

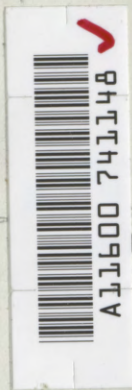
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INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

GOVERNMENT

Storage



HEARINGS BEFORE THE COMMITTEE ON OFFICE AND CIVIL SERVICE HOUSE OF REPRESENTATIVES EIGHTY-SEVENTH CONGRESS FIRST SESSION ON H.R. 7377

A BILL TO INCREASE THE LIMITATION ON THE NUMBER OF
POSITIONS WHICH MAY BE PLACED IN THE TOP GRADES OF
THE CLASSIFICATION ACT OF 1949, AS AMENDED, AND ON
THE NUMBER OF RESEARCH AND DEVELOPMENT POSITIONS
OF SCIENTISTS AND ENGINEERS FOR WHICH SPECIAL RATES
OF PAY ARE AUTHORIZED; TO FIX THE COMPENSATION OF
HEARING EXAMINERS; AND FOR OTHER PURPOSES

JUNE 20, 21; JULY 25, 26; AUGUST 4, 7, 11, AND 18, 1961

Printed for the use of the Committee on Post Office and Civil Service



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INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

TUESDAY, JUNE 20, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 215, House Office Building, Hon. James C. Davis (chairman of the subcommittee) presiding.

Mr. DAVIS. The subcommittee will come to order, please.

This morning the subcommittee begins a series of public hearings concerning the status of a number of high-level positions in the executive branch of the Federal Government. We have for consideration H.R. 7377, introduced by Hon. Tom Murray, chairman of the House Post Office and Civil Service Committee, and certain related matters.

H.R. 7377 would increase the number of positions to be placed in the top grades of the Classification Act by 578, would provide for an additional 203 scientific and engineering positions, and would grant 20 Classification Act type positions to the National Security Agency at supergrade levels. In addition, there are upward salary adjustments for 28 positions now in the Executive Pay Act that would be brought under the Classification Act.

This bill would also revise the pay procedures for 433 Federal hearing examiners. Based on current employment data, 276 examiners now at grades GS-14 and GS-15 would be raised to the maximum scheduled rate for grade GS-16, and 177 examiners now at grades GS-12 and 13 would be raised to the maximum scheduled rate for grade GS-14.

This is an administration-sponsored bill, proposed by the Chairman of the Civil Service Commission on April 14, 1961, to the Speaker of the House of Representatives.

There have also been referred to the subcommittee, under the committee's policy, special requests for additional supergrade positions for the Federal Home Loan Bank Board and for the Agency for International Development.

In recent years, several members of the subcommittee have expressed concern as to the inflationary spiral taking place in the grade and salary levels of the employees under the Classification Act. I recognize certain factors that affect the wage and classification system, such as the increasing demands on many departments and agencies and the emphasis on research and development. Even so, I continue to question the upward trend of Classification Act grades. For example, in 1956, 4.5 percent of our white collar employees were

in grades GS-13, 14, and 15. Today there are 6.9 percent in these three grades. In 1949, there were 2,080 Federal employees in grade GS-15; today there are 8,134. This is an increase of 300 percent.

When the supergrades were first established in 1949, it was the general intent of the Congress that they be used largely to attract additional talent and ability into the Federal Government. Undoubtedly, this has been the case to some degree. However, the subcommittee has noted an increasing use of these top jobs for promoting employees already on the payroll. This, in itself, is not necessarily bad, but we do question the use of supergrades as a means for speeding up the inflationary spiral in our salary and wage schedules.

During the hearings we expect to hear from management officials of several departments and agencies, as well as a representative of the hearing examiners.

(The bill H.R. 7377 follows:)

[H.R. 7377, 87th Cong., 1st sess.]

A BILL To increase the limitation on the number of positions which may be placed in the top grades of the Classification Act of 1949, as amended, and on the number of research and development positions of scientists and engineers for which special rates of pay are authorized; to fix the compensation of hearing examiners; and for other purposes

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

TITLE I—POSITIONS IN TOP GRADES OF CLASSIFICATION ACT OF 1949

INCREASE IN NUMBER OF AUTHORIZED TOP GRADE POSITIONS UNDER CLASSIFICATION ACT OF 1949

SEC. 101. (a) Subsection (b) of section 505 of the Classification Act of 1949, as amended (5 U.S.C. 1105(b)), relating to the maximum number of positions authorized at any one time for grades 16, 17, and 18 of the General Schedule of such Act, is amended to read as follows:

“(b) Subject to subsections (c), (d), (e), (f), (g), and (j) of this section, a majority of the Civil Service Commissioners are authorized to establish and, from time to time, revise the maximum numbers of positions (not to exceed two thousand and ninety-six) which may be in grades 16, 17, and 18 of the General Schedule at any one time; except that of such positions one hundred shall be so classified initially only if and to the extent that the President determines that a need for such positions exists.”

(b) Subsection (j) of such section 505, as amended (5 U.S.C. 1105(j)), relating to positions authorized for the Department of Defense in grades 16, 17, and 18 of the General Schedule of the Classification Act of 1949, is amended by striking out “three hundred seventy-two positions” and inserting in lieu thereof “four hundred twenty-two positions”.

CONFORMING CHANGES IN EXISTING LAW

SEC. 102. The following provisions of law are hereby repealed:

(1) Subsections (f), (k), and (l) of section 505 of the Classification Act of 1949, as amended (5 U.S.C. 1105(f), (k), and (l)), authorizing five positions, two hundred and sixty positions, and twenty-five positions in grades 16, 17, and 18 of the General Schedule of such Act for the National Security Council, the Department of the Treasury, and the Interstate Commerce Commission, respectively.

(2) Sections 202(b) and 302(j) of the Federal Aviation Act of 1958 (72 Stat. 742 and 747; 49 U.S.C. 1322(b) and 1343(h)), authorizing eight positions and seventy positions in grades 16, 17, and 18 of the General Schedule of the Classification Act of 1949 for the Civil Aeronautics Board and the Federal Aviation Agency, respectively.

(3) The last sentence of section 5(a) of the Small Business Act (72 Stat. 385; 15 U.S.C. 634(a)), authorizing fifteen positions in grades 16, 17, and 18 of such General Schedule for the Small Business Administration.

(4) Section 205(a)(11) of the National Capital Transportation Act of 1960 (74 Stat. 543; Public Law 86-669), authorizing five positions in grades 16, 17, and 18 of such General Schedule for the National Capital Transportation Agency.

(5) The proviso in the paragraph under the heading "FEDERAL POWER COMMISSION" and under the subheading "SALARIES AND EXPENSES" in title I of the Independent Offices Appropriation Act, 1961 (74 Stat. 429; Public Law 86-626), authorizing six positions in grades 16, 17, and 18 of such General Schedule for the Federal Power Commission.

(6) The proviso in the paragraph under the heading "CIVIL AERONAUTICS BOARD" and under the subheading "SALARIES AND EXPENSES" in title III of the Department of Commerce and Related Agencies Appropriation Act, 1959 (72 Stat. 237; 49 U.S.C. 1322, note), authorizing ten positions in such grades 16, 17, and 18 for the Civil Aeronautics Board.

(7) The fourth sentence of section 10(b)(4) of the Railroad Retirement Act of 1937 (72 Stat. 1781; 45 U.S.C. 228j(b)(4)), authorizing nine positions in such grades 16, 17, and 18 for the Railroad Retirement Board.

(8) That part of the first sentence of section 601 of the Supplemental Defense Appropriation Act, 1958 (72 Stat. 8; 10 U.S.C. 1581, note), authorizing the Secretary of Defense to place ten positions in such grades 16, 17, and 18, which reads as follows: "and to place ten positions in grades 16, 17, or 18 of the General Schedule, in accordance with the procedures prescribed in the Classification Act of 1949, as amended".

(9) The last paragraph under the heading "GENERAL SERVICES ADMINISTRATION" in title I of the Independent Offices Appropriation Act, 1957 (70 Stat. 345; Public Law 623, Eighty-fourth Congress), authorizing ten positions in grade 16 of the General Schedule of the Classification Act of 1949 for the General Services Administration.

(10) That part of the second sentence of section 3 of Reorganization Plan Numbered 1 of 1958, effective July 1, 1958 (72 Stat. 1800; 23 F.R. 4991), authorizing not to exceed ten positions of regional director of the regional offices of the Office of Civil and Defense Mobilization to receive compensation under the Classification Act of 1949 without regard to the numerical limitations on positions in section 505 of such Act, which reads as follows: "except that the compensation may be fixed without regard to the numerical limitations on positions set forth in section 505 of the Classification Act of 1949, as amended (5 U.S.C. 1105)".

(11) The paragraph under the heading "COMMODITY CREDIT CORPORATION" in chapter I of the Supplemental Appropriation Act, 1956 (69 Stat. 451; 15 U.S.C. 714h, note), authorizing the position of sales manager in the Commodity Credit Corporation to be placed in grade 17 of the General Schedule of the Classification Act of 1949.

(12) Section 302 of the Act of July 31, 1956 (70 Stat. 743; 5 U.S.C. 517c), authorizing three positions of Deputy Administrator of the Agricultural Research Service, Department of Agriculture, to be placed in grade 18 of such General Schedule.

(13) That part of the first paragraph of section 205 of the Public Works Appropriation Act, 1958 (71 Stat. 423; Public Law 85-167), which reads as follows: "the position of Administrator of the Southeastern Power Administration shall be in grade GS-18 of the Classification Act of 1949, as amended, but without regard to the numerical limitation contained in section 505 of said Act".

(14) That part of the sixth sentence of section 3(a) of the Fish and Wildlife Act of 1956 (70 Stat. 1120; 16 U.S.C. 742b(a)), authorizing the position of Director of the Bureau of Commercial Fisheries, and of Director of the Bureau of Sport Fisheries and Wildlife, United States Fish and Wildlife Service, Department of the Interior, to be placed in grade 17 of the General Schedule of the Classification Act of 1949, which reads: "at Grades GS-17 each".

(15) The second proviso in the paragraph under the heading "CIVIL AERONAUTICS ADMINISTRATION" and under the subheading "OPERATION AND REGULATION" in title I of the Department of Commerce and Related Agencies Appropriation Act, 1959 (72 Stat. 228; 49 U.S.C. 1343, note), authorizing ten positions in grades 16, 17, and 18 of the General Schedule of the Classification Act of 1949.

SAVINGS PROVISIONS

SEC. 103. (a) The changes in existing law made by sections 101 and 102 of this title shall not affect any position existing immediately prior to the effective date of such changes in existing law, the compensation attached to such position, and any incumbent thereof, his appointment thereto, and his entitlement to receive

the compensation attached thereto, until appropriate action is taken in accordance with this title.

(b) Positions in grades 16, 17, or 18, as the case may be, of the General Schedule of the Classification Act of 1949, as amended, immediately prior to the effective date of this section, shall remain, on and after such effective date, in their respective grades, until appropriate action is taken under section 505 of the Classification Act of 1949 as in effect on and after such effective date.

TITLE II—SCIENTIFIC AND PROFESSIONAL POSITIONS AND POSITIONS OF A SECURITY NATURE

INCREASE IN NUMBER OF POSITIONS OF A SECURITY NATURE IN THE NATIONAL SECURITY AGENCY UNDER THE ACT OF MAY 29, 1959

SEC. 201. Section 2 of the Act of May 29, 1959 (73 Stat. 63; Public Law 86-36), authorizing the Secretary of Defense to establish positions in the National Security Agency, is amended by striking out "Not more than fifty such officers and employees shall be paid basic compensation at rates equal to rates of basic compensation contained in grades 16, 17, and 18 of such General Schedule." and inserting in lieu thereof the following: "Not more than seventy such officers and employees shall be paid basic compensation at rates equal to rates of basic compensation contained in grades 16, 17, and 18 of such General Schedule."

INCREASE IN NUMBER OF SCIENTIFIC AND PROFESSIONAL POSITIONS UNDER THE ACT OF AUGUST 1, 1947 (PUBLIC LAW 313, EIGHTIETH CONGRESS)

SEC. 202. (a) The Act of August 1, 1947 (Public Law 313, Eightieth Congress), as amended (5 U.S.C. 1161-1163), is amended to read as follows:

"That (a) the Secretary of the Interior is authorized to establish and fix the compensation for not more than ten scientific or professional positions in the Department of the Interior, each such position being established to effectuate those research and development functions of such department which require the services of specially qualified personnel.

"(b) The Secretary of Agriculture is authorized to establish and fix the compensation for not more than twenty scientific or professional positions in the Department of Agriculture, each such position being established to effectuate those research and development functions of such department which require the services of specially qualified personnel.

"(c) The Secretary of Health, Education, and Welfare is authorized to establish and fix the compensation for not more than fifteen scientific or professional positions in the Department of Health, Education, and Welfare, each such position being established to effectuate those research and development functions of such department which require the services of specially qualified personnel.

"(d) The Secretary of Commerce is authorized to establish and fix the compensation for not more than thirty scientific or professional positions in the Department of Commerce, of which not less than five shall be for the United States Patent Office in its examining and related activities, each such position being established to effectuate those research and development functions of such department which require the services of specially qualified personnel.

"(e) The Postmaster General is authorized to establish and fix the compensation for not more than three scientific or professional positions in the Post Office Department, each such position being established to effectuate those research and development functions of such Department which require the services of specially qualified personnel.

"SEC. 2. (a) Positions created pursuant to this Act shall be included in the classified civil service of the United States, but appointments to such positions shall be made without competitive examination upon approval of the proposed appointee's qualifications by the United States Civil Service Commission or such officers and agents as the Commission may designate for this purpose.

"(b) The rates of compensation for positions established pursuant to the provisions of this Act shall not be less than \$12,500 per annum nor more than \$19,000 per annum and shall be subject to the approval of the United States Civil Service Commission.

"(c) In any case in which, subsequent to February 1, 1958, provisions are included in a general appropriation Act authorizing an agency of the Government referred to in this Act to establish and fix the compensation of scientific or pro-

professional positions similar to those authorized by this Act, the number of such positions authorized by this Act shall, unless otherwise expressly provided, be deemed to have been reduced by the number of positions authorized by the provisions of such appropriation Act.

"Sec. 3. The head of each department authorized to establish and fix the compensation of positions under this Act shall submit to the Congress, not later than December 31 of each year, a report setting forth the number of positions established pursuant to this Act in his department during that calendar year, and the name, rate of compensation, and description of the qualifications of each incumbent, together with a statement of the functions performed by each. In any instance in which any such department head may consider full public report on these items detrimental to the national security, such department head is authorized to omit such items from his annual report and, in lieu thereof, to present such information in executive sessions of such committees of the Senate and House of Representatives as the presiding officers of those bodies shall designate."

INCREASE IN NUMBER OF SCIENTIFIC AND PROFESSIONAL POSITIONS IN DEPARTMENT OF DEFENSE UNDER SECTION 1581(a) OF TITLE 10, UNITED STATES CODE

SEC. 203. Section 1581(a) of title 10 of the United States Code, authorizing the Secretary of Defense to establish not more than four hundred fifty scientific and professional positions in the Department of Defense, is amended by striking out "four hundred fifty civilian positions" and inserting in lieu thereof "five hundred sixty-five civilian positions".

INCREASE IN NUMBER OF SCIENTIFIC AND PROFESSIONAL POSITIONS IN THE NATIONAL SECURITY AGENCY UNDER THE ACT OF MAY 29, 1959

SEC. 204. Section 4 of the Act of May 29, 1959 (73 Stat. 63; Public Law 86-36), authorizing the Secretary of Defense to establish not more than fifty scientific and professional positions in the National Security Agency, is amended by striking out "fifty civilian positions" and inserting in lieu thereof "sixty civilian positions".

INCREASE IN NUMBER OF SCIENTIFIC AND PROFESSIONAL POSITIONS IN THE FEDERAL AVIATION AGENCY UNDER SECTION 302(h) OF THE FEDERAL AVIATION ACT OF 1958

SEC. 205. Section 302(h) of the Federal Aviation Act of 1958 (72 Stat. 746; 49 U.S.C. 1343(f)), authorizing the Administrator of the Federal Aviation Agency to establish not more than fifteen scientific and professional positions in the Federal Aviation Agency, is amended by striking out "fifteen positions" and inserting in lieu thereof "twenty positions".

INCREASE IN NUMBER OF SCIENTIFIC, ENGINEERING, AND ADMINISTRATIVE POSITIONS IN THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION UNDER SECTION 203(b)(2) OF THE NATIONAL AERONAUTICS AND SPACE ACT OF 1958

SEC. 206. Section 203(b)(2) of the National Aeronautics and Space Act of 1958 (72 Stat. 429; 42 U.S.C. 2473(b)(2)), authorizing the Administrator of the National Aeronautics and Space Administration to establish not more than two hundred and ninety scientific, engineering, and administrative positions in the National Aeronautics and Space Administration, is amended by striking out "two hundred and ninety" and inserting in lieu thereof "three hundred and forty".

TITLE III—REALINEMENT OF COMPENSATION OF CERTAIN POSITIONS UNDER THE CLASSIFICATION ACT OF 1949 AND THE FEDERAL EXECUTIVE PAY ACT OF 1956

REMOVAL OF LIMITATION ON COMPENSATION OF OFFICERS OF DEVELOPMENT LOAN FUND

SEC. 301. The second sentence of section 205(b) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1875(b)), providing a limitation of \$18,000 per annum on the compensation of four officers of the Development Loan Fund, is amended by striking out "and whose compensation shall be at a rate not in excess of \$18,000 per year".

REMOVAL OF CERTAIN POSITIONS FROM THE PURVIEW OF THE FEDERAL EXECUTIVE
PAY ACT OF 1956

Sec. 302. (a) Section 107(a) of the Federal Executive Pay Act of 1956, as amended (5 U.S.C. 2206(a)), providing annual compensation of \$17,500 for certain positions, is amended by striking out the following paragraphs:

- "(2) Administrator, Bonneville Power Administration.";
- "(3) Administrator, Farmers' Home Administration.";
- "(4) Administrator, Soil Conservation Service, Department of Agriculture.";
- "(9) Chief Forester of the Forest Service, Department of Agriculture.";
- "(10) Chief of Staff of the Joint Committee on Internal Revenue Taxation.";
- "(11) Commissioner of Customs.";
- "(12) Commissioner, Federal Supply Service, General Services Administration.";
- "(14) Commissioner of Narcotics.";
- "(15) Commissioner, Public Buildings Service.";
- "(16) Commissioner of Public Roads.";
- "(17) Commissioner of Reclamation.";
- "(22) Manager, Federal Crop Insurance Corporation, Department of Agriculture."; and
- "(23) Director of Coal Research, Department of the Interior.".

(b) Section 107(b) of the Federal Executive Pay Act of 1956, as amended (5 U.S.C. 2206(b)), providing annual compensation of \$17,000 for certain positions, is amended by striking out

- "(2) Treasurer of the United States.".

CONFORMING CHANGES IN EXISTING LAW

Sec. 303. (a) Section 303(a) of title 23 of the United States Code, providing annual compensation of \$17,500 for the Commissioner of Public Roads, is amended by striking out the following sentence:

"The Commissioner of Public Roads shall receive basic compensation at the rate of \$17,500 per annum."

(b) The first sentence of section 5(d) of the Farm Credit Act of 1953, as amended (73 Stat. 387; 12 U.S.C. 636d(d)), providing annual compensation of \$17,500 for not more than three positions of deputy governor in the Farm Credit Administration, is amended by striking out "Provided, That the salary of not more than three positions of deputy governor shall each be fixed by the Board at a rate not exceeding \$17,500 per annum".

(c) (1) There is hereby repealed the second sentence of section 4201 of title 18 of the United States Code, providing annual compensation of \$17,500 for each member of the Board of Parole in the Department of Justice, which reads as follows: "The annual rate of basic compensation of each member of the Board shall be \$17,500."

(2) The section heading of such section 4201 is amended by striking out "salaries".

(3) The table of contents of chapter 311 of such title 18 is amended by striking out

"4201. Board of Parole; members; salaries."

and inserting in lieu thereof

"4201. Board of Parole; members."

(d) Notwithstanding any other provision of law, the rate of gross annual compensation of the Chief of Staff of the Joint Committee on Internal Revenue Taxation shall be an amount which is equal to \$17,500, as increased in the manner provided by section 4(r) of the Federal Employees Salary Increase Act of 1958 (72 Stat. 209; Public Law 85-462) and section 117(g) of the Federal Employees Salary Increase Act of 1960 (Part B of the Act of July 1, 1960; 74 Stat. 304; Public Law 86-568).

(e) On and after the effective date of this subsection, section 116(a) of the Federal Employees Salary Increase Act of 1960 (Part B of the Act of July 1, 1960; 74 Stat. 303; Public Law 86-568) shall not be applicable with respect to the Deputy Director of the Administrative Office of the United States Courts.

READJUSTMENT OF CERTAIN PAY LEVELS OF THE FEDERAL EXECUTIVE PAY ACT OF 1956 AND REALIGNMENT OF COMPENSATION FOR POSITIONS IN SUCH PAY LEVELS AND CERTAIN POSITIONS OF PRESIDENTIAL ASSISTANTS WITH THE COMPENSATION FOR POSITIONS IN GRADE 18 OF THE CLASSIFICATION ACT OF 1949

SEC. 304. (a) Section 106(c) of the Federal Executive Pay Act of 1956, as amended (5 U.S.C. 2205(c)), providing annual compensation of \$18,000 for the Commissioners of the Indian Claims Commission, is hereby repealed.

(b) Section 107(a) of such Act, as amended (5 U.S.C. 2206(a)), providing annual compensation of \$17,500 for certain positions, is amended—

(1) by striking out "\$17,500" and inserting in lieu thereof "\$18,500"; and

(2) by adding immediately below paragraph (23) thereof the following new paragraph (24):

"(24) Commissioner of the Indian Claims Commission (3)."

(c) Section 107(b) of such Act, as amended (5 U.S.C. 2206(b)), providing annual compensation of \$17,000 for certain positions, is amended by striking out "\$17,000" and inserting in lieu thereof "\$18,000".

(d) Section 105 of title 3 of the United States Code, providing for the compensation of certain assistants to the President, is amended by striking out "\$17,500" and inserting in lieu thereof "\$18,500".

SAVINGS PROVISIONS

SEC. 305. Except as provided by section 303(d) and 303(e) of this title, each position specifically referred to in or covered by any amendment made by section 301, 302, or 303 of this title shall be placed in the appropriate grade of the General Schedule of the Classification Act of 1949, as amended, in accordance with the provisions of such Act. The incumbent of each such position immediately prior to the effective date of this section shall continue to receive the rate of basic compensation which he was receiving immediately prior to such effective date until he leaves such position or until he is entitled to receive compensation at a higher rate in accordance with law. When such incumbent leaves such position, the rate of basic compensation of each subsequent appointee to such position shall be determined in accordance with the Classification Act of 1949, as amended.

EFFECTIVE DATE

SEC. 306. The foregoing provisions of this title shall become effective at the beginning of the first pay period which begins on or after the sixtieth day following the date of enactment of this Act.

TITLE IV—EXAMINERS UNDER THE ADMINISTRATIVE PROCEDURE ACT

REVISION OF COMPENSATION OF EXAMINERS

SEC. 401. Section 11 of the Administrative Procedure Act, as amended (5 U.S.C. 1010), relating to examiners, is amended to read as follows:

"EXAMINERS

"SEC. 11. (a) Subject to the civil service and other laws to the extent not inconsistent with this Act, there shall be appointed by and for each agency as many qualified and competent examiners as may be necessary for proceedings pursuant to sections 7 and 8. Examiners shall be assigned to cases in rotation so far as practicable and shall perform no duties inconsistent with their duties and responsibilities as examiners.

"(b) Examiners shall be removable by the agency in which they are employed only for good cause established and determined by the United States Civil Service Commission (hereinafter called the Commission) after opportunity for hearing and upon the record thereof.

"(c) Agencies occasionally or temporarily insufficiently staffed may utilize examiners selected by the Commission from and with the consent of other agencies.

"(d) Examiners employed by the Department of Agriculture, the Department of Labor, the Federal Maritime Board in the Department of Commerce, the Atomic Energy Commission, the Federal Communications Commission, the Federal Power Commission, the Federal Trade Commission, the Civil Aeronautics

Board, the Interstate Commerce Commission, the National Labor Relations Board, the Securities and Exchange Commission, the Subversive Activities Control Board, the Post Office Department, the Office of Alien Property in the Department of Justice, and the Federal Reserve System shall receive compensation at a rate equal to the maximum scheduled rate prescribed for grade GS-16 by the Classification Act of 1949, as amended. All other examiners shall receive compensation at a rate equal to the maximum scheduled rate prescribed for grade GS-14 by the Classification Act of 1949, as amended. Agencies having ten or more examiners may designate one examiner as the chief examiner to have the administrative management responsibility for the hearings program of the agency. The examiner so designated to exercise this responsibility shall receive \$500 per annum in addition to his compensation as an examiner.

"(e) For the purposes of this section, the Commission is authorized to make investigations, require reports by agencies, issue reports (including an annual report to the Congress), promulgate rules, appoint such advisory committees as may be deemed necessary, recommend legislation, subpoena witnesses or records, and pay witness fees as established for the United States courts."

CONFORMING AMENDMENTS

SEC. 402. (a) Section 202 of the Classification Act of 1949, as amended (5 U.S.C. 1082), is amended—

(1) by striking out the period at the end of paragraph (34) thereof and inserting a semicolon in lieu of the period;

(2) by striking out the period at the end of paragraph (35) thereof and inserting in lieu of the period a semicolon and the word "and"; and

(3) by inserting immediately below paragraph (35) the following new paragraph:

"(36) Examiners appointed under section 11 of the Administrative Procedure Act, as amended (5 U.S.C. 1010)."

(b) Section 2 (b) of the Performance Rating Act of 1950, as amended (5 U.S.C. 2001), is amended—

(1) by striking out the period at the end of paragraph (13) thereof and inserting in lieu of the period a semicolon and the word "and"; and

(2) by inserting immediately below paragraph (13) the following new paragraph:

"(14) Examiners appointed under section 11 of the Administrative Procedure Act, as amended (5 U.S.C. 1010)."

SAVINGS PROVISIONS

SEC. 403. Each examiner subject to section 11 of the Administrative Procedure Act, as amended by section 401 of this title, who, immediately prior to the effective date of this section, is receiving in his position of examiner a rate of compensation which is in excess of the new rate of compensation prescribed under authority of subsection (d) of such section 11, as so amended, may continue to receive such former rate so long as he remains in the same position. When such incumbent examiner leaves such position, the rate of compensation of each subsequent appointee to such position shall be determined in accordance with subsection (d) of such section 11, as so amended.

EFFECTIVE DATE

SEC. 404. The foregoing provisions of this title shall become effective at the beginning of the first pay period which begins on or after the sixtieth day following the date of enactment of this Act.

Mr. DAVIS. This morning we will first hear from the Chairman of the Civil Service Commission, Hon. John W. Macy, Jr.

Mr. Macy.

Mr. MACY. Thank you, Mr. Chairman.

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION, ACCOMPANIED BY HON. FRED J. LAWTON, COMMISSIONER, WARREN IRONS, EXECUTIVE DIRECTOR, AND ROBERT HARE, CHIEF, PAY SYSTEMS SECTION

Mr. MACY. Mr. Chairman, I am very appreciative of the opportunity that you and your subcommittee have afforded to the Commission, and to the other administration spokesmen, with respect to this legislation which we consider to be very important.

I have with me here at the table Commissioner Lawton, Mr. Irons on my right, and Mr. Robert Hare, the Chief of our Pay Systems Section, on my left, in order to make sure that we are in a position, as fully as we possibly can, to answer any questions that you and the subcommittee members may have.

Mr. JOHANSEN. Mr. Chairman?

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. I do not want to be rude to the distinguished Chairman, whom I respect very highly, but I would like the record to show very clearly that there is no minority member of the Civil Service Commission present, for the obvious reason that one has not been appointed despite the requirements of law.

Mr. DAVIS. That will be noted.

Mr. MACY. Mr. Chairman, I would appreciate it if I might open by reading a prepared statement which I believe outlines the basic factors involved in this legislation, and the needs, that the administration considers, prompts the proposal.

Mr. DAVIS. We are very glad to have you with us today, together with your associates, and you may proceed.

Mr. MACY. Thank you, sir.

I am appearing here today in support of, and to urge your support of, H.R. 7377, a bill introduced by Congressman Murray on May 29, a bill to increase the limitation on the number of positions that may be placed in the top grades of the Classification Act of 1949, and on the number of research and development positions of scientists and engineers for which special rates of pay are authorized; to fix the compensation of hearing examiners; and for other purposes.

The continuing and increasing demands placed on the Federal Government today are well known to this committee. The effectiveness of our administrative agencies concerned with defense, research and development, air traffic control, intelligence activities, crime prevention, and other highly publicized functions is critically dependent on the quality and motivation of the public servants in leadership positions. This dependence for quality on the top staff is equally apparent in the less dramatic functions of tax collection, natural resource conservation, social security administration, accounting controls, purchasing, personnel management, and numerous others. What the bill before you is concerned with is this matter of leadership positions—leadership in science, in technical work, and in supervision and management.

The rapidity of technological change, the increasing complexities of management of vast enterprises, and the very natural growth of government commensurate with the growth of the country itself and with the international implications in almost everything we do—all

combine to make yesterday's controls on top-level positions very seriously out of date.

Mr. DAVIS. I would like to ask you at that point, if you don't mind, Mr. Chairman, what you mean by "yesterday's controls on top-level positions"? Do you mean they are very seriously out of date?

Mr. MACY. I mean that the numerical limitation on the number of top level positions prescribed in legislation is out of date because of the changes in public programs that necessitate added leadership and greater responsibility on the part of those who are in key positions.

I believe that my statement will further illustrate what I have in mind.

Mr. DAVIS. Very well.

Mr. MACY. There are two significant aspects to this problem, and both have to do with the quality of administration, which is of prime concern to President Kennedy.

First, we are in continuous and inexorable competition for talent. It is not just a question of finding persons to fill leadership positions in the career service; it is a question of getting persons to fill such jobs with distinction.

Excellence in performance can be assured only if we can attract and hold first-rate people. It is a matter of quality, indeed a compelling necessity for excellence.

Second, it is true that there are many dedicated and able people already in key positions in the service. The fact is that some are so wedded to their work or so committed by their heavy investment in the civil service retirement system that they repeatedly resist attractive offers to leave the Government, often at salaries twice their current pay or more. It is patently unfair to deny them, at the very least, the compensation which their responsibilities warrant under the Classification Act itself, or under other laws. Yet, this is what happens to many GS-15's, and even some in GS-16 and 17, whose positions justify higher levels but cannot be allocated properly due to existing numerical limitations on positions in the top three grades or on comparable positions under other legislation.

This, then, is one of the major corrections that is sought by H.R. 7377—to increase the limitation on the top three grades under the Classification Act and similarly to modify the current restrictions on numbers of top scientific positions. Further, the proposed bill would insure better control by bringing into one provision practically all the controls on the Classification Act positions; it would eliminate inequities in relationships between Executive Pay Act positions and those in GS-17 and 18; and it would provide an improved salary treatment for hearing examiners.

Title I: First, let's examine the provisions with respect to the Classification Act. These are contained in title I of the bill, which repeals numerous laws giving special authority to place positions in GS-16, 17, and 18, and increases the overall limitation on the number of such positions.

As I have already indicated, a very important objective of the bill is to increase the number of spaces to relieve some of the continuing and justified need that has been building up in the departments and agencies over a period of time.

Mr. DAVIS. Now right at that point, what causes this buildup of need which you just referred to there?

Mr. MACY. The buildup in need comes from the growth of programs of greater technical or managerial difficulty that are responsive to the changing needs of the Federal Government in its critical programs. It is also produced by the fact that there have never in the history of these three top grades been a sufficient number available under the limitation to properly classify all of the jobs in those three grades, so that—

Mr. DAVIS. You mean what are generally referred to as the supergrade positions?

Mr. MACY. Yes. I have avoided that term "supergrade" because I feel it tends to give undue elevation to these positions, which have become a part of the Classification Act and should be looked upon as a part of the act.

Mr. DAVIS. I doubt if there ever will be enough created to satisfy the wants of everybody who wants to be in one of these three top grades that you refer to, whether you call them supergrades or not, but, ever since the category was created, there has been constant attention to it for the purpose of providing all that are genuinely needed to fill the needs of the various Government agencies.

I do not think we will ever be able to supply the demand that everybody—if everybody who wants one should have it—you would wind up letting the GS-3 have one, too; they want one just as bad as the GS-13, 14, and 15.

Mr. MACY. I don't refer to the demand of individual employees for such positions, but rather the need expressed by the management and leadership in the various agencies for positions of this type in order to direct and control the programs that have been assigned to those agencies. Certainly good management would dictate that there not be any excessive number of such positions at the top, but enough to supervise the programs that are assigned to the individual agencies.

Mr. DAVIS. That is what we have always said is our goal, to have enough of the GS-16, 17, and 18 positions for proper management at the top. But there is always a tremendous pressure for them and somebody has got to sit on the lid and see that the thing just doesn't run away.

Mr. MACY. It is our belief that there can be and has been an executive control within the limitation that is available, but that the limitation has never been high enough to fully meet the requirements of the departments and agencies.

Mr. JOHANSEN. Will it ever be high enough to meet the requirements unless you take the lid off completely?

Mr. MACY. My recommendation would be that we do take it off completely, but that is not the legislative proposal here, which calls for raising the limitation in response to needs that are demonstrable at the present time.

Mr. DAVIS. Let me ask you this: Does the Civil Service Commission review the necessity for the job, or does the Civil Service Commission satisfy itself by just reviewing the level or the grade at which the job ought to be placed?

Mr. MACY. The Civil Service Commission reviews the level of the job. It determines whether or not the grade requested is warranted in terms of the duties and responsibilities that have been included in the position description.

Mr. DAVIS. Do you review the necessity for the job?

Mr. MACY. No, the actual need for the job is determined by the agency itself.

Mr. DAVIS. You do not review that?

Mr. MACY. We do not review the matter of the need. Because there has always been this shortage in available positions, it has been necessary for the Commission to make certain judgments between competing demands for spaces, which indirectly represents a decision as to need, but that is a matter of trying to divide up the scarcity as widely as possible, and never satisfying all the claimants.

Mr. DULSKI. Mr. Chairman.

Mr. DAVIS. Mr. Dulski.

Mr. DULSKI. Mr. Macy, just a few weeks ago, maybe last week, we have had the Air Force with us, and in questioning the witnesses we found out that there is an organization within an organization, the Aerospace Corp., and we are expecting that they are going to submit to us their form 57's. Were those form 57's turned over to the Civil Service Commission for any kind of a query, or any kind of an investigation, where the salaries were placed at \$25,000? I think one of them was \$75,000.

Mr. MACY. No, sir; the Aerospace Corp. is outside of the boundaries of the Federal Government. The judgment as to the qualifications and appropriate salary levels in the corporation were determined by the management and board of directors of the corporation without any review, to my knowledge, by the Federal Government, unless such review was performed by the contract supervisors in the Air Force and the other Government departments contracting with the corporation for services.

Mr. DULSKI. In other words, if we want to eliminate the Civil Service Commission, all we have to do is form a corporation where you have no jurisdiction?

Mr. MACY. I believe that it would be necessary to do more than that, because the Commission has quite a number of responsibilities that are assigned by statute. But so far as—

Mr. DULSKI. You wouldn't have anything to do with that because the board of directors are outside of the perimeter of Civil Service. You wouldn't have any statute at all there.

Mr. MACY. If all Federal employment were put out on contract, the future of the Civil Service Commission would be quite uncertain. However, I am not prepared to register its demise as a result of that.

Mr. DULSKI. The only thing I am interested in, we are not worried about the grade GS-6, they will be with us the rest of our lives, but the thing is that you have these big salaries that go into \$25,000, \$35,000, and \$75,000. I know of one of the professors—I am not sure if the professors are getting any of those salaries in the \$25,000 bracket. There are many taken out of colleges and universities and placed in positions paying \$25,000. What right has the board of directors to be able to say, you are entitled to \$25,000 or \$35,000, without coming to the Commission, which has a great deal of knowledge about the civil service, about the different qualifications? Who are they to put a price tag on those salaries?

Mr. MACY. I assume, sir, they use competitive information with respect to salaries among other private corporations in arriving at these judgments. They do not consult the Civil Service Commission in making these decisions, and certainly the salaries that you cite are

far above those that attach to the positions that are requested in this legislation.

Mr. JOHANSEN. Will the gentleman yield?

Mr. DULSKI. Excuse me. I have just one further question.

Do you approve of these kinds of tactics, going outside the perimeter of the civil service?

Mr. MACY. As far as the contracting process is concerned, I feel that there is a place for involvement of private corporations in the defense effort, and in other phases of Government operations. I feel, however, that practices of a competitive nature, such as salaries, need to be reviewed and controlled by the Government agencies that are responsible for the contracts with those corporations.

Mr. DULSKI. Thank you very much.

Mr. JOHANSEN. Mr. Chairman.

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. Is there any question but what the type of practice that we are discussing adds to the problem of the Civil Service Commission, and of the Government, with respect to civil service personnel in these higher levels. Isn't the very problem that you are discussing here today aggravated and accentuated by these pay policies?

Mr. MACY. The answer is "Yes."

Mr. GROSS. Mr. Chairman.

Mr. DAVIS. Mr. Gross.

Mr. GROSS. How do you propose to go about obtaining this review and control that you speak of, Mr. Macy?

Mr. MACY. I am not entirely familiar, Mr. Gross, with the details of contract supervision by the contracting officers in Defense and other agencies, but my belief is that the terms of the contract and the means whereby contracts are supervised should provide the basis for review and control.

Mr. GROSS. We are going around Robin Hood's barn, and have been for years. I think I was one of the first around here to kick up some sand over this business of using cost-plus-a-fixed-fee contracts to boost salaries, and all we have had is a succession of bills trying to follow this thing up and up and up, and coming in here with a bill to do the things that you propose isn't the answer to this business at all, because it will keep going on and on. There is no end to this sort of thing.

Mr. MACY. Mr. Gross, this entire area is a matter of concern to the administration, and we are in the process of reviewing it at the present time. The Secretary of Defense has a special group analyzing it; there is concern at the executive office level, and we hope that we can work out some new policy guidance that will be more effective in interrelating Government employment and private employment on contracts, to answer the Robin Hood's barn problem that we have been faced with here over the years.

Mr. GROSS. I say to you, Mr. Macy, that I am strongly constrained at the moment to say to you that this other situation must be cured before we go into a bill as sweeping as this is. I may change my mind before you and the other witnesses get through, I don't know, but I want to see some changes made.

Mr. MACY. I hoped you would see this as a matter of necessity for the executive branch, without reference to the contractor situation, because I don't believe that that is the predominant factor, or even

a significant factor, in the need for additional authorization as called for in this bill.

Mr. GROSS. I must respectfully disagree with you on that.

Mr. JOHANSEN. Mr. Macy, I think you said that this situation with respect to the pay scales under the contract arrangement does aggravate your problem. I believe you testified to that.

Mr. MACY. It aggravates our problem, but I don't feel that this is the only justification for the action that we are proposing.

Mr. JOHANSEN. I don't want to argue with a witness, of course, but I would think that you would be in a much stronger position, particularly with respect to the request for additional supergrades in those areas that are affected by the contract practices, if you could come in here with a report as to what the executive branch has done, instead of what it is contemplating or considering doing in that particular area. It's like some of the recent situations that have come up, where they say we have got to have all kinds of additional foreign-aid money, and in the meanwhile we will be good and straighten up the mess and waste, and all that is acknowledged, and I would like to see some reform or record before we come in for more requests. And that is nothing directed at you, sir, but it's awful easy to promise to be good when you want something.

Mr. MACY. This is a very complex matter, as I know you appreciate, and—

Mr. JOHANSEN. Almost everything is in Government.

Mr. MACY. Indeed it is, and this is one of the things we have to live with.

Mr. HENDERSON. Mr. Chairman.

Mr. DAVIS. Mr. Henderson.

Mr. HENDERSON. I would like to follow one point that you made, Mr. Macy. As I understand, you would like to see, in this contracting out, the various agencies supervise these salaries. But I believe that you also pointed out that the board of directors there are studying comparable salaries in other areas. Now you are not permitted to do that in the so-called supergrades we are talking about because you have set salary levels.

Mr. MACY. That is correct, sir, and this legislation does not propose to alter the salary levels that are presently assigned by the Congress for these particular grades. It is aimed at increasing the number under the limitation that can be paid at these previously set rates.

Mr. HENDERSON. Even with the contracting out, if the salaries of top management there are going to be compared with outside management, isn't that going to exaggerate your problem even if you had all the supergrades you needed in Government when they are set under a fixed scale?

Mr. MACY. That is definitely the case, and there is evidence that Government salaries lag far behind competitive salaries with equal responsibilities in private industry. Private industry, whether on Government contract or not, must respond to salary levels in the marketplace if it is to obtain and retain the talent that it needs to get its work done.

May I continue?

Mr. DAVIS. You may proceed.

Mr. MACY. From time to time the Congress has increased the numerical limit on these spaces, both as increases in the general quota

under section 505(b) of the Classification Act and in the special authorities granted to individual agencies.

It is virtually impossible to establish a precise and absolute ceiling on the number of positions which should properly be placed in the top three grades of the Classification Act. The Federal Government is by no means static and neither are its programs. This is especially true with respect to those programs which every new administration initiates as an expression of the will of the electorate.

Mr. JOHANSEN. Mr. Chairman.

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. I am very interested in that last sentence. I don't know what the new programs are that the administration is initiating as an expression of the will of the electorate. I assume that whatever they are will have to be previously authorized by Congress, but am I to construe this statement to mean that—by indirection at least—the last election was a mandate for increasing the number of supergrades?

Mr. MACY. No, but as a result of the last election certain programs advocated by the President have been proposed to the Congress for consideration, and some of them have been enacted. Others are still in the process of legislative review. This is an indication that with each new administration—this was true in 1953—that there are new programs and new approaches that call for the initiation of new programs, and that in order to have leadership for such programs, positions at that higher level are called for, and this is one of the needs that is proposed to be met in this bill.

Mr. JOHANSEN. I confess this is personal bias, and undoubtedly wishful thinking, but I hope some day the electorate will issue a mandate that will curtail some of the burgeoning of the Federal bureaucracy.

May I ask you, have you any idea as to the number of additional supergrades that are going to be required for this Federal Educational Agency in the future that was recently documented by the Office of Education, should it ever be realized?

Mr. MACY. I do not have any estimates on that particular program at this time.

Mr. JOHANSEN. Do you have any requests in this particular program for, or do you contemplate filling of additional or creation of additional supergrades in the Office of Education?

Mr. MACY. The process in using this authorization is one of the Commission receiving from the agencies their requests, position by position, and the Commission evaluating—

Mr. JOHANSEN. How many requests does the Office of Education have in? Can you tell us?

Mr. MACY. I don't believe I have the information broken down as finely as that. We have a request from the Department of Health, Education, and Welfare for a number of additional positions.

Mr. JOHANSEN. Do you happen to have that figure?

Mr. MACY. Yes, sir; just a minute.

In the survey conducted by the Commission in March, the Department of Health, Education, and Welfare submitted a request for 97. The Commission reviewed the submission to determine how many of them were justified by the contents of the job, and the judgment at that time was that 55 of them would be.

Mr. JOHANSEN. If you could later furnish for the record the number, both requested and approved by the Commission for the Office of Education, I would appreciate it.

Mr. MACY. For the Office of Education?

Mr. JOHANSEN. Yes, sir.

Mr. MACY. All right, sir; we will endeavor to provide that.

(The information follows:)

For the Office of Education no requests were made for GS-18 positions. Six positions were proposed for GS-17 of which two were evaluated by the staff of the Commission as worth the grade. Thirteen positions were proposed for GS-16 of which five were evaluated at that grade.

Mr. DAVIS. While we are talking about number needs, I have been checking here the number of these positions, supergrade positions, from the year 1949 all the way up through 1961.

I see in 1957 there were 1,354 of them, and since that time 742 of these positions have been added, which is more than a 50-percent increase just in that short period of time.

I just wanted to offer this observation, that from these figures it would appear that this committee, and the Congress, have been pretty liberal in creating these new positions.

Mr. MACY. The Congress has responded to requests for these positions as they have been presented through the years; nevertheless, there still is the problem of meeting these needs that exist at the present time.

Mr. GROSS. Mr. Chairman.

Mr. DAVIS. Mr. Gross.

Mr. GROSS. Mr. Macy, isn't this in the nature of a built-in pay increase?

Mr. MACY. There will be a certain number of cases where the increase in ceiling will result in a reallocation of a position upward so that the incumbents of those positions will have an increase in pay, but it is fundamentally an effort to increase the number of positions in order to do two things: (1) To bring in some additional talent from the outside, and (2) to give proper salary recognition to those who are now at a level below that warranted by the duties and responsibilities they are performing—

Mr. JOHANSEN. But how far down in the scale of the levels below these supergrades would that adjustment be felt to be required?

Mr. MACY. The principal adjustment is between those who are presently in grade 15 and are performing duties that based upon classification judgments, warrant classification at 16, 17, or 18. So that would be the principal point at which upward adjustment would take place.

I realize that at times it has been claimed that a chain reaction is set off and that there is upward movement all the way along the line. This we believe can be avoided, that it is possible at the present time where there is no limit on grades 15, 14, and so on down to control this through the normal process of administration under the Classification Act.

Mr. GROSS. You say it can be avoided. Unquestionably it could be avoided, but the chances are awfully good that it won't be avoided, that it will go and can go clear to the bottom.

Mr. MACY. I think it is very improbable that this would go to the bottom. I can't see the change running down that far—

Mr. GROSS. Why not?

Mr. MACY. Because the classification standards are not being changed by this action, and it still is necessary that all positions be described and the description be matched against the standards that are administered by the Civil Service Commission.

Mr. GROSS. But you have got a blank space, haven't you?

Mr. MACY. No; it does not work that way. An organization is not as fixed as that, and it would be necessary to demonstrate that there had been a change in duties and responsibilities to a higher level to warrant any advance in classification.

Mr. DAVIS. While we are thinking about that, I would like to just make this observation, Mr. Macy, to illustrate how this committee and the Congress have met the real needs of the situation for these supergrades. In the last Congress, for instance, we had requests from a number of Government agencies for additional supergrade positions. Just as an illustration, we had the Internal Revenue Service. The head of that agency came up and discussed it with Mr. Murray and me, and they submitted a request for a specified number of supergrades. We went into a detailed discussion of the needs of it, and we found that two-thirds of the number requested were not actually needed at the time at all.

We were able in that discussion not only to have the number requested reduced, but have those which were allowed and allotted spread over a period of 3 years. They said, "We can take so many this year and that will fill our needs, then we can have so many additional next year, and then so many the third year." We find that to be the case in quite a few instances.

For instance, we just had a request from the General Accounting Office for a fixed number, and in going into it with General Campbell we found they do not need all of them this year. They said they could use a fixed number this year and a fixed number next year and they did not need the full amount at all at this time, and I think as we go into this we will find that that may be the case in quite a number of instances, that they are just planning to get enough at this one time to last them for 2 years, and in some instances 3 years.

Mr. MACY. I say, Mr. Chairman, that in connection with the development of this proposal, the Commission went through a very critical review of all of the proposals that were received from the departments and agencies, and reduced the number requested by a very substantial amount before coming before you with this particular request.

So that there has been an effort to perform the type of critical review that you describe within the executive branch before making a request for any increase.

Mr. DAVIS. I just thought it was worth while to refer to that while we were discussing that.

Mr. MACY. I appreciate knowing more about that.

Would you like for me to continue?

Mr. DAVIS. Yes, please.

Mr. MACY. Unless it is to be self-defeating, any numerical limitation on the highly important and responsible positions at these top levels must provide sufficient latitude for necessary adjustments which result from changes in existing programs and for meeting the need of new programs which must be implemented on a crash basis. Such

adjustments need to be made on a timely basis without the unavoidable delay of going through the entire legislative process.

Although there is general agreement that the best long-range solution is the removal of all numerical limitations on positions at these levels, the proposed bill takes a more moderate approach.

Mr. JOHANSEN. May I interrupt at this point so the record will be completely clear?

Among whom is there general agreement?

Mr. MACY. There is general agreement among the heads of departments and agencies in the executive branch and in the Civil Service Commission.

Mr. JOHANSEN. I was sure that was the intent of the statement. I want the record to be clear that there is not general agreement, at least as far as this member of the committee is concerned.

Mr. GROSS. Mr. Chairman. I want to join my colleague on the right, in noting that there is no minority member of the Commission, although the office has been vacant for a long time.

Mr. MACY. The general agreement then is clearly one of agreement within the executive branch at this point.

Mr. JOHANSEN. And among the two majority members of the Commission, there being no minority member?

Mr. MACY. That is correct.

The bill proposes that an overall numerical limitation on spaces be retained in section 505(b) of the Classification Act but that the sublimitations on grade levels be eliminated.

Congress has already authorized a single limitation in the special provisions affecting a number of agencies including the General Accounting Office, Federal Bureau of Investigation, and the Department of Defense without detrimental effect.

Because data as to the present and projected agency needs for GS-16, GS-17, and GS-18 were wholly inadequate and were nonexistent as to top scientific jobs—Public Law 313 type—the Civil Service Commission conducted a survey in both areas to obtain up-to-date information.

Mr. JOHANSEN. Mr. Chairman?

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. I want to put the finger on one statement here so it is clear in the record. This bill would eliminate all sublimitations.

Mr. MACY. Correct. This would eliminate the limitations presently in the statute for GS-16, GS-17, and GS-18.

Mr. JOHANSEN. With respect to any given agency or department?

Mr. MACY. Yes, or total.

In other words, this would eliminate it with respect to section 505(b), which is the general authorization administered by the Civil Service Commission, without identification of individual departments and agencies.

Mr. JOHANSEN. In other words, and I am simply trying to clarify the record, this would give to the Civil Service Commission complete and absolute power to assign supergrades within the aggregate overall limitation?

Mr. MACY. That is right, sir.

Mr. JOHANSEN. So that anything that the Congress heretofore had imposed with respect to any department or agency, any limitation of that character, would be eliminated.

Mr. MACY. The answer to that is that there are still some special authorities, but this proposal would consolidate most of the special authorities in the general authority available to the Commission for allotment to agencies based upon their individual requests and the Commission's evaluation of those requests and without limitation on individual grades but within a total limitation.

Mr. JOHANSEN. Would you provide for the record those specific sublimitations now existent which would be eliminated by this act?

Mr. MACY. Yes, indeed.

(The information follows:)

Statutory limitations and sublimitations on position in grades GS-16, GS-17, and GS-18 which would be repealed by sections 101(a) and 102 of H.R. 7377

Present authority	Agency	Total	GS-16	GS-17	GS-18
Classification Act of 1949:					
Sec. 505(b) as stated in law	For distribution by Civil Service Commission.	1,409		363	152
Sec. 505(b) actual		1,108		273	121
Sec. 505(f)		15	2	1	2
Sec. 505(k)	Treasury	260			
Sec. 505(l)	Interstate Commerce Commission	25	13	10	2
Federal Aviation Act of 1958:					
Sec. 202(b)	Civil Aeronautics Board	28			
Sec. 302(j)	Federal Aviation Agency	70			
Small Business Act	Small Business Administration	15			
National Capital Transportation Act	National Capital Transportation Agency	5			
Independent Offices Appropriation Act, 1961	Federal Power Commission	46	1	1	4
Department of Commerce and Related Agencies Appropriation Act, 1959	Civil Aeronautics Board	10	7	2	1
Railroad Retirement Act of 1937	Railroad Retirement Board	9	4	4	1
Supplemental Defense Appropriation Act, 1958	Department of Defense	10			
Independent Offices Appropriation Act, 1957	General Services Administration	10	10		
Reorganization Plan No. 1 of 1958	Office of Civil and Defense Mobilization	10			
Supplemental Appropriation Act, 1956	Commodity Credit Corporation, Agriculture	1		1	
Act of July 31, 1956 (sec. 302)	Agricultural Research Service, Agriculture	3			3
Public Works Appropriation Act, 1958 (sec. 205)	Southeastern Power Administration	1			1
Fish and Wildlife Act of 1956	U.S. Fish and Wildlife Service, Interior	2		2	
Department of Commerce and Related Agencies Appropriation Act, 1959	Civil Aeronautics Administration	10	7	2	1

1 "Additional" positions.

2 "Such positions shall be in addition to * * * the number of positions allocated to the Board under such section 1505], and the number of positions authorized for the Board by Public Law 85-469 (72 Stat. 237)."

See footnote 5.

3 "Such positions shall be in addition to * * * (2) the number of positions transferred to the Agency under sec. 1502 of this act which were (a) allocated under such section 505 to the Civil Aeronautics Administration of the Department of Commerce, (b) authorized for the Airways Modernization Board by Public Law 85-133 (71 Stat. 350) or (c) authorized for the Civil Aeronautics Administration by Public Law 85-469 (72 Stat. 128)." (See footnote 8.) Sec. 2 (d) (5) of the Airways Modernization Act of 1957 authorized the Board to place 20 positions in GS-16, GS-17, and GS-18.

4 "Such positions shall be in addition to positions previously allocated to this agency under sec. 505 of said act" [Classification Act].

5 "Such positions shall be in addition to positions previously allocated to this agency under sec. 505 of said act" [Classification Act]. Public Law 85-469.

6 "These positions shall be in addition to those now authorized by law."

7 Positions "in addition to those otherwise authorized."

8 These positions, in addition to positions previously allocated to the agency under section 505 of the Classification Act, were authorized for the Civil Aeronautics Administration but were transferred to the Federal Aviation Agency by reason of sec. 1502 of the Federal Aviation Act of 1958. See footnote 3.

Mr. DULSKI. Will the gentleman yield?

Mr. JOHANSEN. Yes.

Mr. DULSKI. Suppose there are 10 specific supergrades, would 15, 16, and 17—as long as you have 10 additional supergrades, what would you do with the position in 17, 16, and 15? Would it be just another spiral going up to fill in the bracket?

Mr. MACY. Let me see if I can illustrate this with the specific figures on the present limitation on supergrades.

At this time there is authorized under section 505(b), the so-called general authority to the Commission, 1,108 positions. That is further broken down along this line: No more than 273 of that figure are to be in GS-17 and no more than 121 in GS-18. The balance between the sum of those two figures and a total of 1,108, is in 16.

What is proposed in this bill is that these sublimitations be eliminated and that there be a new total limitation within which the Commission could allocate the positions, based upon the content of the job, at 16, 17, or 18.

Mr. DULSKI. And you still would not eliminate those, would you?

Mr. MACY. I am afraid I do not follow you.

Mr. DULSKI. Like you have here a request for 1961, 988 new supergrades.

Now these people are either in grade GS-16 or GS-17, but you would have 988 slots if this bill was passed?

Mr. MACY. That is right.

Mr. DULSKI. What would happen? Automatically there are 988 people moving to supergrades. What happens to the 988 slots that are being vacated?

Mr. MACY. I don't believe there would be a movement into that number because we already—

Mr. DULSKI. You are requesting, sir, 988. Classification X gives us 1,108. The total sum comes to 2,096.

Mr. MACY. I don't have the same figures that you have but let me see, using the 1,108 presently to start with, now the 1,108 presently have incumbents who would be untouched by this legislation.

We are then asking for 500 additional new positions in this authorization at 16, 17, or 18, without limitation.

There are 28 positions that we are adding to this because of conversion of certain positions that are presently covered by the Federal Executive Pay Act, and presently are subject to inequities in salary.

And then we are adding to this figure 460 positions from repealed or consolidated separate authorities, in an effort to bring into one authority all of the individual authorities that have from time to time in the past—

Mr. DULSKI. That equals 988?

Mr. MACY. So that is your total.

Now the 460 are also positions that are presently occupied. This is merely a change in the authority in order to bring about this consolidation. So the net increase in all of this is 528, and actually the 28 represents merely a shift of authority, so that you can reduce the net to 500.

Now as far as the 500 positions are concerned—

Mr. DAVIS. Should 50 be added there to the 528?

Mr. MACY. Fifty for the Defense Department, I appreciate that addition. That is in a separate section of the proposed bill, but

nevertheless has the same effect, so if you include that section as well, there are 550 additional positions that would be available in 16, 17, or 18.

Those positions would be filled in the course of time by Commission authorization from those who have been in grade 15, or those who may be in 16 now, but the position duties that they have justify a 17 or 18.

Mr. DULSKI. Now we have come to the final question: What happens to those who are going to vacate?

Mr. MACY. The positions that are vacated are positions that in some instances will no longer exist because the positions should have been properly classified at 16, 17, and 18.

Mr. DULSKI. That answers the question. Thank you.

Mr. MACY. Sorry to give such a long answer, but I wanted to be sure I was completely responsive.

A letter was sent to each of the 62 agencies requesting a statement of full additional needs under all statutory authorities which agencies now have.

These returns were reviewed by the Commission's technical staff as a basis for determining the propriety of grade recommendations and for arriving at a reasonable judgment of legitimate need by agencies, both as to GS-16, 17, and 18 spaces and Public Law 313-type authorities. The bill is designed to meet only the most pressing current needs as evidenced by the results of this study.

The bill in title I proposes an overall increase of 578 spaces in the three top grades of the Classification Act. Of this number, 50 spaces would be allotted to the Department of Defense; 500 spaces are required to meet the needs of other departments and agencies, including 100 spaces to meet specific needs as determined by the President, to which I will refer in a moment.

The additional 28 spaces, which completes the total of 578, are required to provide for the proper classification of those positions which are transferred to the Classification Act from coverage of the Federal Executive Pay Act and certain other statutes.

The statutory limitations and the lack of an adequate reserve make it very difficult to meet emergency needs in critical situations. Although the Civil Service Commission has sought to maintain a small reserve of spaces in all three levels for emergency use, the needs of agencies from time to time have been so obvious that the maintenance of any reserve places on the Commission a heavy burden of responsibility for determining governmentwide priorities.

This procedure, in effect, requires the Commissioners and the Commission staff to judge the relative importance and urgency of programs in a way that may vitally affect agencies and the programs they are responsible for administering.

Mr. JOHANSEN. Isn't the Commission's burden of responsibility in this precise particular going to be greatly increased if you throw all of these additional supergrades into the pot and if you revoke the subject limitations? In other words, aren't you going to have to face this problem of allocation on an even broader base than you do now?

Mr. MACY. Our feeling is the opposite. By consolidating the authorities, it will be possible for us to work with greater flexibility. It will be possible for us to assign positions at the proper level based

upon our determination, and we will have in one section a total pool of positions rather than having them rigidly restricted to individual agencies, where if the agency does not have a current requirement for all of the positions that are especially authorized, that excess will be available to the Commission to meet pressing needs of other departments. Our feeling is that this will make it possible for the Commission to do a more effective job and respond in a more appropriate fashion to the total needs of the service.

Mr. JOHANSEN. I am not going to ask this as a question because you couldn't answer it if I did; but I am not at all reassured that this excess that you speak of is going to survive long, particularly in view of the substantially higher number of requests that you had, which you very creditably cut down. It's my feeling that it won't be too long before you or your successors will be back asking for more because the excess that is now going to give you this flexibility will have been swallowed up in the expansion of things.

Mr. GROSS. Will the gentleman yield?

Mr. JOHANSEN. Yes.

Mr. GROSS. This is a good deal like the appropriations bills last year. Any economies that might have been effected were nullified with the passage this year of three or four deficiency appropriation bills.

Mr. MACY. The Commission in this legislation is obviously not attempting to avoid burdens that are assigned to it. We feel that it is desirable to have a central review of these top-level positions and to carry out the intent of the legislation.

Mr. JOHANSEN. Does that review go to the relationship between the job description and the compensation which the Commission feels the job description warrants, or does it go in any degree whatever to the question of essentiality of the position itself? It seems to me I recall that we have had testimony before this committee that there just isn't anybody in the executive branch, neither the Civil Service Commission nor the Bureau of the Budget, nor anyone else, who does any policing on the basis of essentiality of the position itself.

Mr. DAVIS. Will the gentleman yield?

I asked that question a short time ago of Mr. Macy, whether they reviewed for essentiality of the position or whether they reviewed it for the purpose of determining at which grade it should be placed by the job description, and he said the Commission does not review for essentiality of the position.

Mr. MACY. The review for essentiality is a responsibility of management within the departments and agencies, and I think we have to recognize that this management responsibility is taken seriously by the heads of departments and agencies who have accountability for results in administering the programs that are assigned to them.

Because of the high demand for these positions, agencies are required to set up a priority listing of positions in order of their essentiality, and they are presented in that manner to the Commission, and the Commission's judgment then has to be one of a judgment among departments. The effort is generally to follow the pattern that has been followed in the past and judged to be as equitable as possible, because the Commission in the final analysis does not have the accountability for results in the administration of programs in the agencies.

The existence of a reasonable sized reserve to be administered by the Civil Service Commissioners in strict accordance with the standards and procedures of the Classification Act would be an effective and efficient method for meeting the real needs of the executive establishment as they develop—from the standpoint of both the legislative and the executive branches.

It was with these considerations in mind, that the numerical limitation proposed by the bill for section 505(b) of the Classification Act includes a reservation of 100 spaces for positions which could be classified by the Commissioners only upon determination by the President of the initial need for such positions.

Mr. DAVIS. Would those be schedule C positions, Mr. Chairman?

Mr. MACY. These would probably be schedule C and career positions. We would not be in a position to anticipate in advance just what they would be, but in my judgment the great bulk of them would fall in the competitive civil service.

Mr. DAVIS. Now for those which might be classified as schedule C, is it possible for schedule C appointments to be made under the competitive system?

Mr. MACY. The schedule C positions are only authorized by the Commission on the basis of individual requests from the department and agency heads, and when those requests meet the schedule C standard of policy determination and confidential responsibilities, so that the position would have to be authorized by the Commission and then the grade determined in accordance with the process—

Mr. DAVIS. What would be required, then, for eligibility insofar as the competitive system is concerned?

Mr. MACY. They would not enter the competitive service, but under the 1958 statute, the Commission would be responsible for reviewing the qualifications and approving the qualifications of any individual proposed for a schedule C position that was grade GS-16, 17, or 18.

Mr. DAVIS. Would the schedule C positions that would be created in that category be filled and charged against this total number?

Mr. MACY. Yes; and so would schedule A positions. All attorneys are in schedule A.

Mr. JOHANSEN. Mr. Chairman.

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. I wonder if you would elaborate upon this phrase, "upon determination by the President of the initial need for such positions." In other words, what would be the mechanism by which a request for a recommendation presumably would be made to the President, and by whom would it be made, and who in the executive branch would exercise this determination by the President?

Could you elaborate on that?

Mr. MACY. Yes; that is a very appropriate question. I am happy to elaborate on it.

The determination would be one that would start with the submission of a proposal by a department or agency head to the President indicating that a new or an emergency program had arisen and that such a program could only be accomplished in the event that additional positions in grade 16, 17, or 18, are made available.

This request would probably be referred by the President to the Bureau of the Budget, to members of his staff that had an area of

concern in the program that was involved, and the President would judge whether or not the request was of a sufficiently essential nature to warrant drawing upon this reserve of 100 positions. If he decided in favor of the request, a notification would be given to the Civil Service Commission to make available a stated number of positions out of the reserve for this specifically designated purpose, for the specifically designated department or agency.

Mr. JOHANSEN. Now, Mr. Chairman, does any corresponding power exist, or is any corresponding authority presently vested in the President to create new and additional positions within the supergrade range?

Mr. MACY. No, this is a new proposal.

Mr. JOHANSEN. So that in effect this is a new grant and a new creation of Executive power in the area of job creation.

Mr. MACY. This is a means of holding out of use a specific number of positions for distribution only upon Presidential determination of essentiality, to use the word we were using a few moments ago, rather than to have entire authority, as has been the case in the past, made available for general distribution by the Civil Service Commission in response to requests from individual departments and agencies. This is an effort to provide the means for meeting future needs by putting a little in the bank at the present time.

Mr. JOHANSEN. But without this particular provision the authority to create these new positions utilizing this surplusage of supergrades rests where?

If you did not have this provision with respect to the President—

Mr. MACY. If you did not have this provision, the limitation to section 505(b) would be administered entirely by the Civil Service Commission. Positions would be distributed by the Commission after it had arrived at the judgment with respect to the proper grade level.

Mr. JOHANSEN. Under this provision, then, there would be a diminution of authority of the Civil Service Commission by virtue of its transfer with respect to these 100 positions to the President?

Mr. MACY. No, I wouldn't see it that way, Mr. Johansen.

I would see it this way, that the Commission would still have the authority for making the distribution, but a decision would be made by the Chief Executive as to whether or not the particular program warranted drawing upon this reserve.

In other words, I am getting back to your earlier point, that this would be a further means of exercising control and review over the essentiality of the program that was considered by the agency head to necessitate the allotment of additional top-level positions.

Mr. JOHANSEN. Let me say I lost you in one particular.

