

Calendar No. 1489

90TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 1504

AMENDING CENTRAL INTELLIGENCE AGENCY RETIRE-
MENT ACT OF 1964 FOR CERTAIN EMPLOYEES

SEPTEMBER 6 (legislative day, SEPTEMBER 5), 1968.—Ordered to be printed

Mr. PEARSON, from the Committee on Armed Services,
submitted the following

R E P O R T

[To accompany H.R. 18786]

The Committee on Armed Services, to which was referred the bill (H.R. 18786) to amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill is to make the method of providing cost-of-living increases in retired pay for those retired under the Central Intelligence Agency Retirement Act consistent with the method now provided for such increases for those retired under the Civil Service Retirement Act and other major Federal retirement systems.

Since its enactment, the CIA Retirement Act of 1964 has provided for increases in retired pay whenever the Consumer Price Index has advanced as much as 3 percent over a period of 12 consecutive months. In 1965 legislation was enacted with respect to retirees under the regular civil service system providing that cost-of-living increases would be authorized whenever the Consumer Price Index advanced as much as 3 percent for 3 consecutive months from the past increase rather than 12 months thereby reducing the previous 12-month standard applicable to civil service retirees. This bill in effect provides for the CIA retirees the same 3-month rule now applicable to civil service retirees with respect to cost-of-living increases, with the increases to be made effective as of January 1, 1967.

Specifically, the bill will increase annuities under the CIA retirement system as of January 1, 1967, by the same percentage increase in force and effect for comparable annuities under the civil service retirement system.

the amount of increase to only that percentage rise occurring on or after the commencing dates of their annuities.

Subsection (b)(1) guarantees that survivor annuitants shall receive the increases granted the annuitant up to the time of his death.

Subsection (b)(2) preserves for surviving children whose annuity commences after January 1, 1967, the 2- and 1-percent increases reflected in the catchup increase granted their parents under subsection (a)(1).

Subsection (b)(3) provides that the fixed dollar amounts for children survivors shall be increased along with the cost-of-living adjustments granted under section 291.

Subsection (c) offsets any cost-of-living adjustment granted prior to this amendment. This involves the 4.6-percent increase granted on April 1, 1967, to 1965 retirees and their survivors. The rise in the consumer price index on which the 4.6-percent increase was based is covered by the catchup increase provided under subsection (a)(1).

Subsection (d) changes the definition of the term "price index" from the annual average of the consumer price index over a calendar year to that published monthly by the Bureau of Labor Statistics. It further defines the month used in determining that the price index warrants a cost-of-living adjustment as the "base month." The base month for the next increase, if any, is February (1968 which is established as a result of the operation of subsection (a)(2).

Subsection (e) retains the usual language precluding an increase on any additional portion of annuity that was purchased by a retiree by voluntary contributions.

Subsection (f) retains the customary requirement that the monthly annuity, as increased, be adjusted to the nearest dollar. It provides, however, for reflecting an increase of at least \$1 per month, wherever an increase would not otherwise cause a small annuity to be adjusted to the next higher dollar.

FISCAL DATA

Enactment into law of this measure will involve a total additional cost for the first year in the approximate amount of \$142,700.

DEPARTMENTAL DATA

This bill is part of the administrative legislative program for the 90th Congress as is evidenced by letter dated February 27, 1967, from the Director of the Central Intelligence Agency which is attached hereto and made a part of this report. It is pointed out that the letter refers to a bill of broader scope than here reported by the committee.

CENTRAL INTELLIGENCE AGENCY,
Washington, D.C., February 27, 1967.

HON. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. VICE PRESIDENT: This letter transmits for the consideration of the Congress a draft bill to amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes. The proposed bill provides for technical amendment to legislative authorities per-

Approved For Release 2005/06/06 : CIA-RDP75B00380R000700110004-3

taining to the Central Intelligence Agency. Some of the provisions are necessary to achieve desired legal clarification of existing Agency authority. Others are necessary to provide authorities which have been granted by Congress elsewhere in Government for travel, medical care, claims, retirement, and similar housekeeping-type programs.

We consider enactment of the proposed bill to be essential to the effective performance of our mission and would appreciate early and favorable consideration. The Bureau of the Budget has advised that there is no objection to the presentation of the proposed bill to the Congress from the standpoint of the administration's program.

Respectfully,

RICHARD HELMS, *Director.*

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, there is herewith printed in parallel columns the text of provisions of existing law which would be repealed or amended by the various provisions of the bill as reported.

EXISTING LAW

Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note).

SEC. 291. (a) On the basis of determinations made by the Civil Service Commission pursuant to section 18 of the Civil Service Retirement Act, as amended, pertaining to per centum change in the price index, the following adjustments shall be made:

(1) Effective April 1, 1966, if the change in the after the price index change shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

(2) Effective April 1 of any year other than 1966 after the price index change shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

THE BILL AS REPORTED

That section 291 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended to read as follows:

“Sec. 291. (a) On the basis of determinations made by the Director pertaining to per centum change in the price index, the following adjustments shall be made:

“(1) Each annuity payable from the fund on January 1, 1967, shall be increased on that date by (a) 12.4 per centum for annuities which commence on or before January 1, 1966, or (b) 4.9 per centum for annuities which commence on or between January 2, 1966, and January 1, 1967.

“(2) Each month beginning with November 1966, the Director shall determine the per centum change in the price index. Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective

date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

“(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

“(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by the total per centum increase the annuitant was receiving under this section at death; or if death occurred between January 1, 1967, and date of enactment, the per centum increase the annuitant would have received.

“(2) Effective from its commencing date, an annuity payable from the fund to a child under section 221(c), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by (a) 2 per centum if the annuity from which it is derived commenced on or before January 1, 1966, or (b) 1 per centum if the annuity from which it is derived commenced on or between January 2, 1966, and January 1, 1967.

“(3) For the purposes of computing an annuity which commences after January 1, 1967, to a child under section 221(c), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 221(c) shall be increased by 10.2 per centum plus the total per centum increase allowed and in force under section 291(a)(2) for

(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

(1) Effective from the date of the first increase under this section, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commences the day after the annuitant's death, shall be increased as provided in subsection (a)(1) or (a)(2) if the commencing date of annuity to the annuitant was earlier than January 2 of the year preceding the first increase.

(2) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commences the day after the annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death.

(3) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 221(c), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 221(c) shall be increased by the total per centum increase allowed and in force under this section and,

THE BILL AS REPORTED

employee annuities, and, in the case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 221 (c) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death; or if death occurred between January 1, 1967, and date of enactment, the per centum increase the annuitant would have received.

“(c) Any annuity increased under this section shall be decreased by the amount of increase in force and effect with respect to that annuity under section 291 prior to the date of enactment of this subsection.

“(d) The term ‘price index’ shall mean the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics. The term ‘base month’ shall mean the month of October 1966 for the first increase under section 291 (a) (2) and thereafter the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase.

“(e) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

“(f) The monthly installment of this annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall, after adjustment reflect an increase of at least \$1.”

EXISTING LAW

in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 221 (c) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death. Effective from the date of the first increase under this section, the provisions of this paragraph shall apply as if such first increase were in effect with respect to computation of a child's annuity under section 221 (c) which commenced between January 2 of the year preceding the first increase and the effective date of the first increase.

None.

None.

(c) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

(d) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar.

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