankrupt the Federal retirement fund in 18 years.

The Federal retirement fund was established in 1920 to provide retirement income for all Federal employees. The initial employee contribution of 2½ percent was to be matched by Federal Government contribution of an equal amount. The 2½ percent employee-agency contribution was increased periodically until in 1956 the present 6½-percent contribution rate became effective. During the entire history of the Federal retirement system, all Federal employee contributions have been paid in full and have approximated one-half the normal cost.

In contrast to the specific requirements for employee contributions, the act, prior to 1958, stated in effect that the Federal Government's share would be financed by the submission of appropriation estimates to Congress necessary to finance the system and to continue the act in full force and effect. As a result, a number of different methods were employed over the 48 years the plan has been in existence to take care of the Government's contributions.

During the first 8 years of the plan, no agency appropriations were enacted and benefit disbursements were financed entirely by employee contributions. From 1929 to the end of World War II, although Government contributions were generally recommended by the President in amounts sufficient to cover normal costs and to amortize the unfunded liability then existing, the amounts actually appropriated varied. Congress enacted lower appropriations than those recommended by the President on five occasions, higher amounts twice, and on one occasion approved the full amount requested by the President in his budget.

In 1958, the present funding procedures were enacted. Under it, each Federal agency contributes to the fund from its appropriations for payment of salaries, amounts equal to deductions from the salaries of its employees for retirement at the rate of 6½ percent. This achieved the objective of assuring annual income approximating normal cost. However, these contributions failed to meet fully the Government's portion of retirement costs because it did nothing to reduce the unfunded liability caused by insufficient appropriations in previous years.

A review of the system shows that the major causes for the present unfunded liability of approximately \$61 billion have been: First, creditable service for which neither the employee nor the employer contributed, such as military service creditable for civilian retirement; 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; and fourth, loss of compounded interest

income which would have been earned if the accrued liability had been fully funded.

Because employee contributions during the 1930's and 1940's exceeded benefit payments, the potential impact of an unfunded liability was obscured. However, with stabilized employment, inadequate employer contributions and increased benefit payments, the annual trust fund revenues within the foreseeable future would be unable to meet benefit payments.

Under the present funding practices the assets of the fund which presently total \$20,500,000,000 will increase to \$23 billion in 1975 while the deficiency will simultaneously approach \$80 billion. In 1975 the disbursements will begin to exceed the annual income of \$3.8 billion. Thereafter, disbursements will continue to escalate over a relatively static income and will result in a declining fund balance. At that time, in order to meet benefit payments, all disbursements in excess of current income will have to come from the fund balance. Without additional funding, that balance will be depleted by 1987.

Thereafter, disbursements will exceed income by \$3,500,000,000 and will require direct appropriations to meet benefit payments. By year 2000, the necessary direct annual appropriations would approach \$5,000,000,000. This would be in addition to the approximate \$3,000,000,000 employee-agency contributions.

#### PROPOSED NEW FUNDING PROCEDURE

Under the provisions of S. 2754, the normal cost financing of equal employee-agency contributions would be retained. Normal cost in this sense is defined as that level percentage of annual employee pay which, invested at interest, is required to cover the costs of benefits earned each year starting for each employee at the time of appointment.

The present inadequate contributions and the normal cost financing of the combined contribution rate from 13 to 14 percent of payroll—7 percent each from employee and agency, effective January 1970. The congressional employee rate of 6½ percent would be increased to 7½ percent, and Members of Congress would contribute an additional one-half percent, to 8 percent.

The present normal cost of present benefits is equivalent to 13.86 percent of civilian payroll for the Federal Government. The increased benefits plus the modified reimbursement procedure for military service credit contained in the bill would increase the cost coverage by 0.12 percent, for a total of 13.98 percent of current payroll. The result is an over-financing of slightly less than .02 percent of payroll.

Although the system's unfunded liability has grown to \$61 billion in 1969, and can be attributed to numerous liberalizations of benefits, recurring salary increases, and several automatic cost-of-living adjustments to annuities, the major growth of the unfunded liability is attributable to the loss of interest on the unfunded liability. This approximates \$2 billion each year.

The bill would eliminate this loss by providing for direct appropriations of

this interest. However, for the first year the Secretary of the Treasury would transfer to the retirement fund a sum equivalent to 10 percent of the interest on the then-existing unfunded liability; and thereafter an additional 10 percent for each successive fiscal year until 1980. After 1980, the amount transferred annually will be the equivalent of the full interest thereon.

This formula, though not reducing the unfunded liability, will provide the interest to make the fund operationally solvent. This is the thrust of title I of the bill.

Should future incremental unfunded liabilities result from benefit liberalizations, general salary increases, extension of coverage to new groups of employees, or newly authorized annuity increases, they would be fully financed by the Federal Government through direct appropriations to the fund, in equal annual installments, over 30-year periods. The Government would assume full responsibility for additional deficiencies thus created, and, by amortization, preclude further increases in the unfunded liability.

Title II of the bill makes certain liberalizations in the Federal Retirement Act. It would: use "high 3" instead of "high 5" for computing civil service annuities; permit adding sick leave accumulated at the time of retirement to the period used in computing annuities; add 1 percent to cost-of-living increases for annuities; make the remarriage provisions of the 1966 Amendments to the Federal Retirement Act partly retroactive; improve survivor benefits for employees and retired disabled employees who die in service or after disability retirement; exempt up to \$3,000 of civil service retirement annuity from Federal income taxation; and permit congressional employees to receive 2½ percent credit for all years of congressional employment in computing their annuities rather than limiting congressional service credit to 15 years.

Both the House and the Senate Committees on Post Office and Civil Service have labored hard on this legislation in an attempt to find the best solution to the critical problems which face the Federal retirement system.

The matter of correcting the funding deficiency of the Federal retirement system must be faced by Congress now. We sincerely believe that we have found a good solution. We have also written into S. 2754 some much needed benefits, but at the same time we have held the cost down below the amounts to be contributed by the employees and their employing agencies. Under the bill the benefits of the entire fund will still be .02 points under the 14 percent of payroll contributions.

I strongly urge favorable action on this measure.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. McGEE. I am glad to yield to the distinguished Senator from Florida.

Mr. HOLLAND. I am not clear as to the exemption of \$3,000 of retirement pay from the provisions of the Federal income tax. I assume that that means

an overall amount of \$3,000 and not \$3,000 per year.

Mr. McGEE. No; this would be from income in a given year.

Mr. HOLLAND. Does the Senator mean \$3,000 in every year would be exempted?