In other words, certainly the Commission would not be in a position, either practically or technically, of overriding a finding and determination by the President that there should be this specific new job and one of these 100 surplus jobs should be taken out of the bank and used. The determination actually would rest with the President, wouldn't it?

Mr. MACY. I prefer the word "reserve" rather than "surplus."

Mr. JOHANSEN. Reserving the right to object, I will accept the word.

But the point is that actually it's a transfer of that authority of determination to the President from the Civil Service Commission.

You are not going, certainly, to override the Presidential determination?

Mr. MACY. No. But the President is not going to perform the Commission's function, which is determining, based upon the specific job requests presented, what the proper grade level is, and in distributing the position.

The President's judgment will be with respect to the program and the nature of the program's essentiality, and——

Mr. JOHANSEN. And the initial need for the position.

Mr. MACY. Yes. He will determine the initial need for the agency to have such positions. The Commission will make the actual allotment and distribution of such positions.

Mr. JOHANSEN. But the Commission in that respect would act only as the agent in performing the mechanical process; the determination, the exercise of judgment, would rest with the President.

Mr. MACY. The President would be exercising a judgment that today is exercised by the department head or the agency head. The Commission would continue to exercise its judgment with respect to the proper grade level and conceivably the Commission could, upon receiving a request for an individual position, say that the contents do not warrant a grade 16.

This would still be within the scope of the Commission's responsibilities.

Mr. JOHANSEN. Even though the President had determined the need for it at that level.

Mr. MACY. The President would not make a determination as to level; he would be making a determination as to the program that——

Mr. JOHANSEN. But your own statement says that it would be done by the Commissioners upon the determination by the President of the need for such positions, and I assume the words "for such a position" means within the supergrade category.

Mr. MACY. Yes; such positions.

In other words, the need of the programs for such positions but subject to the Commission's technical judgment as to whether individual positions were warranted at the grade level suggested.

Mr. GROSS. At this point, Mr. Chairman, if I may?

Mr. DAVIS. Mr. Gross.

Mr. GROSS. What part did you, Mr. Macy, or the Civil Service Commission, play in preparing the bill that went to the Judiciary Committee which will give, if approved, the Attorney General the right to fix the salaries of 800 Classification Act employees of the Department of Justice up to \$19,000 per year?

Mr. MACY. The Commission had no part in this.

Mr. GROSS. No part whatever?

Mr. MACY. That is correct.

Mr. GROSS. Then if that bill should pass, you would have no authority over fixing of the salaries of those 800 persons?

Mr. MACY. That bill would assign authority for setting the rates of pay to the Attorney General for the attorneys in the Department of Justice.

Mr. GROSS. Do you think that is good?

Mr. MACY. I have no comment to make on that.

Mr. GROSS. You didn't testify before the Judiciary Committee?

Mr. MACY. I did not testify at the hearing on that last Friday.

Mr. GROSS. And you had no part in preparing the bill?

Mr. MACY. That is correct.

Mr. GROSS. Do I understand schedules A and C are both subject to political consideration, that the personnel under both the schedules A and C are subject to political consideration?

Mr. MACY. I am not quite clear what your definition of "political consideration" is, but let me see if I can explain.

Schedule A is the schedule to which jobs are assigned by the Commission where it is impracticable to examine, and the agency head is therefore able to fill those positions in accordance with his own selection without reference to civil service competitive processes.

Schedule C is a schedule to which are assigned positions that are of a policy-determining or confidential nature.

Likewise in the case of schedule C positions, the agency and department heads have the discretion of filling the positions as they will. The process through which these positions are filled is a matter of judgment for the responsible agency heads.

Mr. DAVIS. What retention rights, what job retention rights, would these schedule A people have?

Mr. MACY. This is complicated.

The retention rights of veterans under schedule A are the same as those in the competitive service. It is necessary to follow the procedures and to specify reasons for dismissal.

In the case of schedule C incumbents, they are also covered by veterans' preference, but it is the judgment of the Commission that the statement of reasons should be related to the nature of the positions; namely, that they are policy-determining and confidential positions, and that therefore if the incumbent no longer meets those standards, that is grounds for separation.

Mr. DAVIS. I understand that about schedule C, but to get back to schedule A, other than veterans, what job retention rights do they have?

Mr. MACY. They have none.

Mr. DAVIS. They can be removed just as quickly and easily then. This is schedule C-employees.

Mr. MACY. That is correct.

Mr. GROSS. I would like to ask, for the purpose of this record, if this meets with the approval of the members of the committee, for the total number of schedule A and C positions—that is, separately, A and C—the number of those positions as of 1960 and the present number of those positions, in both categories.

Mr. DAVIS. By grade?

Mr. GROSS. Yes; by grade.

Mr. MACY. By grade?

Mr. GROSS. If it is possible to get it.

(The information follows:)

Employees serving under schedule A

<i>Date</i>	<i>Number</i>	<i>Date</i>	<i>Number</i>
June 1956.....	¹ 237, 000	December 1958.....	105, 589
June 1957.....	¹ 226, 900	June 1959.....	¹ 125, 100
June 1958.....	¹ 148, 000	June 1960.....	¹ 131, 600

¹ Estimates.

Figures for 1956 and 1957 included positions overseas filled by aliens (about 78,000); these were excluded in schedule A estimates for later years.

The 1958 total is from a special survey on excepted employment, made in response to a request from the Subcommittee on Civil Service, House Committee on Post Office and Civil Service. A breakdown of this total, by agency, is shown on pp. 88-89 of the committee print, "A Report on How People Are Recruited, Examined, and Appointed in the Competitive Civil Service," dated April 1959.

Number of positions in schedule C, 1954-61

Date	GS-12 and below	GS-13-15	GS-16 and above	Grade not reported	Total
Dec. 15, 1954.....	455	410	268	-----	1,133
June 30, 1955.....	460	385	277	-----	1,122
Dec. 31, 1956.....	503	381	327	-----	1,211
Dec. 31, 1957.....	481	335	345	57	1,218
Mar. 31, 1960.....	492	317	409	-----	1,218
Feb. 15, 1961.....	491	309	409	30	1,239

Mr. MACY. We can get it on schedule C by general ranges of grades; but on schedule A, there are so many positions that are involved in schedule A—all of the attorneys of the Federal Government, for example, are on schedule A—that this would be a very substantial data-gathering task.

Now, perhaps you would like to have us talk with the committee staff about what would be most responsive to your interests.

Mr. GROSS. Yes; that would be all right, but I would like to have it broken down and inserted in this record.

Mr. MACY. I can say from recent studies that there are approximately 1,300 schedule C positions, and that that represents a net increase since January 20 of approximately 40 positions.

Mr. JOHANSEN. Mr. Chairman, under the provisions setting up these 1,300 reserve spaces, what actual limitations are there, and where does it lie with respect to the number of these positions that could be determined by the President to fall in either A or C categories—schedules?

Mr. MACY. There is no limitation in the bill. This would be entirely a matter for Commission judgment upon receipt of requests for inclusion in schedule A or schedule C.

Mr. JOHANSEN. Suppose the President of the United States would ask for 50 positions, all of the schedule C. Would the Commission have a veto power over that request?

Mr. MACY. The Commission would have to make a determination that the positions were either of a policy-determining or a confidential nature. The Commission reviews such requests on a continuing basis, approves some, disapproves others, depending upon whether or not they meet these criteria.

Certainly a request would come from the agency in the event that the program was approved by the President for an expansion that included positions in this category—the agency would submit a request for exception, along with the request for evaluation of the job, and the Commission in each case would have to make a judgment.

Mr. JOHANSEN. And the Commission could, on the showing of facts regarding the positions, confidential or policymaking, grant any number within this hundred limit schedule C status?

Mr. MACY. If it met the criteria; that is correct.

Mr. DAVIS. Mr. Chairman, could the Commission grant any number of schedule C positions without regard to this 100 reserve positions?

Mr. MACY. There is no numerical limitation on the number of schedule C positions, and it would have no particular—

Mr. DAVIS. The only thing is the number that the Civil Service Commission decides are needed; is that the limitation?

Mr. MACY. That is correct; and based upon the submission of the departments that are in each instance investigated by the Commission to determine that the positions actually do possess the characteristics that meet the standards of schedule C.

Mr. DAVIS. Proceed, if you please, Mr. Chairman.

Mr. MACY. This would provide necessary executive flexibility at the highest level for accommodating to changes in functions and programs, for meeting urgent and unforeseen needs, and for the implementation of entirely new programs.

The new limitation of 2,096 spaces in section 505(b) as amended by the bill consists then of (1) the present authorization of 1,108 in section 505(b); (2) the existing authorizations of 460 spaces in special authorities which are repealed by other provisions of section 102 of the bill; and (3) 528 new spaces for GS-16, 17, and 18 positions. The 528 new spaces include the reserve of 100 for classification by the Commissioners on the basis of initial need as determined by the President. Twenty-eight spaces are also included for the transfer of certain positions to the Classification Act as provided in other sections of the bill.

The limitations on the number of positions authorized in grades GS-16, 17, and 18, particularly the number for general use, and the multiplicity of special statutory authorities, have resulted in grave inequities as among positions and as among agencies. This has greatly complicated the administration of the system. The Civil Service Commission, as well as many of the executive departments, has frequently gone on record to this effect both in correspondence with and in testimony before legislative committees. The defect is clear: many top career positions, the responsibilities and duties of which fully meet the criteria established by Congress for grades GS-16, 17, and 18, cannot be placed in these grades because of the rigid numerical limitations.

The bill also provides broader authority to adjust the total number of GS-16's, 17's, and 18's within the ceiling without sublimitations. The smallest proportion of positions would, of course, be in grade 18 and the largest in grade 16.

Finally, the other important objective of title I of the bill is to reduce the considerable number of special authorities for GS-16, 17, and 18 positions in the executive branch which have grown up, both in section 505 of the Classification Act and in many other laws, since the repeal and consolidation of some 19 authorities in 1955 as a result of enactment of Public Law 94. The time is past due for a repetition of this process. The bill repeals three specific authorities for the executive branch agencies contained in section 505 of the Classification Act, and in addition repeals some 15 authorities in other laws for grade 16, 17, and 18 positions. The number of spaces currently authorized by the laws to be repealed are included in the aggregate limitation recommended for the amended section 505(b).

Title II: Now we may turn to title II of H.R. 7377, which relates to scientific and professional positions and positions of a security nature.

Section 201, relating to the National Security Agency, would increase from 50 to 70 the number of officers and employees who may be paid at rates equal to rates of basic compensation contained in grades 16, 17, and 18 of the general schedule. Primarily for security reasons, this agency was, and is, specifically excluded from the Classi-

fication Act of 1949. Although the Civil Service Commission has no information regarding the duties and responsibilities of these positions, the agency request for the 20 additional positions is included in this proposal to assure its consideration by the committee.

Other sections of title II propose increases aggregating 203 positions for the several authorities of Public Law 313 type. Of these, 115 are provided for use in the vital programs of the Department of Defense, 50 in the research and development areas of the National Aeronautics and Space Administration, and 10 positions in the National Security Agency. An additional Public Law 313 authority is proposed to cover three research and development positions in the Post Office Department.

Mr. GROSS. On that, if I may, Mr. Chairman.

Mr. MACY. Yes, sir.

Mr. GROSS. What is proposed to be done there, is it proposed to take them out of the jurisdiction—does that provide for them?

Mr. MACY. No, sir; this would be an increase of the existing authorities for Public Law 313 type positions for stated departments.

I think a bit further in my statement I may clarify this, if I may proceed.

Mr. GROSS. Very well.

Mr. MACY. Section 202 is a restatement of the act of August 1, 1947, usually referred to as Public Law 313. This act authorizes the Secretaries of designated executive departments to establish and fix the compensation of a specified number of scientific or professional positions, each such position being established to effectuate those research and development functions of the respective departments which require the services of specially qualified personnel. The rates of compensation for positions under this act are in the range of \$12,500 to \$19,000 and, together with the qualifications of proposed appointees, are subject to approval of the Civil Service Commission. The bill proposes modest increases of five positions in the Departments of the Interior; Agriculture; Health, Education, and Welfare; and Commerce, respectively. A new provision authorizes three such positions in the Post Office Department. Except as stated, the bill makes no substantive change in other provisions of Public Law 313.

Section 203 amends section 1581(a) of title 10 of the United States Code to increase from 450 to 565 the number of civilian positions in the Department of Defense established to carry out research and development relating to the national defense, military medicine, and other activities of the Department of Defense that require the services of specially qualified scientists or professional personnel.

Section 204 would increase from 50 to 60 the number of positions involving research and development functions which require the services of specially qualified scientific or professional personnel and which may be established by the Secretary of Defense in the National Security Agency. Because of security restrictions, information is not available to the Civil Service Commission on which to evaluate the increase requested by the Agency.

Section 205 would increase from 15 to 20 the number of scientific or professional positions engaged in research, development, and related activities of the Federal Aviation Agency which require the services of specially qualified scientific and professional personnel.

Section 206, relating to the National Aeronautics and Space Administration, would increase from 290 to 340 the number of scientific, engineering, and administrative personnel which the Administrator may appoint and fix the compensation of up to a limit of \$19,000 a year. No change is made in the maximum number—13—of such positions which may be compensated up to a limit of \$21,000 a year.

Mr. Webb, the Administrator of NASA will testify later with respect to this particular section of the bill.

Mr. GROSS. Now what is proposed to be done, as I understand, is to take out 50 positions that are in this bill, and obtain them through the authorization bill that has already passed the House and is over in the Senate; is that correct, and increase the number to 135?

Mr. MACY. That is correct. Since the introduction of this bill there has been the subsequent presentation by the President of the expansion of the space development and exploration program, which has called for a very dramatic speedup in the activities and the need for a much larger increase in the number of positions of this type and that increase is incorporated in the bill that covers that entire program.

Mr. GROSS. Two and a half times increase is a pretty fast step-up between this bill and the authorization bill.

Mr. MACY. The needs call for a very rapid step-up in that particular program.

Mr. JOHANSEN. This is a part of the man on the moon project?

Mr. MACY. Yes.

Mr. JOHANSEN. Has that been authorized by Congress?

Mr. MACY. That is before the Congress at the present time and, as Mr. Gross indicated, a new recommendation for a number of positions of this type is embodied in a legislative proposal that would incorporate that authorization.

Title III: Title III of H.R. 7377 relates to the realignment of compensation of certain positions under the Classification Act of 1949 and the Federal Executive Pay Act of 1956.

As a result of the 1960 increases in Classification Act salary rates for GS-18 and GS-17, there are a number of positions (mostly bureau heads and assistants) under the Federal Executive Pay Act of 1956 or other statutes which have salaries (a) that are less than the salary of a subordinate position, or (b) that are lower than the maximum rate of the salary range of a subordinate position compensated under the Classification Act. The pay levels in the Federal Executive Pay Act of \$18,000, \$17,500, and \$17,000 are exceeded by the \$18,500 salary rate of grade GS-18. Two rates in the Federal Executive Pay Act, \$17,500 and \$17,000, are less than the top rate of the salary range for grade GS-17, \$17,570. Most of the positions paid at these three rates have one or more subordinate positions classified in grade GS-18 or GS-17.

Some of these positions are similar to positions generally covered by the Classification Act, while others are of types universally excluded from that act. It is appropriate, therefore, to cover some of the positions under the Classification Act and to increase to \$18,000 and \$18,500 the statutory salary rates of others.

The determination of whether a high-level position is to be paid under the Federal Executive Pay Act and like provisions or whether it is to be covered by the Classification Act has not been based on any established principle. The resulting situation is chaotic. Some posi-

tions of bureau heads, for example, are paid under the Executive Pay Act while others equally important are covered by the Classification Act.

The action proposed by the bill on positions now paid at \$18,000 or less under the Executive Pay Act and related statutes is based on the general premises that (1) the Classification Act pay system is appropriate for positions up to and including those of bureau heads or of approximately equivalent rank, and (2) a special statute, like the Federal Executive Pay Act, is appropriate for positions of heads and assistant heads of agencies.

This distinction is reasonably clear, reflects the difference between the mainly operational functions of bureaus and the primarily policy functions of heads of agencies, and is supported by current language of the Classification Act. Because the bill is not concerned with positions currently paid more than \$18,000 under the Executive Pay Act, the objective of establishing a proper line of distinction between positions under that act and the Classification Act is not being met in full; this bill is, however, an important step in this direction.

Title III of the bill achieves primarily these two immediate objectives:

1. It removes certain positions—mostly heads of bureaus or comparable organizational units—from coverage under the Federal Executive Pay Act and related statutes and places them under the Classification Act along with other positions of similar level in the executive branch which are currently under that act; and

2. It provides for the readjustment of certain pay levels of the Federal Executive Pay Act and realinement of compensation for positions in such pay levels with the compensation for positions in grade 18 of the Classification Act.

The provisions of section 304 would combine the three lowest pay levels of the Federal Executive Pay Act into two, and increase the present \$17,000 rate to \$18,000 and the present rates of \$17,500 and \$18,000 to \$18,500. This action would more properly aline the compensation of positions being retained under the Federal Executive Pay Act (mostly in the legislative branch) with that of positions in grade GS-18 (now \$18,500) and would restore the pay relationship which existed prior to enactment of the Federal Employees Salary Increase Act of 1960.

Mr. GROSS. May I interrupt for just 1 second?

You have already stated that you don't want to comment on the bill presently before the Judiciary Committee. But I believe you can comment on this aspect of it—

the Attorney General shall fix without regard to the Classification Act of 1949, as amended, compensation of U.S. attorneys, assistants to the U.S. attorneys, special assistants, and other attorneys employed by the Department of Justice within the following limitations: U.S. attorneys not more than \$20,000, and assistant U.S. attorneys, special assistant attorneys, and other attorneys and other employed in the Department of Justice, not more than \$19,000.

The point I would like to make here is that in dealing with this bill, and to put certain limitations on the numbers you are asking for, there could be any number of additional supergrades in effect, is that not true?

Mr. MACY. That is correct. This is left to the discretion of the Attorney General.

Mr. GROSS. Within the 800 Classification Act employees sought to be given preferential pay treatment—under the terms of the bill before the Judiciary Committee there could be any number of them.

Mr. MACY. Under this bill the Attorney General would be able to set a pay system for attorneys in the Department of Justice.

Mr. GROSS. He probably wouldn't do it, but theoretically the Attorney General could pay every attorney in the Justice Department \$19,000, as a minimum.

Mr. MACY. Theoretically, but authority that is being requested there is similar to the authority that the Congress gave the Attorney General in 1953 to set the rates of pay of U.S. attorneys in the field. The proposal in the bill you cite is to provide equivalent authority for the Attorney General with respect to attorneys on the departmental staff in Washington, so that they would be in a comparable pay system with those attorneys in the field.

In the exercise of the authority in the field, the Attorney General has set certain levels below \$19,000 for the compensation of those positions, and as the Deputy Attorney General testified, a similar system to guarantee against the situation which we are theorizing on, would be set up for the attorneys in the departmental service.

Mr. GROSS. But am I not correct that the attorneys in the field are not Classification Act employees?

Mr. MACY. No, and the attorneys in Washington would also be excluded from the Classification Act.

Mr. GROSS. They would under the terms of this bill, but they presently are and there is quite a difference.

Mr. MACY. But the previous bill of 1953 that I cited also provided that the U.S. attorneys be outside of the Classification Act and under a pay authority similar to the one in the legislative proposal that you quoted.

Mr. GROSS. One other quick question, if I may. Did Dean Landis have anything to do with the drafting of this bill?

Mr. MACY. Not that I am aware of.

Mr. DAVIS. In line with what you first said to Mr. Gross, these attorneys now in the Justice Department are schedule A employees, are they not?

Mr. MACY. That is correct, sir. All attorneys are schedule A.

Mr. DAVIS. As you said before, they do not have retention rights, except the veterans.

Mr. MACY. That is correct. The placement of attorney positions in schedule A is by statute because the Independent Offices Act that provides funds for the Civil Service Commission precluded the use of any funds in the act for examining of attorneys.

Mr. DAVIS. But these attorneys under existing laws do have pay limitations?

Mr. MACY. They are presently under the Classification Act insofar as pay is concerned.

Mr. JOHANSEN. I have to ask this question about the bill that is before the other committee because the Attorney General detoured around this legislative committee.

Does that bill provide for or maintain any limit on the number of these attorneys that may be hired?

Mr. MACY. No, sir.

Mr. JOHANSEN. So it is carte blanche.

Mr. MACY. It is without limitation.

Mr. JOHANSEN. I can understand why they detoured around this committee.

Mr. MACY. This section, and I believe I was referring to section 304, applies only to the very limited number of positions to be retained in these levels of the Executive Pay Act after the movement of most positions at these levels to the Classification Act.

Section 305 provides that the positions specifically referred to in sections 301, 302, and 303 shall be placed in grades of the Classification Act in accordance with the usual standards and procedures of that act. The section also provides that the incumbent of each position moved to the Classification Act would continue to receive the rate of basic compensation which he was receiving immediately prior to the effective date of title III until he leaves such position or until he is entitled to receive compensation at a higher rate in accordance with law. Any subsequent appointee would receive the appropriate compensation for the position as determined by provisions of the Classification Act.

Title IV: Title IV of H.R. 7377 relates to the revision of compensation of examiners under the Administrative Procedure Act.

The primary purpose of this title is to amend section 11 of the Administrative Procedure Act so as to remove hearing examiner positions in the Federal service from coverage under the Classification Act and to fix the basis for their compensation by statutory reference to rates prescribed for specified grades of the Classification Act. The present requirement that hearing examiners shall receive compensation prescribed by the Civil Service Commission—independently of agency recommendations or ratings—and in accordance with the Classification Act is eliminated.

Mr. DAVIS. What would be the practical benefits resulting from that change?

Mr. MACY. The benefits of the change would be to more accurately reflect the difficulties of the duties and the responsibilities carried by hearing examiners and to eliminate the necessity of evaluating these jobs under the standards of the Classification Act.

Mr. DAVIS. They would still be governed, according to your statement you just made, to fixed basis for their compensation by statutory reference and to rates prescribed for specified grades of the Classification Act. It would still be limited?

Mr. MACY. They would still be limited but we would not go through the process of determining in the case of each hearing examiner position what the proper grade was. Under this legislation they would be automatically at one of two salary levels, depending upon the agency in which they were employed. The salary level would be pegged to the maximum scheduled rates of grades 16 and 14, and the departments are specified in the legislation so that this would be an automatic salary determination rather than going through the classification process, which experience has shown the Civil Service Commission is exceedingly difficult for this type of position under the conditions of the Administrative Procedure Act of 1946.

Mr. DAVIS. Thank you.

Mr. MACY. In its stead, the bill provides that examiners in specified agencies shall receive a salary rate equal to that prescribed for the maximum scheduled rate of grade GS-16 by the Classification Act

of 1949—now \$16,295. Examiners in all other agencies which are not specifically identified are to receive compensation equal to that prescribed for the maximum scheduled rate of grade GS-14 by the Classification Act—now \$13,510.

This amendment also provides that a chief hearing examiner who has the administrative management responsibility for an agency's hearings program requiring the services of 10 or more examiners shall receive \$500 per annum in addition to his compensation as an examiner.

In discharging its responsibilities under the Administrative Procedure Act the Civil Service Commission has attempted to keep hearing examiner positions in line with other comparable positions in the Federal service which are subject to the Classification Act. Because of the restrictions on the number of GS-16, 17, and 18 positions which the Commission may place in these grades, it is no longer possible to continue these relationships.

The Commission is faced with a dilemma in considering hearing examiners for classification in grades/above GS-15. Presently there are about 300 hearing examiner positions classified in that grade. There are not enough spaces in grades GS-16, 17, and 18 to move up all of these hearing examiners even if proper classification factors should justify such action. On the other hand, the Commission has not found it feasible to single out a few positions for priority or preferred treatment without, in its judgment, violating congressional policy as spelled out in the Administrative Procedure Act. That act contemplates that, in general, all hearing examiners will be assigned to all kinds of cases in rotation. Such a policy requires that all hearing examiners perform at the same classification level. Thus, any remedial action by the Commission is not possible under present authorities and the express limitations of the Classification Act.

Under the circumstances the best solution to the problem, which will be fair to the examiners and to the Government, is to remove the positions from the jurisdiction of the Classification Act and have their salaries fixed by statute. Title IV of the bill accomplishes these objectives.

The existing grade structure lends itself to the recognition of two levels of hearing examiner positions. Consequently, the bill places in the top level agencies having cases which are concerned with broad and complicated issues affecting the Nation's economy and which have an impact on industrywide practices or on regional or national areas. At the lower level are agencies whose cases are confined to narrower issues, where the questions to be settled are not as technical or complex, or where the decisions affect one or a small group of persons and do not affect a substantial portion of the economy.

The appropriateness of the rates proposed has been carefully considered in the light of the duties and responsibilities of hearing examiner positions and others of like characteristics. There is a definite relationship between hearing examiner positions and other positions in a given agency. For purposes of equity in pay relationships, a reasonable semblance of salary comparability between these types of positions should be maintained.

In conclusion, let me emphasize again the importance to this administration and to the country of this much-needed legislation. It would relieve some of the most pressing problems currently facing us

in Federal personnel administration. It would help insure the continued responsiveness of our great Government service to the extraordinary demands being placed upon it. Finally, and most important, it would augment our continuing efforts to maintain the highest possible quality in the most critical parts of our career staffing—the positions of executives and professionals. In these times, the goal of excellence must pervade our public services even more than in other sectors of our society. This is a goal in which we all share the same aspirations and the same obligations. And this is our underlying reason for urging passage of this bill.

I want to thank you, Mr. Chairman, for your patience in permitting me to go through such a long and detailed statement, but it was the judgment of the Commission that this bill is of such importance and such complexity that it was necessary to give as full a statement and justification as this. I would be happy to join with my colleagues here in responding to any additional questions that you may have. Representatives of the Defense Department, the Treasury Department, the State Department, and the NASA are also presenting themselves in support of the positions in this bill that are of primary concern to them.

Thank you very much.

Mr. DAVIS. Mr. Chairman, we appreciate very much your detailed and definitive statement.

Twelve o'clock has caught us and although we probably would like to discuss some of the features of your testimony with you further, we won't have the opportunity and you have been very kind in answering our questions as you went along, which we appreciate.

We will, therefore, thank you for what you have told us and excuse you.

I want to make this statement also, that I deeply regret that we will not be able to hear this morning from the Honorable James E. Webb, Administrator of the National Aeronautics and Space Administration. Mr. Webb, I thought for a long time we would be able to reach you but as Mr. Macy's statement proceeded it began to be more and more evident that we would not. I understand you cannot be with us tomorrow, so we will arrange with your office for some convenient time during the coming week. We regret very much that we were not able to reach you this morning.

Mr. WEBB. Thank you, Mr. Chairman.

Mr. DAVIS. I understand there have been a number of statements submitted for the record, and they will be included at this point.

(The statements follow:)

JACKSONVILLE, FLA., June 13, 1961.

Hon. A. S. HERLONG, Jr.,
House of Representatives,
House Office Building, Washington, D.C.

DEAR SYD: House bill 7377 has just come to my attention. This bill, as you doubtless know, proposes to amend the Classification Act of 1949 and to fix the compensation of hearing examiners.

As such an examiner, I am strongly opposed to the passage of this bill in its present form. As you will note, the bill proposes that the examiners of all the so-called major regulatory agencies, with the exception of the Coast Guard, are to receive compensation at a GS-16 rate. Other examiners (Coast Guard) are to receive compensation at the rate of a GS-14.

As you know, the Coast Guard's major function is the regulation of the merchant marine of this country. As such, they are solely responsible for the operational

maintenance and safety of this vast arm of transportation, not only upon the high seas, but upon the Great Lakes and all of our vast system of inland bays and river estuaries which are all so vital, not only to our national defense but to both our domestic and foreign commerce; or, as our President expressed it in his Proclamation 3403 of April 5, 1961, which I quote, in part:

"Whereas the American merchant marine is a major factor in maintaining the economy of the Nation * * *," and

"Whereas American-flag shipping is essential to the defense of this and other nations of the free world and to the cause of freedom on every continent; and

"Whereas the American ships and the men who sail them implement our national policy of providing food and supplies to the famished and stricken of the world when the need arises;"

How then, if our merchant marine is as vital to our country as our President seems to think, can it be said that the agency which is solely responsible for the safety and operational maintenance of our vessels and the competency of their crews, is a minor, unimportant regulatory agency? I find this downgrading of the Coast Guard and its examiners particularly inconsistent when I note that the Federal Maritime Board is listed as a major agency. Are rates and subsidies more important than the safety of our ships and their maintenance in a high state of operational readiness? Of what value are rates and subsidies if our vessels become unseaworthy hulks manned by unskilled and incompetent personnel?

I also note that the Subversive Activities Control Board is listed as a major agency. No doubt it is. However, as Coast Guard examiners, we also function in this field. One of our duties is to act as chairman of security boards to screen merchant marine personnel and waterfront workers to eliminate Communists and other subversives from our ships and port areas.

Is the merchant marine, as a transportation agency, of less importance than the railroads and the airlines? Yet the agencies which regulate these latter industries are both classed as major agencies.

I also wonder about the relative importance of some of the other agencies named as major agencies when compared with the importance of the merchant marine; for instance, the Office of Alien Property. To me, the omission of the Coast Guard from the long list of other agencies named in the bill is inconceivable, and if allowed to pass in its present form, will surely result in relegating our merchant marine to the status of an unimportant industry. This, in my opinion, cannot be justified by fact or reason. The omission of the Coast Guard from the group of so-called major agencies named in the bill can only be explained as a whim or caprice of the Civil Service Commission, who sponsored H.R. 7377, or the lack of knowledge and understanding of the complex nature of the Coast Guard examiners' work by their Classification Division since the Coast Guard examiners have, since the inception of the program in 1948, experienced nothing but difficulties in dealing with this department. I, therefore, urge you to do all in your power to prevent this proposed injustice and inequity to the Coast Guard and its examiners.

It occurs to me that you may not be entirely familiar with the manner in which we, as Coast Guard examiners, conduct hearings and since we consider that our hearings are not only different from those held by other agencies, but also impose a much greater degree of responsibility upon the examiner, I would like to describe briefly how some of our procedures differ from other agencies. (For a more comprehensive and detailed description of our duties, I refer you to a letter from the Commandant of the Coast Guard to the Civil Service Commission, copy of which is enclosed.) Some of these differences are as follows:

(1) Our decision is usually rendered on the spot, immediately upon conclusion of the hearing. It is solely the decision of the examiner. No member of the agency is looking over our shoulder or participating in anyway in making the decision.

(2) The decision becomes immediately effective upon being rendered and is the final decision of the agency, unless reversed upon appeal. The order of suspension or revocation likewise becomes effective immediately upon being served upon the accused and remains in effect unless reversed upon appeal, if such an appeal is taken.

(3) Should our decision be adverse to the agency and the charges dismissed, the decision then becomes *res adjudicata* as to the agency and they are precluded from any further prosecution in the matter.

(4) Our hearings are not informal affairs but, on the contrary, are conducted much as any judicial trial. We are customarily faced with some of the top-ranking members of the legal profession and, in particular, those of the admiralty

bar. This unusual condition comes about because our findings of fact and decisions frequently become the basis for suits for large civil damages and sometimes form the basis for a negotiated settlement, thus saving the time of the courts and much expense to the parties.

I think you may be inclined to agree that this is a somewhat different procedure than that followed by most agencies where the examiners' decisions are more or less recommendations which are reviewed by the agencies before they become final decisions. This procedure imposes a heavy responsibility upon the Coast Guard examiners and should certainly entitle them to equal status with examiners of other agencies. For a number of years we have been graded as GS-13's and we only attained this grade after a 2- or 3-year struggle with the Civil Service Commission. Practically all of the examiners in the other agencies have, for years, been graded as GS-15's.

In February of this year, the Commandant of the Coast Guard, after finding that he could not fill examiner vacancies with qualified personnel for anything less than a GS-15, and recognizing the longstanding inequity to Coast Guard examiners, addressed the above-mentioned letter to the Civil Service Commission, requesting the immediate reclassification of all 15 Coast Guard examiners, and their prompt upgrading to GS-15. The Commission will take no action on this request pending the disposition of H.R. 7377.

This bill, if passed in its present form, would permanently lock all Coast Guard examiners in a GS-14 rate. Since we are now at the top of GS-13, this would mean a total pay raise of \$275 per annum, while other examiners would advance to GS-16's and substantial pay increases. I would also like to mention that the cost of including the 15 Coast Guard hearing examiners among those who are to receive a GS-16 rating is relatively insignificant when compared with the expense that would be required to provide this rating for the large number of examiners employed by other agencies.

If you agree with me in this matter, I would greatly appreciate your efforts to effect an amendment of this bill by naming the Coast Guard as one of the agencies whose examiners are to be raised to GS-16 and, if this objective cannot be realized, to oppose the passage of the bill and do all in your power to defeat it.

I realize you are extremely busy but it is my hope that you can find an opportunity to appear before the House Committee on Post Office and Civil Service, before whom the bill is now pending, and strongly urge the above-mentioned amendment. If you cannot appear before the committee, I would appreciate your making your views known to them in whatever manner you deem most appropriate and effective.

I feel that I must apologize for such a lengthy letter, but I know of no briefer way to present the matter to you with all of its facets. If there are any questions that occur to you, I will, of course, be glad to answer them; or perhaps you might wish to contact our chief examiner, Mr. James H. Molloy, who is fully conversant with the entire matter and perhaps more familiar with any late, day-by-day developments than I am. Mr. Molloy's telephone number is WO 4, Ext. 5151.

With kindest personal regards,

Sincerely,

ALLEN L. SMITH,
Hearing Examiner, U.S. Coast Guard.

Encl: (1) Cy of ltr fr COMDT USCG dtd 8 Feb. 1961.

FEBRUARY 8, 1961.

Hon. JOHN W. MACY, Jr.,
Chairman, Civil Service Commission,
Washington, D.C.

DEAR MR. CHAIRMAN: This is to request the reclassification forthwith of all of our hearing examiner positions (including that of the chief hearing examiner) in the U.S. Coast Guard, being a total of 15 in number, to Grade GS-15. A description applicable to all of the field posts is attached for this purpose.

The following are a few and particular characteristics of the hearing examiner positions in the U.S. Coast Guard which contribute to making the activity exceptionally complex, difficult, and extremely important to the maritime industry at large:

1. Cases brought to hearing involve the entire operational scope of the maritime industry.
2. The fields of the admiralty and maritime law, albeit of the oldest, are of exceptional breadth and complexity, and involves various fields of specialization within itself.

3. Developments in more recent years in the electronic sciences have brought to hearing cases in which there have been heretofore no clearly established precedents and over which the courts have differed; and which have not yet been resolved either by the Supreme Court of the United States or international convention. In such matters the hearing examiners have been and will be required to pioneer for an indeterminate period of the future. Obviously, decisions adverse to the contentions of the industry in such cases must be exceptionally well drafted and supported.

4. Although there may only be a single adverse party, the decisions of the examiners affect the marine industry as a whole in its entire operational phases. Such decisions are precedents against the entire industry in subsequent cases. When one considers that the prime objective of the cases before our hearing examiners is the safety of life and property, the decisions take on added significance; and in some instances take on international importance.

5. The admiralty bar represents only a very small percentage of the bar at large. They are highly skilled in their profession and consequently possess exceptional talent in this, their highly specialized field. Cases before the hearing examiners are contested by high caliber attorneys most expert in these matters at issue, and with an eye to subsequent actions in the Federal civil courts involving large sums in civil damages.

6. The hearing examiners must be unusually astute and be able to explore intelligently a great variety of topics in conducting hearings and arriving at decisions. Their cases for hearings involve professional, scientific, mental, physical, and technical subjects, as well as negligence and misconduct.

7. In the U.S. Coast Guard, cases are assigned to the hearing examiners when charges, which form the basis for the hearings, are filed. The hearing examiners therefore have unusual and exceptional responsibilities for all prehearing arrangements and any decisions pertaining thereto. They are self-contained and have full and final responsibility for making and controlling prehearing arrangements.

8. As you may be aware, the hearing examiners in the U.S. Coast Guard are permanently based in the major ports on all coasts of the United States. Several of those ports have more than one examiner. At these latter ports the cases are assigned in rotation as they are filed, so that the rotation of cases is fully in effect. Each examiner at these ports has to be fully qualified to accept and handle any matter. The same is true of the other ports where only one examiner is permanently based in that he must be qualified and accept any case that comes up in the full ramifications of the admiralty and maritime. Also, it is sometimes necessary to send an examiner from his port and district to another port of another district for such reasons as leave, overload, sickness, disqualification, etc. In so doing the visiting examiner takes whatever is on the agenda in turn and is wholly responsible for its conduct and resolution.

9. Decisions of the hearing examiners in the U.S. Coast Guard become the final decisions of the agency if not appealed within 30 days and also unless modified or reversed on appeal. In fact these decisions by hearing examiners of the U.S. Coast Guard are in effect operatively final decisions when rendered, in that it is discretionary with the hearing examiner whether he will issue a temporary document pending appeal. It should be appreciated therefore that a prime heavy responsibility rests upon these hearing examiners not to so act as could cause heavy and irreparable damages. This requires a thorough understanding of the complexities of the industry and the interests of the parties.

10. In addition to hearing cases involving the large number of complex maritime laws and voluminous regulations of the United States and international conventions, a large portion of the criminal laws of the United States comes within their purview. Similarly, the hearing examiners sit as chairmen of a security appeal board involving not only seafarers but shore-based workers as well, in accordance with Executive orders in such case made and provided.

As indicated above, the work of the hearing examiners of the U.S. Coast Guard is in the highly specialized and complex field of the admiralty and maritime law, calling for a well-trained specialist in this field. Likewise, the U.S. Coast Guard is one of the few agencies in which the hearing examiner's initial decision becomes the agency's final decision unless modified or reversed on appeal. For these reasons the Coast Guard feels that its hearing examiners should have equal status with those of other agencies, such as, the Federal Maritime Board, Civil Aeronautics Board, and many others; and that the rate of compensation for Coast Guard hearing examiners in past years has been permitted to fall behind.

Reference to the Annual Report of the Office of Administrative Procedure for the fiscal year ending June 30, 1959, released in January of this year, will illustrate the leading high efficiency of the hearing examiners of the U.S. Coast Guard.

Reference to table 14 alone of that report will show the outstanding and leading relation of the hearing examiners of the U.S. Coast Guard with other agencies. In this relation we do not include the figures of the Social Security Administration nor the Interior, Indian Affairs shown, since it is not deemed that their operations are at all comparable to the formal quasi-judicial hearings conducted by our examiners and those of the other agencies. For example, table 14 shows the average number of days per man-year spent in hearings and hearing conferences for the Coast Guard to be 104. Compared with other leading agencies this is anywhere from 1,500 percent down to over 40 percent greater than other agencies. Inspection of the other columns of table 14 and all the prior tables will show the hearing examiners of the Coast Guard consistently to the fore. There is very good pertinent reason for this but space will not permit of its discussion. A copy of the 1959 report above referred to is attached for your enlightenment.

I have discussed the foregoing with our chief hearing examiner, who is a member of my staff, in some detail so as to satisfy myself of the substance of same. Incidentally, our chief hearing examiner himself sits on a minimal number of actual cases during the year when required due to above indicated urgencies, as well as exercising a quasi-supervisory capacity over the work of the examiners in general during the year; and as well constitutes one of the members of the board that considers appeals taken.

I am informed that positions with the above characteristics merit allocation to grade GS-15 under standards published by the Civil Service Commission for hearing examiner positions, and have merited them for some years past. It is therefore requested that this inequity be remedied at your earliest convenience.

Sincerely yours,

A. C. RICHMOND,
Admiral, U.S. Coast Guard, Commandant.

cc: Mr. Frank Barley, Director, Bureau of Inspections and Classification Audits.

FEDERAL BAR ASSOCIATION,
Washington, D.C., June 15, 1961.

Re H.R. 7737.

Judge JAMES C. DAVIS,
Chairman, House Subcommittee on Manpower Utilization, House Post Office and Civil Service Committee, Old House Office Building, Washington, D.C.

MY DEAR MR. CHAIRMAN: It is my understanding that hearings will be held June 20 and 21 on H.R. 7737 in which title IV proposes the revision of compensation of examiners under the Administrative Procedure Act to the maximum scheduled rate prescribed for GS-16 for those examiners employed in the major regulatory agencies and to the maximum scheduled rate prescribed for GS-14 for all other hearing examiners.

Please be advised that the Federal Bar Association, an organization of approximately 7,000 members of the bar either presently or previously employed by the Federal Government, through its national council, did on May 19, 1961, pass the following resolution, paragraph 4 of which is particularly relevant to the subject matter referred to above:

Whereas the urgent need for improvement in the administrative process is generally accepted and has resulted in numerous suggestions for changes, many of which are highly controversial, to solve some of the recognized problems: Therefore be it

Resolved, That the national council acting for and on behalf of the Federal Bar Association approves in principle the following recommendations of the administrative law committee and authorize said committee to represent the association in furtherance thereof:

* * * * *

4. Compensation of hearing examiners should be substantially increased to attract and retain topflight personnel.

* * * * *

It is respectfully requested that this letter be made a part of the forthcoming hearing. If the association can be of any further assistance to you we will be happy to oblige.

Respectfully submitted.

PAUL N. PFEIFFER,
Acting Chairman, Administrative Law Committee.

cc: Thomas G. Meeker, president.

AMERICAN MERCHANT MARINE INSTITUTE, INC.,
Washington, D.C., June 20, 1961.

HON. JAMES C. DAVIS,
*Chairman, Special Subcommittee, Committee on Post Office and Civil Service,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. DAVIS: The American Merchant Marine Institute, Inc., wishes to call attention to the serious omission of one category of hearing examiners as embodied in H.R. 7377, which your subcommittee is now considering. The institute is a national trade association composed of the large majority of U.S. steamship companies operating approximately 6,200,000 gross tons of oceangoing passenger, tank, dry cargo, and collier vessels in the foreign and domestic trades of the United States. Nearly 70 percent of the oceangoing tonnage registered under the U.S. flag is owned and operated by our member companies.

The institute urges amendment of H.R. 7377 so that hearing examiners employed by the Coast Guard will be entitled to receive compensation at a rate equal to the maximum scheduled rate prescribed for grade GS-16 by the Classification Act of 1949, as amended.

Under section 401 of proposed H.R. 7377, hearing examiners employed by the Department of Agriculture, the Department of Labor, the Federal Maritime Board, the Atomic Energy Commission, the Federal Communications Commission, the Federal Power Commission, the Federal Trade Commission, the Civil Aeronautics Board, the Interstate Commerce Commission, the National Labor Relations Board, the Securities and Exchange Commission, the Subversive Activities Control Board, the Post Office Department, the Office of Alien Property in the Department of Justice, and the Federal Reserve System would receive GS-16 compensation, while all other hearing examiners would receive only a GS-14 salary. It would be most inequitable if Coast Guard hearing examiners should not be on an equal basis with those in the aforementioned agencies.

We are pleased to note that Federal Maritime Board hearing examiners are properly to be included in the higher rating. Coast Guard hearing examiners, whose decisions and orders have such a broad effect on the field of maritime law, and the maritime industry itself, should be eligible to receive equal compensation.

The initial and final decisions and orders of the examiners directly affect the entire maritime industry, since the proceedings have two purposes: (1) To promote and foster the safety of lives and ships at sea and on the inland waters of the United States; and (2) to establish and maintain proper discipline and safe routine aboard American merchant ships, and in many instances aboard public vessels of the United States. It is recognized that the American merchant marine is a vital segment of the national economy, both in peacetime and in time of war.

The decisions of the hearing examiners also have an impact on international relations, since the vessels of foreign nationals are involved in many instances in collisions with American merchant ships, which result in litigation which is the subject of hearings.

The hearings over which Coast Guard examiners preside are concerned primarily with charges of misconduct, negligence, unskillfulness, inattention to duty, incompetency (mental, professional, and physical) and conviction in a court of record of a narcotic law violation of seafarers. The offenses charged in the hearings involve exceptionally complex legal and technical questions.

For the reasons stated herein, we ask that H.R. 7377 be amended to provide that these men of high caliber, who necessarily are rare specialists in this highly technical field, are entitled to receive compensation at the GS-16 level along with other examiners enumerated in H.R. 7377.

We respectfully ask that this letter be made a part of the written record of this bill.

Yours very truly,

ALVIN SHAPIRO.

FEDERAL POWER COMMISSION,
Washington, D.C., June 19, 1961.

Hon. JAMES C. DAVIS,
*Chairman, Subcommittee on Manpower Utilization,
House Post Office and Civil Service Committee,
Washington, D.C.*

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE: Your committee, I am informed, has scheduled a hearing on H.R. 7377, the first session of which is to be held on June 20, 1961. Title IV of that bill constitutes a revision of compensation of hearing examiners under the Administrative Procedure Act, a revision, incidentally, which is overdue. It is to that section of the bill that this statement is directed.

Our interest in, and concern regarding this subject was voiced in a statement which I submitted on June 23, 1960, to the special subcommittee of the House Post Office and Civil Service Committee constituted to consider supergrades in the Federal Government. In that statement, we pointed out generally the complexity and importance of the proceedings arising before this agency and the significance of the contribution of the hearing examiner to the proper performance of this agency's quasi-judicial functions.

Our views as to the proper compensation for Federal Power Commission hearing examiners is a matter of record and they were made known to the Civil Service Commission prior to the introduction in the Congress of H.R. 7377. It is our opinion that to procure and retain hearing examiners of the caliber we believe desirable in order to achieve the utmost in efficiency and dispatch in the disposition of our proceedings compensation at a rate equal to that prescribed for GS-18 is demanded. H.R. 7377 does not, of course, accomplish this objective, but at least it is a step in the right direction. We, therefore, endorse its purpose and favor its passage.

Sincerely yours,

JEROME K. KUYKENDALL, *Chairman.*

MR. DAVIS. The committee will stand adjourned until 10 o'clock tomorrow morning.

(Thereupon, at 12 o'clock, the subcommittee adjourned to reconvene at 10 a.m., June 21, 1961.)

INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

WEDNESDAY, JUNE 21, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON
POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 215, House Office Building, Hon. James C. Davis (chairman of the subcommittee) presiding.

Mr. DAVIS. The subcommittee will come to order, please.

We are today continuing the public hearings regarding the status of a number of high-level positions in the Federal Government.

Yesterday we heard the Chairman of the Civil Service Commission, Hon. John W. Macy, Jr., and today we have on the calendar Hon. John F. Shelley, Representative of the Fifth District of California; Mr. Edgar A. Buttle, president of the Federal Trial Examiners Conference; Mr. Roger W. Jones, Deputy Under Secretary for Administration, Department of State, and Hon. James McMurray, Chairman, Federal Home Loan Bank Board.

Mr. Shelley, I believe, is not here and we will ask Mr. Buttle, president of the Federal Trial Examiners Conference, to make his statement.

Do you have a prepared statement, Mr. Buttle?

STATEMENT OF EDGAR A. BUTTLE, PRESIDENT, FEDERAL TRIAL EXAMINERS CONFERENCE; ACCOMPANIED BY PAUL N. PFEIFFER, VICE PRESIDENT, AND ROBERT E. MULLIN, HEARING EXAMINER, NATIONAL LABOR RELATIONS BOARD

Mr. BUTTLE. Mr. Chairman, I do have a prepared statement. However, it was my feeling, if the committee desires, that I might save time if I asked the committee to incorporate the prepared statement into the record, and perhaps made some comments emphasizing certain things that are contained in the statement.

I would be pleased to do whatever the committee would prefer to have me do.

Mr. DAVIS. Without objection we will enter your complete statement in the record at this point, and then you give us the highlights and discuss it as you see fit.

(The prepared statement referred to follows:)

PREPARED STATEMENT OF EDGAR A. BUTTLE, PRESIDENT, FEDERAL TRIAL EXAMINERS CONFERENCE

I am deeply grateful to this committee for the opportunity accorded me as president of the Federal Trial Examiners Conference to testify on behalf of the conference with regard to title IV of a bill introduced into Congress May 29, 1961, designated H.R. 7377.

The Federal Trial Examiners Conference is a professional association of hearing examiners of all Federal regulatory agencies and departments conducting quasi-judicial proceedings under the Administrative Procedure Act. The primary function of the conference is to advocate improved administrative due process and appropriate methods of assuring its efficient application.

The position of the conference before this committee with regard to title IV of H.R. 7377 is identical to that expressed in a letter addressed to the President of the United States under date of April 25, 1961, thanking him for his interest in and advocacy of improved hearing examiner stature inclusive of increased responsibilities and compensation as a means of assuring the retention and recruitment of competent hearing examiners and more efficient adjudicative proceedings in the public interest. The American Bar Association has proposed legislation providing a GS-18 grade, or equivalent thereof, for all hearing examiners. The conference heretofore has endorsed as more realistic, proposed legislation providing a GS-18 grade, or equivalent thereof, for hearing examiners of the major regulatory agencies and a GS-15 grade, or equivalent thereof, for hearing examiners of other agencies. Several Federal agency and department heads have favored two or three grade increases for hearing examiners (e.g., Paul Rand Dixon, Chairman of the Federal Trade Commission, and Alan Boyd, Chairman of the Civil Aeronautics Board, in testifying before the Senate Judiciary Subcommittee on Administrative Practice and Procedure, on June 9, 1961, indicated themselves to be on record as favoring a GS-18 grade for their hearing examiners. Jerome K. Kuykendall, Chairman of the Federal Power Commission, has also indicated that he favors a GS-18 grade for the hearing examiners of his agency).

The conference is of the view that the salary increase of hearing examiners suggested by the present administration, as interpreted in H.R. 7377, is a step in the right direction to the extent that the bill contemplates increased salaries at a rate equivalent to the maximum of grades GS-16 and GS-14. It is assumed by the conference that the assignment to hearing examiners of added responsibilities in the future by legislation or agency action will result in further emphasizing the need for additional salary advances beyond those advances contemplated by H.R. 7377, if enacted. For the present, however, and without revoking the position heretofore taken that a more substantial compensatory upgrading of hearing examiners is justified, the conference endorses the bill designated H.R. 7377 as a realistic and necessary immediate approach toward preserving the hearing examiner program as a respected integral part of administrative adjudicative process.

Furthermore, the conference agrees, as indicated by H.R. 7377, that hearing examiner compensation should be removed from the framework of the Classification Act, so that such positions may separately and appropriately be regarded and treated as quasi-judicial positions of like stature with those of the Commissioners of the Court of Claims, who perform similar functions and who, although formerly paid at a level lower than the top grade of hearing examiners, now receive \$19,000 annually, pursuant to the Executive Pay Act. Any salary level established should adequately allow for the fact that there is no possibility for promotion, and for the additional fact that removal from the Classification Act entails loss of eligibility for automatic Ramspeck-type and longevity within-grade increases.

The hearing examiners in the major regulatory agencies are presently classified at grade GS-15, which ranges from \$13,730 to the maximum compensation level of \$15,810, reached by four automatic Ramspeck within-grade increases, plus three longevity rate increases. Because the examiners have been locked in grade GS-15 since 1946, a very substantial number, as a result of the Ramspeck increases, already receive \$15,030, and an additional group are already in the higher longevity rate brackets. Thus, any downward salary revision of title IV, H.R. 7377, now providing for the maximum GS-16 rate would be unreasonable. If revised legislation were enacted fixing the compensation for hearing examiners at the beginning step of the grade GS-16 (\$15,255), this would mean for a very substantial number of hearing examiners already drawing compensation at the rates of \$14,705 and \$15,030, an inconsequential increase of \$225 to \$555 per year over their present salary. It would also result in a loss of their current opportunity to rise eventually

to the higher maximum GS-15 level of \$15,810. The foregoing argument equally applies in theory to those hearing examiners now receiving a GS-13 grade which H.R. 7377 is advancing to the equivalent of a GS-14 grade. Thus, even if the GS-16 and GS-14 classifications are to be adhered to as a measure of hearing examiner compensation, the only basis on which the intended increase in salary can be achieved would be if the dollar equivalent is established at the maximum of the grade for the respective classifications—\$16,295 for the GS-16 and \$13,510 for the GS-14 as now contemplated by H.R. 7377.

Congress in enacting section 11 of the Administrative Procedure Act recognized the need for inducing superior caliber personnel having judicial temperament to serve as hearing examiners. This objective, however, cannot be achieved unless compensation is offered which is commensurate with the legal skills and responsibilities required. The Civil Service Commission, by letter dated February 25, 1960, recognized this problem in recommending to the Congress that legislation be enacted to meet the predicament of the "growing inadequacy of compensation for hearing examiners."

The Government has a valuable investment in hearing examiners because judicial skills cannot be taught and are acquired only by actual adjudicative experience. Some of the regulatory agencies have had difficulty in retaining their most competent hearing examiners and in attracting outstanding replacements or additions because of the present inadequate salary status. It is my understanding that this is borne out by the fact that the Civil Service Commission's records will show that a considerable proportion of attorneys offered hearing examiner positions have turned down offers of appointment. An important reason for this, I believe, is that qualified attorneys of ability are able to do considerably better financially elsewhere, and the present compensation offered hearing examiners involves more of a sacrifice than they should be required to make despite the interesting challenge of judicial or quasi-judicial work. The result is also to inhibit the Government's ability to retain the services of many of the best qualified incumbents and to expose the quality of the performance of those who remain to the hazard of a morale problem.

Illustrative of the inequity of the present pay level is the extent to which the compensation of hearing examiners has fallen behind that of other Government officials having positions of comparable importance. Prior to the establishment of supergrades under the Classification Act in 1949, hearing examiners at most of the major regulatory agencies had a classification higher or at least equal to the classification of any other classified appointee. In the intervening 12 years, however, the general counsel's staffs, bureau chiefs, legal assistants to board members and commissioners, and other nonjudicial and non-decision-making posts have been reclassified substantially upward, while no hearing examiners of any agency have been assigned a grade higher than a GS-15 since the Classification Act was amended in 1949. As a consequence a serious imbalance has been created. For example, in the agency in which I serve as a hearing examiner, the Civil Service Commission has been unable to grant any relief to Federal Trade Commission hearing examiners because of numerical limitations imposed by Congress, but has given periodic approval of supergrade ratings to various other positions at the Federal Trade Commission having responsibilities no greater than those of hearing examiners. Thus, a GS-17 rating has been approved for persons performing, respectively, the duties of chief prosecutor and chief investigator at the Federal Trade Commission. Recently, the first assistant to the head of the trial staff and the assistant to the head of the investigative staff have also received supergrade ratings. It would be anomalous in the court system to find the district attorney or chief investigator more highly compensated than the judges before whom they or the members of their staff appear. It is also noteworthy that whereas there was only 1 trial attorney on the Federal Trade Commission staff with a GS-15 rating in 1953, there are presently 19 or more. Again, it is anomalous to find a large percentage of the trial staff (who are equivalent, one might say, to assistant district attorneys) on the same grade level as the judges before whom they appear. The embarrassment created by these inequities is not helpful to the respect that administrative adjudicative proceedings deserve.

The conference, therefore, respectfully urges this committee to do all within its power to seek an early enactment by Congress of H.R. 7377 so that the inequities in the salaries of hearing examiners, as well, as scientists and engineers, may, at least to some extent, be immediately alleviated. The result, I believe, will be rewarding and in the public interest.

It is respectfully requested that this committee incorporate into the record of this hearing or consider in its deliberations the following documents:

1. A memorandum on the status and allocation of hearing examiners, dated August 25, 1960, which was prepared by me upon information received from Wilson Matthews, Esq., then administering the hearing examiner program for the Civil Service Commission. In connection with this document it is to be noted that at the time it was prepared 50 percent of the hearing examiners of the Interstate Commerce Commission held GS-15 grades and 50 percent GS-14. Recently the grades have been revised by the Civil Service Commission so that all of the hearing examiners of the Interstate Commerce Commission now hold a GS-15 grade. Thus, contrary to the figures indicated in the memorandum, the approximate total number of hearing examiners now classified as GS-15 is 251 instead of 198 as set forth in the memorandum at page 4, and the approximate total number of hearing examiners now classified as GS-14 is 6 rather than 59 as set forth in the memorandum. It is not known whether or not the Civil Service Commission has recently made any adjustments with regard to the remaining six hearing examiners heretofore holding the grade GS-14.

2. A reprint of an article from the issue of the American Bar Association Journal, dated February 19, 1961, by Charles S. Rhyne, president of the American Bar Association in 1957-58, entitled "Developing the Prestige of the Hearing Examiner."

3. An initial decision by a hearing examiner of the Federal Trade Commission which is typical of the complicated types of opinions and decisions required to be written by hearing examiners (FTC Docket No. 6156).

4. A statement of the trial examiners of the National Labor Relations Board in support of H.R. 7377 specifically demonstrating the inequities created by the limitation placed on the allocations of supergrades to hearing examiners.

It is also respectfully requested that this committee incorporate into the record of this hearing any data heretofore submitted to it relative to hearing examiner compensation which it deems pertinent and material.

Mr. BUTTLE. I would also ask you, Mr. Chairman, if you would be willing to incorporate, or if the committee would be willing to incorporate, an article by Charles Rhyne, former president of the American Bar Association.

Mr. DAVIS. How long is the article?

Mr. BUTTLE. It is rather short. Two and a half pages.

Mr. GROSS. Mr. Chairman, with what does that deal?

Mr. BUTTLE. It is entitled "Developing the Prestige of the Hearing Examiners" and it is a very comprehensive and brief analysis.

Mr. DAVIS. Without objection it will be admitted at this point.

(The article referred to follows:)

[Reprinted from the American Bar Association Journal, February 1961]

DEVELOPING THE PRESTIGE OF THE HEARING EXAMINER

Although the hearing examiners in the Federal administrative agencies handle cases that in many instances are as complex and important as those brought before the Federal district courts, the pay-scale of the examiners remains far below the amount necessary to attract and hold competent men to perform these duties. Mr. Rhyne urges prompt action in the new Congress to remedy this situation.

(By Charles S. Rhyne, of the District of Columbia Bar)

One of the matters in which the incoming national administration has expressed special interest, in advance of taking office, is effectuating improvement of the process of the Federal administrative agencies.¹

During the past 6 years, numerous important groups, including the House Legislative Oversight Subcommittee, the Senate Subcommittee on Administrative Practice and Procedure, the President's Conference on Administrative Procedure and the Hoover Commission, have been engaged in studies of administrative

¹ At a press conference Nov. 10, 1960, the President-elect, Senator John F. Kennedy, announced that he had asked former Dean Landis of the Harvard Law School for a study and report, in December, on the Federal administrative agencies with a view "to maximizing the effective dispatch" of their business. New York Times, Nov. 11, 1960, p. 20.

proceedings in the Federal regulatory agencies, the measures needed to eliminate abuses and the means to make the proceedings more effective.

Out of the many problems covered in these studies, there have developed, as might be expected, differing points of view and proposals and some controversy in particular areas. Singularly, however, there has been unanimous agreement that the hearing examiner, who serves as trial judge and applies agency policy for the regulatory agency, plays a key role in the administrative process. Representative Oren Harris, chairman of the House Legislative Oversight Subcommittee, recently stated:

"In the course of these studies and hearings it has become apparent, and practically all witnesses have agreed that the hearing examiner is of central and crucial importance to the success and integrity of agency adjudication * * *. Our studies in fact demonstrated that the role and effectiveness of the hearing examiner cut across and had an impact upon a large proportion of the basic problems affecting the regulatory agencies."²

Along similar lines, Judge E. Barrett Prettyman of the U.S. Court of Appeals for the District of Columbia Circuit, in his excellent and important recent book on "Trial by Agency," noted that the Attorney General's Committee on Administrative Procedure of 1941 had " * * * rightly expressed the view that the heart of formal administrative adjudication is the recognition of the importance of the hearing officer—that is, by the salary paid, the independence encouraged and accorded, and the importance attached to his decisions."

Judge Prettyman further stated:

"The President's Conference made a thorough examination of the hearing officer problem. As so many inquirers have concluded, this is the key to adjudication, just as the competence of the trial judge is the key to judicial performance."³

IMPORTANCE OF HEARING EXAMINERS

The conclusions must be obvious to anyone who is familiar with administrative proceedings in the modern Federal regulatory agencies. In those proceedings, which have a vital impact upon major industries, upon individual and property rights and upon our entire economy, the hearing examiners sit as trial judges and expounders of agency policies in cases involving complex and technical issues of fact and law, which are of a magnitude, complexity, and importance equal to that involved in the highest level of proceedings coming before the Federal district courts.

One of the urgent problems, therefore, is how to make these proceedings, which admittedly are protracted, more expeditious and more manageable. The role of the hearing examiner is central, since the important key to the solution of this problem lies in the fairness and intelligence with which the hearing is conducted and the control exerted over the size and quality of the hearing record. Here there is no substitute for the leadership, guidance, and firm control which may be provided by a fair and competent hearing examiner who, in addition, has the capacity to make good use of techniques designed to eliminate unnecessary delays and to shorten proceedings—such as the prehearing conference and proceedings in the nature of discovery.

Another major factor in making the complicated contested cases manageable is the presence of a comprehensive and helpful initial decision based objectively on the record and written by the hearing examiner who presided over the hearing and who has lived with the case from the beginning. The writing of such a decision calls for the talents expected of a good appellate judge. Any lawyer who is familiar with the work of our major regulatory agencies knows that it would be a physical impossibility for the members of the regulatory boards or commissions to make a personal study of the entire voluminous records in the cases which come before them for final decision. But their important and difficult task of making decisions which are both intelligent and durable becomes far more manageable if the boards and commissions have the benefit of a clear and comprehensive initial decision by the presiding examiner. This decisional role of the hearing examiner is of particular importance to the private practitioner who has a stake in maintaining and improving the effectiveness of a system in which the final decision issued by the Commission is based upon the record, including the briefs of the parties and the initial decision of the presiding examiner. The importance of this point will be readily appreciated by the bar, which fought and won, with the adoption

² Statement submitted on June 24, 1960, to the Special Subcommittee of the House Post Office and Civil Service Committee on Supergrades in Federal Government.

³ "Trial by Agency," p. 45-46, 49.

of the Administrative Procedure Act, a long battle to get away from the "institutional decision system." Under that system the hearing examiner was frequently bypassed, and the agency determination was prepared by anonymous staff subordinates who were unseen by the litigants and to whom the parties had no opportunity to address their arguments. That system obviously was not calculated to create in the parties a feeling of confidence that they had been accorded a fair hearing.

NEED FOR MORE COMPENSATION

It must be obvious to all who are interested in improving and accelerating the administrative hearing process that effective performance requires hearing examiners of topnotch caliber. The bar has a special interest in urging the establishment of conditions that will enhance the prestige of the hearing examiner and thereby assist the Federal Government to recruit, attract, and retain as hearing examiners lawyers of the highest degree of competence. Prompt legislative authorization for increasing the compensation of hearing examiners to a level commensurate with their role and responsibilities would make a major and long overdue contribution to this end. Representative Oren Harris has recently strongly underlined the importance of such a step, in the following statement:

"Because of the central role played by hearing examiners in the administration of the statutes within the jurisdiction of the House Committee on Interstate and Foreign Commerce, that committee has a serious and substantial interest in measures designed to create the conditions which will make it possible to attract and retain the highest possible caliber of men as hearing examiners. * * *

"It is our belief that an increase in the compensation provided for hearing examiners in the major regulatory agencies, to a level commensurate with their complex and important duties and responsibilities, will constitute a major step forward toward the objectives outlined above."⁴

Unfortunately, in spite of the good intentions of Congress when it enacted section 11 of the Administrative Procedure Act, the compensation of hearing examiners in the Federal Government has fallen behind that provided for other top agency personnel and a serious imbalance has been created. In recent years supergrade positions at levels of GS-16, GS-17, and GS-18 have been allocated to top legal and technical staff in the regulatory agencies. However, supergrades have never been allocated to hearing examiner positions. Accordingly the maximum hearing examiner grade today is GS-15, with compensation at \$13,730 in the beginning step. The imbalance in the compensation level provided for hearing examiners is strikingly illustrated when it is noted that hearing commissioners of the U.S. Court of Claims, whose functions are generally comparable, currently receive a salary of \$19,000 per year, by act of Congress.

Because of this imbalance, the Chairman of the Civil Service Commission addressed a historic letter on February 25, 1960, to the chairman of the Senate and House Judiciary and Civil Service Committees calling the attention of Congress to the serious problem resulting from the growing inadequacy of compensation for hearing examiners and recommending that the entire matter be reviewed by Congress. The American Bar Association, of course, has been working vigorously toward this end, commencing with the adoption of a resolution by the house of delegates in 1957 urging the enactment of legislation to compensate hearing examiners at the GS-18 supergrade level, and during the past 3 years a number of different bills have been introduced in Congress proposing compensation for hearing examiners at this level. Unfortunately, none of these bills have yet been brought to hearing.

