

TAB

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AMENDMENTS TO THE FOREIGN SERVICE ACT

RETURN TO
Office of the
Director of Personnel

HEARINGS
BEFORE THE
SUBCOMMITTEE ON STATE DEPARTMENT
ORGANIZATION AND FOREIGN OPERATIONS
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
EIGHTY-SIXTH CONGRESS
SECOND SESSION
ON
S. 2633 and H. R. 12547
A BILL TO AMEND THE FOREIGN SERVICE ACT OF 1946, AS
AMENDED, AND FOR OTHER PURPOSES

FEBRUARY 1, 2, 9, 16, AND JUNE 2, 1960

Printed for the use of the Committee on Foreign Affairs



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AMENDMENTS TO THE FOREIGN SERVICE ACT

MONDAY, FEBRUARY 1, 1960

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON STATE DEPARTMENT
ORGANIZATION AND FOREIGN OPERATIONS,
Washington, D.C.

The subcommittee met at 10:40 a.m., in room G-3, U.S. Capitol, Hon. Wayne L. Hays (chairman of the subcommittee) presiding.

Mr. HAYS. We will come to order.

In 1946 Congress passed the Foreign Service Act—a comprehensive measure that retained the meritorious features of the patchwork of laws upon which the Service rested and that added new provisions. The principles embodied in that act attempted to make the Service a professional service, disciplined and mobile, serving without political influence, and adequately compensated. It gave the Foreign Service the stature it deserved and made it a more attractive career for young Americans.

In 1955, as a result of the accelerated lateral entry program recommended by the Wriston committee, this committee examined in some detail the operations of the Service and supported legislation to facilitate the integration program. Again in 1956 this committee was instrumental in revising the Foreign Service officer schedule. In both of those years the committee and the Congress authorized “fringe benefits” in the form of educational allowances, the operation of commissaries, increased medical benefits, and recreation facilities.

The bill that we now have before the subcommittee is another measure designed to improve the overall administration of the Foreign Service. This is a long bill. But as I look over the sections, it would appear that the principal changes the Department is recommending concern the Foreign Service staff, personnel administration, and the retirement-system provisions.

Neither the subcommittee nor the full committee can be expected to support these changes without full justification. We will have to have detailed information so that, when we go to the floor, we can explain the measure fully and answer the many questions that will be directed to us.

I hope the Department will give us an explanation, section by section, of what it is proposing and why it believes the changes are necessary. I appreciate, Mr. Henderson, that some of the statistical information we may ask for may not be immediately available but I hope that you and your associates will supply it to us as soon as possible.

I think it would be desirable at this time to make the bill a part of the record, and I shall ask that it be printed at this point in the hearings. If the Department has an analysis of the proposed changes, that can also be printed at this point.

AMENDMENTS TO THE FOREIGN SERVICE ACT

(The text of S. 2633, as passed by the Senate, is as follows:)

[S. 2633, 86th Cong., 1st sess.]

AN ACT To amend the Foreign Service Act of 1946, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Service Act Amendments of 1959"

SEC. 2. Section 415 of the Foreign Service Act of 1946, as amended, is amended to read as follows:

"SEC. 415. (a) There shall be ten classes of Foreign Service staff officers and employees, referred to hereafter as staff officers and employees. The per annum salaries of staff officers and employees within each class shall be as follows:

"Class 1.....	\$11,660	\$11,900	\$12,320	\$12,650	\$12,980	\$13,310	\$13,640
"Class 2.....	9,900	10,175	10,450	10,725	11,000	11,275	11,550
"Class 3.....	8,140	8,415	8,690	8,965	9,240	9,515	9,790
"Class 4.....	7,000	7,225	7,450	7,675	7,900	8,125	8,350
"Class 5.....	6,150	6,350	6,550	6,750	6,950	7,150	7,350
"Class 6.....	5,300	5,500	5,700	5,900	6,100	6,300	6,500
"Class 7.....	4,650	4,800	4,950	5,100	5,250	5,400	5,550
"Class 8.....	4,200	4,350	4,500	4,650	4,800	4,950	5,100
"Class 9.....	3,750	3,900	4,050	4,200	4,350	4,500	4,650
"Class 10.....	3,600	3,600	3,700	3,800	3,900	4,000	4,100

"(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."

SEC. 3. Section 416 of such Act 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. 4. Section 417 of such Act is amended by striking out "(b)" in the first sentence.

SEC. 5. 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."

SEC. 6. Section 441 of such Act and the heading to such section are amended to read as follows:

"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 em-

employees of the Service, and establish such positions in relation to the classes established by sections 412, 414, and 415."

SEC. 7. 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. 8. Section 446 of such Act and the heading to such section are amended to read as follows:

"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."

SEC. 9. 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. 10. (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. 11. (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. 12. (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.

(c) Paragraph (b) of section 520 of such Act is amended to read as follows:

"(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 62, and title 5, United States Code, section 715a, a Foreign Service officer heretofore or hereafter retired under 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. 13. 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. 14. 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 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."

Sec. 15. 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. 16. (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 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."

(b) Paragraph (c) 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)".

(c) Section 571 of such Act is amended by adding at the end of such section a new paragraph (e) which shall read as follows:

"(e) 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."

SEC. 17. 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 13; 22 U.S.C. 1451-1453, 1478 and 1479)."

SEC. 18. 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 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."

SEC. 19. 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. 20. 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. 21. 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. 22. 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 for a period not to exceed five years."

SEC. 23. Section 632 of such Act and the heading to such section are amended to read as follows:

"FOREIGN SERVICE OFFICERS WHO ARE NOT CAREER AMBASSADORS OR CAREER MINISTERS

"Sec. 632. Any Foreign Service officer, 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."

SEC. 24. 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. 25. 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. 26. 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. 27. (a) Paragraphs (a), (b), (c), and (d) of section 637 of such Act and the heading to such section are amended to read as follows:

"SEPARATION FOR CAUSE

"Sec. 637. (a) The Secretary may, under such regulations as he may prescribe, separate from the Service any Foreign Service officer, 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 other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary, except when separation is by reason of misconduct.

"(b) 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(a) 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 interest, shall be paid in accordance with the provisions of sections 841 and 881.

"(c) 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 paragraph (b) of this section shall be made out of the Foreign Service Retirement and Disability Fund."

SEC. 28. Section 638 of such Act and the heading to such section are amended to read as follows:

"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."

SEC. 29. 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. 30. 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 and proficiency in the Service. Each such salary increase shall be equal to 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. 31. 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. 32. (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 new paragraphs (e) and (f) 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).

"(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."

SEC. 33. (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 a 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 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."

SEC. 34. 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 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 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. 35. 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. 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."

Sec. 36. (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 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) \$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. 37. (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 636 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 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."

SEC. 38. 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. 39. 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 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.

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"(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 881."

SEC. 40. Section 841 of such Act is amended to read as follows:

"SEC. 841. (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, 1959; semiannually as of December 31, 1959; 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. 41. 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. 42. (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 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 deter-

mined 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 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."

Sec. 43. 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."

Sec. 44. 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. 45. 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. The amount of his annuity when he reverts to his retired status shall be recomputed in accordance with the provisions of section 821."

Sec. 46. 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 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 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. 47. (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, 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—"

(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. 48. 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. 49. 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 or replacement thereof in any case where he shall determine that water, rail, or air transportation of the motor vehicle or replacement thereof is necessary or expedient for any part or of all the distance between points of origin and destination."

Sec. 50. (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. 51. Foreign Service Staff officers and employees receiving basic salary immediately prior to the effective date of this Act at one of the rates provided by section 415 of the Foreign Service Act of 1946, as amended, shall be transferred to the new classes established by section 415 of such Act, as amended, and shall receive basic salary on and after the effective date of this Act, as follows:

Present class and salary rate of sec. 415 of the Foreign Service Act of 1946, as amended (1958)			Corresponding new class and salary rate of sec. 415 of the Foreign Service Act of 1946, as amended by this act			Amount of adjustments				
Class	Step	Rate	Class	Step	Rate					
FSS-1-----	5	\$13,160	FSS-1-----	6	\$13,310	\$150				
	4	12,830		5	12,980	150				
	3	12,480		4	12,650	170				
	2	12,120		3	12,320	200				
FSS-2-----	5	12,120	FSS-1-----	3	12,320	200				
	4	11,770		2	11,990	220				
	FSS-2-----	3	11,485	FSS-2-----	7	11,550	65			
		2	11,205		6	11,275	70			
1		10,920	5		11,000	80				
FSS-3-----	5	11,165	FSS-2-----	6	11,275	110				
	4	10,885		5	11,000	115				
	3	10,600		4	10,725	125				
	2	10,320		3	10,450	130				
FSS-4-----	5	10,030	FSS-2-----	2	10,175	145				
	FSS-4-----	4		9,945	FSS-2-----	3	10,450	220		
		3		9,665		2	10,175	230		
		2		9,380		FSS-3-----	7	9,700	125	
1	9,095	6	9,515	135						
FSS-5-----	FSS-5-----	6	9,600	FSS-3-----	5	9,240	145			
		5	9,315		FSS-3-----	7	9,790	190		
		4	9,030			6	9,515	200		
		3	8,815			5	9,240	210		
FSS-6-----	FSS-6-----	2	8,610	FSS-3-----	4	8,965	150			
		1	8,395		3	8,690	80			
		FSS-6-----	6		8,755	FSS-3-----	2	8,415	20	
			5		8,540		4	8,965	210	
FSS-7-----	FSS-7-----	4	8,325	FSS-4-----	3	8,690	150			
		3	8,120		FSS-4-----	7	8,350	25		
		2	7,905			6	8,125	5		
		1	7,690			5	8,125	220		
FSS-8-----	FSS-8-----	6	8,050	FSS-4-----	4	7,900	210			
		5	7,840		FSS-4-----	6	8,125	75		
		4	7,630			5	7,900	60		
		3	7,415			4	7,675	45		
FSS-9-----	FSS-9-----	2	7,200	FSS-5-----	3	7,450	35			
		1	6,990		2	7,225	25			
		FSS-9-----	6		7,350	FSS-5-----	1	7,000	10	
			5		7,140		7	7,350	-----	
FSS-0-----	FSS-0-----	4	6,925	FSS-5-----	6	7,150	10			
		3	6,710		5	6,950	25			
		2	6,495		4	6,750	40			
		1	6,285		3	6,550	55			
FSS-0-----	FSS-0-----	6	6,650	FSS-5-----	2	6,350	65			
		FSS-0-----	4		6,435	FSS-6-----	4	6,750	100	
			3		6,220		FSS-6-----	7	6,500	65
			2		6,005			6	6,300	80
FSS-0-----	FSS-0-----	5	5,795	FSS-6-----	5	6,100	95			
		4	5,585		4	5,900	105			
		3	5,375		3	5,700	115			

Present class and salary rate of sec. 415 of the Foreign Service Act of 1946, as amended (1958)			Corresponding new class and salary rate of sec. 415 of the Foreign Service Act of 1946, as amended by this act			Amount of adjustments
Class	Step	Rate	Class	Step	Rate	
FSS-10.....	7	\$6,175	FSS-6.....	6	\$6,300	\$125
	6	5,970		5	6,100	130
	5	5,755		4	5,900	145
	4	5,540	FSS-7.....	7	5,550	10
	3	5,400		6	5,400	
	2	5,290	6	5,400	140	
	1	5,115	5	5,250	135	
FSS-11.....	7	5,500	FSS-7.....	7	5,550	50
	6	5,355		6	5,400	45
	5	5,215		5	5,250	35
	4	5,070		4	5,100	30
	3	4,930		3	4,950	20
	2	4,790		2	4,800	10
	1	4,650	1	4,650		
FSS-12.....	7	5,025	FSS-8.....	7	5,100	75
	6	4,890		6	4,950	60
	5	4,745		5	4,800	55
	4	4,605		4	4,650	45
	3	4,460		3	4,500	40
	2	4,320		2	4,350	30
	1	4,180		1	4,200	20
FSS-13.....	7	4,580	FSS-9.....	7	4,650	70
	6	4,440		6	4,500	60
	5	4,295		5	4,350	55
	4	4,155		4	4,200	45
	3	4,010		3	4,050	40
	2	3,870		2	3,900	30
	1	3,730	1	3,750	20	
FSS-14.....	7	4,155	FSS-9.....	4	4,200	45
	6	4,010	FSS-10.....	7	4,100	90
	5	3,870		5	3,900	30
	4	3,730		4	3,800	70
	3	3,585		2	3,600	15
	2	3,445		1	3,500	55
1	3,300	1	3,500	200		
FSS-15.....	All step rates and below.		FSS-10.....	1	3,500	5

Sec. 52. Section 11 of Public Law 885, Eighty-fourth Congress (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. 53. (a) 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)."

(b)(1) Section 402(a) of the Internal Revenue Code of 1954 (relating to the taxability of a beneficiary of an employee's trust) is hereby amended as follows:

(a) By striking out in the first sentence of paragraph (1) thereof "paragraph (2)" and inserting in lieu thereof "paragraphs (2) and (3)", and

(b) By redesignating paragraph (3) thereof as paragraph (4) and by inserting after paragraph (2) thereof the following new paragraph:

"(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."

(2) Subsection (d) of section 871 of the Internal Revenue Code of 1954 (relating to the tax imposed on nonresident alien individuals) is hereby amended to read as follows:

"(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)."

SEC. 54. (a) Section 12 of the Act of June 26, 1884 (23 Stat. 56; 22 U.S.C. 1186), is hereby repealed.

(b) The second proviso of section 1 of chapter 223 of the Act of June 4, 1920, as amended (41 Stat. 750; 22 U.S.C. 214), is further amended by striking out the phrase "or to seamen,".

SEC. 55. Section 4 of the Foreign Service Buildings Act, 1926, as amended (22 U.S.C. 295), is amended by adding at the end thereof the following new subsection:

"(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 25, 1946 (60 Stat. 663). Sums appropriated pursuant to this authorization shall remain available until expended."

SEC. 56. 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.

(5) Sections 651 and 652 of such Act and the headings thereto, including PART F—SEPARATION OF STAFF OFFICERS AND EMPLOYEES.

SEC. 57. 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. 58. (a) The provisions of this Act shall become effective as of the first day of the first pay period which begins one month after the enactment of this Act, except as provided in paragraphs (b), (c), and (d) of this section.

(b) The provisions of paragraphs (c)(1) and (c)(2) of section 803 of the Foreign Service Act of 1946, as amended by section 33(b) of this Act, shall become effective on the first day of the first month which begins 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.

(c) The amendments made by section 53 of this Act shall be effective with respect to taxable years ending after the date of enactment of this Act.

(d) The amendment made by section 43 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.

Passed the Senate September 9 (legislative day, September 5), 1959.

Attest:

FELTON M. JOHNSTON, *Secretary*.

PROVISIONS OF THE FOREIGN SERVICE ACT, AMENDMENTS MADE BY S. 2633, AND ADDITIONAL AMENDMENTS PROPOSED BY THE DEPARTMENT OF STATE, WITH EXPLANATIONS THERETO

SECTION 2 (Sec. 415)

(See also p. 119)

TITLE IV. CATEGORIES AND SALARIES OF PERSONNEL

FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

Existing legislation

Proposed legislation

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

SEC. 415. (a) There shall be ten classes of Foreign Service staff officers and employees, referred to hereafter as staff officers and employees. The per annum salaries of staff officers and employees within each class shall be as follows:

- [Class 1, \$11,770, \$12,120, \$12,480, \$12,830, \$13,160
- [Class 2, \$10,920, \$11,205, \$11,485, \$11,770, \$12,120
- [Class 3, \$10,030, \$10,320, \$10,600, \$10,885, \$11,165
- [Class 4, \$9,095, \$9,380, \$9,665, \$9,945, \$10,230
- [Class 5, \$8,395, \$8,610, \$8,815, \$9,030, \$9,315, \$9,600
- [Class 6, \$7,690, \$7,905, \$8,120, \$8,325, \$8,540, \$8,755
- [Class 7, \$6,990, \$7,200, \$7,415, \$7,630, \$7,840, \$8,050
- [Class 8, \$6,285, \$6,495, \$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, \$5,260, \$5,400, \$5,540, \$5,755, \$5,970, \$6,175
- [Class 11, \$4,650, \$4,790, \$4,930, \$5,070, \$5,215, \$5,355, \$5,500
- [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, \$3,090, \$3,165, \$3,230, \$3,300, \$3,445, \$3,585, \$3,730
- [Class 16, \$2,875, \$2,950, \$3,020, \$3,090, \$3,165, \$3,230, \$3,300
- [Class 17, \$2,660, \$2,735, \$2,805, \$2,875, \$2,950, \$3,020, \$3,090
- [Class 18, \$2,455, \$2,520, \$2,590, \$2,660, \$2,735, \$2,805, \$2,875
- [Class 19, \$2,240, \$2,310, \$2,380, \$2,455, \$2,520, \$2,590, \$2,660
- [Class 20, \$2,025, \$2,095, \$2,165, \$2,240, \$2,310, \$2,380, \$2,455
- [Class 21, \$1,810, \$1,880, \$1,955, \$2,025, \$2,095, \$2,165, \$2,240
- [Class 22, \$1,600, \$1,670, \$1,745, \$1,810, \$1,880, \$1,955, \$2,025]

- Class 1—\$11,660, \$11,990, \$12,320, \$12,650, \$12,980, \$13,310, \$13,640
- Class 2—\$9,900, \$10,175, \$10,450, \$10,725, \$11,000, \$11,275, \$11,550
- Class 3—\$8,140, \$8,415, \$8,690, \$8,965, \$9,240, \$9,515, \$9,790
- Class 4—\$7,000, \$7,225, \$7,450, \$7,675, \$7,900, \$8,125, \$8,350
- Class 5—\$6,150, \$6,350, \$6,550, \$6,750, \$6,950, \$7,150, \$7,350
- Class 6—\$5,300, \$5,500, \$5,700, \$5,900, \$6,100, \$6,300, \$6,500
- Class 7—\$4,650, \$4,800, \$4,950, \$5,100, \$5,250, \$5,400, \$5,550
- Class 8—\$4,200, \$4,350, \$4,500, \$4,650, \$4,800, \$4,950, \$5,100
- Class 9—\$3,750, \$3,900, \$4,050, \$4,200, \$4,350, \$4,500, \$4,650
- Class 10—\$3,500, \$3,600, \$3,700, \$3,800, \$3,900, \$4,000, \$4,100

Existing legislation

No existing legislation.

Proposed legislation

(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.*

The principal purpose of this proposal is to improve the Foreign Service Staff salary schedule. The structure of the Foreign Service officer salary schedule was modified in 1956 to provide basic improvements in accordance with the needs of the Service. At that time, the Personnel Integration Program was underway and it was not possible to determine clearly the future needs of the Foreign Service Staff. Since that time, a careful study has been made and perhaps the most important need for improvement in the administrative machinery affecting the Foreign Service Staff is in connection with a revision of the present 22-class salary schedule. One of the purposes of the proposed revision is to eliminate the unnecessary and unused classes in the present schedule. Classes 15 through 22 have not been used for some time. Inasmuch as alien employees are used extensively for the performance of routine duties at Foreign Service posts, there are few cases where U.S. citizen employees are required for the level of duties represented by class 14, there being only two Foreign Service resident employees in this class at the present time. Consequently, a 10-class schedule is proposed, which provides a reasonable number of levels in relation to the duties and responsibilities which are carried out by Staff personnel.

This proposed schedule is specifically designed to provide a more adequate promotion ladder for these employees, including equitable and appropriate salary adjustment when promotions to the next higher class are made. As a consequence, a staff employee will usually receive more than, and in any case not less than, the equivalent of a within-class salary increase at the time of a class promotion. This proposed 10-class schedule has several other features:

(a) The rates of the top three Foreign Service Staff classes are the same as the rates contained in classes 3, 4, and 5, respectively, of the Foreign Service officer salary schedule. This provides equitable salary treatment for personnel serving at these officer levels and will facilitate the conversion of Staff personnel at these levels who may qualify in the future for lateral entry into the Foreign Service officer category.

(b) It consolidates overlapping classes, eliminates overlapping at the top levels, and improves the within-class salary increase plan.

(c) It provides reasonable rates at the entrance level of new class FSS-10 (present class FSS-14), which will make this lowest class usable for some recruitment purposes in the future.

(d) Consolidation and readjustment of class and step-rate relationships will result in conversion to the 10-class schedule on as equitable and uniform basis as is possible.

As a consequence of the integration program and the resulting expansion of the Foreign Service officer category, the Staff category will become increasingly a specialist-technical-clerical group. Its importance to the effective functioning of the Foreign Service, nevertheless, is not to be underestimated. Reasonably rewarding career opportunities must be provided to attract and retain competent personnel. For some years to come the Department must continue to retain, make effective use of, and provide reasonable incentives for those Staff officers who, because of age or other equally valid reasons, are unable to qualify for lateral appointment as Foreign Service officers. This group of experienced and dedicated officers will decrease gradually as a result of normal attrition and it can be anticipated that a correspondingly lesser proportion of the Staff category will be required in future years in the upper salary brackets of the proposed Staff salary schedule. On the other hand, it becomes increasingly important that an appropriate career plan be provided for the necessary staff officers and employees who serve as highly skilled specialists and technicians essential to the operations of the Service to encourage them to continue in the Foreign Service as a career.

New paragraph (b) of section 415 would authorize the Secretary, by administrative action, to prescribe lesser rates of salary than those stipulated in the FSS statutory salary schedule in the case of U.S. citizen employees who are employed locally in foreign areas for service at a particular post and who are not available or who are not qualified for transfer to other posts of duty.

From time to time it is in the Department's interest to employ in lieu of an alien, for a local employee position, an American citizen at a Foreign Service post who has resided in the locality for many years, who may be married to an alien and frequently possesses dual citizenship, or who is otherwise not qualified for a regular appointment to the Staff. The purpose of this provision, therefore, is to enable the Secretary to equate more nearly the salaries paid to such staff personnel to rates prevailing in the locality.

SECTION 3 (Sec. 416)

(See also p. 121)

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

Existing legislation

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.]

[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, established 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.]

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, having already attained within-grade salary increases in Government service. The Department has found it necessary to appoint such persons at the minimum salary rate of the applicable class and then adjust salary rates in accordance with the Secretary's authority under section 642 to grant within-class increases to Staff officers and employees. It is considered desirable, perhaps necessary, to provide a direct grant of legislative authority for this purpose.

Aside from the desirability of appointing Staff personnel who transfer to the Service from other Government agencies at an appropriate salary rate above the minimum, the proposed new section 416(a) would 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

Proposed legislation

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.*

higher starting salary than an inexperienced business school graduate, neither of whom has had previous Government experience.

The proposed new paragraph (b) would enable the Secretary to take into account the needs of the Service in fixing appointment salaries. Thus, in an exceedingly tight labor market, the Secretary could prescribe a salary rate above the minimum for the class as the minimum rate for a particular type of skill in short supply which required special training, such as security engineers (electronics engineers). In the event the Secretary should make such a determination, however, serious morale problems would arise were no adjustments made in the salaries of employees in the same class and occupational group whose salaries are less than the rate prescribed for new appointees. New paragraph (b), therefore, would also authorize the Secretary to make an adjustment of this type in such circumstances. As this new provision would supersede the provisions of section 442, that section should be repealed.

It may be noted that authority already exists to appoint Foreign Service officers (sec. 413) and Foreign Service Reserve officers (sec. 414) at salary rates above the minimum rate of the class to which appointment is made. Hence, the proposed revision would bring the Staff category into line with these related provisions of the act.

SECTION 4 (Sec. 417)

(See also p. 121).

SALARIES OF ALIEN CLERKS AND EMPLOYEES

Existing legislation

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.

Proposed legislation

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. 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 appropriations or allotment current at the end of such pay period.

The amendment to section 417 is a technical one. Reference to section 444 has been changed to conform with a change in that section.

SECTION 5 (Sec. 431)

(See also p. 121)

PART D—TIME OF RECEIVING SALARY

CHIEFS OF MISSION

Existing legislation

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,)]** but no

Proposed legislation

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 *upon termination of his service in accordance with the provisions of paragraph (b) of*

Existing legislation

Proposed legislation

chief of mission shall be entitled to receive salary while absent 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.

this section, but no chief of mission shall be entitled to receive salary while absent 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.]

(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 periods 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.*

Section 431 has been revised to clarify the provision governing the termination of the services of chiefs of mission. In its present form, this section has been subject to a number of different interpretations and has been difficult to administer equitably. As revised the section clearly establishes that the services of a chief of mission shall be terminated upon the date he returns to his place of residence or in no case later than 50 days after relinquishing his duties as chief of mission including time spent in transit. The period of time that a chief of mission may remain on the rolls after relinquishing his duties, up to but not exceeding 50 days, is to be determined by the Secretary. During this period he may be required to render such services as the Secretary may deem necessary in the interests of the Government.

SECTION 6 (Sec. 441)

(See also p. 121)

PART E—CLASSIFICATION

Existing legislation

Proposed legislation

CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE

CLASSIFICATION OF POSITIONS IN THE FOREIGN SERVICE AND IN THE DEPARTMENT

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 or 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.]

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, notwith-*

Existing legislation

Proposed legislation

standing 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.

Section 441 of the act relating to the classification of positions has been modified in several respects. In a worldwide service it is essential that, with relatively few exceptions, American citizen personnel, including FSS personnel, be assigned according to the needs of the Service, with due regard to the current availability of personnel, health problems, and many other considerations. It is desirable to provide a uniform basis for classifying positions regardless of the category of American personnel used in staffing positions. The present language of section 441 draws a distinction in this respect between the FSO-FSR categories on the one hand and the FSS category on the other, which has not proved to be meaningful in practice.

The second basic change is to authorize the Secretary to classify positions in the Department in accordance with Foreign Service classification standards, title and class designation, without regard to the Classification Act of 1949, as amended, in those instances where he determines such positions are of such a character as to justify their designation as Foreign Service officer positions. Some 1,500 positions in the Department have been designated as Foreign Service positions under the Secretary's integration program. When a position, subject to the Classification Act of 1949, as amended, is filled by a person other than an officer or employee of the Foreign Service, it would continue to be classified in accordance with the provisions of the Classification Act of 1949, as amended, and the classification of the position under the provisions of this section would be inoperative until such position was filled by a Foreign Service officer or employee. Based on experience it might be later determined that some of these positions should no longer be designated as Foreign Service positions. It is also likely that certain additional positions, including a number of new positions, may be designated as Foreign Service positions.

SECTION 7 (Sec. 444)

(See also p. 125)

Existing legislation

Proposed legislation

CLASSIFICATION OF POSITIONS OF ALIEN CLERKS AND EMPLOYEES

COMPENSATION PLANS FOR ALIEN 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 increases provided for length of service in accordance with uniform procedures.]

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.*

Section 444 is amended to clarify and simplify the provisions for the establishment of compensation plans for alien clerks and employees of the Service. Existing paragraphs (a) and (b) have been incorporated and clarified in new paragraph

(a). Wage and salary schedules must be based upon local prevailing pay practices for corresponding types of positions in the locality. They are subject to frequent changes owing to fluctuating economic and labor market conditions. Clearance on such matters is unnecessary and impractical.

New paragraph (b) of this section provides other Government agencies which employ alien personnel in the performance of functions abroad with authority to utilize provisions of this act relating to alien personnel as deemed appropriate by such agencies. Thus the various Federal agencies employing alien personnel abroad are enabled to operate as a single employer by providing uniform employment conditions for all alien employees of the U.S. Government in a given foreign labor market area who are working under similar conditions and circumstances.

SECTION 8 (Sec. 446)

(See also p. 125)

Existing legislation

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: "Officers or positions of officers and employees of the Foreign Service".

Proposed legislation

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.

Existing section 446 is repealed because the proposed amendment to section 441 authorizes the Secretary to classify positions in the Department in accordance with Foreign Service standards, without regard to the Classification Act of 1949, as amended, when such positions are designated as Foreign Service officer positions. Consequently, the provisions of section 446 relating to the Classification Act of 1949, as amended, are no longer needed. The section number is reused.

New section 446 of the Foreign Service Act would authorize the Secretary to grant employees, while assigned to perform duties of a courier, a salary differential not to exceed 15 percent of the employee's basic salary.

The principle of hazardous duty pay is recognized both in military and civilian pay systems. Couriers perform not only an arduous task, but a dangerous one. They must travel constantly regardless of flight conditions, by means of a great variety of transportation facilities, many of which do not maintain the same level of safety requirements generally found in U.S. commercial airlines. Couriers are on duty a minimum of 170 hours a month and are in the air most of the time. This should be compared with the policy of our commercial airlines which limits flight time for flying personnel to a maximum of 85 hours during any 1 month, with an average somewhat below that figure. Members of the Department's courier service have sustained serious injury in the line of duty and over the past few years several have given their lives in the service of their country. A number have been injured severely in flight accidents and at least one was injured as a result of a revolution in one of the countries through which he was traveling. The proposed maximum differential of 15 percent of basic salary is regarded as an appropriate amount after due consideration of the hazards and hardship factors that are inherent in courier duty. It is the Department's plan to pay the differential to couriers whose assignments involve significant hardship conditions or hazards. Criteria for determining the amount of differential, up to 15 percent of basic salary, applicable to the various courier assignments, will be developed by the Department.

TITLE V—APPOINTMENTS AND ASSIGNMENTS

SECTION 9 (Sec. 500)

(Sec also p. 126)

Existing legislation

No existing legislation.

Proposed legislation

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.

New section 500 is an amendment to the act which states the policy that chiefs of mission and Foreign Service officers shall have to the maximum practical extent a knowledge of the language, culture, history, and institutions of the countries in which they are to serve. This policy statement was made a part of the bill by the Senate Foreign Relations Committee in an effort to emphasize the need for strict adherence to such a policy in the assignment of chiefs of mission and in assigning Foreign Service officers to overseas duty.

SECTION 10 (Sec. 516)

(See also p. 126)

PART B—FOREIGN SERVICE OFFICERS

Existing legislation

ADMISSION TO CLASS 8

SEC. 516. 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.

Proposed legislation

ADMISSION TO CLASS 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.*

The proposed amendment to section 516 would permit the appointment directly to class FSO-7 of a limited number of persons who have qualified for FSO-8 appointment under the provisions of this section. While it is anticipated that this authority would rarely be used, there are occasions when direct appointment to class 7 would be desirable and fully justified in the interest of the Service and of the individual appointee. The Department intends, if this amendment is enacted, to issue regulations limiting such appointments to the most mature and experienced candidates who: (1) are at least 28 years old; (2) have a record of graduate training or employment in Government or industry which clearly demonstrates ability or special skills; and (3) have a modern foreign language competence. Under existing legislation, it has been necessary for some older more experienced men to take substantial salary reductions to accept appointment at the same level as younger men just out of college. While these men have accepted appointment willingly, it is only natural that they have been concerned about their losses in income. In this respect the proposed provision would improve morale among the younger officers by giving recognition to age and experience.

SECTION 11 (Sec. 517)

(See also p. 126)

PART B—FOREIGN SERVICE OFFICERS

ADMISSION TO CLASSES 1 TO 7, INCLUSIVE

Existing legislation

SEC. 517. [A person who has not served in class 8] shall not be eligible for appointment as a Foreign 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

Proposed legislation

SEC. 517. 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 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 requirements as to service may be reduced to three years. 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.

Existing legislation

Proposed legislation

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.

The proposed changes in section 517 accomplish the following: (1) They permit the appointment to class 7 (without the requirement that they must previously have served in class 8) of certain persons qualified by examination for appointment as is proposed under the revised provision of section 516(b); and (2) they eliminate the temporary provision incorporated in Public Law 22, 84th Congress, and further amended by Public Law 828, 84th Congress, which established, presumably for the duration of the integration program a limitation on the number of persons who can be integrated as Foreign Service officers under the provisions of this section. The integration program has now been completed and a permanent provision for the lateral entry of officers to classes 1 to 7, inclusive, should be restored. Any future use of this lateral entry provision to meet the needs of the Service would be seriously handicapped by the fact that only officers who had been on the rolls of the Department as of March 1, 1955, or who have served 3 years after appointment by the Secretary of State to the Foreign Service Reserve, would be eligible for appointment. It is hoped the good judgment and common sense of those responsible for advising the Secretary on continuing lateral entry policies can be relied upon to carry out such policies on a sound basis.

SECTION 12 (Sec. 520)

(See also p. 127)

Existing legislation

Proposed legislation

REINSTATEMENT AND RECALL OF FOREIGN SERVICE OFFICERS

REAPPOINTMENT, RECALL, OR REEMPLOYMENT OF FOREIGN SERVICE OFFICERS

SEC. 520. (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 experience 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.

SEC. 520. (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. The Secretary shall, taking into consideration the qualifications and experience 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.]

(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.

Existing legislation

No existing legislation.

Proposed legislation

(c) Notwithstanding the provisions of title 5, United States Code, section 62, and title 5, United States Code, section 715a, a Foreign Service officer heretofore or hereafter retired under the provisions of section 631 and 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.

Section 520(a) is amended by removing the present requirement that Foreign Service officers who resign 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. It sometimes happens that an officer is obliged to resign from the Service through no fault of his own; family health problems, for example. If the situation changes and he again becomes able to serve it is believed that the President should have authority to use his discretion in considering his reappointment. The requirement for previous Government service relating to the lateral appointment of officers to classes 1 through 7 should not be applicable to such persons who have already been Foreign Service officers and have fulfilled all the requirements for such appointment.

Section 520(b) has been changed to liberalize the conditions under which the Secretary may recall a retired Foreign Service officer for assignment to temporary duty. It is frequently of benefit to the Department to make such assignments to special study groups, Selection Boards, the Foreign Service Institute, or to work on specific problems in which the retired officer has expert knowledge, yet it cannot be ordinarily maintained that an emergency exists. The proposed change would make such assignments possible without having to determine that they are required by emergency conditions. Normally, the tour of duty of an officer recalled under the provisions of this subsection would be of a limited nature. The salary paid the officer recalled would be set at the discretion of the Secretary. It would normally be that of the class in which the officer was serving at the time of his retirement.

New section 520(c) provides that a participant in the Foreign Service Retirement and Disability System retired mandatorily for age shall not be barred from reemployment in any Government agency. New section 872 provides that an officer will receive the salary of the position in which he is reemployed plus such part of his annuity as when added to his salary will equal the basic salary he was receiving at time of retirement. Most Foreign Service officers are mandatorily retired at age 60. Some of these possess the experience, ability, and vigor which would make them useful to other agencies of the Government. This proposed provision would make it possible for these officers to be reemployed when their services are needed.

SECTION 13 (Sec. 528)

(See also p. 128)

REINSTATEMENT OF RESERVE OFFICERS

Existing legislation

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 advance-

Proposed legislation

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

Existing legislation

Proposed legislation

ments 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], 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 prerequisite to the receipt of such salary advancements.

within-grade salary advancements he would have been entitled to receive had he remained in the position in which he is regularly employed under 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 prerequisite to the receipt of such salary advancements.

This is a technical change to reflect the current reference to the Classification Act.

SECTION 14 (Sec. 531)

(See also p. 128)

PART D—FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

APPOINTMENTS

Existing legislation

Proposed legislation (as passed Senate)

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.]

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 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.

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

Section 14 of the bill provides, by reference to the applicability of the provisions of section 637, that there shall be a hearing before the Board of the Foreign Service in all cases involving the separation for misconduct of limited or probationary staff employees. In proposing those amendments to the Foreign Service Act, the Department sought to clarify the authority of the Secretary of State to make temporary or limited appointments and to terminate the services of employees serving under such appointments when there was reason for so doing. The broad authority which the Department needs is not provided if a hearing procedure is required for probationers and those serving under limited appointments when misconduct is involved. Further, since the term "misconduct" does not lend itself to a precise definition, the provision would be exceedingly troublesome. It is not believed desirable to go through the processes of preferring charges and conducting hearings when probationers and employees serving limited terms are

to be terminated. Therefore the Department requests a change in this section in accordance with the redraft that follows:

PART D—FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

APPOINTMENTS

Existing legislation

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.]

Changes proposed by Department

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 type appointments 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 service 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 other staff officers or employees who occupy probationary status.*

Revised section 531 is designed to emphasize the principle that staff officers and employees shall be appointed on the basis of qualifications and experience. The reference in the present language to sections 441, 442, and 443 has been eliminated. It is proposed that section 442 be repealed since it is superseded by the proposed amendment to section 416. Reference to sections 441 and 443 is unnecessary, and, in fact, is misleading in the sense that the reference could be interpreted to require appointment to a particular position rather than to a class.

The other purpose of the revised section is to make it clear that in prescribing regulations concerning the appointment of staff personnel the Secretary may provide for appropriate types of appointments in terms of tenure, i.e., temporary-, limited-, and permanent-type appointments and, in addition, to make clear that the Secretary may establish a probationary period of appropriate length and separate a newly appointed staff officer or employee who fails to meet probationary requirements without regard to the normal separation for cause procedures established by the proposed new section 637. In view of the importance of the particular personnel policies based on this section the language of the section is being clarified and made more specific.

SECTION 15 (Sec. 532)

(See also p. 128)

ASSIGNMENTS AND TRANSFERS

Existing legislation

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.]

Proposed legislation

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.*

The revision of section 532 has been made for the purpose of simplifying the language of the section to correspond more closely to the comparable provisions for Foreign Service officers and to reflect more clearly the intent of the revised section 441 relating to the classification of positions. The language of section 532 relating to promotion has been deleted, inasmuch as section 641 covers the promotion of staff officers and employees to a higher class.

SECTION 16 (Sec. 571)

(Sec also p. 129)

PART H—ASSIGNMENT OF FOREIGN SERVICE PERSONNEL

Existing legislation

Proposed legislation (as passed Senate)

ASSIGNMENTS TO ANY GOVERNMENT AGENCY

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, 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.

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 any 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.]

(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 a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, [to a position,] 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 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

Existing legislation

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)] 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 of the position in which he is serving in lieu of his salary 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.

[(e)] 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.

Proposed legislation (as passed Senate)

(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 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.*

(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 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.

(e) *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.*

*Existing legislation**Proposed legislation (as passed Senate)*

[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).]

Section 571(a) has been revised to establish clearly authority for 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.

Paragraph (b) which originally related to authority to appoint a Foreign Service officer as Director General without regard to the limitations of paragraph (a) relating to period of assignment to duty in the Department is no longer needed as amendments to section 571(a), Public Law 22, 84th Congress, provide authority for the Secretary to extend, under special circumstances, a 4-year period of duty for a period of an additional 4 years. Paragraph (b) is, therefore, being deleted as no longer needed.

Paragraph (c) has been redesignated as paragraph (b) and has been changed to provide authority for the appointment by the President, by and with the advice and consent of the Senate, or by the President alone (e.g., International Boundary Commissions), of a Foreign Service officer to a position in any Government agency including any U.S. delegation or mission to international organizations, international commissions, or other international bodies with the provision that the appointee shall not lose his status as a Foreign Service officer. Existing section 571(e) provides authority for appointment by the President, by and with the advice and consent of the Senate, of a Foreign Service officer to a position. By inserting "in any Government agency" this paragraph is being brought into conformity with paragraph (a) as amended by Public Law 22, 84th Congress. The reference to "or concerning assignment" has been eliminated as no longer necessary. The last two sentences are eliminated as no longer necessary since they applied to only one individual and have been executed with respect to him.

Paragraph (d) has been designated as paragraph "(c)". This section of the act provides that in the event an officer or employee of the Service is assigned or detailed to duty with any Government agency (including the Department of State), he shall receive the difference, if any, between his salary as an officer or employee of the Service and the basic minimum salary of the position to which he is assigned. This provision was included in the Foreign Service Act of 1946 to offset in part the loss of allowances that result when the officer or employee is assigned from a post abroad to a position with a Government agency in the United States. It was designed to recognize the principle of equal pay for equal work from the standpoint that an officer or employee of the Foreign Service when assigned to a position in a Government agency in the United States to work in conjunction with civil-service officers, would receive at least the minimum rate for the position to which he is assigned as determined by the grade of the position under Classification Act procedures.

Subsequent to the enactment of the Foreign Service Act of 1946, provision has been made for a home service transfer allowance for Foreign Service personnel incident to an assignment to the United States between foreign-post assignments. Moreover, as a consequence of the Secretary's integration program, the Foreign Service will be used increasingly to staff departmental positions. A "Washington" assignment at periodic intervals is, in effect, and increasingly will become, a normal assignment. This change in assignment practices when taken in context with the proposed revision of section 441 permitting the Secretary to classify departmental positions that are occupied by Foreign Service officers under Foreign Service rather than Classification Act standards, suggests that there is no longer

justification for this so-called Washington salary differential for officers of the Service assigned to positions in the Department. Section 571(c) will therefore exclude Foreign Service officers so assigned from "Washington" differential provisions. The provisions of this section will not, however, prevent officers or employees of the Service assigned to other Government agencies or to official delegations or missions to international organizations, international commissions, or other international bodies, from receiving a salary differential if the basic salary rate of the position to which they are assigned exceeds their salary rates.

Paragraph (e) of this section has been redesignated as paragraph (d). The phrase "with heads of Government agencies" has been deleted because reimbursement agreements may be made with officials other than heads of agencies when officers or employees are assigned to international organizations, international commissions or international bodies.

The change in section 571(e) proposed by the Department, below, would authorize the Secretary to grant a housing allowance to Foreign Service personnel who are assigned to duty in the United States between assignments, and to Foreign Service officers of classes 7 and 8 assigned to duty prior to duty abroad.

It is becoming increasingly difficult for Foreign Service officers, particularly junior officers with families to live on their salaries in Washington. They are in quite a different position from Government employees who can plan to live in Washington indefinitely. Most Foreign Service personnel while on assignment of 2 to 4 years in the United States are compelled to spend much more than the salary which they receive during such assignments. Consequently, most such personnel, although realizing how important it is that they serve from time to time in the Department, are reluctant to take a Washington assignment because of the financial sacrifices involved. For this group of personnel it is proposed to provide an amount which would defray approximately one-half of their housing costs while on duty in the United States.

Since the provisions of section 576 have been superseded by revised section 571, it is proposed that section 576 be deleted.

JUSTIFICATION FOR DEPARTMENT'S PROPOSED CHANGE

At the time the amendments to the Foreign Service Act of 1946, which are contained in S. 2633, were proposed by the Department in 1958, it was anticipated that there would be a sufficient interval between the possible enactment and effective date of the provision proposed to enable officers to make necessary adjustments with respect to the elimination of the "Washington differential" and for the Department to make the necessary budgetary adjustments to cover the proposed "Washington quarters allowance." Consequently, section 16 of the bill proposes that the salary differential applicable to certain officers assigned to the United States shall not be applicable subsequent to June 30, 1961. Also, the provisions relating to the proposed Washington quarters allowance would, as it is now drafted, become effective at the same time other provisions of the bill are made effective. The Department proposes the two following changes in section 16:

1. Where it appears in proposed section 571(c), change the date "June 30, 1960" to read "June 30, 1961."
2. Add at the end of proposed section 571(e) a new sentence which shall read as follows: "The provisions of this paragraph shall become effective July 1, 1961."

SECTION 17 (Sec. 575)

(See also p. 131)

ASSIGNMENTS TO FOREIGN GOVERNMENTS

Existing legislation

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).]

Proposed legislation

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 appropriate provisions of titles III and IX of Public Law 402, 80th Congress (62 Stat. 7 and 13; 22 U.S.C. 1461-1453, 1478 and 1479).

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

SECTION 18 (Sec. 578)

(See also p. 132)

FOREIGN LANGUAGE KNOWLEDGE PREREQUISITE TO ASSIGNMENT

Existing legislation

No existing legislation.

Proposed legislation (as passed Senate)

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.*

DEPARTMENT'S JUSTIFICATION FOR CHANGE

This proposal would require the Secretary to designate every Foreign Service officer position in a foreign country whose incumbent should have a useful knowledge of the language or dialect common to that country and to fill such positions only by assigning to them officers having the required language facilities. The Department would encounter serious administrative problems in carrying out this section as it is now drafted. In view of the need for flexibility in meeting the language problems of the Foreign Service, it is believed that this section should be redrafted to provide that the Secretary, rather than designate actual positions, should determine the number of officer positions in a country which must be filled by language officers. Chiefs of mission would then be able to use the language competence of the staffs where it is most needed at any given time. It is suggested that this section be changed in accordance with the redraft that follows.

Although the Department would have no objection to this section if rewritten as suggested it is not believed that such legislation is necessary. The Department's firm objective is to staff all appropriate positions at field posts with personnel having the necessary language facility. Further, the rigid requirements of this section, even if rewritten as suggested, are likely to reduce the administrative flexibility that is essential to effective staffing of missions overseas.

FOREIGN LANGUAGE KNOWLEDGE PREREQUISITE TO ASSIGNMENT

Existing legislation

No existing legislation.

Changes proposed by Department

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.*

New section 578, as proposed by the Department, would require the Secretary to determine annually the number of Foreign Service officer positions in a foreign country which shall be occupied only by incumbents who have a useful knowledge of a language or dialect commonly used in such countries. After December 31, 1963, the Secretary would be required to maintain the prescribed quota of language officers for each country. 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.

TITLE VI--PERSONNEL ADMINISTRATION

SECTION 19 (Sec. 625)

(Sec also p. 133)

*Existing legislation***IN-CLASS PROMOTIONS 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, 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. [The] Secretary is authorized to grant to [a Foreign Service officer or a Reserve officer, in any class,] additional increases in salary within the salary range established for the class in which he is serving, based upon especially meritorious service.

*Proposed legislation***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.*

Section 625 has been revised in order to reinstate the Secretary's authority to grant additional within-class salary increases in recognition of exceptionally meritorious service. While cash awards provided for by the Government Employees' Incentive Awards Act (title III of Public Law 763, 83d Cong.) may in general serve well in providing rewards for exceptionally meritorious or superior service, they are not as appropriate as within-class salary increase awards for officers of the Foreign Service. Frequently the needs of the Service require an officer to serve for protracted periods of time in positions classified several levels above their personal rank. In many such cases officers have distinguished themselves in the performance of their duties and it is considered that within-class salary increases are more desirable and acceptable under these circumstances than a cash award would be. Further, there are a number of unusual and difficult foreign languages which owing to their uniqueness are not offered on a formal training basis; however, officers frequently upon their own initiative undertake the study of and become proficient in such languages. It is considered that the award of a meritorious within-class increase for such an accomplishment better serves the interests of the Government because it provides a continuing and more desirable incentive for the undertaking of such voluntary and specialized study by members of the Foreign Service.

AMENDMENTS TO THE FOREIGN SERVICE ACT

SECTION 20 (Sec. 626)

(See also p. 134)

RELATIONSHIP BETWEEN PROMOTIONS AND FUNCTIONAL AND GEOGRAPHIC AREA SPECIALIZATION

Existing legislation

No existing legislation.

Proposed legislation

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.

This amendment would add a new section to 626 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 up through class 1 in the Service.

SECTION 21

(See also p. 134)

PART D—SEPARATION OF **FOREIGN SERVICE** OFFICERS AND EMPLOYEES FROM THE SERVICE

SECTION 22 (Sec. 631)

(See also p. 134)

Existing legislation

FOREIGN SERVICE OFFICERS WHO ARE 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.

Proposed legislation

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 for a period not to exceed five years.

Section 631 changes the conditions under which the Secretary may extend the services of career ambassadors or career ministers beyond mandatory retirement age. It is further changed to provide that a career ambassador or career minister serving in any other position to which he has been appointed by the President, by and with the advice and consent of the Senate, e.g., Deputy Under Secretary,

Assistant Secretary, etc., shall continue to retain his status as a career ambassador or career minister until the termination of his appointment. It is not contemplated that a career ambassador or career minister who is a Presidential appointee serving in a capacity other than chief of mission will have his Foreign Service appointment extended beyond the time he occupies the specific position in which he is serving when he reaches mandatory retirement age. Normally the officer would be mandatorily retired at the end of such appointment.

Occasionally because of the specialized nature of the assignments of career ambassadors or career ministers who are not serving as chiefs of mission or under Presidential appointments and because of their unique knowledge or experience, it is in the interest of the Service to have them continue on duty for a limited period after they reach mandatory retirement age. Under present provisions, in order to make such an extension of an officer's service the Secretary must determine "an emergency to exist." This phrase has been found to be subject to different interpretations making it difficult for the Department to carry out the intent of this provision when the public interest can best be served by a brief delay in the retirement of certain officers. This provision will be used only in exceptional circumstances when it is clear that the continuation of the services of the officer will be in the public interest.

SECTION 23 (Sec. 632)

(See also p. 134)

Existing legislation

FOREIGN SERVICE OFFICERS WHO ARE
NOT 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.

Proposed legislation

FOREIGN SERVICE OFFICERS WHO ARE
NOT CAREER AMBASSADORS OR CAREER
MINISTERS

Sec. 632. Any Foreign Service officer, 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.

Section 632 is changed for the same reasons given under section 631. Provision is made for extending briefly beyond mandatory retirement the services of a very limited number of Foreign Service officers below rank of career minister when it is clear that the continuation of the services of an officer would be in the public interest. Under present provisions, in order to make such an extension of an officer's service the Secretary must determine "an emergency to exist." This phrase has been found to be subject to different interpretations making it difficult for the Department to carry out the intent of this provision when the public interest can best be served by a brief delay in the retirement of certain officers. This provision will be used only in exceptional circumstances when it is clear that the continuation of the services of the officer will be in the public interest.

SECTION 24 (Sec. 634)

(See also p. 134)

SELECTION-OUT BENEFITS

Existing legislation

Sec. 634. (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, 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; 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.]

Proposed legislation

Sec. 634. (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 as provided in section 841(a), except that in lieu of such refund such officer, if he has at least 5 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 has 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).

40 AMENDMENTS TO THE FOREIGN SERVICE ACT

Paragraph (b) (1) of section 634 is amended to authorize the Secretary in special instances to accelerate or combine the "installments" of the "severance" payment of up to but not exceeding 1 year's salary, without interest, which is authorized by this section. While the provision for paying this sum 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 usually is satisfactory, there are circumstances when it is desirable to accelerate or combine the payments in accordance with the needs of individual officers. The authority herein provided will make it possible for the Secretary to exercise his discretion in adjusting payments on an individual case basis.

Although the present provisions do not specifically state that the payments made under authority of this section shall be paid from the Foreign Service Retirement and Disability Fund, a decision by the Comptroller General made shortly after enactment of the Foreign Service Act of 1946 has resulted in the payments being made from that fund. This section as amended clearly authorizes the use of the Foreign Service Retirement and Disability Fund for this purpose.

Paragraph (b) (2) of section 634 is amended to conform with changes made in sections 841 and 881 which establish the computing of interest and the keeping of records relating to the retirement fund on a calendar year basis instead of a fiscal year basis as is now required by existing language. Further, this paragraph has been revised to clarify requirements relating to prior service credit governing an officer's entitlement to deferred annuity benefits.

References to age "sixty-two" throughout paragraph (b) have been changed to "sixty" to conform with other sections of this act.

SECTION 25 (Sec. 635)

(See also p. 135)

*Existing legislation*FOREIGN SERVICE OFFICERS RETIRED
FROM CLASS 8

Sec. 635. Any Foreign Service officer in class 8 shall occupy probationary status. The Secretary may terminate his service at any time.

*Proposed legislation*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.

The provisions of this section have been amended to provide for the probationary status of any Foreign Service officer of class 7 who is appointed under the provisions of section 516(b) as well as any Foreign Service officer in class 8.

SECTION 26 (Sec. 636)

(See also p. 135)

VOLUNTARY RETIREMENT

Existing legislation

Sec. 636. [Any Foreign Service officer] 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.

Proposed legislation

Sec. 636. 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 consent of the Secretary be retired from the Service and receive benefits in accordance with the provisions of section 821.

This is a technical change that conforms with other changes in the act to make uniform the use of the word "participant."

SECTION 27 (Sec. 637)

(Sec also p. 135)

Existing legislation

Proposed legislation (as passed Senate)

SEPARATION FOR [UNSATISFACTORY PERFORMANCE OF DUTY]

SEPARATION FOR 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 [.]

SEC. 637. (a) The Secretary may, under such regulations as he may prescribe, separate from the Service any Foreign Service officer, 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 other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary, except when separation is by reason of misconduct.

[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.]

[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

Existing legislation

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).】

【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.】

Sec. 637. (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 25 per centum of his per annum salary at the time of his separation.】

【(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.】

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

Proposed legislation (as passed Senate)

Sec. 637. (b) *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(a) 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 5 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 interest, shall be paid in accordance with the provisions of sections 841 and 881.*

(c) *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 paragraph (b) of this section shall be made out of the Foreign Service Retirement and Disability Fund.

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

As will be seen in the proposed amended section 637, which follows, it was the Department's intention to combine in one section the provisions formerly contained in four sections of the Foreign Service Act (i.e., secs. 637, 651, 638, 652), provisions relating to the separation for cause of all categories of permanent-type personnel in the Foreign Service. Because of the number of separate provisions relating to separation for cause, the specific authority of the Secretary was somewhat obscured and there was not provision for equity in the treatment of the various categories of Foreign Service personnel.

Important among the improvements the Department was seeking was the elimination of the requirement for hearings in certain instances involving the separation of officers and employees serving on temporary or limited appointments or serving probationary periods. The Department was also seeking to eliminate any "penalty" clauses relating to retirement benefits when employees are separated for cause.

Amended section 637 as it appears in S. 2633 requires a hearing in cases where separation for cause involves "misconduct." It also provides that annuity benefits shall be denied when an officer or employee is separated for cause if "the Secretary determines that separation was based in whole or part on the ground of disloyalty to the United States." The requirement for a hearing where a limited, temporary, or probationary employee is separated for misconduct restricts unnecessarily the authority of the Secretary. Denial of annuity benefits when a determination is made that "disloyalty to the United States" is involved is considered unduly severe. Such a provision would seem to go further than the Hiss Act which denies annuities to persons who commit offenses involving the security of the United States if such persons are convicted. The Department and the executive branch have taken the position that denial of earned annuity benefits cannot equitably be a part of punitive action in separation-for-cause cases. Because of these objections to section 637 as it appears in S. 2633, the Department proposes the revised amendment to this section as follows:

Existing legislation

SEPARATION FOR [UNSATISFACTORY PERFORMANCE OF DUTY]

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 [.]

Changes proposed by Department

SEPARATION FOR CAUSE

SEC. 637. (a) The Secretary may, under such regulations as he may prescribe, separate from the Service any Foreign Service 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, and for 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, Foreign Service Reserve officers, or any other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary.

Existing legislation

Changes proposed by Department

**[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.]

**[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).]

[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.]

Sec. 637. (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 25 per centum of his per annum salary at the time of his separation.]

Sec. 637 (b) 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 (a) except that in lieu of such refund such officer may if he has at least 5 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 interest, shall be paid in accordance with the provisions of sections 841 and 881.

Existing legislation

[(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.]

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

Changes proposed by Department

(c) 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 paragraph (b) of this section shall be made out of the Foreign Service Retirement and Disability Fund.

New section 637(a) combines into one section the provisions of sections 637 and 651 relative to separation for unsatisfactory performance of duty as well as the provisions of sections 638 and 652 relative to separation for misconduct and malfeasance. In so doing the following substantive changes have been made:

(1) The Secretary is given the discretion to determine whether an officer or employee should be separated for cause. At present he does not have complete discretion in this matter. Under present provisions it is frequently difficult if not impossible to distinguish between unsatisfactory performance and misconduct.

(2) The requirement of a hearing does not apply if the officer or employee waives his right to a hearing.

(3) It may be noted that the revised section applies equally to all Foreign Service officers, and Foreign Service Staff officers and employees.

Foreign Service officers who are in probationary status, Foreign Service Reserve officers, and any other officers and employees of the Service whose appointments are temporary or limited (e.g., Staff personnel appointed for a special program) are not subject to the provisions of this section as their services may be terminated at any time at the discretion of the Secretary. Foreign Service Reserve officers are not included since their appointments from the beginning have a statutory expiration date.

Paragraph (b) has been revised to provide that a participant separated from the Service for cause may receive a refund of contributions to the Foreign Service Retirement and Disability Fund, with interest, or may elect in lieu of a refund of such contributions to receive a deferred annuity payable when he reaches age 60. This brings into line with the retirement provisions of this section the retirement provisions covering other types of separation from the Foreign Service. Under present provisions relating to separation for cause, officers 45 years of age or over who are separated for unsatisfactory performance of duty are entitled to an immediate annuity based upon their years of service, computed in accordance with the provisions of section 821, but such annuity may not exceed 25 percent of their basic per annum salary at the time of separation. Officers under 45 years of age who are separated from the Service for unsatisfactory performance are entitled to a payment of 1 year's salary or the refund of contributions made to the Foreign Service Retirement and Disability Fund, "whichever shall be greater." Under present provisions officers separated for misconduct or malfeasance are denied annuity benefits and are entitled only to a refund of contributions made by them to the Foreign Service Retirement and Disability Fund.

It is the Department's view that there should be no "penalty" clause relating to retirement benefits when there is separation for cause. Further, it is the Department's view that an officer who has contributed to the retirement Fund and has served for a sufficient number of years (i.e., at least 5 years of civilian service) to qualify for a deferred annuity should not be denied the benefits he has earned regardless of the reason for his separation, and that he therefore should have the choice of a refund of retirement contributions or a deferred annuity.

New paragraph (c) has been added to make clear that retirement benefits under the Foreign Service Retirement and Disability System relating to separation for cause apply only to participants in that System. Other officers or employees of the Service separated under the provisions of this section are entitled only to such benefits as shall accrue to them under any other retirement system in which they are participants.

Paragraph (d) has been changed only with respect to a cross reference.

SECTION 28 (Sec. 638)

(See also p. 138)

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

Existing legislation

No existing legislation.

Proposed legislation (as passed Senate)

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, 1953, through December 31, 1958.

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

As was the case in the Department's proposed amendment which resulted in a new section 637 that combines all provisions relating to separation for cause and makes uniform separation for cause procedures, as they affect all categories of personnel in the Foreign Service, it was the Department's intention when it proposed an amendment to section 638 to provide clear-cut authority for the Secretary to terminate Staff officers and employees serving under temporary or limited appointments and Foreign Service Reserve officers. Section 28 of S. 2633 follows the Department's original proposed amendment to section 638 but adds a requirement that where separation is for misconduct the employee being separated must be given a hearing. The Department does not believe that there is justification for a hearing procedure where temporary or limited employees are being terminated; consequently, the Department proposes the revised amendment to this section, as follows:

TERMINATION OF APPOINTMENT OF FOREIGN SERVICE RESERVE OFFICERS AND STAFF
OFFICERS AND EMPLOYEES UNDER LIMITED APPOINTMENT

Existing legislation

No existing legislation.

Changes proposed by Department

Sec. 638. Notwithstanding the provisions of this or any other law, the Secretary may, under such regulations as he may prescribe, terminate the services of any staff officer or employee serving under limited appointment or any Foreign Service Reserve officer at any time. 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, 1953, through December 31, 1958.

The Foreign Service Act of 1946, as amended, does not specifically provide the Secretary with clear-cut authority for the separation, when their services are no longer needed, of Foreign Service Reserve officers. Further, the Foreign Service Act of 1946, as amended, does not provide clear-cut authority for the Secretary to terminate Staff officers or employees who are serving under limited appointments. This amendment is designed to provide statutory authority for the termination of such employees at the end of the specified period of employment, upon expiration of the special program for which the employee was appointed, or when the need no longer exists for the employee's services.

This flexibility is needed in order to staff new programs with personnel who are willing to accept such assignments and in order to be able to terminate their services with the minimum of disruption.

The second sentence of amended section 638 makes a special provision for a group of approximately 45 Staff officers who during the period September 1, 1958-December 31, 1958, accepted Foreign Service Reserve appointments of specified duration. Although the Department has no intention of changing the agreed upon duration of appointment for this group of officers the Senate made this provision to insure that these officers would not be terminated before the end of their specified period of employment.

PART E—PROMOTION OF FOREIGN SERVICE STAFF OFFICERS AND EMPLOYEES

SECTION 29 (Sec. 641)

(See also p. 139)

CLASS PROMOTION OF STAFF PERSONNEL

Existing legislation

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.]

Proposed legislation

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.

Section 641 is amended to emphasize the principle that all promotions of Staff officers and employees to a higher class shall be on a competitive basis in relation to performance and merit, rather than 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 promotions. As indicated in the explanation of the proposed Foreign Service salary schedule under section 415 (see p. 18), Staff personnel upon promotion to a higher class would receive an increase in salary.

SECTION 30 (Sec. 642)

(See also p. 140)

Existing legislation

[IN-CLASS PROMOTIONS OF STAFF OFFICERS AND EMPLOYEES]

SEC. 642. [In-class promotions of staff officers and employees shall be granted in accordance with regulations prescribed by the Secretary.]

Proposed legislation (as passed Senate)

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 especially meritorious service.

No existing legislation.

(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

Existing legislation

Proposed legislation (as passed Senate)

longevity and proficiency in the Service. Each such salary increase shall be equal to 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.

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

Section 30 of S. 2633 amends section 642 of the Foreign Service Act in accordance with the Department's proposals except in one respect. The amendment to paragraph 642(b) which authorizes the Secretary to grant increases to Foreign Service Staff personnel beyond the maximum salary rates prescribed by section 415 states that such increases may be granted "in recognition of longevity and proficiency in the Service." It is the Department's intention to use the authority of this section to grant not only longevity increases but also, in certain instances, to provide for increases beyond the maximum salary rate of the classes as a reward for proficiency, in lieu of promotion to a higher class. Further, the Department needs to use the authority contained in this section in the initial conversion of Staff personnel from existing classes and salary levels to those contained in the new 10-class salary structure in order to provide for an orderly and equitable conversion of all Staff personnel. Accordingly, the Department wishes to have the language of this section altered by changing the word "and" to "or." The change indicated in the following redraft of section 642 is proposed.

Existing legislation

Changes proposed by Department

[IN-CLASS PROMOTIONS OF STAFF OFFICERS AND EMPLOYEES]

WITHIN CLASS AND LONGEVITY SALARY INCREASES

SEC. 642. [In-class promotions of staff officers and employees shall be granted in accordance with regulations prescribed by the Secretary.]

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 especially meritorious service.

No existing legislation.

(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 to 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.

Paragraph (a) of section 642 has been revised to provide the Secretary with the same authority to grant Staff personnel additional within-class increases as a reward for meritorious service as that contained in section 625 for granting meritorious salary increases within-class to Foreign Service officers and Foreign Service Reserve officers.

The principal purpose of new section 642(b) is to authorize the Secretary to establish a system of longevity increases for Staff personnel. The principle and the practice of longevity pay is well established in Government and in industry. Although the work performed by Staff personnel is highly essential and important to the effective functioning of the Service, in the majority of the cases the nature of the duties and the qualifications required therefor impose automatic limitations on promotional opportunities. In addition, as a consequence of the Secretary's integration program, promotional opportunities in the Staff are limited; however, most Staff personnel performing in Foreign Service officer positions who qualified for lateral entry were integrated into the Foreign Service officer category. Longevity pay is not pertinent in the case of Reserve officers, whose tenure is usually limited to a period of 5 years, and it is not consistent with the promotion and selection-out provisions applicable to Foreign Service officers. In the case of Foreign Service Staff personnel a longevity pay system will meet a definite need in providing an incentive for qualified and experienced employees to continue in the Service throughout their working careers, thus providing highly essential skills for the Service with a minimum of turnover and cost.

The proposed revision would authorize the Secretary to grant a longevity salary increase from time to time on the basis of significant longevity landmarks in terms of the total years of U.S. Government service rendered by an employee, provided his record of performance warrants the award of such increase. In other words, it is not intended that longevity increases would be awarded automatically on the basis of satisfactory service, as in the case of the periodic increases, but rather the purpose of the plan is to recognize longevity in combination with proficiency in order to provide a stimulus for long-service employees who remain in the same class to continue to excel in the performance of their duties as well as to continue in the Service.

It is contemplated that the Secretary will establish by regulation the eligibility periods for longevity increases under this plan.

TITLE VII—THE FOREIGN SERVICE INSTITUTE

SECTION 31 (Sec. 701)

(See also p. 141)

ESTABLISHMENT OF THE INSTITUTE

Existing legislation

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.

Proposed legislation

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 proposed addition to section 701 will give the Secretary specific authority to provide orientation and language training to the spouses of officers and employees of the Government who are to serve in foreign relations activities abroad.

SECTION 32 (Sec. 704)

(See also p. 141)

APPOINTMENT, ASSIGNMENT, AND DETAIL TO THE INSTITUTE

Existing legislation

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 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 [1923], 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.

* * *
No existing legislation.

No existing legislation.

Proposed legislation

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 1949, as amended, except that, when deemed 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 1949, 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.

* * *
(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.*

In paragraph (a), references to the Classification Act of 1923 have been brought up to date by changing "1923" to "1949".

A new paragraph (e) has been added to section 704. This will provide the Secretary with authority either to employ on the staff of the Institute or to contract for the services of aliens for use in language and area training programs. The primary goal of the language and area programs is to have the student achieve a comprehensive speaking and reading proficiency of a language as well as an area knowledge of a country. Frequently the persons best qualified to provide such instruction are recent emigres who have not had an opportunity to acquire American citizenship. Such persons may teach in universities to which Foreign Service personnel might be assigned, but their employment on the staff of the Institute has not heretofore been authorized. This authority will enable the Department to strengthen its language and area training programs in the Foreign Service Institute.

Both full-time and part-time language and area instructors and tutors will normally be appointed to the staff of the Institute when they are to be used on continuing programs. Authority to employ by contract is considered essential,

however, since in many cases persons used in these programs are available in the United States for only short periods of time. In many instances because of the varying requirements of the Institute short-term instructors can adequately fill the needs for specialized language and area training. To avoid excessive turnover in the staff of the Institute, and to meet unforeseen changes or modifications in programs, the flexibility provided by a contract provision will bring about economy in the operation of the Institute's programs.

New paragraph (f) of section 704 would give the Secretary the authority to provide special monetary and other incentives that would encourage officers and employees of the Service to acquire, use, and maintain skills in "difficult" languages. While it is expected that officers and employees of the Service will acquire and maintain proficiency in at least one of the world languages, the acquisition and maintenance of skills in the esoteric languages is a time-consuming and frequently extra curricular requirement which imposes heavily upon an officer or employee's time. Moreover, an officer who becomes such a language and area specialist will in most instances be called upon to spend a disproportionate part of his career in the Service at posts where living conditions are difficult. The need for officers trained in esoteric languages is becoming increasingly so important in the conduct of foreign affairs activities that it is believed highly important for the Secretary to have authority to offer such incentives.

It is expected that only a relatively small number of officers would be eligible to receive the benefits of this provision. However, its importance to the Service is great.

TITLE VIII—THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM

SECTION 33 (Sec. 803)

(See also pp. 146-153, 154)

PART A—ESTABLISHMENT OF SYSTEM

PARTICIPANTS

Existing legislation

SEC. 803. (b)

(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.]
No existing legislation.

No existing legislation.

Proposed legislation (as passed Senate)

SEC. 803. (b)

(2) 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 10 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 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.

Existing legislation

No existing legislation.

Proposed legislation (as passed Senate)

(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.

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

The new subsection 803(c)(3) is the outgrowth of Senate committee hearings and relates by reference to the applicability of subsection 803(c)(1) which provides for the mandatory transfer to the Foreign Service Retirement System of all Staff personnel on completion of 10 years of continuous service, and subsection 803(c)(2) which provides for the retirement on a gradual scheduled basis over a 5-year period of Staff personnel who will be retired above the normal Foreign Service retirement age. These new earlier retirement provisions will become effective 1 year after enactment of this bill.

The latter provision will bring about the earlier mandatory retirement of 93 Staff officers and 64 clerical employees (by periods varying from a few months to 10 years) than would be required were they continued as participants in the Civil Service System. The Staff officers were unable to qualify for lateral appointment as Foreign Service officers because of age or other factors. The clerical employees have reached the limit of their potential. Most of these employees are age 60 or older and all are more or less marking time pending retirement.

Since the accelerated retirement of older Staff personnel is considered to be in the best interests of the Service and the Government, subsection 803(c)(3) was intended to give these older Staff employees some kind of financial aid, in addition to the annuities to which they are entitled, in recognition of possible hardship which would be imposed upon them by earlier mandatory retirement. Also, it was intended to provide other older personnel a financial incentive for earlier voluntary retirement. Without benefit of opportunity for detailed study of its possible disadvantages and/or inequities, a financial aid plan similar to that provided Foreign Service officers who are selected out appeared to be the most feasible and equitable.

This provision, as written into the bill, will provide a lump-sum payment of one-twelfth of the current yearly salary for each year of service not exceeding a total of 1 year's salary to older staff employees who (a) are age 61 or older when they become participants in the Foreign Service Retirement System, and (b) are retired mandatorily as prescribed in the gradual retirement schedule.

Projection studies made subsequent to the passage of S. 2633 by the Senate of the benefits accruing to individual employees under this provision reveal that failure to relate the proposed financial aid to: age when retired; the number of years earlier that retirement takes place; and losses sustained in terms of salary and additional retirement benefits by the employee, will result in serious inequities.

Specifically, one-third of the older Staff employees, although equally deserving, would be ineligible for financial aid. All eligible employees would receive a full year's salary. A Staff officer mandatorily retired at age 69½ years would receive the same financial aid as the Staff officer who would be retired at age 61. Further, in the first instance, the Staff officer would in effect receive his full salary until age 70½ years, and maximum retirement benefits, whereas in the case of the employee age 61, with say an annual salary of \$6,000, would lose 8 years' salary and 9 years of accrued retirement benefits equating to \$1,080 per year. Additionally, restricting this financial aid to mandatory retirement would encourage Staff personnel to remain on the rolls who otherwise might be planning voluntary retirement at an earlier age.

These inequities were found to be of sufficient number and importance to warrant consideration of alternative financial aid plans. After further study, a modification of this section which fully carries out its original intent is indicated.

This modification would extend financial aid eligibility to the 157 Staff employees who will be (a) age 57 or older when the provisions of this section become effective, and (b) over age 60 when mandatorily retired. The formula provides financial aid based upon the number of years that earlier retirement takes place. The Department, therefore, requests a change in this subsection in accordance with the redraft that follows.

PART A—ESTABLISHMENT OF SYSTEM

PARTICIPANTS

Existing legislation

SEC. 803. (b)
 (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.]
 No existing legislation.

No existing legislation.

No existing legislation.

Changes proposed by Department

SEC. 803. (b)
 (2) 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 10 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 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 57 or over on the effective date of this section, and who is retired mandatorily, or elects to retire voluntarily at an earlier age, under the provisions of paragraph (c)(2) of this section, shall receive, in addition to retirement benefits under section 821, a lump sum payment, without interest, from the Fund, at the time of his retirement in accordance with the following schedule:

Age 69	2/3	2/3ths of annual basic salary
68	3/4	3/4ths of annual basic salary
67	4/5	4/5ths of annual basic salary
66	5/6	5/6ths of annual basic salary
65	6/7	6/7ths of annual basic salary
64	7/8	7/8ths of annual basic salary
63	8/9	8/9ths of annual basic salary
62	9/10	9/10ths of annual basic salary
61	10/11	10/11ths of annual basic salary
60	11/12	11/12ths of annual basic salary
57-59	12/12	12/12ths of annual basic salary

Section 803(b)(2) has been revised to conform with revisions made in sections 811 and 852 which increase the rate of compulsory contribution to the Foreign Service Retirement Fund from 5 to 6 1/2 percent.

