

TAB

FOREIGN SERVICE ACT AMENDMENTS OF 1960

August 17, 1960.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. HAYS, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany S. 2633]

The Committee on Foreign Affairs, to whom was referred the bill (S. 2633) to amend the Foreign Service Act of 1946, as amended, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause, and insert in lieu thereof the following:

That this Act may be cited as the "Foreign Service Act Amendments of 1960".
Sec. 2. Section 416 of the Foreign Service Act of 1946, as amended, is amended to read as follows:

"Sec. 416. (a) A person appointed as a staff officer or employee shall receive basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into account his qualifications and experience and the needs of the Service, determine to be appropriate for him to receive.

"(b) Whenever the Secretary determines that the needs of the Service warrant the appointment of staff officers or employees in a particular occupational group uniformly at a rate above the minimum rate of the applicable class, he may adjust the basic salary of any staff officer or employee in the same class and occupational group who is receiving less than such established rate."

Sec. 3. Section 417 of such Act is amended by striking out "(b)" in the first sentence.

Sec. 4. Section 431 of such Act is amended by striking out in the first sentence of paragraph (a) the phrase "the termination of time spent on authorized leave, whichever shall be later," and inserting in lieu thereof the phrase "upon termination of his service in accordance with the provisions of paragraph (b) of this section," and by amending paragraph (b) of this section to read as follows:

"(b) The official services of a chief of mission shall not be deemed terminated by the appointment of a successor but shall continue until he has relinquished charge of the mission and for such additional period as may be determined by the Secretary, but in no case shall such additional period exceed fifty days, including time spent in transit. During such period the Secretary may require him to render such services as he may deem necessary in the interests of the Government."

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"CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE AND IN THE DEPARTMENT

"Sec. 441. (a) Under such regulations as he may prescribe, and in order to facilitate effective management, the Secretary shall classify all positions in the Service at posts abroad, excluding positions to be occupied by chiefs of mission, and in the case of those occupied by Foreign Service officers, Reserve officers, and staff officers and employees, he shall establish such positions in relation to the classes established by sections 412, 414, and 415, respectively. Positions occupied by alien employees and consular agents, respectively, shall be allocated to such classes as the Secretary may establish by regulation.

"(b) Under such regulations as he may prescribe, the Secretary may, notwithstanding the provisions of the Classification Act of 1949, as amended (5 U.S.C. 1071 and the following), classify positions in or under the Department which he designates as Foreign Service Officer positions to be occupied by officers and employees of the Service, and establish such positions in relation to the classes established by sections 412, 414, and 415."

Sec. 6. Section 444 of such Act and the heading to such section are amended to read as follows:

"COMPENSATION PLANS FOR ALIEN EMPLOYEES

"Sec. 444. (a) The Secretary shall, in accordance with such regulations as he may prescribe, establish compensation plans for alien employees of the Service: *Provided*, That such compensation plans shall be based upon prevailing wage rates and compensation practices for corresponding types of positions in the locality, to the extent consistent with the public interest.

"(b) For the purpose of performing functions abroad, other Government agencies are authorized to administer alien employee programs in accordance with the applicable provisions of this Act."

Sec. 7. Title V of such Act is amended by adding at the beginning thereof the following new section:

"POLICY

"Sec. 500. It is the policy of the Congress that chiefs of mission and Foreign Service officers appointed or assigned to serve the United States in foreign countries shall have, to the maximum practicable extent, among their qualifications, a useful knowledge of the principal language or dialect of the country in which they are to serve, and knowledge and understanding of the history, the culture, the economic and political institutions, and the interests of such country and its people."

Sec. 8. (a) The heading to section 516 of such Act is amended to read as follows: "ADMISSION TO CLASS 7 OR 8".

(b) Section 516 of such Act is amended by striking out "Sec. 516." and inserting in lieu thereof "SEC. 516. (a)" and by adding at the end thereof a new paragraph (b) which shall read as follows:

"(b) The Secretary may furnish the President with the names of those persons who have passed such examinations and are eligible for appointment as Foreign Service officers of class 8, whom he recommends for appointment directly to class 7 when in his opinion, their age, experience, or other qualifications make such an appointment appropriate."

Sec. 9. (a) Section 517 of such Act is amended by striking out the words "A person who has not served in class 8" which appear at the beginning of the first sentence, and inserting in place thereof the following: "A person who has not been appointed as a Foreign Service officer in accordance with section 516 of this Act".

(b) Section 517 of such Act is further amended by striking out the second and third sentences of such section.

Sec. 10. (a) The heading to section 520 of such Act is amended by striking out the phrase "REINSTATEMENT AND RECALL" and substituting in lieu thereof the phrase "REAPPOINTMENT, RECALL, OR REEMPLOYMENT".

(b) The first sentence of paragraph (a) of section 520 of such Act is amended by inserting a period after the word "Service" where it appears for the third time, and by striking out the remainder of that sentence.

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(b) The Secretary may recall any retired Foreign Service officer temporarily to duty in the Service whenever he shall determine such recall is in the public interest."

(d) Section 520 of such Act is further amended by adding at the end thereof a new paragraph (c) which shall read as follows:

"(c) Notwithstanding the provisions of title 5, United States Code, section 52 and title 5, United States Code, section 715a, a Foreign Service officer heretofore or hereafter retired under the provisions of section 631 or 632 or a Foreign Service staff officer or employee hereafter retired under the provisions of section 803 shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer."

Sec. 11. Section 528 of such Act is amended by striking out in the second sentence of such section the phrase "subsection (d), section 7, of the Classification Act of 1923" and substituting in lieu thereof the phrase "the Classification Act of 1949".

Sec. 12. Section 531 of such Act is amended to read as follows:

"Sec. 531. The Secretary may, under such regulations as he may prescribe, appoint staff officers and employees on the basis of qualifications and experience. The Secretary may make provisions for temporary, limited, and such other types of appointment as he may deem necessary. He is authorized to establish appropriate probationary periods during which newly appointed staff officers or employees, other than those appointed for temporary or limited services, shall be required to serve. The Secretary may terminate at any time, without regard to the provisions of section 651 or 652, or the provisions of any other law, the services of staff officers or employees appointed for temporary or limited service and of other staff officers or employees who occupy probationary status."

Sec. 13. Section 532 of such Act is amended to read as follows:

"Sec. 532. Under such regulations as he may prescribe, the Secretary may assign a staff officer or employee to any post or he may assign him to serve in any position in which he is eligible to serve under the terms of this or any other Act. A staff officer or employee may be transferred from one post to another by order of the Secretary as the interests of the Service may require."

Sec. 14. (a) Section 571 of such Act is amended by striking out paragraphs (a), (b), (c), and (d), and the heading to such section, and inserting in lieu thereof the following:

"ASSIGNMENTS TO ANY GOVERNMENT AGENCY OR INTERNATIONAL ORGANIZATION

"Sec. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years.

"(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.

"(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned pursuant to the terms of this section is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. No officer or employee of the Service who, subsequent to the date of enactment of the Foreign Service Act Amendments of 1960, is assigned to, or who, after June 30, 1961, occupies a position in the Department

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the salary differential under the provisions of this paragraph."

(b) Paragraph (e) of section 571 of such Act is amended by striking the phrase "with heads of Government agencies" where it appears in the second sentence and by redesignating the paragraph as "(d)".

Sec. 15. Section 575 of such Act is amended by striking out all after the word "accordance" and inserting in lieu thereof the phrase "with the appropriate provisions of Titles III and IX of Public Law 402, Eightieth Congress (62 Stat. 7 and 18; 22 U.S.C. 1451-1453, 1478 and 1479)."

Sec. 16. Title V of such Act is further amended by adding at the end thereof the following new section:

"FOREIGN LANGUAGE KNOWLEDGE PREREQUISITE TO ASSIGNMENT"

"Sec. 578. The Secretary shall determine annually the number of Foreign Service officer positions in a foreign country which shall be occupied only by an incumbent who has a useful knowledge of a language or dialect commonly used in such country. After December 31, 1963, the prescribed quota of language officers shall be maintained for each country: *Provided*, That the Secretary may make exceptions to this policy when special or emergency conditions exist. The Secretary shall establish foreign language standards for assignment abroad of officers and employees of the Service, and shall arrange for appropriate language training of such officers and employees at the Foreign Service Institute or elsewhere."

Sec. 17. Section 625 of such Act and the heading of such section are amended to read as follows:

"WITHIN-CLASS SALARY INCREASES OF FOREIGN SERVICE OFFICERS AND RESERVE OFFICERS"

"Sec. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in a given class for a continuous period of nine months or more, shall, on the first day of each fiscal year, receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to any such officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service."

Sec. 18. Title VI of such Act is amended by inserting after section 625 the following new section and the heading thereto:

"RELATIONSHIP BETWEEN PROMOTIONS AND FUNCTIONAL AND GEOGRAPHIC AREA SPECIALIZATION"

"Sec. 626. The achievement of the objectives of this Act requires increasing numbers of Foreign Service officers to acquire functional and geographic area specializations and to pursue such specializations for a substantial part of their careers. Such specialization shall not in any way inhibit or prejudice the orderly advancement through class 1 of any such officer in the Foreign Service."

Sec. 19. The heading "PART D—SEPARATION OF FOREIGN SERVICE OFFICERS FROM THE SERVICE" under title VI of such Act is amended to read as follows: "PART D—SEPARATION OF OFFICERS AND EMPLOYEES FROM THE SERVICE".

Sec. 20. Section 631 of such Act and the heading to such section are amended to read as follows:

"FOREIGN SERVICE OFFICERS WHO ARE CAREER AMBASSADORS OR CAREER MINISTERS"

"Sec. 631. Any Foreign Service officer who is a career ambassador or a career minister, other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, shall upon reaching the age of sixty-five, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such an officer's service."

Sec. 21. Section 632 of such Act and the heading to such section are amended to read as follows:

"PARTICIPANTS IN THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM WHO ARE NOT CAREER AMBASSADORS OR CAREER MINISTERS"

"Sec. 632. Any participant in the Foreign Service Retirement and Disability System, other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, who is not a career ambassador or a career minister shall, upon reaching the age of sixty, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such participant's service for a period not to exceed five years."

Sec. 22. Subparagraphs (1) and (2) of paragraph (b) of section 634 of such Act are amended to read as follows:

"(1) one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the Foreign Service Retirement and Disability Fund, in three equal installments on the 1st day of January following the officer's retirement and on the two anniversaries of this date immediately following: *Provided*, That in special cases, the Secretary may in his discretion accelerate or combine the installments; and

"(2) a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), except that in lieu of such refund such officer, if he has at least five years of service credit toward retirement under the Foreign Service Retirement and Disability System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), may elect to receive retirement benefits on reaching the age of sixty in accordance with the provisions of section 821. In the event that an officer who was separated from class 4 or 5 and who has elected to receive retirement benefits dies before reaching the age of sixty, his death shall be considered a death in service within the meaning of section 832. In the event that an officer who was separated from class 6 or 7 and who has elected to receive retirement benefits dies before reaching the age of sixty, the total amount of his contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), shall be paid in accordance with the provisions of section 841(b)."

Sec. 23. Section 635 of such Act and the heading to such section are amended to read as follows:

"FOREIGN SERVICE OFFICERS RETIRED FROM CLASS 7 OR 8"

"Sec. 635. Any Foreign Service officer in class 7 who is appointed under the provisions of section 516(b) and any Foreign Service officer in class 8 shall occupy probationary status. The Secretary may terminate his service at any time."

Sec. 24. Section 636 of such Act is amended by striking out the phrase "Any Foreign Service officer" and inserting in lieu thereof the phrase "Any participant in the Foreign Service Retirement and Disability System".

Sec. 25. Section 641 of such Act is amended to read as follows:

"Sec. 641. All promotions of staff officers and employees to a higher class shall be made at a higher salary on the basis of performance and merit in accordance with such regulations as the Secretary may prescribe."

Sec. 26. Section 642 of such Act and the heading thereto are amended to read as follows:

"WITHIN CLASS AND LONGEVITY SALARY INCREASES"

"Sec. 642. (a) Under such regulations as the Secretary may prescribe, any staff officer or employee whose services meet the standards required for the efficient conduct of the work of the Service shall receive an increase in salary at periodic intervals to the next higher salary rate for the class in which he is serving. Without regard to any other law the Secretary is authorized to grant any such officer or employee additional increases in salary within the salary range established for the class in which he is serving, based upon specially meritorious service.

"(b) Under such regulations as the Secretary may prescribe, any staff officer or employee who has attained the maximum salary rate prescribed by section 415 for the class in which he is serving may be granted from time to time an additional salary increase beyond the maximum salary rate for his class in recognition of longevity or proficiency in the Service. Each such salary increase shall be equal

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the maximum salary rate increase of the applicable class and no person shall receive more than four such salary increases while serving in the same class."

Sec. 27. Section 701 of such Act is amended by adding at the end thereof the following: "The Secretary may also provide to the extent that space is available therefor appropriate orientation and language training to spouses of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees. Other agencies of the Government shall wherever practicable avoid duplicating the facilities of the Institute and the training provided by the Secretary at the Institute or elsewhere."

Sec. 28. (a) Paragraph (a) of section 704 of such Act is amended by striking out "1923" in the two places where it appears and inserting in lieu thereof "1949".

(b) Section 704 of such Act is amended by adding at the end of such section a new paragraph (e) which shall read as follows:

"(e) The Secretary may, under such regulations as he may prescribe, in the absence of suitably qualified United States citizens, employ persons who are not citizens of the United States by appointment to the staff of the Institute either on a full- or part-time basis or by contract for services in the United States or abroad at rates not in excess of those provided by the Classification Act of 1949, as amended (5 U.S.C. 1071)."

Sec. 29. (a) Section 803(b)(2) of such Act is amended to read as follows—

"(2) have paid into the Fund a special contribution for each year of such service in accordance with the provisions of section 852(b)."

(b) Section 803 is further amended by adding at the end thereof a new paragraph (c) which shall read as follows:

"(c)(1) In accordance with such regulations as the President may prescribe, any Foreign Service staff officer or employee appointed by the Secretary of State who has completed at least ten years of continuous service in the Department's Foreign Service, exclusive of military service, shall become a participant in the System and shall make a special contribution to the Fund in accordance with the provisions of section 852.

"(2) Any such officer or employee who, under the provisions of paragraph (c)(1) of this section, becomes a participant in the System, shall be mandatorily retired for age during the first year after the effective date of this paragraph if he attains age sixty-four or if he is over age sixty-four; during the second year at age sixty-three; during the third year at age sixty-two; during the fourth year at age sixty-one, and thereafter at age sixty.

"(3) Any officer or employee who becomes a participant in the System under the provisions of paragraph (c)(1) of this section who is age 57 or over on the effective date of this paragraph, may retire voluntarily at any time before mandatory retirement under paragraph (c)(2) of this section and receive retirement benefits under section 821."

Sec. 30. Section 804 of such Act is amended to read as follows:

"Sec. 804. (a) Annuitants shall be persons who are receiving annuities from the Fund and all persons, including surviving wives and husbands, widows, dependent widowers, children and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act, as amended, or in accordance with the provisions of section 5 of the Act of May 1, 1956 (70 Stat. 125).

(b) When used in this title the term—

"(1) 'Widow' means the surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by such marriage.

"(2) 'Dependent widower' means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by such marriage, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.

"(3) 'Child' means an unmarried child, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support. In addition to the offspring of the participant and his or her spouse the term includes (a) an adopted child, and (b) a step-child or recognized natural child who received more than one-half of his support from the participant."

Sec. 31. Section 811 of such Act is amended to read as follows:

"Sec. 811. (a) Six and one-half per centum of the basic salary received by each participant shall be contributed to the Fund for the payment of annuities, cash benefits, refunds, and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary.

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The amounts deducted and withheld from basic salary together with the amount so contributed from the appropriation or fund, shall be deposited by the Department of State in the Treasury of the United States to the credit of the Fund.

"(b) Each participant shall be deemed to consent and agree to such deductions from basic salary, and payment for such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary."

Sec. 82. (a) Paragraphs (a), (b), and (c) of section 821 of such Act are amended to read as follows:

"Sec. 821. (a) The annuity of a participant shall be equal to 2 per centum of his average basic salary for the highest five consecutive years of service for which full contributions have been made to the Fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of sections 851, 852, and 853. However, the highest five years of service for which full contributions have been made to the Fund shall be used in computing the annuity of any participant who serves as chief of mission and whose continuity of service as such is interrupted prior to retirement by appointment or assignment to any other position determined by the secretary to be of comparable importance. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

"(b) At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death of such surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 50 per centum of the amount of the participant's annuity computed as prescribed in paragraph (a) of this section, up to the full amount of such annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by 2½ per centum of any amount up to \$2,400 he specifies as the base for the survivor benefit plus 10 per centum of any amount over \$2,400 so specified.

"(c)(1) If an annuitant dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, there shall be paid to or on behalf of each child an annuity equal to the smallest of: (i) 40 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$600; or (iii) \$1,800 divided by the number of children.

"(2) If an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an annuity equal to the smallest of: (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$720; or (iii) \$2,160 divided by the number of children.

(b) Section 821 of such Act is further amended by adding new paragraphs (d), (e), and (f) which shall read as follows:

"(d) If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

"(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the first day of the next month after the participant dies and such annuity or any right thereto shall be terminated upon death, marriage, or attainment of the age of eighteen years, except that, if a child is incapable of self-support by reasons of mental or physical disability, the annuity shall be terminated only when such child dies, marries, or recovers from such disability.

"(f) At the time of retirement an unmarried participant may elect to receive a reduced annuity and to provide for an annuity equal to 50 per centum of the reduced annuity payable after his or her death to a beneficiary whose name shall be designated in writing to the Secretary. The annuity payable to a participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring participant, but such total reduction shall not exceed 40 per centum. No such election of a reduced annuity payable to a beneficiary shall be valid until the participant shall have satisfactorily passed a physical examination as prescribed by the Secretary. The annuity payable to a beneficiary under the

provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable."

Sec. 33. (a) Paragraphs (a), (b), and (c) of section 831 of such Act are amended to read as follows:

"(a) Any participant who has five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with provisions of section 851 or 852(a)(2), and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the Secretary, be retired on an annuity computed as prescribed in section 821. If the disabled or incapacitated participant has less than twenty years of service credit toward his retirement under the System at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service.

"(b) In each case, the participant shall be given a physical examination by one or more duly qualified physicians or surgeons designated by the Secretary to conduct examinations, and disability shall be determined by the Secretary on the basis of the advice of such physicians or surgeons. Unless the disability is permanent, like examinations shall be made annually until the annuitant has reached the statutory mandatory retirement age for his class in the Service. If the Secretary determines, on the basis of the advice of one or more duly qualified physicians or surgeons conducting such examinations that an annuitant has recovered to the extent that he can return to duty, the annuitant may apply for reinstatement or reappointment in the Service within one year from the date his recovery is determined. Upon application the Secretary shall reinstate any such recovered disability annuitant in the class in which he was serving at time of retirement, or the Secretary may, taking into consideration the age, qualifications, and experience of such annuitant, and the present class of his contemporaries in the Service, appoint him or, in the case of an annuitant who is a former Foreign Service officer, recommend that the President appoint him, by and with the advice and consent of the Senate, to a class higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reinstatement or reappointment in the Service, whichever is earlier. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the Fund. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

"(c) If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated or reappointed in the Service, he shall be considered to have been separated within the meaning of section 834 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of that section or of section 841(a) except that he may elect voluntary retirement in accordance with the provisions of section 836 if he can qualify under its provisions."

(b) Section 831 of such Act is further amended by adding new paragraphs (d) and (e) which shall read as follows:

"(d) No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision of the Act of September 7, 1916, as amended, shall be so construed as to deny the right of any person to receive an annuity under this Act by reason of his own services and to receive concurrently any payment under such Act of September 7, 1916, as amended, by reason of the death of any other person.

"(e) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such

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which has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall: (1) refund to the Department of Labor the amount representing such computed payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such Fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding."

Sec. 34. Section 832 of such Act is amended to read as follows:

"Sec. 832. (a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contributions to the Fund, with interest at the rates prescribed in sections 841(a) and 881(a), shall be paid in the order of precedence shown in section 841(b).

"(b) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is survived by a widow or a dependent widower, as defined in section 804, such widow or dependent widower shall be entitled to an annuity equal to 50 per centum of the annuity computed in accordance with the provisions of paragraph (e) of this section and of section 821(a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

"(c) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is survived by a wife or a husband and a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 821(c)(1). The child's annuity shall begin and be terminated in accordance with the provisions of section 821(e). Upon the death of the surviving wife or husband or termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though such wife or husband or child had not survived the participant.

"(d) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is not survived by a wife or husband, but by a child or children, each surviving child shall be entitled to an annuity computed in accordance with the provisions of section 821(c)(2). The child's annuity shall begin and terminate in accordance with the provisions of section 821(e). Upon termination of the annuity of a child, the annuities of any remaining children shall be recomputed and paid as though that child had never been entitled to the benefit.

"(e) If, at the time of his or her death, the participant had less than twenty years of service credit toward retirement under the System, the annuities payable in accordance with paragraph (b) of this section shall be computed in accordance with the provisions of section 821 on the assumption he or she has had twenty years of service, but the additional service credit that may accrue to a deceased participant under this provision shall in no case exceed the difference between his or her age on the date of death and the mandatory retirement age applicable to his or her class in the Service. In all cases arising under paragraphs (b), (c), (d), or (e) of this section, it shall be assumed that the deceased participant was qualified for retirement on the date of his death."

Sec. 35. A new section 834 is hereby added to such Act as follows:

"DISCONTINUED SERVICE RETIREMENT

"Sec. 834. (a) Any participant who voluntarily separates from the Service after obtaining at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), may, upon separation from the Service or at any time prior to becoming eligible for an annuity, elect to have his contri-

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Contributions to the Fund returned to him in accordance with the provisions of section 841, or to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 821, commencing at the age of sixty years.

"(b) If a participant who has qualified in accordance with the provisions of paragraph (a) of this section to receive a deferred annuity commencing at the age of sixty dies before reaching the age of sixty his contributions to the Fund, with interest, shall be paid in accordance with the provisions of sections 841 and 842.

Sec. 83. Section 641 of such Act is amended to read as follows:

"Sec. 641. (a) Whenever a participant becomes separated from the Service without becoming eligible for an annuity or a deferred annuity in accordance with the provisions of this Act, the total amount of contributions from his salary with interest thereon at 4 per centum per annum, compounded annually at the end of each fiscal year through June 30, 1960; semiannually as of December 31, 1960; annually thereafter as of December 31; and proportionately for the period served during the year of separation including all contributions made during or for such period, except as provided in section 881, shall be returned to him.

"(b) In the event that the total contributions of a retired participant, other than voluntary contributions made in accordance with the provisions of section 881, with interest at 4 per centum per annum compounded annually as is provided in paragraph (a) of this section added thereto, exceed the total amount returned to such participant or to an annuitant claiming through him, in the form of annuities, accumulated at the same rate of interest up to the date the annuity payments cease under the terms of the annuity, the excess of the accumulated contributions over the accumulated annuity payments shall be paid in the following order of precedence, upon the establishment of a valid claim therefor, and such payment shall be a bar to recovery by any other person:

"(1) To the beneficiary or beneficiaries designated by the retired participant in writing to the Secretary;

"(2) If there be no such beneficiary, to the surviving wife or husband of such participant;

"(3) If none of the above, to the child or children of such participant and descendants of deceased children by representation;

"(4) If none of the above, to the parents of such participant or the survivor of them;

"(5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;

"(6) If none of the above, to other next of kin of such participant as may be determined by the Secretary in his judgment to be legally entitled thereto.

"(c) No payment shall be made pursuant to paragraph (b)(6) of this section until after the expiration of thirty days from the death of the retired participant or his surviving annuitant."

Sec. 37. Section 851 of such Act is amended to read as follows:

"Sec. 851. For the purposes of this title, the period of service of a participant shall be computed from the effective date of appointment as a Foreign Service officer, or, if appointed prior to July 1, 1924, as an officer or employee of the Diplomatic or Consular Service of the United States, or from the date he becomes a participant under the provisions of this Act, as amended, but all periods of separation from the Service and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended, and leaves of absence granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States."

Sec. 38 (a) Paragraphs (a), (b), and (c) of section 852 of such Act are amended to read as follows:

"(a) A participant may, subject to the provisions of this section, include in his period of service—

"(1) civilian service in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a participant; and

"(2) active and honorable military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States.

"(b) A person may obtain prior civilian service credit in accordance with the provisions of paragraph (a)(1) of this section by making a special contribution

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

to the System by direct transfer, shall be deemed to be a year of service for which credit is sought subsequent to July 1, 1924, and prior to the effective date of the Foreign Service Act Amendments of 1960, and at 6 1/2 per centum thereafter with interest compounded annually at 4 per centum per annum to the date of payment. Any such person may, under such conditions as may be determined in each instance by the Secretary, pay such special contributions in installments.

"(c)(1) If an officer or employee under some other Government retirement system, becomes a participant in the System by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the Fund effective as of the date such officer or employee becomes a participant in the System. Each such officer or employee shall be deemed to consent to the transfer of such funds, and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the System.

"(2) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall be required to make contributions in addition to those transferred, for periods of service for which full contributions were made to the other Government retirement fund, nor shall any refund be made to any such officer or employee on account of contributions made during any period to the other Government retirement fund, at a higher rate than that fixed by section 811 of this Act for contributions to the Fund.

"(3) No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall receive credit for periods of service subsequent to July 1, 1924, for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the Fund in accordance with the provisions of paragraph (b) of this section."

(b) Section 852 of such Act is further amended by adding at the end thereof new paragraphs (d) and (e) which shall read as follows:

"(d) No participant may obtain prior civilian service credit toward retirement under the System for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

"(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a)(2) of this section by applying for it to the Secretary prior to retirement or separation from the Service. However, in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in line of duty during a period of war (as that term is used in chapter 11 of title 38, United States Code), or is awarded under chapter 67 of title 10 of the United States Code, the period of such military or naval service shall be included. No contributions to the Fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a)(2) of this section."