The most recent development in this area occurred last June, when the Subcommittee on Supergrades of the House Post Office and Civil Service Committee, under the chairmanship of Representative James C. Davis, announced the scheduling of hearings for the latter part of that month to consider, among other problems, the matter of supergrades for hearing examiners. Due to the press of other urgent business, the Davis subcommittee was compelled to postpone the scheduled hearings and the adjournment of Congress made it necessary for further consideration of this matter to go over to the next session. However, prior to adjournment, there were filed with the committee a large number of strong statements from important sources, supporting increased compensation for hearing examiners in the major regulatory agencies. These included the statement by Representative Harris, already referred to, and statements by the chairmen of the Federal Trade Commission, the Federal Power Commission, the Civil Aeronautics Board, and the National Labor Relations Board supporting supergrades for their hearing examiners.

⁴ Statement to Subcommittee on Supergrades in the Federal Government, *supra*.

Students of the administrative process recognize, of course, that the improvement of the quality of administrative justice cannot be brought about by any one measure. But there can be little doubt that the simple step of increasing the compensation of hearing examiners to a level commensurate with the importance of their functions would make a major contribution in this area, and this proposal is ripe for action now.

Judge E. Barrett Prettyman has stated that " * * * administrative law is important, indeed * * * it is the most important category of law current in our land."⁵ Can there be any doubt that the bar has a vital interest in seeking the establishment of conditions that will insure that hearing examiners who conduct these important administrative proceedings will be of the highest possible stature? Further strengthening the status of hearing examiners and enhancing the dignity of their office is but the logical sequence of the reforms initiated by the Administrative Procedure Act. As the Supreme Court has said of that act (in *Universal Camera Corp. v. N.L.R.B.*, 340 U.S. 474, 494), "enhancement of the status and function of the trial examiner was one of the important purposes for administrative reform."

By enacting, in 1946, the Administrative Procedure Act, which separated the adjudicatory from the other functions of the Federal administrative boards and commissions and provided for the selection and appointments of impartial hearing examiners, Congress clearly elevated the importance of the role of the hearing examiner. A next logical, culminating step in carrying out one of the policies of the Administrative Procedure Act is to provide the hearing examiners with compensation commensurate with their responsibilities.

Mr. BUTTLE. Now, there are some other documents that I would ask the committee to consider in its deliberations.

Mr. DAVIS. You can give those to the staff.

Mr. BUTTLE. I shall give those to the staff and request that some consideration be given to the other documents. They are mentioned—

Mr. DAVIS. They will not be entered in the record.

Mr. BUTTLE. I won't urge that they be entered into the record in the public interest because two of them are rather lengthy.

Mr. DAVIS. I see that they are.

Mr. BUTTLE. I should also like to point out that accompanying me are Mr. Paul Pfeiffer, who is vice president of the conference and a hearing examiner of the Civil Aeronautics Board, on my left, and to his left there is Mr. Robert Mullin, who is a member of the conference executive committee, and a hearing examiner of the National Labor Relations Board.

Mr. DAVIS. We are glad to have those gentlemen present.

Mr. BUTTLE. The first thing I should like to invite the committee's attention to is that we are deeply appreciative of the fact that the committee is permitting us to appear and testify and incorporate a statement in the record primarily introducing the position of the Federal trial examiners setting forth with regard to bill H.R. 7377.

In that same connection I should also like to point out to the committee that the conference is an association of hearing examiners which advocates improved administrative due process. It is not an association or organization that is dedicated to the interests of any individual hearing examiner or group of hearing examiners. It has been the policy of the conference to work in the public interest and if possible make recommendations that would be helpful to improve and expedite administrative due process.

With regard to the position of the conference as to H.R. 7377, it is our view that it is a step in the right direction.

Mr. GROSS. Mr. Chairman.

⁵ Trial by Agency, p. 11.

Mr. DAVIS. Mr. Gross.

Mr. GROSS. Pardon my interruption.

You are representing trial examiners as well as hearing examiners, is that right?

Mr. BUTTLE. Yes.

Mr. GROSS. Are you the president of a combination of or association of—

Mr. BUTTLE. The hearing examiners in some agencies, Mr. Gross—

Mr. DAVIS. Suppose at this point you give us a breakdown of the agencies under which these hearing examiners and trial examiners operate, distinguishing between the two as you give us the breakdown.

Mr. BUTTLE. You mean distinguishing the duties they perform?

Mr. DAVIS. Mr. Gross was asking if there is any difference between trial examiners and hearing examiners.

Mr. BUTTLE. I think I can perhaps clarify the problem in this way. There are some agencies that use the title—still use the title “trial examiner” as an agency title, even though the Civil Service Commission title is “hearing examiner.” As a result of that, the conference having been in operation for some number of years, retained the title “trial examiners.”

Mr. DAVIS. Every Government agency doesn't have hearing examiners or trial examiners. Give us the agencies which do have them and how many they have, just so we will get a picture of them.

Mr. GROSS. Approximately.

Mr. BUTTLE. All right.

The Federal Trade Commission, for example, uses the title “hearing examiner.” We have 15.

The National Labor Relations Board uses the title “trial examiner,” as provided in the Taft-Hartley Act but those trial examiners are in fact hearing examiners under the Administrative Procedure Act.

Mr. HENDERSON. How many does NLRB have?

Mr. BUTTLE. There are 65 in the National Labor Relations Board. The Federal Power Commission has 16. I believe they use the title “hearing examiner.” The Federal Communications Commission has 15. I believe they use the title “hearing examiner.” The Civil Aeronautics Board has 22; they are hearing examiners. The Federal Maritime Board has six; they are titled “hearing examiners.” The Interstate Commerce Commission has 112; they are titled “hearing examiners.” The Post Office Department has three hearing examiners. The Security and Exchange Commission has six hearing examiners. Health, Education, and Welfare have approximately 120. I checked that a day or two ago and I understand within the last few days they have taken on about 25 additional hearing examiners.

Mr. GROSS. If I may interrupt. Why are there hearing examiners in Health, Education, and Welfare?

Perhaps I shouldn't ask you that question.

Mr. BUTTLE. Well—

Mr. GROSS. On social security apparently.

Mr. BUTTLE. There have been two aspects to that. The larger group of the hearing examiners in Health, Education, and Welfare, are in social security. I believe there are a few, perhaps 10, in Food and Drug.

Mr. DAVIS. We had a summary of these various examiners, dated last August, and in the Department of Health, Education, and Wel-

fare they had 92 listed in Social Security Administration and 1 in Food and Drug Administration.

Now, you say they have approximately 120. When were these others added and what was the occasion for that?

Mr. BUTTLE. I might indicate to the committee that the check I made within the last 2 days indicated that the 25 additional were added within the last few days, and I was not given a date, but on the other hand, the 25 additional ones were very recent.

Mr. DAVIS. Under what authority were they added, do you know that?

Mr. BUTTLE. I do not know under what authority they were added except——

Mr. DAVIS. Were they added to the Social Security Administration?

Mr. BUTTLE. Yes, to the Social Security Administration; that is right.

Mr. GROSS. You mentioned Federal Trade but I don't believe you gave us the number in Federal Trade, or did you?

Mr. BUTTLE. I believe I did, sir, and I believe I said 15. There are 15 hearing examiners in the Federal Trade Commission.

Mr. DAVIS. We had 14 listed as of last August.

Mr. BUTTLE. There has been an adjustment because there have been some retirements and there have been some additions, and I believe, Mr. Davis, you are looking at the chart that I prepared last fall.

Mr. DAVIS. This is dated last August.

Mr. GROSS. If I may, Mr. Chairman?

Mr. DAVIS. Mr. Gross.

Mr. GROSS. Can you tell us the qualifications for hearing examiners? Are there any standards for hearing examiners? Must they have legal training or be graduates of a school of law? What are the standards for a hearing examiner?

Mr. BUTTLE. I think I can indicate what they are. I don't believe there is a statutory requirement that they be lawyers. I don't suppose there is any statutory requirement that judges, on the other hand, be lawyers.

Mr. GROSS. Just a minute now. You don't think there are going to be any judges that haven't had legal experience?

Mr. BUTTLE. I am getting into the legal experience.

But insofar as the appointments that have been made are concerned, and the requirements for the appointments, it has been required that the hearing examiners have legal training. There have been a few exceptions to that. There is only one that I know of, in Social Security.

Now, in Social Security they are requiring that they have legal training, and those who were not lawyers in Social Security were those who were holdovers from the pre-Administrative Procedure Act days.

One of the requirements——

Mr. DAVIS. Before you get off the subject, you had better give us a complete summary of these various agencies, and the number in them.

Mr. BUTTLE. At Health, Education, and Welfare, most of those are Social Security. I indicated 120.

And the Alcohol Tax Bureau of the Treasury Department has five.

Mr. DAVIS. They had three last August.

Mr. BUTTLE. I understand that now they have five. I am told that the Subversive Activities Control Board have one. I believe that I received some information a few weeks ago to the effect they had none.

Mr. DAVIS. This lists none here.

Mr. BUTTLE. I doubt if they have any. I don't think so.

But I will be willing—if the committee is interested in having that chart which I have heretofore prepared brought up to date—I should be most pleased to go to the Civil Service Commission—

Mr. DAVIS. Yes, I would like to have that. There are several listed on this chart that you have not mentioned.

Mr. BUTTLE. I was reading from another chart, unfortunately.

The Bureau of Indian Affairs, as I understand it, have approximately 10.

Mr. DAVIS. Thirteen listed here.

Mr. BUTTLE. I would be most pleased to bring that chart up to date.

Mr. DAVIS. You do that and then submit it for the record.

Mr. BUTTLE. I was looking at a chart I didn't prepare, so I would prefer to bring the one the committee has up to date and I shall submit it to the committee.

Mr. DAVIS. That will be fine.

Mr. BUTTLE. I should like to point out, as I started to indicate previously, that I felt that H.R. 7377 was a step in the right direction, particularly so since I note in H.R. 7377 that as a measure of what the GS-16 salary should be and the GS-14 salary should be, it takes the maximum. If the minimum were taken, the increase in salary would be rather inconsequential. I believe it would provide to a good part of the hearing examiners an amount of about \$250 to \$500 as an increase.

Mr. DAVIS. They range, presently, according to this chart, from GS-12 through GS-15.

Mr. BUTTLE. That is true, but for example, at the present time there are 80 examiners who are receiving a salary of \$13,730. There are 33 hearing examiners who are receiving \$14,055; there are 24 hearing examiners who are receiving \$14,380; there are 27 hearing examiners who are receiving \$14,705; there are 82 who are receiving \$15,030; which is the top of the GS-15; there are 5 who are receiving \$15,290; there are 6—

Mr. DAVIS. How do they get above the highest—

Mr. BUTTLE. Then you get into longevity. With regard to longevity there are five who are receiving \$15,209; six who are receiving \$15,550, and two receiving \$15,810.

When I prepare the chart which I have suggested, Mr. Davis, and bring the one I have given you up to date, I shall make an effort to include the salary status of those employees who are receiving salaries of less than that afforded by the GS-15 grade. I do not have them, but I will incorporate that in my chart.

Mr. DULSKI. Mr. Chairman.

Mr. DAVIS. Mr. Dulski.

Mr. DULSKI. At this point, you have a list for examiners right at the present time, a civil service list. There is no lack of people for examiners, are there?

Mr. BUTTLE. They have a list of examiners—

Mr. DULSKI. There is a long list right at the present time.

Mr. BUTTLE. Yes, but the great difficulty has been that a lot of the most qualified men have turned down offers of employment. I am informed there has been a number of men who have indicated disinterest in appointment in the hearing examiner program.

I might say myself, that I came into the hearing examiner program with the idea that eventually its stature would develop to a point where I would feel that the job has more prestige, which emanates, of course, from salary in part, and other things as well, and if it so happens that the program doesn't develop along those lines, I myself would not be inclined to remain in it because I feel that I would be better off returning to the practice of law. I can't speak for other hearing examiners in that respect, but I believe there are some who perhaps have the same feeling.

I believe there are a number of men who are hearing examiners who for a number of years have been led to believe in coming into the program—it was unintentional but they have been led to believe, by the Commission itself, that eventually something was going to be done for the program. Those men have remained in the program for a number of years, perhaps to a point where they must remain regardless of what happens—

Mr. DULSKI. Pardon me, sir. Here is what I am driving at.

At the present time, Mr. Chairman, when a man enters a civil service position he knows what the fixed salary is, and he is just a student practically for a few years trying to get the gist of the information, and after 5 or 6 years he becomes a specialist. During the time he is being educated by the Government we don't charge him anything and he still receives a salary. Later on when he achieves such knowledge about examining, he asks for a greater salary.

According to the national statistics of lawyers, isn't it so that the average income of a lawyer is 17,000-and-some-hundred dollars?

Mr. BUTTLE. I believe you are quite right, Mr. Dulski, and I believe that was the average salary that was indicated by the American Bar Association, if I am correct, and I believe I read it in the Journal.

Mr. DULSKI. It is pretty close to that.

What I am driving at, Mr. Chairman, is this. You have men that leave law school, they have started—this is a good stepping ground for them. And then, naturally, having seniority, having a pension fund, they are rather reluctant about going back to private practice where they have to fight to make sure they have a gross much larger than \$17,000 to achieve this net income, and they prefer to stay in this.

And I think there are a great deal of students who are leaving the schools right at the present time, however, law school, and I don't think it would be so difficult to get capable men. If they want experience they will never have any man of experience because they are just graduating from the law school, but these men at the present time in your Department, yes, they have experience, but when they entered the Government service—we always get a challenge on this position where they say we should be compared to private industry. Well, this is different. There are no hearing examiners in private industry.

Mr. GROSS. Will the gentleman yield?

Mr. DULSKI. Yes, sir.

Mr. GROSS. How about some of these young fellows coming out of law school who go into agencies as investigators with assurances that after a period of time, after a period of indoctrination and experience, they will go into trial work, and then they suddenly run into a dead end street?

Mr. BUTTLE. One of the requirements for appointment as a hearing examiner, as I understand it, is that they have 6 years of general experience and 6 years of administrative law experience.

Mr. GROSS. Is that standard throughout Government?

Mr. BUTTLE. That is standard with regard to the appointment of hearing examiners, yes, for the GS-15 level.

Mr. DAVIS. You mentioned that there was no requirement that hearing examiners be attorneys. Do you know how many of them are not attorneys?

Mr. BUTTLE. I think I have a pretty good idea as to the status—

Mr. DAVIS. Give it to us.

Mr. BUTTLE. I only know of one hearing examiner, who was with HEW, Social Security Administration, who was not an attorney, and he is now retired. But otherwise, I know of none. There may be others, however.

Mr. DAVIS. Mr. Buttle, Congressman Shelley has come in and I would like to ask you, since he was listed as the first witness, to let us hear from him now. You can just keep your seat where you are.

Mr. BUTTLE. I will be happy to move.

Mr. DAVIS. No, that is all right.

STATEMENT OF HON. JOHN F. SHELLEY, MEMBER OF CONGRESS FROM CALIFORNIA

Mr. SHELLEY. I am sorry I was detained on another appointment, but those things happen around here.

Mr. Chairman, I would like to submit for consideration of the committee an amendment to H.R. 7377, dealing with hearing examiners, on page 20 immediately following the Department of Justice in line 20, insert "United States Coast Guard, in the Department of the Treasury."

Mr. GROSS. Page 20, did you say?

Mr. SHELLEY. Page 20, line 20, sir.

I appear today to request that you rectify what is in my opinion a gross inequity which has persisted over many years. I refer specifically to the omission of the 15 hearing examiners of the U.S. Coast Guard who are not included among the hearing examiners of a number of major regulatory agencies of the Government named within H.R. 7377.

This omission has been rectified by the amendment I offer today to H.R. 7377.

If this bill, and the amendment above referred to, is enacted into law, it will among other things provide compensation for the U.S. Coast Guard hearing examiners at a rate equivalent to that prescribed for grade GS-16 by the Classification Act of 1949, as amended.

Mr. Chairman, I would like to address myself to the merits of this amendment. Throughout my years in Congress I have been vitally concerned with the development and strengthening of the U.S. merchant marine. Its role in the economy and defense of our Nation

was succinctly reaffirmed by the President of the United States in his Proclamation 3404 of April 5, 1961, wherein he stated:

* * * The American merchant marine is a major factor in maintaining the economy of the Nation * * * and, whereas American-flag shipping is essential to the defense of this and other nations of the free world and to the cause of freedom on every continent; and

Whereas the American ships and the men who sail them implement our national policy of providing food and supplies to the famished and stricken of the world when the need arises * * *

The hearing examiners of the U.S. Coast Guard are charged with the high and important duty of promoting and fostering safety of lives and ships at sea and to establish and maintain proper discipline and safe routines aboard U.S. merchant ships, and in some instances, on public vessels.

Their role is an integral and vital one to the maritime industry and the economy. In presiding over public adversary hearings they enforce in a quasi-judicial manner, the far-reaching and important task of safeguarding lives and property. Their decisions and orders entered in litigated hearings have a broad effect in maritime law. As well, their efforts serve as guideposts and information for any individual concerned with the U.S. merchant marine.

It follows that this group of hearing examiners must be efficient and effective to properly discharge their duties. I feel strongly the importance of their position should be recognized by adequate provisions for compensation. To continue recruitment and selection of capable hearing examiners should be a constant and continuing concern of the Congress.

The enactment of H.R. 7377, with this amendment, will be a forward step in this direction.

To enact into law H.R. 7377, without the inclusion of the Coast Guard hearing examiners, will be to brand the U.S. Coast Guard as a minor regulatory agency or department, in this respect.

Mr. Chairman, I would like to call to your attention the fact that the Federal Maritime Board is named in this bill as a major regulatory agency whose hearing examiners are to be upgraded. The hearing examiners of the Federal Maritime Board concern themselves with such things as rates and financial subsidies, whereas the Coast Guard hearing examiners preside at hearings relative to casualties of the sea, and breaches of the laws and regulations concerned therewith. In my mind, the operational maintenance and safety of operation of the entire merchant marine is not less important than subsidization and ratemaking.

Mr. Chairman, for your information and for the information of the members of the subcommittee, I have several documents with me that I would like to leave for your files. The first is a position description which details the nature and purposes of the work undertaken by the Coast Guard hearing examiners.

The second document is a 66-page compilation which lists the pertinent titles and sections of the United States Code and the Code of Federal Regulations with which a Coast Guard hearing examiner must be familiar.

Mr. DAVIS. How much space is involved in the first you mentioned?

Mr. SHELLEY. I wouldn't want to submit them for the record, Mr. Chairman, but just in case the committee would like to look at them.

Here is the job description, here is a listing of all of the codes, and legal references with which they must be familiar.

Mr. DAVIS. Well, the committee will take them then for inspection.

Mr. SHELLEY. Thank you.

This listing suggests the exceptional breadth of knowledge demanded of such an examiner. And finally the annual reports of the Office of Administrative Procedure, Department of Justice, for the years 1957, 1958, and 1959. I have marked a number of tables in these reports which demonstrate the efficient and hard working schedule these examiners undertake.

Mr. Chairman, having gone to sea at an early part of my life and having served in the U.S. Coast Guard and presently holding the rank of captain in the Coast Guard Reserve, I am familiar with the work these men do. If there is a collision, entering or leaving an American port between any vessels, these men hold the hearings. They fix the responsibilities as to who is liable. They must know admiralty law, they must know all maritime law, they must know the rules of road at sea, they must be familiar with all safety laws and rules and regulations written into law, and also written into the regulations by the Coast Guard and by the Federal Maritime Board for the safety of lives at sea. They must know all the provisions for safety of passengers, they must know all the provisions for the safety of vessels in loading and storage of cargo.

Mr. DULSKI. One question.

Are they all admiralty lawyers?

Mr. SHELLEY. Those whom I know personally, all have had some background in admiralty law. I think the Chief Examiner of the Coast Guard is here, and he could probably answer the question.

Mr. MULLOY. James H. Mulloy, Chief Hearing Examiner, U.S. Coast Guard. I can answer that affirmatively.

Mr. GROSS. May I ask the gentleman, are you saying that all hearing examiners in the Coast Guard have law degrees?

Mr. MULLOY. Everyone has a law degree and everyone I would say has a very sound and broad basic knowledge and understanding of admiralty maritime law, which is a field I think you gentlemen realize that is highly specialized and technical, as well as their general knowledge of the law, and they are all graduates of major law schools.

Mr. DAVIS. Presently they are GS-13, I believe?

Mr. MULLOY. That is right.

Mr. SHELLEY. I will sum up my presentation by simply saying if the bill passes, I think it is unfair to leave this one group out who are engaged in a highly technical field, highly important to the safety of lives and to the commerce of the United States. I will be glad to answer any further questions.

Mr. DAVIS. Thank you, Mr. Shelley.

Mr. SHELLEY. Thank you very much, Mr. Chairman.

(A supplemental statement by Representative Shelley is inserted in the record at page 279.)

Mr. DAVIS. Mr. Buttle, we will proceed with your testimony.

STATEMENT OF EDGAR A. BUTTLE—Resumed

Mr. BUTTLE. Mr. Davis, getting back to the last question with regard to the hearing examiners that were not lawyers, I am informed that 2 out of the 65 at the National Labor Relations Board are not lawyers.

Mr. DAVIS. Could you tell us at this point why there is this variation in the grades of these various hearing examiners, why they range from GS-12 through GS-15?

Mr. BUTTLE. I think I can answer that.

The reason that they have varied is due to the fact that the Civil Service Commission from time to time has considered the complexity of the work that the hearing examiners did in the various agencies, and from time to time have adjusted the grades, so that while presently you have some variation in the grades, as I understand it several years ago there was even more of a variation in the grades.

With regard to determining complexity, it is also my understanding that the Civil Service Commission in the past tried to interpret the complexity in terms of the type of work that other employees did in the Government, which involved nonjudicial duties rather than judicial duties.

And there has always been, due to that fact, a great deal of variability of opinion as to what hearing examiners should be classified at.

Mr. DAVIS. Well, I understand that.

Mr. BUTTLE. That is one good thing about H.R. 7377, it takes the hearing examiners out of the Classification Act for pay establishment purposes.

Mr. DAVIS. Now, I was going to ask you about that. This bill does take them out from under the classified system. They would then be subject to dismissal at will, would they not?

Mr. BUTTLE. No, sir.

Mr. DAVIS. Why not, if they were out from under the Classification Act?

Mr. BUTTLE. Because, they would still, as I understand it, come under civil service protection. They are still civil service employees and under the act itself.

In H.R. 7377 it is provided that—

Examiners shall be removable by the agency in which they are employed only for good cause established and determined by the U.S. Civil Service Commission hereinafter called the "Commission"—

Mr. DAVIS. How would they so be protected if they are partly under the Classification system and partly out of it?

Mr. BUTTLE. They are only out for salary purposes. In other words, for the purpose of determining what the salary shall be. Otherwise the hearing examiners are civil service employees.

Mr. DAVIS. What would be the maximum and minimum limits if their salaries were not to be determined under the Classification Act?

Mr. BUTTLE. Well, under this particular bill, although it is my understanding that the President originally recommended the equivalency of 14 and 16 grades, the maximum of the 14 and 16 grades would be taken under this bill as the measure of what hearing examiners would receive.

Mr. DAVIS. What is the language about it in the bill?

Mr. BUTTLE. The language in this statute says:

The maximum scheduled rate prescribed by GS-16 by the Classification Act as amended—

that refers to the special group that are specifically named.

Then it continues—

all other examiners shall receive compensation at a rate equal to the maximum scheduled rate prescribed for grade GS-14 by the Classification Act of 1949, as amended.

I suspect that the reason that the maximum was taken was due to the fact that so many of the hearing examiners, or a substantial number of them, were receiving the top of the GS-15 at the present time, and a few of them were receiving, in addition to that, longevity compensation.

Mr. GROSS. In other words, you don't want them in schedule C and subject to political patronage and removable for political reasons?

Mr. BUTTLE. I think that the hearing examiner position is a quasi-judicial position, or it should be a quasi-judicial position, if it is not. It is my personal feeling that we should even resort to having administrative courts, although I think our system is better than the administrative court system, unless we give more stature to the hearing examiner program and give hearing examiners the same job protection that is given to judges.

Mr. DAVIS. Now, the net effect of this taking them out from under the classification system but still giving them the pay according to grades 16 and 14, the net effect of that would be to give them a new kitty—these Government agencies, where these hearing examiners are employed, the net effect would be to give them a new kitty of supergrades without having to go through the procedure of getting supergrades; would it not?

Mr. BUTTLE. It would automatically give the agency the authority to grant—

Mr. DAVIS. The equivalent of supergrades position without limit?

Mr. BUTTLE. Not without limit.

Mr. DAVIS. Where would the limit be?

Mr. BUTTLE. The limit would be fixed by the Civil Service Commission as to the number of jobs that they might be entitled to, and there would be a further limitation upon that, and that would be the limitation, of course, placed by the Appropriations Committee, because you can't hire hearing examiners without money to do it.

Mr. DAVIS. Well, that would place the Appropriations Committee, though, in the position of having to ride herd on that which they don't have to do now.

Mr. PFEIFFER. If I may suggest, sir, every agency presents to its Appropriation Committee which is designated for the purpose of overseeing that agency's operation, the proposed number of hearing examiners to be covered for the following fiscal year, by numbers, whether it be 12 or 18, and they have to ask Congress for permission to hire additional hearing examiners each year in accordance with the appropriation that they seek, which, of course, is first screened by the Budget Bureau.

So, actually, an agency would not have a blank check to just go out and hire any number of hearing examiners that it desires.

Mr. BUTTLE. Well, the other aspect to it, too, is that the Civil Service Commission itself places limitations upon the number of hear-

ing examiners that can be hired. I know that from my own agency, insofar as the Federal Trade Commission is concerned.

The Federal Trade Commission had a great deal of difficulty with the Civil Service Commission in obtaining permission to hire two additional hearing examiners about a year ago. So you have a double check, you have the limitation placed by the Civil Service Commission, which will determine, insofar as hearing examiners are concerned, whether or not it is essential that the agency have hearing examiners, plus the additional limitation that can be imposed by the Appropriations Committee.

I noticed yesterday the question of essentiality came up with regard to some of these other positions, but with regard to hearing examiners the Civil Service Commission does determine whether or not the particular agency needs the additional hearing examiners and, therefore, the essentiality of having them.

Mr. DULSKI. Wouldn't that be contrary to the civil service laws, that they be part of the service in one angle and be not a part of the civil service in another angle?

I have reference to an organization at NASA which is a corporation. Wouldn't it be advisable if you had the examiners in a corporation?

Mr. BUTTLE. I wouldn't think so. I mean, I can't think of any advantage for assuming that that would be at all helpful.

It does appear to me that the examiners should be given a status insofar as responsibilities are concerned and insofar as salaries are concerned, as comparable as possible, and as respectable as possible, comparable to the judiciary.

Mr. DULSKI. There is no agency now that is only partly in civil service and partly out of civil service; they are either in or out.

Mr. BUTTLE. The hearing examiners are in civil service and still will be in under this bill.

Mr. DULSKI. Under your proposal they would be under civil service only as far as salary, but they will be out of the salary classification?

Mr. BUTTLE. No, as a matter of fact, they would be under the civil service jurisdiction completely under this act, as I understand it, but insofar as determining what the salary should be, the civil service will not evaluate the position under the usual criteria prescribed by the Classification Act.

What they will do is fix the salary as determined by Congress. By doing that it will be of great advantage because they will not be comparing quasi-judicial jobs with nonjudicial jobs.

That is what they have been doing and the comparison is just a gross irrelevancy.

Mr. GROSS. Will the gentleman yield?

Mr. DULSKI. Yes.

Mr. GROSS. These hearing examiners, am I correct in assuming that they got the pay increase last year for all Government employees——

Mr. BUTTLE. You mean the automatic increase?

Mr. GROSS. Yes. I guess it was automatic, I don't know.

Mr. BUTTLE. Yes, they did.

Mr. GROSS. They got it?

Mr. BUTTLE. It applied to all employees under civil service.

Mr. GROSS. What happens in the future if this is granted and a pay increase bill is passed, would they get the increase?

Mr. BUTTLE. I would suppose under this act, as I interpret it, that if there was an automatic increase, on a percentage basis, that—

Mr. DAVIS. You mean a statutory increase?

Mr. BUTTLE. Yes, a statutory increase, which last year was on a percentage basis, that the hearing examiners would participate in that. They are civil service employees and they have civil service protection. The only thing that—

Mr. DULSKI. Mr. Chairman, right at this point it couldn't be, because we have in this bill—we had one man yesterday explain that there has to be a proportion because they were not included in the raise because they were not under the civil service.

Now, your salary would be completely out of the bracket of civil service, so how could they be included?

Mr. BUTTLE. No, it wouldn't be out of the bracket of civil service.

Mr. DAVIS. I think that the counsel can clear that up.

Mr. BRAY. The case referred to yesterday, Mr. Dulski, were people that came under the Executive Pay Act, and the pay raise of last year does not affect those people. But as Mr. Macy indicated in his statement yesterday, H.R. 7377, the way it reads, when the next pay raise is granted, the hearing examiners would get the maximum of the GS-16, so that if GS-16 is now \$16,250, and a pay raise came and the GS-16 was at the top of \$17,000 it would mean then, according to the law here, that they would be paid \$17,000, unless there is an exception to the law.

Mr. BUTTLE. The only thing that would be eliminated probably would be the longevity raise. That would be eliminated, but the other automatic increases, I would assume, would continue as counsel has indicated.

Mr. GROSS. Mr. Buttle, this case is really on the order of having your cake and eating it, too.

Mr. BUTTLE. No, I don't think it is a case of having your cake and eating it, too. I think it is a case of where the hearing examiners at the present time are being treated in the same category with other civil service employees—

Mr. DAVIS. I take it you are in accordance then with this provision we have just been discussing?

Mr. BUTTLE. I am completely in accord with all of the provisions of the bill as proposed.

Mr. DAVIS. Do you have any data to turn over on trial examiners?

Mr. BUTTLE. No, but I should be pleased to obtain that data and submit it to you in the form of a chart—

Mr. DAVIS. If you will then submit it as early as possible.

Mr. BUTTLE. I might add that perhaps I should have done more in that connection, but in the first place I didn't know these hearings were going to take place until several days ago, and in the second place, I did assume that perhaps the Civil Service Commission would provide some of that information.

Mr. DAVIS. That is all right, you just supply that then.

Mr. GROSS. Have you determined the average pay increase under the provisions of the bill?

Mr. BUTTLE. You mean the percentage of the pay increase?

Mr. GROSS. What the average pay increase would be, under the provisions of this bill, for hearing examiners.

Mr. BUTTLE. The average pay increase per hearing examiner, generally speaking, without taking the different groups, would be

about \$2,000—well, wait a minute, I guess that is not so, \$1,500, because some of the hearing examiners are in the middle of the GS-15 grade, some are at the bottom, and others at the top.

Mr. GROSS. I understand that but let's shorten this up.

Would you also submit that for the use of the committee along with the other information that has been asked of you?

Mr. BUTTLE. Yes, and I would assume, Mr. Gross, that what you would like me to incorporate in that is not a general average, but as reflected by groups, how many hearing examiners would receive an increase of so much, depending upon which step they are in in the various grades.

Mr. GROSS. I would like the average of all of them.

Mr. BUTTLE. All right. I shall prepare that, sir.

(The information requested of Mr. Buttles was received and is retained in the committee files.)

Mr. DAVIS. Any further questions?

Mr. JOHANSEN. I would like to offer the objection—I am sorry to be late—that I trust that whatever comes out of this and whatever shift in status may be made—and it may be justified, I am not debating that point—but if it is achieved, that it won't result in future policies regarding compensation of this category of employees being shunted over to the judiciary committee instead of staying in the proper legislative committee.

Mr. HENDERSON. One question, Mr. Chairman.

Mr. DAVIS. Mr. Henderson.

Mr. HENDERSON. Mr. Buttles, if the committee were to think it wise to provide that all of the hearing examiners would be brought in as classified employees at GS-16, what would be your position on that?

Mr. BUTTLE. Our position on that would be that that would serve really not much purpose, for this reason. If they were brought in as GS-16, it would be at the minimum rate, and as matter of fact—

Mr. HENDERSON. Let me state my question this way. If we decided they would be brought in at the maximum salary of GS-16, would that be the same effect of the bill?

Mr. BUTTLE. I don't think there would be any objection to that at all. There would not be any objection to that.

Mr. HENDERSON. Would you favor it as much as you do the present proposal of the bill?

Mr. BUTTLE. No, and for this reason. I do believe that as the bill now stands, it will be easier for the Civil Service Commission to evaluate, perhaps, subsequent increases which may be considered as a result of increased responsibilities or in further considering what the responsibilities now are under the Administrative Procedure Act.

We are endorsing this as a step in the right direction, we don't think that this represents ultimately what hearing examiners compensation should be.

Mr. HENDERSON. That is what I was trying to find out, what is the ultimate. As I understand it now, this would take you out for the purposes of salary but my theoretical question was that if we leave you in, but we give you the same dollars by making it the maximum of a 16, then I was wondering from there where it would go?

Mr. BUTTLE. Well, from there I would say that the ultimate—

Mr. HENDERSON. You might not want to answer that, and I am not trying to push on that point.

Mr. BUTTLE. I will answer it. I shall try and be frank. The ultimate, I believe, would perhaps be along the lines of the Broyhill bill, which provides for GS-15 and GS-18 or possibly GS-15 and GS-17 would be more realistic.

But there is this advantage in separating the nonjudicial jobs from the judicial jobs, that unfortunately, under civil service presently, there is always a comparison by way of classification between the two which shouldn't exist insofar as hearing examiners are concerned.

Mr. HENDERSON. I think that is a very good point which you make there, but we are not talking about the authority of the Civil Service Commission. They could make these jobs GS-16 and GS-18 if they saw the wisdom of doing it in line with what they are doing with other employees.

Mr. BUTTLE. We believe they are less apt to if legislation of this kind is passed.

I see no great objection to the GS-14 and GS-16 being established as the salary—at the maximum rate—rather than providing for a special grouping apart from the Classification Act.

On the other hand, I believe the special grouping as enunciated by H.R. 7377 is preferable. I think that would be our position but we would not be reluctant to endorse the statute—the bill rather, if that change were made.

Mr. GROSS. Mr. Buttle, who are the immediate superiors of hearing examiners?

Mr. BUTTLE. The immediate superiors of the hearing examiners are the Commissioners and Boards or the agency heads.

Mr. GROSS. What I am trying to get at is, What kind of compression would be setting up here as against the superiors? Would we then be confronted with a pay increase for those who are the bosses of hearing examiners in order that hearing examiners would not be getting more money than their immediate superiors.

Mr. BUTTLE. No; that wouldn't—

Mr. GROSS. Are we going to be confronted with that kind of thing?

Mr. BUTTLE. No. As a matter of fact the Commissioners and Board members are receiving \$20,000, firstly.

Secondly, I might add that this is where the great inequity takes place at the present time. And that is that some of the executives, the chief investigators and the chief prosecutors, for example, as it were, if you want to term them that, in the Federal Trade Commission, are receiving salaries in excess of what the hearing examiners themselves receive.

Mr. DAVIS. I think your answer covers that.

Mr. BUTTLE. Now, that is not nice, and it is embarrassing, and as a matter of fact Dean Landis pointed that out to the—

Mr. GROSS. I would just as soon you wouldn't mention his name.

Mr. PREIFFER. I have some statistics which may be helpful along this line.

Mr. DAVIS. Just enter them in the record. We have got to move along now.

Is there anything else that you want to call our attention to?

Mr. BUTTLE. I would like to point out one more thing.

Mr. DAVIS. All right.

Mr. BUTTLE. Insofar as the National Labor Relations Board and Federal Trade Commission are concerned, you have adjudicative pro-

cedures that pretty much simulate those in the courts. For example, insofar as antitrust cases are concerned, I believe you are familiar with the *United Shoe Machinery* case where Judge Wyzansky pointed out that he saw no reason why antitrust cases should not be tried under the same rules before the Federal Trade Commission as they are tried before the district courts, because it is unreasonable that you go before one tribunal under one set of rules and before another tribunal under another set of rules to resolve the same issues.

These cases are of great complexity. Also of such complexity are cases before the National Labor Relations Board, the Federal Communications Commission, the Civil Aeronautics Board, and the Federal Power Commission. You are also dealing with great complexity insofar as the projection of policies are concerned, and examiners, findings that involve complex technical matters.

Certainly, it all adds up to this, if we are going to have in our regulatory agencies a segment that disposes of adjudications, a group of quasi-judicial officers who are to decide cases, they at least should be in the same salary category as those who present the cases before them, because after all, the hearing examiners are those who have to decide them in the first instance.

Insofar as agency review is concerned, it seems to me that it would expedite things greatly if more responsibility were extended to hearing examiners for the simple reason that the primary function of the commission is one of policy, and the primary function of review should be reviewing policy, not particularly a case-by-case review.

Mr. GROSS. You are going to talk yourself right into this schedule C business in just a minute, as far as I am concerned. If you are going to say that hearing examiners fix policies and administer policies, then maybe we ought to put them under schedule C.

Mr. BUTTLE. I didn't say that, I said——

Mr. GROSS. I didn't say you did, but you are going to talk yourself into it.

Mr. BUTTLE. I said the prime function of the commission and board is to fix policy. The prime function of hearing examiners is to adjudicate in accordance with the law and the regulations that are published and established by the commission and to render findings of fact and conclusions.

Mr. DAVIS. We thank you for your testimony.

Mr. BUTTLE. I thank you for your courtesies, Mr. Davis, and I thank the committee for its courtesies.

Mr. DAVIS. We are glad to have you before us.

The next witness will be Hon. Roger W. Jones, who is Deputy Under Secretary for Administration, Department of State.

Mr. Jones, we are glad to have you with us.

STATEMENT OF HON. ROGER W. JONES, DEPUTY UNDER SECRETARY FOR ADMINISTRATION, DEPARTMENT OF STATE

Mr. JONES. Thank you very much, Mr. Chairman.

Mr. DAVIS. Do you want to read your statement or enter it into the record?

Mr. JONES. I would like to run through it, if I may, Mr. Chairman.

May I say to the members of the committee that it gives me a considerable thrill of joy to come into the committee room this

morning. I feel as though I were coming home, and I look forward to the opportunity of once again coming before this committee where I have had such pleasant experience and have so many good friends.

Mr. DAVIS. We thank you for that statement, Mr. Jones, and may I say on behalf of the subcommittee that we have that same feeling when you are here to discuss matters with us.

Mr. JONES. Thank you, Mr. Chairman.

I have been asked to prepare and to give to the committee a statement on the proposed legislation before you which would authorize additional GS-16, and 17, and 18 positions from the point of view of the Department of State where it is now my privilege and duty to serve as Deputy Under Secretary for Administration, with general responsibility for the personnel function of the Department.

Since World War II the sudden and frequent political changes occurring throughout the world, the emergence of new nations, the rise of Soviet power, the spread of world communism, and the remarkable acceleration of scientific and technological advances have increased the demands upon those who are responsible for the foreign affairs of the United States. It is almost literally impossible to overstate the importance of obtaining for the Department of State men of real ability who have outstanding capacity for executive leadership and insight into the foreign affairs process.

As the Secretary has recently pointed out to the House Committee on Appropriations, the demands upon the Department are exacting and require all the initiative, imagination, operational skill and executive competence which can be provided. Its enormous responsibilities include the necessity for providing policy direction to several major agencies carrying on international programs or operations. These include the International Cooperation Administration, the Peace Corps, and the U.S. Disarmament Administration. Such responsibilities are in addition to those of directing the many diversified programs of the Department proper.

The Department is very proud of its Foreign Service and within it have been developed men of great abilities and wide experience. Our request for additional positions above grade GS-15 is in no sense a reflection on our career Foreign Service men. It is essential, however, that the Department be in a position to supplement the career services with special talents or experience as needs arise. We must be able to call on outstanding men from other sources to give needed assistance on our broad programs, as well as those of a more specialized nature.

On the one hand the pace of events in the last decade has exceeded the ability of the Department to develop talents internally in sufficient variety or quantity to meet the Government's need in the foreign affairs field. On the other hand, the Secretary of State should have the ability to select officers from among the career services or from private life or elsewhere in the Government as he proceeds with the building and adjusting of his top executive and policy team. The absence of adequate authority for positions above grade GS-15 has had the effect of denying to the Secretary of State this choice.

The Department has only 55 positions in grades GS-16, GS-17, and GS-18, half of which are available to the operating core of the Department while the other half has necessarily been used in the Legal Adviser's Office, the Policy Planning Council and other similar

staff positions at the top of the Department. As a consequence, a considerable salary gap exists between the Department's statutory executive positions and most of the positions directly subordinate to them which are limited to the grade GS-15 level.

For example, although the Civil Service Commission has evaluated the Deputy Assistant Secretary positions above the GS-15 level, only 5 of the 11 Assistant Secretaries and the Legal Adviser, who ranks with the Assistant Secretaries, have a deputy position above grade GS-15. All of the Deputy Assistant Secretary positions and that of the Deputy Legal Adviser, are approved under schedule C authority to permit the Secretary to select personally those individuals who will be engaged in policy formulation. As you can see, there is no effective compensation relationship between the Assistant Secretaries and their deputies. The spread between \$20,000 and \$13,730—the entrance rate for GS-15—is just too great to reflect proper regard for staffing needs and staffing possibilities.

Another aspect of this situation is the compression that results at grade GS-15 below the Deputy Assistant Secretary level. From the standpoint of both classification and salary equity, many of these grade GS-15 positions should be evaluated at higher levels. This is not possible under the present ceilings imposed by the Classification Act.

While the additional positions in grades GS-16, GS-17, and GS-18 which the Department is requesting will by no means solve our problem, it will permit an improvement over what is now, in all frankness, an impossible situation. The Department of State, unlike many other agencies, has no special legislation creating additional positions at levels above GS-15.

It is vitally important to our foreign security and our national security—to all of us—that the Department of State be equipped with the means necessary to go into the manpower market and compete successfully. I am convinced that if the present and future requirements of the Department for policymaking and administration in world affairs are to be met effectively, the extraordinary skills needed substantiate fully the additional positions requested at levels above grade GS-15.

I would like to add that through my service in the Civil Service Commission, I became most aware of the grave compensation inequities which have existed because of the rigid restriction placed on the number of positions which may be placed in grades GS-16, GS-17, and GS-18. Now, after serving in the Department of State and on the "other side of the fence" so to speak, I am doubly convinced that these limitations are truly hampering agencies in carrying out their programs.

To become more specific, the Department's requirements for additional GS-16, GS-17, and GS-18 positions were established through a special study completed in March 1961. With few exceptions, these requirements are the same today.

The suggested priorities are in three groups and are described as follows:

Priority group I: This group includes 46 positions which, in our opinion, are absolutely vital to the Department's operations. For this reason, no attempt has been made to rank these positions. They have been justified at levels above grade GS-15, and I think in every

situation have been reviewed and approved by the Civil Service Commission.

Priority group II: A total of 46 positions is included in this group. The Department believes these positions meet all of the qualifications for allocation to grades GS-16, GS-17, and GS-18. Every one is a job which we urgently need at these higher levels. The only difference between the two priority groups from administrative and program standpoints is a reflection of our belief that the needs of the Department of State will have to be compared with those of other agencies on a Government priority basis.

Priority group III: This group includes 128 positions which in our opinion can be justified at levels above GS-15 if an adequate number of GS-16, GS-17, and GS-18 authorities become available for governmentwide use.

In developing a rationale for inclusion of positions in these priority groups, consideration was given to the number of GS-16, GS-17, and GS-18 positions allotted to the Department over a period of years. In other words, we have tried to do a comparative classification study. In early 1950, 23 of the original 400 positions authorized by the Congress were allotted to the Department by the Civil Service Commission, or approximately 5.7 percent of the total available to all agencies.

As of August 31, 1954, the number had increased to 29, or 7.2 percent of the 400 total. In subsequent years, the percentage has declined steadily, although the total number of positions in these three top grades which the Commission controls has increased to 1,108. The current number of 55 positions in GS-16, GS-17, and GS-18 which the Department has represents 4.2 percent of the total available in the general pool.

If the proposed legislation is enacted, the total spaces above grade GS-15 to be controlled by the Commission under subsection 505(b) will be 2,096. By chance of arithmetic, the present number (55) and the 96 highest priority jobs would restore the 7.2 percent which prevailed in 1954.

We do not know that the Civil Service Commission would be in a position to agree with us or give us that number of jobs should the legislation be enacted.

It should be noted that the Department's recommendations do not include positions for the new agencies on which legislation is now pending, including the Administration for International Development, the U.S. Disarmament Administration and the Peace Corps. We sincerely recommend that separate authorization be provided for their needs, if they are unable to establish those in time for consideration in connection with this general legislation.

Mr. DAVIS. You ask, Mr. Jones, for 220 additional supergrade positions?

Mr. JONES. We are not asking the committee for that number; no, sir. We are illustrating to the committee what we consider our needs to be. These needs have been presented to the Civil Service Commission. Of course, we do not know, and there is no reason why we should know in advance of action by the Congress, what kind of response we would get from the Civil Service Commission.

Mr. DAVIS. They were here yesterday and Mr. Macy presented a request for 578, I believe, new supergrade positions.

Mr. JONES. That is the administration total.

Mr. DAVIS. You ask for two groups of 46 and one of 128, which would make 220 in total. Would you think that the Civil Service Commission out of 578 would award 220 to the State Department?

Mr. JONES. No, sir; I know that they will not. I know that they will, in all probability, award none of our group III priority, even though we do consider these to be needs. I do not know how far we will get with either priority I or II. We think we have an absolutely airtight case on priority I, and we also believe that we have an airtight case on priority II. The only difference between them is the fact that in our first priority we already have advisory allocation from the Civil Service Commission with respect to these jobs; and in priority II in some cases we have not reviewed the duties content and classification level with the Civil Service Commission, but we are sure they meet all the criteria for these grades.

Mr. DAVIS. Why do you have 2 groups with 46 in each group?

Mr. JONES. This is the way things happened to fall in terms of top priority at the time of our review of this year, when we sent out a dragnet operation and got the demands of all of the bureaus within the Department of State, then screened those within our Personnel Office, and my Office, and cut out the ones which we thought did not meet the qualifications for allocation to GS-16, 17, or 18, and then established the overriding priority which we have.

Now with respect to these priorities, may I say this, Mr. Chairman. I thought it would be helpful to the committee staff, and possibly to the committee, if we could actually give you these listings. I would ask the Chair's permission, however, not to put them into the record for three reasons.

In the first place, the bureaus within the Department of State have not been advised as to where the topside review came out with respect to individual jobs, and they might be surprised to discover that perhaps some job they felt very strongly about hadn't been put on top priority.

In the second place, the Civil Service Commission, as I indicated earlier, has not reviewed all of these allocations, and consequently I do not know whether they would agree or disagree.

In the third place, of course, when the legislation is enacted it will be several months after the initial review was made, and a good deal of water will have gone downstream, and we might want to negotiate with the Civil Service Commission on a change in the priorities. Presidential directives or new legislation could establish new priorities in the Department.

Mr. DAVIS. I don't know that we want to accept information on a confidential basis unless it's classified.

Mr. JONES. It is not a matter of security, but I thought it would be helpful to the committee staff, perhaps, to have a measure of the kind of jobs that we want.

If the committee would prefer, instead of supplying the complete list, I would be glad to go to these priority groupings and to illustrate on the record the kind of jobs in which we feel we are being most badly hurt because of an inadequate number of positions above GS-15 in the general pool.

Mr. DAVIS. I would say this, Mr. Jones, you submit it, and then we will, of course, accept it with the idea that unless it becomes necessary to make it public, we won't do it.

As I said, I don't think we want to accept it just on a confidence basis.

Mr. JONES. I did not propose that, sir. I simply meant I did not think it was necessary to put it in the record, as it might stir up a lot of questions that would be unnecessary if we did put it in the—

Mr. DAVIS. Let me ask you this: Your last statement refers to supergrades for the so-called Peace Corps. I think we had a statement—I think maybe you mentioned the number 30 also—we had a statement that Mr. Brooks Hays brought over a few days ago, which referred to 30 as being the number desired there.

Is that to be added to the 220 already calculated?

Mr. JONES. The State Department's needs do not reflect any of the jobs in the Administration for International Development, in the new plans for the U.S. Disarmament Administration, on which I had anticipated legislation would come forward yesterday, but I believe it did not come from the White House, or for the statutory Peace Corps carrying on the establishment of the Peace Corps by Executive order.

Mr. DAVIS. Now are you speaking this morning also for the Peace Corps?

Mr. JONES. No; I am speaking only for the Department of State.

Mr. DAVIS. Is that a part of the Department of State?

Mr. JONES. The Peace Corps will be a separate organization answerable to the Secretary of State for policy guidance and directions, but they will have their own organization. They will be, so to speak, with the Department but only partially in the Department.

Mr. GROSS. What is the idea of the Peace Corps, or whoever is promoting it, asking for 30 supergrades in other pending legislation? Why are they doing that instead of coming to the House Post Office and Civil Service Committee to have these spaces considered and evaluated as are all other supergrades?

Mr. JONES. My understanding of that situation, sir, is this: decision was taken to put separate allocations of supergrades in the individual piece of legislation in order to give the substantive committees which will be handling the legislation a complete picture of what they conceive their organizational structure and salary structure to be, and that there would thereafter be negotiations with this committee and with the counterpart committee on the other side as to the most effective way in which this would be handled, whether by addition to the administration bill, the bill now pending before the committee, or in some other manner.

It is also my understanding that at the time the original recommendation came forward from the administration for the 500-and-some-odd jobs, no consideration was given to the needs of the Peace Corps, AID, and the U.S. Disarmament Administration under new statutory authority. These are, so to speak, added starters—

Mr. DAVIS. They had said at the outset there would not be any paid positions in this Peace Corps.

Mr. JONES. That had to do, I think, Mr. Chairman, with the people who are actually doing the work in the countries. It did not refer to the central overhead structure, the administrative structure of the organization.

Mr. GROSS. No; that cannot be right. It was always the understanding that these people in the countries would get \$75 a month plus expenses.

Mr. JONES. What I meant was, it was not on a regular salary basis—that the individual members would not be on a Classification Act salary scale.

Mr. JOHANSEN. Are you saying that this will be one agency in which the bureaucracies will not have its fieldmen out in the field on a high salaried basis; is that it?

Mr. JONES. I cannot speak for the Peace Corps, Mr. Johansen, but my understanding of their present plan is this. They will, depending upon the number of Peace Corps volunteers who go into any country—let's take for example Burma, if it is decided they are going to send a total of 200 people into Burma that will be directly answerable to the Peace Corps, a small mission of regular paid employees will have the central administration of these volunteers who would be working in the country. This small mission would be tied into our topside representation there.

Mr. JOHANSEN. They would, of course, be salaried?

Mr. JONES. Yes, sir; regular employees of the Government as opposed to voluntary workers.

Mr. JOHANSEN. And they would start out as a small mission?

Mr. JONES. Yes.

Mr. GROSS. When did this change from Youth Corps to Peace Corps come about? Do you know about that?

Mr. JONES. I do not, Mr. Gross, no, sir.

Mr. DAVIS. Did you cover in your statement the number of super-grade positions which you now have in the State Department including the ICA?

Mr. JONES. Not including the ICA. We have 55 positions which are in the Department of State proper.

I do not—I think counsel has the tabulation that was left of the ICA figures. I don't have those with me.

Mr. Pollack, who is our Director of Personnel, says that the ICA presently has a total of 31 positions at salary ranges above the grade GS-15 level, not to exceed 18,500 and 6 other statutory positions, and—31 and 6, as I understand it, according to this tabulation.

Mr. DAVIS. Mr. Dulski?

Mr. DULSKI. Mr. Jones, those positions that you are asking for now, would those men be picked from outside of your Department or would they be career employees?

Mr. JONES. In very large measure, Mr. Dulski, they would represent promotional opportunities for people in the career civil service within the Department of State.

May I expand on that question for just a moment?

Mr. DAVIS. Yes, sir.

Mr. JONES. Beginning with the so-called Wriston program, the Department of State entered into a process of integration of a great many civil servants into the Foreign Service by a process which has become popularly called Wristonization.

This involved the selection within the Department, and overseas, of a very substantial number of positions hitherto not in the Foreign Service itself and foreign positions, and the assignment to them under the Foreign Service Act salary scale of the Wristonized officers.

This meant in effect that we took out of the civil service and hence out of the promotional stream within the Department, a good many positions which in my judgment, and in the judgment of people who have studied the situation in the last couple of years, probably should never have been removed from the classified service.

They are positions in which continuity of service particularly is a highly desirable element. We cannot get that continuity of service when we assign Foreign Service Officers who must rotate on a 2-, 3-, or 4-year basis, depending upon the needs of the Service.

This has also had the effect of compressing very considerably the promotional opportunities, the career opportunities, the ceiling for career opportunities for the civil service within the Department of State.

In my judgment this was a mistake, although a perfectly sincere mistake. It was made with the best of intentions, and we are now in the process of reviewing this with a view to dedesignation of some of these positions, returning them to the classified civil service, in order to get continuity and to bring a better operational organizational and promotional structure within the Department.

This, however, is contingent upon the allocation to the Department of a substantial number of supergrade positions.

Mr. DULSKI. In substance, this is a pay increase for these people that are in the service?

Mr. JONES. You could call it that; yes, sir. In many cases that is exactly what it would be. It would be to authorize them, by promotion from jobs authorized in grade 15, to assume positions already allocated about GS-15 in some instances. There are no vacancies for them, but they are already allocated to supergrade levels.

If I may illustrate, for example, one of the most important groups in the Department of State is the Policy Planning Council, a group of senior officers who are authorized or empowered by the Secretary to study what we might call problems of the future concerned with the over-the-hill events of tomorrow.

What happens if China becomes a nuclear power in a major sense of the word—

Mr. GROSS. Or Castro takes over in Cuba?

Mr. JONES. Yes. Broad questions of that kind.

In these positions now we have assigned either Foreign Service officers or Foreign Service reserve officers in grades 1 and 2, which carry salaries comparable to the supergrade salaries, but which in many instances we think could properly be filled on a longer term basis by civil servants.

And we would hope that if we get an allocation of positions from the Civil Service Commission, when this new legislation is enacted, that it would be possible for us to designate certain of the positions to the Policy Planning Council as civil service positions in the supergrade range, and assign to them either present civil servants in the Department, or persons appointed from outside the Department.

Mr. DULSKI. Who will make those selections?

Mr. JONES. The selections of the individuals?

Mr. DULSKI. That is right.

Mr. JONES. The members of the Policy Planning Council are selected by the Secretary of State.

Mr. DULSKI. Who will make the selection for those 220 supergrades?

Mr. JONES. The final selection of the jobs to be submitted to the Civil Service Commission for proper classification will be made by my office backed up by the operation of Mr. Pollock, who is our departmental personnel officer, and his staff.

Mr. JOHANSEN. Mr. Chairman.

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. How many of the supergrades do you now have and how many would you add for the U.S. Disarmament Administration?

Mr. JONES. I will have to ask Mr. Pollock if we have any in "D" now.

We have no supergrades assigned to the U.S. Disarmament Administration today, Mr. Johansen, but we do have some senior Foreign Service officers assigned that carry salaries in the supergrade range with them.

Mr. JOHANSEN. Would you, without giving the number, contemplate providing some supergrades for this?

Mr. JONES. Yes, we would.

Mr. JOHANSEN. Do you have a department of public relations over there?

Mr. JONES. We do, sir.

Mr. JOHANSEN. Are there any supergrades assigned to that?

Mr. JONES. Yes, sir, there are.

Mr. JOHANSEN. Do you happen to know how many?

Mr. JONES. One at the present time.

Mr. JOHANSEN. Would there be any added to that?

Mr. JONES. I do not think I could give you a categorical answer—well, yes, I can. There would be some added to that but there would be another thing that would take place, Mr. Johansen.

Certain of the positions in the Bureau of Public Affairs which are now held by the Foreign Service officers, take for example the head of our News Division, occupied very ably for a considerable period of time by Mr. Lincoln White.

Mr. White is a Foreign Service officer—

Mr. DAVIS. Will the gentleman yield?

Mr. JOHANSEN. Yes.

Mr. DAVIS. How many Foreign Service officers are there?

Mr. JONES. Between 3,600 and 3,700, sir.

Mr. DAVIS. You mean these who rate as GS-17?

Mr. JONES. I can give you that. I have that—

Mr. DAVIS. Or supergrades from GS-16 through 18?

Mr. JONES. We have at the present time a total of 7 career Ambassadors, 69 career Ministers, 236 FSO-1—the FSO-1 salary range runs from \$17,250 to \$19,650.

Mr. DAVIS. How many of those are there?

Mr. JONES. There are a total of 236.

Mr. DAVIS. Now they are equivalent of supergrades?

Mr. JONES. They are equivalent of supergrades, yes. They are equivalent of grades 17 and 18.

Mr. DAVIS. And they are employed under the Foreign Service Act?

Mr. JONES. They are employed under the Foreign Service Act. And the very large proportion of those are overseas in jobs which have been allocated to that grade within the Foreign Service—

Mr. DAVIS. When they are rotated back over here to serve here, they retain that supergrade equivalent status?

Mr. JONES. If they are assigned to a position which has an equivalent rating.

Mr. DAVIS. So then you have more than 55 supergrades if you consider these Foreign Service officers who are the equivalent of supergrades?

Mr. JONES. This is correct, but the Foreign Service officers in my judgment should not be assigned to what are essentially Classification Act type jobs merely because we have been unable to obtain classification levels which permit the Secretary a choice between Foreign Service or civil service personnel for these key jobs. I think this is a mistake. I think the two services are separable.

Mr. JOHANSEN. Now I am going to pursue a line of questioning here for a moment and I ask the indulgence of the chairman because I recognize this is getting a little bit out of the field of the supergrade legislation. I don't have the privilege of being in the rarified atmosphere of the House Foreign Affairs Committee and whenever someone is up here from the State Department, I welcome the opportunity to learn some things.

What department or segment of the State Department is it that has the general responsibility for the so-called briefing sessions of public groups and organizations?

Mr. JONES. This is a varied responsibility, Mr. Johansen. In some instances it is handled directly from the Secretary's office by himself or his principal colleagues within the Department. In some cases it is handled through the Bureau of Public Affairs, as, for example, there recently were a series of background briefings on foreign affairs for the newspaper, television and radio people.

Mr. JOHANSEN. There was one on the 23d of March for a large group of—a number of public groups, according to my understanding, the United World Federation, the ADA, the Women's League for Peace, the Association for United Nations, the Federal Association of Scientists, the UAW, and so on.

Mr. JONES. Yes, these are the so-called voluntary groups of one sort or another who are interested—

Mr. JOHANSEN. Now I have information, and if you can throw any light on this I would appreciate it, that Mr. E. A. Gullion, who is Deputy Director of the Disarmament Administration, made a speech, and according to the published reports, made a statement, among other things, that it was difficult to work under the 18th century Constitution.

Would you have any knowledge of that?

Mr. JONES. I have no knowledge of this. I have never heard of it before, Mr. Johansen, and I don't know what it refers to or what quotation—

Mr. JOHANSEN. It was also reported that he said that the Disarmament Administration must not be responsible to Congress or the White House, but only the Secretary of State.

Mr. JONES. If Mr. Gullion made that statement, I would be very much surprised.

Mr. JOHANSEN. My office has made inquiry—I think mistakenly—of the department of public affairs, asking for a transcript of the speech. We were told that there was only one transcript and it would set a precedent to provide us with a copy of that. I am asking Mr. Brooks Hays if he can assist us in the matter.

But this is the kind of published report that is exceedingly disquieting, and for the sake of the Department and for the sake of Mr. Gullion, I hope it can be demonstrated that these statements were not made. But I may have to come around to solicit your help in trying to get a copy of that.

Mr. JONES. Give Brooks his chance first.

Mr. DAVIS. Mr. Jones, who would set the salaries of these positions above GS-15 in this Peace Corps?

Mr. JONES. I believe that would be handled in the same way that other supergrades are, that they would make their submission to the Civil Service Commission, which would classify the positions and return approval to the Peace Corps, who would then proceed to nominate an individual who, in turn, would have his qualifications reviewed by the Civil Service Commission.

Mr. DAVIS. Do you know what the grades, the top positions, in this Peace Corps are now?

Mr. JONES. I do not, sir; no. I have no direct operational responsibility for the Peace Corps and I do not know.

Mr. DAVIS. Who would be able to furnish that information?

Mr. JONES. I am quite sure I would be able to get it for the committee. I know of no reason why we shouldn't be able to get it.

Mr. DAVIS. I would appreciate it if you would furnish it for the record.

Mr. JONES. I will be glad to take this up with the Peace Corps and see if we can provide it.

(The information requested follows:)

I have been advised that the top grade of positions in the Peace Corps is now GS-15, since no authorities exist to permit the establishment of positions above that grade. A total of 32 positions has been proposed at salaries exceeding GS-15, 28 of which are at the GS-16 and GS-17 levels, 3 at a statutory level of \$19,000, and 1 at a statutory level of \$20,000.

Mr. DAVIS. In connection with a portion of your statement, on page 1, at the bottom, you say that we are very proud of the Foreign Service, and other references to their policy, direction, and references of that kind. I want to ask you this about the results which have been accomplished by these policy people in our State Department.

How many of these new nations have been created within the last 2 years—and I don't want to ask you something that you may not be prepared to tell, and you may furnish it for the record—how many of these new nations have been created within the last couple of years and immediately have been placed in the United Nations with one vote, which is equivalent of the vote which the United States of America has in the United Nations? Could you tell us how many of those have been created and what the voting strength is now added to the United Nations by reason of that?

Mr. JONES. I am not sure my figures are up to date. I think the total number of new nations created in the last couple of years is 28, but I would like to have an opportunity to check that.

Mr. DAVIS. I thought there had been that many on the continent of Africa alone, and possibly more.

Mr. JONES. I don't know. I would have to check it, Mr. Davis.

This figure has moved around pretty rapidly, as the committee knows, but I will supply the correct figure for the record.

(The information follows:)

There were no admissions in 1959. In 1960, 17 nations were admitted.

Mr. DAVIS. What kind of position does that leave us in with reference to influencing the United Nations, having all these new nations created, each one having a vote in the United Nations just the same as we? Doesn't that diminish our influence and strength in the United Nations?

Mr. JONES. I don't think it necessarily does, no. It may change the so-called bloc angle, which some people have assumed prevailed in the past within the General Assembly, but in other organizations, such as the Security Council, it has no effect—

Mr. DAVIS. I am referring to the General Assembly where each nation has one vote. I know, of course, that these new nations do not constitute a part of the—what is the group that have the five major nations in it? What is the name of that?

Mr. JONES. The Security Council.

Mr. DAVIS. I know, of course, that these new nations are not a part of the Security Council. There are only five of those, I believe.

Mr. GROSS. There are 11, in total.

Mr. DAVIS. How many of those constitute the Security Council?

Mr. GROSS. Five permanent and six elected members.

Mr. JONES. I think that is right.

Mr. GROSS. Who are rotated.

Mr. JONES. Rotated by election.

Mr. DAVIS. Those that constituted it to begin with, were Russia, France, England, the United States, and Nationalist China. Now, these new nations that are being added just dilute our strength in the General Assembly, do they not?

Mr. JONES. I don't wish to seem to be evasive, Mr. Chairman, but I don't think I can say that they dilute our strength, no. They represent an additional number of countries with which you must have both bilateral and multilateral talks on issues as they come before the U.N., and they also represent additional numbers who have an opportunity to speak to any issue which is on the agenda of the General Assembly. But it would not be my view that they dilute the strength of the United States.

Mr. DAVIS. Could you tell us how many nations now constitute the General Assembly?

Mr. JONES. Here, again I am not sure. I think it is 99.

Mr. DAVIS. Well, now, how many were in it to begin with?

Mr. JONES. I would have to reach back in my memory and I don't trust my memory.

Mr. GROSS. Around 59 or 60.

Mr. JONES. Fifty-one, I believe.

Mr. DAVIS. Now, if we are 1 of 51, we are stronger than if we are 1 of 97 or 99; that's pretty rudimentary, isn't it?

Mr. JONES. I am afraid I would disagree with the Chair on that.

Just looking at what has happened in terms of growth over the years, which I do know perhaps a little more about than I seem to know about the United Nations, in our own House of Representatives, I don't believe the vote of the individual member is diluted by the addition of other members as time has gone on.

Mr. DAVIS. Some of these States that are losing some this year wouldn't agree with you on that.

Mr. JONES. I am not talking about the States, I am talking about the individual members.

Mr. DAVIS. Well, now, another thing I want to ask you is this: Now these new nations that are being created, instead of making a financial contribution to the United Nations organization, they immediately go on the backs of American taxpayers for us to keep them up, do they not, to finance them, such as the Congo, and these various other nations that are being created like rabbits in the springtime?

Mr. JONES. I think that is a highly debatable point, Mr. Chairman. There are claims at one end of the spectrum, so to speak, that new nations promptly come to the United States for aid, are granted a certain amount of aid, and that aid thereupon gives additional funds which makes it possible for any new nation to pay its assessed contribution for the total expenses of the U.N.