Mr. McGEE. Would be exempted from the income tax; yes.

Mr. HOLLAND. The bill is not clear on that. It does not say that this exemption takes effect every year. It appears from the way the bill reads—at least to this Senator—that it is an overall, one-time exemption.

Mr. McGEE. I am having the staff check the language in the bill, and then I will respond to the Senator.

Mr. HOLLAND. My second question on the same point, which I think the Senator can answer while that is being checked, is this: Does this provision affect the provision of the present law under which there is exempt from income tax the full amount that any Member of Congress has paid in up to the time that that amount is fully paid?

Mr. McGEE. It does not affect that existing provision so far as Congress is concerned.

Mr. HOLLAND. The \$3,000-per-year exemption, or whatever it is, does not apply to Members, then, but only to civil service retirees?

Mr. McGEE. The first \$3,000 applies to all.

Mr. HOLLAND. Does this mean that retired Members of Congress get not only the right to receive everything they have paid in—which, of course, is a very large amount and figured over a large number of years—but also \$3,000 a year?

Mr. McGEE. No. As I understand the Senator's point, if I understand it correctly, he still is entitled to all his entitlements in what he has paid in, that this only would obtain to his calculations on paying an income tax annually, and that he would be exempted from the first \$3,000 of obligations in the tax computation.

Mr. HOLLAND. Let me state it in a hypothetical way: Suppose a retiring Member of Congress had paid in \$10,000 to the retirement fund. Under present law—at least as the Senator from Florida understands it—up to the time his retirement pay had equaled \$10,000, he would have no income tax to pay, because, in effect, it would simply be a repayment of savings accumulating to his account. Do I correctly understand that this would still be the case under the proposed legislation?

Mr. McGEE. The Senator's understanding is correct.

Mr. HOLLAND. How does the \$3,000, then, come into the figure?

Mr. McGEE. It comes in after that point.

Mr. HOLLAND. Does it mean that the \$3,000 is a supplement to the return of the \$10,000 or that it is not applicable during the time the \$10,000 is being repaid, or just how does it apply?

Mr. McGEE. The \$10,000 figure the Senator is using is regaining capital. This is a \$3,000 exemption on income.

Mr. HOLLAND. Then, this would be in addition to the return of the \$10,000 saved?

Mr. McGEE. Yes. The \$10,000 capital would be unaffected.

Mr. HOLLAND. One would get back the \$10,000 he had paid in, and, in addition to that, in each year he would be entitled to a \$3,000 exemption?

Mr. McGEE. Exemption; correct.

Mr. HOLLAND. What is the philosophy behind that, may I ask the distinguished Senator?

Mr. McGEE. The basic reason for that was that most of the annuitants are not confronted with that situation, and this was aimed at protecting the across-the-board annuitants who are in a very low income retirement fund category.

Mr. HOLLAND. Is the Senator suggesting that the able committee was seeking to discourage Members of the House and the Senate from staying here for many years?

Mr. McGEE. To my knowledge, the committee never entertained such a thought.

Mr. HOLLAND. I thank the Senator for that clear statement in the Record.

Mr. McGEE. May I respond to the Senator's earlier question in regard to the language in the bill and what it means.

On page 13, in subsection (f) of section 207—

Mr. HOLLAND. Is the Senator referring now to the bill or to the report?

Mr. McGEE. To the bill.

The thrust of the exemption allowance puts it on an identical basis with the Social Security and the Railroad Retirement Acts at the present time.

On page 13, the language reads;

An amount, not to exceed \$3,000 each year which is received by an annuitant or a survivor annuitant under this subchapter . . . which would be included as gross income for purposes of the Federal income tax laws, shall not be included as gross income under such laws.

Would the Senator feel that that would remove the uncertainty?

Mr. HOLLAND. I think it would remove the uncertainty, but it would make the \$3,000 not applicable to retirees who would have to receive \$10,000 or \$20,000, or even more, before they got back what they had put in. Apparently, this \$3,000 does not begin to apply at all until one has received back his entire contribution to the fund.

Mr. McGEE. The income tax law itself, I understand, separates the income capital from the exemption category.

Mr. HOLLAND. I thank the Senator. I believe we have it reasonably clear now. In other words, if a retiree were entitled to receive, let us say, \$20,000 a year, having been here a good while, he could set off that first year the \$10,000 that he had contributed, if that was the amount, and, in addition, claim an exemption of \$3,000 as against the remaining part of the income which would be gross taxable income.

Mr. McGEE. Yes, that is my understanding of it.

Mr. HOLLAND. I think that is a clear explanation. Whether that approach is justified, is another thing.

I hope the Senator will make very clear what is implied, because I do not believe that Congress is trying to increase its rights as above what it had before, in the passage of this measure.

Mr. McGEE. No. The intent was to try to keep it as simple as we could and yet take care of the typical annuitant, who is generally in the \$3,000, \$4,000, or \$5,000 category, which leaves him a very minimal sum.

Mr. HOLLAND. I say again that the Senator is suggesting that the Members of the Senate and the House stay here a very short period.

Mr. FONG. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. The reason for the \$3,000 exemption is that if one is a social security retiree, all the amount he receives as a social security beneficiary is not taxable. People who work for the Federal Government are not under social security but do receive a retirement income, and we feel that the \$3,000 is the equivalent amount that the people under social security are getting.

Mr. HOLLAND. The theory of the social security law is that the citizens have paid for insurance and they are getting payments because they have paid for insurance.

Mr. FONG. This will be the same.

Mr. HOLLAND. That is not true in this case, though. The Members of Congress pay on a portion of their retirement. They pay, as I recall it, half of the pool. They have been paying 7 percent each year for a long time—I do not remember how long—and that amounts to a very considerable sum. But the Federal Government pays an equal amount, as I recall.

Mr. FONG. The same is true with respect to the individual. The employer pays half and the employee pays the other half.

Mr. HOLLAND. Perhaps I was thinking about the matter solely from the standpoint of the self-employed person, because that has been my own situation, except for membership in the Senate; and, of course, there is no employer to pay the other half when a person is self-employed.

Mr. McGEE. That is correct. Here our real concern was the 9 million-plus annuitants that we felt had long since merited this kind of exemption in order to keep it equitable for them.

Mr. HOLLAND. From a quick reading of the report and several sections of the bill applying thereto it is made clear there is no change in the existing law as to the way surviving widows are affected. Am I correct in that?

Mr. McGEE. There is a small change in the way surviving widows are affected. It enables them to keep their annuities if they remarry, provided they are over 60 years of age.