Sec. 39. Such Act is amended by adding after section 854 a new section as follows:

"RECOMPUTATION OF ANNUITIES OF CERTAIN FORMER PARTICIPANTS

"Sec. 855. The annuity of each former participant under the System, who retired prior to July 28, 1956, and who at the time of his retirement had creditable service in excess of thirty years, shall be recomputed on the basis of actual years of creditable service not in excess of thirty-five years. Service which was not creditable under the System on the date a former participant retired, shall not be included as creditable service for the purpose of this recomputation. The annuities payable to such persons shall, when recomputed, be paid at the rates so determined, but no such recomputation or any other action taken pursuant to this section shall operate to reduce the rate of the annuity any such person is entitled to receive under the System."

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Sec. 40. The heading "PART H—OFFICERS REINSTATED IN THE SERVICE" under title VIII of such Act is amended to read as follows: "PART H—ANNUITANTS RECALLED, REINSTATED OR REAPPOINTED IN THE SERVICE OR REEMPLOYED IN THE GOVERNMENT".

Sec. 41. Section 871 of such Act is amended and a heading is added thereto as follows:

"RECALL

"Sec. 871. Any annuitant recalled to duty in the Service in accordance with the provisions of section 520(b) or reinstated or reappointed in accordance with the provisions of section 831(b) shall, while so serving, be entitled in lieu of his annuity to the full salary of the class in which he is serving. During such service, he shall make contributions to the Fund in accordance with the provisions of section 811. When he reverts to his retired status, his annuity shall be determined anew in accordance with the provisions of section 821."

Sec. 42. A new section 872 is hereby added to such Act as follows:

"REEMPLOYMENT

"Sec. 872. (a) Notwithstanding any other provision of law, any officer or employee of the Service, who has retired under this Act, as amended, and is receiving an annuity pursuant thereto, and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis, shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act, as amended, which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to receive under sections 412 or 415 of the Act, as amended, on the date of his retirement from the Service. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

"(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto and shall cause to be paid, by transfer or otherwise, to the Department of State funds necessary to cover gross salary, employer contributions, and gross lump sum leave payment relating to the employment of the reemployed officer or employee. The Department of State shall make to and on behalf of the reemployed officer or employee payments to which he is entitled under the provisions of paragraph (a) of this section, and shall make those withholdings and deductions authorized and required by law.

"(c) In the event of any overpayment under this section the Secretary of State is authorized to withhold the amount of such overpayment from the salary payable to such reemployed officer or employee or from his annuity."

Sec. 43. (a) So much of paragraph (a) of section 881 of such Act as precedes subparagraph (1) thereof is amended to read as follows:

"(a) Any participant may, at his option and under such regulations as may be prescribed by the President, deposit additional sums in multiples of 1 per centum of his basic salary, but not in excess of 10 per centum of such salary, which amounts together with interest at 3 per centum per annum, compounded annually at the end of each fiscal year through June 30, 1960; semiannually as of December 31, 1960; annually thereafter as of December 31, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be—"

"(b) Paragraph (c) of section 881 of such Act is amended by deleting the word "annually" and inserting in lieu thereof the phrase "as is provided in paragraph (a) of this section", and by changing the words "withdrawal from active service" at the end of such paragraph to "separation from the Service".

Sec. 44. Section 912 of such Act is amended by changing the heading thereto to read "LOAN OF HOUSEHOLD FURNISHINGS AND EQUIPMENT" and by inserting between the words "with household" the word "basic" and by inserting between the words "household equipment" the phrase "furnishings and".

Sec. 45. Section 913 of such Act and the heading thereto is amended to read as follows:

"TRANSPORTATION OF MOTOR VEHICLES

"Sec. 913. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned motor vehicle in any case in which he shall determine that water, rail, or

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

air transportation of the motor vehicle is necessary or expedient for all or any part of the distance between points of origin and destination. Not more than one motor vehicle of any such officer or employee may be transported under authority of this section during any four-year period, except that, as a replacement for such motor vehicle, one additional motor vehicle of any such officer or employee may be so transported during such period upon approval, in advance, by the Secretary, and upon a determination, in advance, by the Secretary that such replacement is necessary for reasons beyond the control of the officer or employee and is in the interest of the Government. After the expiration of a period of four years following the date of transportation under authority of this section of a privately owned motor vehicle of any officer or employee who has remained in continuous service outside the continental United States (excluding Alaska and Hawaii) during such period, the transportation of a replacement for such motor vehicle for such officer or employee may be authorized by the Secretary in accordance with this section."

SEC. 46. (a) Section 1021 of such Act is amended by inserting the phrase "the Department including" immediately prior to the phrase "the Service" wherever it appears in this section.

(b) Section 1021(a) is further amended by striking out the phrase "if recommended by the Director General" and inserting in lieu thereof the phrase "at the discretion of the Secretary".

SEC. 47. Section 11 of the Act of August 1, 1956 (70 Stat. 890), is hereby amended by inserting after the phrase "Government-owned vehicles" the phrase "or taxicabs", and by inserting after the phrase "public transportation facilities" the phrase "other than taxicabs".

SEC. 48. Paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 (26 U.S.C. 104(a)(4)) (relating to the exclusion from gross income of compensation for injuries and sickness) is hereby amended to read as follows:

"(4) amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the Coast and Geodetic Survey or the Public Health Service, or as a disability annuity payable under the provisions of section 831 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1081; 60 Stat. 1021)."

SEC. 49. The following headings and sections in the Foreign Service Act of 1946, as amended, are hereby repealed:

- (1) Section 442 of such Act and the heading thereto.
- (2) Section 525 of such Act and the heading thereto.
- (3) Section 576 of such Act and the heading thereto.
- (4) Section 577 of such Act and the heading thereto.

SEC. 50. Any person who occupies a position in the Department of State to which he was appointed by the President, by and with the advice and consent of the Senate, at the time that he was an active Foreign Service officer, and who while holding this position has retired for age as a Foreign Service officer, and who on the effective date of this section, continues to hold such position is hereby reinstated, effective as of the date of such retirement, to active status as a Foreign Service officer and shall be entitled to all the provisions of the Foreign Service Act of 1946, as amended, as though he had never retired.

SEC. 51. Notwithstanding the provisions of this Act, existing rules and regulations of or applicable to the Foreign Service of the United States shall remain in effect until revoked or rescinded or until modified or superseded by regulations made in accordance with the provisions of the Foreign Service Act of 1946, as amended by this Act, unless clearly inconsistent with the provisions of this Act or the provisions so amended.

SEC. 52. Notwithstanding any other provisions of law, any Foreign Service staff officer who accepted an appointment as a Foreign Service Reserve officer in the Department of State during the period beginning September 1, 1958, and ending December 31, 1958, both dates inclusive, shall not be separated from the Foreign Service before the expiration of his original appointment as a Foreign Service Reserve officer, except as authorized by section 637 or 638 of the Foreign Service Act of 1946, as amended.

SEC. 53. (a) The provisions of this Act shall become effective as of the first day of the first pay period which begins more than thirty days after the date of enactment of this Act, except as provided in paragraph (b), (c), (d), and (e) of this section, and except as otherwise provided in the text of this Act.

(b)(1) The provisions of paragraph (c)(1) of section 803 of the Foreign Service Act of 1946, as amended by section 29(b) of this Act, shall become effective on

the first day of the first month which begins more than one year after the date of enactment of this Act, except that any Foreign Service staff officer or employee who at the time this Act becomes effective meets the requirements for participation in the Foreign Service Retirement and Disability System, may elect to become a participant in the System before the mandatory provisions become effective. Such Foreign Service staff officers and employees shall become participants effective on the first day of the second month following the date of their application for earlier participation.

(2) The provisions of paragraph (c)(2) of section 803 of the Foreign Service Act of 1946, as amended by section 29(b) of this Act, shall become effective on the first day of the first month which begins more than three years after the date of enactment of this Act.

(c) The amendment made by section 31 of this Act, with respect to a contribution to the Foreign Service Retirement and Disability Fund to be made by the Department, shall become effective July 1, 1961.

(d) The amendment made by section 39 of this Act shall take effect on the first day of the first month which begins more than thirty days after the date of enactment of this Act.

(e) The amendment made by section 48 of this Act shall be effective with respect to taxable years ending after the date of enactment of this Act.

COMMITTEE ACTION

In January 1959, the Acting Secretary of State transmitted to the House of Representatives and to the Senate a request for legislation to amend the Foreign Service Act of 1946, as amended. This was referred to the Committee on Foreign Affairs, the chairman of which, in turn, referred it to the Subcommittee on State Department Organization and Foreign Operations. The subcommittee held a series of hearings early in 1960 on S. 2633 that had passed the Senate in the closing days of the 1st session of the 86th Congress.

Action by the subcommittee was interrupted by consideration by the full committee of the Mutual Security Act of 1960. At the conclusion of House action on that measure, the subcommittee again held hearings in June 1960 and ordered reported to the full committee a clean bill, H.R. 12547. At its meeting on June 14, 1960, the Committee on Foreign Affairs ordered reported H.R. 12547 with amendments. Before House action could be taken, Congress recessed. In the interest of expeditious action the committee decided to call up S. 2633 in place of H.R. 12547 and substitute an amended text for that contained in both of those measures.

PURPOSES OF THE BILL

S. 2633 is concerned principally with amendments to the Foreign Service Act of 1946, as amended. In 1955 and 1956 Congress passed legislation to facilitate the program for the integration of departmental personnel with the Foreign Service. At the same time it authorized various improvements such as educational allowances, increased medical benefits, and other benefits to make the Foreign Service more attractive to young Americans seeking a career in overseas service.

The amendments contained in this bill reflect the experience of 14 years of operation under the 1946 act and are based upon studies made by the Department to make the Service more responsive to current needs. The amendments fall into three major categories. First, provision is made for the participation of certain members of the Staff in the Foreign Service retirement and disability system. Second, the bill clarifies certain existing provisions of the Foreign

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Service Act and, in the interest of improved management, makes possible greater flexibility in utilizing Foreign Service personnel. Third, the bill makes improvements in the Foreign Service retirement and disability system, the first major changes since 1946.

The following categories of Foreign Service personnel are referred to in the bill and in the report:

(a) *Chiefs of mission.*—Appointed by the President by and with the advice and consent of the Senate. There are four classes of chiefs of mission:

(b) *Foreign Service officers.*—Appointed by the President by and with the advice and consent of the Senate. There are eight numerical classes of Foreign Service officers plus the classes of career minister and career ambassador.

(c) *Foreign Service Reserve officers.*—Appointed by the Secretary for a temporary period not to exceed 5 years. The officer may be reappointed for an additional 5 years if such reappointment is deemed to be in the public interest. The term "Reserve" bears no relation to the military use of the word. A Foreign Service Reserve officer may more properly be described as a temporary officer. Upon completion of his assignment, the Department of State, unlike the armed services, cannot require him to serve again. The eight numerical classes of Reserve officers are identical with those of the Foreign Service officers.

(d) *Foreign Service Staff officers and employees.*—Appointed by the Secretary for work of a technical, administrative, clerical, or custodial nature. There are 22 classes of Staff personnel.

(e) *Alien clerks and employees.*—Appointed locally in the field by the principal officer at each post.

References in this report to "the act" refer to the Foreign Service Act of 1946, as amended.

ANALYSIS OF SECTIONS

Section 1. Short title

This section provides that this act may be cited as the "Foreign Service Act Amendments of 1960."

Section 2. Salaries at which Foreign Service Staff officers and employees may be appointed (sec. 416)

Under the existing provisions of section 416, Staff officers and employees must be appointed at the minimum salary of the class to which appointment is made (except when subclasses are established by regulations). Many Staff personnel enter the Foreign Service by transfer from another Government agency where they have already attained within-grade salary increases during their Government service. Such individuals are appointed at the minimum salary rate of the applicable class and the salary rates adjusted subsequently under the authority given the Secretary in section 642 to grant within-class increases to Staff officers and employees. The language of this bill would provide a direct grant of legislative authority for this purpose.

The new subsection 416(a) will enable the Secretary to take into account the qualifications and experience of prospective candidates from other recruitment sources in fixing an appropriate entering salary. Thus, a highly experienced secretary who has worked in private employment could be offered a higher starting salary than an inexperi-

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

enced business-school graduate, neither of whom has had previous Government experience.

The new subsection 416(b) would enable the Secretary to take into account the needs of the Service in fixing appointment salaries. In an exceedingly tight labor market, the Secretary could prescribe an above-the-minimum rate as the minimum rate for a particular type of skill that was in short supply and which required special training, such as security technicians and electronics engineers. In the event the Secretary should make such a determination, serious morale problems would arise unless adjustments were made also in the salaries of the employees in the same class and occupational group whose salaries were less than the rate prescribed for new appointees. Authority already exists to appoint Foreign Service officers and Foreign Service Reserve officers at salary rates above the minimum rate of the class to which appointment is made. The language in this bill would bring the Staff category into line with those in the other categories.

Section 3. Salaries of alien clerks and employees (sec. 417)

This is a technical amendment.

Section 4. Chiefs of mission (sec. 431)

This section is intended to clarify section 431 of the act governing the termination of the services of chiefs of mission. The latter section has been subject to a number of different interpretations and has been difficult to administer equitably. The amended language establishes that the service of a chief of mission shall be terminated upon the date he returns to his place of residence but in no case later than 50 days after relinquishing his duties as chief of mission including time spent in transit. During this period he may be required to render such services as the Secretary may deem necessary in the interests of the Government. The Secretary will determine the period of time that a chief of mission may remain on the rolls after relinquishing his duties. The 50 days provided in this section is a maximum period and not a standard or average period.

Section 5. Classification of positions in the Foreign Service and in the Department (sec. 441)

This section modifies section 441 of the act in several respects. The present language of the act draws a distinction between the FSO-FSR categories on the one hand and the FSS category on the other in classifying positions abroad to be filled by American personnel. In a worldwide service it is essential that American Foreign Service personnel be assigned according to the needs of the Service, with due regard to the availability of personnel, health problems, and other pertinent considerations. The new language provides a uniform basis for classifying positions regardless of the category of American personnel used in staffing positions.

This section also authorizes the Secretary to classify positions in the Department without regard to the Classification Act of 1949, as amended, in those instances where he determines the positions are of such a character as to justify their designation as Foreign Service officer positions. When a position, subject to the Classification Act of 1949, is filled by a person other than an officer of the Foreign Service, it would continue to be classified in accordance with the provisions of the Classification Act. Classification under the provi-

sions of this section would be inoperative until such position is filled by a Foreign Service officer.

Section 6. Compensation plans for alien employees (sec. 444)

This section is a clarification and simplification of section 444 of the act that deals with compensation for alien employees hired overseas. The new language will permit the establishment of wage and salary schedules for such employees to be based upon local prevailing pay practices for corresponding types of positions in the locality.

The new paragraph (b) confers authority upon other Government agencies to utilize the provisions of this act in their employment of alien personnel abroad. This will enable all Federal agencies employing such personnel to operate as a single employer by providing uniform employment conditions for all alien employees of the Government in a particular foreign labor market area who are working under similar conditions.

Section 7. Policy statement on qualifications for assignment of chiefs of mission and Foreign Service officers (sec. 500)

This section adds a new section 500 to the act, stating that chiefs of mission and Foreign Service officers shall have to the maximum practicable extent a knowledge of the language, culture, history, and institutions of the countries in which they serve. This statement emphasizes congressional concern that our representatives abroad be knowledgeable about the country in which they serve. It is the committee's expectation that this statement will result in an intensification of the Department's language training and orientation program.

Section 8. Admission of Foreign Service officers directly to class 7 (sec. 516)

Subsection 8(a) is a technical amendment.

Subsection 8(b) adds a new subsection (b) to section 516 to permit the appointment directly to class FSO-7 of a limited number of persons who have qualified for FSO-8 appointments under the provisions of this section. It is the understanding of the committee that such appointments will be restricted by the Department to mature and experienced candidates who (1) are at least 28 years old; (2) have a record of graduate training or of employment in government or industry which clearly demonstrates ability or special skills; and (3) have a competence in a modern foreign language. Under existing legislation it has been necessary for some older and more experienced individuals to take salary reductions to accept appointment at the same level as younger men recently out of college. A study of the background of recent appointees to the Service indicates that not more than 15 to 20 percent would qualify. Given the standards that the Department will apply, the committee believes that the opportunity offered by this new subsection will attract a larger number of qualified applicants.

Section 9. Admission to classes 1 to 7, inclusive (sec. 517)

This section amends section 517 of the act in two particulars. Authority to appoint to class 7 persons who qualify by examination without the requirement that they must previously have served in class 8 is retained. The change is in conformity with the amendment made to section 516 of the act by section 8 of the bill.

Subsection (b) deletes the language in existing law that establishes a ceiling on lateral appointments to the Foreign Service officer category. Lateral entry refers to the appointment of individuals to classes 1 through 7 in the Foreign Service officer category, depending upon the age and experience of the appointee. The ceiling was incorporated in the act by Public Law 22, 84th Congress, and further amended by Public Law 828, 84th Congress. Its purpose was to protect the career concept of the Foreign Service and to insure that departmental personnel who were integrated in the Service met the standards of the Service and were not blanketed en masse. This program has now been completed. There is a continuing need for personnel with specialized skills. Opportunity to appoint such individuals is possible either by appointment as a Foreign Service Reserve officer (if they are in private life) or by lateral entry into the Foreign Service officer category of those who have previous Government experience. The continuation of these provisions will permit the Foreign Service to maintain its career and nonpartisan features and keep it free from favoritism and influence. At the same time it will enable the Service to avail itself of a limited number of qualified individuals as the needs require.

Section 10. Reappointment, recall, or reemployment of Foreign Service officers (sec. 520)

Section 520 of the act is amended in several ways by this section.

Subsection (a) is a technical amendment to the heading of section 520 of the act.

Subsection (b) removes the present requirement that Foreign Service officers who leave the Service by resignation or retirement and later seek reinstatement must have served continuously in the Government between the time of leaving the Foreign Service and the time of reappointment to the Service. On occasion, the health of the officer or of his family may require him to resign. If the situation changes and he is again able to serve abroad, it is in the best interests of the Government that he be reappointed. Since he has already established his qualifications for appointment, the provisions governing lateral entry would not be applicable.

Subsection (c) amends the circumstances under which a retired Foreign Service officer may be temporarily recalled to duty. The new language deletes the provision which requires determination of an emergency as a basis for recall and substitutes the provision that recall must be in the public interest. The Department has occasion to use the services of retired Foreign Service officers for work on special study groups, assignment to selection boards or to deal with specific problems of which they have expert knowledge. None of these examples constitutes an emergency under existing law. The new language would make it possible for the Department to avail itself of the individual's skill and experience in other than emergency situations. The salary paid an officer who is recalled would be that of the class in which he was serving at the time of his retirement.

A new subsection (c) is added to section 520 of the act, permitting a Foreign Service officer who is retired for age to be reemployed in any Government agency. This provision is similar to that in section 13(a) of the Civil Service Retirement Act. Most FSO's are mandatorily retired at age 60. Some of them possess experience and ability that make them useful to other agencies. This subsection would

authorize the reemployment now prohibited by law of these officers if their services are needed.

Section 11. Reinstatement of Reserve officers (sec. 528)

This is a technical change to conform with the current reference to the Classification Act of 1949, as amended.

Section 12. Limited and probationary appointments for Staff (sec. 531)

This section is a revision of section 531 of the act. Its purpose is to clarify the authority of the Secretary to prescribe regulations governing appropriate types of appointments of Staff personnel in terms of tenure, i.e., temporary, limited, probationary, and permanent type appointments. A temporary appointment is specifically limited in duration to 1 year or less. A limited appointment is one made for a specified time in excess of 1 year. It terminates at the end of the specified period, or the expiration of the special program for which employed, or when the need for the employee's services no longer exists, whichever is earlier. Temporary and limited appointments are made in order that the needs of the Service may be better served for periods of relatively short duration.

The new language also authorizes the Secretary to establish a probationary period of appropriate length. Staff personnel now serve a 2-year probationary period. This is regarded by the Department as a suitable period of time to assess the individual from the viewpoint of competence and of adjustment to service overseas.

This section further provides that Staff officers and employees who lack tenure either because of the temporary or limited period of their appointment or because they are still in a probationary status may be separated from the Service without regard to those sections of the act that cover separation of Staff personnel because of unsatisfactory performance of duty, misconduct, or malfeasance.

Section 13. Assignments and transfers of Staff officers (sec. 532)

This section is a revision of section 532 of the act. Its purpose is to simplify the language regarding assignments and transfers of Staff officers to correspond more closely to the comparable provisions for Foreign Service officers. It also reflects more clearly the intent of the amended section 441 relating to the classification of positions. The language of section 532 dealing with promotion has been deleted since it is covered in section 641.

Section 14. Assignment to any Government agency or international organization (sec. 571)

Subsection (a) amends section 571(a) of the act to establish clearly the authority of the Secretary to assign or detail in his discretion officers or employees of the Service to any international organization, international commission, or international body as well as to any Government agency. The language is broadened by subsection (b) to include appointments made by the President alone, e.g., appointment as a member of the International Boundary Commission. Appointments are presently restricted to those made by the President, by and with the advice and consent of the Senate. During service in any of these agencies or organizations a Foreign Service officer will retain his status in the Service.

The language of the new paragraph (c) of section 571 eliminates the salary differential presently paid a Foreign Service officer or an employee of the Service who is assigned to a position in the Department that is designated as a Foreign Service Officer position and that carries a salary higher than his Foreign Service salary. This change is in conformity with the amendment to section 441 of the act (see sec. 5 of the bill) which permits the Secretary to classify departmental positions designated as Foreign Service Officer positions under Foreign Service standards rather than Classification Act standards. Officers or employees assigned to non-FSO positions in the Department, or to positions in agencies other than the Department of State, or to official delegations or missions to international bodies will receive a salary differential if the basic minimum salary rate of such position is greater than their Foreign Service salary.

Section 15. Assignments to foreign governments (sec. 575)

This is a technical change to bring up to date the statutory references.

Section 16. Foreign language knowledge prerequisite to assignment (sec. 578)

This section inserts a new section 578 in the act. Its purpose is to accelerate the foreign-language competence of personnel overseas by requiring the Secretary to determine annually the number of Foreign Service officer positions in a foreign country that shall be occupied only by officers who have a useful knowledge of a language or dialect commonly used in that country. After December 31, 1963, the Secretary would be required to maintain a prescribed quota of language officers for each country.

The committee believes that improved language competence of our overseas personnel is not only desirable but necessary if they are to be effective representatives of the United States. At the same time it is aware of difficult administrative and staffing problems that will be created if a rigid and immediate requirement were made that in each country specific positions were to be occupied only by officers with a capacity in the local language. To provide some measure of flexibility the committee is recommending a requirement for an overall post quota rather than the designation of particular positions that must be filled by officers with language proficiency. Under special or emergency conditions the Secretary may make exceptions to this policy.

This section further provides that the Secretary shall establish foreign language standards for assignment abroad of Foreign Service personnel and that he shall arrange language training for such personnel. These provisions would enable the Secretary, and in turn each chief of mission, to make the most effective possible utilization of language officers where their services are most needed.

Section 17. Within-class salary increases of Foreign Service officers and Reserve officers (sec. 625)

The language in this section amends section 625 of the act to grant in-class salary increases without regard to the cash awards provided by the Government Employees' Incentive Awards Act (title III, Public Law 763, 83d Cong.). Frequently an officer serves for long periods in positions classified several levels above his personal rank. In other

cases officers undertake the study of, and become proficient in, difficult foreign languages on their own initiative. These are examples of the kinds of services that can best be rewarded by an in-class salary increase, providing a continuing and more desirable incentive. Normally such outstanding service will result in earlier promotion. In those cases, however, where an officer is not eligible for promotion it will be possible under this section to give him some recognition. The committee expects that this provision will be used sparingly and regards a single in-class increase as generally sufficient. Only under the most exceptional circumstances is more than one increase warranted.

Section 18. Relationship between promotions and functional and geographic specialization (sec. 626)

This section adds a new section 626 to the act expressing the policy that more functional and geographic area specialization is needed in the Foreign Service and prohibiting such specialization from prejudicing promotions of officers through class 1. This section was inserted by the Senate committee to stimulate specialization without prejudicing the career of the specialist. The language gives congressional endorsement to the Department's administrative policy on this matter as expressed in precepts to selection boards. Instruction to the boards direct them—

to give positive recognition to the fact that the needs of the present day Foreign Service require that many of the officers become specialists in one or more of the functional areas of Foreign Service work.

In approving this section the committee recognizes that specialization that is too intense or that starts too early in a career may result in officers with a range of knowledge and experience that limits their availability in a mobile worldwide service. It will be necessary for the Department to project for some years ahead anticipated deficiencies of specialists in particular areas and plan its personnel policies accordingly. This is a matter that must be kept under continuous study.

Section 19. Separation of officers and employees from the Service

This a technical conforming amendment.

In connection with the consideration of separation of officers from the Service, the committee had occasion to review the selection-out procedure. Several cases known to the committee, one of which occurred recently, were discussed. The officer in this case was given a list of descriptive adjectives that were alleged to represent his deficiencies. The committee does not regard such a list as meaningful. If the evidence before the selection board is thorough enough to warrant the individual's selection out, he ought to be furnished at the minimum with an accurate and reasonably complete summary of the deficiencies noted by the board. The committee is of the opinion that all officers who fall into the lowest 10 percent of their class should be formally notified in writing of this fact together with a summary of their deficiencies. Should these not be corrected by the officer concerned and it becomes necessary for subsequent selection boards to separate such an officer in the best interests of the Service, the officer involved will have had an adequate warning and no basis for complaint.

Section 20. Foreign Service officers who are career ambassadors or career ministers (sec. 631)

This section broadens the provisions of section 631 of the act covering the mandatory retirement of career ambassadors and career ministers. Such officers must retire at age 65 unless they are serving as a chief of mission. The new language would permit those who are serving in a position to which they have been appointed by the President, by and with the advice and consent of the Senate, e.g., an Assistant Secretary, to retain their status as career ambassadors or career ministers until the termination of their appointment.