At the other end of the spectrum there are those who take the view that as the expenses of the United Nations increase, as they inevitably will, that establishment of strong economies within these nations through the assistance of the United States or other nations—France, for example, is doing a great deal in west Africa by way of aid—will make it possible for these new nations, again using Africa as an illustration, to accept additional assessments as the cost of the United Nations increases.

Mr. GROSS. Mr. Chairman.

Mr. DAVIS. Mr. Gross.

Mr. GROSS. You are aware, and you can't be unaware of the fact that France has refused to put a dime into the Congo, into the so-called police force.

Mr. JONES. France has not paid its contribution—

Mr. GROSS. France is in arrears today on some of her assessments to the United Nations.

Mr. JONES. Not the assessments, Mr. Gross, for U.N. headquarters expenses and similar projects. France may not have paid all of its voluntary contributions on time, but direct assessments have been paid, I believe.

Mr. GROSS. You wouldn't want to gamble on that?

(Subsequent to the hearing the State Department advised that the costs of U.N. Congo operations are assessments, not contributions. France is current on all assessed costs of participation in international organizations except the U.N. Congo assessment.)

Mr. JOHANSEN. Mr. Chairman.

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. May I ask one question that I hope you can answer within the limits of properly disclosed public information? This is asked for information.

Is there any program of activity being carried on by the Department of State designed to promote some action on the part of the Organization of American States, collective action, with respect to Cuba?

Mr. JONES. Mr. Chairman, I could not answer that question in public hearing.

Mr. JOHANSEN. All right.

Mr. DAVIS. Let me ask if you can give us this information.

I was told yesterday that the United Nations was making a contribution, quite a substantial contribution, I don't recall the amount,

to Cuba of which our assessment, of course, makes up probably the most substantial part. Do you know if that is true?

Mr. JONES. I think what the Chair refers to is another one of these voluntary arrangements under which there are supposed to be maximum percentage formulas, which are applied to each one of the nations. This, however, works in this way. Let's say that there is a decision, by the United Nations to create a voluntary fund, a million dollars, and that the United States has accepted as its maximum contribution 40 percent of that, or \$400,000. These are not assessments.

If the other nations do not make their voluntary contributions, the contribution of the United States is proportionately reduced. So that we do not on a voluntary basis pick up the deficit.

Mr. GROSS. What the chairman, I think, is referring to is the United Nations special fund which recently voted a loan for Cuba of between \$1,100,000 and \$3 million. I am sure that is what the chairman is referring to.

Mr. DAVIS. That sounds like the figure.

Mr. GROSS. That is all out of the United Nations special fund.

Mr. JOHANSEN. And that does go to Cuba, doesn't it?

Mr. JONES. I am sure it does. I don't know the details.

Mr. GROSS. So we had no real influence in the United Nations.

Mr. Chairman, I would like to ask a question or two concerning these supergrades, if I may.

Mr. DAVIS. Very well. I wandered off from the question but as long as you are here, and your statement had referred to the results of policymaking, and so forth, I wanted to get a little information.

Mr. GROSS. Mr. Jones, what was your statement earlier with respect to putting supergrades in other pending bills before Congress rather than coming before this committee, as you are today, for some 220 supergrades?

Mr. JONES. Please understand, Mr. Gross, to take your question in reverse, I am not asking this committee for allocations of 200-and-some-odd supergrades. I am illustrating what we consider our needs to be.

Mr. GROSS. You would take them if the committee gave them to you.

Mr. JONES. We certainly would; yes.

With respect to the first part of your question, I say this: It is my understanding and I am sure my understanding is correct, that at the time the bill which is now before the committee was prepared—

Mr. GROSS. The Foreign Affairs Committee.

Mr. JONES. The bill which is before this committee, the so-called supergrade bill which you are considering here today, at the time this bill was prepared and sent down there was not taken into account within the totals recommended by the administration the numbers of supergrade positions that would be needed for the new aid organization, the Peace Corps, or a new statutory disarmament administration.

Mr. GROSS. Now you have gotten a pretty good supergrade bill embodied and embedded in H.R. 7372, presently before the Foreign Affairs Committee, haven't you?

Mr. JONES. Insofar as the aid organization is concerned, that is correct; yes, sir.

Mr. GROSS. Why didn't the State Department come before this committee to get the supergrades it claims it needs rather than initiate that action in the Foreign Affairs Committee?

Mr. JONES. My understanding of that is, as I indicated earlier, that it was the desire of the administration to have before substantive committees concerned the full thrust of what their organizational plans and salary structure would be and that the information was included in that bill in order that the other committees could see what it was and that there would be negotiations thereafter as to where these should appropriately be in the final action by the Congress.

Mr. GROSS. In other words, you don't care much about how you get them, just so you get them. If you don't get them there, you will be before this committee asking for them. It's a two-way play; the same old game of we will put it over here and get it somewhere else if we can't get it there.

How many supergrades have you got in the other bill? It was written in the State Department, I am sure, word for word, and line for line. How many supergrades have you got in there?

Mr. JONES. It was written in the ICA. It was, of course, reviewed in the State Department.

In there, there are a total of 72 positions.

Mr. JOHANSEN. Will the gentleman yield?

Mr. GROSS. Briefly.

Mr. JOHANSEN. Are those 72 completely and totally in addition to the total number testified to yesterday?

Mr. JONES. By Mr. Macy?

Mr. JOHANSEN. Yes.

Mr. JONES. I can't answer that, Mr. Johansen, because I don't—yes, maybe I can. Let me answer this way. This is a process of inductive reasoning. If the needs of aid were not taken into account when the bill before you was sent down, and if the administration has since placed its stamp of approval as a part of the President's program, the bill which is before the two Foreign Relations Committees, with an addition of 72 supergrades, I think the answer is very clearly that the administration is asking for those 72 in addition to the 578 which are in the legislation before you.

Mr. JOHANSEN. Then I must comment that I think the Chairman of the Civil Service Commission was considerably less than frank with us yesterday in not telling us about these other dreamed-up plans for additional supergrades.

Maybe he is right, maybe we ought to take the lid off and quit worry-ing about the thing.

Mr. GROSS. I still can't understand why you put them in this bill. You come here today asking for supergrades, then we find this bill over in the Foreign Affairs Committee asking for 72 more.

Mr. JONES. I have no authorization, Mr. Gross, to ask for super-grade positions for ICA or its successor organization or the statutory disarmament administration, or for the Peace Corps. They are not a part of the area for which I have responsibility, sir. As I indicated before, I think the reason that these were put in the substantive legislation was to give the substantive committees a full view of what they visualize the organization and salary structure of the organization would be.

We have had this problem many times in the past as the committee knows in the terms of the desire of the substantive committees to take at least in part jurisdiction for the organizational and salary structure of the agency by the expression of their views as to what these should be, and then we have, so to speak, had to tidy the thing up after the fact in efforts with the Civil Service Commission and the Post Office and Civil Service Committees.

The last two administrations have always gone along to try as rapidly as possible to get all of the so-called supergrades into at least the continuing jurisdiction of the Post Office and Civil Service Committees, even though there may have been definite allocations to specific departments, as now prevails for the Treasury Department, among others.

Mr. GROSS. I will express the personal opinion of one member of this committee and say that I wouldn't vote to give the State Department a single supergrade under this bill that is pending before our committee until the other bill is disposed of and we find out how many more the State Department is going to get through that process. I want to know what you are getting over there and why.

Mr. JONES. All I can say to you, Mr. Gross, is that it is my understanding that this issue of how those supergrades are to be handled is currently under discussion between the men who are given the responsibility for handling this legislation from the executive branch, with all of the committees which are concerned.

Mr. GROSS. Don't you think you ought to use your not inconsiderable influence in the State Department to pull these out of here and bring them before the proper legislative committee instead of putting them through under this guise of new organization in the State Department, by title only?

Mr. JONES. Mr. Chairman, may I answer that question off the record?

Mr. DAVIS. Off the record.

(Discussion off the record.)

Mr. GROSS. Is the U.S. Disarmament Administration a new title for that group?

Mr. JONES. Yes.

Mr. GROSS. Another sugar-coated title?

Mr. JONES. That legislation, I thought, would come forward yesterday and I understand it did not.

Mr. GROSS. I wonder if the gentleman could tell the committee now, or supply it for the record, how many supergrades the unlamented—what was his name, the former Governor of Minnesota, who headed the Disarmament Commission and got nowhere with it—how many supergrades did he have?

Mr. JONES. Stassen, you mean?

Mr. GROSS. Yes.

Mr. JONES. I don't have the slightest idea.

Mr. GROSS. Would the gentleman look into that and tell us how many, since apparently we are going to be confronted with the business of supergrades, given the business for supergrades, the taxpayer, for this Disarmament Administration, or whatever it is; I would like to know how many he had, if any.

Mr. JONES. I will supply that for the record if I can find it out. I don't remember how they organized—I believe that was operated

very largely on allocation of funds from the President's emergency fund.

(The information follows:)

Governor Stassen's staff, the White House advises informally, had one position assigned to it at the equivalent of GS-18.

Mr. JOHANSEN. I think it was directly under the President.

Mr. JONES. It was a part of the White House office.

Mr. GROSS. Do I understand we are going to be confronted with 30 supergrades for the Peace Corps, so-called?

Mr. JONES. It is my understanding that is what they have obtained approval for.

Mr. GROSS. And that was not included in yesterday's total?

Mr. JONES. This is my understanding, Mr. Gross. Now, I could be incorrect, but I checked this point several times and I have had the same answers every time I checked it, that the 578 did not include the Peace Corps or Aid Organization or Disarmament Administration.

Mr. GROSS. Do you know the status of S. 2000 providing for this harebrained scheme in the Senate? Do you know the status of this thing?

Mr. JONES. No, sir; I have no responsibility for it. I do not know the status.

Mr. JOHANSEN. Mr. Chairman, I would like respectfully to suggest that we call back the Chairman of the Civil Service Commission and find out how many other requests and proposals for additional supergrades are wandering around in outer space unrelated completely to any testimony that was given yesterday. I feel greatly imposed upon if the understanding which I know Mr. Jones is stating in good faith is a correct one.

Mr. JONES. Mr. Johansen, may I—reaching back into my memory here—make one correction which I think I would have to make, and that is this. The present allocation of supergrades for the International Cooperation Administration, the 31 with the 6 statutory ones in addition, were, of course, reviewed at the time that the bill before this committee was considered. I have to assume that there was the belief at that time that at least none of those should be subtracted from the bill which is before you, so that the new legislation would represent an add-on not of a total of 72 but the difference between 31 and 72.

Mr. JOHANSEN. Thank you.

Mr. GROSS. Now, I understand that in the bill pending before the Foreign Affairs Committee that there is provision for hiring of experts and consultants and retired officers.

We have been vitally concerned in this committee, as you well know, Mr. Jones, in previous hearings before this committee, with the use of retired officers and dual compensation.

Mr. JONES. Yes.

Mr. GROSS. I don't know how far this goes. I haven't had a chance to study the bill, but I am going to be interested in that feature of it, correlating it with your request today and with the provisions for supergrades elsewhere in this bill.

Mr. JONES. The authority for experts and consultants is the usual authority in substantive legislation. The request with respect to retired officers, I was not aware of that until you mentioned it now.

There is a very strong feeling within the executive branch, which has persisted, at least in the years in which I have been in a reasonably senior position, going back to the start of Mr. Truman's administration, that the United States has a very considerable asset with respect to retired senior officers of the armed services and Foreign Service. The Government has not had a full opportunity to use these men because of the old statutes which impose ceilings on what they could earn. I would assume—in fact, I could more than assume, I would know positively that if such an authorization is in effect, as you read it to me, it would contemplate exactly that utilization, the reemployment of people who are now barred under one of these dual compensation or salary limitations that run to retired officers of the armed services and to the other officers corps.

Mr. DAVIS. It is past the time for the House to convene, so we are going to have to adjourn. Mr. Jones, we thank you very much for the information you have given us today. We may ask you for some additional information.

I think Mr. Johansen's suggestion that we ask for further information from the Civil Service Commission is a good one, and I will ask the staff to set up some additional hearings.

Mr. GROSS. I agree with that.

Mr. JONES. If I have been incorrectly informed, may I apologize in advance to the committee, because this committee knows——

Mr. JOHANSEN. This member of the committee knows that you testify with complete integrity, and always have.

Mr. DAVIS. Yes.

Mr. JONES. Thank you, Mr. Johansen.

Mr. DAVIS. I certainly join in that statement.

Mr. GROSS. I have no criticism of Mr. Jones' testimony.

Mr. JONES. I thank the committee once again for coming home, sir. It was a pleasure.

Mr. DAVIS. We were delighted to have you, Mr. Jones.

We will now hear a statement from our colleague, Hon. Carl D. Perkins of Kentucky.

Mr. Perkins.

STATEMENT OF HON. CARL D. PERKINS, CONGRESSMAN FROM THE STATE OF KENTUCKY

Mr. PERKINS. Mr. Chairman, the bill H.R. 6118, which I sponsored, provides for the reclassification of all hearing examiners in the Department of Health, Education, and Welfare, generally called appeals referees to grade 18. These referees are called upon almost daily to make decisions which establish policy. Their decisions are made on appeals of claimants, or motions of the Administrator, of administrative findings of agency personnel who at the present time outrank the referees on grade and pay. This is the type of operation that causes much criticism of our Government. A decision is made by the Administrator which is appealed to a person in a subordinate position who either approves or reverses the decision, thus establishing policy. These referees should be given a grade in line with their responsibilities which give them control of the welfare of thousands of claimants each year in addition to their contributions to agency policy. In order to obtain and retain qualified people in these positions

it is essential that they be given a grade above that of division chief whose decisions they are called upon to reverse. Their present grade is comparable to that of an office manager in some of our large cities and is completely out of line with their responsibilities.

I urge this committee to approve this plan which I believe is essential to a sound social security program.

Thank you, Mr. Chairman and members of the subcommittee.

Mr. DAVIS. Thank you, Mr. Perkins.

The Honorable Joseph P. McMurray, who is the Chairman of the Federal Home Loan Bank Board, is scheduled to testify at 1:30 today, but unfortunately our time has gone by.

Will you gentlemen tell Mr. McMurray that we will set up additional hearings. We regret very much we were not able to reach him this morning, and we will communicate with him and set up additional hearings at your convenience.

The committee will stand adjourned.

(Whereupon, at 12:10 p.m., Wednesday, June 21, 1961, the subcommittee was adjourned, to reconvene at the call of the Chair.)

It is assumed that the main reaction is a simple substitution of the ligand by the metal ion, the reaction being called "simple substitution". The reaction is assumed to be reversible, and the equilibrium constant is assumed to be unity. The reaction is assumed to be reversible, and the equilibrium constant is assumed to be unity.

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INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

TUESDAY JULY 25, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met at 10 a.m., in room 215, House Office Building, Hon. James C. Davis (chairman of the subcommittee) presiding.

Mr. DAVIS. The subcommittee will come to order, please.

This morning our subcommittee will resume public hearings concerning the status of a number of high level positions in the executive branch of the Federal Government. We are considering H.R. 7377, which is an administration-sponsored bill introduced by the chairman of the Post Office and Civil Service Committee, the Honorable Tom Murray.

H.R. 7377 would increase the number of positions to be placed in the top grades of the Classification Act by 578 and would provide for 203 additional scientific and professional and engineering positions and would grant 20 additional supergrade positions to the National Security Agency. In addition, there would be an upward salary adjustment of 28 positions now in the Executive Pay Act that would be brought under the Classification Act. This bill would also provide pay increases for 433 hearing examiners in the various departments and agencies of the Government.

In previous testimony we have heard from the Honorable John F. Shelley, of California, the Chairman of the Civil Service Commission, the Deputy Under Secretary for Administration of the Department of State, and representatives of the Federal hearing examiners. Since we began hearings on this bill on June 20, the subcommittee has been advised by several departments and agencies that they have additional or specialized requests in addition to those included in the administration-sponsored bill. These additional requests alone amount to more than 175 positions. We likewise have received requests to raise the hearing examiners for the Coast Guard and for the Social Security Administration above that which was stipulated in the proposed bill.

In addition to the requests directed to this subcommittee and to the provisions of H.R. 7377, we have also been advised that 43 bills have been introduced to date in this session of Congress providing for more than 400 additional jobs which would pay in excess of the GS-15 pay grade. Today and tomorrow we plan to hear from top management in several departments and agencies, including the

Chairman of the Civil Service Commission, as to their requests and as to the justification for these requests.

We are honored this morning to have the distinguished gentleman from Tennessee, the Honorable Carlton Loser, present with us. Mr. Loser, it is a pleasure to have you here in the committee. I understand you have some of your constituents whom you would like to present to the committee.

Mr. LOSER. Thank you so much, Judge Davis. Mr. Chairman and gentlemen of the committee, I am delighted to have the opportunity to come here and introduce two hearing examiners from the Department of Health, Education, and Welfare. We have here Mr. Laurence Dimsdale from Kansas City. He is an examiner for HEW.

I have here a young man I have known since childhood, a son of a very warm friend of mine over the years, with whom I practiced law for a quarter of a century, Mr. Robert C. Boyce. He is a hearing examiner for the Department of Health, Education, and Welfare at Nashville. Prior to his becoming an examiner, he was a successful practitioner at the Nashville bar.

I might say, Mr. Chairman and gentlemen of the committee, that I have introduced H.R. 2907, which deals specifically with hearing examiners in the Department of Health, Education, and Welfare and which fixes their rate of compensation at grade 18.

As I understand it, the bill before the subcommittee fixes the rate of compensation for scientific employees as well as professional at certain grades—14, 15, and 16, I believe—and increases the number very substantially.

I heartily favor an increase in the rate of compensation for these examiners in the Department of Health, Education, and Welfare. I do not know whether the committee would want to hear from Mr. Boyce or from Mr. Dimsdale first.

Mr. DAVIS. Yes; we had planned to hear from them as the first witnesses, Mr. Loser.

Mr. LOSER. Would you want Mr. Boyce?

Mr. DAVIS. Yes, Mr. Boyce is first on the list. Let me say again, Mr. Loser, that we appreciate very much having you come and be present this morning in the committee and to introduce these gentlemen. It is always a pleasure to have you come and be with us.

Mr. LOSER. I am glad to be here, Judge.

Mr. DAVIS. I would say to you gentlemen who Mr. Loser presented that you could not come better recommended than to have him present you. We will be glad to hear from you now.

STATEMENT OF ROBERT C. BOYCE, HEARING EXAMINER, NASHVILLE, TENN.

Mr. BOYCE. Mr. Chairman and members of the committee, I am appearing on behalf of 124 hearing examiners of the Social Security Administration. We are stationed at 45 hearing examiner offices in various parts of the country. We are appointed under section 11 of the Administrative Procedure Act.

We hear and determine appeals from the rulings of the Bureau of Old-Age and Survivors Insurance. We have a complete record and transcript of the hearing and write a decision setting forth the law of the case, a summary of the evidence, the rationale of our decision,

findings of fact and conclusions of law. All prior adjudications of social security claims are made by people who have not seen or talked to the applicant. The district office takes the application, collects the related documents, and submits the files to an area office or the State agency for original and reconsidered determination. The first time that the applicant and the documents supporting his claim are seen together is by the hearing examiner. Our decisions are reviewed only in a certiorari type of procedure by the Appeals Council of the Office of Hearings and Appeals.

Mr. DAVIS. You do not handle applications for social-security benefits?

Mr. BOYCE. Not the application itself; no, sir. After the Bureau has turned the claimant down, has denied his application in the original determination and also reconsidered determination, he is notified of his right to request a hearing by hearing examiner, and that is when the file comes to us. We have no prior knowledge of the case until the file comes to us.

If an individual is still dissatisfied with the decision in his case, his next recourse is by filing a civil suit in the U.S. district court, and the district judge hears the case not de novo but as an appellate proceeding on the record which we have made. The substantial evidence rule applies.

The social security program has grown immeasurably in the past years. The hearing examiners of the Social Security Administration were reclassified from GS-12 to GS-13 in 1947. There has been no reclassification of social security hearing examiners since that time. However, by subsequent amendment to the social security law the complexity of our work has increased immeasurably. With the advent of coverage for self-employed individuals, the entire Internal Revenue Code has become a part of our work. With the advent of the disability program, a high degree of medical expertness has become necessary. We do not pretend to be doctors, but we must have a degree of medical knowledge and expertness in order for us to evaluate objectively the physical impairments complained of by individuals and to determine whether or not these impairments constitute disability within the meaning of the act. Court decisions and the medical profession now consider it the function of the medical profession to determine the existence of an impairment and our function to determine whether or not this impairment constitutes a disability.

Mr. DAVIS. In connection with that phase of your testimony, Mr. Boyce, I have since the social security law went into operation had quite a few matters brought to my attention by constituents who have applied for social security benefits under the total permanent disability provision. It has seemed to me that the Social Security Administration has adopted a very strict rule of construction in determining who are entitled to these benefits under the permanent and total disability provision of the law.

I have found there have been quite a few cases brought to my attention by constituents who seemed to me under my construction of the law to be entitled to draw these benefits and yet they have been denied them by the Social Security Administration. I have had such things, for instance, as a taxi driver who was unable to drive a taxi, had a heart attack, was confined to the hospital for weeks and weeks, being pressed by financial difficulties as most working

people are, including myself. They were trying to get him out of the hospital, get out of bed, get back to work. I have one particular man in mind who tried to get back to work. He worked several days, saw he could not make it, had to go to bed again. His wife went to work, he was never able to go to work. During the time she was working they had some chickens in the backyard and every day he would throw a little feed out to the chickens. He applied for benefits under this disability provision, and they were denied to him on what seemed to me the absurd ground that because he was able to feed chickens he was able to do work that would bring in a remuneration.

That was one of the most absurd decisions you ever heard of. The man was denied compensation. He later had another heart attack which almost took him away, and after he had the second one, then they finally did put him on. I have noticed that in quite a few decisions.

Mr. BOYCE. The disability program commenced in 1956. We had no criterion or guideline to go by. We did not, as in the workmen's compensation statutes, have the percentages of disability as to the partial loss of use of arm or leg, as all workmen's compensation statutes have. The definition of disability in the Social Security Act itself does not actually contain the word "disability," but states that a person is entitled to benefits if he is unable to engage in any substantial gainful activity.

I think it apparent that it is a very severe test and program. There have been, I am sure, in the earlier stages of the program some harsh decisions rendered. There have also been possibly some decisions rendered at various levels awarding benefits to people who under that same strict definition were not entitled, but in view of the fact that our disability program is now only about 5 years old, we feel that a great deal of progress has been made in adopting a degree of uniformity and having some guidelines now to go by.

Mr. DAVIS. I had another case brought to my attention. There was a woman who was working in a textile mill in my district. She became so ill that she could not do the work. She had a mother also dependent on her. She was the only source of income between the two. Again, it was necessary to have income coming in for the two or they would starve to death.

The owner of the mill undertook to just give her some made work, he did not need her for the work he had put her on, but just made some work for her. She would come a day or two a week and do that little work which he was creating specially for her benefit. That would always put her back into bed. She would come there and work 2 days and be so exhausted and so debilitated by it that she would have to go home and go to bed for the balance of the week. The pittance she got would give out, she would go back the next week for a day or two and do the best she could.

She made application for disability benefits and made a showing which seemed to me would certainly entitle her to it, but she was denied benefits. It is cases of that kind, it seems to me, that the law was entitled to cover but yet by reason of the construction put on it by people—those are just two instances I have had come to my attention of several similar instances.

Mr. BOYCE. Mr. Chairman, I do not recall the lady's name at the moment, but that case worked through the Department. I have

heard it referred to. It was one of the early cases. As a result of that case, I believe regulations were promulgated by the Secretary and published in the Federal Register which permit the Department at the Bureau level and also at our level to take into account the fact that it is made work or work that is not economically substantial. For that reason now many cases are allowed even though the person is engaging in some inconsequential activity.

Mr. DAVIS. These things that I brought up are not connected with your appearance here this morning, but as long as you are here, I just wanted to take this opportunity to make those observations.

Mr. BOYCE. I would like to point out, sir, that every case, of course, has some bearing on the overall program particularly when they get to our level and to the appeals level and court. Every court decision is scrutinized very carefully. There is less uniformity of decision in the district courts than there is in any other stage of adjudication. At the Bureau they have their manual, their guidelines, to go by. We are not bound by that. The district judges in some areas—you can almost expect the claim will be paid by the mere filing of a suit in court.

Other judges are a good deal more stern and will not disturb an administrative ruling under any circumstances.

Mr. DAVIS. I did not want to turn your appearance into a discussion of those things, but I did want to mention it as long as you were here.

Mr. BOYCE. I will be happy to discuss any feature of the program with you, sir, if I am qualified to answer your questions.

Mr. DAVIS. You may proceed.

Mr. BOYCE. In the great majority of our cases the applicants are not represented by counsel. The Government is never represented at our hearings. We are, therefore, put in the position of developing the case in a manner to protect the rights of each applicant and to make an award if it is justified. At the same time we must develop the case in such a manner that the social security trust fund is not misused paying unjustified claims. We, therefore, have the tripartite function of counsel for the applicant, counsel for the Government, and judge.

You have not heard from us before. This is not because we were satisfied with our status in grade, but because we are scattered over the country. We have had only two examiners in Washington. We have not heretofore presented our case to Congress but have made unsuccessful attempts to be reclassified by the Civil Service Commission. The Civil Service Commission has stated that reclassification should be left up to Congress in the creation of supergrades.

You have probably heard, or will hear, from hearing examiners of the major regulatory agencies, the Federal Conference of Trial Examiners particularly in which Mr. Buttle appeared, I believe, before your committee, represents all hearing examiners of all agencies, they are members of that conference. The major regulatory agencies, since there are so many more of them than there are of us, have more or less overweighed or overshadowed the Federal Conference of Trial Examiners. These gentlemen of the regulatory agencies are performing a difficult job and doing it well, but we are aware that on many occasions the hearing examiners of other agencies have compared their work with our work leaving us in an unfavorable light.

They consider their cases are vastly more important than ours. Without arguing the relative merits I would like to point out that the hearing examiners of the major regulatory agencies have the assistance of the best counsel in the Government and of the best attorneys in the transportation and power fields representing their litigants. Our claimants are not represented in the majority of the cases. The mere fact that highly paid counsel is not present at our hearings and the fact that vast areas of the public economy are not affected by our decision does not appear to us to be a sufficient reason to fail to give a hearing to the cases of prospective social security beneficiaries by the best qualified hearing examiners obtainable.

We are appointed in exactly the same manner as the hearing examiners of the regulatory agencies. We are required to have a high degree of specialized knowledge in order to interpret and apply the complexities of the Social Security Act. In many cases we are also required to apply State laws, that is, statutes and court decisions, in arriving at a decision which is fair to the claimant and to the Government. We feel that there is no basis for excluding us from the agencies named in the pending bill to receive the highest compensation for hearing examiners.

The subcommittee of the House Ways and Means Committee directed to make an investigation on the administration of social security laws of which the Honorable Burr P. Harrison was chairman commands us in doing a difficult job and doing it well. As a result of the Harrison subcommittee report a substantive survey of the hearing and decisional machinery of the Social Security Administration was made by Mr. Charles A. Horsky of the Washington law firm of Covington & Burling. This report also commends the hearing examiners in their work and makes recommendations for increased stature and status for hearing examiners of the Social Security Administration.

I would also like to point out that the American Bar Association has gone on record proposing uniformity of grades for all hearing examiners. Our position may be succinctly stated in this manner—the social security hearing examiners are hearing examiners or they are not hearing examiners. If we are not hearing examiners then we are adjudicators and should be classified, graded, and rated accordingly. If, we are hearing examiners we should have the classification, the independence, the stature, and the compensation of hearing examiners all as contemplated by the Administrative Procedure Act. We respectfully request that the bill now pending, H.R. 7377, be amended in the following manner: Title IV of the bill, section D at page 20, by adding at line 21:

The Federal Reserve System and Department of Health, Education, and Welfare shall receive compensation at a rate equivalent prescribed for GS-16. This, of course, will have the effect of removing us from the general category of all other hearing examiners noted at lines 23 and 24 on page 20 and lines 1 and 2 on page 21 of the bill who are to receive GS-14.

Mr. DAVIS. How many of your group are there?

Mr. BOYCE. 124. There were 125 when we started to appear before the committee. One has resigned to go with the Federal Trade Commission. There are 124 of us now.

I have heretofore submitted a copy of the resolution of the American Bar Association, and I understand that is in the record by another means or by another witness, which does propose uniformity for all hearing examiners.

Mr. DAVIS. At what grade are your people now?

Mr. BOYCE. Thirteen and have been there since 1947. We have also submitted a printed statement which we will not ask to be incorporated into the record because it is several pages long. However, I have submitted sufficient copies to counsel for the committee so that all of the committee members may have a copy. I thank you very much, Mr. Chairman and members of the committee, for the opportunity to appear and testify this morning.

Mr. DAVIS. We appreciate having your testimony, Mr. Boyce. Are there any questions of Mr. Boyce?

Mr. GROSS. Thank you, Mr. Chairman.

Mr. Boyce, have you made application to the Civil Service Commission for supergrades?

Mr. BOYCE. Yes, sir. That has been done. The last time was about 3 years ago. Mr. Jones was Chairman of the Civil Service Commission at that time. They viewed the hearing examiner program generally, not just for our Department, but for all hearing examiners. In a statement which I believe is in the Harrison subcommittee report Mr. Jones stated the Civil Service Commission was unable to make any upward reclassification because of the ceiling placed on the Civil Service Commission in the creation of supergrades and recommended that Congress look into the whole pattern or picture of raises.

Mr. GROSS. Your application was for supergrades, is that correct?

Mr. BOYCE. Our application was actually only one grade at a time under the Whitten amendment to the Civil Service Act. Under that amendment you may not move more than one grade at a time until you have been in one grade for a year.

Along that line, I would like to point out another inequity that would be compounded by the present two-grade differential between us and the major regulatory agencies. Many of our people come into the program at grade 13, after some experience as hearing examiners they apply for and receive an appointment with one of the other agencies at a higher grade.

Under the Whitten amendment, as I understand that provision of the law, under no circumstances would we ever be able to take that jump if a two-grade differential were proposed or were enacted. In other words, we could not go from a 14 to a 16 because we could never spend a year within grade 15, which it would take for us to be promoted if that be considered a promotion.

Many of our examiners now with ICC and Federal Trade Commission and others started with us at grade 13 and went to ICC at grade 14 and then went to grade 15. That is the highest grade for hearing examiners now.

Since the first of the year, all the other agencies have reclassified their grade 14 examiners to grade 15, although the Civil Service Act provides for a grade 14 examiner now, there are actually no GS-14 hearing examiners in any agencies. They are either 13's, where they are placed by the Civil Service Commission, or they are 15's. If a two-grade differential is maintained, we think that is inequitable, but

it would also prevent any of us from ever applying to one of the other agencies for a higher classification.

Mr. GROSS. Do all hearing examiners in Health, Education, and Welfare have law degrees?

Mr. BOYCE. Yes, sir.

Mr. GROSS. All of them?

Mr. BOYCE. Yes, sir. The Administrative Procedure Act does not actually require that a man be a lawyer in order to be a hearing examiner appointed under the Administrative Procedure Act, but as a practical matter I know of no way that anyone could acquire the specialized training that is required without being a lawyer.

Mr. GROSS. Do you have senior examiners?

Mr. BOYCE. No, sir.

Mr. GROSS. All are equal in this in Health, Education, and Welfare?

Mr. BOYCE. Yes. We have an appeals council that reviews our work on a certiorari type proceeding. They either take the case up on their own motion or the claimant applies to them, and they either decide to review the case or determine that no benefit would result to the claimant from that review and deny the review.

Mr. GROSS. What has been the increase in the number of hearing examiners say in the last 5 years?

Mr. BOYCE. In the last 5 years it has increased from approximately 60 to 124. We have approximately doubled.

Mr. GROSS. In the last 5 years?

Mr. BOYCE. Yes, sir; that has been brought about mostly by the disability program. In my particular office now I would estimate that between 90 and 95 percent of our cases are disability cases. I think the reason for that would be that as long as it was only a question of age, you could tell a man he had to be 65 and had to prove it, and he would know whether he was 65 or not and would know whether he had proof of it. He would scratch around until he found his proof of age, bring that in, his case would be allowed if he was 65 or he would wait until he was 65.

When you tell a man who is sick and out of work that he is not disabled, then you have an argument, and that is the reason, I think, for the increase in numbers.

Mr. GROSS. What sort of training or indoctrination do you have, if any, for hearing examiners?

Mr. BOYCE. Our examinations are on the noncompetitive basis. We do not take a written examination. We are given, I understand, by the Civil Service Commission a certain number of points toward our grade or rating, numerical grade or rating, that is, by the amount of experience we have had before administrative bodies or the amount of experience we have had before courts or sitting as a special judge or sitting as a special master.

Mr. GROSS. Does a new lawyer coming in sit in on a case or two with an experienced examiner or does he take over immediately?

Mr. BOYCE. The Appeals Council in making appointments for new hearing examiners sets up an indoctrination or training course where one of the members of the Office of Hearings and Appeals indoctrinates them in some of the problems and some of the things that will come up.

Mr. GROSS. What is the extent of that?

Mr. BOYCE. That usually lasts about 6 weeks. There has been a group of Social Security hearing examiners appointed around the 1st of

May who are just now entering on duty. One is on duty in our office in Nashville. He sat in on hearings with all the other examiners in the office. We have undertaken to answer his questions, to give him as much guidance as we can. He was and is an experienced lawyer.

Mr. GROSS. What you want is for all hearing examiners in Health, Education, and Welfare to be given a grade 16?

Mr. BOYCE. With the other hearing examiners of the other agencies for uniformity of grade.

Mr. GROSS. You want all 124 examiners at grade 16?

Mr. BOYCE. Yes, sir.

Mr. GROSS. That is all.

Mr. DAVIS. Mr. Henderson.

Mr. HENDERSON. As I understand it, at the present time the bill as introduced and being now considered before the subcommittee would bring the classification from GS-13 up to 14 for your group of HEW examiners?

Mr. BOYCE. Yes, sir.

Mr. HENDERSON. Those that are specified in the bill would go on up to 16?

Mr. BOYCE. Yes, sir.

Mr. HENDERSON. Your position is that your examiners should be treated as those who are specially provided for in the bill to come up to the 16 level?

Mr. BOYCE. Yes, sir; name our agency with the other named agencies is our request.

Mr. HENDERSON. You have spoken with regard to the increase in the number of HEW examiners and explained the reasons for that. I notice in your prepared statement you have the outline of the development of a claim in the district office and then it comes up to the officials of the Bureau and finally to the hearing examiners.

Would you advise the committee in regard to the increased workload that examiners find and what your experience has been. Has your workload increased even though you have had an increase in examiners?

Mr. BOYCE. Yes, sir. I have some figures, I cannot put my finger on them at this minute.

Mr. HENDERSON. Just tell us generally.

Mr. BOYCE. The caseload for the country, this is a nationwide figure, the caseload has increased from a few hundred cases in 1950 to some 13,000 cases. Mr. Dimsdale has some figures on that which he will give. I think last year there were 13,000 cases that came before the hearing examiners of the Social Security Administration.

Mr. HENDERSON. Would you speak to the workload of the individual examiners? You have an increase of a hundred percent in number of examiners. I would assume you would have a double workload, but it would not mean any more workload on an individual examiner. How is the increase per examiner in the light of the increase in number of examiners?

Mr. BOYCE. That, of course, has been the purpose of having an increased number of examiners, that our workload not be increased. We try to give to each of the claimants the time and the opportunity to fully develop his claim. This is the first time most of our claimants have ever been before an administrative agency.

Mr. HENDERSON. I understand that from the statement. Do I understand your testimony to mean that, generally speaking, the workload per examiner has not greatly increased because of the increase in the number of examiners?

Mr. BOYCE. I think that is correct; yes, sir.

Mr. HENDERSON. That would bring me to the second and last point which is: Could you advise the committee as to the time involved from the initial development of the claim—I realize that involves time—but once the claim is developed on the docket level, could you speak to the time involved in the appeal from there until the decision is rendered by the hearing examiner?

Mr. BOYCE. Yes, sir. That is approximately 90 days. That will vary from 60 to 90 to somewhat beyond, and for this reason. The first knowledge that we have of the case is a request for hearing. That is taken by the district office. Copies of that are made, we get a copy of it, and that copy of the request for hearing is the first knowledge we have of it. A copy goes to the Bureau.

The file then is directed to us pursuant to that request for hearing. There may be anywhere from a 7- to a 21- or 30-day lag from the time the request for hearing is filed until we get the file. In our particular case, for instance, in Nashville, Tenn., we serve all of Tennessee except the far east section and we also serve north Alabama. There have been three of us in the Nashville office, there are four now including our new examiner there. We so order our hearings so as not to require any claimant to travel more than 75 miles.

That is departmental policy. These people are old or sick or both, and requiring someone to come from Memphis to Nashville, a distance of some 200 miles, would be a burden on them. We try to go to them, still with due regard to the economy of the operation.

Mr. HENDERSON. You pointed out that oftentimes these claimants are not represented by attorneys, but there is no objection on the part of the Department to attorneys representing them if they choose to have attorneys?

Mr. BOYCE. I personally prefer to have attorneys in most cases because the attorneys do have an understanding of the law, or try to acquaint themselves with it.

Mr. HENDERSON. Mr. Chairman, I would like to make the observation that in the personal experience I have had with claims before the Social Security Administration I was very much impressed with the speed with which we were able to get the matter determined. I feel that in these social security claims a quick determination of their claims seems to me to have much more reasonableness perhaps than claims before some of the other agencies. I was trying to get your general comments on this because I think it is important that you have enough examiners to keep the workload down so that the decisions can be rendered as quickly as possible. I think you make a good case for an increase in the number of examiners in the field.

Mr. GROSS. Will the gentleman yield?

Mr. HENDERSON. Yes.

Mr. GROSS. Do you have a backlog of cases?

Mr. BOYCE. The backlog would be in the 90-day period. There are some cases that would be 6 months or a year old, but they would be cases that there would be something special about them. For instance, perhaps the claimant cannot come to his hearing or we have

sent for additional information. Backlogs over a year old are negligible.

Mr. HENDERSON. I appreciate your clearing that point up. Sometimes I get the impression the best way examiners can get an increase in salary is to build up a big backlog, and in this agency I have the impression that is not true.

Mr. GROSS. That was one of the strong arguments used for the 73 additional Federal judges, that there was a heavy backlog of cases in the Federal courts. It is my understanding that up to this point only seven Federal judges have been appointed, and I wonder what happened to that heavy backlog. I wonder if the backlog was not as heavy as we were told.

What would be the average increase in pay as a result of putting the hearing examiners of HEW up to grade 16?

Mr. BOYCE. It would be about \$4,500, sir.

Mr. GROSS. The increase?

Mr. BOYCE. Yes, sir.

Mr. GROSS. The average increase?

Mr. BOYCE. Yes, sir.

Mr. GROSS. \$4,500 a year?

Mr. BOYCE. Yes, sir; going from \$10,635 at the present grade to \$15,235 at grade 16.

Mr. DAVIS. Any further questions?

Mr. BOYCE. Thank you very much, Mr. Chairman and members of the committee.

Mr. DAVIS. We will now hear from Mr. Laurence Dimsdale, hearing examiner assigned to the Social Security Administration at Kansas City, Mo.

Mr. Dimsdale.

**STATEMENT OF LAURENCE DIMSDALE, HEARING EXAMINER
ASSIGNED TO THE SOCIAL SECURITY ADMINISTRATION AND
STATIONED AT KANSAS CITY, MO.**

Mr. DIMSDALE. Mr. Chairman and members of the subcommittee. Mr. Boyce has outlined for you what our function is and how we carry it out. I should like to address myself to a few of the specific contentions I have heard urged in other quarters and which may have been presented to you as the justification for the proposed grade differentials.

I have heard the contention that the work of certain regulatory agency hearing examiners has a greater impact upon the economy of the Nation than does the work of our hearing examiners and the corollary proposition that greater dollar amounts are involved. I am aware that the grant of a license may be the grant of a highly valuable privilege and that the determination of a rate may have highly significant results both for the public and the success or failure of an industry. I do not know the exact dollar amounts involved nor how they should be computed. But surely not every decision rendered by the regulatory examiners is of similar consequence. It may well be that the determination of a minor infraction and the assessment of a minor penalty or a determination that an advertisement is improper which claims or infers that the user of a hair pomade or other adornment will become irresistible to the opposite sex, will neither throw the

Nation into a depression or inflation nor even put the particular industry out of business.

The last published annual report of the Department of Health, Education, and Welfare, i.e., for fiscal 1960, states that old-age and survivors and disability benefits in the amount of \$10.8 billion were paid out during that year, to 14.3 million persons, and that 75 million workers and self-employed persons performed services covered by our act, thus storing up wage credits as the basis for future benefits. Surely no part of the administration of a program which results in the annual placement of that kind of money in the economy and which, to quote from the Harrison committee report cited by Mr. Boyce—

"touches the lives of more ordinary citizens than any other program" administered by the Federal Government can be determined to be of lesser significance to the Nation as a whole economically or otherwise.

In the same year the Bureau through its more than 500 district offices received 2,451,000 old-age and survivor claims and 438,000 disability claims. To do the job at all the whole thrust of the administrative bureau must be and is to classify and categorize through a manual so that uniformity of adjudication can be attained. It is a commentary upon the magnificent job done by the Bureau with its 25,079 employees, that but 13,355 requests for hearing were received by our then less than 100 hearing examiners.

These better than 13,000 hearing requests have a significance for the program and the Nation out of all comparative proportion with the millions of claims received and disposed of by the Bureau. In the terms of two phrases which appear to have been first used by Dean Pound in the report he prepared in 1938 for the Special Committee on Administrative Law of the American Bar Association, our hearings are the forum in which "the authoritative grounds of and guides to decision," i.e., enacted statutes duly published regulations and their application to specific fact situations as evolved case by case in the Federal court decisions, are applied in the individual cases before us. By these traditional judicial "guides to decision" the categorization and classification by which the Bureau arrived at its determination in that case and which Dean Pound described by the phrase "administrative absolutism," is thus legally and judicially audited in our hearings. Ours is the forum in which the individual citizen in the exercise of his right to a "day in court" may challenge the validity of the generalized rules which have necessarily been applied to him below where he was but one of approximately 3 million claimants. The process, therefore, can be aptly described as providing a needed counterbalance against the valid but real demands of mass adjudication.

Individually these 13,355 cases may in no sense of the term be regarded as small claims. In J. K. Lasser's "Your Social Security," published by Simon & Schuster, New York, 1959, basing the computation on an average monthly wage of \$400 and using standard life expectancy tables and noting that no income tax is paid on benefits, benefits in each of a representative group of cases were said to involve amounts ranging from a low of \$17,154 to a high of \$170,450. If it is considered that our hearing examiners hear and decide an average of about 140 cases a year, the monetary amount with which each of

our examiners is concerned totals several million dollars a year. In addition, each hearing examiner decision is reviewed by the Claims Policy Division of the Bureau and may form the basis for a review and revision of Bureau policy and thus affect whole classes of claimants. In such situations the monetary result is beyond my power of computation. But for limitations of time, I could cite cases of my own in which the latter has occurred.

I have also heard the contention that the task of regulatory hearing examiners is made more difficult by the presence of able and opposing counsel representing the Government and industry in each of their cases.

Any of the members of this committee who are lawyers or have been judges will recognize that opposing counsel bear the burden of finding and presenting the evidence and of researching and briefing the applicable law for presentation to a court or a hearing examiner. A hearing examiner blessed by such assistance may relax and listen during the hearing. His work is in choosing from all that has been presented to him. If counsel omits essential fact or law in his presentation, that is apt to be his hard luck for that case is decisive of only the matters presented.

Mr. Boyce has already told you that in none of our cases is the Government ever represented, and in but few of them do counsel appear representing claimants. We therefore bear the total burden of making certain that all of the pertinent evidence on both sides is found and placed on the record which is created in our hearings and of finding, interpreting, and applying the appropriate sections of our statute which with its now complexity more nearly resembles a code. If we miss, the case may well be remanded to us for further handling.

Both the Harrison subcommittee of the House Ways and Means Committee and the recent Horsky independent substantive survey cited by Mr. Boyce have commented upon the greater difficulty of our task without the assistance of counsel. In the latter it was said:

Undoubtedly it is also true that the presence of adequate counsel would lessen the hearing examiners work—

and further—

* * * it is only fair to add that in evaluating the relative statutes of Social Security hearing examiners as compared with hearing examiners serving elsewhere in the Government, recognition should be given to the fact that the absence of Bureau counsel materially increases their responsibility as well as their work.

I would only wish to underline Mr. Boyce's previous statement respecting the complexity of our statute which has grown like Topsy, and to point out the high degree of expertise required of us in situations in which there are diametrically opposed medical conclusions as to the existence and/or severity of a claimed impairment in disability cases. Our finding of the medical fact in such not rare cases must be based on the examiner's understanding and determination with respect to which set of clinical and/or laboratory findings are more clearly established and more consistent as between opposed diagnoses.

Finally, I should like only to point out that the Administrative Procedure Act adopted in 1946 after many years of surveys, commissions, and studies and which on its face was intended to create a specially favored and protected corps of hearing examiners, appears on the contrary to have resulted in serious comparative financial

disadvantage to us. In order to insure the independence of hearing examiners as they function with respect to the agencies to which they are assigned, the Administrative Procedure Act provided that, unlike all other civil servants in the Federal Government, they were not to have their classification nor salary determined by the agencies to which they are assigned nor could they be discharged for cause by such agencies. These functions as well as the determination of hearing examiners' qualification were reserved exclusively to the Civil Service Commission.

We have already submitted a statement which is a part of your record identifying numerous positions within the Social Security Administration to which we are assigned, all of which have enjoyed two-grade promotions since February 1947, when we were placed in grade GS-13 where we have remained ever since. So numerous are these other positions that it seems to have been a general pattern from which only our positions have been excepted. Of even more striking significance is the fact that since 1947 adjudicators and their supervisors in the Bureau of Old-Age and Survivors Insurance, whose determinations are the subject of our hearings on appeal by claimants and which we have the authority to reverse, have identically enjoyed two-grade reclassifications upward. This has resulted in a situation in which the supervisors of adjudication sections who were grade GS-11's in 1947 by 1956 had been reclassified upward to grade GS-13's. Identical adjudicatory positions in the separate Division of Disability Operations of the Bureau have respectively had their classifications established at one grade higher than the grade of their counterparts who adjudicate nondisability cases, upon the specific ground that disability determinations require greater expertise and are more difficult than are the determinations under other provisions of the law. The result is that supervisors of adjudication sections in the Division of Disability Operations are now grade GS-14 or one grade higher than are our hearing examiners, who pass upon the determinations they are responsible for.

I am certainly in agreement with Mr. Boyce that the importance and difficulty of our tasks justifies the same grade GS-16 proposed for the regulatory agencies. I would only add that any comparison with the described Bureau adjudicatory positions below us would seem to justify no lower classification for our hearing examiners under any circumstances than a grade GS-15, and if the proposed pattern of fixed salaries at the top of a grade is to prevail, then the salary fixed for us based upon this internal comparison should be no less than the top of grade GS-15.

Whatever your conclusions concerning the difficulty, complexity, or importance of the various hearing examiner positions may be, a continuation of the present pattern of a two-grade difference and its permanent incorporation into statute will inevitably tend to bring about a situation in which the better qualified or other wise more fortunate hearing examiners will gravitate toward the regulatory agencies. It would be most unfortunate both politically and so far as the public image of this program and this department is concerned if only cheap and therefore poor and inexperienced examiners were to become available to serve the many more numerous little people who have a desperate interest in and need for title II benefits.

We respectfully submit this, our prayer for relief, knowing that the competence of this committee assures the full consideration of the facts presented and a fair and equitable result.

I wish to thank you on behalf of all the social security hearing examiners for the opportunity you have afforded me to appear before this committee this morning.

Thank you.

Mr. DAVIS. In our last hearing the Honorable Joseph P. McMurray, Chairman of the Federal Home Loan Bank Board, was scheduled as a witness, and the time was taken up and we did not reach him. We will call Mr. McMurray next.

Mr. McMurray, it is nice to have you with us.

STATEMENT OF JOSEPH P. McMURRAY, CHAIRMAN OF THE BOARD, FEDERAL HOME LOAN BANK BOARD; ACCOMPANIED BY JOSEPH J. WILLIAMS, JR., MEMBER OF THE BOARD; IRA DIXON, MEMBER OF THE BOARD; WILLIAM J. FLANAGAN, DIRECTOR OF PERSONNEL; AND THADDEUS CORCORAN, BUDGET OFFICER

Mr. McMURRAY. Thank you, sir.

My name is Joseph P. McMurray. I am the relatively new Chairman of the Federal Home Lone Bank Board. I was appointed on May 1.

I have with me Joseph Williams, a member of the board; and Ira Dixon, a member of the board, in fact the senior member of the board.

Mr. DAVIS. We are glad to have you gentlemen here.

Mr. McMURRAY. My associates and I appreciate the opportunity of appearing here today to discuss with you and to urge your approval of our request for supergrades for four new positions requested in the board's 1962 budget estimates, as amended.

My letter of June 1, 1961, to Chairman Tom Murray on the subject outlines in detail our reasons for requesting the supergrades. With your permission, Mr. Chairman, we would like to have the letter made a part of this hearing.

Mr. DAVIS. Without objection it will be made a part of the record at this point.

(The letter follows:)

FEDERAL HOME LOAN BANK BOARD,
Washington, D.C., June 1, 1961.

HON. TOM MURRAY,
Chairman, Post Office and Civil Service Committee,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In the Federal Home Loan Bank Board's 1962 budget estimates, as amended, we are requesting four supergrades—two GS-18's and two GS-16's. We seek your valued assistance and that of your committee in our efforts to obtain them.

As you know, the basic functions of the Federal Home Loan Bank Board are to (1) provide, through the medium of the 11 Federal home loan banks, reserve banking facilities for member savings and home-financing institutions, (2) charter and regulate Federal savings and loan associations, and (3) direct the operations of the Federal Savings and Loan Insurance Corporation.

The activities of the Board consist primarily of (1) establishing policies, issuing regulations, and supervising the operations of the Federal home loan banks, (2) directing the operations of the Federal Savings and Loan Insurance Corporation, (3) chartering Federal savings and loan associations, (4) examining and regulating Federal and insured State-chartered savings and loan associations, and (5) examining the 11 Federal home loan banks.

The funds used to defray the expenses of the Board, including the Federal Savings and Loan Insurance Corporation, come from the savings and loan business; U.S. Treasury appropriated funds or tax dollars are not involved.

The number and total assets of supervised organizations, excluding the 11 banks and the Federal Savings and Loan Insurance Corporation, at June 30, 1960, and June 30, 1950, were as follows:

Insured members	Number		Total assets (in billions)	
	1960	1950	1960	1950
Federal savings and loan associations.....	1,856	1,515	\$36.4	\$7.9
Insured State-chartered institutions.....	2,188	1,284	26.9	4.6
Total.....	4,044	2,799	63.3	12.5

¹ Total assets as of Apr. 30, 1961, were \$70,100,000,000.

It is noted that while the number of insured institutions increased by 44 percent in the 10-year period, their total assets increased by 406 percent. This very rapid growth has made the savings and loan industry a major segment of the financial economy of the Nation. Thus, anything which adversely affects the savings and loan business hurts the general economy and in turn involves the public interest.

The tremendous increase in resources has, as would be expected, had its impact on the general workload and also on the responsibilities of the Board. It has resulted, in part, in an increase in the number of problem cases usually associated with such rapid growth, enlarged the scope of examination and supervision of these institutions, and in turn increased the average time consumed in examination and supervision of each institution.

To provide for the more efficient handling of this constantly increasing workload and responsibility, the Board has included in its 1962 budget estimates a proposed change within the organizational structure of the Board. In the interests of greater efficiency in and better coordination of both activities, it is proposed to transfer the personnel and activities of the Division of Supervision to a proposed new Division of Examination and Supervision. The Division of Supervision would be hereafter known as the Office of Supervision. The personnel and activities of the Division of Examinations would also be transferred to the new Division and would be hereafter known as the Office of Examination. The head of each of those divisions is now a GS-16. It is proposed to make the head of the new division, to whom the current heads will report, a GS-18. It is in our efforts to obtain this GS-18 supergrade that we solicit your support.

As already indicated, the total assets at April 30, 1961 of all insured institutions supervised by the Federal Home Loan Bank Board were \$70.1 billion. It is conservatively estimated that by June 30, 1965, they will exceed \$100 billion. Consistent with the Board's responsibility for this large area of the general economy, and because of the effect, both real and potential, of the activities of the savings and loan industry on the general economy, the Board considers it very essential to set up the nucleus of a high level staff to keep the Board advised on the activities and potential trends in the money market, the housing and real estate market, and the economy generally, and the effect of such activities and trends on the savings and loan industry. Accordingly, the Board in its amended 1962 budget estimates proposes to set up in the Board a new office to be called—Office of Research and Home Finance. This office would have a staff of seven employees. In order to attract the best possible talent, the office would be headed by an adviser to the Board (GS-18); under him would be one specialist in banking and mortgage finance (GS-16), and one specialist in real estate and housing (GS-16). There would also be one statistical clerk (GS-7), and three secretaries (one GS-9 and two GS-8). The office would analyze all economic, financial, mortgage, and housing data and information relating to the money market generally. It would advise the Board on developments relating to the work and jurisdiction of the Board. It would initiate studies and investigations intended to provide information and generate ideas which may develop into policies of the Board and the Insurance Corporation. It would conduct special assignments as requested by the Chairman and/or the other board members. It would cooperate with Directors of comparable offices in other agencies such as

the Bureau of the Budget, Council of Economic Advisers, Treasury Department, Federal Reserve, Housing and Home Finance Agency, Department of Commerce, and Veterans' Administration in connection with their economic, mortgage finance, and real estate studies. The office would work closely with the Joint Committee on the Economic Report and would cooperate with other economists in other economic and trade organizations. It is in our efforts to obtain the GS-18 and the two GS-16 supergrades in this new office that we solicit your support.

It is our understanding that this letter will be assigned to Judge James C. Davis of Georgia, chairman of the House Subcommittee on Manpower Utilization who may hold hearings on our request.

We shall be glad to furnish any additional information or respond to any inquiries you or your committee may wish to make.

Sincerely yours,

JOSEPH P. McMURRAY, *Chairman.*

Mr. McMURRAY. If I may, I would like to read the pertinent parts of the letter.

I presume most of you are familiar with the activities of the Federal Home Loan Bank Board. We now supervise institutions with assets of approximately \$75 billion. We have some 4,000-plus insured associations that are members of our system. We have had a tremendous growth expansion in the last 10 years. The assets have increased from roughly \$15 billion in 1950 to \$75 billion today.

As you know, the savings and loan industry supplies about 40 percent of the home financing in the United States, and if we are to do a better housing job in the next 10 years we will have to do a mortgage financing job even more effectively than we did in the last 10 years. We need the kind of personnel that can serve the needs of the industry and the needs of the associations—and of course that means the American people.

In one case we are asking for a supergrade 18. I will read the part of the letter relating to that. If you have the letter, it is on page 2 at the bottom of the page:

To provide for the more efficient handling of this constantly increasing workload and responsibility, the Board has included in its 1962 budget estimates a proposed change within the organizational structure of the Board. In the interests of greater efficiency in and better coordination of both activities, it is proposed to transfer the personnel and activities of the Division of Supervision to a proposed new Division of Examination and Supervision. The Division of Supervision would be hereafter known as the Office of Supervision. The personnel and activities of the Division of Examinations would also be transferred to the new Division and would be hereafter known as the Office of Examination. The head of each of those divisions is now a GS-16. It is proposed to make the head of the new division, to whom the current heads will report, a GS-18. It is in our efforts to obtain this GS-18 supergrade that we solicit your support.

Continuing on the next request, that is, for a supergrade 18 who would head the new office called the Office of Research and Home Finance, and two GS-16's who would be in that office, one of whom would be a specialist in banking and mortgage finance and the other a specialist in real estate and housing. The office would have a total staff of seven employees. At the present time we do not have any Research and Home Finance Division. The Federal Reserve Board has a Research and Statistics Division numbering some 120 employees. In addition to that, many of the Federal Reserve Banks around the country have research staffs. I think in the New York Federal Reserve Bank the staff numbers about 200 employees. The FDIC, I believe, has something in the neighborhood of 50 people in the Research Division.

What we are asking, we want to have attached to the Board and advising the Board not a large group, but what we call a good thinking machine. We would like to get the best person obtainable at the top and two to assist him who are experts, one in monetary research mainly and another in housing and home finance. The top man would be the best man we could attract who would help the Board to study the trends in our economy, who would be familiar with monetary organization and the financial market, and would be familiar with good banking practice. At the present time we are without this kind of assistance and a \$75 billion industry should not operate without this kind of assistance. We believe we should have a small staff, a high quality staff. I am an economist and I have frequently found you have in large organizations people who sometimes trip over themselves. We want a few people but high quality people who can ferret out some of the material in our office and analyze it.

In order to fill these four positions with the high level of personnel we seek and at the same time meet as much as possible the very keen competition for talent, the Board must make the salaries of the positions as attractive as possible. We believe this purpose is consistent with the general intent of Congress relating to the use of supergrades. The addition of these positions to the Board's staff will help to make the Board's supervisory, regulatory, and general policy operations more effective and efficient and will help to meet adequately the constantly increasing problems associated with the phenomenal growth of the savings and loan industry.

I might say that the Board does not presently have on its immediate staff on a full time basis any experts in banking, mortgage and finance, or real estate and housing. The services of such experts are becoming increasingly necessary as the activities of the savings and loan business become more complex. Three of the four grades requested are for these three classifications.

I thank you, gentlemen, for the opportunity of making this statement. My associates and I will be glad to answer any questions you may wish to ask.

Mr. Williams points out, and I am glad he does, that the funds used to defray the expenses of the Board, as you may know, including the Federal Savings and Loan Insurance Corporation, come from the savings and loan business.

Mr. DAVIS. That was the first question I was going to ask you, that this will not cost the Government any money?

Mr. McMURRAY. No, sir.

Mr. DAVIS. You will finance this out of your own funds?

Mr. McMURRAY. Yes, sir.

Mr. DAVIS. How many employees do you now have, Mr. McMurray?

Mr. McMURRAY. Presently we have just a little more than 1,100 employees.

Is that correct, Mr. Dixon?

Mr. DIXON. Yes. That includes our examiners.

Mr. McMURRAY. Over 700 of those employees are examiners.

Mr. DAVIS. Those examiners go to the various savings and loan associations and examine the books?

Mr. McMURRAY. Yes, sir.

Mr. DAVIS. They are auditors?

Mr. McMURRAY. Yes, sir. I have a breakdown just handed to me which I will be glad to make a part of the record.

Mr. DAVIS. We will be glad to make it a part of the record at this point.

(The breakdown referred to follows:)

As of May 31, 1961

Divisions	Total	GS-14	GS-15
Board members and staffs.....	13		1
Secretary to FHLBB.....	48		1
Office of Information.....	4	1	
Division of Personnel.....	6	1	
General Counsel.....	30	5	4
Director of Audits.....	11	2	5
Division of Supervision.....	37	10	1
Federal Savings and Loan Operations.....	14	1	1
Federal Home Loan Bank Operations.....	12		1
Comptroller's.....	27		1
Total.....	204	20	15
Division of Examinations.....	1 801	23	12
Federal Savings & Loan Insurance Corporation:			
General Manager.....	9	1	1
Operating analysis.....	36	1	1
Underwriting.....	17	2	1
Insurance settlement and rehabilitation.....	9	2	1
Comptrollers.....	15	1	1
Total.....	86	7	5
Grand total.....	1,091	50	32

¹ 729 examiners.

Employment at June 30, 1961

Unit	Number
Federal Home Loan Bank Board.....	212
Division of Examinations.....	822
Federal Savings & Loan Insurance Corporation.....	95

Total, Federal Home Loan Bank Board..... 1, 129

Mr. McMURRAY. The total is 1,129.

Mr. DAVIS. Do you have any supergrades now?

Mr. McMURRAY. Yes. We have six.

Mr. DAVIS. Six?

Mr. McMURRAY. Yes. None of them are GS-18. We have two GS-17's and four GS-16's. I will be glad to make this list a part of the record if I may.

Mr. DAVIS. Without objection that will be made a part of the record at this point.

(The statement referred to follows:)

Supergrades were approved by the Civil Service Commission for the following positions in this agency on the dates indicated:

Title of position	Grade	Date of appointment	Proposed
General Manager, FSLIC.....	GS-301-17.....	Jan. 23, 1956	18
Director, Division of Supervision.....	GS-301-16.....	Sept. 20, 1957	
General Counsel.....	GS-985-17.....	Oct. 24, 1958	18
Director, Division of FHLB Operations.....	GS-301-16.....	Oct. 24, 1958	
Director, Division of Examinations.....	GS-570-16.....	Oct. 24, 1958	
Assistant to the Board.....	GS-341-16.....	Jan. 7, 1959	17

Mr. DAVIS. You have told us how you would use the four supergrades you are requesting, I believe.

Are you familiar with this bill, H.R. 7377, which the committee has before it?

Mr. McMURRAY. No, sir; I am not.

Mr. DAVIS. You would not know offhand whether or not authority is included in this bill for the supergrades you are requesting?

Mr. McMURRAY. Mr. Corcoran here may be familiar with that, if he may speak to that.

Mr. CORCORAN. No, Mr. Chairman, I believe they are not. Our new Chairman came in on May 1. We asked the Civil Service Commission for one last fall, one GS-18 for Manager of the new Division. The other three were requested by Chairman McMurray after he came in, after May 1.

Mr. DAVIS. Mr. McMurray, your expenses are paid, I believe you said, by assessments on these various savings and loan associations that contribute to the expenses of the Federal Home Loan Bank Board?

Mr. McMURRAY. Yes, sir, and by the 11 banks and the Insurance Corporation.

Mr. DAVIS. Any questions?

Mr. GROSS. There is in the bill one GS-18?

Mr. CORCORAN. We are not at all sure. I checked with the Civil Service Commission yesterday and asked that question, if one of our supergrade positions was in this bill. They said they are asking for 400 spaces, as they called them. If they got them they would ask each agency what its needs were at that time and then evaluate those needs, so I do not know if it is in there or not.

Mr. GROSS. In other words, if we provided these supergrades for you in this bill you would not be before the Civil Service Commission asking for one or more. Is that correct?

Mr. CORCORAN. That is right, sir.

Mr. GROSS. This one GS-18 is to research what? Fiscal matters?

Mr. McMURRAY. Research in home finance, an economist, a top economist. For example, the Federal Reserve Board has two GS-18's—of course they are not covered by the Classification Act.

Mr. GROSS. You are an economist, are you not, Mr. McMurray?

Mr. McMURRAY. Well, I studied to be an economist but I have been working on many other things. I still know something about economics but I do not pretend to be the kind of expert I would like to have. I would like to have someone more expert, and I know the Board would like to have someone more expert than I am.

Mr. GROSS. Mr. McMurray, we are spending quite a bit of money for economists in the Government. I think there are several in the White House. Is the information available to them not available to you, or are you unable to correlate that information with your activities?

Mr. McMURRAY. I believe those in the White House are quite busy. We do, as a matter of fact, when we need some information, check with other agencies to get help and assistance, but, as you know, every agency has its own problems and a slightly different orientation, and it seems to me this particular agency, with \$75 billion to supervise, should have only the best people to advise it in regard to that business, people who would have a better understanding of the problems of the industry as such.

Mr. GROSS. I do not want to deprive any agency of the people they need in order to conduct a successful operation. On the other hand, I do not want to see any empire-building, either.

Mr. McMURRAY. Exactly, sir. That is why I said to you we are not asking for a large research organization. What we are asking for are three highly talented people who can analyze a lot of material and get information from other agencies. In other words, I do not want to have a large bureau setup. I want, though, a very high quality and small staff.

Mr. GROSS. You just used the figure of three. Are you asking for three GS-18's?

Mr. McMURRAY. In this particular Office of Research and Home Finance I am asking for one GS-18 and two GS-16's.

Mr. GROSS. In the first paragraph of your letter to the chairman of this full committee you say "we are requesting four supergrades—two GS-18's and two GS-16's."

Mr. McMURRAY. That is right.

Mr. GROSS. Is it two or three GS-18's?

Mr. McMURRAY. Two. The first GS-18 is for the manager of the new Division of Examination and Supervision. That is one GS-18. The other GS-18 would be an adviser to the Board and Director of the Office of Research and Home Finance. Then there would be two GS-16's.

Mr. GROSS. Then it is two and not three, two GS-18's and two GS-16's?

Mr. McMURRAY. Yes, sir.

Mr. GROSS. All right. That is what I was getting at. That is all.

Mr. DAVIS. Any further questions?

Mr. DERWINSKI. Mr. Chairman.

Mr. DAVIS. Mr. Derwinski.

Mr. DERWINSKI. Mr. Chairman, I would like to go into some detail to clarify the information I think the committee should have.