New paragraph 803(c) provides for the mandatory participation in the Foreign Service Retirement and Disability System of certain Staff officers and employees. At the present time Staff officers and employees are covered by the Civil Service Retirement Act. The 1956 amendments to the Civil Service Retirement Act have substantially enhanced the attractiveness of this System. 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, withstanding the rigors of moving and adjusting themselves and their families to new working and living situations every few years. At the same time, it is apparent that Staff officers and employees who serve for an appreciable period are subject in large measure to the same conditions of service as Foreign Service officers who are participants under the Foreign Service Retirement and Disability System. Under the Secretary's integration program approximately 400 Staff officers have been unable to qualify for lateral appointment as Foreign Service officers due principally to their inability to meet prescribed age requirements. A recent study of Staff personnel in classes FSS-1 through FSS-11, inclusive, indicates that there are about 475 Staff officers and employees in those classes who have served 10 or more years in the Foreign Service.

In certain instances Staff officers and employees with relatively long periods of service in the Foreign Service may desire to retire voluntarily at the earlier age permitted under the Foreign Service Retirement System. In some cases it would be in the interest of the Service and of individual officers and employees if the Foreign Service mandatory retirement provision for retirement at age 60 were made applicable to Staff personnel. The need for encouraging somewhat earlier retirement, which is recognized in the case of Foreign Service officers, is also significant in the case of certain Foreign Service Staff officers and employees. The proposed provision would also increase promotional opportunities for younger Staff personnel.

The purpose of new paragraph 803(c)(1), therefore, is to provide that Foreign Service Staff officers and employees who have completed and who will hereafter complete 10 years of continuous service in the Foreign Service shall become participants in the Foreign Service Retirement and Disability System. These officers and employees will be required to make the necessary contributions to the Foreign Service Retirement and Disability Fund.

Paragraph 803(c)(2) provides for the retirement on a gradual basis of officers and employees who are above mandatory retirement age at the time they become participants in the System.

Paragraph 803(e)(3) provides financial aid, in addition to the annuities to which they will be entitled, to older Staff employees upon whom will be imposed earlier mandatory retirement. This plan for financial aid gives recognition to the possible hardship caused by such earlier retirement. It is also proposed that the financial aid plan for older employees who retire voluntarily shall serve as an incentive for earlier retirement. The formula relating to the financial aid is a variable one depending upon the number of years between actual age at retirement and the age these employees would have been required to retire had they remained participants in the Civil Service Retirement System. Thus an employee mandatorily retired at age 69 would receive two-twelfths of his annual basic salary. An officer mandatorily retired at age 64 would receive seven-twelfths of his annual basic salary and an officer voluntarily retiring at age 60 would receive eleven-twelfths of his annual basic salary.

SECTION 34 (Sec. 804)

(See also pp. 146-153, 156)

ANNUITANTS

Existing legislation

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

Proposed legislation

SEC. 804. (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

Existing legislation

participants [who are] entitled to receive annuities in accordance with the [terms of this title.]

No existing legislation.

Proposed legislation

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.

Section 804 has been redesignated as section 804(a) and changed for purposes of simplification and to provide specifically that surviving wives and husbands, widows and dependent widowers, and children may be included as survivor annuitants.

New paragraph 804(b) defines the terms "widow," "dependent widower," and "child."

SECTION 35 (Sec. 811)

(See also pp. 146-153, 156)

PART B—COMPULSORY CONTRIBUTIONS

Existing legislation

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, refunds, and allowances.]

Proposed legislation

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 of 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

Existing legislation

Proposed legislation

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.

The proposed changes in this section would increase the rate of contribution to the Foreign Service Retirement and Disability Fund from 5 percent to 6½ percent of basic salary. This is a necessary amendment in view of the increased benefits provided by the proposed revisions in title VIII. It is also proposed to require a sum equal to the employee retirement deduction to be contributed from the appropriation used for salary payment to be deposited along with the employee contribution to the credit of the Foreign Service Retirement and Disability Fund. By contributing currently in this manner, the true cost of the Foreign Service Retirement and Disability System would be more accurately reflected in budget figures.

SECTION 36 (Sec. 821)

(See also pp. 146-153, 157)

PART C—COMPUTATION OF ANNUITIES

Existing legislation

Proposed legislation

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 [of service], not exceeding thirty-five [years.]. 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] 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.

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 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

(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*

Existing legislation

(a) of this section, or 66% 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, from and after the death of his wife, if the participant shall survive her, the annuity payable to the participant shall be that amount which would have been payable if no option had been elected.]

No existing legislation.

No existing legislation.

No existing legislation.

Proposed legislation

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 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) \$720; or (iii) \$2,160 divided by the number of children.

(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.

Existing legislation

[(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.]

Section 821 has been amended to extend to participants in the Foreign Service Retirement and Disability System many of the survivorship benefits provided at present by other Federal retirement systems.

Paragraph (a) is amended to reflect the sections under which service credit is obtained: section 851 for ordinary service after becoming a participant; section 852 for prior service credit; and section 853 for extra service at unhealthful posts.

Paragraph (b) prescribes the formula for computing an annuity under which the retiring officer elects to receive a reduced annuity and thus provide upon death an annuity for the widow or widower. In this proposal a formula similar to that provided in the Civil Service Retirement Act has been adopted. The proposed legislation eliminates the provision of the existing legislation 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. It can well be eliminated if the new formula is adopted, for the retiring participant will not in that event suffer so great a loss in annuity by reason of making provision for his or her spouse.

Paragraph (c)(1) covers the case of an annuitant who is survived by a wife or husband and by a child or children. In such a case each child would receive an annuity equal to the smallest of: (1) 40 percent of the annuitant's average salary divided by the number of children; (2) \$600; or (3) \$1,800 divided by the number of children.

Paragraph (c)(2) provides that if the annuitant dies and is not survived by a wife or husband, but is survived by a child or children, such child or children will receive a higher annuity than they would receive if there were a surviving parent.

Paragraph (d) provides for the recomputation of the children's annuities if the surviving wife or husband dies, or another child's annuity terminates.

Proposed legislation

(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.*

Paragraph (e) provides that annuities to children shall terminate upon death, marriage, or attainment of 18 years, except when a child is incapable of self-support by reason of mental or physical disability, in which case the annuity shall continue until death, marriage, or recovery from such mental or physical disability.

Paragraph (f) provides for the designation of a beneficiary by a participant who is not married.

SECTION 37 (Sec. 831)

(See also pp. 146-153, 159)

PART D—BENEFITS ACCRUING TO CERTAIN PARTICIPANTS

RETIREMENT FOR DISABILITY OR INCAPACITY—PHYSICAL EXAMINATION—RECOVERY

Existing legislation

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[.]

(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 to submit to examination, shall be paid out of the Fund.]

Proposed legislation

SEC. 831. (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 the 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 examination, 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 retire-

Existing legislation

(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.]

No existing legislation.

No existing legislation.

Proposed legislation

ment, 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 of 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 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 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 section has been paid, so much of such compensation as

Existing legislation

Proposed legislation

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.

Amendments to section 831 are proposed in order to remedy certain defects in existing law. A new provision is also made for 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 the reinstatement or reappointment of a recovered disability annuitant. Section 831(b) provides that the Secretary shall upon their application reinstate retired Foreign Service officers or other annuitants to the class held upon retirement or he may appoint an annuitant who is not a former Foreign Service officer to a higher class and may recommend to the President that a former Foreign Service officer be reappointed to a higher class.

The provisions relating to physicians and surgeons who make the examinations upon which disability retirement is determined and upon which reappointment or reinstatement may be based have been changed to provide for the designation by the Secretary of one or more physicians or surgeons. Further, the provisions have been changed to authorize the Secretary to make the determination, based on reports of the physicians and surgeons designated by him, that annuitants shall be retired on disability or reinstated, reappointed, or recommended for reappointment in the Service. 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. A new provision has also been added to permit the withholding of annuity payments in order to assure that disability annuitants will submit promptly to annual examinations as required.

The present law provides that any participant who has 5 years of service credit is eligible for disability retirement. The proposed amendment would exclude from those 5 years free service credit granted for military service for which no contributions have been made to the fund.

The existing law provides that a disability annuitant is automatically given a minimum of 20 years of service credit. This provision is amended to limit the amount of extra service credit that can be credited to a disability annuitant to the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the Service. To credit him with more service credit than he could acquire should he continue in the Service until he reached the retirement age would be unwarranted.

Provision is also made to prevent duplication of disability benefits by the Foreign Service Retirement and Disability System and the Bureau of Employees' Compensation. The last sentence of paragraph (d) is based upon analogous provisions of the Civil Service Retirement Act and has the same intent; to permit a widow to receive an annuity in her own right; that is, based on her own service as an employee of the U.S. 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 U.S. Government.

Section 831(e) is substantially the same as section 7(g) of the Civil Service Retirement Act, as amended.

SECTION 38 (Sec. 832)

(See also pp. 146-153, 161)

DEATH IN SERVICE

Existing legislation

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].

Proposed legislation

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*

Existing legislation

Proposed legislation

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.

Section 832 has been changed to provide survivor benefits for dependent widowers because for the first time married females have become participants in the System.

A limitation is placed on the amount of free service credit that can be counted in computing annuities for the same reason as that set forth in section 831. The provision inserted in section 831 forbidding the inclusion of credit for military service in the "five-year period of service" is included in this section also.

It should be recalled here that proposed section 821 provides survivor benefits for dependent children of deceased annuitants, and that proposed section 832, by its reference to section 821, provides the same benefits for the dependent children of participants who die in service.

SECTION 39 (Sec. 834)

(See also pp. 146-153, 161)

DISCONTINUED SERVICE RETIREMENT

Existing legislation

No existing legislation.

Proposed legislation

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 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 881.

Section 834 is new in Foreign Service legislation. While participation in the Foreign Service Retirement and Disability System was limited to the small group of Foreign Service officers, there was comparatively little need for a provision for deferred annuities, since resignations and separations of officers were relatively infrequent after they had acquired as much as 5 years' service. Now, however, since the number of Foreign Service officers has been greatly increased and since it is proposed that certain Staff personnel be brought under the Foreign Service Retirement and Disability System, we can expect a larger proportionate number of voluntary separations than formerly. It is for this reason that the Department needs legislation providing for deferred annuities similar to those provided by the Civil Service Retirement System.

SECTION 40 (Sec. 841)

(See also pp. 146-153, 162)

PART E—DISPOSITION OF CONTRIBUTIONS AND INTEREST IN EXCESS OF BENEFITS RECEIVED

Existing legislation

SEC. 841. (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 [up to the date of such separation], 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 [compounded annually] at 4 per centum 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:

- (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 duly appointed executor or administrator of the estate of the retired participant];
- (3) [If there be no such beneficiary, or executor or administrator, payment may be made to such person or persons as may appear in the judg-

Proposed legislation

SEC. 841. (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, 1959; semi-annually as of December 31, 1959; 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;

Existing legislation

ment of the Secretary to be legally entitled thereto, and such payment shall be a bar to recovery by any other person.]

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

Sections 841 and 881 provide the basis upon which interest is computed on compulsory contributions received under the Foreign Service Retirement and Disability System and upon voluntary contributions to the fund. Because these sections set the periods upon which interest on these contributions is compounded, they also control the recordkeeping and reporting on the Foreign Service Retirement and Disability Fund. Section 841 (a) and (b) have been amended to establish 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 language. This will simplify the administration of the Foreign Service Retirement and Disability Fund by providing a uniform system of controls and records for all retirement and tax deductions, payrolls, and for the computation of interest on retirement deductions. At the present time records and reports pertaining to the Civil Service Retirement Fund, the Federal income tax, and the FICA tax are all maintained on a calendar-year basis. The fact that the Foreign Service Retirement and Disability Fund has had to be maintained on a fiscal-year 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. An amendment to the Civil Service Retirement Act, similar to this, was made by Public Law 216, approved November 9, 1945 (59 Stat. 577). This change in the Foreign Service Retirement and Disability System will help reduce the cost of the administration of the System as the number of participants increases with expansion of the Foreign Service.

The proposed additional changes in paragraphs (b) and (c) of this section are for the purpose of bringing into conformity with standard actuarial practice the provisions relating to the order of precedence for the payment, when annuity payments cease, of contributions and interest in excess of benefits received. This will be an administrative convenience since it will further standardize accounting practices in the Department.

Proposed legislation

(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.

SECTION 41 (Sec. 851)

(See also pp. 146-153, 162)

PART F—PERIOD OF SERVICE FOR ANNUITIES

COMPUTATION OF LENGTH OF SERVICE

Existing legislation

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

Proposed legislation

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 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

Existing legislation

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 H 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.

Proposed legislation

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 absences 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.

The language of the former section 851 has been simplified and clarified with respect to periods of service which are creditable toward retirement. In addition, specific provision has been made 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. The insertion of the phrase "and honorable" in relation to military and naval service precludes the possibility of a participant receiving credit for a period of military service not terminated honorably.

SECTION 42 (Sec. 852)

(See also pp. 146-153, 162)

PRIOR SERVICE CREDIT

Existing legislation

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

(1) service [performed as a civilian officer or employee] of the Government prior to becoming a participant; and

(2) active 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.]

Proposed legislation

SEC. 852. (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 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.

Existing legislation

No existing legislation.

[(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

Proposed legislation

(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 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

Existing legislation

or will in the future be entitled to receive any annuity, pension, or other retirement or disability payment or allowance.】

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

Proposed legislation

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 credit to a participant in accordance with the provisions of paragraph (a)(2) of this section.

Section 852(a) has been changed to clarify creditable prior civilian service to include service in the municipal government of the District of Columbia and to provide that creditable military service shall have been *honorable* service.

Section 852(b) has been changed to clarify provisions relating to prior civilian service and to provide that prior civilian service may be obtained by making special contributions to the fund equal to 5 percent of basic salary for each year of service subsequent to July 1, 1924, for which credit is sought prior to the effective date of this act and at 6½ percent thereafter with interest compounded annually at 4 percent per annum to the date of payment.

Section 852(c) has been revised to provide for automatic transfer of contributions to the Foreign Service Retirement and Disability Fund from any other Government retirement fund to which an employee has made contributions when he becomes a participant in the Foreign Service Retirement and Disability System by direct transfer.

Section 852(d) is designed to avoid duplication of civilian service credit of a participant under two retirement systems.

Section 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 (formerly Public Law 810, 80th Cong.).

SECTION 43 (Sec. 855)

(See also pp. 146-153, 163)

RECOMPUTATION OF ANNUITIES OF CERTAIN FORMER PARTICIPANTS

Existing legislation

No existing legislation.

Proposed legislation

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.

Public Law 828, 84th Congress, amended section 821(a) by increasing from 30 to 35 the number of years of creditable service that may be used in the computa-

tion of annuities. It is believed that through oversight this provision was not at that time made applicable to former participants in the System who had retired with more than 30 years of creditable service but whose annuities had been computed on the basis of only 30 years' service. This proposed temporary 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 at the time of their retirement. The provision is applicable only to former participants and does not apply to surviving annuitants.

SECTIONS 44 AND 45 (Sec. 871)

(See also pp. 146-153, 163)

Existing legislation

PART H—[OFFICERS REINSTATED IN THE SERVICE]

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 811. [If the annuity he was receiving prior to his reinstatement in the Service was based on less than 35 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].

Proposed legislation (as passed Senate)

PART H—ANNUITANTS RECALLED, REINSTATED, OR REAPPOINTED IN THE SERVICE OR REEMPLOYED IN THE GOVERNMENT

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. *The amount of his annuity when he reverts to his retired status shall be recomputed in accordance with the provisions of section 821.*

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

Section 871 (sec. 45 of the bill), as passed by the Senate, makes no change in the present law with respect to a recalled officer's obligation to contribute to the fund during the period of recall. Since he must contribute to the fund, and his annuity is recomputed upon his subsequent separation from the Service, the Department would prefer a version of section 871 which would permit the officer, in effect, to retire again, as though the prior retirement had not taken place, and to allow his annuity benefits to be redetermined in accordance with the provisions of section 821, including the right to make another election with respect to survivor benefits. Therefore, the Department proposes a revised amendment to this section as follows:

Existing legislation

PART H—[OFFICERS REINSTATED IN THE SERVICE]

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 811. [If the annuity

Changes proposed by the Department

PART H—ANNUITANTS RECALLED, REINSTATED, OR REAPPOINTED IN THE SERVICE OR REEMPLOYED IN THE GOVERNMENT

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

Existing legislation

he was receiving prior to his reinstatement in the Service was based on less than 35 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].

Section 871 as amended will allow for the recomputation of annuities for all annuitants recalled, reinstated or reappointed in the Service by permitting use of additional years of service (up to but not exceeding 35 years) as well as a higher salary rate and will permit the annuitant, upon termination of his services, to make a new election with respect to survivor benefits if he so chooses.

SECTION 46 (Sec. 872)

(See also pp. 146-153, 163)

Existing legislation

No existing legislation.

Changes proposed by Department

the provisions of section 811. The amount of his annuity when he reverts to his retired status shall be computed in accordance with the provisions of section 821.

Proposed legislation

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 highest basic salary such officer or employee was entitled to receive under sections 412 or 416 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.

At present an officer or employee of the Service who has retired under the Foreign Service Retirement and Disability System and who is reemployed in any position in the Federal Government must forfeit his annuity during the time of such reemployment. An officer or employee retired under the Civil Service Retirement Act may be employed in Federal Government service and continue to receive his 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 purpose of the proposed new section 872 is to permit the Federal Government to employ Foreign Service personnel retired under the Foreign Service Retirement and Disability System in appointive positions for which they are suited by reason of experience, background, and ability. These provisions would also apply to retired officers or employees presently employed elsewhere in the Federal service and to separated officers or employees of the Service who, at a later date, become entitled to deferred annuity benefits.

This provision would permit the Government to compete on a more favorable basis with industry and to obtain the services of retired Foreign Service personnel of proven ability whose reemployment would be of benefit to the Government.

The proposed new section 872 provides that officers and employees retired under the Foreign Service Retirement and Disability System who are reemployed in appointive positions in the Federal Government service on a full-time, part-time, or consultant basis will receive full salary of the position to which appointed and, in addition, will receive such portion of their annuities as will make their total pay (i.e., the salary of the position to which appointed plus annuity) equal, during any calendar year, to the salary of one of the scheduled rates of compensation contained in section 412 or 415 of the act that such officer or employee was receiving at the time of his retirement from the Service.

Salaries paid to Foreign Service personnel while serving as ambassadors, ministers, or while assigned to positions the compensation of which exceeds their regular Foreign Service salary, will not be used as the basis for determining such officer or employee's total income under the provisions of this section.

Paragraph (b) of this section provides that in order that the limitation upon the total income imposed by paragraph (a) may be controlled, the agency of the Federal Government reemploying the annuitant shall pay to the Department of State funds necessary to cover gross salary, employer contribution, and gross lump-sum leave payment relating to the employment of such annuitant. Further, the Department of State is authorized to pay to the annuitant such salary and annuity as he is entitled to receive under paragraph (a) and to make withholdings and deductions in his behalf that are authorized and required by law, such as tax and FICA withholdings and deductions for Government insurance, savings bonds, and retirement.

Since it is possible that overpayments under this section may be made, paragraph (c) authorizes the Secretary to withhold the amount of any such overpayment from salary payments to such officer or employee or from his annuity.

SECTION 47 (Sec. 881)

(See also pp. 146-153, 164)

PART I—VOLUNTARY CONTRIBUTIONS

Existing legislation

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—

Proposed legislation

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 annually at the end of each fiscal year through June 30, 1959; semi-annually 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—

Existing legislation

(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~~, 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.

Proposed legislation

(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 *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 *separation from the service*.

Sections 881 and 841 provide the basis upon which interest is computed on compulsory contributions under the Foreign Service Retirement and Disability System and upon voluntary contributions to the fund. Because these sections set the periods upon which interest on these contributions is compounded, they also control the recordkeeping and reporting on the Foreign Service Retirement and Disability Fund. Sections 881 (a) and (c) have been amended to establish 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 language. This will simplify the administration of the Foreign Service Retirement and Disability Fund by providing a uniform system of controls and records for all retirement and tax deductions, payrolls, and for the computation of interest on retirement deductions. At the present time records and reports pertaining to the civil service retirement fund, the Federal income tax, and the FICA tax are all maintained on a calendar-year basis. The fact that the Foreign Service Retirement and Disability Fund has had to be maintained on a fiscal-year 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. An amendment to the Civil Service Retirement Act, similar to this, was made by Public Law 216, approved November 9, 1945 (59 Stat. 577). This change in Foreign Service Retirement and Disability System will help reduce the cost of the administration of the System as the number of participants increases with expansion of the Foreign Service.

TITLE IX—ALLOWANCES AND BENEFITS

SECTION 48 (Sec. 912)

(See also p. 164)

PART B—TRAVEL AND RELATED EXPENSES

Existing legislation

LOAN OF HOUSEHOLD 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 household equipment for use on a loan basis in personally owned or leased residences.

Proposed legislation

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.

The existing provision of section 912 authorizes the Secretary to provide officers and employees of the Service with household equipment to use on a loan basis in personally owned or leased residences as a means of eliminating transportation costs. The language and the legislative history of this section does not make entirely clear the Department's authority to provide basic articles of furnishings such as divans, dining-room furniture, etc., as distinguished from equipment items such as "refrigerators" (the example used in the H. Rept. No. 2508, 79th Cong., 2d sess., for "heavy articles of household equipment"), which the Government should lend instead of transporting as personal and household effects. Experience

has proved that it is in the interest of the Government to establish a clear legislative basis for providing basic furnishings in privately leased quarters which would not be subject to any misinterpretation where such quarters and furnishings are available. Savings in transportation costs resulting from the furnishing of divans, dining-room furniture and other heavy furniture can equal or exceed savings which result from the provision of such items as refrigerators, stoves, and other appliances.

SECTION 49 (Sec. 913)

(See also p. 165)

Existing legislation

Proposed legislation

TRANSPORTATION OF [AUTOMOBILES]

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

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

The proposed amendment to section 913 substitutes "motor vehicles or replacement thereof" for the word "automobile." It is necessary for Foreign Service personnel to replace their motor vehicles from time to time particularly at posts having adverse climatic and road conditions in order to have adequate transportation as well as to carry out their responsibilities as official representatives of the U.S. Government.

There are occasions when conditions at oversea posts justify the use of motor vehicles other than automobiles. Since the Comptroller General has ruled that the Department does not have authority to transport motor vehicles other than automobiles, e.g., motorcycles and motor scooters, the use of the broader term "motor vehicle" is suggested.

TITLE X—MISCELLANEOUS

SECTION 50 (Sec. 1021)

(See also p. 168)

PART C—GIFTS

Existing legislation

Proposed legislation

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 Service or for the carrying out of any of its functions. Conditional gifts may be so accepted [if recommended by the Director General], 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.

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 *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

Existing legislation

(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 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 Service and the performance of its functions, subject to the same examination and audit as is provided for appropriations made for 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 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 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

Proposed legislation

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

Existing legislation

Proposed legislation

inproceeds from insurance may be used to restore the property insured. Any such property when not required for the operation of 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.

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.

The proposed amendment to section 1021 would broaden the authority of the Department to accept and use gifts on a Departmentwide basis rather than solely for the Foreign Service. In using gifts for training purposes the Foreign Service Institute is now restricted to training Foreign Service personnel whereas the inclusion of departmental personnel in the same training programs might be fully justifiable. Many of the positions in the Department are designated as Foreign Service officer positions and they may be occupied by either Foreign Service or departmental personnel. While training programs made possible by gifts will usually be designed for Foreign Service personnel it will be in the public interest to include in such programs certain departmental officers and employees.

SECTION 51 (As PASSED SENATE)

(See also p. 168)

Sec. 51. Foreign Service Staff officers and employees receiving basic salary immediately prior to the effective date of this Act at one of the rates provided by section 415 of the Foreign Service Act of 1946, as amended, shall be transferred to the new classes established by section 415 of such Act, as amended, and shall receive basic salary on and after the effective date of this Act as follows:

Present class and salary rate of section 415 of the Foreign Service Act of 1946, as amended (1953)			Corresponding new class and salary rate of section 415 of the Foreign Service Act of 1946, as amended by this Act			Amount of adjustments
Class	Step	Rate	Class	Step	Rate	
FSS-1	5	\$13,160	FSS-1	6	\$13,310	\$150
	4	12,830		5	12,980	150
	3	12,480		4	12,650	170
	2	12,120		3	12,320	200
	1	11,770		2	11,990	220
FSS-2	5	12,120	FSS-1	3	12,320	200
	4	11,770		2	11,990	220
	3	11,435	FSS-2	7	11,550	65
2	11,205	6		11,275	70	
1	10,990	5		11,000	80	
FSS-3	5	11,165	FSS-2	6	11,275	110
	4	10,835		5	11,000	115
	3	10,600		4	10,725	125
	2	10,320		3	10,450	130
	1	10,030		2	10,175	145
FSS-4	5	10,230	FSS-2	3	10,450	220
	4	9,945		2	10,175	230
	3	9,665	FSS-3	7	9,790	125
	2	9,380		6	9,515	135
	1	9,095		5	9,240	145
FSS-5	6	9,600	FSS-3	7	9,790	190
	5	9,315		6	9,515	200
	4	9,030		5	9,240	210
	3	8,745		4	8,965	150
	2	8,460		3	8,690	80
	1	8,175		2	8,415	20

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<i>Present class and salary rate of section 415 of the Foreign Service Act of 1946, as amended (1955)</i>			<i>Corresponding new class and salary rate of section 415 of the Foreign Service Act of 1946, as amended by this Act</i>			<i>Amount of adjustments</i>	
<i>Class</i>	<i>Step</i>	<i>Rate</i>	<i>Class</i>	<i>Step</i>	<i>Rate</i>		
FSS-6	6	\$8,755	FSS-3	4	\$8,965	\$210	
	5	8,540		3	8,690	150	
	4	8,325	FSS-4	7	8,350	25	
	3	8,120		6	8,125	5	
	2	7,905		6	8,125	220	
1	7,690	5	7,900	210			
FSS-7	6	8,050	FSS-4	6	8,125	75	
	5	7,840		5	7,900	60	
	4	7,630		4	7,675	45	
	3	7,415		3	7,450	35	
	2	7,200		2	7,225	25	
1	6,990	1	7,000	10			
FSS-8	6	7,350	FSS-5	7	7,350		
	5	7,140		6	7,150	10	
	4	6,925		5	6,950	25	
	3	6,710		4	6,750	40	
	2	6,495		3	6,550	55	
1	6,285	2	6,350	65			
FSS-9	6	6,650	FSS-5	4	6,750	100	
	5	6,435		FSS-6	7	6,500	65
	4	6,220			6	6,300	80
	3	6,005			5	6,100	95
	2	5,795			4	5,900	105
1	5,585	3	5,700		115		
FSS-10	7	6,175	FSS-6	8	6,300	125	
	6	5,970		5	6,100	130	
	5	5,755		4	5,900	145	
	4	5,540		FSS-7	7	5,550	10
	3	5,400			8	5,400	
2	5,260	6	5,400		140		
1	5,115	5	5,250	135			
FSS-11	7	5,500	FSS-7	7	5,550	50	
	6	5,365		6	5,400	45	
	5	5,215		5	5,250	35	
	4	5,070		4	5,100	30	
	3	4,930		3	4,950	20	
2	4,790	2	4,800	10			
1	4,650	1	4,630				
FSS-12	7	5,025	FSS-8	7	5,100	75	
	6	4,890		6	4,950	60	
	5	4,745		5	4,800	55	
	4	4,605		4	4,650	45	
	3	4,460		3	4,500	40	
2	4,320	2	4,350	30			
1	4,180	1	4,200	20			
FSS-13	7	4,530	FSS-9	7	4,650	70	
	6	4,440		6	4,500	60	
	5	4,295		5	4,350	55	
	4	4,155		4	4,200	45	
	3	4,010		3	4,050	40	
2	3,870	2	3,900	30			
1	3,730	1	3,750	20			
FSS-14	7	4,155	FSS-9	4	4,200	45	
	6	4,010		FSS-10	7	4,100	90
	5	3,870			5	3,900	50
	4	3,730			4	3,800	70
	3	3,585			2	3,600	15
2	3,445	1	3,500		55		
1	3,300	1	3,500	200			
FSS-15	(1)	(1)	FSS-10	1	3,500	5	

¹ All rates and below.

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

Section 51 of the bill contains temporary provisions for the transfer of Foreign Service Staff officers and employees from their present classes and salaries prescribed by section 415 of the act. This conversion table was designed by the Department at the time the amendments to the Foreign Service Act were proposed in 1958. This conversion in effect results in a downward consolidation of two present classes and the splitting of several classes in the conversion of personnel from the present to the new 10-class schedule. While these features presented no particular problem at the time the conversion table was developed, certain interim changes in the utilization, status, and population of the Staff suggest the need for some modification in the conversion table.

The downward consolidation of present classes 9 and 10 effected in the existing conversion table lowers the pay scales for the established levels of "senior" work and responsibility of the bulk of the Department's Staff personnel above the clerical levels. Further, it compresses 25- to 35-year career ladders for over one-half of the Foreign Service Staff personnel into four or five classes. Because relatively few of the present and future functions of Staff personnel warrant a higher grade, present class FSS-9 (new class 6) represents the career ceiling for approximately 80 percent of the Staff personnel.

The Department's policy must attract and retain the best qualified people available. In order to maintain this policy, prevailing employment conditions during the past year have compelled the Department to use a higher entrance class to attract and retain qualified clerical personnel. This forced raising of the clerical pay rate reduces the differential between the relatively easy and more responsible senior grade work of Staff personnel and distorts significantly the Foreign Service officer, Staff technician, and clerical-rank relationships.

Another existing problem has been created in the hiatus by the change in salaries of Staff personnel brought about by the annual in-class salary increases and class-to-class promotion of clerical personnel. These salary changes have increased substantially the number of employees who will be affected by the splitting of classes.

Additionally, although some 175 qualified Staff officers were transferred in 1959 to the Foreign Service officer group by lateral appointment, there remain over 300 Staff officers and employees in the 32- to 49-a-e brackets (average 39½) who are now at or above the presently established functional ceilings of the Staff Corps. As a consequence, these employees have 11 to 28 years more of service without further opportunity for promotion.

A reasonably satisfactory solution to these problems can be achieved by a modification of the conversion table which will provide (1) basic pay considered essential for a proper differential and progression between classes, (2) somewhat better career ceilings for the bulk of the Staff personnel, and (3) a wider salary range with which to recognize and reward competence and length of service at career ceilings in lieu of promotion opportunity. Moreover, the conversion of personnel intact by class will avoid pay and rank inversions and other inequities which would seriously impair the morale of the Staff. The Department, therefore, requests a modification in the conversion table in accordance with the revised schedule that follows.

NEW SECTION PROPOSED BY DEPARTMENT

Sec. 51. Foreign Service staff officers and employees receiving basic salary immediately prior to the effective date of this Act at one of the rates provided by section 415 of the Foreign Service Act of 1946, as amended, shall be transferred to the new classes established by section 415 of such Act, as amended, and shall receive basic salary on and after the effective date of this Act at one of the new rates established by section 415 or authorized by section 642 of such Act, as amended, as follows:

Present class and salary rate of section 415 of the Foreign Service Act of 1946, as amended (1958)			Corresponding new class and salary rate of section 415 of the Foreign Service Act of 1946, as amended by this Act			Amount of adjustments
Class	Step	Rate	Class	Step	Rate	
FSS-1	5	\$13,160	FSS-1	6	\$13,310	\$150
	4	12,830		5	12,980	150
	3	12,480		4	12,650	170
FSS-2	2	12,120	FSS-2	3	12,320	200
	1	11,770		2	11,990	220
	5	12,120		10(L)	12,375	255
FSS-3	4	11,770	FSS-3	9(L)	11,825	55
	3	11,485		7	11,550	65
	2	11,205		6	11,275	70
FSS-4	1	10,920	FSS-4	5	11,000	80
	5	11,105		6	11,275	110
	4	10,885		5	11,000	115
FSS-5	3	10,600	FSS-5	4	10,725	125
	2	10,320		3	10,450	130
	1	10,030		2	10,175	145
FSS-6	5	10,230	FSS-6	9(L)	10,340	110
	4	9,945		8(L)	10,065	120
	3	9,665		7	9,790	125
FSS-7	2	9,380	FSS-7	6	9,515	135
	1	9,095		5	9,240	145
	0	8,800		4	8,960	150
FSS-8	5	8,315	FSS-8	6	8,515	190
	4	8,030		5	8,240	210
	3	7,745		4	7,975	150
FSS-9	2	8,610	FSS-9	3	8,690	80
	1	8,295		2	8,415	20
	0	8,755		9(L)	8,300	45
FSS-10	5	8,540	FSS-10	8(L)	8,575	35
	4	8,225		7	8,350	25
	3	7,905		6	8,125	5
FSS-11	2	7,905	FSS-11	6	8,125	220
	1	7,590		5	7,900	210
	0	8,050		4	8,125	75
FSS-12	5	7,840	FSS-12	5	7,900	60
	4	7,650		4	7,675	45
	3	7,415		3	7,450	35
FSS-13	2	7,200	FSS-13	2	7,225	25
	1	6,990		1	7,000	10
	0	7,350		7	7,350	
FSS-14	5	7,140	FSS-14	6	7,150	10
	4	6,925		5	6,950	25
	3	6,710		4	6,750	40
FSS-15	2	6,495	FSS-15	3	6,550	55
	1	6,285		2	6,350	65
	0	6,650		4	6,750	100
FSS-16	5	6,435	FSS-16	3	6,550	115
	4	6,220		2	6,350	130
	3	6,005		1	6,150	145
FSS-17	2	5,795	FSS-17	1	5,150	355
	1	5,585		1	6,150	565
	0	6,175		7	6,300	125
FSS-18	5	5,970	FSS-18	6	6,100	130
	4	5,755		5	5,900	145
	3	5,540		4	5,700	160
FSS-19	2	5,320	FSS-19	3	5,500	100
	1	5,115		1	5,300	40
	0	5,600		7	5,300	185
FSS-20	6	5,355	FSS-20	6	5,550	50
	5	5,215		5	5,400	45
	4	5,070		4	5,250	35
FSS-21	3	4,950	FSS-21	3	5,100	30
	2	4,790		2	4,950	20
	1	4,650		1	4,800	10

AMENDMENTS TO THE FOREIGN SERVICE ACT 19

Present class and salary rate of section 415 of the Foreign Service Act of 1946, as amended (1958)			Corresponding new class and salary rate of section 415 of the Foreign Service Act of 1946, as amended by this Act			Amount of adjustments
Class	Step	Rate	Class	Step	Rate	
FSS-12	7	\$5,025	FSS-8	7	\$5,100	\$75
	6	4,890		6	4,950	60
	5	4,745		5	4,800	55
	4	4,605		4	4,650	45
	3	4,460		3	4,500	40
FSS-13	2	4,320	FSS-9	2	4,350	30
	1	4,180		1	4,200	20
	7	4,530		7	4,650	70
	6	4,440		6	4,500	60
	5	4,295		5	4,350	55
FSS-14	4	4,155	FSS-10	4	4,200	45
	3	4,010		3	4,050	40
	2	3,870		2	3,900	30
	1	3,730		1	3,750	20
	7	4,155		8(L)	4,200	45
FSS-15 ¹	6	4,010	FSS-10	7	4,100	90
	5	3,870		5	3,900	30
	4	3,730		4	3,800	70
	3	3,585		2	3,600	15
	2	3,445		1	3,500	55
FSS-16 ²	1	3,300	FSS-10	1	3,500	200
	1	3,000	FSS-10	1	3,500	410
	1	2,875	FSS-10	1	3,500	625

¹ All rates.
² All rates and classes below.

The temporary provisions proposed in section 51(a) provide for a more orderly and equitable conversion of all personnel paid in accordance with the present rates of the Foreign Service Staff salary schedule to the new classes and rates of the proposed Foreign Service Staff schedule. The salary adjustments involved are held to the minimum possible while maintaining present class and rank relationships of personnel. While the conversion plan necessitates new class designations in most all cases, the large majority of personnel will receive a higher class number by virtue of the reduction in the total number of classes in the schedule.

This section also utilizes longevity rates for the conversion of Staff personnel from the present to the new 10-class pay structure so that personnel may be converted by class intact, thus avoiding a morale situation that otherwise would be created by the splitting of classes or the loss of class rank when employees whose salary at the time of conversion exceeds the maximum rate of the new FSS class.

SECTION 52

(See also p. 169)

SEC. 52. Section 11 of Public Law 885, Eighty-fourth Congress (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".

Under the existing provisions of section 11 of Public Law 885 the Secretary of State may authorize any chief of a diplomatic mission to approve the use of Government-owned vehicles in any foreign country for transportation of U.S. Government employees from their residence to the office and return when public transportation facilities are unsafe or are not available. Under this authority the Department provides, when circumstances warrant, transportation for U.S. employees, including Marine guards who are stationed at Foreign Service posts for official guard duty, from their place of residence to the place of their employment. Frequently, this type of transportation is required only for those U.S. Government employees and Marine guards who are assigned to night duty, since public transportation facilities are considered safe and are available during normal business daytime hours. When public transportation facilities such as street-railway systems, subway systems, and buses are inoperative or are on drastically reduced schedules during the nighttime hours, adequate and satisfactory taxicab

service is often available. However, taxicab service is considered part of "public transportation facilities" and personnel using taxicabs may not be reimbursed for taxicab fares. As a result, at many posts 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. In many instances the cost of maintaining this chauffeur-operated vehicle service is not justified by the number of people transported. The cost of such transportation could be considerably reduced if taxicabs could be utilized. It is for this reason that the change in section 11 of Public Law 885 has been proposed.

The Department is submitting two additional subsections to section 52 of the bill. The new section 52 will read as follows:

Sec. 52. (a) Subsection (b) of section 5 of the Act of August 1, 1956 (70 Stat. 890), is hereby amended by adding at the end thereof the following new paragraph:

"(5) Travel expenses (not to exceed one round-trip) of the spouse and dependent children of an officer or employee or other person serving the Government when accompanying him to an international meeting or conference, and the furnishing of quarters to any such officer, employee, or other person, and his family, if authorized in advance by the Secretary of State."

(b) Section 11 of such Act 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".

(c) Section 12 of such Act is amended by changing the period at the end of the section to a comma and adding the following: "and the Secretary may provide for the payment of such other expenses as he deems appropriate to assure a suitable program for any participant coming to the United States under the exchange of persons program administered by the Department of State".

Section 52(a): Section 5 of Public Law 885, 84th Congress, authorizes the Secretary to 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 such participation does not involve U.S. membership in any international organization and is not continued for more than a year without approval by the Congress. The same section provides for travel and quarters expenses for the representatives of the United States, but it omits any provision for the travel or housing costs of the families of these representatives. Section 3.1c of the Foreign Service Travel Regulations drawn up pursuant to the authority derived from section 911 of the Foreign Service Act provides for travel and per diem expenses for Foreign Service employees on temporary detail, such as would be involved in participation in a conference at a place away from the employee's post of assignment. But there is no provision for his family to accompany an employee while on temporary detail save at his own expense.

At brief conferences of several weeks' duration there is no need for their families to accompany the American representatives. However, when the conferences run into several months' duration there can be a problem.

When it appears at the outset that a conference is likely to last for months rather than weeks Foreign Service employees detailed away from their posts to such conferences face extended separations from their families. Moreover as is often the case in such ad hoc conferences, the United States must obtain experts outside of the Foreign Service (e.g., atomic scientists) to serve among its representatives. Unless the Department of State is in a position to send the families of its temporary representatives along with them to conferences of protracted duration it may encounter difficulty in obtaining the services of highly qualified people; they may not be willing to be separated from their families for an extended period and may not be wealthy enough to take their families along at their own expense.

For this reason the Department urges the amendment of section 5 of Public Law 885 by the addition of language to authorize travel expenses (not to exceed one round trip) of the spouse and dependent children of an officer or employee or other person serving the Government when accompanying him to an international meeting or conference, and the furnishing of quarters to any such officer, employee, or other person, and his family if authorized in advance by the Secretary of State.

Section 52(b): Under the existing provisions of section 11 of Public Law 885 the Secretary of State may authorize any chief of a diplomatic mission to approve the use of Government-owned vehicles in any foreign country for transportation of U.S. Government employees from their residence to the office and return when public transportation facilities are unsafe or are not available. Under this

authority the Department provides, when circumstances warrant, transportation for U.S. employees, including Marine guards who are stationed at Foreign Service posts for official guard duty, from their place of residence to the place of their employment. Frequently this type of transportation is required only for those U.S. Government employees and Marine guards who are assigned to night duty, since public transportation facilities are considered safe and are available during normal business daytime hours. When public transportation facilities, such as street railway systems, subway systems, and buses, are inoperative or are on drastically reduced schedules during the nighttime hours, adequate and satisfactory taxicab service is often available. However, taxicab service is considered part of "public transportation facilities" and personnel using taxicabs may not be reimbursed for taxicab fares. As a result, at many posts 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. In many instances the cost of maintaining this chauffeur-operated-vehicle service is not justified by the number of people transported. The cost of such transportation could be considerably reduced if taxicabs could be utilized. It is for this reason that the change in section 11 of Public Law 885 has been proposed.

Section 52(c): The purpose of this subsection is to provide legislative authority for the payment of various expenses essential to the success of the exchange of persons program.

In the absence of such authority it has not been possible to plan in a systematic way for these expenses that are considered vital to the success of programs arranged for distinguished foreign visitors invited to this country. The objective in inviting these persons is to increase understanding between the people of other countries and the people of the United States. Often this objective can best be accomplished through meetings between these visitors and Americans of similar interests, background, and status. Because the foreign visitors are able to remain in the United States for only limited periods of time, and their American counterparts similarly have pressing demands upon their time, programs must be arranged which make maximum use of the time available. Many of the most productive meetings that can be arranged are in the form of luncheons, receptions, or similar functions.

Most of the meetings between these visitors and Americans are arranged by the cooperating agencies, both private and Government that assist in carrying out the international educational exchange program. The Department considers costs of luncheons and other similar arrangements for meetings that are in every respect a vital part of the program to be reasonable and proper program expense. The Department is not seeking an increase in the amount for entertaining by Foreign Service officers, but rather is seeking to show up a weak spot in our foreign leader and specialist programs which in recent months have been damaged in numerous cases by the acute shortage of funds to meet minimal needs of the kind described.

The subsection under consideration would provide the necessary legislative authority. The authority would be used carefully and only as program requirements demand.

SECTION 53

(See also p. 172)

SEC. 53. (a) 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. 1031; 60 Stat. 1021)."

(b) (1) Section 402(a) of the Internal Revenue Code of 1954 (relating to the taxability of a beneficiary of an employee's trust) is hereby amended as follows:

(a) by striking out in the first sentence of paragraph (1) thereof "paragraph (2)" and inserting in lieu thereof "paragraphs (2) and (3)", and

(b) by redesignating paragraph (3) thereof as paragraph (4) and by inserting after paragraph (2) thereof the following new paragraph:

"(3) The amount includible under this subsection in 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."

(2) *Subsection (d) of Section 871 of the Internal Revenue Code of 1954 (relating to the tax imposed on nonresident alien individuals) is hereby amended to read as follows:*

"(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 53(a) amends paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 to exempt disability annuities from Federal income tax. This is in keeping with provisions relating to disability annuities payable by the Bureau of Employees' Compensation. This proposed amendment to the Internal Revenue Code has been approved by the Bureau of Internal Revenue, Treasury Department.

Section 53(b) amends sections 402 and 871 of the Internal Revenue Code of 1954 to provide tax exemption for annuities paid to nonresident aliens who are retired employees of American Government installations abroad and to survivors of such aliens.

Under the Treasury Department's interpretation of the existing provisions of the Internal Revenue Code of 1954 the annuities paid under the Civil Service Retirement and Disability System to nonresident aliens who are retired employees of the U.S. Federal Government, have been subject to a 30 percent withholding tax on the full amount of the annuity since January 1952. The imposition of this 30 percent tax on annuities, many of which amount to \$600 or less per year, has caused severe hardship in many cases and engenders resentment against the United States for its failure to comply with its contractual obligation to pay retired employees the annuity they had been led to expect.

In a letter directed to the chairman of the House Committee on Ways and Means dated August 8, 1958, the statement was made by the Treasury Department that the 30 percent withholding rate on annuity payments to nonresident aliens was not intended to apply to former employees of the United States and that the Department of the Treasury was in favor of legislation which would provide tax exemption for these annuitants. The amendment to section 402(a) of the Internal Revenue Code of 1954 proposed in this section is identical with that which the Treasury Department submitted to the House Ways and Means Committee during the last session of Congress. This draft amendment has been approved by the Bureau of the Budget, the Civil Service Commission, and the Department of State. The Treasury Department has indicated that in the interest of obtaining this remedial legislation expeditiously, it does not object to the inclusion of this amendment in this bill.

SECTION 54

(See also p. 172)

Sec. 54. (a) Section 12 of the Act of June 26, 1884 (23 Stat. 56; 22 U.S.C. 1186), is hereby repealed.

(b) The second proviso of section 1 of chapter 223 of the Act of June 4, 1920, as amended (41 Stat. 750; 22 U.S.C. 214), is further amended by striking out the phrase "or to seamen,".

Section 54 of the bill would repeal section 12 of the act of June 26, 1884 (22 U.S.C. 1186), which now prohibits the charging of fees by consular officers for official services to American vessels and seamen. The Department will establish a reasonable schedule of fees for such services, and give reasonable notice to the parties affected, but it will not make a charge for services required by law or services which are primarily in the public interest.

SECTION 55

(See also p. 173)

Sec. 55. Section 4 of the Foreign Service Buildings Act, 1926, as amended (22 U.S.C. 295), is amended by adding at the end thereof the following new subsection:

"(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

AMENDMENTS TO THE FOREIGN SERVICE ACT OF 1946

credits in accordance with the provisions of the Act of July 25, 1946 (60 Stat. 663). Sums appropriated pursuant to this authorization shall remain available until expended."

Section 55 of the bill would add a new subsection (c) to section 4 of the Foreign Service Buildings Act, 1926, as amended (22 U.S.C. 295) which would increase by \$100 million (of which \$50 million represents foreign currencies) appropriations authorized for the purpose of erecting office buildings and other buildings needed by U.S. missions overseas.

SECTION 56

(See also p. 173)

Sec. 56. 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.
- (5) Sections 651 and 652 of such Act and the headings thereto including PART

F—Separation of Staff Officers and Employees.

The repeal of the various sections of the bill presently contained in the Foreign Service Act of 1946, as amended, are proposed for the following reasons:

- (1) Section 442.—Proposed new section 416 supersedes the provisions of section 442.
- (2) Section 525.—This provision which authorizes the Secretary to define by regulation periods during which a Reserve officer may be considered as on active duty is one that has not been used in the Foreign Service. An "inactive" Foreign Service Reserve officer category does not exist and Foreign Service Reserve officers are not recalled to "active duty."
- (3) Section 576.—Revised section 571 supersedes section 576 and contains the provisions of section 576 which the Department wishes to retain.
- (4) Section 577.—The provisions of this section were repealed by Public Law 784, 81st Congress, section 301(85), and should therefore be removed from the Foreign Service Act.
- (5) Sections 651 and 652.—Revised section 637 supersedes sections 651 and 652 and includes the provisions of these sections which the Department wishes to retain.

SECTION 57

(See also p. 173)

Sec. 57. Notwithstanding the provisions of this Act, existing rules, 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 this Act, unless clearly inconsistent with the provisions of this Act.

Section 57 is a necessary provision as it may not be possible to revise completely all regulations and Executive orders now affecting the Service before the effective date of the act. Without a provision such as that contained in this section, there might be a question regarding the continuing effect of some of these regulations.

SECTION 58 (As Passed Senate)

(See also p. 173)

Sec. 58. (a) The provisions of this Act shall become effective as of the first day of the first pay period which begins one month after the enactment of this Act, except as provided in paragraphs (b), (c), and (d) of this section.

(b) The provisions of paragraphs (c)(1) and (c)(2) of section 803 of the Foreign Service Act of 1946, as amended, by section 33(b) of this Act, shall become effective on the first day of the first month which begins one year after the date 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.

(c) The amendments made by section 53 of this Act shall be effective with respect to taxable years ending after the date of enactment of this Act.

(d) *The amendments made by section 43 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.*

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

Since the text of the act contains provisions relating to certain effective dates, the Department proposes that there be added at the end of section 58(a) the phrase "and except as otherwise provided in the text of the Act". Further, since the budget for fiscal year 1961 has already been prepared, the amendment made by section 35 with respect to a contribution to the Foreign Service Retirement and Disability Fund to be made by the Department should be made effective July 1, 1961. See redraft of section 58 which follows.

NEW SECTION PROPOSED BY DEPARTMENT

SEC. 58. (a) The provisions of this Act shall become effective as of the first day of the first pay period which begins one month after the enactment of this Act, except as provided in paragraphs (b), (c), (d), and (e) of this section, and except as otherwise provided in the text of this Act.

(b) The provisions of paragraphs (c)(1) and (c)(2) of section 803 of the Foreign Service Act of 1946, as amended by section 33(b) of this Act, shall become effective on the first day of the first month which begins one year after the date 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.

(c) The amendment made by section 35 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 43 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 amendments made by section 53 of this Act shall be effective with respect to taxable years ending after the date of enactment of this Act.

Mr. HAYS. Mr. Henderson.

Mr. BENTLEY. Off the record.

(Discussion off the record.)

Mr. HAYS. Mr. Henderson.

STATEMENT OF HON. LOY W. HENDERSON, DEPUTY UNDER SECRETARY OF STATE FOR ADMINISTRATION

Mr. HENDERSON. In the first place, I want to thank you for your statement, Mr. Chairman. We will cooperate to our utmost in trying to give you all the detailed information you desire.

I have before me a principal witness statement which will take me some time to read. Nevertheless, since it does prepare the groundwork for the more detailed discussion of the bill, I would like to read it, if that is agreeable to you.

Mr. HAYS. Would you like to have somebody read it for you?

Mrs. KELLY. Mr. Chairman, does Mr. Henderson intend to read all of this now?

Mr. HENDERSON. Yes.

Mrs. KELLY. Could it be submitted for the record, Mr. Chairman?

Mr. HAYS. Normally, Mrs. Kelly, I would go along with that. Since this is a complex bill and since Mr. Henderson will have to do the explaining, I think it desirable to have it read so we can get a little education.

Mrs. KELLY. May I speak off the record?

(Discussion off the record.)

PREPARED STATEMENT OF MR. HENDERSON, READ BY MR. AARON BROWN, DEPUTY ASSISTANT SECRETARY OF STATE FOR PERSONNEL

Mr. Chairman, I am grateful to you and to this committee for the opportunity to appear in support of needed legislative improvements in the Foreign Service Act of 1946. The Department appreciates deeply this committee's continuing and helpful concern in the problems and needs of the Foreign Service.

For a considerable period of time the Department has been studying the Foreign Service Act of 1946, as amended, in order to determine what further amendments were necessary to enable the Foreign Service to discharge effectively the increasing responsibilities that are laid upon it by the stresses and complexities of international relations in this day and age. From this study have come most of the proposals now before you in S. 2633. These proposals, moreover, are the first substantial changes in the Foreign Service Act of 1946 since the amendments of 1956 were enacted.

For the purpose of presenting the proposed amendments and indicating their effect on the Foreign Service, it may be helpful if I group them in four general categories.

Strengthening of Staff Corps.—The first of these categories covers amendments that would strengthen the Foreign Service Staff.

It will be recalled that one of the recommendations of the Wriston committee was that Staff officer positions, except for a limited number of highly technical positions, should be converted into Foreign Service officer positions, and that qualified incumbents should be offered commissions as Foreign Service officers.

This recommendation has been carried out with the result that opportunity for advancement in the Staff now is severely limited because of the relatively small number of high level positions which remain. Since the work performed by Staff personnel is essential to the effectiveness of the Foreign Service, we believe there should be a program for the Staff that will assure the recruitment and retention of persons possessing appropriate qualifications. Accordingly, among the amendments proposed are several which will strengthen the Foreign Service Staff, and will provide an incentive to young men and young women to join it.

The Department recommends a new 10-class salary structure for the Staff. The structure of the Foreign Service officer schedule was modified in 1956 to provide basic improvements in accordance with the needs of the Service. At that time the personnel integration program was underway and it was not possible to determine clearly the future needs of the Staff. The proposed new class and salary schedule for the Staff is specifically designed to provide a more adequate promotion ladder for these employees, including appropriate salary adjustments when promotions to the next higher class are awarded.

The main features of the proposed new structure are:

1. It provides for the consolidation of the present 22-class structure into a 10-class structure with the result that the lower classes, 14 through 22, which are not being used are eliminated;

2. It consolidates overlapping classes, eliminates overlapping at the top levels, and improves the periodic salary increase plan;

3. The salary rates of the top three Foreign Service Staff classes are the same as the rates in classes 3, 4, and 5, respectively, of the Foreign Service officer schedule. This provides equitable treatment for personnel serving at similar levels, and will facilitate the conversion of Staff personnel at these levels who may qualify in the future for lateral appointment as Foreign Service officers.

The proposed amendments also would make it possible to bring personnel into the Staff at any salary rate of a given class which is appropriate on the basis of former experience and salary levels; they would provide for in-class promotions on the basis of merit; and they would provide for additional salary increases within each class based on proficiency and length of service. The amendments would make it possible to appoint Staff to temporary, limited or permanent positions, and they would provide for the establishment of probationary periods for such appointees. Under the proposed amendments, there would be provision for the separation of Staff personnel on the same basis as is now provided for Foreign Service officers.

Another significant provision would provide for the participation of certain members of the Staff in the Foreign Service retirement and disability system.

Strengthening the Foreign Service as a whole.—The second group of amendments would clarify certain existing provisions of the Foreign Service Act, make possible greater flexibility in managing the Service, and provide the Department with more leeway in recruiting and utilizing Foreign Service personnel.

One of the amendments would give the Secretary authority to convert civil service positions in the Department to Foreign Service positions and vice versa.

Mr. HAYS. Right there, if you change the Foreign Service position to civil service, what happens to the man who is holding that Foreign Service position? He doesn't become a civil service employee?

Mr. HENDERSON. No, he doesn't. He remains a Foreign Service officer. If he happens to be a Foreign Service officer holding the position; just the position changes.

Similarly, if a civil service position occupied by a civil service officer is converted into a Foreign Service position, the civil service officer will continue to hold the position but he will not become a Foreign Service officer. When he leaves the position, a Foreign Service officer would be put in his place.

Mrs. KELLY. Do you want to ask questions as we proceed?

Mr. HAYS. If you want to. I think sometimes that is the best time to ask them because the things are fresh in your mind.

Mrs. KELLY. These questions do not have to be answered now, Mr. Chairman, if we can obtain an answer at a later date.

I would like to know, if it is possible, how many total high level positions would remain, how many do remain that need to be brought in, and how many did you retire since the last time we had hearings before this subcommittee? How many are in there now, how many retired—

Mr. HENDERSON. Foreign Service?

Mrs. KELLY. Yes, how many remain to be integrated? If you can answer that at a later time—

Mr. HENDERSON. We will do that.

Mrs. KELLY. How many are there, how many we are considering and so forth.

Mr. HENDERSON. We will give you that information.

(The information requested is as follows:)

Foreign Service officer positions in the Department as of Aug. 31, 1959

Number of Foreign Service positions.....	1,523
Incumbents:	
Foreign Service officers.....	896
Foreign Service Reserve officers.....	61
Foreign Service Staff personnel.....	32
Civil Service personnel.....	358
Vacancies.....	176

SUMMARY OF ACTION UNDER THE INTEGRATION PROGRAM

At the termination of the integration program (Aug. 1, 1956), 1,902 incumbents of FSO positions and 497 applicants from non-FSO positions had been processed for appointments to the Foreign Service Officer Corps. Under the program, 1,526 officers have been appointed as FSO's; 377 appointments have been disapproved; and 496 declinations have been made because of the inability or unwillingness of officers to accept Foreign Service officer appointments.

Mrs. KELLY. I don't know whether there is a breakdown later on, but there are two questions I would like to have answered.

Two points: (1) If someone is disabled, can they retire on disability prior to the age limit with a fair amount of salary?

Mr. HENDERSON. Yes, they can. That will be brought out later. We have a special provision relating to that.

Mrs. KELLY. Then the second point I would like to have brought out later on, what is the cost of transportation of the household goods of the personnel who are sent abroad—I have many questions that have been raised on that point, we should not permit Foreign Service officers to take their entire household goods abroad?

I would like the total cost of transportation of household goods and if there are any limitations on need. Thank you, Mr. Chairman. (The information requested is as follows:)

During fiscal year 1959, the amount of \$3,683,195 was obligated from the appropriation, "Salaries and expenses" for the transportation of effects. This amount covered 2,993 trips.

Mr. BROWN (reading):

As the needs of the Service change to meet new conditions, situations develop which require that certain classified civil service positions in the Department be changed to Foreign Service positions or that Foreign Service positions be reconverted to civil service positions.

In order that the Department may have more freedom in selecting persons who have developed specialties urgently needed in the Service, one of the amendments provides for the removal of the presently existing numerical limitation upon lateral entry into the Foreign Service Office Corps.

It is not the intention of the Department to weaken the career principles which must be maintained if there is to be a highly efficient professional Foreign Service. Nevertheless, the Department should be able to recruit especially well qualified and needed personnel from other Government agencies without being restricted by numerical limitations. A proposed amendment would also permit the direct appointment to class 7 of a limited number of persons who have qualified for FSO-8 appointment when age, experience, and other qualifications make such higher level appointment appropriate.

Other amendments would authorize the Secretary, if he determined it to be in the public interest, to extend beyond retirement age the service of officers who are approaching mandatory retirement and to recall temporarily into service officers who have been retired.

At present the Secretary may extend the service of officers beyond retirement age or he may recall retired officers only when he has determined "an emergency to exist."

Use of the phrase, "in the public interest," would give the Secretary more discretion in utilizing the specialized skills of experienced officers as the need for their services occurs. It is not the intention of the Department to extend the service of officers beyond retirement age or to recall retired officers into the Service except under unusual conditions.

Experience has demonstrated, however, that occasionally it would be in the public interest, even though no emergency exists, if officers who are urgently needed for certain positions could be retained beyond the retirement age or if retired officers could be temporarily recalled to active duty when it is determined that there is a particular need for their specialized experience and skills. Provision is made also for the reemployment in the Service of Foreign Service officers who have left the Service.

Another proposed amendment would permit the assignment of Foreign Service personnel, without the loss of their Foreign Service status, to other Government agencies and to international organizations or commissions. Under present provisions, a Foreign Service officer may not serve as a Presidential appointee in an agency other than the Department of State without retiring or resigning from the Service.

Furthermore, the Department has encountered difficulties which this amendment would remove, in assigning officers to international organizations or commissions in which it is in the interest of the United States to have representatives.

A proposed amendment to restore authority to grant inclass increases to Foreign Service officers for especially meritorious service is proposed in view of a determination by the Comptroller General that authority of this nature which the Secretary formerly had was made inoperative by the Government Employees' Incentive Awards Act. Cash awards are not as appropriate for career Foreign Service officers as are inclass promotions for meritorious service.

A further amendment provides for special monetary or other incentives to encourage Foreign Service personnel to acquire or retain proficiency in esoteric foreign languages or special abilities needed in the Service.

The proposed amendments would combine into one section of the Foreign Service Act provisions governing separation for cause that would be applicable on a uniform basis to all employees of the Foreign Service. Under the present provisions, separation for cause is covered in four separate sections of the act in such a manner that there is not equitable application of the provisions to all categories of Foreign Service personnel.

Proposed amendments which relate to the Foreign Service Institute would provide authority for spouses of Foreign Service personnel to receive language, orientation, and other training at the Institute when such training is in the interest of the Service. Authority to employ persons who are noncitizens of the United States for use in specialized language and other training programs when citizen instructors are not available would also be provided.

At the present time a number of Foreign Service officers are assigned to positions in the Department which are classified under the Classification Act at rates of pay higher than the Foreign Service officer's salary. Under present provisions such officers now receive differentials to cover the differences between their salaries and those of higher level Department positions to which they are assigned. One of the proposed amendments would eliminate this salary differential in the case of officers assigned to positions in the Department designated as Foreign Service positions. We believe that with the integrated departmental and Foreign Service program now in effect, and the resultant rotation of Foreign Service officers between field posts and the Department, there is no justification for the continuance of these differential payments.

Foreign Service officers assigned to oversea posts do not receive a salary differential relating to the positions they occupy regardless of the nature of their assignments. To pay salary differentials to a limited number of all such officers assigned to Foreign Service officer positions in the Department is clearly inequitable.

I should add, with respect to the elimination of this salary differential, that S. 2633 in its present form provides that the effective date of this amendment will be June 30, 1960.

At the time the proposal was drafted, the Department had anticipated a sufficient interval between possible enactment and the effective date of the provision to enable the officers involved to make the necessary adjustments. Under the present time schedule, such an interval will not be possible. I would like to suggest, therefore, that the effective date be changed to June 30, 1961.

Section 16(c) of S. 2633 would authorize the Secretary to grant a housing allowance to Foreign Service personnel who are assigned to duty in the United States between assignments abroad, and to Foreign Service officers of class 7 or 8 assigned to duty here prior to duty abroad. This section was not contained in the original bill suggested to the Congress by the Secretary of State, and has not had the approval of the administration.

The Bureau of the Budget, moreover, under date of January 25 addressed a communication to the Secretary raising certain questions about the section.

I shall be glad to comment on these questions and on the Department's views as to the desirability of a domestic housing allowance at such time as the committee wishes.

Improvements in the retirement system.—The third category of proposed amendments includes a number of changes in title VIII of the Foreign Service Act which, as you know, relates to the Foreign Service Retirement and Disability System.

During the 14 years since the passage of the Foreign Service Act of 1946, there has been substantial improvement in the provisions of other Federal retirement systems which have not been reflected in similar improvements in the Foreign Service retirement and disability system.

As a result, the Foreign Service system now is in need of major changes if it is to provide equitable annuities for Foreign Service officers and their surviving dependents. Among the proposed improvements in the Foreign Service retirement and disability system are a provision to include certain Staff officers and employees in the system; modernization of provisions relating to the computation of annuities and survivorship benefits which will bring the Foreign Service system in line with other Federal retirement systems; clarification of the provisions relating to retirement for disability and to the reinstatement of recovered disability annuitants; and clarification of the provisions relating to death in service.

Further proposed amendments to title VIII will provide discontinued service annuities similar to those of other Federal retirement systems and an increase in

the rate of participant contributions to the Foreign Service retirement and disability fund from 5 to 6½ percent of basic salary, with a matching contribution to the fund to be paid by the Department from the appropriation from which a participant's salary is paid.

In this connection, since the budget for fiscal year 1961 has already been prepared, it would appear necessary to change section 58 of the bill to make this provision relating to contributions made by the Department to the fund effective July 1, 1962. If the committee desires, my staff will be available to the committee staff for assistance in drafting this and other suggested changes.

In connection with the modernization of the Foreign Service retirement system, the proposed amendments provide that retired participants in the system may be reemployed in the Government service in any appointive position for which they are qualified.

Under present provisions, participants who retired voluntarily must forfeit their annuities if reemployed; those retired for age may not be reemployed.

Mr. HAYS. You mean, if this were adopted this would let the fellow draw his pension and let him be reemployed and draw a salary in another department?

Mr. HENDERSON. I think we answer that question in the next sentence. The proposal would be this: That if a person is retired from the Foreign Service either because of age or for some other reason, and is entitled to an annuity, and if this officer is subsequently employed in an agency of the Government, he would receive salary from that agency plus so much of his annuity as would, when combined with the salary, equal the salary that he was entitled to receive at the time he retired from the Service.

We will enlarge on that a little later, Mr. Chairman. This is something to which we have given a great deal of thought. It has been reviewed by the Budget Bureau and it has their approval. We will explain this in more detail.

Mr. HAYS. I won't hold that against it, that it has the approval of the Budget Bureau.

Mr. BROWN (reading):

Further, the amendments provide that such reemployed personnel may receive both the salary of their positions and such portion of their annuity as will equal the highest basic salary to which they were entitled when they retired. This will permit the Federal Government to compete with private industry in obtaining the services of retired Foreign Service personnel whose experience would benefit the Government.

Miscellaneous amendments.—The fourth and last category of amendments contains a number of miscellaneous provisions which, if adopted, would strengthen and improve the administration of the Service.

Specifically, these amendments provide for—

- (1) improvement in the provisions for the establishment of compensation plans for local (alien) employees, and authority for the use of these provisions by other departments and agencies of the Government authorized to administer local employee programs;
- (2) authority to grant couriers a salary differential of up to 15 percent of their basic pay in view of the hazardous nature of their assignments;
- (3) simplification of provisions relating to the selection-out of Foreign Service officers in classes 4, 5, 6, and 7;
- (4) clarification of provisions relating to the furnishing of household equipment in order to effect economy in transportation costs;
- (5) clarification of authority to ship Foreign Service employees' vehicles.

With the approval of the Treasury Department, there are also included among these proposals two amendments to the Internal Revenue Code of 1954 which are of great importance to the Department.

One will exempt from income-tax liability the annuities paid to participants in the Foreign Service retirement and disability system who are retired for disability. The other is a change in the Internal Revenue Code which will solve a very serious problem relating to the annuities paid nonresident aliens who are retired employees of the U.S. Government.

The majority of these retired local nationals of other countries, who have served the U.S. Government loyally and well over periods of many years, have been retired on annuities which amount to only a few hundred dollars per year. These annuities are considered a contractual obligation of the United States which many pensioned employees, after having made contributions to the civil service retirement fund during the years of their employment, count on to provide for their old age. However, on the basis of a Treasury Department interpretation of existing provisions of the Internal Revenue Code, these annuities since January 1952 have been subject to a 30-percent withholding tax on the full amount of the annuity.

This has caused severe hardship in many cases and has reflected unfavorably upon the United States as an employer. While affected alien annuitants can be found in limited numbers throughout the world, it is significant that a great majority of those affected (approximately 3,000) are in the Philippines.

These annuitants considered themselves American citizen employees of the U.S. Government while the Philippines were a possession of the United States. They lost their American nationality when independent status was given to the Philippines. Now being considered alien employees, they have had their annuities reduced by one-third. This has been the subject of protests from the Philippine Government to the U.S. Government each year since the imposition of this 30-percent tax. The Treasury Department now agrees that the tax should not be applied to the annuities of aliens who were former employees of the United States. The draft amendment to the Internal Revenue Code has the approval of the Civil Service Commission as well as that of the Treasury Department and the Department of State.

Mr. BENTLEY. This last suggestion of the Department, as contained in S. 2633, has been introduced legislatively by myself and Congressman Keogh of New York. I recall last year the House Ways and Means Committee reported his bill out and, I believe, though it is subject to verification, it did pass the House and is pending before the Senate. I raise the question whether if we start writing tax legislation into this bill when it has already been acted upon by the Ways and Means Committee and the House, there may be some objections.

Mr. HENDERSON. This was incorporated in this bill because we have had such bad luck during the last 3 years in getting a bill of this kind passed. We are very grateful to you for bringing it up. I think it did pass the House. We just don't know what action it will have in the Senate and we are afraid it will fail again.

If it looks like it is going to pass the Senate during the next few weeks, then we can withdraw it from this bill.

Mr. BENTLEY. I raise the question as to whether or not the Ways and Means Committee might object to our writing something in the bill which they have acted on.

Mr. HAYS. The Senate might take the position that they have acted on it. I think we will have to work that out some way.

Mr. BENTLEY. Maybe we can get in touch with the Finance Committee and Congressman Keogh and see what the situation is on this bill.

Mr. BROWN (reading):

Suggested modifications in S. 2633.—As I have indicated, Mr. Chairman, the Department strongly endorses most of the provisions of S. 2633. There are, however, a few items about which the Department has serious question and which it desires to call to the attention of this committee.

Section 14 of S. 2633 provides that there shall be a hearing before the Board of the Foreign Service in all cases involving the separation for misconduct of limited or probationary Staff employees. In proposing amendments to the Foreign Service Act, the Department sought to clarify the authority of the Secretary of State to make temporary or limited appointments and to terminate the service.

of employees serving under such appointments, when there is reason for so doing. The broad authority which the Department needs is not provided if a hearing procedure is required for probationers and those serving under limited appointments when misconduct is involved. Further, since the term "misconduct" does not lend itself to a precise definition, the provision would be exceedingly troublesome.

Mr. HAYS. I suspect that is the reason the Senate put that in. Misconduct does not lend itself to a precise definition and maybe the fellow you are firing for misconduct might want to know why he was being fired.

Mr. HENDERSON. Could I just state, Mr. Chairman, if a probationer is dismissed, he is dismissed because he hasn't passed his probation not because of misconduct—charged with misconduct.

Mr. HAYS. You must have it in there. You are asking to have it stricken out.

Mr. HENDERSON. The Senate put it in.

Mr. HAYS. If you never discharge anybody for misconduct, it won't bother you any more, if it stays in.

Mr. BROWN (reading):

Similarly, the authority which the Department sought in section 27 relating to separation for cause is limited by a requirement that a board of the Foreign Service hearing be provided. This section also contains a clause denying a deferred annuity to anyone separated for cause and otherwise entitled to a deferred annuity if "the Secretary determines that separation was based in whole or in part on the ground of disloyalty to the United States."

This would seem to go further than legislation which denies annuities to persons who commit offenses involving the national security of the United States, if such a person is convicted after due process of law.

The Department believes that denial of earned annuity benefits cannot equitably be a part of punitive action in separation-for-cause cases. We ask that this provision be eliminated.

A portion of section 28 also requires a hearing before the Board of the Foreign Service in cases involving termination for misconduct of Foreign Service Reserve officers and Staff officers and employees serving under limited appointments. As I have indicated in connection with sections 14 and 27, this requirement unduly restricts the authority of the Secretary of State in such cases and we believe it should be eliminated.

Section 18 would require the Secretary to designate every Foreign Service officer position in a foreign country whose incumbent should have a useful knowledge of the language or dialect common to such country.

In view of the administrative problems in carrying out this section as it is now drafted, and the need for flexibility in meeting the language problems of the Foreign Service, we believe that if the section is to be retained it should be redrafted to provide that the Secretary rather than designating actual positions should determine the number of officer positions in a country which must be filled by language officers. Chiefs of mission would then be able to use the language competence of their staffs where it was most needed at any given time.

Although the Department would have no objection to this section if it were rewritten as suggested, we do not believe that such legislation is necessary. The Department's firm objective is to staff all appropriate positions at field posts with personnel having the necessary language facility. Further, the rigid requirements of this section, even if rewritten, are likely to reduce the administrative flexibility that is essential to effective staffing of missions overseas.

There are two final items, Mr. Chairman, which I would like to mention.

The Department concurs with the objectives of these items. We believe, however, that the objectives can be more equitably accomplished if certain procedural changes are made in the provisions:

Section 33(b) of the bill provides that a Staff officer or employee who becomes a participant in the Foreign Service retirement and disability system and is mandatorily retired under this section shall receive a gratuity payment if he is age 61 or over on the effective date of the section. We suggest that a more equitable formula for computing the proposed gratuity would be a graduated scale of payments covering all such employees who are 57 or over on the effective date of this section and who thus would be mandatorily retired at age 61.

Section 51 of the bill provides a table to be used in converting Staff officers and employees from the existing salary and class schedule to the proposed new 10-class structure. This table was designed by the Department at the time the amendments to the Foreign Service Act were proposed in 1958. Since that time changes which have taken place in the utilization and the population of the Staff suggest modification in this table to eliminate the splitting of classes in order to accomplish the necessary conversion.

Since both of these items are somewhat technical in nature, the committee may desire to have members of my staff work with the committee staff in perfecting details.

Finally, I should say that the U.S. Information Agency understandably has some concern about the possible interpretation of the wording of certain sections of the bill.