Mr. HOLLAND. I am not speaking of that. I am speaking particularly of Members, because of the impression that Members would be particularly concerned with this point. My understanding is, leaving aside the question of remarriage which the Senator mentioned,

there is no change whatever in the right of a surviving widow.

Mr. McGEE. There is no improved benefit. Surviving widows would still be affected by the 1-percent addition on the cost-of-living index.

Mr. HOLLAND. That is the 1-percent addition for every 3-percent upping of the consumer price index.

Mr. McGEE. The Senator is correct.

Mr. HOLLAND. I think it is a good provision. I congratulate the committee for having added it. I think most of the bill is good; maybe all of it is good.

Mr. McGEE. The Senator from Florida has been very helpful.

(At this point, Mr. Spang assumed the chair.)

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. McGEE. I have told the Senator from Delaware I will yield to him.

Mr. President, I yield briefly to the Senator from Indiana.

Mr. HARTKE. Mr. President, first I wish to congratulate the distinguished Senator from Wyoming for his leadership in this field. It has been my privilege so serve as the chairman of the subcommittee and to hold hearings on this measure.

The question raised by the Senator from Florida concerning taxation points out a deepening crisis that exists in the entire field of caring for the aged. I did not think this bill is the answer as far as the problems of these people are concerned. In many cases we have a combination of circumstances surrounding former employees which is rather tragic.

They have never been able to achieve comparability with people in private industry, so that even by taking the high 3 years instead of the high 5 years they are being told they will be paid a percentage on reduced capability that they would have had in the field of private employment. There should not be any penalty for anyone who serves in the Government. I know many people seem to attach an undesirable stigma to people who work for the Government. I find that most people who work for the Government are sincere people. They want to provide service, and they would like to be treated on a comparable basis, not only while they are working, but after they retire.

Anyone who studies the actual amount of money that will be provided under this bill will be shocked because it comes pretty close to the poverty level. This is a problem the country will have to face up to soon. We have two circumstances combining. First, because of the better health of the Nation we have people living longer than they used to; and, second, the increase in cost for people after retirement is frequently the total cost for them to take care of themselves. Frequently people in retirement do not have anyone around to take care of their ordinary affairs. They may have to hire people to care for them and to take them places. The person in retirement usually cannot drive a car any longer. My statement with respect to costs is especially true in the field of medical treatment and drugs.

This is a problem which is very acute in the Nation and affects all the aging. The situation is compounded for the civil service employee so I really feel that in this case we are not righting a wrong; we are correcting some of the inequities, but we have much farther to go.

I hope we will not be content to say that the Committee on Post Office and Civil Service considers this to be the answer to the problem. The answer lies beyond.

This is not a problem which is special to the Government, but I think the Government has a responsibility. Certainly, when people retire it should not be the first time in their lives that they are poor. Unfortunately in America today many old people are saying for the first time, "I did not become poor until I became 65." Mr. President, that is tragic, indeed.

I hope we pass the bill quickly and then go about the business of trying to determine what we are going to do about the acute problem of the aging.

Mr. McGEE. Mr. President, the Senator's point is well taken and no one speaks with greater perception and depth of understanding than the Senator from Indiana. The Senator has spent a great many years with this problem, and the thrust of his comments just now have been that this is not the place where we stop. This is only another of the steps we are taking, and that should have been taken in many cases long ago. But at least we are finally moving in this direction. I agree with the Senator.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. McGEE. I am glad to yield to the Senator from Florida.

Mr. HOLLAND. Mr. President, I am glad this entire discussion has come up. I certainly appreciate the comments of the Senator from Indiana. I doubt if the average citizen knows right now that each Member of the House and Senate is paying \$3,000 on his retirement fund out of each year's earnings besides the full income tax which everybody pays, subject only to a \$3,000 allowance for living in Washington, which cost most of us nearly \$10,000.

I think it is good for these matters to be placed in the Record because they more clearly explain the situation.

The next thing I would like to say is I think there is another fact not generally known to our people and that is that workers on the Hill, for Congress, are not in the same situation as civil service workers in that when their Senator or House Member is defeated, their jobs stop the day he goes out of office. There is no right to stay on and there is no vested right to remain, as there is in civil service. I think employees of Congress are thoroughly entitled to be regarded as in a different classification. They are placed in a different classification under the present law and would be by this law. I am glad they are. Of course, they pay a little bit more for the protection they get and under this bill this practice would continue. But it is well for the Record to show that employees of Congress are not in the favored protected and secure position that civil service

workers are. I believe that is shown by this bill and the different treatment accorded for the different groups of employees.

I thank and congratulate the Senator. Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. YARBOROUGH. Mr. President, as a member of the Committee on Post Office and Civil Service, who served on that committee longer than any other Member of the Senate, I congratulate our chairman, the distinguished senior Senator from Wyoming, for the great care he has taken with the bill, for the diligence with which he attended all hearings, and his work in bringing the measure to the floor of the Senate. I commend him on the bill.

There is one provision in particular that I desire to mention and that is the provision for crediting Federal employees for unused sick leave time.

I introduced that measure in Congress after Congress. We were unable to move it. I hope that it is passed some time. In some respects this provision is more generous than my proposal.

The provision for unused sick leave, I think, is for the benefit of the Federal Government. Figures show that of Federal employees who work for 30 years, one-half use up all the accumulated sick leave and one-half end up with about 44 days in unused sick leave. The able, efficient, and experienced employee works for years and years and does not use any sick leave time. The Government profits on those employees who work year after year and do not use their sick leave because those employees get no credit. These people have worked faithfully and they do not take sick leave and, therefore, they lose 44 days when they retire. When there is an experienced employee who takes a couple of weeks off for sick leave and his substitute is brought in there is a general loss—we had testimony on that year after year—by losing 2 weeks' time of the most efficient employee. This is the experience of private business in America. This is going to make money for the Federal Government.

I congratulate the chairman of the committee on having that provision in the bill.

I want to associate myself with the remarks of the distinguished Senator from Florida. In talking to people in my State, I find that they have no concept of the fact that our payments for retirement are more than \$300 a month. They have heard something about Federal judges, which they get from the lawyers and other laymen, that a Federal judge pays nothing into his retirement system and that after 5 years of service, if he is at the proper age, he can retire at full pay.

I do not think that the service of a judge is so much more patriotic, more arduous, and more difficult, that we should have to vote ourselves a harsh retirement system and vote for them such a generous retirement system. But that is a fact.