When you say the funds involved come from the savings and loan business, what you are really saying is that at the time of the examination by your examiners of a federally insured institution, State or Federal, you assess a fee against that institution based on the man-hours worked, and the profit over and above the cost of maintaining the examiner is used to finance part of your operation?

Mr. McMURRAY. No, sir. We have 11 banks and that is where some of the funds for the Board's administrative expenses come from. As I understand it—and I ask to be corrected by Mr. Williams and Mr. Dixon if I am in error—but as I understand it the cost of examination just about pays for itself. We do not intend to make a profit on that. Where we get our money is mostly from the 11 banks.

Mr. WILLIAMS. And by assessments against our Insurance Corporation.

Mr. DERWINSKI. I did not want this statement of yours to be misinterpreted to mean that the savings and loan industry at the grassroots was going to pay for the increased personnel.

Mr. McMURRAY. Insofar as they are members of the 11 banks and insofar as they are insured by the Federal Savings and Loan Insurance Corporation.

Mr. DERWINSKI. At the present time, in all States I presume, it is the requirement of the Federal Home Loan Bank Board that your

Federal examiners participate in the examination of State-chartered insured institutions. Is that correct?

Mr. McMURRAY. That is correct.

Mr. DERWINSKI. I know there was a time some years ago when you would accept the report of examination by the State examiners. Could you not reinstate that procedure to take the load off your Federal examiners?

Mr. McMURRAY. May I ask Mr. Dixon to address himself to that?

Mr. DIXON. Six years ago there were three States, of which Illinois was one, that we were accepting the State examiners' reports. Now, I knew something about the State of Illinois and Mr. Hodges, and I could envision myself if an insured association was involved in difficulties being called before a committee of Congress and being asked, "When was the last time one of your examiners was in that institution?" and I would have to tell them 15 years ago. Still the act says that the Board is responsible for examinations of insured institutions.

So immediately when I went over as a member of the Bank Board I insisted that our examiners go in annually in every institution that we insure, because if I had the responsibility I wanted to at least have the knowledge that our own examiners were examining all insured institutions.

Mr. DERWINSKI. Looking at it from the standpoint of the institution being examined, what has happened to my knowledge, is that when you have a joint Federal-State examination in which you would have two Federal examiners and two State examiners coming in at the same time as one unit, and examining an insured institution, complaints have been frequent in the industry that this resulted in a duplication of work. The State examiner will look at a certain set of figures for a day or two and then the Federal examiner will duplicate the procedure.

Is there any possible way, or have you thought of means by which you could develop better coordination with the respective States so that either your personnel could be reduced through this cooperative procedure or their personnel could be reduced?

Mr. DIXON. We have attempted to work closely with the State supervisory authority in every State and I would say that in 40 of the States, at least, we do work cooperatively and we take advantage of each other's work; but we still each have our own people in on the examination to know what the other has done and has not done. So we work at that all the time. That is part of our program, to try to make the examinations fit in together and cost the associations less.

Mr. McMURRAY. I would like to add to that, if I may, this comment about the creation of this new supergrade to head our Division of Examination and Supervision. One of his important responsibilities would be to do a more effective job in this very regard. To the extent it is needed, we want better cooperation. This is good for us and good for the States and as Chairman I certainly would encourage that, and the two other Board members have indicated they feel the same way.

Mr. DERWINSKI. These two new specialists, one in banking and mortgage finance and one in real estate and housing, it is your intention, I gather, that they would provide the industry with information as well as providing the information to the Board itself?

Mr. McMURRAY. Yes, sir.

Mr. DERWINSKI. Among other things, the industry is represented by two trade associations to which a considerable amount of dues must be paid to sustain them. Would you not be duplicating the work done for the industry by their trade associations?

Mr. McMURRAY. In this kind of business the problems are so complex that there are differences in judgment, and the trade associations—

Mr. DAVIS. Do you have any jurisdiction over the trade associations?

Mr. McMURRAY. No, sir.

Mr. DAVIS. No jurisdiction at all?

Mr. McMURRAY. No, except insofar as the members of the trade associations are subject to our supervision.

Mr. DAVIS. But that would not give you any supervision over the trade associations themselves?

Mr. McMURRAY. No, sir.

Mr. DAVIS. There could be a conflict there?

Mr. McMURRAY. There could be, but we have to have our advice independent of anybody, and that is what we want. There probably would be communication and an exchange of ideas and so on. As a matter of fact, we have this now—I know every night I bring home a lot of reading material to try to keep up with everything. We have Board meetings, we have telephone conversations—

Mr. DAVIS. You do not watch television, do you?

Mr. McMURRAY. I have not looked at television for sometime. We even have to write our own speeches. We have no one to give us good ideas in the way of creating new thoughts and so on, so we are really handicapped, gentlemen and lady of the committee, and we solicit your help. We want to do the best job we can for the industry and for the American people and we really need these supergrades very much.

Mr. Dixon, who worked with me on the Senate Banking Committee when I was there, used to tell me of his difficulties before I had any idea of coming on the Board, and I know he feels as I do about it. And Mr. Williams, who joined the Board about 8 months ago, or longer, feels the same way.

Mr. DAVIS. Mr. Gross says you have not missed much in the way of television this summer.

Mr. HENDERSON. Mr. Chairman, I am surprised the gentleman from Iowa had an opportunity to view television himself.

Mr. DERWINSKI. Mr. McMurray, one of your problems, obviously, is in the judicious approval of applications for charters?

Mr. McMURRAY. Yes, sir.

Mr. DERWINSKI. What coordination do you have with the respective States to see that your granting of a Federal charter might not be geographically in conflict with the granting of a State charter in the same community?

Mr. McMURRAY. We attempt to have as good coordination as possible. We usually advise them when an application is made and they advise us when an application is made, and in the hearings we do have presented what charters exist in that area, and if any are in the process we are also informed of that. We do try to work with the other States and my limited experience is that there is generally good coordination.

Mr. DERWINSKI. You feel you have adequate personnel to handle that phase of your operation and are not granting an excessive number of charters in any given area?

Mr. McMURRAY. At the moment I cannot answer you with the intelligence I would like to. I might say I currently have a task force that is working and helping me think through the problems of the Board and its organization, and we have received a pledge of money from the Budget Bureau to study the organization of the Board. I would say generally they have a great deal of work, but they seem to work very hard and I think we are doing a reasonably good job. It might be more effective at this point; I am not certain.

Mr. DAVIS. Any further questions?

Mr. ROUSSELOT. Mr. Chairman.

Mr. DAVIS. Mr. Roussetot.

Mr. ROUSSELOT. Are you convinced there is no other Government agency that could perform the kind of research you are outlining here? In other words, are you convinced that this would not be duplication?

Mr. McMURRAY. Sir, it would not be duplication. Of course in this kind of work you do not know what you do not know. In other words, it is hard to say if you do not have someone bringing ideas to you. There is the Council of Economic Advisers. In my brief time as Board Chairman I know personally my views on occasions have not been the same as those of other agencies of the Government. Generally the commercial banks themselves have research organizations. For instance, National City has a very good organization, and so has the Chase Bank. I am sure they read each other's material and frequently come out with different views. We feel we should have for ourselves people who think through the problems from our point of view and then advise us in terms of what our own thinking is, and they have to be a part of your family in order to do the job that should be done. We have to have people we have complete confidence in to do that work, and if we are given these supergrades we are going to look over the best talent. There is a terrific amount of competition for people of this kind. In fact, the kind of person I hope to attract to this top grade might be a person who has a top position in a bank or insurance company, makes a lot more money than he would receive in this position but, because it would be a tremendous responsibility for him and an opportunity to be of service to his Government, he might be willing to come. That is the type of person we hope to attract.

Mr. ROUSSELOT. When I served in the executive branch myself I found many times there was tremendous duplication by many agencies all looking for the same information, and yet they would come in and ask for more people in that field.

Are you convinced there is no other Government agency that would do the work in this field?

Mr. McMURRAY. I am absolutely convinced there are no other Government agencies that could give us what we need. I, too, was an economist in the Government and I agree with what you say, in part, if I understand it. That is why I do not want a large organization. I want a few people who can take the available information and analyze it and also generate new ideas for us. In the civil service in order to get a high GS grade it was usually necessary, at one time, to have so many people under you. I have never personally agreed

with that. I think it is good government to have top people without a lot of unnecessary people under them.

We would set up in this division three supergrades and three secretaries and one statistical clerk or junior economist who would do the collecting, and so forth, but I imagine we would make great use of all the materials of other agencies. At the present time we do not have anyone who can analyze the materials of other agencies, and this is a great lack.

Mr. DAVIS. Any other questions?

Mr. HENDERSON. I think the record needs to be clear and positive on this: You are not sure that your one request made prior to your coming on the Board is not specifically in the Civil Service request? It would be possible for the Civil Service, out of their total group, to allocate you not only the specific request for the one but all four of those supergrades if you can make the case before the Civil Service, but you would be more or less at their mercy to do that if we passed the bill without specifically allocating the supergrades you are requesting this morning?

Mr. McMURRAY. Mr. Williams believes you are correct. Speaking for myself, I am not certain. I would like to advise the committee after further inquiry.

I would like to say this, however. Before I came in I suppose there was some discussion with the Civil Service Commission. I know this that the Congress of the United States does have the authority to do as I am requesting, and I would even be happier if the Congress of the United States would do this, recognizing the importance of the work. One of the things I am trying to do as Chairman of the Federal Home Loan Bank Board is increase the prestige of the Federal Home Loan Bank Board in accordance with its responsibilities, and to have the Congress recognize our problems would greatly increase the prestige of our organization.

Mr. HENDERSON. Of course Mr. Macy is coming back before the committee, but I am not sure it would be possible or proper for us to pin him down as to what he will do with the total group. I think it is the objective of this committee to hear the testimony of the various agencies, such as yours, and when a case is well presented and we are satisfied the need is great, to grant that. In view of the fact the increased cost of these supergrades would be borne by your organization, I think you should have special consideration.

Mr. McMURRAY. Thank you very much. In the past it seems the Civil Service Commission did not recognize the tremendous importance of this industry. It almost seems it has been treated as a stepchild. Here is an industry financing 40 percent of the residential mortgages, an agency with responsibility for \$75 billion in funds, and it does not even have a research staff. That does not make any sense at all. So it is an urgent matter, and the sooner you can give it to us the better.

Mr. DAVIS. We are glad to have you here before the subcommittee, Mr. McMurray, and you can be sure we will give you the kindest consideration.

Mr. McMURRAY. Thank you very much.

Mr. DAVIS. We will have as our next witness the Honorable James E. Webb, Administrator of the National Aeronautics and Space Administration.

Please come forward, Mr. Webb. We are glad to have you before our subcommittee.

STATEMENT OF JAMES E. WEBB, ADMINISTRATOR, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION; ACCOMPANIED BY ROBERT LACKLEN, DIRECTOR OF PERSONNEL; AND ALBERT SIEPERT, DIRECTOR OF ADMINISTRATION

Mr. WEBB. Mr. Chairman, with your permission I would like to ask that Mr. Robert Lacklen, Director of Personnel, and Mr. Albert Siepert, Director of Administration, accompany me to the table. They are both men of long experience in Government.

Mr. DAVIS. We will be glad to have them accompany you.

I note you have a prepared statement. Do you want to include your statement in the record or read it?

Mr. WEBB. I would be glad to insert the statement if you prefer it that way.

Mr. DAVIS. We will follow your wishes in the matter. You know what your statement contains. I have not read it as yet.

Mr. WEBB. Let me start by saying that the question of the inclusion of the 135 additional excepted positions for our agency in this legislation is of extreme importance. As you know, the Wright brothers flew just 58 years ago and we have come from this frail craft that no one could see much promise in to where anybody can fly across the country in 4½ hours.

Mr. DAVIS. If Castro does not take it to Cuba.

Mr. WEBB. We do a lot of things at pistol point, but we do have the airplanes that can fly and we must keep pace with advanced technology.

The important thing is, in the field of rocketry we are making even more rapid and dramatic advances in our agency, the main agency to do the basic research in aeronautics for the military as well as the civilian side.

Therefore, it has been drawn into this whole area of rocketry which involves, not only very powerful rockets that can project both instruments and man out beyond the earth's atmosphere where you can observe and study the forces of nature that you simply cannot do from within the earth's atmosphere, but also strong aerodynamic problems of reentering the earth's atmosphere.

Where Captain Grissom entered at about 5,000 miles an hour last Friday, when a man returns from the moon he will reenter at about 25,000 miles an hour, which emphasizes the relationship between aeronautical and the rocketry side of our agency. It also emphasizes the fact that in 35 years we have come from Goddard's rocket which flew 41 feet to where we now have an authorization by the Congress to proceed on a 10-year program to develop science and technology at the most rapid rate that we can. This field of rocketry and space research is the area which offers the greatest opportunity to pursue science and research and advanced technology for the total benefit to the Nation, not only out in space but in the whole area of our growing economy.

The same science and technology you have to have to operate out in space relates to better metals for specific purposes and electronics. When we learn to communicate out to 20 million miles with a space

probe, we learn a great deal about what it takes to operate modern electronics on earth. This also applies to fields of energy conversion where our society is more and more dependent on the utilization of energy and horsepower to do our work, and where a much larger proportion of time is not required for the basic essentials of life, and where we have a much more complex social organization in our cities with some 65 percent of all people now living in 189 metropolitan areas with estimates that the population is going to grow at a rapid rate and about three-quarters of the people will live in these cities.

Then the question of complex systems of organization become very, very important and this is an advancing area which our agency is working in.

If I could just take one moment to illustrate that, last Friday when I was in the control center at Cape Canaveral the minute the rocket took off there was a little capsule that began to move on a map and right in front of that capsule was a round circle that moved with it. What this meant was that information from radar was instantaneously carried a thousand miles to NASA's Goddard Space Flight Center, instantly calculated to predict the position where this capsule would land if anything happened to it or the astronaut had to fire the retro-grade rockets, and that predicted material was fed back 1,000 miles to Cape Canaveral and instantaneously shown on this board. This means that any time in an orbital flight that a capsule passes over a station like Bermuda or the Canary Islands or any of our other 19 tracking stations around the world we get an instantaneous communication back, practically instantaneously with a calculation of where the thing would impact if it were aborted at that time and there is a display of that so our forces can be managed.

This is the most complex electronic and computation problem ever solved in the free world, and I believe anywhere in the world. I think the things you learn from solving this kind of a problem are of extreme advantage in an economy that is now estimated to increase over the next 10 years from some \$515 billion to maybe \$700 billion or \$750 billion.

The Dodge report estimates we are going to spend for increased capital investment in our buildup of our economy something like \$700 billion in that 10 years with, maybe, another \$360 billion for maintenance and repair. If we are going to spend a trillion dollars in 10 years building things that have capital characteristics, the kind of feedback into the economy for new metals, electronics, energy conversion, and systems management of our program, is very, very important. It is a little bit like the restaurant in New Orleans that had a sign over the door saying, "We have gravy and other things."

We are going to pursue the space program at the most rapid rate because the prestige of this Nation, the position we have as the leader in science and technology, is one of the very important things that will determine our future in the world.

I think it is extremely important, if we could manage this program right, if we can do the job right, and we can also gain back the money invested to achieve that position many times over in an increasing economy.

There are two other points and then I will suspend unless you wish me to go forward with the statement.

Mr. DAVIS. Let me ask you this. The supergrades for which you are asking, what are they expected to do and how do you expect to use them in your program?

Mr. WEBB. That is my next point.

The point is that conducting a program to spend \$35 billion over 10 years in the most advanced science and technology requires good leadership and good people. This program is based on spending some 80 percent of the funds through contracts with private industry, with research and other organizations. By far the larger part of it will be spent through private industry and this means that the people on our payroll must be particularly good in order to manage a very large expenditure under contract to American industry because the things we are contracting for are not routine, off-the-shelf items.

In most cases they are single item purchases and in almost all cases the number to be purchased is very small but in many cases they have never been designed or made before. Therefore, the competence to plan and execute this vast operation, using the total of American industry, the best resources we have anywhere in the country, requires very able people. These 135 people are primarily to provide the kind of management and leadership that will permit us to do this kind of a job.

Mr. GROSS. Stated in simple terms, you want 135 supergrades, is that it?

Mr. WEBB. Yes, sir. I can show you that we need to have them in order to do a management job here that is extremely important.

Mr. DAVIS. What qualifications or qualities do you expect these people to possess? Are they engineering people, auditors, or just what capacities do you require?

Mr. WEBB. Some 90 to 95 percent of them will be scientists and engineers and a few will be in the management area. I can give you a rundown very briefly, if you wish.

Mr. DAVIS. If it is not covered in the statement, please do.

Mr. WEBB. No, sir; it is not covered in this particular way in my statement.

Seventy-eight, under our present plan, of the 135 positions will be needed directly for the increased manned space flight and divided, one-third for the central projects staff, and two-thirds for the development of the technological competence required in the field center activities.

Remember, Mr. Chairman, that most of our activities are carried out in field centers throughout the country which are assigned specific tasks, such as Dr. Werner von Braun's group at Marshall Space Flight Center in Huntsville, making the giant rockets.

Out of the number of 135, this number is over half and approximately 28 are required to strengthen the direction, evaluation, and control of the other large scale industrial centers involved in the development of effective space vehicles. Approximately 10 positions are being considered for the most urgent areas of advanced technology and research and approximately 8 positions are intended for the increased effort in the area of nuclear propulsion.

You know we have a joint office with the Atomic Energy Commission in which we manage the nuclear rocket which will use a nuclear reactor to heat hydrogen gas and give a very high specific impulse

for a nuclear rocket which is in addition to the liquid rocket and in addition to the solid propellant rocket.

Then we have 11 excepted positions to strengthen our overall program of management in order to manage this vast effort that will last over these 10 years.

Mr. DAVIS. What is the total number of employees you now have?

Mr. WEBB. Approximately 17,500.

Mr. DAVIS. How many supergrades do you have now?

Mr. WEBB. Two hundred and ninety are authorized.

Mr. DAVIS. Are all spaces filled?

Mr. WEBB. No, sir; they are not.

Mr. DAVIS. How many are filled?

Mr. WEBB. Could I let Mr. Lacklen answer that?

Mr. DAVIS. Yes.

Mr. LACKLEN. We have 287 positions that are filled but 11 of these are vacant positions held for certain vacancies or positions filled by high-ranking military personnel like General Ostrander, who is the head of our launch vehicles program.

We will hold an excepted position for that position.

Mr. WEBB. We have borrowed him from the military but we have to have a position to recruit his successor.

Mr. DAVIS. How many supergrade positions did you have when the agency was created?

Mr. WEBB. Two hundred and fifty.

Mr. DAVIS. When did the others come along?

Mr. LACKLEN. We received a 260 authorization in our Enabling Act. We had 50 as NACA that we brought over with us at the time we converted. We had 260 when Dr. von Braun's group was transferred.

We were authorized an additional 30 to take care of the additional needs when the Marshall Space Flight Center was established.

We now have a total of 290 excepted positions under our act.

Mr. DAVIS. Have you shown us how the particular grades you would ask for in this 135 would be allotted?

Mr. WEBB. This is included in the statement that I will file for the record, Mr. Chairman. I can read it now if you wish.

Mr. DAVIS. No; if it is in there, all right.

Your statement will be entered in the record at this point, without objection.

Mr. WEBB. Thank you, Mr. Chairman.

(The statement follows:)

STATEMENT BY JAMES E. WEBB, ADMINISTRATOR, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Mr. Chairman and members of the committee: I appreciate the opportunity to appear today in support of H.R. 7377, particularly as it relates to providing better management in Government through increases in the number of positions in the top grades authorized by the Classification Act of 1949, and through increases in the excepted positions which involve heavy responsibility for research and development in urgent Government programs.

The National Aeronautics and Space Administration is now faced with the problems of increasing its present level of effort by more than 50 percent in 1962 and increasing that level by almost 100 percent in fiscal year 1963. Approximately 80 percent of the work which we must do in order to achieve the earliest possible exploration of the moon, and continue our other space activities, will be done under contracts with private industries and nongovernmental scientific

institutions. Practically all of this work will be at the very forefront of modern science and technology.

What this country will be attempting to do will in most cases be out in front of anything heretofore undertaken.

Further, the Space Act imposes on us an additional responsibility to see that the lessons we learn and the benefits which can be derived from our very advanced technology are made available to industry in such a way as to expedite their application in whatever areas they can benefit our economy. These benefits can be enormous. All of this means that in the planning, in the organization, in the execution, in the followup and evaluation, and in the application of new things learned from experience as we progress, we simply cannot afford to have in our top positions of leadership anything but the best which the country has to offer.

Since World War II, it has been my privilege to serve in the Bureau of the Budget, the State Department, and now the National Aeronautics and Space Administration. Therefore, I have had an opportunity to see, over an extended time, the results of a pay structure for top executive and technical positions which was inadequate to retain in the Federal service many of its most effective and promising executives. Since World War II, there has been an increasing differential between governmental salaries for such positions and outside opportunities available to our country's ablest executives and technical leaders. The result has not only been a steady drain away from the very large and important programs of the Federal Government—on which, in many cases, our future as a nation depends—but a steady impairment of those incentives which attract into Government service able younger men who can replenish the talent bank that is so steadily being drawn upon.

In the years following World War II, many very capable men who had served during wartime felt they had done their duty and left for better opportunities outside Government. To meet this problem the Classification Act of 1949 was enacted to permit three additional grades above GS-15 for at least a limited number of top career positions in the executive branch. This same act also enlarged the authorization to employ scientists and engineers at special higher rates of pay, although again in limited numbers. I believe this new approach to career salaries in the top echelons of Government made a big difference at the time in slowing up the loss of key civil service personnel to industry.

The 1949 act did not, of course, eliminate the problem entirely because the new salary scales were still appreciably below the outside compensation, and the number of such positions authorized was quite limited. Nevertheless, this was a legislative landmark in Federal personnel administration. The subsequent increases in the number allowed and the subsequent adjustments in the pay scales have made it possible to retain in the public service many outstanding men and women.

The present requirements reflected in H.R. 7377 are the result of careful and independent study by the several agencies, the Civil Service Commission, and the Bureau of the Budget. Therefore, this request reflects a conservative assessment of what is required in the immediate future to assure continued successful leadership in the execution of the important programs on which our positions as a nation depends.

Regardless of how we got there and whether we like it or not, our country is in an all-out competition to prove the merits of our social, economic, and political system. Unless our national programs in such areas as defense, atomic energy, medical research, space exploration, and many others succeed, we cannot maintain our position of leadership in the world. If the other nations of the world, whether friend or foe, find that we are ineffective in carrying out the things we undertake to do, the problems we face today will be increased manifold. On the other hand, if we can attract into the leadership of our main governmental programs the best we have in America, we can prove an effectiveness that will attract the support and help of other nations and make the next steps easier and more manageable.

The necessity for men and women of high ability and capacity in positions of leadership in Government has become increasingly evident. New Government functions, and many of the older functions as well, now depend upon thorough understanding of science and technology. Their execution requires an effective relationship between Government and large segments of American industry. Under the circumstances, it is crucial that the Federal service be assured a means of attracting and retaining professional and executive talent with competence to deal with the public interest under even more complex conditions. The quality of technical and managerial talent which American industry finds it needs, and for which it is willing to pay well, is high. Yet the responsibilities which industry

places upon such officials are far less than those we place on the individuals in high career positions in the public service.

The Federal Government today is the largest employer of professional and executive manpower in this country. Its keynote in utilizing technological progress to implement domestic and international goals is of growing significance. In the last 15 years there have emerged major research and development efforts in each of the fields I mentioned earlier: ballistic missiles, atomic energy, medical research, space exploration, and others. The largest part of the total effort takes place in industry, in universities, and other nonprofit, nongovernmental institutions. But large-scale programs of this character undertaken by Government cannot be conceived and organized, nor can they be efficiently managed and properly evaluated, unless the Government agencies themselves have career employees who are, professionally and managerially, fully as experienced and knowledgeable as the distinguished leaders in industrial and academic life with whom they must deal. Industry compensation, generally speaking, ranges from 25 to 100 percent more than the Government salaries for equivalent responsibility.

Personally, I do not feel as keenly as others may, that this is a sacrifice for individuals who have earned a high salary in industry and then answer a call to Government service. On the other hand, I do feel that an adequate career service cannot be built within Government if promotional ladders are cut off at GS-15 while official responsibilities continue to increase for beyond the authorized compensation. The public service clearly requires a level of executive and professional competence equal to or above that required by industry.

There are satisfactions and challenges in Government work which can be found nowhere else in our society. These will attract and hold many of the best men, even though the salaries paid may not be competitive with those offered outside. But the Nation loses whenever the disparity in compensation reaches a point where the career servant feels that his increasing responsibilities are being ignored, and that his salary is based on an inadequate or unfair limitation on authorized positions rather than on an equitable criteria which relates his job to others in the Federal establishment and to outside opportunities, at least to some degree.

I should like to assert my strong belief that it is in the public interest to recognize the importance of paying adequate compensation for the key career leadership in the executive branch. At the same time, it must be recognized there are practical difficulties in creating a salary structure in Government which would be fully competitive with private industry. The steps proposed in H.R. 7377, which liberalize the number of executives who can be considered for the top three grades, will be a great forward step.

Turning now to the problems of the National Aeronautics and Space Administration, it is of great importance to protect our present highly qualified staff from the competitive inroads of industry. Under the program for space exploration proposed by President Kennedy, we must undertake a rapidly increasing load of development in rockets and spacecraft capable of carrying teams of men into space and to the moon. Our predecessor agency, the National Advisory Committee for Aeronautics, lost irreplaceable engineers in the late forties and early fifties when the aeronautical industry rushed to convert aircraft for the jet age. At that time, the salary differentials between the NACA and the aircraft industry were simply too great. Government cannot afford to let this be repeated on any wide scale again.

H.R. 7377 contains a special section amending section 203(b)2 of the National Aeronautics and Space Act. It proposes an increase of 50 positions in the number of key professional or administrative posts which the Administrator may compensate at rates up to \$19,000. This would change the present National Space Act provision of 290 such expected positions to 340.

At the time the administration first determined its requirements for positions under this bill, President Kennedy had completed only a preliminary review of the national space program. He had determined to increase the fiscal year 1962 budget request by \$126 million beyond the \$1,109.6 million recommended by the previous administration. The request for 50 more NASA positions was in line with that decision.

Since that time, as we all know, the successful manned space flights of both Gagarin and Shepard have demonstrated the opportunities for rapid progress in manned space exploration. These exploits have also demonstrated the extent to which progress in space is keenly watched by the entire world as an evidence of overall technical and scientific strength. Accordingly, on May 25, President Kennedy recommended a further increase of \$536 million for fiscal year 1962,

and on June 6 approved the need for 135 additional excepted NASA positions, rather than the 50 originally approved. Subsequently, the Bureau of the Budget approved, after consultations between the NASA and the Civil Service Commission, the addition of language to the fiscal year 1962 NASA authorization bill. This would provide a total of 425 excepted positions, rather than the 340 as shown in the bill now before this committee. The decision was made to add the language to H.R. 6874, rather than H.R. 7377, in order that the Congress might appraise this request at the same time it considers the accelerated program of funding as recommended by President Kennedy.

Within the present authorization of 290 excepted positions, 13 may be compensated up to \$21,000, and the rest at rates up to \$19,000. In the recent change to 425 positions, the request is to compensate an additional 17, making a total of 30 such positions authorized above \$19,000 but not more than \$21,000. In my judgment, the increase of 135 new jobs, including 17 which could be paid up to \$21,000, is essential to meet the critical staffing needs NASA must fill during the next 18 months.

Research and development teams are never easy to organize; this type of work takes care and time and calls for the highest of mature technical and managerial skills. Doing this under an accelerated schedule means that we must attract very able additional men into the program. Many of these we hope to obtain from outside the Government; at the same time, we must hold those who are trained inside the NASA and who now, after a long threshold at the GS-15 level, will seek more highly paid outside positions unless we can put them on even more responsible work at better pay.

The revised NASA authorization bill, H.R. 6874, has been under consideration for the past 2 weeks by the Senate Committee on Aeronautical and Space Sciences. The House of Representatives passed the original NASA authorization bill on May 24.

The Bureau of the Budget and the Civil Service Commission have given their full support to revising the present NASA authorizing legislation to include the additional 135 excepted positions. At the request of the Senate Aeronautical and Space Sciences Committee, a letter evidencing this support was submitted yesterday afternoon by Chairman John Macy to the chairman of that committee, to your chairman, and to the chairman of the Senate Post Office and Civil Service Committee.

It is a matter of considerable urgency that NASA begin recruiting and selection for these additional positions, particularly in the projects affecting the manned lunar landing and nuclear rocket engine developments. No leeway for this is available within the current 290 positions. At the present time (June 15) there are 272 excepted positions filled, and 13 obligated for approved positions, or a total of 285 out of the 290 authorized.

The accelerated national space program recommended by the President calls for the greatest single technological effort our country has thus far undertaken. We can do this job, do it well, and gain immeasurably in the process. But we cannot afford to invest the billions of dollars this program will involve over the next decade without assuring ourselves an adequate number of the very best technical and managerial talent this country can produce.

Thank you, Mr. Chairman.

Mr. DAVIS. Are there any questions?

Mr. GROSS. Yes, Mr. Chairman.

How extensively do you use consultants in your organization?

Mr. WEBB. We use consultants to some extent but not so extensively as other agencies of the Government.

Do you have some figures on that, Mr. Lacklen?

Mr. GROSS. That is scarcely answering the question.

How many consultants do you have? Do you know?

Mr. LACKLEN. It varies a great deal but I think that some people may just come 1 day a year and others may be there more often. I would be able to get that. Do you want it in terms of man-years of consulting?

Mr. GROSS. I think it is important to this committee to know, in considering this problem, as to how many consultants you hire, that you have on the payroll, and what you pay these consultants.

Mr. WEBB. Let me say this. I have been on this job only a little over 5 months and whatever figures you get will reflect past practice. My own purpose here is to use consultants on proper consulting jobs part time, a few days at a time, and not to use them in management areas, such as the work to be done by these 135 positions.

Mr. GROSS. How many Public Law 313's do you have—scientific and professional employees?

Mr. LACKLEN. We have 12 Public Law 313's transferred with von Braun's group. He had them in that organization and they were transferred over and we still have those 12 Public Law 313's.

Mr. GROSS. Have you sought an increase in your Public Law 313's, or do you contemplate an increase in that category?

Mr. LACKLEN. We contemplate all increases to be part of the excepted positions in our Enabling Act. We have considered all increases should be in this category rather than Public Law 313's or supergrades.

Mr. WEBB. The 135 is calculated to take care of our needs.

Mr. GROSS. You say that the present number of Public Law 313's plus the jobs you are asking for, the supergrades you are asking for here, will take care of your requirements?

Mr. WEBB. That is right.

Mr. GROSS. Under the \$1.7 billion that Congress gave you the other day; is that correct?

Mr. WEBB. Congress authorized the program, Mr. Gross. They have not appropriated for it as yet.

Mr. GROSS. I understand. I should have said authorized. You are correct about that.

Mr. WEBB. Yes, sir. This is the number we estimate we will need to bring this program into effect and carry it forward.

Mr. GROSS. How do you propose to fill these supergrade jobs you are asking for?

Mr. WEBB. We have estimated we can recruit about 50 percent of them from outside, particularly from industry. We think we will probably fill about 50 by promotions from within the organization.

Mr. GROSS. How have you broken these down?

Mr. WEBB. This is an estimate of what we think—

Mr. GROSS. How many 16's, 17's, and 18's?

Mr. LACKLEN. I might say we do not have 16's, 17's, and 18's. They are excepted positions and fall within the range of \$15,500 to \$19,000. This range corresponds roughly to GS-16 to GS-18.

Then we have 13 that extend up to \$21,000. They are a part of our Enabling Act and they are not considered, or called, or allocated to 16's, 17's, or 18's. In other words, 16's, 17's, and 18's are Classification Act position grades.

These positions are exempt from Classification Act and from the Civil Service Act and we call them excepted positions.

Mr. GROSS. So you can pay up to \$19,000?

Mr. LACKLEN. Up to \$19,000.

Mr. GROSS. \$19,500?

Mr. LACKLEN. Up to \$19,000 for 277, and an additional 13 up to \$21,000, under the authority we now have.

Mr. WEBB. Men like Dr. von Braun or—

Mr. GROSS. The additional 135 you want brought in on that basis, is that correct?

Mr. LACKLEN. The same basis we now have the 290 in.

Mr. GROSS. Then this is not a supergrade operation. You are coming in and asking for 135 positions that can be paid up to \$19,000 a year, is that right?

Mr. WEBB. Right.

Mr. GROSS. At your election?

Mr. WEBB. That is right.

Mr. SIEPERT. That election, I might say, in terms of our use of the 290 positions to date has resulted in 287 positions filled or obligated and there have been 9 filled above \$19,000, and 24 at the \$19,000 rate. In other words, you will find in looking at this about the same kind of salary structure that would obtain in any other organization.

Mr. LACKLEN. I can give you some breakdowns. One-third of the positions we have filled are at the bottom rate of \$15,500 and one-half of all our excepted positions are at \$16,000 or below, and only one-quarter of the positions are above \$17,500.

Mr. GROSS. To what extent do you use contractor employees working side by side with your employees?

Mr. WEBB. This is a difficult question because we launch these rockets from Cape Canaveral where the Atlantic Missile Range has charge of the operation. The Atlantic Missile Range is largely operated by the Air Force under contract by Pan American World Airways. There are other organizations launching there all the time, including both military and civilian, and there are construction activities adding to the facilities there in existence at all times. However, by and large, in our operations in the technical, scientific, and professional area, we do not use contract people. We do use them in places like the Marshall Flight Center for maintenance and various housekeeping activities, transportation, and things of that kind. We do have one contract organization operated under the California Institute of Technology; namely, the Jet Propulsion Laboratory. There, again, we have very few, almost no civil service personnel involved in that organization.

Mr. GROSS. Where you have them working alongside each other, what is the difference? Is there any substantial difference in pay?

Mr. SIEPERT. There would be differences in pay in the Cape Canaveral situation where our civil service people——

Mr. GROSS. You say there would be?

Mr. SIEPERT. There are differences in pay at Cape Canaveral where we have civil-service people working, for instance, directly in block-houses or control centers where the construction trade skills will be working side by side with our civil-service people. The other major area where we have civil-service people working in close proximity to private employees is at Huntsville, where we have had a group of engineering contractors and maintenance contractors who have come in and who handle the peakload work. These contractor employees work in the Government facilities. We have looked into the costs of these employees as opposed to civil service and we find in that particular labor market at Huntsville, the outside contractor pays salaries that compare quite favorably. That is, they are not generally above civil-service costs. In some cases, they are actually below the civil-service costs; so, we do not have a salary discrepancy problem of contractors working in Huntsville.

Mr. JOHANSEN. Would the gentleman yield?

Mr. GROSS. Yes.

Mr. JOHANSEN. On page 4 of your statement, Mr. Webb, is the following sentence:

Industry compensation, generally speaking, ranges from 25 to 100 percent more than the Government salaries for equivalent responsibility.

Does that statement apply and is it true with respect to those categories of compensation covered by your request here today?

Mr. WEBB. Yes, I believe it does in the excepted position area. I myself, have personally worked in four major industries in this country and in four Government departments. I have had some experience with how you organize successful activities. You do it with good people and the good people are paid well in industry.

Mr. JOHANSEN. What I am getting at is that the gentleman just testified, in these areas you were describing, these particular locations, the situation was generally favorable so far as contract—

Mr. WEBB. He is talking about people not in this excepted position category but the lower grade engineering and maintenance people who are doing this work.

Mr. JOHANSEN. Of course, I have no objection to his testimony, but it is not relevant to the particular problem area we are concerned with here.

Mr. SIEPERT. It is only relevant to the question Mr. Gross raised, which I understood applied to any NASA positions.

Mr. JOHANSEN. One further question, if the gentleman will indulge me.

Mr. GROSS. Surely.

Mr. JOHANSEN. To what extent do the contracting procedures and operations, and particularly the negotiated cost-plus type of contract as against a competitive-type contract, contribute to and aggravate the problem of these contracting areas which your testimony indicates range from 25 to 100 percent higher?

Mr. WEBB. This is a very complex question. Our contracting is done under governmental regulations, largely following the military pattern. As you know, these contracts are all audited and there are certain tests of reasonableness and compensation. Most of the pay of the large groups of the workers are established under contracts with organized labor. In the companies with which I have had personal experience, some of which did contracting with the Government—namely, one I have in mind is the McDonnell Aircraft Co.—we did make a very careful study. I served on the compensation committee of that company and we used the American Management Association's annual calculations. We patterned our salary structure after the competitive market as nearly as we could and tried to build in an incentive system weighing the total compensation, including incentive awards, on the basis of what this man would be paid were he in a company not doing contracting with the Government. The figures, by and large, would show for Government contractors, that in the case of executive compensation they are not above industry and, indeed, somewhat below.

Mr. JOHANSEN. In other words, specifically as a result of this process, there could be—and I am merely stating it as a fact and not passing judgment on it—situations in which a \$19,000 Federal employee would be working side by side, or in cooperation, with a \$38,000 contract executive?

Mr. WEBB. That is precisely right. The problem of negotiating contracts where we are using people at Government rates of pay across the table from people who are frequently paid twice as much is the problem we are up against. I think you ought to bear in mind, in connection with this problem and the excepted positions we are asking for, that there are a great many devoted people who are prepared to come and work for the Government on big problems if they can take care of their families and their immediate financial needs. They would like to work on these really big problems and they are tremendously stimulated by the opportunity.

In the Bureau of the Budget I have had people come to me and say, "I want to leave since I can make twice as much money working somewhere else."

Then in a couple of years the man comes back and says, "I want to work for the Government."

Then I may ask him why he wants to come back and he says, "Because I like to work on these big national programs, and I would like to come back and work for the Government."

There are a lot of people who do it, but you cannot get them below a certain threshold or level of pay.

We are going to spend some 75 to 85 percent of \$35 billion under contract in the next 10 years and I am here to ask for the kind of people I believe can spend that money effectively and get our money's worth.

Mr. JOHANSEN. That is all.

Mr. GROSS. Are you going to get to the moon with \$35 billion?

Mr. WEBB. Yes, sir.

Mr. GROSS. Did you say you worked for the McDonnell Aircraft Co.?

Mr. WEBB. I was a director of that company before I joined the Government here.

Mr. GROSS. Were you there when they made those airplanes that would not fly?

Mr. WEBB. I was a director of the company in the period immediately following the execution of those contracts. They did fly, sir, and became the workhorse of the Navy. There were large numbers of them and some 800 of them were made, and they did one of the best jobs on the airplane ever done for the Navy.

Mr. GROSS. Is that a St. Louis outfit?

Mr. WEBB. These were experimental models you were referring to, and this illustrates one of the very real difficulties of the development. We had a great deal of problems with the early development of that airplane, the Demon, but when we worked those bugs out, it became the workhorse of the Navy and still is the workhorse of the Navy in many areas of the world.

Mr. GROSS. It cost the Government a high price, as I understand it.

Well, I do not want to take all of the time here, and time is running out.

Mr. HENDERSON. Are there any other questions?

Mr. JOHANSEN. I want to bring myself up to date on this subject as to where we are legislatively.

What was the total figure on the moon shot?

Mr. WEBB. I recently testified we had to think of this program of a lunar landing, bearing in mind we have to get out beyond the earth's atmosphere and we have to study the whole problem of radiation in

space. We have to have a number of manned lunar flights around the earth to determine what the weightless condition does to a man, and particularly we have to learn what it means to operate with men in a hard vacuum in space.

These are the three characteristics involved and all of this knowledge is of value beyond that of the lunar landing. We set the lunar landing as an objective to advance the science and technology at the most rapid rate that we can.

Mr. JOHANSEN. The gentleman is a very eloquent advocate, but what is the total figure?

Mr. WEBB. I would say at this time our estimates would run about \$20 billion for the total operation, the accumulation of the knowledge, and the flight, and the return.

Mr. JOHANSEN. What was the 30-odd-billion-dollar figure?

Mr. WEBB. This is a 10-year program involving many things beyond the exploration of the moon. It involves a total exploration of the space environment.

Mr. GROSS. Would the gentleman yield?

Mr. JOHANSEN. Yes.

Mr. GROSS. If this is going to cost \$35 billion, Mr. Caplan of the Internal Revenue Service is going to be in orbit trying to produce the money.

Mr. WEBB. I think we will get back from this investment a good many more dollars than we put into it in the value it has, entirely aside from space.

Mr. GROSS. I rather question that because I think if we are the first to the moon, we will be the first ones with foreign aid if there is anything alive up there.

Mr. WEBB. I have expressed myself and I have studied this with great care.

Mr. JOHANSEN. I suppose it would serve no purpose to clutter up the record, but what are we going to do when we get there?

Mr. WEBB. I would be happy to answer that, if you would like.

Mr. JOHANSEN. I would be very happy to hear the answer.

Mr. WEBB. The moon is, of course, the nearest planet to us. It does not have an atmosphere and, therefore, the scientists believe they can learn more in the next phases of the exploration of space from a thorough understanding of the moon than any other of the celestial bodies. The fact that we can get there also means we have selected this as the target and the primary desire here is to find out how the moon came into being. For instance, what is the structure of the matter of which it is made? What are the levels of radiation there? Do our theories with respect to heat and cold on the different sides of the moon stand up when you actually go there and take the measurements? Are there moonquakes similar to earthquakes we have here? There are a great many items of this kind that the scientists believe will permit them to extrapolate into a much broader understanding of the universe.

Mr. JOHANSEN. As I understood the President's state of the Union message on May 25, this is envisioned as the first step toward projecting still further into outer space?

Mr. WEBB. That is right.

Mr. JOHANSEN. May I just make this observation for the record. As a country boy, I am disturbed on one score. I seem to recall the

old-fashioned carnivals which included a telescope where you paid 25 cents to look at the moon and then the pickpockets used that particular occasion to do some very earthy extracting. I, frankly, am very concerned as to the economic perils that may be involved in this and the fiscal perils that may be involved in the process of getting to the moon.

Mr. WEBB. May I respond to that?

Mr. JOHANSEN. I will be very happy to have you respond.

Mr. WEBB. I regard myself as a pretty hard-headed businessman and I have had some success in the business world and I am proud of it. I believe in the private enterprise system and I have some concern for these matters, as you have expressed, but I would like to say to you that the last year I handled the Nation's budget we had an \$8 billion surplus. That did not come about without pretty hard-headed management.

Mr. JOHANSEN. What year was that?

Mr. WEBB. That was fiscal year 1949.

I had the budget during the three postwar years.

Mr. GROSS. Cashing in on some of the stuff we had left over as a result of the war?

Mr. WEBB. This was not a payment on a debt. This was a budgetary surplus. We actually did have a cash surplus at the end of the war and did pay it down on the national debt in that period.

Mr. GROSS. We have not had that since, have we?

Mr. WEBB. We have had in some years; yes, sir.

Mr. GROSS. A balanced budget?

Mr. WEBB. In some years.

Mr. GROSS. On paper only, if we ever had one since.

Mr. WEBB. I just want to say one last thing; namely, that a great deal of scientific effort is going into this by my men who do not like to waste their time on unimportant things. Brave men are risking their lives in this program and I would take some exception to any use of the word "pickpocket" in connection with this.

Mr. JOHANSEN. Let the record be very clear that I am not identifying the gentleman in that category or his associates, or these very brave men, but I am saying that there are some brigands loose in this world who, I am sure, would welcome any overextension of ourselves financially.

Mr. WEBB. I agree completely and one of the reasons I am here doing this job is because I believe that if the Russians learn to advance science and technology at a very rapid rate and feed it back into their total economy and we do not learn it, we will be in serious jeopardy. I believe further that he who does control space and understands how to operate there really is in a very powerful position.

I have a great fear of the possibility that this may be accomplished by other nations and thereby jeopardize the future of this Nation, and that is why I am here working on this.

Mr. GROSS. At the rate our secrets are being fed to them, I wonder how much they are going to have to spend to get there.

Mr. WEBB. This program is a completely open civilian program. We publish the complete results. The Congress passed a law saying that it must be run that way and the only secrets that are involved is where we use military technology and we keep that under their classification.

This is a peaceful program under a mandate passed by the Congress. Mr. HENDERSON. Gentlemen of the committee, it is now 12 o'clock. Mr. Webb, we appreciate your appearance here this morning.

We are sorry we were not able to hear from the officials of the Treasury Department and I will ask the staff to make arrangements with them for a mutually satisfactory date.

The subcommittee is now adjourned until 10 o'clock tomorrow morning.

(Thereupon, the hearing was adjourned at 12:02 p.m., until Wednesday, July 26, 1961, at 10 a.m.)



This is a special program under a mandate passed by the Congress. At this season, (October) in the committee it is now 12 o'clock. At 11:00, we anticipated your appearance here this morning. If we were not able to hear from the officials of the Treasury Department and I will ask the staff to make arrangements with them for a mutually satisfactory date.

The subcommittee is now adjourned until 10 o'clock tomorrow morning.

(Thursday, the hearing was adjourned at 12:02 p.m., until Wednesday, July 30, 1963, at 10 a.m.)



INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

WEDNESDAY, JULY 26, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met at 10 a.m., in room 215, House Office Building, Hon. James C. Davis (chairman of the subcommittee) presiding.

Mr. DAVIS. The subcommittee will come to order, please.

Today we are continuing our hearings on H.R. 7377, which, as you know, is an administration-sponsored bill to create additional top-management positions in the Federal Government. Yesterday we heard from our colleague, Hon. Carlton J. Loser. We heard from the Administrator of the National Aeronautics and Space Administration, Chairman of the Federal Home Loan Bank Board, with the other members of the Home Loan Bank Board and hearing examiners of the Social Security Administration.

Today we are glad to have with us the Assistant Secretary of Defense for Manpower, the Honorable Carlisle P. Runge, and the Administrator of the Federal Aviation Agency, the Honorable Najeeb E. Halaby.

Mr. Runge, you are first on our list. We would be glad to have such statement as you care to make.

STATEMENT OF HON. CARLISLE P. RUNGE, ASSISTANT SECRETARY OF DEFENSE (MANPOWER); ACCOMPANIED BY LEON WHEELLESS, CIVILIAN PERSONNEL DIVISION, DIRECTORATE FOR REQUIREMENTS AND CIVILIAN PERSONNEL, OFFICE OF THE SECRETARY OF DEFENSE FOR MANPOWER

Mr. RUNGE. Mr. Chairman and members of the committee, I appreciate the opportunity of appearing before this subcommittee to discuss the needs of the Department of Defense for additional GS-16, 17, and 18, and Public Law 313 positions. I will present to you some of the basic details needed to assist you in considering the request of the Department for more top-level positions and, with the assistance of Mr. Leon L. Wheelless of my staff and representatives of the military departments, will answer such questions as you may have concerning our request.

This subcommittee has on many occasions demonstrated its deep interest in the competent, efficient staffing of Defense programs. You have been cooperative on legislation needed to enable us to meet our

requirements, and you have been helpful in bringing to our attention matters which seemed to require corrective action.

In 1959 you approved legislation subsequently enacted by the Congress as Public Law 86-377 which authorized the Secretary of Defense to establish in the Department of Defense 372 GS-16, 17, and 18 positions, and 450 scientific and professional positions of the character originally provided for in Public Law 313, 80th Congress. This represented an increase of 69 supergrades and 158 Public Law 313's over the number of such positions which the Department had at that time.

The President's plan for the transfer to the National Aeronautics and Space Administration of certain functions of the Army Ballistics Missile Agency, which became effective on July 1, 1960, resulted in the transfer from Defense of 5 supergrade and 12 Public Law 313 positions. At the present time, therefore, the Department has available under Public Law 86-377 a total of 367 positions in GS-16, 17, and 18 and 438 Public Law 313's.

H.R. 7377 would increase these totals to 422 positions in GS-16, 17, and 18 and to 565 Public Law 313's. Defense would thus regain the 5 supergrades and the 12 Public Law 313's which were transferred to the National Aeronautics and Space Administration, and would receive authority for an increase of 50 positions in GS-16, 17, and 18 and of 115 Public Law 313's.

As a group, the existing GS-16, 17, and 18 and Public Law 313 positions and the positions for which additional authorization is requested represent the most important civilian managerial and scientific positions in the Department of Defense.

Aside from the small number (29) assigned to schedule C positions in immediate support of Presidential appointees, these positions constitute the top career goals for the Department's career civilians who, in turn, comprise almost one-half of the Federal Government's total employment. As such, the numbers involved, including the additional authorization requested, are not unduly large. In total they constitute only about one-tenth of 1 percent of the Department's U.S. citizen employment, and about two-tenths of 1 percent of the Department's Classification Act employment.

The additional authorizations requested are justified by positions currently allocable to GS-16, 17, or 18, or to Public Law 313, under existing standards. Each additional authorization granted will be used in connection with important administrative functions or research and development programs. Members of the subcommittee have been supplied with a compilation of some of the specific positions in Defense now eligible for allocation above the GS-15 level.

Many of the positions described in the material which has been supplied to you have long been recognized as properly allocable to GS-16 or to Public Law 313. They have not been so allocated because the needed spaces have not been available.

The personnel structure of the Department of Defense must keep abreast of the rapid, complex technological developments that are constantly bringing about revolutionary changes in firepower, mobility, and communication, as well as in all the weapons and tactics of defense. Development and maintenance of today's military arsenal requires more and more advanced technical skills. Atomic weapons

coupled with guided missiles and rockets, new communications, electronics providing faster control of dispersed forces, high-performance aircraft with vastly more complex engines and equipment, advanced radar and tactical data systems capable of automatic survey of a hostile air situation, nuclear propulsion of various types of ships, pinpoint navigational devices, and complicated warning and detection systems all have their effect upon the type and quality of work force required in the Department of Defense.

Rapidly advancing technology and continued emphasis upon research and development places unparalleled demands upon the personnel involved in this difficult work, and it is not in the least surprising that the Department's requirements for positions of the Public Law 313 type are increasing. The additional Public Law 313 authorization which would be provided by H.R. 7377 would greatly assist the Department in meeting these requirements.

While perhaps less dramatic, a similar situation exists with regard to many key executive and administrative positions. The complexity of management increases as the speed of change itself accelerates. The need to adapt organization structure to new situations, to control huge expenditures for new programs, to make difficult choices among many alternatives, and to keep abreast of changing technology requires the highest quality management skills.

Many executive jobs now allocated to GS-15, well warrant allocation to GS-16. Other spaces are needed to staff such important new programs as the revision of the Department of Defense financial management structure to make it conform to the radical changes which have occurred in our forces and weapon systems.

The great technical complexity of today's weapons, their lengthy period of development, and their enormous cost have made the choice of major weapons systems by top management the key decisions around which most of the Defense program revolves. New data and techniques are needed to properly assess the cost and effectiveness of alternate programs. The management task involved in developing these data dwarfs that faced by most employers. The personnel recruited for this work must be extremely capable, with specialized talent, and much of the important work performed will clearly merit allocation to grades above GS-15.

The Department of Defense is making every effort to assure that the number of GS-16, 17, and 18 and Public Law 313 positions authorized are efficiently used.

Every position which is proposed for allocation in these categories is subjected to a thorough review, both in terms of whether its duties and responsibilities warrant allocation to one of these grades and also in terms of its relative importance to the Department as compared to other requirements. This process culminates in a review at the top level in each military department for positions in that department and at the Deputy Secretary of Defense level for other positions. Finally, all proposals are subject to approval by the Civil Service Commission.

In addition to the type of review referred to above, the Deputy Secretary of Defense has recently established a special committee to make a review of all existing and proposed GS-16, GS-17, and GS-18 positions in the Department. The purpose of this review is to assure

that available spaces are being used for the most pressing current requirements in the Department, and that they are not allotted to positions which no longer represent significant requirements or are of a low priority order. The review is now underway and the committee will submit its report and recommendations to the Deputy Secretary, Mr. Gilpatric.

Mr. Chairman, H.R. 7377 also provides for an increase of 20 supergrades and 10 Public Law 313's in the National Security Agency. A representative of that Agency is present in case the subcommittee desires any information concerning these positions.

This concludes my formal statement; if the subcommittee desires any additional information or has questions concerning the detailed report which has been furnished each of you, we shall be glad to provide this information.

Mr. DAVIS. Thank you, Mr. Runge.

There are some things which I want to discuss with you. I do not want to quibble about inconsequential things, but one thing I notice in your statement. You state this bill would give you an increase up to 565 Public Law 313 positions. The figures you have there add up to 17, if my arithmetic is correct.

Is this an arithmetical error or typographical error?

Mr. RUNGE. Mr. Chairman, I believe that difference between 115 and 127 is related to 12 positions that were in the Department of Defense until the Army Ballistic Missile Agency went over to the National Aeronautics and Space Administration. Those 12 positions went along.

Mr. DAVIS. Is that where the difference of 12 comes in?

Mr. RUNGE. Yes, sir.

Mr. DAVIS. I notice at another place in your statement at the bottom of page 2, you state:

Many of the positions described in the material which has been supplied to you have long been recognized as properly allocable to GS-16 or to Public Law 313.

When we had Mr. Finucane before us in May 1959, this question was asked of him:

If these 69 supergrades and 158 Public Law 313 positions are granted, will that meet all the needs of the Department?

And he answered:

We believe that would take us a long way down the road and we hope we would not have to come back again.

At that time we undertook to provide all the supergrades and all the Public Law 313 positions which were needed. We realize, I think, what your needs are. If we do not realize it, we try to study it and familiarize ourselves with it. It has been our purpose to provide everything that is needed.

When and how did the need for these additional positions come up?

Mr. RUNGE. Mr. Chairman, I certainly recognize your point, that the previous testimony with respect to the previous request gave every indication that the problem would be solved for a good long period. I think I can simply say with respect to that that certainly since within the last 6 months, as we have looked at this situation

and analyzed the jobs and the work being done, we have concluded that there are these additional positions both in the military departments and in our own offices which in our best judgment require a grade above GS-15 or into the Public Law 313 positions. So that without wanting to differ directly with what my predecessor had to say on this point, certainly at this time our analysis of the situation indicates that there is a valid requirement for these new positions.

Mr. DAVIS. Have new developments occurred which make it necessary or have there been developments or changes in the work or have there been new duties evolved which required this or is this request a result of a different evaluation of the work? I would like to have your views on what has caused the change in opinion.

Mr. RUNGE. Certainly, Mr. Chairman, there have been some changes in the organizational patterns of the offices, changes in programs in the services, and increasingly technological and complex operations. I think it fair to say that the tempo of defense operations has speeded up in response to the general worldwide situation. I would also say that, in candor, this request represents, in part at least, an evaluation by a new set of senior officials. For my own part, even with respect to these 55 positions that we are talking about now, I would find it difficult to project myself and say that this appears to satisfy the problem into the far-distant future. I do not know. I believe that what we are asking for at this point will allow us to make the changes we want to make to get a better organization and working force for the period in which we know our programs; a year, or a year and a half to 2 years.

Mr. DAVIS. I realize that we cannot sit down today and expect to look into the future, weeks, months, and years ahead and plan today exactly what we are going to be up against, but I want to get some specific information that we can consider in connection with your statement and this request.

We will get down to some specifics. I notice in the OSD request for 20 GS-16 positions, requests Nos. 17 and 18 are listed as Chief of the Plans and Analysis Branch and executive assistant. Those positions are within your office, are they not?

Mr. RUNGE. Yes, sir.

Mr. DAVIS. What grade are they now?

Mr. RUNGE. They are grade 15 in both cases.

Mr. DAVIS. What has happened to cause a request to move them from 15 to 16?

Mr. RUNGE. Let me, if I may, speak to the positions. The first position is the Chief, Plans and Analysis Branch. This position falls in our Directorate of Requirements and Civilian Personnel. This is the office that is responsible for reviewing all personnel program requirements from the services, both military and civilian, and analyzing in depth the basis on which requests come in from the services for military and civilian personnel. This particular office is headed by Mr. Gus Lee, and the individual involved works rather directly under the Director of that office and is responsible for conducting the analysis and review—and I say analysis in depth—of these very substantial personnel programs.

Mr. DAVIS. Have his duties been changed or is this merely a change in the evaluation of the position?

Mr. RUNGE. His duties, Mr. Chairman, are essentially the same. I hope in the case of this particular individual and the people that work for him—it is a small group—that in addition to the general reviews, we will be able to get them into the field with greater opportunities to do a more detailed analysis of posts, camps, and stations. They have done some of this in the past. They go to a major military command headquarters, SAC, for example, and review staffing both as to the mix of the civilian and military and as to all of the other policy factors we are concerned with.

Mr. DAVIS. Do you feel it requires a supergrade to do that kind of work?

Mr. RUNGE. Yes, I do.

Mr. DAVIS. You would, of course, I imagine, keep the same man in the position?

Mr. RUNGE. I would plan to.

Mr. DAVIS. Tell us about the next position, No. 18, the executive assistant.

Mr. RUNGE. No. 18, which is proposed for GS-16—this individual is the executive in my immediate office, a position which in many staff offices and military departments is held by a military officer. We have not had that pattern of staffing. As you know, I have a senior deputy in my immediate office and this executive who is responsible for the administrative management of the office and all the action papers which flow through it. Our office processes a great number of items. I do not know relatively how we compare with the other major offices in OSD, but I think we have the heaviest workload in terms of the number of policy papers that are processed through our office. I am sure you understand why we have this sort of bulk because we have so many contacts with other Government agencies, with the Congress and with the community at large.

Mr. DAVIS. You plan, from what you have said, I assume, to keep the same man in that position?

Mr. RUNGE. I do.

I should say, Mr. Chairman, that we cannot make a defense of these positions in saying that the duties have substantially changed. Certainly the tempo and the workload has increased; but in addition to that in part it is recognition of the increased effectiveness of the individual in the position and of the work that has in fact been done.

Mr. DAVIS. Mr. Dulski?

Mr. DULSKI. Mr. Secretary, you stated you needed 55 new additional supergrades?

Mr. RUNGE. Yes, sir.

Mr. DULSKI. You had 17 of them transferred, as I remember from your text. You had 12 scientists and 5 supergrades.

Mr. RUNGE. Yes.

Mr. DULSKI. Why do you have to replace those? They were transferred to the NASA program.

Mr. RUNGE. Mr. Dulski, first of all, there were 5 supergrades and 12 Public Law 313's. That totals 17.

These additional spaces are not for replacements. People will not be hired to do the same work which was transferred to NASA. However, there is a considerable residue of work at Huntsville not affected by the transfer.

The reference to the transfer to NASA of these positions is simply to point out that the number of positions available to us today is not the number stated in Public Law 86-377.

Mr. DULSKI. In other words, you had 17 deducted from 38, or is it still 55?

Mr. RUNGE. The number that we are requesting is 55 over our present strength in supergrades of 367.

Mr. DULSKI. How many of retired personnel generally that you have already in supergrades are you proposing to put in supergrades?

Mr. RUNGE. Retired military personnel?

Mr. DULSKI. Yes.

Mr. RUNGE. I do not think we are in position to give you those exact figures. This same question was raised before the Senate committee yesterday and we will respond to your committee and to the Senate committee specifically on that point.

I think the question there was put in terms of how many people had military experience. I rather assume what you are asking for, Mr. Dulski, is the number of retired Regular officers and the number of retired Reserve officers who have had extended periods of active duty?

Mr. DULSKI. That is right.

Mr. DAVIS. Do you have figures as to how many supergrade and 313 positions are now filled by retired military personnel?

Mr. RUNGE. Our answer to that is the same, Mr. Chairman. We will have to obtain the information.

(The requested information follows:)

The total number of retired military personnel now in supergrade and Public Law 313 positions is four. The total number of retired military personnel now in positions proposed for supergrades or Public Law 313's is one.

Mr. DULSKI. We heard the President yesterday. We are increasing the defense budget by \$3 billion. That will increase the workload. Will there be an increase in personnel as far as supergrades with respect to the future?

Mr. RUNGE. As I indicated to the chairman, I do not want to make long-range commitments which sound good at the time but are difficult to live with later. The measure of this program add-on of \$3 billion plus, in addition to what was already put in this year, in my judgment is not going to affect the requirements for Public Law 313 or supergrade positions within this next fiscal year.

I do not think the magnitude is such that it will generate requirements in addition to those in this bill.

Mr. DULSKI. We could assume from the context of the President's speech there will be additional workload so I imagine the workload would have to pass on to the Defense Department and you will still have to have more supergrades.

Mr. RUNGE. Yes, and when I answer that, I am answering in terms of the Defense Department as it has been, as we know it now. I am not sure what the organizational arrangements are going to be in terms of this transfer of responsibility for civil defense matters, but I assume that the positions and the people to perform those activities will come along with the responsibility. So even with that I do not foresee a request for positions over and above what we are now asking for.

Mr. DULSKI. Thank you, Mr. Chairman.

Mr. DAVIS. Mr. Johansen?

Mr. JOHANSEN. First of all, I noted your comment that this new request is in part the result of an evaluation by a different set of senior officers. I want to comment, wryly, I have not seen any occasion where the evaluation by a different set of senior officers has ever resulted in a recommendation for decrease in the number of personnel. I am hoping to live to see that day but not too optimistically.

I am not sure from the testimony so far as to whether it has been specifically cleared up as to how many of these additional supergrades would be new positions or would involve the hiring of outside personnel and how many are in effect built-in pay raises for existing positions and personnel?

Mr. RUNGE. Mr. Johansen, our best estimate, if these positions are granted, is that of the people filling them about 20 to 25 percent will be people recruited to come into the system and 75 to 80 percent, depending on how this breaks, would come from within the system.

Mr. JOHANSEN. Excuse me. When you say "would come from within the system," do you mean that they would be persons in other positions transferred to these new supergrades or would they be persons as you testified with respect to your own office who would be simply getting a pay raise or upgrading of their present job?

Mr. RUNGE. Many of them would be, as you put it, the same people being upgraded. Others would be people transferred from another office or another department within the agency to the position.

Mr. DAVIS. Will the gentleman yield?

Mr. JOHANSEN. Yes.

Mr. DAVIS. I wish you would then at this point, for the record, give us a list of those that you propose to keep in the same position but yet upgrade them so we will know exactly what you propose to do in that respect.

Mr. RUNGE. We will provide that for the record, Mr. Chairman. (The information requested follows:)

INFORMATION ON SUPERGRADE VACANCIES

OFFICE OF THE SECRETARY OF DEFENSE

1. Director, Office of Special Operations, GS-18, OSO. Previous incumbent retired April 29, 1961. Pending Secretary of Defense decision on utilization of space.
2. Director for security policy, GS-18, OASD (Manpower). Previous incumbent transferred to Army May 15, 1961. Position is under active recruitment.
3. Senior project officer (politico-military matters), GS-18, OASD (ISA). New space. Position is under active recruitment.
4. Senior project officer (systems selection), GS-18, OASD (ISA). New space. Position is under active recruitment.
5. Project Director (collateral activities), GS-17, OASD (ISA). New space. Position is under active recruitment.
6. Project Director (national security policy), GS-17, OASD (ISA). New space. Position is under active recruitment.
7. Assistant Deputy Comptroller for Systems Analysis, GS-17, OASD (Comptroller). New space. Position is under active recruitment.
8. Assistant Deputy Comptroller for Systems Planning, GS-17, OASD (Comptroller). New space. Position is under active recruitment.
9. Chief, Procurement and Production Branch, GS-17, OASD (Comptroller). Previous incumbent transferred to Army March 14, 1961. Most efficient utilization of space under consideration by Assistant Secretary Hitch.

ARMY

1. Director, Office of Analysis and Review, Office of the Under Secretary of Army, GS-17. Incumbent resigned May 20, 1961. Replacement not yet selected.

2. Chief, Construction Division, Office, Chief of Engineers, GS-17. The space for this position was assigned to Engineers May 29, 1961, and recruitment is underway. Previously this space was assigned to Army Ballistic Missile Agency for position of Director, Project Jupiter. Until May 24, 1961, the space was in dispute as between Army and NASA, as to whether it should be transferred to the latter agency.

3. Special Assistant to Chief of Engineers for Civil Works, GS-16; incumbent reassigned March 3, 1961. Recruitment complicated by interest of other departments in incumbent for this position and necessity of Presidential appointment and senatorial confirmation for assignment on International Joint Commission.

NAVY

1. Special Assistant to the Secretary of the Navy, GS-18, schedule C position. Position established by Secretary Connally on April 25, 1961. A suitable candidate has not yet been located.

2. Special Assistant to the Assistant Secretary of the Navy (Research Development), GS-17, schedule C position. Position vacated by resignation on May 2, 1961. A suitable candidate has not yet been located.

3. Associate Director, Budgets and Reports, Office of the Navy Comptroller, GS-17. A new position established in late April 1961. One applicant was selected but later declined. A vacancy announcement has been issued.

4. Director, Estimates and Analysis Division, Office of the Navy Comptroller, GS-16. Position was vacated by retirement on June 9, 1961. A vacancy announcement has been issued.

5. Director of Training, Naval Medical School, National Naval Medical Center, Bethesda, Md., GS-16. This position is that of a medical educator and has been a very difficult position to fill. Active and widespread recruitment still being pushed.