I have received a letter on this subject from Mr. Abbott Washburn, Deputy Director of the Agency, which, with your permission, Mr. Chairman, I would like to have included in the record.

Mr. HAYS. Without objection, the letter will appear in the record at this point.

(The letter referred to is as follows:)

U.S. INFORMATION AGENCY,
Washington, January 26, 1960.

Hon. LOY W. HENDERSON,
Deputy Under Secretary for Administration,
Department of State.

DEAR LOY: I understand hearings are scheduled on S. 2633, "Foreign Service Act Amendments of 1959," on Wednesday and Thursday, January 27 and 28, 1960, before the House Committee on Foreign Affairs.

As you know, the U.S. Information Agency administers its Foreign Service personnel under the provisions of the Foreign Service Act, as authorized by Reorganization Plan No. 8 of 1953 and related Executive orders. The proposed amendments to the act, therefore, will have a significant effect on personnel operations of the Agency and the changes are of vital interest to us.

The Agency regards the proposed amendments as important improvements in the Foreign Service personnel system and repeats the endorsement it gave to the proposals when the draft legislation was referred to the Agency last year by the Bureau of the Budget for review and comment.

We are, however, concerned about the wording of sections 441(b), 571(c), and 578. These sections use the phrase "Foreign Service officer positions." Regardless of the precise wording of these sections it is intended that the authorities of these sections be available to the U.S. Information Agency. However, in the interests of clarity and uniformity, it would be helpful if you could attempt to have the language changed to read "Foreign Service positions", which is the language we agreed to in clearing the draft legislation last year.

If it is not practicable to arrange this change in language with the House Committee on Foreign Affairs, we would be grateful if a way could be found to establish in the legislative history of the bill that the use of the phrase "Foreign Service officer positions" does not exclude the Agency from using the authorities of sections 441(b), 571(c) and 578.

Sincerely,

ABBOTT WASHBURN, Deputy Director.

Mr. BROWN (reading):

Mr. Chairman, this concludes my statement. Members of my staff and I are at your disposal to discuss individual provisions of the bill and to supply you with any background data or supplementary information you may wish.

Mr. HAYS. Mr. Secretary, this bill is long. As I stated in the beginning, it will require a lot of questions, I think, on the part of the committee.

Since Mrs. Kelly has to get away at 10 minutes to 12 and since there are some procedural matters that I would like to take up with the committee, I wonder if we could adjourn right now and meet at 10:30

in the morning for questions. If possible, we will try to continue tomorrow afternoon, if you can be available.

Mr. HENDERSON. We will be very glad to be here.

Mr. HAYS. I would like to talk over with the committee how we are going to go about the bill, how we are going to handle the questioning and if we desire to make any eliminations before we start.

We have your statement as a basis for discussion.

(Whereupon, at 11:20 a.m., the subcommittee proceeded in executive session.)

AMENDMENTS TO THE FOREIGN SERVICE ACT

TUESDAY, FEBRUARY 2, 1960

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON STATE DEPARTMENT,
ORGANIZATION AND FOREIGN OPERATION,
Washington, D.C.

The subcommittee met at 10:40 a.m., in room G-3, U.S. Capitol, Hon. Wayne L. Hays (chairman of the subcommittee) presiding.

Mr. HAYS. We will proceed with questions on S. 2633.

I think it would be a good idea to proceed very informally on this. There are a whole series of questions here that were worked up by the staff which I think it would be well to have answered. As we go along, if any member has a question which is a derivative or connected—

Mr. FARBSTEIN. Will I be asking too much, Mr. Chairman, if you would tell me in about 25 or 30 words what is in this?

Mr. HAYS. I am afraid I am not capable of condensing it that fine.

Mr. FARBSTEIN. I wasn't here, as you well know. Glancing over the statement, I don't think that I get enough out of it, just hurriedly reading it, to know enough to engage in a discussion of it. I would appreciate, unless I am overstepping the bounds of propriety—

Mr. HAYS. The bill covers a series of how many amendments, Mr. Secretary, 58 is it?

STATEMENT BY HON. LOY W. HENDERSON, DEPUTY UNDER SECRETARY OF STATE FOR ADMINISTRATION

Mr. HENDERSON. I am not sure. There will be at least between 50 and 60.

Mr. HAYS. There are 58 amendments to the Foreign Service Act. They are pretty wide in range of things they ask. I think one of the main things is the reduction of the number of classes of Foreign Service Staff officers.

Mrs. BOLTON. That sounded very good to me.

Mr. HAYS. Permission to recruit people abroad is another thing. There are 56 more.

What I had in mind was that we start with the questions which our staff has prepared, and develop it as we go along.

Mr. FARBSTEIN. Very well.

Mr. HAYS. The first question is how many individuals are presently serving in FSS-15 or below?

Mr. FARBSTEIN. I would like to know what FSS-15 is.

Mr. HAYS. Foreign Service Staff grade 15.

Mr. FARBSTEIN. What does grade 15 encompass?

Mr. HAYS. Well, there is a classification on page 2 of the bill which is a new classification they want. Do we have a copy of the old classification?

Mr. WESTPHAL. Yes.

Mr. FARBSTEIN. I think if somebody could give a short description of these things so we could know—

Mr. HAYS. Actually the Staff officers classes are what we call grades in civil service. It sets up grades and payment rates, except they start with the highest number and go to the lowest number as they go up, which is a converse situation as far as civil service grades are concerned.

Mr. FARBSTEIN. Just a word of interpretation as to the significance of class 15 so that I will know whether or not it is a very important—

Mr. HAYS. At the present time let me say to you that class 22 is the lowest class. That starts at a salary of \$1,600. Class 15 has a starting salary of \$3,000. What I am trying to find out in this question is how many people are in classes 15 through 22.

Mr. FARBSTEIN. That salary, I see according to this book, runs from \$3,009 to \$3,730, which is the end column if you will note.

Mr. HAYS. That is right.

Mr. FARBSTEIN. That is page 6.

Mr. HENDERSON. Could I make a brief statement?

Mr. HAYS. Yes.

Mr. HENDERSON. Mr. Farbstein, the Foreign Service is divided into three categories: the Foreign Service officer category; the Foreign Service Reserve officer category, which really represents a group of officers who are temporarily on duty as Foreign Service officers, and the Staff category. The lower classes of Staff personnel are for the most part clerical; in the higher classes most Staff personnel are specialists of certain kinds who don't have the qualifications required of regular Foreign Service officers—such specialists as electronic engineers, building superintendents, et cetera.

At the present time the Staff service has 22 classes. We haven't used classes below 14 for a number of years to any extent because the janitors, messengers, et cetera, the lowest ranking personnel that we have abroad are usually resident aliens who are hired in still another category known as locals. So we have proposed that instead of having 22 classes as there are at present in the Staff Corps, there shall be 10 classes, and that the personnel who are in the Staff Corps be converted from their present classes to the appropriate grade in the new schedule of 10 classes. The three upper classes of the new system would be comparable to classes 3, 4, and 5 of the Foreign Service officer group.

The chairman has asked me how many personnel we have at the present time in the Staff Corps who are in class 15 or below. The answer is that we still have five in class 16.

Mr. HAYS. In other words, then to make it short, if we adopt this amendment, we are abolishing a bunch of classes that you don't use or use very little?

Mr. HENDERSON. Yes, we make practically no use of the lower classes. We are trying also to take a more rational approach toward the classification in the upper classes.

Mr. HAYS. What will be the cost of the conversion of this new structure? Will that cost more than you presently are spending?

Mr. HENDERSON. We figure it will cost about \$217,000.

STATEMENT OF WILLIAM E. WOODYEAR, DEPUTY CHIEF, PERSONNEL PROJECTS STAFF, DEPARTMENT OF STATE

Mr. WOODYEAR. To make the adjustment, the continuing cost would not be any greater.

Mr. FARBSTEIN. You are to abolish the classes below 15?

Mr. HENDERSON. We are abolishing all the classes and replacing them with 10 new classes. We are picking up the personnel who are now in 12, 13, 14, and putting them in the new classes at similar salaries.

Mr. FARBSTEIN. The question I direct myself to is, what will happen to the various salary classifications? In other words, you employ someone for a menial job at \$1,800. You employ another menial and pay \$2,455. What is going to happen to those salary classifications with the allocation of that entire group of Foreign Service?

Mr. HENDERSON. We are not using those classifications.

Mr. FARBSTEIN. I understand that. My question is not directed to the classification but to the salaries that will be paid to individuals who are being hired which will come within the first 10 classifications that you suggest. What happens to the salaries that will run from \$1,600 to \$5,115 on this first column on page 6?

Mr. HAYS. They are also readjusted. We are not using those first 10 classes. The lowest salary under the new classification will be \$3,500 under class 10.

Mr. FARBSTEIN. You are going to do away altogether with any salary below \$3,500, is that correct?

Mr. HENDERSON. Yes, sir, for American employees.

Mr. FARBSTEIN. You will pay no employees below \$3,500?

Mr. HENDERSON. There will be one exception. We are asking for authority to hire in certain circumstances, Americans who are residents abroad. We might need to hire, say, the wife of a businessman in an embassy. She would not be subject to transfer like regular Staff personnel. We would like to be able to employ her at a lower salary than \$3,500.

As far as the regular classified Foreign Service Staff personnel are concerned, we would start them at the bottom with \$3,500.

Mr. HAYS. Your menial employees will be locals and will not be Staff officers?

Mr. HENDERSON. Yes, sir, they are paid according to local salary scales.

Mr. HAYS. We are operating, Judge Saund and Mrs. Kolly—we are asking a series of questions prepared by the staff. If any of you have any questions at any point, feel free to ask derivative questions or related questions or anything at all about the particular section.

The next question is how are Staff officers chosen?

Mr. HENDERSON. I think maybe Mr. Brown could answer that; he is the Deputy Assistant Secretary of State in charge of Personnel.

**STATEMENT OF AARON BROWN, DEPUTY ASSISTANT SECRETARY
OF STATE FOR PERSONNEL**

Mr. BROWN. We recruit Staff officers and Staff clerks directly for the Staff Corps. They are not subjected like Foreign Service officers to formal examinations. We recruit them, at the clerical level, just as we recruit clerks in the Department, based on their demonstrated qualifications. Then they may be appointed to one of the classes, depending on their experience, education, and previous employment level.

Certain Staff officers whom we may recruit directly from outside, such as security technicians, are appointed directly to the proper class. We sometimes go out and look for Staff technicians in industry or universities. If we need a man who is a security technician, we look for the man with the qualifications we need and appoint him to the Staff Corps.

Mr. FARBSTEIN. Does civil service enter into this at all?

Mr. BROWN. No, sir. We have the authority in the Foreign Service Act to appoint directly to the Foreign Service. Civil service status is not required.

Mrs. BOLTON. From what groups do you draw, not the specialists, but the regulars—

Mr. BROWN. The regulars, Mrs. Bolton, are usually stenographers, typists, file clerks, et cetera.

Mrs. BOLTON. You send your people out across the country—

Mr. BROWN. As recruiters. We have local television programs and publicity in the newspapers.

Mrs. BOLTON. One of my girls has just gone over. I wondered if that was the regulation for all these classes?

Mr. BROWN. Yes.

Mr. FARBSTEIN. Have we had any resistance from the Civil Service Commission at all?

Mr. BROWN. No, sir; we have not. In fact, our requirements for entry are sometimes similar to those of the civil service.

Mrs. KELLY. On page 24 of this report, are those the class classifications that you are speaking of under section 415?

Mr. HENDERSON. Yes.

Mr. HAYS. Those are the ones that they are talking about.

Mrs. KELLY. At the present time. It is on page 24. This is the classification.

Mr. HAYS. Those are the classes they propose to abolish and substitute the one below which is 10 classes; yes.

Mrs. KELLY. Do you recruit these people for class 10 as class 10 and then for class 2 as class 2?

Mr. BROWN. We would.

Mrs. KELLY. Depending on the needs?

Mr. BROWN. Yes.

Mrs. KELLY. That being the case, who finally determines, if you have a group of applicants for class 1, who is the one most qualified? You alone?

Mr. BROWN. The office of personnel.

Mrs. KELLY. It is entirely up to you if you select from a group of applicants the one to be appointed?

Mr. BROWN. That is correct.

May I add that normally a person in the Staff Corps would reach class 1 by promotion. That would be the normal thing. It would be unusual to recruit somebody into the higher classes.

Mrs. KELLY. Then you recruit them for class 10 and go up the ladder or you leave them for class 2 and 3 according to qualifications and background?

Mr. BROWN. Yes.

Mrs. KELLY. Are there any from other agencies of Government that you bring in here?

Mr. BROWN. Yes.

Mrs. KELLY. Have you done this in the past?

Mr. BROWN. Yes. Not in the new class 10, but in the present class 14.

Mrs. KELLY. This same system was applied in 1 to 22 that you are proposing to abolish?

Mr. BROWN. Yes.

Mr. HENDERSON. We are not changing any method at all. We are merely changing the classification.

Mrs. KELLY. Would you give us an example?

Mr. BROWN. We will be, as we always are, looking for well-qualified stenographers for the Foreign Service. We will send a recruiting team out as we have done in the past and are still doing, with a certain amount of publicity to arouse some interest. Generally they are young ladies, but not always, who come in and apply for the job. We explain to them at that time what Foreign Service duty involves for them and the qualification we are looking for. We also give a typing and stenography test. I have here a statement concerning the opportunity for such personnel which I shall be glad to submit for the record.

(The statement referred to is as follows:)

THE U.S. DEPARTMENT OF STATE FOREIGN SERVICE STAFF

The U.S. Department of State is accepting applications from qualified candidates for the following clerical positions in the Foreign Service of the United States:

Secretary (female only)-----	FSS-12 \$4,180 (\$160.76 each 2 weeks)
Clerk-stenographer (female only)-----	FSS-13 \$3,730 (\$143.46 each 2 weeks)
Communications clerk (male preferred) --	FSS-13 \$3,730 (\$143.46 each 2 weeks)
Pouch clerk (male only)-----	FSS-13 \$3,730 (\$143.46 each 2 weeks)
General clerk (male only)-----	FSS-13 \$3,730 (\$143.46 each 2 weeks)

1. *Basic requirements*

1. *Age.*—Applications for clerical positions in the Foreign Service are being accepted from qualified candidates who are at least 21 years of age and who, prior to reaching 62 years of age, can potentially complete a minimum of 15 years of Federal service, of which there must be a potential minimum of 7 working years in the Foreign Service Staff Corps.

2. *Marital status.*—Must be single, without dependents.

3. *Citizenship.*—American citizen for a minimum of 5 years.

4. *Availability.*—Must be available for assignment to any of the 285 American Embassies, Legations, or Consulates, and for assignment in Washington, D.C., for a period of 6 to 9 months prior to departure overseas.

5. *Duration of employment.*—Permanent—must remain at post abroad for a minimum of 2 years before becoming eligible for transportation back to the United States at Government expense.

6. *Physical condition.*—Must pass a physical examination comparable to U.S. military standards.

7. *Education.*—Must be high school graduates or have passed the general educational development examination.

8. *Tests.*—Applicants for all positions must qualify on aptitude, spelling, and typing tests, and shorthand (steno-typing and speedwriting are acceptable) tests in the case of secretary and clerk-stenographer.

9. *Background investigation.*—All applicants are subject to a background investigation which may require from 2 to 6 months to complete.

II. *Specific qualifications*

1. *Secretary.*—Must be able to take dictation at a minimum speed of 96 words per minute and type at a minimum speed of 50 words per minute by the touch system. A minimum of 6 years of general office experience, or the equivalent, 2 years of which must have been in continuous full-time secretarial work involving shorthand dictation. The 2 years of secretarial experience must have been within the 3 years immediately preceding application for employment.

2. *Clerk-stenographer.*—Must be able to take dictation at a minimum speed of 80 words per minute and type a minimum speed of 50 words per minute by the touch system. A minimum of 3 years' work experience, or equivalent, including 1 year of specialized continuous full-time office experience is required.

3. *Communications clerk.*—Must type 45 words per minute by the touch system with a high degree of accuracy. A minimum of 3 years' work experience, or equivalent, including 1 year of specialized training and experience in typing and standard office procedures is required. Satisfactory work experience in the use of standard devices for encoding or decoding messages is given additional weight.

4. *Pouch clerk.*—Must be able to type at the rate of 35 words per minute by the touch system with a high degree of accuracy. A minimum of 3 years of general work experience, or the equivalent, including 1 year of specialized work experience such as mail distribution, typing, filing, records, or general office procedure is required.

5. *General clerk.*—Must type a minimum of 40 words per minute by the touch system with a high degree of accuracy. A minimum of 3 years of general work experience, or the equivalent, including 1 year of specialized work experience which included typing, filing, recordkeeping, accounts, statistics, or general office procedures is required. (Appointments made in this category will result in assignments as mail clerk, file clerk, records clerk, clerk-typist, or a combination of any of these.)

(NOTE.—Selection is made on a highly competitive basis and the recency and pertinence of an applicant's office experience will be among the determining factors for employment in the Foreign Service Staff. In all cases of rejection of an application, the Department's decision is final and no statement of specific reasons is made to the applicant.)

SUBSTITUTION OF EDUCATION FOR EXPERIENCE

Generally, 1 year of training at a business school or 1 year of college work which included pertinent business subjects may be substituted at the rate of 1 school year for 9 months of experience; college work which does not include business training may be substituted at the rate of 2 years of college for 9 months of work experience. However, a minimum of 1 year of actual office experience is required in all instances, and education beyond the high school level may not be substituted for more than 18 months of general work experience.

III. *General information*

The base salary, as indicated, commences on the day the new appointee is authorized to begin travel from his home to Washington. Travel costs when reporting for duty are paid by the Department.

Accommodations at reasonable rates are readily available, and assistance is given to new employees in securing suitable living quarters.

Employees are paid every 2 weeks by U.S. Government check. Deductions for Federal income tax and retirement are made from each paycheck. Deductions for U.S. savings bonds will be made upon request. Since the first paycheck is not received until approximately 1 month after entrance on duty in Washington, new employees should arrive with ample funds to cover this period.

Government employees at the time of entrance on duty are automatically insured under the Federal employees' group life insurance plan. This insurance coverage is not mandatory, however, and upon receipt of a waiver form, the employee will not be insured. This program is designed to give protection in multiples of \$1,000. Each employee's coverage amounts to \$1,000 for each \$1,000 of his annual salary, or fraction thereof (e.g., an employee whose salary is \$3,730 per annum will have \$4,000 coverage in insurance). This is term

insurance. The cost is borne in part by the Government, and a deduction of 25 cents for each \$1,000 of insurance is made from each paycheck. An appointee may obtain additional information about the program at the time of his entrance on duty.

Usually newly appointed Foreign Service Staff employees are assigned to positions in the Department's home office in Washington, D.C., for a period of 6 to 9 months. Prior to departing for their overseas posts, new employees receive approximately 3 weeks of specialized instructions concerning administrative practices, customs of foreign countries, personal conduct and other matters relating to their overseas assignment.

Thirteen to twenty-six days of paid annual leave are earned each year, based upon the length of Government and/or military service. However, annual leave may not be used during the first 90 days after appointment. Sick leave is earned at the rate of 13 days a year by all employees, regardless of the number of years of service. Upon completion of the 2 years of continuous service overseas, Foreign Service employees are eligible for 6 weeks of home leave with travel to the United States at Government expense. This home leave is granted only to employees who proceed to another post of assignment.

In addition to the annual salary, a number of allowances may be granted after an employee arrives at his post of assignment. If Government housing is not available, a tax-free allowance is provided to cover the cost of rent, heat, light, fuel, and water. Secondly, a tax-free allowance is granted at posts where living costs are in excess of those in Washington, D.C. Thirdly, a salary differential of from 10 to 25 percent of the base salary is paid to employees who are assigned to certain posts where extraordinarily difficult living conditions prevail. This differential, as well as the annual salary, is subject to the U.S. income tax.

(NOTE.—Under Selective Service regulations, men subject to the Universal Military Training and Service Act, as amended, are not permitted to leave the United States without written permission from their local draft boards. All appointments for service abroad of persons subject to these regulations are, therefore, necessarily dependent upon the appointees' being able to secure the required permission. It is suggested that young men check with their local boards concerning these regulations before applying.)

Mrs. KELLY. Is a language needed?

Mr. BROWN. No.

Mrs. KELLY. It is your sole responsibility?

Mr. BROWN. Yes.

Mrs. KELLY. Mr. Henderson does not review this?

Mr. BROWN. No. I don't review them personally.

Mr. HENDERSON. We have panels to examine these people. Then if there is a problem in connection with any particular person it may come up to Mr. Brown or, in certain instances, it can come to me and theoretically even to the Secretary.

I don't think I have a Staff recruitment problem once a year.

Mrs. KELLY. One other question. With what degree of security are they covered?

Mr. BROWN. There is a complete security check by our office.

Mrs. KELLY. CIA?

Mr. BROWN. No. We are authorized to establish our own security system and we do this. We have a tough security check.

Mr. HENDERSON. Perhaps Mr. Woodyear could add a few words in this regard.

Mr. WOODYEAR. I think there is one factor missing, Mrs. Kelly, that Mr. Brown uses in making this determination—there is a classification process that must be gone through. He doesn't arbitrarily determine that the person will be a class 3 or class 10. Each employee is selected on the basis of his or her qualifications to meet a job which has been evaluated and classified at a specific level. So there are no haphazard determinations regarding classes of entry.

Mr. HAYS. What about politics? Does that enter into it at all, any political references?

Mr. BROWN. No, sir.

Mr. HAYS. Not even up around the top grades?

Mr. BROWN. No, sir.

Mrs. KELLY. There isn't as far as we are concerned. When we were in Europe this fall I found many Staff personnel from my district and I didn't even know they were over there.

Mr. HENDERSON. I can assure you, Mr. Chairman, that we are following a completely nonpartisan approach in this matter—not only a nonpartisan approach, but one of nonfavoritism. We feel we have been entrusted by the Congress with this responsibility and our honor is involved. We try, therefore, to live up to the trust placed in us.

Mr. HAYS. What are the provisions for the promotion of these people?

Mr. BROWN. Promotion in the Staff Corps? We have Staff Corps panels which meet once a year, somewhat similar to the Foreign Service officer promotion panels. Lists are drawn up by my office of Staff Corps people at various classes, based on their eligibility under the rules for promotion. By this I mean time in grade. There is a minimum period of time.

Then we have files on them covering not only technical competence such as stenography or competence as a code clerk, but personal and other factors which enter into an evaluation of their effectiveness as Staff employees. These files are reviewed by a panel of people senior to them who recommend them on their competence in their class and in the Staff Corps, within their functional specialty. All stenographers in a grade compete with each other on a worldwide basis for promotion in their class.

Mrs. BOLTON. Do they have health examinations?

Mr. BROWN. Before they are appointed.

Mrs. BOLTON. Does it include psychiatry?

Mr. BROWN. No. Unless something has turned up which in the course of the routine examination warrants it. The examination may include psychiatry if in the opinion of the examining physician such an examination would be desirable.

Mrs. BOLTON. I would say from some of my experiences that would be important.

Mr. HAYS. These people, like Foreign Service officers, are selected up or selected out? Do you have provision for that?

Mr. BROWN. They are not selected out.

Mr. HAYS. They are not selected out?

Mr. BROWN. No, sir. They may remain in the same class indefinitely.

Mr. HAYS. How do you get rid of one if he or she is a lemon?

Mr. BROWN. By preferring charges on the basis of conduct.

Mr. HAYS. What does that involve?

Mr. BROWN. It involves a hearing, preparation of charges by all the people concerned and a hearing before the Board of Foreign Service.

Mr. HAYS. Do you ever fire anyone for inefficiency?

Mr. BROWN. This is difficult to do, in the Staff Corps, because we have to prefer charges.

Mr. HAYS. You told me you had to prefer charges. I realize when you say you prefer charges that makes it difficult. The question is, Do you ever do it?

Mr. BROWN. I can't remember that we have fired somebody from the Staff Corps for inefficiency.

Mr. HAYS. In other words, once you hire them, you have them, period, as long as they want to stay with you, whether they are any good or not?

Mr. HENDERSON. May I say this bill contains a provision that would put Staff recruits on probation for a certain period of years, during which period we could let them go without preference of charges. After the probationary period is expired, however, separation will be more difficult.

Mr. HAYS. What period of years is that?

Mr. HENDERSON. That is for the Secretary to determine. It is our proposal at present to have a 2-year period of probation.

Mr. HAYS. When you have gone out and recruited a stenographer, I don't know whether your recruiters follow the usual practice of overgilding the lily—I mean this happens in a lot of recruiting, especially the Army where somebody promises them the moon, not only they can't deliver, but had no intention of delivering, what do you tell them? Do you tell them they will be on probation for 2 years, or what do you tell them about the security of tenure?

Mr. HENDERSON. We have not told them this far that they are going to be on probation for 2 years. We have not had the right. If this bill becomes law we would tell them that they are on probation for 2 years, just as in the Foreign Service Officer Corps a man entering class 8 is on probation as long as he is in that class. Our FSO8's can be dropped during the period of probation if they turn out to be a disappointment.

We are rather particular about the employment of our Staff people. We do give them very careful scrutiny, before taking them on—not a formal examination, but a complete investigation of character and qualifications.

We have to look into their past record in life with extreme caution. I think most of our Staff people turn out to be all right. We do, unfortunately, now and then find Staff employees whom we would like to get rid of. This isn't easy to do. We haven't had cases brought up formerly against Staff employees during the last 5 years, so far as I can recall, for inefficiency that resulted in their leaving the service. We have persuaded quite a number of them, however, of their own volition to leave the service, by pointing out to them that they were not suited for it, that it was not their forte and that they would be better to go into some other work.

Mr. BROWN. On the question, if I may add, Mr. Henderson, of overglamorizing the Service, there is a danger of this, of course.

Fortunately, however, we have found that the competitive position of the Staff Corps say, as competing with private industry or with other Government agencies, is relatively good in that the members of the corps have opportunities to travel and live abroad. This fact has an appeal that renders glamorizing unnecessary.

Mr. FARBSTEIN. What has been your experience in connection with the gradual advancement of a lower grade employee up to the

highest? Have you found that there are many who in the course of time advance sufficiently in their knowledge to be promoted or do you find that in your experience these people generally remain either Staff or grow into officers?

Mr. HENDERSON. May I answer that?

Some 6 years ago the Secretary appointed a committee to look into the problems of the Foreign Service and to make certain suggestions for improvements. One of the suggestions made by this committee, which was headed by Dr. Wriston, president of Brown University, was that the officer positions in the Staff Corps, that is, the upper positions in the Staff Corps, should be converted into Foreign Service officer positions unless they were of a highly technical nature and that the Staff officers who held these positions should be given an opportunity, if they had appropriate qualifications, to become Foreign Service officers and to come into the Foreign Service Officer Corps along with the positions which they were occupying.

That recommendation was accepted and has been put into practice, so that the upper Staff classes, that is, say, from 1 down to 5, at the present time have very few people in them. Most of the people who remain in those classes were officers who for some reason or other were not available for entry into the Officer Corps or they were highly skilled technicians who would not fit into the Foreign Service Officer Corps.

The only persons who now go up into classes 1, 2, 3, and we may add 4, are those with special qualifications other than qualifications of a stenographic or clerical character. In other words, there is a ceiling on the advancement within the Staff Corps of our clerical and our stenographic personnel. When they reach this ceiling they can't go any higher because the positions which they hold are not the kind of positions that would merit a higher salary.

They must remain under this ceiling, without a chance of going into a higher class, unless they are able, after examination, to enter the Foreign Service Officer Corps which would carry them still higher. Some don't want to go into the Foreign Service Officer Corps, some are not qualified. So they stay at this level. In some instances, Staff personnel engaged in, say, clerical work, are able to qualify as technicians in other lines of Staff work and to go up the technician ladder.

We feel that these Staff personnel who have reached their ceilings are in a rather frustrating situation. In order to be of help to them, we have incorporated in this bill provisions which would give them a promotion without going into a higher class—that is, an "in-class" promotion on the grounds of longevity and merit, so that over the years they can gradually get a higher and higher salary while remaining in the same class. They would not be able, however, to reach the peak of the upper salaries unless they should qualify as technicians.

Mr. FARBSTEIN. Should they desire to take examinations for the Foreign Service officer and they are sufficiently knowledgeable to be able to pass them, they are given all the consideration in the world?

Mr. HENDERSON. Yes, sir. We give special credit points for good performance. A Foreign Service Staff employee who has a good record takes the examination like anybody else for the Foreign Service Officer Corps. But he is given a special bonus for his work in the Staff service. I think we had some illustrations of this in the last examination, Mr. Brown?

Mr. BROWN. Yes, 122 members of the Staff Corps took the written Foreign Service officer examination which was given early in December—25 passed. This is a higher average, actually, than that attained by the candidates from outside. Of those 25, only 8 would have passed, however, if they had not received the bonus points which we offer to our Staff Corps. If it is desired, I shall be glad to place in the record this Foreign Service Circular, No. 277, describing the bonus system.

FOREIGN SERVICE CIRCULAR No. 277

AUGUST 31, 1959.

Subject: Foreign Service Staff examination for FSO-8 appointment.

1. Purpose

This circular prescribes the policies and procedures for implementing section 9 of Foreign Service Circular No. 239, dated March 28, 1958, relating to the FSO-8 examination point credit and appointment quota program for Foreign Service Staff personnel of the Department of State.

2. Background

The quota and point credit features of the Foreign Service Staff program are designed to (a) recognize pertinent Foreign Service experience, training, superior performance, and proven capabilities of Staff personnel, (b) to broaden the career horizons for the most able and ambitious employees, and (c) to enhance the competitive spirit of the Staff.

3. Effective date of program

3.1 The program shall become operative concurrently with the first FSO-8 written examination after the date of this circular.

3.2 Announcement of the next FSO-8 examinations has been transmitted to field posts by Foreign Service Circular No. 269, dated June 3, 1959. Future examinations will be similarly announced.

4. Written examination

4.1 All Foreign Service Staff candidates for appointment as Foreign Service officers of class 8 shall take the open, competitive written examination.

4.2 Upon completion of the written examination, each Foreign Service Staff candidate shall apply in writing to the board of examiners for the performance merit bonus described in section 5 of this circular.

4.3 As of the closing date for the filing of application for the written examination, candidates must (a) be at least age 21 and under age 35, (b) have completed 3 years of satisfactory service as a Foreign Service Staff employee, and (c) have been a citizen of the United States for 9 years.

4.4 Any candidate who receives a weighted average grade of 70 or above on the written examination after certain bonus points are added shall be eligible to take the oral examination.

5. Bonus points on written examination

5.1 Foreign Service Staff candidates for the FSO-8 written examination who are found qualified by the merit bonus review panel shall receive bonuses, not to exceed an aggregate of 15 points, for the purpose of determining eligibility to take the oral examination.

5.2 Such bonus points shall be based upon language proficiency, sustained superior performance, and proven advancement potential.

5.3 Such bonus points shall be added to the weighted average grade of Foreign Service Staff candidates.

6. Language proficiency bonus

As in the case of outside recruits for the FSO-8 examination, any Foreign Service Staff candidate who scores 70 or higher on the optional language portion of the examination shall receive 5 bonus points.

7. Merit bonuses

Foreign Service Staff candidates for the FSO-8 examination who are certified by the Department for a merit bonus under prescribed procedures shall receive 10 bonus points for "outstanding" or 5 bonus points for "superior" performance and advancement potential as determined by the merit bonus review panel.

8. Eligibility criteria for merit bonus

Consideration for a merit bonus shall be given to Foreign Service Staff candidates for the FSO-8 examination who:

- (a) Have completed at least 3 years of oversea service as a Staff employee, and
- (b) Have received 3 or more regular and interim efficiency reports, covering the 3-year period immediately prior to the date of the examination.

9. Merit bonus review panel

A merit bonus review panel, comprised of three senior officers, shall be designated by the Deputy Assistant Secretary for Personnel after each FSO-8 written examination to (a) evaluate the performance records and rate all technically qualified Foreign Service Staff candidates according to the length and overall level of their performance and their advancement potential, and (b) assign the bonus points which shall be accorded to each candidate.

10. Approval and certification of merit bonus eligibility

Approval of eligibility of Foreign Service Staff candidates for merit bonus points, based upon recommendations of the merit bonus review panel, and certification of such eligibles to the board of examiners shall be made by the Deputy Assistant Secretary for Personnel.

11. Oral examination

11.1 The oral examination of eligible candidates will be conducted in the Department by an examining panel designated by the board of examiners.

11.2 The oral examination will take fully into account the candidate's (a) specialized skills and the nature of his Foreign Service experience in the assessment of advancement potential, (b) his demonstrated interest and ability in foreign languages, (c) his ability to observe and analyze a typical Foreign Service situation, and (d) his personality effectiveness.

12. Register of successful Foreign Service Staff candidates

12.1 A Foreign Service Staff subrank order register shall be established for successful Foreign Service Staff candidates.

12.2 Successful Foreign Service Staff candidates shall be carried in rank-order on both the regular register and the Foreign Service Staff subregister of eligibles.

13. FSO-8 Appointment quota for successful Foreign Service Staff candidates

13.1 A quota of 5 percent of the planned intake of new FSO-8 officers shall be established and reserved each fiscal year for the appointment of successful Foreign Service Staff candidates.

13.2 The planned fiscal year appointment quota and any subsequent revisions shall be announced either by Foreign Service circular or in the news letter, or both.

14. Appointment of successful Foreign Service Staff candidates

14.1 Successful Foreign Service Staff candidates shall be appointed as class 8 Foreign Service officers from either the Foreign Service Staff subrank order list or the regular rank-order list of eligibles on which they are reached first.

14.2 Appointments of successful Foreign Service Staff candidates under the reserved FSO-8 appointment quota shall be made concurrently with outside candidates and shall comprise approximately 5 percent of each periodic intake of new FSO-8 officers.

14.3 Successful Foreign Service Staff candidates in excess of the reserved annual quota may remain for 30 months from the date of taking the written examination on both the regular and the Foreign Service Staff subregister of eligibles.

14.4 Any portion of the reserved quota set aside for Foreign Service Staff candidates in any given fiscal year which remains unfilled shall be filled from the regular register.

Mr. HAYS. How do you distinguish between a Staff officer and an employee?

Mr. HENDERSON. The words are almost interchangeable at the present time. There was a period when we considered a Staff officer was a Staff employee whose salary had reached the level of a Foreign Service officer of class 8, the lowest rank of Foreign Service officer.

At the present time we are gradually doing away with the words "Staff officer," we prefer to refer to all Staff employees as Staff

personnel. Nevertheless, a man who is, say, a building engineer of high qualifications still is usually referred to as a Staff officer. There is no finely drawn line.

May I say something off the record?

(Discussion off the record.)

Mr. HAYS. In subsection (b), page 2, why would the Secretary want to recruit Americans abroad? I think you touched on that, but it might be well to amplify that point.

Mr. HENDERSON. There are times when it is useful to employ an American citizen abroad. Let's say that a businessman is living permanently in Istanbul. He has a wife who is a good stenographer-typist. We would like to make use of her services. We wouldn't have to pay her house rent, or her transportation from the United States. She would be there permanently. It would be of some advantage to use her there. Of course, she would not be subject to transfer to any other post. Therefore, we would not feel that she should be treated like a regular Staff employee and her salary would probably be less than a regular Staff employee.

Her salary would be influenced by the salaries which prevail in Istanbul, although being an American and being able to do confidential work, she would probably get a somewhat higher salary than a local employee. We are asking for leeway in establishing the salary of people of that kind.

Mrs. KELLY. Are you limiting it to those people in industry or do you consider those whose husbands are in the communications medium, such as the newspapers, television, radio?

Mr. BROWN. In any walk of life. It could be a missionary's wife, an American child of a citizen of the country who has reached adulthood would be very useful as a receptionist, for example, because of his or her knowledge of both languages, both English and the language of the country.

Mrs. KELLY. You do not exclude anyone then whose husband is active in the communications mediums?

Mr. HENDERSON. We don't exclude anyone for that reason, but we take into consideration the security aspects. I think we would consider the wife of a newspaper correspondent just as reliable as the wife of anyone else, but, of course, we have to use care in employing any American who would have access to classified material.

Mr. BROWN. It might depend on the newspaper.

Mr. HAYS. What about the wives of your own personnel? Would you use them?

Mr. BROWN. No, sir, we do not, except in emergency situations.

Mr. HENDERSON. In certain posts we have done so, and we may continue to do so. This would be particularly true in posts where we have severe housing problems. For instance, in Moscow, at times we have made use of wives of American personnel because we were able to get only very limited housing facilities there.

In general, we frown upon employing the wives or the daughters of our own personnel on a local basis.

Mr. SAUND. In the Small Business Administration Act no one can obtain a loan for the purpose of engaging in newspaper or television.

Mr. HENDERSON. I beg your pardon?

Mr. SAUND. You cannot obtain a Small Business Administration loan for a newspaper, or a radio or television station. I found that out the other night.

Mr. HENDERSON. I don't know about that provision.

Mr. SAUND. That idea came to me when you were asked the question about the newspapers.

Mr. HAYS. Section 3, pages 2 and 3: What does the phrase "uniformly at a rate above the minimum rate of the applicable class" mean?

Mr. WOODYEAR. We need that provision for the reason that there are certain groups of employees who may be in short supply. One example may be the one that Mr. Brown has used of the electronics engineers brought in to do special security work. In order to compete in the open market to employ those people, we may need to employ them at a level above the base rate of the class. We don't want to reclassify the jobs to a higher level. So the Secretary determines that a particular occupation is to be classified at a certain rate, that personnel are to be recruited at that level, and that the salaries of all other people doing that sort of work are to be adjusted to the same rate.

Mr. HAYS. Will that permit promotion to a higher class without regard to the usual promotion process? Will that cause your promotion process to break down?

Mr. WOODYEAR. This is an in-class adjustment. It prevents overclassification and disruption of the normal promotion process.

Mr. HAYS. You set up a certain range of salaries within a class and then you come along and ask for permission to disregard that. Why set it up in the first place?

Mr. HENDERSON. Mr. Chairman, I don't think that we are asking permission to disregard the range of the steps within each class. Let us take class 8 for example. In class 8 there will be 7 in-step salaries. Suppose we want to hire a nurse. There is a war situation and nurses are very difficult to get. We can't employ a nurse except at a salary which is one of the higher salaries in class 8. We have to pay that salary or get no nurse. If we pay her that salary in the upper grade of class 8 and ignore the fact that we have with us some 10 or 15 other nurses who are receiving salaries below that, we are in trouble.

Therefore, we would like the Secretary to have the authority to say the nurses should be recruited at a salary in the upper in-grade step of class 8 and that the salaries of the other nurses should be raised correspondingly.

Mr. WOODYEAR. This might clarify it, Mr. Chairman: Section 3 amending section 416(a) would give the Secretary authority which he does not now have to appoint people at a level above the base rate of a class. That may now be done in FSO or in the FSR appointments. The result is that persons who have served in civil service jobs and have reached higher salary levels must be brought in and adjusted simultaneously, or later by administrative procedure, to a higher salary level than the base rate of a class.

To obtain skills gained by prior Government or industry experience, we must be able to offer salaries equal to those being earned outside.

Section (b) takes care of the situation which Mr. Henderson has been explaining. When, because of skills shortages, a whole group of employees is worth more in the competitive market, we need the authority to employ at the midrate of a class.

Mr. FARBSTAIN. Will you define "midrate"?

Mr. WOODYEAR. There are seven separate step rates proposed in each of these classes. If we consider the recruitment level of staff 10, for example, \$3,500 is the base rate of the class.

The third step rate is \$3,700. The top step rate is \$4,100. On the basis of the authority given here, the Secretary might determine that any given group of people at that time was worth more than the base rate of a class and need to adjust their salaries to a step rate within the class.

Mr. FARBSTEIN. Then class 10 at some time can very well get a salary higher than someone in a class which is of a much higher grade than the class for which he has been recruited; is that correct?

Mr. WOODYEAR. No, sir.

Mr. FARBSTEIN. Class 10 can go \$4,100. That is the top salary, but you can recruit someone from class 10 and give them up to \$4,100.

Mr. WOODYEAR. You could do that.

Mr. FARBSTEIN. Someone in class 9 would be recruited at \$4,050, which would be below the sum received by a class 10 person; isn't that correct?

Mr. WOODYEAR. Yes; but it is not envisioned that we would appoint people from the top rate of the class. If you reach that level, you would be reclassified.

Mr. FARBSTEIN. That is why I inquired as to what you meant by midsalary. The question to follow was whether or not somebody couldn't be employed as a class 10 employee and get more money than somebody employed in a higher class or a class 9.

Mr. WOODYEAR. Normally not with a specific occupational group on a limited or temporary basis.

Mr. FARBSTEIN. That is what I wanted to know.

Mr. WOODYEAR. In view of the circumstances at the present time.

Mr. FARBSTEIN. Those are the words that I am concerned about.

Mr. HAYS. It occurs to me at this point to tell us why you have an entirely different—and I might say to the people who deal with it on a sporadic basis—a different classification. Why not use the civil service classification and if you transfer you don't have to reclassify them? Why does your class run opposite from the civil service and the higher you go the lower the number, whereas the higher they go the higher the number? It is completely opposite.

Why do you do that?

Mr. HENDERSON. Ever since the Foreign Service was founded, a class 1 officer was the highest ranking officer. That is the way it has been. We have followed the same policy in the Staff Corps. We could switch it around and make a class 8 officer the highest. Nevertheless, we are following an old tradition in this matter. For over a hundred years in the various diplomatic services a first secretary has outranked a second, and a second a third.

In dealing with foreigners, a Foreign Service officer of class 1 sounds like a higher rank than a Foreign Service officer of class 8. I suppose that was the reason. I am not fully cognizant of the reason.

Mr. HAYS. I don't know what it does to Foreign Service, but it seems to me it causes just a little more confusion here at home.

Mr. HENDERSON. This has been in vogue since about 1917, 7 years before the Rogers Act of 1924. When I entered the Service in 1922, I was a class III vice consul, three grades below a consul of class 8.

Mr. HAYS. How many locals do we now employ?

classified according to these criteria: If we have a Foreign Service officer position vacant in the Department, and we can't find a Foreign Service officer qualified to fill this position for a period of 3 months, we can take a civil service officer and put him in this position.

Mrs. BOLTON. He must also be qualified.

Mr. HENDERSON. Who is qualified. If there is a civil service officer qualified to fill the position and no qualified Foreign Service officer available to fill it, and if we can't find one in 3 months, we may put the civil service officer in the position.

This brings up something which I would like to explain briefly to the committee—the difference in philosophy and approach between the Foreign Service and the civil service. A Foreign Service officer must, when he enters the Service, realize that he is subject to being transferred to any spot in the world at any time to do anything he is requested to do by the Secretary of State. His rank is attached to him personally and so is his salary. His rank and his salary do not depend upon the position he holds. They depend upon the class to which he is appointed or holds in the Foreign Service. Therefore, he is completely mobile.

There is no agreement necessary between the Secretary and him as to where he is going to go. He just goes where directed. It is like the military service in that regard, like the uniformed services.

In the civil service, a man's salary depends on the position which he holds. The salary goes with the position, not with the officer. The officer cannot be transferred from that position unless he agrees to it or unless there is some sort of a formal arrangement made between him and the Government. Accordingly, in the Department of State we hesitate to put a civil service officer in a Foreign Service officer position unless we have to because when he is once there, he can stay there for the rest of his career and we cannot do much about it. Whereas, if he is a Foreign Service officer, he can be moved whenever the Secretary desires to move him. In the Department of State we need a lot of mobility just as we need it in the Foreign Service abroad, because the international situation changes to such an extent that the pressures on certain positions may also change. At certain times, therefore we may want an officer for a certain position who has different qualifications from those of the officer who is holding it.

Mr. FARBSTEIN. It is not altogether clear in my mind. You say that the salary attaches to the officer rather than to the job?

Mr. HENDERSON. Yes, sir.

Mr. FARBSTEIN. Supposing a man is a vice consul and gets a certain salary, and after being a vice consul it is determined that this man is really a brilliant man. He is able to effectuate contacts that are highly desirable; he is able to do things that in the normal course of events an ambassador does, and you think well enough of him to make him an ambassador or a step below the ambassador and he is highly trained and highly successful on that job. He still gets the same salary as he did when he was a vice consul?

Mr. HENDERSON. Yes. When I was a Foreign Service officer class 5, I was made chargé d'affaires in Moscow and remained as such for nearly 2 years and my salary was ———.

Mr. HAYS. What is the normal rank for a chargé d'affaires?

Mr. HENDERSON. At the present time it is usually a class 1 officer of career minister. We have other cases where this has happened. I understood the situation and was happy to have the experience in the job, even though I didn't get the salary, because I was obtaining a background which would be useful to me in future years.

The Foreign Service is a career service. That means a slow flow toward the top over the years. A young man going into the career service must be prepared to adjust himself to the relatively slow motion of a career service.

If he is brilliant and exceptional, he will probably be given jobs where he can use his talents, but nevertheless that doesn't mean he is going to jump immediately to the top of the Service. He has to work his way up the line. Otherwise the Service would gradually cease to be one of career.

I would say that experience has shown that it is not too bad that a brilliant officer may not shoot at once to the top because brilliance needs depth. A man who is brilliant and quick at 25 should be still more valuable when he attains the depth and the steadiness that goes with depth. He acquires depth by plodding along and doing the work assigned to him until he reaches a rank where he can be entrusted with the highest positions in the Service.

Mr. HAYS. Doesn't that put a premium on plodders?

Mr. HENDERSON. I don't think it does, Mr. Chairman.

The kind of work which we are doing can vary even at the same class level. There can be a job that a plodder can do and a job that a highly brilliant man would find to be a challenge—both jobs at the same level. Sometimes plodders turn out to be extremely valuable officers. We have officers who did not seem so brilliant when they were young; who moved along steadily, however; who worked hard and thoroughly; who gradually overcame their deficiencies; and who in the end are among the most valuable officers we have.

Mr. HAYS. I don't argue that premise at all. I think you are answering my question by arguing from another point of view, if you will permit me to say so.

I just asked you in another way if this didn't put a premium on mediocrity? I am an old debater, Mr. Secretary.

Mr. HENDERSON. I didn't mean to get into—

Mr. HAYS. I want you to. Maybe we will get an answer. I just asked you, doesn't this put a premium on mediocrity? In my view, it does. There is a lot to be said for plodders as you say. I think sometimes there is something to be said for mediocrity. I just asked you if this system didn't put a premium on it.

Mr. HENDERSON. I don't think so.

Mr. HAYS. I have always said in the Army you don't have to have brains but only to live long enough and know the right people, and eventually you'll be a general. I will stand on that argument.

Mr. HENDERSON. In the Foreign Service we have our promotion panels which pass on a man's performance. If a man's performance is relatively poor, he will not be promoted. If he stays 10 years in grade without being promoted, he is automatically selected out from the Service.

Furthermore, under our selection-out system, we have arrangements whereby if a man is in the lowest 3 percent of his class, he is subjected to a very careful scrutiny for the purpose of ascertaining whether or

not his name should be sent to the selection-out board for determination.

To come back to your point, I must admit that the brilliant man in the Foreign Service doesn't jump to the top of the service as rapidly as a brilliant man in the civil service. His brilliance is tempered as he goes along.

Mr. HAYS. Or in private industry.

Mr. HENDERSON. Or in private industry.

Mr. BROWN. There is a premium on excellence, however, in the Foreign Service. The better officers move ahead more rapidly.

Mr. HAYS. At another time, and I want to discuss this with you today, there are two or three people down there that are handling pretty important jobs today that this committee would like to know how they ever got as far as they did. The fact of the matter is --- off the record.

(Discussion off the record.)

Mrs. KELLY. If this civil service person is brought into the Foreign Service and you say he is not subject to regulations of Foreign Service in that case, can you not make an agreement with him that he is to go in under the same conditions as Foreign Service?

Mr. HENDERSON. Yes, if he is willing to become a Foreign Service officer.

Mrs. KELLY. Do you waive that?

Mr. HENDERSON. During the period the civil service employee holds his Foreign Service position, he must be treated as a civil servant with all the perquisites of the civil service.

Mrs. KELLY. Once he is in there, he can't be removed, you say?

Mr. HENDERSON. That is right.

Mrs. KELLY. Before you take him in, why don't you take him in so that he can be removed or give up his civil service---

Mr. HENDERSON. Many of them don't want to go into the Foreign Service. We have a couple of hundred civil service officers who at the present time are holding Foreign Service positions. Many of them were offered opportunities to go into the Foreign Service at the time of integration. For various reasons, however, they didn't want to go into the Foreign Service at that time, and do not wish to do so today.

We can't say to the civil servant, "You must change the basis of your service from civil to Foreign Service." He entered the civil service and he has all the rights of a civil service officer. We could of course refuse to place a civil service officer in a Foreign Service officer position. But sometimes we are in need of him.

Mrs. KELLY. Could you tell me how many you integrated into the Foreign Service who have civil service status and maintain it now?

Mr. HENDERSON. The moment a person enters the Foreign Service he loses his civil service status.

Mrs. KELLY. I have to go back. I thought you said you take in civil service into Foreign Service and you can't remove them.

Mr. HENDERSON. Into Foreign Service positions in the Department.

Mr. HAYS. The difference between employing a civil servant in a Foreign Service position and having him become a Foreign Service officer I think is the question.

Mr. SAUND. You said a while ago that you were chargé d'affaires in Moscow when you were third or fourth grade Foreign Service official. Did the Secretary have any authority to compensate you in some way with extra money?

Mr. HENDERSON. Yes. I received half of the Ambassador's salary during that period. At the present time the Secretary has specific authority to compensate a man who is chargé d'affaires. I used my case only as an illustration. A man might be deputy chief of mission in an important post and still be in an unusually low class. In that case he would not receive the salary that a deputy chief of mission usually receives.

Mr. HAYS. That brings up another interesting question. At the moment we have an ambassador home from Cuba. Presumably, at least I hope he will stay home a long time, until conditions change down there. What does he do here? Does he have any job at all?

Mr. HENDERSON. He is working in the Department, giving advice to the Secretary and to the Bureau of American Republic Affairs regarding Cuba. He is kept quite busy working on Cuban problems here.

Mr. HAYS. Who is running the Embassy down there?

Mr. HENDERSON. The deputy chief of mission is running the Embassy.

Mr. HAYS. What does his rank become?

Mr. HENDERSON. He is a Foreign Service officer class 1.

Mr. HAYS. Does he have a title now?

Mr. HENDERSON. Chargé d'affaires.

Mr. SAUND. There was an opportunity of giving a premium to brilliance and you received that—the Secretary gave Mr. Henderson the job of chargé d'affaires and the Secretary had authority to compensate him for that?

Mr. HENDERSON. Yes. I would like to correct that. It didn't happen because I was brilliant. It was the result of a set of circumstances.

Mr. HAYS. Would it be desirable to extend the classification of Department positions to include those that the Foreign Service Staff may occupy, thus permitting a rotation between oversea and home assignments?

Mr. HENDERSON. Mr. Brown, do you have any ideas on that?

Mr. BROWN. It is possible today. We do have some measure of rotation of Staff Corps people up to a number of approximately 100. It is normally understood by the Staff Corps people that the greater part, if not all of their service, will be overseas. However, in many cases after a number of years it proves desirable for various reasons to give the Staff Corps employee a tour of duty in Washington. We do have an arrangement by which we can place them in positions here.

Mrs. BOLTON. I think it would be just as important because they can get just as warped in their ideas as anybody else if they stay over there forever.

Mr. BROWN. Except for the fact, Mrs. Bolton, a warping of the viewpoint for Staff Corps is not so serious.

Mrs. BOLTON. That is right, but in their contacts.

Mr. BROWN. Most of their contacts are limited to the Staff.

Mr. HAYS. How many positions in the Department are now designated "Foreign Service officer" positions?

Mr. HENDERSON. 1,540.

Mr. FARBSTEIN. Up to what class?

Mr. HENDERSON. Between classes 8 and 1.

Mr. HAYS. For instance—we will take a hypothetical case—suppose you have a Latin American country in which you are having problems and there is some fellow who had made a long career of business in Latin America and knows this country intimately and knows a lot of the leaders and so forth and so on; is there a chance of recruiting him and putting him down there as consul?

Mr. HENDERSON. If there is a special need for a man of his qualifications and background, and those needs can't be satisfied in the Service, we can make him a Foreign Service Reserve officer and send him to the post for a limited period.

Mr. HAYS. You say there are 1,500 and how many?

Mr. HENDERSON. 1,540.

Mr. HAYS. How many of these positions are filled by Foreign Service officers?

Mr. HENDERSON. 945.

Mr. HAYS. The rest are filled by what?

Mr. HENDERSON. The rest are filled by Reserve officers, Foreign Service Reserve officers, by civil service officers, by Foreign Service Staff officers, or are vacant at the moment.

Mr. HAYS. What is the future of civil service personnel who occupy Foreign Service positions?

Mr. HENDERSON. There is no doubt that the career of civil service officers in the Department who are stationed or have been stationed, in fields that are related closely with the conduct of our foreign relations, are now somewhat limited. Since most of the positions which have to do with the conduct of foreign affairs are now Foreign Service officer positions, a civil servant officer may have difficulties in being promoted to a higher position. He may have a choice of staying frozen in his job, or of going into the Foreign Service. Entry into the Foreign Service would give him promotional opportunities but it would also mean that he may be assigned abroad at any time.

Mr. FARBSTEIN. And possibly a demotion as far as salary goes?

Mr. HENDERSON. There is no demotion—

Mr. FARBSTEIN. No possibility of reduction of salary when he goes into the Foreign Service officer—

Mr. HENDERSON. If he goes into the Foreign Service, he will go in usually at the salary that he is receiving as a civil service officer.

If, however, he happens to be exceptionally young for his position—let us say that at the age of 30 he has a GS-15 job, he would probably be compelled to take a decrease in salary if he entered the Foreign Service. A person entering the Foreign Service laterally must be no younger than the average age of the lowest 20 percent of the Foreign Service class which he enters.

If we are to maintain morale in the Foreign Service, we can't bring in from the outside people who are younger than the average youngest 20 percent of each class in which they enter.

A brilliant man in the Foreign Service cannot jump to the top immediately. It would not therefore, be fair to put younger men from the outside above them.

Mr. FARBSTEIN. You have the same situation as was suggested by the chairman in comparing it to the Army. In other words, if you get there you have to live long enough. You won't permit a man, because of age, to attain a status that his ability permits.

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Mr. HENDERSON. That is right. A man's age will have an effect on his rank and his salary.

Mr. FARBSTEIN. Do you think that is wise—

Mr. HENDERSON. Yes, if we are going to have a career service, a career based on the dedication of one's whole life to the Government, the members of that Service must have patience in the matter of promotions. Otherwise the Service might get clogged at the top with young men and there would be no promotions for those below.

Mr. FARBSTEIN. Have you found that has discouraged anyone from entering the Foreign Service?

Mr. HENDERSON. I think it has. I think some young men who are more interested in holding high positions at an early age than in serving the United States through thick and thin prefer not to enter the Foreign Service.

Mr. FARBSTEIN. Do you think that should be continued or do you think consideration should be given to some change?

Mr. HENDERSON. You are asking my personal opinion—

Mr. FARBSTEIN. You are the head of the Department. Whom else could I ask?

Mr. HENDERSON. I don't want to take the position that my personal opinions are necessarily governing. My own opinion is that a career Foreign Service is essential for the good of this country. If we are going to have a career Foreign Service, we must have a Service in which the members who are doing meritorious work can foresee a flow toward the top. If we take in people from outside, into the top classes of the Service who are years younger than the officers below them, the officers below cannot look forward to promotions. Men younger than they would be clogging the top positions.

As long as we have a Foreign Service which has a mandatory retirement age, we must take age into consideration in the matter of lateral entry or of promotion.

Mr. HAYS. Mr. Secretary, don't you think that the whole system, however—I am not saying there is anything you can do about it—don't you think that whole system tends to breed caution? That you play the game according to the rules? You don't stick your neck out. You don't get any new ideas.

You stay in line and eventually you get to the top. Isn't that about the philosophy that it breeds?

Mr. HENDERSON. I don't think so. It is necessary, of course, for us to combat that philosophy all the time. We are conscious of the danger of such a philosophy. We try to reward people for imagination and for courage by giving them promotions.

If a young man can get class 1 by the time he is 40, he can become an ambassador at that age. At present we have ambassadors in the early 40's. We had one appointed a short time ago at about 40. It seems to me that that is a reasonable speed of advancement for a brilliant person. Mr. Rountree was about 40, when he was named Ambassador to Pakistan.

Mr. BROWN. He is in his low forties.

Mr. HAYS. I feel personally the whole attitude of the Department is one of undue caution as to the world scene. I wonder if the system is responsible for that. No matter what happens around the world, we seem to take the position that we have to placate these people.

We can't take a position. It might make them angry. I think that is a good philosophy at times. I think there are other times when the situation might call for something entirely different. I haven't seen much of that. I have heard by the grapevine that—not altogether of the system, things that went on before, persecutions of State Department people—that there is a whole atmosphere down there that you don't say anything at all that will attract attention to you. You ride along with the system.

What about that?

Mr. HENDERSON. I don't think that is accurate, Mr. Chairman. I do think that the conduct of foreign affairs is such a delicate matter that people who are working in that field are likely to be very cautious in what they do. That which might in another field seem to be an insignificant gesture, or an unimportant phrase, could, in the field of foreign affairs, be magnified into something of the utmost international significance.

I think you can recall that sometimes one of the ranking officers of the Department at a press conference will drop a certain phrase which seemed quite casual and that this phrase has been picked up and construed in such a way as to suggest a contemplated change in our foreign policy. This has happened again and again. Therefore, there is a tendency on the part of those who are working in the foreign field to be extremely careful with regard to what they say. They, therefore, phrase their sentences in such a way that they sometimes seem to be unduly cautious. I think also in our actions we seem to the world sometimes to be unduly cautious.

On the other hand, the repercussions can be so great from a word dropped hastily or from an intemperate remark that I suppose sometimes we can be excused if we seem to lean over backward.

Mr. HAYS. I have been told by some of your people in various countries that once the policy is set by the Department toward a given country that the word comes down that if you want to get ahead in this business you don't deviate, no matter what your opinion is, or when you put in a report, it should fit in the philosophy or else.

What about that? Your own people say this is true.

Mr. HENDERSON. There might be some truth in it. An officer writing from a certain post may say some things in a dispatch which would indicate a violent disagreement with a policy which has been established by the Department; some officer in the Department who feels strongly on the subject might take umbrage and make things difficult for the officer in the field. But that is contrary to what we want. We are opposed to that sort of thing. If an officer in the Department acts in this manner, we consider him to be petty and unworthy of his position. We want officers to give the unvarnished story as they see it of what the situation is where they are. There is hardly a day goes by that I don't see dispatches or telegrams, phrased in such a way as to be critical of certain of the policies of our Government or of certain decisions or actions of the Department. Yet these criticisms or disagreements are not held against these officers.

Mrs. KELLY. Mr. Chairman, are we going to continue the hearings at this time? We have two resolutions reported from the Foreign Affairs Committee and I desire to be on the floor.

Mr. HAYS. Without objection, the committee will stand adjourned. (Whereupon, at 12:05 p.m., the subcommittee adjourned.)

ANALYSIS OF PROPOSED AMENDMENTS TO THE FOREIGN SERVICE ACT BASED UPON QUESTIONS SUBMITTED BY THE SUBCOMMITTEE ON STATE DEPARTMENT ORGANIZATION AND FOREIGN OPERATIONS AND ANSWERS SUPPLIED BY THE DEPARTMENT OF STATE

SECTION 2 (SEC. 415 OF THE FOREIGN SERVICE ACT)

1. *How many individuals are presently serving in FSS-15 or below?*
There are five FSS employees below class 15.
2. *What will be the cost of conversion to the new class structure?*
The conversion cost for FSS personnel of the Department of State is estimated to be \$217,025 under the conversion plan suggested by the Department. This plan, which varies slightly from that in S. 2633 in order to avoid splitting classes, will be discussed in connection with section 51 of the bill.
3. *How are Staff officers chosen?*
The Foreign Service Staff is appointed by the Office of Personnel from among applicants on the basis of their qualifications.
The Staff is comprised of stenographic, clerical, and technical personnel in the lower and middle grades. The greatest need in the Staff is for secretaries, stenographers, communications clerks, and general clerical personnel. Occasionally a need arises for diplomatic couriers, nurses, and telecommunications technicians. Other technical positions are listed in an addendum when there are vacancies. Technical personnel normally are appointed to positions at the level for which their age, background, and experience qualify them.
Qualifications requirements.—Candidates for all nontechnical Staff positions must meet the following basic requirements for foreign service, in addition to the special requirements indicated under each title:
Age.—At least 21 years of age, and who, prior to reaching 62 years of age, can potentially complete a minimum of 15 years of Federal service, of which there must be a potential minimum of 7 working years in the Foreign Service.
Citizenship.—American citizenship for at least 5 years.
Marital status.—Single and without dependents.
There follows information concerning the qualifications requirements for FSS appointment:
Availability.—All applicants for appointment to the Foreign Service Staff must be willing to accept initial assignment and subsequent transfer to any foreign post. Persons who limit their availability to specific locations will not be considered.
Educational requirements.—All applicants must be high school graduates, or the equivalent.
Physical examination.—Applicants must be in excellent physical condition and must be able to pass a physical examination comparable to U.S. military standards. This examination will not involve any expense to the applicant.
Tests.—All clerical and diplomatic courier appointments are subject to the satisfactory completion of the necessary performance tests, which include typing and/or shorthand, verbal ability, and spelling.
Substitution of education for experience.—Candidates for employment in the Foreign Service Staff who do not possess the required work experience for the position in which they may be interested may substitute education above the high school level on the following basis:
Generally 1 year of training at a business school or 1 year of college work which included pertinent business subjects may be substituted at the rate of 1 school year for 9 months of experience. College work which did not include business training may be substituted at the rate of 2 years of college for 9 months of work experience. However, a minimum of 1 year of actual office experience is required in all instances, and education beyond the high school level may not be substituted for more than 18 months of general office work experience.
Employment standards.—Every effort is made to assure that all applicants receive complete and equitable consideration. However, the Department's special responsibilities in the field of foreign policy necessitate high employment standards. Appointments are therefore made on a highly selective basis after full consideration has been given to the applicants' qualifications, including training, the recency and pertinence of office experience, health, and general background.

"Positions.—Based on the needs of the Service, applications are accepted from candidates who meet the requirements for the following positions:

"Title	Grade	Salary	Requirements
Secretary (female only).....	FSS-12	\$4,180	Shorthand 1—96 words per minute. Typing (touch system)—50 words per minute. 6 years' office experience, or equivalent, including 2 years of specialized continuous employment in secretarial duties involving shorthand dictation. The 2 years of secretarial experience must have been within the 3 years immediately preceding the date of application for employment.
Clerk-stenographer (female only).....	FSS-13	3,730	Shorthand 1—80 words per minute. Typing (touch system)—50 words per minute. 3 years' work experience, or equivalent, including 1 year of specialized continuous office experience which included stenography, typing, filing, recordkeeping, or general office procedures.
Communications clerk.....	FSS-13	3,730	Typing (touch system)—45 words per minute. 3 years' work experience, or equivalent, including 1 year of specialized training and experience in typing and standard office procedures. Satisfactory work experience in the use of standard devices for encoding or decoding messages is given additional weight.
General clerk ²	FSS-13	3,730	Typing (touch system)—40 words per minute. 3 years' general work experience, or equivalent, including 1 year of office experience, such as typing, filing, recordkeeping, statistics, accounts, or general office procedures.
Pouch clerk (male only).....	FSS-13	3,730	Typing (touch system)—35 words per minute. 3 years' general work experience, or the equivalent, including 1 year of specialized experience in mail distribution, typing, filing, records, or general office procedures.
Diplomatic courier (male only).....	FSS-11	4,650	Typing—35 words per minute. Single veterans between 25 and 31 years of age. 4 years of college, minimum of 6 months' travel or work experience overseas in a military or civilian capacity. Since vacancies occur infrequently, applicants are urged to designate a clerical position as an alternate choice. Clerical personnel who have completed one tour of duty may request consideration for courier positions.
Nurse ³ (female only).....	FSS-10 FSS-9	5,115 5,585	Between 25 and 40 years of age. Single. Must be a registered nurse, licensed in one of the States or the District of Columbia. A minimum of a year's experience as a registered nurse is required, 1 year of which must have been in public health or industrial nursing. Preference is given to those candidates who have a B.S. degree in nursing.

¹ Stenotyping and speedwriting are acceptable.

² Appointments made in this category will result in assignments as mail clerk, file clerk, records clerk, clerk-typist, accounting clerk, general services clerk, or a combination of any of these duties.

³ Nurses will assume charge of health needs and facilities and provide health supervision, health counseling, and nursing care for on-the-job illnesses or injuries to Government employees and their families."

4. *What are the provisions for their promotion?*

It is the basic policy of the Department to reward proven meritorious performance by advancement to the degree that promotional opportunities afford an opportunity to do so. Further, it is the practice of the Department to endeavor to choose those who most deserve advancement by a competitive system involving the composite judgment of selected members of the Foreign Service who are convened in boards annually to review and compare the records of each officer and employee in the Foreign Service. Promotions are then made in the exact rank order determined by these boards, to the number determined to be permissible for the current year. This basic concept and system is carried out annually with respect to Foreign Service Staff personnel in classes FSS-11 and above. Staff employees in classes FSS-12 and lower are promoted on the basis of such factors as their performance ratings, time in class, recommendations by the post of assignment, and other eligibility requirements.

5. *Are they, like the Foreign Service officers, selected up or selected out?*

Foreign Service Staff personnel are not subject to selection-out.

6. *How do you distinguish between a Staff officer and an employee?*

These terms are interchangeable at the present time.

Formerly, when a Staff employec's salary reached the level of FSO-8 (the FSO entrance class) he was considered to be a Staff officer. The Department is now trying to use the term Staff personnel for all Foreign Service Staff, although when particularly high qualifications are required an individual is usually referred to as a Staff officer.

7. *In subsection (b), page 2, why would the Secretary want to recruit Americans abroad?*

Americans are recruited abroad to meet special requirements or emergency situations. For example, it is desirable to have a receptionist who speaks the local language. It might be possible, particularly in a country in which a difficult language is spoken, to employ the wife of an American businessman residing permanently in the country if she speaks the local language. Again, the shortage of acceptable living quarters for American girls might be reason to employ as a typist the daughter of an American serving a tour as foreign representative of a U.S. company.

SECTION 3 (SEC. 416 OF THE FOREIGN SERVICE ACT)

1. *What does "uniformly at a rate above the minimum rate of the applicable class" mean?*

This proposed provision would enable the Secretary to take into account the needs of the Service in fixing appointment salaries. Thus, 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, however, 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.

2. *Will this permit promotion to a higher class without regard to the usual promotion process?*

No, this provision only concerns the salary steps within a particular FSS class.

SECTION 4 (SEC. 417 OF THE FOREIGN SERVICE ACT)

1. *How many locals do we now employ?*

As of December 31, 1959, the Department employed 9,755 foreign nationals.

SECTION 5 (SEC. 431 OF THE FOREIGN SERVICE ACT)

1. *The present law is 30 days exclusive of time in transit. The proposed change is 50 days including time in transit. What is the significance of this change?*

The present provisions of section 431 place no legal limitation on the duration of the time in pay status of a chief of mission after he relinquishes charge of his mission. It merely limits time in pay status to 30 days plus travel time. Thus one chief of mission might return to this country by slow boat, taking 60 days to reach his place of residence, and still have 30 days' salary due him. Another chief of mission whose appointment is being terminated might return from a neighboring country by plane in 2 days, so that his total time in pay status would be only 32 days. This inconsistency has made it very difficult to administer the section equitably.

The Department would not expect the proposed 50-day period to have any effect on the average time spent in pay status by chiefs of mission following relinquishment of duties. The 50-day period would be interpreted by the Department to be a maximum period and not a standard period.

SECTION 6. (SEC. 441 OF THE FOREIGN SERVICE ACT)

1. *Does the proposed change in language of section 441(a) imply that the Secretary of State is not able under existing law to classify all positions overseas?*

No.

2. *What is the purpose of the proposed change?*

Effective personnel management requires that there be a uniform basis for classifying positions regardless of the category of American personnel used in staffing positions. The present language of section 441 draws a distinction in this respect between the FSO-FSR categories on the one hand and the FSS category on the other, which has not proved to be meaningful in practice.

A second purpose of the proposed section is to authorize 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. Some 1,500 positions in the Department have been designated as Foreign Service Officer positions under the Secretary's integration program. When a position is filled by a person other than an officer or employee of the Foreign Service, it would continue to be classified in accordance with the provisions of the Classification Act of 1949, as amended. The position would not be classified under the provisions of this section unless the position was filled by a Foreign Service officer or employee.

3. *What is the present practice regarding classification of positions?*

All positions in the Foreign Service at overseas posts are classified under the Foreign Service Act. Most positions in the Department, including those designated for staffing by FSO's, are subject to the Classification Act of 1949, as amended, and must be classified under that act. In order to provide a sound basis for personnel planning and the administration of the Foreign Service, it has been necessary also to classify FSO designated positions in accordance with the classification pattern prescribed in section 412 of the Foreign Service Act. This duplicate classification procedure creates unnecessary work and serves no useful purpose.

4. *Re section 441(b) on line 14: Has the Civil Service Commission permitted the Secretary to declassify departmental positions?*

The Civil Service Commission in 1954 agreed to the Department designating departmental positions as Foreign Service Officer positions, by adding to qualifications standards a requirement of appropriate overseas experience for the staffing of departmental positions which require employees with such experience.

5. *Would it be desirable to extend the classification of department positions to include those that Foreign Service Staff may occupy, thus permitting a rotation between overseas and home assignment?*

The Department does have a rotation program for Staff personnel involving about 100 positions. Staff rotation, however, is not as essential as is Foreign Service officer rotation because of the nature of their work.

6. *How many positions in the Department are now designated Foreign Service Officer positions?*

As of December 31, 1959, there were 1,540 FSO designated positions in the Department, of which 1,489 were covered by the Classification Act of 1949, as amended, the remaining 51 positions included FSO designated positions at the U.S. Mission to the United Nations and the Foreign Service inspector positions.

7. *How many of these are filled by Foreign Service officers?*

There were, as of December 31, 1959, 945 Foreign Service officers filling FSO designated positions in the Department. As of the same date 341 designated positions were occupied by civil service personnel. In addition, there were 66 FSR's and 15 Staff officers assigned to FSO designated positions in the Department.

8. *What is the future for the civil service personnel who occupy Foreign Service Officer positions?*

One of the most difficult problems which the carrying out of the integration program has created is that of the career future of civil service officers in the Department. This problem relates to all civil service officers but particularly to those whose positions have been designated as Foreign Service Officer positions.

Both categories of civil service officers quite understandably believe that their opportunities for advancement in the Department have been curtailed as a result of the integration program. Prior to the carrying out of that program there were a variety of positions in the Department to which they might have had an opportunity to be promoted. As a result of that program, however, most of these positions are no longer open to civil service personnel. It is true that the civil service officers who were occupying positions designated as Foreign Service Officer positions in 1954 may continue to hold such positions but they have little opportunity for promotion except within areas which are not primarily concerned with the conduct of foreign affairs. In view of the Department's need to continue the use of many efficient civil service personnel who were unwilling or unable to become FSO's under the integration program, some of these positions will continue to be occupied by civil service employees for a number of years.

The alternatives which face civil service officers holding Foreign Service positions are:

- (a) To remain frozen in their present position;
- (b) To be transferred to a civil service position in the Department;
- (c) To be transferred elsewhere in the Government;
- (d) To leave the Government service;
- (e) To become Foreign Service Officers.