I want people to know that whereas a judge pays nothing into his retirement

fund and after 5 years of service, if he is old enough, he can retire on full pay, we must pay \$3,400 a year into the fund, which gives us only 2½ percent of credit for a year's service. When we compute that in with other deductions and limitations, we can take the year's service and it adds up that we will not get that 2½-percent credit in our retirement. If one should pass away, then his widow will draw only one-half the pension, which will not be 2½ times the number of years served. In other words, this is a limited retirement compared to retirement either in Federal service or outside of it.

Mr. President, as the able Senator from Florida has pointed out, it is well for people to know that Senators are also having income tax deductions taken from their checks, just as the rest of American workers do. Many people think that somehow or other we enjoy some free largesse here, that we get things tax free. I think it is well to have that in the Record, too, that our income tax payments come out of our salary checks, and they are heavy, with hundreds of dollars taken out every month for retirement, and hundreds of dollars taken out for income tax, so that the take-home pay of every Member of Congress is reduced drastically from what a person might imagine it is from the gross amount we get.

Mr. President, S. 2754 is a measure which is badly needed. I am hopeful that the Senate will not only pass this bill today but that we would do so without amendment.

This measure has a particularly fond place in my legislative heart for, aside from its basic provision and many financial reforms, it also provides a formula for the addition of unused sick leave to actual length of service in computing annuities. This provision is not as extensive as my own unused sick leave bill, S. 1276, but it is a big step in the right direction. I have fought for this principle for some 6 years now since I introduced my first bill on the subject in 1963, and I am very pleased that we were able to include this principle in this vital legislation.

As has been stated, the basic thrust of S. 2754 is toward financial reform of the system. The financing of the civil service retirement program has been an obvious and continuing problem for a number of years. For years the reports of the actuary have been grim forecasts of impending financial disaster, each succeeding report being more pessimistic than the preceding. For example, in 1958 the unfunded liability of the program was estimated to be about \$18.1 billion and over the years the estimates have risen so that it is now about \$57.7 billion. Current forecasts are that the civil service retirement fund will have a zero balance in about 18 years if no changes are made in the benefits provided or the financing.

Though these financing reforms are generally supported, it cannot be said that the bill is without controversial features. It is a matter of record that the administration is in general agreement with the financing provisions but

objects to the benefit improvements which would be provided.

For my part, I believe that the extensive study that has gone into the preparation of the bill indicates that it would provide adequate income to pay for all presently scheduled benefits and an orderly method of financing future benefits.

In addition to the "high-3-year average" formula for computing annuities, a provision of the original bill, Senator McGEE and the full Post Office and Civil Service Committee have added three amendments that are the basic difference between the House and Senate bills. I strongly urge the retention of these amendments in the final bill.

One of these amendments would create a vested survivor right after 18 months' service rather than the 5 years now required. Another would exempt up to \$3,000 of an annuity from Federal taxation. In effect, both these amendments merely extend to Federal employees rights now enjoyed by social security recipients.

The third McGee amendment would require an annual payment to the retirement fund to cover the costs of extending credit for military service in figuring the final annuity. The military service credit was the idea of the Congress and the cost should not be charged to the fund as a whole. This amendment would rectify this previous oversight.

Upon extensive examination of this measure and a careful study of the problems it is designed to meet, your Committee on Post Office and Civil Service reported S. 2754 unanimously. I urge the Senate to give S. 2754 a similar vote of confidence today.

Mr. President, with this retirement matter coming up year after year, with different provisions in it, I must commend the able Senator from Wyoming for a very skillful job in combining in this bill the many things in our Federal retirement system which need correcting.

As the Senator from Indiana said, it is not perfect. It is difficult to get a perfect bill with all differences of opinion ironed out. But this is a very splendid piece of work and the Senator from Wyoming is entitled to great credit for bringing such a bill to the floor of the Senate.

Mr. McGEE. Mr. President, I want to thank my friend from Texas for his kind comments and would say to him that I always stand very humbly at a time like this, remembering how very much he contributed to the thinking on the bill which reflected the effective way which his years of seniority on the committee made it possible to serve as guidance.

My chairmanship on the committee is the consequence of some of the flukes in our committee system. But it does represent a responsibility, nonetheless. Without men like the Senator from Texas, the Senator from Indiana, the Senator from Utah, the ranking minority member, the Senator from Hawaii, and the Senator from Delaware, we would, I think, have gone off on many occasions in different directions that might not always have turned out to be the wisest ones.

It is the combined vigilance on the part of members of the committee which has made it possible to arrive at what I think is substantially a sound piece of legislation.

Mr. YARBOROUGH. The distinguished Senator from Wyoming just said that he is chairman of the committee by what might be called one of the flukes in our committee system.

Let me say that if his chairmanship is a fluke, then it is one of the luckiest flukes the Senate has had happen to it in a long time.

Mr. McGEE. I thank the Senator from Texas.

Mr. President, I have said all I can say at this time and, therefore, I yield the floor.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS of Delaware. Mr. President, I want to agree with the chairman, the Senator from Wyoming (Mr. McGEE), on one point; and that is, that title I is long overdue recognition of the insolvency of the civil service retirement fund. Title I provides a method for reimbursing the fund and placing it in a more solvent position.

Mr. President, there are some questions in title II on which I raise questions, particularly the one mentioned by the Senator from Florida. He referred to section 207 on page 18 regarding the \$3,000 special tax exemption, or an amount not to exceed \$3,000 each year for the annuitant. The bill states that this extra \$3,000 will be excluded from the gross income, and it amends section 8355 of title 5 of the United States Code. Under existing law the Treasury Department allows credit for the amount of the pension that represents a return on the payments made by the employee and the other is treated as income.

That is approximately the formula under which it has been taxed heretofore.

As is pointed out, when an employee has recovered all of his original payments to the fund the remainder now is taxable income.

It is interesting to note that this \$3,000 special exemption has no effect, as I see it, on a married couple drawing a pension of \$5,000 or \$6,000 a year. It really does not begin to take effect until the pension has crossed the \$6,000 annual figure. Let us face it, this is not a tax break for the low-income employee.

What disturbs me is not so much the question of whether the \$3,000 exemption should be approved but rather why it does not apply to all retirees, whether they be in private industry or government service. Why give a \$3,000 extra tax exemption on retirement income to just Federal employees? I think that all American citizens who are living on retirement are in the same category and are therefore entitled to the same kind of treatment.

True, retirement payments are exempt under social security, but the social security fund is financed by the employee and the employer—one-half is taken out of his paycheck, and the other half is paid by the employer. But the employer figures that as part of his wage. It is

deferring the income. Social security has a much lower formula for computing benefits than it is under this more favorable formula of civil service.