AIR FORCE

1. Assistant for Systems, GS-17, Comptroller, Headquarters, USAF. Former incumbent resigned February 24, 1961. Space is being used to establish position of Associate Director, GS-17, Air Force Accounting and Finance Center, Denver, Colo. Action to establish position pending at Civil Service Commission.

2. Technical Assistant for Accounting and Finance Operations, GS-16, Air Force Accounting and Finance Center, Denver, Colo. This is a new position; action to establish position pending at Civil Service Commission.

INFORMATION ON PUBLIC LAW 313 VACANCIES

OFFICE OF THE SECRETARY OF DEFENSE

1. Assistant Director (Tactical Weapons), O.D.D.R. & E. Previous incumbent resigned May 19, 1961. Space will be utilized for new position of Deputy Assistant Director (Limited Warfare Systems) and active recruitment is being conducted.

2. Assistant Director (Special Projects), O.D.D.R. & E. Previous incumbent resigned June 30, 1960. Position is under active recruitment.

3. Assistant Director (Air Defense), O.D.D.R. & E. Previous incumbent reassigned February 27, 1961. Position is under active recruitment.

4. Special Assistant (Air Defense), O.D.D.R. & E. Previous incumbent transferred to Air Force May 15, 1960. Position is under active recruitment.

5. Special Assistant (Electronics), O.D.D.R. & E. Previous incumbent resigned May 26, 1961. Position is under active recruitment.

6. Special Assistant (Army Control), O.D.D.R. & E. New position under active recruitment.

7. Assistant Director (Range and Space Ground Support), O.D.D.R. & E. New position under active recruitment.

ARMY

1. Deputy Director of Medical Research, Chemical Research and Development Laboratories. Incumbent retired April 28, 1961. Replacement not yet selected.

NAVY

1. Director, Antisubmarine Warfare Systems Analysis Group, Undersea Warfare Research and Development Planning Council, Public Law 313. This position was established on April 20, 1961. Active recruitment is underway and filling is imminent.
2. Technical Director, Naval Air Turbine Test Station, Public Law 313. Position was vacated by resignation on June 15, 1961. Active recruitment has commenced.
3. Technical Director, Machinery Design Branch, Bureau of Ships, Public Law 313. Position was vacated by resignation on May 31, 1961. Vacancy has been announced; 20 candidates; selection board will convene shortly.

AIR FORCE

1. Scientific Adviser, DCS/Foreign Technology, Headquarters, AF Systems Command. Selectee declined the position on July 3, 1961. Recruitment continuing.
2. Chief, Operations Analysis, Headquarters, Pacific Air Forces. Position became vacant on May 16, 1961, due to the death of the incumbent, Anderson B. Alexander. Selection of an individual to fill the position is anticipated within the next 10 days.
3. Chief Scientist, AF Missile Test Center, AF Systems Command. Recruitment efforts are continuing. To date, AFSC has not been able to obtain the acceptance of an individual qualified for this important R. & D. position.
4. Chief Scientist, Headquarters, North American Air Defense Command. The commander in chief, NORAD, advises that his search for an eminently qualified individual is continuing. A selection was made during April 1961, but the prospective employee declined.
5. Technical Director (Nuclear Systems Application), DCS/Research and Technology, Headquarters, USAF. Advice was received on July 12, 1961, that this position would be canceled due to deactivation of the aircraft nuclear propulsion program. This authorization will be used to establish a key research position elsewhere within the Department.
6. Deputy Assistant for Data Automation, GS-16, Comptroller, Headquarters, USAF. This is a new position; action to establish position pending at Civil Service Commission.

Mr. JOHANSEN. I think, Mr. Chairman, that is of extreme importance because I think we need to know when what is being proposed is a pay raise. There may be circumstances in which it is justified but if it is a part of the overall upgrading process which results in a continually increasing payroll cost to the Government and it is a process that goes on below the supergrade level, too, I think it is particularly relevant, in view of the indications that we are going to be besieged next year with another blanket pay increase for the entire bureaucracy.

I do not know how we are ever going to keep this thing from getting completely out of hand if we do not keep a check on that process.

I do not want to divert attention from your testimony, but sometime during the hearing I would certainly like to direct some questions to the representative of the National Security Agency as to the justification for an increase of 20 supergrades and 10 Public Law 313's. It seems to me this is a disproportionately high ratio, as compared even with the request of the Defense Department, itself. I hope we will have an opportunity to ask some questions. Possibly you can respond to it.

Mr. RUNGE. I think you usually hear matters with respect to this agency in closed session; do you not?

Mr. JOHANSEN. I do not care whether it is open or closed. I certainly want to hear it.

Mr. DAVIS. We can arrange to do that.

Mr. JOHANSEN. As I understand, you are requesting a net of about 50 for the Defense Department?

Mr. RUNGE. Fifty-five, sir.

Mr. JOHANSEN. Yet the National Security Agency which only recently gave some abundant evidence of lack of internal security itself is coming in with a request for 30. I am frankly shocked by this proposal.

I think that is all at the moment.

Mr. DAVIS. Mr. Secretary, we see that in the Military Department the number of employees in grades 13 through 15 continue to increase. That keeps going up. Between 1957 and 1960 the number of personnel in those grades increased by some 38 percent, in spite of the overall decline in civilian employment. What has been done or what will be done to slow that down?

Mr. RUNGE. If I may, Mr. Chairman, I would like to have Mr. Wheelless comment on this initially. You asked in terms of what can be done to slow this down?

Mr. DAVIS. Yes.

Mr. WHEELLESS. In the first place, Mr. Chairman, I think as we and other agencies have testified before, a good bit of this increase in the upper grades comes out of the increased complication of the work we do. In fact, we found a large part of ours related to the scientific and engineering field, as we have pointed out before. Also, as has been pointed out to the committee in some of your manpower utilization hearings, throughout the Department of Defense there have been established procedures for review of these jobs; that is, the jobs that would create new positions in these grade levels. That is done to make sure that they are actually warranted.

The Navy people, just before this hearing, gave me some information which I thought was significant. It has to do with positions at this level created as a result of having additional supergrade and Public Law 313 spaces, which I know is one of the matters that this committee has been interested in.

At the time we got our legislation in 1959, the Navy set up a special procedure to have each of its bureaus review carefully any request to establish a position at GS-13, 14, or 15 as the result of getting a new supergrade or Public Law 313 space. Since October 1959 up through June of this year, there were 36 additional supergrade and Public Law 313's—22 Public Law 313's and 14 supergrades—available in the Navy and allotted to these bureaus and offices.

As a result of establishing these 36 new positions, there were 12 positions in GS-13, 14, and 15 established. So that would be about one position at 13, 14 or 15 created as a result of an additional supergrade or Public Law 313.

Mr. DAVIS. That would not account to any considerable extent for the considerable increase in the 13 through 15 positions.

Mr. WHEELLESS. In the total numbers of those grades, I agree. I point this out as one of the methods that the Navy used to watch establishment of these positions. Each of these was carefully reviewed, post-audited and found to be properly evaluated.

I think the only way you can account fully for the increase in the positions at these levels is, as I said, to recognize the fact that operations do become more complicated. We find exactly the same trend

in private industry in terms of most of the more routine jobs sort of passing out of the picture as the more complicated machinery comes into the picture.

This is particularly true with respect to the scientific and engineering areas.

Mr. DAVIS. Is that the reason that the number in grades 1 through 3 have been constantly decreasing?

Mr. WHEELLESS. I think that is the answer, Mr. Chairman, that those routine functions just do not exist as they did before.

Mr. DAVIS. What functions, in grades 1 through 3, have been eliminated?

Mr. WHEELLESS. One example would be in the payroll operations which used to be performed on a manual basis with a large number of clerks. Now that is done on machines, which eliminates quite a number of clerical positions.

Mr. DAVIS. Are you endeavoring to hold down this constant increase in these grades 13 through 15 to reasonable levels?

Do you have your eye on it, and do you realize it is a serious problem and ought to have attention?

Mr. WHEELLESS. Indeed we do, Mr. Chairman. That has been watched pretty carefully. While I am not in this particular area of responsibility, I know that some of the reports I saw recently indicated there had at least been a slowing down of this increase in the services.

Mr. DAVIS. I would like to get this information in the record, Mr. Secretary.

You stated the DOD now has 367 supergrades and 438 scientific and engineering positions. I would like to have you indicate the number in the Office of the Secretary of Defense and in each military department.

Mr. RUNGE. We have that information for you, Mr. Chairman. We can furnish this forthwith as to the allotments.

Mr. DAVIS. While you are doing it, state how many of them are now vacant.

Mr. RUNGE. I think I can do this most quickly, Mr. Chairman, by giving you the total number and Mr. Wheelless can fill this in with respect to the number of vacancies.

In supergrades there are 123 in the Office of the Secretary of Defense and there are 9 vacancies; in the Army, there are 94 supergrades and there are 3 vacancies; in the Navy, there are 66 supergrades and 5 vacancies; in the Air Force there are 84 supergrades and 3 vacancies.

I also have the Public Law 313 information, if I may put that into the record.

Mr. DAVIS. Yes.

Mr. RUNGE. There are 45 of these positions in the Office of the Secretary of Defense, with 7 vacancies; there are 108 in the Army, with 1 vacancy; there are 118 in the Navy, with 3 vacancies; 111 in the Air Force with 5 vacancies. There are two in the Defense Atomic Support Agency, with no vacancies.

Mr. DAVIS. Have those vacancies existed long or is that just a casual and expected occurrence insofar as keeping personnel?

Mr. RUNGE. There are several causes, Mr. Chairman. I think within these vacancies there are a few retirements and resignations;

there are some positions that were allotted recently, or within the last few months, and for which we are still recruiting and have not completed action to fill the position with the person we want.

Mr. DAVIS. The figures you gave I understand total 47 vacancies.

Mr. RUNGE. Yes, sir.

Mr. WHEELLESS. Mr. Chairman, if you would like we would be happy to supply you with the detailed information on each of these vacancies.

Mr. DAVIS. I think it would be helpful.

When Mr. Finucane was here in May of 1959 he testified that new criteria were being set up to screen Public Law 313 applicants and to establish starting salaries for those positions. What has been done along that line?

Mr. RUNGE. It is my understanding, Mr. Chairman, that that action was taken. Would you cite the directive on that?

Mr. WHEELLESS. There is a DOD directive, Mr. Chairman, that has been issued which establishes the guidelines with respect to what kind of positions can be used for Public Law 313 and the salary ranges to be established.

Mr. DAVIS. Do you have one of those directives?

Mr. WHEELLESS. I do not have one with me, but I would be happy to supply one, Mr. Chairman.

Mr. DAVIS. Very well.

(The information requested follows:)

No. 1442.6

Date, August 20, 1959

ASD (MP&R)

DEPARTMENT OF DEFENSE INSTRUCTION

Subject: Establishment of Positions and Fixing Salaries for Positions under Section 1581 of Title 10, U.S. Code, and P. L. 86-26.

References: (a) Section 1581 of title 10, United States Code, as amended by Public Law 85-462 (formerly known as P.L. 313, 80th Congress).

(b) Public Law 86-36.

(c) DOD Directive 1442.5, Subject: "Delegation of Authority with Respect to Scientific and Technical Positions."

I. PURPOSE

To establish standards for the use of positions authorized by references (a) and (b) for research and development functions and to provide guidelines for fixing pay for such positions.

II. POLICY

A. To attract and retain specially qualified personnel, references (a) and (b) will be used to the maximum extent possible, within the limits of existing statutory limitations, in the establishment of positions concerned with research, development, test and evaluation activities in the field of Defense research and engineering.

B. The flexible authority contained in references (a) and (b) will be used to relate pay to individual achievement and qualifications as well as to job responsibilities. The salary for positions established under references (a) and (b) will be identified with the incumbent or prospective incumbent and will exist only during the period the position is occupied by such incumbent.

C. Salary levels established in accordance with paragraph VI below for positions under references (a) and (b) will be reviewed at least each eighteen (18) months and any necessary adjustments made in accordance with the criteria established in paragraph VII below. The periodic reviews and timely adjustments provided for in this Instruction afford an adequate basis for adjustment salaries of positions established under references (a) and (b) independent of changes in

the pay scales established for positions covered by the Classification Act of 1949 or other provisions of law. In those instances, if any, where an increase in the salary rate for a position established under references (a) or (b) is found necessary because of increases in Classification Act pay scales, the increase authorized will take into account the increases granted the incumbent during preceding periodic salary reviews.

D. Candidates appointed to positions under the authority of references (a) and (b) will receive career appointments without the requirement of a probationary period.

III. DEFINITIONS

Research, development, test and evaluation functions for the purpose of this Instruction are defined below.

A. *Research*.—Systematic, intensive study directed toward increase of knowledge in science. Research may be either basic (without completely defined goals) or applied (establishing the feasibility of practical applications of scientific knowledge in evolving new and improved concepts, techniques, material, equipment, weapons and weapon-systems).

B. *Development*.—Application of known scientific facts and techniques to the creation of new or improved methods, materials, devices, equipment, weapons and weapon-systems for military use.

C. *Test*.—Physical and performance measurement of specifically developed items (material, equipment, system or device) conducted to determine their technical suitability for military use.

D. *Evaluation (operational, service test, operations research)*.—Evaluation of specifically developed items (material, equipment, system or device) under Service or simulated Service conditions in order to determine as accurately as possible their operational characteristics, performance and utility in military operations. Scientific, qualitative and quantitative study of warfare, including scientific intelligence, designed to improve the weapons, tactics, and strategy of future operations.

IV. CRITERIA FOR ESTABLISHMENT OF POSITIONS

A. Only positions at a responsibility level of GS-15 or above in which research, development, test, or evaluation activities, as defined in III above, constitute the major portion of job responsibilities, will be established under references (a) and (b). Due to the limited number of positions authorized under references (a) and (b), priority will be given in the use of available spaces to positions at the GS-16 level and above.

B. As a guide to the determination as to whether a position is eligible for establishment under references (a) and (b), listed below are representative examples of positions eligible and of positions not eligible. Neither list is intended to be all inclusive.

1. Examples of positions eligible:

(a) Chief scientists of various research, development, test, and evaluation organizational levels down to the Technical Services, Bureaus, and Commands.

(b) Directors of laboratories of research centers primarily engaged in research, development, test, and evaluation as a total effort.

(c) Directors or chiefs of divisions of the laboratories or research centers.

(d) Scientists doing unique and extraordinarily difficult scientific work whether directing others or not.

(e) Engineers and scientists concerned primarily with technical evaluation and management of research, development, test, and evaluation programs.

2. Examples of positions not eligible:

(a) Engineers engaged in construction in which research, development, test, or evaluation is not a major part of the job responsibility.

(b) Staff personnel involved in research, development, test, or evaluation activities as only a small part of their job with the remainder concerned with personnel matters, procurement matters, or routine administrative matters.

(c) Management or other personnel concerned primarily with production, production engineering, or any of the production phases which do not involve research, development, test, and evaluation as a major function.

(d) Engineers or scientists in staff positions performing primarily administrative programming functions rather than substantive program initiation, prosecution, or evaluation.

V. CRITERIA FOR DETERMINING ELIGIBILITY OF CANDIDATES

A. The minimum standard for use as a guide in determining the eligibility of candidates for positions established under references (a) and (b), as approved by the Civil Service Commission, is contained in Attachment 1.

B. Higher than minimum requirements for positions of greater scope and responsibility will be established as appropriate to the specific position.

VI. CRITERIA FOR DETERMINING SALARY LEVELS

A. Determination of salary levels for these positions will be based upon :

1. An assessment of the importance of the function, and the size, complexity, and the scientific and engineering demands of the program for which the incumbent is responsible ;

2. An assessment of the demonstrated scientific or engineering competence of the individual and the contributions which the individual can be expected to make to the function.

B. Guidelines for determination of salary levels. (These guidelines offer the possibility for maximum recognition at various levels of operation. Individuals in each category, to the extent consistent with experience and qualifications, will be paid initially as close to the minimum salary as possible with advancement within the range depending upon such factors as scope of job, personal achievements, and realistic alignment with comparable positions) :

*Position**Salary range*

1. Positions of Departmentwide Scope :

(a) Director of Research or Chief Scientist of a military department (Example: Chief Scientist, Department of the Air Force) ; Director of a major research, development, test or evaluation program area, such as electronics, aeronautics, medical, on a departmentwide basis (Examples: Director, Office of Electronics, Office of the Director of Defense Research and Engineering ; Technical Director of Research, Army Medical Service) ----- \$16, 000--\$19, 000

(b) Assistant Director of a major departmentwide research, development, test or evaluation program area or Director of a similar program area of less than major scope (Example: Deputy Science Director, Research Coordination, Office of Naval Research) \$15, 000-\$18, 000

2. Positions of Commandwide Scope :

(a) Chief Scientist of a Technical Service (Army), Bureau (Navy), or Major Command (AF) (Example: Chief Scientist Strategic Air Command) ----- \$16, 000--\$19, 000

(b) Technical Director of a major division at Technical Service, Bureau or Major Command level having continuing responsibility for the direction of areas of the total research, development, test and evaluation mission of the Technical Service, Bureau or Major Command (Example: Director, Ordnance Services Division, Bureau of Ordnance) ----- \$15, 000--\$18, 000

3. Positions in Laboratories and Research Centers :

(a) Technical Director or Chief Scientist at major field laboratories or research centers (normally composed of two or more laboratories) (Example: Technical Director, Wright Air Development Center) ----- \$16, 000--\$19, 000

(b) Director of a primary subdivision of major field laboratories or research centers with responsibilities involving discreet phases of the laboratory's research, development, test or evaluation functions: Technical Director of a small, special purpose laboratory (Example: Director Radar Division, Signal Corps Engineering Laboratory) ----- \$14, 000--\$17, 000

4. Scientific Specialists :

(a) Specially qualified professional personnel of outstanding experience providing expert supportive advice or performing advanced professional work on research, development, test or evaluation functions at any level in the nondirectorial capacity (Example: Chief Advisor to the Assistant Chief of Staff for Research and Development, Army Ordnance Missile Command ; Chief Mathematician, Navy Bureau of Ordnance ; Scientific Advisor to the Technical Director, AFOAT-1, Department of the Air Force) ----- \$16, 000--\$19, 000

(b) Specially qualified personnel providing expert support advice or performing advanced professional work in a nondirectorial capacity which is of lesser scope than 4a above ----- \$12, 500--\$15, 500

C. The above guidelines are intended to serve as a basis for the general alignment of positions and will not serve to restrict justified variations when warranted by the unusual nature of duties involved in a position or the exceptional qualifications and achievements of individuals.

VII. CRITERIA FOR SALARY ADJUSTMENTS

A. *Approval.*—The initial salary and subsequent increases in the salary of an incumbent of a position established under reference (a) in a military department will be finally approved by the Secretary of military department concerned, or his designee for the purpose, and by the Civil Service Commission. Increases for incumbents of positions established under reference (a) in organizations for which personnel administration is provided by the Office of the Secretary of Defense will be approved by the Secretary or Deputy Secretary of Defense, and by the Civil Service Commission. The initial salary and subsequent increases for incumbents of Public Law 86-36 positions will be approved by the designee of the Secretary of Defense for this purpose.

B. *Basis for recommendation.*—Recommendations for salary increases may be based upon demonstrated competence and contributions to the program to which assigned, as well as upon expanded duties and responsibilities. Salary adjustments will not be automatic, but salaries will be reviewed at least every 18 months to determine if adjustments are appropriate. Supervisors should assure that incumbents are advised of the fact that their salaries are periodically reviewed and of the procedures and policies followed in the recommendation and approval of salary adjustments.

C. *Amount.*—Salary increases based upon individual performance normally will be not less than \$500 over a period of one year and will not exceed \$1,000 per annum except under unusual circumstances. Salary increases based upon expansion of duties involving major changes in assigned work also normally will not exceed \$1,000. Requests for salary increases should be submitted no sooner than twelve months after initial appointment of the incumbent or the last salary increase.

VIII. IMPLEMENTATION

A. The Secretaries of the military departments for their respective departments, the Director, National Security Agency for that agency, and the Administrative Assistant to the Secretary of Defense for the Department of Defense, exclusive of the Departments of the Army, Navy, Air Force and the National Security Agency, will be responsible for assuring compliance with the standards contained in this Instruction. Two copies of implementing regulations issued will be furnished the Assistant Secretary of Defense (Manpower, Personnel and Reserve).

B. Any occupied position established prior to the issuance of this Instruction which does not meet the standards established in this Instruction will be continued under the authority of references (a) or (b) only as long as the position is filled by the present incumbent.

IX. EFFECTIVE DATE

This Instruction is effective immediately upon issuance.

CHARLES FINUCANE,
Assistant Secretary of Defense
(Manpower, Personnel and Reserve).

MINIMUM STANDARDS FOR ELIGIBILITY FOR SECTION 1581 OF TITLE 10, U.S. CODE, AND PUBLIC LAW 86-36 POSITIONS

1. Four years of general experience.

Applicants must show that they have had at least four years of broad and significant experience in a major professional, scientific, or technical field (e.g. medicine, chemistry, electrical engineering). Two years of this experience must show important and responsible work in one of the specialized branches of the major field.

2. Three years of specialized experience.

In addition to the general experience described above, applicants must have at least 3 years of specialized experience in the field in which they will work. At least 1 year of this experience must demonstrate that the applicant has had experience in planning and directing difficult programs of na-

tional significance or planning and executing specialized programs which demonstrate the possession of outstanding attainments in the field of research or consultation requiring extended training and experience.

3. Education background in the field of specialization for which he is being considered.
4. Contributions to the specialized field as evidenced by his publications, patents, citations, etc.
5. Standing in his field as indicated by membership and activity in professional and scientific societies, honors, awards, and listings in such publications as Who's Who and American Men of Science.

Mr. DAVIS. H.R. 7377, as it now stands, would continue to give the Defense Department its own pool of supergrades. Is that arrangement more satisfactory to you and to the Department than to have you get them as other Departments do?

Mr. RUNGE. Yes, it is, Mr. Chairman. As you can appreciate, this is a big establishment and we have for 2 years had this kind of authority in which there is a separate authorization for the Department of Defense.

On the other hand, all of these positions clear through the Civil Service Commission so that there is, if you please, an outside check on the actions we take.

Mr. DAVIS. On page 4 of your statement, Mr. Secretary, you stated that the Defense Department is making efforts to assure that these top level positions are efficiently used.

Give us some specific information as to what you are doing to assure that.

Mr. RUNGE. I mentioned in my statement one particular approach. We have also established a requirement other than the usual administrative approach in the military departments or our own offices whereby people proposed for these positions must be approved at the top level. In the Office of Secretary of Defense, for example, the key appointment directive requires approval at the Deputy Secretary level of appointments to these key positions. Then there is this review which has been made of existing positions and of the new ones that are proposed, which was backup for this bill itself. The Deputy Secretary appointed a committee of senior officers in the Department to review all existing supergrade positions and the ones that were proposed.

Mr. DAVIS. I was going to ask you what results has that committee to review supergrade requirements accomplished, or achieved?

Mr. RUNGE. I think the final and formal actions of this committee in their report to the Secretary have not been concluded. However, Mr. Wheelless acts as the adviser.

Mr. DAVIS. When was that committee set up?

Mr. WHEELLESS. It was set up about 3 months ago.

Mr. DAVIS. And you say they are now in the process of getting the report completed?

Mr. WHEELLESS. This committee has actually looked into every established supergrade job, and every proposed supergrade job.

Mr. DAVIS. How many constitute the committee?

Mr. WHEELLESS. Four people.

Mr. DAVIS. Who are they?

Mr. WHEELLESS. The chairman is the Administrative Assistant to the Secretary of Defense, Mr. Loftis. The other three members are the Deputy General Counsel, Mr. Neiderlehner; the Deputy Assistant

Secretary of Defense for Public Affairs, Mr. Lennartson, and I have served on the committee also.

Mr. DAVIS. You are the fourth member?

Mr. WHEELLESS. Yes, sir.

Mr. DAVIS. When I interrupted you, you were telling me they have reviewed all the supergrade positions.

Mr. WHEELLESS. Both existing and proposed. They have interviewed the top people responsible for supervising the positions. I believe the report has actually been submitted to the Deputy Secretary of Defense commenting on each individual job in terms of whether it still seems to be of supergrade caliber, or whether it seems to be doubtful, or whether the function probably is of less importance now than it seemed to have been at the time the supergrade was created, and whether or not there may be some other functions where we have not been able to give a supergrade space that might be more important.

Mr. DAVIS. Regarding these various steps that you have just told us were taken, were they taken by the committee sitting as a body, or was the work done by the individuals on the committee as individuals and then discussed and acted upon subsequently by the committee itself?

Mr. WHEELLESS. All these actions, Mr. Chairman, were taken by the committee as a body.

Mr. JOHANSEN. May I ask at this point, is there any likelihood as a result of this committee study there would be some positions now in the supergrade category that might be removed therefrom?

Mr. WHEELLESS. At least, Mr. Johansen, I would say any position becoming vacant after this committee had concluded it was probably in question, would no doubt be changed and moved to another spot where it could be better utilized. I am not sure there are going to be any people actually fired as a result of this.

Mr. JOHANSEN. I was not suggesting the unthinkable proposition of anyone being fired, but I am wondering if there might be any elimination of supergrade positions as a result of this committee study.

In other words, I am not being facetious, and I hope I am not being unfair, but it seems to me every time we have reevaluations and shifts of functions and responsibilities and everything else, the net result is an increase. I wondered whether in the process there were ever any supergrade positions dropped.

Mr. WHEELLESS. I can say this definitely, Mr. Johansen; there have been some supergrades that were vacant and which, as a result of the work of this committee, have been shifted to other places where the requirement seemed to be more pressing than where the job existed before.

There have also been a number of additional requests that have been determined by this committee not to seem to merit supergrade allocation. To that extent, there have been reductions.

Mr. DAVIS. Mr. Secretary, has the Civil Service Commission reviewed all the requests for supergrades that you have sent up?

Mr. RUNGE. Yes, they have.

Mr. DAVIS. And the Civil Service Commission has declared all these positions then to be at the supergrade level?

Mr. RUNGE. Yes, sir.

Mr. DAVIS. That you have requested?

Mr. RUNGE. Yes.

Mr. DAVIS. Are you losing any of your top people to defense contractors, or private industry?

Mr. RUNGE. Some people in our senior positions do, of course, take positions in private industry.

Mr. DAVIS. Could you tell us to what extent?

Mr. RUNGE. I do not think our losses, Mr. Chairman, in our super-grade positions are substantial. Once people make this decision to be in the public service at this level, they do not tend to be wooed away.

Mr. DAVIS. Such losses are inconsequential?

Mr. RUNGE. There are some people, those in category C positions, or those who come in in the first instance on a rather temporary basis who, for one reason or the other, leave, but I do not think our losses are too substantial.

Mr. WHEELLESS. I would put it this way—I would not say they were inconsequential. I think any time you lose an individual who has been a career man and has advanced to one of these levels, even one is a substantial loss.

I do think that our figures show that the turnover, the voluntary separations in the supergrades and the Public Law 313's is about one-half the turnover among all employees.

Mr. DAVIS. Could you let us have for the record the number of losses, or resignations, that you have had.

Mr. WHEELLESS. During the last year?

Mr. DAVIS. Yes. Say since 1959.

Mr. WHEELLESS. Yes, sir.

(The information follows:)

Separations from supergrade and Public Law 313 positions, January 1960–July 1961

Retirement.....	18
Death.....	4
Nongovernment employment.....	43
Other Government employment.....	16
Other DOD employment.....	11
Total separations.....	92

Mr. DAVIS. What effect, if any, will the granting of these additional supergrades and scientific positions have on the Defense Department's current practice of contracting out to certain corporations like Aerospace, Ramo-Wooldridge, and the American Military Assistance Institute?

Mr. RUNGE. Mr. Chairman, the Secretary has assigned as a high priority matter a study and review of our contracting out to such technical management organizations as you mentioned.

Mr. DAVIS. What does that consist of?

Mr. RUNGE. The considerations involved touch, I would say, at least three, or possibly four, of the offices of the Secretary.

We are concerned, in manpower; Research and Engineering is concerned; Installations and Logistics, and International Security Affairs are interested.

The Secretary has given this particular project to the General Counsel to head up and to draw on the other Assistant Secretaries

and their staffs in the offices mentioned to make a review and report and recommend policies with respect to our use of such agencies.

Mr. DAVIS. How long a study will that require, and when do you think it will be completed?

Mr. RUNGE. I think that the target date for this is sometime early in the fall, around October.

As you know, the Appropriations Committee addressed themselves rather specifically to this point. It is a problem we are concerned with. It is a problem the Congress is concerned about. I assume and expect that the recommendations with respect to policy in this area will be submitted to the Secretary sometime early in the fall—late September or October.

Mr. DAVIS. That is getting specific attention?

Mr. RUNGE. It is indeed.

Mr. ROUSSELOT. First of all, for my own information, is the War College directly under the supervision of the Office of the Secretary?

Mr. RUNGE. There is the National War College. Then there is the Army War College and the Naval War College, and the comparable activity at the Air University.

The National War College, not the service colleges, and the Industrial College of the Armed Forces, the two highest level across-the-service establishments, are under the direction—not the direction because there is a general officer, or admiral commanding—but under the guidance and control of the Joint Chiefs of Staff.

Mr. ROUSSELOT. Do you know of any additional supergrades requested for the National War College?

Mr. WHEELER. I believe there is one position at the Industrial College. That is the senior civilian staffman at the college.

Mr. ROUSSELOT. How many supergrades do you have in that category?

Mr. WHEELER. At the colleges?

Mr. ROUSSELOT. Yes.

Mr. WHEELER. None, as far as I know.

Mr. ROUSSELOT. My main reason for the question is this. I notice one of the gentlemen from the other body recently wrote a letter, as I understand it, to the Defense Department requesting that people teaching in these colleges—and I wonder if they came under the classification “supergrades”—and consultants no longer be allowed to teach rightwing ideas. I wonder if there have been any guidelines set up for the hiring of people who do this training.

As I understand it, this letter was complied with to a degree. That was the way it was reported in the newspaper.

Mr. RUNGE. Actually, with respect to your question on the staff and faculty at these institutions, it is principally a military staff and faculty.

Mr. ROUSSELOT. I understand.

Mr. RUNGE. I am best acquainted with the Army War College. I think there are a few civilian positions, but I think there are no civilian academic positions as such.

I simply do not know the staffing pattern over at the National War College as to how many civilian academic people they may have. I would be glad to find out specifically what that staffing pattern is and advise the committee, or advise you.

Mr. ROUSSELOT. Also, if this letter has been complied with in hiring these personnel for the future, if guidelines have been set up to eliminate people who teach rightwing ideas, I think I would be interested as to how you arrived at that, and what the guidelines are. I only read about this in the newspaper.

Mr. DAVIS. What do you mean by "rightwing"?

Mr. ROUSSELOT. I do not know. I would be interested to know. That is what I am trying to find out. I think it would be interesting to know. It said that in the paper, and I realize everything reported in the paper is not always completely accurate. If there have been some guidelines set up to help the management people that determines what shall be taught, or not be taught, how these people are to be hired, and who is considered rightwing and so forth, we should have them.

Mr. RUNGE. I know of no guidelines that have been laid down with respect to the hiring of civilian academic people for the war colleges.

Mr. ROUSSELOT. It also mentioned consultants that were called in to teach at these colleges. It said no further consultants would be engaged who had "rightwing ideas."

I thought it would be interesting to know how this was determined. I suppose I am classified as a rightwinger, so I would be interested to know how that is determined. I would be very interested to know how this is arrived at if the news stories are correct.

Mr. DAVIS. I did not see the article that you refer to.

Mr. ROUSSELOT. It was in the New York Times, I believe this last week, and it appeared in the Washington Star on Friday night.

Mr. DAVIS. Do you suppose you could get a copy of it and insert it in the record at this point.

Mr. ROUSSELOT. Yes, I would be glad to give the article to all the members of the committee.

Mr. DAVIS. I just want to insert it in the record.

Mr. ROUSSELOT. I would like, without objection, to insert both the New York Times article and the Washington Star article in the record. It was the gentleman from the other body who raised the question, I believe Senator Fulbright.

I thought it would be interesting to know how the determination is made if in fact the article is correct.

(The articles referred to follow:)

[From the Evening Star, July 21, 1961]

FULBRIGHT SENDS MEMO ON TALKS TO PENTAGON

(By the Associated Press)

Senator Fulbright, Democrat of Arkansas, recently sent a long memo to the Defense Department on military officers' comments on political theories in seminars around the country, a spokesman for Senator Fulbright reports.

However, the spokesman said he did not know if there was any connection between the memorandum and a Defense Department directive instructing military officers to stick to military matters in public talks.

The memo, prepared by the staff of the Foreign Relations Committee, which is headed by Senator Fulbright, was sent to the Defense Department in the past 3 weeks. The directive was announced July 11.

The Fulbright spokesman said the note largely consisted of published reports on speeches by military men at "Strategy for Survival" seminars conducted by the military for general public consumption.

At a news conference July 11, Deputy Secretary of Defense Roswell Gilpatric said the Department "has been concerned since the beginning of this administra-

tion by inquiries from the public and Congress concerning efforts by Defense Department personnel to indoctrinate the public on nonmilitary matters." Mr. Gilpatric did not cite any examples.

[From the New York Times, July 21, 1961]

RIGHTWING TALKS BY OFFICERS CURBED

(By Cabell Phillips)

WASHINGTON, July 20.—The Defense Department has issued a directive placing restraints on the freedom of military officers to advocate rightwing political theories in official public appearances.

This action resulted from a critical memorandum from Senator J. W. Fulbright, Democrat, of Arkansas, to the White House and to Secretary of Defense Robert S. McNamara. Mr. Fulbright is chairman of the Senate Foreign Relations Committee. The memorandum, written a month ago, came to light today.

It cited a growing pattern in which high military officers engaged in or sponsored a variety of "educational" programs ostensibly designed to familiarize both their troops and the civilian community with the problems and issues of the "cold war." Such programs, it was contended, often veer into "rightwing radicalism," which expounds positions that are at variance with established goals and policies of the Government.

Shortly after the receipt of the Fulbright memorandum, and a subsequent conference between the Senator and Mr. McNamara, a directive was issued reinforcing the authority of the Assistant Secretary for Public Affairs to provide "policy guidance [for] * * * the conduct of any information programs directed in whole or in part to the general public."

HOUSE PANEL INQUIRY

Another outgrowth of the memorandum, it was learned today, was the decision by the House Government Information Subcommittee, headed by Representative John E. Moss, Democrat, of California, to open its own inquiry into the field. A spokesman for the committee said today that the group had completed a staff study of what he described as "rightwing propaganda by the military."

He also said that a field investigator would start on-the-scene studies next week covering a number of Army and Navy installations in this country.

Senator Fulbright refused comment today beyond saying that such a memorandum had been prepared for his use by the staff of the Foreign Relations Committee and that he had transmitted it to the Secretary of Defense.

However, it is known that his concern, as well as that of Representative Moss, is directed exclusively at so-called extremists among military officers who utilize the public anxiety over the "cold war" to stir up extravagant fears about the dangers of Communist subversion within the Government and among domestic institutions.

SOME SEMINARS EXCLUDED

They exclude from their concern those "cold war" seminars and institutes that stay clear of partisan political implications.

The 22-page Fulbright memorandum cited a dozen instances in which military officers either participated in, or actively sponsored, a variety of "forums," "seminars," "schools" and "alerts" designed to increase public awareness "of the nature of the Communist menace." It went on:

"The content no doubt has varied from program to program but running through all of them is a central theme that the primary, if not exclusive, danger to this country is internal Communist infiltration. Past and current international difficulties are often attributed to this, or ascribed to "softness," "sell-outs," "appeasement," etc. Radical rightwing speakers dominate the programs.

"The thesis of the nature of the Communist threat often is developed by equating social legislation with socialism, and the latter with communism. Much of the administration's domestic legislative program, including continuation of the graduated income tax, expansion of social security (particularly medical care under social security), Federal aid to education, etc., under this philosophy, would be characterized as steps toward communism.

"This view of the Communist menace renders foreign aid, cultural exchanges, disarmament negotiations and other international programs as extremely wasteful, if not actually subversive."

"COLD WAR" DIRECTIVE

The memorandum noted that much of the activity complained of had been justified on the ground that it was in implementation of a "cold war" directive of the National Security Council prepared in 1956.

"The view of the menace of the cold war described above already has a great appeal to the public. If the military is infected with this virus of rightwing radicalism, the danger is worthy of attention. If it believes the public is, the danger is enhanced. If, by the process of the military "educating" the public, the fevers of both groups are raised, the danger is great indeed.

Among the recommendations offered by Senator Fulbright were the following:

That the "cold war" directive be reconsidered.

That the White House and Pentagon cease treating such propaganda activities as isolated disciplinary problems by bringing them under stricter civilian control.

That the role of the National War College in providing instruction on "cold war" problems be reviewed, and particularly the relation to the College of such private groups as the Foreign Policy Research Institute, the Institute for American Strategy and the Richardson Foundation.

The Defense Department directive, which was issued on July 10, falls short of encompassing all these recommendations. In effect, it does no more than reiterate the broad responsibility in the field of education and information of the assistant secretary for public affairs.

But among the special functions it spells out is his authority to provide "guidance" for all informational programs "directed in whole or in part to the general public."

Mr. DAVIS. I would like to know, if it is possible, who originated that policy. Who is responsible for it? I would like to know where it came from.

Mr. ROUSSELOT. I assume we are all concerned because of the happenings in Korea as to the ability of our troops to withstand the psychological brainwashing that went on and what is being done in this field to condition our troops, and their leaders so they can condition troops.

Mr. RUNGE. I am sure you are acquainted with the code of conduct.

Mr. ROUSSELOT. Yes.

Mr. RUNGE. That was developed as a result of the general consideration of what did transpire in Korea.

I should say personally, as someone who has commanded troops, I thought it was a sound, proper approach to this matter of preparing psychologically, morally, and intellectually people who may come under this kind of pressure.

Mr. ROUSSELOT. Right.

Mr. RUNGE. This program has been carried through every command level of the services, and we, from our particular point of view, have prepared the materials and the films to back up the code of conduct program.

Mr. DAVIS. What kind of films have you prepared along that line?

Mr. RUNGE. The films we have prepared have generally been designed to expose this situation to the young soldier, the sort of pressures he may be subjected to. Carrying it forward to the code of conduct we portray the kind of response the soldier is to make. What we can be faced with is a situation in which American soldiers will be exposed to this kind of direct, exceedingly clever sophisticated brainwashing technique. We are making an effort to have our people stand up if subjected to this sort of situation.

Mr. ROUSSELOT. That is why I was surprised there was not an additional request for supergrades in this area. I would imagine this

would require tremendously capable and technical people because this is a very difficult field.

Mr. RUNGE. Actually, I think we come at that in various ways.

My office has the troop information and education organization that prepares materials for general use, for the use of the commanders in the field.

Mr. ROUSSELOT. Does the commander have the basic responsibility to do this?

Mr. RUNGE. The commander has the basic responsibility for this kind of training.

Mr. ROUSSELOT. That was the problem General Walker ran into, was it not?

Mr. RUNGE. I do not know if it was that particular problem or not. I was addressing myself to the code of conduct.

Mr. DAVIS. I have been thinking about asking you about General Walker, but I did not because I was under the assumption it did not come under your jurisdiction. Does it or does it not?

Mr. RUNGE. It does not.

Mr. JOHANSEN. Was the decision with regard to the ban on the film "Operation Abolition," within your responsibility?

Mr. RUNGE. Yes, in part.

Mr. JOHANSEN. That was based, I assume, on the report made by the former counsel of the Defense Department to the effect it was a doctored film, and a film that indicated that the committee tolerated, if not actually encouraged, the riot.

Mr. RUNGE. This matter came to our attention very early, Mr. Johansen.

The policy position of the Department was that the film should be maintained on an "on-call" basis. This policy was sustained.

Mr. JOHANSEN. It may be used on an "on-call" basis?

Mr. DAVIS. Who sustained it?

Mr. RUNGE. I think the initial policy, Mr. Davis, was made by my predecessor. This is my recollection of the papers involved. The policy was sustained by the Deputy Secretary of Defense.

Mr. JOHANSEN. The present one, or the prior one?

Mr. RUNGE. The present one.

Mr. DAVIS. I had some experience with the Department about that. I bought a copy of the film and carried it home with me last fall and exhibited it to 50 or more groups of civic clubs, parent-teachers associations, church groups, and other groups. Then there came a campaign to discredit the film. All the leftwingers and pinkos and the pro-Communists took out after it to discredit it.

One of the newspapers in my district made the point blank false statement that the Department of Defense had withdrawn it—had discovered it was a doctored film and had withdrawn it.

I called the Pentagon and talked to the public relations man—at the moment I forget his name—and he told me categorically that was not true, it had not been withdrawn, that the Department of the Army had bought 34 copies of the film and they were exhibiting it and its status was the same as it had been. Then the campaign grew to discredit it and the next I heard, there had been some change in the status. Somebody over there had said they would quit exhibiting it to the troops, but it would be there and anybody who wanted to look at it could look

at it. For a while they were letting the film out to such groups as I had been exhibiting my copy to. Then they stopped that. Some groups at home wanted to get one of the copies down at Fort McPherson and they stopped that.

I would just like to know what pink influence or what pro-Communist influence was responsible for changing the status of that film. I have seen the film many times, and it never looked like a doctored film, and I heartily disagree with anybody who says it is. I see nothing wrong with the Department of the Army, or the Department of Defense, exhibiting that film to the soldiers, or to anyone else who wants to see it, and asks for it outside the Army.

I am interested to know what has caused the change in the attitude toward that film within the last 12 months.

Mr. ROUSSELOT. I wonder if we could ask if all the memorandums pertaining to that decision to just put it "on call" be made a part of the record.

Mr. DAVIS. I would certainly be interested in that.

Mr. RUNGE. We could certainly do that.

(The information follows:)

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., May 15, 1961.

DEPARTMENT OF DEFENSE POSITION REGARDING COMMERCIALY PRODUCED FILM
PRESENTATIONS ON COMMUNISM

On March 10, 1961, the Deputy Secretary of Defense by memorandum for the Secretaries of the Army, Navy, and Air Force, stated:

"(1) There is presently being established within the Office of the Secretary of Defense centralized procedures for evaluating materials designed for indoctrination of personnel of the Defense Department in the general area of international affairs and related fields. The evaluation will apply to all materials, written, pictorial, or audio, used in training programs and troop information programs, and will be in conformance with the security and policy review regulations of the Defense Department.

"(2) The film 'Operation Abolition' will be retained in the film libraries on an 'on-call' basis for those requesting to view it, but will not be prescribed in the training of personnel. A memorandum of January 31, 1961, from the Office of Armed Forces Information and Education stated the 'on-call' policy for information programs and described the production of an OAFIE film covering the tactics employed by Communists seeking to manipulate youth. This film is being produced within the framework of material set forth in the House Committee on Un-American Activities print entitled 'Communist Target—Youth,' a report by J. Edgar Hoover, Director of the Federal Bureau of Investigation.

"(3) Another film coming within the scope of paragraph (1), which recently has been brought to our attention is entitled, 'Communism on the Map.' Determination as to the use of this film will be deferred pending its evaluation pursuant to the procedures prescribed in paragraph (1).

"On April 21, 1961, the Assistant Secretary of Defense (Manpower) by memorandum for the Secretaries of the Army, Navy, and Air Force, stated:

"Subject: Narrated filmstrip 'Communism on the Map.'

"The commercial, narrated filmstrip 'Communism on the Map' has been determined, by official review under DOD evaluation procedures, as not required for Armed Forces training or troop information or public information programs and that it should not be purchased by the Department or used by Department of Defense personnel.

"Attention is invited to the many materials in the area of anticommunism including pamphlets and motion pictures produced by the Office of Armed Forces Information and Education, which are available for troop information programs."

Mr. RUNGE. Mr. Chairman, your statement as to the policy is essentially correct and accurate.

Mr. DAVIS. What is the reason for it?

Mr. RUNGE. As best I can explain and as I understand, it would fall into two areas: one, the suggestion that the film—and I am sure the chairman is aware of the comments made about it—that the film was not an accurate representation of what transpired in the particular series of incidents in San Francisco.

Mr. DAVIS. What was inaccurate about it?

Mr. RUNGE. I think those who charged that the film was inaccurate based their charge on the fact that the actual sequence of events were not accurately portrayed in the film. I think the second point was that for better or for worse—

Mr. DAVIS. Before you leave that, who complained that the sequence was not correct?

Mr. RUNGE. Mr. Chairman, I would have to document that.

Mr. DAVIS. You have said you would.

Mr. RUNGE. Yes, sir.

(The information follows:)

The assertion of an inaccurate sequence of events in "Operation Abolition" was made by a number of publications, including the New York Times in an editorial which appeared in the May 8, 1961, edition. The same assertion was made in an article appearing in the November 24, 1960, edition of the Reporter magazine, and in an editorial that appeared in the Washington Post on November 26, 1960. Mr. Walter, chairman of the House Un-American Activities Committee, in a letter to the executive editor of the Washington Post dated December 23, 1960, referred to the statement of a staff member that "there were three insignificant time sequence errors in splicing together the thousands of feet of film that make up the picture."

Mr. JOHANSEN. Let me say at this point the former general counsel of the Defense Department was quoted by Marquis Childs as making these and other allegations, even worse allegations, when the facts of the matter are he admitted he had never consulted with any member of the committee, never consulted with the counsel of the committee, had never consulted with any member of the staff of the committee.

That decision was made, and that public judgment on the film was made without doing any of us who were in San Francisco even the common courtesy of checking as to whether the conclusions he reached were valid.

Mr. ROUSSELOT. I think it is important, if you do have documentation that the film is inaccurate, that it be made a part of the record, too. This was a film prepared by a committee of the Congress of the United States.

Mr. RUNGE. I am well aware of that.

Mr. ROUSSELOT. If this committee has been inaccurate I think we should know. We should be fully aware of where the mistakes were made.

Mr. DAVIS. It was not only a film prepared with the approval of the congressional committee, but in addition to that, the head of the Federal Bureau of Investigation prepared a booklet which was distributed along with it, or in conjunction with it, entitled "Communist Target—Youth."

It confirmed certainly in great part everything in the film.

Mr. RUNGE. I read Mr. Hoover's report.

Mr. DAVIS. I think it is a rather serious thing. Mr. Rousselot I am glad you brought it up.

Mr. RUNGE. If I may say this to the committee with regard to their interest in this area, our particular organization, the troop information and education group, has recently completed a film known as the "Challenge of Ideas," which we are proud of.

Mr. DAVIS. Could that be regarded as a concession to these people who always undertake to smear any effort to give the truth about communism?

Mr. RUNGE. Mr. Chairman, the film that I am speaking of that we produced for showing to our troops and people around the world was in production long before any controversy arose with respect to this other film. I simply brought up the point because this film, too, has had publicity, and it may be this committee, or some of the members of the committee as individuals, would like to see it.

Mr. JOHANSEN. I would like very much to see it. I wonder if the film has had the smear treatment yet, or if it is sufficiently noncontroversial that the Communists will leave it alone.

Mr. DAVIS. If it will not do communism any harm they will leave it alone, and if they do not attack it, you can be pretty sure it is not worth showing.

Mr. RUNGE. We make these for internal consumption, and they do not usually go into the public media unless there is specific request. In other words, the responsibility in my office is to run a program that is directed at our own people.

Mr. ROUSSELOT. Recently, the 11th Naval District Band gave some indication it would appear at a meeting to be held today in the Santa Monica Civic Auditorium in Santa Monica, Calif. The meeting is being sponsored by 27 communities in the West Bay Area of Los Angeles and 53 civic groups, including the American Legion and Kiwanis. I am sure we all agree these are good groups.

The appearance of the band has been cancelled by the Defense Department, because the film "Communism on the Map" will be shown. The Defense Department considers the film "controversial."

I would be interested in knowing the reasons that went into making sure that the band did not just play at the meeting, and why it would be considered that the band would be necessarily endorsing the film "Communism on the Map," because of its appearance in the program; in other words, just playing music.

Mr. RUNGE. If I may make two comments.

On the matter of the appearance of the band, I take it in the first instance that is a matter for the Navy.

Mr. ROUSSELOT. They say their orders were given them by the Office of the Secretary of Defense, and they tried to encourage the band to go back, or to be able to participate with some kind of disclaimer clause that they did not necessarily endorse the film. They were told they could not participate because it was "controversial."

I would like to know why the film is considered controversial, and why military personnel are not allowed to participate in this kind of joint venture civilian activity by only playing music.

I hardly think that would be a total endorsement of "Communism on the Map," which I find accurate. I understand this has also been put "on call."

Mr. RUNGE. No, sir; that film is not being used at all.

Mr. ROUSSELOT. Was it at any time?

Mr. RUNGE. I think several copies of the film had been purchased by one or more of the services.

Mr. ROUSSELOT. It has been removed?

Mr. RUNGE. Yes.

Mr. ROUSSELOT. Could we know why?

Mr. RUNGE. Yes.

Mr. ROUSSELOT. Could you make that part of the record?

Mr. RUNGE. Yes, we could.

(The information follows:)

ASSISTANT SECRETARY OF DEFENSE (MANPOWER),

April 21, 1961.

Memorandum for The Secretary of the Army.

The Secretary of the Navy.

The Secretary of the Air Force.

Subject: Narrated filmstrip "Communism on the Map."

The commercial, narrated filmstrip "Communism on the Map" has been determined, by official review under DOD evaluation procedures, as not required for Armed Forces training or troop information or public information programs and that it should not be purchased by the Department or used by Department of Defense personnel.

Attention is invited to the many materials in the area of anticommunism including pamphlets and motion pictures produced by the Office of Armed Forces Information and Education, which are available for troop information programs.

(S) CARLISLE P. RUNGE.

Mr. DAVIS. I would like for Mr. Bray, our staff counsel, to arrange with your Department to show both films to this subcommittee.

Mr. RUNGE. All right, sir.

Mr. ROUSSELOT. Does this training follow your jurisdiction?

Mr. RUNGE. The jurisdiction that I have is with respect to troop information and education and it is within our own establishment. I am not responsible for our community relations affairs.

Mr. ROUSSELOT. But the film being removed, would that be part of your decision?

Mr. RUNGE. It would in part.

Mr. JOHANSEN. The gentleman testified that the film "Operation Abolition" is "on call." Are there any calls for it?

Mr. RUNGE. I think there may be.

I should also say, Mr. Johansen, so you do not think I am fudging the answer, the film is "on call" but is not to be used in general troop training.

Mr. DAVIS. What does "on call" mean?

Mr. RUNGE. It would mean this. A group of officers, or a group of enlisted men and officers on a post, or a group of Reserve officers for that matter, could request that the film be made available to them for their use, but not, as you have correctly stated earlier, for prescribed required training.

Mr. HAGAN. Mr. Chairman, I am sitting here in amazement over the discussion of the last few minutes. I would like to ask this question.

Does anyone in this room think, and if so may God have mercy on us, that there is anyone in our Defense Department who is in favor of communism?

If so, let's stop our hearings and get into this thing further. We all know what is happening in this country. We saw the news accounts

last night on TV on this riot in Philadelphia where the commentator himself said, "The riot was well organized."

Information I have received since then is that it was certainly Communist-inspired. The mayor of the city of Philadelphia was simply discussing a local matter of meters, and I never saw such a riot in my life over such a matter as that. I have seen the film "Operation Abolition," and God help us if there is anyone over there who would even be against a film like those that I have seen, or that would want to aid anyone but the United States of America.

I am appalled at even such a discussion as this this morning. I am new in the Congress.

Mr. DAVIS. Let me make this observation at this point.

I was shocked when I learned what was going on, and from reading my speech in the Congressional Record of March 13, 1961, you will get my sentiments on it. I did not beat around the bush.

Mr. HAGAN. I would like to ask, Mr. Runge, do you feel there is anyone in an official capacity, whether in a supergrade or the smallest grade they have over there, that is anything but a patriotic American?

Mr. RUNGE. No.

Mr. HAGAN. That is what I wanted to hear you say.

Mr. DERWINSKI. During the questions Mr. Rousselot asked, we did wander off on a few tangents. I would like to take up a point that the gentleman raised.

When we speak of these new supergrades, or the potential number that might come from this committee, to what degree is there a difference in the freedom of speech given the civilian employees in contrast to the military officers who are now under restraint in their public remarks.

I am specifically referring to the muzzling of Admiral Burke. I understand this is now the policy.

Does the same policy that applies to the censorship and muzzling of military officers also apply to civilians in these supergrade positions?

Mr. RUNGE. I think, Mr. Derwinski, the same policies that you speak of with respect to commenting on political matters would apply to our civil employees as well as to the military. I think this is an accurate answer.

Mr. DERWINSKI. We all agree that the military officers and high-ranking civilian personnel in the Defense Department are not expected to participate in political matters. They are not supposed to be making partisan-labeled political statements.

It seems to me that the term "political" should be used to cover a multitude of sins. As I observe the situation—and if I am wrong, I wish to have you refute my observation—it is my observation that the military leaders in our defense structure have a far more appreciative position of the needs of the country and the wishes of the public than perhaps the policymakers in the State Department whom I honestly believe are responsible for the muzzling of the military officers.

If this statement of mine is in any way incorrect, I wish to have you comment.

Mr. RUNGE. It is very difficult for me to comment on this.

When you bring in such matters as the position of the State Department versus the Defense Department and so forth, I think I would

comment only to this extent, that all of us in the Defense Establishment, the senior military, senior statutory or senior civilians, have a principal mission to prepare for, and if need be, to engage in defense operations. Military operations, defense operations, support a foreign policy. The making of the foreign policy is a staff responsibility principally of the State Department, and eventually a responsibility of the President.

Mr. DERWINSKI. But what happens when we get into an agreement such as the recognition of Red China or the question of Outer Mongolia, or the question of the support of the South Vietnam Government, when the position of the State Department might be contrary to, shall we say, the strategy of the Defense Department.

At this time, are our military leaders completely silenced, and have they no voice whatsoever in trying to formulate their opinions?

Mr. RUNGE. Again, you are getting somewhat above my level in this operation. But certainly the positions of the senior military leaders as represented in the Joint Chiefs of Staff, and of their chairman, on political military matters of this import, those positions are represented in the National Security Council.

I am not suggesting that I know this from being there, but rather in terms of how the system works. That is all I can really say on that point.

Mr. DERWINSKI. May I ask this question?

When we are asked to increase the number of supergrades, am I correct in my understanding that the theory behind the developing use of civilian employees in the Defense Department is to free military personnel for combat purposes?

The civilian personnel will permit military personnel to work at actual military operations rather than to be lost in the maze of office procedure which would take them away from combat preparedness.

Is this the reason for having civilian personnel?

Mr. RUNGE. In the broad sense we feel it is important to have senior civilian officers, both management and scientists, supergrades and Public Law 313's, first, because many can bring the competence and skill we do not have within the military establishment; second, there is a degree of continuity, they are not subject to rotation and career progression that we have in the career military officers.

On the other hand, at this level we are talking about, with a supergrade equating with a general officer, some of these skills are such you cannot hold to hard and fast patterns. We may turn up an admiral, or an Air Force general who has graduate work and experience in particular skills in a scientific area that is perhaps greater than that which we could obtain from a civilian.

In other instances, it may be the reverse. We try to keep a mix in order to have continuity and, frankly, get the best people we can to perform these very complicated tasks.

Certainly, when you go further down in the system, the reason we have more than 1 million civilian employees, is that there are so many jobs where you do not have to use military personnel. It would be costly in terms of military manpower and money if you had all soldiers and sailors and airmen doing these other tasks.

Mr. DERWINSKI. Would it be fair to state that the great majority of these men who are called to service, or as the service is expanded, will be in combat type positions?

Mr. RUNGE. Yes.

In actual tactical units, be it a destroyer, a tactical aircraft, or an Army division. But in addition to that, they will be in combat support units, combat engineers, an ordnance battalion, or signal battalions giving direct support to the units that are in the line. That is where those people will be going.

Mr. ROUSSELOT. I hope, because as President Kennedy said, one of the greatest battles we face is in the psychological field, that greater emphasis is given in our National War College and the various training colleges provided by each military service to bring in competent, or additional competent personnel to make sure our generals and other people that have the responsibility in this field are given greater encouragement to truly condition our troops at all levels.

I hope as one person we do give more emphasis to training people in this field and we take this seriously. We know many battles are being lost psychologically and not just by military strength.

Mr. DULSKI (acting chairman). Thank you very much, Mr. Secretary; we appreciate your coming down.

Our next witness is the Administrator of the Federal Aviation Agency.

STATEMENT OF N. E. HALABY, ADMINISTRATOR, FEDERAL AVIATION AGENCY

Mr. HALABY. Mr. Chairman, may I insert our statement in the record and give you a very brief capsule of why I think you should permit us to have these additional 15 positions?

Mr. DULSKI. If there is no objection.

(The prepared statement of Mr. Halaby follows:)

STATEMENT OF N. E. HALABY, ADMINISTRATOR, FEDERAL AVIATION AGENCY

Mr. Chairman and members of the subcommittee, I very much appreciate the opportunity to present to this subcommittee, as a part of its consideration of H.R. 7377, the urgent need of the Federal Aviation Agency for an increase in the number of positions authorized by section 302(f) of the Federal Aviation Act of 1958, as amended. Under that provision the Administrator of the Federal Aviation Agency is authorized to fix the compensation for not more than 10 positions in the Agency at rates not to exceed \$19,500 per annum. We ask that the number of such positions be increased by 15 to a total of 25 for the Agency.

This request for an increase in the number of section 302(f) positions is the consequence of a fundamental reorganization having as its purpose the modernization of the management of the Agency. This reorganization is, in our judgment, an important step in equipping the FAA to do effectively and responsibly the job entrusted to us by the Federal Aviation Act of 1958. However, we will not successfully achieve our program and management objectives unless we can attract and hold key management and technical personnel who are fully qualified for the jobs to be done.

At the outset, I wish to make it clear that this is not a reorganization made by the "new boss," for the sake of changing things. We are not dealing with a reshuffling of offices and titles. We are redesigning the Agency's structure and concepts of management to bring about some essential and vital changes that we are convinced will mean more effective, more responsive, and more economical administration.

Since my appointment as Administrator, I have devoted much personal time and effort to reviewing the accomplishments of the Agency since it was established nearly 3 years ago. I have given particular attention to the quality of Agency management and to the effectiveness of its organization. In making this review, I have consulted with former Administrators of the Federal Aviation Agency and the Civil Aeronautics Administration, with organizations concerned

with aviation, and with individual members of the flying public. The ideas and suggestions which I have received both from within and outside of the Federal Aviation Agency, as confirmed by my own experience as Administrator, convinced me that the basic changes in management philosophy were required.

The reorganization initiated on July 1 has two major purposes. First, it will decentralize the authority and responsibility for the performance of operations from the Washington offices to our field regions. Second, it will help assure the high quality of Washington policy and program leadership which we must have if we are effectively to cope with the fast-moving problems of aviation. Under the new organization, the heads of the Washington offices and services will be accountable to me, in most instances through three Deputy Administrators, for the development of essential national programs and policies. They will no longer try to direct from Washington the day-to-day work of our field personnel. They will, for the first time, therefore, be able to concentrate fully on the essential headquarters functions of planning, program development, and evaluation of results.

The successful decentralization of operations is dependent upon the establishment in each of our seven regions of an Assistant Administrator with complete responsibility for directing the execution of Agency programs within his region. He is, of course, required to carry out his responsibilities in a manner consistent with national policies, programs, and standards; but the immediate responsibility for the doing job of the Agency in the field will be his and his alone.

These new Assistant Administrators will provide principal officials of the Agency at a local instead of a Washington level. Thus, the local public will, for the first time, be able to deal directly with an individual who has detailed knowledge of the area's aviation problems coupled with responsibility and authority to cope effectively with them. We will have, in other words, a Mr. FAA—a fully empowered representative of the Administrator—directing the efforts of up to 8,000 employees within a single region. We have found this kind of field structure to be essential if we are to be sensitive and responsive to the legitimate needs of those who use the airways and the public at large. Since the new Assistant Administrators at the field level are being given the full responsibility and authority for getting the job done effectively in their respective geographic areas, it is essential that they be given a rank and compensation equivalent to that of the heads of the major Washington offices.

We have found one of the regions originally established under the FAA to be so large and to cover so much area that it was impossible to provide alert and responsive program direction. Consequently, that region has been divided and a new region established. The operational target date for our new region, which will have its headquarters in Atlanta, Ga., is January 1, 1962. In addition, our oversea responsibilities are growing and as we absorb additional functions now being performed by the Department of Defense, it may prove necessary to establish additional regions beyond the confines of our 50 States.

All of these organization changes have had a major effect upon our requirements for personnel of top stature capable of serving in positions of high responsibility. We have authority under present law to establish 10 positions at a special salary level up to \$19,500, but this is not enough to staff properly the kind of organization which I have found to be needed to keep pace with the challenges of the aviation environment with which we must deal today. Implementation of our new regional concept alone creates an immediate additional requirement of at least 7 and ultimately as many as 10 positions to be compensated at rates not to exceed \$19,500 per annum.

At the headquarters level the new organization concept places a very heavy premium on the ability to identify and plan for meeting long-term agency goals and to provide for effective management of the Agency resources to this end. It also highlights the responsibility of the headquarters organization to develop new concepts and techniques for meeting these goals and effectively utilizing the scientific developments which are taking place at an increasing rate. Therefore, the present Washington organization needs to be augmented by a small number of uniquely qualified individuals capable of coping with such problems.

We have specific need for better effort and more quality in the areas of program planning, coordination, and scientific research and for relating the results of research programs to actual operating procedures and requirements. Largely because of our present inability to offer adequate rates of compensation, I have been unable to recruit an urgently needed Chief Scientist and a Chief Engineer for our research and development activities. Recently, for example, we have

sought the services of a top-notch aeronautical design engineer with experience in the design of large, modern jet transport aircraft. We find that the only individuals with the necessary experience and training are being paid in industry at rates in excess of \$20,000 per annum. We are simply unable to attract this type of individual without reliance upon additional section 302(f) positions.

The original intent of the Congress in empowering the Administrator to compensate 10 officials of the Agency at a rate not to exceed \$19,500 was to aid him in attracting key personnel for an agency designed to meet the problems of 1958. However, much has happened since passage of the Federal Aviation Act 3 years ago which imposes upon any Administrator of the Agency a job vastly more complex than had originally been anticipated. The introduction of jet aircraft, virtually all of which occurred subsequent to the drafting of the Federal Aviation Act, has imposed demands upon our air traffic management and aviation safety functions many times more complex than those associated with propeller-driven aircraft. Our research and development program has now reached an annual level of \$75 million and requires the highest order of scientific talent to assure the proper development of air navigation facilities and equipment capable of safely guiding and controlling modern aircraft. The Agency itself, in spite of every effort to hold down staff and expenditures, has grown from some 25,000 employees on July 1, 1958, to over 42,000 employees on July 1, 1961. Appropriations for essential functions have increased from \$368.2 million for the 1958 fiscal year to a budget of \$750 million for 1962. Entirely new responsibilities such as those relating to the supersonic transport are being lodged in the Agency. With this growth in range of responsibility, in complexity of functions performed, and in Agency personnel we simply must have more managers and technical officials of the very top rank. Key personnel of the highest management competence will also provide us with the best means of holding our total staff and expenditures to the minimum consistent with getting our job done.

It is my hope and expectation that the FAA can carry out the responsibilities entrusted to it under the civil service system, but we do need a limited amount of flexibility in meeting the peculiar management and technical requirements of this Agency which must respond swiftly and effectively in dealing with situations in which the public safety is at stake. The section 302(f) positions are filled under civil service laws by highly qualified persons. They are, however, exempt from the Classification Act. It seems to us that the exemption of 25 out of more than 40,000 positions from the Classification Act standards for use by the Administrator to meet extremely complex and vital Agency needs important to public safety is not unreasonable. Additionally our ability to use these position in a flexible manner to meet real needs whenever they may exist is enhanced by the fact that the \$19,500 salary level is a maximum, not a fixed, rate. It is not my intention that all persons appointed to special positions will be compensated at \$19,500. The contrary is true. The salary will in each case be set at a rate which represents a valid agency need and reflects the responsibilities of the positions involved and qualifications of the persons holding them.

It is my considered judgment that our most pressing immediate needs can be met by the use of 15 additional positions for which salaries can be set at rates not to exceed \$19,500. The adjustments in Agency organization and program emphasis that are necessary to enable it to do the job intended by Congress cannot be effectively accomplished without them. To this end, I therefore urge this committee, in connection with the legislation now before it, to amend section 302(f) of the Federal Aviation Act so as to increase from 10 to 25 the number of "Special" positions authorized for our Agency. If this authority is granted, it will be used with considerable care and only in those instances in which it is necessary either to attract or retain men of sufficiently high caliber to satisfy the essential demands of the FAA programs.