9. *Would the conversion of civil service positions to Foreign Service positions prevent a reduction in force in the Department?*

No. The removal from the coverage of the Classification Act of positions designated for occupancy by FSO's would not preclude the possibility that some of these or other positions might be found unnecessary and therefore abolished. Any reduction in force would, however, have to be conducted within the framework of reduction-in-force regulations in effect at the time.

10. *What plans does the Department have for reclassification?*

It is planned that the Department initially would remove approximately 1,100 positions from the coverage of the Classification Act. Positions now occupied by civil service officers who were unwilling or unable to become FSO's under the integration program would not be removed from the coverage of the Classification Act initially. Some of these positions will be occupied by civil service employees for a number of years. When a designated position is occupied by a civil service officer, it would be classified under the Classification Act.

11. *Will reclassification result in upgrading positions now held by civil service personnel?*

No.

12. *In a memorandum of December 1959, entitled "Foreign Service Officer Positions in the Department of State," this statement appears (pp. 8-9):*

"It is in what might be called 'functional specialization' that the needs of the Department and Foreign Service are the most acute. There has been, for instance, for many years a chronic shortage of officers highly skilled in international economic and financial problems. This is partly due to the fact that an artificial bureaucratic wall has long existed between the Foreign Service and the economic area of the Department. There was, unfortunately, a tendency on the part of civil service officers who had acquired skills in the economic area of the Department to look toward eventual employment in private enterprise, in universities, or in foundations for their future careers rather than toward the Foreign Service. The Foreign Service, therefore, did not fully benefit from the experience acquired in the economic areas of the Department.

"The integration of many of the positions in the economic area into the Foreign Service and the departure of officers holding those positions to the foreign field have created particularly difficult problems in that area. There were relatively few officers in the Foreign Service who have had an opportunity to obtain experience in the economic area of the Department and, therefore, it has been particularly difficult to find qualified replacements for the integrated officers."

On pages 53-54 there is a statistical analysis of the economic area. This shows that there are 173 officer positions in that area of which 143 have been designated Foreign Service officer positions and 30 as civil service positions. But 46 of the 143 designated positions continue to be manned by civil service personnel. In short, 76 are occupied by civil service personnel and 97 by Foreign Service personnel.

On pages 55-56 this statement appears:

*"The positions in the E (economic) area have been reviewed several times during the last 5 years in the light of changing conditions with the purpose of ascertaining whether or not it would be in the public interest to change the designation of any of the positions. As a result of these reviews some 12 positions have been changed from Foreign Service officer to civil service * * *. The problem of continuity is also an urgent one in this area. It is believed that this problem can be solved by the retention of Foreign Service officers for longer periods, by bringing in from the field Foreign Service officers who have had previous experience in the area; and by the retention of a certain number of civil service officers who prefer to remain in the Department even though their careers are likely to be restricted, rather than to enter the Foreign Service."*

What are the grades of those in the economic area who are civil service?

Grade, salary, and position titles of civil service employees assigned to the E area

[Total number of civil service employees as of Dec. 31, 1959, 73]

Grade	Salary	Position title	Grade	Salary	Position title
GS-16.....	\$14,670	Deputy Director.	GS-14.....	\$11,355	Supervisor, administrative officer.
GS-16.....	14,430	Do.	GS-14.....	11,355	Supervisor, foreign affairs officer.
GS-15.....	14,450	International economist.	GS-14.....	11,335	International economist.
GS-15.....	14,450	Fiscal financial economist (division chief).	GS-14.....	11,355	Do.
GS-15.....	14,450	Supervisor, foreign affairs officer.	GS-13.....	11,570	Do.
GS-15.....	13,970	International economist.	GS-13.....	11,330	Supervisor, foreign affairs officer.
GS-16.....	13,970	Do.	GS-13.....	11,330	Fiscal financial economist.
GS-15.....	13,970	Supervisor, foreign affairs officer.	GS-13.....	11,090	International economist.
GS-15.....	13,970	Do.	GS-13.....	11,090	Foreign affairs officer.
GS-15.....	13,970	Do.	GS-13.....	11,090	International economist.
GS-15.....	13,970	International economist (division chief).	GS-13.....	10,610	Do.
GS-15.....	13,970	International economist.	GS-13.....	10,370	Do.
GS-15.....	13,370	Do.	GS-13.....	10,130	Foreign affairs officer.
GS-15.....	13,370	Fiscal financial economist (division chief).	GS-13.....	10,130	Do.
GS-15.....	13,370	International economist (division chief).	GS-13.....	10,130	International economist.
GS-15.....	13,070	Supervisor, foreign affairs officer.	GS-13.....	10,130	Do.
GS-15.....	13,070	Foreign affairs officer.	GS-13.....	9,890	Do.
GS-15.....	12,770	International economist.	GS-12.....	10,010	Do.
GS-15.....	12,770	Do.	GS-12.....	9,770	Budget officer.
GS-15.....	12,770	Supervisor, foreign affairs officer.	GS-12.....	9,770	International economist.
GS-15.....	12,702	Foreign affairs officer.	GS-12.....	9,530	Foreign affairs officer.
GS-15.....	12,702	International economist.	GS-12.....	9,050	International economist.
GS-15.....	12,702	Do.	GS-12.....	9,050	Do.
GS-15.....	12,702	Supervisor, foreign affairs officer.	GS-12.....	9,050	Do.
GS-15.....	12,702	Foreign affairs officer.	GS-12.....	8,810	Foreign affairs officer.
GS-15.....	12,702	International economist.	GS-12.....	8,810	International economist.
GS-15.....	12,702	Do.	GS-12.....	8,370	Do.
GS-15.....	12,702	Do.	GS-11.....	8,470	Do.
GS-15.....	12,702	Do.	GS-11.....	7,510	Supervisor administrative assistant.
GS-15.....	12,702	Do.	GS-11.....	7,510	International economist.
GS-15.....	12,702	Do.	GS-11.....	7,270	Foreign affairs officer.
GS-15.....	12,702	Do.	GS-9.....	6,885	Administrative assistant.
GS-15.....	12,702	Do.	GS-9.....	6,435	Do.
GS-15.....	12,702	Do.	GS-9.....	6,135	Foreign affairs officer.
GS-15.....	12,702	Do.	GS-9.....	5,985	International economist.

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GS-15.....	14,450	Foreign affairs officer.	GS-13.....	10,370	Supervisor, committee officer.
GS-15.....	14,210	Do.	GS-12.....	9,290	International economist.
GS-14.....	12,315	Information officer.	GS-9.....	6,885	Economic assistant.
GS-14.....	12,315	Foreign affairs officer.	GS-9.....	6,435	Administrative officer.
GS-14.....	11,835	Do.			

¹ Annuitant.

13. Isn't this one case where pushing integration does not produce the Foreign Service officers qualified to hold the position and, at the same time, impairs the morale of those able to hold those positions—the net effect of which is a loss to the Government? Would it not be better to utilize the services of the present civil service personnel by offering them the possibility of advancement and, as they retire or resign, reclassify the positions to Foreign Service?

Many of the civil service personnel in the E area chose to become Foreign Service officers, went to the field and were replaced in the Department by Foreign Service officer personnel from the field. Practically all the civil service personnel who now occupy Foreign Service officer positions were already in the E area when the integration program was launched for various reasons they did not desire to become Foreign Service officers. They are, therefore, to an extent, frozen in their present position. The Department has no desire to push them out because most of them are doing good work and are valuable. However, through attrition they will eventually leave their present positions and will be replaced by Foreign Service officer personnel. If all of them should leave their positions simultaneously, the Department would be hard pressed to find in a short space of time qualified Foreign Service officer personnel to take their places. It is, however, carrying out energetic programs to provide Foreign Service per-

personnel with special training in economics. Some 25 Foreign Service officers each year are sent to universities to study economics. In addition, several hundred of them with economic backgrounds are developing their skill through work in economic areas both in the field and in the Department. In all FSO-8 recruitment activities, moreover, the need for more officers with economic backgrounds and interests is stressed.

If the Department should abandon the integration program in the E area and permit the civil service officers to go up the promotion ladder, there would be a return to a situation in which practically all top positions in the E area would be occupied by civil service officers without field experience and there would again be no opportunity for Foreign Service officers to gain the experience derived from holding positions in that area.

SECTION 7 (SEC. 444 OF THE FOREIGN SERVICE ACT)

1. *What is the present practice of other Government agencies regarding the employment of aliens?*

It is the present practice of other Government agencies to employ aliens under the specific authority contained in their own legislation. The Department administers the local personnel program for its own local employees and coordinates activities with other U.S. departments and agencies which operate in close relationship to diplomatic and consular posts.

The Department has assumed responsibility for interagency coordinative action in administering local (alien) personnel programs in foreign areas. Close coordination and clearance processes are carried out by the Department with the U.S. Information Agency, the International Cooperation Administration, the Defense Department, and other Government agencies employing local (alien) personnel abroad. In order, however, that all Federal departments and agencies employing local personnel abroad may administer their local personnel programs equitably and on a uniform basis, it is necessary that they be authorized to utilize the provisions of this act which are applicable to local personnel.

2. *Would this cover locals employed by the Department of Defense?*

Yes. Paragraph (b) of this section would enable the Department of Defense to use this authority.

3. *What is the meaning of "to the extent consistent with the public interest"?*

Prevailing wages and pay practices will be followed to the extent practicable in terms of the best interests of the U.S. Government. For example, administrative costs of a local pay practice might be much greater than the value of the benefit provided and therefore would not be followed.

SECTION 8 (SEC. 446 OF THE FOREIGN SERVICE ACT)

1. *What is the entrance class for couriers?*

Under the present FSS class structure, the entrance class for couriers is FSS-11.

2. *Does the Department have difficulty filling courier positions?*

No. There are normally far more qualified applicants than there are positions to be filled.

3. *What is the turnover in courier positions?*

The Department faces the problem of inducing qualified couriers to remain longer in the Service. The average courier now serves approximately 4 years in that capacity.

4. *Why not upgrade couriers?*

After comparing the duties, responsibilities, and working conditions of courier positions with all other FSS positions, it is believed that the present classification is proper. In this connection it is noticed that the entrance class for courier positions has been raised twice since 1947. Any further upward reclassification for this type of work would undoubtedly have an adverse effect on other FSS personnel at similar levels. Further, arbitrarily increasing the level of courier positions would unduly decrease the spread between such positions and courier supervisory positions.

It is not believed that increasing the classification of couriers would have a lasting effect in terms of improved morale. The significance of a higher classification would diminish in a short number of years and would soon be considered to be the regular job level because the extra compensation received could not be specifically identified as a bonus paid in recognition of the hazardous nature of courier work.

SECTION 9 (SEC. 500 OF THE FOREIGN SERVICE ACT)

1. *What is the Department's position on this section added by the Senate?*

The Department concurs in the policy of sending to foreign countries as its chief representatives persons of the type described in this section. Such persons are not always available among either Foreign Service officers of appropriate rank and experience nor among candidates for direct appointment, but as area specialization comes of age adherence in an increasing proportion of cases to the proposed policy will be feasible.

SECTION 10 (SEC. 516 OF THE FOREIGN SERVICE ACT)

1. *What percentage of new appointees does the Department think will qualify under new section 516(b)?*

It is expected that 15 to 20 percent might qualify.

2. *How does the Department plan to use the authority of 516(b)?*

If this provision is enacted, the Department will develop regulations to assure tight control of the authority. It is planned that such regulations would provide that candidates—

A. Be at least 28 and, perhaps, not over 35 years old. (The Department has under consideration the possibility of raising the present age ceiling from 31 to 35.)

B. Clearly be a mature person with personality, judgment, and discretion.

C. Have a successful record of substantial graduate training in a field or fields related to the work of the Foreign Service, or

Have a demonstrable record of increasingly responsible work over a period of several years in a Government agency—which work experience will be of value to the Foreign Service, or

Have had several years of significant experience in private industry, which experience clearly will contribute to a successful Foreign Service career.

D. Have a competence in a modern foreign language.

3. *What is the average age of officers appointed to class 8?*

The average age at time of appointment is 26.

4. *Will the use of this provision effect the morale of present FSO-8's and FSO-7's?*

The effect of this provision, if enacted, on the morale of junior officers will depend on the administration of the provision. Since the Department intends to use the authority only when class 7 appointment is clearly warranted, no morale problem is foreseen.

There may be few complaints from junior officers in both class 7 and class 8. We believe, however, that such individual morale problems could be handled without detriment to the overall morale of the Service.

Under existing legislation, it has been necessary for some older, mature and experienced men to take a substantial salary reduction to accept appointment at the same level as young men just out of college. While these men have accepted appointment willingly, it is only natural that they have been concerned about the situation. In this respect the proposed provision would improve morale.

SECTION 11 (SEC. 517 OF THE FOREIGN SERVICE ACT)

1. *Restrictions on lateral entrants were placed in previous law to insure the career principle. Would the removal of the quota cause a morale problem?*

The removal of the quota at this time would cause no morale problem in the Department's judgment. The integration program has been completed and the Department has taken several steps to assure that lateral entry will support the career principle of the Foreign Service. The major step has been the development of an orderly continuing lateral entry program geared to meet the requirements of the Service. This program:

- (1) Establishes a firm policy to govern lateral entry.
- (2) Provides for lateral entry to meet certified needs.
- (3) Maintains the high standards of the career Foreign Service system.
- (4) Assures that the program will be carried out under uniform conditions.
- (5) Has been made known to all Foreign Service personnel.

2. *Why does the Department favor the retention of the requirement that lateral entrants must have rendered 3 or 4 years of previous Government service?*

The Department believes that it would be a mistake to appoint laterally at above class 8 persons who have not had 3 or 4 years of prior Government experience. Even though special examinations were required, the danger would always exist that persons not fully qualified would be introduced from private life into

the Service from time to time as a result of pressures which it would be difficult for the Department to resist. Over many years the Foreign Service has maintained its career and nonpartisan features and its freedom from favoritism because it has been difficult for inroads to be made into it by persons with powerful and influential backing who have spent their youthful years in making a career in private life.

There can be no doubt that the Service would be enriched by the introduction into its various levels of a limited number of persons who in private life have acquired experience and qualifications of which the Service is in need. Nevertheless, the Department is convinced that the avenue of Foreign Service Reserve officer appointment represents the best method for such persons to enter the Foreign Service. By this method, a person enters the Service on a temporary basis for 3 or 4 years, during which period the Department has an opportunity to examine his qualifications and general fitness for the Service. He also has an opportunity to determine for himself whether he and his family like and are fitted for the Service.

There is a distinct difference between service in Government and service in private life. A man can be a most successful Government servant, yet be a person who would not make a success in a private business or profession. Similarly, a person who has been outstanding in the business or professional world may prove to be completely unfitted for the Foreign Service where teamwork, the spirit of cooperation, dedication and self-effacement are essential. A person who already has served for 3 or 4 years in the Federal Government in most cases already has been tested in work akin to the Foreign Service, particularly if he has been working in a field connected with foreign affairs.

3. *How many lateral appointments have been made since August 1954, excluding those under the 175 authority?*

As of December 31, 1959, 1,636 such appointments had been made as follows:

Class 1.....	18	Class 6.....	569
Class 2.....	150	Class 7.....	102
Class 3.....	314	Class 8 (formerly class 6).....	0
Class 4.....	188		
Class 5.....	295	Total.....	1,636

4. *How many appointments have been made under the 175 subquota?*

As of December 31, 1959, 38 appointments had been made under the 175 subquota:

Class 1.....	2	Class 6.....	4
Class 2.....	7	Class 7.....	1
Class 3.....	11	Class 8 (formerly class 6).....	0
Class 4.....	10		
Class 5.....	3	Total.....	38

5. *Would not the removal of the numerical limitation increase the entrance of ICA and USIA personnel into the Foreign Service?*

Removal of numerical limitations would not have any effect on lateral entry of officers employed by ICA and USIA, since the controlling factor would be the needs of the Foreign Service for additional officers above class 8.

SECTION 12 (SEC. 520 OF THE FOREIGN SERVICE ACT)

1. *Would this provision apply to officers who resigned as well as retired?*

Yes, the purpose of this section is to remove the present requirement that Foreign Service officers who leave the Service 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.

Sometimes an officer is obliged to resign from the Service through no fault of his own; family health problems, for example. If the situation changes and he again becomes able to serve it is believed that the President should have authority to use his discretion in considering his reappointment. The requirement for previous Government service relating to the lateral appointment of officers to classes FSO-1 through 7 should not be applicable to such persons who have already been Foreign Service officers and have fulfilled all the requirements for such appointment.

2. *Would the recalled officer, if previously retired, receive his salary and his annuity?*

No. A recalled officer would receive only his salary. His annuity would be discontinued and would be redetermined upon his subsequent separation.

3. *How many officers would this affect?*

The number of officers affected would be very small. It is anticipated that recall would normally be in connection with specific tasks of short duration.

SECTION 13 (SEC. 528 OF THE FOREIGN SERVICE ACT)

This is a technical change to reflect the current reference to the Classification Act.

SECTION 14 (SEC. 531 OF THE FOREIGN SERVICE ACT)

1. *What is the difference between a temporary and a limited appointment?*

A limited appointment is one made for a specified time, in excess of 1 year, to be terminated at the end of the specified period, expiration of the special program for which employed, or when the need for the employee's services no longer exists, whichever is earlier.

A temporary appointment is specifically limited in duration to 1 year or less.

2. *How does the proposed language change existing practices of the Department?*

The proposed language will simplify and facilitate administrative procedures by clarifying, not changing, existing authority.

It defines more specifically and clarifies the Secretary's appointing authority. It also eliminates reference to section 441 (classification of positions) and section 443 (establishments of salary differentials) which are not considered pertinent, and to section 442 (increasing of minimum salary rates) which is superseded by the proposed amendment to section 416 (entrance salary).

The Department's proposed revision to section 14 of S. 2633 (revising section 531 of the act) is designed (a) to simplify and facilitate the administrative procedures involved in exercising the authority the Secretary has under the existing language, and (b) to make a clear distinction between the Secretary's authority to separate the services of employees for cause under the proposed new section 637 and for failure to meet probationary requirements or at the expiration of an appointment of limited or indefinite tenure.

The proposed amendment makes clear that in appointing Foreign Service staff personnel, the Secretary may provide for appropriate types of appointments in terms of tenure.

3. *What type of probationary periods would be established under the authority proposed in the new language?*

The Department believes that a 2-year probationary period is most suitable for the Staff. This provides a sufficient period of time in which to assess both the competence of the employee and, importantly, his ability to make a satisfactory adjustment to the demands of overseas service. The appointment could, of course, be terminated at any time during the probationary period if it becomes evident that the employee fails to meet probationary requirements.

4. *What standards does the Department use in determining whether an employee meets probationary requirements?*

The standards applied to the probationer are: Industrious application to assigned tasks; display of ability to perform assigned tasks; adaptability; acceptable private life; willingness to make extraordinary efforts in office emergencies; ability to get along with personnel; and sufficiently good health of employee and dependents.

SECTION 15 (SEC. 532 OF THE FOREIGN SERVICE ACT)

1. *What difference is there between the policies governing the assignment and transfer of Foreign Service Staff and Foreign Service officers?*

The same policy governs the assignment and transfer of Foreign Service Staff personnel (FSS-9 and above) and Foreign Service officers (FSO-5 and above). Such officers normally serve at posts abroad, including differential posts, for significantly longer periods of time than officers and employees in lower classes. This policy recognizes the value of maintaining continuity and deriving full benefit from acquired knowledge and understanding of local conditions.

Foreign Service officers below class 5 generally are given shorter assignments than those in higher classes in order that they may have a variety of post and duty assignments during their early years of service. Regular staff personnel below class 9 normally are transferred on completion of their first period of home leave following a 2-year period at a differential post, but are assigned to nondifferential posts for longer periods of time.

2. *Will the deleting of the second sentence of section 532—re demonstration of ability and promotion—have an adverse effect on morale?*

No; the deletion of the sentence will not have an adverse effect on morale. The language of section 532 of the Foreign Service Act relating to promotion is deleted because section 641 covers the promotion of staff officers and employees to a higher class. The principle of promotion on the basis of performance and merit is preserved and strengthened, not discarded.

3. *How many Staff are serving at a class higher and at a class lower than their personal rank?*

On December 31, 1959, there were 860 assigned to a higher class position than their own rank, and 720 were assigned to a lower class position.

4. *What changes in policy governing assignments and transfer of Staff personnel will the Department make if the proposed language is adopted?*

No change will result from the proposed revision. It merely clarifies the provision which governs procedures currently being followed in the assignment and transfer of FSS personnel.

SECTION 16 (SEC. 571 OF THE FOREIGN SERVICE ACT)

1. *Under proposed section 571(c) how much will be saved by cutting out the Washington salary differential?*

The annual salary differential paid to Foreign Service employees assigned to Washington as of December 31, 1959, amounts to a total of \$234,255.

2. *How does the housing allowance contained in section 571(e) compare with allowances granted to military personnel assigned to the Washington area?*

It is difficult to provide a realistic answer to this question because of the problem of relating Foreign Service officer classes to military rank. The following tables, however, show, by grade, the average amount of the proposed housing allowance for Foreign Service officers assigned to Washington and of the housing allowance granted to military personnel assigned to the Washington area.

Foreign Service:		Military service:	
Career ambassador-----	\$2,200	Lieutenant general-----	\$2,052
Career minister-----	2,117	Major general-----	2,052
FSO-1-----	1,911	Brigadier general-----	2,052
FSO-2-----	1,633	Colonel-----	1,642
FSO-3-----	1,391	Lieutenant colonel-----	1,642
FSO-4-----	1,179	Major-----	1,436
FSO-5-----	986	Captain-----	1,231
FSO-6-----	800	1st lieutenant-----	1,130
FSO-7-----	671	2d lieutenant-----	1,026
FSO-8-----	574		

3. *Does this section have the approval of the Bureau of the Budget?*

The following statement is submitted by Mr. Henderson in this connection:

"STATEMENT ON SECTION 16(c) BY HON. LOY W. HENDERSON, DEPUTY UNDER SECRETARY OF STATE FOR ADMINISTRATION REGARDING EXECUTIVE BRANCH CLEARANCES

"In undertaking to discuss section 16(c) which would provide for a housing allowance for Foreign Service personnel assigned to duty in the United States between foreign tours of duty, I would like to make it clear that this proposal was not contained in the original bill suggested by the Secretary of State to the Congress. It has not had the approval of the administration. In fact, under date of January 25, 1960, the Director of the Bureau of the Budget addressed a communication to the Secretary of State in which he referred to questions concerning this provision which had been raised by Bureau of the Budget staff during recent budget hearings. He commented in the letter that, 'No convincing justification has been brought to the attention of the Bureau and, accordingly, the Bureau at this time would be unable to recommend favorable action.'

"Among the pertinent questions raised by the Bureau in its letter to the Secretary are the following:

"1. Why should Foreign Service personnel be entitled to receive a housing allowance of this kind when personnel of other agencies who are stationed overseas from time to time, or personnel of agencies who are required to move about frequently in the United States do not receive such an allowance?

"2. Is the legislation intended to compensate for specific expenses of relocation in Washington or for service in Washington per se?

"3. Is the real problem which this proposal undertakes to remedy a hardship inherent to service in Washington or does it arise from the loss of special benefits enjoyed overseas?

"Before undertaking to answer these questions, I should like to discuss briefly this proposal to provide financial assistance to Foreign Service personnel which will offset, in part, their excessive cost of housing while on assignment in the United States. This is a matter to which the Department of State has given considerable attention. Foreign Service personnel are required by the nature of their duties to travel frequently from place to place for indeterminate periods at the convenience of the Government. Homeownership or rental for them while assigned to duty in the United States is both temporary and costly.

"Numerous elements enter into the higher housing costs for members of the Foreign Service who, as a mobile corps, are subject to frequent assignment changes. Some of these elements are obvious, such as the inability of these people to buy a home over a long period of time. Most home purchases for them are abortive and as 'transient buyers' they acquire little or no equity and may be forced to sell at unreasonably low prices when departing for another post. Other high-cost elements, while not so obvious, are nevertheless real. For example, Foreign Service personnel stationed at certain posts abroad are provided with furnished or partly furnished quarters. At other posts they are provided with a housing allowance with which to rent living quarters and must supply complete furnishings. Consequently, household furnishings which they own may be surplus at some posts and needed at others. Such furnishings not used during assignments abroad may be stored at Government expense. If it becomes necessary for these people to rent furnished quarters while on assignment in the United States, they must bear the expense of storage.

"Studies made by the Department reveal that most Foreign Service personnel while on assignments of 2 to 4 years in the United States are compelled to spend excessive amounts of their salary for housing. Consequently, most such personnel, although realizing how important it is that they serve from time to time in the Department, are reluctant to serve in Washington because of the financial sacrifices involved.

"With respect to the questions which have been raised by the Bureau of the Budget, it should be pointed out that the Department of State is not in a position to judge whether or not personnel of other Government agencies should be entitled to receive allowances of this kind. It is known that military service personnel and personnel of the Public Health Service who work under conditions similar to those of the Foreign Service receive housing allowances regardless of whether they are serving in the United States or abroad.

"Personnel of USIA and ICA who are employed under the provisions of the Foreign Service Act of 1946, as amended, would, of course, be eligible for the benefits of this section, if enacted.

"The Department does not consider that this legislation is intended to compensate for specific expenses of relocation in Washington or for service in Washington per se. Neither is it intended to remedy a hardship inherent to service in Washington or arising from the loss of special benefits enjoyed overseas. This proposal would make it possible for Foreign Service personnel to serve in the United States without being subjected to excessive financial hardship resulting from housing costs. If enacted section 16(c) would authorize an allowance that would defray only one-half of the cost of housing for these people when they are assigned to Washington. Even if this section should become law, therefore, Foreign Service officers assigned to Washington from the field would encounter certain financial problems. Nevertheless, these problems would be more manageable than they are now. Practically everyone connected with the administration of the Service has recognized how helpful such an allowance would be, but the matter came up in concrete form only in connection with discussions of the hardship which the elimination of differential payments would impose upon certain Foreign Service officers on duty in the Department of State.

"In connection with the letter which the Department received from the Director of the Bureau of the Budget under date of January 25, 1960, I should also like to point out that the proposed revision of section 33 relating to financial benefits for certain staff officers who would be retired early under the provisions of that section were made subsequent to the passage of the bill by the Senate and have not had the approval of the administration.

"Similarly, although the original conversion table contained in section 51 was approved by the Bureau of the Budget, the proposed change in this section which will provide for a more orderly conversion of staff officers and employees to the new class and salary schedule was not cleared with the administration due to the lack of time."

4. Do any other agencies of Government pay a housing allowance to their personnel assigned to Washington?

It is our understanding that a Washington housing allowance is payable to military personnel and to Public Health Service personnel.

5. What is the estimated cost of this proposal?

As of October 31, 1959, there were a total of 1,869 Foreign Service officers and employees assigned to Washington, D.C. Of these, there would be approximately 365 employees with no dependents receiving an average differential of \$607; 685 with 1 to 3 dependents receiving an average differential of \$1,142; and 298 with 4 or more dependents receiving \$1,480. The 536 employees not accounted for represent those employees who would not be eligible for the proposed housing allowance plus those for whom the Department is reimbursed.

Since the proposed revision of section 571(c) would eliminate the Washington differential, resulting savings in this item would offset a part of the estimated cost of the proposed housing allowance. The housing allowance (\$1,422,666) less the Washington differential of \$234,255 would make a net cost for the housing allowance of \$1,188,411.

6. How did the Department decide on 8, 11, or 13 percent as the amount for differential payments?

The specific percentages were derived from an application of the premise that a reasonable housing allowance would cover 50 percent of rent (or mortgage payments and other basic costs) and utilities. A survey made by the Department, the results of which are summarized in the following table, provided a practical basis for fixing percentages.

Average cost of housing incurred by Foreign Service personnel assigned to the United States—Owners and renters

	Single	Three or less dependents	Four or more dependents	Total
Number of respondents.....	238	519	275	1,032
Percent of total.....	23.1	50.3	26.6	100
Average salary.....	\$6,901.24	\$10,184.47	\$11,629.05	
Average housing expense.....	\$1,303.86	\$2,163.26	\$2,690.10	
Percent of salary devoted to housing.....	18.9	21.2	23.1	
Average of proposed U.S. salary differential.....	\$552.10	\$1,120.29	\$1,511.78	

7. If this section is made law, will it be desirable to eliminate the home transfer allowance or, at least, reduce the Washington housing allowance by the amount of the home transfer allowance?

The home service transfer allowance is intended to meet specific initial costs which are encountered only by certain Foreign Service officers. There is no correlation either with the present Washington differential or with a possible housing allowance. The home service transfer allowance is a one-time payment that defrays the cost of hotel rooms for up to 1 month upon first return to the United States from a post abroad. In addition about one-third of the transferees (those coming from a different climatic zone) receive a transfer allowance payment ranging from \$75 to \$175 depending on size of family.

8. What will be the cost to USIA and ICA?

(a) The estimated cost of the proposed housing allowance for employees assigned to ICA is \$275,470. As of December 31, 1959, there were a total of 208 members of the Foreign Service assigned to Washington, D.C. Of these there were 49 employees with no dependents receiving an average differential of \$665; 112 with 1 to 3 dependents receiving an average differential of \$1,367; and 47 with 4 or more dependents receiving \$1,729.

(b) The estimated cost of the proposed housing allowance for employees assigned to USIA is \$266,950. As of December 31, 1959, there were a total of 235 members of the Foreign Service assigned to Washington, D.C. Of these there were 60 employees with no dependents receiving an average differential of \$670; 119 with 1 to 3 dependents receiving an average differential of \$1,274; and 56 with 4 or more dependents receiving \$1,494.

SECTION 17 (SEC. 575 OF THE FOREIGN SERVICE ACT)

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

SECTION 18 (SEC. 578 OF THE FOREIGN SERVICE ACT)

1. *In view of the greater emphasis the Department is giving to language training, is this section necessary?*

Although the Department would have no objection to this section if slightly rewritten it is not believed that such legislation is necessary. The Department's firm objective is to staff all appropriate positions at field posts with personnel having the necessary language facility.

This proposal would require the Secretary to designate every Foreign Service officer position in a foreign country whose incumbent should have a useful knowledge of the language or dialect common to that country and to fill such positions only by assigning to them officers having the required language facilities. In view of the need for flexibility in meeting the language problems of the Foreign Service it is believed that this section should be redrafted to provide that the Secretary rather than designate actual positions should determine the number of officer positions in a country which must be filled by language officers. Chiefs of mission would then be able to use the language competence of the staffs where it was most needed at any given time. However, the rigid requirements of this section, even if rewritten as suggested, are likely to reduce the administrative flexibility that is essential to effective staffing of missions overseas.

If there is to be a section of this general character, the Department suggests that it be redrafted as follows:

"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."

2. *What administrative problems would it present in the assignment of personnel?*
Section 18 provides that specific positions at specific posts be filled only by officers with a knowledge of the language of the country. The effect of the rigidity of this section would be to sacrifice functional and specialist skills needed at posts for language skills. Particular problems foreseen as a result of the provisions of section 578 include:

(a) Inflexibility in filling a "designated" vacancy arising from the direct transfer of an officer to another post to meet a Service requirement for his skills or to meet a medical need of the officer or a member of his family.

(b) Home leave and transfer of an officer with an exotic language would be difficult to coordinate with that of another officer of comparable class and functional experience with a knowledge of the same exotic language. To keep a specified position filled by an officer with competence in languages peculiar to one country or small region would require delays in otherwise desirable transfers, or would necessitate direct transfer of a replacement from a post where he was needed for other reasons than that of competence in the required language.

(c) Particularly in countries where exotic languages are spoken, it would not be possible to keep "specific positions" filled realistically, either on a functional or organizational basis. For example, if an FSO-3 political position should be a "specific position" in Karachi, it might be necessary, on the transfer or retirement of the incumbent, to fill it with a class 5 officer, not because he possessed the demonstrated functional competence but because he would be the only available political officer possessing the required knowledge of Urdu.

(d) The changing needs for functional specialization in Foreign Service posts would require frequent changes of designation of positions.

3. *Would this section have the effect of severely limiting the number of positions in a foreign country whose incumbents must know the language?*

It is not believed that this section would limit the number of positions in a foreign country whose incumbents should know the language. It would establish a floor to that number but not a ceiling. However, it would introduce an undesirable element of inflexibility into the staffing of the posts concerned.

4. *Can you give the committee some current statistics on the language facility of Foreign Service officers?*

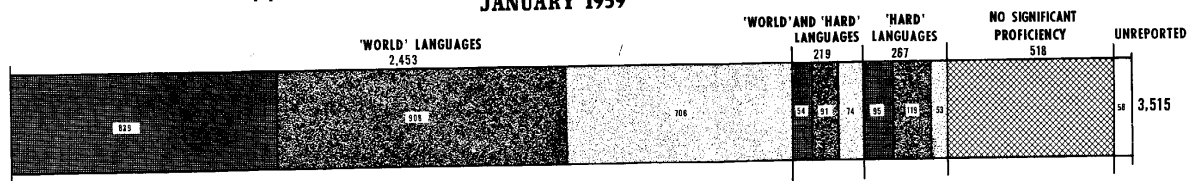
Yes, we have statistics on the language facility of Foreign Service officers. These statistics are constantly changing because of our continuing language testing

OFFICE OF PERSONNEL

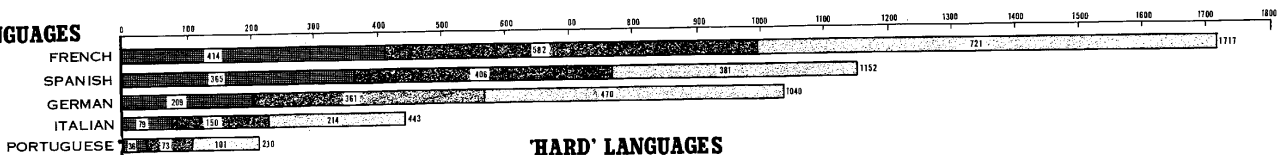
LANGUAGE PROFICIENCY OF FOREIGN SERVICE OFFICERS

Approved For Release 1999/08/27 : CIA-RDP78-03721A000400020005-9

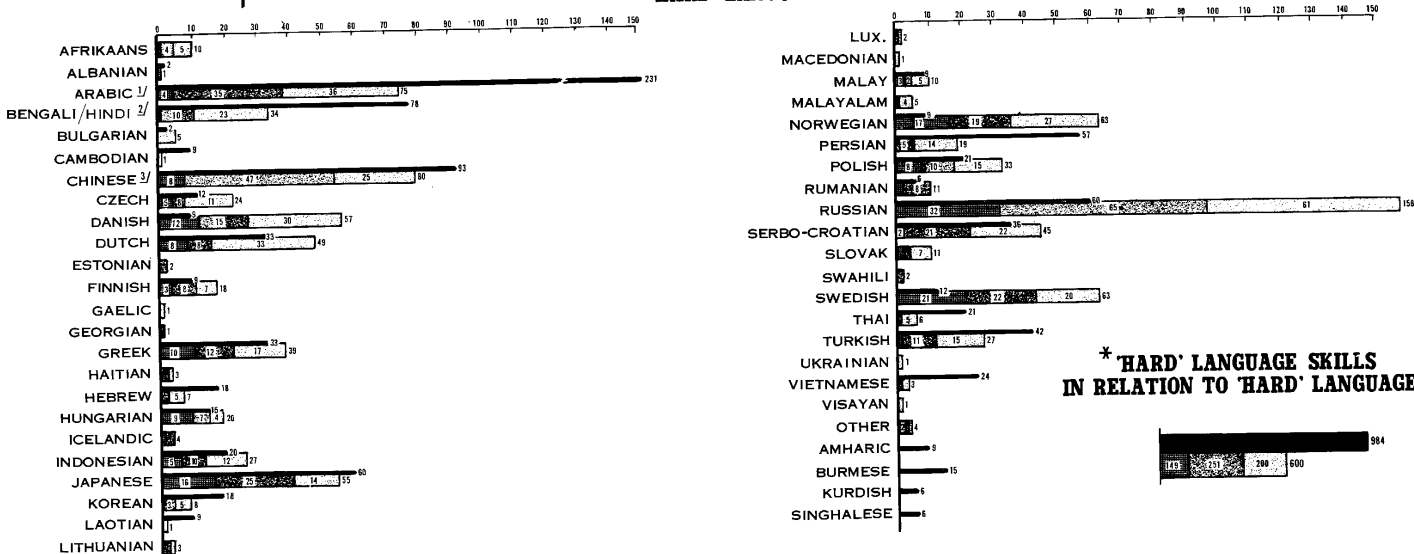
JANUARY 1959



WORLD' LANGUAGES



'HARD' LANGUAGES



* 'HARD' LANGUAGE SKILLS IN RELATION TO 'HARD' LANGUAGE GOAL



1/ Including Egyptian, Iraqi, Saudi, Syrian, and Western.
 2/ Including Hindi, Urdu, Tamil and Bengali.
 3/ Including Cantonese, Amoy (Fukienese) and Mandarin.

■ S-4, R-4 Level and Above ■ S-3, R-3 Level ■ S-2, R-2, Level ■ Total Language Requirement to meet staffing objective.

* These figures do not include 336 'hard' language skills at the S-3, level or better which exceed the minimum requirements in specific 'hard' languages.

PER/CDC

program and because of our emphasis upon improvement in foreign language skills. Our most recent complete tabulation is a year old.

The language policy of the Department is to encourage each officer to acquire a useful knowledge of two foreign languages as well as a basic command of the language of each post of assignment. All candidates for the Foreign Service are encouraged to pass a language test when they take the Foreign Service examination, and no junior officer can now get off probation until he passes a test in a modern foreign language. This requirement alone insures that in the long run almost all our officers will have a useful skill in at least one foreign language. However, as this requirement does not affect those who formerly entered the Service or who came in laterally above the lowest class, we have also laid down the requirement that every officer must attain a useful capability in a major European language by March 1963. Moreover, with only minor exceptions, we already insist that every officer assigned to Europe shall have at least a practical knowledge of the language of the country to which he is going, even when this means that the language is a second or third language for the officer.

In many areas of the world today neither English nor major European languages satisfy our communication needs, and for that reason the Department has entered upon a 5-year plan of intensive training in hard languages. We started out by establishing the number of positions at every post in the world which should be filled by officers knowing the language of the country. The goal of the 5-year plan is to man each such position with a language officer and to have two other officers in reserve to take their turn at filling it. This will result, by about 1965, in a hard-language pool of 984 officers out of a corps numbering approximately 3,500 officers.

Against this background the Department can report that as of January 1959 the date of the last complete tabulation (based upon both examination results and self-appraisals by those officers who had not yet been examined), 2,672 of our officers (93.7 percent of the total) had at least a useful knowledge of one of the major European or so-called world languages. There were 486 who had a similar proficiency in hard languages (219 of these officers knew both European and hard languages). There were 576 officers who had no significant proficiency in any foreign language.

Two thousand eighty officers took language tests at the Foreign Service Institute between July 1, 1958, and October 1, 1959. Only 303 of these officers did not have a useful knowledge of some foreign language. One thousand seven hundred seventy-seven had a useful knowledge of one or more foreign languages. Major European (or "world") languages accounted for 1,574 officers. A smaller number showed proficiency in hard languages: Eastern European, 90; Near Eastern, 94; and Far Eastern, 69. Under the 5-year plan we are training about 100 officers each year in the hard languages.

The table giving statistics for January 1959 follows. (A comprehensive up-to-date tabulation is currently under preparation in the Department.)

5. *What would this section cost to implement?*

This section will cost no more to implement than we are already planning to spend upon the essential expansion of our group of hard language officers through the 5-year language training program. Thus it involves no additional costs in and of itself. However, the 5-year program, which is designed to meet the minimum staffing needs for language officers at all posts (where appropriate), will require an estimated \$251,331 in the ensuing fiscal year.

SECTION 19 (SEC. 625 OF THE FOREIGN SERVICE ACT)

1. *There is no limit to the additional increases in salary within the class that an officer may receive for especially meritorious service?*

No. It is unlikely, however, that any officer would receive more than one or two increases while serving in the same class.

2. *Why not limit this to one salary increase in class on the theory that his meritorious service will undoubtedly result in his more rapid promotion?*

It is probably that officers whose performance would justify inclass salary increases for especially meritorious service also would merit early promotion. However, the Department would prefer not to have a statutory restriction on the number of additional in-class increases which might be granted to an officer while serving in a class. Such a restriction might prevent, for example, the Department from granting a deserved increase to an officer not yet eligible for promotion who had served with distinction in a position several levels above his personal class and who had received an additional increase for undertaking and obtaining proficiency on his own in a difficult foreign language.

3. *How many officers does the Department estimate will qualify for such increases? What will be the cost?*

It is anticipated that less than 1 percent of the Foreign Service officers would receive in-class promotions under this authority. The cost would be negligible.

4. *Are language and area training the only bases for determining meritorious service?*

It is anticipated that meritorious in-class promotions also would be granted for such meritorious service as distinguished or protracted service by officers in positions classified several levels above their personal rank.

SECTION 20 (SEC. 626 OF THE FOREIGN SERVICE ACT)

1. *Is this section necessary if instructions were given to selection boards that reflected the objectives of this new section?*

This section was not included in the legislative proposals which the Department initially submitted to the Congress. However, the Department has no objection to its inclusion, although it does not believe it necessary.

For some time the precepts given to the selection boards have stressed the importance of specialists. The instructions to the 13 selection boards, for example, direct the boards to "give positive recognition to the fact that the needs of the present day Foreign Service require that many of our officers become specialists in one or more of the functional areas of Foreign Service work."

In addition to the standing instruction to the boards, the Deputy Assistant Secretary for Administration has personally emphasized to them the necessity for recognizing equally the work of the "specialist" and "generalist."

2. *What is the Department's present definition of a specialist?*

The Department has not labeled officers as "specialists" but rather has identified each officer's "specialties." A broad-gage officer may have several specialties; on the other hand, an officer more limited in terms of education, experience, ability, or potential may have only one specialty.

A specialty represents a combination of education, experience, and personal qualities and abilities which enables an officer to perform effectively in a particular type of Foreign Service work.

3. *How many officers are now determined to be functional and area specialists?*

Almost all officers tend to be specialists in one or two functional fields during their midcareer years, but not to the point of total exclusion of other types of assignment unless the individuals are themselves limited in ability and potential. Officers' specialties (whether in function, area, or language) are identified by the Department and represent important considerations in the development and utilization of each officer in the Service.

SECTION 21 (SEC. 631 OF THE FOREIGN SERVICE ACT)

This is merely a technical change.

SECTION 22 (SEC. 631 OF THE FOREIGN SERVICE ACT)

1. *What is the estimated number of retired officers this section would affect?*

This provision would not affect any retired officer. It would be used only in a limited number of cases in which it clearly would be in the public interest to extend the services of career ambassadors and career ministers beyond the mandatory retirement age until the expiration of their assignments to key positions.

SECTION 23 (SEC. 632 OF THE FOREIGN SERVICE ACT)

1. *Would an officer whose services were extended be eligible for further in-class salary increases?*

Yes.

SECTION 24 (SEC. 634 OF THE FOREIGN SERVICE ACT)

1. *Why is the Department inserting a 5-year minimum service credit in subsection (b)(2)?*

The 5-year minimum service requirement is inserted to bring the provision governing eligibility of officers selected-out for a deferred annuity into line with eligibility requirements for annuities under other Federal retirement systems, and to make the provisions consistent with other sections of the Foreign Service Act relating to eligibility for annuities.

SECTION 25 (SEC. 635 OF THE FOREIGN SERVICE ACT)

1. *How is this section reconciled with section 27 which requires in cases involving the separation of class 8 officers by reason of misconduct that the Secretary must grant a hearing if it is requested?*

It cannot be reconciled with section 27. The direct conflict between section 25 and section 27 is one of the reasons the Department is proposing a change in section 27.

SECTION 26 (SEC. 636 OF THE FOREIGN SERVICE ACT)

This is merely a technical change.

SECTION 27 (SEC. 637 OF THE FOREIGN SERVICE ACT)

1. *What tests would the Secretary use to determine disloyalty to the United States?*

In the Department's proposed amended section 637 of the Foreign Service Act (see the answer to the question under sec. 25 of the bill under consideration) the provision of section 27 of S. 2633, amending section 637(b) of the act, would be changed to omit reference to determinations by the Secretary that separation was based in whole or in part on disloyalty to the United States. One of the reasons the Department makes this suggestion is the difficulty of making such a determination on an administrative basis.

In any event, the Department is unable at this time to indicate what considerations should go into a determination with respect to disloyalty. If the provision is enacted—which the Department hopes will not be the case—it will be necessary to study this question carefully in conjunction with appropriate legal authorities of the Government.

2. *Should disloyalty charges be a matter for court determination rather than for the Secretary to determine?*

The Department believes that the determination of disloyalty is not a matter for administrative determination. Further, in the light of Government experience in this area, it is highly probable that if the provision remains in the bill and if adverse determinations should be made by the Secretary, there would be an appeal to a court.

3. *What are existing regulations that set forth unsatisfactory performance of duties?*

The Foreign Service Manual, volume 1, part IV, section 762.2 describes "Unsatisfactory performance of duty" as "any performance below that expected of an employee of his class and at the level and type of position to which the employee is assigned."

4. *In subsection (a) what would be examples of "other cause"?*

"Other causes" are meant to include any misconduct or malfeasance now covered by section 638. Section 637 as revised combines all provisions for separation for cause in the case of Foreign Service officers. Section 638 as revised would not apply to Foreign Service officers. Misconduct is described by the Manual as "deviation from the standards of acceptable conduct of the Foreign Service or of the local community." Malfeasance is violation of the law through official acts, the use of authority for wrongful purposes, or other serious and willful offense against law or regulations. It is the use of official position to accomplish an improper purpose.

5. *Is the Department satisfied with the provisions of section 27?*

Not entirely; as will be seen in the proposed amended section 637, which follows, it was the Department's intention to combine in one section the provisions formerly contained in four sections of the Foreign Service Act (i.e., secs. 637, 651, 638, 652), provisions relating to the separation for cause of all categories of personnel in the Foreign Service. Because of the number of separate provisions relating to separation for cause, the specific authority of the Secretary was somewhat obscured and there was no provision for equity in the treatment of the various categories of Foreign Service personnel.

Important among the improvements the Department was seeking was the elimination of the requirement for hearings in certain instances involving the separation of officers and employees serving on temporary or limited appointments or serving probationary periods. The Department was also seeking to eliminate any "penalty" clauses relating to retirement benefits when employees are separated for cause.

Amended section 637 as it appears in S. 2633 requires a hearing in cases where separation for cause involves "misconduct." It also provides that annuity benefits shall be denied when an officer or employee is separated for cause if "the Secretary determines that separation was based in whole or part on the ground of disloyalty

to the United States." The requirement for a hearing where a limited, temporary, or probationary employee is separated for misconduct restricts unnecessarily the authority of the Secretary. Denial of annuity benefits when a determination is made that "disloyalty to the United States" is involved is considered unduly severe. Such a provision would seem to go further than legislation which denies annuities to persons who commit offenses involving the security of the United States if such persons are convicted. The Department and the executive branch have taken the position that denial of earned annuity benefits cannot equitably be a part of punitive action in separation-for-cause cases. Because of these objections to section 637 as it appears in S. 2633, the Department proposes the revised amendment to this section that follows.

EXISTING LEGISLATION

SEPARATION FOR [UNSATISFACTORY PERFORMANCE OF DUTY]

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 [.]

PROPOSED LEGISLATION

SEPARATION FOR CAUSE

SEC. 637. (a) The Secretary may, under such regulations as he may prescribe, separate from the Service any Foreign Service officer, or any 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, and for 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, or else 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, Foreign Service Reserve officers or any other officer or employee of the Service who is in a probationary status or whose appointment is limited or temporary.

[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.

[SEPARATION FOR MISCONDUCT OR MALFEASANCE

[SEC. 638. The Secretary shall separate from the Service and 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

EXISTING LEGISLATION

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).

[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.]

[Sec. 637. (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 25 per centum of his per annum salary at the time of his separation.

[(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.]

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

PROPOSED LEGISLATION

SEC. 637. (b) 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(a) except that in lieu of such refund such officer may if he has at least 5 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 interest, shall be paid in accordance with the provisions of sections 841 and 881.

(c) 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 paragraph (b) of this section shall be made out of the Foreign Service Retirement and Disability Fund.

New section 637(a) combines into one section the provisions of sections 637 and 651 relative to separation for unsatisfactory performance of duty as well as the provisions of sections 638 and 652 relative to separation for misconduct and malfeasance. In so doing the following substantive changes have been made:

(1) The Secretary is given the discretion to determine whether an officer or employee should be separated for cause. At present he does not have complete discretion in this matter. Under present provisions it is frequently difficult if not impossible to distinguish between unsatisfactory performance and misconduct.

(2) The requirement of a hearing does not apply if the officer or employee waives his right to a hearing.

(3) It may be noted that the revised section applies equally to all Foreign Service officers and Foreign Service Staff officers and employees.

Foreign Service officers who are in probationary status, Foreign Service Reserve officers, and any other officers and employees of the Service whose appointments are temporary or limited (e.g., Staff personnel appointed for a special program) are not subject to the provisions of this section as their services may be terminated at any time at the discretion of the Secretary. FSR's are not included since their appointments have a statutory expiration date.

Paragraph (b) has been revised to provide that a participant separated from the Service for cause may receive a refund of contributions to the Foreign Service retirement and disability fund, with interest, or may elect in lieu of a refund of such contributions to receive a deferred annuity payable when he reaches age 60. This brings the retirement provisions of this section into line with retirement provisions covering other types of separation from the Foreign Service. Under present provisions relating to separation for cause, officers 45 years of age or over who are separated for unsatisfactory performance of duty are entitled to an immediate annuity based upon their years of service, computed in accordance with the provisions of section 821, but such annuity may not exceed 25 percent of their basic per annum salary at the time of separation. Officers under 45 years of age who are separated from the Service for unsatisfactory performance are entitled to a payment of 1 year's salary or the refund of contributions made to the Foreign Service retirement and disability fund, "whichever shall be greater." Under present provisions officers separated for misconduct or malfeasance are denied annuity benefits and are entitled only to a refund of contributions made by them to the Foreign Service retirement and disability fund.

It is the Department's view that there should be no "penalty" clause relating to retirement benefits when there is separation for cause. Further, it is the Department's view that an officer who has contributed to the retirement fund and has served for a sufficient number of years (i.e., at least 5 years of civilian service) to qualify for a deferred annuity should not be denied the benefits he has earned regardless of the reason for his separation, and that he therefore should have the choice of a refund of retirement contributions or a deferred annuity.

New paragraph (c) has been added to make clear that retirement benefits under the Foreign Service Retirement and Disability System relating to separation for cause apply only to participants in that system. Other officers or employees of the Service separated under the provisions of this section are entitled only to such benefits as shall accrue to them under any other retirement system in which they are participants.

Paragraph (d) has been changed only with respect to a cross reference.

SECTION 28 (SEC. 638 OF THE FOREIGN SERVICE ACT)

1. *There is concern among a group of about 45 officers that the deletion of the second sentence may result in the termination of their employment. Does the Department object to the inclusion of this sentence now in S. 2633 (p. 19, 11.21-24)?*

The Department does not object to the inclusion of the sentence in section 28 referred to in this question.

The Department's policy with respect to the length of employment of those Staff officers who accepted Foreign Service Reserve appointments under the provisions of Foreign Service Circular 252 dated August 29, 1958, was set forth clearly at the time they accepted the Reserve appointment. The Department did not then, nor does it now, have any intention of circumventing these terms of employment.

In essence, the Department advised those who accepted Reserve appointments that the period of employment would be equivalent to that to which they would be entitled if they remained Staff officers and became participants in the Foreign Service Retirement and Disability System with the earlier mandatory retirement.

A copy of Foreign Service Circular 252 which explains the length of appointment for these Reserve officers is submitted for the record.

2. Under S. 2633 a hearing would be required only when misconduct was the basis for termination of service. How would the Department define misconduct?

(The Department's definition of misconduct was stated during discussion of sec. 27 of S. 2633.)

The Department does not believe that this provision for a hearing should be included in the bill. Historically a person serving on limited or probationary appointment is not given a hearing when termination is proposed. Further, it is our view that a person separated during his probationary period might indirectly be entitled to the reason for such separation in order that determination could be made as to whether or not it constituted misconduct. If this provision remains in the bill, persons separated as probationers might well go to court to force the Department to give the exact reasons for such separation.

Essentially the same situation would occur in the case of an individual serving under limited appointment. Such appointment, for example, might be for 2 years, for the duration of the program or for so long as his services might be needed, whichever is shorter. Thus, if an individual serving under such appointment was separated at any time he might be entitled to know whether he was being separated for misconduct.

SECTION 29 (SEC. 641 OF THE FOREIGN SERVICE ACT)

1. Isn't it redundant to refer to promotion to a higher class at a higher salary?

It is not necessarily redundant to refer to promotion to a higher class at a higher salary. Heretofore the FSS salary schedule has in some cases allowed for overlap between the highest step of a given class and the lowest step of the class above. It was for that reason that the language of old section 641 refers to promotion "to a vacant position in a higher class at the same or at a higher rate of salary." The proposed language in section 641 would insure that all staff personnel receive a tangible increase in salary upon promotion to a higher class.

2. How many Staff were promoted in 1959?

FSS promotions ¹

From—	To—	Number	From—	To—	Number
FSS-2	FSS-1		FSS-9	FSS-8	40
FSS-3	FSS-2		FSS-10	FSS-9	70
FSS-4	FSS-3		FSS-11	FSS-10	166
FSS-5	FSS-4		FSS-12	FSS-11	211
FSS-6	FSS-5	2	FSS-13	FSS-12	260
FSS-7	FSS-6	1			
FSS-8	FSS-7	8	Total		758

¹ Includes Staff officers and employees assigned to other agencies.

3. Does the new language in this section increase the prospect of promotion in the upper classes of the Staff?

The new language does not increase the prospect of promotion in the upper classes of the Staff. It does encourage the application of uniform standards for promotion and tends to insure that the most deserving will get promoted. This is tied in with the amendment of section 441.

The Department has proposed the amendment of section 441 to provide, among other things, a uniform basis for classifying positions occupied by Foreign Service officer, Foreign Service Reserve, and Foreign Service Staff personnel in accordance with the class structure specified in sections 412, 414, and 415 of the act. Heretofore, section 441 has required the classification of FSS positions in accordance with the class structure spelled out in sections 415 and 442 and has required the classification of positions occupied by FSO's and FSR's but has not specified the class structure to be used in classifying the jobs. Section 641 further promotes uniformity in personnel administration in the Department by providing legislative authority for the promotion of FSS personnel to a higher class based on performance and merit, as is the case with respect to Foreign Service officers, rather than for the promotion of FSS personnel to vacant positions at higher classes as required under the existing section 641.

In administering section 641 the Department has determined the number of vacant positions in each FSS class on a worldwide basis and has made promotions

based on competitive merit of personnel in each class without regard to their post of assignment or the level of the position occupied.

In the case of employees in class FSS-11 through FSS-2 the determination of merit for promotion is made by the Staff Review Panels.

4. *Will not vacant positions in a higher class still determine the number promoted?*

The number of vacant positions in a higher class will still determine the number of promotions, but occupancy of those positions will not be a prerequisite for promotion.

The Department's experience under the Foreign Service Act has shown clearly that in a service where personnel are subject to transfer in the interest of the Government to any post in the world to do any job for which they are needed and for which they are qualified, it is not feasible to place the rank in the job rather than in the individual. In the worldwide system of assignments used in the Foreign Service it is not feasible to permit the employee to pick and choose the assignment that would offer the greatest promotional opportunity. The interests of the Service require that the Department have the flexibility to use its personnel resources where they are needed, when they are needed, to cope with shifting foreign affairs problems and programs.

In addition, the personnel of the Foreign Service are subject to a tour of duty policy under which they are transferred periodically to assure equitable rotation of personnel between unhealthful or hardship posts and nonhardship posts, to insure that employees do not serve for unduly protracted periods of time at a particular post or in a particular area in connection with a given assignment, and to increase the usefulness to the Service of personnel through varied experience at a number of posts. It frequently is not possible to arrange assignments for the most efficient, deserving employees to positions which are classified higher than their personal rank. On the other hand, it is frequently in the public interest, because of transfer cost factors or because of special circumstances incident to a given assignment, to assign less deserving employees to positions classified higher than their personal class.

In order to assure that those most deserving of promotion receive promotions, the Department believes promotions should be based on worldwide competitive merit, as is the case with the FSO promotion system, regardless of the level of the position occupied at the moment.

The Department will continue to use its present Foreign Service staff promotion plan for personnel in classes FSS-11 and higher. This plan is patterned after the FSO Selection Board system. It provides for competition with others in the same class; the review of performance records and the ranking of relative merit for promotion by annual FSS Promotion Review Panels, the members of which are designated by the Deputy Under Secretary for Administration; and promotion from the review panel rank order lists against worldwide vacancies. Promotions of personnel in classes FSS-12 and FSS-13 are based upon post recommendations; periodic review of recommendations by a review panel comprised of senior officers in the Office of Personnel, and promotions are based upon relative merit, against worldwide vacancies. FSS personnel who are promoted may be reassigned to a higher grade position at their post of assignment or upon completion of their tour of duty and transfer to another post.

5. *Does not the Department now take into account "performance and merit" in making promotions of the staff?*

The Department has very definitely taken into account "performance and merit" in making promotions of the staff. In the case of employees in class FSS-11 through FSS-2, as stated above, the determination of merit for promotion is made by the staff review panels.

Employees in class FSS-12 are promoted to higher level vacancies from a rank order register of eligible employees prepared by special promotion panels, based upon merit, and length of service in class FSS-12. Employees considered by the special panels must be recommended for promotion by the post of assignment.

Employees in class FSS-13 are promoted by the Department either after 12 months' service if the post of assignment certifies that the employee's performance has been superior, or upon completion of the 2-year probationary period if their performance has clearly exceeded the basic requirements of the position.

SECTION 30 (SEC. 642 OF THE FOREIGN SERVICE ACT)

1. *Why not limit the "within class" salary increase for especially meritorious service to one within the class?*

The Department of State would prefer, in view of the limited potentialities of a career in the Staff Corps, and in view of the essential character of the work, to

employ every reasonable encouragement for superior performance. The anticipation of special rewards must, in their case, replace the vista of advancement characteristic of a truly career-type service. We believe that the proper use of standards will prevent any abuse of the system.

2. *What standards would be set up for Staff officers to determine "especially meritorious service"?*

It is contemplated that "especially meritorious service" awards: (a) would be determined by annual staff promotion review panels in accordance with promotion precepts; (b) would be based upon a minimum of 2 consecutive years of sustained outstanding performance as evidenced by promotion review panel ranks order listings in the top 15 percent of the class; and (c) would be limited to 15 percent of FSS strength at any given time and in order so avoid stagnation would be phased toward the computed figure over a period of 4 years.

3. *The bill uses the criteria "longevity and proficiency." The Department wants "longevity or proficiency." Under the principles set up to determine overall competence can it not be presumed that an individual who was not proficient would be unable to reach a point where he can enjoy longevity?*

It is to be expected that competence and proficiency will in the long run bring a Staff employee to the point where he can enjoy the benefits of longevity pay. The objective is to encourage him to continue to perform proficiently and not just coast along.

The proposed revision would authorize the Secretary to grant a salary increase at reasonable intervals on the basis of sustained superior to outstanding performance commensurate with rank in accordance with prescribed standards. In other words, it is not intended that longevity or proficiency increases will be awarded automatically. Rather, it is intended that longevity increases will recognize length of service and above average proficiency. This will provide a stimulus for long-service employees who remain in the same class to continue to maintain optimum performance standards as well as to remain in the Service. Proficiency increases, on the other hand, are intended to recognize and reward ability and superior performance of Staff technicians of intermediate and lower rank and clerical employees.

SECTION 31 (SEC. 701 OF THE FOREIGN SERVICE ACT)

1. *Can't wives now take language training?*

The Department does not now have authority to provide language training for wives. Occasionally wives are permitted to sit in on a language class for officers when space is available and no cost to the Government is involved, but such class attendance is not language training.

The Department believes the proposed authority is important, because wives are an integral part of the official representational unit. They have, therefore, almost the same need for adequate language training and orientation for life overseas as do employees.

SECTION 32 (SEC. 704 OF THE FOREIGN SERVICE ACT)

1. *What would be "other incentives" (p. 22, 1.4) provided by the Department for language training?*

The Department of State has in mind no incentives which are basically other than monetary. However, the specific plan which it has developed, and which is outlined in the following written statement, relates only to languages meeting specified criteria. The Department also desires to encourage the acquisition of skills in other languages such, for example, as Norwegian and Russian. By application of new section 625 concerning within-class salary increases it will be possible to reward especially meritorious achievement in languages which are of importance but which are not included in the three incentive groups by the award of a within-class salary increase. The salary increase from such an award continues to reward the officer until his next promotion.

2. *Would "monetary incentives" be a lump-sum payment or a within-class salary increase?*

Monetary incentives would normally be paid in lump sum twice a year so long as the recipients maintain their eligibility.

3. *Do other Federal agencies use alien instructors in language training? What law prohibits the Department from using aliens?*

To our knowledge, the following agencies hire aliens in their language programs: CIA, Department of Navy, Department of Army, and National Security Agency.

Also, many other agencies employ foreign speaking people or aliens in their programs; these are: Department of Agriculture, Department of Justice (Immigration and Naturalization Service), USIA, and the Public Health Service. All of these have specific legislation authorizing the employment of aliens under given circumstances.

Section 202 of the act which each year makes appropriations for the Executive Office of the President and sundry general Government agencies (General Government Matters Appropriation Act) prohibits use of these funds to compensate, for service in the continental United States, most aliens unless they have filed declaration of intention to become U.S. citizens.

"GENERAL STATEMENT BY THE DEPARTMENT OF STATE CONCERNING MONETARY INCENTIVES FOR HARD LANGUAGE STUDY

"Section 32(b) of S. 2633 would amend the Foreign Service Act by adding a new paragraph (f) to section 704 of that act as follows:

"(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 languages or special abilities needed in the Service."

"Although the initial recommendation for this provision did not come from the Department, as the committee is aware, nevertheless the Department supports it as meeting a particular need, has prepared a specific plan to implement it, and has estimated the costs involved.

"The need for foreign language competence among Foreign Service officers is so obvious—such competence is so patently an essential tool of their profession—that one is entitled to question how the Foreign Service could have gotten itself into such a plight that it must give special incentives to its officers to learn foreign languages. A question like this is natural enough, but it is wide of the mark. The Foreign Service in fact requires competence in at least one major Western European language of each Foreign Service officer. No junior officer can be removed from probation until he has demonstrated mastery of a modern foreign language, and every officer above probationary rank who has not yet done so must pass an examination in a major Western European or "world" language before March 1963. The Department of State is not proposing incentive payments for any of this. So successful have been the efforts of the School of Languages of the Foreign Service Institute in the past few years that at the present time 83 percent of all FSO's have developed a useful competence in one or more foreign languages.

"The nub of the problem is that most of this language competence lies in the field of major Western European languages. We are short of officers competent in the esoteric languages in which our people must communicate at the posts in the many new countries which have emerged since World War II. There is continued need for language specialists in such languages as Japanese, Chinese, and Turkish which traditionally have been learned by a limited number of Foreign Service officers. But the esoteric languages in which we have traditionally trained our officers are now far outnumbered by the dozens of languages representing the dominant native tongues of the nations which have achieved statehood since World War II and where prior to World War II our representatives, if we had any, used to rely either upon English or one of the major European languages, or upon native interpreters.

"The trend which emerges from this transformation is the fading importance of major European languages in former colonial areas of Asia and the Middle East and the growing importance not of an equal number of Asian or African languages, but rather of a plethora of Asian and African tongues. Of growing importance also are some of the lesser European languages, particularly those in the Communist zone.

"If the creation of new states and the opening of new posts were all we had to contend with, the job of learning new languages would still be important and it would still present a formidable challenge. But these are not the only factors. There is yet another factor, one which contributes urgency to the need for us to train experts in all of the many languages of the new and underdeveloped countries. It is that these countries are the major battleground of the cold war. A primary objective of U.S. foreign policy is to prevent their absorption into the Communist bloc, just as the major foreign policy objective of the Communist bloc is to achieve their absorption. We shall be fighting with our right hand tied behind our back if we cannot communicate in their own tongues with the peoples of these many threatened nations.

"There was a time in simpler days when communication through native interpreters was the most reasonable procedure. It is still the easiest procedure, but it is not reliable and certainly makes no sense when the interpreter may himself be a Communist. In the course given by our Foreign Service Institute on Communist strategy we show an excerpt from a motion picture study made in Vietnam just prior to the Communist takeover of Hanoi by one of our major television broadcasting concerns, and shown throughout the United States several years ago. The fact that a native interpreter was a Communist, hoodwinking both the American reporter and his native countrymen was discovered when this film was shown to a Vietnamese language class in the FSI, and the language instructor observed the interpreter's duplicity. We now use this film as an object lesson.

"It is obvious that the Foreign Service requires officers in large numbers to be skilled in many languages other than those normally taught widely in the schools and colleges of the United States. That the requisite number is not produced by our school system is no indictment of the schools even if we admit, as we do, that foreign language instruction needs to be undertaken on a far vaster and more intensive scale by the American education system. Schools train for normal requirements, not for the exceptional requirements of the Foreign Service. To be sure there is excellent instruction available in many of the esoteric languages in various universities, and officers are assigned to these universities for study by the FSI. What is not available in the universities is provided by the FSI itself. But the important thing to note in either case is that the instruction must be provided after entry into the Service. Even assuming great expansion in foreign language instruction in our colleges it would be entirely unrealistic to anticipate that the junior officers recruited each year will have command of all and sundry of the esoteric languages in approximate proportion to the needs of the Service. They will have command of some of the languages. The training requirement, then, will concern the gap between the supply of and the demand for language specialists.

"The Department has made a survey of the minimum number of positions at every post in the world which must be staffed by language specialists. Going on the assumption that it should have three officers in the Service available to fill each such position on rotation, it has established the minimum total number of specialists required in each language. The 5 year language training plan upon which we have already launched is aimed at supplying this minimum total number.

"Certain problems in language specialization have already been encountered, however, which suggest that establishing quotas and providing a training establishment and schedules is not enough. It is not enough because the Service cannot obtain good language officers simply by assigning the appropriate number of officers to training.

"The intrinsic difficulty of the languages, the willingness of the officer to immerse himself in the particular culture, and his ability to tolerate living conditions at the posts where the language is used, are all factors making it virtually essential to rely upon volunteers. First, the difficulty of learning the language: the length of time required to learn a hard language well enough to use it professionally takes anywhere from a year to 2½ years of full-time study. Aptitude alone will not insure success. Strong motivation is also required. Languages difficult to learn are also easy to forget if they are not used or studied constantly until such time as they are thoroughly internalized. Thus strong motivation is required to retain skill in a language as well as to learn it, particularly when an officer is assigned outside the language area. It is apparent that failure to select officers carefully for training in esoteric languages could result in great expenditure, and little accomplishment.

"In addition to the factor of difficulty of learning and retaining a language there is the factor of assignment disincentive in the case of those esoteric languages which are used in only a small area or which are used only in countries where health conditions and living standards are backwards. Even if the living conditions are desirable there may be relatively few positions in a language area which are available for the career ladder of the officer specializing in the language concerned. Knowledge of the career limitations he may be imposing upon himself and the numerous unhealthful assignments he is lining up for himself by electing to specialize in a given language may well deter an officer from volunteering for training. This is not to be regarded as showing lack of discipline or loyalty. All officers are expected to take their share of assignments to hardship posts. But since a language officer is expected to spend a predominant share of his years of service in his language area, his share of hardship posts may well be excessive.

There must be some special motivation or incentive to induce him to subject himself and his family to these conditions for long periods.

"In our admittedly limited experience with the 5-year language training plan, which has been in progress for not yet 2 years, we have encountered a shortage of officers at the class 6 level, deemed to be ideal for intensive hard language training, who volunteer for the hard languages; it has been necessary to draw upon the less mature officers of classes 7 and 8 to fill out the training quotas. There is no incontrovertible proof that in the long run the supply of desired candidates will not equal the demand, but such evidence as there is confirms our original suspicion that officers are deterred from volunteering by the assignment considerations mentioned.

"The conclusion which we have reached with considerable reluctance is that monetary incentives may be needed to bring forward volunteers in sufficient numbers and to keep their noses to the language grindstone after their formal language instruction has been completed. It seems that other nations have preceded us to that conclusion and have already introduced the payment of monetary inducements for the study and maintenance of skill in esoteric languages. Among these nations are Great Britain, Canada, West Germany, and the Soviet Union. Great Britain has had the system the longest—as long as senior officers now in the Service can recall, while the Soviet Union offers the highest monetary rewards for esoteric language skills. Each nation has its own system, geared to what it considers to be its peculiar requirements.

"A second look at the various factors of language difficulty and post assignment considerations suggests that the degree of incentive need not be the same for all languages to insure filling the language quotas. On the contrary the suggestion presents itself that incentives should be tailored to specific conditions including the factor of the ratio of supply to demand. Other factors also appear to have a bearing. It seems unreasonable, for example, to provide any incentive pay while an officer is taking an intensive language course under FSI auspices, because he is relieved of regular duties during this period and is free to devote himself to full-time study on a salaried basis. Since the goal of intensive language instruction is to enable the officer to attain a professional speaking and reading competence (S-3, R-3 on the FSI test scale) it is believed that this is the minimum level of competence which should be rewarded by incentive pay.

"During the ensuing 10 years the language officer must keep up with his language if he is to internalize it effectively rather than lose it. Moreover, utilization of language officers is most intense during this period through assignment to language positions. Consequently, a minimum or maintenance rate of incentive pay during this 10 year period, so long as he is certified by the FSI every 3 years (a period compatible with the home leave schedule) would seem justified, both from the viewpoint of training need and of anticipation of payoff in actual use. Since, moreover, the ultimate purpose of training an officer is to use him, it seems reasonable to pay double the maintenance rate when an officer is actually assigned to his language area, so long as he has been certified by the FSI to have at least an S-3, R-3 competence within 3 years prior to his assignment.

"Moreover, since an expert (S-4, R-4) level is of greater benefit to the Service than the minimum professional level (S-3, R-3), it can well claim a 50 percent higher reward.

"There is finally the matter of establishing incentive groups. The most meaningful and equitable method in our opinion is to list all the languages in which we need officers and to ascribe to each of these languages a number of points on a uniform basis: more points to the most difficult languages, to those spoken at the fewest posts, having the least number of positions, and used in the fewest countries, and to those whose posts have the most unattractive living conditions; less points to their opposites; more points to languages in which specialists are badly needed; less points to those where the need is less pressing. Changing circumstances will change the number of points ascribed to each language when the annual tabulation is made, and it will thus be possible to add languages to the list, remove them, or have them shift from one incentive group to another.

"The two following tables indicate how the esoteric languages for which there are requirements in the Service have been rated one against another, and how they fall into three groups. It is significant that this formula excludes Russian from even the lowest group because the supply of Russian language officers exceeds the need, while, for example, Persian is boosted in importance because of the great dearth of Persian language specialists.