I think there should be a question in the minds of all of us when considering changing the revenue code, can the Government afford to give this \$3,000 retirement exemption on pensions? If it can then the next question is, should it be made available to employees of the U.S. Government only, or should the tax break be made available to all taxpayers in America?

Mr. President, I do not think it can be justified to single out the employees of the U.S. Government, whether we be Members of Congress or serving in some other capacity, for a special tax exemption that is not extended to all other retired American citizens.

For that reason I think that if this is going to be considered it should be considered as an amendment to the tax revenue bill which will come before the Senate later this year. As a part of that bill Congress can consider how far we reduce the tax for all pension funds. Let us be sure that all the people will be treated alike, and let us not establish a special group of tax-exempt citizens by virtue of their having been employed by the U.S. Government.

Another point is that—

Mr. McGEE. Mr. President, will the Senator let me respond to that question?

Mr. WILLIAMS of Delaware. I will in just a moment.

Mr. McGEE. Oh, I thought the Senator asked a question. Excuse me.

Mr. WILLIAMS of Delaware. We have on the Senate calendar, a tax bill which has long been deferred and which proposes to lower taxes for those in the so-called poverty or low-income groups. That bill has not been acted upon. If it were it would to a large extent reduce the need for the bill we have before us now.

Any tax reduction that is approved by the Senate should apply equally to all taxpayers and not to a select group, which happens to include Members of Congress.

Another point I wish to make is that the tax reduction proposal in section 207 is to amend the Revenue Code in a Senate bill, a procedure which heretofore the Senate has not recognized as being proper. The Revenue Code can be amended only by a bill that has come from the House or by amendments offered thereto in the Senate. That is the customary procedure. Let the Ways and Means Committee of the House or the Finance Committee of the Senate consider the merits of the proposal and relate it to all the other taxpayers.

For that reason, I suggest that it would be wise to strike section 207 from the bill and let it be considered in the regular tax bill later.

Mr. President, I wish to make a point of order that section 207 is an amendment to the Revenue Code, as attached to the Senate bill, which is not in order under our rules.

Mr. McGEE. Mr. President, if it is permissible, am I in order to respond to the

point raised by the Senator from Delaware?

Mr. WILLIAMS of Delaware. Mr. President, I will withhold it.

The PRESIDING OFFICER. Will the Senator from Delaware withhold his point of order?

Mr. WILLIAMS of Delaware. I will withhold it, yes.

Mr. MCGEE. Mr. President, the Senator raises several good points here. I would like, as best I can recollect them now, respond to them as they appear to me.

I think the Senator is so right that here we have a special group that has been kind of "selected out" for this package—Federal employees—but I think it is important to remember that they were "selected out" long ago and denied that \$3,000 allowance while social security annuitants were getting it and while Railroad Retirement annuitants were getting it. That is the kind of selectivity we have witnessed here in the program. So I think there is a second side to the coin in who is playing favorites.

I agree that there is great merit in having a uniform application of this provision to all retirees, but the jurisdiction of this committee is over civil service retirees. We did not pretend to try to tell the income tax service how to administer the law. We did not intend to invade some other committee's jurisdiction. Our intent was to live up to our responsibility, and that was to address ourselves to the problem of Federal civil service annuities in this particular instance in the bill, in section 207, on page 13, which amends section 8345 of title 5 of the United States Code. This is the Civil Service Retirement Act. It is not the Internal Revenue Code. We believe, therefore, it is still very much in order.

Finally, I would suggest that a year ago, or earlier this year, when a bill that I introduced provided for this very specific allowance—S. 2087—the bill was referred to the Senate Committee on Post Office and Civil Service. And because of the jurisdiction and concern of that committee over civil service annuities, I would have to take issue with my friend from Delaware in regard to the legitimacy of a point of order's being sustained. The Finance Committee has jurisdiction over tax matters. The House can originate revenue bills. But we believe this to be in the civil service annuity category and properly within the jurisdiction of the Committee on Post Office and Civil Service.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. MCGEE. I yield.

Mr. WILLIAMS of Delaware. Perhaps I do not understand the English language. I will ask the Senator this question: Is not the purpose of this section 207 to exempt from Federal income taxes \$3,000 of annuitants' pensions?

Mr. MCGEE. The purpose of this provision is to try to make it possible for an annuitant to survive on the basis of his annuity.

Mr. WILLIAMS of Delaware. Is not the purpose of this provision to exempt from Federal income taxes the first \$3,000 of an annuitant's pension? Is not

the purpose of the section to exempt the Federal employee from taxes on \$3,000 of his pension?

Mr. MCGEE. From the first \$3,000.

Mr. WILLIAMS of Delaware. Of taxes?

Mr. MCGEE. Yes.

Mr. WILLIAMS of Delaware. So that makes it a tax bill.

Mr. MCGEE. If the Senator will permit me to quote the English language, that is quite a jump in adding that up to a tax bill.

Mr. WILLIAMS of Delaware. It is quite a jump, and it is a benefit that is not extended to any other group—

Mr. MCGEE. I mean the Senator's conclusion that it is a tax.

Mr. WILLIAMS of Delaware. On September 4, 1969, the Senator's committee was served notice by the chairman of the Finance Committee (Mr. LONG), and I refer the Senator to the remarks of the Senator from Louisiana appearing on page S10143, wherein the Senator from Louisiana points out how it would amend the Revenue Code and raises a question of jurisdiction.

Today before the Finance Committee we had testimony on this very proposal, based on an amendment introduced by the Senator from Connecticut (Mr. RIBICOFF). His amendment deals with this matter in a broad way, which would affect not only Government employees but all annuitants, including private industry as well. We had testimony on that point before our committee today.

What I am saying, without debating the merits or demerits of this proposal, is that I think whatever we do should be done for all retirees who are living on pensions. I am merely suggesting that we should wait until we get the tax bill, and then whatever we do we treat all taxpayers alike.

When the Senator from Wyoming has finished his statement I will renew my point of order because there is no question that the purpose of this provision is to exempt from Federal income taxes the first \$3,000 of pensions of civil service annuitants.

Mr. MCGEE. Mr. President, may I say to my distinguished colleague from Delaware that we were not aware that there had been any great move in the Finance Committee to concern themselves with civil service annuitants or their annuities. I think that is understandable because that matter belongs in the Committee on Post Office and Civil Service.

The staff advises me that the Internal Revenue Code of 1954 contains a provision—I believe sponsored by my colleague from Delaware—to the effect that part-time postal employees cannot attach that to their civil service status.