The new language as amended by the committee permits the Secretary to extend the active service of officers in these two classes if he determines that it is in the public interest. The present law restricts such exceptions to the determination of the existence of an emergency but in no case to exceed 5 years. The amended language will permit the Secretary to avail himself of the services of a career ambassador or career minister beyond the mandatory retirement age when such officer has a unique knowledge or experience. It is expected that this provision will be used sparingly.

Section 21. Foreign Service officers who are not career ambassadors or career ministers (sec. 632)

This section amends section 632 of the act. It covers officers below the class of career minister and Staff officers and employees who become participants in the Foreign Service retirement and disability system, all of whom are mandatorily retired at age 60, and permits the Secretary to extend their services for a period not to exceed 5 years beyond such mandatory retirement age.

Section 22. Selection-out benefits (sec. 634)

This section amends section 634 of the act. In addition to clarifying the language in that section, it authorizes the Secretary in special circumstances to accelerate or "combine" the installments of the severance payment of up to but not exceeding 1 year's salary, without interest, which is already authorized by law. Such benefits are presently paid in three annual installments. There are circumstances, however, when it may be desirable to accelerate payments in accordance with an officer's needs. The amended language will give the Secretary discretion to make such an acceleration.

Section 23. Foreign Service officers retired from class 7 or 8 (sec. 635)

This section amends section 635 of the act to provide for the probationary status of any Foreign Service officer of class 7 who is appointed initially to that class under the provisions of section 516(b) of the act as amended by this bill. (See sec. 8 above.)

Section 24. Voluntary retirement (sec. 636)

This section substitutes "participant in the Foreign Service Retirement and Disability System" for "Foreign Service officer." The new language conforms with other changes made in this bill to include certain Staff officers in the retirement system.

Section 25. Class promotion of Staff personnel (sec. 641)

This section amends section 641 to emphasize the principle that the promotion of Staff officers and employees to a higher class shall be on a competitive basis in relation to performance and merit rather than

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on the basis of a vacant position in a higher class. This puts Staff personnel on the same basis as Foreign Service officers with respect to promotion.

Section 26. Within-class and longevity salary increases (sec. 642)

Two amendments are made by this section to section 642 of the act. Paragraph (a) of section 642 is revised to provide the Secretary with the same authority to grant Staff personnel within-class salary increases as a reward for meritorious service as that contained in section 625 as amended for granting similar increases to Foreign Service officers and Foreign Service Reserve officers.

The new section 642(b) authorizes the Secretary to establish a system of longevity increases for Staff personnel. The principle of longevity pay is well established in industry. The Classification Act covering a large segment of Federal employees incorporates that principle.

Although the work performed by Staff personnel is essential and important to the effective functioning of the Service, the nature of the duties and the qualifications required impose automatic limitations on promotional opportunities. There is the additional factor that a number of the older Staff employees could not qualify for integration into the Foreign Service Officer category with its greater opportunities for advancement. This has created something of a morale problem which can be alleviated in part by the provisions of this section. The longevity pay system will meet a definite need in providing an incentive for qualified and experienced employees to continue in the Service, thereby assuring the availability of essential skills with a minimum of turnover and cost.

It is not intended that longevity or proficiency increases will be awarded automatically. It is contemplated by the committee that longevity increases will recognize length of service and above average proficiency. The longevity periods will be established by regulations prescribed by the Secretary but no individual may receive more than four such increases while serving in the same class.

Proficiency increases are intended to reward superior performance of personnel principally in the intermediate and lower-rank and clerical employees. As in the case of such increases for Foreign Service officers and Foreign Service Reserve officers, the committee expects that this provision will be used sparingly and regards a single in-class increase as generally sufficient. The Department should establish the ground rules under which the increases will be made.

Section 27. Orientation and language training of spouses (sec. 701)

This section amends section 701 of the act by adding two sentences to provide authority for spouses of Foreign Service personnel to receive language, orientation, and other training. The committee has for a number of years emphasized the importance of training in these fields for the spouse as well as the officer because each has a definite place in the representational unit. The proposed addition will give the Secretary authority to provide orientation and language training to spouses of officers and employees of the Government who are to serve abroad. Since such training will be on a "space available" basis, it may be given at the Foreign Service Institute or elsewhere, including posts abroad.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Section 28. Alien instructors; incentives for acquiring skills in "difficult" languages (sec. 704)

Subsection (a) is a technical amendment.

Since World War II a change has occurred in the language requirements for the Foreign Service. Many of the new nations in Asia and Africa take pride in their own languages, which are not generally taught in American schools. The time for use of interpreters is past, nor have they been found entirely reliable. These languages are the ones in which training is urgently needed.

Subsection (b) gives the Secretary authority to employ on the staff of the Institute, or to contract for the services of, aliens to offer instruction in language and area training. The main purpose of the language and orientation courses is to give the student speaking and reading proficiency in a language and an intimate knowledge of the area of a country or region as the needs of the Service require. This often can best be done by providing instructors who are recent emigres, who have not yet had an opportunity to obtain American citizenship, or who are in the country for a short period of time. Many departments of the Government already have legislative authority to use aliens in certain circumstances, such as the Departments of the Army and the Navy, Agriculture, Justice, CIA, the National Security Agency, USIA and the Public Health Service.

AMENDMENTS TO TITLE VIII MADE BY SECTION 29 THROUGH SECTION 43

Title VIII of the act covers the Foreign Service Retirement and Disability System. The amendments to that title contained in sections 29 through 43 of the bill are the first major amendments to this title since the act was passed in 1946. The general effect of the amendments is to bring the Foreign Service Retirement and Disability System more nearly into agreement with the civil service retirement system. The following table offers a comparison of the two systems including the amendments proposed by this bill to the Foreign Service retirement system (col. 5).

Comparison of major proposed changes in the Foreign Service Retirement and Disability System with pertinent provisions of the civil service retirement system

| (1) Items | (2) CSR | (3) Present provisions FSR | (4) Section | (5) Proposals | (6) Comments |
|--|---|--|----------------|--|--|
| A. Coverage..... | Government employees generally, unless temporary, intermittent or subject to another Federal retirement system. | All FSO's, plus non-FSO's who have served as chiefs of mission for an aggregate period of 20 years or more. | 803 | Includes Foreign Service Staff (FSS) officers and employees with 10 or more years of continuous service in the Foreign Service. | Most Staff officers and employees and Foreign Service Reserve officers are presently covered by CSR. |
| B. Contributions: | 6 1/2 percent of employee's basic salary. Agency contribution of 6 1/4 percent of employee's basic salary. | 5 percent of employee's basic salary. No provision. | 811 | Increases rate to 6 1/4 percent of employee's basic salary. Agency contribution of 6 1/4 percent of employee's basic salary. No change. | FSR same as CSR. Do. |
| 2. Voluntary..... | Maximum 10 percent of total basic salary received since Aug. 1, 1920. Payable in multiples of \$25. | Maximum of 10 percent of total basic salary received since July 1, 1959. Payable in multiples of 1 percent. | | do. | Approximately same as CSR. |
| C. Benefits: | Annuity—Based on high 3 average years of salary 1 1/4 percent times 5 years, plus 1/4 percent times next 5 years, plus 2 percent times all years over 10 years of creditable service. Annuity not to exceed 80 percent of high 5 average salary. Reduced annuity with benefits to widow or widower. Corresponding benefits to each dependent child. | Based on high 5 average years of salary 2 percent times total number years creditable service not to exceed 35 years. | 821 | do. | CSR provides maximum 80 percent high 5 average. FSR provides maximum 70 percent high 5 average. |
| 2. Reduced annuities..... | Reduced annuity with benefits to widow or widower. Corresponding benefits to each dependent child. | Reduced joint and survivorship annuity to widow only. | 804 | Provides specifically that surviving children, widowers, and dependent widowers may be included as survivor annuitants. | FSR provides survivorship benefits comparable to those of CSR. |
| 3. Survivor annuities: (a) Married participant..... | Basic general formula—Widow or widower (if survivor annuity elected by retiring employee): 1/4 of all or whatever portion of earned annuity specified as base. Annuity terminates on death or remarriage. | Widow only (if participant elected survivorship and reduced annuity); smaller for a average base salary for the highest 5 consecutive years of service or 1/4 of his reduced annuity. Annuity ends only upon death of widow. | 821 | Widow or widower (if survivor annuity elected by retiring employee): 1/4 of all or whatever portion of earned annuity specified as base. Annuity terminates only on death of widow or widower. | Important difference in the FSR provision is that the annuity of a surviving widow or widower terminates only on death of such survivor. |

Comparison of major proposed changes in the Foreign Service Retirement and Disability System with pertinent provisions of the Civil Service Retirement System—Continued

| (1) Items | (2) CSR | (3) Present provisions FSR | (4) Section | (5) Proposals | (6) Comments |
|--|---|--|----------------|--|---|
| C. Benefits—Continued 3. Survivor annuities—Continued (a) Married Participant..... | <p>Employee's annuity reduced by 2 1/3 percent of net \$2,400 of any amount specified as base for survivor benefits plus 10 percent of the amount over \$2,400 up to the full amount of employee's annuity, if specified.</p> <p>Children: A surviving wife or husband, 40 percent of average salary divided by number of children; \$800; or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband, 1/3 average salary divided by number of children; \$720; or \$2,160 divided by number of children, whichever is lesser.</p> <p>Children annuities terminate at age 18 (or on recovery from incapacity after 18), marriage or death. On termination of any child's annuity by death, wife or husband's annuity by death.</p> | <p>Participant's annuity reduced by 1/4 of amount elected for widow if not more than 8 years older than wife; if more than 8 years older, further reduced by 2 percent of widow's annuity for each year or fraction thereof the difference exceeds 8 years. Participant may also elect to have his annuity reduced by an additional 5 percent of amount elected for widow with a provision that should he survive her, his annuity would be restored to full amount without survivorship.</p> <p>No provision.</p> | | <p>Employee's annuity reduced by 2 1/3 percent of net \$2,400 of any amount specified as base for survivor benefits plus 10 percent of the amount over \$2,400 up to the full amount of employee's annuity, if specified. Eliminates participant's option to have his annuity reduced by an additional 5 percent of amount elected for widow with a provision that should he survive her, his annuity would be restored to full amount without survivorship.</p> <p>Children: A surviving wife or husband, 40 percent of average salary divided by number of children; \$800; or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband, 1/3 average salary divided by number of children; \$720; or \$2,160 divided by number of children, whichever is lesser.</p> <p>Children annuities terminate at age 18 (or on recovery from incapacity after 18), marriage or death. On termination of any child's annuity by death, wife or husband's annuity by death.</p> | <p>FSR same as CSR.</p> <p>Do</p> <p>Do</p> <p>Do</p> |

| | | | |
|--|--|------------|---|
| <p>(b) Unmarried participant.</p> <p>annuities of surviving children are recomputed as though person whose annuity was terminated had not survived deceased employee.</p> <p>Person in whom annuitant has insurable interest (if survivorship and reduced annuity elected); 1/2 of participant's reduced annuity.</p> <p>Retiring employee's annuity reduced 10 to 40 percent depending on difference between his age and age of person designated to receive survivor annuity. Survivor annuity continues for life.</p> | <p>Designated beneficiary: 1/2 of participant's reduced annuity. Retiring employee's annuity reduced 10 to 40 percent depending on difference between his age and age of person designated to receive survivor annuity. Survivor's annuity continues for life.</p> | <p>§21</p> | <p>FPR does not require that the designated beneficiary have an insurable interest.</p> |
| <p>(c) Death in service.</p> <p>Widow or dependent widower.</p> <p>Widow only: Smaller of 1/2 of average basic salary for highest 5 consecutive years of service, or 1/2 of reduced annuity computed on creditable service of participant, except that less than 20 years' service is counted as 20.</p> <p>No provision.</p> | <p>Widow or dependent widower: 1/2 of participant's earned annuity payable until death of surviving widow or dependent widower or until capable of self-support.</p> <p>Children: A surviving wife or husband: 40 percent of average salary divided by number of children; \$600; or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: 1/2 average salary divided by number of children; \$720; or \$2,160 divided by the number of children, whichever is lesser.</p> | <p>§32</p> | <p>FPR provides continuation of widow's annuity until death and allows the survivor to receive the annuity based on at least 20 years of service.</p> |
| <p>(d) Children:</p> <p>A surviving wife or husband: 40 percent of average salary divided by number of children; \$600; or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: 1/2 average salary divided by number of children; \$720; or \$2,160 divided by the number of children, whichever is lesser.</p> | <p>Children: A surviving wife or husband: 40 percent of average salary divided by number of children; \$600; or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: 1/2 average salary divided by number of children; \$720; or \$2,160 divided by the number of children, whichever is lesser.</p> | <p>§32</p> | <p>FPR same as CBE.</p> <p>Do.</p> |

| | | | | |
|---|--|---|-----------------------|--|
| <p>6. Discontinued service retirement.</p> <p>7. Disposition of contributions in excess of benefits received.</p> | <p>Commission or be deducted from annuity payments for that purpose. Deferred annuity payable at age 62 if separated employee has 5 years of civilian service credit.</p> <p>If deceased individual's contributions are not returned in the form of annuity (to individual or his survivors), the unreturned contributions must be paid to a designated beneficiary or in an order of precedence to widow, children, parents, etc.</p> | <p>(FRO classes 4, 5, 6, and 7 deferred annuity at age 62 on selection-out, sec. 634).</p> <p>If deceased individual's contributions are not returned in the form of annuity (to individual or his survivors), the unreturned contributions must be paid in the following order of precedence: designated beneficiary or beneficiary; executor or administrator; estate of participant; such person or persons as may be legally entitled (herein, in the judgment of the Secretary).</p> | <p>834</p> <p>841</p> | <p>Deferred annuity payable at age 60 if separated employee has 5 years of civilian service credit.</p> <p>FRR allows precedence provisions with those of CSR.</p> |
| <p>D. Creditable service:</p> <p>1. Leave without pay.....</p> | <p>Includes: Leave of absence without pay granted during covered employment while performing active honorably military service.</p> <p>Leave of absence without pay granted during covered employment while receiving FRO benefits.</p> <p>Civilian employment with District of Columbia government.</p> | <p>No provision.</p> | <p>851</p> | <p>FRR same as CSR.</p> |
| <p>2. District of Columbia employment.</p> | <p>No provision.</p> | <p>do.....</p> | <p>852</p> | <p>Do.</p> |
| <p>3. Transfer of funds.....</p> | <p>No provision.</p> | <p>do.....</p> | <p>853</p> | <p>Do.</p> |

H.R. 12547.
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Comparison of major proposed changes in the Foreign Service Retirement and Disability System with pertinent provisions of the civil service retirement system--Continued

| (1) Items | (2) CSR | (3) Present provisions FSR | (4) Section | (5) Proposals | (6) Comments |
|---|--|---|----------------|--|--|
| E. Officers recalled or reinstated..... | No provision exactly comparable. | Recomputation of annuity of an officer recalled in the Service and retired a second time. | 871 | Simplifies the language of existing legislation. | Clarifying changes in FSR provisions. |
| F. Reemployment of annuitants..... | Any annuitant reemployed after retirement for age or based on voluntary resignation or an involuntary resignation in cases, or if retired for disability, and is age 60 or over at the time of reemployment, retains his full annuity, but the salary of his position must be reduced by the amount of annuity received. | No provision (Foreign Service annuity is suspended if re-employed in the Federal Government). | 872 | Provides that reemployed Foreign Service annuitants receive full salary of the position appointed plus portion of their annuity which would equal the base salary received at time of retirement from the Foreign Service. | FSR provides for potential higher continued income for reemployed Foreign Service annuitants and provides authority to reemploy FSO retired for age. |

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1 Disability System (sec. 803)

This section amends section 803(b) of the act and adds a new subsection 803(c). Subsection 803(b)(2) has been amended to conform with revisions made in section 811 and 852 which increase the rate of compulsory contributions to the retirement fund from 5 percent to 6 1/4 percent. Subsection 803(c)(1) provides that Foreign Service Staff officers and employees who have completed or who will hereafter complete 10 years of continuous service in the Foreign Service shall become participants in the Foreign Service Retirement and Disability System. Such individuals are presently covered by the Civil Service Retirement Act. The Foreign Service retirement system is designed to give recognition to the need for earlier retirement age for career Foreign Service personnel who spend the majority of their working years outside the United States adjusting to new working and living conditions every few years. Staff personnel who serve for any length of time are subject to the same conditions. It is the committee's opinion that the advantages of the Foreign Service retirement system should be extended to those Staff employees who give an indication of making their career in the Service.

Subsection 803(c)(2) provides for the retirement on a gradual basis of Staff employees who are above the mandatory retirement age at the time they become participants in the Foreign Service retirement system. Had these individuals remained under the civil service retirement system, they would not have had to retire mandatorily until age 70. A number of them would prefer to retire earlier while, in other cases, it is in the interest of the Service and of the individual that they retire earlier. To permit these individuals to plan for their retirement in a more orderly way the provisions of this subsection will not be effective for a period of 3 years after the date of enactment of this bill. Thus under the schedule contained in this subsection it will be about 6 years before Staff employees will be mandatorily retired at age 60.

As stated above, under the provisions of sections 803(c)(1) and (c)(2) the group of Staff officers and employees who qualify initially for participation in the Foreign Service retirement and disability system will be mandatorily retired on a gradual scheduled basis over a period of approximately 6 years. In addition to this group, other Staff personnel will, from time to time, qualify for participation in the Foreign Service retirement and disability system upon the completion of 10 years of continuous service in the Department's Foreign Service. Although section 803(c)(2) does not specify the mandatory retirement date of the officers and employees who are over the mandatory retirement age at the time they became participants in the Foreign Service Retirement and Disability System, it is the committee's understanding that such participants in the system will be retired mandatorily either (1) in accordance with the schedule mentioned in section 803(c)(2); (2) upon reaching age 60 if that schedule has ceased to apply; or (3) if they are above age 60 and that schedule has ceased to apply, they will be retired at the end of the month in which they become participants.

Subsection 803(c)(3) permits voluntary retirement of certain Staff personnel. The application of this subsection is limited only to those

who are age 57 or over on the effective date of this subsection. Those who reach that age subsequent to the enactment of this bill will have to qualify for retirement under other sections of the law. As in the case of those mandatorily retired for age, the purpose is to encourage retirement of those who have already had long service and to give increased opportunities for younger Staff personnel.

Approximately 300 Staff officers and employees presently have at least 10 years service and would qualify for the proposed coverage. By changing from the civil service retirement system to the Foreign Service retirement system, the liability for coverage estimated at \$8,841,900 would be shifted from the former to the latter system. An average of 25 Staff officers would qualify annually for coverage upon completion of 10 years of service. The additional liability for this group would be about \$250,000. Again this is a matter of relieving the civil service retirement system of a comparable liability.

Section 30. Annuityants (sec. 804)

The new language inserted in section 804 of the act by this section provides that (in addition to former participants and their widows) children and dependent widowers may now become annuityants under the Foreign Service Retirement and Disability System. At the time of enactment of the Foreign Service Act of 1946 annuity benefits for children and dependent widowers were not generally included in the provisions of Federal retirement systems. Since that time improvements in the various other Federal systems have resulted in provisions for automatic benefits for surviving dependent children and dependent widowers and in election benefits for surviving husbands.

Section 31. Compulsory contributions (sec. 811)

The amendments to the act made by this section will increase the rate of contribution to the Foreign Service retirement and disability fund from 5 to 6½ percent of basic salary. This is necessary in view of the increased benefits provided by the proposed revisions of title VIII of the act. It is also proposed to require a sum equal to the employee retirement deductions to be contributed from the appropriations used for salary payments to be deposited along with the employee contribution to the credit of the fund. It is estimated that this matching contribution will be about \$2.5 million per year.

Section 32. Computation of annuities (sec. 821)

Section 821 of the act is amended by this section to extend to participants in the Foreign Service retirement and disability system many of the survivorship benefits provided by other Federal retirement systems. Except for the 2-percent factor in the computation of annuities and the 35-year maximum service credit the provisions of this section are similar to those of the civil service retirement system. For the first time benefits for surviving children of participants in the Foreign Service retirement system are provided in a manner comparable to that of the civil service retirement system.

This section also eliminates the provision of existing law permitting the participant to accept a further reduction of 5 percent of the widow's annuity in order to provide for restoration of the full annuity if the spouse predeceases the participant. Actuaries regard this as a "gambling provision" unrelated to sound actuarial principles.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

By way of illustrating the improved benefits to retired officers under this section the Department submitted examples of which the following is one.

Average salary for highest 5 years of service..... \$12,000
Annuity (2 percent times 30 years of service)..... 7,200

| EXISTING | | PROPOSED | |
|---|---------|--|---------|
| Maximum survivor annuity..... | \$3,000 | Maximum survivor annuity..... | \$3,660 |
| Cost to officer..... | 1,500 | Cost to officer (2½ percent of \$2,400 = \$60; 10 percent of \$4,800 = \$480)..... | 540 |
| Officer's reduced annuity..... | 5,700 | Officer's reduced annuity..... | 6,660 |
| Maximum surviving annuity payable to a dependent child..... | 0 | Maximum survivor annuity payable to a dependent child: With surviving parent..... | 600 |
| | | With no surviving parent..... | 720 |

Section 33. Retirement for disability or incapacity (sec. 831)

This section adds a new provision that will permit the reinstatement or reappointment of a disability annuitant who recovers to such an extent that he may return to duty. Under existing provisions there is no clear authorization for such reinstatement or reappointment.

The section also clarifies the authority of the Secretary to designate physicians or surgeons to make the necessary examinations upon which the disability retirement is determined. It is contemplated that this will result in the establishment by regulation of a medical board designated by the Secretary to advise him with respect to disability retirement.

It further provides that in the event a recovered disability annuitant is, for any reason, not reinstated or reappointed, he shall be given the opportunity to receive an immediate annuity if he is at that time qualified for voluntary retirement. In lieu of a refund of any contributions in the fund remaining to his credit, he may elect to receive a deferred annuity upon reaching age 60.

A new section 831(d) is added which allows an employee, or a survivor, to receive benefits resulting from line of duty disability retirement, or death, from either the Federal Employees' Compensation Act or the Foreign Service Retirement and Disability System, at the election of the person who will receive the benefits. Sometimes it is more advantageous to the beneficiary to take the survivor's annuity (Foreign Service retirement); in other cases it is more advantageous to the beneficiary to take the survivor's compensation (Federal Employees' Compensation Act). This provision is substantially the same as section 7(g) of the Civil Service Retirement Act. The last sentence of paragraph (d) is based upon analogous provisions of the Civil Service Retirement Act and has the same intent; namely, to permit a widow to receive an annuity based upon her own service as an employee of the Government, and also to receive any compensation payable by reason of the death of her husband resulting from injury sustained in the performance of his duty as an employee of the Government.

The new section 831(e), relating to the right of any person to receive an annuity under the Foreign Service Act of 1946 notwithstanding a lump sum award to such person under the Federal Em-

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

of the Civil Service Retirement Act, as amended.

Section 34. Death in service (sec. 832)

This section amends section 832 of the act in several respects. Married females have been participants in the retirement system but the system has not provided survivor benefits for a dependent widow. It forbids the inclusion of credit for military service in the "5-year period of service." It provides the same benefits for the dependent children of participants who die in service as the new language of section 821 does for dependent children of deceased annuitants.

Section 35. Discontinued service retirement (sec. 834)

This section adds a new section 834 to the act. At the present time a participant in the Foreign Service retirement and disability system who voluntarily separates from the Service prior to becoming eligible for voluntary retirement is entitled only to a refund of contributions. The provisions of the new section 834 will permit participants who voluntarily resign to receive a deferred annuity commencing at age 60. This provision is similar to that of the civil service retirement system.

Section 36. Disposition of contributions and interest in excess of benefits received (sec. 841)

This section makes several amendments to section 841 of the act. It changes the annual compounding of interest for contributions to the retirement fund from a fiscal year to a calendar-year basis. Another change is that if the participant has not designated a beneficiary, the surviving spouse, the surviving children, and next of kin are placed in the line of precedence for any undisbursed balance of the participant's contributions to the Fund.

Section 37. Computation of length of service (sec. 851)

The principal amendment to existing legislation made by this section is to give participants full service credit toward retirement while they are on leaves of absence during which they receive benefits from the Bureau of Employees' Compensation.

Section 38. Prior service credit (sec. 852)

In view of the inclusion of certain members of the Foreign Service Staff in the Foreign Service retirement system and the entrance of some individuals into the Foreign Service officer category who have had previous Government service during which they contributed to some other retirement system, the amendments to section 852 are necessary to provide an orderly transfer of their retirement benefits from one system to the Foreign Service retirement system.

The new subsection 852(d) is designed to avoid duplication of civilian service credit of a participant under two retirement systems. The new subsection 852(e) is intended to prevent the possible denial of service credit to participants with military service who may be eligible for retired pay on the basis of certain defined types of service-connected disability or who receive benefits under chapter 67, title 10, United States Code.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Section 39. Recomputation of annuities of certain former participants (sec. 855)

Until 1956 participants in the Foreign Service retirement system who retired with more than 30 years creditable service were allowed to count only 30 years in determining their annuities. In that year the maximum creditable service period was raised to 35 years. No provision was made, however, for former participants who had retired before 1956 with more than 30 years of creditable service but whose annuities had been computed on the basis of only 30 years' service. The language of this section will make it possible to recompute the annuities of all former participants in the system who did not receive the full benefit of their creditable service in excess of 30 years at the time of their retirement. The provision is applicable only to former participants and does not apply to any person presently receiving an annuity as the survivor of a former participant.

Based on an analysis of officers on the retired rolls at the beginning of fiscal year 1959, the cost of the provision would be about \$190,000 during the first year. Thereafter, the annual cost would decrease and eventually disappear with the death of such officers.

Sections 40 and 41. Recall (sec. 871)

Section 40 is a perfecting amendment.

Section 41 amends section 871 of the act by allowing for the recomputation of annuities for annuitants recalled, reinstated, or reappointed in the Service. It will permit the use of additional years of service, up to but not exceeding 35 years, as well as a higher salary rate in redetermining his annuity. It will also permit the annuitant upon termination of his services, to make a new election with respect to survivor benefits if he so chooses. In substance, it will permit the officer to retire again.