"TABLE I.—Application of language gradation scale to specific languages

Language	Factors relating to personal and career motivation (50)				Factors relating to needs of the Service (50)		Total points (100)
	Language difficulty (30 points)	Number of countries (5 points)	Number of positions (10 points)	Post conditions (5 points)	Skills shortage (30 points)	Applicant shortage (20 points)	
Albanian.....	16	5	10	4	23	15	73
Amharic.....	23	5	10	4	30	15	87
Arabic.....	30	5	10	3	30	10	73
Bengali.....	23	4	8	4	30	20	89
Bulgarian.....	16	5	10	4	30	15	65
Burmese.....	23	5	8	4	30	15	85
Cambodian.....	23	5	8	5	30	15	86
Chinese.....	30	5	8	3	23	5	61
Czech.....	16	5	10	5	16	10	52
Dutch.....	9	5	10	5	23	15	32
Finnish.....	23	5	8	3	16	10	52
Greek.....	16	5	3	3	23	10	47
Hebrew.....	23	5	5	3	30	10	76
Hindi.....	16	5	3	3	30	10	67
Hungarian.....	23	5	10	5	16	10	59
Indonesian.....	9	5	5	5	23	10	47
Japanese.....	30	5	5	5	23	10	58
Korean.....	30	5	8	5	30	15	93
Kurdish.....	23	4	10	4	30	15	86
Laotian.....	23	5	10	5	30	20	83
Malay.....	9	5	10	4	23	10	64
Persian.....	16	5	10	4	16	10	51
Polish.....	16	5	10	5	16	10	46
Rumanian.....	16	5	10	5	16	10	27
Russian.....	9	5	3	5	23	10	52
Serbo-Croatian.....	16	5	10	3	30	20	91
Singhalese.....	23	4	8	3	30	20	88
Tamil.....	23	5	5	3	30	10	76
Thai.....	23	4	8	3	30	5	64
Turkish.....	23	3	3	4	30	10	70
Urdu.....	16	5	5	4	30	10	70
Vietnamese.....	23	5	5	4	30	15	82

TABLE 2
"GROUP I (76-100 POINTS)

Language incentive group	Qualifying level of proficiency	Maximum annual incentive	
		Use rate	Maintenance rate
I.....	S-4, R-4 S-3, R-3	\$1,050 700	\$525 350
Amharic.....	87	Kurdish.....	86
Bengali.....	89	Lao.....	83
Burmese.....	85	Singhalese.....	91
Cambodian.....	86	Thai.....	76
Hebrew.....	76	Tamil.....	88
Korean.....	93	Vietnamese.....	82

"GROUP II (51-75 POINTS)

Language incentive group	Qualifying level of proficiency	Maximum annual incentive	
		Use rate	Maintenance rate
II.....	S-4, R-4 S-3, R-3	\$750 500	\$375 250
Albanian.....	73	Hungarian.....	59
Arabic (Egyptian, Iraqi, Saudi, Syrian, or Western).....	73	Japanese.....	58
Bulgarian.....	65	Persian.....	64
Chinese (Amoy, Cantonese, or Mandarin).....	61	Polish.....	51
Czech.....	52	Serbo-Croatian.....	52
Finnish.....	52	Turkish.....	64
Hindi.....	67	Urdu.....	70

"GROUP III (31-50 POINTS)

Language incentive group	Qualifying level of proficiency	Maximum annual incentive	
		Use rate	Maintenance rate
III.....	S-4, R-4..... S-3, R-3.....	\$450 300	\$225 150
Dutch.....	32 Malay.....		47
Greek.....	47 Rumanian.....		45
Indonesian.....	47		

"While most officers will attain a professional skill in only one esoteric language, there are some officers already who have such competence in two or more languages, and there are others who will follow in their footsteps. Since the value of an officer to the Service is enhanced by his command of more than one esoteric language (e.g., Korean and Japanese, or Chinese and Japanese) reward for a second or third language capability seems justified if held within reasonable bounds. It is proposed that an officer be eligible to receive up to but not in excess of \$1,800 a year in combined incentive payments.

"On the basis of this formula and proposed scale of incentive payment, it is estimated that the cost to the United States in fiscal year 1962 for such a program, if adopted, would approximate \$156,675. That particular figure, however, is not being defended in the present presentation which is intended, rather to describe the need for some kind of incentive program and to indicate the outlines of what the Department believes to be a workable program.

"While the plan described above would be subject to change on the basis of experience, the Department believes that a plan such as this will materially further the desirable objective of area specialization. The Department, therefore, favors the proposed amendment."

SECTIONS 33 THROUGH 47 (SECS. 803 THROUGH 881 OF THE FOREIGN SERVICE ACT)

General questions relating to amendments to the Foreign Service Retirement and Disability System—title VIII

1. *The FBI retirement system has benefits similar to those of the Foreign Service, but operates under the Civil Service Act. Is there any reason why the Foreign Service retirement system should not be merged with the civil service retirement system?*

The Foreign Service retirement and disability system has been tailored to fit the needs of the unique career Foreign Service. There are good reasons historically for its separate existence, and good reasons for continuing it. Most of these were brought out by the Senate Committee on Retirement Policy for Federal Personnel in its fifth report pursuant to Public Law 555, 82d Congress (the Kaplan Committee report).

(a) *Historical grounds for a separate retirement system.*—Consular and diplomatic personnel of the State Department were among the employees not covered by the provisions of the original Civil Service Retirement Act in 1920. Congress, in the Rogers Act of 1924, provided for the establishment of a separate Foreign Service retirement system to be administered by the Secretary of State. Limited to Foreign Service officers, it required higher contributions and provided more liberal benefits than the civil service retirement system. By 1941, through several amendments, the system became fairly comprehensive. In the Foreign Service Act of 1946 the system was further modified to make it an effective instrument of personnel policy. It was utilized to complement the promotion and selection-out system which was found elsewhere only in the uniformed services.

The rationale for special treatment of Foreign Service officers was the need of a special career service composed of personnel scattered all over the world working and living in foreign countries, sometimes under unhealthy and hardship conditions. The Foreign Service retirement system developed historically, therefore, as a separate system designed to serve a unique purpose.

(b) *Present grounds for continuing a separate fund.*—It may be argued that subsequent to the maturation of the Foreign Service Retirement and Disability System in 1946 there has grown up within the Federal Government another civilian employee retirement system serving the same purposes as the Foreign Service retirement system. This is the retirement system applicable to investigative employees in the civil service, such as the FBI, Treasury agents, and U.S. marshals.

It started off in 1947 as an amendment of the Civil Service Retirement Act to provide preferential benefits for special agents and certain officials of the FBI because the FBI was a hazardous "young man's service." The Civil Service Commission and the Bureau of the Budget both argued that the provision was discriminatory when limited to the FBI. By amendments in 1948 and 1949 the special treatment accorded FBI special agents was extended to employees in other agencies performing similar duties.

This system, however, differs from the Foreign Service system in several material respects, despite the similarity of its benefits. The first difference is that the Foreign Service system is an integral part of the career framework of the Foreign Service. It applies without question to every FSO; its benefits are available at their option to ambassadors with 20 years of service (and they will be mandatorily applicable, if an amendment now proposed is adopted, to all FSS employees of 10 years' service with the Department). By contrast there is no certainty regarding which individuals are entitled to the benefits of the section 1(d) of the Civil Service Retirement Act. Although the section may be applied to all investigative personnel and Federal firefighters, and although the Civil Service Commission has obtained from the various agencies lists of the positions so categorized, no occupant of any such position is entitled to the benefits concerned simply by such occupancy. The employee must first have 20 years of service and be age 50 or above and request retirement under the provisions of this section. The determination of his entitlement is made by the Civil Service Commission after the employee's request has been approved by the agency employing him and his retirement under the section is recommended by its head.

A second point of difference is that participants of the Foreign Service retirement system represent a homogeneous group. They are all engaged in the same occupation, face the same hazards, and share the same age norms by and large. By contrast the "investigators" have little more than the name and the hazards in common; they represent groups that differ one from another in occupation, rank, and age.

A third difference is that the Foreign Service system applies to a special class of civilian employee who is subject, like the personnel in the uniformed services, to periodic and frequent transfer anywhere in the world at the pleasure of the Department for which he works. Only a few of the investigators serve overseas, and then only occasionally.

A fourth point of significance is that the voluntary retirement provisions of the Foreign Service System are not automatic but depend upon the consent of the Secretary of State. The Secretary is in a better position than the Civil Service Commission to weigh the interest of the Service when considering the application of a participant for voluntary retirement prior to the mandatory retirement age.

2. *Can you sketch for the committee how the proposed retirement amendments in this bill change existing law?*

The major changes would:

- (a) Change contributions from 5 to 6½ percent.
- (b) Provide for survivor benefits on the same basis as now provided by the Civil Service Retirement Act (widows, dependent widowers, and dependent children).
- (c) Provide for the blanketing in of certain Staff personnel after 10 years of service as a Staff employee.
- (d) Provide for reinstatement of a recovered disability retiree.
- (e) Provide for direct transfer to Foreign Service retirement fund of contributions from another retirement system (when an FSO is appointed with prior Federal service).
- (f) Exempt disability retirement annuities from Federal income tax.
- (g) Provide deferred annuity at age 60 after 5 years of service and voluntary separation.

3. *To what extent do the proposed retirement changes approximate the civil service retirement system?*

The following features of the civil service retirement system would be matched by the proposed changes:

- (a) Contributions—both systems will require a 6½-percent contribution by participants.
- (b) Contribution by employing agency—both systems will require a matching contribution by the employing agency.
- (c) Benefits for surviving widows, dependent widowers, and dependent children will be computed on the same basis.
- (d) Deferred annuity after 5 years of service and voluntary separation.

4. *What distinct differences would there be between the Foreign Service retirement system as proposed in this bill and the civil service retirement system?*

The Foreign Service retirement and disability system would contain the following distinctive provisions:

- (a) Retirement at 50 years of age with 20 years of service.
- (b) Benefit of 20 years of service when FSO dies without that much service.
- (c) Retirement provisions relating to selection-out.
- (d) Computation at 2 percent of the average highest 5-year salary rate for all years of service not exceeding 35.
- (e) Widow survivor annuitants may continue to receive annuities even though they remarry.
- (f) Earlier mandatory retirement age.

5. *Can you show in tabular form a comparison of the major proposed changes in the Foreign Service retirement and disability system with pertinent provisions of the civil service retirement system?*

Such a comparison table follows.

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

Items	Civil Service retirement	Present provisions, Foreign Service retirement	Sections	Proposals	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.	808	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:					
1. Compulsory	6 1/2 percent of employee's basic salary.	5 percent of employee's basic salary.	811	Increases rate to 6 1/2 percent of employee's basic salary.	FSR same as CSR.
2. Voluntary	Agency contribution of 6 1/2 percent of employee's basic salary.	No provision		Agency contribution of 6 1/2 percent of employee's basic salary.	Do.
C. Benefits:					
1. Annuitants					
	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, 1950. Payable in multiples of 1 percent.		No change	Approximately same as CSR.
	Annuity: Based on high-5 average years of salary: 1 1/2 percent X 5 years, plus 1 1/4 percent X next 5 years, plus 2 percent X all years over 10 years of creditable service. Annuity not to exceed 80 percent of high-5 average salary.	Based on high-5 average years of salary: 2 percent X total number years creditable service not to exceed 35 years.	821	No change	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): 1/2 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 of 1/2 average base salary for the highest 5 consecutive years of service or 1/3 of his reduced annuity. Annuity ends only upon death of widow.	821	Widow or widower (if survivor annuity elected by retiring employee): 1/2 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

Items	Civil Service retirement	Present provisions, Foreign Service retirement	Sections	Proposals	Comments
<p>C. Benefits—Continued 3. Survivor annuities—Con. (a) Married participant.....</p>	<p>Employee's annuity reduced by 2½ percent of 1st \$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>Participant's annuity reduced by ½ of amount elected for widow if the wife is more than 8 years older than the husband; if more than 8 years older is 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>Employee's annuity reduced by 2½ percent of 1st \$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>FSR same as CSR.</p>
	<p>Children: A surviving wife or husband: 40 percent average salary divided by number of children, \$600; or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: ½ average salary divided by number of children, \$720; or \$2,160 divided by number of children, whichever is lesser.</p>	<p>No provision.....</p>		<p>Children: A surviving wife or husband: 40 percent average salary divided by number of children; \$600; or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: ½ average salary divided by number of children; \$720; or \$2,160 divided by the number of children, whichever is lesser.</p>	<p>Do. Do. Do.</p>

<p>(b) Unmarried participant.</p>	<p>Person in whom annuitant has insurable interest (if survivorship and reduced annuity elected): $\frac{1}{2}$ of participant's reduced annuity reduced 10 percent 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 acceptable to the Secretary: $\frac{1}{2}$ of participant's full annuity or $\frac{1}{2}$ of such reduced annuity. (Elective.)</p>	<p>821</p>	<p>viving children are re-computed as though person whose annuity was terminated had not survived deceased employee. Designated beneficiary, $\frac{1}{2}$ of participant's reduced annuity. Retiring employee's annuity reduced 10 percent 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>FSR does not require that the designated beneficiary have an insurable interest.</p>
<p>4. Death in service. (a) Widow-widower</p>	<p>Widow or dependent widower: $\frac{1}{2}$ of participant's death annuity payable until death or remarriage or until widower becomes capable of self-support.</p>	<p>Widow only: Smaller of $\frac{1}{2}$ of average basic salary for highest consecutive years of service or $\frac{1}{2}$ of credited annuity computed on creditable service of participant, except that less than 20 years service is counted as 20.</p>	<p>832</p>	<p>Widow or dependent widower: $\frac{1}{2}$ of participant's death annuity payable until death of surviving widow or dependent widower or until dependent widower becomes capable of self-support.</p>	<p>FSR provides continuation of widow's annuity until death and, unless the survivor attests the annuity based on at least 20 years of service.</p>
<p>(b) Children:</p>	<p>Children: A. surviving wife or husband: 40 percent average salary divided by number of children; \$600; or \$1,800 divided by number of children, whichever is lesser. No surviving wife or husband: $\frac{1}{2}$ average salary divided by number of children; \$720; or \$2,160 divided by the number of children, whichever is lesser.</p>	<p>do</p>	<p>832</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: $\frac{1}{2}$ average salary divided by number of children; \$720; or \$2,160 divided by the number of children, whichever is lesser.</p>	<p>FSR same as CSR.</p>
<p>5. Disability retirement.</p>	<p>After 5 years of civilian service: Same as full age and service benefit, except that less than 20 years of average salary or annuity projected to age 60 whichever is lesser.</p>	<p>After 5 years' service: Same as full age and service benefit, except that less than 20 years of service credit counted as 20 years.</p>	<p>831</p>	<p>Excludes from initial 5 years' free credit granted for military service for which no contribution has been made to the fund. Limits amount of extra service credit that can be accredited to a disability annuitant to the difference between his age at the time of retirement and the mandatory retirement age applicable to his class in the service.</p>	<p>Do.</p>

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

Items	Civil Service retirement	Present provisions, Foreign Service retirement	Sections	Proposals	Comments
C. Benefits—Continued 5. Disability retirement.	<p>Elective survivor benefits based on actual years of service credit.</p> <p>No provision.</p> <p>If receiving disability compensation under Federal Employees' Compensation Act, Sept. 7, 1916, is not eligible for annuity for same period but not barred from greater benefit of either act. Also is not barred from receiving annuity under this act by reason of own services while receiving concurrently any payment under Federal Employees' Compensation Act by reason of death of some other person. If awarded lump sum under sec. 17 of FEC, amount covering period beyond effective date of annuity must be refunded to U.S. Employees' Compensation Commission or be deducted from annuity payments for that purpose.</p> <p>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</p>	<p>Elective survivor benefits computed on basis of 20 years service credit if participant's credit is 5 but less than 20 years.</p> <p>No provision.</p> <p>do</p>	831	<p>Elective survivor benefits based on service credit upon which participant's annuity is computed.</p> <p>Exempts disability annuity from Federal income tax. Same as Civil Service.</p>	<p>FSR provides minimum service credit of 20 years or difference between age of participant at time of retirement and mandatory retirement age, whichever is lesser.</p> <p>FSR provides tax exemptions.</p> <p>FSR same as CSR.</p>
6. Discontinued service retirement.	<p>Deferred annuity payable at age 62 if separated employee has 5 years of civilian service credit.</p>	<p>(FSO classes 4, 5, 6, and 7 deferred annuity at age 62 on selection-out, sec. 684.)</p>	834 (new)	<p>Deferred annuity payable at age 60 if separated employee has 5 years of civilian service credit.</p>	<p>FSR provides payment of deferred annuity at age 60.</p>
7. Disposition of contributions in excess of benefits received.	<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</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 following order of prece-</p>	841	<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</p>	<p>FSR aligns precedence provisions with those of CSR.</p>

D. Creditable service 1. LWOP	in an order of precedence to widow, children, parents, etc.	ence: Designated beneficiary or beneficiaries; executor or administrator of estate of participant; such person or persons as may be legally entitled thereto in the judgment of the Secretary. Includes: Leave of absence for active military or naval service.	851	in an order of precedence to widow, children, parents, etc.	SSR same as CSR.
Includes: Leave of absence without pay granted during covered employment while performing active honorable military service. Leave of absence without pay granted during covered employment while receiving FEC benefits. Civilian employment with District of Columbia government. No provision.	Includes leave of absence granted during covered employment while receiving FEC benefits. Includes civilian employment with District of Columbia government.	Do.	852	Do.	Do.
2. District of Columbia employment.	Provides for direct transfer to FSR fund of all regular contributions (with interest) made by officer or employee to other Government retirement system under which previously covered. Funds transfer discharges other system of all benefit obligations based on service involved.	852	852	At present persons becoming participants in FSR system may purchase prior service credit by making a special contribution to FSR fund for such amount of service credit as they elect to purchase. The new provision provides for the automatic transfer of contributions in another Government system to the FSR fund when a person becomes a participant in the FSR system by transfer from other Government service.	Clarifying change in FSR provisions.
3. Transfer of funds.	Simplifies the language of existing legislation.	871	871	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 combined income for reemployed Foreign Service annuitants and provides authority to reemploy FSO retired for age.
E. Officers recalled or reinstated.	Recomputation of annuity of an officer recalled in the Service and retired a second time. No provision (Foreign Service annuity is suspended if reemployed in the Federal Government).	872	872	Any annuitant reemployed after retirement for age or based on voluntary separation or an involuntary separation for cause, 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.	
F. Reemployment of annuitants.	No provision exactly comparable.				

SECTION 33 (SEC. 303 OF THE FOREIGN SERVICE ACT)

1. *Why is the Department proposing that certain Foreign Service Staff officers and employees be mandatorily covered by the Foreign Service retirement system?*

At the present time Staff personnel are covered by the civil service retirement system. The Foreign Service retirement system is designed to give recognition to the need for an earlier retirement age for career Foreign Service personnel who spend the majority of their working years outside of the United States, withstanding the rigors of moving and adjusting themselves and their families to new working and living situations every few years. Participation in this system is now limited to Foreign Service officers and to a few noncareer ambassadors who have served for periods of 20 years or more. It is apparent that Staff personnel who make a career in the Foreign Service are subject in large measure to the same conditions of service as Foreign Service officers. Under the Secretary's integration program, many Staff officers and employees were integrated as Foreign Service officers. Approximately 400 Staff officers, however, have been unable to qualify for lateral appointment as Foreign Service officers due primarily to their inability to meet prescribed age requirements. A recent study of Staff personnel in classes FSS-1 through FSS-11, inclusive, indicate that there are about 475 Staff officers and employees in those classes who have served 10 or more years in the Foreign Service.

In many instances Staff officers and employees who have relatively long periods of service in the Foreign Service may desire to retire voluntarily with full annuity at the earlier age permitted under the Foreign Service retirement system. In some cases, it would be in the interest of the Service and of individual officers and employees if the Foreign Service retirement system's mandatory provision for retirement at age 60 were made applicable to Staff personnel. The need for encouraging somewhat earlier retirement, which is recognized in the case of Foreign Service officers, is also significant in the case of certain Foreign Service Staff officers and employees. The proposed revision would also increase promotion opportunities for younger Staff personnel.

The purpose of the amendment to section 303, therefore, is to provide that Foreign Service Staff personnel who have completed, and who will hereafter complete, 10 years of continuous service in the Foreign Service shall become participants in the Foreign Service Retirement and Disability System. Provision is made for the retirement of officers and employees who are above mandatory retirement age at the time they become participants in the system.

2. *The proposed amendment to section 303(c) will change the mandatory retirement age for Staff personnel now covered by the civil service retirement system from age 70 to age 60. Will this earlier retirement not result in hardships in some cases? What is the attitude of the Staff personnel toward the proposed change?*

Most people have discharged their heaviest financial obligations to their families, particularly their children, by the time they have reached age 60. Frequently having only themselves and their wives to support, they are in a position to retire on annuities considerably lower than the salary they are earning at the time of retirement. It is not believed that in most cases any real hardship will result from earlier mandatory retirement although it is recognized that some employees affected by this provision would work until age 70 if permitted to do so. A significant number of the group who will be affected have been consulted, and attitude of the majority is that they hope that the proposed change can be accomplished. Many older women in the Staff (whose ages range from 50 to 60) would welcome the opportunity for voluntary retirement provided by the amendment. Most men in their early sixties when informed that the delayed effective date (approximately 1 year after the effective date of the act) would allow an interval of from 2 to 5 years before mandatory retirement, have favored the proposal. Many employees below age 60 would welcome the opportunity to retire at earlier age on a full annuity. A special plan has been proposed to provide financial assistance for those who are mandatorily retired during the first 5 years after this provision becomes effective. This plan for financial assistance would also serve as an incentive for the earlier voluntary retirement of certain of the older FSS personnel.

3. *What are the present mandatory and voluntary retirement ages for Foreign Service Staff officers and employees?*

Retirement for Foreign Service Staff officers and employees is mandatory at age 70 if the individual has completed 15 years of service or as soon thereafter as he has completed 15 years of service. Retirement on full annuity for Foreign Service Staff officers and employees is voluntary at age 60 with 30 years service, at age 55 with a reduced annuity.

4. *Will Foreign Service Staff who do not yet have 10 years of service subsequently be included in the Foreign Service retirement system as soon as they have completed 10 years of service?*

Yes. The purpose of excluding those with less than 10 years service is to insure that only those officers or employees who are planning to make the Foreign Service their career are included under the Foreign Service Retirement and Disability System. A large percentage of Staff personnel serve only one, two, or at the most three tours of duty, chiefly as clerks and stenographers. The Service attracts clerical personnel who desire to serve abroad briefly before they settle down in the United States. These people are an essential part of the Foreign Service but their replacement after limited periods of employment is not a serious problem. Their inclusion in the Foreign Service Retirement and Disability System for limited and temporary periods is not desirable. In many instances, they are employees who come from and return to positions under the civil service retirement system, and in such cases there is no point in transferring their participation from the civil service retirement system to the Foreign Service retirement system.

5. *Is the Department satisfied with the provisions of subsection 803(c)(3) regarding mandatory retirement for those over age 61?*

The Department is not entirely satisfied with these provisions and is proposing a change in paragraph 3.

The new subsection 803(c)(3) is the outgrowth of Senate committee hearings and relates by reference to the applicability of subsection 803(c)(1) which provides for the mandatory transfer to the Foreign Service retirement system of all Staff personnel on completion of 10 years of continuous service, and subsection 803(c)(2) which provides for the retirement on a gradual scheduled basis over a 5-year period of Staff personnel who will be retired above the normal Foreign Service retirement age. These new earlier retirement provisions will become effective 1 year after enactment of this bill.

The latter provision will bring about the earlier mandatory retirement of 93 Staff officers and 64 clerical employees (by periods varying from a few months to 10 years) than would be required were they continued as participants in the civil service retirement system. The Staff officers were unable to qualify for lateral appointment as Foreign Service officers because of age and other factors. The clerical employees have reached the limit of their potential. Most of these employees are age 60 or older and all are more or less marking time pending retirement.

Since the accelerated retirement of older Staff personnel is considered to be in the best interests of the Service and the Government, subsection 803(c)(3) was intended to give these older Staff employees some kind of financial aid, in addition to the annuities to which they are entitled, in recognition of possible hardship which would be imposed upon them by earlier mandatory retirement. Also, it was intended to provide other older personnel a financial incentive for earlier voluntary retirement. Without benefit of opportunity for detailed study of its possible disadvantages and/or inequities, a financial aid plan similar to that provided Foreign Service officers who are selected out appeared to be the most feasible and equitable.

This provision, as written into the bill, will provide a lump-sum payment of one-twelfth of the current yearly salary for each year of service not exceeding a total of 1 year's salary to older Staff employees who (a) are age 61 or older when they become participants in the Foreign Service retirement system, and (b) are retired mandatorily as prescribed in the gradual retirement schedule.

Projection studies made subsequent to the passage of S. 2633 by the Senate of the benefits accruing to individual employees under this provision reveal that failure to relate the proposed financial aid to age when retired, the number of years earlier that retirement takes place, and losses sustained in terms of salary and additional retirement benefits by the employee, will result in serious inequities.

Specifically, one-third of the older Staff employees, although equally deserving, would be ineligible for financial aid. All eligible employees would receive a full year's salary. A Staff officer mandatorily retired at age 69½ years would receive the same financial aid as the Staff officer who would be retired at age 61. Further, the Staff officer would in effect receive his full salary until age 70½ years, and maximum retirement benefits, whereas in the case of the employee age 61, with say an annual salary of \$6,000, would lose 8 year's salary and 9 years of accrued retirement benefits equating to \$1,080 per year. Additionally, restricting this financial aid to mandatory retirement would encourage Staff personnel to remain on the rolls who otherwise might be planning voluntary retirement at an earlier age.

The inequities were found to be of sufficient number and importance to warrant consideration of alternative financial aid plans. After further study, a modification

of this section which fully carries out its original intent is indicated. This modification would extend financial aid eligibility to the 157 Staff employees who will be (a) age 57 or older when the provisions of this section become effective, and (b) over age 60 when mandatorily retired. The formula provides financial aid based upon the number of years that earlier retirement takes place. The Department, therefore, requests a change in this subsection in accordance with the redraft it has submitted to the committee.

SECTION 34 (SEC. 804 OF THE FOREIGN SERVICE ACT)

1. *What changes in law does this section make?*

Amended section 804(a) provides that in addition to former participants and their widows, children and dependent widowers may now become annuitants 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, however, improvements in the various other Federal systems have resulted in provisions for automatic benefits for surviving dependent children and dependent widowers and in elective benefits for surviving husbands.

New paragraph 804(b) provides definitions of the terms "widow," "dependent widower," and "child" in order to clarify the use of these terms in title VIII of the Foreign Service Act of 1946, as amended.

2. *Is it necessary to include "dependent widower" in this bill?*

During recent years an increased number of women have become Foreign Service officers. It is the Department's view that provision should be made for survivorship benefits for dependent widowers, and for women participants to be able to elect at the time of retirement a reduced annuity, to provide survivorship benefits for their husbands. Such improved benefits as these will bring the Foreign Service Retirement and Disability System into line with other Federal retirement systems.

SECTION 35 (SEC. 811 OF THE FOREIGN SERVICE ACT)

1. *What is the present condition of the Foreign Service retirement fund?*

There is attached a balance sheet submitted to the Department by the Secretary of the Treasury on January 20, 1960.

2. *What will be the effect on it of the provisions of this section, i.e. an increase in contribution from 5 to 6½ percent and a contribution to the fund from regular appropriations?*

An increase in the mandatory contribution is necessary in order to provide for the increase in benefits provided by the proposed revisions in title VIII. It is estimated that the improved survivor benefits (i.e. for widows, dependent widowers and children) will require an increase in each participant's contribution of 1½ percent of basic salary and a matching contribution of 6½ percent by the Government. The requirement that the Department make this matching contribution from the respective appropriation or fund which is used to pay the salary of a participant will help to keep the fund in financial balance. Under existing provisions the Department must seek a separate annual appropriation for the fund. It has seldom received the amount requested and for a number of years (1950-56) no appropriations for this purpose were approved.

3. *Will this increase the State Department appropriation bill?*

It is estimated that this provision for a matching contribution by the Department will increase the Department's appropriation bill by approximately \$2,500,000. Since, however, the Department's budget estimate for fiscal year 1961 has already been submitted the Department is suggesting that the effective date of this provision be changed to July 1, 1962.

Balance sheet, Foreign Service retirement system—Valuation at 4 percent, as of
 Dec. 31, 1958

LIABILITIES (PRESENT VALUE)	
Existing retired roll: ¹	
Service annuitants.....	\$26, 287, 000
Disability annuitants.....	811, 000
Survivor annuitants.....	3, 228, 000
Prospective survivor annuitants.....	1, 698, 000
Prospective annuities to present active members: ¹	
Service annuitants.....	181, 629, 000
Disability annuitants.....	6, 845, 000
Prospective annuities to survivors of present active members: ¹	
Service annuitant survivors.....	11, 079, 000
Disability annuitant survivors.....	1, 647, 000
Death in service survivors.....	10, 150, 000
Prospective return of past contributions to present active members:	
On death in service.....	234, 000
On withdrawal.....	315, 000
Prospective return of past voluntary contributions to present active members.....	717, 000
Prospective return of future contributions to present active members:	
On death in service.....	516, 000
On withdrawal.....	442, 000
Prospective lump-sum and deferred annuity selection-out benefits to present active members, classes 4 to 7.....	511, 000
Total.....	246, 109, 000
ASSETS (PRESENT VALUE)	
Funds in hand.....	26, 071, 000
Prospective contributions by present active members (5 percent of future payroll).....	24, 762, 000
Prospective contributions by present active members for outside service (0.19 percent of future payroll).....	1, 040, 000
Prospective normal premiums by Government with respect to present active members (15.69 percent of future payroll).....	77, 703, 000
Unfunded liability.....	116, 533, 000
Total.....	246, 109, 000

¹ Includes selection-out benefits, classes 1 to 3.

SECTION 36 (SEC. 821 OF THE FOREIGN SERVICE ACT)

1. Can you give an example or two of the advantages to participants in the Foreign Service retirement system under the proposed amendments to section 821?

Examples of the advantages to participants of the proposed formula for computing joint and survivorship annuities

CASE A—FSO-1

Average salary for highest 5 years of service..... \$16, 000
 Annuity (2 percent times 35 years of service)..... 11, 200

EXISTING		PROPOSED	
Maximum survivor annuity.....	\$4, 000	Maximum survivor annuity.....	\$5, 600
Cost to officer.....	2, 000	Cost to officer (2½ percent of \$2,400 equals \$60; 10 percent of \$8,800 equals \$880).....	940
Officer's reduced annuity.....	9, 200	Officer's reduced annuity.....	10, 260
Maximum surviving annuity payable to a dependent child.....	0	Maximum surviving annuity payable to a dependent child:	
		With surviving parent.....	600
		With no surviving parent.....	720

AMENDMENTS TO THE FOREIGN SERVICE ACT

CASE B—FSO-3

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....	\$3,400
Cost to officer.....	1,500	Cost to officer (2½ percent of \$2,400 equals \$60; 10 percent of \$4,800 equals \$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

CASE C FSO-6 (OFFICER AGE 50, VOLUNTARY RETIREMENT)

Average salary for highest 5 years of service..... \$7,000
 Annuity (2 percent times 20 years of service)..... 2,800

EXISTING		PROPOSED	
Maximum survivor annuity....	\$1,400	Maximum survivor annuity....	\$1,400
Cost to officer.....	700	Cost to officer (2½ percent of \$2,400 equals \$60; 10 percent of \$400 equals \$40).....	100
Officer's reduced annuity.....	2,100	Officer's reduced annuity.....	2,700
Maximum surviving annuity payable to a dependent child..	0	Maximum surviving annuity payable to a dependent child:	
		With surviving parent.....	600
		With no surviving parent..	720

CASE D FSO-7 (DEATH IN SERVICE AT AGE 40 WITH 10 YEARS OF SERVICE)

Average salary for highest 5 years of service..... \$6,000
 Annuity (2 percent times 20 years of service)..... 2,400

EXISTING		PROPOSED	
Maximum survivor annuity....	\$1,200	Maximum survivor annuity....	\$1,200
Maximum surviving annuity payable to dependent child..	0	Maximum surviving annuity payable to a dependent child:	
		With surviving parent.....	600
		With no surviving parent..	720

CASE E FSO-7 (DISABILITY AT AGE 35 WITH 6 YEARS OF SERVICE)

Average salary for highest 5 years of service..... \$6,000
 Annuity (2 percent times 20 years of service)..... 2,400

EXISTING		PROPOSED	
Maximum survivor annuity....	\$2,100	Maximum survivor annuity....	\$1,200
Cost to officer.....	600	Cost to officer (2½ percent of \$2,400).....	60
Officer's reduced annuity.....	1,800	Officer's reduced annuity.....	2,340
Maximum surviving annuity payable to a dependent child..	0	Maximum surviving annuity payable to a dependent child:	
		With surviving parent.....	600
		With no surviving parent..	720

2. How close do the provisions of this section come to the civil service retirement system?

They are essentially identical except for the 2 percent factor in the computation of annuities, and the 35-year maximum service credit.

SECTION 37 (SEC. 831 OF THE FOREIGN SERVICE ACT)

1. *Approximately how many officers are retired annually for disability?*

An average of two participants in the Foreign Service Retirement and Disability System are retired for disability annually. Less than 30 participants have been retired for disability since the enactment of the Foreign Service Act of 1946.

2. *Are such Foreign Service annuitants subject to an annual physical examination as are the military?*

Yes. They are subject to an annual examination if their disability is not considered "permanent."

3. *Subsection (a) limits additional service credit to the difference between age at the time of retirement for disability and the mandatory retirement age applicable to his class in the Service. What is the mandatory retirement age of each class? How has that been established—by regulation?*

Foreign Service officers of class 1 and below are retired mandatorily at age 60; career ministers and career ambassadors are retired mandatorily at age 65. This has been established by law (secs. 631 and 632 of the Foreign Service Act).

4. *What benefits would participants in the Foreign Service retirement system have as a result of the language in section 831(b)?*

The proposal will enable a recovered disability annuitant to be reinstated or reappointed in the Service. Existing provisions of section 831(b) (possibly through oversight when the Foreign Service Act of 1946 was drafted), do not now authorize the reinstatement of a recovered disability annuitant nor do they give him any continued benefits under the Foreign Service retirement and disability system. The amendment proposes that a recovered disability annuitant shall be given an opportunity to be reinstated in the Service. It further provides that in the event a recovered disability annuitant is, for any reason, not reinstated, he shall be given the opportunity to receive an immediate annuity if he is at that time qualified for voluntary retirement; or 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.

5. *Can a participant who is retired for disability after 5 years of service take a reduced annuity and provide thereby for his surviving wife to receive an annuity in the event of the participant's death?*

Yes. Section 831 provides that such a participant retired for disability shall receive an annuity computed as prescribed in section 821. Section 821 provides either a full or a reduced annuity in accordance with the participant's election with respect to a survivorship annuity for his wife (or her husband). If the participant has served over 5 years but less than 20 years, his annuity shall be computed on the assumption that he had served 20 years except the additional credit shall not exceed the difference between his age at time of retirement and the mandatory retirement age applicable to his class.

6. *How do the benefits conferred by the language in section 37 compare with those of the civil service retirement system?*

The benefits provided by section 37 compare favorably with those of the civil service retirement system in these respects:

(a) The civil service system, in disability retirement cases, guarantees (with at least 5 years of civilian service credit), a minimum annuity of 40 percent of a participant's high 5 years' average salary, or his earned annuity by increasing years to age 60, whichever is lesser.

(b) Under the formula proposed in section 37 a participant who is retired for disability with more than 5 but less than 20 years of service, would receive credit for 20 years' service in most cases. He would not receive additional service credit which would exceed the difference in his age and the mandatory retirement age for his class.

Examples:

FSO-3 mandatory age 60	FSO-3 mandatory age 60
Age 40	Age 50
Actual service 6 years	Actual service 6 years
Free service credit 14 years	Free service credit 10 years

Therefore, cases would vary; but in general, benefits would compare favorably with those of the civil service retirement system.

7. *Are Foreign Service personnel covered by the Federal Employees' Compensation Act?*

Yes.

8. Explain how the provisions of the Federal Employees' Compensation Act would be applicable to Foreign Service personnel under the language proposed in section 37(b), which would add sections (d) and (e) to section 831.

New section 831(d) 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). In the case of a young widow, she might elect to take the survivor's annuity under the Foreign Service retirement system, even though it might be smaller, since it does not terminate upon remarriage. This section is substantially the same as section 7(f) of the Civil Service Retirement Act.

New section 831(e) is substantially the same as section 7(g) of the Civil Service Retirement Act. Under the Federal Employees' Compensation Act, in certain circumstances, the Administrator of the Bureau of Employees' Compensation, may make a lump-sum settlement in case of death, permanent total or permanent partial disability. As an illustration, let us say that a participant in the Foreign Service retirement system sustained in line of duty a permanent partial disability—loss of an arm. The normal payment for this loss would be 312 weeks' compensation. If the Administrator determined that this should be paid in lump sum (sec. 14 of the Federal Employees' Compensation Act) equal to the value of future payments, he could so discharge the Government's liability. Then, if it should develop that the employee is retired for disability (the same disability) under the Foreign Service retirement system, the amount of the lump sum representing any period extending beyond the effective date of the disability annuity under the Foreign Service Retirement Act, would have to be refunded to the Department of Labor.

9. A bookkeeper (civil service) is working in a Navy yard—he steps out of his office and is struck by a flying bolt and is killed. What are his widow's benefits under the Employees' Compensation Act, and what does it do to his widow's benefits under the Civil Service Retirement Act? Same question: If a Foreign Service person is killed in line of duty, what does it do to the widow's benefits under the Foreign Service retirement system?

Let us assume that our bookkeeper is covered by the Civil Service Retirement Act (or the Foreign Service retirement system); that he has 15 years of creditable Federal service—no military service—was 35 years old at time of death, survived by widow age 33, no children, at time of death his salary rate was \$7,500, and had been married to the surviving widow for more than 3 years. His death was determined to be in line of duty. His average high salary for 5 years is \$6,000.

(a) *Benefits under Civil Service Retirement Act.*—His widow would be entitled to a survivor annuity, until death or remarriage. The annuity would be based on actual service, computed as follows:

1½ × 5 years × \$6,000.....	\$450.00
1¼ × 5 years × \$6,000.....	525.00
2 × 5 years × \$6,000.....	600.00

Total..... 1,575.00

¹ \$1,575 divided by 2—\$787 or \$65 per month.

(b) *Benefits under Foreign Service retirement system.*—His widow would be entitled to a survivor annuity until death. The annuity would be based on presumed service of 20 years, as follows: 2 × 20 years × \$6,000 = \$2,400 divided by 2 = \$1,200 or \$100 per month.

(c) *Benefits under Federal Employees' Compensation Act.*—His widow would be entitled to survivor compensation benefits until death or remarriage, based on 45 percent of his monthly salary (but not to exceed \$525). His monthly salary was \$625. His widow's compensation benefit would be \$281 per month.

Survivor annuities (Civil Service Retirement Act) and survivors' compensation benefits (Federal Employees' Compensation Act) are not payable concurrently if based on the death of the same employee, except where a widow is being paid the balance of a "scheduled" compensation award due the deceased employee. In such a case, the widow may receive the survivor annuity (civil service retirement) and compensation award concurrently.

A "scheduled" compensation award occurs when an employee files claim for a permanent disability (loss of or loss of use of a member, eye, arm, etc.) and dies of other causes before the entire amount due for such schedule is paid.

In the case of the bookkeeper's widow, she could elect to receive the benefits of the Federal Employees' Compensation Act, which would be more than either of the retirement systems; however, as pointed out above, if she were the widow of a Foreign Service participant and had in mind the fact that remarriage would not terminate the benefits, she might elect the smaller monetary benefit because of this feature.

10. Compare widows benefits in this same case under the Civil Service Retirement Act and the Federal Employees' Compensation Act with the existing and proposed benefits under the Foreign Service retirement and disability system.

Existing legislation			Proposed legislation— Foreign Service Retirement Act
Civil Service Retirement Act	Foreign Service retirement system	Federal Employees' Compensation Act	
Widow entitled to survivor annuity, based on actual service, until death or remarriage. Amount: \$65 per month.	Widow entitled to survivor annuity, based on 20 years of service, until death. Amount: \$100 per month.	Widow entitled to survivor compensation until death or remarriage. Amount: \$281 per month.	Widow entitled to survivor annuity based on 20 years, until death. Amount: \$100 per month.

SECTION 38 (SEC. 832 OF THE FOREIGN SERVICE ACT)

1. *The civil service retirement system terminates the annuity of a surviving widow when she remarries and that of a surviving dependent widower when he becomes capable of self-support. Why does section 832(b) provide similar treatment for a surviving dependent widower in the Foreign Service system but with respect to a surviving widow provide that the annuity shall continue until her death?*

Wives of Foreign Service officers have always been regarded as making a material contribution to the successful discharge of their husbands' representational responsibilities abroad. In addition to the support provided their husbands in carrying on official entertainment they perform important representational functions independently by participating in women's organizations and charities or by teaching English either at the American cultural centers or elsewhere at the post of assignment. Through these various activities they establish useful and friendly contacts with important persons who form public opinion in foreign countries. In effect the officer and his wife are a team working together for the United States. The surviving widow in a very real sense has earned her annuity and is entitled to it whether or not she remarries. It is for this reason that both the existing and the proposed legislation provide for continuation of her annuity until her death.

The surviving dependent widower of a woman participant who dies in service is provided with an annuity because he is incapable of self-support by reason of mental or physical disability. When he becomes capable of self-support he is no longer entitled to an annuity.

SECTION 39 (SEC. 834 OF THE FOREIGN SERVICE ACT)

1. *"Discontinued service retirement" does not appear in existing law. Why is this section being added?*

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. Certain participants with 5 years of civilian service credit who are selected-out may elect to receive deferred annuities.

In sections 634 and 637 the Department is proposing that all officers separated for cause, if they have 5 years civilian service credit, may elect to receive a deferred annuity.

The proposed provisions of new section 834 will provide equity of treatment of officers who voluntarily resign.

A provision of this type is already applicable to participants in the civil service retirement system.

SECTION 40 (SEC. 841 OF THE FOREIGN SERVICE ACT)

1. *What is the purpose of this section?*

It does two things. First, it prescribes the method for computing interest on compulsory contributions to the fund. Secondly, it provides for the disposition of a participant's compulsory contributions (with interest) if the participant leaves the service without becoming eligible for an annuity, and for the disposition of any undisbursed balance following termination of the participant's annuity and/or that of his survivor.

2. *What are the proposed changes in this section?*

One is that the annual compounding of interest is changed from a fiscal 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.

3. *What is the advantage of changing the computation and compounding of interest from a fiscal year to a calendar year basis?*

This change will bring the maintenance of the Foreign Service retirement and disability fund's records into line with records and reports of the civil service retirement fund, the Federal income tax, and the FICA tax, which are on a calendar year basis. It will simplify the administration of the fund by providing a uniform system of controls and records for all retirement and tax deductions, payrolls, and for the computation of interest on retirement contributions.

4. *How can there be a surplus in the fund after an annuity termination?*

An annuity terminates for various reasons and at various times. The annuity of a participant ceases upon his or her death or if retired for disability, 6 months after recovery from the disability. The annuity of a surviving wife or husband ceases upon death or in the case of a dependent widower upon his becoming able to support himself. The annuity of a surviving child ceases upon attainment of age 18, death, or at the time he becomes capable of self-support. In any of these cases it is conceivable that the annuity may, through premature death, early attainment of majority or, self-sufficiency, terminate before the compulsory contributions are exhausted.

SECTION 41 (SEC. 851 OF THE FOREIGN SERVICE ACT)

1. *What does this section do?*

The changes made in this section are principally for the purpose of clarifying existing provisions relating to periods of creditable service used in computing annuities. The only basic change 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 (line of duty injuries, et cetera).

SECTION 42 (SEC. 852 OF THE FOREIGN SERVICE ACT)

1. *Why is the Department proposing that contributions to other Federal retirement systems be automatically transferred to the Foreign Service Retirement and Disability Fund when a person becomes a participant by direct transfer from another Federal retirement system?*

During the integration program, initiated in 1954, large numbers of Foreign Service Staff personnel and Department officers and employees were appointed as Foreign Service officers. At that time the Department experienced considerable difficulty in getting these people continuity of retirement coverage to protect them and their families in case of death in service. The rather cumbersome procedure involving the issuance of a refund from the civil service retirement system and the redeposit of such refund into the Foreign Service Retirement and Disability Fund not only brought about delays which resulted in lateral appointees losing the death and disability protection provided by the civil service retirement system before being covered by the Foreign Service system but also on the basis of decisions by the Bureau of Internal Revenue resulted in their having to pay income tax on the amounts of such refunds which represented accrued interest on deposits. Although the bulk of the integration program has been completed, persons now covered by other Federal retirement systems will continue to be appointed as Foreign Service officers. Staff personnel brought into the Foreign Service Retirement and Disability System under the proposed amendment to section 803 will also be required to transfer contributions from the civil service retirement and disability fund to the Foreign Service Retirement and Disability Fund. Provision for the automatic transfer into the Foreign Service Retirement Fund of contribu-

tions to other Federal retirement systems will not only provide continued protection for the employees involved but will simplify accounting and recordkeeping in connection with such transfers.

2. *Why does the Department propose in its amendment to section 852 that no officer whose contributions are transferred to the Foreign Service retirement fund from another Federal retirement fund shall be required to make contributions in addition to those transferred for periods of service for which full contributions were made and that no refund shall be made to any such officer on account of contributions made to the other Government retirement fund at rates higher than those required by the Foreign Service system?*

Normally, the amount transferred into the fund from other retirement funds closely approximates the sums that would have been deposited into the Foreign Service retirement fund had the employee served during the full period of creditable service in that system. In order to avoid income tax liability for interest accrued on contributions made to other retirement funds, it is not possible to refund any part of the contributions and consequently it is not believed that additional contributions would be justified.

SECTION 43 (SEC. 855 OF THE FOREIGN SERVICE ACT)

1. *What does this section do?*

This will benefit persons who retired prior to July 1956 with more than 30 years of service, but who, because of the law in effect at the time of retirement, were allowed to count only 30 years.

Public Law 828, 84th Congress, amended section 821(a) by increasing from 30 to 35 the number of years of creditable service that may be used in the computation of annuities. It is believed that through oversight this provision was not at that time made applicable to former participants in the system who had retired with more than 30 years of creditable service but whose annuities had been computed on the basis of only 30 years' service. This proposed temporary 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 at the time of their retirement. The provision is applicable only to former participants and does not apply to surviving annuitants.

SECTION 44 (SEC. 871 OF THE FOREIGN SERVICE ACT)

This is a perfecting amendment.

SECTION 45 (SEC. 871 OF THE FOREIGN SERVICE ACT)

1. *Does an annuitant recalled from retirement now have the right to make a new election regarding annuity benefits?*

No. A participant must at the time of initial retirement elect either to receive a full annuity or to provide a survivor annuity by taking a reduction in his annuity. This election may not thereafter be changed.

2. *Under the proposals would the recall of a participant under the provisions of section 520(b) or the reinstatement or reemployment of a participant under the provisions of section 831(b) ever affect the annuity of a survivor?*

Yes. The annuity of a survivor could be increased because of added service credit and possibly an overall higher 5 years average salary. Or, upon retirement after recall, a new election could be made to provide for a survivor or to change an election with respect to amount.

SECTION 46 (SEC. 872 OF THE FOREIGN SERVICE ACT)

1. *How do the provisions of subsection (a) compare with reemployment compensation of persons retired under the Civil Service Retirement Act?*

Civil service annuitants reemployed in the Federal service, generally, continue to receive their annuities, but may only receive as salary the difference between their annuity and the salary of the position to which appointed.

Under the proposed provision of section 872(a) a Foreign Service annuitant reemployed in the Federal Government would receive the full salary of the position to which he is appointed plus such portion of his annuity as will, when added to the salary he is receiving, equal, during any calendar year, the salary he was receiving at the time of retirement from the Service.

2. *Does this provision have the approval of the Bureau of the Budget?*

This proposed provision has the full approval of the Bureau of the Budget.

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3. *Can annuitants under the Foreign Service retirement and disability system now be reemployed in the Federal Government and continue to receive all or part of their annuities?*

No. Generally annuitants under the Foreign Service Retirement and Disability System who are reemployed in the Federal Government have their annuities suspended during the period of such reemployment. The one exception of which we are aware is that found in section 532 of the Mutual Security Act which permits the reemployment in very limited circumstances of retired Foreign Service officers and receipt of annuity concurrently with compensation for services rendered.

This proposed provision will permit the reemployed Foreign Service annuitant to be fully compensated for the position to which he is appointed as well as to receive a portion of his annuity to make possible restoration of his earnings to the level of his salary at the time of retirement.

Under this proposal there is an added incentive for retired officers to seek reemployment in the Federal Government and 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. Further, such reemployed annuitant has an opportunity to make contributions to the retirement system covering his employment and thus he may be able to build up credit toward a second annuity.

SECTION 47 (SEC. 881 OF THE FOREIGN SERVICE ACT)

1. *What is the purpose of this section?*

Section 881, as is also the case with a proposed amendment to section 841, will establish the accounting system for the Foreign Service Retirement and Disability Fund on a calendar-year basis instead of on a fiscal-year basis as is now required. At the present time records and reports pertaining to the Federal income tax, the FICA tax, and the civil service retirement fund are all maintained on a calendar-year basis. The fact that the Foreign Service Retirement and Disability Fund has to be maintained on a fiscal-year basis has necessitated a separate system of recordkeeping involving separate reports on this system. This proposed amendment will simplify the administration of the Foreign Service Retirement and Disability Fund and will result in savings in the cost of administering the system.

SECTION 48 (SEC. 912 OF THE FOREIGN SERVICE ACT)

1. *Can you estimate the possible savings in transportation costs that would result from the adoption of this section?*

The attached tables indicate the maximum weight allowances that are applicable to Foreign Service officers and employees who are assigned to posts abroad. Table I shows the maximum weight allowance applicable to those employees moving into unfurnished quarters abroad (Government-owned or privately leased) and table II shows the maximum weight allowance when such quarters are completely furnished.

If basic furniture and appliances were supplied to 80 percent of the personnel assigned abroad and Foreign Service officers and employees were authorized to make nominal shipments only as outlined in table II resultant savings would approximate \$510,000 a year (for the transportation of furniture and appliances for above employees).

2. *Why is there a need for this broadened authority?*

Section 912 of the Foreign Service Act of 1946, as amended, authorizes the Secretary to provide officers and employees of the Service with household equipment to use on a loan basis in personally owned or leased residences as a means of eliminating transportation costs.

This language and the legislative record raises a question as to the Department's authority to provide basic articles of furnishings such as divans, dining room furniture, etc., as distinguished from equipment items such as "refrigerators," the example used in the House Report No. 2508, 79th Congress, 2d session, for "heavy articles of household equipment," which the Government should lend instead of transporting as personal effects.

Experience has proved that it is in the interest of the Government to establish a clear legislative basis for providing basic furnishings in privately leased quarters

which would not be subject to any misinterpretations where such quarters and furnishings are available. Savings in transportation costs resulting from the furnishing of divans, dining room furniture, and other heavy furniture can equal or exceed savings which result from the provision of such items as refrigerators, stoves, and other appliances.

TABLE I.—Maximum weight allowances effective Aug. 17, 1953

	With family	No family
	Pounds	Pounds
\$12,830 and over.....	18,000	11,000
\$8,540 to \$12,830.....	16,000	10,000
\$5,735 to \$8,539.....	13,500	9,000
\$4,285 to \$5,754.....	10,000	7,000
Below \$4,285.....	7,000	4,000

TABLE II.—Normal shipment allowed when quarters are completely furnished, effective Apr. 21, 1954

	With family	No family
	Pounds	Pounds
\$12,830 and over.....	4,600	2,750
\$8,540 to \$12,830.....	4,000	2,500
\$5,735 to \$8,539.....	3,375	2,250
\$4,285 to \$5,754.....	2,500	1,750
Below \$4,285.....	1,750	1,000

Per Jan. 1, 1960.

SECTION 49 (SEC. 913 OF THE FOREIGN SERVICE ACT)

1. Is there any intention to include motorboats under the term "motor vehicles"?

No.

2. Why does the Department need specific authority to replace motor vehicles?

Under existing authority the Department authorizes the transportation at Government expense of a privately owned vehicle to a post of assignment only once during a tour of duty abroad. From time to time it is necessary for Foreign Service personnel to replace these motor vehicles at posts having adverse climatic and road conditions which materially lessen the useful life of an automobile.

3. How does this section compare with the provisions in the Overseas Differentials and Allowances Act which passed the House in the last session?

The most important difference is that the Overseas Differentials and Allowances Act limits the replacement of motor vehicles to once in 4 years. The provision in S. 2633 gives the Secretary authority to use his discretion in the replacement of motor vehicles.

S. 2633 contains an amendment to section 913 of the Foreign Service Act. H.R. 7758 amends that same section.

Basically there is no difference in the effect of these amendments. Each authorizes transportation of motor vehicles, rather than automobiles only, and each authorizes shipment of replacement vehicles. If H.R. 7758 were to be enacted into law earlier than S. 2633, this provision in the subject bill should be eliminated. If the reverse situation occurs, and S. 2633 is enacted into law first, H.R. 7758 would supersede the wording of this provision of S. 2633. This would be satisfactory to the Department.

4. To prevent any abuse in the sale of motor vehicles that were transported at Government expense, would the Department agree to language comparable to that in the overseas differential bill?

The Department would not object to the substitution of language comparable to that in the Overseas Differentials and Allowance Act.

5. What additional benefits does H.R. 7758, the proposed Overseas Differentials and Allowances Act, provide for the Foreign Service?

Although this bill is designed primarily to equalize benefits among the American employees of all Federal agencies serving in foreign countries, it does provide the following improvements for the Foreign Service along with other groups of employees.

(a) Adds for all agencies a new provision to permit payment of "temporary lodging" allowance for a period not to exceed 1 month immediately prior to final departure from post;

(b) Adds for all agencies authority to reimburse personnel for unusual expenses for initial repairs, alteration, and improvement to make sub-standard dwellings habitable;

(c) Amends for all agencies existing "separate maintenance" allowance to permit payment if separate establishment is away from the post of assignment and not necessarily outside the country of assignment;

(d) Increases the maximum annual leave accumulation from the present 30 days to 45 days, which is the maximum now available to agencies other than the Foreign Service.

6. *If H.R. 7758 is intended to equalize benefits among employees serving abroad, why should not title IX, allowances and benefits, of the Foreign Service Act be repealed?*

Those portions of title IX which are treated in H.R. 7758 are repealed by that bill or, in two cases, storage and shipment of automobiles, are rewritten to conform generally to the authority available to other agencies in the Administrative Expenses Act of 1946.

Most of the provisions of title IX, however, are retained because H.R. 7758 does not deal with the subjects involved.

7. *Indicate the number and the cost involved in the transportation of motor vehicles by the Department from Washington to post and from post to post during fiscal years 1957, 1958, and 1959. How many of these, if any, were replacement vehicles?*

The attached table shows the type of travel orders issued authorizing the transportation of automobiles, the total number of automobiles shipped at Government expense, and the cost of these shipments during fiscal years 1957, 1958, and 1959.

The Department authorizes the transportation at Government expense of a privately owned vehicle to a post of assignment only once during a tour of duty abroad. The issuance of travel orders authorizing the replacement of motor vehicles at a post of assignment is prohibited under existing legislation. However, in connection with a permanent change of station an employee may ship an automobile from the United States to his new post of assignment on a constructive cost basis.

SECTION 50 (SEC. 1021 OF THE FOREIGN SERVICE ACT)

1. *What kind of gifts are envisioned in this section?*
 Although the language of this section is not restrictive, the Department has in mind particularly gifts of funds, material, or property for special purposes. For example, the Ford Foundation recently made a grant to the Service for African language and area training.

2. *Why is there need to broaden authority for the acceptance of gifts by the Secretary?*
 The Secretary now has authority only to accept gifts for Foreign Service activities. The revised section 1021 would provide authority to accept and use gifts on a departmentwide basis. Illustrative of the need for this broadened authority, the Foreign Service Institute in using gifts for training purposes is now restricted to training Foreign Service personnel whereas the inclusion of departmental personnel in the same training programs might be fully justifiable. Many of the positions in the Department are designated as Foreign Service Officer positions and they may be occupied by either Foreign Service or departmental personnel.

SECTION 51 (NEW SECTION OF THE FOREIGN SERVICE ACT)

1. *Have there been any changes in the conversion tables since S. 2633 passed the Senate?*

Section 51 of S. 2633 contains temporary provisions for the transfer of Foreign Service Staff officers and employees from their present classes and salaries to classes and salaries under the proposed new 10-class structure. This conversion table, designed by the Department at the time the amendments to the Foreign Service Act were proposed in 1958, results in a downward consolidation of two present classes and the splitting of several classes. While these features presented no particular problem at the time the conversion table was developed, subsequent changes in the utilization, status, and population of the Staff suggest the need for some modification in the conversion table.

The revisions in the conversion table proposed by the Department are essentially technical in nature, in order to (1) avoid splitting classes; (2) provide somewhat better career ceilings for the bulk of the Staff personnel; and (3) permit a wider salary range with which to recognize and reward competence and length of service at career ceilings in lieu of promotion opportunity.

The Department asks that section 51 of S. 2633 be modified to read as follows:
 "Sec. 51. Foreign Service Staff officers and employees receiving basic salary immediately prior to the effective date of this Act at one of the rates provided by section 415 of the Foreign Service Act of 1946, as amended, shall be transferred to the new classes established by section 415 of such Act as amended, and shall receive basic salary on and after the effective date of this Act at one of the new rates established by section 415 or authorized by section 642, as amended, as follows:

"Present class and salary rate of section 415 of the Foreign Service Act of 1946, as amended (1958)			Corresponding new class and salary rate of section 415 of the Foreign Service Act of 1946, as amended by this act			
Class	Step	Rate	Class	Step	Rate	Amount of adjustments
FSS-1-----	5	\$13,160	FSS-1	6	\$13,310	\$150
	4	12,830		5	12,980	150
	3	12,480		4	12,660	170
	2	12,120		3	12,320	200
FSS-2-----	1	11,770	FSS-2	2	11,990	220
	5	12,120		10(L)	12,375	255
	4	11,770		8(L)	11,825	55
	3	11,485		7	11,550	65
FSS-3-----	2	11,205	FSS-2	6	11,275	70
	1	10,920		5	11,000	80
	5	11,165		6	11,275	110
	4	10,885		5	11,000	115
FSS-4-----	3	10,600	FSS-3	4	10,725	125
	2	10,320		3	10,450	130
	1	10,030		2	10,175	145
	4	10,230		9(L)	10,340	110
	3	9,945		8(L)	10,065	120
	2	9,665		7	9,790	125
	1	9,380		6	9,515	135
	4	9,095		5	9,240	145

"Present class and salary rate of section 415 of the Foreign Service Act of 1946, as amended (1958)			Corresponding new class and salary rate of section 415 of the Foreign Service Act of 1946, as amended by this act			
Class	Step	Rate	Class	Step	Rate	Amount of adjustments
FSS-5	6	\$9,600	FSS-3	7	\$9,790	\$190
	5	9,315		6	9,515	200
	4	9,030		5	9,240	210
	3	8,815		4	8,965	150
	2	8,610		3	8,690	80
	1	8,395		2	8,415	20
FSS-6	6	8,755	FSS-4	9(L)	8,800	45
	5	8,540		8(L)	8,575	35
	4	8,325		7	8,350	25
	3	8,120		6	8,125	5
	2	7,905		6	8,125	220
	1	7,690		5	7,900	210
FSS-7	6	8,050	FSS-4	6	8,125	75
	5	7,840		5	7,900	60
	4	7,630		4	7,675	45
	3	7,415		3	7,450	35
	2	7,200		2	7,225	25
	1	6,990		1	7,000	10
FSS-8	6	7,350	FSS-5	7	7,350	
	5	7,140		6	7,150	10
	4	6,925		5	6,950	25
	3	6,710		4	6,750	40
	2	6,495		3	6,550	55
	1	6,285		2	6,350	65
FSS-9	6	6,650	FSS-5	4	6,750	100
	5	6,435		3	6,550	115
	4	6,220		2	6,350	130
	3	6,005		1	6,150	145
	2	5,795		1	6,150	355
	1	5,585		1	6,150	565
FSS-10	7	6,175	FSS-6	7	6,300	125
	6	5,970		6	6,100	130
	5	5,755		5	5,900	145
	4	5,540		4	5,700	160
	3	5,400		3	5,500	100
	2	5,260		2	5,300	40
	1	5,115		1	5,300	185
FSS-11	7	5,500	FSS-7	7	5,550	50
	6	5,355		6	5,400	45
	5	5,215		5	5,250	35
	4	5,070		4	5,100	30
	3	4,930		3	4,950	20
	2	4,790		2	4,800	10
	1	4,650		1	4,650	
FSS-12	7	5,025	FSS-8	7	5,100	75
	6	4,890		6	4,950	60
	5	4,745		5	4,800	55
	4	4,605		4	4,650	45
	3	4,460		3	4,500	40
	2	4,320		2	4,350	30
	1	4,180		1	4,200	20
FSS-13	7	4,580	FSS-9	7	4,650	70
	6	4,440		6	4,500	60
	5	4,295		5	4,350	55
	4	4,155		4	4,200	45
	3	4,010		3	4,050	40
	2	3,870		2	3,900	30
	1	3,730		1	3,750	20
FSS-14	7	4,155	FSS-10	8(L)	4,200	45
	6	4,010		7	4,100	90
	5	3,870		5	3,900	30
	4	3,730		4	3,800	70
	3	3,585		2	3,600	15
	2	3,445		1	3,500	55
	1	3,300		1	3,500	200
FSS-15, all rates	1	3,090	FSS-10	1	3,500	410
FSS-16, all rates and classes below	1	2,875	FSS-10	1	3,500	625

SECTION 52 (AMENDING PUBLIC LAW 885, 84TH CONG.)

The Department is submitting two additional subsections to section 52 of the bill. The new section 52 will read as follows:
 "SEC. 52. (a) Subsection (b) of section 5 of the Act of August 1, 1956 (70 Stat. 890), is hereby amended by adding at the end thereof the following new paragraph:

AMENDMENTS TO THE FOREIGN SERVICE ACT

“(5) Travel expenses (not to exceed one round-trip) of the spouse and dependent children of an officer or employee or other person serving the Government when accompanying him to an international meeting or conference, and the furnishing of quarters to any such officer, employee, or other person, and his family, if authorized in advance by the Secretary of State.”

“(b) Section 11 of such Act 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’.

“(c) Section 12 of such Act is amended by changing the period at the end of the section to a comma and adding the following: ‘and the Secretary may provide for the payment of such other expenses as he deems appropriate to assure a suitable program for any participant coming to the United States under the exchange of persons program administered by the Department of State.’”

SECTION 52(a) (SEC. 5 OF PUBLIC LAW 885, 84TH CONG.)

1. *Why does the Department need this authority?*

The authority is required to make the participation of the United States in certain international conferences more effective.

Section 5 of Public Law 885, 84th Congress, authorizes the Secretary to 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 such participation does not involve U.S. membership in any international organization and is not continued for more than a year without approval by the Congress. The same section provides for travel and quarters expenses for the representatives of the United States, but it omits any provision for the travel or housing costs of the families of these representatives. Section 3.1c of the Foreign Service Travel Regulations drawn up pursuant to the authority derived from section 911 of the Foreign Service Act provides for travel and per diem expenses for Foreign Service employees on temporary detail, such as would be involved in participation in a conference at a place away from the employee's post of assignment. But there is no provision for his family to accompany an employee while on temporary detail save at his own expense.

At brief conferences of several weeks' duration there is no need for their families to accompany the American representatives. However, when the conferences run into several months' duration there can be a problem.

When it appears at the outset that a conference is likely to last for months rather than weeks Foreign Service employees detailed away from their posts to such conferences face extended separations from their families. Moreover, as is often the case in such ad hoc conferences, the United States must obtain experts outside of the Foreign Service (e.g., atomic scientists) to serve among its representatives. Unless the Department of State is in a position to send the families of its temporary representatives along with them to conferences of protracted duration it may encounter difficulty in obtaining the services of highly qualified people; they may not be willing to be separated from their families for an extended period and may not be wealthy enough to take their families along at their own expense.

For this reason the Department urges the amendment of section 5 of Public Law 885 by the addition of language to authorize travel expenses (not to exceed one round trip) of the spouse and dependent children of an officer or employee or other person serving the Government when accompanying him to an international meeting or conference, and the furnishing of quarters to any such officer, employee, or other person, and his family if authorized in advance by the Secretary of State.

2. *Would it not be possible to assign such officers to a mission such as an embassy or consulate for the duration of the conference?*

The Department makes assignments for periods normally in excess of 2 years. Considerable expenses, involving transfer of entire households are automatically authorized in the case of assignments. Since the movement of entire households is not contemplated in the present case, which relates to ad hoc conferences that may be relatively extended, but in which American participation could not exceed 1 year without act of Congress, assignment in the normal sense would be less appropriate than temporary detail with provision for certain additional costs (viz travel and quarters but not full transportation of household effects).

3. *Would this subsection be applicable to all personnel, such as clerical staff assigned to an international meeting?*

It would apply to all personnel.

4. *What criteria would the Secretary of State set up to administer this section?*

The travel expenses and maintenance of a spouse and dependent children at an international conference would not be approved unless (a) in the opinion of the Secretary the conference would last for a period in excess of 3 months, and (b) the Secretary should make a determination that the United States would be more effectively represented at such meeting or conference if he should approve the payment of such expenses for travel and quarters.

5. *Would this subsection cover living expenses or be limited only to transportation?*

It would cover expenses for travel to and from the conference and for quarters while at the conference.

SECTION 52(B) (SEC. 11 OF PUBLIC LAW 885, 84TH CONG.)

1. *What is the purpose of this subsection?*

Under the existing provisions of section 11 of Public Law 885 the Secretary of State may authorize any chief of a diplomatic mission to approve the use of Government-owned vehicles in any foreign country for transportation of U.S. Government employees from their residence to the office and return when public transportation facilities are unsafe or are not available. Under this authority the Department provides, when circumstances warrant, transportation for U.S. employees, including Marine guards who are stationed at Foreign Service posts for official guard duty, from their place of residence to the place of their employment. Frequently this type of transportation is required only for those U.S. Government employees and Marine guards who are assigned to night duty, since public transportation facilities are considered safe and are available during normal business daytime hours. When public transportation facilities such as street railway systems, subway systems, and buses are inoperative or are on drastically reduced schedules during the nighttime hours, adequate and satisfactory taxicab service is often available. However, taxicab service is considered part of "public transportation facilities" and personnel using taxicabs may not be reimbursed for taxicab fares. As a result, at many posts 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. In many instances the cost of maintaining this chauffeur-operated vehicle service is not justified by the number of people transported. The cost of such transportation could be considerably reduced if taxicabs could be utilized. It is for this reason that the change in section 11 of Public Law 885 has been proposed.

SECTION 52(C) (SEC. 12 OF PUBLIC LAW 885, 84TH CONG.)

1. *What is the purpose of this subsection and why is it needed?*

The purpose of this subsection is to provide legislative authority for the payment of various expenses essential to the success of the exchange of persons program.

In the absence of such authority it has not been possible to plan in a systematic way for these expenses that are considered vital to the success of programs arranged for distinguished foreign visitors invited to this country. The objective in inviting these persons is to increase understanding between the people of other countries and the people of the United States. Often this objective can best be accomplished through meetings between these visitors and Americans of similar interests, background, and status. Because the foreign visitors are able to remain in the United States for only limited periods of time, and their American counterparts similarly have pressing demands upon their time, programs must be arranged which make maximum use of the time available. Many of the most productive meetings that can be arranged are in the form of luncheons, receptions, or similar functions.

Most of the meetings between these visitors and Americans are arranged by the cooperating agencies, both private and Government that assist in carrying out the international educational exchange program. The Department considers costs of luncheons and other similar arrangements for meetings that are in every respect a vital part of the program to be reasonable and proper program expense. The Department is not seeking an increase in the amount for entertaining by Foreign Service officers, but rather is seeking to shore up a weak spot in our foreign leader and specialist programs which in recent months have been damaged in numerous cases by the acute shortage of funds to meet minimal needs of the kind described.

The subsection under consideration would provide the necessary legislative authority. The authority would be used carefully and only as program requirements demand.

SECTION 53 (INTERNAL REVENUE CODE)

1. *What is the purpose of this section?*

Section 53(a) amends paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 to exempt disability annuities from Federal income tax.

Section 53(b) amends sections 402 and 871 of the Internal Revenue Code of 1954 to provide tax exemption for annuities paid to nonresident aliens who are retired employees of American Government installations abroad and to survivors of such aliens.

2. *Why is the Department proposing an amendment to the Internal Revenue Code which will exempt disability annuities under the Foreign Service retirement system from Federal income tax?*

The Department believes that it is inequitable to subject disability annuities to income tax. Disability compensation payable by the Bureau of Employees' Compensation is exempt from this tax.

The proposed amendment to the Internal Revenue Code has the approval of the Bureau of Internal Revenue.

3. *Why is the Department proposing an amendment to the Internal Revenue Code to exempt annuities paid nonresident aliens?*

Under the Treasury Department's interpretation of the existing provisions of the Internal Revenue Code, annuities paid under the civil service retirement act to nonresident aliens who are retired employees of the U.S. Government have been subject to a 30-percent withholding tax on the full amount of the annuity since January 1952. The imposition of this 30-percent tax on annuities, most of which amount to \$600 or less per year, has caused severe hardship in many cases and engenders resentment against the United States for its failure to comply with its contractual obligation to pay retired employees the annuity they had been led to expect. A large number of the annuitants are in the Philippines and were formerly American nationals. The Government of the Republic of the Philippines has repeatedly protested the imposition of this tax.

The Bureau of the Internal Revenue has now decided that this statute, aimed at alien investors in American securities trying to avoid U.S. income tax, should not apply to the annuities of former alien employees of the United States.

The Treasury Department has indicated that in the interest of obtaining this remedial legislation expeditiously, it does not object to the inclusion of this amendment in this bill.

SECTION 54

Section 54(a) of S. 2633 repealing section 12 of the act of June 26, 1884, (23 Stat. 56; 22 U.S.C. 1186) and (b) amends the second proviso of section 1 of chapter 223 of the act of June 4, 1920, as amended (41 Stat. 750; 22 U.S.C. 214) by striking out the phrase "or to seamen."

1. *What is the purpose of section 54?*

The purpose of section 54 is to enable the Department of State and the American Foreign Service to charge and collect fees, which are now prohibited, for certain services rendered for American vessels and seamen. Also, to permit compliance with 5 U.S.C. 140 passed in 1951 in which the Congress established a policy requiring a fee to be charged to reimburse the Government for the cost of personal services rendered to individuals, to the effect that services of this nature "shall be self-sustaining to the full extent possible."

2. *What is the estimated cost to the Department of this consular service now being provided?*

It would be difficult to calculate the approximate number of free services now being rendered such as for passport, citizenship, notarial, visa, etc., but it is certain that the cost to the Government for the performance of all the services in this category is considerable. The total cost to the Government for the performance of all services to American shipping and seamen probably would run into several hundred thousand dollars per year.

3. *What savings will the Department realize from this provision?*

The Government would realize from the repeal of the above-noted provisions of law the fee charged for the services rendered for the performance of all services to American shipping and seamen, excluding, of course, such services as may be performed in the public interest, which services will continue to be rendered on a no-fee basis. It is estimated if this amendment is passed the income to the Treasury might be roughly \$100,000 a year.

Section 55 is the language of the original Foreign Service buildings bill.

Section 56 is conforming language.

Section 57 is language designed to safeguard and assure the orderly and effective application of the act.