Mr. HALABY. Mr. Chairman, just very briefly, the Federal Aviation Agency, a little over 2 years ago, was given additional functions, some of which are civilian and some of which are military. As a result of those additional functions, the Agency has grown to about 43,000 people.

The budget submitted by the outgoing President is approximately \$700 million, and the projections for the growth of the Agency over 5 years showed it increasing to above 50,000 people, thus the Federal

Aviation Agency would be one of the largest and most expensive agencies in the executive branch.

This is because technology has moved ahead, the demand of aviation has exceeded expectations, and over the last 10 or 12 years, the Government did not keep up with the technology and the demand so we are having to spend more money and use more people than was anticipated. My judgment is that this is a management job, 43,000 people, and if the military transfers approximately 17,000 jobs which we think we can man with 12,000 people and 5 years, the Agency will be nearer 60,000 than the present level of 43,000.

This is an operating agency. We have facilities and people in all 50 States, and in 36 foreign countries. It has the responsibility on a 24-hour basis of operating the airways, of certificating and regulating airmen, mechanics, and engineers and administering the airport aid program.

I had a stint in Government before this job. I have been for the last 7 years in private industry. Personally I feel very, very strongly that this country is not recognizing the value of public service.

I believe, and I think some of you do, that the full-scale review of the reward for the public service of the President and his Cabinet, by the Senators, and by the House of Representatives, is in order, and I think here today you are getting a piece by piece, agency by agency approach to the great problem of making public service a high calling, of rewarding it, and paying the managers of the public service what they are worth.

In my own case, it is not important that my income this year is going to be one-third of what it was last year, but it is very important to me to have general managers in this agency that are there because they feel they are getting paid what they are worth, not doing it out of a sense of sacrifice alone.

So I feel very strongly that if you want this 43,000-man force managed well by people who are getting paid what they are worth, we need at least these 15 additional positions. We are competing for the kind of general management people who are getting anywhere from one and one-half to three times as much. This man we need is a technically educated and experienced general management man, and he is much in demand in the aviation, electronics, and other industrial enterprises.

Mr. DULSKI. Are you upgrading anyone, or hiring 15 new people?

Mr. HALABY. Both. A good example of why we need them is, we are decentralizing. I do not believe any man can operate on a centralized basis a 43,000-man organization from a desk in Washington. We are upgrading and decentralizing authority in assistant administrators in the regions.

For example, we had one region that went all the way from the Carolinas down through Florida out to and through Texas. In good sense we have had to split that into two regions, and set up a new region in Atlanta.

I believe ample justification exists for selecting two topnotch men and giving them these superpositions because there is a responsibility involved.

Mr. GROSS. In the morning paper there is a statement attributed to you which reads as follows:

Najeeb E. Halaby, Federal Aviation Administrator, suggested a different approach—that the salaries of Members of Congress and top Federal officials be doubled. The overall cost, he added, would be relatively small and the result would be far better management of the Government's \$83 billion budget. He said he foresaw the day when we would be mature enough to do it.

Is that substantially correct?

Mr. HALABY. That is my personal private conviction.

Mr. GROSS. That is correct?

Mr. HALABY. Yes, sir; in substance.

Mr. GROSS. Would I be considered immature if I did not vote for a doubling of my salary?

Mr. HALABY. No, sir.

Mr. GROSS. What other inference can I draw from that?

Mr. HALABY. That you and I would have a different amount of value placed upon the service that Senators and Congressmen and political executives contribute.

Mr. GROSS. The salaries in Congress have gone up I think from \$12,500 when I first came here to \$22,500. One of the accomplishments has been to increase the Federal debt to the point where an extension of the debt limit was voted the other day to almost \$30 billion.

I cannot go along with you that the doubling of salaries of Members of Congress, or anyone else, is the test of what happens to this country from a fiscal standpoint. Not at all.

I have seen some pretty loose management on the part of people who are paid very good salaries, in my opinion. So I do not think, and I do not agree with you, that to double the salaries of Members of Congress, or anyone else, is the test of good government we get. I do not believe that at all.

The article also says:

After his testimony, Halaby suggested that the three living former Presidents—Herbert Hoover, Harry Truman, and Dwight Eisenhower—be appointed to a commission to make a study of top Federal pay. He said he was sure that they would join in recommending substantial increases and that the people and the politicians would go along with them.

I do not agree with you or that I would go along with that kind of a commission.

Mr. JOHANSEN. How far down the scale of Federal employees would you recommend this doubling process be carried out?

Mr. HALABY. Mr. Johansen and Mr. Gross, this happens to be a personal conviction of mine. It is not an official position of the administration, and if you consider it relevant to the discussion this morning, I will be glad to go into it.

Mr. GROSS. It was relevant to the discussion before the Senate on the same subject, in your opinion?

Mr. HALABY. In response to a question from a reporter, I told him it was my personal conviction that it would be very difficult for the President, or the leaders of the legislative branch, or the leaders of the judiciary, to come out for a large increase in their own salaries, and that one way to attack this problem—and it is only one factor, paying a man for what his service is worth—that a way to attack

this problem of getting adequate rewards and incentives for men to come into public life is to raise their salaries.

I pointed out that if you double—and I think I stated it this way—if you doubled all the salaries of the Senators and the Congressmen and the top members of the judiciary and the executive branches, it would be a very small fraction of 1 percent of the annual Federal budget, and that it would probably improve the management of the whole United States. That is just one of the factors.

I recognize you can pay a man twice as much and he can do twice as bad a job. If you pay people twice as much, you usually have a man who will be doing more work and doing it better.

Mr. GROSS. I thought when I listened to the President last night I heard a call for sacrifice, for some austerity. We are in trouble in this country. Then to pick up the paper this morning and find you suggesting a doubling of salaries, and I do not know how far it goes—

Mr. HAGAN. Will the gentleman yield?

I certainly agree with the gentleman from Iowa as to what he said a while ago; you can double all the salaries and still get a poor job.

Let's grant a lot of people in government are dedicated men, or they would not be in it. For a man to take a job at a third of the salary he made last year, certainly there has to be dedication there, but, by the same token, is it not true there are plenty of dedicated men who simply cannot afford, because of their obligation to their families, to get into government; therefore, we do not get the advantage of their services. I think if anything would make it possible for these dedicated people to get into government it would be helpful.

I am thinking of one of the finest Congressmen who has been here for many years, and before the war I stopped through Washington and saw him and talked to him a few minutes, and he told me, "I am not going to run again."

I said, "I am amazed."

He said:

Well, I have been here 20-some-odd years. I owe it to my family, I have a job paying me \$25,000, and I just can no longer afford for the benefit of my family to give my services to the Government.

So I think that ought to be brought out. In order to make it possible for men to serve this country, that must be considered.

Mr. GROSS. I agree other Members have left Congress, and not for monetary reasons and have left voluntarily.

Mr. HAGAN. I was speaking of this particular reason. He wanted to stay.

Mr. JOHANSEN. I think there is a great deal of relevancy to my question as to how far down the scale you want to go. The whole thing is this: I completely differ with the proposal to double the salary of Members of Congress. We have the very serious consideration that were something of that character done you would magnify all of the pressures that now exist for very substantial pay raises through the whole scale.

What you say would apply. I remind the witness that this is a committee on manpower utilization and that there is abundant evidence of inefficient utilization of personnel in the Federal Government. Some of these pay increases could be justified if you had the

policing factor with respect to efficient, economical utilization of manpower that you have in private enterprise.

I respect completely the right of the gentleman to entertain any private views he wants to. I think it is the height of irresponsibility to invite a program which will result in incredible pressures for unrealistic and incredible increases in the pay structure, particularly with the fiscal situation and the international situation this country faces.

Mr. GROSS. What were you doing before you became Administrator of the Federal Aviation Agency?

Mr. HALABY. I was practicing law and running a small company, and doing consulting work.

Mr. GROSS. You were well aware of the fact that a lot of these salaries that are paid outside of Government today are paid on the basis of cost-plus-fixed-fee contracts. You are aware of that, too?

Mr. HALABY. There is a very substantial amount.

Mr. GROSS. That is where substantial pressure comes for pay increases.

Mr. HALABY. I think the danger in those contracts is very great.

Mr. GROSS. The aircraft industry is heavily subsidized on that basis.

Mr. HALABY. That is right. I think this is a major source of leakage in our defense returns per dollar spent.

Mr. GROSS. I can only say this in conclusion, and I do not want to take the time of others, that I was astounded to read your proposal.

Mr. HALABY. It is not a proposal, Mr. Congressman.

Mr. GROSS. You have every right to express any view you want.

Mr. HALABY. Let me be very precise. I said that I felt that public service by Congressmen, Senators, and members of the executive and judicial branches at the top level was not fully appreciated; that if all of them—all of the top level—were doubled in salary, that it would be a very small fraction of the cost of government and that we would have better government. I said I did not think any one of the groups could take the initiative and perhaps a Presidential commission could tackle this job of determining what values to place upon various Government management services. I must repeat, this is a private, personal conviction about the value of public service. A doubling of top salaries may not be the answer but an increase is in order. Perhaps I should not express private opinions publicly but sometimes when you have a conviction you express it.

Mr. GROSS. Thank you.

Mr. DULSKI. Mr. Rousselot.

Mr. ROUSSELOT. Let me say this. I, too, came into executive service but not at the level you are. I was Director of Information at FHA. I took a cut in my own personal income. It was not as much as yours. I did that because I had my own private public relations practice. The reasons for going into Government service are far more important than the monetary value.

Mr. HALABY. That is right.

Mr. ROUSSELOT. As you know from your experience now, the benefits of annual leave, sick leave, and many of the other benefits that accrue to a Government worker are many times better than are granted in

private enterprise. There are many extra benefits that you get in Government that far exceed those that are given in private enterprise.

These, too, can act as encouragements for people to come into Government service.

I certainly want to fight for your right to have a personal opinion, but I do not think that doubling salary alone is going to encourage people to come into public service. It is the dedication and feeling that they are doing something for their country that really motivates them. A statement such as you have made puts a tremendous pressure on committees like this one. It just all the way along the line creates problems. I would like your comment on this. When you create additional supergrades, pressures immediately build up to advance other kinds of personnel to help the new supergrade employees.

Mr. HALABY. I would like to see a gap between these special positions and the next lower positions because I want to reward absolutely a capable manager who is doing a good job with the people and the money you give us to operate with.

Mr. ROUSSELOT. How do you propose to do that without all the in-between superstructure?

Mr. HALABY. That is a problem of Government. All we can do with it is work on it day after day.

I have got to come back to the point. I am sorry my private convictions were expressed publicly and are so disagreeable to you gentlemen and I would not have them hurt the FAA, but the main point here is that we have decentralized the Agency for better management. We need some additional slots, some of which to upgrade men who are capable of higher responsibility and more of which are to attract new men from private and industrial life to help run this Agency.

Mr. DULSKI. We have five additional questions that we would like to have answered. I would appreciate it very much if you would submit answers to them so that we can insert them in the record.

(The information requested follows:)

INFORMATION CONCERNING SUPERGRADE, SCIENTIFIC, AND ENGINEERING POSITIONS
IN FEDERAL AVIATION AGENCY

1. What is the current employment in the Federal Aviation Agency?

The Federal Aviation Agency's current employment on June 30, 1961, including temporary and part-time employees was 42,958.

(a) How does this compare with 2 years ago?

Two years ago (June 30, 1959) employment, including temporary and part time was 33,624.

(b) What is your anticipated employment by the end of this fiscal year?

45,455.

2. How many supergrade and scientific and engineering positions do you now have?

The Federal Aviation Agency now has 89 supergrade positions, 80 provided by section 302(j) of the Federal Aviation Act of 1958 (Public Law 85-726) at the time of its original passage, and 9 allotted to the Federal Aviation Agency by the Civil Service Commission from the Government-wide quota.

The Federal Aviation Agency has 15 scientific and engineering positions, provided in section 302(h) of the Federal Aviation Act of 1958.

(a) How many did you have when your Agency was created?

At the time the Federal Aviation Agency was created, its predecessor agencies had the following:

Civil Aeronautics Administration, 10 supergrade positions; no scientific and engineering positions.

Airways Modernization Board, 20 supergrade positions; 5 scientific and engineering positions.

3. H.R. 7377 would give your Agency five additional scientific and engineering positions. Do you request positions in addition to those mentioned in the current bill?

We requested eight additional scientific and engineering positions at the time the Civil Service Commission asked all agencies and departments to advise it of their needs for such positions (March 1961). This was three more than the number included for the Federal Aviation Agency in H.R. 7377. The Agency's request for additional special positions of the type provided in section 302(f) of the Federal Aviation Act of 1958 (Public Law 85-726) does not include requests for additional scientific and engineering positions.

4. Does the Civil Service Commission review the qualifications of the incumbents and the proposed grades of the supergrades in your Agency?

Yes; section 302(j) of the Federal Aviation Act of 1958 (Public Law 85-726) so provides.

5. How many of your supergrade and scientific and engineering positions are filled by retired military people?

(a) How many are also drawing retired military pay?

Our personnel records show that none of these positions is occupied by a retired military person who retired after a full military career of 20 years or more of active military service. However, one position is occupied by an individual who was retired due to physical disability after 5½ years of active military service. This individual has applied for an annuity. We also have several incumbents in these positions who have retired as members of a military Reserve unit on the basis of a combination of some active full-time duty and a substantial amount of time in Reserve status. Our records show that one of these individuals has applied for retired pay based on this service.

Mr. DULSKI. The committee will now stand in recess, subject to the call of the Chair.

(Whereupon, at 12:05 p.m., the committee adjourned to the call of the Chair.)

INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

FRIDAY, AUGUST 4, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 215, House Office Building, Hon. James C. Davis (subcommittee chairman) presiding.

Mr. DAVIS. The subcommittee will come to order.

Today we are continuing our public hearings on H.R. 7377, a bill which is sponsored by the administration to create additional top management positions in the Federal Government.

Last week during the course of our hearings we heard from several agency heads including the head of the National Aeronautics and Space Administration, the Assistant Secretary of Defense for Manpower, and the Administrator of the Federal Aviation Agency.

Today we are glad to have with us the Director of the Peace Corps, the Honorable Robert Sargent Shriver, Jr., and the Deputy Chairman of the President's Task Force on Foreign Economic Assistance, International Cooperation Administration, the Honorable John O. Bell.

We will first hear from Mr. Shriver. Will you have a seat, Mr. Shriver, and give us your statement.

**STATEMENT OF HON. ROBERT SARGENT SHRIVER, JR., DIRECTOR,
PEACE CORPS; ACCOMPANIED BY JOHN CORCORAN, ASSOCIATE
DIRECTOR FOR MANAGEMENT, PEACE CORPS**

Mr. SHRIVER. Thank you, Mr. Chairman and members of the committee. I am here today in support of the executive branch request—embodied in section 7(b) of H.R. 7500, the Peace Corps bill—for 40 positions, 28 of which may be compensated at rates between the highest provided for in grade 15 of the general schedule, \$15,030, and the GS-18 rate, \$18,500. Two could be compensated at rates in excess of \$18,500 but not in excess of \$19,000. The additional 10 positions could also be compensated without regard to the Classification Act, but not higher than the top of a GS-15.

It would like to explain first why this request is made in H.R. 7500 instead of in H.R. 7377, the omnibus bill amending the Classification Act. H.R. 7377 is based on a study conducted by the executive branch, under the leadership of the distinguished Chairman of the Civil Service Commission, Mr. Macy. This study was conducted in March of this year. As you know, the Peace Corps was established

by Executive order only on March 1 to make it possible for us to provide definite facts and figures about the Peace Corps rather than theories and speculation when permanent legislation was requested of Congress. It was not possible, therefore, for the Government-wide study on which H.R. 7377 is based to take into account the needs of the Peace Corps. The Peace Corps request for these positions is the result of several months of study and work in close cooperation with the Civil Service Commission, the Bureau of the Budget, and the State Department.

Moreover, authorities requested in section 7(b) of the Peace Corps bill are not for supergrades in the usual sense of the Classification Act—that is to say, additional GS-16's, 17's, and 18's. Authority for additional positions under that act is not requested. Rather, authority is requested to compensate without regard to the Classification Act a number of positions including 10 which would be at or below the GS-15 level, and 2 at a rate not to exceed \$500 above the GS-18 level. I am told there would not be any Classification Act counterpart for the requests for the 2 or 10 positions.

Finally, as the committee is aware, precedent for this kind of authority in an oversea program exists in section 527(b) of the Mutual Security Act of 1954, as amended. Similar authority is also contained in the new foreign aid bill, H.R. 8400, section 623(b), which was reported out, I am told, by the House Foreign Affairs Committee just recently. It was our understanding that when the Peace Corps legislation was submitted to the Foreign Relations and Foreign Affairs Committees, the chairmen of those committees, in the normal course of business, would seek the views of the respective Civil Service Committees, and I am told this has been done.

Why is the Peace Corps asking this authority? The answer, we think, is clear—in order to enlist topflight men and women whose experience and abilities are necessary for the success of our program, a program which can contribute substantially to the manpower needs of the underdeveloped countries, and perhaps even more important, can increase the effectiveness of American efforts in the interest of freedom.

The members of the committee are well aware of the importance of efficient management. It is a maxim that good programs need good people. I come from private industry myself and I know that in that area of our economy, at least, an investor, before he places his money in a given company, first asks the question, "What kind of people are running this business?" The most valuable ingredient in the success of any enterprise is first-class management.

The Peace Corps program is new. There is no precedent within the Government for what the Peace Corps will do. Large-scale recruitment of civilians for service abroad on a volunteer basis has no counterpart. The benefits of success can be very great indeed, while the consequences of failure can be very serious. It can succeed if qualified people can be attracted to its management. Poor executives rarely launch a good program, nor are poor executives likely to enlist good subordinates.

Our product in the Peace Corps is people. Other agencies provide loans or grants. The Peace Corps offers to countries that request them, qualified men and women—volunteers—who will go abroad to

work side by side with the peoples of those countries. These volunteers must be the very best we can find. They must be skilled. They must have qualities—such as adaptability, sensitivity, intelligence, and endurance—which will enable them to work effectively in new and different surroundings. They must be well selected, well trained, and well supervised.

To recruit good volunteers—to train them and supervise them—involves selection factors, in terms of physical, emotional, and intellectual capacities, not faced elsewhere in the Government. To employ them effectively abroad is as difficult as the job of selection. We need the best management possible to accomplish these tasks.

The challenge, therefore, is to attract to the Peace Corps highly qualified executives willing to leave their present positions of importance in order to do these jobs. Talented people needed for the Peace Corps already have important jobs—jobs with status and responsibility and substantial compensation. To attract them into a program demanding unusual effort and personal sacrifice means that we must compete with positions which carry at least enough compensation to make it possible for qualified people to afford to work for the Government.

About half of the positions we seek are for offices of traditional long-recognized importance—as executive secretary, a general counsel, an officer in charge of congressional relations, a public information office, an officer for planning and evaluation, a director of contracts and logistics, and a director for management.

Other positions are for functions of a professional nature of unique importance to the Peace Corps itself.

For example, the Peace Corps hopes to utilize in its programs the experience, services, and facilities of private agencies and universities. Two of our requests are for topflight professional people to handle our relations with private agencies and the universities and colleges. These must be people of sufficient ability and prestige to create confidence and respect among the highly specialized people with whom they will work.

The Peace Corps has a medical office responsible for assuring the health and care of volunteers in the field. Obviously, a first-rate physician is required to discharge this important responsibility.

The two positions for which we are seeking compensation at a rate not to exceed \$19,000 are of crucial importance to the Peace Corps program. The first is the associate director for program development and operations. He is responsible for the development, exploration, negotiation, and approval of requested Peace Corps projects in countries of varying political climates, and for all Peace Corps operations abroad. Under his supervision are a deputy, a program coordinator, an officer in charge of relations with United Nations and other international organizations programs, and a director for each of four geographic regions—Latin America, Africa, Near East, and South Asia, and Far East.

The second proposed \$19,000 position is the associate director for Peace Corps volunteers. He bears the key responsibility for the recruitment, training, selection, and oversea support of Peace Corps volunteers. These are functions which, as I have said, find no counterpart elsewhere in Government. The incumbent of this position

would oversee a deputy and top-flight executive in charge of each of these special functions.

The Peace Corps cannot afford to fail in any of the difficult and novel tasks which are set for it, for failure in any one of them will damage this country's standing abroad. Success will greatly enhance that standing, we think. To assure success in each of these tasks, Mr. Chairman, there can be no substitute for high caliber in the personnel performing them. Every job for which a specific super-grade is requested is a key job which has a direct bearing upon the success or failure of the program.

While pointing out that our desire is to hold the administrative staff of the Peace Corps to a minimum, emphasizing quality rather than quantity, I would also like to point out that in any new organization, the top positions must be filled in the early stages. As an organization grows, it grows largely at subordinate levels. Regardless of the size of the Peace Corps operations abroad, it will obviously require only one regional director for each region, only one director of recruitment or of training, and only one general counsel. While the special compensation authority we now seek is, in my judgment, the minimum required for a program of the size contemplated for the coming fiscal year, at the same time I believe it is also true that a Peace Corps substantially larger than that contemplated in the first year could be operated without any increase in the number of top level positions requested in the bill.

The positions for which we seek your approval, Mr. Chairman, will make it possible for us to attract men and women of experience and ability to do the kind of job we believe you and the Congress want to accomplish.

I am very happy to be here this morning and will try to answer any questions the members of the committee may want to ask.

Mr. DAVIS. Mr. Shriver, thank you for your statement. I would like to ask you some questions.

First I would like to ask you to indicate briefly to the subcommittee your background and interest in a Peace Corps.

Mr. SHRIVER. Yes, sir.

Before I answer that, sir, may I introduce, sitting on my right, John Corcoran, our Associate Director for Management. He came from being deputy director of the Public Administration Service located in Chicago. For about 20 years he has held that job, working in the field of public administration not only in this country but with foreign governments.

Mr. GROSS. What service was that?

Mr. DAVIS. Public Administration Service. That is a private organization?

Mr. SHRIVER. Yes. This service has the task of giving advice about public administration problems to State governments and to city governments and to the U.S. Government and foreign governments. In that organization Mr. Corcoran was the deputy director for about the last 20 years.

Mr. Chairman, in response to your question I might say that back in the 1930's I had the privilege of leading groups of students to European countries to live with families in France and Germany and Italy under the aegis of an organization called the Experiment in

International Living. The objective of this work was to help young Americans learn more about the culture and traditions and thinking of foreign peoples. From those days back in 1934, 1935, 1936, and 1937 I have always had a great interest in the possibilities for increasing educational opportunities for people in intercultural work, living, and working in foreign countries. Personally, I think that experience I had was the most helpful educational experience I have ever participated in.

Since then I have worked in private business and journalism except for a career in the Navy, and in my business work I have found, as I said in my statement, that the most important asset of any company is good management. A company can be a success in the peanut business or the oil business or the electronic or aircraft business if it has good management, or you can be a failure in those businesses, when others in those businesses are making money, if you have poor management. So today in the private economic sector of business I know the first thing a business looks for is good management, and coming to the Peace Corps from that kind of background I approached our problems in the same way, namely, I looked for the best people possible. I found, as chairman of the board of education in Chicago, that again the most important thing you could get was topflight management, and it was during that period that the superintendent of public schools in the city of Chicago advanced from a salary of approximately \$25,000 to \$30,000 up to a point of \$40,000 or \$45,000. I think he is now one of the highest paid public officials in the country because of the necessity of having really first-class people handling the education of our schoolchildren. Without that sort of leadership you will have an unsuccessful administration, in my opinion.

Mr. DAVIS. What size organization do you have in the Peace Corps?

Mr. SHRIVER. At present we have 121 permanent employees working for the Peace Corps. We have tended to go rather slowly in putting permanent employees to work because we did not want to have a large permanent staff prior to getting approval from the Congress.

As you know, the Peace Corps was established by Executive order and in this order the President said that as soon as he possibly could he would send to the Congress legislation requesting congressional approval for the establishment of the Peace Corps on a permanent basis. The reason for the Executive order method was to give us enough time to get facts on which legislation could be based.

Mr. DAVIS. I wish you would give us a breakdown of the 121 employees for the record. You can furnish that later.

Mr. SHRIVER. All right.

(The information follows:)

Peace Corps permanent employees—Breakdown of 121 positions by grade

GS-15-----	17	GS-7-----	23
GS-14-----	12	GS-6-----	13
GS-13-----	2	GS-5-----	15
GS-12-----	8	GS-4-----	8
GS-11-----	2	GS-3-----	5
GS-10-----	2	GS-2-----	3
GS-9-----	9		
GS-8-----	2	Total-----	121

Mr. DAVIS. How many of those employees are currently drawing pay comparable to a supergrade?

Mr. SHRIVER. About 17 of them are now drawing pay comparable to a supergrade.

Mr. DAVIS. What are they doing?

Mr. SHRIVER. They are running the Peace Corps at this stage, Mr. Chairman. They are persons occupying key positions, for example, as Mr. Corcoran next to me occupies the position of Associate Director for Management. They are occupying posts as directors of Volunteer Personnel, Volunteer Selection, Volunteer Training, General Counsel, Public Information, Associate Director for Congressional Affairs, and so on.

Mr. DAVIS. In making the breakdown I would like to have the salaries they are receiving also.

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. As I recall it, when this matter was first proposed all of the news releases I saw and all the news stories about it stated that these people were going to be volunteers and would receive no pay. Now apparently that has been changed and it has developed to where they will be paid, and not only paid a salary but a good many fringe benefits of one kind and another.

What is to be the pay of a Peace Corps worker who goes overseas?

Mr. SHRIVER. I hope that no misapprehension or misinformation about the Peace Corps volunteers was created in the minds of the committee members or of the general public, because as a matter of fact what we are doing for the Peace Corps volunteers is simply this. We are giving them allowances which will defray their ordinary living expenses while in the Peace Corps, such as food, housing, clothing, and so forth, while here and overseas.

Overseas the amount of money that will have to be expended for those purposes will vary from country to country because the cost of living in one country is different from the cost of living in another country. We will give them an allowance only sufficient to enable them to live at the standard of living of the people with whom they are working. If they are working in Tanganyika they will receive enough to enable them to live as people in Tanganyika live with whom they are working. In Tanganyika it might be \$250 a month. In another country, say in the Philippines, to live at the standards of that country may cost \$300 or \$350 a month. We do not pay that in the form of salary.

(Subsequent to the hearings, the Peace Corps submitted to the subcommittee the following statement:)

It is currently estimated that the subsistence allowance in Tanganyika will be the local currency equivalent of \$224 per month and that in the Philippines will be the equivalent of \$100 per month.

The general policy of the Peace Corps is that the volunteer's subsistence allowance will enable him to live at a level generally similar to that of his host country counterpart but sufficient to maintain his health and effectiveness. The subsistence allowance covers food, clothing, housing, recreation, and incidentals. It is based on a field analysis of local living standards and costs and is designed to cover current expenses.

The preliminary estimates are now being analyzed closely on the basis of local requirements and will in many cases be somewhat revised. In addition, an evaluation based upon approximately 6 months of experience in the field will determine finally the suitability of the allowances for these initial projects.

Mr. SHRIVER. In addition to this system of allowances enabling our people to live in accordance with the standards of people in the host country, we will accumulate for each volunteer \$75 a month for each month of satisfactory service in the Peace Corps. That \$75 a month will be payable to the Peace Corps volunteers upon their return to this country. The purpose for that is threefold: (1) To have on hand when Peace Corps volunteers return a modest amount of money to tide them over while they are seeking employment in this country; (2) to give them a sum which compensates them at a rate somewhat less than a private in the Army gets; and (3) to give this money to them here rather than overseas where the use of that money might raise their standard of living beyond the level of the people of the country where they are working.

Mr. DAVIS. You say you hope members of the subcommittee had not received any misapprehension about this, and I do not believe I have been under any misapprehension. The positive statement was made at the outset that these people would not be paid any salaries. There is no ground for misapprehension there. I recall reading, and I checked it in recent days, where you had a press conference, I believe on March 7, and I believe the President of the United States also made a statement about it on that same day, in which the positive statement was made that these people were not going to be paid salaries, that they would be volunteers going to work just for the opportunity of doing the country some good.

Then I believe 2 days later someone went down to the University of Pennsylvania and made a statement that they were going to be paid on the basis of men in the Armed Services. Do you recall who that was?

Mr. SHRIVER. No, I do not know who that was.

Mr. DAVIS. I did not bring the statement with me but I have it in my office. From then on this expense seems to have been expanding. I have found, in an investigation of the plans under which the Peace Corps is to operate, where a statement has been made that there will be an annual average expense of approximately \$9,000 for each person working in the Peace Corps. Is that correct?

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. That is quite a jump from nothing except expenses up to \$9,000 a year, is it not?

Mr. SHRIVER. No, sir; I do not think so, because the \$9,000, Mr. Chairman, is computed on the basis of everything that is needed to recruit, to select, train, transport, maintain, bring back, and educate these people as Peace Corps volunteers so that they will represent this country properly abroad.

I do think some people got the idea, or they would like to think it was our idea at the beginning of the Peace Corps, that we were going to send untrained, unprincipled, poorly led teenagers all over the world. We never had that idea.

Mr. DAVIS. I was not referring to the abilities or qualifications but the finances.

Mr. SHRIVER. The finances, Mr. Chairman, involve the selection and training of these people so that they are qualified to represent our country overseas, and the \$9,000 figure is computed—

Mr. DAVIS. That is the average, as I understand it, there will be some above that and maybe some below that, but as I understood it the average would be \$9,000?

Mr. SHRIVER. That is right. In the report we provided to the Members of Congress on the 1st of June—I believe all members of the committee got that—

Mr. DAVIS. I do not think I have seen that.

Mr. SHRIVER. I will be delighted to supply a copy of this to all members of this committee.

Mr. DAVIS. Has that been furnished to this subcommittee?

Mr. SHRIVER. I was under the impression it had. I will be very happy to supply copies to you and other members of the committee.

Mr. DAVIS. Do you have enough with you to give us copies now?

Mr. SHRIVER. We do not have them with us but I can have them here by noon time. Would you like to have a personal copy now?

Mr. DAVIS. No. I thought you might have enough to go around to all the members.

Mr. SHRIVER. If I might indicate how that \$9,000 is computed. That \$9,000 is based on the cost of physical examination, immunization, training, transportation, food, housing, clothing, logistical material, for instance. If you send a teacher to the Philippines the teacher must have logistical equipment and tools. Rent for office space in Washington, D.C., and everything else went into this computation of \$9,000. That is where the \$9,000 comes from.

Mr. DAVIS. I see on page 5 of the bill, lines 15 to 20, that volunteers shall be deemed to be receiving monthly pay at the lowest rate provided for grade 7. The lowest rate provided for grade 7 is \$5,355, and under the Classification Act schedule \$6,840 is the highest longevity rate. Also, it is provided there that volunteer leaders shall be deemed to be receiving monthly pay at the lowest rate provided for grade 11, and that is \$7,560.

This is somewhat unusual language and I would like to ask you about that. What does this language mean, that they "shall be deemed to be receiving monthly pay?"

Mr. SHRIVER. It means, sir, that although they are not receiving that pay, it shall be construed that they are receiving that amount for purposes of the Federal Employees Compensation Act. Therefore, if a person, let us say, is injured or goes in the Federal service subsequently, his period of service in the Peace Corps shall be construed as if he were receiving this amount. That is what he normally would be receiving for the skill he has. But he is not getting that. The money is not actually being expended. Therefore, we use the phrase "they shall be deemed to be getting it" solely for the purposes of the Federal Employees Compensation Act.

Mr. DAVIS. This is put in there, then, not for compensation purposes but to give them status under the Federal Employees Compensation Act in case they should be injured?

Mr. SHRIVER. That is correct.

Mr. DAVIS. Just what will they be receiving in the way of money during this service in the Peace Corps?

Mr. SHRIVER. They will be receiving \$75 a month, which will be paid to them upon their return to this country. Let us say they have been serving for 10 months. The amount of \$750 will be available to

them upon their return to this country. If they have been serving for 20 months, the amount will be \$1,500. That will give them some resources while they are looking for a job.

Overseas they will be given allowances for food, housing, clothing, and so forth. Those allowances are computed in cooperation with the State Department and the foreign country, figured at a level which will allow our people to live comparable to the people in the foreign country.

Mr. DAVIS. What people, Mr. Shriver, the natives or what?

Mr. SHRIVER. Yes. If we have a schoolteacher here and the schoolteacher goes to the Philippines to live, we want to compensate that teacher so that he or she can live as a schoolteacher lives in the Philippines. We compute those allowances with the assistance of the Philippine Government and our Embassy people in the Philippines.

Mr. DAVIS. Let me ask this question before you continue.

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. You want them to live according to the standards of a teacher in the Philippines?

Mr. SHRIVER. That is right.

Mr. DAVIS. Are you referring to a native teacher or to Americans over there under some plan of foreign assistance?

Mr. SHRIVER. We are talking about native teachers.

Mr. DAVIS. You mentioned the figure of \$250 a month as being what they would receive in Tanganyika, according to that standard. In the Philippines, I believe you said \$350 a month. Do I understand that to mean that the native teachers in the Philippines spend \$350 a month for living expenses?

Mr. SHRIVER. Not necessarily. I was just using them as examples. I do not have the actual figures.¹ In the Philippines they will get, in local currency, enough pesos to enable them to live as a Philippine teacher. I do not know the exact number, but the total amount given them will be computed with the help of the Philippine Government and our Embassy people in the Philippines working with us so that we give them enough for a decent, healthful existence but not for an ostentatious, munificent kind of existence. They become teachers in the Philippines and are subject to the discipline of the principal of the school and we want them to be as close to their standard of living as we can.

Mr. DAVIS. How will this money get into their hands?

Mr. SHRIVER. It will be disbursed through the administrative services of either the U.S. Embassy in the Philippines or the ICA mission in the Philippines, depending on which way the people in the administrative department or State Department want it done. For instance, say people in the State Department are disbursing checks to American people in the Philippine Islands. Rather than setting up a bureaucracy of our own we will reimburse say, the State Department for drawing these checks in accordance with these predetermined standards of allowances.

Mr. DAVIS. At what intervals will the payments be made?

Mr. SHRIVER. Probably every 2 weeks or every month, whatever the standard way now in existence in that country is.

¹ The figures were subsequently supplied by the Peace Corps and appear at p. 168.

Mr. DAVIS. These volunteer workers who go across, will they be married people with families or will they be single persons?

Mr. SHRIVER. They will be single persons for the most part, but they could be married couples provided they do not have little children and both serve as volunteers. We have enlisted only about half a dozen married couples who do not have children. They are eligible for Peace Corps service. But most of the people will be single people.

Mr. DAVIS. Does that apply also to these volunteer leaders?

Mr. SHRIVER. Not in all respects; no, sir. Actually, as of today, we have not even enlisted any volunteer leaders. We figured that out of an oversea group of 250 Peace Corps volunteers there probably will be only 20 or 30 volunteer leaders involved. These are people who would be like a top sergeant in the Army or a platoon leader. The idea behind the volunteer leader is to provide our Peace Corps volunteers with a little more guidance and inspiration, you might say.

Mr. DAVIS. Would they be on salary?

Mr. SHRIVER. No, they would be like the volunteers, except, instead of \$75 a month accruing to them, \$100 is suggested for their account payable upon their return to this country.

Mr. DAVIS. Are there allowances for the family and for trips back to the United States and matters of that kind?

Mr. SHRIVER. We do not have any allowances for trips back to the United States.

Mr. DAVIS. In what countries is it contemplated this work will be done? Have you made a list of the countries you intend to operate in?

Mr. SHRIVER. To a certain extent, yes. We have already announced projects in a number of countries. Let me give you those we have announced: Ghana, Nigeria, Tanganyika in Africa, India, the Philippine Republic, Chile, Colombia, and one of the islands of the British West Indies group called St. Lucia. Those eight projects have been announced. They have been in the process of negotiation since the inception of the Peace Corps program. An additional number of countries are in negotiation with us now and some additional projects will momentarily be ready for announcement. If the committee wishes to know about the others, I will be happy to discuss it with them. But, in view of the fact it involves foreign countries, we try to keep them confidential until they are approved by the foreign country. In an executive session, I believe, it would be quite proper to tell the committee about them.

Mr. DAVIS. I do not want any classified information, but what I want to know I do not think would be classified. What I want to know is, are these services to be restricted to a small group of nations selected by you or your organization or will they be available to every country in the world which comes under the general classification of undeveloped or underdeveloped nations? For instance, you mentioned three countries, I believe, in Africa. As I remember, there have been 20-odd new governments established in Africa in the last 12 to 18 months. What is your general attitude as to whether you will restrict it to those countries you named or include all of them if they want to come in?

Mr. SHRIVER. First, we go only where we are invited or where the Peace Corps services have been requested. We are not out trying

to sell the Peace Corps to any country and if the country asks us to come, then we will explore with them the possibilities as to whether we can go to a particular country. In the second place, it depends on whether we have the volunteers available and whether we have the skills that that country is asking for.

In some cases, we may have them and in some cases we may not have them. That would be a second restriction, you might say; our capacity to supply people to all countries.

Third, we go only to those countries where our country team, the Ambassador and his assistants, agree that it would be beneficial for the Peace Corps to come there and where the State Department itself, the Secretary of State and the Assistant Secretaries of State in charge of the various areas, have also indicated they want the Peace Corps to go to a specific country.

Before we go to any country, Mr. Chairman, first we have to be invited. Second, we have to have the requisite manpower or skills available to meet the need that is suggested.

Third, we have to have the approval of the country team and, fourth, we have to have the approval of the State Department.

Mr. DAVIS. I understand all of that, but you certainly have looked ahead and made your plans, as you just stated, for these management positions. I would think that certainly you would look ahead and make some kind of a calculation or estimate as to what your ultimate work will be, and the question I asked you is, Do you contemplate when you reach your maximum work, you will have included these other countries in Africa—that is, if they want to come in, and if these other things coincide—or will it be restricted to the ones you have named or a similar smaller number? That applies also to these other underdeveloped countries throughout the world.

I think there are 100 governments in the world, independent governments, and at one time or another most of them have been on the American foreign-aid program. Most of them are now receiving American foreign aid and I want to know what you contemplate and what you envisage as you stay in business and expand, how much of the world you will be covering in this way?

Mr. SHRIVER. Mr. Chairman, we have tried to be conservative in our approach. In the first place, as I say, we have negotiated these 8 and we are probably working with an additional 8 countries that would bring our total in this first year, let us say, to somewhere between 12 and 20. But whether we go much beyond that depends on congressional approval of our program.

I, personally, have been very reluctant to forge ahead without first getting the approval of the Congress and that was also the President's desire.

So, we have gone at this very conservatively, waiting until we find out what Congress wants us to do. In our first year, I would say we would have a maximum number between, let us say, 12 and 20 countries we would be doing business with, providing Congress approves.

Mr. DAVIS. Calendar or fiscal year?

Mr. SHRIVER. Fiscal year.

Mr. GROSS. Would you yield?

Mr. DAVIS. Yes.



Mr. GROSS. Mr. Shriver, you say that you are reluctant to forge ahead, using the expression "forging ahead" but you have 121 employees, do you not?

Mr. SHRIVER. Yes, sir. That is correct.

Mr. GROSS. How many people do you have in training in the universities and colleges in various places in the country as of today?

Mr. SHRIVER. We have about 450 either in training or about to go into training.

Mr. GROSS. You have done a pretty fair job, without forging ahead, even without any permanent legislation, have you not?

Mr. SHRIVER. Let me say this, Mr. Congressman. When the Executive order was sent up to the Hill, it said that the President hoped we would get several hundreds of people into training or overseas by the end of this calendar year. We were attempting to do what we thought was—

Mr. GROSS. Who said—the President said this?

Mr. SHRIVER. That was in the message to Congress; yes, sir.

Mr. GROSS. I understand, but that has no legislative sanction for any of this on a permanent basis? You are working on a shoestring, in effect?

That is all, Mr. Chairman.

Mr. SHRIVER. Mr. Congressman, the Mutual Security Act gave the President funds which could be used for this kind of activity and that was the legislative basis for it.

Mr. GROSS. I am well aware of the legislative history of this thing and we could probably spend 30 minutes discussing that but I do not intend to do so.

Mr. JOHANSEN. Mr. Chairman.

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. In that connection, in the contingency that the Congress refuses authorization for this program, is it your belief that the alleged authorization in the Mutual Security Act, or the Executive powers of the President would permit him to continue the program without regard to the action of the Congress on H.R. 7500?

Mr. SHRIVER. No, sir; it has never been my belief that he would continue this program without regard to congressional action.

Mr. JOHANSEN. In other words, these are all contingent commitments with respect to permanent employees, with respect to the volunteers who have been signed up or are in training, with respect to agreements with other countries, and these are all contingent and the whole thing could be wiped out, and would be wiped out, if Congress failed to approve this legislation; is that correct?

Mr. SHRIVER. Mr. Congressman, I think everybody who works in the Government realizes that their employment is contingent upon congressional approval and their continued employment is contingent upon congressional approval. I imagine that if the Congress wished, for example, to stop the operations of any agency of the Government it could stop them and that would be the end of that. Everybody would be out.

Mr. JOHANSEN. The President recognizes this as an entirely different thing than an agency of the Government established by due legislative process?

Mr. SHRIVER. This program, Mr. Congressman, has been established in the same way that a number of other agencies of the Government have been established in the past, such as the Rural Electrification Administration which has done a great deal of good work for our rural areas, and so on.

Mr. JOHANSEN. Let me just make an observation and then I will yield back to our chairman.

The fact that there has been this kind of exercise of Executive authority in the past, and in connection with this, does not lend any great validity to it, in my judgment.

Mr. DAVIS. Mr. Shriver, had you finished talking about the prospect of countries you contemplate may be in this program?

Mr. SHRIVER. I had not quite finished, Mr. Chairman, because I thought you wanted a prediction, you might say, of what would be, in our mind, beyond this year. Actually, Mr. Chairman, we have not given a great deal of time, study, or thought to, let us say, a 5-year projection, or even a 3-year projection.

Mr. DAVIS. I think that is something all of us ought to give a good deal of study and thought to; that before this program is undertaken, where is it going to wind up?

Mr. SHRIVER. There is no question about it, Mr. Chairman. Our request was not for a 3-year authorization and therefore, we did not have a 3-year plan. We are merely for a 1-year approval and appropriation, at the end of which time we intend, obviously, to come back to Congress and try to explain exactly what we have been doing and ask for congressional guidance and support for either a program of the same sort—

Mr. DAVIS. That is the reason I am asking you these questions. I have seen so many Government agencies, bureaus, and departments begin on a very small and modest scale with comparable expenses and costs, and immediately, once they are established, they begin to expand and grow like a mushroom on a warm foggy night. After the first year they expand and after the second year they expand and that is what I want to get, some idea about what you have in mind and what you think may be the ultimate outcome.

Mr. SHRIVER. I am sorry and I am not trying to evade your question, Mr. Chairman, but I honestly have taken the position that each year we should come to Congress and discuss what we have done and get congressional approval either for expansion, contraction, or maintenance at the same level.

Frankly, I have not spent time in the first 3 or 4 months trying to make a projection as to what this operation might be like 3 or 5 years from now. I think that, in the first place, we are going to have to find out whether, on the basis of our experience, this program is satisfying to the Congress and to the people of this country and to the foreign nations. As we gain this experience, perhaps Congress will become quite enthusiastic and perhaps Congress might become quite discouraged about it. In the years ahead, we may get bigger and we might get smaller, depending on congressional approval and support. I have tried to plan, as I said, conservatively on the basis of what we hoped would be an authorization and an approval for 1 year of operation, and not for a long program.

Mr. GROSS. If the gentleman would yield. I like your statement that you think you ought to come to Congress to obtain approval for this program, but you have not done it. You are setting up a far-flung organization now without any permanent legislation from Congress. You are here with a bill to provide for permanent legislation and on which not even hearings have been held in the House and you are moving without the approval of Congress into a far-flung permanent organization.

Mr. SHRIVER. No, sir.

Mr. GROSS. These people get all kinds of compensation and we will get into some of that a little later, I hope.

Mr. SHRIVER. Mr. Chairman, what we did was to operate under an Executive order in order to get facts on which legislation could be based so that some of the fundamental questions would be answered with facts rather than with just one person's theory versus another.

Mr. JOHANSEN. Does the gentleman feel that he and his associates have acquired those facts at this point?

Mr. SHRIVER. Yes, sir; we do.

Mr. JOHANSEN. To the extent that it justifies permanent legislation?

Mr. SHRIVER. Yes, sir; we do.

Mr. JOHANSEN. I am at a loss to understand that statement if those facts relate to the operations of the program, which is not yet functioning, and just what it is that has been gained in the way of information. I do not mean to quibble with the gentleman but I am at a loss to know what it is that is gained you did not have at the outset.

Mr. SHRIVER. We think we have gained a lot of facts and if the chairman wishes, I would be happy to try and outline just some of them for the benefit of the committee.

Mr. DAVIS. First, I want to get some of this information I am interested in, and then Mr. Johansen is going to have an opportunity to ask questions.

Mr. SHRIVER. Whatever you say.

Mr. DAVIS. How many Peace Corps volunteers have already been engaged or signed up?

Mr. SHRIVER. The specific number as of this morning I cannot give you, Mr. Chairman, but in round numbers there are about 450 Peace Corps volunteers who have been selected for training.

I would like to be clear that when a person is selected for training he goes to a training installation in this country for 2 or 3 months of training. It is only when that person has successfully completed that training that the person is actually selected as a so-called permanent member of the Peace Corps for service overseas and up until that time he is operating on a basis whereby he can be dropped out, or she can be dropped out, for any one of a number of reasons.

For example, he may be psychologically ill-adapted to service overseas, or physically unqualified.

Mr. DAVIS. At what rate are these volunteers being selected now?

Mr. SHRIVER. We have been in existence about 5 months and we have now, let us say, 400 to 450 people. If you prorate that over the entire history, I would say about 100 a month.

Mr. DAVIS. I do not want it on a pro rata basis. What I want to know is, do you have a procedure now by which you are selecting, let us say, a dozen a day, 15 a day, or 1 a day? What is your procedure within that respect?

Mr. SHRIVER. We do not have a procedure whereby we select 1 a day, 10 a day, or a dozen a day, Mr. Chairman. We select people in response to a specific recruitment job for a specific country. For example, let us say if we know at the end of this week a given foreign country has requested us to send 45 farmers to that country, then we go out and select applicants who seem to have the qualifications necessary to go to that country to do farming work. The process will go on and we might make a preliminary selection of 80 such people and then we will submit those names to an outside panel and of those, let us say, 60 would be sent into training and no more selections would be made until another specific project request came in for which we would select people. The selection process is not 1 a day, 10 a day, or 12 a day, but it is related to specific requests.

Mr. DAVIS. That is the information I wanted.

What is the average age, generally speaking, of the 450 who have been selected for training?

Mr. SHRIVER. The average age is 24. We have just published as of yesterday a book which we would be happy to supply to members of this committee. We have sent it to members of the Foreign Affairs and Foreign Relations Committees. In this book there appears a very brief explanation of three of our projects and these happen to be in Colombia, Ghana, and Tanganyika. Each page of this is devoted to a photograph of the person selected for training for this particular project and next to it, where available, we have reproduced the newspaper stories in his local town about him. That is, what he said, what they said, and so on.

Here is the photograph [indicating] and under it we have a brief biography of the man or woman. This was complied by us for Congress so that Congressmen could see and the Senators could see the kind of American citizens who are volunteering for service. This book, as I said, just came out yesterday and we have a limited number of them prepared for the Members of Congress so they can see the kind of Americans we get.

Mr. DAVIS. We do not have one of those?

Mr. SHRIVER. No, sir. Very few people got them because they just came out yesterday. I had them delivered by hand to the members of the Senate Foreign Relations Committee because that committee is meeting on our bill right now.

I think the books are arriving at the House Foreign Affairs Committee today and as soon as we get them—we had only about 50 yesterday—we will make them available to you, too.

Mr. GROSS. It is a voluminous piece of propaganda, from where I sit.

Mr. SHRIVER. We hope it is an accurate piece of reporting to Congress. I feel that Congress should know the facts and this is much better than a speech by me or by anybody else about the kind of people in the Peace Corps.

Mr. GROSS. There is no criticism of the Peace Corps? You could not find any criticism in that propaganda?

Mr. SHRIVER. It is possible that in some of these newspaper clippings there would be some comment about the Peace Corps. I have not read all of the clippings but I think that if you look through here, you would see the kind of Americans volunteering and perhaps

you would feel they are not qualified, or maybe you will. I do not know.

Mr. GROSS. I wish that I had had a copy yesterday. I would have read it last night.

Mr. SHRIVER. You will definitely get one today. That is, if they have been printed. We had 50 yesterday and as soon as we get them we will provide them to this committee.

Mr. DAVIS. Mr. Shriver, I take it from your previous answers that none of this group of 450 has as yet been sent overseas?

Mr. SHRIVER. No, sir; nobody has.

Mr. DAVIS. They are all in training now?

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. Where are they in training?

Mr. SHRIVER. They are in training now at eight different university locations in this country.

The group for Tanganyika is in training at the University of Texas at its branch called Texas Western College in El Paso, Tex. The group in training to go to Ghana as teachers is in training at the University of California at Berkeley, Calif.

The group in training to go to the Philippines is in training at Penn State University.

The group in training, or about to be in training, to go to India to work in agriculture in the Punjab will be at Ohio State University, particularly in the school of agriculture.

The group in training to go to Nigeria as schoolteachers is in training at Harvard University.

The group in training to go to Colombia as rural development workers is in training at Rutgers University in New Brunswick, N.J., where the training program is under the supervision of CARE, the international agency with whom we are working co-operatively.

The group in training for Chile has been selected from the associated universities of Indiana, primarily under the aegis of Notre Dame. They are in training at Notre Dame University.

The group going to St. Lucia Island in the British West Indies is about to go into training, or has just started training, at Iowa State in Ames, Iowa, where they have an excellent school of agriculture. The faculty at Iowa State will be training these people for service in St. Lucia in the British West Indies.

This project is being carried on with a group called the Heifer Project, Inc., which is a foundation located in Indiana. This foundation specializes in sending improved strains of livestock and poultry to countries where the animals are not well bred. The objective is to improve livestock and poultry in a particular place and thereby raise the standard of living in those countries.

This heifer project is responsible with Iowa State University for the Peace Corps volunteers going down to the British West Indies.

Those are the ones we now have in operation.

Mr. DAVIS. What arrangements have you made and what is the cost of this training program?

Mr. SHRIVER. In each case our Director of Contracts and Logistics, Mr. Kelly, who has been with the NASA for a number of years, has, under our general authority, been negotiating contracts, specific con-

tracts, with each institution for the training of our people. Each contract is a regular Government contract and copies are available to the Congress. I know that some of the Congressmen have asked for them and I just happen to have one here in this briefcase concerning Pennsylvania State University in University Park, Pa. This document tells the whole story—the cost, who is in charge of it, who is on the faculty, and how many hours of instruction will be given and when the courses will be given, as well as what their objective is, and so on.

Mr. DAVIS. How many people are there in training at Penn State?

Mr. SHRIVER. I would have to give you a quick approximate answer. It is about 143. Excuse me. The exact figure is 154.

Mr. ROUSSELOT. Could we have that made a part of the record, Mr. Chairman?

Mr. DAVIS. Do you have a copy available you could furnish the committee?

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. Without objection, it will be made a part of the record. (The document follows:)

DETAIL ON PENNSYLVANIA STATE UNIVERSITY CONTRACT

The contract with the Pennsylvania State University is for the training of 410 Peace Corps volunteers for assignment as educational aids in the Philippines. The 410 will be trained as follows:

Number of volunteers	Beginning of training	Completion of training
Not to exceed—		
200.....	July 31, 1961	Sept. 15, 1961
70.....	Sept. 25, 1961	Dec. 7, 1961
70.....	Jan. 7, 1962	Mar. 17, 1962
70.....	Apr. 1, 1962	June 9, 1962

In addition to training Pennsylvania State University has the responsibility for housing and feeding the trainees; providing physical examinations and immunizations, and providing all medical care and hospitalization for the Peace Corps volunteers while in residence at Penn State.

Penn State also has the responsibility of providing services, as well as seminar sessions in the Philippines once the Peace Corps volunteers are assigned. These seminars will be conducted during school vacations and will be chaired by Penn State faculty.

The following is a breakdown of the estimated budget for this program:

Total faculty costs.....	\$155,340.00
This consists of approximately 30 faculty members.	
Penn State's audited overhead.....	57,570.00
This is the most recently approved Government overhead rate.	
Office and instructional supplies, films, reference materials, etc.....	21,000.00
Transportation and communications.....	4,000.00
Travel, including round trip for 6 Filipino graduate assistants who will participate in the program.....	29,000.00

Other direct costs, including field trips, passports, visas, etc----- 6,000.00
 The following support items are also included in the budget:

Health fees-----	3,061.50
Room and board for the first 200 trainees in the 7-week program, \$182 each; for the 70 trainees in the fall, winter, and spring, \$293 each;	
This is a 10-week course in each instance, a total of-----	93,310.00
Medical examinations and immunizations, \$45 each; a total of--	18,672.00
Hospitalization and surgical coverage for each trainee, total---	2,357.50
Text books estimated at \$20 per trainee-----	8,200.00
\$2 per day allowance for each trainee, which will be disbursed at our request by Penn State-----	49,000.00
Laundry service for all trainees estimated at-----	7,000.00
Total support for trainees, average for each PCV, \$442.93---	181,601.00
Grand total, training and support, average per trainee, \$1,108.56-----	454,511.00

PEACE CORPS NEGOTIATED CONTRACT

Contract No. PC-(W)-13

ISSUING OFFICE

Name: Peace Corps. Address: Washington 25, D.C.

CONTRACTOR

Name: The Pennsylvania State University. Address: University Park, Pa.
 Contract for: Training of Peace Corps volunteers. Amount: \$454,511.

Appropriation and other administrative data:

Type of contract: Cost reimbursement.

Administration by: Peace Corps, Washington, D.C.

Appropriation and allotment chargeable:

Appropriation No.: 44-1121063.

Allotment No.: 235-16-492-30-87-21.

Obligation No.: 4920001/259-64-601-5.

THIS CONTRACT is authorized and executed under the authority of the Mutual Security Act of 1954, as amended, and Executive Orders 10784 and 10924.

THIS CONTRACT is entered into as of July 14, 1961, by and between the United States of America, hereinafter called the Government, represented by the Contracting Officer executing this Contract, and The Pennsylvania State University, an educational institution chartered under the laws of the Commonwealth of Pennsylvania, hereafter called the Contractor. The parties hereto agree that the Contractor shall furnish and deliver all supplies and perform all the services set forth in the attached Schedule, for the consideration stated herein.

SCHEDULE

ARTICLE I. SCOPE OF RESPONSIBILITIES

a. The Contractor in cooperation with the Peace Corps will train and participate in the selection of four hundred and ten (410) Educational Aides to serve in the Philippines as Peace Corps Volunteers. The Contractor will consult with the State (teachers) Colleges of Pennsylvania in the conduct of certain aspects of the training program.

b. The Peace Corps Volunteers will work as assistants or aides to the Filipino teaching staff under the direct supervision of the principal Filipino supervisors. The primary teaching emphasis will be upon the improvement of English language instruction and the improvement of general science of the school and district and division instruction at the elementary school level.

c. The Peace Corps will be responsible for selection of not to exceed four hundred and ten (410) candidates to undertake the training herein prescribed. The Contractor will participate in the initial selection process. Candidates will be selected from the Peace Corps Volunteer Application Pool. It is expected that each candidate so selected will have successfully completed the Peace Corps En-

trance Test, and will have sufficient knowledge of the subject matter he is to teach as well as the necessary knowledge of American institutions, world affairs, etc., to enable him successfully to complete the training herein required.

d. Candidates who are selected by the Peace Corps to receive training will be issued invitations by the Peace Corps to report to the training site.

e. The three hundred (300) best qualified candidates will be finally selected at the completion of training for service in the Philippines. This selection will be based upon information and advice provided by the Contractor, working in consultation with the Peace Corps. Final selection of individuals to serve in the Philippines is solely the responsibility of the Peace Corps. Other qualified candidates who complete the training program will be assigned to a reserve pool of Peace Corps Volunteers and may be selected for future projects.

ARTICLE II. TRAINING INPUTS

Peace Corps Volunteers will be phased into the training program on the following schedule:

Number of volunteers	Beginning of training	Completion of training
Not to exceed—		
200.....	July 31, 1961	Sept. 15, 1961
70.....	Sept. 25, 1961	Dec. 7, 1961
70.....	Jan. 7, 1962	Mar. 17, 1962
70.....	Apr. 1, 1962	June 9, 1962

ARTICLE III. ADMINISTRATION

a. The Contractor shall have the overall responsibility for the administration of the training program. This includes housing and feeding of the Peace Corps Volunteers.

ARTICLE IV. TRAINING AND FINAL SELECTION FOR OVERSEA ASSIGNMENT

a. The training will be accomplished during the time periods specified in Article II above. The training program which begins on July 31, 1961, will provide for not less than sixty (60) hours training per week for a minimum of seven (7) weeks in the United States. The subsequent three training programs beginning September 25, 1961, January 7, 1962, and April 1, 1962, respectively, will provide for not less than sixty (60) hours training per week for a minimum of ten (10) weeks in the United States.

b. Training to be provided by the Contractor will cover—

1. The Filipino educational system, with particular emphasis on primary schools.
2. The history, culture, geography and economy of the Philippines.
3. American history and government, democratic institutions and international relations.
4. Physical health training and physical conditioning.
5. Training in personal adjustment to changed environment.
6. Skills and knowledge required by Peace Corps Volunteers in the conduct of their teaching assignments.
7. Methods of organizing and communicating skills and knowledge to accomplish their teaching assignments.

c. The Contractor will provide to the Peace Corps not later than July 30, 1961, a detailed training plan, including a syllabus, for each of the subjects for which it will have teaching responsibility, and a day-by-day schedule showing proposed description of training. The training plan will state the items to be included in the training, where it is proposed to conduct the training, what faculty will be involved, the amount of classroom time to be devoted, and any other details which will enable the Peace Corps to evaluate and approve the training program. The plan and schedule will be subject to change as may be agreed by the Peace Corps and the Contractor. The subjects will be given approximately the following weighting—

1. For the course beginning on July 31, 1961, one hundred and ten (110) hours will be devoted to professional preparation in the teaching area, including methods, materials, etc.

2. One hundred and ten (110) hours will be devoted to the Filipino educational system; the history, culture, geography, and economy of the Philippines.
3. Eighty (80) hours of American history, government, and democratic institutions.
4. Sixty (60) hours of international relations.
5. Forty (40) hours of physical health training, and the balance divided between physical conditioning and training in personal adjustment to changed environment.
- d. For the courses beginning on September 25, 1961, January 7, 1962, and April 1, 1962, respectively, the following approximate weighting will be given—
 1. One hundred and fifty (150) hours will be devoted to professional preparation in the teaching area, including methods, materials, etc.
 2. One hundred and fifty (150) hours will be devoted to the Filipino educational system; the history, culture, geography, and economy of the Philippines.
 3. One hundred and twenty (120) hours of American history, government, and democratic institutions.
 4. One hundred and twenty (120) hours of international relations.
 5. Sixty (60) hours of physical health training, and the balance divided between physical conditioning and training in personal adjustment to changed environment.
- e. The selection process will be continued through the training program with final selection being determined just prior to departure overseas. Candidates not selected for overseas assignment will be divided into two categories—
 1. Those who failed and are not presently eligible for Peace Corps projects, and
 2. Those who have successfully completed training and who may be called for other appropriate programs, or for subsequent replacement in the Filipino program.
- f. While the Peace Corps will be responsible for selection during training, the Contractor will participate through consultation with the Peace Corps. The Peace Corps will require during the training program the introduction of selection procedures that may be employed on an experimental basis and that will permit the validation of the other selection procedures.
- g. The following general policies and procedures will govern the conduct of all selection activities. There will be established a Selection and Training Committee of not more than six (6) members, chaired by the Peace Corps and composed of a representative(s) of the Contractor and such other people as the Peace Corps may wish to include. The Committee will be responsible to the Peace Corps and one of its main functions will be to advise on the implementation of the policies and procedures established by the Peace Corps. These include—
 1. Committee consultation and participation in the selection of candidates for training and final selection for overseas assignment.
 2. Merit alone must determine admission to Peace Corps programs. Selection requirements must be clearly functional. A person must not be discriminated against because of race, religion, or other similar considerations. Political influence is not to be considered in selection.
- h. The selection process will continue throughout the training period with a clear understanding with the candidate that he is not finally selected as a Peace Corps Volunteer until he has completed his training program.
 1. All procedures used in selection must yield a prediction of probability of success, the prediction being stated in quantitative terms in order that its effectiveness can subsequently be determined by correlation with performance criteria. For example, if an interview is used in selection, the candidate should be rated at least on a five-point scale of probable success. Wherever possible, ratings on particular traits should be reported.
 2. The Contractor should work closely with the Peace Corps to develop varied assessment procedures for the training period, such as peer ratings, observation of supervisors, observation of cooperative tasks, leaderless discussion groups, etc.
 3. When a candidate is recommended for elimination on the basis of any subjective process, steps must be taken to obtain independent corroborative evidence before making a final decision.
 4. The Contractor will take responsibility in consultation with the Peace Corps for developing measures of success in training.

m. An adequate record system will be developed for prediction and assessment purposes and all scores forwarded to Peace Corps Headquarters to be recorded for subsequent validation studies.

ARTICLE V. TRAINING STANDARDS

a. Standards for successful completion of training in each of the subjects will be proposed by the Contractor no later than September 1, 1961, and will be established by agreement between the Contractor and the Peace Corps.

ARTICLE VI. FACULTY

a. Contractor will provide faculty in sufficient numbers and of sufficient experience and ability to accomplish training prescribed above.

b. Not later than July 26, 1961, the Contractor will provide to the Peace Corps biographical data, including the names, educational background and professional experience of all faculty members engaged.

ARTICLE VII. FACILITIES

a. Contractor will provide classrooms, dormitory and dining space, and other facilities as are required to accomplish the training prescribed above. Contractor will also provide required training equipment and material.

ARTICLE VIII. EVALUATION

a. The evaluation of the training program and the determination as to whether or not it has achieved its objectives will be the joint responsibility of the Peace Corps and the Contractor. For evaluation purposes, both the Peace Corps and the Contractor may utilize inspection trips, field observers, and any other suitable means. All evaluation procedures will be conducted through the Contractor's Training Director, and the Peace Corps Project Training Officer.

ARTICLE IX. SELECTION AND TRAINING COMMITTEE PARTICIPATION

a. The Selection and Training Committee will be currently informed about the training plan and of the progress of selection and training operations.

b. The Selection and Training Committee will participate in the final determination of any major disciplinary action or dismissal of a Peace Corps Volunteer during the course of training.

c. The Selection and Training Committee will make the final determination on any changes of curriculum or of scheduling proposed either by the Peace Corps or the Contractor during the course of training, provided, however, that any such changes which may involve increases of expenditure beyond the amount of the estimated cost or which involve major deviations from the scope of work or time of performance shall not be effective unless approved in writing by the Contracting Officer.

ARTICLE X. PEACE CORPS PROJECT TRAINING OFFICER

a. The Peace Corps will designate a Peace Corps Project Training Officer who will represent the Peace Corps at the training center in all matters relating to the conduct of the training.

b. It will be the responsibility of the Peace Corps Project Training Officer to work closely with the Training Director designated by the Contractor. The Peace Corps Project Training Officer may also be appointed to the Selection and Training Committee.

ARTICLE XI. ALLOWANCES

a. The Contractor will provide each Peace Corps Volunteer an allowance at the rate of \$2.00 a day while in training; this may be paid in advance on a weekly basis.

ARTICLE XII. PHYSICAL EXAMINATIONS AND IMMUNIZATIONS

a. Upon reporting to the training site in the United States, candidates will be given physical examinations. The Contractor will have the following responsibilities:

1. The Contractor will appoint a medical consultant who will schedule and make other necessary arrangements for physical examinations and immunizations, and assist the Peace Corps in the review process. The medical consultant should be appointed and the Peace Corps notified so that the necessary discussions and arrangements can be made prior to the beginning of training.

2. Physical examinations and immunizations will be carried out by the Contractor. These arrangements and their scheduling will be worked out after consultation between the local medical consultant and the Peace Corps medical staff.

3. All examinations are to be completed by the end of the first week in training, insofar as possible, and immunizations conducted so as to insure their completion during the training period. (Immunization Certificates become valid only at the end of a period which varies from six to fourteen days according to the disease in question.)

4. As soon as the physical examinations are finished and checked for completeness, they are to be sent by registered mail, together with a list of the names and identifying numbers of all Volunteers examined, to the Chief Medical Advisor of the Peace Corps, for review and medical clearance.

5. Medical records of medical examinations, immunizations, and other health data are to be kept during the training period by the medical consultant. The details concerning responsibility of the medical consultant will be transmitted to him and the Contractor by the Chief Medical Advisor of the Peace Corps.