Section 42. Reemployment (sec. 872)

This section adds a new section 872 to the act that sets forth the limitation on earnings of an annuitant who is reemployed by the Federal Government. At present an annuitant who is reemployed in any position in the Government must forfeit his annuity during the time of such reemployment. Retired civil service personnel, on the other hand, may be reemployed in Government service and continue to receive their full annuity plus the difference, if any, between such annuity and the salary of the position to which appointed. Officers and enlisted personnel of the armed services are subject to a variety of provisions which permit, depending upon the circumstances, benefits which range from deferral of retired pay and receipt of full salary to the receipt of retired pay plus full salary.

The effect of the present prohibition of reemployment of retired Foreign Service officers retired for age makes it difficult for the Government to compete with private industry in availing itself of the services of retired officers. Many of them have the experience, background, and ability that would be of great value to the Government.

Under the provisions of this section a reemployed annuitant may receive the salary of the position to which he is appointed plus such a portion of his annuity as will make his total pay equal, during any calendar year, to the salary he was receiving at the time of his

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

retirement from the Foreign Service. In many instances there will be a saving in the retirement fund during the time of such reemployment because the employing agency will pay the full amount of the salary of the position to which the annuitant is appointed (rather than only a portion of it as is the case under the Civil Service Retirement Act). If the salary of the reemployed annuitant equals or exceeds his former salary as a participant, he would receive no annuity payments during the period of employment.

The following table compares cases of reemployment of annuitants under the Civil Service Retirement Act and under the Foreign Service Act as amended by the new section 872.

| | Salary at time of retirement | Annuity | Salary at which re-employed in Federal agency | Receives in annuity | Receives in salary | Combined salary and annuity |
|----------------------------|------------------------------|---------|---|---------------------|--------------------|-----------------------------|
| Foreign Service annuitant: | | | | | | |
| (A)..... | \$14,000 | \$8,000 | \$10,000 | \$4,000 | \$10,000 | \$14,000 |
| (B)..... | 14,000 | 8,000 | 15,000 | None | 15,000 | 15,000 |
| Civil service annuitant: | | | | | | |
| (C)..... | (1) | 8,000 | 10,000 | 8,000 | 2,000 | 10,000 |
| (D)..... | (1) | 8,000 | 15,000 | 8,000 | 7,000 | 15,000 |

¹ Not pertinent.

Section 43. Voluntary contributions (sec. 881)

The amendments made by this section to section 881 of the act provide for the compounding of interest and the keeping of records on a calendar-year basis instead of a fiscal-year basis as is now required by existing legislation. The latter basis has necessitated a separate system of recordkeeping involving 6-month reports from Foreign Service posts on contributions to the Fund and a separate system for the compilation of retirement deductions. The changes made by this section are comparable to those made to the Civil Service Retirement Act in 1945.

Section 44. Loan of household furnishings and equipment (sec. 912)

This section amends the title and wording of section 912 of the act to clarify the authority of the Secretary to loan to officers owning or leasing residences in foreign posts basic articles of furnishings, such as divans, dining room furniture, etc. Savings in transportation costs resulting from the furnishing of these heavy articles of furnishings at the post can equal or exceed savings already effected on such articles as refrigerators, stoves and other appliances, which the Department may now provide on a loan basis under existing law.

Section 45. Transportation of motor vehicles (sec. 913)

This section was requested by the Department for two reasons: (1) to substitute the term "motor vehicles" for "automobiles" and to allow transportation of motorcycles and motor scooters, and (2) to authorize the transportation of replacement of motor vehicles when such replacement is necessary for reasons beyond the control of the employee and is in the interest of the Government. It does not authorize the transportation of motorboats. The frequency of transportation of vehicles is limited to once every 4 years except where replacement is necessary for reasons beyond the control of the officer

(5) to provide that promotions leading to positions of authority and responsibility shall be on the basis of merit and to insure the selection on an impartial basis of outstanding persons for such positions;

(6) to provide for the temporary appointment or assignment to the Foreign Service of representative and outstanding citizens of the United States possessing special skills and abilities;

(7) to provide salaries, allowances, and benefits that will permit the Foreign Service to draw its personnel from all walks of American life and to appoint persons to the highest positions in the Service solely on the basis of their demonstrated ability;

(8) to provide a flexible and comprehensive framework for the direction of the Foreign Service in accordance with modern practices in public administration; and

(9) to codify into one Act all provisions of law relating to the administration of the Foreign Service.

PART C—DEFINITIONS

SEC. 121. When used in this Act, the term—

(1) "Service" means the Foreign Service of the United States;

(2) "Secretary" means the Secretary of State;

(3) "Department" means the Department of State;

(4) "Government agency" means any executive department, board, bureau, commission, or other agency in the executive branch of the Federal Government, or any corporation wholly owned (either directly or through one or more corporations) by the United States;

(5) "Government" means the Government of the United States of America;

(6) "Continental United States" means the States and the District of Columbia;

(7) "Abroad" means all areas not included in the continental United States as defined in paragraph (6) of this section;

(8) "Principal officer" means the officer in charge of an embassy, legation, or other diplomatic mission or of a consulate general, consulate, or vice consulate of the United States; and

(9) "Chief of mission" means a principal officer appointed by the President, by and with the advice and consent of the Senate, to be in charge of an embassy or legation or other diplomatic mission of the United States, or any person assigned under the terms of this Act to be minister resident, chargé d'affaires, commissioner, or diplomatic agent.

TITLE II—GOVERNING BODIES FOR THE DIRECTION OF THE SERVICE

PART A—OFFICERS

DIRECTOR GENERAL

SEC. 201. The Service shall be administered by a Director General of the Foreign Service, hereinafter referred to as the Director General, who shall be appointed by the Secretary from among Foreign Service officers in the class of career minister or in class 1. Under the

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

or employee or is in the interest of the Government. It should be noted that the language of this section is identical with that already passed by the House in the Overseas Differentials and Allowances Act (H.R. 7758, 86th Cong.), but upon which congressional action has not yet been completed.

Section 46. Gifts (sec. 1021)

This amendment to the act is for the purpose of making wider use of gifts to the Foreign Service. Under present authority only Foreign Service personnel may benefit. It is deemed justifiable to broaden this to include departmental people other than those in the Foreign Service. For example, the Ford Foundation recently made a grant to the Service for African language and area training. It would be of great advantage if others dealing in this field could avail themselves of such specialized training.

Section 47. Amendment to act of August 1, 1956

This section amends section 11 of the 1956 act by authorizing the chief of mission to approve the use of taxicabs in addition to Government-owned vehicles for the transportation of Government employees from their residence to the office and return when public transportation facilities other than taxicabs are unsafe or unavailable. At some posts the usual types of public transportation are drastically reduced or inoperative during nighttime hours and taxicabs are the only satisfactory transportation available. Personnel using such vehicles may not be reimbursed. As a result Government-owned vehicles must be operated by Government-employed chauffeurs during the night hours exclusively for the use of a small number of U.S. Government employees including Marine guards. The cost of maintaining this service is not justified by the number of people transported.

Section 48. Exclusion from gross income of compensation for injuries and sickness

This section amends paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 to exempt disability annuities under the Foreign Service Act of 1946 from Federal income tax. This is in keeping with provisions relating to disability annuities payable by the Bureau of Employees' Compensation. The committee has been advised by the Department that this amendment to the Internal Revenue Code has been approved by the Internal Revenue Service, Treasury Department.

Section 49. Repeal of certain sections of the Foreign Service Act

This section repeals certain enumerated sections of the Foreign Service Act of 1946, as amended, because they have been superseded by other provisions in this bill or are obsolete.

Section 50. Reinstatement to the Foreign Service

This section is a temporary provision. It would permit a person, who was appointed by the President, by and with the advice and consent of the Senate, at the time that he was an active Foreign Service officer to a position in the Department and who during his incumbency was retired mandatorily as a Foreign Service officer, to be reinstated as a Foreign Service officer. This provision is applicable only to a person who at the present time occupies such a position in the Depart-

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows: (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which its change is proposed is shown in roman.)

Foreign Service Act of 1946, as Amended

Text of Public Law 724, 79th Cong. [H.R. 6967], 60 Stat. 999, approved August 13, 1946; as amended by P.L. 73, 81st Cong. [S. 1704], 63 Stat. 111, May 26, 1949; P.L. 160, 81st Cong. [H.R. 5100], 63 Stat. 407, July 6, 1949; P.L. 759, 83d Cong. [H.R. 9910], 64 Stat. 1051, August 31, 1954; P.L. 22, 84th Cong. [H.R. 4941], 69 Stat. 24 April 5, 1955; P.L. 250, 84th Cong. [S. 2237], 69 Stat. 536, August 6, 1955; P.L. 726, 84th Cong. [H.R. 11356], 70 Stat. 555, July 18, 1956; P.L. 828, 84th Cong. [S. 3181], 70 Stat. 704, July 28, 1956; P.L. 85-462 [S. 734], 72 Stat. 203, June 20, 1958; and P.L. 85-477 [H.R. 12181], 72 Stat. 261, June 30, 1958.

AN ACT To improve, strengthen, and expand the Foreign Service of the United States and to consolidate and revise the laws relating to its administration.

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

TITLE I SHORT TITLE, OBJECTIVES, AND DEFINITIONS

PART A--SHORT TITLE

Sec. 101. Titles I to X, inclusive, of this Act may be cited as the "Foreign Service Act of 1946".

PART B--OBJECTIVES

Sec. 111. The Congress hereby declares that the objectives of this Act are to develop and strengthen the Foreign Service of the United States so as:

- (1) to enable the Foreign Service effectively to serve abroad the interests of the United States;
- (2) to insure that the officers and employees of the Foreign Service are broadly representative of the American people and are aware of and fully informed in respect to current trends in American life;
- (3) to enable the Foreign Service adequately to fulfill the functions devolving on it by reason of the transfer to the Department of State of functions heretofore performed by other Government agencies;
- (4) to provide improvements in the recruitment and training of the personnel of the Foreign Service;

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

general supervision of the Secretary and the Assistant Secretary of State in charge of the administration of the Department, the Director General shall, in addition to administering the Service and performing the duties specifically vested in him by this or any other Act, coordinate the activities of the Service with the needs of the Department and of other Government agencies and direct the performance by officers and employees of the Service of the duties imposed on them by the terms of any law or by any order or regulation issued pursuant to law or by any international agreement to which the United States is a party.

SEC. 202. [Repealed by P.L. 73, 81st Cong. (63 Stat. 111; 22 U.S.C. 811a).]

PART B—BOARDS

BOARD OF THE FOREIGN SERVICE

SEC. 211. (a) The Board of the Foreign Service shall be composed of the Assistant Secretary of State in charge of the administration of the Department, who shall be chairman; two other Assistant Secretaries of State, designated by the Secretary to serve on the Board; the Director General; and one representative each, occupying positions with comparable responsibilities, from the Departments of Agriculture, Commerce, and Labor, designated, respectively, by the heads of such departments. The Secretary may request the head of any other Government department to designate a representative, occupying a position with comparable responsibilities, to attend meetings of the Board whenever matters affecting the interest of such department are under consideration.

(b) The Board of the Foreign Service shall make recommendations to the Secretary concerning the functions of the Service; the policies and procedures to govern the selection, assignment, rating, and promotion of Foreign Service officers; and the policies and procedures to govern the administration and personnel management of the Service; and shall perform such other duties as are vested in it by other sections of this Act or by the terms of any other Act.

THE BOARD OF EXAMINERS FOR THE FOREIGN SERVICE

SEC. 212. (a) The Board of Examiners for the Foreign Service, shall, in accordance with regulations prescribed by the Secretary and under the general supervision of the Board of the Foreign Service, provide for and supervise the conduct of such examinations as may be given to candidates for appointment as Foreign Service officers in accordance with the provisions of sections 516 and 517 or to any other person to whom an examination for admission to the Service shall be given in accordance with the provisions of this or any other Act or any regulations issued pursuant thereto, and provide for such procedures as may be necessary to determine the loyalty of such persons to the United States and their attachment to the principles of the Constitution.

(b) The membership of the Board of Examiners for the Foreign Service, not more than half of which shall consist of Foreign Service officers, shall be constituted in accordance with regulations prescribed by the Secretary.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

TITLE III--DUTIES

PART A--GENERAL DUTIES

COMPLIANCE WITH TERMS OF STATUTES, INTERNATIONAL AGREEMENTS AND EXECUTIVE ORDERS

Sec. 301. Officers and employees of the Service shall, under the direction of the Secretary, represent abroad the interests of the United States and shall perform the duties and comply with the obligations resulting from the nature of their appointments or assignments or imposed on them by the terms of any law or by any order or regulation issued pursuant to law or by any international agreement to which the United States is a party.

DUTIES FOR WHICH REGULATIONS MAY BE PRESCRIBED

Sec. 302. The Secretary shall, except in an instance where the authority is specifically vested in the President, have authority to prescribe regulations not inconsistent with the Constitution and the laws of the United States in relation to the duties, functions, and obligations of officers and employees of the Service and the administration of the Service.

DELEGATION OF AUTHORITY TO PRESCRIBE REGULATIONS

Sec. 303. In cases where authority to prescribe regulations relating to the Service or the duties and obligations of officers and employees of the Service is specifically vested in the President by the terms of this or any other Act, the President may, nevertheless, authorize the Secretary to prescribe such regulations.

PART B--SERVICES FOR GOVERNMENT AGENCIES AND OTHER ESTABLISHMENTS OF THE GOVERNMENT

Sec. 311. The officers and employees of the Service shall, under such regulations as the President may prescribe, perform duties and functions in behalf of any Government agency or any other establishment of the Government requiring their services, including those in the legislative and judicial branches, but the absence of such regulations shall not preclude officers and employees of the Service from acting for and on behalf of any such Government agency or establishment whenever it shall, through the Department, request their services.

TITLE IV--CATEGORIES AND SALARIES OF PERSONNEL

Part A--CATEGORIES OF PERSONNEL

Sec. 321. The personnel of the Service shall consist of the following categories of officers and employees:

(1) Civilian missions who shall be appointed and employed in accordance with the provisions of section 501;

(2) Foreign-born civilians who shall be appointed and employed in accordance with the provisions of section 502;

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

(3) Foreign Service Reserve officers, who shall be assigned to the Service on a temporary basis from Government agencies or appointed on a temporary basis from outside the Government in accordance with the provisions of section 522, in order to make available to the Service such specialized skills as may from time to time be required;

(4) Foreign Service staff officers and employees, who shall be appointed in accordance with the provisions of section 531 and who shall include all personnel who are citizens of the United States, not comprehended under paragraphs (1), (2), (3), and (6) of this section, and who shall occupy positions with technical, administrative, fiscal, clerical, or custodial responsibilities;

(5) Alien clerks and employees, who shall be appointed in accordance with the provisions of section 541; and

(6) Consular agents, who shall be appointed in accordance with the provisions of section 551.

PART B—SALARIES

CHIEFS OF MISSIONS

SEC. 411. The President shall for salary purposes classify into four classes the positions which are to be occupied by chiefs of mission. The per annum salaries of chiefs of mission within each class shall be as follows: Class 1, \$27,500 per annum; class 2, \$25,000; class 3, \$22,500; and class 4, \$20,000.

FOREIGN SERVICE OFFICERS

SEC. 412. There shall be ten classes of Foreign Service officers, including the classes of career ambassador and of career minister. The per annum salary of a career ambassador shall be \$20,000. The per annum salary of a career minister shall be \$19,250. The per annum salaries of Foreign Service officers within each of the other classes shall be as follows:

| | | | | | | | |
|---------|----------|----------|----------|----------|----------|----------|----------|
| Class 1 | \$10,060 | \$16,500 | \$16,940 | \$17,380 | \$17,820 | \$18,260 | \$18,700 |
| Class 2 | 13,860 | 14,190 | 14,520 | 14,850 | 15,180 | 15,510 | 15,840 |
| Class 3 | 11,660 | 11,990 | 12,320 | 12,650 | 12,980 | 13,310 | 13,640 |
| Class 4 | 9,060 | 10,175 | 10,450 | 10,725 | 11,000 | 11,275 | 11,550 |
| Class 5 | 8,140 | 8,415 | 8,690 | 8,965 | 9,240 | 9,515 | 9,790 |
| Class 6 | 6,710 | 6,930 | 7,150 | 7,370 | 7,590 | 7,810 | 8,030 |
| Class 7 | 5,010 | 5,275 | 5,540 | 5,805 | 6,070 | 6,335 | 6,600 |
| Class 8 | 4,730 | 4,895 | 5,060 | 5,225 | 5,390 | 5,555 | 5,720 |

SALARIES AT WHICH FOREIGN SERVICE OFFICERS MAY BE APPOINTED

SEC. 413. A person appointed as a Foreign Service officer shall receive basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into consideration his age, qualifications, and experience, determine to be appropriate for him to receive.

FOREIGN SERVICE RESERVE OFFICERS

SEC. 414. (a) There shall be eight classes of Foreign Service Reserve officers, referred to hereafter as Reserve officers, which classes shall correspond to classes 1 to 8 of Foreign Service officers.

(b) A Reserve officer shall receive salary at any one of the rates provided for the class to which he is appointed or assigned in accordance with the provisions of section 523.

(c) A person assigned as a Reserve officer from any Government agency shall receive his salary from appropriations provided for the Department during the period of his service as a Reserve officer.

FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

Sec. 415. (a) There shall be [twenty-two] ten classes of Foreign Service staff officers and employees, referred to hereafter as staff officers and employees. The per annum [rates of salary] salaries of staff officers and employees within each class shall be as follows:

| | | | | | | | |
|----------|----------|----------|----------|----------|----------|---------|---------|
| Class 1 | \$11,770 | \$12,120 | \$12,480 | \$12,850 | \$13,190 | | |
| Class 2 | 10,920 | 11,206 | 11,486 | 11,770 | 12,120 | | |
| Class 3 | 10,030 | 10,320 | 10,600 | 10,883 | 11,163 | | |
| Class 4 | 9,093 | 9,380 | 9,664 | 9,945 | 10,230 | | |
| Class 5 | 8,254 | 8,510 | 8,815 | 9,030 | 9,315 | \$9,000 | |
| Class 6 | 7,690 | 7,906 | 8,120 | 8,325 | 8,640 | 8,754 | |
| Class 7 | 6,990 | 7,200 | 7,415 | 7,630 | 7,840 | 8,050 | |
| Class 8 | 6,286 | 6,496 | 6,710 | 6,925 | 7,140 | 7,350 | |
| Class 9 | 5,585 | 5,795 | 6,005 | 6,220 | 6,435 | 6,650 | |
| Class 10 | 5,115 | 5,290 | 5,465 | 5,640 | 5,755 | 5,970 | \$6,175 |
| Class 11 | 4,650 | 4,730 | 4,810 | 4,905 | 5,015 | 5,125 | 5,200 |
| Class 12 | 4,180 | 4,320 | 4,460 | 4,605 | 4,745 | 4,890 | 5,025 |
| Class 13 | 3,730 | 3,870 | 4,010 | 4,155 | 4,295 | 4,440 | 4,580 |
| Class 14 | 3,300 | 3,445 | 3,585 | 3,730 | 3,870 | 4,010 | 4,155 |
| Class 15 | 2,890 | 3,035 | 3,180 | 3,320 | 3,465 | 3,585 | 3,730 |
| Class 16 | 2,475 | 2,620 | 2,765 | 2,905 | 3,050 | 3,220 | 3,300 |
| Class 17 | 2,060 | 2,205 | 2,350 | 2,475 | 2,600 | 2,750 | 2,800 |
| Class 18 | 1,655 | 1,800 | 1,945 | 2,060 | 2,235 | 2,405 | 2,475 |
| Class 19 | 1,240 | 1,310 | 1,380 | 1,455 | 1,520 | 1,590 | 1,660 |
| Class 20 | 825 | 895 | 965 | 1,040 | 1,110 | 1,180 | 1,245 |
| Class 21 | 410 | 440 | 470 | 500 | 530 | 565 | 590 |
| Class 22 | 1,600 | 1,670 | 1,745 | 1,810 | 1,880 | 1,955 | 2,025 |

(b) Notwithstanding the provisions of paragraph (a) of this section, the Secretary may, under such regulations as he may prescribe, fix the salary at lesser rates than those prescribed by this section for the applicable class of staff officers or employees who are recruited abroad and who are not available or are not qualified for transfer to another post.

SALARIES AT WHICH FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES MAY BE APPOINTED

Sec. 416. A person appointed as a staff officer or employee shall receive [salary at the minimum rate provided for the class to which appointed except as otherwise provided in accordance with the provisions of part E of this title.] basic salary at one of the rates of the class to which he is appointed which the Secretary shall, taking into account his qualifications and experience and the needs of the Service, determine to be appropriate for him to receive.

(b) Whenever the Secretary determines that the needs of the Service warrant the appointment of staff officers or employees in a particular occupational group uniformly at a rate above the minimum rate of the applicable class, he may adjust the basic salary of any staff officer or employee in the same class and occupational group who is receiving less than such established rate.

SALARIES OF ALIEN CLERKS AND EMPLOYEES

SEC. 417. The salary or compensation of an alien clerk or employee shall be fixed by the Secretary in accordance with such regulations as he shall prescribe and, as soon as practicable, in accordance with the provisions of section 444 [(b)]. The salary or compensation of an alien clerk or employee fixed on a per annum basis may, notwithstanding the provisions of any other law, be payable on a weekly or biweekly basis. When a one- or two-week pay period of such a clerk or employee begins in one fiscal year and ends in another, the gross amount of the earnings for such pay periods may be regarded as a charge against the appropriation or allotment current at the end of such pay period.

SALARIES OF CONSULAR AGENTS

SEC. 418. The salary or compensation of a consular agent shall be fixed by the Secretary in accordance with such regulations as he shall prescribe and, as soon as practicable, in accordance with the provisions of section 445.

PART C—SALARIES OF OFFICERS TEMPORARILY IN CHARGE

AS CHARGÉS D'AFFAIRES AD INTERIM

SEC. 421. For such time as any Foreign Service officer shall be authorized to act as chargé d'affaires ad interim at the post to which he is assigned, he shall receive, in addition to his basic salary as Foreign Service officer, compensation equal to that portion of the difference between such salary and the basic salary provided for the chief of mission as the Secretary may determine to be appropriate.

AS OFFICERS IN CHARGE OF CONSULATES GENERAL OR CONSULATES

SEC. 422. For such time as any Foreign Service officer or any consul or vice consul who is not a Foreign Service officer is temporarily in charge of a consulate general or consulate during the absence or incapacity of the principal officer, he shall receive, in addition to his basic salary as Foreign Service officer or consul or vice consul, compensation equal to that portion which the Secretary shall determine to be appropriate of the difference between such salary and the basic salary provided for the principal officer, or, if there be none, of the former principal officer.

PART D—TIME OF RECEIVING SALARY

CHIEFS OF MISSION

SEC. 431. (a) Under such regulations as the Secretary may prescribe, a chief of mission may be entitled to receive salary from the effective date of his appointment to the date marking his return to his place of residence at the conclusion of the period of his official service as chief of mission or [the termination of time spent on authorized leave, whichever shall be later,] upon termination of his service in accordance with the provisions of paragraph (b) of this section, but no chief of mission shall be entitled to receive salary while absent

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from his post whenever the Secretary shall find that such absence was without authorization or justification. If a chief of mission in one position is appointed as chief of mission in another position, he shall be entitled to receive the salary pertaining to the new position commencing on the effective date of the new appointment.

(b) The official services of a chief of mission shall not be deemed terminated by the appointment of a successor but shall continue until he has relinquished charge of the mission [and has rendered such additional services to the Department as the Secretary may require him to render in the interests of the Government for a period not in excess of thirty days, exclusive of time spent in transit.] and for such additional period as may be determined by the Secretary, but in no case shall such additional period exceed fifty days, including time spent in transit. During such period the Secretary may require him to render such service as he may deem necessary in the interests of the Government.

(c) During the service of a Foreign Service officer as chief of mission he shall receive, in addition to his salary as Foreign Service officer, compensation equal to the difference, if any, between such salary and the salary of the position to which he is appointed or assigned.

OTHER OFFICERS AND EMPLOYEES

SEC. 432. (a) Under such regulations as the Secretary may prescribe, any officer or employee appointed to the Service may be entitled to receive salary from the effective date of his appointment to the date when he shall have returned to his place of residence at the conclusion of the period of his official service, or the termination of time spent on authorized leave, whichever shall be later, but no such officer or employee shall be entitled to receive salary while absent from his post whenever the Secretary shall find that such absence was without authorization or justification.

(b) A Foreign Service officer, appointed during a recess of the Senate, shall be paid salary from the effective date of his appointment until the end of the next session of the Senate, if he has not theretofore been confirmed by the Senate, or until his rejection by the Senate before the end of its next session.

(c) A Foreign Service officer promoted to a higher class shall receive salary at the rate prescribed in section 412 for the class to which he is promoted from the effective date of his appointment to such class. A Foreign Service officer promoted to a higher class during a recess of the Senate shall receive salary at the rate prescribed for the class to which he is promoted from the effective date of his appointment to such class until the end of the next session. If the Senate should reject or fail to confirm the promotion of such an officer during the session following the date of his promotion, the Foreign Service officer shall, unless he has become liable to separation in accordance with the provisions of section 633, be automatically reinstated in the class from which he was promoted, and receive the salary he was receiving prior to his promotion, such reinstatement to be effective; in the event of rejection of the nomination, from the date of rejection; and in the event of the failure of the Senate to act on the nomination during the session following a promotion, from the termination of that session.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

PART E—CLASSIFICATION

CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE

[Sec. 441. Under such regulations as he may prescribe, the Secretary shall classify all positions in the Service, including those positions at foreign posts which may be held by career ministers, and shall allocate all positions occupied or to be occupied by staff officers of employees to classes and subclasses established by sections 415 and 442, respectively, and by alien employees and consular agents to such classes as may be established by regulation.]

CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE AND IN THE DEPARTMENT

Sec. 441. (a) Under such regulations as he may prescribe, and in order to facilitate effective management, the Secretary shall classify all positions in the Service at posts abroad, excluding positions to be occupied by chiefs of mission, and in the case of those occupied by Foreign Service officers, Reserve officers, and staff officers and employees, he shall establish such positions in relation to the classes established by sections 412, 414, and 415, respectively. Positions occupied by alien employees and consular agents, respectively, shall be allocated to such classes as the Secretary may establish by regulation.

(b) Under such regulations as he may prescribe, the Secretary may, notwithstanding the provisions of the Classification Act of 1949, as amended (5 U.S.C. 1071 and the following), classify positions in or under the Department which he designates as Foreign Service officer positions to be occupied by officers and employees of the Service, and establish such positions in relation to the classes established by sections 412, 414, and 415.

ADMINISTRATIVE ESTABLISHMENT OF NEW GROUPS OF POSITIONS FOR FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

[Sec. 442. The Secretary may, whenever he deems such action to be in the interests of good administration and warranted by the nature of the duties and responsibilities of any group of positions occupied or to be occupied by staff officers and employees in comparison with other positions in the same class, establish by regulation for any such group of positions a minimum salary computed at any one of the rates of salary above the minimum for a given class but not in excess of the middle rate provided for that class in section 415. Such groups of positions shall, for the purposes of this Act, be known as subclasses.]

ADMINISTRATIVE ESTABLISHMENT OF SALARY DIFFERENTIALS

Sec. 443. The President may, under such regulations as he may prescribe, establish rates of salary differential, not exceeding 25 per centum of basic salary, for Foreign Service officers, Reserve officers, and staff officers and employees assigned to posts involving extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthy conditions. The Secretary shall prepare and maintain a list of such posts.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

CLASSIFICATION OF POSITIONS OF ALIEN CLERKS AND EMPLOYEES

[Sec. 444. (a) Upon the basis of the classification provided for in section 441, the Secretary shall, with the advice of the Board of the Foreign Service, from time to time prepare schedules of salaries for classes of positions of alien clerks and employees of the Service, which classes shall be established by regulation, and shall allocate all such positions to the appropriate classes.

[(b) All alien employees in an area of comparatively uniform wage scales and standards of living, occupying positions of equal responsibility, shall receive equal pay except as there may be increase provided for length of service in accordance with uniform procedures.]

COMPENSATION PLANS FOR ALIEN EMPLOYEES

Sec. 444. (a) The Secretary shall, in accordance with such regulations as he may prescribe, establish compensation plans for alien employees of the Service: Provided, That such compensation plans shall be based upon prevailing wage rates and compensation practices for corresponding types of positions in the locality, to the extent consistent with the public interest.

(b) For the purpose of performing functions abroad, other Government agencies are authorized to administer alien employee programs in accordance with the applicable provisions of this Act.

CLASSIFICATION OF CONSULAR AGENTS

SEC. 445. Upon the basis of the classification provided for in section 441, the Secretary shall, with the advice of the Board of the Foreign Service, from time to time prepare schedules of salaries for classes of positions of consular agents, which classes shall be established by regulation, and shall allocate all such positions to the appropriate classes.

EXEMPTION FROM THE APPLICATION OF THE CLASSIFICATION ACT

[SEC. 446. Title II of the Act of November 26, 1940, entitled "An Act extending the classified executive Civil Service of the United States" (54 Stat. 1212; 5 U.S.C. 681), is hereby further amended by deleting paragraph (vii) of section 3(d) and by substituting in lieu of the present language of paragraph (vi) of section 3(d) the following language: "Offices or positions of officers and employees of the Foreign Service".]

ADMINISTRATIVE ESTABLISHMENT OF HAZARDOUS DUTY PAY FOR CERTAIN CATEGORIES OF OFFICERS AND EMPLOYEES

Sec. 446. The Secretary may, under such regulations as he may prescribe, establish rates of salary differential, not exceeding 15 per centum of basic salary, for officers or employees of the Service while they are assigned for duty as couriers.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

TITLE V—APPOINTMENTS AND ASSIGNMENTS

POLICY

Sec. 500. It is the policy of the Congress that chiefs of mission and Foreign Service officers appointed or assigned to serve the United States in foreign countries shall have, to the maximum practicable extent, among their qualifications, a useful knowledge of the principal language or dialect of the country in which they are to serve, and knowledge and understanding of the history, the culture, the economic, and political institutions, and the interests of such country and its people.

PART A—PRINCIPAL DIPLOMATIC REPRESENTATIVES

APPOINTMENTS

SEC. 501. (a) The President shall, by and with the advice and consent of the Senate, appoint ambassadors and ministers, including career ambassadors and career ministers.

(b) The President may, in his discretion, assign any Foreign Service officer to serve as minister resident, chargé d'affaires, commissioner, or diplomatic agent for such period as the public interest may require.

LISTS OF FOREIGN SERVICE OFFICERS QUALIFIED TO BE CAREER MINISTERS OR CHIEFS OF MISSION TO BE FURNISHED TO THE PRESIDENT

SEC. 502. (a) The Secretary shall, on the basis of recommendations made by the Board of the Foreign Service, from time to time furnish the President with the names of Foreign Service officers qualified for appointment to the class of career ambassador and class of career minister together with pertinent information about such officers, but no person shall be appointed into the class of career minister who has not been appointed to serve as a chief of mission or appointed or assigned to serve in a position which, in the opinion of the Secretary, is of comparable importance. A list of such positions shall from time to time be published by the Secretary. No person shall be appointed into the class of career ambassador who has not (1) served for at least fifteen years in a position of responsibility in a Government agency, or agencies, including at least three years as a career minister; (2) rendered exceptionally distinguished service to the Government; and (3) met such other requirements as the Secretary shall prescribe.

(b) The Secretary shall also, on the basis of recommendations made by the Board of the Foreign Service, from time to time furnish the President with the names of Foreign Service officers qualified for appointment or assignment as chief of mission, together with pertinent information about such officers, in order to assist the President in selecting qualified candidates for appointment or assignment in such capacity.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

PART B—FOREIGN SERVICE OFFICERS

APPOINTMENTS

SEC. 511. The President shall appoint Foreign Service officers by and with the advice and consent of the Senate. All appointments of Foreign Service officers shall be by appointment to a class and not to a particular post.

COMMISSIONS

SEC. 512. Foreign Service officers may be commissioned as diplomatic or consular officers or both and all official acts of such officers while serving under diplomatic or consular commissions shall be performed under their respective commissions as diplomatic or consular officers.

LIMITS OF CONSULAR DISTRICTS

SEC. 513. The Secretary shall define the limits of consular districts.

ASSIGNMENTS AND TRANSFERS

SEC. 514. A Foreign Service officer, commissioned as a diplomatic or consular officer, may be assigned by the Secretary to serve in any diplomatic position other than that of chief of mission or in any consular position, and he may also be assigned to serve in any other capacity in which he is eligible to serve under the terms of this or any other Act. He may be transferred from one post to another by order of the Secretary as the interests of the Service may require.

CITIZENSHIP REQUIREMENTS

SEC. 515. No person shall be eligible for appointment as a Foreign Service officer unless he is a citizen of the United States and has been such for at least ten years.

ADMISSION TO CLASS [8] 7 OR 8

SEC. 516. (a) No person shall be eligible for appointment as a Foreign Service officer of class 8 unless he has passed such written, oral, physical, and other examinations as the Board of Examiners for the Foreign Service may prescribe to determine his fitness and aptitude for the work of the Service and has demonstrated his loyalty to the Government of the United States and his attachment to the principles of the Constitution. The Secretary shall furnish the President with the names of those persons who have passed such examinations and are eligible for appointment as Foreign Service officers of class 8.

(b) The Secretary may furnish the President with the names of those persons who have passed such examinations and are eligible for appointment as Foreign Service officers of class 8, whom he recommends for appointment directly to class 7 when in his opinion, their age, experience, or other qualifications make such an appointment appropriate.

ADMISSION TO CLASSES 1 TO 7, INCLUSIVE

SEC. 517. [A person who has not served in class 8] A person who has not been appointed as a Foreign Service officer in accordance with section 516 of this Act shall not be eligible for appointment as a Foreign

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Service officer of classes 1 to 7, inclusive, unless he has passed comprehensive mental and physical examinations prescribed by the Board of examiners for the Foreign Service to determine his fitness and aptitude for the work of the Service; demonstrated his loyalty to the Government of the United States and his attachment to the principles of the Constitution; and rendered at least four years of actual service prior to appointment in a position of responsibility in the service of a Government agency, or agencies, except that, if he has reached the age of thirty-one years, the requirement as to service may be reduced to three years. [After the date of enactment of the Foreign Service Act Amendments of 1955 and until otherwise provided by Act of Congress, not more than one thousand two hundred and fifty persons who have not served in class 8 may be appointed to classes 1 to 7, inclusive, of such persons, not more than one hundred and seventy-five may be appointed who were not employed on March 1, 1955, in the Department, including its Foreign Service Reserve and Foreign Service Staff personnel, and who have not also served in a position of responsibility in the Department, or the service, or both, for the required period prior to appointment as a Foreign Service officer. Notwithstanding the above provisions of this section, the limitation on the maximum number of appointments authorized herein shall not be applicable in the case of any person appointed or assigned by the Secretary of State as a Foreign Service Reserve officer and who thereafter has served in a position of responsibility in such capacity for the required period prior to appointment as a Foreign Service officer.] The Secretary shall furnish the President with the names of those persons who shall have passed such examinations and are eligible for appointment as Foreign Service officers of classes 1 to 7, inclusive. The Secretary shall, taking into consideration the age, qualifications, and experience of each candidate for appointment, recommend the class to which he shall be appointed in accordance with the provisions of this section.

ADMISSION TO THE CLASS OF CAREER MINISTER

Sec. 518. No person shall be eligible for appointment to the class of career ambassador or career minister who is not a Foreign Service officer.

REASSIGNMENT TO FOREIGN SERVICE OF FORMER AMBASSADORS AND MINISTERS

Sec. 519. If, within three months of the date of the termination of his services as chief of mission and of any period of authorized leave, a Foreign Service officer has not again been appointed or assigned as chief of mission or assigned in accordance with the provisions of section 514, he shall be retired from the Service and receive retirement benefits in accordance with the provisions of section 821.

[REINSTATEMENT AND RECALL] REAPPOINTMENT, RECALL, OR REEMPLOYMENT OF FOREIGN SERVICE OFFICERS

Sec. 502. (a) The President may, by and with the advice and consent of the Senate, reappoint to the Service, a former Foreign Service officer who has been separated from the Service [by reason of appointment to some other position in the Government service and who has

served continuously in the Government up to the time of reinstatement.] The Secretary shall, taking into consideration the qualifications and experiences of each candidate for reappointment and the rank of his contemporaries in the Service, recommend the class to which he shall be reappointed in accordance with the provisions of this section.

(b) [Whenever the Secretary shall determine an emergency to exist, the Secretary may recall any retired Foreign Service officer temporarily to active service.] The Secretary may recall any retired Foreign Service officer temporarily to duty in the Service whenever he shall determine such recall is in the public interest.

(c) Notwithstanding the provisions of title 5, United States Code, section 63, and title 5, United States Code, section 715a, a Foreign Service officer heretofore or hereafter retired under the provisions of section 631 or 632 or a Foreign Service staff officer or employee hereafter retired under the provisions of section 803 shall not, by reason of his retired status, be barred from employment in Federal Government service in any appointive position for which he is qualified. An annuitant so reemployed shall serve at the will of the appointing officer.

PART C—FOREIGN SERVICE RESERVE OFFICERS

ESTABLISHMENT OF RESERVE

SEC. 521. In accordance with the terms of this Act and under such regulations as the Secretary shall prescribe, there shall be organized and maintained a Foreign Service Reserve, referred to hereafter as the Reserve.

APPOINTMENTS AND ASSIGNMENTS TO THE RESERVE

SEC. 522. Whenever the services of a person who is a citizen of the United States and who has been such for at least five years are required by the Service, the Secretary may—

(1) appoint as a Reserve officer for nonconsecutive periods of not more than five years each, a person not in the employ of the Government whom the Board of the Foreign Service shall deem to have outstanding qualifications; and

(2) assign as a Reserve officer for nonconsecutive periods of not more than five years each a person regularly employed in any Government agency, subject, in the case of an employee of a Government agency other than the Department of State, to the consent of the head of the agency concerned.

APPOINTMENT OR ASSIGNMENT TO A CLASS

SEC. 523. A Reserve officer, appointed or assigned to active duty, shall be appointed or assigned to a class and not to a particular post, and such an officer may be assigned to posts and may be transferred from one post to another by order of the Secretary as the interests of the Service may require. The class to which he shall be appointed or assigned shall depend on his age, qualifications, and experience.

COMMISSIONS

SEC. 524. Whenever the Secretary shall deem it in the interests of the Service that a Reserve officer shall serve in a diplomatic or consular capacity, he may recommend to the President that such officer be commissioned as a diplomatic or consular officer or both. The President may, by and with the advice and consent of the Senate, commission such officer as a diplomatic or consular officer or both, and all official acts of such an officer while serving under a diplomatic or consular commission shall be performed under his commission as a diplomatic or consular officer. In all other cases, appropriate rank and status, analogous to that of Foreign Service officers engaged in work of comparable importance shall be provided to permit Reserve officers to carry out their duties affectively.

[ACTIVE DUTY

[SEC. 525. The Secretary shall by regulation define the period during which a Reserve officer shall be considered as being on active duty.]

BENEFITS

SEC. 526. A Reserve officer shall, except as otherwise provided in regulations which the Secretary may prescribe, receive all the allowances, privileges, and benefits which Foreign Service officers are entitled to receive in accordance with the provisions of title IX.

REAPPOINTMENT OR REASSIGNMENT OF RESERVE OFFICERS

SEC. 527. A person who has served as a Reserve officer may not be reappointed or reassigned to active duty until the expiration of a period of time equal to his preceding tour of duty or until the expiration of a year, whichever is the shorter.

REINSTATEMENT OF RESERVE OFFICERS

SEC. 528. Upon the termination of the assignment of a Reserve officer assigned from any Government agency, such person shall be entitled to reinstatement in the Government agency by which he is regularly employed in the same position he occupied at the time of assignment, or in a corresponding or higher position. Upon reinstatement he shall receive the within-grade salary advancements he would have been entitled to receive had he remained in the position in which he is regularly employed under [subsection (d), section 7, of the Classification Act of 1923], the Classification Act of 1949 as amended, or any corresponding provision of law applicable to the position in which he is serving. A certificate of the Secretary that such person has met the standards required for the efficient conduct of the work of the Foreign Service shall satisfy any requirements as to the holding of minimum ratings as a prerequisite to the receipt of such salary advancements.

PART D—FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

APPOINTMENTS

SEC. 531. The Secretary [shall appoint staff officers and employees under such regulations as he may prescribe and, as soon as practicable, in accordance with the provisions of sections 441, 442, and 443,] may, under such regulations as he may prescribe, appoint staff officers and employees on the basis of qualifications and experience. The Secretary may make provisions for temporary, limited, and such other types of appointment as he may deem necessary. He is authorized to establish appropriate probationary periods during which newly appointed staff officers or employees, other than those appointed for temporary or limited services shall be required to serve. The Secretary may terminate at any time, without regard to the provisions of section 637, or the provisions of any other law, staff officers or employees appointed for temporary or limited service and staff officers or employees who have not completed probationary periods, except that if such separation is by reason of misconduct the provisions of section 637 shall be applicable.

ASSIGNMENTS AND TRANSFERS

SEC. 532. [The Secretary may, in accordance with uniform procedures established in such regulations as he may prescribe, assign a staff officer or employee to a position at any post and transfer such a person from a position in one class to a vacant position within the same class, and from one post to another. Upon demonstration of ability to assume duties of greater responsibility, such person may, as provided in section 641, be promoted to a vacant position in a higher class at the same or at a higher rate of salary and he may be transferred from one post to another in connection with such promotion.] Under such regulations as he may prescribe, the Secretary may assign a staff officer or employee to any post or he may assign him to serve in any position in which he is eligible to serve under the terms of this or any other Act. A staff officer or employee may be transferred from one post to another by order of the Secretary as the interests of the Service may require.

COMMISSION AS CONSUL OR VICE CONSUL

SEC. 533. On the recommendation of the Secretary, the President may, by and with the advice and consent of the Senate, commission a staff officer or employee as consul. The Secretary may commission a staff officer or employee as vice consul. Official acts of staff officers or employees while serving under consular commissions in the Service shall be performed under their respective commissions as consular officers.

CITIZENSHIP REQUIREMENT

SEC. 534. No person shall be eligible for appointment as staff officer or employee who is not a citizen of the United States at the time of his appointment.

PART E—ALIEN CLERKS AND EMPLOYEES

APPOINTMENTS

SEC. 541. The Secretary shall appoint alien clerks and employees at posts abroad under such regulations as he may prescribe and, as soon as practicable, in accordance with the provisions of section 444.

ASSIGNMENTS AND TRANSFERS

SEC. 542. The Secretary may assign an alien clerk or employee to a position at any post, and any such clerk or employee may be transferred from a position at one post to a position at another as the interests of the Service may require.

PART F—CONSULAR AGENTS

SEC. 551. The Secretary may appoint consular agents under such regulations as he may prescribe and, as soon as practicable, in accordance with the provisions of section 445.

PART H—ASSIGNMENT OF FOREIGN SERVICE PERSONNEL

ASSIGNMENTS TO ANY GOVERNMENT AGENCY OR INTERNATIONAL ORGANIZATION

SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years.

[(b) A Foreign Service officer may be appointed as Director General, notwithstanding the provisions of the last sentence of paragraph (a) of this section, but any such officer may not serve longer than four years in such position or positions and upon the completion of such service may not again be assigned to a position in the Department until the expiration of a period of time equal to his tour of duty as Director General or until the expiration of two years, whichever is shorter.]

[(c) No Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, [to a position] or by the President alone to a position in any Government agency, any United States delegation or mission to any international organization, or to any international commission, or to any international body, the period of his service in such capacity shall be construed as constituting an assignment [for duty] within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service

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officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment [or concerning reassignment] contained in that paragraph. [Any Foreign Service officer who resigned from the Service, or retired in accordance with section 636 of this Act on or after November 14, 1957, but prior to the enactment of this sentence, for the purpose of accepting an immediate appointment to such a position, shall be considered as having been assigned to such other position under authority of this section as amended. Appropriate adjustment at the election of the officer may be made with respect to special contributions deposited immediately prior to resignation or retirement by any such officer under title VIII of this Act on salaries in excess of \$13,500.]

[(d)] (c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned pursuant to the terms of this section is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be [paid from appropriations made available for the payment of salaries of officers and employees of the Service and shall be] the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. *No officer or employee of the Service who, subsequent to the effective date of the Foreign Service Act Amendments of 1959, is assigned to, or who, after June 30, 1960, occupies a position in the Department that is designated as a Foreign Service Officer position, shall be entitled to receive a salary differential under the provisions of this paragraph.*

[(c)] (d) The salary of an officer or employee assigned pursuant to the terms of this section shall be paid from appropriations made available for the payment of salaries of officers and employees of the Service. Such appropriations may be reimbursed, however, when the Secretary enters into reimbursement agreements [with heads of Government agencies] for all or any part of the salaries of officers or employees assigned to such agencies and payment is received pursuant thereto, or when an officer or employee of the Service is assigned to a position the salary of which is payable from other funds available to the Department.

(c) *Any Foreign Service officer or employee assigned to duty in the continental United States between assignments abroad, and any Foreign Service officer of class 7 or 8 assigned to duty in the continental United States prior to assignment abroad shall receive, during the course of such period of assignment, a differential applied to basic salary of 8 per centum if without dependents, 11 per centum if with one to three dependents, and 13 per centum if with more than three dependents to assist in defraying the cost of quarters.*

COMPULSORY SERVICE OF FOREIGN SERVICE OFFICERS IN THE CONTINENTAL UNITED STATES

Sec. 572. Every Foreign Service officer shall, during his first fifteen years of service in such capacity, be assigned for duty in the continental United States in accordance with the provisions of section 571 for periods totaling not less than three years.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

ASSIGNMENT FOR CONSULTATION OR INSTRUCTION

Sec. 573. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed to any Government agency for consultation or specific instruction either at the commencement, during the course of, or at the close of the period of his official service; and any such detail or assignment, if not more than four months in duration, shall not be considered as an assignment within the meaning of section 571.

(b) Any officer or employee of the Service may be assigned or detailed for special instruction or training at or with public or private nonprofit institutions; trade, labor, agricultural, or scientific associations; or commercial firms.

ASSIGNMENT TO TRADE, LABOR, AGRICULTURAL, SCIENTIFIC, OR OTHER CONFERENCES

Sec. 574. An officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty with domestic or international trade, labor, agricultural, scientific, or other conferences, congresses, or gatherings, including those whose place of meeting is in the continental United States; or for other special duties, including temporary details under commission not at his post or in the Department.

ASSIGNMENTS TO FOREIGN GOVERNMENTS

Sec. 575. The Secretary may, in his discretion, assign or detail an officer or employee of the Service for temporary service to or in cooperation with the government of another country in accordance [with the provisions of the Act of May 25, 1938, as amended (52 Stat. 442; 53 Stat. 652; 5 U.S.C. 118e).] *with the appropriate provisions of titles III and IX of Public Law 402, 80th Congress (62 Stat. 7 and 13; 22 U.S.C. 1451-1453, 1478 and 1479).*

[ASSIGNMENTS TO INTERNATIONAL ORGANIZATIONS

[Sec. 576. The Secretary may, in his discretion, assign or detail an officer or employee of the Service for temporary service to or in cooperation with an international organization in which the United States participates under the same conditions as those governing the assignment or detail of officers or employees of the Service to the government of another country in accordance with the provisions of the Act of May 25, 1938, as amended (52 Stat. 442; 53 Stat. 652; 5 U.S.C. 118e).

[ASSIGNMENT OR DETAIL TO THE UNITED STATES NOT TO AFFECT PERSONNEL CEILINGS

[Sec. 577. An officer or employee of the Service assigned or detailed to the continental United States in accordance with the provisions of this Act shall not be counted as a civilian employee within the meaning of section 607 of the Federal Employees' Pay Act of 1945, as amended by section 14 of the Federal Employees' Pay Act of 1946.]

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

FOREIGN LANGUAGE KNOWLEDGE PREREQUISITE TO ASSIGNMENT

Sec. 578. The Secretary shall designate every Foreign Service Officer position in a foreign country whose incumbent should have a useful knowledge of a language or dialect common to such country. After December 31, 1963, each position so designated shall be filled only by an incumbent having such knowledge: Provided, That the Secretary or Deputy Under Secretary for Administration may make exceptions to this requirement for individuals or when special or emergency conditions exist. The Secretary shall establish foreign language standards for assignment abroad of officers and employees of the Service, and shall arrange for appropriate language training of such officers and employees, at the Foreign Service Institute or elsewhere.

TITLE VI - PERSONNEL ADMINISTRATION

PART A - DEFINITIONS

Sec. 601. For the purposes of this title—

(1) "Efficiency record" is the term which describes those materials considered by the Director General to be pertinent to the preparation of an evaluation of the performance of an officer or employee of the Service.

(2) "Efficiency report" is the term which designates the analysis of the performance of an officer or employee made by his supervising officer or by a Foreign Service Inspector in accordance with such regulations as may be prescribed by the Secretary.

PART B - EFFICIENCY RECORDS

RESPONSIBILITY OF THE DIRECTOR GENERAL FOR THE CARE AND MAINTENANCE OF EFFICIENCY RECORDS

Sec. 611. The Director General, acting under the general direction of the Board of the Foreign Service, shall be responsible for the keeping of accurate and impartial efficiency records. Under his direction there shall be assembled, recorded, and preserved all available information in regard to the character, ability, conduct, quality of work, industry, experience, dependability, and general usefulness of all officers and employees of the Service, including the reports of Foreign Service inspectors and the efficiency reports of supervising officers. The Director General shall undertake such statistical and other analyses as may be necessary to develop the validity and reliability of efficiency reports and to establish procedures.

TO WHOM RECORDS SHALL BE AVAILABLE

Sec. 612. The correspondence and records of the Department relating to the officers and employees of the Service, including efficiency records as defined in section 601(1) but not including records pertaining to the receipt, disbursement, and accounting for public funds, shall be confidential and subject to inspection only by the President, the Secretary, the Under Secretary, the Counselor of the Department, the Inspector General, and the Committee on Government Operations of the House of Representatives.

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representatives duly authorized by such committees, the members of the Board of the Foreign Service, the Director General, and such officers and employees of the Government as may be assigned by the Secretary to work on such records. Under such regulations as the Secretary may prescribe, and in the interest of efficient personnel administration, the whole or any portion of an efficiency record shall, upon written request, be divulged to the officer or employee to whom such record relates.

PART C—PROMOTION OF FOREIGN SERVICE OFFICERS AND FOREIGN SERVICE RESERVE OFFICERS

PROMOTION OF FOREIGN SERVICE OFFICERS BY SELECTION

SEC. 621. All promotions of Foreign Service officers shall be made by the President, in accordance with such regulations as he may prescribe, by appointment to a higher class, by and with the advice and consent of the Senate. Promotion shall be by selection on the basis of merit.

ELIGIBILITY

SEC. 622. The Secretary shall, by regulation, determine the minimum period Foreign Service officers must serve in each class and a standard for performance for each class which they must meet in order to become eligible for promotion to a higher class. In the event the Director General shall certify to the Board of the Foreign Service that a Foreign Service officer has rendered extraordinarily meritorious service, the Board of the Foreign Service may recommend to the Secretary that such officer shall not be required to serve such minimum period in class as a prerequisite to promotion, and the Secretary may exempt such officer from such requirement.

RECOMMENDATIONS FOR PROMOTIONS

SEC. 623. The Secretary is authorized to establish, with the advice of the Board of the Foreign Service, selection boards to evaluate the performance of Foreign Service officers, and upon the basis of their findings the Secretary shall make recommendations to the President for the promotion of Foreign Service officers. No person assigned to serve on any such board shall serve in such capacity for any two consecutive years.

PROMOTION OF FOREIGN SERVICE RESERVE OFFICERS

SEC. 624. Any Reserve officer may receive promotions from one class to a next higher class in accordance with regulations prescribed by the Secretary.