SECTION 58

Section 58 has been amended by the Department to add at the end of subsection (a) the following phrase: “, and except as otherwise provided in the text of the Act.”; to insert a new paragraph “(c)” relative to the effective date of an amendment contained in section 35; and to redesignate existing paragraph “(c)” as paragraph “(e)”.

JUSTIFICATION FOR THE DEPARTMENT'S PROPOSED CHANGE

Since the text of the act contains provisions relating to certain effective dates, the Department proposes that there be added at the end of section 58(a) the phrase “, and except as otherwise provided in the text of the Act.”

Further, since the budget for fiscal year 1961 has already been prepared, the amendment made by section 35 with respect to a contribution to the Foreign Service Retirement and Disability Fund to be made by the Department should be made effective July 1, 1961.

See redraft of section 58 which follows.

Sec. 58(a) The provisions of this Act shall become effective as of the first day of the first pay period which begins one month after the enactment of this Act, except as provided in paragraphs (b), (c), (d) and (e) of this section, and except as otherwise provided in the text of this Act.

(b) The provisions of paragraphs (c)(1) and (c)(2) of section 803 of the Foreign Service Act of 1946, as amended by section 33(b) of this Act, shall become effective on the first day of the first month which begins one year after the date 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.

(c) The amendment made by section 35 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 43 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 amendments made by section 53 of this Act shall be effective with respect to taxable years ending after the date of enactment of this Act.

1. How much will the proposed benefits in this bill add to the Department's annual budget?

Estimated cost of proposed bill, S. 2633, Department of State

Item		1st-year cost
1	Sec. 2. Conversion to the proposed 10-class FSS schedule (sec. 415): Comment: The estimated cost is based on salary adjustments of Foreign Service Staff employees of the Department of State (3451) who are paid in accordance with sec. 415, of the Foreign Service Act of 1946, as amended.....	\$217, 025
2	Sec. 8. Hazardous duty pay for diplomatic couriers (sec. 446): Comment: The estimated cost is based on an average 10 percent salary adjustment for 69 of the 78 couriers on the Department's rolls as of Dec. 31, 1959.....	35, 700
3	Sec. 16. Housing allowance for certain officers on assignment in the United States (sec. 571): Comment: As of Oct. 31, 1959, there were a total of 1,369 Foreign Service officers and employees assigned to Washington, D.C. Of these, there would be approximately 365 employees with no dependents receiving an average differential of \$607; 685 with 1 to 3 dependents receiving an average differential of \$1,142; and 298 with 4 or more dependents receiving \$1,480. The 536 employees not accounted for in this report represent those employees who are not eligible for the proposed housing allowance plus those for whom the Department of State is reimbursed. Since a proposed amendment to section 571 would modify provisions relating to the payment of the "Washington differential", resulting savings in this item would offset a part of the estimated cost of the proposed housing allowance. Housing allowance 1,422, 666 Less: Washington differential 234, 255	1, 188, 411
4	Sec. 18. Improving the Department's language and training facilities (sec. 578): Comment: A 5-year language training program designed to meet the minimum staffing needs for language officers at all posts (where appropriate) will require an annual estimated increase in language training costs.....	251, 331
5	Sec. 30. Inclass promotion of Foreign Service Staff officers and employees (sec. 642): Comment: It is estimated that 1 percent of FSS employees (35) would receive inclass promotions and 1.9 percent (65) would receive longevity increases. The estimated cost of \$20,500 was computed by multiplying 100 times \$205, the average within-class increment.....	20, 500
6	Sec. 32. Language incentives (sec. 704): Comment: Special monetary or other incentive for acquiring or retaining proficiency in esoteric Foreign languages or special abilities needed in the Service.....	156, 675
	Total.....	\$1, 869, 642

Other agencies of Government (such as USIA, ICA, etc.) use the provisions of the Foreign Service Act as the basis for their pay and allowances. How much will be added to the annual budget of each other Government agency that will benefit from these proposed amendments?

The estimated cost of the proposed bill for the International Cooperation Administration (ICA) and the U.S. Information Agency (USIA) is as follows:

Item		1st year cost	
		ICA	USIA
1	Conversion to the 10-class FSS schedule (sec. 415).....	\$39, 240	144, 635
2	Housing allowance for certain officers on assignment in the United States (sec. 571).....	275, 470	266, 950
3	Inclass promotion of Foreign Service Staff officers and employees (sec. 642).....	4, 100	7, 585
	Total.....	318, 810	419, 170

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ESTIMATED EFFECT OF THE PROPOSED BILL, S. 2633, ON THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

The following estimates relating to proposed changes in title VIII of the Foreign Service Act of 1946, as amended, will not be reflected in additional appropriation requirements. They relate to the Foreign Service retirement and disability liability and are actuarially projected over a period of years.

Item		Estimate
1	Sec. 33. Coverage of present FSS officers (sec. 803): Comment: Approximately 300 FSS officers and employees presently on the rolls have been in the Service at least 10 years and qualify for the proposed coverage. The additional liability for the coverage of this group under the Foreign Service retirement system is estimated at \$8,841,900. It is pointed out, however, that the civil service retirement fund would be relieved of a comparable liability.	\$8,841,900
2	Sec. 33. Coverage of approximately 25 additional FSS officers annually (sec. 803): Comment: An average of 25 FSS officers would qualify for coverage annually upon completion of 10 years of service. The additional liability for this group would be approximately \$250,000. Again it is pointed out that the civil service retirement fund would be relieved of a comparable liability.	250,000
3	Sec. 36. Revised formula for computing reduction in officers annuities when survivorship benefits are elected (sec. 821): Comment: At present elected survivors' annuities average about \$2,400 for which the respective officer's annuity is reduced by approximately 60 percent, or \$1,200. Under the revised formula the comparable reduction in the officer's annuity would be 12.5 percent, or \$300. During the 1st year of operation under the revised formula the additional cost to the retirement fund would be negligible. Eventually the cost would average 6.6 percent of the retired rolls.	Negligible
4	Sec. 43. Crediting officers now on retired rolls with up to 35 years service credit (sec. 866): Comment: Based on an analysis of officers on the retired rolls at the beginning of fiscal year 1959, the cost of the provision would be approximately \$190,000 during the 1st year. Thereafter the annual cost would decrease and eventually disappear with the death of such officers.	190,000
	Total.....	9,281,900
	Offset by saving in the civil service retirement fund.....	9,091,900
	Net additional liability.....	190,000

AMENDMENTS TO THE FOREIGN SERVICE ACT

TUESDAY, FEBRUARY 9, 1960

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON STATE DEPARTMENT
ORGANIZATION AND FOREIGN OPERATIONS,
Washington, D.C.

The subcommittee met at 10:40 a.m., in room G-3, U.S. Capitol, Hon. Wayne L. Hays (chairman of the subcommittee) presiding.

Mr. HAYS. We will come to order.

On section 33, page 22, subsection (c), line 16, as I understand that paragraph, any Foreign Service Staff officer has to be with the Department 10 years and then he becomes a participant in the system?

STATEMENT OF HON. LOY W. HENDERSON, DEPUTY UNDER SECRETARY OF STATE FOR ADMINISTRATION

Mr. HENDERSON. Yes.

Mr. HAYS. What about his contributions that he would have made to that system in 10 years?

Mr. HENDERSON. He would be contributing to the civil service retirement system until he has been in the Foreign Service Staff for 10 years. Then he would come into the Foreign Service retirement system and his contributions would be transferred to that system.

Mr. HAYS. What is the advantage of that?

Mr. HENDERSON. Many of our Staff people are stenographers and typists—young girls who don't expect to make a career in the Foreign Service. They come in for 3 or 4 years and then they go back home. They are not seriously making a career of the Foreign Service. Therefore, it would seem unwise to put them under the Foreign Service Retirement System.

For example—from time to time young girls who work in the Government in various departments decide that they would like to serve abroad for a while. They come into the Staff service and serve perhaps two terms abroad. They then return to a civil-service position in this country. Under the present system their retirement is continued while serving abroad under the civil-service system. If they stay in the Foreign Service 10 years or more, however, we consider that they are really making a profession of the Foreign Service and they would therefore be transferred to the Foreign Service retirement system.

Mr. HAYS. My question is not from that angle, but what is the advantage of moving them out of the civil service retirement system into the Foreign Service retirement system?

Mr. HENDERSON. The advantage from our point of view would be that we believe that all the personnel in the Foreign Service, regardless

whether they are Staff or Foreign Service officers, should be under the same system.

Staff personnel may be transferred at any place at any time. They are subject to transfer to unhealthful posts, to hardship positions, just as Foreign Service officers are subject to transfer. There is a good deal of strain and stress on them. It seems to us that the Staff personnel, like Foreign Service officers, who have been in the Foreign Service 20 years and who are over 50 years of age should have the option to retire if they want to do so. At the present time they can't do so under the civil service retirement system.

Mr. HAYS. That is the crux of it.

Mr. HENDERSON. Furthermore, after they are 60, many of the Staff people lose their pep and zip. We can't afford to maintain people abroad in our consulates who haven't the necessary drive. Therefore, we think that at the age of 60 they should retire just as do most Foreign Service officers.

Mr. HAYS. Anyone have any other questions?

Mr. HENDERSON. I would like to make a suggestion on this section, if you don't mind. May I read section 803(c)(2) aloud? [Reading:]

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.

I would like to have this additional clause considered:

Whenever the Secretary shall determine it to be in the public interest, he may extend the service of an officer or employee for a period not to exceed five years, but in no event shall such participants' services be extended beyond age seventy.

There may be times when a Staff employee at the age of 60 is doing a job which is rather important and we would need him in that job for a year or longer. We would like to have the opportunity to keep him in that job for the additional period. We have a similar provision for the Foreign Service officer.

Mr. HAYS. Why are you anxious to get the mandatory retirement age down to 60?

Mr. HENDERSON. Because that makes it uniform with Foreign Service officers of class 1 and below. Most Staff personnel beyond the age of 60 who have served a great many years abroad lose, to an extent, their drive, just as do most Foreign Service officers. Sixty has been found to be a good age for retirement. Otherwise we might have on our hands Staff personnel who are really not carrying their weight. We can't afford to have personnel staffing our embassies and consulates who are not carrying their weight. Furthermore the earlier retirement speeds up the promotions of those below them.

Mr. HAYS. Suppose I give you a hypothetical case of a man who has served 25 years and he becomes 60 and he is mandatorily retired. What pension would he get, roughly? Can you give me some idea?

Mr. HENDERSON. You mean a Staff member?

Mr. HAYS. Yes.

Mr. HENDERSON. He would get 50 percent of his average annual salary for his last 5 years of service. For instance, if he was getting, say, \$6,000 a year, he would receive an annuity of \$3,000.

Mr. HAYS. Is there any penalty if he works at another job? Can he draw that and take another job besides?

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Mr. HENDERSON. You mean in private life?

Mr. HAYS. Yes.

Mr. HENDERSON. There is no penalty.

Mr. BENTLEY. There is no limit on outside income?

Mr. HENDERSON. No.

Mr. HAYS. Of course, one of the problems that I have in my district is, where we have chronic unemployment anyway, people who retire and get a fair pension and then go take a job with someone else. There are a lot of company retirement plans and others—people who are very upset about it. I don't know what the answer is.

Mrs. BOLTON. That is right.

Mr. BENTLEY. A man, in the interest of the Service, is retained to the age of 60, that is with his consent?

Mr. HENDERSON. Yes, of course.

Mr. BENTLEY. I mean —

Mr. HENDERSON. He can voluntarily retire at the age of 50 if he desires to do so provided the Secretary should not object. There wouldn't be anyone staying in the Staff Corps up to the age of 70 within a few years because if this becomes law all of them would be retiring at 60 or earlier. This provision, which I have suggested would allow some of them to stay in up to 5 years more, which would be 65. That would be the maximum.

The reason we mention 70 in our suggested addition is that we have at the present time some members of the Staff Corps who are 66, 67, 68, and 69. Although some of them if urgently needed could be kept on until 70, none could remain after reaching that age.

Mr. BENTLEY. I am not sure whether you have covered it in this bill, the question of disability. What benefits are payable in the case of either a FSO or FSS in the case of disability while on active service?

Mr. HENDERSON. At the present time if a Foreign Service officer is found physically incapable of continuing to be effective in the Foreign Service, he is retired on an immediate annuity, if I am not mistaken, of 40 percent, isn't it, of his salary?

STATEMENT OF WILLIAM E. WOODYEAR, DEPUTY CHIEF, PERSONNEL PROJECTS STAFF, DEPARTMENT OF STATE

Mr. WOODYEAR. If he has had more than 5 but less than 20 years of service, his annuity is computed as though he had served 20 years.

Mr. BENTLEY. He gets 40 percent.

Mr. HENDERSON. If he has served 20 years or less. The factor is 2 percent for every year in the Service. If he has had less than 20 years of service and he is retired for physical disability, he would get 40 percent. If he has served 25 years he would receive 50 percent, and so forth.

Mr. BENTLEY. That 2 percent is of the salary at the time of his disability?

Mr. HENDERSON. The average salary for the last 5 years.

Mr. HAYS. The last 5 or best 5?

Mr. HENDERSON. The highest 5 consecutive years. That is normally the last, with the exception of those who have been an ambassador or Presidential appointee. We have a special arrangement with regard to them. Let me give you an example: a man has been an ambassador, which brings with it a salary of \$22,500 a year. After

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3 years as an ambassador he is assigned to the Department with the salary of a career minister, which is \$19,250 in a position that has been designated by the Secretary to be comparable in importance with that of a chief of mission. Subsequently he is again assigned as an ambassador to a period of 2 years before retirement. His annuity could be computed upon the basis of the high 5 years as an ambassador in spite of the interruption in assignment.

Mr. BENTLEY. Suppose he is not physically or mentally disabled, and could not secure other employment. Does that affect his annuity?

Mr. HENDERSON. No; an officer retired for disability must come up for examination periodically. If it should be found that he is physically able to go back into the Foreign Service his annuity stops. It is not clear in the present legislation whether or not he has the right to be reemployed in the Service. Our amendments make it clear—

Mr. BENTLEY. Where are the amendments? In this bill?

Mr. WOODYEAR. They are in section 37 of the bill.

Mr. HAYS. What page?

Mr. HENDERSON. It is section 831 of the Foreign Service Act.

Mr. WOODYEAR. Senate bill, section 37, bottom of page 28.

Mr. BENTLEY. He has to have at least 5 years?

Mr. HENDERSON. Yes; in which he has contributed to the retirement fund. Our new provisions are similar to the civil service provisions; isn't that correct?

Mr. WOODYEAR. That is correct.

Mrs. BOLTON. What are the differences between the civil service retirement legislation and Foreign Service?

Mr. HENDERSON. We have here a table summarizing in parallel columns the main features of the present Foreign Service retirement system; the corresponding features of the civil service provisions; and our proposed amendments.

Copies of this table are on the way from the State Department here and we would like to provide each member with one of them.

Mrs. BOLTON. You feel the Foreign Service retirement plan is a vast improvement on the civil service?

Mr. HENDERSON. We think that at the present time the civil service system in some ways is more generous in its benefits than the Foreign Service. When our Foreign Service retirement system was established, it was the more generous, but during recent years legislation has been enacted which has materially improved the civil service system, particularly with respect to beneficiaries and to dependents.

The main difference, if our suggestions are adopted, between the Foreign Service and the civil service systems would be, in my opinion, that in the Foreign Service there is an option of retiring after 50 with 20 years of service. There is no such option in the civil service.

Mrs. BOLTON. You have to retire in the civil service.

Mr. HENDERSON. You mandatorily retire in the civil service at 70 although you can retire voluntarily somewhat earlier. All Foreign Service officers who are not above class 1 retire mandatorily at the age of 60, and this would apply to Staff personnel.

Foreign Service officers with the rank of career minister and career Ambassador retire mandatorily at 65. That, I think is the primary difference. You may add—

Mr. WOODYEAR. The compensation factor averages out slightly better than 1.75 percent under the civil service formula. There is also

an advantage we are carrying over from our existing legislation which provides that when a man dies in service his survivors benefit as if he had had 20 years of service rather than the actual number of years that he may have served, as is true of disability retirement.

The only other significant factor that I know of is the provision for continuation of annuity for a widow who remarries, which we now have in our system and which the civil service does not have.

Mr. HENDERSON. Under the civil service system, if a widow who is receiving an annuity remarries, she loses her annuity. Under the Foreign Service system at the present time a widow of a Foreign Service officer continues to receive her annuity. Under our suggested amendments she would still receive her annuity.

Our reason for this provision is that some wives of our Foreign Service personnel work just as hard over the years as their husbands do. They have tremendous responsibilities in the field. The wife is a party to a kind of a partnership arrangement. It has seemed to us unfair that a woman who, for instance, has devoted 30 years of her life working for the American Government abroad with her husband should lose her annuity if she should marry after her husband dies. A Foreign Service officer dies believing that his widow is provided for. If she should remarry and if in a year or so her second husband should die, she might then be left unprovided for, although she had given 25 or 30 years of her life to the Foreign Service.

Mrs. BOLTON. We outlast you. We must be pretty tough.

Mr. HENDERSON. I don't know whether it should be ascribed to toughness. In any event the women seem to outlast us.

There is one other provision in the Foreign Service legislation which is somewhat different from the civil service. The maximum number of years which can be counted in computing the annuity of a Foreign Service officer is 35, whereas a person who has been in the civil service 40 years can retire at about 78 percent.

Mr. WOODYEAR. Eighty percent.

Mr. HENDERSON. A maximum of 80 percent of his salary, whereas the maximum at which a Foreign Service officer can retire is 70 percent.

Mr. BENTLEY. I want to suggest that where feasible possibly your staff and our staff might be able to draw up a table and put in a great many of these provisions with respect to retirement, particularly showing the differences that may exist between civil service—

Mr. HENDERSON. We have it right here.

Mr. BENTLEY. I complimented you before on anticipating questions. Can we make that part of the record?

Mr. HAYS. Yes.

(The table referred to appears on pp. 149-153.)

Mr. BENTLEY. Let me ask a question. I am a little confused reading this particular section about the question of annuities and compensation in the case of injury and disability. In some instances apparently the participant can receive both annuity and compensation and in other cases it is not possible.

Could you clarify that for me?

Mr. WOODYEAR. That relates to the surviving widow who cannot receive an annuity from the Bureau of Employees' Compensation and from the Foreign Service retirement system at the same time.

Mr. BENTLEY. You mean annuity from one source and a lump-sum payment from the other?

Mr. WOODYEAR. She may receive an annuity as a widow, and if she has in her own right earned an annuity she may also receive that.

Mr. HENDERSON. If a widow herself has worked in the Government and has an annuity, she can receive this annuity and also she can receive benefits if her husband has died and she is entitled to an annuity based on his service.

Mr. BENTLEY. What about the lump-sum death payment?

Mr. WOODYEAR. If a lump-sum death benefit is paid by the Bureau of Employees' Compensation, there is no continuing annuity.

Mr. BENTLEY. On page 32 here, subsection (e), it says—

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—

and so forth.

Mr. WOODYEAR. That is true, Mr. Bentley. The lump-sum payment based upon section 14 of the act of September 7, 1916, is from the Bureau of Employees' Compensation. It would not deprive anyone in our system from an annuity to which they were otherwise entitled.

Mr. BENTLEY. The annuity and the lump sum has to be payable for different reasons?

Mr. WOODYEAR. Yes. There have been cases when officers in the Service have died in line of duty and it has been to the advantage of the widow to elect to receive benefits from the Bureau of Employees' Compensation rather than ours because she receives a greater benefit, but she can't receive both in the form of an annuity.

Mr. BENTLEY. She has the right of option for which is greater.

Mr. WOODYEAR. Yes.

Mr. BENTLEY. In a case, for example, where you are getting lump-sum compensation for one form of disability and annuity for another form of disability, if that is feasible, I seem to read this language down here further that apparently it is possible. It would not deny the survivor under this system an annuity earned for her by her husband if she had got that lump sum.

Mr. BENTLEY. Provided it is not the same disability.

Mr. WOODYEAR. That is right.

Mr. FARBSTEIN. Would you please explain a typical form of annuity and a lump-sum disability?

Mr. WOODYEAR. Based on a death in service? I will try to, sir. Annuity might be acquired if a person dies in line of duty through the Bureau of Employees' Compensation. A lump-sum payment—

Mr. FARBSTEIN. Compensation for what? That has nothing to do with the pension? Whether you talk of annuity—when you say "annuity" that is synonymous with pension, isn't it?

Mr. WOODYEAR. Yes, sir. A lump-sum death payment would be paid by the Bureau of Employees' Compensation. This would not apply under the Foreign Service retirement system. We cannot make lump-sum payments for death in service.

If a survivor receives such a benefit from the Bureau of Employees' Compensation because an employee was killed in line of duty—

Mr. FARBSTEIN. What has that to do with pension? If a person is injured, if he is hit by a truck and he is killed and as a result of third-party liability, his heirs get a certain lump sum of money. That has nothing to do with compensation or annuity.

Mr. WOODYEAR. No. One type of benefit won't cancel out another; a lump-sum payment given under one type of system will not cancel out the earned benefit from another system.

Mr. FARBSTEIN. You say that it is covered here, but it seems so obvious to me that if there is a third-party lawsuit or a form of compensation under the compensation laws for which an employer makes payment, I don't see where that has anything to do with any pensions that he earns as a result of the employment in a particular industry or Government service. You are referring to both of them which to me is very confusing when I don't see that they have any connection.

**STATEMENT OF J. EDWARD LYERLY, DEPUTY ASSISTANT LEGAL
ADVISER FOR ADMINISTRATION AND FOREIGN SERVICE, DE-
PARTMENT OF STATE**

Mr. LYERLY. I think what Mr. Woodyear is saying is that under the Federal Employees' Compensation Act payments may be made under certain circumstances for the death or illness of an employee in line of duty. If under that law a widow elects to take an annuity, or pension payments, she forfeits her right to receive an annuity under the Foreign Service retirement system because that law requires her to make such an election. The only time that she would be entitled to get both is if she is entitled under the Federal Employees' Compensation Act to a pension or a payment of a nature which is not the result of the same disability under the Foreign Service retirement system.

Mr. HAYS. That is as clear as mud.

Mr. FARBSTEIN. Let's see if we can straighten this thing out so that I can see what is involved here.

Let's put aside any lump-sum payment that an estate or a widow would be entitled to as a result of accident or anything else. Let's forget about that because that has nothing to do with this.

Now, question No. 1: Is an employee in the Foreign Service under social security?

Mr. WOODYEAR. No.

Mr. FARBSTEIN. They get no social security payments?

Mr. LYERLY. No.

Mr. FARBSTEIN. Now, you talk of compensation as against pension.

First, please explain what you mean so that I in my dense way can understand what you mean by compensation as against pension.

We will use the word "pension" instead of "annuity." At least that is clearer in my mind. We understand they are used interchangeably. Will you please explain what you mean by compensation in case of death?

Mr. WOODYEAR. As to—

Mr. FARBSTEIN. Excuse me. And also to what system does one belong in order to obtain that compensation and what must occur in order for that individual's estate to obtain compensation?

Mr. WOODYEAR. If any Federal employee, Mr. Congressman, is covered by the provisions of the Bureau of Employees' Compensation, he may be entitled to certain types of death-in-service benefits.

Mr. FARBSTEIN. Tell me what types of death-in-service?

Mr. WOODYEAR. Death while on duty or death in service actually.

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Mr. FARBSTEIN. Suppose he gets pneumonia and dies. Is that considered death in service?

Mr. WOODYEAR. No.

Mr. FARBSTEIN. That is what I want to know. As a result of accident or natural death?

Mr. LYERLY. I think one of the typical cases is that of an officer who was flying in from the Far East and was killed in an airplane accident outside of Hawaii. His widow, as I recall, elected to receive payments under the Federal Employees' Compensation Act because they were greater than the annuity she would have received under the Foreign Service retirement system.

Mr. FARBSTEIN. That is clear and very understandable, but I don't think that that is all that has been meant here. A suggestion was made here that there may be death resulting from heart attack in the course of their duties. Is that so?

Mr. HENDERSON. I believe that if a person should be given—if compensation should be paid under the Employees' Compensation Act because of a heart attack, I think it has to be shown it is some special situation due to his employment.

Mr. FARBSTEIN. It begins to clarify itself because there are State laws that are very similar.

I was very confused in the manner of the presentation as to what was meant by compensation. There are compensation laws to cover employees for injuries that they sustain on the job. That has nothing to do whatsoever with annuities or pensions.

In the normal course of events, at least so it is in the State laws, because you contribute toward a pension or annuity and you do not contribute toward any compensation. An employer contributes toward compensation. They are separate and distinct fields.

If a person is hurt—this case that you speak of—while flying in an airplane, he has one or two forms of recovery. He has what is known as a third-party action; he can sue the line to recover for injuries that he sustained, or his estate can sue because of death that occurred.

The second type of recovery is under the compensation laws.

Neither of those have anything to do with pension because in pension a man contributes toward his pension. I don't see why the question of compensation should interfere with the question of pension or any moneys received under a third-party lawsuit.

In other words, the officer was killed in an accident. His estate has a right to sue the airplane company; or if hit by an automobile and killed, his estate has a right to sue the driver of the automobile and recover for the fatality sustained as a result of negligence. It is a legal procedure. What has that to do with pension?

Why should there be any choice or is there?

Mr. HENDERSON. Under the Employees' Compensation Act, the Government may pay a pension as well as a lump sum. Sometimes if a person is killed in line of duty, it is possible for the widow to choose between receiving a pension through the Employees' Compensation Act of September 7, 1916, or to receive a pension or annuity through the Foreign Service retirement legislation.

As I understand it, she cannot receive both. She has to choose which course she will follow in order to get this pension.

Mr. FARBSTEIN. Let's go back to my original question. What about the officer killed in the airplane accident? What did his widow receive?

Mr. LYERLY. She elected to receive under the Federal Employees' Compensation—

Mr. FARBSTEIN. She got no pension?

Mr. LYERLY. No; not from the Foreign Service retirement fund.

Mr. BENTLEY. Why is it if a person gets an award of compensation in a lump sum under section 14 of the act of September 7 that person is estopped from receiving an annuity under this act if the annuity would have been payable for the disability that the compensation was awarded?

Mr. LYERLY. A provision under the—

Mr. BENTLEY. Between the lump payment and annuity.

Mr. LYERLY. A lump-sum payment and annuity? Up to the point that the annuity would pay back the lump-sum payment.

Mr. BENTLEY. How can you predict how long an annuity will go?

You are asking the person to choose between receiving an amount of money here and now and an annuity running into the future.

Mr. LYERLY. That is what I understand the provisions of the Federal Employees' Compensation Act require.

Mr. FARBSTEIN. What do you think of this? If a person is killed in an accident as a result of negligence on the part of an automobile driver, his widow has to choose between the sum they are to recover from the negligence of the third party as against an annuity for which there has been contribution made?

Mr. HENDERSON. Of course, the Employees' Compensation Act—

Mr. FARBSTEIN. I am inquiring about a third-party accident.

Mr. HENDERSON. I think it would be very unfair and improper for a widow to be denied an annuity merely because she had had recourse to law.

Mr. HAYS. Is she under this act?

Mr. WOODYEAR. No.

Mr. HAYS. The only application, as I understand it—

Mr. FARBSTEIN. I am getting more confused by the minute. In the case you mentioned, did they sue the airplane company?

Mr. HENDERSON. No; the airplane was owned and operated by the U.S. Government.

Mr. FARBSTEIN. That will eliminate that. Let's get to the compensation.

Do you think that if a person is injured while on the job as a result of an accident, he falls down the stairs and hits his head, becomes ill and dies as a result of that accident, in that case do you believe that there should be a choice between pension or compensation, whichever is higher, as I understand the law is now, or that the employee be entitled to recover separately under the compensation laws irrespective of annuity? I would like to get your opinion.

And I might preface it by saying that under the State laws, I know it is so in New York—I don't know about the other States—one has nothing to do with the other; that an employee who is injured as a result of an accident that occurs during the course of his employment is entitled to compensation irrespective of any annuity or pension fund to which his estate is entitled.

With that prefacing statement, I would like your reaction.

Mr. HENDERSON. Well, I—

Mr. FARBSTEIN. Have you thought about it? I don't want to pin you down—

Mr. HENDERSON. From the point of logic, it seems to me that you are quite correct, that the widow should receive the annuity and also some kind of special compensation as a result of the untimely death of her husband. I don't think that we could well take the position that she should receive two separate annuities from the Government.

Mr. FARSTEIN. I am not talking about annuities.

Mr. HAYS. I dislike talking about specific cases because it may embarrass someone, but presuming that we have a case of a career officer being killed in an automobile accident, as I understand it, his widow can either elect a lump-sum payment or annuity, but not both.

Mr. HENDERSON. Yes; if he was traveling in the automobile for the purpose of carrying out his official functions; if he was traveling for pleasure, that would be a different matter.

Mr. HAYS. How different would it be?

Mr. LYERLY. In the latter instance his widow would have no right of action against or claim against the Government unless he was actually killed in line of duty.

Mr. HAYS. If he was on a pleasure trip, all right. Suppose he was going from Paris to Strasburg on business, and he were killed? Does she have to choose between a lump-sum payment on the one hand and the annuity on the other, or can she draw both?

Mr. LYERLY. The Federal Employees' Compensation Act permits a survivor spouse to make a claim for monthly payments based on those facts, and under certain circumstances a lump-sum payment can be made. They dislike to make a lump-sum payment.

Mr. HAYS. All compensation funds dislike that.

Mr. LYERLY. The widow would submit a claim under the Federal Employees' Compensation Act. They would determine the facts of the case and make an award. She would then check with the State Department as to what annuity she would be entitled to receive under the Foreign Service retirement system.

Under the Employees' Compensation Act, if she elects to receive benefits under its provisions, she is barred from getting an annuity under our Foreign Service retirement system.

Mr. HAYS. What amount of money could she elect to accept? What would be the maximum?

Mr. WOODYEAR. The other point that has been confusing, I believe, is that there are two types of benefits being discussed. If there is a lump-sum payment made, and then the widow wants to receive an annuity from the Foreign Service retirement and disability system, she must refund that lump-sum payment for whatever period she receives annuity.

In other words, what this does is bar her from receiving two types of pension, annuity, compensation, or what have you, at the same time for the same purpose.

Mr. HAYS. You haven't answered my question yet. I want to know, What is the maximum lump-sum payment she could get because of her husband being killed in the automobile accident?

Mr. WOODYEAR. As far as a lump-sum payment is concerned, I don't know if there is any maximum. That would be controlled by the Bureau of Employees' Compensation.

Mr. HAYS. She couldn't get \$100,000, could she?

Mr. WOODYEAR. I would not think so. Suppose she got \$5,000, for example. And she was entitled to benefits under the Foreign

Service retirement system. That \$5,000 payment would have to be returned to the Treasury because she could not receive dual compensation or dual annuity for the same cause.

Mr. FARBSTEIN. One other question.

Mr. HAYS. Just a minute. Off the record.

(Discussion off the record.)

Mr. FARBSTEIN. Does the Government purchase compensation insurance from any organization?

Mr. LYERLY. No; it is provided by appropriation. No contributions by the employees.

Mr. FARBSTEIN. I am not talking about them. Does the Government pay for any compensation from a private insurance company or any other organization?

Mr. LYERLY. Not to my knowledge, sir.

Mr. FARBSTEIN. How is the fund created, the compensation fund?

Mr. LYERLY. By virtue of the act of September 7, 1916, as amended, which authorizes the appropriation of funds to carry out the provisions of the act. I assume it is under the regular appropriation process, like the veterans' pensions and various other pensions that are authorized by statute.

Mr. FARBSTEIN. I am not talking about pensions, but compensations. The compensation fund is different from the pension fund.

Mr. HENDERSON. Could I say that we are fairly well informed here regarding the workings of our own retirement provisions, but we are not so fully informed regarding the operation of the Employees' Compensation Act of September 7, 1916, since that applies to all Government employees, not just to members of the Foreign Service. We don't administer that act.

We have really very little contact with the act, except as one of the widows or one of the dependents of a Foreign Service officer presents a claim to the Commission.

Mr. FARBSTEIN. Mr. Henderson, I am satisfied to go on record that these two funds be treated separate and distinct; that an annuity or pension fund which has been created and is in existence for employees of the State Department in no way be affected by any compensation—off the record.

(Discussion off the record.)

Mr. FARBSTEIN. Can in no way be connected with any compensation fund resulting, or rights under that compensation fund resulting, from injury to employees, and that the benefits be separate and distinct and that individual employees be permitted to collect from both in the case of death or injury.

Mr. HENDERSON. Could I make a comment on that? I am sorry that we are not better informed with regard to the details of this particular section. One reason is that we have lifted this section almost entirely from the Civil Service Retirement Act. We had assumed that at the time the civil service retirement legislation was enacted the justice or injustice of this provision had been studied very carefully.

Therefore, we merely put into our bill here what is already in the civil-service legislation.

Mr. BENTLEY. Wouldn't Mr. Farbstein's suggestion require an amendment to the act of September 7?

Mr. HENDERSON. Yes; I think so.

Mr. FARBSTEIN. That is all right with me.

Mr. BENTLEY. I want to get back for a moment to this question of the cause of death. I understood you to say earlier that if an individual contracted pneumonia or had a heart attack that compensation, even while on active duty, that compensation would not be granted. Am I correct?

Mr. HENDERSON. I can't answer that specifically.

Mr. WOODYEAR. Under the act of September 7, 1916, it would not be.

Mr. BENTLEY. Suppose an individual had a heart condition and for reasons of the Department's policies or exigencies he was sent to La Paz; because of his being posted to La Paz, his heart went bad on him. Suppose an individual went to a known malarial post and contracted malaria and died there. We can go on indefinitely with that type of case. In such cases could the individual be considered to have died in line of duty as if struck down by an automobile or anything like that, or flying in an airplane?

Mr. HENDERSON. I don't believe so. I believe unhealthy climates are considered as being part of Foreign Service life and that therefore the ordinary annuities would take care of the situation.

Mr. WOODYEAR. The decision would be made by the Compensation Commission.

Mr. BENTLEY. The act of September 7 was, I think we would all agree, not designed to take care of the Foreign Service employees as such. If you, for reasons determined by the Service to be in its best interest, send a man with a condition to a place whereby his precarious physical condition was aggravated, such as a man in a high altitude post, would the compensation still be denied?

Mr. WOODYEAR. I think the chances are he would get an annuity under the Foreign Service system, unless a valid claim could be made against the Compensation Commission on the basis of his death in service because of an action taken by the Department of State.

Mr. HAYS. Did you every try a case before the Compensation Commission on a heart case?

Mr. BENTLEY. I am not a lawyer.

Mr. HAYS. I am not either, but in Ohio you can handle the cases before the State compensation commission. I used to do quite a bit of it. Maybe you could prove to them that a heart attack was connected with anything at all in a fellow's employment, but I have never seen it done.

Mr. FARBSTEIN. I think the whole business of this is so unfair in itself.

Mr. BENTLEY. I think it is, but whether it is up to this committee to rewrite it or not—

Mrs. BOLTON. Can I suggest something? Surely the State Department has learned too much sense to send a man with a heart condition to a high altitude.

Mr. HENDERSON. We would not do so deliberately. We have every officer examined before he is sent to such a post, to ascertain whether or not his health would permit him to function effectively at that post. Sometimes, of course, it is not possible to detect a heart ailment and a man goes to a post without our knowing his true condition.

Mr. HAYS. That brings me to a very interesting question that I have had on my mind from time to time, and that is on this disability

provision: How difficult is it to prove disability to your Board? We have a disability provision, as you know, under the social-security law. I am convinced that the only way you can prove it to their satisfaction is to bring the fellow in in a basket without any arms or legs, and probably without a head would be even better. I have never been able to get them to call a man completely disabled if he had one arm and one leg. They say, "Well, he could do something."

What is your experience?

Mr. HENDERSON. Our experience has been it is more difficult to convince an officer that he is disabled than it is to convince a doctor that the officer is disabled.

Mr. HAYS. Your doctors are more lenient.

Mr. HENDERSON. The difficulty is that our personnel hate to admit even to themselves that they are disabled. They say, "I can do the job. Don't retire me." It is sometimes rather tragic when we have to tell them on medical grounds, "You must retire."

Mr. Brown might speak to that.

STATEMENT OF AARON BROWN, DEPUTY ASSISTANT SECRETARY OF STATE FOR PERSONNEL

Mr. BROWN. If an employee or dependent goes overseas with a threatening condition, the benefits, the medical benefits, and the possibility of evacuation from the post of his dependents are naturally greater. Because of the expense involved, therefore, our doctors are more lenient in determining disability for the purpose of retirement than would normally be the case. If we continue an employee in Service who has a physical impairment, we increase the potential impact on our costs in terms of having to bring him back from his post before his time is up.

Mr. HAYS. I thought until we passed the social security amendment that the toughest thing in the world was to get the Ohio Bureau of Workmen's Compensation to declare a man totally and permanently disabled because they are loathe to do it. He has to be totally disabled. I have had at least a dozen cases in which the Ohio Bureau of Workmen's Compensation has found a man to be totally disabled and the Social Security Administration would say he is not.

Mr. BENTLEY. Look how many people are ruled 100 percent disabled by the Veterans' Administration and still go on.

Mr. HAYS. I am convinced unless he is a basket case you have very little chance with the social security.

Mr. BENTLEY. I think the question of disability only relates to his duty, his work, his performance in the Service. It has no relation to any employment that he might get out of the Service. He might have a full-time job back here and be declared unable to perform in the Service.

Mr. HENDERSON. If a man is a Foreign Service officer in active service it makes no difference whether he is on duty in the United States or serving abroad. The same criterion applies in either case.

Mr. BENTLEY. I mean if a man under this section 37(a) is declared to be totally disabled, that is on lines 5 and 6, and is thereby retired on an annuity pending a medical examination, or reexamination, during the time that he is retired he can still, if he is fortunate enough

to be fully employed in this country—let's say he is brought back from abroad or retired while on duty in the United States, he could be fully employed and draw that annuity.

Mr. HENDERSON. He could be as long as our examinations continue to show that he is disabled; that he has a disability of such a character that he cannot perform effectively in the Foreign Service.

Mr. BENTLEY. The question of whether or not he may be elsewhere fully employed would have no bearing on that question.

Mr. HENDERSON. I would think it would have some bearing insofar as the doctors who examined him are concerned.

Mr. HAYS. I would think under the new proposed legislation it would have a great deal of bearing. It seems to me that would call for a reexamination and if he was found to be able to hold a full-time job he could be reinstated in the Foreign Service. I think that is a good provision. If a man is able to hold a full-time job, obviously he ought not to be retired for disability, it would seem to me.

Mr. HENDERSON. May I say that since 1946 when this particular disability provision was incorporated in the Foreign Service legislation, we have had only 30 cases of Foreign Service officers who have been retired for disability.

Mr. FARBSTEIN. Mr. Henderson, there is a question here: Is there any reason why the Foreign Service retirement system should not be merged with the civil service retirement system?

Have you answered that question while I was away?

Mr. HENDERSON. Yes, sir; we have an answer on that.

Mr. HAYS. We have submitted all these questions in writing. They are going to submit answers. It is perfectly all right to ask it at this point.

Mr. FARBSTEIN. It seems a singularly appropriate question in view of our discussion this morning.

Mr. HENDERSON. May I read a short statement on this matter? [Reading:]

HISTORICAL GROUNDS FOR A SEPARATE RETIREMENT SYSTEM

Consular and diplomatic personnel of the State Department were among the employees not covered by the provisions of the Civil Service Retirement Act in 1920. Congress, in the Rogers Act of 1924 provided for the establishment of a separate Foreign Service retirement system to be administered by the Secretary of State.

Limited to Foreign Service officers it required higher contributions and provided more liberal benefits than the civil service retirement system. By 1941, through several amendments, the system became fairly comprehensive. In the Foreign Service Act of 1946 the system was further modified to make it an effective instrument of personnel policy. It was utilized to complement the promotion and selection-out system which was found elsewhere only in the uniformed services.

The rationale for special treatment of Foreign Service officers was the need of a special career service composed of personnel scattered all over the world working and living in foreign countries, sometimes under unhealthy and hardship conditions. The Foreign Service retirement system developed historically, therefore, as a separate system designed to serve a unique purpose.

PRESENT GROUNDS FOR CONTINUING A SEPARATE FUND

It may be argued that subsequent to the maturation of the Foreign Service retirement and disability system in 1946 there has grown up within the civil service another civilian employee retirement system serving the same purposes as the Foreign Service retirement system. This is the retirement system appli-

cable to investigative employees in the civil service, such as the FBI, Treasury agents, and U.S. marshals. It started off in 1947 as an amendment to the Civil Service Retirement Act to provide preferential benefits for special agents and certain officials of the FBI because the FBI was a hazardous "young man's service." The Civil Service Commission and the Bureau of the Budget both argued that the provision was discriminatory when limited to the FBI. By amendments in 1948 and 1949, the special treatment accorded FBI special agents was extended to employees in other agencies performing similar duties.

This system, however, differs from the Foreign Service system in several material respects, despite the similarity of its benefits. The first difference is that the Foreign Service system is an integral part of the career framework of the Foreign Service. It applies without question to every FSO; its benefits are available at their option to Ambassadors with 20 years of service, and they will be mandatorily applicable, if an amendment now proposed is adopted, to all FSS employees of 10 years' service with the Department.

By contrast there is no certainty regarding which individuals in civil-service employment are entitled to the benefits of the Section 1(d) of the Civil Service Retirement Act. Although the section may be applied to all investigative personnel and Federal firefighters, and although the Civil Service Commission has obtained from the various agencies lists of the positions so categorized, no occupant of any such position is entitled to the benefits concerned simply by such occupancy. The employee must first have 20 years of service and be age 50 or above and request retirement under the provisions of this section. The determination of his entitlement is made by the Civil Service Commission after the employee's request has been approved by the agency employing him and his retirement under the section is recommended by its head.

A second point of difference is that participants of the Foreign Service retirement system represent a homogeneous group. They are all engaged in the same occupation, face the same hazards, and share the same age norms by and large.

By contrast the "investigators" have little more than the name and the hazards in common; they represent groups that differ one from another in occupation, rank and age.

A third difference is that the Foreign Service system applies to a special class of civil servant who is subject, like the personnel in the uniformed services, to periodic and frequent transfer anywhere in the world at the pleasure of the department for which he works. Only a few of the investigators serve overseas, and then only occasionally.

A fourth point of significance is that the voluntary requirement provisions of the Foreign Service system are not automatic but depend upon the consent of the Secretary of State. The Secretary is in a better position than the Civil Service Commission to weigh the interests of the Service when considering the application of a participant for voluntary retirement prior to the mandatory retirement age.

In other words, to state the matter briefly, the Foreign Service retirement system is tailored to the needs of the Foreign Service. The needs of the Foreign Service and the whole operation of the Foreign Service are distinctly different from those of the civil service.

Mr. FARBSTEIN. Are you happy with it in the Department?

Mr. HENDERSON. Are we happy—

Mr. FARBSTEIN. With the present system.

Mr. HENDERSON. We feel it is in need of improvement. That is the reason we have presented these suggestions. We prefer to continue to have a separate system of our own. Our sister agencies, like the USIA, also like our system.

Mr. FARBSTEIN. Would you venture to give an opinion as to whether or not in view of the disqualifications of the Compensation Act you still think that the present system is a more favorable one than it would be under civil service?

Mr. HENDERSON. I think it is one more suitable to our needs than is the civil service system. As far as the compensation factor is concerned, that factor prevails in the civil service, too. The same provision that we have here, connecting the Workmen's Compensation

Board with our retirement system, is to be found in the Civil Service Act.

Mr. FARBSTEIN. It may well be that I am unaware of the conditions of the civil service, and I probably am not, but am I to understand that if a man is in civil service working on a ship, as a steamfitter, and he is hurt as a result of a bolt falling on his head, and is rendered unable to continue working as a steamfitter, do I understand you to say now that that man could only receive compensation under the compensation law or annuity and could not receive both?

Mr. LYERLY. That would depend on the specific facts in the case, Mr. Congressman. Just reviewing briefly the provisions of the Employees' Compensation Act, there are under certain circumstances certain exceptions, and I note this:

Provided that this subsection shall not apply to a master or a member—

Mr. FARBSTEIN. I am not talking about a member of a vessel. I am talking of someone who is building a vessel, working in a shipyard who is an employee of the Federal Government. That is what I am talking about, not a man aboard the ship.

I am not certain, Mr. Henderson, because I frankly never practiced that type of law, but instinctively it is my opinion that in the case that I have just mentioned that individual would be entitled not alone to his annuity or pension, or if he was killed his family would be entitled thereto, but also would be entitled to a separate sum of money from the death resulting therefrom under the compensation law. That is my belief.

If that is so, then I say that your system in certain situations is not as good as the civil service system and is unfair to the members who are employed by the State Department.

I would suggest a check into that.

Mr. HENDERSON. We shall check that. I agree with you that if the civil-service provisions are more favorable to members of the civil service than the provisions that we have suggested are to the Foreign Service, we should have our pertinent provisions changed. I have been led to understand that they are practically identical, is that correct, Mr. Woodyear?

(For further details, see p. 160.)

Mr. WOODYEAR. That is correct. I don't want to confuse your question, Mr. Congressman, but you refer here to a steamfitter or shipfitter. That man would probably not be subject to civil-service coverage; he would be under social security and a different set of rules would prevail.

If you had a civil servant who was, let us say, a budget and fiscal officer, and you had the same type of employee in the Foreign Service, anything that happened to either one of them would be exactly the same under civil service or Foreign Service. There is no distinction made under our proposed amendments.

Mr. FARBSTEIN. You say then there is no employee in a shipyard that is on civil service?

Mr. WOODYEAR. No, sir; I don't say that. I think there are probably clerical employees, timekeepers.

Mr. FARBSTEIN. Let's substitute the clerical employee who gets hit by a bolt coming off a ship while it is being built. Substitute him for the artisan.

Mr. WOODYEAR. He would be treated in the same way.

Mr. FARBSTEIN. He would get no compensation?

Mr. WOODYEAR. If he got compensation or his widow got compensation, she would not be entitled to a civil service—

Mr. FARBSTEIN. I would appreciate checking on that also. That does not seem right.

Mr. HENDERSON. We shall check that.

(For further details, see p. 160.)

Mr. BENTLEY. We have had a substantial amount of lateral entry into the Foreign Service in the past few years. I notice in this bill that you request an amendment to remove the numerical existing limitation.

My question would be, what effect, if any, has this—to use that wonderful word “wristonization”, accomplished and what is likely to be accomplished if you remove this numerical limitation with regard to the Foreign Service retirement and disability fund?

Mr. HENDERSON. Mr. Chairman, it isn't our intention to increase to any great extent the number of lateral entries into the Foreign Service Officer Corps. The fact is that out of the quota of 175 that was given to us in 1955 for lateral entry, we have used only 38. So we haven't been too profuse in the matter of lateral entry. In my opinion we should probably have had a few more lateral entries, particularly in the case of specialties.

It isn't our intention to launch another integration program. The lateral entry that you have in mind, I believe, is the integration process during which we brought into the Officer Corps large numbers of Staff and civil service officers.

Mr. HAYS. Do you still have these 137 slots that you haven't used available?

Mr. HENDERSON. Yes.

Mr. HAYS. Why do you not want a numerical limitation on those? I remember all the debate we went through in putting that in.

Mr. HENDERSON. This is partly a matter of principle. We could continue to live for another year or two, I suppose, on the 137.

Mr. HAYS. If you have only used 38 in 5 years, it would seem to me you would live a long time at that rate.

Mr. HENDERSON. I think we should increase somewhat the number of lateral entries, but not to an extent that would imperil the career features of the Foreign Service. Nevertheless, the remaining quota of 137 would last for some time.

Mr. BENTLEY. The question actually wasn't the matter of numerical limitation at this time. The question was directed more to what effect, if any, it had upon the retirement and disability fund.

Mr. HENDERSON. I don't think it would have any great effect on the retirement disability fund. I would say that 90 percent of the personnel who have come into the Foreign Service laterally during the last 5 years had been paying into the civil service retirement fund before their entry. They brought with them into our retirement funds their deposits from the civil service retirement funds.

Mr. BENTLEY. Then, in other words, Mr. Henderson, do you know whether or not Congress will be asked for a new appropriation or is it running on a self-sufficient basis at this time?

Mr. HENDERSON. The fund is not running on a self-sufficient basis because the Federal Government hasn't been making the contributions regularly into the fund that it is supposed to have made.

Mr. BENTLEY. There is a period of years that I seem to recall that no contributions were deemed to be necessary. Am I correct?

Mr. HENDERSON. No contributions were deemed necessary in order to take care of the current payments, but if a large number of the personnel in the Foreign Service should pass off the scene simultaneously, we might find ourselves bankrupt. Our fund does not have the reserves to provide for a great many deaths or accidents.

We have a full statement with regard to the funds with us here.

Mr. WOODYEAR. We do, sir.

Mr. HAYS. Without objection that will be included in the record at this point.

(The statement referred to is as follows:)

Balance sheet—Foreign Service retirement system, valuation at 4 percent, as of Dec. 31, 1958

LIABILITIES (PRESENT VALUE)	
Existing retired roll: ¹	
Service annuitants.....	\$26, 287, 000
Disability annuitants.....	811, 000
Survivor annuitants.....	3, 228, 000
Prospective survivor annuitants.....	1, 698, 000
Prospective annuities to present active members: ¹	
Service annuitants.....	181, 629, 000
Disability annuitants.....	6, 845, 000
Prospective annuities to survivors of present active members: ¹	
Service annuitant survivors.....	11, 079, 000
Disability annuitant survivors.....	1, 647, 000
Death in service survivors.....	10, 150, 000
Prospective return of past contributions to present active members:	
On death in service.....	234, 000
On withdrawal.....	315, 000
Prospective return of past voluntary contributions to present active members.....	
	717, 000
Prospective return of future contributions to present active members:	
On death in service.....	516, 000
On withdrawal.....	442, 000
Prospective lump sum and deferred annuity selection-out benefits to present active members, classes 4-7.....	511, 000
Total.....	246, 109, 000
ASSETS (PRESENT VALUE)	
Funds in hand.....	26, 071, 000
Prospective contributions by present active members (5 percent of future payroll).....	24, 762, 000
Prospective contributions by present active members for outside service (0.19 percent of future payroll).....	1, 040, 000
Prospective normal premiums by Government with respect to present active members (15.69 percent of future payroll).....	77, 703, 000
Unfunded liability.....	116, 533, 000
Total.....	246, 109, 000

¹ Includes selection-out benefits, classes 1-3.

Mr. WOODYEAR. Could I add to your statement regarding the necessity for funds during the period 1951-56? The Department consistently requested an average of \$2,500,000 contribution to the fund and it was consistently denied by the Appropriations Committee.

It was not the Department's determination that there was no need. As a result a very large liability has accumulated.

Mr. BENTLEY. Has that been——

Mr. WOODYEAR. There have been small appropriations since 1956.

Mr. HENDERSON. In the last few years there have been appropriations.

Mr. WOODYEAR. But not in the amount we have requested. Approximately half, I believe. You will recall that in 1955, I believe, or 1956 when we were discussing the bill which increased the annuities of retired Foreign Service officers, there was a rather distorted picture then. It appeared that the fund was almost balanced because several million dollars had been paid in by lateral entrants bringing their funds from the civil service. That has been offset by liabilities.

At the present date the unfunded liability is about \$118 million in our fund and several billion in the civil service fund.

Mrs. BOLTON. A small question on page 33, the last sentence:

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.

Is a widow not included in that last phrase? Should the widow continue to receive it even though she might have become self-supporting?

Mr. HENDERSON. Yes, she would. She may run a boarding house. She would still be entitled——

Mrs. BOLTON. And if she remarries, she is entitled to it?

Mr. HENDERSON. Yes.

Mr. HAYS. That will be all for today on the record.

(Whereupon, at 11:58 a.m., the subcommittee proceeded in executive session.)

AMENDMENTS TO THE FOREIGN SERVICE ACT

TUESDAY, FEBRUARY 16, 1960

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON STATE DEPARTMENT
ORGANIZATION AND FOREIGN OPERATION,
Washington, D.C.

The subcommittee met at 10:40 a.m., in room G-3, U.S. Capitol, Hon. Wayne L. Hays (chairman of the subcommittee) presiding.

Mr. HAYS. We are meeting again on this amendment to the Foreign Service Act of 1946.

Presumably everybody has had a chance to look over the questions that were submitted and the answers that were submitted in return by the Department of State.

I wonder if you have any questions that are not completely clear or any questions about their answers?

Mrs. BOLTON. I have been wondering, Mr. Chairman, how long it has been that the 1946 act has been unsatisfactory or insufficient?

STATEMENT OF HON. LOY W. HENDERSON, DEPUTY UNDER SECRETARY OF STATE FOR ADMINISTRATION

Mr. HENDERSON. I would say that the 1946 act was the greatest advance as far as legislation is concerned with regard to the Foreign Service since 1924. The results have not been unsatisfactory, but the experience of 14 years has demonstrated that the present legislation could be improved upon.

For the last 4 years we have been giving consideration to most of the amendments contained in this bill and have felt that they should be presented to the Congress at an appropriate time.

Mrs. BOLTON. You feel that the changes you are suggesting would help matters very materially? I refer to such as that of the dropping of certain classes, and so forth.

Mr. HENDERSON. We believe that the reclassification of the Foreign Service Staff contained in this bill would increase the effectiveness of the Staff.

Mrs. BOLTON. Did the "Wristonization" affect the Staff Corps? May we have your evaluation of this?

Mr. HENDERSON. Yes. The Wristonization program provided that all officer positions in the Staff Corps, except those of a highly technical and specialized character, should become Foreign Service officer positions. The Foreign Service Staff incumbents of those positions were given an opportunity to become Foreign Service officers unless they were found not to possess the appropriate qualifications. Most of the Foreign Service Staff officers did become Foreign Service

officers during the Wristonization program. But since they brought with them their jobs, the Staff Corps was left with very few officer positions.

This reclassification, this rescheduling of classes will not produce a great many Staff officer positions. There will still be relatively few Staff personnel of officer rank.

Mrs. BOLTON. Will there be enough?

Mr. HENDERSON. Yes, the officer positions formerly held by Staff officers are now for the most part held by young Foreign Service officers. If a member of the Staff Corps reaches the ceiling of his particular specialty in the Staff Corps, he can try either to acquire skills that will allow him to go into another specialty which has higher ceilings, or to apply for entry into the Foreign Service Officer Corps.

I think that I pointed out in previous testimony that Foreign Service Staff personnel applying for admission into the Foreign Service Officer Corps are given special credit for good performance and for their work in the Staff Corps. They have, therefore, an advantage in competition with people from the outside.

Mrs. BOLTON. In the rank of career ambassador in the Foreign Service, how many do we have?

Mr. HENDERSON. At the present time there is one active career ambassador left. Three officers who formerly held that rank have retired for age.

Could I speak off the record a moment?

Mrs. BOLTON. Yes; indeed.

(Discussion off the record.)

Mrs. BOLTON. As a result of this reorganization does the Director General actually and in fact administer the Foreign Service?

Mr. HENDERSON. No; he does not administer the Foreign Service any more; although he did so from 1946 to 1949. The Foreign Service is administered by the Assistant Secretary for Administration under the supervision of the Deputy Under Secretary. The Director General of the Foreign Service really acts as a staff assistant to the Deputy Under Secretary for Administration. His office adjoins the latter's office. He is responsible for and in charge of examination procedures. He has many other functions. For instance, he sits on the Foreign Buildings Committee. He is the head of quite a number of committees which seek improvements in the Foreign Service.

As the head of the committee that has to do with plans for Foreign Service training he has great responsibility. In my absence he takes over a certain number of my functions. He is not, however, what might be called an executive officer of the Department.

Mrs. BOLTON. Isn't the term "Director General" somewhat of a misnomer, implying things that he isn't?

Mr. HENDERSON. Yes; it might. A person might obtain from the title a wrong idea about what his duties are. You will remember the act of 1946 did give him executive powers. That act was amended in about 1949, so that the executive functions of the Director General passed over to the Secretary of State. The Secretary of State has subsequently deputized various officers of the Department to perform the functions which the act of 1946 originally provided should be performed by the Director General of the Foreign Service.

Mrs. BOLTON. It seems to me it might be clearer if you really call him what he is, or doesn't it make any difference?

Mr. HENDERSON. I don't think it makes any real difference. It is useful for him to have that title. He can, for instance, represent the Department at various conferences with an effectiveness he would not have if he were not Director General of the Foreign Service.

Furthermore, if at any time the position of Deputy Under Secretary for Administration should be held by someone who hasn't had experience in the Foreign Service, the value of the Director General as his staff assistant would be particularly significant because the Deputy Under Secretary for Administration would depend on him heavily for advice with regard to Foreign Service matters.

Mrs. BOLTON. That is very clear.

Mr. FARBSTEIN. Would you say, then, that the Director General actually does the work of an executive secretary?

Mr. HENDERSON. No. He is a Staff officer; that is, he acts first as the adviser, the right-hand adviser and consultant to the Deputy Under Secretary for Administration. There is hardly a move we make connected with the Foreign Service with regard to which he is not consulted.

In the second place, he is responsible for preparing the examinations and handling the examinations for admission into the Foreign Service.

Mr. FARBSTEIN. Let me interrupt, Mr. Henderson. To classify or parallel it with a business organization, you have a president who is the director; you have an executive secretary who does the actual work who is called an executive secretary because he runs things under the policy of the president.

Would you say that this man, the Director General, has work that is parallel with an executive secretary that I have just described?

Mr. HENDERSON. No. He doesn't have any executive authority. The orders pertaining to the administration of the Service don't pass through him and he doesn't carry them out. The orders are carried out by the area of administration which is under the Assistant Secretary for Administration. I would like to stress that the Director General is selected with great care from the most competent senior officers of the Service, since his wisdom and experience play an important role in the formulation of Foreign Service policies.

Mr. FARBSTEIN. Thank you.

Mr. HENDERSON. Have I made myself clear, Mr. Farbstein?

Mr. FARBSTEIN. Yes.

Mr. HAYS. Mrs. Kelly.

Mrs. KELLY. No questions.

Mr. HAYS. Judge Saund.

Mr. SAUND. No questions.

Mr. HAYS. Mr. Bowles.

Mr. BOWLES. No questions.

Mr. HAYS. Could you tell me without too much trouble how many employees the Department of State had in 1950 or 1946 or some date about 10 or 12 years ago?

Mr. HENDERSON. I am sorry. I don't have them here.

Mr. HAYS. Do you know how many employees you have today?

STATEMENT OF AARON BROWN, DEPUTY ASSISTANT SECRETARY OF STATE FOR PERSONNEL

Mr. BROWN. About 22,000, Mr. Chairman, including alien employees overseas.

Mr. HENDERSON. Could you explain this table, please?

STATEMENT OF WILLIAM E. WOODYEAR, DEPUTY CHIEF, PERSONNEL PROJECTS STAFF, DEPARTMENT OF STATE

Mr. WOODYEAR. The total number of full time employees at the present time is 22,766. Of these, 4,951 are American domestic employees.

Mr. HAYS. That is how many you have here in Washington?

Mr. WOODYEAR. That is the number in the United States, excluding, of course, the Foreign Service people assigned to this country.

Mr. HENDERSON. This would include our passport offices and other offices in the United States outside of Washington, such as our mission to the United Nations in New York.

Mr. WOODYEAR. American Foreign Service personnel number 8,155 and foreign national employees 9,660.

Mr. HAYS. You have no figures on what you had, say, in 1950?

Mr. WOODYEAR. We could supply those, Mr. Chairman.

(The information requested is as follows:)

Department of State—Summary of employment, Dec. 31, 1950

Category of employees	Continental United States		1 Overseas	All areas
	Washington	Outside Washington		
American domestic employees 2	6,253	2,274	14	8,541
American Foreign Service employees	592		8,003	8,595
Foreign national employees			8,244	8,244
Total	6,845	2,274	16,261	25,380

¹ Includes Hawaii.

² Includes departmental, IBWC, and USUN employees in Washington.

Mr. HAYS. Would you have any idea of how much of an increase there has been in the last 10 years?

Mr. HENDERSON. I would say, Mr. Chairman, there has been an increase on a comparative basis because these figures include not only personnel whose salaries are budgeted for by the Department of State, but personnel who while on the Department's payroll are budgeted for by other agencies of the Government.

I am referring to personnel engaged in what we call administrative support. We have several thousand employees who provide administrative support for the foreign representatives abroad of other agencies, such as USIA, ICA, and so forth. Since the personnel of some of these agencies have increased in number since 1950, there are a larger number of persons engaged in giving administrative support at present than there were in 1950. Of the 22,760 personnel on the payroll of the Department only about 14,000 are regular employees

of the Department of State whose salaries are paid through the Department of State budget.

I think that that number is not much in excess of the number employed by the Department in 1950.

Mr. HAYS. You say USIA and ICA have increased since 1950. My guess is that ICA got less money last year than it got in 1950 and my guess is it is going to be considerably less this year.

Why would the number of employees increase?

Mr. HENDERSON. In 1950 the so-called point 4 operations were just starting. There were no technical assistance missions of any size. The number of employees in ICA increases along with the increase of funds for technical assistance. I am sure that much more is being spent on technical assistance now than was being spent in 1950.

For instance, an appropriation of \$10 million for economic aid might require the services of only four or five persons. An appropriation of a similar amount for technical assistance might require the services of a thousand employees.

Mr. HAYS. The thing that I am interested in is, Would you care to comment on whether or not the adoption of these amendments will tend to facilitate the increase of the number of employees in the State Department? Where does this all stop?

Mr. HENDERSON. No, sir; I don't believe that the incorporation of the suggested amendments in the Foreign Service Act would tend to increase the number of employees of the State Department or of our Foreign Service.

Mr. FARBSTEIN. To what degree will it increase the budget?

Mr. HENDERSON. We have those figures available. We have estimated that the total would amount to \$1,188,411; I think our present budget is about \$240 million.

STATEMENT OF HON. LANE DWINELL, ASSISTANT SECRETARY OF STATE FOR ADMINISTRATION

Mr. DWINELL. The figure you were using, sir, is a subtotal.

Mr. HENDERSON. You are quite right; the total would be \$1,817,290. Of this amount the reclassification of the Staff employees assigned to new classes and so forth would cost, we estimate, about \$217,025; hazardous duty differential for diplomatic couriers might cost us about \$35,700.

The biggest item would be for the housing allowance for personnel assigned temporarily to Washington, which would be about \$1,422,666 minus the saving which we would effect by abolishing what we call the Washington differential. This would mean a net cost of \$1,188,411.

Then if we would put into effect the language-training program which is foreseen by this amendment, the cost for the next 5 years would be an additional \$251,331 a year. This would represent the salaries and training costs of a certain number of officers whom we would detail yearly to the study of hard languages in order to enable us to close the gaps which exist in the hard language area.

We estimate there would be a number of in-class promotions of Foreign Service Staff officers which might cost about \$20,500 annually. There is a provision in the bill for granting a certain bonus to personnel who learn difficult languages and who maintain their facilities in such languages. Those bonuses might cost as much as \$256,000 annually;

Mr. HAYS. Could I go back to this number of employees?
How many people did you say you had, departmental employees in the United States at the moment?

Mr. BROWN. In the United States, 4,951 departmental employees.

Mr. HAYS. You have in the United States and abroad how many?

Mr. BROWN. 22,766.

Mr. HAYS. According to this report on personnel strength in 1954 you had 22,250 total, but you had more according to this in the United States than—

Mr. BROWN. In addition to the 4,951 which I mentioned, we have in the United States 1,883 Foreign Service employees serving in the United States.

Mr. HAYS. I am talking about grand total, Foreign Service and departmental employees both.

Mr. BROWN. The grand total of all employees in the State Department in the United States is 6,834.

Mr. HAYS. In other words, you had 5,737, according to this, 6 years ago. You have increased over a thousand in 6 years.

Do you foresee that this kind of increase will continue indefinitely and, if so, where is the next building to be built?

Mr. HENDERSON. There have been some increases. If you look at the figures for 1952 and 1953 you will find that 1954 was the low year. Furthermore, in 1954 we had relatively few embassies in Africa. Since 1954 our embassies in Africa have been multiplying.

I think we have been compelled to open some 30 or 40 new consular offices since 1954 as well as 10 or 12 new embassies.

As new areas of the world move toward independence, they look toward us to establish closer relations with them. I believe that the Congress agrees with the executive branch of the Department that it is in the national interest to expand our relations with these areas developing in the direction of independence. This year alone we are asking for 11 new consular offices.

Mr. HAYS. The thing that bothers me, Mr. Secretary, is a question of whether the left hand knows what the right hand is doing.

I will give you an illustration of something that happened to me about a week ago. A college friend of my wife's had written some 2 or 3 weeks ago that she was coming into town to a social workers' conference and she hoped to see us.

We have an unlisted phone number and my wife sent it out to her and had gotten worried if it had gotten to her. I had my secretary call the Department of Health, Education, and Welfare and she said, "I understand there is a conference of social workers somewhere in town. It is under your sponsorship and I would like to find out where it is so I can get in touch with one of the participants."

I talked to about six people down there personally and none of them knew anything about it. They promised they would find out about it. After several hours, they called back and said to their certain knowledge there was no conference in town and, if so, it wasn't under their sponsorship. My wife's friend later called the office and I said, "Where are you and who is sponsoring your conference?"

And she said, "The Department of Health, Education, and Welfare."

I said, "How many people are at this conference?"

She said, "About 200 from all over the United States."

They had a conference and apparently no one knew they had it.

This is what happens when something gets so big. I don't know if they found out about the conference. I had had enough of them by that time.

I have had the same experience with your organization on a smaller scale. You talk to about 10 different people and that is why I frequently bother you because I think it is better to start at the top.

Mr. HENDERSON. I share your experiences. Every now and then I find that a conference has been held under the auspices of the Department of State of which I was not aware—

Mr. HAYS. Somebody in the Department of State ought to be able to find out about it. There ought to be a clearinghouse where you can get this information or does the left hand know what the right hand is doing?

Mr. HENDERSON. Our public-relations area is acquainted with most conferences of a domestic nature.

Mr. HAYS. Suppose we have problems with country "X" and there are certain decisions made about this. Who makes those decisions ultimately?

Does the Secretary or is it someone down in the Department that we never hear about?

Mr. HENDERSON. That depends on the type and importance of the decision. We have general policies that have been determined by the Secretary of State or by the President, himself, with the advice of the National Security Council. The subordinate officers in the Department only make policy decisions of a more specific nature. They must be sure, however, that their decisions fall in the framework of the general policies that have been laid down at top levels.

If there is any doubt as to which general policy should govern if some decisions might affect several general policies—or if there is a new development that might possibly justify a review of some general policy, subordinate officers refer matters calling for policy decisions to their superiors, the problem may go to the Secretary or even to the National Security Council.

I would say that at least nine-tenths of policy decisions which are made in the Department fall within the framework of existing policies.

Mr. HAYS. Have you had a chance to read Mr. Thayer's book on diplomacy?

Mr. HENDERSON. No; I regret that I have not been able to do so.

Mr. HAYS. I haven't read all of it. He takes the first few chapters of his work, the first sections, the operations of the American Embassy in Lebanon during the crisis out there. He seems to indicate, at least I got from it, that there was considerable conflict in decisions.

The Navy was making decisions on the one hand and the Department of State on the other, and they weren't always the same decision. We are having a similar situation at the moment about the Navy policing the Suez Canal for Mr. Nasser. Who made this decision?

Mr. HENDERSON. I am not acquainted with this matter.

Mr. HAYS. You must be acquainted with it. There have been all sorts of editorials. Somebody in the Department of State ought to be aware of the fact that the American Navy has taken the position that any ship that calls in an Israeli port that has been chartered by the Israelis and so on can't haul—

Mr. HENDERSON. I am sorry I know nothing of this problem.

Mr. HAYS. I wonder who we can get up here to tell us where the decisions are made?

Mr. HENDERSON. A decision affecting a matter of this kind would customarily be made in the Bureau of Near Eastern and South Asian Affairs. It might have been discussed at higher levels if the Navy was involved. It might have been referred to one of the Under Secretaries or to the Secretary.

Mr. HAYS. I have heard that the State Department is unhappy with this but they seem not to be able to do anything about it. This is not official, but what people have told me.

Mr. HENDERSON. Ordinarily I could answer this question. Unfortunately I have not been able during the last 3 weeks to attend many of our staff meetings.

Mr. HAYS. Could somebody on your staff—you have a good many people here this morning—could someone make inquiry and find out who we could call up here that could give us those answers?

Mr. HENDERSON. We shall try to find out.

Mr. HAYS. This committee is directly engaged with policy of the State Department. If the Navy is doing things contrary to policy of the State Department, I would like to know about it.

If the State Department concurs in this policy, I would like to find out who made that decision.

Mr. HENDERSON. We shall be glad to try to get this information for you.

Mr. HAYS. It is pertinent to this hearing and this legislation because this committee is engaged in a maneuver now of giving the Department even broader powers than they have by this series of amendments. I would like to be satisfied in my own mind that the chain of command and the decisions are operating in the normal way and there is some attempt on the part of the State Department to at least carry out the desires and policy of the Congress.

I am convinced that if this committee hadn't taken action the Panamanian flag would be flying in the Canal Zone right at the moment, which would be contrary to almost the unanimous wishes of the Congress.

There were only 12 people who voted the other way. Just how responsive—maybe this is not a fair question—let's ask this off the record.

(Discussion off the record.)

Mr. HAYS. On the record.

Mrs. BOLTON. We have had the Wriston report 4 years. Do you feel it has been a soul-satisfying experience in the State Department?

Mr. HENDERSON. The implementation of this program has not been easy. A program of this kind means the changing of the life plans of a large number of persons. In the Department there were a great many civil service personnel who never contemplated that they would be called upon to live anywhere except in Washington. As a result of the Wriston program, many of them decided to go into the Foreign Service; they realized that if they did not do so their careers would be stunted.

The carrying out of this program meant also that a great many Foreign Service officers who had thought that they would spend at least 80 percent of their career serving abroad will now spend a much higher percentage of their time in Washington.

Mrs. BOLTON. All in all, it is not so satisfactory?

Mr. HENDERSON. No; I would not say that. Although it has caused some heartburnings and given rise to some dissatisfaction, the operation in my opinion was necessary. The unhappiness and the dislocation are temporary phenomena. The scars are healing rapidly. Personnel are gradually adjusting themselves to the new situation. I am convinced that the result will be a stronger Department of State and a more effective Foreign Service.

Mrs. BOLTON. That is the point; isn't it?

Mr. HENDERSON. Yes. It has been a painful operation but in my opinion a necessary and useful one.

I want to make it clear that I had nothing to do with the decision to carry out that program. This was made while I was serving abroad. I was brought in after the program had been launched and was given the task of carrying it out. This I have tried conscientiously to do.

Mrs. BOLTON. What has been the result of the lateral entries? Have they had a tendency to disrupt the corps?

Mr. HENDERSON. When you speak of lateral entry, I suppose you are not referring to the entry into the Foreign Service Officer Corps of persons at intermediate or senior levels. Since 1955 there have been only about 38 lateral entries into the Foreign Service Officer Corps. But we have brought in more officers through the Foreign Service Reserve officer route; that is, a number of officers in addition to the 38 have been appointed Reserve officers and some after 3 or 4 years in the Reserve, have become Foreign Service officers. But not enough personnel have been brought into the Service at levels above class 8 to impair in the slightest the career basis of the Service.

Mr. HAYS. You have used only 38 lateral entry slots that we gave you. Why do you want an unlimited number of them?

Why do you want the limitation taken off?

Mr. HENDERSON. It is primarily a matter of principle.

Mr. HAYS. What is the principle? You don't want Congress to have any reins on it at all or what principle is involved?

