

- 6 OCT 1964

Honorable Kermit Gordon  
Director  
Bureau of the Budget  
Washington 25, D. C.

Dear Mr. Gordon:

I have the request of the Bureau of the Budget for my views and recommendations on Enrolled Bill H. R. 8427. This bill will provide an improved retirement system for a limited number of Agency employees.

By letter dated 10 December 1962, this Agency submitted for Bureau of the Budget clearance a legislative proposal on this subject and received from the Bureau on 14 March 1963 advice that there would be no objection to the presentation of the proposed draft bill from the standpoint of the Administration's program.

A number of amendments were made by the Senate Committee in the House-approved bill which were designed to tighten the bill and limit the scope of some of its provisions. While we had a preference for the House-approved version, nevertheless, we believe the bill, in its present form, will meet our basic requirements.

The only provision of the bill that appears to cause any problem is in Section 201, which provides that to establish the system the Director may prescribe rules and regulations which will become effective after approval by the Chairmen and ranking minority members of the Armed Services Committees of the House and Senate. It is recognized that language of this type has been considered to create serious legal difficulties, but I wish to point out that the latent and effect of this language is quite different from that of more common "come-into-agreement" clauses. The Committees, particularly the House Armed Services Committee, which considered this bill wished to have specific limitations

on those employees of the Agency who could become participants of the retirement system. These limitations could have been spelled out in the bill, but the Committees recognized that this would pose serious security problems. In effect, we reached agreements with the Committees as to what the limitations would be and these will be reflected in our classified regulations. This provision is, therefore, intended merely to provide assurance to the Committees that the limitations and conditions previously agreed upon are included in our regulations. It is our belief that this provision, therefore, presents no real difficulty in the operation of the law and should not be considered an impediment to Presidential approval.

I believe this improved retirement system will be of great importance to the effective functioning of the Agency in the future. In particular, it will be an important instrument in recruiting and retaining the type of young intelligence officers needed to maintain and improve the high caliber of employees essential to the Agency's work. Therefore, I strongly recommend approval of Enrolled Bill H. R. 8427 by the President.

Sincerely,

SIGNED

John A. McCone  
Director

OGC:LRH:jeb  
O&I - Addressee  
1-DCI  
1-DDCI  
1-ER  
1-D/Personnel  
1-OGC/LC w/basic