[IN-CLASS PROMOTIONS OF FOREIGN SERVICE OFFICERS AND RESERVE OFFICERS] WITHIN-CLASS SALARY INCREASES OF FOREIGN SERVICE OFFICERS AND RESERVE OFFICERS

SEC. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the [Foreign] Service and who shall have been in a given class for a continuous period of nine months or more shall be eligible

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

day of each fiscal year; receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to [a Foreign Service officer or a Reserve officer, in any class,] any such officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service.

RELATIONSHIP BETWEEN PROMOTIONS AND FUNCTIONAL
AND GEOGRAPHIC AREA SPECIALIZATION

Sec. 626. The achievement of the objectives of this Act requires increasing numbers of Foreign Service officers to acquire functional and geographic area specializations and to pursue such specializations for a substantial part of their careers. Such specialization shall not in any way inhibit or prejudice the orderly advancement through class 1 of any such officer in the Foreign Service.

PART D--SEPARATION OF [FOREIGN SERVICE] OFFICERS
AND EMPLOYEES FROM THE SERVICE

FOREIGN SERVICE OFFICERS WHO ARE CAREER AMBASSADORS OR
CAREER MINISTERS

Sec. 631. Any Foreign Service officer who is a career ambassador or a career minister, other than one occupying a position as chief of mission [], shall, upon reaching the age of sixty-five, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine an emergency to exist, he may, in the public interest, extend such an officer's service for a period not to exceed five years.] or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, shall upon reaching the age of sixty-five, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such an officer's service for a period not to exceed five years.

FOREIGN SERVICE OFFICERS WHO ARE NOT CAREER AMBASSADORS
OR CAREER MINISTERS

Sec. 632. Any Foreign Service officer [who is not a career ambassador or a career minister shall, upon reaching the age of sixty, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821 but when the Secretary shall determine an emergency to exist, he may, in the public interest, extend such an officer's service for a period not to exceed five years.], other than one occupying a position as chief of mission or any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, who is not a career ambassador or a career minister shall, upon reaching the age of sixty, be retired from the Service and receive retirement benefits in accordance with the provisions of section 821, but whenever the Secretary shall determine it to be in the public interest, he may extend such an officer's service for a period not to exceed five years.

SELECTION-OUT

Sec. 633. (a) The Secretary shall prescribe regulations concerning—

(1) the maximum period during which any Foreign Service officer below the class of career minister shall be permitted to remain in class without promotion; and

(2) the standard of performance which any such officer must maintain to remain in the Service.

(b) Any Foreign Service officer below the class of career minister who does not receive a promotion to a higher class within the specified period or who fails to meet the standard of performance required of officers in his class shall be retired from the Service and receive benefits in accordance with the provisions of section 634.

SELECTION-OUT BENEFITS

Sec. 634. (a) Any Foreign Service officer in classes 1, 2, or 3 who is retired from the Service in accordance with the provisions of section 633 shall receive retirement benefits in accordance with the provisions of section 821.

(b) Any Foreign Service officer in classes 4, 5, 6, or 7 who is retired from the Service in accordance with the provisions of section 633 shall receive—

(1) one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the Foreign Service Retirement and Disability Fund, in three equal installments on the 1st day of January following the officer's retirement and on the two anniversaries of this date immediately following: *Provided, That in special cases, the Secretary may in his discretion accelerate or combine the installments;* and

(2) a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest [thereon at 4 per centum, compounded annually, except that in lieu of such refund such officer may elect to receive retirement benefits on reaching the age of sixty-two, in accordance with the provisions of section 821. In the event that an officer who was separated from classes 4 or 5 and who has elected to receive retirement benefits dies before reaching the age of sixty-two, his death shall be considered a death in service within the meaning of section 832. In the event that an officer who was separated from classes 6 and 7 and who has elected to receive retirement benefits dies before reaching the age of sixty-two, the total amount of his contributions made to the Foreign Service Retirement and Disability Fund, with interest thereon at 4 per centum, compounded annually, shall be paid in accordance with the provisions of section 841.] *as provided in section 841(a), except that in lieu of such refund such officer, if he has at least five years of service credit toward retirement under the Foreign Service Retirement and Disability System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), may elect to receive retirement benefits on reaching the age of sixty in accordance with the provisions of section*

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

821. *In the event that an officer who was separated from class 4 or 5 and who has elected to receive retirement benefits dies before reaching the age of sixty, his death shall be considered a death in service within the meaning of section 832. In the event that an officer who was separated from class 6 or 7 and who has elected to receive retirement benefits dies before reaching the age of sixty, the total amount of his contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a) shall be paid in accordance with the provisions of section 841(b).*

(c) Notwithstanding the provisions of section 3477 of the Revised Statutes, as amended (31 U.S.C. 203) or the provisions of any other law, a Foreign Service officer who is retired in accordance with the provisions of section 633 shall have the right to assign to any person or corporation the whole or any part of the benefits receivable by him pursuant to paragraph (b)(1) of this section. Any such assignment shall be on a form approved by the Secretary of the Treasury and a copy thereof shall be deposited with the Secretary of the Treasury by the officer executing the assignment.

FOREIGN SERVICE OFFICERS RETIRED FROM CLASS [8] 7 OR 8

SEC. 635. [Any Foreign Service officer in class 8 shall occupy probationary status. The Secretary may terminate his service at any time.] *Any Foreign Service officer in class 7 who is appointed under the provisions of section 516(b) and any Foreign Service officer in class 8 shall occupy probationary status. The Secretary may terminate his service at any time.*

VOLUNTARY RETIREMENT

SEC. 636. [Any Foreign Service officer] *Any participant in the Foreign Service Retirement and Disability System who is at least fifty years of age and has rendered twenty years of service, including service within the meaning of section 853, may on his own application and with the consent of the Secretary be retired from the Service and receive benefits in accordance with the provisions of section 821.*

SEPARATION FOR [UNSATISFACTORY PERFORMANCE OF DUTY] CAUSE

SEC. 637. (a) The Secretary may, under such regulations as he may prescribe, separate from the Service any Foreign Service officer [above class 8 on account of the unsatisfactory performance of his duties; but no such officer shall be so separated from the Service until he shall have been granted a hearing by the Board of the Foreign Service and the unsatisfactory performance of his duties shall have been established at such hearing.], *Reserve officer, or staff officer or employee, on account of the unsatisfactory performance of his duties, or for such other cause as will promote the efficiency of the Service, with reasons given in writing, but no such officer or employee shall be so separated until he shall have been granted a hearing by the Board of the Foreign Service and the unsatisfactory performance of his duties, or other cause for separation, shall have been established at such hearing, unless he shall have waived in writing his right to a hearing. The provisions of this section shall not apply to Foreign Service officers of class 8 or any*

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary, except where separation is by reason of misconduct.

(b) [Any Foreign Service officer over forty-five years of age, separated from the Service in accordance with the provisions of paragraph (a) of this section, shall be retired upon an annuity computed in accordance with the provisions of section 821 but not in excess of 26 per centum of his per annum salary at the time of his separation.] Any participant in the Foreign Service Retirement and Disability System separated under the provisions of paragraph (a) of this section shall receive a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest, as provided in section 841(d) except that in lieu of such refund such officer may, except in cases where the Secretary determines that separation was based in whole or in part on the ground of disloyalty to the United States, if he has at least five years of service credit toward retirement under this System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), elect to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 821 commencing at the age of sixty years. In the event that an officer who has elected under the provisions of this section to receive a deferred annuity dies before reaching the age of sixty, his contributions to the Fund, with interests, shall be paid in accordance with the provisions of sections 841 and 881.

(c) [Any Foreign Service officer under forty-five years of age, separated from the Service in accordance with the provisions of paragraph (a) of this section, shall at the time of separation receive a payment equal to one year's salary or the refund of the contributions made by him to the Foreign Service Retirement and Disability Fund, whichever shall be greater.] Any officer or employee of the Service separated under the provisions of paragraph (a) of this section who is not a participant in the Foreign Service Retirement and Disability System shall be entitled only to such benefits as shall accrue to him under the retirement system in which he is a participant.

[(d) Any payments made in accordance with the provisions of this section shall be made out of the Foreign Service Retirement and Disability Fund.]

(d) Any payments made in accordance with the provisions of paragraph (b) of this section shall be made out of the Foreign Service Retirement and Disability Fund.

SEPARATION FOR MISCONDUCT OR MALFEASANCE

[Sec. 638. The Secretary shall separate from the Service any Foreign Service officer or Reserve officer who shall be guilty of misconduct or malfeasance in office, but no such officer shall be so separated from the Service until he shall have been granted a hearing by the Board of the Foreign Service and his misconduct or malfeasance shall have been established at such hearing. Any officer separated from the Service in accordance with the provisions of this section shall not be eligible to receive the benefits provided by title VIII of this Act, but his contributions to the Foreign Service Retirement and Disability Fund shall be returned to him in accordance with the provisions of section 841(a).]

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

TERMINATION OF LIMITED APPOINTMENTS OF FOREIGN SERVICE RESERVE OFFICERS AND STAFF OFFICERS AND EMPLOYEES

Sec. 638. Notwithstanding the provisions of this or any other law, the Secretary may, under such regulations as he may prescribe, terminate at any time the services of any Reserve officer or staff officer or employee serving under limited appointment, except that, if the termination is because of misconduct, the provisions of section 637 shall be applicable.

This section shall not modify the conditions of employment of, and shall not be applicable to, staff officers who accepted Reserve officer appointments during the period from September 1, 1958 through December 31, 1958.

PART E—PROMOTION OF FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

CLASS PROMOTION OF STAFF PERSONNEL

SEC. 641. *Any staff officer or employee may, in accordance with uniform procedures established in regulations prescribed by the Secretary, upon demonstration of ability to assume duties of greater responsibility, be promoted to a vacant position in a higher class at the same or at a higher rate of salary. All promotions of staff officers and employees to a higher class shall be made at a higher salary on the basis of performance and merit in accordance with such regulations as the Secretary may prescribe.*

[IN-CLASS PROMOTIONS OF STAFF OFFICERS AND EMPLOYEES]

WITHIN CLASS AND LONGEVITY SALARY INCREASES

SEC. 642. *In-class promotion of staff officers and employees shall be granted in accordance with regulations prescribed by the Secretary. (a) Under such regulations as the Secretary may prescribe, any staff officer or employee whose services meet the standards required for the efficient conduct of the work of the Service shall receive an increase in salary at periodic intervals to the next higher salary rate for the class in which he is serving. Without regard to any other law the Secretary is authorized to grant any such officer or employee additional increases in salary within the salary range established for the class in which he is serving, based upon especially meritorious service.*

(b) Under such regulations as the Secretary may prescribe, any staff officer or employee who has attained the maximum salary rate prescribed by section 415 for the class in which he is serving may be granted from time to time an additional salary increase beyond the maximum salary rate for his class in recognition of longevity and proficiency in the Service. Each such salary increase shall be equal to the maximum salary rate of the applicable class and no person shall receive more than four such salary increases while serving in the same class.

[PART F—SEPARATION OF STAFF OFFICERS AND EMPLOYEES

FOR UNSATISFACTORY PERFORMANCE OF DUTY

SEC. 651. *The Secretary may, under such regulations as he may prescribe, separate from the Service any staff officer or employee on*

account of the unsatisfactory performance of his duties, but no such officer or employee shall be so separated from the Service until he shall have been granted a hearing by the Board of the Foreign Service and the unsatisfactory performance of his duties shall have been established at such hearing.]

[FOR MISCONDUCT OR MALFEASANCE

SEC. 652. The Secretary shall separate from the Service any staff officer or employee who shall be guilty of misconduct or malfeasance in office, but no such officer or employee shall be so separated from the Service until he shall have been granted a hearing by the Board of the Foreign Service and his misconduct or malfeasance shall have been established at such hearing.]

PART G—PROMOTION AND SEPARATION OF ALIEN CLERKS AND EMPLOYEES

PROMOTION

SEC. 661. Alien clerks and employees shall receive promotions from one class to a higher class and in-class promotions in accordance with regulations prescribed by the Secretary.

FOR UNSATISFACTORY PERFORMANCE OF DUTY

SEC. 662. The Secretary may, under such regulations as he may prescribe, separate from the Service any alien clerk or employee on account of the unsatisfactory performance of his duties.

SEPARATION FOR MISCONDUCT OR MALFEASANCE

SEC. 663. The Secretary shall separate from the Service any alien clerk or employee who shall be found guilty of misconduct or malfeasance.

PART H—SEPARATION OF CONSULAR AGENTS

SEC. 671. The Secretary may, under such regulations as he may prescribe, separate any consular agent from the Service on account of—

- (a) the unsatisfactory performance of his duties; or
- (b) misconduct or malfeasance.

PART I—INSPECTIONS

SEC. 681. The Secretary shall assign or detail Foreign Service officers as Foreign Service inspectors to inspect in a substantially uniform manner and at least once every two years the work of the diplomatic and consular establishments of the United States. Whenever the Secretary has reason to believe that the business of a consulate is not being properly conducted and that it is necessary in the public interest, he may authorize any Foreign Service inspector to suspend the principal officer or any subordinate consular officer and to administer the office in the place of the principal officer for a period not exceeding ninety days.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

The Secretary may also authorize a Foreign Service inspector to suspend any diplomatic officer except a chief of mission. A Foreign Service inspector shall have the authority to suspend any other officer or employee of the Service.

TITLE VII—THE FOREIGN SERVICE INSTITUTE

ESTABLISHMENT OF THE INSTITUTE

SEC. 701. The Secretary shall, in order to furnish training and instruction to officers and employees of the Service and of the Department and to other officers and employees of the Government for whom training and instruction in the field of foreign relations is necessary, and in order to promote and foster programs of study incidental to such training, establish a Foreign Service Institute, hereinafter called the Institute. *The Secretary may also provide to the extent that space is available therefor appropriate orientation and language training to spouses of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees.* Other agencies of the Government shall wherever practicable avoid duplicating the facilities of the Institute and the training provided by the Secretary at the Institute or elsewhere.

THE DIRECTOR OF THE INSTITUTE—APPOINTMENT, SALARY, AND DUTIES

SEC. 702. The head of the Institute, who shall be known as its Director, shall be appointed by the Secretary. The Director shall, under the general supervision of the Director General and under such regulations as the Secretary may prescribe, establish the basic procedures to be followed by the Institute; plan and provide for the general nature of the training and instruction to be furnished at the Institute; correlate the training and instruction to be furnished at the Institute with the training activities of the Department and other Government agencies and with courses given at private institutions that are designed or may serve to furnish training and instruction to officers and employees of the Service; encourage and foster such programs outside of the Institute as will be complementary to those of the Institute; and take such other action as may be required for the proper administration of the Institute.

AID TO NONPROFIT INSTITUTIONS

SEC. 703. The Secretary may, within the limits of such appropriations as may be made specifically therefor, make grants or furnish such other gratuitous assistance as he may deem necessary or advisable to nonprofit institutions cooperating with the Institute in any of the programs conducted by the Director by authority of this title.

APPOINTMENT, ASSIGNMENT, AND DETAIL TO THE INSTITUTE

SEC. 704. (a) The Secretary may appoint to the faculty or staff of the Institute on a full- or part-time basis such personnel as he may deem necessary to carry out the provisions of this title in accordance with the provisions of the civil-service laws and regulations and the Classification Act of 1923, as amended, except that, when deemed

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

necessary by the Secretary for the effective administration of this title, personnel may be appointed without regard to such laws and regulations, but any person so appointed shall receive a salary at one of the rates provided by the Classification Act of 1924, as amended. All appointments to the faculty or staff of the Institute shall be made without regard to political affiliations and shall be made solely on the basis of demonstrated interest in, and capacity to promote, the purposes of the Institute.

(b) The Secretary may, under such regulations as he may prescribe and on a full- or part-time basis, assign or detail officers and employees of the Service to serve on the faculty or staff of the Institute or to receive training at the Institute.

(c) The Secretary may, under such regulations as he may prescribe and on a full- or part-time basis, assign or detail any officer or employee of the Department, and, with the consent of the head of the Government agency concerned, any other officer or employee of the Government, to serve on the faculty or staff of the Institute, or to receive training. During the period of his assignment or detail, such officer or employee shall be considered as remaining in the position from which assigned.

(d) It shall be the duty of the Director to make recommendations to the Secretary with regard to the appointment, assignment, or detail of persons to serve on the faculty or staff of the Institute, and the Secretary shall in each case take such recommendations into consideration in making such appointments, assignments, or details.

(e) The Secretary may, under such regulations as he may prescribe, in the absence of suitably qualified United States citizens, employ persons who are not citizens of the United States by appointment to the staff of the Institute either on a full- or part-time basis or by contract for services in the United States or abroad at rates not in excess of those provided by the Classification Act of 1949, as amended (5 U.S.C. 1071).

(f) The Secretary may, under such regulations as he may prescribe, provide special monetary or other incentives not inconsistent with this Act to encourage Foreign Service personnel to acquire or retain proficiency in esoteric foreign languages or special abilities needed in the Service.

INSTRUCTION AND EDUCATION AT OTHER LOCALITIES THAN THE INSTITUTE

Sec. 705. The Secretary may, under such regulations as he may prescribe, pay the tuition and other expenses of officers and employees of the Service, assigned or detailed in accordance with the provisions of section 573(b) for special instruction or training at or with public or private nonprofit institutions, trade, labor, agricultural, or scientific associations, or commercial firms.

ENDOWMENTS AND GIFTS TO THE INSTITUTE

Sec. 706. The Secretary may accept, receive, hold, and administer gifts, bequests, or devises of money, securities, or property made for the benefit of, or in connection with, the Foreign Service Institute in accordance with part C of title X.

ACQUISITION OF REAL PROPERTY FOR THE INSTITUTE

SEC. 707. The Secretary may, in the name of the United States, acquire such real property as may be necessary for the operation and maintenance of the Institute and, without regard to section 3709 of the Revised Statutes, such other property and equipment as may be necessary for its operation and maintenance.

TITLE VIII—THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM

PART A—ESTABLISHMENT OF SYSTEM

RULES AND REGULATIONS

SEC. 801. (a) The President may prescribe rules and regulations for the maintenance of a Foreign Service Retirement and Disability System, originally established by section 18 of the Act of May 24, 1924 (43 Stat. 144), referred to hereafter as the System.

(b) The Secretary shall administer the System in accordance with such rules and regulations and with the principles established by this Act.

MAINTENANCE OF FUND

SEC. 802. The Secretary of the Treasury shall maintain the special fund, known as the Foreign Service Retirement and Disability Fund, referred to hereafter as the Fund, originally constituted by section 18 of the Act of May 24, 1924 (43 Stat. 144).

PARTICIPANTS

SEC. 803. (a) The following persons, hereafter referred to as participants, shall be entitled to the benefits of the System:

- (1) All Foreign Service officers;
- (2) All other persons making contributions to the Fund on the effective date of this Act;
- (3) Any chief of mission who is not otherwise entitled to be a participant and who fulfills the conditions of paragraph (b) of this section;

(b) A person to become a participant in accordance with the provisions of paragraphs (a)(3) of this section must—

(1) have served as chief of mission for an aggregate period of twenty years or more, exclusive of extra service credit in accordance with the provisions of section 853; and

(2) [have paid into the Fund a special contribution equal to 5 per centum of his basic salary for each year of such service with interest thereon to date of payment, compounded annually at 4 per centum.] *have paid into the Fund a special contribution for each year of such service in accordance with the provisions of section 852(b).*

(c) (1) *In accordance with such regulations as the President may prescribe, any Foreign Service staff officer or employee appointed by the Secretary of State who has completed at least ten years of continuous service in the Department's Foreign Service, exclusive of military service, shall become a participant in the System and shall make a special contribution to the Fund in accordance with the provisions of section 852.*

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

(2) Any such officer or employee who, under the provisions of paragraph (c)(1) of this section, becomes a participant in the System, shall be mandatorily retired for age during the first year after the effective date of this section if he attains age sixty-four or if he is over age sixty-four; during the second year at age sixty-three; during the third year at age sixty-two; during the fourth year at age sixty-one, and thereafter at age sixty.

(3) Any officer or employee who becomes a participant under the provisions of paragraph (c)(1) of this section, who is age 61 or over on the effective date of this section, and who is retired mandatorily under the provisions of paragraph (c)(2) of this section, shall receive, in addition to retirement benefits under section 821, one-twelfth of a year's salary at his then current rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the Fund, at the time of his retirement.

ANNUITANTS

SEC. 804. [Annuitants shall be persons who are receiving annuities from the Fund on the effective date of this Act, persons who shall become entitled to receive annuities in accordance with the provisions of sections 519, 631, 632, 634, 636, 637, 831, 832, and 833, and all widows and beneficiaries of participants who are entitled to receive annuities in accordance with the terms of this title.] (a) *Annuitants shall be persons who are receiving annuities from the Fund on the effective date of this Act and all persons, including surviving wives and husbands, widows, dependent widowers, children, and beneficiaries of participants or annuitants who shall become entitled to receive annuities in accordance with the provisions of this Act, as amended, or in accordance with the provisions of section 5 of the Act of May 1, 1956 (70 Stat. 125).*

(b) *When used in this title the term--*

(1) *"Widow" means surviving wife of a participant who was married to such participant for at least two years immediately preceding his death or is the mother of issue by such marriage.*

(2) *"Dependent widower" means the surviving husband of a participant who was married to such participant for at least two years immediately preceding her death or is the father of issue by such marriage, and who is incapable of self-support by reason of mental or physical disability, and who received more than one-half of his support from such participant.*

(3) *"Child" means an unmarried child, under the age of 18 years, or such unmarried child regardless of age who because of physical or mental disability incurred before age 18 is incapable of self-support. In addition to the offspring of the participant and his or her spouse the term includes (a) an adopted child, and (b) a step-child or recognized natural child who received more than one-half of his support from the participant.*

PART B--COMPULSORY CONTRIBUTIONS

[SEC. 811. Five per centum of the basic salary received by each participant shall be contributed to the Fund, and the Secretary of the Treasury is directed to cause such deductions to be made and the sums transferred on the books of the Treasury Department to the credit of the Fund for the payment of annuities, cash benefits, and allowances.]

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Sec. 811. (a) Six and one-half per centum of the basic salary received by each participant shall be contributed to the Fund for the payment of annuities, cash benefits, refunds, and allowances. An equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary. The amounts deducted and withheld from basic salary together with the amounts so contributed from the appropriation or fund, shall be deposited by the Department of State in the Treasury of the United States to the credit of the Fund.

(b) Each participant shall be deemed to consent and agree to such deductions from basic salary, and payment less such deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for all regular services during the period covered by such payment, except the right to the benefits to which he shall be entitled under this Act, notwithstanding any law, rule, or regulation affecting the individual's salary.

PART C—COMPUTATION OF ANNUITIES

Sec. 821. (a) The annuity of a participant shall be equal to 2 per centum of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the Fund, multiplied by the number of years [service], not exceeding thirty-five [years], of service credit obtained in accordance with the provisions of sections 851, 852, and 853. However, the highest five years of service for which full contributions have been made to the Fund shall be used in computing the annuity of any [Foreign Service officer] participant who serves as chief of mission and whose continuity of service as such is interrupted prior to retirement by appointment or assignment to any other position determined by the Secretary to be of comparable importance. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

(b) [At the time of his retirement, a participant, if the husband of a wife to whom he has been married for at least three years or who is the mother of issue by such marriage, may elect to receive a reduced annuity for himself and to provide for an annuity payable to his widow, commencing on the date following his death and continuing as long as she may live. The annuity payable to his widow shall in no case exceed 25 per centum of his average basic salary as computed in accordance with subsection (a) of this section, or 66⅔ per centum of his reduced annuity. If the age of the participant is less than the age of the wife or exceeds her age by not more than eight years, the annuity of the participant will be reduced by an amount equal to one-half of the annuity which he elects to have paid to his widow. If the age of the participant exceeds the age of the wife by more than eight years, the annuity of the participant will be reduced by an amount equal to one-half the annuity which he elects to have paid to his widow plus an additional reduction equal to 2 per centum of such widow's annuity for each year, or fraction thereof, that the difference in age exceeds eight. The participant may at his option also elect to have his annuity reduced by an additional 5 per centum of the amount which he elects to have paid to his widow, with a provision that if and after the death of his wife, if the participant shall survive her, the annuity payable to the participant

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

shall be that amount which would have been payable if no option had been elected.] At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death of such surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 50 per centum of the amount of the participant's annuity computed as prescribed in paragraph (a) of this section, up to the full amount of his annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by $2\frac{1}{2}$ per centum of any amount up to \$2,400 he specifies as the base for the survivor benefit plus 10 per centum of any amount over \$2,400 so specified.

(c) [A participant who is not married at the time of his retirement or who is married to a wife who is not entitled to an annuity in accordance with the provisions of paragraph (b) of this section may elect to receive a reduced annuity for himself and to provide for an additional annuity payable after his death to a beneficiary whose name shall be notified in writing to the Secretary at the time of his retirement and who is acceptable to the Secretary. The annuity payments payable to such beneficiary shall be either equal to the deceased participant's reduced annuity payments or equal to 50 per centum of such reduced annuity payments and upon the death of the surviving beneficiary all payments shall cease and no further annuity payments shall be due or payable. The combined actuarial value of the two annuities on the date of retirement as determined by the Secretary of the Treasury shall be the same as the actuarial value of the annuity provided by paragraph (a) of this section. No such election of a reduced annuity payable to a beneficiary other than a child of the participant shall be valid until the participant shall have satisfactorily passed a physical examination as prescribed by the Secretary. Annuity payments payable in accordance with the provisions of this section to a beneficiary who is a child of a participant shall cease when the beneficiary reaches the age of twenty-one years.]

(1) If an annuitant dies and is survived by a wife or husband and by a child or children, in addition to the annuity payable to the surviving wife or husband, there shall be paid to or on behalf of each child an annuity equal to the smallest of: (i) 40 per centum of the annuitant's average salary divided by the number of children; (ii) \$600; or (iii) \$1,800 divided by the number of children.