Mr. HENDERSON. No. The principle is that we feel that it would be to the benefit of the Service for the Department to be able from time to time to recruit into it officers, particularly specialists, at levels higher than class 8.

We would like to feel that Congress trusts us to carry out a lateral entry program without putting on a limit. If the present limit is maintained we may be compelled to come to you within a few years to ask for a lifting of limits.

Could I say something off the record?

Mr. HAYS. I would like to keep this on the record as much as possible. I remember very distinctly when all the argument about whether the lateral entry should be wide open, whether you should have 400 or 100.

Finally, in order to get the thing moving, we agreed upon the number, which was what? 175—as I recall it, Mr. Vorys objected to an unlimited number.

His contention, which I shared, was that you come back at a later date and tell us how it worked and we would take another look at it.

Now, you say you have used 38. Two questions occur. Why did you use only 38? If that is all that you found necessary to have

enter laterally, why can't you get along with the 175 of which you have 130-odd left indefinitely?

Mr. HENDERSON. We have used only 38 because we were hesitant to do very much in the way of lateral entry until we could digest the integratees coming in through the Wriston program. You recall that as a result of the Wriston program we more than doubled, almost trebled the number of Foreign Service officers. The digestion of so many new officers has required time even though the operation was of a transferral nature and did not involve a total increase in personnel. We have been slow, therefore in adding to our problems by taking in an appreciable number of lateral entries.

Furthermore, as I have already pointed out, we have preferred in general to use the route of the Foreign Service Reserve officer in bringing people into the Service from outside the State Department rather than the route of lateral entry. The Reserve officer route means a person is brought in for 3 or 4 years on a temporary basis. After he has satisfied us that he has the appropriate qualifications, he may then be commissioned as a Foreign Service officer.

Mr. HAYS. I assume, although there are some new members on the committee, this 175 quota applied to people brought in from the outside, not people transferred from the Staff to the Foreign Service and so on.

Mr. HENDERSON. The 175 was the ceiling placed upon the number of persons who could be brought into the Service laterally who were not in the employ of the Department on March 1, 1955.

Mr. HAYS. I don't wish to take more of your time, Mrs. Bolton. You may have as much time as you want.

I want to point out that not only did we have the Foreign Service Act of 1946, but we had the amendments of 1955. Now we are coming back with 50-odd more amendments in 1960.

The question, of course, is I suppose about 1963 or 1964 you will be back for another series.

Mr. HENDERSON. I have an idea that within 4 or 5 years more amendments will be requested. Certain changes in the situation are almost sure to take place during the years which will give rise to new problems which in turn will cause us to ask for new amendments.

I would think the amendments which are in the bill should take care of us for the 3 or 4 years.

Mr. HAYS. That is a little bit of encouragement.

Mrs. KELLY. On the question of lateral entry, there was originally a time limitation. I think my amendment extended the time.

Mr. HENDERSON. There was no time limitation on the 175. There was a time limitation on the integration.

Mrs. KELLY. Is that time limitation up soon?

Mr. HAYS. The 175 had no limitation. The Wristonization had a limitation.

Mr. HENDERSON. I have forgotten the details. I don't believe there was a time limitation. I believe that we said we hoped within the next 2 years—

Mrs. KELLY. I extended it to 5 years. Is that completed?

STATEMENT OF J. EDWARD LYERLY, DEPUTY ASSISTANT LEGAL
ADVISER FOR ADMINISTRATION AND FOREIGN SERVICE, DE-
PARTMENT OF STATE

Mr. LYERLY. I think there was a time limitation on the initial group.

Mrs. KELLY. Of 1,250?

Mr. LYERLY. No; the first 500. But then when the act was amended to authorize a further 1,250, no time limitation was set.

Mrs. BOLTON. We had some discussion at one time on the difficulties you were having with some substandard officers. There was a section 633 that provided for the selection out of substandard officers. Has that removed all of them?

Do you feel you have practically no substandard officers? What about your selection out? Is it working?

Mr. HENDERSON. We have been giving more attention, particularly during the last 2 years, to the problem of selection out.

If we are to have a top-flight service, we shall be compelled continuously to prove it. We shall always find a certain number of officers who should be selected out. Some of these officers should be considered as casualties of the Service. Some of them may have been quite effective at sometime, but for various reasons have gradually lost their effectiveness and are unable to row their weight any more. These officers should be selected out.

We try to do this in as humane a way as possible. The fact that some officers who have been in the Service a good many years and who have been valuable in the past would not be entitled to a pension if selected out, gives us pause.

If a man has been in the Service say 17 years; is 45 years of age; has done good work in the past; and is now substandard, it is a rather cruel thing to select him out without a pension—merely to give him a lump sum and to let him go. Such an officer may have children in school. He may find it difficult to obtain work elsewhere at that age, particularly since he may have spent many years abroad.

We have some problems of this kind. The fact is that I have been unwilling to agree to the selection out of officers merely because they are somewhat substandard if they are over 40 years of age and have had 15 or more years of Government service unless they are entitled to a pension.

As you know, if an officer has had 20 years of service and is over 50 years of age, he can retire voluntarily on an annuity. Furthermore, officers in classes 1, 2, and 3, regardless of age, may receive a pension if selected out. Officers in the classes below 3 who are entitled to a pension usually retire voluntarily when they find themselves facing selection out. How many were selected out last year, Mr. Brown?

Mr. BROWN. Last year, Mrs. Bolton, we separated through selection out, 40 Foreign Service officers of various classes. There were some younger officers who were young enough to make an adjustment quickly to some other walk of life. They were not entitled to an annuity. The older officers were entitled to an annuity.

Mrs. BOLTON. Thank you very much.

One other thing. We had also in some of our discussions some years ago—

Mr. HENDERSON. Pardon me. If an officer is not only substandard, but also a real liability to the Service, we select him out regardless.

Mrs. BOLTON. I assumed that. You had something you were going to say off the record a few minutes ago. Do you remember what it was?

Mr. HENDERSON. It had to do with lateral entry.

Mrs. BOLTON. Is it something that we should know?

Mr. HENDERSON. This will be off the record.

(Discussion off the record.)

Mrs. BOLTON. This question seems in a way trivial, but as I have gone down the years with the whole problem of wives and family, I am hoping very much that there will be a way found by which wives can be given a broader as well as a more detailed briefing in preparation for foreign posts, and that the families may find it helpful to have a more thorough physical and emotional examination. Would this not save a few heartaches later on?

Mr. HAYS. Off the record.

(Discussion off the record.)

Mr. HAYS. Judge Saund, I believe you had a question.

Mr. SAUND. Mr. Secretary, you said that it was your new policy to give incentives to employees with knowledge of foreign languages; you stated it will cost the Department \$156,000. How far will \$160,000 go in terms of individuals? How many people will be benefited by that? Just a rough guess.

Mr. HENDERSON. As a rough guess, I would say it would be about \$600 a person.

Mr. WOODYEAR. It would average about \$600 a person.

Mr. SAUND. 200 people or something like that?

Mr. HENDERSON. Yes.

Mr. SAUND. Then you say that it will cost about \$250,000 for the training program in foreign languages.

Mr. Secretary, if I recall correctly, we put in \$8 or \$9 million in 1 year's budget to train officials for the ICA in foreign languages. Do you remember that, Mr. Chairman, 2 years ago?

Mr. HAYS. \$8 million.

Mr. SAUND. Yes. How many individuals did it help to train in some good foreign language?

Mr. HENDERSON. You mean how many individuals with this 250,000—

Mr. SAUND. Yes.

Mr. HENDERSON. This is over a period of 5 years. It would be over a million dollars.

Mr. HAYS. \$1,250,000.

Mr. SAUND. That isn't too much money.

Mr. HENDERSON. This is in addition to what we are spending now.

Mr. BROWN. We have in the hard languages about 100 or 120 a year.

Mr. SAUND. I think you will agree with me on this: I believe the knowledge of the foreign language is becoming more and more important. I live in Imperial County. I know, 10 years ago, a Mexican could not get a job anywhere in the city or in a store. Now the big stores, chain stores and the banks have found it advantageous for them to hire Spaniards. There is not an establishment where a

Mexican does not have a better chance than an American boy or girl because of his knowledge of the Spanish language. I believe that all you can do to assist, it will be appreciated by me at least, to implement this bonus to people who have knowledge of the foreign languages; give them an incentive. You can't take charge of all of the training jobs. It has to be done in the schools and colleges. If an incentive is there, if the State Department makes it known that they will prefer candidates with foreign languages, it will help a lot.

Mr. HENDERSON. As I have already indicated, we give a bonus of 5 percent on examinations to anyone taking the entrance examinations who can pass the foreign-language test. We have been giving consideration to requiring a useful knowledge of a foreign language as a prerequisite to entering the Service.

Mrs. Bolton knows of this discussion that we have had at the Institute on this. We haven't made a decision. The fact is that our public school system is so deficient in the teaching of foreign languages that we have a fear that if we demand that a person pass an oral and written foreign-language examination before he can enter the Service the products of our public school system will be discriminated against.

Mr. SAUND. Mr. Secretary, I don't mean to say that because you can't make any requirements going into effect today when you don't have the material to draw from. You know the sentiment of this committee—we added the \$8 million in a few minutes. No one was opposed. We passed the Defense Education Act and Congress allowed large sums of money in order to facilitate the schools and colleges to increase their foreign-language departments.

I wish you would make it known a little bit more clearly to the people that there will be an incentive for young people to acquire foreign languages, and the State Department will welcome them in their ranks.

Mr. HENDERSON. I would like to point out in this connection that one of our problems will be to get the appropriations for this.

Mr. SAUND. You mean for this \$250,000?

Mr. HENDERSON. Yes. We have asked for an increase in our appropriations this year for training in hard languages. I don't know what will happen to our request. The increase which we foresee if the bill is passed would be over what we are asking for this year. We are asking for an increase of about how much in the 1961 appropriations?

Mr. DWINELL. We are asking in hard languages \$400,000.

Mr. HENDERSON. We really mean business in this.

Mrs. BOLTON. If the gentleman will yield, I think one of the things that the Government can help all of us in is to insist in the proper teaching of the English language in the schools. You get so many who can't write reports. They don't know how to write the English language. It is a very shocking situation.

Mr. HAYS. I don't want to get political, but the President says we can't have any Federal interference in education.

Mrs. BOLTON. That isn't the way it is done at all.

Mr. HAYS. I don't know how—

Mrs. BOLTON. The Federal won't help it. It is the attitude of the schools. We have several schools in Cleveland which have turned about-face. They are teaching French, Latin, and German. Years

back they stopped it but they have begun because the people have insisted on it. The schools can do it if they just see the point to it.

Mr. HAYS. I might tell you, Mrs. Bolton, that the schools in Cleveland—my brother-in-law is superintendent in Rocky River—are not representative of all Ohio. I have seen some of the equipment they have to play around with, and down in my county they have only one-tenth of that. Every time I go to his school I feel upset about it, because of the fact that those children have so many advantages which so many other children in the great State of Ohio, which is supposed to be one of the wealthiest, don't have.

I have to get down to the floor to put some resolutions through. I would like to have one more meeting of this committee at which time everybody will have their final questions; we will wind up the questions at that point and will try to get this bill out. When that will be, because of the hearings on mutual security, it is difficult to say. What days next week do they have?

Mr. WESTPHAL. Tuesday, Wednesday, and Thursday.

Mr. HAYS. Suppose we leave it open and try to have it some afternoon next week or perhaps tomorrow afternoon.

Mr. HENDERSON. Would you mind, Mr. Chairman, if I suggested it might be next week? I dislike introducing a personal matter, but I am going to the hospital tonight.

Mr. HAYS. We will make it at your convenience.

Mr. HENDERSON. Sometime next week.

I would like to be here.

Mrs. BOLTON. May they be good to you in the hospital.

Mr. HAYS. Without objection, the committee will stand adjourned subject to the call of the chairman sometime next week.

(Whereupon, at 12 noon, the subcommittee was adjourned, to reconvene at the call of the chairman.)

FOREIGN SERVICE OFFICER POSITIONS IN THE DEPARTMENT OF STATE,
(DECEMBER 1959)

Background: Basic reasons for the program integrating certain categories of civil service officers in the Department into the Foreign Service Officer Corps.

Among the basic reasons for the integration program in the Department were the following:

1. The conviction that the work both of the Department and of Foreign Service officers abroad would be more effective if officers concerned with the conduct of foreign affairs in the Department would have the benefit of experience in the foreign field and if officers on duty abroad would receive the experience and discipline obtainable from service in the Department.
2. The realization that the Foreign Service was becoming "a service in exile;" that so long as most of the positions in the Department relating to the conduct of foreign affairs were manned by permanent civil service officers there was insufficient opportunity for members of the Foreign Service Officer Corps to have the benefit of a departmental assignment with the result that there was a danger that over the years they would lose touch with their own country.
3. The belief that the flexibility which would result from the integration program would facilitate the administration of the Department and of the Foreign Service, would contribute to the maintenance of a freshness of approach to problems in the Department, and would tend to deepen the knowledge and background of officers in the field.
4. The conclusion that the unification of the foreign affairs operations of the Department of State under a single personnel system (a) would permit the infusion into the Foreign Service of a high degree of specialization in other than the general practice of diplomacy thereby strengthening the

Department and the Foreign Service in meeting the responsibilities of the modern-day conduct of foreign affairs, and (b) would result in the expansion of the base from which needed talents could be developed.

The following comments might be made with regard to these four basic reasons:

1. *Advantages to be derived from a Foreign Service Officer Corps with extensive experience both in the Department and in the foreign field.*—Experience over many years has demonstrated that departmental officers have a better understanding of the problems of our missions and consular offices if they themselves have had Foreign Service posts abroad. Officers in the Department who have served abroad are in a better position than they would be without such experience to judge whether or not instructions which they prepare for the field are practical from the point of view of execution. Too frequently a departmental officer who has not himself operated in the foreign field is inclined to approach a problem from the point of view of theory rather than from that of practicability. Furthermore, prior service abroad enables officers in the Department to have a better appreciation of the circumstances under which officers must work at foreign posts and the difficulties with which they are confronted. Such service certainly gives a departmental officer a more comprehensive picture of the problems and possibilities of the area itself.

Conversely, experience has demonstrated that Foreign Service officers who have not served one or more tours in the Department of State are likely to be handicapped vis-a-vis officers serving side by side with those who have had such experience. Service in the Department gives a Foreign Service officer a better grasp of the basis of our various foreign policies. It helps him to understand the kind of information which is most useful to the Department and the type of action in given circumstances which the Department would expect of him. It may also provide rigorous training in the art of drafting documents used in international exchanges and in the preparation of reports to the Department. Furthermore, the knowledge of the organization and operations, not only of the Department but also of other agencies of the Government dealing with foreign affairs, which an officer derives from a tour of duty in the Department enables him when serving abroad to be more responsive to the needs of the Department and other interested agencies. Above all, a tour in the Department helps an officer to keep in tune with the spirit of the American people and in touch with American trends.

2. *The danger of the Foreign Service becoming "a service in exile."*—Prior to the outbreak of the Second World War, the Department was manned almost entirely by:

(a) Presidential appointees some of whom came from private life and some of whom were Foreign Service officers.

(b) Foreign Service officers who were detailed for periods of from 2 to 4 years in various areas of the Department, particularly in those now known as the geographic bureaus, and those concerned with the administration of the Foreign Service and in the direction of consular activities. Foreign Service officers were also frequently detailed as assistants to the senior officers of the Department.

(c) Civil service personnel who for the most part were clerical personnel or officers engaged in administrative activities.

(d) Officers engaged in substantive and administrative activities who had no permanent status and who served at the discretion of the Secretary.

During the middle forties, most of the officers of the Department who previously had had no permanent status were brought into the civil service. As civil service officers they gained permanence. Many of them hoped for a career in the Department. As the years went by, these officers gradually began to climb a departmental career ladder. When a Foreign Service officer upon completion of his tour would go to the field, it was natural that the civil service officer below him should desire to fill the vacancy rather than to see it filled by another Foreign Service officer detailed from the field. It too frequently happened that if another Foreign Service officer should be assigned to the position, the civil service officer in his disappointment would cherish feelings of resentment against a system which seemed to block his rapid promotion. Sooner or later, however, if he had ability he would move up into the coveted position. Since he was a permanent fixture in the Department, he usually continued to occupy a position assigned to him until he was able to move to one still further up. Little by little, therefore, the key positions in the Department began to be frozen into the civil service and Foreign Service officers were beginning to have less and less opportunity of being detailed to departmental positions of responsibility. Efforts to bring about greater interchange between the Department and the field did not meet with marked success because Foreign Service officers were inclined to resist the appointment into the

Service of civil officers above their heads just as civil service officers in the Department had a tendency to resist the appointment to the Department of Foreign Service officers above them.

3. *The advantages of the flexibility in the administration of the Department and of the Foreign Service as a result of integration.*—Prior to integration, there were many officers in the Department who were admirably fitted for positions in the field and whose appointment to such positions would have been in the national interest and also would have contributed to their own development. Similarly, there were many Foreign Service officers in the field who were well-fitted to hold certain positions in the Department and whose assignment to such positions would have strengthened the Department. So long, however, as one Service manned the Department and another Service the foreign field, the lack of flexibility frequently prevented appointments which should have been made.

The concept of the Foreign Service Officer Corps is that a member of that Corps must be prepared to serve at any time in any place in such capacity as the Secretary of State may determine. The Corps, therefore, is completely flexible. The civil service officers in the Department, on the other hand, are attached to their jobs. Their salary and rank depend upon the positions which they hold and do not adhere to them personally as in the case of Foreign Service officers. Prior to integration, therefore, there was not the flexibility in the personnel administration of the Department of the kind which a Government agency dealing with foreign affairs should have. The superior flexibility of the Foreign Service Officer Corps was one of the reasons why the decision was made for the integration to be made into it instead of into the civil service.

4. *The infusion into the Foreign Service of specialists and the expansion of the base from which needed talents can be developed.*—It was not expected, of course, that the urgent need for specialists could be completely provided for by those lodged in the departmental service in Washington who were to be integrated, although this was a useful source for obtaining immediately at least part of the skills required within the Foreign Service for its oversea establishment. The continuing problem of recruiting and retaining additional specialists will be discussed later.

During recent years as the United States has played an increasingly important role in foreign affairs and as the responsibilities resting on the Department of State and on the Foreign Service have become heavier and more complex, the need of a higher degree of specialization in the Department and Foreign Service has become greater and greater. A number of efforts have been made to meet this need but, thus far, they have not been entirely successful. It was hoped, for instance, that the Foreign Service Staff Corps, established in 1946, would assist in supplying the specialists required in the administrative field. This hope, however, failed to materialize partly because the administrative specialists developed in the Staff Corps became dissatisfied with their status. Many of them took the position that although they had great responsibilities, they were being treated as a second-rate service. Their dissatisfaction and agitation tended to undermine the unity of the Foreign Service as a whole. Furthermore, experience has shown that junior Foreign Service officers needed administrative experience if they were eventually to hold key Foreign Service positions in the Department or abroad, and that so long as administrative activities were concentrated in the Foreign Service Staff Corps they were not obtaining this experience.

Efforts to develop area specialists in the Service have been somewhat more successful, but there is still much to be done in this direction. In spite of the fact, for instance, that for over 30 years the Department has periodically been giving training to officers in the languages and customs of the Near and Middle East, it is still short of senior officers with the language and other qualifications which our chiefs of mission in that area should have. There continues also to be a shortage of officers with specialist area qualifications to man senior posts in the Far East, south Asia and Africa. On the other hand, the Department has a considerable reservoir of officers qualified to hold positions at all levels in the area of the American Republics.

It is in what might be called "functional specialization" that the needs of the Department and Foreign Service are the most acute. There has been, for instance, for many years a chronic shortage of officers highly skilled in international economic and financial problems. This is partly due to the fact that an artificial bureaucratic wall has long existed between the Foreign Service and the economic area of the Department. There was, unfortunately, a tendency on the part of civil service officers who had acquired skills in the economic area of the Department to look toward eventual employment in private enterprise, in universities,

or in foundations for their future careers rather than toward the Foreign Service. The Foreign Service, therefore, did not fully benefit from the experience acquired in the economic areas of the Department.

The integration of many of the positions in the economic area into the Foreign Service and the departure of officers holding those positions to the foreign field have created particularly difficult problems in that area. There were relatively few officers in the Foreign Service who have had an opportunity to obtain experience in the economic area of the Department and, therefore, it has been particularly difficult to find qualified replacements for the integrated officers.

A somewhat similar situation existed in the area of intelligence and research. Although a few Foreign Service officers in past years have been detailed from time to time to intelligence and research, that area had been manned for the most part by civil service officers drawn from various institutions of learning. A tradition had been developed during the years that research in the field of foreign affairs was a type of activity so specialized that Foreign Service officers were not qualified to engage in it. This tradition was widely accepted even though many Foreign Service officers had engaged in extensive research while attending graduate schools prior to their entry into the Service.

I. RECOMMENDATIONS OF THE PUBLIC COMMITTEE ON PERSONNEL

In 1954, the Secretary of State, realizing that there were basic weaknesses in the personnel structure of the Department and Foreign Service, established a Public Committee on Personnel "for the purpose of making recommendations concerning the measures necessary to strengthen the effectiveness of the professional service to a standard consistent with the vastly increasing responsibilities in the field of foreign policy which have devolved upon the President and the Secretary." Members of this Committee, which is usually referred to as the "Wriston Committee," are listed in appendix I.

In its report to the Secretary, the Public Committee on Personnel made two fundamental recommendations, the first of which was:

"To integrate the personnel of the Department of State and of the Foreign Service, where their official functions converge, into a single administrative system, thus putting an end to the institutional separateness of these main functioning arms of U.S. diplomacy."

This recommendation was approved by the Secretary in June of 1954, and is the basis for what has become known as the integration program. This program required that certain positions in the Department and in the field be designated as "Foreign Service officer positions" to be filled, with but a few temporary exceptions, only by Foreign Service officers.

The Committee supported its recommendation with an analysis of the personnel system that then existed and with a reasoned proposal for putting it into effect. These are set forth in the Committee's report entitled, "Toward a Stronger Foreign Service." Pertinent highlights of the report are excerpted in appendix II.

II. CONTENT OF THE INTEGRATION PROGRAM

A. Amalgamation of four categories of officers

In brief, the integration program provided for the integration of civil service personnel holding positions in the Department concerned with the conduct of foreign relations, Foreign Service officers, Foreign Service staff officers (FSS's), and Foreign Service Reserve officers (FSR's) into a single Foreign Service Officer Corps, every member of which should be prepared to serve either at home or abroad in any position to which the Secretary of State might see fit to assign him. The actual integration was accomplished by designating particular positions in the Department and abroad as FSO positions and by facilitating the entry of the officers occupying those positions into the Foreign Service Officer Corps. In the main, therefore, the occupants of such designated positions brought themselves, together with their skills and their positions, into the Foreign Service Officer Corps. Although as a result of the integration, the number of Foreign Service officers was almost tripled, so also was almost tripled the number of positions which such officers were to be called upon to man.

B. Designation of positions

The designation of FSO positions was by no means automatic; criteria had to be established and judgment in their application exercised. Some positions occupied by GS personnel in the Department and by FSS personnel abroad were obvious

designations as Foreign Service officer positions. It was equally apparent that other positions occupied by FSS personnel abroad and, on a much larger scale, by GS personnel in the Department, should not normally be filled by Foreign Service officers. But there was a large number of in-between positions, both at home and abroad, the proper classification of which was not so clearly indicated.

The Public Committee, in its report, set forth its belief that the functions and responsibilities of the personnel in the Foreign Service (both FSO and FSS) and of the personnel in the Department converged generally at and above the GS-7 level, although it recognized that there would be exceptions. It also developed certain criteria for the determination of appropriate personnel categories. All officer positions which were primarily concerned with (1) foreign affairs or (2) the executive management of or administrative responsibility for the overseas operations of the Department and the Foreign Service, for which there was interchangeability between the United States and abroad, were to be designated. The remaining American positions abroad, including secretarial, stenographic, clerical, custodial, and lower or middle-grade technical positions, were to be designated FSS positions. All other positions in the Department were to be designated for civil service occupancy.

Criteria for designation as drawn up by the Public Committee and approved by the Secretary in his directive II-A-I of 1954 are attached as appendix III.

In this directive, the Secretary requested that a review be made of all positions under the jurisdiction of the Department, both in the United States and abroad, and that those positions be specifically identified which could be staffed eventually by Foreign Service officers. This designation was necessary if the extent of the integration program were to be determined and an idea was to be obtained of the future size and coverage of the FSO category. It, therefore, could provide a basis for determining recruitment needs, for planning career development of officers, and for the operation of other personnel management programs.

The Secretary further directed that the "criteria for determination of appropriate personnel categories" which had been adopted by the Public Committee be used as the basic guide in designating positions. Particularly significant as indicative of the intent of the Public Committee and of the Secretary were the following items in the directive:

(a) "The Public Committee has determined that the application of these criteria will result in the designation of approximately 1,440 departmental positions, 23 positions in the United States delegation to the United Nations, * * *"

(b) "* * * Interpretations * * * should not be unduly restrictive but should be directed toward the objective of staffing as many officer-type positions involved in foreign affairs as practical by the Foreign Service Officer Corps."

Following the Secretary's adoption of the committee's recommendations, a list of about 1,500 proposed position designations, approximately the same as the committee had estimated, was circulated among all areas of the Department for review. The bureaus generally recommended additions, and their recommendations led to a reexamination of similar positions, with the result that more positions than anticipated became designated, especially in the administrative field. In some areas, however, particularly those dealing with passports and visas, designations did not come up to expectations. The total positions actually designated approximated the number contained in the committee's recommendation, although there were certain differences in their distribution.

Summary statistical information relating to designated positions is attached as appendix IV. Appendix IV-A compares designated and nondesignated positions by major organizational unit, as of August 1, 1954, and August 31, 1959. Appendix IV-B indicates the incumbency of designated positions by officer category, by major organization unit, as of August 31, 1958.

III. THE RAPID EXECUTION OF THE INTEGRATION PROGRAM

The Secretary approved the recommendations of his Public Committee on Personnel (the Wriston Committee) that civil service officers holding certain positions in the Department, Foreign Service Staff Officers and Foreign Service Reserve Officers be integrated into the Foreign Service Officer Corps together with their positions as rapidly as possible. The target period set for the completion of this program was 2 years. It was furthermore directed that every effort be made to send civil service officers to posts abroad as soon as possible after integration and to replace them by Foreign Service officers from the field.

The program as approved by the Secretary was to be carried out by several stages so far as the integration of civil service officers into the Foreign Service was concerned. These stages were as follows:

1. The designation of positions in the Department to be occupied in the future by Foreign Service officers. Such positions technically were called "Dual service positions" although it is more accurate to employ the more commonly used term of "Foreign Service officer positions" in referring to them.

2. The commissioning as Foreign Service officers of civil service officers holding designated positions provided: (a) such civil service officers were willing to become Foreign Service officers, and (b) they were found to possess the requisite qualifications.

3. The dispatch as soon as feasible of the newly appointed Foreign Service officers to posts abroad for foreign experience and their replacement by Foreign Service officers from the field.

4. The gradual transfer of civil service officers holding designated Foreign Service positions who did not desire to become Foreign Service officers or who were not found eligible for the Foreign Service to positions in the Department which remained in the civil service category or to positions in other governmental agencies.

5. The pursuance of a general policy of filling in the future all vacancies in designated positions in the Department by Foreign Service officers, or where such officers were not available, by Foreign Service Reserve officers.

1. *The designation of positions to be held in the future by Foreign Service officers.*—The task of designating positions to be held in the future by Foreign Service officers was carried out for the most part with great rapidity during the summer and fall of 1954. A task force was assigned to this work and there were considerable exchanges of views between this force and the various bureaus and offices of the Department. Subsequent to 1954, the task of designating positions has been limited to certain alterations in designation based on experience and to the designation of newly created positions. It might be pointed out in this connection that in some areas of the Department the civil service holders of certain positions who were anxious to take advantage of an opportunity to become Foreign Service officers made every effort to convince their superiors and the task force that the positions which they held should be designated as Foreign Service positions. On the other hand, certain civil service officers who did not desire to become Foreign Service officers, or who did not feel themselves to be qualified for appointment as Foreign Service officers, were inclined to argue that the positions which they held did not fall under criteria which would justify designation as Foreign Service positions. This human approach toward the problem added somewhat to the difficulties connected with the work of designation.

2. *The work of commissioning as Foreign Service officers civil service officers holding positions designated to be occupied in the future by Foreign Service officers.*—The task of commissioning and bringing into the Foreign Service the civil service officers who in 1954 were holding positions which had been designated as those to be manned in the future by Foreign Service officers was fraught with a number of understandable difficulties. Some of the civil service officers liked their work in the Department and preferred life in Washington. They did not relish the idea of becoming Foreign Service officers subject to transfer to any place in the world at the discretion of the Secretary of State. Others had doubts regarding their qualifications for service abroad. Still others had reasons of health or family which made them hesitant to accept positions in the Foreign Service. Some who applied for appointment as Foreign Service officers were not able to satisfy the boards which passed upon them that they had the requisite qualifications. Consequently, several hundred civil service officers holding Foreign Service positions in the Department remained in their present positions and did not enter the Foreign Service. On the other hand, hundreds of them were delighted at the opportunity to become Foreign Service officers, applied for entry into the Foreign Service, and were duly commissioned.

There were furthermore a quite large number of civil service officers, who, while not enthusiastic at the idea of leaving Washington and going abroad as Foreign Service officers, nevertheless accepted commissions in the Foreign Service because they felt that following the completion of the integration program the careers of most civil service officers remaining in the Department were likely to be limited. The majority of the civil service officers who entered the Foreign Service are now pleased after several years abroad that they did so. A number of them, however, have not been thus far able to adjust themselves to Foreign Service activities and life.

There was also a considerable impact upon the Foreign Service as a result of the appointment of so many civil service officers as Foreign Service officers. Many Foreign Service officers had entered the Foreign Service only after taking rigorous examinations, had moved slowly over the years up the highly competitive Foreign Service career ladder, and had earned their promotions by service in unhealthful climates and in isolated posts. Some of them were inclined to resent the appointment to classes above them of civil service officers from the Department who had not been subjected to severe examinations; who in some instances had been fewer years than they in the Government service; and who frequently were younger than they. Furthermore some Foreign Service officers took the position that they had entered the Foreign Service to serve their country abroad—not to serve in the State Department in Washington. These officers disliked the prospect of being called upon in the future to spend a considerable portion of their careers in the Department.

In this connection, it might be pointed out that the integration program was more than a merely temporary organizational adjustment. It called for a profound change in the thinking of many "old line" Foreign Service officers. After a lapse of 5 years, there is still a tendency among certain of these officers to consider that "regular Foreign Service work" is limited to activities carried on by chiefs of diplomatic mission, counselors, diplomatic secretaries, consuls general, consuls, vice consuls, etc., and not to relish assignments to other work. Nevertheless, it is believed that in general the members of the Foreign Service Officer Corps are beginning to understand that the work in the Department connected with the conduct of foreign affairs is "regular Foreign Service work."

3. *The transfer to the foreign field of those former civil service officers who were given Foreign Service officer commissions and their replacement by Foreign Service officers from the field.*—In conformity with the views expressed by the Secretary's Public Committee, and approved by the Secretary, the Department pursued a policy of sending abroad the newly appointed Foreign Service officers as rapidly as conditions would permit and of detailing to the Department Foreign Service officers to replace them. During the latter part of 1954 and during the years 1955, 1956, and 1957 hundreds of these newly commissioned officers were assigned to posts abroad. It was only natural that so many shifts of personnel in so short a period to tasks with which they were not familiar should place a heavy burden on their colleagues in the Department and in the field and to an extent should handicap temporarily the functioning of the offices to which they were assigned. A number of offices in the Department and of our diplomatic and consular offices abroad registered complaints that the personnel being assigned to them did not have the requisite qualifications. As time went on and the newly appointed officers began to adjust themselves to their new jobs and surroundings, the volume of these complaints steadily diminished and with a few exceptions, the dislocation incident to the drastic execution of the integration program has tended to disappear. The Foreign Service Institute was called upon to assist in preparing former departmental officers for work abroad and most of these officers by their enthusiasm and determination to make good on the job have won the admiration and confidence of the so-called old line officers.

The Foreign Service officers assigned to the Department to engage in certain activities with which the Foreign Service in the past has had little contact, found it difficult at times to adjust themselves to the new situation. This was particularly true with regard to the more technical positions in the economic and research areas of the Department. The experiences encountered in these offices will be touched upon in other sections of this study.

The question might be raised as to why the transfers to the field of the newly commissioned Foreign Service officers were carried out so rapidly. Why could not this have been done over a longer period of years so that the impact upon the Department and the Foreign Service offices abroad would not have been so marked?

The answer is that the Secretary's Public Committee, after examining what had happened in past years, was convinced that unless the program was carried out on what might be called a "crash basis" it would never be carried out. There was a feeling that as time went on, the opposition to the program would solidify to such an extent that those charged with implementing it would become disheartened and eventually abandon it. The Committee and the Department, therefore, took the position that regardless of inconvenience and dislocations, it was preferable to carry out the program quickly and then to build on the foundations thus preparing a stronger and more effective State Department and Foreign Service.

4. *The gradual shifting to other work of civil service officers holding Foreign Service officer positions who failed to become Foreign Service officers.*—The Department has not completely solved as yet the problem of civil service officers in the Department who for some reason or other have not become Foreign Service officers and who continue to hold positions designated for occupancy by Foreign Service officers. The Secretary of State's Public Committee had this to say with respect to the disposition of these civil service officers: "Where departmental officers presently holding 'Foreign Service' positions are unwilling or unqualified to transfer, the recommendation is that in due course they be moved either into non-Foreign Service posts or be assisted in finding other employment. Every effort should be made to complete the process within 3 years."

In order to facilitate the transfer of these civil service officers to non-Foreign Service positions in the Department, opportunities were given to civil service officers holding non-Foreign Service positions voluntarily to apply for commissions as Foreign Service officers. It was the thought that the vacancies which would be created by the entry of these civil service officers into the Foreign Service could be filled by civil service officers holding Foreign Service positions. This hoped-for solution, however, was not in general successful. Most of the civil service officers who continued to occupy designated positions liked their work and did not wish to be transferred to nondesignated positions. Others were so valuable in their Foreign Service positions that their superiors objected to their transfer. The Department also was not successful in finding employment in other agencies for these Civil Service officers. This was because many of these officers preferred to remain in the Department even though their careers seemed to be curtailed by the integration program and because some of them were so valuable that their superiors urged them to stay. The central administration of the Department on its part did not desire to bring pressure on these officers to leave the Department because first, many of them were valuable officers who had worked faithfully and effectively in the Department for many years and it did not seem fair to try to push them out; and secondly, they had developed skills which were valuable to the Department. It is believed that eventually some of these officers will go into the Foreign Service and that what remains of the problem will be solved by attrition. Nevertheless, many of these civil service officers understandably resent the effect which the integration program has had upon their chances of moving up a career ladder. They feel that they should be promoted to vacancies in Foreign Service positions above them if they possess the appropriate qualifications. A relatively small number continue to oppose the whole concept of the integration program and cherish the hope that eventually the program will be abandoned.

The Department has continued to pursue a general policy determined upon when the integration program was inaugurated not to promote civil service officers holding Foreign Service positions to higher Foreign Service positions. The abandonment of this policy would tend to undermine a program believed to be for the ultimate benefit of the Department and of the Foreign Service. Nevertheless, the Department attempts to treat these officers with every consideration and to make the maximum use of their frequently most valuable services.

5. *The pursuance of a general policy in the future of filling vacancies in designated positions in the Department with Foreign Service officers—or where such officers are not available—with Foreign Service Reserve officers.*—In keeping with the recommendations of the Secretary's Public Committee on Personnel, the Department has been following the general policy of filling vacancies which occur in Foreign Service positions with Foreign Service officers, or if no Foreign Service officers with necessary qualifications are available, with personnel brought in from outside the Department who are prepared, if called upon, to serve abroad. The personnel thus brought in are designated as Foreign Service Reserve officers. In only a few instances, where no Foreign Service officers or qualified personnel outside the Department have been available, civil service officers have been promoted to such positions. It is hoped that within a few years every designated Foreign Service position within the Department will be held by an officer with Foreign Service status who is prepared to go on short notice to any part of the world where his services might be best used.

A Reserve officer is in essence a temporary Foreign Service officer without a commission. His appointment is of a limited nature. The concept is that he holds the position assigned to him as a Foreign Service officer until his term has expired, until a Foreign Service officer becomes available to take over, or until he himself becomes a Foreign Service officer after a number of years of service after having been found qualified by the Foreign Service Board of Examiners.

Certain types of specialized positions are filled from time to time with Foreign Service Reserve officers some of whom eventually become regular Foreign Service officers.

IV. DEDESIGNATION OF FOREIGN SERVICE POSITIONS

Within a few months after the initial designation in 1954 of Foreign Service officer positions in the Department, requests began to come in from certain areas of the Department for changes in designation.

An examination of these requests indicates that some of them arose because of the concern of the chiefs of bureaus and offices at losing the services in a rather short period of time of such a large number of experienced departmental officers. The policy of the Department in pushing the newly appointed Foreign Service officers into the foreign field on an urgent basis and of replacing them by Foreign Service officers not experienced in departmental work contributed to certain dislocations and gave rise to second thoughts regarding the designation of a number of positions.

This was particularly true with respect to areas which were not accustomed to making use of Foreign Service officers. In some instances, no Foreign Service officer from the field was immediately available to fill the vacancy created by the transfer abroad of a former civil service officer. In various areas, the number of vacancies grew to such an extent that they seriously handicapped operations. In some areas, also, in which there were many positions of a specialized character left vacant by the transfer of the incumbents, their Foreign Service officer successors were not able immediately to do all that was expected of them. In a few offices where there was particularly sharp opposition to the acceptance of Foreign Service officers, vacancies continued for a long period because of the reluctance of the top personnel in these offices to agree to accept the Foreign Service officers offered them. Even Foreign Service officers possessing qualifications of a character which should have enabled them in a short period to acquire the necessary more detailed technical skills were sometimes rejected.

On the other hand, some of the requests for dedesignation were clearly justified. There were quite a number of instances in which it was found that the task force had made errors in judgment in designating as Foreign Service positions jobs which experience subsequently demonstrated should have remained as civil service positions. Some of these jobs were of a technical character which could be satisfactorily filled only by officers with years of experience in a highly specialized field; other positions required backgrounds which could not ordinarily be supplied by the Foreign Service. In some cases, the task force has been persuaded by the occupants of these positions who were anxious to get into the Foreign Service that their positions met the criteria established for Foreign Service positions. It was only after these occupants had obtained their Foreign Service officer commissions and gone to posts abroad that the errors were discovered.

The criteria initially established for the designation of positions have continued to be the basis for positions and for the numerous reviews of designation decisions. During the 1954-59 period, some 284 positions have been changed from Foreign Service to non-Foreign Service. The majority of the dedesignation actions (about 240) were taken in the 2-year period immediately following the inception of the integration program. During the same 5-year period, a number of additional positions, including newly created positions, have been designated as Foreign Service positions. At the present time, therefore, the total number of such designated positions is somewhat greater than it was in 1954 (see appendix IVa).

An examination of the positions which have been dedesignated shows that some 64 percent of them were in the areas of public affairs, economic affairs, intelligence, and security (see app. Va and Vb). Approximately 23 percent of the dedesignated positions were of an administrative type which were determined to be almost exclusively domestic in their orientation. About 6 percent of the dedesignated positions were changed to non-Foreign Service positions because of a particular need for continuity of occupancy, and another 6 percent because of the need for professional specialization requiring specific academic qualifications. These latter dedesignations were primarily in the areas of public affairs and international organizations.

During the last 3 years only some 40 positions have been changed from Foreign Service to non-Foreign Service in spite of the fact that there has been a continual review of individual positions as well as group positions. After a period of flurry and dislocation, the personnel situation in the Department seems, therefore, on the road to stabilization.

The problems relating to dedesignation have not, however, been completely resolved. The Department finds it necessary constantly to review various

positions and at times whole areas of activities in order to make sure that individual positions or categories of positions have been properly designated.

V. GENERAL PROBLEMS CONNECTED WITH THE INTEGRATION PROGRAM

Most of the problems connected with the integration of so many departmental civil service officers into the Foreign Service are not entirely new to the Department or to the Foreign Service. The Department has been struggling with some of the for many years. The integration program, however, has served to bring them to the fore. Among the general problems that might be mentioned are the following:

1. The continuing need for a higher degree of specialization.
2. The balance between continuity of service and flexibility in the making of assignments.
3. Length of tour of duty and policy with respect to assignment.
4. Recruitment in the light of the additional responsibilities of the Foreign Service.
5. The future in the Department of civil service officers.

A. *The continuing need for a higher degree of specialization*

When the integration program was put into effect and the exodus of former civil service officers from the Department to the field took place, the lack of specialists in the Foreign Service became particularly apparent. This was not entirely because the Department's efforts to develop specialists had not met with the proper degree of success. It was in part due to the fact that many of the specialists going into the Foreign Service from the Department insisted upon being assigned to posts where they could have an opportunity to broaden their qualifications rather than to practice their specialty.

Probably the chief barrier to the development of specialists in the Foreign Service has been a feeling on the part of most Foreign Service officers that they are more likely to achieve success in the Service if they can avoid specialization, particularly functional specialization.

As a result of this feeling, relatively few able officers in the Service have shown an inclination to engage in functional specialization. Those who developed into competent functional specialists have too frequently taken advantage of the first opportunity to go over into the more general fields.

It is clear that if the Foreign Service is to meet the responsibilities which have been placed upon it, it must be able to supply more area and functional specialists. In order to encourage specialization, the Department is taking certain measures. Among them are the following:

(a) Endeavoring to recruit at the bottom of the Service a larger proportion of officers who would welcome specialization.

(b) Bringing laterally into the Service at various levels from the Foreign Service Staff Corps, from other agencies of the Government, or from private life, persons who have specialist qualifications of which the Service is in need with the understanding that they will continue to serve in their specialty for a number of years.

(c) Encouraging officers already in the Service to take up specialties by convincing them that their promotional opportunities will be thereby enlarged rather than restricted.

(d) Giving necessary training in the Foreign Service Institute and in appropriate educational institutions in various specialties.

(e) Giving officers a series of assignments which will enable them to develop specialties through experience.

(f) Maintaining an inventory of the special skills and potentialities of all officers as a basis for ascertaining and for projecting duty and training assignments.

The Department does not desire specialists to develop in such a manner that they will become isolated from the mainstream of Foreign Service activities. It does not believe that a specialist in the Foreign Service can function with maximum effectiveness unless he has an understanding of the general international situation and of the broad problems of the Department and of the Foreign Service. Just as a specialist in most fields of medicine should understand the functioning of the whole human body as well as of the organs with respect to which he is specializing, a highly qualified specialist of the Foreign Service must continue to keep himself informed regarding international trends and problems. An administrator, or specialist in economic or cultural affairs, for instance, in recommending policies or making decisions must constantly bear in mind certain factors of an international political character.

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B. The balance between continuity and flexibility

The carrying out of the integration program has served to emphasize the problem of maintaining in the assignment of Foreign Service officers a balance between continuity and flexibility. It is, of course, important that there be maintained sufficient continuity of service in various areas to enable the officers on duty in them to be kept informed regarding past policies and developments. On the other hand, if the factor of continuity is emphasized to such an extent that officers are rarely transferred, the Foreign Service loses one of its most important assets—that of flexibility. There is a danger that the officer who is permitted to perform only one function for an extended period of time will fall into a bureaucratic rut and will lose his perspective. It is believed, therefore, that in an organizational unit as well as in a specialized position not only continuity of services but a fresh outlook are important.

With respect to certain functions, posts, and positions, continuity may be exceptionally important. It is difficult in each situation to gauge the time when continuity is likely to degenerate into staleness and when the advantages of a fresh point of view may outweigh length of tour. Over a period of many years, the Department has gained considerable experience in measuring the continuity factor in the Foreign Service overseas where rotation after varying tours of duty has long been the practice. It is only beginning to obtain this experience with regard to certain areas in the Department. It has already learned, however, that in some areas of the Department, as for instance, those which are represented on the numerous interdepartmental committees, there is a need for considerable continuity if the officers in them are to possess the maximum effectiveness. Even with respect to these activities, the Department finds that it must guard against the likelihood that some officers may become stale or may lose their perspective as a result of overlong service in one narrow position. These areas can, therefore, also profit from a fresh approach, particularly that brought in by officers with recent oversea experience. It has become clear, however, that the rotation should take place in such a way that there will always be in areas of this kind a number of officers with the necessary background.

In an effort to meet the problem of continuity, the Department has been extending the tours of duty of Foreign Service officers in the Department and has been effecting the reassignment to the Department of officers who were integrated into the Foreign Service from the civil service a number of years ago and have since been serving abroad. Up to the present time, approximately 60 senior and middle grade officers who were integrated into the Foreign Service in the early days of the integration program and have spent from 2 to 5 years abroad have been reassigned to the Department to provide continuity while other officers go abroad. For the most part, these officers have been assigned to functional specialties similar to those in which they were engaged prior to integration. In some instances, however, they have not been reassigned to the bureaus from which they integrated.

It is the intention of the Department to continue to reassign integrated officers from time to time to departmental positions in accordance with the needs of the Service. It is felt that these officers offer the advantages both of continuity and of a fresh approach. They bring with them long and valuable knowledge of departmental operations enhanced by the perspective gained by service abroad. Some of these officers may well spend most of their careers in Washington rather than abroad since they may have qualifications which enable them to serve more effectively in the United States than overseas.

The Department has no intention of trying to achieve a balance between departmental and oversea service with respect to each officer. It realizes that some officers are more useful to the Government while in Washington whereas others are more valuable in the field. Nevertheless, it does intend to make sure that no officer serves in the field for such a protracted period that he loses a feeling of close contact with the Department and that no officer serves so long in the Department that he is in danger of overlooking the problems of the foreign field.

A total of 644 integrated officers have been assigned abroad from the designated positions during the period from the inception of the program to September 30, 1959. As of November 30, 25 integrated officers have yet to be assigned to a foreign post of whom 9 are definitely scheduled for departure to the field during the next 12 months. As of August 31, 1959, there were 363 civil service officers still assigned to designated positions. Some bureaus have relatively few of these officers, whereas others have large numbers. Even though the integration program has terminated, civil service officers holding designated positions are still free to apply for integration into the Foreign Service Officer Corps under the provisions of the continuing lateral entry program (app. VI).

C. Length of tour of duty and assignment policies

The Secretary's Public Committee included among its recommendations one to the effect that so far as possible a general policy of rotation be established which would permit an officer to serve 6 years in the field for every 4 in the Department. This recommendation was based on the estimate that 40 percent of the Foreign Service officer positions would, in the future, be in Washington. Although this recommendation is borne in mind by the personnel areas of the Department, it is nevertheless not strictly followed. In practice, it has been found necessary to maintain a high degree of flexibility in the matter of rotation of personnel between the Department and the field. The effective staffing of certain areas of the Department, as for example, the economic area, requires a higher degree of continuity than do most positions in the foreign posts or in the geographic bureaus.

For several years the Department has been making efforts to lengthen the tours of duty in foreign posts. At present the normal tour of duty in a post abroad—other than an unhealthful or hardship post—is considered to be 4 years. Furthermore, if it should be determined that a post needs the services of an officer for a longer period and that it would not handicap the development of the officer to remain longer, the tour can be extended beyond the 4 years. The normal tour in a hardship or unhealthful post is normally 2 or 3 years although it also can be extended if it is determined that the extension would be in the public interest.

The normal tour in the Department is now considered to be 4 years. It can, however, in case the need for continuity is great, be extended up to 8 years. It is the intention of the Department, so far as practicable, to tailor the length of the tour to the needs of the area, bearing in mind the effect which a longer tour might have upon the development of the officer involved.

The length of tour of junior officers who have recently entered the Service is as a matter of practice shorter than that of the more senior officers. Their tours usually average about 2 years. The reason for the shorter tour is that it is considered desirable for an officer while still fresh in the Service to have a variety of experiences under several chiefs.

D. Recruitment in the light of the additional responsibilities of the Foreign Service

As a result of the integration program the Department has found it advisable to effect certain changes in its recruitment procedures and it is studying the desirability of making still further changes. It does not lack for a large supply of candidates for class 8 officers. The Department's concern arises not from the number of candidates but from what seems to be the rather narrow interests of those who pass the examinations. It is, therefore, making efforts to emphasize in its publications, statements, and college recruitment operations the fact that the Foreign Service officer of the future must be prepared to engage in widely diversified and specialized activities. We hope that as a result of these efforts we shall be able to attract young people interested in all of the various functions of the present-day Foreign Service. We should obtain the kind of officers we need from the more than 10,000 who have applied to take the Foreign Service officer examinations to be held on December 5, 1959. During the fiscal year ending June 30, 1960, the Department plans to appoint between 150 and 175 new Foreign Service officers of class 8.

Thus far, in spite of its efforts, the Department has found among the new recruits too few who show enthusiasm for developing functional specialties.

It is possible that eventually the Department will decide that it is necessary to bring in more specialists at the levels of classes 5, 6, and 7 through the Reserve officer mechanism and to depend to a less extent for specialists upon officers who enter the Service in class 8 as a result of the regular examinations. The Department has already embarked upon the recruitment of Reserve officers with specialist qualifications at various levels since it cannot wait for young men starting at the bottom of the Service to develop specialties. For example, it plans to appoint during the present fiscal year about 80 Foreign Service Reserve officers to meet needs in such functions as economics, administration (personnel, budget and finance, management), labor relations, science, minerals, geography, and medicine.

E. The future of civil service officers in the Department

One of the most difficult problems which the carrying out of the integration program has served to emphasize is that of the career future of civil service officers in the Department. This problem relates to officers who hold positions which are designated as civil service positions as well as to those whose positions have been designated as Foreign Service officer positions.

Both categories of civil service officers feel quite understandably that their opportunities for advancement in the Department have been curtailed as a result of the integration program. Prior to the carrying out of that program there was a variety of positions in the Department to which they might have had an opportunity to be promoted. As a result of that program, however, many of these positions are no longer open to civil service personnel. It is true that the civil service officers who were occupying positions designated as Foreign Service positions in 1954 may continue to hold such positions but they have very little or no opportunity for promotion except within areas which are not primarily concerned with the conduct of foreign affairs. Offices such as those of the Legal Adviser and the Historical Division have not been seriously affected in view of their character and of the specialized interests of the officers in them. However, civil service officers in other areas which are clearly concerned with the conduct of foreign affairs and which, therefore, have been included in the integration program have in general suffered loss of morale.

The alternatives which face civil service officers holding Foreign Service positions are:

- (a) To remain frozen in their present position;
- (b) To be transferred to a civil service position in the Department;
- (c) To be transferred elsewhere in the Government;
- (d) To leave the Government service;
- (e) To enter the Foreign Service Officer Corps.

Most of these officers who are still in the Department do not at present desire to enter the Foreign Service Officer Corps. Many of them like what they are doing and do not want a change. It seems likely, therefore, that some of these officers will continue to hold their present positions in the hope that eventually the policy of integration will be abandoned and that what are now Foreign Service positions will be opened to them. Civil service officers holding civil service positions can, of course, continue to advance within the limits of the civil service positions available. Since, however, the main stream of the Department's work is connected with the conduct of foreign affairs, a career in areas which are not concerned with foreign affairs is likely to be somewhat narrow in spite of the fact that supergrade and C positions were not subject to designation and can be filled by either civil service or Foreign Service officers.

In view of the limited opportunities for advancement of civil service officers, the Department is reluctant to designate or to dedesignate positions as civil service positions unless such positions clearly do not fall under the criteria established for Foreign Service positions. Its reluctance is based on the fact that every ambitious civil service officer in the Department with the exception of those serving in a few highly specialized areas is likely to become a morale problem when he reaches a position where future advancement becomes difficult for one who is not a Foreign Service officer.

The Department, therefore, has been willing to dedesignate very few positions concerned with the conduct of foreign affairs on the grounds of the advantages of continuity. The designation of a position as "civil service" in order to assure continuity is not an answer to the problem. If the civil service occupant of that position has ambitions, he is almost certain, after a number of years, to overlook the fact that his role is to provide an element of continuity and to insist that some position above him be dedesignated or created so that he can be promoted. The dedesignation or creation of positions in order to provide a career ladder for civil service personnel would of course be contrary to the concept that it is a responsibility of the Foreign Service to man the officer positions in the Department connected with the conduct of foreign affairs.

The Department is trying to alleviate the problem of civil service officers in the Department by:

- (a) Continuing to treat with consideration civil service officers who are at present frozen in Foreign Service officer positions;
- (b) Assisting civil service officers who are dissatisfied with their opportunities for advancement in the Department and who wish to stay with the Government to find positions in other agencies of the Government;
- (c) Emphasizing to all candidates for civil service positions in the Department the fact that their advancement in the Department is likely to be limited unless at a given point they would be able and willing to enter the Foreign Service;
- (d) Pursuing a liberal policy in accepting civil service officers of the Department who possess the appropriate qualifications into the Foreign Service Officer Corps. Liberality does not go so far, however, as to encourage persons to seek departmental positions as shortcuts into the Foreign Service.

VI. THE EFFECTS OF INTEGRATION ON SPECIFIC AREAS OF THE DEPARTMENT

The Senate Foreign Relations Committee in Senate Report 880 on S. 2633 referred to the impact of the integration program on certain offices of the Department and asked for the Department's comments with respect to these specific offices in the light of statements that have been made to the effect that the integration program "has gone too far" in such areas. Among the offices mentioned were:

1. The Policy Planning Staff (S/P).
2. Bureau of Intelligence and Research (INR).
3. International Education Exchange Service (IES).

The committee also invited comment on other offices of the Department. The comments requested follow, including comments on the Bureau of Economic Affairs.

A. *The Policy Planning Staff (S/P)*

Although the Policy Planning Staff is one of the smallest offices in the Department, it nevertheless plays so important a role that considerable attention is given to its personnel problems. Its primary function is to advise and assist the Secretary in the evaluation of the adequacy of current foreign policy, in the formulation of long-range policy, and in the coordination of activities within the Department. All of the officer positions of the Policy Planning Staff fall under schedule C. Therefore, none of them have been designated as Foreign Service officer positions. Since the creation of the Staff in 1947 its membership has been fairly evenly divided between Foreign Service officers and non-Foreign Service officers.

It so happens that since the inception of the integration program in 1954, the proportion of non-Foreign Service officers assigned to the Staff has been slightly higher than it was previously. As of August 1959 there were 11 officers attached to the Staff, including the Assistant Secretary, a Deputy Assistant Secretary, five senior officers, and four other officers. Five were Foreign Service officers, including the Deputy, one senior member, and three other members.

Experience over the years has convinced the Department that in general a balance of this kind between Foreign Service and non-Foreign Service officers has been sound. Continuity of service has proved its distinctive value in the Staff. Much of this continuity has been supplied by the non-Foreign Service members, some of whom have served for extended periods. The rotation of Foreign Service officers approximately every 2 years has been explicitly requested by the present Assistant Secretary since this rotation renders possible a steady influx of new backgrounds and fresh points of view. There is, however, no rigid rule that the period of assignment of a Foreign Service officer to the Policy Planning Staff should not be in excess of 2 years. When there is a special reason for the retention of a Foreign Service officer for a longer period he is retained. It has been found, however, that an experienced Foreign Service officer can be almost immediately extremely useful in the planning work. In fact, some of the most valuable contributions from members of the Staff have been made by Foreign Service officers during their first year of assignment.

The Policy Planning Staff is a primary channel of liaison with the Joint Staff of the Joint Chiefs of Staff, a body composed of members of the armed services who are also rotated.

As a rule only officers of exceptional ability are assigned to the Policy Planning Staff and these assignments are much sought after because of the experience to be derived from them and of the prestige which adheres to them. The Foreign Service officers at present attached to this staff stand high among officers of the Foreign Service class from which they are drawn.

B. *The Bureau of Intelligence and Research (INR)*

The task forces established by the public committee on personnel recommended that 347 occupied officer positions in INR be designated as Foreign Service officer positions and that 79 remain as nondesignated civil service positions. As of August 1, 1954, some 343 positions were designated. The nondesignated positions were concentrated mostly in the library and in the Office of Current Intelligence Indications.

During the next 2 years, 124 of the positions initially designated as Foreign Service officer positions were ddesignated as a result of surveys instituted by the Department. Among the positions ddesignated, 70 were in the area of language specialists; 2 were editors; 13 were coordinators in national intelligence studies (INS); 11 were administrative officers; and 10 were external research officers. Subsequently, three additional positions were ddesignated.

The dedesignation of the positions in NIS was made because it was decided that in view of their specialized nature and their close relationship to the intelligence community in Washington they should remain in the civil service. The positions in area language and external research were dedesignated because the holders were required to possess highly technical qualifications not likely to be found among Foreign Service officers. The dedesignated administrative positions were exclusively departmental in the orientation.

In August 1954, Foreign Service officer positions approximated 75 percent of the total INR officer positions. In August 1959 they constituted 53 percent. The Department believes that this approximately 50-50 division of positions in INR between Foreign Service officers and civil service officers is probably the most effective division that can be made at this time. It provides the necessary continuity tempered with oversea experience.

When the integration program was first being put into effect there was considerable confusion in INR. Although many of the civil service officers holding positions in that area welcomed the opportunity to go into the Foreign Service, others preferred to remain in the Department and registered opposition to the program on a variety of grounds. Some of the chiefs of division objected to the exodus into the foreign field of so many of their personnel and were unhappy at the idea that the replacements were to be Foreign Service officers. Some of the Foreign Service officers assigned to INR assumed their new positions with reluctance. INR had been partially isolated from the rest of the Department and from the Foreign Service, so far as its personnel interchange was concerned, for so many years that there was a feeling among some of the Foreign Service officers assigned to the area that they were no longer in the Department.

Much of the opposition to the integration program has disappeared during the last 5 years. Although several of the Foreign Service officers originally assigned proved to be unsuited for the work, those subsequently detailed have for the most part encountered little difficulty in adjusting themselves to their new duties. In fact some of them have introduced fresh points of view and have tended to give a more practical aspect to the studies assigned to them. Time has demonstrated that a Foreign Service officer benefits from the training received in INR. They return to the field of operations with a deeper insight into the problems with which they are called upon to deal. Similarly officers returning to Intelligence and Research after an assignment abroad bring with them a deeper understanding of the reality of situations and are better equipped to pass judgments. In general, Foreign Service officers are beginning to realize that an assignment to INR furnishes them with experience which is likely to make them more valuable to the Service in future years.

When the integration program was first being put into effect too many of the assignments of Foreign Service officers to INR were of short duration. The Department's present policy, however, which was established over a year ago, now provides for basic tours of 4 years and for an extension of this tour when necessary.

In spite of the progress which has been made, problems relating to integration and designation of positions continue to arise in INR. These problems, however, are being dealt with one by one as they arise, just as similar problems are being treated in other areas of the Department. The Department is confident that as a result of the exchanges which take place between INR and the foreign field, the intelligence and research work in the Department and the work of our offices abroad are being strengthened.

C. International Educational Exchange Service (IES)

Broadly stated, the objective of the International Educational Exchange program is to develop a climate of public opinion overseas in which the actions, motives, and policies of the United States can be correctly interpreted. Given such aims, there can be no doubt that the extension of the integration program to an office responsible for educational and cultural exchange was correct and in accordance with the approved criteria. The recent establishment by the Department of the Bureau of International Cultural Relations, of which IES is a major component, has served to emphasize the fact that "cultural diplomacy," as a supplement to the more traditional political and economic forms of diplomacy, has become an active and highly important arm of U.S. foreign policy.

This fact and the important part played by IES in this type of international operation has not yet been fully appreciated by some civil service and Foreign Service officers. This is due to a variety of factors, among which may be cited:

- (1) The fact that the IES program is by its very nature somewhat out of pattern when compared with other operations of the Department;

(2) The fact that IES's goals, necessarily long range in nature, have not in the past attracted the same degree of attention in the Department as other more spectacular operations;

(3) The fact that few Foreign Service officers have been assigned to this organization until comparatively recent times;

(4) The fact that IES's oversea operations are carried out primarily not by Foreign Service personnel but by officers and employees of the U.S. Information Agency—a unique circumstance which understandably puts a rather special connotation on the integration program in the eyes of IES personnel; and

(5) The fact that the integration program has lagged more in IES than in most other areas of the Department. All of the 130 officer positions in IES were originally designated as FSO positions. Seven have since been dedesignated and 10 new Foreign Service positions have been created. Of the 133 positions at present designated, 60 are still held by civil service personnel.

Antipathy to the integration program has been particularly forthright and vocal in IES. The feeling that promotional opportunities for civil service officers are limited by the program has been a depressant to morale, despite the fact that many of these officers have been promoted in the last 5 years. It has been argued at times that IES operations are so highly specialized that they cannot be adequately performed by Foreign Service officers; that the technical nature of the duties performed in IES necessitates more continuity than would be possible under the rotational system of the Foreign Service.

Analysis of IES operations, relationships and procedures, however, does not support the validity of these claims as broad generalizations. The undoubted value of continuity in IES positions must be balanced against the risk that overly narrow specialization may lead to staleness in performance and loss of perspective. IES records indicate that its civil service officers have frequently moved to new jobs in the past in connection with promotions and reorganizations. Whereas it is asserted that Foreign Service tours of duty in IES average only 2 years, it is a fact that those of other than the most junior Foreign Service officers have usually extended to 3 years. Furthermore, it should be noted that under present departmental policies, a tour of 4 years or even longer will be normal in the future. Assertions concerning the technical nature of the work in IES have in many cases been exaggerated and have given rise to serious misunderstandings. Many of the procedures employed are involved and somewhat removed from the ordinary pattern of Foreign Service experience, and much of the work is undoubtedly specialized. It is not, however, technical in the sense of being unfathomable to those who have not had special training and long experience in it. In fact, most foreign jobs in IES can be learned within a reasonable time by carefully selected Foreign Service officers who are accustomed to adjusting rapidly to new types of work and to making the necessary contacts.

Some Foreign Service officers assigned to IES have initially felt that they were perhaps being sidetracked because of the relative isolation of IES and the lack of field positions in which they might continue to work on the educational exchange program. Almost without exception, however, when these officers have familiarized themselves with their new duties, they have become sincerely interested in their jobs and have contributed fresh views which have enhanced the program.

The personnel situation in IES is somewhat complicated by the fact that some 28 Foreign Service officers of class 8 are currently assigned to GS-7 and GS-9 positions in IES which have turned out to be clerical in nature. A good deal of the criticism of the integration program in IES has been based erroneously on the assignment of these officers, whose tour of duty is limited to 18 months, who are not familiar with either the organization or the operations of the Department, and who as yet have had no field experience. The problem in relation to this particular group is really one of classification of the positions they occupy rather than the inappropriateness of the integration program. Action to remedy this situation is under study.

It is the view of the Department that many of the IES positions should continue to be designated as Foreign Service positions under the established criteria. Foreign Service officers can and do make valuable contributions to the Department's educational exchange program because of their familiarity with cultural and social backgrounds of foreign peoples and the conditions abroad.

A team of highly qualified Foreign Service inspectors have been making a thorough study of IES for the purpose of ascertaining what changes in organization or shifts in personnel, if any, might serve to strengthen it. Their findings should be helpful to the Department in connection with its efforts to strengthen this area.

The Department is also looking into the possibility of filling some of the designated positions in IES with USIA officers who have had cultural experience abroad as well as that of detailing to USIA for cultural service abroad Foreign Service officers, including some integrated officers, who have served in IES and have displayed an interest and a talent in cultural and exchange of persons operations.

D. Bureau of Economic Affairs (E)

Among the offices of the Department upon which the integration program has had the most serious impact is the Bureau of Economic Affairs. This was in part due to the fact that this Bureau had become ingrown. For a number of years there had been relatively few personnel changes in it. The majority of the officers in the Bureau had had no experience abroad or in other areas of the Department. A relatively large number of them had no desire to serve abroad and opposed the idea of positions in the Bureau being occupied by Foreign Service officers. Some of them, however, welcomed the opportunities offered by a Foreign Service career for the broadening of their horizons and for advancement to higher positions—advancement which they could not hope to attain in the somewhat static confines of the Bureau.

Another reason for the severity of the impact on this area was the shortage among Foreign Service officers of economists possessing the qualifications needed for some of the rather highly specialized positions which were being vacated. Since some of the officers who accepted commissions in the Foreign Service were anxious to engage in activities other than economic in order that they might strengthen their general qualifications, their arrival in the field did not release sufficient Foreign Service officers with economic backgrounds already in the field to man all of the vacancies created in the E area. Furthermore, the reluctance on the part of some of the divisions in the E area to accept the Foreign Service officers offered to them resulted in various positions remaining unfilled for protracted periods. Difficulties in filling these vacancies with personnel brought in from outside the Department and Foreign Service were increased at times because the budgetary situation of the Department was so tight that it could not afford to add to its payroll new personnel other than a minimum number of Foreign Service officers of class 8 who had passed the Foreign Service examination.

There were not more than four or five Foreign Service officers in the E area at the time of the inauguration of the integration program. At present, of the 17 officer positions in the area, 143 have been designated as Foreign Service officer positions and 30 remain as civil service positions. Forty-six of the designated positions, however, continue to be occupied by civil service personnel. In other words, of the 173 officer positions in the area at present, 76 are occupied by civil service personnel and 97 by Foreign Service personnel. It is quite understandable that some of the 76 civil service officers in the E area, particularly those who are occupying the designated positions, are not happy about the situation. Following the inception of the integration program, a number of the officers in this area have left the Department in order to accept positions in other agencies of the Government or in private life since they considered that their opportunities for advancement in the Department had become limited. Their departure added, of course, to the problems of the E area.

The positions in the E area have been reviewed several times during the last 5 years in the light of changing conditions for the purpose of ascertaining whether or not it would be in the public interest to change the designation of any of the positions. As a result of these reviews some 12 positions have been changed from Foreign Service officer to civil service. Other steps have been taken to enable this area to meet the immediate problems connected with integration. For instance, three civil service officers with long experience have been attached as a Permanent Economic Advisory Staff to the Assistant Secretary for Economic Affairs. A number of qualified persons outside the Department and Foreign Service are being recruited as Foreign Service Reserve officers to fill vacancies for which Foreign Service officers with the appropriate qualifications are not available. An intensive effort is also being made to recruit junior Foreign Service officers with economic backgrounds and to train in economics officers already in the Service who possess high general qualifications but need systematic technical training. At the present time, for instance, no less than 25 Foreign Service officers are on detail in various universities for the study of various branches of economics. The problem of continuity is also an urgent one in this area. It is believed that this problem can be solved by the retention of Foreign Service officers for longer periods, by bringing in from the field Foreign Service officers who have had pre-

vious experience in the area; and by the retention of a certain number of civil service officers who prefer to remain in the Department even though their careers are likely to be restricted, rather than to enter the Foreign Service.

It is believed that if the Department makes it clear that it has no intention of abandoning the integration program in the E area, the difficulties arising from integration will lessen and integration will cease to be a controversial issue. The problem of changing designations in the light of experience and changing situations, however, will not entirely disappear.

SUMMARY

At the time the decision was made to undertake the integration program, the top management of the Department was under no illusions as to what was involved, and the full implications of the program became apparent to most Foreign Service and departmental personnel during the year that followed. The program was approached with the expectation that its accomplishment would be neither painless nor rapid. Experience has demonstrated the realism of this approach.

Broadly speaking, the integration program created two groups of problems. One group related to the operations of the Department, and the other to the impact of the program on individuals.

Many of the operational problems faced by the Department in 1954 have been solved. Adjustments, of course, have been and will continue to be necessary. Further time will be required in some cases before the extent of these adjustments will be clear. The assessment of the full effect of the policy of a 4-year tour of duty in Washington as an answer to the continuity problem, for example, will require at least another 2 years. The major remaining problem is that of assuring that the full range of special skills and experience required in the Department and overseas is adequately provided for within the new framework of the Foreign Service. But even in this difficult area progress is being made through new recruitment, training, assignment, and promotion policies.

The problems relating to specialization are not of a character which lend themselves to rapid solution. The needs in the Service for specialists are continually changing as shifts take place in our policy approaches to the fluid international situation. Furthermore, changes in attitudes and predilections of the members of the Foreign Service and the Department with regard to matters such as specialization cannot be effected overnight. If during the years to come, the Department is to meet the responsibilities placed upon it, it must continue to give priority attention to the development of specialists within the Foreign Service.

Progress in meeting the problems which emerged from the impact of the program on persons, both civil service and Foreign Service, has proved to be more difficult of attainment than the meeting of operational problems.

Even after the lapse of 5 years there are still a number of Foreign Service and civil service officers who do not accept the basic concept of the program. The opposition of some officers arises from what they consider the effects of the program will be on their own advancement and on their general career outlook. The opposition of others, however, seems to flow from a conviction on their part that integration is not the correct approach to the problems which integration was supposed at least to ameliorate. It is believed, however, that the majority of the officers in the Department and in the Foreign Service now recognize that there was an urgent need for integration, accept it as one of the facts of life, and regard it as no longer a live issue.

The question might well be raised as to why in connection with the carrying out of the integration and other personnel programs the Department has not adopted a firmer attitude in dealing with personnel. Why has it not disciplined those who have endeavored to block the successful execution of these programs or who have objected to being assigned to certain fields or tasks?

The answer is that Foreign Service and civil service officers in the Department and the Foreign Service are for the most part men and women of high professional attainments who have invested their careers and lives in the service of the Government in the field of foreign affairs. They, therefore, feel that they have a legitimate interest in any changes which might affect their life's work. It would serve no useful purpose for the Department to treat these people as inanimate objects who can be moved at will like pawns in a chess game. If the Department and the Foreign Service are to function with maximum effectiveness, their personnel must be treated with consideration. They must feel that they have the respect of the Department, that their work is appreciated, and that their predilections and views are not being entirely ignored.

On the other hand, if the Department is to meet the responsibilities placed upon it, its personnel both in Washington and in the field must have a sense of dedication, must be willing when called upon to sacrifice personal preferences for the good of the Service, and should be prepared to accept in good grace decisions of the Secretary of State with regard to organizational as well as substantive matters.

After 5 years of experience in dealing with the integration program, the Department is convinced that—

1. The policy of integration, which was recommended not only by the Secretary's Public Committee on Personnel but by all previous committees, including the Hoover Commission, which have investigated the personnel problems of the Department of State during recent years, are fundamentally sound; that unless the Department is compelled to go through an additional series of reorganizations and to launch into new personnel programs, the adherence to this policy will lead to a more stable, better coordinated, and more effective State Department and Foreign Service.
2. The State Department should energetically, through recruiting, training, and management continue to produce among Foreign Service officers and Foreign Service Reserve officers, the specialists required to man all Foreign Service positions.
3. To the maximum extent possible, Foreign Service officer positions in the Department and in the Foreign Service should ultimately be filled by Foreign Service officers and Foreign Service Reserve officers.
4. The Department should continue to treat with consideration its competent civil service officers, including those who hold both Foreign Service and civil service positions, and to make sure that they are afforded fair opportunities to transfer into the Foreign Service at appropriate levels if they have the requisite qualifications; if they desire to enter the Foreign Service; and if their transfer would not appear to be contrary to the interest of the Government.
5. The Department should maintain a flexible attitude with regard to the designation or dedesignation of Foreign Service officer positions and should not hesitate to make changes in designation in case past experiences or the exigencies of a given situation should make it appear that such changes would be in the interest of the Government.
6. The Department should not hesitate to retard rotation of Foreign Service officers in cases where it appears that continuity outweighs freshness of approach or the need for specialists is more urgent than that for broader career development.