I think this is a case of looking at both sides of the coin. I would suppose that was subject to some kind of point of order, since it would reflect invading the jurisdiction of the Committee on Post Office and Civil Service. But that really should not be the issue of a point of order here. The issue ought to be whether this is a correct procedure, with the Post Office and Civil Service Committee having jurisdiction.

In view of the absence of any real ef-

fort anywhere else to look into the interests of our civil service annuitants, and because of the precedent set by the Senator himself in adding to the Internal Revenue Code of 1954 a provision that influenced civil service directly, without having to do with the income tax element, it would seem to me that this factor also should be weighed on the scale of decisionmaking in terms of his point of order.

Mr. WILLIAMS of Delaware. When the Senator says the Finance Committee is not concerned with the civil service employees I remind him that the Ribicoff amendment deals with the pensions of all annuitants, including private industry as well as civil service employees. It does not single out one special group for recognition; it deals with all of them, just as all other tax bills should do.

Mr. President, I renew my point of order against section 207, as appearing on page 13 of the bill, on the basis that it is an amendment to the Internal Revenue Code in a Senate bill.

The PRESIDING OFFICER. In response to the Senator from Delaware, the Chair would say that his point of order raises a constitutional question, and that the Chair has no authority to rule on a point of order involving a constitutional question. Therefore, the Chair refers the point of order and the question to the Senate.

The question is, Is it the judgment of the Senate that the point of order is well taken?

Mr. WILLIAMS of Delaware. I ask for a division, Mr. President.

The PRESIDING OFFICER. A division is requested. All who believe the point of order is well taken will stand and be counted.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

Mr. MCGEE. Mr. President, I did not hear the second part of the question.

The PRESIDING OFFICER. The question is, all Senators who believe the point of order is well taken will stand.

Mr. MCGEE. I thought they had stood, and the Chair had made a follow-up statement.

The PRESIDING OFFICER. All those opposed.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absent of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. MANSFIELD. Mr. President, will the Senator withhold that?

Mr. WILLIAMS of Delaware. I will withhold it, but I will be requesting the yeas and nays. I might ask, is the Senator willing to have a vote on it tonight?

The bill clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I have talked with the interested parties on this measure now pending, and I am about to propound a unanimous-consent request.



## UNANIMOUS-CONSENT AGREEMENT

I ask unanimous consent that, at the conclusion of morning business tomorrow, there be a time limitation of 30 minutes on the pending constitutional question which has been referred to the Senate for decision, and that the time be equally divided between the distinguished senior Senator from Wyoming, the manager of the bill (Mr. McGEE), and the distinguished senior Senator from Delaware (Mr. WILLIAMS), who raised the point of order.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement was subsequently reduced to writing, as follows:

*Ordered.* That at the conclusion of the morning business on October 3, 1969 during the further consideration of the point of order against Section 207 of S. 274 Civil Service Retirement bill, debate be limited to 30 minutes to be equally divided and controlled by the Senator from Wyoming (Mr. McGEE) and the Senator from Delaware (Mr. WILLIAMS).

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. WILLIAMS of Delaware. For the information of the Senate, there will be a record vote on that.

Mr. MANSFIELD. Yes, I think there should be.

Mr. McGEE. Mr. President, will the Senator yield until I can propound another thought here?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SPONG. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## TELEVISION NEWSPAPER OF THE AIR

Mr. SPONG. Mr. President, WETA, channel 26 launches a daily newspaper-of-the-air tonight—Thursday, October

2—with editors and reporters from the Washington Post and the Evening Star. This is an example of public television's ability to respond effectively to an emergency community need, the channel 26 newspaper-of-the-air will be broadcast in color, 7 to 8 p.m., 10 to 11 p.m.

Newspaper-of-the-air will cover the day's most important events in the fields of foreign and national news; District of Columbia, Virginia, and Maryland news; entertainment, sports, and other news features; with incisive reports and analysis of leading Washington reporters.

I make this announcement for the information of Senators who may be interested.

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 50 minutes p.m.) the Senate adjourned until tomorrow, Friday, October 3, 1969, at 11 a.m.

## NOMINATIONS

Executive nominations received by the Senate October 2, 1969:

## AGENCY FOR INTERNATIONAL DEVELOPMENT

Samuel C. Adams, Jr., of Texas, to be an Assistant Administrator of the Agency for International Development, vice R. Peter Straus, resigned.

## U.S. DISTRICT JUDGE

R. Dixon Herman of Pennsylvania to be U.S. district judge for the middle district of Pennsylvania, vice Frederick V. Follmer, retired.

## U.S. ATTORNEY

S. John Cottone, of Pennsylvania, to be U.S. attorney for the middle district of Pennsylvania for the term of 4 years, vice Bernard J. Brown.

## U.S. MARSHAL

Thomas Edward Asher of Kentucky, to be U.S. marshal for the eastern district of Kentucky for the term of 4 years, vice Archie Craft.

William C. Black, of Texas, to be U.S. marshal for the northern district of Texas for the term of 4 years, vice Robert I. Nash.

## CONFIRMATIONS

Executive nominations confirmed by the Senate October 2, 1969:

## NATIONAL COUNCIL ON THE ARTS

Nancy Hanks, of New York, to be Chairman of the National Council on the Arts for a term of 4 years.

## U.S. ATTORNEYS

Duane K. Craske, of Guam, to be U.S. attorney for the district of Guam for the term of 4 years.

James H. Brickley, of Michigan, to be United States attorney for the eastern district of Michigan for the term of 4 years.

Bart M. Schouweiler, of Nevada, to be U.S. attorney for the district of Nevada for the term of 4 years.

Edward R. Neahey, of New York, to be U.S. attorney for the eastern district of New York for the term of 4 years.

William W. Milligan, of Ohio, to be U.S. attorney for the southern district of Ohio for the term of 4 years.

Blas C. Herrero, Jr., of Puerto Rico, to be U.S. attorney for the district of Puerto Rico for the term of 4 years.

Stanley G. Pitkin, of Washington, to be U.S. attorney for the western district of Washington for the term of 4 years.

## U.S. MARSHALS

Gaylord L. Campbell, of California, to be U.S. marshal for the central district of California for the term of 4 years.

Rex Walters, of Idaho, to be U.S. marshal for the district of Idaho for the term of 4 years.

George R. Tallent, of Tennessee, to be U.S. marshal for the western district of Tennessee for the term of 4 years.

William A. Quick, Jr., of Virginia, to be U.S. marshal for the western district of Virginia for the term of 4 years.

Rex K. Bumgardner, of West Virginia, to be U.S. marshal for the northern district of West Virginia for the term of 4 years.