(2) If an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an annuity equal to the smallest of: (i) 50 per centum of the annuitant's average salary divided by the number of children; (ii) \$120; or (iii) \$2,160 divided by the number of children.

(3) If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

(4) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the first day of the next month after the participant dies and such annuity or any right therein shall be terminated upon death, marriage, or attainment of the age of eighteen years, except that, if a child is incapable of self-support by reason of a mental or physical disability,

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

the annuity shall be terminated only when such child dies, marries, or recovers from such disability.

(f) As the time of retirement an unmarried participant may elect to receive a reduced annuity and to provide for an annuity equal to 50 per centum of the reduced annuity payable after his or her death to a beneficiary whose name shall be designated in writing to the Secretary. The annuity payable to a participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the retiring participant, but such total reduction shall not exceed 40 per centum. No such election of a reduced annuity payable to a beneficiary shall be valid until the participant shall have satisfactorily passed a physical examination as prescribed by the Secretary. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable.

RETIREMENT FOR DISABILITY OR INCAPACITY—PHYSICAL EXAMINATION—RECOVERY

SEC. 831. (a) [Any participant who, after serving for a total period of not less than five years, becomes totally disabled or incapacitated for useful and efficient service by reason of disease or injury incurred in the line of duty but not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the Secretary, be retired on an annuity computed as prescribed in section 821. If the disabled or incapacitated participant has had less than twenty years of service at the time he is retired, his annuity shall be computed on the assumption that he had had twenty years of service.] *Any participant who has five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with provisions of section 851 or 852(a)(2), and who becomes totally disabled or incapacitated for useful and efficient service by reason of disease, illness, or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall upon his own application or upon order of the Secretary, be retired on an annuity computed as prescribed in section 821. If the disabled or incapacitated participant has less than twenty years of service credit toward his retirement under the System at the time he is retired, his annuity shall be computed on the assumption that he has had twenty years of service, but the additional service credit that may accrue to a participant under this provision shall in no case exceed the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service.*

(b) [In each case such disability shall be determined by the report of a duly qualified physician or surgeon, designated by the Secretary to conduct the examination. Unless the disability is permanent, a like examination shall be made annually until the annuitant has reached the retirement age as defined in sections 631 and 632, and the payment of the annuity shall cease from the date of a medical examination showing recovery. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

to submit to examination, shall be paid out of the Fund. In each case, the participant shall be given a physical examination by one or more duly qualified physicians or surgeons designated by the Secretary to conduct examinations, and disability shall be determined by the Secretary on the basis of the advice of such physicians or surgeons. Unless the disability is permanent, like examinations shall be made annually until the annuitant has reached the statutory mandatory retirement age for his class in the Service. If the Secretary determines, on the basis of the advice of one or more duly qualified physicians or surgeons conducting such examinations that an annuitant has recovered to the extent that he can return to duty, the annuitant may apply for reinstatement or reappointment in the Service within one year from the date his recovery is determined. Upon application the Secretary shall reinstate any such recovered disability annuitant in the class in which he was serving at time of retirement, or the Secretary may, taking into consideration the age, qualifications, and experience of such annuitant, and the present class of his contemporaries in the Service, appoint him or, in the case of an annuitant who is a former Foreign Service officer, recommend that the President appoint him, by and with the advice and consent of the Senate, to a class higher than the one in which he was serving prior to retirement. Payment of the annuity shall continue until a date six months after the date of the examination showing recovery or until the date of reinstatement or reappointment in the Service, whichever is earlier. Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the Fund. If the annuitant fails to submit to examination as required under this section, payment of the annuity shall be suspended until continuance of the disability is satisfactorily established.

(c) [When the annuity is discontinued under this provision before the annuitant has received a sum equal to the total amount of his contributions, with accrued interest, the difference shall be paid to him or his legal representatives in the order of precedence prescribed in section 841.] If a recovered disability annuitant whose annuity is discontinued is for any reason not reinstated or reappointed in the Service, he shall be considered to have been separated within the meaning of section 834 as of the date he was retired for disability and he shall, after the discontinuance of the disability annuity, be entitled to the benefits of that section or of section 841(a) except that he may elect voluntary retirement in accordance with the provisions of section 636 if he can qualify under its provisions.

(d) No participant shall be entitled to receive an annuity under this Act and compensation for injury or disability to himself under the Federal Employees' Compensation Act of September 7, 1916, as amended, covering the same period of time. This provision shall not bar the right of any claimant to the greater benefit conferred by either Act for any part of the same period of time. Neither this provision nor any provision of the Act of September 7, 1916, as amended, shall be so construed as to deny the right of any person to receive an annuity under this Act by reason of his own services and to receive concurrently any payment under such Act of September 7, 1916, as amended, by reason of the death of any other persons.

(e) Notwithstanding any provision of law to the contrary, the right of any person entitled to an annuity under this Act shall not be affected because such person has received an award of compensation in a lump

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

sum under section 14 of the Act of September 7, 1916, as amended, except that where such annuity is payable on account of the same disability for which compensation under such section has been paid, so much of such compensation as has been paid for any period extended beyond the date such annuity becomes effective, as determined by the Secretary of Labor, shall be refunded to the Department of Labor, to be paid into the Federal Employees' Compensation Fund. Before such person shall receive such annuity he shall (1) refund to the Department of Labor the amount representing such computed payments for such extended period, or (2) authorize the deduction of such amount from the annuity payable to him under this Act, which amount shall be transmitted to such Department for reimbursement to such Fund. Deductions from such annuity may be made from accrued and accruing payments, or may be prorated against and paid from accruing payments in such manner as the Secretary of Labor shall determine, whenever he finds that the financial circumstances of the annuitant are such as to warrant such deferred refunding.

DEATH IN SERVICE

SEC. 832. [In case a participant shall die without having established a valid claim for annuity, the total amount of his contributions with interest thereon at 4 per centum per annum, compounded on June 30 of each year, except as provided in section 881 and as hereinafter provided in this section, shall be paid to his legal representatives in the order of precedence given under section 841 upon the establishment of a valid claim therefor. If the deceased participant rendered at least five years of service, and is survived by a widow to whom he was married for at least three years, or who is the mother of issue by such marriage, such widow shall be paid an annuity equal to the annuity which she would have been entitled to receive if her husband had been retired on the date of his death and had elected to receive a reduced joint and survivorship annuity, computed as prescribed in section 821, providing the maximum annuity for his widow, unless prior to the date of his death he shall have elected, in lieu of such widow's annuity, and with the approval of the Secretary, to have his deductions returned with interest as provided in the first sentence of this section covering participants dying without having established a valid claim for annuity. If the deceased participant had had less than twenty years of service at the time of his death, the annuity payable to his widow shall be computed on the assumption that he had had twenty years of service.]

(a) In case a participant dies and no claim for annuity is payable under the provisions of this Act, his contributions to the Fund, with interest at the rates prescribed in sections 841(a) and 881(a), shall be paid in the order of precedence shown in section 841(b).

(b) If a participant who has at least five years of service credit toward retirement under the System, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a)(2), dies before separation or retirement from the Service and is survived by a widow or a dependent widower, as defined in section 804, such widow or dependent widower shall be entitled to an annuity equal to 50 per centum of the annuity computed in accordance with the provisions of paragraph (c) of this section and of section 821(a). The annuity of such widow or dependent widower shall commence on the date following

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

the establishment of a valid claim therefor and such payment shall be a bar to recovery by any other person:

(1) To the beneficiary or beneficiaries designated by the retired participant in writing to the Secretary;

(2) If there be no such beneficiary, to the surviving wife or husband of such participant;

(3) If none of the above, to the child or children of such participant and descendants of deceased children by representation;

(4) If none of the above, to the parents of such participant or the survivor of them;

(5) If none of the above, to the duly appointed executor or administrator of the estate of such participant;

(6) If none of the above, to other next of kin of such participant as may be determined by the Secretary in his judgment to be legally entitled thereto.

(c) No payment shall be made pursuant to paragraph (b) [(3)] (6) of this section until after the expiration of thirty days from the death of the retired participant or his surviving annuitant.

SEC. 851. [For the purposes of this title, the period of service of a participant shall be computed from the effective date of appointment as Foreign Service officer, or, if appointed prior to July 1, 1924, as diplomatic secretary, consul general, consul, vice consul, deputy consul, consular assistant, consular agent, commercial agent, interpreter, or student interpreter, and shall include periods of service at different times as either a diplomatic or consular officer, or while on assignment to the Department, or while on special duty or service in another department or establishment of the Government, or while on any assignment in accordance with the provisions of part II of title V, but all periods of separation from the Service and so much of any leaves of absence as may exceed six months in the aggregate in any calendar year shall be excluded, except sick leaves of absence for illness or injury incurred in the line of duty, with or without pay, and leaves of absences granted participants while performing active military or naval service in the Army, Navy, Marine Corps, or Coast Guard of the United States.] For the purposes of this title, the period of service of a participant shall be computed from the effective date of appointment as a Foreign Service officer, or, if appointed prior to July 1, 1924, as an officer or employee of the Diplomatic or Consular Service of the United States, or from the date he becomes a participant under the provisions of this Act, as amended, but all periods of separation from the Service and so much of any leaves of absence without pay as may exceed six months in the aggregate in any calendar year shall be excluded, except leaves of absence while receiving benefits under the Federal Employees' Compensation Act of September 7, 1916, as amended, and leaves of absence granted participants while performing active and honorable military or naval service in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States.

SEC. 852. (a) A participant may, subject to the provisions of this section, include in his period of service--

(1) civilian service [performed as a civilian officer or employee of the] in the executive, judicial, and legislative branches of the Federal Government and in the District of Columbia government, prior to becoming a participant; and

(2) active and honorable military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States.

(b) [A person may obtain credit for prior service by making a special contribution to the Fund equal to 5 per centum of his annual salary for each year of service for which credit is sought subsequent to July 1, 1924, with interest thereon to date of payment compounded annually at 4 per centum, except that no special contributions shall be required for periods of active military or naval service in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States prior to becoming a participant. Any such participant may, under such conditions as may be determined in each instance by the Secretary, pay such special contributions in installments during the continuance of his service.] *A person may obtain prior civilian service credit in accordance with the provisions of paragraph (a)(1) of this section by making a special contribution to the Fund equal to 5 per centum of his basic annual salary for each year of service for which credit is sought subsequent to July 1, 1924, and prior to the effective date of the Foreign Service Act Amendments of 1959, and at 6½ per centum thereafter with interest compounded annually at 4 per centum per annum to the date of payment. Any such person may, under such conditions as may be determined in each instance by the Secretary, pay such special contributions in installments.*

(c) [Nothing in this Act shall be construed so as to affect in any manner a participant's right to retired pay, pension, or compensation in addition to the annuities herein provided, but no participant may obtain prior service credit toward an annuity under the Foreign Service Retirement and Disability System for any period of service, whether in a civilian or military capacity, on the basis of which he is receiving or will in the future be entitled to receive any annuity, pension, or other retirement or disability payment or allowance.]

(1) *If any officer or employee under some other Government retirement system, becomes a participant in the System by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the Fund effective as of the date such officer or employee becomes a participant in the System. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the System.*

(2) *No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall be required to make contributions in addition to those transferred, for periods of service for which full contributions were made to the other Government retirement fund, nor shall any refund be made to any such officer or employee on account of contributions made during any period to the other Government retirement fund, at a higher rate than that fixed by section 811 of this Act for contributions to the Fund.*

(3) *No officer or employee, whose contributions are transferred to the Fund in accordance with the provisions of paragraph (c)(1) of this section, shall receive credit for periods of service subsequent to July 1, 1924, for which a refund of contributions has been made, or for which no contributions were made to the other Government retirement fund. A participant may, however, obtain credit for such prior service by making a special contribution to the Fund in accordance with the provisions of paragraph (b) of this section.*

(d) No participant may obtain prior civilian service credit toward retirement under the System for any period of civilian service on the basis of which he is receiving or will in the future be entitled to receive any annuity under another retirement system covering civilian personnel of the Government.

(e) A participant may obtain prior military or naval service credit in accordance with the provisions of paragraph (a)(2) of this section by applying for it to the Secretary prior to retirement or separation from the Service. However, in the case of a participant who is eligible for and receives retired pay on account of military or naval service, the period of service upon which such retired pay is based shall not be included, except that in the case of a participant who is eligible for and receives retired pay on account of a service-connected disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in line of duty during an enlistment or employment as provided in Veterans Regulation Numbered 1(a), part I, paragraph I, or is awarded under Chapter 67 of Title 10 of the United States Code, the period of such military or naval service shall be included. No contributions to the Fund shall be required in connection with military or naval service credited to a participant in accordance with the provisions of paragraph (a)(2) of this section.

RECOMPUTATION OF ANNUITIES OF CERTAIN FORMER PARTICIPANTS

SEC. 855. The annuity of each former participant under the System, who retired prior to July 28, 1956 and who at the time of his retirement had creditable service in excess of thirty years, shall be recomputed on the basis of actual years of creditable service not in excess of thirty-five years. Service which was not creditable under the System on the date a former participant retired, shall not be included as creditable service for the purpose of this recomputation. The annuities payable to such persons shall, when recomputed, be paid at the rates so determined, but no such recomputation or any other action taken pursuant to this section shall operate to reduce the rate of the annuity any such person is entitled to receive under the System.

EXTRA SERVICE CREDIT FOR SERVICE AT UNHEALTHFUL POSTS

SEC. 853. The President may from time to time establish a list of places which by reason of climatic or other extreme conditions are to be classed as unhealthful posts, and each year of duty subsequent to January 1, 1900, at such posts inclusive of regular leaves of absence, of participants thereafter retired, shall be counted as one year and a half, and so on in like proportion in reckoning the length of service for the purpose of retirement, fractional months being considered as full months in computing such service, but no such extra credit for service at such unhealthful posts shall be credited to any participant who shall have been paid a salary differential in accordance with section 443, as amended, for such service performed subsequent to the date of enactment of the Foreign Service Act Amendments of 1955.

CREDIT FOR SERVICE WHILE ON MILITARY LEAVE

SEC. 854. Contributions shall not be required covering periods of leave of absence from the Service granted a participant while per-

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

forming active military or naval service in the Army, Navy, Marine Corps, or Coast Guard of the United States.

PART G—MONEYS

ESTIMATE OF APPROPRIATIONS NEEDED

Sec. 861. The Secretary of the Treasury shall prepare the estimates of the annual appropriations required to be made to the Fund, and shall make actuarial valuations of such funds at intervals of five years, or oftener if deemed necessary by him. The Secretary of State may expand from money to the credit of the Fund an amount not exceeding \$5,000 per annum for the incidental expenses necessary in administering the provisions of this title, including actuarial advice.

ANNUAL REPORT TO CONGRESS

Sec. 862. The Secretary shall submit annually to the President and to the Congress a comparative report showing the condition of the Fund and estimates of appropriations necessary to continue this title in full force.

INVESTMENT OF MONEYS IN THE FUND

Sec. 863. The Secretary of the Treasury shall invest from time to time in interest-bearing securities of the United States such portions of the Fund as in his judgment may not be immediately required for the payment of annuities, cash benefits, refunds, and allowances, and the income derived from such investments shall constitute a part of such Fund.

ATTACHMENT OF MONEYS

Sec. 864. None of the moneys mentioned in this title shall be assignable either in law or equity, or be subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 634(c).

PART H—[OFFICERS REINSTATED IN THE SERVICE] ANNUITANTS RECALLED, REINSTATED OR REAPPOINTED ON THE SERVICE OR REEMPLOYED IN THE GOVERNMENT

RECALL

Sec. 871. [A Foreign Service officer, reinstated in the Service in accordance with the provisions of section 520(b) shall, while so serving, be entitled in lieu of his retirement allowance to the full pay of the class in which he is temporarily serving. During such service, he shall make contributions to the Fund in accordance with the provisions of section 831. If the annuity he was receiving prior to his reinstatement in the Service was based on less than thirty-five years of service credit, the amount of his annuity when he reverts to the retired list shall be recomputed on the basis of his total service credit.] Any annuitant recalled to duty in the Service in accordance with the provisions of section 520(b) or reinstated or reappointed in accordance with the provisions of section 831(b) shall, while so serving, be entitled in lieu of his annuity to the full salary of the class in which he

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

is serving. During such service, he shall make contributions to the Fund in accordance with the provisions of section 811. The amount of his annuity when he reverts to his retired status shall be determined in accordance with the provisions of section 881.

REEMPLOYMENT

Sec. 872: (a) Notwithstanding any other provision of law, any officer or employee of the Service, who has retired under this Act, as amended, and is receiving an annuity pursuant thereto, and who is reemployed in the Federal Government service in any appointment position, either on a part-time or full-time basis, shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act, as amended, which when combined with such salary does not exceed during any calendar year the highest basic salary such officer or employee was entitled to receive under sections 412 or 415 of the Act, as amended, on the date of his retirement from the Service. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto and shall cause to be paid, by transfer or otherwise, to the Department of State funds necessary to cover gross salary, employer contributions, and gross lump sum leave payment relating to the employment of the reemployed officer or employee. The Department of State shall make to and on behalf of the reemployed officer or employee payments to which he is entitled under the provisions of paragraph (a) of this section, and shall make those withholding and deductions authorized and required by law.

(c) In the event of any overpayment under this section the Secretary of State is authorized to withhold the amount of such overpayment from the salary payable to such reemployed officer or employee or from his annuity.

SEC. 881. (a) Any participant may, at his option and under such regulations as may be prescribed by the President, deposit additional sums in multiples of 1 per centum of his basic salary, but not in excess of 10 per centum of such salary, which amounts together with interest at 3 per centum per annum, compounded [on June 30 of each year, shall, at the date of his retirement and at his election, be—] annually at the end of each fiscal year through June 30, 1959; semiannually as of December 31, 1959; annually thereafter as of December 31, and proportionately for the period served during the year of his retirement, including all contributions made during or for such period, shall, at the date of his retirement and at his election, be—

- (1) returned to him in a lumpsum; or
- (2) used to purchase an additional life annuity; or
- (3) used to purchase an additional life annuity for himself and to provide for a cash payment on his death to a beneficiary whose name shall be notified in writing to the Secretary by the participant; or
- (4) used to purchase an additional life annuity for himself and a life annuity commencing on his death payable to a beneficiary whose name shall be notified in writing to the Secretary by the

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

participant with a guaranteed return to the beneficiary or his legal representative of an amount equal to the cash payment referred to in paragraph 3.

(b) The benefits provided by subparagraphs 2, 3, or 4 of paragraph (a) of this section shall be actuarially equivalent in value to the payment provided for by paragraph (a)(1) of this section and shall be calculated upon such tables of mortality as may be from time to time prescribed for this purpose by the Secretary of the Treasury.

(c) In case a participant shall become separated from the Service for any reason except retirement on an annuity, the amount of any additional deposits with interest at 3 per centum per annum, compounded [annually], as is provided in paragraph (a) of this section, made by him under the provisions of this paragraph shall be refunded in the manner provided in section 841 for the return of contributions and interest in the case of death or [withdrawal from active service] separation from the service.

(d) Any benefits payable to an officer or to his beneficiary in respect to the additional deposits provided under this paragraph shall be in addition to the benefits otherwise provided under this title.

TITLE IX—ALLOWANCES AND BENEFITS

PART A—ALLOWANCES AND SPECIAL ALLOTMENTS

QUARTERS, COST OF LIVING, AND REPRESENTATION ALLOWANCES

Sec. 901. In accordance with such regulations as the President may prescribe and notwithstanding the provisions of section 1765 of the Revised Statutes (5 U.S.C. 70), the Secretary is authorized to grant to any officer or employee of the Service who is a citizen of the United States—

(1) allowances, wherever Government owned or rented quarters are not available, for living quarters, heat, light, fuel, gas, and electricity, including allowances for the cost of lodging at temporary quarters, incurred, by an officer or employee of the Service and the members of his family upon first arrival at a new post, for a period not in excess of three months after such first arrival or until the occupation of residence quarters, whichever period shall be shorter, up to but not in excess of the aggregate amount of the per diem that would be allowable to such officer or employee for himself and the members of his family for such period if they were in travel status;

(2) cost-of-living allowances, whenever the Secretary shall determine—

(i) that the cost of living at a post abroad is proportionately so high that an allowance is necessary to enable an officer or employee of the Service at such post to carry on his work efficiently;

(ii) that extraordinary and necessary expenses, not otherwise compensated for, are incurred by an officer or employee of the Service incident to the establishment of his residence at any post of assignment abroad or at a post of assignment in the continental United States between assignments to posts abroad;

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

(iii) that an allowance is necessary to assist an officer or employee of the Service who is compelled by reason of dangerous, notably unhealthful, or excessively adverse living conditions at his post abroad or for the convenience of the Government to meet the additional expense of maintaining his wife and minor children elsewhere than in the country of his assignment;

(iv) that extraordinary and necessary expenses, not otherwise compensated for, must be incurred by an officer or employee of the Service, by reason of his service abroad, in providing for adequate elementary and secondary education for his dependents; allowances under this subparagraph for any post shall not exceed the cost of obtaining such educational services, as are ordinarily provided, without charge by the public schools of the United States plus, in those cases where adequate schools are not available at the post, board and room, and periodic transportation between the post and the nearest locality where adequate schools are available; if any such officer or employee employs a less expensive method of providing such education, any allowance paid to him shall be reduced accordingly; no allowance shall be paid under this subparagraph for a dependent for whom a travel allowance has been paid under section 911(9);

(3) allowances in order to provide for the proper representation of the United States by officers or employees of the Service.

ALLOTMENT FOR OFFICIAL RESIDENCE OF CHIEF AMERICAN REPRESENTATIVE

SEC. 902. The Secretary may, under such regulations as he may prescribe, make an allotment of funds to any post to defray the unusual expenses incident to the operation and maintenance of official residences suitable for principal representatives of the United States at that post.

ACCOUNTING FOR ALLOWANCES

SEC. 903. All such allowances and allotments shall be accounted for to the Secretary in such manner and under such rules and regulations as the President may prescribe. The Secretary shall report all such expenditures annually to the Congress with the budget estimates of the Department.

PART B--TRAVEL AND RELATED EXPENSES

GENERAL PROVISIONS

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay--

(1) the travel expenses of officers and employees of the Service, included expenses incurred while traveling pursuant to orders issued by the Secretary in accordance with the provisions of section 933 with regard to the granting of home leave;

(2) the travel expenses of the members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized home

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act.

(3) the cost of transporting the furniture and household and personal effects of an officer or employee of the Service to his successive posts of duty and, on the termination of his services, to the place where he will reside;

(4) the cost of storing the furniture and household and personal effects of an officer or employee of the Service who is absent under orders from his usual post of duty, or who is assigned to a post to which, because of emergency conditions, he cannot take or at which he is unable to use, his furniture and household and personal effects;

(5) the cost of storing the furniture and household and personal effects of an officer or employee of the Service on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(6) the travel expenses of the members of the family and the cost of transporting the personal effects and automobile of an officer or employee of the Service, whenever the travel of such officer or employee is occasioned by changes in the seat of the government whose capital is his post;

(7) the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Service and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned;

(8) the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant, the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die abroad or while in travel status;

(9) the travel expenses incurred by an officer or employee of the Service who is assigned to a foreign post, in transporting dependents to and from United States posts of entry designated by the Secretary, to obtain an American secondary or college education, not to exceed one trip each way for each dependent for the purpose of obtaining each type of education.

LOAN OF HOUSEHOLD FURNISHINGS AND EQUIPMENT

SEC. 912. The Secretary may, if he shall find it in the interests of the Government to do so as a means of eliminating transportation costs, provide officers and employees of the Service with *basic* household *furnishings and* equipment for use on a loan basis in personally owned or leased residences.

TRANSPORTATION OF [AUTOMOBILES] MOTOR VEHICLES

SEC. 913. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Service, a privately owned [automobile] motor vehicle or replacement thereof in any case where he shall determine that water, rail, or air transportation of the [automobile] motor vehicle or replacement thereof is necessary or expedient for any part or of all the distance between points of origin and destination.

PART C—COMMISSARY SERVICE

SEC. 921. (a) The Secretary may, under such regulations as he may prescribe, establish and maintain emergency commissary or mess service in such places abroad where, in his judgment, such services are necessary temporarily to insure the effective and efficient performance of the duties and responsibilities of the Service, such services to be available to the officers and employees of all Government agencies located in any such places abroad. Reimbursements incident to the maintenance and operation of commissary or mess service shall be at not less than cost as determined by the Secretary and shall be used as working funds: *Provided*, That an amount equal to the amount expended for such services shall be covered into the Treasury as miscellaneous receipts.

(b) The Secretary, under such regulations as he may prescribe, may authorize and assist in the establishment, maintenance, and operation, by officers and employees of the Service, of non-Government-operated commissary and mess services and recreation facilities at posts abroad, including the furnishing of space, utilities, and properties owned or leased by the United States for use by its diplomatic and consular missions. The provisions of the Foreign Service Buildings Act, 1926, as amended (22 U.S.C. 292-300), may be utilized by the Secretary in providing such assistance. Commissary or mess services and recreation facilities established pursuant to this subsection shall be made available, insofar as practicable, to officers and employees of other Government agencies and their dependents who are stationed abroad. Such services or facilities shall not be established in localities where another United States agency operates similar services or facilities unless the Secretary determines that such additional services or facilities are necessary.

(c) Notwithstanding the last paragraph under the heading "Subsistence Department" in the Act of March 3, 1911 (10 U.S.C. 1253), or the provisions of any other law, charges at any post abroad by a commissary or mess service or recreation facility authorized or assisted under this section shall be at the same rate for all civilian personnel of the Government serviced thereby, and all charges for supplies furnished to such a service or facility abroad by any Government agency shall be at the same rate as that charged by the furnishing agency to its civilian commissary or mess services or recreation facilities.

(d) Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78) the Secretary may authorize any principal officer to approve the use of Government-owned vehicles located at his post for transportation of United States Government employees who are American citizens, and their dependents, to and from recreation facilities when public transportation is unsafe or is not available.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

PART D—LEAVE OF ABSENCE

ORDERING RETURN OF PERSONNEL TO UNITED STATES ON LEAVES OF ABSENCE

Sec. 932. (a) The Secretary shall order to the continental United States, its Territories and possessions, on statutory leave of absence every officer and employee of the Service who is a citizen of the United States upon completion of two years' continuous service abroad or as soon as possible thereafter.