APPENDIXES

APPENDIX I. THE SECRETARY OF STATE'S PUBLIC COMMITTEE ON PERSONNEL AS OF JUNE 1954

MEMBERS

Norman Armour, Foreign Service officer, retired, former Ambassador and Assistant Secretary of State.
John A. McCone, president, the Joshua Hendy Corp., Los Angeles, and former Under Secretary of the Air Force.
Robert D. Murphy, ex officio member, Deputy Under Secretary of State.
Morehead Patterson, chairman and president of American Machine & Foundry Co., New York.
Donald S. Russell, president of the University of South Carolina and former Assistant Secretary of State.
Charles E. Saltzman, partner, Goldman Sacks & Co., New York City, and former Assistant Secretary of State.
John Hay Whitney, Vice Chairman of the Committee, former Ambassador, presently president, J. H. Whitney Foundation, New York.
Henry M. Wriston, Chairman of the Committee, president emeritus, Brown University, executive director, the American Assembly.

CONSULTANTS TO THE COMMITTEE

Walter J. Donnelly, Foreign Service officer, retired, former Ambassador and High Commissioner.
Charles J. V. Murphy, board of editors, Fortune magazine.

AMENDMENTS TO THE FOREIGN SERVICE ACT OF 1946
APPENDIX II. EXCERPTS FROM "TOWARD A STRONGER FOREIGN SERVICE"

(Report of the Secretary's Public Committee on Personnel, June 1954)

SECTION 1—MORALE AND PUBLIC CONFIDENCE

"Foreign policy will be dynamic or inert, steadfast or aimless, in proportion to the character and unity of those who serve it. U.S. foreign policy has entered upon a period of trial of unprecedented endurance and complexity. That policy will in large measure stand or fall according to whether the relative handful of men and women charged with its execution are able to work effectively and in concert toward the agreed ends."

"The work of diplomacy requires intimate knowledge of the political customs, governmental forms, and cultural patterns of people who may work, think, and worship in a manner quite different from our own. Understanding in these complex matters cannot be acquired overnight. It must be the product, not alone of specialized training, but of continuous and disciplined growth through experience, study, social contact, and perceptive observation. Diplomacy has become serious, urgent, and arduous business."

SECTION 2—A SHRINKING BASE

"The Foreign Service Officer Corps needs to expand. If it is to get on with its job it must begin its expansion at once. Not only is the Service far too small for the tasks devolving upon it; it is also critically deficient in various technical specialties—notably economic, labor, agriculture, commercial promotion, area language, and administrative—that have become indispensable to the successful practice of diplomacy in its vastly broadened, mid-20th century meaning."

"The overriding requirement for an effective foreign policy is a rapid broadening of its personnel base. The wider the base the more talent the Department of State and the Foreign Service will eventually be able to draw upon for reinforcing their senior personnel at the highest levels of diplomacy."

SECTION 3. THE ADMINISTRATIVE SITUATION

"They (the two separate personnel systems of the Department, one of which—the Foreign Service—has three subsystems) have given rise to a sense of separateness where there should be a pervading sense of oneness. And this separateness has indisputably hampered the State Department in the conduct of its business, most seriously in the restraints it has laid upon the free interchange of skills and experience between the home and foreign organizations."

"It has been a serious mistake to keep so much of the Foreign Service orbiting overseas so long. Men immersed continuously in other societies inevitably tend to lose touch with the circumstances and attitudes that shape national policy at home. Their outlook, their judgment of changing factors of national concern, and finally their sense of urgency in matters affecting the national interest cannot escape being altered."

"The committee is strongly of the opinion that this comparative isolation in official exile of the Foreign Service should be lifted as rapidly as possible. To keep their knowledge of American life steadily refreshed, Foreign Service officers should be brought home for duty regularly, if possible after every 6 years of duty abroad."

"Such a policy should produce a double dividend. It would bring Foreign Service officers back into the policymaking machinery, and it would give them a more intimate understanding of the forces underlying the development of national policy. Equally, their regular injection into the Department's domestic processes should have a leavening influence upon foreign policy as it evolves."

"The relatively few desks presently occupied by Foreign Service officers within the Department fall short by a wide margin of supplying sufficient scope for adequate rotation between the home and foreign fields. If the Foreign Service is to establish its roots more firmly at home, more positions must obviously be opened up within the Department."

"However, broadening the domestic base of the Foreign Service is only one of the changes that should and must be made in the present administrative structure. A breach must be made simultaneously in the artificial boundaries which through custom have walled off the departmental service. Many technical skills now lodged in jobs in Washington are urgently needed for a more versatile diplomacy overseas. Making room for the Foreign Service in the Washington establish-

ment will tend to release these now-anchored skills, but not unless the Foreign Service in turn makes room for the counterflow from the Department."

"The revolutionary change in the position of the United States, with the consequent expansion of its personnel needs for the fulfillment of its international mission, has placed a premium upon individuals with a high degree of specialization in economics, commercial promotion, agricultural knowledge, labor competence, fiscal practice, certain branches of the law, and the languages and cultures of important areas of the world, many of which have only recently engaged the close interest of American diplomacy and strategy. The Foreign Service has been almost indifferent to these specialties; it has been loath to make room for them in its ranks; and, indeed, in some respects, there has actually been some retrogression in its recognition of specialisms.

"If the Department's management of the Foreign Service is fully to meet the demands of present conditions, there must be a fundamental reorientation in both its thinking and structure. It must, in the process of reestablishing itself more firmly in the context of American domestic policy and thinking, also open its ranks to a large number of people with a high degree of specialization in other than the general practice of diplomacy."

SECTION 5—AN INTEGRATED SERVICE

Since 1924, the idea of ending the separateness of the Foreign Service has been reviewed by diverse, competent groups. All have agreed that:

"Above a certain level a single personnel system should cover all departmental and Foreign Service personnel insofar as that is at all practicable."

"The proposed integration can best be accomplished by three actions:

"Action one: Formal confirmation of those positions in the Department's domestic organization, the incumbents of which should have both foreign and domestic experience. These positions should be redesignated as 'Foreign Service' positions to distinguish them from other departmental jobs in which foreign experience is not necessary and which, therefore, logically should continue to be staffed from the civil service.

"Action two: Establishment of qualifications standards to require foreign experience for the positions thus designated—this action to be taken in cooperation with the Civil Service Commission.

"Action three: Within the limits of feasibility incorporate the incumbents of the newly designated 'Foreign Service' positions into the Foreign Service and install an effective system of rotation."

"The committee's analysis indicates that, as against the 119 Foreign Service officers now assigned to departmental positions, there are upward of 1,440 positions in the Department in Washington, plus a score or more in the U.S. delegation to the United Nations, which it seems agreed in the Department should be filled by Foreign Service officers.

"The committee estimates there are at least 2,250 permanent overseas positions of officer rank which should be manned by Foreign Service officers.

"Thus the total number of positions to be earmarked for the Foreign Service would be on the order of 3,700. If, however, proper allowance is made for officers on leave or in training or awaiting assignment, the total complement would be about 3,900—about three times the present strength."

"The plan contemplates that the bulk of the clerical, custodial, and administrative personnel of less than officer rank customarily attached to headquarters would continue under the civil service. No useful purpose would be served by seeking to absorb these latter categories into the Foreign Service. The Department would also retain certain officers whose duties do not require service abroad."

"The Reserve should be retained as provided by statute and should be used primarily as means for bringing into the Service on a temporary basis specialists to deal with unique problems."

"The Foreign Service Staff category should henceforth be used solely for the employment of technical, clerical, and custodial personnel of lower than officer rank."

SECTION 10—WITH ONE VOICE

"Until the Department is organized to speak with one voice by the integration of the services at home and abroad, and until there is firm, stable, and energetic administration, morale will not show marked improvement. It is to these ends that the gravamen of the committee's report is directed."

APPENDIX III

Memorandum for: Deputy Under Secretary for Administration.
Subject: Designation of Foreign Service positions.

Pursuant to the Public Committee's recommendations, you are requested to conduct immediately a review of all positions under the jurisdiction of the Department both here and abroad, and to determine promptly which departmental positions should be filled from civil service rolls and which Foreign Service category should be used in staffing those positions to be filled from Foreign Service rolls. The "Criteria for Determination of Appropriate Personnel Categories" adopted by the Committee (enclosed herewith) will serve as your basic guide in making these identifications. The Public Committee has determined that the application of these criteria will result in the designation of approximately 1,440 departmental positions, 23 positions in the U.S. delegation to the United Nations, and about 2,250 oversea positions for staffing by the FSO Corps. Clarifying interpretations of or revisions in these criteria developed by you in their application to specific positions should not be unduly restrictive but should be directed toward the objective of staffing as many officer type positions involved in foreign affairs as practical by the Foreign Service Officer Corps. Provision should be made for appropriate review and revision of designations on a continuing basis.

To the extent necessary, please work with the Civil Service Commission in developing solutions to problems relating to the designation and staffing of departmental Foreign Service positions. Also, please explore the extent to which revised legislation may be necessary to establish this program on a permanent basis, and assure the development of such legislation.

Other related instructions being simultaneously transmitted by you will outline the procedures by which present incumbents—such as civil service, Reserve or Staff officers—will be encouraged to transfer to the Foreign Service officer category as quickly as possible if their positions are among those designated for staffing on a Foreign Service basis.

JOHN FOSTER DULLES.

Enclosure: As stated.

CRITERIA FOR DETERMINATION OF APPROPRIATE PERSONNEL CATEGORIES

A. FOREIGN SERVICE OFFICERS

All positions in the United States and at Foreign Service posts abroad will be designated for staffing from the Foreign Service Officer category if they are:

1. Middle-grade or senior positions for which a need and reasonable opportunity exists for interchangeability between the United States and abroad in the same or closely related fields of activity; and junior level positions which logically lead to such middle-grade or senior positions; and, are
2. Concerned with:
 - (a) The conduct, observation, or analysis of foreign affairs, including the specialized aspects thereof;
 - (b) The relations between the U.S. Government and the interests and welfare of U.S. citizens abroad; or between the U.S. Government and foreign nationals; or,
 - (c) The executive management of or administrative responsibility for the oversea operations of the Department and the Foreign Service (but not including clerical tasks).

B. FOREIGN SERVICE STAFF

All American positions at Foreign Service posts abroad not falling into the FSO (or FSR) category will be designated for the Staff Corps. These will include secretarial, stenographic, clerical, custodial, and lower or middle-grade technical positions. Staff Corps employees may be assigned—normally on a limited basis—to the Department for training or in positions directly relating to their regular duties abroad.

C. FOREIGN SERVICE RESERVE

The Foreign Service Reserve Corps will continue as now provided by statute. It has been recommended, however, that existing legislation be amended to permit the lateral entry of any qualified Government employee (including those

outside the Department of State and the Foreign Service) with total Government service of 4 years—3 years, if over 31 years of age. The reserve category will then be maintained for the appointment of temporary specialists; as a transitory vehicle for the appointment of departmental and staff personnel before they enter the FSO category; and to accommodate those who lack the required years of service for lateral entry.

D. CIVIL SERVICE EMPLOYEES

All positions in the United States not designated for staffing by the Foreign Service will be filled by civil service employees.

Included in the civil service category will be those positions which require a particular knowledge of the techniques and procedures involved in the conduct of departmental business at home, and those in which continuity of performance is of overriding importance. Civil service staffing is thus to be considered for highly specialized departmental positions for which Foreign Service experience or interchangeability is not indicated.

Some of these positions may also be filled, however, by Foreign Service personnel who require "headquarters" experience or "re-Americanization" that cannot otherwise be provided through normal rotation in positions regularly earmarked for Foreign Service staffing.

Departmental positions in the clerical, stenographic, and custodial fields will be filled by civil service employees.

APPENDIX IV-A

Summary by area (officer-type positions)

Area	Proposal	FSO positions		Non-FSO positions		Dedesignations
		Aug. 1, 1954 ¹	Aug. 31, 1959 ²	Proposal	Aug. 31, 1959 ²	
S ³	36	37	97	16	92	4
PSI	4	13	29	16	46	4
L				61	69	
H				3	11	
AF			37		2	1
NEA	83	83	73		2	1
ABA	51	55	69		8	4
EUR	159	142	134	1	12	4
FE	68	64	79		5	1
P	⁴ 177	⁵ 69	28	⁴ 53	82	47
CU		⁵ 130	173		35	7
IES		130	133		10	7
Other			40		25	
E	104	113	143	27	30	12
IO	77	86	81	27	36	10
USUN	23	16	15		15	
INR	347	343	267	79	239	127
SCA	229	8	8	106	12	1
SY		58	22		135	26
SCS		32	18		3	2
MC		10	9		4	1
VO		23	45		10	2
PPT		6			108	
ORM			14		9	
A ³	36	35	32		70	7
OPR	33	31	24	⁶ 171	235	13
OB	10	23	24	67	11	3
OP		25	24		30	2
PER	27	48	78		106	10
Total	1,464	1,450	1,523	750	1,453	284

¹ Occupied positions only.
² Budgeted positions.
³ Consolidated.
⁴ Includes IES.
⁵ IES.
⁶ Excludes 126 service-type positions.

APPENDIX IV-B

Summary by area, occupancy of officer—Type positions (GS-7 and above)

Area	FSO positions as of Aug. 31, 1959	Incumbents					Non-FSO positions as of Aug. 31, 1959	Incumbents				
		FSO	FSR	FSS	CS	Va-cancy		FSO	FSR	FSS	CS	Va-cancy
SI	97	57	5	1	12	22	92	20	1		64	7
FSI	29	20	1		5	3	46	1	1		36	8
L							69				68	1
H							11	2			9	
AF	37	30	2		3	2	2	1			1	
NEA	73	52	2		7	12	2	2				
ARA	69	52			11	6	8	4		1		1
EUR	134	101	1	* 1	18	13	12	2			2	
FE	79	66	2		7	4	5	2			2	1
P	28	12	3	* 4	8	1	82	2	1		75	3
CU	173	66	4	* 12	75	16	35	1			32	2
E	143	72	8		46	16	30	3			25	2
IO	81	46	7	3	13	12	36	4			32	
USUS	15	5	3		5	2	15	1			13	1
INR	267	156	15	5	58	33	230	8		2	218	11
SCA	8	7			1		12	1			11	
SY	22	10	2		7	3	135	1		1	128	5
SCS	18	8			9	1	3				3	
MC	9	1	1		6	1	4				4	
VO	45	14			28	3	10				9	1
FPT							108				102	6
ORM	14	4	1	1	7	1	9	2			7	
A	32	21	1		4	6	70	5			59	2
OPR	24	13	3	1	4	3	235	1		6	223	5
OB	24	11		1	10	2	11	1			9	1
OF	24	10		1	10	3	30			1	29	
PER	78	62		1	5	10	142		1		138	2
Total	1,523	896	61	32	363	176	1,453	65	4	15	1,309	60

¹ Consolidated.
² 1 from USIA.

³ 4 from USIA.
⁴ 11 from USIA.

APPENDIX V-A

Dedesignation summary—Kinds of positions and basis for action

Kinds of positions	Basis for dodesignation					Total
	Exclusively departmental in orientation	Need for continuity and difficulty in filling from Foreign Service	Highly technical knowledges and abilities required—lack of counterparts overseas	Professional specialization with extremely high academic qualification requirements	Unique program with inherent administrative problems	
010 Information specialist			17			17
080 Security Administrator		1				1
130 Foreign affairs		12	7			19
131 International relations		2				2
132 Intelligence research			116			116
170 Historians				17		17
201 Personnel officer			4			4
212 Placement officer			2			2
221 Position classifier			2			2
301 General administrative and clerical	55	2	25		2	84
341 Administrative assistant			1			1
560 Budget administration	9		2			11
1710 Educationist				1		1
2001 General supply administration			2			2
2020 Purchasing agent			1			1
2132 Passenger traffic			4			4
Total	64	17	183	18	2	284

APPENDIX V-B

Dedesignation summary—By areas and basis for action

Areas	Basis for dedesignation					Total
	Exclusively departmental in orientation	Need for continuity and difficulty in filling from Foreign Service	Highly technical knowledges and abilities required—lack of counterparts overseas	Professional specialization with extremely high academic qualification requirements	Unique program with inherent administrative problems	
S	4					4
NBA	1					1
ARA	2	2				4
EUR	2	1	1			4
FE	1					1
P	6	7	17	17		47
CU	3	1	2	1		7
E	5		7			12
IO	6	4				10
INR	11		116			127
SCA	1					1
SY	8	2	16			26
SCS	2					2
MC	1					1
VO	2					2
A	1		4		2	7
OPR	3		10			13
OB	2	1	1			3
OF	2					2
PER	1		9			10
Total	64	17	183	18	2	284

APPENDIX VI

[Foreign Service Circular No. 265, March 19, 1959]

Subject: Written and Oral Examination for Appointment as Foreign Service Officer Above Class 8.

1. Purpose of this Circular

This circular supersedes Foreign Service Circular No. 237 and amends the previous technical requirements for lateral appointment as Foreign Service officer to reflect a basic change of policy pursuant to which employees of the Department of State, its Foreign Service Reserve, or its Foreign Service Staff, may count service performed in a responsible position in any Federal Government agency, including the Armed Forces, for the purpose of complying with the statutory prior service requirement, whether such service was performed prior to March 1, 1955, or after that date. Aside from the amendments necessary to effect this change, this circular provides the same information as that set forth in Foreign Service Circular No. 237 with respect to the Department's continuing program for the lateral appointment of Foreign Service officers under section 517 of the Foreign Service Act of 1946, as amended, and informs personnel appointed by the Secretary of State and under his administrative direction, of the eligibility requirements and related data. The continuing lateral entry program is not an extension of the integration program which was terminated on August 1, 1956.

2. Purpose of the Continuing Lateral Entry Program

It is the purpose of the continuing lateral entry program to permit the Department:

- a. To obtain the services of outstanding persons whose qualifications are such that they can be expected to make a valuable contribution to the effectiveness of the Foreign Service, when such services are determined to be needed;
- b. To obtain the services of persons who possess the requisite knowledge or experience to enable the Foreign Service to perform specialized work of a continuing nature, when such services cannot be obtained through officers in the Service; and

c. To provide an opportunity for Foreign Service Staff and departmental employees with the requisite abilities and qualifications to be appointed as Foreign Service officers whenever there is a manifest need therefor.

3. Lateral Entry to be Determined on the Basis of Need

The lateral entry program contemplates that appointments will be made only when a definite need for additional Foreign Service officer is established. On the assumption that there will be no significant increase in the size of the Foreign Service officer category in the near future, and in consideration of the fact that the integration program has been completed, it is expected that the need for lateral appointments will not be large during the next few years.

4. Who May Apply

4.1 Foreign Service Reserve and Staff personnel, and departmental personnel who were appointed by the Secretary of State and are under his administrative direction, and other persons as authorized by section 517 of the Foreign Service Act of 1946, as amended, may file application for examination, subject to the requirements set forth in item 5 of this circular.

4.2 Foreign Service Reserve and Staff personnel, and departmental personnel, who were appointed by the Secretary of State after March 1, 1955, and whose applications for examination were rejected under Foreign Service Circular No. 237 solely on the ground that they had completed less than 3 or 4 years of responsible service in the Department of State or its Foreign Service, or both, may reapply under this circular if at the time of application they shall have completed 3 years (4 years if under age 31) of service in a responsible position in a Federal Government agency, or agencies, including the Armed Forces of the United States.

5. Technical Requirements

5.1 All applicants must have been citizens of the United States for at least 10 years on the date of application and, if married, the spouse must be a citizen of the United States as of the same date.

5.2 On the date of application all applicants must be at least 28 years of age and must have attained an age equivalent at least to the average age, as of the preceding July 1, of the youngest 20 percent of the class for which considered.

5.3 On the date of application, the age of any applicant in relation to his total Federal Service must permit him to serve the U.S. Government for at least 15 years before age 60; including at least 7 years as a Foreign Service officer.

5.4 All applicants must have completed at least 3 years of service (4 years if under age 31) in a position of responsibility in a Federal Government agency, or agencies. Such prior service must have been performed within an 8-year period next preceding the date of application, except that in the case of a Reserve officer whose appointment is not charged to the statutory quota the period of prior service must have been performed continuously and immediately preceding his appointment as a Foreign Service officer. For the purpose of this paragraph, a position of responsibility in the Foreign Service Reserve, the Foreign Service Staff, or the Department of State, which is under the administrative direction of the Secretary of State, is defined as a GS, FSR, or FSS position above GS-8, FSR-8, or FSS-12, respectively. A position of responsibility in a Federal Government agency which is not under the administrative direction of the Secretary of State, or a position in the Armed Forces of the United States, is defined as a position classified at GS-9, or above or its equivalent, with duties and responsibilities in any case which were similar or reasonably related to those of a Foreign Service officer in terms of knowledge, skills, and abilities.

5.5 In support of the career principle of the Foreign Service, there will be no lateral entry above class 2 unless the applicant (1) has previously served as a Foreign Service officer of class 1 or as a career minister, or (2) is serving, at the time of application, under an appointment by the Secretary of State as a Foreign Service Reserve officer of class 1 and has served continuously in that capacity for 2 years out of a 4-year period of service in the Foreign Service Reserve.

6. Legal Limitations on the Number of Appointments

Under section 517 of the Foreign Service Act of 1946, as amended, a total of not more than 175 persons may be appointed who were not employed on March 1, 1955, in the Department of State, including Foreign Service Reserve and Foreign Service Staff personnel, and who have not completed the required period of prior service in the Department or the Service, or both. This means that the number of persons appointed from other agencies of the Government, and the number of persons appointed from the Department of State and its Foreign Service who

13. *Foreign Service Manual Amendment*

The Foreign Service Manual will be amended to incorporate applicable provisions of this circular.

STATEMENT ON SECTION 16(c)

In undertaking to discuss section 16(c) which would provide for a housing allowance for Foreign Service personnel assigned to duty in the United States between foreign tours of duty, I would like to make it clear that this proposal was not contained in the original bill suggested by the Secretary of State to the Congress. It has not had the approval of the administration. In fact, under date of January 25, 1960, the Director of the Bureau of the Budget addressed a communication to the Secretary of State in which he referred to questions concerning this provision which had been raised by Bureau of the Budget staff during recent budget hearings. He commented in the letter that, "No convincing justification has been brought to the attention of the Bureau and, accordingly, the Bureau at this time would be unable to recommend favorable action."

Among the pertinent questions raised by the Bureau in its letter to the Secretary are the following:

1. Why should Foreign Service personnel be entitled to receive a housing allowance of this kind when personnel of other agencies who are stationed overseas from time to time, or personnel of agencies who are required to move about frequently in the United States do not receive such an allowance?
2. Is the legislation intended to compensate for specific expenses of relocation in Washington or for service in Washington per se?
3. Is the real problem which this proposal undertakes to remedy a hardship inherent to service in Washington or does it arise from the loss of special benefits enjoyed overseas?

Before undertaking to answer these questions, I should like to discuss briefly this proposal to provide financial assistance to Foreign Service personnel which will offset, in part, their excessive cost of housing while on assignment in the United States. This is a matter to which the Department of State has given considerable attention. Foreign Service personnel are required by the nature of their duties to travel frequently from place to place for indeterminate periods at the convenience of the Government. Home ownership or rental for them while assigned to duty in the United States is both temporary and costly.

Numerous elements enter into the higher housing costs for members of the Foreign Service who, as a mobile corps, are subject to frequent assignment changes. Some of these elements are obvious, such as the inability of these people to buy a home over a long period of time. Most home purchases for them are abortive and as transient buyers they acquire little or no equity and may be forced to sell at unreasonably low prices when departing for another post. Other high cost elements, while not so obvious, are nevertheless real. For example, Foreign Service personnel are often provided with furnished or partly furnished quarters. At other posts they are provided with a housing allowance with which to rent living quarters and must supply complete furnishings. Consequently, household furnishings which they own may be surplus at some posts and needed at others. Such furnishings not used during assignments abroad may be stored at Government expense. If it becomes necessary for these people to rent furnished quarters while on assignment in the United States, they must bear the expense of storage.

Studies made by the Department reveal that most Foreign Service personnel while on assignments of 2 to 4 years in the United States are compelled to spend excessive amounts of their salary for housing. Consequently, most such personnel, although realizing how important it is that they serve from time to time in the Department, are reluctant to serve in Washington because of the financial sacrifices involved.

With respect to the questions which have been raised by the Bureau of the Budget, it should be pointed out that the Department of State is not in a position to judge whether or not personnel of other Government agencies should be entitled to receive allowances of this kind. It is known that military service personnel and personnel of the Public Health Service who work under conditions similar to those of the Foreign Service receive housing allowances regardless of whether they are serving in the United States or abroad.

238 AMENDMENTS TO THE FOREIGN SERVICE ACT

Personnel of USIA and ICA who are employed under the provisions of the Foreign Service Act of 1946, as amended, would, of course, be eligible for the benefits of this section, if enacted.

The Department does not consider that this legislation is intended to compensate for specific expenses of relocation in Washington or for service in Washington per se. Neither is it intended to remedy a hardship inherent to service in Washington or arising from the loss of special benefits enjoyed overseas. This proposal would make it possible for Foreign Service personnel to serve in the United States without being subjected to excessive financial hardship resulting from housing costs. If enacted section 16(c) would authorize an allowance that would defray only one-half of the cost of housing for these people when they are assigned to Washington. Even if this section should become law, therefore, Foreign Service officers assigned to Washington from the field would encounter certain financial problems. Nevertheless, these problems would be more manageable than they are now. Practically everyone connected with the administration of the Service has recognized how helpful such an allowance would be, but the matter came up in concrete form only in connection with discussions of the hardship which the elimination of differential payments would impose upon certain Foreign Service officers on duty in the Department of State.

STATEMENT ON SECTIONS 33 AND 51

In connection with the letter which the Department received from the Director of the Bureau of the Budget under date of January 25, 1960, I should also like to point out that the proposed revision of section 33 relating to financial benefits for certain staff officers who would be retired early under the provisions of that section were made subsequent to the passage of the bill by the Senate and have not had the approval of the administration.

Similarly, although the original conversion table contained in section 51 was approved by the Bureau of the Budget, the proposed change in this section which will provide for a more orderly conversion of staff officers and employees to the new class and salary schedule was not cleared with the administration due to lack of time.

COMMITTEE ON FOREIGN AFFAIRS,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 2, 1960.

HON. JOSEPH CAMPBELL,
Comptroller General of the United States,
Washington, D.C.

DEAR MR. CAMPBELL: The Subcommittee on State Department Organization and Foreign Operations has started hearings on S. 2633, a bill to amend the Foreign Service Act of 1946, as amended. I am enclosing a copy of the bill.

It would be helpful to the subcommittee to have you forward to me any comments you may have on particular sections of this measure.

Sincerely yours,

WAYNE L. HAYS,
Chairman, Subcommittee on State Department Organization and Foreign Operations.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., February 9, 1960.

HON. WAYNE L. HAYS,
Chairman, Subcommittee on State Department Organization and Foreign Operations,
Committee on Foreign Affairs, House of Representatives.

DEAR MR. CHAIRMAN: Your letter of February 2, 1960, acknowledged that date, requests such comments as we may have upon particular sections of S. 2633, a bill to amend the Foreign Service Act of 1946, as amended.

We offer the following comments for the consideration of your committee.

Section 16(c), page 11: This section would amend section 571 of the Foreign Service Act of 1946, as amended (22 U.S.C. 961), to grant a salary differential varying between 8 and 13 percent, depending upon dependency status, to Foreign Service officers and employees while assigned to duty in the United States between assignments abroad and also to Foreign Service officers of class 7 or 8 while assigned

to duty in the continental United States prior to their assignment abroad. The section places no limit upon the length of time such differential may be paid; and, under subsection (a) of section 571, an assignment in the United States between assignments abroad may be continued for as long as 8 years. Moreover, this salary differential appears to be payable in addition to the home service transfer allowance payable under section 252 of the Standardized Regulations, issued by the Department of State in implementation of section 901(2)(ii) of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The home service transfer allowance is an allowance for extraordinary and necessary expenses incident to the establishment of a residence at a post within the continental United States between assignment to posts abroad and, therefore, is similar in purpose to the salary differential which would be granted by section 571, as amended, by this section (sec. 16(c) of the bill). We suggest that consideration be given to placing a reasonable limitation upon the length of time that a salary differential may be continued under the authority of section 571, as amended by this section, and that the necessity for granting a double benefit be carefully examined with a view to eliminating one or the other or to modifying one or the other so that they would not be payable concurrently.

Section 19, page 13, and section 30, page 20: Section 19 would amend section 625 of the Foreign Service Act of 1946, as amended (22 U.S.C. 995), to again permit step increases in the salary of Foreign Service officers and reserve officers, based upon especially meritorious service, and section 30 of the bill would amend section 642 of that act (22 U.S.C. 1017), to provide authority for the granting of similar step increases to Foreign Service Staff officers and employees.

The authority granted the Secretary of State under section 625 of the Foreign Service Act of 1946, was superseded by the Government Employees Incentive Awards Act (68 Stat. 1112), which authorized payment of cash awards under the conditions set forth therein in lieu of the granting of step increases as rewards for meritorious service. The congressional policy in enacting that act appears in Senate Report No 1992, 83d Congress, on H.R. 2263 and the conference report on such bill appearing on pages 3825 and 3873, respectively, of the United States Code, Congressional and Administrative News, volume 3. It is not apparent why Foreign Service personnel should be placed under a different meritorious awards system from that applicable generally to Government personnel. However, if it be decided as a matter of policy that Foreign Service personnel should be awarded additional step increases for especially meritorious service, we then would recommend that consideration be given to the prescribing of standards in the bill governing the number and frequency of granting such meritorious increases. Similarly, in subsection (b) of section 642 of the Foreign Service Act, which would be added by section 30 of the bill, we note that no limitation has been prescribed governing the frequency of the granting additional salary increases authorized by such subsection.

Section 33(b), page 22: While the equities may be deemed to justify the granting of as much as 1 year's salary to certain employees who are mandatorily retired under this subsection, we urge your committee to give careful consideration to the effect that the enactment of this provision may have as a precedent. Other employees throughout the Government are retired mandatorily who have relatively short periods of service creditable for retirement purposes and their annuities also may be insufficient to satisfy their financial requirements.

Section 49, page 46: This provision of the bill would authorize the transportation of motor vehicles or replacements thereof. The term "motor vehicles" could, in its broadest sense, apply to motorboats. We assume, however, that in view of the explanation of the section appearing on page 14 of Senate Report No. 880, September 2, 1959, it was intended to cover only land vehicles. It may be that your committee would want to further clarify the term "motor vehicles," either in the bill itself, or in your report upon the bill.

The present provisions of the section would permit shipments of replacement motor vehicles without any limitation as to the number that could be shipped at Government expense or the period within which such shipments could be made. Since it is not unusual for Foreign Service personnel to sell their American-made automobiles in foreign countries at substantial profit, it appears that failure to limit the number of motor vehicles which may be shipped as replacements could lead to abuse. In that connection compare the comments in our letter of March 31, 1959, B-115138, to chairman, Committee on Post Office and Civil Service, House of Representatives, concerning sections 332 and 333 of H.R. 5007. Those comments are published on page 42 of House Report No. 902, dated August 14, 1959, upon H.R. 7758. We note that that bill as reported by the Post Office and

Civil Service Committee and as passed the House of Representatives contains limitations on the number of replacement vehicles that may be transported at Government expense.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

STATE DEPARTMENT COMMENT ON LETTER OF COMPTROLLER GENERAL
CONCERNING S. 2633

The Comptroller General in his letter to the chairman, dated February 9, 1960, commented on four sections of S. 2633.

With respect to section 16(c), which provides for a housing allowance for Foreign Service personnel assigned to the United States between assignments abroad, the Comptroller General recommends that a limit be placed on the length of time such an allowance may be continued.

Although a Foreign Service officer could be assigned to the United States for as long as 8 years, as the Comptroller General suggests, this would happen only in a most unusual case. In fact it has not happened up to date. Normally, junior officers serve 2 years in this country; others serve 4 years. In any event, a limitation would tend to defeat the purpose of the provision, since assignments are not made for a stated period of time. Foreign Service personnel assigned to a position in this country serve in that position, as they do at an overseas post, at the convenience of the Department. Neither the personnel so assigned, nor the Department can project the length of an assignment with any accuracy. Needs of the Service vary, often with astonishing speed, and Foreign Service personnel must necessarily regard themselves as transients at all times. Accordingly, Foreign Service personnel assigned to this country have no basis for making long-term housing arrangements. Further, there are representational responsibilities which come with assignment to duty in the United States irrespective of the length of assignment.

The Comptroller General also suggests that this section provides a double benefit in view of the existing home service transfer allowance. This is not the case. A transfer allowance is provided for Foreign Service personnel assigned to any post to help meet the special, one-time cost of relocation. Insofar as Washington is concerned, it is limited under present appropriations to hotel room cost for up to 1 month on first return to the United States, and, in the case of about one-third of the transferees (who came here from a different climatic zone), a transfer allowance payment ranging from \$75 to \$175, depending on size of family.

With regard to section 19, to authorize in-class increases for meritorious service, the Comptroller General questions whether the Foreign Service should be under a meritorious awards system different from that generally applicable to Government personnel, and suggests, if the authority is provided it should be accompanied by a prescription of standards governing the number of frequency of such meritorious increases.

The Department is convinced that the cash awards provided for by the Incentive Awards Act are not as appropriate as in-class increases for officers of the Foreign Service. Frequently the needs of the Service require an officer to serve for protracted periods of time in positions classified one or more levels above their personal rank. In many such cases officers have distinguished themselves in the performance of their duties and the Department believes that an in-class promotion is more acceptable than a cash award would be. Further, there are a number of unusual and difficult foreign languages which owing to their uniqueness are not offered by the Foreign Service Institute on a formal training basis; however, officers on their own initiative undertake the study of and become proficient in such languages. The Department believes that the award of a meritorious in-class increase for such accomplishment better serves the Government because it provides a continuing and more desirable incentive for the undertaking of such voluntary and specialized study.

Insofar as the frequency of meritorious increases is concerned, the Department would prefer not to have statutory restrictions, even though more than one in-class increase would be most unusual. A restriction, for example, would prevent the Department from granting a deserved increase to an officer not yet eligible for promotion who had served with distinction in a position several grades above his class and also recognizing the officer's achievement in undertaking and attaining proficiency on his own in a difficult foreign language.

From the record of stewardship during the time the Department previously had this authority, it is clear that the Department will safeguard the authority in the best interests of the Government.

In connection with section 33(b), relating to the granting of gratuities to certain employees who are mandatorily retired under this provision, the Comptroller General suggests that consideration be given to the effect that the enactment of this provision may have as a precedent. The Department has already suggested the modification of this section to provide for a graduated scale of gratuity payments.

Finally, the Comptroller General has raised two questions regarding section 49 which authorizes the replacement of motor vehicles. The Department has no intention of interpreting this provision to include motorboats, and has so stated to this committee. As to the matter of a limitation on the transportation of replacement motor vehicles, the Department believes that regulations to be issued governing such transportation will provide effective control. In view of climatic and other conditions overseas, a rigid replacement schedule is neither realistic nor practical.

COMMITTEE ON FOREIGN AFFAIRS,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 22, 1960.

HON. LOY W. HENDERSON,
Deputy Under Secretary of State for Administration,
Department of State, Washington, D.C.

DEAR MR. SECRETARY: There is considerable interest on the part of some Members of the House and also of the Senate regarding the part of S. 2633 that deals with a small number of Foreign Service Reserve officers who formerly were Staff officers. This is contained in section 28 of the bill.

I think my subcommittee should have a complete story on this entire matter in order that we may make a proper determination of their situation. Will you therefore prepare for the subcommittee's information a report on who these individuals are (I am not interested in their names but in their status), the conditions under which they were transferred from Staff to Reserve status, what the Department's plan is toward their retention, and all other pertinent information.

I hope that you are well on the way to recovery.

Sincerely yours,

WAYNE L. HAYS,
Chairman, Subcommittee on State Department Organization and Foreign Operations.

DEPARTMENT OF STATE,
Washington, February 29, 1960.

HON. WAYNE L. HAYS,
Chairman, Subcommittee on State Department, Organization and Foreign Operations,
Committee on Foreign Affairs, House of Representatives.

DEAR MR. HAYS: In response to your letter of February 22, I am glad to enclose a report on the conditions and considerations bearing on the acquisition of Foreign Service Reserve officer status by the 45 former staff officers referred to in section 28 of S. 2633. I believe this report will provide the information you desire. I shall, however, be pleased to discuss any aspects of it with you or your subcommittee.

The program under which these officers were given Foreign Service Reserve officer appointments was designed to provide every benefit possible for older Staff officers. As pointed out in the report, the Department took exceptional precautions to protect their interests. Although a few of these officers seem to have become concerned about their status since making their election, the Department has no intention of changing the conditions of their appointment and has so gone on record both in the Senate hearings and in hearings before your subcommittee on S. 2633.

I appreciate your expression of concern over my recent illness. Fortunately it was brief.

Sincerely yours,

LOY W. HENDERSON,
Deputy Under Secretary for Administration.

Enclosure: Report on Reserve officer status.

DEPARTMENT OF STATE, SPECIAL FOREIGN SERVICE RESERVE OFFICER
APPOINTMENTS

BACKGROUND

The announced objectives of the Secretary's 1954 personnel integration (Wriston) program contemplated the discontinuance of the Foreign Service Staff (FSS) officer category with the conclusion of the program, except for a few highly specialized functions. Accordingly, it provided for (1) the transfer of oversea officer functions and FSS personnel of equivalent rank to the Foreign Service Officer Corps, and (2) ceilings on future promotions consistent with the continuing function of the Staff Corps.

Over 900 FSS personnel (80 percent) of equivalent officer rank, under age 59½, were integrated as Foreign Service officers. The residual group consisted of about 300 unintegrated FSS personnel, the majority being senior FSS officers who (1) did not wish to become Foreign Service officers or were age 60 and older, or (2) were in continuing FSS specialized occupational categories.

Partly to meet skill shortages in the Foreign Service Officer Corps and partly to deal with FSS personnel as liberally and fairly as possible during the transition period, unintegrated FSS officers and other junior personnel continued to be used to staff Foreign Service officer positions and to be promoted on the basis of merit above the established FSS functional ceilings. When the Foreign Service Officer Corps attained its numerical strength, the Department could no longer justify, either legally or administratively, promotions above the FSS functional ceilings.

ALTERNATIVE COURSES OF ACTION OPEN TO FSS PERSONNEL

The FSS personnel program, announced March 28, 1958, invoked promotion ceilings and simultaneously provided another opportunity for those serving in Foreign Service officer positions to acquire officer status under liberal conditions and on a strictly voluntary basis. They could elect to--

1. Apply for lateral appointment as a Foreign Service officer if they had completed 5 years of service and were under age 59½.
2. Apply for a Foreign Service Reserve officer appointment, if under age 69, subject to the following time limitations, whichever was the shortest:
 - (a) Mandatory retirement under the civil service retirement system;
 - (b) Mandatory retirement under the Foreign Service retirement system as proposed in S. 2633; or,
 - (c) The maximum tenure as a Foreign Service Reserve officer permissible by law.
3. Retain their FSS status without further class promotions but with longevity pay as proposed in S. 2633, if enacted.

Younger officers electing either alternative 2 or 3 would be eligible for lateral entry consideration, subject to the future skill needs of the Foreign Service Officer Corps.

In other words, FSS officers were given every alternative course of action possible within legal and administrative feasibility. Additionally, the closing date for Reserve officer applications allowed time for those who were disqualified or disapproved for lateral entry under this program to apply for Reserve appointments if they so desired. Exceptional precautions were taken to insure full understanding of the conditions of the Reserve appointments and to protect the interests of those who accepted such appointments.

The advantages and disadvantages of Reserve status; application, review, offer and acceptance of appointment offer procedures; duration and conditions of appointment, and all entitlements relating to extension, promotion, lateral entry, reinstatement, and reduction-in-force were detailed in a Foreign Service circular which has the force of regulation.

Summarized, it may be said the advantages accruing to those electing to accept Reserve officer appointments would include:

1. Improvement in status.
2. Additional periodic in-class pay increases for those at the maximum for the FSS class.
3. Eligibility to compete for one or more class promotions, depending upon duration of appointment.
4. Increased life insurance benefits, retirement benefits, post differential pay if assigned to a hardship post, and lump-sum leave payments.
5. Protection of earned retirement annuity benefits under the civil service system in excess of the 35-year creditable service limitation of the Foreign Service system.

The disadvantages in the case of employees age 55 and older would be earlier retirement if for any reason the proposed mandatory participation of FSS personnel in the Foreign Service retirement system failed to be enacted; whereas in the case of the younger officers it would be the 5-year limitation on appointments. In the latter instance, this would be offset in some measure by eligibility for consideration for lateral entry to the FSO corps prior to the expiration of the Reserve appointment.

STATUS OF FORMER FSS OFFICERS WHO ACCEPTED FSR APPOINTMENTS

Under this special program, 45 FSS officer applicants were offered and accepted Reserve appointments. Other applicants who were found to benefit by retaining FSS status and being retired under the proposed gradual mandatory provisions of S. 2633 were so counseled.

An analysis of this group reveals that of the 44 Reserve officers (one death), all but 4 are now in the 59- to 69-year-age bracket. In accordance with pertinent regulations, their appointments will be extended to coincide with the effective date of their mandatory retirement under either the civil service retirement system, or under the gradual schedule contained in S. 2633—65 percent at ages 64 to 70 and the remainder, about equally divided, at ages 63 and 62 if the latter legislation is enacted. (The average age of FSS personnel retiring over the past 7 years has been 65 years.) Of this group, 73 percent will have completed 35 to 48 years of creditable (unverified) retirement service; the remainder 12 to 34 years.

Further, 83 percent of the officers have received a vice consular, consular, or secretarial commission, or a combination of the latter two, as appropriate, which has improved their status in the Foreign Service.

Time-in-class promotion eligibility for Reserve officers is 2 years. All members of this group, therefore, will be eligible for class promotion consideration either this year (1960) or next.

Based upon the assumption that the mandatory Foreign Service retirement provisions of S. 2633 become effective July 1, 1961, the bulk of these Reserve officers without benefit of any class-to-class promotions, will receive prior to the expiration of their appointments \$630 upward to \$2,797 more in basic salary than they would have received had they retained their FSS status. This does not include additional financial benefits such as increased retirement annuities by reason of higher 5-year average salary, creditable service in excess of the Foreign Service 35-year limitation, post differential pay, and lump-sum leave payments.

There is attached a copy of the letter extending the appointment.

AUGUST 10, 1959.

American Embassy, London.

DEAR ———: In my letter of January 12, 1959, offering you appointment as a Foreign Service Reserve officer, I stated that the termination date of June 30, 1960, would be extended if there should be a delay in the enactment of proposed amendments to the Foreign Service Act. That date was set on the assumption that legislative action would be completed before the end of June 1959.

I have just been informed that no action will be taken during this session of Congress on the amendments to the Foreign Service Act proposed by the Department and by several Members of Congress. Further hearings will be delayed until Congress reconvenes in January 1960. As a consequence, the Department will extend your Foreign Service Reserve appointment for about 9 months or longer, depending upon action by Congress on amendments to the act.

A new "Notice of Personnel Action" to effect this extension will not be issued until next April or May when, it is hoped, a firm date can be established. I do want you to know, in the meantime, that there will be an extension in the termination date of your appointment. This will enable you to make your personal plans accordingly. Since no formal action is being taken at this time, you may wish to give a copy of this letter to your principal officer or to the administrative officer at your post in order that he, too, may know of the Department's plans for your continued service beyond June 1960.

I am glad that the Foreign Service will be able to have, for somewhat longer, the benefit of the experience that you have gained during many years in the Service. My very best wishes to you.

Sincerely yours,

WALLACE W. STUART,
Chief, Personnel Operations Division.

SECTION 2—AMENDING SEC. 411

Conversion cost of Foreign Service staff employees to 10-class FSS schedule under suggested change in S. 2633 conversion table

Present class	Present step	Amount of adjustment	Number of employees as of Dec. 31, 1959	Total cost	Present class	Present step	Amount of adjustment	Number of employees as of Dec. 31, 1959	Total cost
FSS-1	5	\$150	14	\$2,100	FSS-0	3	\$100	54	\$5,400
	4	150	1	150		4	115	32	3,680
	3	170	2	340		5	130	61	7,930
FSS-2	2	200			FSS-10	3	145	45	6,525
	1	220				4	160	37	5,920
	5	255	6	1,530		5	175	45	7,875
	4	55	4	220		6	190	45	8,550
FSS-3	3	65	2	130	FSS-11	5	125	66	8,250
	2	70	1	70		6	140	87	12,180
	1	80	3	240		7	155	71	10,905
	5	110	5	550		8	170	73	12,510
FSS-4	4	115	5	575	FSS-12	9	185	117	21,645
	3	125	5	625		10	200	83	16,600
	2	130	2	260		11	215	79	17,085
	1	145	3	435		12	230	83	18,810
FSS-5	5	110	6	660	FSS-13	13	50	45	2,250
	4	120	3	360		14	65	89	5,805
	3	125	2	250		15	80	68	5,440
	2	135	5	675		16	95	133	12,615
FSS-6	1	145	4	580	FSS-14	17	110	10	1,100
	6	190	7	1,330		18	125	236	29,500
	5	200	1	200		19	140	217	30,510
	4	210	2	420		20	155	56	8,680
FSS-7	3	150	5	750	FSS-15	21	170	20	3,400
	2	80	3	240		22	185	69	12,615
	1	20	6	120		23	200	55	11,000
	6	45	8	360		24	215	32	6,880
FSS-8	5	35	2	70	FSS-16	25	230	45	10,350
	4	25	5	125		26	245	45	11,025
	3	5	4	20		27	260	40	10,400
	2	220	6	1,320		28	275	30	8,250
FSS-9	1	210	3	630	FSS-17	29	290	20	5,800
	6	75	19	1,425		30	305	327	100,035
	5	60	5	300		31	320	339	108,660
	4	45	6	270		32	335	70	23,450
FSS-10	3	35	3	105	FSS-18	33	350	60	21,000
	2	25	4	100		34	365	55	20,075
	1	10	9	90		35	380	45	17,100
	6	10	32	320		36	395	12	4,740
FSS-11	5	10	14	140	FSS-19	37	410	12	4,920
	4	25	12	300		38	425	3	1,275
	3	40	26	1,040		39	440	12	5,280
	2	55	20	1,100		40	455	14	6,370
FSS-12	1	65	26	1,690	FSS-20	41	470	30	14,100
	6	10	32	320		42	485	20	9,700
	5	10	14	140		43	500	15	7,500
	4	25	12	300		44	515	3	1,545
FSS-13	3	40	26	1,040	FSS-21	45	530	12	6,360
	2	55	20	1,100		46	545	12	6,540
	1	70	13	910		47	560	14	7,840
	6	10	9	90		48	575	101	58,175
FSS-14	5	10	32	320	FSS-22	49	590	20	11,800
	4	25	12	300		50	605	246	148,530
	3	40	26	1,040		51	620	1	620
	2	55	20	1,100		52	635	1	635
FSS-15	1	65	26	1,690	FSS-23	53	650	1	650
	6	10	32	320		54	665	1	665
	5	10	14	140		55	680	1	680
	4	25	12	300		56	695	1	695
FSS-16	3	40	26	1,040	FSS-24	57	710	1	710
	2	55	20	1,100		58	725	1	725
	1	70	13	910		59	740	1	740
	6	10	9	90		60	755	1	755
FSS-17	5	10	32	320	FSS-25	61	770	1	770
	4	25	12	300		62	785	1	785
	3	40	26	1,040		63	800	1	800
	2	55	20	1,100		64	815	1	815
FSS-18	1	65	26	1,690	FSS-26	65	830	1	830
	6	10	32	320		66	845	1	845
	5	10	14	140		67	860	1	860
	4	25	12	300		68	875	1	875
FSS-19	3	40	26	1,040	FSS-27	69	890	1	890
	2	55	20	1,100		70	905	1	905
	1	70	13	910		71	920	1	920
	6	10	9	90		72	935	1	935
FSS-20	5	10	32	320	FSS-28	73	950	1	950
	4	25	12	300		74	965	1	965
	3	40	26	1,040		75	980	1	980
	2	55	20	1,100		76	995	1	995
FSS-21	1	65	26	1,690	FSS-29	77	1,010	1	1,010
	6	10	32	320		78	1,025	1	1,025
	5	10	14	140		79	1,040	1	1,040
	4	25	12	300		80	1,055	1	1,055
FSS-22	3	40	26	1,040	FSS-30	81	1,070	1	1,070
	2	55	20	1,100		82	1,085	1	1,085
	1	70	13	910		83	1,100	1	1,100
	6	10	9	90		84	1,115	1	1,115
FSS-23	5	10	32	320	FSS-31	85	1,130	1	1,130
	4	25	12	300		86	1,145	1	1,145
	3	40	26	1,040		87	1,160	1	1,160
	2	55	20	1,100		88	1,175	1	1,175
FSS-24	1	65	26	1,690	FSS-32	89	1,190	1	1,190
	6	10	32	320		90	1,205	1	1,205
	5	10	14	140		91	1,220	1	1,220
	4	25	12	300		92	1,235	1	1,235
FSS-25	3	40	26	1,040	FSS-33	93	1,250	1	1,250
	2	55	20	1,100		94	1,265	1	1,265
	1	70	13	910		95	1,280	1	1,280
	6	10	9	90		96	1,295	1	1,295
FSS-26	5	10	32	320	FSS-34	97	1,310	1	1,310
	4	25	12	300		98	1,325	1	1,325
	3	40	26	1,040		99	1,340	1	1,340
	2	55	20	1,100		100	1,355	1	1,355
FSS-27	1	65	26	1,690	FSS-35	101	1,370	1	1,370
	6	10	32	320		102	1,385	1	1,385
	5	10	14	140		103	1,400	1	1,400
	4	25	12	300		104	1,415	1	1,415
FSS-28	3	40	26	1,040	FSS-36	105	1,430	1	1,430
	2	55	20	1,100		106	1,445	1	1,445
	1	70	13	910		107	1,460	1	1,460
	6	10	9	90		108	1,475	1	1,475
FSS-29	5	10	32	320	FSS-37	109	1,490	1	1,490
	4	25	12	300		110	1,505	1	1,505
	3	40	26	1,040		111	1,520	1	1,520
	2	55	20	1,100		112	1,535	1	1,535
FSS-30	1	65	26	1,690	FSS-38	113	1,550	1	1,550
	6	10	32	320		114	1,565	1	1,565
	5	10	14	140		115	1,580	1	1,580
	4	25	12	300		116	1,595	1	1,595
FSS-31	3	40	26	1,040	FSS-39	117	1,610	1	1,610
	2	55	20	1,100		118	1,625	1	1,625
	1	70	13	910		119	1,640	1	1,640
	6	10	9	90		120	1,655	1	1,655
FSS-32	5	10	32	320	FSS-40	121	1,670	1	1,670
	4	25	12	300		122	1,685	1	1,685
	3	40	26	1,040		123	1,700	1	1,700
	2	55	20	1,100		124	1,715	1	1,715
FSS-33	1	65	26	1,690	FSS-41	125	1,730	1	1,730
	6	10	32	320		126	1,745	1	1,745
	5	10	14	140		127	1,760	1	1,760
	4	25	12	300		128	1,775	1	1,775
FSS-34	3	40	26	1,040	FSS-42	129	1,790	1	1,790
	2	55	20	1,100		130	1,805	1	1,805
	1	70	13	910		131	1,820	1	1,820
	6	10	9	90		132	1,835	1	1,835
FSS-35	5	10	32	320	FSS-43	133	1,850	1	1,850
	4	25	12	300		134	1,865	1	1,865
	3	40	26	1,040		135	1,880	1	1,880
	2	55	20	1,100		136	1,895	1	1,895
FSS-36	1	65	26	1,690	FSS-44	137	1,910	1	1,910
	6	10	32	320		138	1,925	1	1,925
	5	10	14	140		139	1,940	1	1,940
	4	25	12	300		140	1,955	1	1,955
FSS-37	3	40	26	1,040	FSS-45	141	1,970	1	1,970
	2	55	20	1,100		142	1,985	1	1,985
	1	70							

Conversion cost of Foreign Service staff employees to 10-class FSS schedule under suggested change in S. 2633 conversion table—Continued

U.S. INFORMATION AGENCY

Present class	Present step	Amount of adjustment	Number of employees as of Dec. 31, 1959	Total cost	Present class	Present step	Amount of adjustment	Number of employees as of Dec. 31, 1959	Total cost	
FSS-1-----	5	\$150	31	\$4,650	FSS-8-----	3	40	9	360	
	4	150	8	1,200		2	55	17	935	
	3	170	22	3,740		1	65	20	1,300	
FSS-2-----	2	200	15	3,000	FSS-9-----	6	100	4	400	
	1	220	2	440		5	115	2	230	
	5	255	52	13,260		4	130	6	780	
FSS-3-----	4	55	32	1,760	FSS-10-----	3	145	10	1,450	
	3	65	30	1,950		2	355	9	3,195	
	2	70	23	1,610		1	565	14	7,910	
FSS-4-----	1	80	7	560	FSS-11-----	7	125	2	250	
	5	110	24	2,640		6	130	4	580	
	4	115	28	3,220		5	145	6	960	
FSS-5-----	3	125	22	2,750	FSS-12-----	4	160	6	600	
	2	130	28	3,640		3	100	6	360	
	1	145	43	6,235		2	40	9	360	
FSS-6-----	5	110	30	3,300	FSS-13-----	1	185	32	5,920	
	4	120	37	4,440		7	50	5	250	
	3	125	40	5,000		6	45	1	45	
FSS-7-----	2	135	33	4,455	FSS-14-----	5	35	5	175	
	1	145	31	4,495		4	30	3	90	
	5	190	15	2,850		3	20	5	100	
FSS-8-----	4	200	15	3,000	FSS-15-----	2	10	6	60	
	3	210	31	6,510		1	25	25	75	
	2	150	41	6,150		7	75	1	60	
FSS-9-----	1	80	42	3,360	FSS-16-----	6	60	1	55	
	5	20	32	640		5	55	1	180	
	4	45	20	900		4	45	4	200	
FSS-10-----	3	35	19	665	FSS-17-----	3	40	5	60	
	2	25	30	750		2	30	2	240	
	1	5	32	160		1	20	22	440	
FSS-11-----	5	220	34	7,480	FSS-18-----	7	70	6	420	
	4	210	42	8,820		6	60	5	300	
	3	75	12	900		5	55	4	220	
FSS-12-----	2	60	8	480	FSS-19-----	4	45	6	270	
	1	45	6	270		3	40	4	120	
	5	35	27	945		2	30	17	340	
FSS-13-----	4	25	11	275	FSS-20-----	1	20	1	20	
	3	10	38	380		Total			1,267	144,635
	6	6	1	10		Average adjustment per employee				114
FSS-14-----	5	10	9	225						
FSS-15-----	4	25	9	225						

Department or agency	Number of employees as of Dec. 31, 1959	Total cost	Average amounts of adjustments
State-----	3,451	\$217,025	\$63
USIA-----	1,267	144,635	114
ICA-----	679	39,245	58
Total-----	5,397	400,905	74

AMENDMENTS TO THE FOREIGN SERVICE ACT

THURSDAY, JUNE 2, 1960

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON STATE DEPARTMENT
ORGANIZATION AND FOREIGN OPERATIONS,
Washington, D.C.

The subcommittee met at 10:45 a.m., in room G-3, U.S. Capitol, Hon. Wayne L. Hays (chairman of the subcommittee) presiding.

Mr. HAYS. The committee will come to order.

We meet this morning to give further consideration to Foreign Service legislation which is in Senate bill 2633. We had, as you recall, some months ago or some weeks ago, rather extensive hearings on this. This hearing this morning with Mr. Henderson, Mr. Wood-year, Mr. Lyerly, Mr. Southworth, and Mr. Stuart, is to tie up any loose ends so that the committee can decide what to do with this bill if it is going to do anything. The time is getting short.

Do you want to make a statement?

STATEMENT OF HON. LOY W. HENDERSON, DEPUTY UNDER SECRETARY OF STATE FOR ADMINISTRATION

Mr. HENDERSON. I would like to make two fairly brief statements, suggesting changes which I think might be helpful. If you don't mind, I would like to read them. I have given a copy to the reporter.

It has come to my attention, Mr. Chairman, that there has been some concern on the part of this committee over the status of a group of approximately 45 former Staff officers who were given an opportunity to become Foreign Service Reserve officers in 1958. At the time these officers elected Reserve appointments, it was understood that these limited appointments would not expire until the date the officers would have been mandatorily retired for age had they remained Foreign Service Staff officers and been subject to the provisions of amended section 803 of the Foreign Service Act. You will recall that section 803 provides that any Foreign Service Staff officer or employee who has had 10 years of service with the Foreign Service will become a participant in the Foreign Service retirement and disability system, effective 1 year after the passage of S. 2633.

In view of the committee's concern, the Department since the last hearing has taken steps to insure the continuation of these officers in Reserve officer status for a full tour of 5 years, unless they reach 70 years of age or are found to be subject to separation for misconduct under section 637.

In order to provide equitable treatment for all Staff employees as well as for this small group, a similar extension with respect to the

mandatory retirement of Staff officers and employees who will become participants in the Foreign Service retirement system is desirable. With those objectives in mind, we are suggesting that section 58 of S. 2633 be amended to provide that section 803(c)(2) of the act with respect to mandatory retirement for age become effective 3 years after the effective date of this act, rather than 1 year as is now proposed.

This proposed extension of the mandatory retirement date will make unnecessary the lump-sum separation payments from the retirement fund now proposed in section 803(c)(3). The Department, therefore, suggests that this subsection be deleted.

I would like to submit for the record a draft of the proposed change. I shall not take up your time by reading the draft of the change. When I was in Paris last week I had conferences with some of the officers who belong to the group of 45 former Staff officers—now Reserve officers—who had been worried about what might happen to them in case this bill should become law. We reached a very satisfactory arrangement. Some of them, I understand, have since written to the Members of Congress with whom they had previously corresponded, saying they were pleased with our plans with respect to them.

Our plans provide that these Reserve officers will stay on for their full 5 years unless they reach the age of 70 beforehand or unless there is some malfeasance or misconduct on their part. They have already been Reserve officers for 2 years. They will therefore have an extension of 3 years regardless of whether this bill becomes law or not.

Furthermore, in order to make more equitable the situation of those who continue to be Staff employees, we are proposing that this bill will not become effective, so far as their retirement is concerned, for a period of 3 years after it goes generally into force.

This would mean that no Staff employee would be retired because of this bill for at least 3 years. Then the retirements will be staggered. It will be about 6 years before a Staff employee will be retired at the age of 60. I think this alleviates the situation of the senior members of the Staff Corps who have been concerned at being faced immediately with unplanned for retirement.

That is one statement. The other statement has to do with section 16(c) of S. 2633 providing for housing allowance for Foreign Service personnel on duty in Washington.

Mr. Chairman, in previous testimony I have stated that section 16(c), which would provide for a housing allowance for Foreign Service personnel assigned to duty in the United States between foreign tours of duty, had not received the approval of the Budget Bureau and that the Director of the Bureau of the Budget has informed the Secretary of State in writing that he was unable at this time to recommend favorable action on the proposal.

In more recent conversations which we have had with responsible officers of the Bureau of the Budget, they have made it clear that they continue to be opposed to the inclusion in legislation enacted at this time of a provision establishing housing allowances for Foreign Service officers on duty in the United States. They take the position that they should have an opportunity to give such a provision further study before legislative action is taken with respect to it.

In view of the position taken by the Bureau of the Budget, which is the spokesman for the executive branch of the Government in matters

of this kind, I feel it to be my duty to suggest that this committee give consideration to the elimination of section 16(c) of S. 2633.

At the same time, I feel it also to be my duty to emphasize the fact that the financial difficulties encountered by Foreign Service personnel without private means while on tours in Washington represent a serious problem for the Department and for the Foreign Service, and to express the hope that in the not too distant future means can be found to alleviate this situation.

Mr. HAYS. I might say to you, Mr. Secretary, as far as I am concerned, if that section comes out I am not even interested in bringing the bill to the floor. That is one piece of the bill that I am especially for, that I think has special merit and ought to be passed. As far as I am concerned, the fact that the Bureau of the Budget is against it is all the more reason I am for it.

Mrs. BOLTON. I am right with you.

Mr. HENDERSON. Mr. Chairman, I have already in previous hearings expressed some views about this subsection. It is now my duty to present the views of the Budget Bureau to this committee.

Mrs. BOLTON. It is absolutely imperative.

Mr. HAYS. Are there any questions on either Mr. Henderson's two statements or any other loose ends of the bill?

Mr. HENDERSON. Could I make one more minor suggestion which is really in the way of an editorial change? That has to do with section 632.

Mrs. BOLTON. What page is it on in that book?

Mr. HENDERSON. Page 40 in the brochure put out by the Senate. That section, you will notice, provides for the retirement of Foreign Service officers who are not career ambassadors or career ministers.

I would appreciate it, in view of the fact that the Staff Corps is coming under the Foreign Service retirement system if the words "Foreign Service officer" here could be changed to "any participant in the Foreign Service Retirement and Disability System."

This provision would thus include Foreign Service Staff employees also. We feel that the Secretary should be in a position to determine also that it would be in the public interest to extend the service of a staff employee who has reached retirement age for a period not to exceed 5 years. At the present time the bill provides that the Secretary may in the public interest extend the service of a Foreign Service officer who reaches the retirement age of 60 for a period of not to exceed 5 years. We have no such provision for the extension of the service of Staff employees.

Since the Staff employee is now going to be under the Foreign Service umbrella so far as retirement is concerned, it seems only fair he should be included in this provision. If the Secretary should determine that it would be in the public interest to keep a staff employee beyond the age of 60, he would be able to retain his services for an additional period.

Mrs. BOLTON. Would you give me those words again?

Mr. HENDERSON. "Any participant in the Foreign Service Retirement and Disability System." Instead of, "any Foreign Service officer," the title would read "participants in the Foreign Service Retirement and Disability System who are not career ambassadors and career ministers."

In the last sentence, "such officers' service," should read "such an employee's service."

This is a minor change which was overlooked during the drafting of the legislation.

Mr. FARBSTEIN. Would Mr. Henderson give me the significance of the disputatious portion of page 10 of the bill, that section (c), section 16(c) that the chairman suggested he wants?

Mr. HAYS. Mr. Farbstein, if I may say, what that paragraph does is set up a quarters allowance for Foreign Service officers who are reassigned to the United States for periods of duty, just the same as people in the Pentagon get the quarters allowance, not only when they are out on a base, overseas, but here in Washington.

The reason I am personally interested in it, the Senate passed it, and the Bureau of the Budget doesn't want it, but the reason I am interested in it is especially these lower ranking people, when they have been assigned to a foreign post and have this quarters allowance and are sent back to Washington for a couple of years where the costs are much higher, rent-wise and otherwise, than in the foreign post, and they have two or three children, they can't make ends meet.

Mr. FARBSTEIN. The Budget wants to deny them this allowance.

Mr. HAYS. Yes, and I want to give it to them.

Mr. FARBSTEIN. I will go along with you, Mr. Chairman.

Mrs. BOLTON. It is very important.

Mrs. KELLY. Mr. Chairman, may I ask, is there any other agency of Government where this is comparable?

Mr. HAYS. To my knowledge, the Armed Forces. There may be others, if the Secretary or the staff would like to speak to it.

Mr. HENDERSON. The uniformed forces and also the Public Health Service, I believe.

Mrs. KELLY. Are they reimbursed for their quarters if returned to the United States?

Mr. HENDERSON. They are.

Mrs. KELLY. It is ridiculous not to have the same status across the board and in all agencies of Government.

Mr. HENDERSON. Their allowances are not quite the same as proposed here but they are for quarters.

Mrs. KELLY. I wanted to know if there is a precedent across the board.

Mr. ZABLOCKI. Mr. Chairman, has the Bureau of the Budget given any reason for their position?

Mr. HENDERSON. I gave the substance of a letter from the Director of the Budget in the early part of these hearings which contained certain questions. I would say offhand that among the reasons given by members of the Bureau are the following:

1. They have a fear that such a provision might set a precedent which would cause other civilian services to ask for quarters allowances in the United States.

2. They take the position that this might be considered as a kind of salary increase for officers in the United States; apparently no salary increases are programed at the present time.

3. They would like to look this over and study it further before deciding whether it is a good thing or not. We took the position originally with the Bureau of the Budget that the Foreign Service was somewhat different from most civilian services. It was more like

the military service because it was a completely mobile corps. The officers and personnel could be assigned anywhere at any time. Therefore, they could not arrange to have permanent homes.

While in Washington they are not in the position of members of other civilian services who could expect to be here quite some length of time. They never knew when they would receive a transfer.

Therefore, housing was more expensive for them. They could not settle down and have their little houses and gardens and make their plans for the future like members of most civilian services.

Mrs. BOLTON. It is a very real hardship that I think we have no right to impose on them.

Mr. HENDERSON. I could read you the letter from the Bureau of the Budget if you like for me to take time to do so.

Mr. ZABLOCKI. No, I will read it.

My next question is why the Department reversed its original position.

Mr. HENDERSON. This provision for a housing allowance in Washington was not in the original bill drafted in the Department. It was added by the Senate. During the discussion before members of the Foreign Relations Committee, it became clear that the elimination as provided in this bill of the salary differentials which many Foreign Service Officers in the Department have been receiving would increase their financial difficulties. Out of this discussion developed the problem of the lack of housing allowances for officers in Washington. The Senate took this matter seriously and added this provision to the bill.

At that time we considered it a very good provision. The Department of State felt its adoption would help in meeting one of its most serious problems. It is a serious problem when so many Foreign Service personnel find themselves in debt after a tour in Washington.

Mrs. BOLTON. It is terrible.

Mr. HENDERSON. It makes it difficult to assign officers to the Department. Unless they have private means they dread such an assignment because it represents financial hardship. Since the Bureau of the Budget had not passed on this provision, we submitted it to it for approval. The Bureau of the Budget wrote a letter—you will find the letter in the record—indicating that it could not support such a provision. The Bureau of the Budget has subsequently informed us informally that in its opinion the provision should be deleted.

It seemed to me that it was incumbent upon me as a representative of the State Department to give this committee the views of the Bureau of the Budget and to suggest that the committee give consideration to eliminating this provision.

Mr. ZABLOCKI. To further clarify then, Mr. Secretary, you merely gave the views of the Bureau of the Budget, but the Department has not changed its position on the desirability of the provision remaining in the legislation?

Mr. HAYS. Do you want to answer that question off the record?

Mr. ZABLOCKI. I believe we better have it on the record. The opponents of the bill will point out and say the Department changed its mind. Therefore why does the committee insist?

Mr. HENDERSON. The Department has changed its mind about supporting this passage because it cannot support this provision if the Bureau of the Budget is opposed to it.

Mr. ZABLOCKI. I don't quite follow you, Mr. Secretary. Why must the Department be subservient to the Bureau of the Budget?

Mr. HAYS. It is the rule of the administration.

Mr. HENDERSON. The executive department.

Mrs. BOLTON. And has been for a long time.

Mr. HENDERSON. No department or agency of the Government is supposed to support any legislation unless that legislation has received the approval of the Bureau of the Budget. Therefore, we can't support this particular paragraph.

Mr. FARBSTEIN. I would like—

Mr. ZABLOCKI. I would like to say that is the best argument for the committee to support it.

Mr. HAYS. That has been my position all along.

Mr. FARBSTEIN. I notice under the terms of this amendment there is to be an increase going from 8 to 13 percent differential, depending upon the size of the family to assist in defraying the cost of quarters in the continental United States.

Will you please state for the record what the cost generally is, percentage-wise, of an individual's salary when he is outside the continental United States, using \$10,000 as a base?

Mr. HENDERSON. The cost of the housing abroad?

Mr. FARBSTEIN. Yes.

Mr. HENDERSON. I haven't the figures in front of me, but off-hand—

Mrs. KELLY. Mr. Chairman.

Mr. FARBSTEIN. I use \$10,000 as a base salary.

Mr. HENDERSON. From about 10 to 25 percent.

Mr. FARBSTEIN. Therefore, when a request is made here solely for 10 to 13 percent, it would appear offhand that it is inadequate, and that therefore the only suggestion hereunder is that a portion of the expense that normally would be allotted to the Foreign Service officer is remitted by virtue of this legislation?

Mr. HENDERSON. Yes; it was our idea that about half of the housing expense would be paid for by the employee and the other half would be paid by the Government—

Mr. FARBSTEIN. Under the circumstances, I think one could be very critical of the Department to go along supporting this legislation.

Mrs. BOLTON. May I speak to that a moment?

Mrs. HAYS. Yes.

Mrs. BOLTON. As I understand it, the Department is not permitted to do it unless the Budget supports it?

Mr. FARBSTEIN. I can be critical of them just the same.

Mrs. BOLTON. I don't think so. I think we can uphold what we know is their need.

Mr. HENDERSON. There is a danger of a veto of the bill if it contains a provision opposed by the Bureau of the Budget. Whether the President would actually veto this, I don't know. Since the Bureau of the Budget has indicated its lack of support, that danger exists.

Mr. HAYS. I don't care in the slightest whether he does or doesn't. Our mission is to pass the legislation as we think it ought to be and his is to either sign it or not as he feels like. That is his responsibility. I don't care whether he vetoes it, signs it, throws it in a wastebasket or takes it to Augusta and stuffs it in a golf hole.

Mr. ZABLOCKI. I would like the record to show that the Secretary did his best to have the section deleted. We regret, however, to disagree with him.

Mr. HAYS. The record can show that and it can show my views. As long as we have a Congress of the United States which is supposed to make the laws, that I am getting a little sick of having a super-congress which is responsible to nobody, which is a bunch of faceless men who set themselves up above the elected representatives of the people.

Mrs. KELLY. Could I ask the gentleman from Wisconsin if he is representing viewpoints of the Department—

Mr. HAYS. The gentleman from Wisconsin can say anything he wants to.

Mr. HENDERSON. The Bureau of the Budget has been quite helpful to us in regard to this bill. It has gone along with us in practically every provision of the bill. Therefore, I wouldn't want to have anything in the record to indicate that, as far as the Department is concerned, we are not gratified at the cooperation shown us by the Bureau of the Budget. With respect to this particular section, however, the Bureau of the Budget is not willing to go along.

Mr. HAYS. Any other questions?

If there are no more questions of the Secretary, I am constrained to excuse him and we will start marking up this bill.

Mr. HENDERSON. Thank you. I would like to say how much I appreciate the time that members of this committee have expended on this bill. My appreciation is the greater because I know how pressed the committee is. This bill is very important to the Department for a number of reasons. I might mention, for instance, the problem of the Foreign Service Institute. We will run into a great deal of trouble there unless this bill is passed and becomes law by the 1st of July. We shall have difficulty employing tutors for certain foreign languages, since there is no provision in law at the present time allowing us to employ aliens, and Americans with the necessary qualifications are not available. There are other provisions of extreme urgency.

Mr. HAYS. Mr. Secretary, I appreciate that. I might say to you that as far as I am concerned I am going to try to move this bill up and out, depending upon the wishes of the committee.

I have a NATO steering committee meeting in Bonn next Friday and Saturday. If we don't get this bill disposed of before then, I am going to stay home from that until we get—

Mr. HENDERSON. We are grateful for your interest.

Mr. HAYS. We will get a decision on it if we can in the next week.

Mr. HENDERSON. Would you like to have some of our people wait outside?

Mr. HAYS. Dr. Westphal thinks it would be advisable.

(Whereupon, at 11:15 a.m., the subcommittee proceeded to further business.)

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