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In a later instance, the stubbornness of the House of Lords was overcome when George V privately let it be known that he would create sufficient peers to offset the opposition and follow the views of the House of Commons. Since that time the role of the House of Lords has been largely a ceremonial one. In effect the British Parliament consists of one House.

Perhaps we should consider the desirability of a unicameral national legislature. The Swedes have just changed their Parliament to a single chamber body and therefore such a move is not without modern precedent. Nebraska has a unicameral legislature. In addition, the equal representation requirement now imposed by the Supreme Court upon legislative bodies raises questions as to the constitutional position of the Senate as measured by this formula and in the case of Baker against Carr, Chief Justice Warren clearly found great logical difficulty in excluding the Senate from the operation of "one-man, one-vote" doctrine.

This proposal is a radical one and involves substantial constitutional change but no greater than those which took place between the property-holding days of the Constitution and the equality of franchise of today. Legislative demands are heavier today than ever, the volume of legislation is greater and its complexity increases with the broadening of the fields which are required to be covered. Efficiency of operation demands that unnecessary checks be eliminated. I certainly would not suggest the removal of necessary protective devices but I can see no liberty which would be effected by confining the enactment of our laws to a single body representative by regular redistricting of the population of the country in the manner of the present House.

Other suggestions have been made including the introduction of the rule of germaneness into the Senate legislation and the reduction of the margin required there to cut off a filibuster. In the House a simple majority suffices. It must be asked however whether these revisions would do the necessary job. I would tend to accept the conservative solution if that promised to be effective but I suggest that the broader change is one that should seriously be considered in the light of the impasse which has been created in the closing days of this 91st Congress.

#### TRANSFER OF FUNDS FROM THE CIVIL SERVICE RETIREMENT FUND TO THE CIA RETIREMENT FUND

(Mr. PHILBIN asked and was given permission to address the House for 1-minute and to revise and extend his remarks.)

Mr. PHILBIN, Mr. Speaker, the Congress recently passed S. 4571, a bill amending the Central Intelligence Agency Retirement Act of 1964.

The purpose of the bill was essentially to provide Central Intelligence retirees with the same benefits recently provided civil service retirees.

However, included in the legislation was a provision which authorized the Civil Service Commission to transfer to the CIA retirement fund all Government contributions previously accumulated in the civil service retirement fund when employees of the civil service transferred into the Agency's retirement system.

The purpose of this authorization was to insure the actuarial soundness of the CIA retirement fund. Testimony developed by the committee indicated that execution of this authority would result in the transfer of approximately \$33 million from the civil service retirement fund to the CIA retirement fund. This sum would have represented past Government contributions for all Agency employees transferred to the CIA retirement system since 1964.

I am now advised that some staff people on the Civil Service Commission have questioned legislative intent in this regard. I am, therefore, making this statement to erase any doubt in the minds of any responsible authority as to the legislative intent of the Congress in this regard.

I trust that this will take care of the problem.

#### OPERATION NOEL

(Mr. TIERNAN asked and was given permission to address the House for 1-minute and to revise and extend his remarks.)

Mr. TIERNAN, Mr. Speaker, several weeks ago many of us had the opportunity to attend a Christmas party in the Longworth Cafeteria sponsored by Operation Noel. The purpose of the party was to say "Merry Christmas" and "Many Thanks" to our servicemen hospitalized in Washington area military hospitals.

Those of us who were there know what an outstanding success the party was, but few of us are aware of the hours of work that made it such a success, nor do we know of the many companies and individuals who contributed toward its success.

It takes the cooperation of many to put on a party such as this—to give our servicemen the tribute they so rightfully deserve. Without the help of concerns such as Anheuser-Busch and the American Medical Association, along with many other individuals too numerous to name, Operation Noel would have had a more difficult time.

The idea for Operation Noel was conceived last year by Joe Westner of Western Gear Corp. With the help of his wife, Fran, legislative assistant to Representative Tom KLEPPE of North Dakota, Kathy Pierpan, secretary to Representative ORIS PIKE of New York, and Jayne Gillenwaters and Pat Rinaldi, secretaries to Representative JOHN SCHMIRZ of California, Joe Westner's Operation Noel put on a party the servicemen will never forget.

Mr. Speaker, I would like to urge my colleagues to join me in saying "Thanks" to these young people who are well on their way to establishing a "Hill" tradition—the Operation Noel Christmas party. As their organization progresses

from year to year, their search for contributions and assistance will become easier and easier. They have already received tremendous support from many who recognize the importance of showing our hospitalized servicemen that they are not forgotten at Christmas.

Congratulations, Operation Noel, for a job well done, and best wishes for the future.

#### PROGRAM AID TO CORN GROWERS

(Mr. FINDLEY asked and was given permission to address the House for 1-minute and to revise and extend his remarks and include extraneous matter.)

Mr. FINDLEY, Mr. Speaker, in a meeting this week with high officials of the U.S. Department of Agriculture, I requested that in corn production areas of the Nation hit hard by the southern corn leaf blight, farmers be permitted to have soybeans considered as feed grains for purposes of maintaining their historical feed grain base.

I presented this request personally to Clarence D. Palmby, Assistant Secretary of Agriculture, and Carroll G. Brunt-haver, Associate Administrator of Agricultural Stabilization and Conservation Service.

I also summarized my proposal in this letter:

Hon. CLARENCE PALMBY,  
Assistant Secretary of Agriculture,  
Washington, D.C.

DEAR MR. SECRETARY: Official forecasts during the corn blight information conference recently at the Beltsville, Maryland, experiment station give validity to the concern being expressed by farmers throughout the corn belt and particularly in the West Central Illinois District I represent.

As you know many producers were hard hit by the blight this past year and now face the uncertainties of the 1971 season. The Department has already shown concern for their problem by designating 58 counties disaster areas, including 10 counties in the District I represent, making such farmers eligible for emergency low-interest loans from the Farmers Home Administration. This concern is much appreciated.

These farmers now face an additional peril in the approaching season due to the short supply of blight-resistant seed.

My purpose in writing is to urge that you permit corn producers in blight-disaster counties to count acres planted to soybeans in 1971 as corn for purposes of history under the feed grains program. This would be especially helpful to small farmers for reasons I set forth below. As you know, the Agricultural Act of 1970 gives you this authority. I make this request only for 1971 because it appears the seed problem will largely be corrected by 1972.

I make the request with full awareness that the privilege of indiscriminate substitution can bring pressure on soybean supplies and therefore prices. I hold to the view that substitution should be approved only sparingly, under circumstances of genuine hardship, and only when it will not threaten soybean prices.