(b) While in the continental United States, its Territories and possessions, on leave, the service of any officer or employee shall be available for such work or duties in the Department or elsewhere as the Secretary may prescribe, but the time of such work or duties shall not be counted as leave.

RESERVE OFFICERS ASSIGNED TO THE SERVICE

Sec. 934. (a) A Reserve officer, assigned to the Service from any Government agency shall, notwithstanding the provisions of any other law, be granted annual leave of absence and sick leave of absence in accordance with the provisions of part D of this title during the period of his assignment.

(b) Under such regulations as the President may prescribe, a person assigned to the Service as a Reserve officer from any Government agency may, notwithstanding the provisions of the Act of December 21, 1944 (58 Stat. 845; 5 U.S.C. 61b), transfer to the Service any annual or sick leave of absence standing to his credit at the time of his assignment to the Service. On his return to the agency by which he is regularly employed, he may transfer the aggregate of his accumulated and current annual and sick leave to that agency but the amount of leave so transferred shall not exceed the maximum which an officer or employee of the agency to which he is returning may have to his credit on the date of his return.

TRANSFER OF LEAVE OF ABSENCE

Sec. 935. Under such regulations as the President may prescribe an officer or employee of the Service who resigns from the Service in order to accept an appointment in any Government agency may transfer to such Government agency any annual or sick leave of absence standing to his credit at the time of his resignation from the Service and any officer or employee of any Government agency who resigns from such agency in order to accept an appointment to the Service may transfer to the Service any annual or sick leave of absence standing to his credit at the time of his resignation from the Government agency in which he was employed, but in no event shall the amount of annual or sick leave of absence so transferred exceed the maximum amount of the annual or sick leave of absence which may be accumulated in either the Service or the Government agency to which such person is appointed, as the case may be.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

APPLICATION OF ANNUAL AND SICK LEAVE ACT OF 1951

Sec. 936. The Annual and Sick Leave Act of 1951, as amended (5 U.S.C. 2061 and the following), shall apply to career ministers and Foreign Service officers, who are not serving as chiefs of mission or who are not serving in a position in the Department which requires appointment by the President, by and with the advice and consent of the Senate, and to Foreign Service Reserve officers who are commissioned as diplomatic or consular officers, or both, in accordance with section 524 of the Foreign Service Act of 1946, as amended, notwithstanding the provisions of section 202(c)(1)(A) of the Annual and Sick Leave Act of 1951, as amended.

PART E—MEDICAL SERVICES

EXPENSES OF TREATMENT

Sec. 941. (a) In the event an officer or employee of the Service who is a citizen of the United States incurs an illness or injury while such person is located abroad, which requires hospitalization or similar treatment, and which is not the result of vicious habits, intemperance, or misconduct on his part, the Secretary may, in accordance with such regulations as he may prescribe, pay for the cost of treatment of such illness or injury.

(b) In the event a dependent of a United States citizen officer or employee of the Service who is stationed abroad, incurs an illness or injury while such dependent is located abroad, which requires hospitalization or similar treatment, and which is not the result of vicious habits, intemperance, or misconduct on his part, the Secretary may, in accordance with such regulations as he may prescribe, pay for that portion of the cost of treatment of each such illness or injury that exceeds \$35 up to a maximum limitation of one hundred and twenty days of treatment for each such illness or injury, except that such maximum limitation shall not apply whenever the Secretary, on the basis of professional medical advice, shall determine that such illness or injury clearly is caused by the fact that such dependent is or has been located abroad.

(c) After sufficient experience in the operation of the medical protection plan authorized in subsections (a) and (b) of this section has been obtained, as determined by the Secretary, and if he considers that the benefits so authorized can be provided for as well and as cheaply in other ways, the Secretary may, under such regulations, and for such persons, locations, and conditions as he may deem appropriate, and within the limits prescribed in such subsections, contract for medical care pursuant to such arrangements, insurance, medical services, or health plans as he may deem appropriate.

TRANSPORTATION TO APPROVED HOSPITALS

Sec. 942. (a) In the event an officer or employee of the Service who is a citizen of the United States or his dependents incurs an illness

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

or injury requiring hospitalization, not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there does not exist a suitable hospital or clinic, the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person, by whatever means he shall deem appropriate and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808, 5 U.S.C. 73b), to the nearest locality where a suitable hospital or clinic exists, and on his recovery pay for the travel expenses of his return from such hospital or clinic. If any such officer, employee, or dependant is too ill to travel unattended, the Secretary may also pay the round-trip travel expenses of an attendant or attendants.

(b) The Secretary may establish a first-aid station and provide for the services of a physician, a nurse, or other medical personnel at a post at which, in his opinion, sufficient personnel is employed to warrant such a station.

PHYSICAL EXAMINATIONS AND COSTS OF INOCULATIONS

Sec. 943. The Secretary shall, under such regulations as he may prescribe, provide for physical examinations for applicants for employment and for officers and employees of the Service who are citizens of the United States, and for their dependents, including examinations necessary to establish disability or incapacity in accordance with the provisions of section 831, and shall provide for administering inoculations or vaccinations to such officers and employees and their dependents.

TITLE X—MISCELLANEOUS

PART A—PROHIBITIONS

AGAINST UNIFORMS

Sec. 1001. An officer or employee of the Service holding a position of responsibility in the Service shall not wear any uniform except such as may be authorized by law or such as a military commander may require civilians to wear in a theater of military operations.

AGAINST ACCEPTING PRESENTS

Sec. 1002. An officer or employee of the Service shall not ask or, without the consent of the Congress, receive, for himself or any other person, any present, emolument, pecuniary favor, office, or title from any foreign government. A chief of mission or other principal officer may, however, under such regulations as the President may prescribe, accept gifts made to the United States, or to any political subdivision thereof by the government to which he is accredited or from which he holds an exequatur.

AGAINST ENGAGING IN BUSINESS ABROAD

Sec. 1003. An officer or employee of the Service shall not, while holding office, transact or be interested in any business or engage for profit in any profession in the country or countries to which he is assigned abroad in his own name or in the name or through the agency of any other person, except as authorized by the Secretary.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

AGAINST CORRESPONDENCE ON AFFAIRS OF FOREIGN GOVERNMENTS

Sec. 1004. (a) An officer or employee of the Service shall not correspond in regard to the public affairs of any foreign government except with the proper officers of the United States, except as authorized by the Secretary.

(b) An officer or employee of the Service shall not recommend any person for employment in any position of trust or profit under the government of the country to which he is detailed or assigned, except as authorized by the Secretary.

AGAINST POLITICAL, RACIAL, RELIGIOUS, OR COLOR DISCRIMINATION

Sec. 1005. In carrying out the provisions of this Act, no political test shall be required and none shall be taken into consideration, nor shall there be any discrimination against any person on account of race, creed, or color.

PART B—BONDS

Sec. 1011. Every secretary, consul general, consul, vice consul, Foreign Service officer, and Foreign Service Reserve officer, and, if required, any other officer or employee of the Service or of the Department before he enters upon the duties of his office shall give to the United States a bond in such form and in such penal sum as the Secretary shall prescribe, with such sureties as the Secretary shall approve, conditioned without division of penalty for the true and faithful performance of his duties, including (but not by way of limitation) certifying vouchers for payment, accounting for, paying over, and delivering up of all fees, moneys, goods, effects, books, records, papers, and other property that shall come to his hands or to the hands of any other person to his use as such officer or employee under any law now or hereafter enacted and for the true and faithful performance of all other duties now or hereafter lawfully imposed upon him as such officer or employee, and such bond shall be construed to be conditioned for the true and faithful performance of all official duties of whatever character now or hereafter lawfully imposed upon him, or by him assumed incident to his employment as an officer or employee of the Government. Notwithstanding any other provisions of law, upon approval of any bond given pursuant to this Act, the principal shall not be required to give another separate bond conditioned for the true and faithful performance of only a part of the duties for which the bond given pursuant to this Act is conditioned. The bond of an officer or employee of the Service shall be construed to be conditioned for the true and faithful performance of all acts of such officer incident to his office regardless of whether appointed or commissioned as diplomatic, consular, Foreign Service officer, or other officer of the Service. The bonds herein mentioned shall be deposited with the Secretary of the Treasury. Nothing herein contained shall be deemed to obviate the necessity of furnishing any bond which may be required pursuant to the provisions of the Subsistence Expense Act of 1926, as amended (44 Stat. 688; 47 Stat. 405; 56 Stat. 39; 5 U.S.C. 821-823, 827-833).

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

PART C—GIFTS

Sec. 1021. (a) The Secretary may accept on behalf of the United States gifts made unconditionally by will or otherwise for the benefit of the Department including the Service or for the carrying out of any of its functions. Conditional gifts may be so accepted if recommended by the Director General, at the discretion of the Secretary, and the principal of and income from any such conditional gift shall be held, invested, reinvested, and used in accordance with its conditions, but no gift shall be accepted which is conditioned upon any expenditure not to be met therefrom or from the income thereof unless such expenditure has been approved by Act of Congress.

(b) Any unconditional gift of money accepted pursuant to the authority granted in paragraph (a) of this section, the net proceeds from the liquidation (pursuant to paragraph (c) or paragraph (d) of this section) of any other property so accepted, and the proceeds of insurance on any such gift property not used for its restoration, shall be deposited in the Treasury of the United States and are hereby appropriated and shall be held in trust by the Secretary of the Treasury for the benefit of the Department including the Service, and he may invest and reinvest such funds in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. Such gifts and the income from such investments shall be available for expenditure in the operation of the Department including the Service and the performance of its functions, subject to the same examination and audit as is provided for appropriations made for the Department including the Service by Congress.

(c) The evidences of any unconditional gift of intangible personal property, other than money, accepted pursuant to the authority granted in paragraph (a) of this section, shall be deposited with the Secretary of the Treasury and he, in his discretion, may hold them, or liquidate them except that they shall be liquidated upon the request of the Secretary whenever necessary to meet payments required in the operation of the Department including the Service or the performance of its functions. The proceeds and income from any such property held by the Secretary of the Treasury shall be available for expenditure as is provided in paragraph (b) of this section.

(d) The Secretary shall hold any real property or any tangible personal property accepted unconditionally pursuant to the authority granted in paragraph (a) of this section and he shall permit such property to be used for the operation of the Department including the Service and the performance of its functions or he may lease or hire such property, and may insure such property, and deposit the income thereof with the Secretary of the Treasury to be available for expenditure as provided in paragraph (b) of this section. The income from any such real property or tangible personal property shall be available for expenditure in the discretion of the Secretary for the maintenance, preservation, or repair and insurance of such property and any proceeds from insurance may be used to restore the property insured. Any such property when not required for the operation of the Department including the Service or the performance of its functions may be liquidated by the Secretary, and the proceeds thereof deposited with the Secretary of the Treasury, whenever in his judgment the purposes of the gifts will be served thereby.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

(e) For the purpose of Federal income, estate, and gift taxes, any gift, devise, or bequest accepted by the Secretary under authority of this Act shall be deemed to be a gift, devise, or bequest to or for the use of the United States.

PART D—AUTHORIZATION TO RETAIN ATTORNEYS

SEC. 1031. The Secretary may, without regard to sections 189 and 365 of the Revised Statutes (5 U.S.C. 49 and 314), authorize a principal officer to procure legal services whenever such services are required for the protection of the interests of the Government or to enable an officer or employee of the Service to carry on his work efficiently.

PART E—EXEMPTION FROM TAXATION

SEC. 1051. Section 116 of the Internal Revenue Code, as amended (53 Stat. 48; 53 Stat. 575; 56 Stat. 842; 58 Stat. 46; 26 U.S.C. 116), relative to exclusions from gross income, is further amended by adding at the end thereof a new subsection to read as follows:

“(k) In the case of an officer or employee of the Foreign Service of the United States, amounts received by such officer or employee as allowances or otherwise under the terms of title IX of the Foreign Service Act of 1946.”

PART G—INTERPRETATION OF THE ACT

LIBERAL-CONSTRUCTION CLAUSE

SEC. 1061. The provisions of this Act shall be construed liberally in order to effectuate its purpose.

PROVISIONS THAT MAY BE HELD INVALID

SEC. 1062. If any provision of this Act or the application of any such provision to any person or circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

HEADINGS OF TITLES, PARTS, AND SECTIONS

SEC. 1063. The headings descriptive of the various titles, parts, and sections of this Act are inserted for convenience only, and, in case of any conflict between any such heading and the substance of the title, part, or section to which it relates, the heading shall be disregarded.

PROVISIONS OF THE ACT OF JULY 3, 1946

SEC. 1064. Nothing in this Act shall be construed to affect the provisions of sections 1, 2, 3, and 4 of the Act of July 3, 1946 (Public Law 488, Seventy-ninth Congress). The “classified grades” within the meaning of that Act shall, from and after the effective date of this Act, be construed to mean classes 1 to 5, inclusive.

PART H—AUTHORIZATION FOR APPROPRIATIONS

SEC. 1071. Appropriations to carry out the purposes of this Act are hereby authorized.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Public Law 865—84th Congress

Chapter 841—2d Session

S. 2569

AN ACT To provide certain basic authority for the Department of State

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of State is authorized to establish, maintain, and operate passport and dispatch agencies.

Sec. 2. The Secretary of State, when funds are appropriated therefor, may—

(a) provide for printing and binding outside the continental United States without regard to section 11 of the Act of March 1, 1919 (44 U.S.C. 111);

(b) pay the cost of transportation to and from a place of storage and the cost of storing the furniture and household and personal effects of an employee of the Foreign Service who is assigned to a post at which he is unable to use his furniture and effects, under such regulations as the Secretary may prescribe;

(c) employ aliens, by contract, for services abroad;

(d) provide for official functions and courtesies;

(e) purchase uniforms; and

(f) pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Department of State operations abroad.

Sec. 3. The Secretary of State is authorized to—

(a) obtain insurance on official motor vehicles operated by the Department of State in foreign countries, and pay the expenses incident thereto;

(b) rent tie lines and teletype equipment;

(c) provide ice and drinking water for United State Embassies and Consulates abroad;

(d) pay excise taxes on negotiable instruments which are negotiated by the Department of State abroad;

(e) pay the actual expenses of preparing and transporting to their former homes the remains of persons, not United States Government employees, who may die away from their homes while participating in international educational exchange activities under the jurisdiction of the Department of State;

(f) pay expenses incident to the relief, protection, and burial of American seamen, and alien seamen from United States vessels in foreign countries and in the United States Territories and possessions;

(g) pay the expenses incurred in the acknowledgment of the services of officers and crews of foreign vessels and aircraft in rescuing American seamen, airmen, or citizens from shipwreck or other catastrophe abroad or at sea;

(h) rent or lease, for periods of less than ten years, such offices, buildings, grounds, and living quarters for the use of the Foreign Service abroad as he may deem necessary, and make payments therefor in advance; and

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

(i) maintain, improve, and repair properties rented or leased pursuant to authority contained in subsection (h) of this section and furnish fuel, water, and utilities for such properties.

SEC. 4. The Secretary of State is authorized to—

(a) make expenditures, from such amounts as may be specifically appropriated therefor, for unforeseen emergencies arising in the diplomatic and consular service and, to the extent authorized in appropriation Acts, funds expended for such purposes may be accounted for in accordance with section 291 of the Revised Statutes (31 U.S.C. 107); and

(b) delegate to subordinate officials the authority vested in him by section 291 of the Revised Statutes pertaining to certification of expenditures.

SEC. 5. The Secretary of State is authorized to—

(a) provide for participation by the United States in international activities which arise from time to time in the conduct of foreign affairs for which provision has not been made by the terms of any treaty, convention, or special Act of Congress: *Provided*, That this subsection shall not be construed as granting authority to accept membership for the United States in any international organization, or to participate in the activities of any international organization for more than one year without approval by the Congress; and

(b) pay the expenses of participation in activities in which the United States participates by authority of subsection (a) of this section, including, but not limited to the following:

(1) Employment of aliens;

(2) Travel expenses without regard to the Standardized Government Travel Regulations and to the rates of per diem allowances in lieu of subsistence expenses under the Travel Expense Act of 1949, as amended (5 U.S.C. 835-842);

(3) Travel expenses of persons serving without compensation in an advisory capacity while away from their homes or regular places of business not in excess of those authorized for regular officers and employees traveling in connection with said international activities; and

(4) Rental of quarters by contract or otherwise.

SEC. 6. The provisions of section 8 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287e), and regulations thereunder, applicable to expenses incurred pursuant to that Act, may be applicable to the obligation and expenditure of funds in connection with United States participation in the International Civil Aviation Organization.

SEC. 7. The exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles in possession of the Foreign Service abroad, in accordance with section 201(c) of the Act of June 30, 1949 (40 U.S.C. 481(c)), shall be available without fiscal year limitation for replacement of an equal number of such vehicles.

SEC. 8. The Secretary of State may, when authorized in an appropriation or other law, transfer to any department, agency, or independent establishment of the Government, with the consent of the head thereof, any funds appropriated to the Department of State, for direct expenditure by such department, agency, or independent establishment for the purposes for which the funds are appropriated.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Sec. 9. The Secretary of State is authorized to enter into contracts in foreign countries, involving expenditures from funds appropriated or otherwise made available to the Department of State, without regard to the provisions of section 3741 of the Revised Statutes (41 U.S.C. 22): *Provided*, That nothing in this section shall be construed to waive the provisions of section 431 of title 18 of the United States Code.

Sec. 10. Appropriated funds made available to the Department of State for expenses in connection with travel of personnel outside the continental United States, including travel of dependents and transportation of personal effects, household goods, or automobiles of such personnel shall be available for such expenses when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year.

Sec. 11. Notwithstanding the provisions of section 16(a) of the Act of August 2, 1946 (5 U.S.C. 78(c)), the Secretary of State may authorize any chief of diplomatic mission to approve the use of Government-owned vehicles or *taxicabs* in any foreign country for transportation of United States Government employees from their residence to the office and return when public transportation facilities *other than taxicabs* are unsafe or are not available.

Sec. 12. The Secretary of State, with the approval of the Bureau of the Budget, shall prescribe the maximum rates of per diem in lieu of subsistence (or of similar allowances therefor) payable while away from their own countries to foreign participants in any exchange of persons program, or in any program of furnishing technical information and assistance, under the jurisdiction of any Government agency, and said rates may be fixed without regard to any provision of law in limitation thereof.

Sec. 13. Allowances granted under section 901(1) of the Foreign Service Act of 1946 (22 U.S.C. 1131(1)), may include water, in addition to the utilities specified.

Sec. 14. Appropriations now or hereafter made available for allowances granted under the authority in part A of title IX of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131), including an allowance for water as authorized in section 13 of this Act shall be available for the payment of such allowances in advance.

Sec. 15. Appropriations to carry out the purposes of this Act are hereby authorized. When so provided in an appropriation law, an appropriation made to the Department of State may remain available until expended.

Approved August 1, 1956.

Paragraph 4 of section 104 of the Internal Revenue Code of 1954,
as amended

§ 104. Compensation for injuries or sickness.

(a) IN GENERAL.—Except in the case of amounts attributable to (and not in excess of) deductions allowed under section 213 (relating to medical, etc., expenses) for any prior taxable year, gross income does not include—

(1) amounts received under workmen's compensation acts as compensation for personal injuries or sickness;

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

(2) the amount of any damages received (whether by suit or agreement) on account of personal injuries or sickness;

(3) amounts received through accident or health insurance for personal injuries or sickness (other than amounts received by an employee, to the extent such amounts (A) are attributable to contributions by the employer which were not includible in the gross income of the employee, or (B) are paid by the employer); and

(4) amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the Coast and Geodetic Survey or the Public Health Service [], or as a disability annuity payable under the provisions of section 851 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1081; 60 Stat. 1021);

(b) Cross references.

Section 402(a) of the Internal Revenue Code of 1954, as amended

§ 402. Taxability of beneficiary of employees' trust.

(a) Taxability of beneficiary of exempt trust.

(1) General rule.

Except as provided in [paragraph (2)], paragraphs (2) and (3), the amount actually distributed or made available to any distributee by any employees' trust described in section 401(a) which is exempt from tax under section 501(a) shall be taxable to him, in the year in which so distributed or made available, under section 72 (relating to annuities) except that section 72(c)(3) shall not apply. The amount actually distributed or made available to any distributee shall not include net unrealized appreciation in securities of the employer corporation attributable to the amount contributed by the employee. Such net unrealized appreciation and the resulting adjustments to basis of such securities shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

(2) Capital gains treatment for certain distributions.

In the case of an employees' trust described in section 401(a), which is exempt from tax under section 501(a), if the total distributions payable with respect to any employee are paid to the distributee within 1 taxable year of the distributee on account of the employee's death or other separation from the service, or on account of the death of the employee after his separation from the service, the amount of such distribution, to the extent exceeding the amounts contributed by the employee (determined by applying section 72(f), which employee contributions shall be reduced by any amounts theretofore distributed to him which were not includible in gross income, shall be considered a gain from the sale or exchange of a capital asset held for more than 6 months. Where such total distributions include securities of the employer corporation, there shall be excluded from such excess the net unrealized appreciation attributable to that part of the total distributions which consists of the securities of the employer corporation so distributed. The amount of such net unrealized appreciation and the resulting adjustments to basis of the securities of the employer corporation shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

(3) The amount includible under this subsection as the gross income of a nonresident alien individual with respect to a distribution made by the United States in respect of services performed by an employee of the United States shall not exceed an amount which bears the same ratio to the amount includible in gross income without regard to this paragraph as the aggregate compensation paid by the United States to such employee for such services and includible in gross income under this subtitle or prior income tax laws bears to the aggregate compensation paid by the United States to such individual whether or not includible in gross income.

[(3)] (4) Definitions.

For purposes of this subsection—

(A) The term "securities" means only shares of stock and bonds or debentures issued by a corporation with interest coupons or in registered form.

(B) The term "securities of the employer corporation" includes securities of a parent or subsidiary corporation (as defined in section 421(d)(2) and (3) of the employer corporation.

(C) The term "total distributions payable" means the balance to the credit of an employee which becomes payable to a distributee on account of the employee's death or other separation from the service, or on account of his death after separation from the service.

871. Tax on nonresident alien individuals.

Section 871(d) of the Internal Revenue Code of 1954, as amended

(d) [Doubling of tax.

For doubling of tax on citizens of certain foreign countries, see section 891.]

(d) Cross Reference.—

(1) For doubling of tax on citizens of certain foreign countries, see section 891.

(2) For taxability of amounts paid by the United States to certain nonresident alien employees or their beneficiaries, see section 402(a)(3).

Section 12 of the Act of June 26, 1884.

[No fees named in the tariff of consular fees prescribed by order of the President shall be charged or collected by consular officers for the official services to American vessels and seamen. Consular officers shall furnish the master of every such vessel with an itemized statement of such services performed on account of said vessel, with the fee so prescribed for each service, and make a detailed report to the Secretary of the Treasury of such services and fees, under such regulations as the Secretary of State may prescribe; and the Secretary of the Treasury shall allow consular officers who are paid in whole or in part by fees such compensation for said services as they would have received but for the above prohibition: *Provided*, That such services, in the opinion of the Secretary of the Treasury, have been necessarily rendered.] (June 26, 1884, ch. 121, § 12, 23 Stat. 56.)

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020003-1

Section 1 of Chapter 223 of the Act of June 4, 1920, as Amended.

There shall be collected and paid into the Treasury of the United States quarterly a fee of \$1 for executing each application for a passport and \$9 for each passport issued to a citizen or person owing allegiance to or entitled to the protection of the United States: *Provided*, That nothing herein contained shall be construed to limit the right of the Secretary of State by regulation to authorize the retention by State officials of the fee of \$1 for executing an application for a passport: *And provided further*, That no fee shall be collected for passports issued to officers or employes of the United States proceeding abroad in the discharge of their official duties, or to members of their immediate families, [or to seamen,] or to widows, children, parents, brothers, and sisters of American soldiers, sailors, or marines, buried abroad whose journey is undertaken for the purpose and with the intent of visiting the graves of such soldiers, sailors, or marines, which facts shall be made a part of the application for the passport. (June 4, 1920, ch. 223, § 1, 41 Stat. 750.)

Section 4 of the Foreign Service Buildings Act, 1926, as Amended.

SEC. 4. * * *

(a) For the purpose of carrying into effect the provisions of sections 292-294, 295, 296, 297, 299, and 300 of this title there is authorized to be appropriated an amount not exceeding \$10,000,000, and the appropriations made pursuant to this authorization shall constitute a fund to be known as the Foreign Service Building Fund, to remain available until expended. Under this authorization not more than \$2,000,000 shall be appropriated for any one year, but within the total authorization provided in said sections the Secretary of State, subject to the direction of the commission, may enter into contracts for the acquisition of the buildings and grounds authorized by said sections. In the case of the buildings and grounds authorized by sections 292-294, 295, 296, 297, 299, and 300 of this title, after the initial alterations, repairs, and furnishing have been completed, subsequent expenditures for such purposes may be made out of the appropriations authorized by said sections in amounts authorized by the Congress each fiscal year.

(b) For the purpose of carrying into effect the provisions of sections 292, 294, 295, 296, 297, 299, and 300 of this title there is authorized to be appropriated, in addition to amounts previously authorized, an amount not to exceed \$90,000,000, which shall be available exclusively for payments representing the value, in whole or in part, of property or credits in accordance with the provisions of section 295b of this title. Sums appropriated pursuant to this authorization shall remain available until expended. (May 7, 1926, ch. 250, § 4, 44 Stat. 404; June 19, 1952, ch. 446, § 2, 66 Stat. 140.)

(c) For the purpose of carrying into effect the provisions of this Act there is hereby authorized to be appropriated, in addition to amounts previously authorized, an amount not to exceed \$100,000,000, of which \$50,000,000 shall be available exclusively for payments representing the value, in whole or in part, of property or credits in accordance with the provisions of the Act of July 2, 1941 (55 Stat. 663). Sums appropriated pursuant to this authorization shall remain available until expended.

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