The recommendation I have made, in my view, meets these conditions.

Substitution would be permitted only in counties where the Department of Agriculture has already certified the existence of emergency conditions caused by widespread blight infestation and other production problems. The market output for soybeans is exceptionally good for 1971, so much so some observers see the possibility of substantial shortage of supplies.

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will have amendments. Some of the amendments are entirely satisfactory and there is no objection from any source. Others of them are not acceptable and it would be my purpose, if I am not precluded by this arrangement, to ask unanimous consent to take from the Speaker's table several of these bills and agree to the amendments that are acceptable and object to the amendments that are not acceptable and send the bills back with that objection to the Senate—as I say, it would be my purpose to do that. Would I be precluded now from such action?

Mr. HALL. I would say insofar as that is concerned, on any agreement that was made prior to my withdrawal of the previous objection, that that would not be precluded.

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

Mr. HALL. I yield to the gentleman.

Mr. ALBERT. Matters pertaining to legislation in the Senate, such as the bill we sent over, and matters that can be handled by unanimous consent would not be excluded from consideration on Saturday.

Mr. HALL. That is the only way you can do it because you are never going to have another quorum.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HALL. I am glad to yield to the gentleman.

Mr. BURKE of Massachusetts. A very strong bill might come up under a unanimous-consent request, to pass. It has already passed the Committee on Ways and Means and an effort might be made by a Member on your side of the aisle.

Mr. GROSS. Dealing with the shoe industry?

Mr. BURKE of Massachusetts. It deals with green olives.

Mr. HALL. Mr. Speaker, I thought we disposed of all that with Spanish olives and onions and potatoes and tomatoes.

Mr. GROSS. No; these are new problems.

Mr. HALL. Mr. Speaker, I withdraw my reservation of objection.

Mr. FULTON of Pennsylvania. Mr. Speaker, reserving the right to object, may I ask the majority leader if this wonderful concurrent resolution that we hope the other body will now pass has been checked out to see that this wonderful resolution is not the Titanic running into the submerged iceberg of a filibuster in the other body? What happens?

Mr. ALBERT. Mr. Speaker, if the gentleman will yield, this has been cleared with the leadership of the other body. The date has been agreed upon. I would think it would be the Titanic running a race with itself because when we adjourn on Saturday, we are going to adjourn sine die anyway whether we are through or not.

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

Mr. ARENDS. Mr. Speaker, reserving the right to object, might I simply ask this question: Is this a good time to say "Happy New Year" to everybody?

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

There was no objection.

#### THE HOUSE MUST STAND FIRM

(Mr. PELLY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. PELLY. Mr. Speaker, as the Members of the House know, the day before yesterday, by a voice vote, the Senate tabled the conference report on H.R. 17755, fiscal 1971 appropriations for the Department of Transportation and insisted on its amendments, requested further conference with the House and appointed new conferees.

Mr. Speaker, the House already has accepted the DOT conference report, and I do not see why we should begin our work all over again. The other body has dilly-dallied over this bill and its conference report and in every way possible has acted in a manner which is an affront to the House of Representatives.

Accordingly, Mr. Speaker, I want to urge the Members of the House and its leadership to stand firm on this body's earlier decision and refuse at this late date to return to conference or appoint new conferees.

If the Senate wants to accept the responsibility for turning down this conference report, then let the blood be on their heads. Anyone who reads the debate in the Senate can only come to the conclusion that certain Members of that body are bringing the legislative process into disrespect and acting, as I said, in a manner which is an affront to this House.

I urge our leadership to stand firm and uphold the dignity of the House.

#### A TRIBUTE TO THE WASHINGTON STATE DELEGATION

Mr. PELLY. Mr. Speaker, as this 91st Congress comes to an end, and as is the custom, Members of the House and Senate are paying tribute while saying farewell to departing colleagues who will not serve in the 92d Congress. Truly, we are losing some very able Members of both the House and the Senate and there are many whose names come to my mind who will be greatly missed. But, fortunately, continuity in the way of experience and knowledge will be assured by many valuable Members who will return next month.

Public esteem for the legislative branch is not, perhaps, at a high level right now, and much criticism is, not doubt, well founded. However, we do have the finest system of government in the world. It is constantly being improved and will continue to be. And, let it not be overlooked that the shortcomings of the Congress are due to the needed expansion of services demanded by the public. These shortcomings also come sometimes from individual human failings of some Members.

Mr. Speaker, today as this session closes, instead of dwelling on faults, I

want to emphasize the positive. For example, my own Washington State delegation, all of whom except myself next year will be members of the majority party, may sometimes differ in our views on legislation.

But, Mr. Speaker, these colleagues are my friends and regardless of politics, I respect them, and certainly it has been a privilege to work with them on all matters affecting both the Nation and the State.

Perhaps I should not mention anyone by name, but I am sure all of us in the delegation have a common admiration for the senior Member of the delegation Senator WARREN G. MAGNUSON. I have been greatly privileged to serve in this Congress with him, and I am grateful for his leadership and cooperation.

I regularly read the CONGRESSIONAL RECORD, and I follow the Senate debates. This brings the full realization of the tremendous burden carried by the Senator due to the vast jurisdiction of the Senate Commerce Committee.

So, Mr. Speaker, while kind words are properly being handed out to departing Members, let us not overlook those who remain. In this spirit, I thank all the Members with whom I will serve next year and pay tribute to their diligence and cooperation.

#### UNICAMERAL LEGISLATURE PROPOSED

(Mr. MONAGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONAGAN. Mr. Speaker, the breakdown of the final step of the legislative process in the other body during the last few weeks has caused those concerned with the effective operation of our National Legislature to ponder the relevancy of our system to the needs of today.

Although the House had substantially completed its business weeks ago, the capacity of individual Members of the other body to filibuster caused a disastrous disruption of the legislative machinery and resulted in a failure to enact badly needed and much desired legislation.

The legislative process consists of and requires a series of compromises but its proper functioning demands also that a majority prevail and that obstructionism should not succeed. Progress involves at least minority acquiescence in solutions reached by the majority and cannot condone the destruction of months of effort and uncounted sums of money because the view of a minority is not accepted. "Either this or nothing" is not an acceptable motto for a legislator in a democracy.

The problem of the filibuster is not novel in Anglo-Saxon legislatures. It was used by Parnell and his associates to disrupt the operations of the British House of Commons so long as his combination remained effective and yielded only when the deplored remedy which Randolph Churchill called cloture was introduced.