ARTICLE XIII. MEDICAL CARE DURING TRAINING

a. The Contractor will be responsible for making arrangements to insure that medical and dental personnel and facilities are available to Peace Corps Volunteers in the event of illness. The Contractor will have the responsibility to provide medical care including necessary drugs for self-medication in the event of minor illnesses.

ARTICLE XIV. REPORTING AND ASSESSMENT

a. All notices and requests for information if to the Peace Corps should be addressed to the Peace Corps, Washington 25, D.C.: Attention: Director of Contracts and Logistics.

b. The Peace Corps will require and the Contractor shall furnish periodic reports of the progress of candidates in training.

c. Contractor will submit to the Peace Corps a final report covering but not limited to the following aspects of the training program:

1. Appropriateness of training curriculum.

2. Adequacy of logistic support.

3. Candidate's health, morale, effectiveness, and special problems.

d. The Peace Corps reserves the right to authorize U.S. Government personnel or other official Peace Corps representatives to conduct research studies for evaluation of the training program as it deems reasonable and necessary.

e. The Contractor shall provide to the Peace Corps at the conclusion of each of its training programs a plan for evaluation and follow-up studies which it determines should be made. Once there is agreement between the Peace Corps and the Contractor on evaluation aspects of the program as well as possible seminar-type training to be conducted from time to time in the Philippines, the Peace Corps and the Contractor will enter into negotiation for this additional work, such negotiation to be evidenced by an appropriate amendment to this Contract.

ARTICLE XV. PERIOD OF PERFORMANCE

a. Training shall be accomplished in accordance with those dates specified in Article II of the Schedule entitled: "Training Inputs."

b. The Contractor's training plan is to be submitted to the Peace Corps no later than July 30, 1961.

c. The Contractor's standards for successful completion of training in each of the subjects listed shall be provided the Peace Corps no later than September 1, 1961.

d. Biographical data on faculty members engaged shall be provided the Peace Corps no later than July 26, 1961.

e. All work under this Contract to be completed by June 30, 1962.

f. The above dates may be changed with the express consent of the Contracting Officer, in writing.

ARTICLE XVI. GOVERNMENT OPTION

a. If the Government is authorized to enroll Volunteers in the Peace Corps and, if it does, it may require appropriate changes to the allowances, and medical care provisions of this Contract. If the Government exercises its right under this provision, all affected provisions of this Contract shall be equitably adjusted.

ARTICLE XVII. ESTIMATED COSTS, COST SCHEDULE, AND PAYMENT

a. The total estimated cost of this Contract is \$454,511.00.

b. For physical examinations and immunizations required under Article XII of the Schedule, entitled: Physical Examinations and Immunizations, the Government will pay the sum of \$45 for each Peace Corps Volunteer. This sum does not include provision for yellow fever immunizations.

c. For each Peace Corps Volunteer entering the training program beginning July 31, 1961, the Government will pay the sum of \$182 for room and board. If the Peace Corps Volunteer withdraws or is otherwise removed from training during the first two weeks of the training program, the Government is obligated to pay the sum of \$91. If the Peace Corps Volunteer withdraws or is otherwise removed from training at any time after the end of the fourteenth day of the training program, the Government is obligated to pay the full sum of \$182 for room and board.

d. For each Peace Corps Volunteer entering the training program which begins September 25, 1961, the Government will pay the sum of \$293 for room and board. If the Peace Corps Volunteer withdraws or is otherwise removed from training during the first two weeks of the training program, the Government is obligated to pay the sum of \$146.50. If the Peace Corps Volunteer withdraws or is otherwise removed from training at any time after the end of the fourteenth day of the training program, the Government is obligated to pay the full sum of \$293 for room and board.

e. For each Peace Corps Volunteer entering the training programs which begin January 7, 1962, and April 1, 1962, respectively, the Government will pay the sum of \$260 for room and board. If the Peace Corps Volunteer withdraws or is otherwise removed from training during the first two weeks of these training programs, the Government is obligated to pay the sum of \$130. If the Peace Corps Volunteer withdraws or is otherwise removed from training after the fourteenth day of the training program, the Government is obligated to pay the full sum of \$260 for room and board.

f. For medical and dental care, including drugs for self-medication required under Article XIII of the Schedule entitled: Medical Care During Training, the Government will pay for the training program beginning July 31, 1961, the sum of \$6.12 for each Peace Corps Volunteer. This sum does not include provision for major illness which will be covered through insurance obtained by the Contractor and approved by the Peace Corps and which will be reimbursable under Clause 4 of the General Provisions of this Contract entitled: Allowable Cost and Payment.

g. For medical and dental care, including drugs for self-medication required under Article XIII of the Schedule entitled: Medical Care During Training, the Government will pay for the training programs beginning September 25, 1961, January 7, 1962, and April 1, 1962, respectively, the sum of \$8.75 for each Peace Corps Volunteer. This does not include provision for major illness which will be covered through insurance obtained by the Contractor and approved by the Peace Corps and which will be reimbursable under Clause 4 of the General Provisions of this Contract entitled: Allowable Cost and Payment.

ARTICLE XVIII. PUBLICITY

a. The Contractor shall consult with the Peace Corps to establish policy and procedures for handling public information announcements.

b. The press will be given access to Peace Corps Volunteers at the beginning of training, and at such other times as may be mutually agreed between the Peace Corps and the Contractor.

ARTICLE XIX. OVERHEAD RATES

a. Pending establishment of final overhead rates in accordance with Clause 12 of the General Provisions of the Contract entitled: Negotiated Overhead Rates,

payment on account of all overhead will be made on the basis of billing rates approved by the Contracting Officer. The periods as contemplated by Paragraph b of said clause shall be for twelve (12) months and the period shall extend from July 1 of one year through June 30 of the following year.

ARTICLE XX. INSURANCE—LIABILITY

a. Clause 22 of the General Provisions entitled: "Insurance—Liability to Third Persons," is amended to add the following Paragraph (e): "Notwithstanding paragraphs (a) and (c) of the clause, (i) the Government does not assume any liability to third persons, nor will the Government reimburse the Contractor for his liability to third persons, with respect to loss due to death, bodily injury, or damage to property resulting in any way from the performance of this contract or any subcontract hereunder; and (ii) the Contractor need not procure or maintain insurance coverage as provided in paragraph (a) of this clause; *Provided*, the Contractor may obtain any insurance coverage he deems necessary subject to approval by the Contracting Officer as to form, amount, and duration, in which event the Contractor shall be reimbursed (A) for the cost of such insurance and (B) to the extent provided in paragraph (c) above, for liabilities to third persons for which the contractor has obtained insurance coverage as provided in this paragraph, but for which such coverage is insufficient in amount."

ARTICLE XXI. CONTRACT CONTENTS

a. This Contract consists of a Cover Page, a Schedule—Articles I through XXI—a Signature Page, and General Provisions for Cost Reimbursement Contracts with Educational or Non-Profit Institutions, Clauses 1 through 32.

The rights and obligations of the parties to this Contract shall be subject to and governed by the Schedule and the General Provisions. To the extent of any inconsistency between the Schedule or the General Provisions, and any specifications or other provisions which are made a part of this Contract by reference or otherwise, the Schedule and General Provisions shall control. To the extent of any inconsistency between the Schedule and the General Provisions, the Schedule shall control.

The contractor represents that aggregate number of employees of the Contractor and its affiliates is: ☐ 500 or more, ☐ less than 500.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA,

By JOSEPH W. TABLER,
(Acting) *Director of Contracts and Logistics*,
CONTRACTOR

THE PENNSYLVANIA STATE UNIVERSITY,
By MCKAY DONKIN
Vice President and Treasurer, University Park, Pa.

Mr. DAVIS. As a matter of information, what is it going to cost the Government for the 154, I believe you said, who are in training there?

Mr. SHRIVER. The total training cost at Penn State is for 410 trainees. The total cost, including training, is \$454,511.

This training program at Penn State is a little bit different than the others, Mr. Chairman. With the approval of the State Department and the Government of the Philippine Republic, we intend to send people to the Philippines seriatim, so to speak. They have asked us to supply up to 300 teachers by June 30 of next year.

Mr. DAVIS. Is that where these people are going?

Mr. SHRIVER. Yes, sir. They have asked us to supply up to 300 teachers. As a matter of fact, they have asked us for much more than we said we could supply, and we said we could not undertake that much in the first year; the first contingent at Penn State is 150 and then the next semester there will be 70 more, and the next semester 70 more to reach a total, we hope, of somewhere near 300—250 to 300.

Mr. DAVIS. I presume, that these Peace Corps people will have their living expenses paid?

Mr. SHRIVER. Yes, sir. They live in the college dormitories as a rule. They get \$2 a day.

Mr. DAVIS. Does that come out of the \$454,511?

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. The \$454,511 covers the cost of instruction, living expenses, and all of the costs involved?

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. How long will they be in the universities?

Mr. SHRIVER. This first contingent will there for approximately 8 weeks and a subsequent contingent will be there for approximately 10 weeks. Their training schedule is very rigorous, Mr. Chairman. It is 60 to 66 hours a week in each one of these places. They work from Monday morning all through the day and into the evening of each day, including Saturday, so that, in a semester or 8 weeks, these people, all of whom, in this case, are college graduates, get an intensive orientation and training course which is the equivalent for many of them perhaps of a year of ordinary academic work. They are concentrating on working very hard during the period of their instruction.

Mr. DAVIS. Does this \$454,511 cover only one 8-week course, or just what does that cover?

Mr. SHRIVER. I do not have the answer to that right here, but could I get that information and give it to you later?

Mr. DAVIS. Furnish it for the record if you do not have it available.

Mr. SHRIVER. I would be delighted to supply the committee with similar contracts on all of these projects for the record, or individually for the individual members, if they would like to have them.

Mr. DAVIS. I would like for you to furnish at this point the answer to that question as to whether this \$454,511 covers one 8 week period or just what it does cover.

Mr. SHRIVER. If I may hazard a guess, I think it covers all of them; that is, four periods. That would be the first period followed by three additional semesters of training for three additional groups.

As I said, I will get the accurate answer and supply it for the record. (See p. 179.)

Mr. DAVIS. How many Peace Corps volunteers do you plan to have by June 30 of next year, the end of this fiscal year?

Mr. SHRIVER. In the documents we have supplied to the Congress—and I am sorry, Mr. Chairman, that it appears these documents have not been supplied to your committee but they have been supplied to the Foreign Relations Committee and the House Foreign Affairs Committee—we projected a total buildup for this fiscal year according to this chart which would put approximately 2,700 people into training or overseas by June 30, 1962.

Mr. DAVIS. How many of them would be workers and how many leaders?

Mr. SHRIVER. Of this number, probably 2,650 would be workers and 50 might be leaders.

Mr. DAVIS. How many administrative and supervisory people do you plan to have by that date?

Mr. SHRIVER. We are working under a ceiling of 369. Obviously, we have not gotten to that figure but that is what the ceiling is. As of today, as I started off by saying earlier, we had 121 people.

Mr. DAVIS. Of that ceiling which has been fixed, how many is contemplated will be in Washington?

Mr. SHRIVER. Probably 269 and approximately 100 would be overseas. These people overseas, Mr. Chairman, would have the responsibility for representing the Peace Corps to foreign countries. They would be serving as members of the ambassador's country team in the foreign country and they would have the job of supplying guidance and leadership to the Peace Corps volunteers in the particular country. They would be what we call Peace Corps representatives.

Mr. DAVIS. I understand from what you have said—and correct me if my understanding is wrong—that in the bill we are considering here, H.R. 7377, you do not have any supergrades or any employees of that kind?

Mr. SHRIVER. That is correct.

Mr. DAVIS. How many supergrade positions are carried in H.R. 7500, which is the bill pending before the House Foreign Affairs Committee?

Mr. SHRIVER. I am told that technically we do not have supergrades within the Classification Act. We are asking for what they call excepted positions, which is typical of the way the appointments have been handled, as I understand it, under the mutual security program. These excepted positions are practically the same thing as supergrades, but technically they are not supergrades.

Of that number, we have presently projected a total of 28.

Mr. DAVIS. Will you describe for the subcommittee the positions which you would create with these 30 top positions that you are talking to us about?

Mr. SHRIVER. Yes, sir.

Do you want me to describe all 28 of them?

Mr. DAVIS. Just briefly. I do not want you to go into a long dissertation about this; just so we understand.

Mr. SHRIVER. We have four Associate Directors in the projected organization of the Peace Corps and one of these is an Associate Director for Management. That is Mr. Corcoran sitting here next to me. He would be an excepted position and his job includes supervision of the budget, for instance, personnel, and other regular things that go on in the management and administration office.

We have a man in charge of public affairs and congressional liaison and that is Mr. Moyers. He is not here but he is an Associate Director and that would be an excepted position.

Then we have two other Associate Directors, one in charge of our program development and operations for the entire world, so to speak.

Mr. DAVIS. What compensation are they getting now?

Mr. SHRIVER. These people I have just mentioned are being compensated at the level of GS-17, these two.

We call them ES-17, not GS-17.

The other two Associate Directors we propose to give the statutory posts to are, one, the man in charge of our program operations development for the world, and the other one is in charge of all of our volunteers, the selection and training of them, and their support. By that I mean support of them overseas.

That is a big job. Those two are the biggest jobs we have and we propose they would be compensated according to the statutory provisions. That is what we mean by the statutory jobs in here.

In addition to those four Associate Directors, we have a General Counsel which is an excepted position and, as we suggested, a GS-17.

Then we have a Director of Public Information, a GS-17. We have a Director of Contracts and Logistics, a GS-17.

We have a Director of Planning and Evaluation, proposed GS-17.

We have an Executive Secretary, GS-16.

We have Directors for each of the areas of the world; Latin America, Near East, south Asia, the Far East, and Africa. Each of those we recommend for GS-17.

In addition to those, we have under the Associate Director for the whole volunteer operation, selection, training, and deployment overseas, a Deputy Associate Director which we suggest is a GS-17; a Director of Recruitment, GS-17; and a Director of Selection at a GS-17.

I might take just a moment to describe the kind of a person needed as a Director of Selection.

The present incumbent of that position is Dr. Nicholas Hobbs, a Ph. D. He is from the George Peabody Teachers College in Tennessee and right now I believe he is the recipient of from \$5 to \$10 million in grants from the National Institutes of Mental Health for scientific research in teaching. I think he is considered to be one of the most outstanding psychologists in the Nation.

Mr. DAVIS. \$5 to \$10 million?

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. What use will that be put to?

Mr. SHRIVER. He is the chief of a research team at Peabody Teachers College. I bring that in to indicate that he is a man of recognized ability in his field. He was recommended to us by a number of groups, such as the Brookings Institution and the National Institutes of Health, the American Psychological Association, and so on. He has had a great deal of experience in this type of work; namely, selection. He is taking this job on to try and select out of the great mass of people those volunteers who are best qualified to serve for the Peace Corps in these various countries, and this is an exceedingly difficult job.

He has brought in to help him experts in psychology and anthropology, people who have lived in these foreign countries, and so on, to help in the selection process.

He has consulted with various mission societies of various churches to determine how they have been trying to select people over the years and to learn of their experience for service abroad. He has worked with all of those groups and in addition with the Educational Testing Service to design the tests which are given. This is a technical task, if you will, a semiscientific or scientific job. Nick Hobbs has brought to this job a tremendous amount of background and experience and he is the kind of man I am talking about when I say we need people of skill and ability and experience in order to do the job we are asking for the supergrade levels.

He is already making more money than we are paying and that is true of practically everybody in this organization.

Mr. DAVIS. Possibly you could furnish us with a memorandum detailing these positions, the duties, and so forth.

Mr. SHRIVER. I would be happy to do that.

Mr. DAVIS. That, perhaps, would save a lot of time.

Mr. ROUSSELOT. Would that be made a part of the record, Mr. Chairman?

Mr. DAVIS. Yes, and without objection, we will make that a part of the record at this point.

(The information follows:)

Peace Corps—Present staff proposed for positions above GS-15

Name	Proposed office	Present salary	Proposed salary
Haddad, William	Special Assistant (and Acting Director, Planning and Evaluation).	\$60 per diem	ES-17, \$16,530-\$17,570.
Patterson, Bradley	Executive Secretary	\$15,255 per annum	ES-16, \$15,255-\$16,295.
Wiggins, Warren	Associate Director, Program Development and Operations.	\$18,050 per annum (detail ICA).	\$19,000 (statutory).
Van Duyn, Robert	Deputy Associate Director, Program Development and Operations.	\$15,255 per annum (detail ICA).	ES-17, \$16,530-\$17,570.
Nelson, Charles	Director, Program Development and Coordination.	\$13,600 per annum (detail ICA).	Do.
Williams, Franklin	Special Assistant for U.N. Programs.	\$70 per diem	Do.
Dennis, Lawrence	Associate Director, Peace Corps Volunteers.	\$75 per diem	\$19,000 (statutory).
Kauffman, Joseph	Deputy Associate Director, Peace Corps Volunteers.	do	ES-17, \$16,530-\$17,570.
Quimby, Thomas	Director, Recruitment	\$70 per diem	Do.
Hobbs, Nicholas	Director, Selection	\$75 per diem	Do.
Kendzie, Cass	Director, Volunteer Support Services.	\$14,665 per annum (detail State).	ES-16, \$15,255-\$16,295.
Gehrig, Leo	Medical Director	\$15,536 per annum (detail USPHS).	ES-17, \$16,530-\$17,570.
Moyers, Bill	Associate Director, Congressional and Public Affairs.	\$65 per diem	Do.
Corcoran, John	Associate Director, Management.	\$70 per diem	Do.
Josephson, William	Deputy General Counsel	\$13,730 per annum	ES-16, \$15,255-\$16,295.
Kelly, William	Director, Contracts and Logistics.	\$15,255 per annum	Do.
Bayley, Edwin	Director, Public Information.	\$60 per diem	ES-17, \$16,530-\$17,570.

Mr. DAVIS. Where do you plan to get the people to fill these super-grade positions, or the positions we have been talking about generally? Will they come from people in your organization or are you getting them mostly from the outside?

Mr. SHRIVER. Most of the people we have been able to attract, Mr. Chairman, have come either from the International Cooperation Administration, the Department of Health, Education, and Welfare, the Development Loan Fund, Navy, and so on; that is, existing governmental departments or agencies, or from outside.

I would have to make a guess, but I would say maybe 40 percent of our people come from within the governmental structure and 60 percent from outside. I am talking about the topside people.

Mr. DAVIS. They are being paid at the rates you are asking for in H.R. 7500, are they?

Mr. SHRIVER. That is correct; yes, sir.

Mr. DAVIS. To what extent are you currently using consultants?

Mr. SHRIVER. We are using consultants to a considerable extent, Mr. Chairman. We are doing so for a number of reasons: First, we need a lot of expert advice to get a program of this complexity, difficulty, and sensitivity started. We did not want to start with anything except the best assistance. That is No. 1.

Mr. DAVIS. Are they paid consultant fees or are they serving without compensation?

Mr. SHRIVER. They are being paid consultant fees where we are using them, and some of them come down periodically and some of them have been here almost on a semipermanent basis.

Mr. DAVIS. How many consultants do you have? Who are they? What are they being paid?

Mr. SHRIVER. At this time we have a total of 59 consultants and they are being paid anywhere from \$25 a day and some of them up to \$75 a day. Most of them are being paid around \$40 a day.

Mr. DAVIS. Who are they?

Mr. SHRIVER. I do not have a list of their names in front of me.

Mr. DAVIS. Please furnish that for the record.

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. Without objection, it will be entered in the record at this point.

(The information follows:)

Peace Corps roster of consultants

Name	Salary	EOD
Snobble, John	\$25 per diem	June 27, 1961
Slawson, Paul	do	June 26, 1961
Frank, Murray	\$35 per diem	July 26, 1961
Alvord, Reed	\$40 per diem	June 28, 1961
Simons, John	do	May 21, 1961
Ingram, Laurence	do	July 11, 1961
Swan, Charles	do	¹ Apr. 25, 1961
Hintz, William	do	Apr. 20, 1961
Ferkiss, Victor	do	¹ June 16, 1961
Young, Charles	do	¹ July 5, 1961
Sharp, Daniel	do	June 30, 1961
Miner, Joshua	do	June 20, 1961
Wetmore, Reagh	do	June 23, 1961
Benedict, Russell	do	¹ July 6, 1961
Potvin, Gregg	do	¹ May 15, 1961
Bowman, R. A.	do	June 21, 1961
Peters, Charles	do	¹ Apr. 27, 1961
Tucker, Sterling	do	¹ June 21, 1961
Ginsburg, Edward	do	Do.
Gordon, Suzanne	do	¹ May 15, 1961
Nason, Marshall	\$45 per diem	July 17, 1961
Sheldon, Christopher	do	July 27, 1961
Carter, George	do	¹ Apr. 27, 1961
Kranz, Harry	do	May 7, 1961
Hildebrand, Leonard	do	¹ June 1, 1961
Adams, Timothy	\$50 per diem	June 19, 1961
Krader, Lawrence	do	¹ May 22, 1961
Coffin, William	do	June 15, 1961
Iverson, Robert	do	¹ May 17, 1961
Sancho-Bonet, Raphael	do	July 1, 1961
Gilbert, Alice	do	Apr. 11, 1961
Ferguson, Glenn	\$55 per diem	June 15, 1961
Wilson, Helen	do	¹ May 2, 1961
Brown, Theodore	do	¹ June 16, 1961
Textor, Robert	do	July 15, 1961
Andrews, Thomas	do	¹ June 21, 1961
Mischel, Walter	do	Do.
Haddad, William	\$60 per diem	Mar. 19, 1961
Bayley, Edwin	do	Do.
Matthews, Thomas	do	Apr. 4, 1961
Munro, John	do	¹ June 27, 1961
Jonas, Gilbert	do	Apr. 13, 1961
Moyers, Bill	\$65 per diem	Mar. 22, 1961
Finch, Rogers	\$70 per diem	¹ July 12, 1961
Quimby, Thomas	do	Mar. 19, 1961
Williams, Franklin	do	Apr. 10, 1961
Corcoran, John	do	June 19, 1961
Delano, William	\$75 per diem	¹ July 28, 1961
Boyce, Gordon	do	Mar. 19, 1961
Dennis, Lawrence	do	Do.
Kauffman, Joseph	do	July 24, 1961
Stein, Morris	do	¹ June 19, 1961
Bulger, Paul	do	¹ June 21, 1961
Hobbs, Nicholas	do	Mar. 22, 1961
Erdman, Marshall	Without compensation	June 11, 1961
Wallace, John	do	July 3, 1961
Capsas, Cleon	Pending	July 26, 1961
Rivera, Jorge	do	July 1, 1961
Rodriguez, Enrique	do	July 15, 1961

¹ When actually employed.

Mr. ROUSSELOT. Mr. Chairman, may I ask one question?

Mr. DAVIS. Mr. Rousselot.

Mr. ROUSSELOT. Are the 59 consultants included in the 121 you have employed?

Mr. SHRIVER. No, sir. Those are permanent employees, the 121.

Mr. ROUSSELOT. That would be in addition?

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. How long a period are they being used in this consultative capacity?

Mr. SHRIVER. For those we would like to get into the permanent organization, they will be used as a consultant up until the time we have permanent legislation. If we are successful and the Congress approves it, when we become permanent, they will cease to be consultants, I hope, and accept invitations to serve permanently, but until then we have tried not to make too many permanent commitments, Mr. Chairman, because we did not want to get involved.

Mr. DAVIS. Furnish a memorandum on that subject detailing with how long each one has been employed in a consultant capacity, or how long it is contemplated he will be employed, as well as the rate of pay?

Mr. SHRIVER. Yes, sir.

Mr. DAVIS. You mentioned, in answer to one question, that some personal group was concerned with furnishing high grade, or high bred cattle or animals to some country where they are going. Where was that stock, cattle, animals, or poultry coming from? Who will furnish that and who will pay for it?

Mr. SHRIVER. The group you are referring to is called the Heifer Project, Inc. It is located in Indiana and its headquarters is in North Manchester, Ind. This is a private voluntary agency that has been developing this program, which I alluded to briefly, for a number of years. Exactly how many years, I do not know, but the objective of the program I described a minute ago; namely, to supply better strains of poultry, swine, and cattle, principally those three, but maybe others.

They are supposed to supply them to countries where those particular strains are very poor, where they have poor chickens, poor hogs, or poor cattle.

St. Lucia Island in the British West Indies group was selected some time ago by the International Cooperation Administration with the approval of the British West Indies Government as a place where an experiment would be conducted to see if food production and livestock and poultry production could be improved substantially in a pilot operation. If it were successful there, this operation would be taken to other islands of the British West Indies group.

The Heifer Project, Inc., came to us and to ICA and suggested they would be able to help in this particular development at this island. They said that their work could be greatly enhanced, you might say, if, instead of just sending the animals and then relying on the local people to continue the proper breeding of them and the development of them, the Peace Corps could supply persons experienced in farmwork, animal husbandry, and so on, to go there and help to keep the development program better at the village level on this island.

We agreed to enter into a contract with the Heifer Project. They get the animals. They are the experts in this and they supply the animals.

I do not think they would all come from Indiana, but from other areas of the United States as well.

Mr. DAVIS. Who pays for the animals?

Mr. SHRIVER. For these specific animals, I am not certain. I am sorry, but I do not have that contract in front of me. I do not know that specific part of it.

Mr. JOHANSEN. Does the Government pay for it or not?

Mr. SHRIVER. I am almost certain that the Government does not pay for it. The project, which is a foundation, pays for the animals and we are supplying the people, 12 citizens who have experience in farm-work, and in animal husbandry, to go to the Iowa State University for a training program jointly administered by Iowa and the Heifer Project Foundation and we do the training in the specific work they will do at St. Lucia with these animals.

Then the animals are bred, bought, or donated by this foundation and they are shipped down there. I assume it is at their expense and then our people work with this raw product, you might say.

Mr. DAVIS. The Peace Corps does not contemplate buying any animals or machinery or fertilizer, or any of those things, and making that a part of your program?

Mr. SHRIVER. No, sir; we supply people. We do not supply hogs, or chickens, or cattle.

Mr. DAVIS. You have mentioned teaching and you mentioned farming, possibly one or two other occupations these people will engage in.

I would like for you to state generally and briefly, if you will, what other occupations or areas of life these people will do work in.

Mr. SHRIVER. You have touched on the most important ones, Mr. Chairman.

They are education, agriculture, public health, as well as individual health, and the general area of technology, you might say. That would include surveyors.

Tanganyika has asked us for surveyors, civil engineers, and geologists. Other countries have asked for skilled craftsmen, such as electricians, and people who are qualified to maintain or repair tractors, automotive and farming equipment.

In some cases, it has proved to be true that we have under other programs perhaps donated certain kinds of equipment, maybe a tractor or automotive equipment.

Mr. Davis. You say "we" have?

Mr. SHRIVER. The U.S. Government has. This equipment is not properly maintained in some of these countries and if a tractor breaks down 150 miles away, it has to be brought to the central depot for repair and some of these countries have asked us——

Mr. DAVIS. Does the Government now have arrangements made under the ICA or other agencies to distribute these things to do that?

Mr. SHRIVER. You might say maintenance personnel, Mr. Chairman, like a mechanic.

Mr. DAVIS. To what extent do you propose to supplant work now being carried on by the ICA?

Mr. SHRIVER. We do not intend to supplant it at all.

Mr. DAVIS. If the ICA has furnished a tractor and, let us say, it is broken down, your people will go in there and repair it and start it to work. What would you call that?

Mr. SHRIVER. I would call that helping to keep that piece of equipment in operation for the purpose for which it was donated.

Mr. JOHANSEN. If the gentleman will yield, is equipment of that kind now being donated by ICA without adequate instructions or training, either of local personnel or somebody to maintain the equipment?

Mr. SHRIVER. No, sir. I am sure that adequate instructions are given but the problem in some of these countries, Mr. Congressman, is that you can give instruction, but maybe a year later the people have not carried out the instructions as well as you might hope that they would have carried them out—so that in some cases, for example, you have, let's say, a demonstration farm project. You make a demonstration; a highly skilled professor of agriculture, let's say, makes a demonstration. He may stay in a particular locality for a week, 2 weeks, a month or 2 months and hope the people in that locality have learned a great deal from this demonstration project. Then he moves on to another place, and another place and another place.

Maybe in 16 months the people in the first place are not carrying out his instructions as well as they could be or should be. Our objective would be to help increase the effectiveness of that instruction by, for example, leaving our people for a longer period of time in a specific locality to help make sure that the instructions given by high level people are more effectively carried out at the village level.

Mr. JOHANSEN. It seems to me we are confronted with either the alternatives that if that situation exists then there has been a lot of wastage in ICA and it is now proposed to have a permanent guardianship maintained in those countries.

Mr. SHRIVER. I do not think, Mr. Congressman, that it automatically means there has been waste. It is just like teaching anybody anything. Sometimes you teach a lesson and when the time comes around for the examination some of the students have not learned some of the lessons too well. That does not mean that the professor's time has been wasted. They have learned a lot. You can improve, perhaps, the instruction by repeating some of the experiments or some of the lessons. We would hope to help to improve what is being done without in any way implying that what has been done is wasteful. What has been done is very helpful but it is not the maximum. It is like many other things in life. You start with the beginning and then the next thing is to take the next step. We hope and believe that this is a next step, which will be cooperatively helpful and supplementary to, in some cases, existing efforts.

This would not be all the work we would do. In some cases we would do some things that are not already underway but where we can help a project of our own Government, naturally we want to help. In some cases additional manpower does help.

Mr. DAVIS. What I wanted to get in the record was just what you propose to do and within what limits you propose to operate. This is the reason for my questions.

Mr. SHRIVER. These are the four general areas in which we propose to serve—education, agriculture, health, and technological service.

When I say that I use it in the broadest sense, not in the very high level sense of professors or civil engineering or electronics or something like that, but in a sense of plumbers, carpenters, electricians, surveyors, and in some cases civil engineers and others that might come to the Peace Corps because they want to serve in the Peace Corps.

For example, we have one highly qualified pediatrician with 4 years of postgraduate work, fully capable of earning a very fine living in this country and actually already doing so. This is a woman

who has volunteered to serve in the Peace Corps as a volunteer. We have assigned her tentatively to the Philippines. She will live with our volunteers out in the countryside. She will get a volunteer's salary. She will do medical work.

That person is a highly skilled individual but by having her do this work we are able to save the taxpayer the money of hiring a person to whom we have to give a salary.

In these general areas we are trying to the best of our ability to carry on these programs at a minimum of expense to the taxpayer.

Mr. DAVIS. Mr. Gross, do you have any questions?

Mr. GROSS. Yes. I have a lot of questions, Mr. Chairman. We are running a little late.

Mr. SHRIVER, I would like to talk about you for a moment or two. You got your training, you say, back in the 1930's, in Britain, France, and Italy; is that correct?

Mr. SHRIVER. I alluded to that, Mr. Gross.

Mr. GROSS. There was some kind of a program over there?

Mr. SHRIVER. I alluded to that because the chairman asked me why I was interested in this kind of work and I pointed out that back in the 1930's I had supervised groups of students in Europe and because of that experience at that time I have taken an interest in this kind of work over the years.

Mr. GROSS. Was that a paid job or did you pay to get the job to supervise students?

Mr. SHRIVER. No, sir. I was given a scholarship at the beginning for this purpose and then subsequently I was hired as an assistant leader and then as a leader.

Mr. GROSS. But that is your training in this field; is that correct?

Mr. SHRIVER. That is not all that I would say that I feel gives me some warrant for trying to run this, Mr. Congressman, but that is one of the features.

Mr. GROSS. But you did not live on a bare-to-the-bones level with the natives of Ghana or Nigeria, or some of these other countries to which you are now sending these so-called Peace Corps volunteers?

Mr. SHRIVER. No, sir. I had never lived in Ghana or Nigeria.

Mr. GROSS. You were in Germany and Italy.

Mr. SHRIVER. Germany and Austria.

Mr. GROSS. They were fairly well developed countries?

Mr. SHRIVER. They were and they are; yes, sir.

Mr. GROSS. Do I understand correctly that you draw no compensation as Director at the present time?

Mr. SHRIVER. Yes, sir; that is correct.

Mr. GROSS. Do you draw expenses?

Mr. SHRIVER. No, sir. I took a trip around the world for the Peace Corps and I was given \$400 in expense money for that trip. That is the only Government check that I have received.

Mr. GROSS. The local newspapers have said that you have been buttonholing Members of Congress at the rate of 11 a day in their offices; is that correct?

Mr. SHRIVER. Well, I would not characterize it that way, sir, no.

Mr. GROSS. Accompanied by a Mr. Moyer, or Moyers.

Mr. SHRIVER. Yes, one of my associates' name is Bill Moyers.

Mr. GROSS. He is on the payroll of the Peace Corps?

Mr. SHRIVER. Yes, sir; he is.

Mr. GROSS. You say that is correct, that you have been buttonholing Members of Congress in their offices?

Mr. SHRIVER. No, sir. What I have done is this. I have come to the offices of Congressmen to try and answer questions that they might have about the Peace Corps. In particular, I have called on, in the beginning, at any rate, the members of committees before which the Peace Corps legislation is pending. I have also tried to call on as many Congressmen from the various States as I could to explain to them what we are trying to do.

Mr. GROSS. And in most of those instances were you accompanied by Mr. Moyers?

Mr. SHRIVER. In most I think that probably would be true, but not in all.

Mr. GROSS. And this was exclusively by invitation to the Members' offices, is that correct? You did not volunteer to come to their offices?

Mr. SHRIVER. No, sir. In some cases, for example, I have visited or tried to visit all the members of the Foreign Relations Committee of the House. I would call up a Congressman and say—

Mr. GROSS. Always at their invitation? You did not volunteer your services to them, did you, to tell them about the Peace Corps?

Mr. SHRIVER. Yes, sir. I would call up and I would say that I would be happy to come and talk to them.

Mr. GROSS. That you would like to see them.

Mr. SHRIVER. I would be happy to come to talk to them.

Mr. GROSS. So it was not always at their invitation?

Mr. SHRIVER. No, sir; if you mean did I wait for somebody to call me, I did not.

Mr. GROSS. I am trying to get at something here. I will let you know in just a minute. Somebody is putting on breakfasts for Members of Congress, is that right?

Mr. SHRIVER. Yes, sir.

Mr. GROSS. You are talking to the Members of Congress at these breakfasts?

Mr. SHRIVER. Yes, sir.

Mr. GROSS. You are talking in behalf of the Peace Corps, is that correct, and the legislation, H.R. 7500, for instance? You tell them about H.R. 7500, is that correct?

Mr. SHRIVER. Yes, sir. I try to answer questions that they have.

Mr. GROSS. You try to answer questions?

Mr. SHRIVER. Yes, sir.

Mr. GROSS. Who pays for these breakfasts?

Mr. SHRIVER. Some friends of ours who are private citizens.

Mr. GROSS. You are not using Peace Corps money?

Mr. SHRIVER. No, sir.

Mr. GROSS. Mr. Moyers attends, however, and he is a paid employee?

Mr. SHRIVER. Yes, sir. He is paid.

Mr. GROSS. All right. Now, are you acquainted with Public Law 86-642—

Mr. SHRIVER. I have never read that particular law, but I did ask our attorneys whether this was—

Mr. GROSS (continuing). Which reads as follows:

SEC. 209. No part of any appropriation contained in this or any other Act or of the funds available for expenditure by any individual, corps or agency, included in this or any other Act—

included in this or any other act.

Mr. SHRIVER. Yes.

Mr. GROSS. Yes, Mutual Security Act or any act—

shall be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress.

You were aware of that and still you had paid employees attending these breakfasts and buttonholing Members of Congress. Don't you think you have violated the law in carrying on this propaganda campaign in behalf of this Peace Corps bill?

Mr. SHRIVER. No, sir. I do not think so. As a matter of fact, I have been doing what I thought was considered proper, because I thought that one of the responsibilities, one of the principal responsibilities of an administrator of any agency in the Government, was to try to keep the Congress informed about what was being done so that they would know about the expenses, so that they would know about the program, so that they would hear about what was going on in a particular agency of the Government. My theory, Mr. Congressman, is that the Congressmen are the elected representatives of the people, and that it is part of my responsibility to try and keep you and your colleagues informed about what we are doing.

I do not want to impose this information on anybody but I try to make myself available at their convenience to give them information.

I thought that was carrying out my job.

Mr. GROSS. Mr. Chairman, I will say that I will get this over to the Justice Department with no hope that anything will ever be done. I will write a letter to them, calling attention to what has been going on here, but I do not have very much hope under the circumstances, let me say, that very much will result from it. I will also call it to the attention of the GAO, for I consider it to be a violation of the law.

You appeared before a Senate committee on June 22, I believe it was.

Mr. SHRIVER. I do not remember the exact date, but I did appear there, yes, sir.

Mr. GROSS. The hearing records show that it was on June 22.

Senator Carlson at that time, taking a dim view as this committee does of putting supergrades in legislation—and I have been responsible for heading it off on points of order in several bills up to this point—asked, "Have you requested the Civil Service Commission for super-grade positions?" And you are represented as saying:

Mr. SHRIVER. Yes, sir. We have had several discussions with the Civil Service Commission. Again, I may say that this provision is in the proposed bill, with their approval and their recommendation and support. As a matter of fact, the Chairman of the Civil Service Commission has already testified, I believe, before the appropriate committee in Congress, stating that this provision would be in this bill and that it would be additional to the civil service pool Government-wide of supergrade.

Do you recognize that as being your statement?

Mr. SHRIVER. It sounds very much like something I said, yes, sir.

Mr. GROSS. You would say that is an accurate statement?

Mr. SHRIVER. I think it is.

Mr. GROSS. I submit, Mr. Chairman, this has a very important place in this record because the Chairman of the Civil Service Commission appeared before this committee on June 20, preceding the hearing before the Senate, and made not one mention of the fact that there had been any agreement whatever to provide the Peace Corps with supergrades.

Mr. DAVIS. I will say that the Chairman of the Civil Service Commission is scheduled to return here for further testimony.

Mr. SHRIVER. May I say, Mr. Chairman, that I believe that it was his intention, as I said there. I believed he had appeared. I said that because I know it was his intention and perhaps at that hearing maybe there wasn't sufficient time or some other reason. As I said, I believed he made the statement. I did not say I knew he had. All I said was I believed he had made it.

Mr. GROSS. Yes. Well, Mr. Shriver, I will give him the opportunity when he appears before the committee to explain why he did not tell us on that occasion that he had agreed with you that you should have these supergrades.

It is getting late. I have many questions to ask you, but I will limit them as best I can in deference to the other members.

Mr. DAVIS. Will you yield at this point?

Mr. GROSS. Yes, of course.

Mr. DAVIS. We are not going to be able to conclude with you at this hearing. Could you come back next Monday morning?

Mr. SHRIVER. I imagine that I can, Mr. Chairman. I certainly will make every effort to make myself available at the convenience of this committee.

Mr. DAVIS. I will schedule a continuation of this hearing then for 10 a.m. Monday.

Mr. SHRIVER. May I ask a question?

Mr. DAVIS. Yes, sir.

Mr. SHRIVER. Is there any possibility that that meeting could be scheduled for 11 o'clock on Monday morning instead of 10 o'clock, because I know I have a previous engagement. It makes a big difference—

Mr. DAVIS. We have another witness we can use between 10 and 11, and you can come at 11.

Mr. SHRIVER. Thank you. I would appreciate that courtesy.

Mr. GROSS. Mr. Shriver, as to these Peace Corps volunteers, have you made any representation to Selective Service System to get them draft deferments at any time?

Mr. SHRIVER. I have not made a representation to selective service, Mr. Congressman. I did call upon General Hershey to find out what the selective service provisions and rules would be in connection with the Peace Corps. This was at the very beginning of our operation, because this was an important question. A lot of people at the beginning, Mr. Congressman, had said that the service in the Peace Corps should be counted as a draft exemption. Personally, I did not think that was a good idea. I did talk to General Hershey, and asked him what would be his opinion about this matter, and he advised me, or he gave me his advice. That advice was to the effect that service

in the Peace Corps would be, in his judgment, considered grounds for deferment, but not for exemption, and, subsequently, General Hershey published an article in the Selective Service Bulletin, I think it is called, presenting the position of the Selective Service System about the Peace Corps.

Mr. GROSS. What is that position?

Mr. SHRIVER. Just what I said, that service in the Peace Corps is considered deferrable but not service for an exemption. We can submit to you, sir, and to the members of the committee—

Mr. GROSS. Have you interceded at any time with any local draft boards to get these deferments?

Mr. SHRIVER. I never talked to a local draft board in my life. I never appeared before one.

Mr. GROSS. How do you handle obligations in the Reserve? You have some men who have service, 6 months or 2 years under the draft. Have you made any representations to the Pentagon to get them deferred from their obligated Reserve service?

Mr. SHRIVER. No, sir; I have made no representations to anybody. I have asked, for example, as I did in the case of Selective Service, what their position would be. I have not tried to argue them into doing something. I asked them what they considered, in their judgment, would be the status or what they thought was the recommended status for the people in the Peace Corps. That is all I have done. I have done the same thing, or persons on my behalf perhaps have done the same thing, with the Pentagon with respect to persons in the Reserve.

My memory is not accurate on that, but I think that the Pentagon said that in the cases of Reserves that they would permit a Reserve person to serve in the Peace Corps but that would not be considered Reserve service, nor would it, I think, fulfill any Reserve requirements. Actually, we are trying to stay as separate and apart from any military activities as we possibly can. We are not trying to invade or impede in any way the operations of the military with respect to Reserve for example, or selective service, with respect to the draft.

Mr. GROSS. You do not think this is going to become a haven for draft dodgers?

Mr. SHRIVER. I am afraid they will be disappointed if they sign up for that purpose.

Mr. GROSS. They are already jumping from colleges for that purpose. From my hometown there is an individual who jumped from college into the Peace Corps without having military service. I think they ought to meet their military obligations. This ought not become a haven for them no matter how exotic or exciting you may describe it. I take much less than a dim view of this Peace Corps business of yours. With this country \$290 billion in debt and with some 9,000 technicians, which we pay for wholly or in part through the U.N. or some other organization, and with some 40,000 missionaries abroad throughout the world, with some \$200 million of their money being spent, I see no reason, I may say to you frankly, for this sort of thing.

I think you are starting a huge bureaucracy in the nature of a boondoggle, Mr. Shriver.

Now, with respect to insurance, are you going to pay the premiums for these people? This is a \$15,000 policy, is that correct?

Mr. SHRIVER. No, sir. We have suggested in our arrangements with the volunteers at the beginning that a life insurance policy toward which they would contribute in the amount of \$10,000, that we would undertake to contribute along with them for such a policy. This actually has not been finalized and as of today there is no such policy on anybody that we have actually contracted for or for which they have in part paid.

Mr. GROSS. We do not provide insurance for our servicemen these days, do we?

Mr. SHRIVER. I think they are entitled to buy it under conditions which make it very attractive for them to purchase it, sir. I have some myself.

Mr. GROSS. But you are going to make a contribution to it. Even though that be true, you are going to make a contribution?

Mr. SHRIVER. That has been considered but, as I said, Mr. Congressman, that has not been done.

Mr. GROSS. Let me ask you this question. What about the oath that you give these people? I have read your bill and I cannot find any reference to an oath in your permanent legislation. Do you provide an oath for these volunteers?

Mr. SHRIVER. Yes, sir; we do. We ask them to take the same oath of office that you take.

Mr. GROSS. When do they take that oath?

Mr. SHRIVER. At the conclusion of the training period when they become, you might say, officially part of the Peace Corps. Up until then all they are is trainees and they take the oath at the end, before they enter into service, full service.

Mr. GROSS. A serviceman takes the oath when he goes in, does he not?

Mr. SHRIVER. I am not too sure exactly when he does. I am sorry to say I went in a number of years ago and cannot remember exactly when I took it.

Mr. GROSS. They do not wait until he completes his 6-month basic training to give him the oath.

Mr. SHRIVER. We could give them the oath, Mr. Congressman, if you felt it was desirable. We could give them the oath when they start.

Mr. GROSS. But you do have an oath?

Mr. SHRIVER. Yes, sir.

Mr. GROSS. There is no reference to it in your bill, is there?

Mr. SHRIVER. No, sir. We did not put everything in the bill that we are doing. We tried to put in those things that were essential, we felt, and to leave out the things that were not necessary.

Mr. GROSS. Do you mean to say an oath is not essential?

Mr. SHRIVER. We think, from an administrative point of view, it is, but I did not know whether the Congress would require it in the bill, but if Congress wants it in the bill we would be delighted.

Mr. GROSS. If this bill ever gets to the House floor, I will guarantee I will offer an amendment to make it mandatory at the beginning, not after we have spent money on an education for them.

Mr. SHRIVER. We would be perfectly happy if you were to do that, Congressman.

Mr. GROSS. I have many questions, but I will defer to my colleagues.

Mr. DAVIS. Let me give Mr. Henderson an opportunity to inquire.

Mr. HENDERSON. Mr. Chairman, I will defer to Mr. Murray, who is with us.

Mr. MURRAY. I have no questions.

Mr. HENDERSON. Mr. Shriver, I wanted to ask you about the director of training. I noticed that in the Senate hearings it was pointed out that he will work cooperatively with colleges and universities and other educational enterprises in developing training materials, programs, technical, professional skills, et cetera. Also you have a director, one of the excepted services positions, GS-17, for university relations. It was spelled out that he is the officer responsible to the director for policies affecting the participation of universities, colleges, and other institutions of higher learning in the Peace Corps program.

Would you briefly distinguish the difference between those two positions, both as to duties and the proposed salary?

Mr. SHRIVER. Yes, sir. The first person you were talking about, the director of training, negotiates with universities for the training of Peace Corps personnel at a particular university where it is necessary to determine, for example, how many hours of training the volunteers should be given, who should be on the faculty to give it, what kind of buildings they would live in, the curriculum, if you will, which is involved in the training of Peace Corps personnel for service overseas. That is all he does with respect to universities.

Mr. HENDERSON. Has that position been filled?

Mr. SHRIVER. Yes, sir; Mr. Lawrence Dennis, who is vice president in charge of the academic affairs of Penn State University, is occupying that position now and has occupied it for about 31½ months, I think, or something approximately like that. His job is to negotiate with universities for the training of Peace Corps personnel.

The other man has a different type of responsibility. In setting up the Peace Corps we were hopeful that we could interest a number of American universities in joining with the Peace Corps for the recruitment, selection, training, administration, and oversea supervision of a specific Peace Corps project. For example, we have a project with a group called the Associated Universities of Indiana. There are 34 colleges and universities in that group. The university which was the leader of this group for the particular project I have in mind was Notre Dame. They wanted to recruit from those universities in Indiana a number of students, or graduates, who would go to Chile and do specific rural development work down there.

Now they were sufficiently interested so that they did not want to just train people for that and forget about it. They were also sufficiently interested that they wanted to go in and help in the recruitment of people so that they would be sure they got the very best people so in that particular situation we have an arrangement with Notre Dame on behalf of all these colleges in Indiana whereby we jointly recruit, jointly select; they train; we jointly supervise the operation in Chile, which is carried on to a great extent by this particular university.

The development of that type of a university-administered program, which we call it, university-administered program, is the responsibility of the Director of University Relations.

Mr. HENDERSON. Have you filled the position of Associate Director for Congressional and Public Relations?

Mr. SHRIVER. Yes, sir; that is the gentleman, Bill Moyers, that Congressman Gross asked me about a little earlier.

Mr. HENDERSON. How about your General Counsel?

Mr. SHRIVER. General Counsel was filled, but it is now vacant. It was filled by a man named Morris Abrams, from Georgia, and he has since disassociated himself from us and is back in Georgia.

Mr. HENDERSON. Mr. Chairman, I will defer to other members. I may have some other questions, but not at this time.

Mr. DAVIS. Mr. Johansen?

Mr. JOHANSEN. Mr. Shriver, pursuing the line of questions Mr. Gross was following, in addition to the standard oath of office, are the volunteers required to file a Communist disclaimer oath?

Mr. SHRIVER. No, sir; they are not required to file such a disclaimer oath at this time but I might add that all the volunteers are given a full field investigation by the FBI and that we have worked out arrangements with the Civil Service Commission and with the FBI, which in the opinion of the directors of these two agencies, is satisfactory to make sure that no subversive elements will successfully attempt to infiltrate the Peace Corps.

Mr. JOHANSEN. Do you have any objection to the addition of the non-Communist disclaimer?

Mr. SHRIVER. We think it is unnecessary in view of what J. Edgar Hoover has told us about the procedures that we have developed jointly with him and with the Civil Service Commission.

Mr. JOHANSEN. You are aware—I believe I am correct—that all standard form 57's require that disclaimer and also, although it did not do too much good in one or two instances, the recipients of fellowships from the National Science Foundation, I believe, are required to take it. Is this part of the aversion in some academic circles to the so-called loyalty oath? Is that what is wrong with it?

Mr. SHRIVER. I do not know what is wrong with it, Congressman. All we did, when we started off, representatives of our office and I have had conversations with the Director of the FBI and one of his assistants, Courtney Evans, Deputy or Associate Director of the FBI, and with Mr. Macy, Chairman of the Civil Service Commission, and we developed these procedures which appeared to be satisfactory and they seem to be good to me.

Mr. JOHANSEN. Do you know whether the matter of the disclaimer was discussed with the FBI specifically?

Mr. SHRIVER. I cannot remember the numbers. I am sorry. I remember in the early days there was some discussion about which form we should use. It seems to me there is a form 57, maybe there is a form 58. I cannot remember the numbers. We are using a form on which a question, I guess it is the Communist disclaimer question, did not appear. I do not know the number of the form.

I know it was adopted as a satisfactory procedure with the FBI.

Mr. JOHANSEN. I just wanted the record to show that if this bill comes to the floor, I will offer an amendment to include that disclaimer, I will assure you.

In your testimony you made this very interesting statement:

While pointing out that our desire is to hold the administrative staff of the Peace Corps to a minimum, emphasizing quality rather than quantity, I would also like to point out that in any new organization the top positions must be filled in the early stages—

and then particularly this sentence:

As an organization grows it grows largely at subordinate levels.

I am not sure that experience of this committee justifies that. In 1949, when the first supergrades were created, there were 426 authorized for the entire executive branch, with a limitation of 25 for GS-18 and 125 for GS-17.

As of today—and I believe this figure does not include a great many in that salaried category for scientific and professional fields—there are 2,436 and we are currently being asked for 578 more. Whether that 578 is the Civil Service Commission figure and does not include all of these others, I am not sure.

I wonder if you would like to still adhere to the view that the history of the bureaucracy is that as an organization in the bureaucracy grows, it grows largely at subordinate levels?

Mr. SHRIVER. I was referring specifically to what I thought would happen with the Peace Corps, Mr. Congressman, and I will adhere to that statement until experience proves me wrong.

Mr. JOHANSEN. I will say to the gentleman I am not questioning his good faith but I will say that the gentleman's profession is the same we have always had from all of these agencies and we are always told that this will take care of the needs for the foreseeable future.

I have many other questions which I would like to pursue.

Mr. DAVIS. We have reached the time for adjournment. We will ask you to come back at 11 o'clock Monday morning.

The committee will now adjourn, to meet again at 10 a.m., at which time we will have the Honorable John O. Bell, from the ICA.

Mr. SHRIVER. Thank you very much, Mr. Chairman.

(Whereupon, at 12 o'clock, the subcommittee adjourned, to reconvene at 10 a.m., Monday, August 7, 1961.)

INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

MONDAY, AUGUST 7, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 215, House Office Building, Hon. James C. Davis (chairman) presiding.

Mr. DAVIS. The subcommittee will come to order, please.

We are today continuing our hearing on a request by the administration for additional top management positions.

We will first hear from John O. Bell, the Deputy Chairman of the President's Task Force on Foreign Economic Assistance of the International Cooperation Administration.

I understand that you are accompanied by Mr. Sukrow?

Mr. BELL. Mr. Brown is with me this morning.

Mr. DAVIS. Very well; we are glad to have you.

Will you proceed with your statement?

STATEMENT OF HON. JOHN O. BELL, DEPUTY CHAIRMAN, PRESIDENT'S TASK FORCE ON FOREIGN ECONOMIC ASSISTANCE, INTERNATIONAL COOPERATION ADMINISTRATION; ACCOMPANIED BY HARVEY D. BROWN, CHIEF, INSTRUCTIONS AND PROCEDURES BRANCH, ICA OFFICE OF PERSONNEL

Mr. BELL. Mr. Chairman, if I may I would like to make a brief oral statement and then leave myself open for any questions you might have.

Mr. DAVIS. Very well.

Mr. BELL. The subject of my presentation has to do with the request in the foreign aid legislation for certain excepted authorities for employment outside the Civil Service Classification Act. I think the place to begin with this proposal is where it began, which is the advent of the new administration and the decision of the President to take a hard look at the subject of foreign aid. His conclusion on taking office was that foreign aid was essential to our security and our well-being, but there were many doubts as to its program and policy, many doubts as to its administration and organization, and many doubts as to the adequacy of legislation.

The President decided, therefore, to establish a task force to take a new and independent look at this subject from the point of view of the incoming administration.

The chairman of the task force assigned was Mr. Labouisse whom the President had shortly before appointed to be Director of ICA.

I was assigned to be deputy chairman of this task force and then three working parties or task groups were established underneath the task force.

The first of these was a working group on program and policy which was established under Mr. Frank Coffin, a former Member of the House, who had been appointed by President Kennedy to be managing director of the Development Loan Fund.

Then a legislative working group was set up under Mr. Theodore Tannenwald, an attorney of New York City, a former assistant to Governor Harriman.

Then an organization and administration task force was set up under the chairmanship of Mr. George Gant, a member of the staff of the Ford Foundation, a former Managing Director of the Tennessee Valley Authority and a man with a long and distinguished career in and outside of Government in the field of organization and management. Mr. Gant established his task force by a combination of people from inside Government and outside Government, including people outside of the operating agency as well as people inside the operating agency. He had as members of his task group, for example, Mr. James Mitchell, former Civil Service Commissioner, now with the Brookings Institution, as well as other distinguished people.

Mr. Gant was given a completely free hand to take an independent hard and critical look at the organization and administration of foreign aid. He provided a detailed set of recommendations which dealt with legislative provisions with regard to organization and management as well as with the subject of how the Agency should be organized, the new proposed Agency, how it should be staffed and what means and methods should be used for administering it in every respect.

Mr. Gant proposed an organization which was an entirely new one, which would take the structures that had existed in the form of ICA and DLF, do away with both of those structures and establish a new Agency for International Development—this organization, hopefully, to be one which would be more efficient and more effective. It is based upon a principle of trying to centralize activity around a regional organization, the hope being that through this new organization it would be one which would be able to pinpoint more accurately, and less equivocally, responsibility for the conduct and conception of programs in any country in the world in which we conduct them.

The recommendations which Mr. Gant made with regard to our organization carried along with them recommendations with regard to the problem of getting an effective change in management. There were a variety of propositions considered by that task force, ranging from doing away with every job in the agency and starting over again, to simply relabeling what existed. What was recommended was that we attempt to get authority whereby the top management positions in the Agency which actually controlled and directed its operations and the concepts would be positions which the President could fill with those people he felt were qualified to do so, without

having to take on or retain personnel who might have been in similar positions in old agencies appointed by previous administrations.

The number of such jobs, where this authority was thought to be required, was established in Mr. Gant's report and to have them, he recommended a certain number be available to be compensated at grades higher than grade 15 of the general schedule of the Classification Act of 1949.

This recommendation for this kind of authority was not a new recommendation or even a new practice with the exception of the capacity to fill these jobs by Presidential decision. The existing law with regard to foreign aid for many years has contained authority permitting the appointment of people to a specified number of positions without necessarily being confined to the compensation schedules of the Civil Service Act but setting limitations as to ceilings within the law.

Mr. Gant's recommendations do call for a larger number of these excepted positions than had been the case in the past.

While comparing the two old organizations, or perhaps three old organizations, with the proposed new organization, there is a sufficient similarity, I believe, to make the comparison of numbers not unmeaningful. Under existing law, the law under which aid programs have been operating, there have been provisions for 8 statutory appointments and for some 55 appointments at grades for compensation higher than GS-15. These 55 are derived from 4 different sources; 3 of those sources being separate provisions of the Mutual Security Act, section 527(b) of the Mutual Security Act, which provides for 45 positions which may be compensated above grade 15, and 15 of those may be compensated at grades higher than prescribed for GS-18, but with a limitation of \$19,000 on those.

Existing law, section 205(b), referring to the Development Loan Fund, provides that there may be appointed five people at grades above grade 15, one of which may be above grade 18, but again not in excess of \$19,000.

Section 533(a) of existing law providing the Inspector General and Comptroller authorized two positions above grade 15, one of which might be above grade 18.

The Civil Service Commission had allocated to the Development Loan Fund in addition to these three positions—and I want to stop right here and say that, with respect to the bill which your committee is considering, there is a section 301 which requests the lifting of the ceiling on the compensation of four officers of Development Loan Fund and this section really should not be in the bill. I cannot explain why it is in there except that somehow the checking procedure must have failed because the provision as it reads would amend section 205(b) of the Mutual Security Act, whereas in the foreign aid legislation which the President has submitted, section 205(b) of the Mutual Security Act would be eliminated.

Therefore, I think it is correct to say that this section has no place in the legislation and should be omitted.

I have listed the 55 positions which we are presently authorized, the sources thereof, and the 8 statutory positions which are presently authorized.

If one compares them with what is proposed by the task force and what is provided for in the foreign aid legislation before the Congress,

there would be 12 statutory positions rather than 8; there would be 72 positions to be compensated above grade 15, rather than 55.

Mr. DAVIS. You did not cover the eight, did you? You were only covering the 55?

Mr. BELL. There were eight statutory positions. I only mentioned that there were eight.

Mr. DAVIS. You did not mention the 55?

Mr. BELL. No, sir. There were seven of these based on Reorganization Plan No. 7 and one was provided for in the mutual security legislation itself.

Mr. DAVIS. When was Reorganization Plan No. 7 submitted?

Mr. BELL. Some years ago, Mr. Chairman; 1956, I believe.

Mr. GROSS. We had Reorganization Plan No. 7 in this session of Congress. You do not mean—

Mr. BELL. Perhaps I have given you the number incorrectly, Mr. GROSS. If I could check a moment, I could tell you.

We propose a repeal of whichever one it is in the mutual security legislation. It is in the repeal provisions, so I can get that citation in a moment. I believe it is Reorganization Plan No. 7 of 1953.

The foreign aid legislation proposes a repeal of that so that it would do away with that authority as it would do away with the authorities I have just mentioned.

In other words, the 8 statutory positions and the 55 other ones would be eliminated by the proposal which is before the Congress and in their place it is proposed there be 12 new statutory positions.

Mr. DAVIS. In which bill are those requests made?

Mr. BELL. H.R. 8400 and S. 1983. In the bill it is proposed, as I have said, that there be 72 positions which would become susceptible of compensation—

Mr. DAVIS. Instead of 55?

Mr. BELL. Instead of 55. The distribution of those proposed is that 55 of the 72 would be in the new Agency for International Development and 5 would be in the Department of State.

Mr. DAVIS. How many in AID?

Mr. BELL. Fifty-five; 5 in the Department of State proper and 12 in the Department of Defense, the Offices of the Assistant Secretary for International Security Affairs.

Mr. GROSS. Mr. Chairman, the gentleman is using the title "AID for International Development" and you are using terms here I do not quite understand.

Do you mean the Act for International Development?

Mr. BELL. I am sorry, Mr. GROSS. I will try to be more precise.

Mr. GROSS. Can we agree on one thing you are talking about, the Act for International Development?

Mr. BELL. Yes, sir.

Mr. DAVIS. You referred to that as an agency. You called that the Agency for International Development?

Mr. BELL. Yes, sir. I think that I can make this clearer for you. H.R. 8400 and S. 1983—

Mr. GROSS. Let us take H.R. 8400, if you do not mind.

Mr. BELL. Yes, sir.

There is a provision in there for economic assistance and that title is called the Act for International Development but within the same

bill there is a provision for military assistance which is called the Act for International Security. Within the material submitted to the Congress in support of the legislation it was said that there would be established to administer the economic section—that is, the Act for International Development part of this bill—a new agency to be called the Agency for International Development.

I am afraid I tend to use these interchangeably.

Mr. GROSS. We are leaping with such reckless abandon from name to name these days, with respect to foreign aid, that I cannot keep up with all of them. We get saddled with the Mutual Assistance Act and then we go to something else. Something apparently happens to bring that title into disfavor, so that with the greatest of ease, we rush out and develop a new title for the agency, or a new title within the agency. I hope you can keep us straight this morning on that.

Mr. BELL. I will try, sir. It is confusing to have a continual change of names, there is no doubt about that.

At any rate, I will try to make this a little more precise. The administration request was contained in H.R. 7372. Of the 72 super-grade compensation positions, 55 are for the direct administration of economic assistance through the new agency to be created, the Agency for International Development. Five are for the use of the Secretary of State to provide coordination and direction for both the economic and the noneconomic program. Then 12 are for the use of the Department of Defense in administering the military assistance part of the foreign aid program.

(In H.R. 8400, the House Foreign Affairs Committee reduced the request for AID and State by 5, and the Department of Defense by 4.)

Mr. BELL. This, therefore, represents an increase of 17 in the super-grade compensation levels and 9 of these are increases on the economic side and 8 on the military side.

In the process, there is a general restructuring which would provide that of the 72, 13 could be at rates of compensation higher than grade 18 which is 4 less than the amount presently in the law, which may be so compensated.

These recommendations, as I said, were contained in Mr. Gant's report which was reviewed by the Secretary of State and by the President, these recommendations having been approved in the executive branch, and were included in the material submitted to the Foreign Relations and Foreign Affairs Committees—the two bills whose numbers I have just mentioned. Therefore, there are two kinds of things involved here: One is the issue of trying to get authority to permit the Executive to appoint people to these management jobs that can satisfy him they are equipped and able to do it, and can be sure to carry out his policies; the second thing is to have a number of those which can be compensated at rates of pay sufficiently attractive to enable us to get the kind of people we think are needed in order, hopefully, to improve the operation of this program.

Mr. Chairman, I think that about concludes my formal statement and I would be glad to answer, if I can, any questions that you may have.

Mr. DAVIS. Mr. Gross?

Mr. GROSS. Mr. Bell, would you indicate to the committee briefly something of your background?

Mr. BELL. Yes, sir.

Mr. GROSS. I am a career Foreign Service officer and I have been employed in the Department of State and in the Foreign Service continuously since January 1931. Preceding that I worked for 2 years in the Department of Agriculture and I am a member of the bar of the District of Columbia and a graduate of George Washington University and George Washington University Law School.

I think I have worked in almost every part of the State Department at home and abroad.

I have been concerned for the last 2½ years, and 2 years prior to the change of administration, when I served as deputy to the then Under Secretary of State, Mr. Douglas Dillon, as his deputy coordinator of the foreign aid program. I might say that I anticipate assignment to the field shortly and do not expect to be involved in the administration of the program at home under the new Agency.

Mr. GROSS. Would you please state for the record the Foreign Service pay schedule, your Foreign Service pay schedule?

Mr. BELL. I am a Foreign Service officer of class I.

Mr. GROSS. The pay is what?

Mr. BELL. I am presently serving on a Presidential appointment under one of these Reorganization Plan No. 7 jobs. The pay of the Presidential appointment is \$19,000 and the pay of my regular grade in the Foreign Service would be \$18,850.

Mr. GROSS. You are not employed as a consultant, however?

Mr. BELL. No, sir.

Mr. GROSS. How many supergrade positions, or comparable pay grades, do you currently have?

Mr. DAVIS. Would the gentleman yield for a question?

Mr. GROSS. Yes.

Mr. DAVIS. In what capacity do you appear here today, Mr. Bell? Are you appearing as a member of the task force to which you referred, or are you appearing as an employee of the ICA or the Foreign Service? You were on the task force?

Mr. BELL. Yes, sir; I am officially appearing as deputy chairman of the task force. I am not an employee of ICA and have never been. I have been an employee of the Department of State and I have, from time to time in the past, served on loan to ICA on a reimbursable detail, but I have always been a member of the State Department and the Foreign Service.

Mr. DAVIS. Is it proposed that ICA be dismantled and this new organization replace it?

Mr. BELL. Yes, sir. I hope dismantling does not imply complete chaos but it is proposed to take ICA and DLF and try to build from them a new agency.

Mr. DAVIS. A completely new agency?

Mr. BELL. Yes, sir.

Mr. DAVIS. That is all. Thank you.

Mr. GROSS. Why, Mr. Bell?

Mr. BELL. I think the answer to that, Mr. GROSS, is a belief on the part of the President and the people who have worked in this program that there was a need for trying to get centralized direction and control over a number of various operations which did not always work

in proper harmony and which he felt could be made more effective if they were established in a centralized and reorganized management.

The structures we had, had grown over the years from a variety of different things, from technical assistance, military assistance, to economic assistance, to point 4, and the structures had grown as the law had grown, rather haphazardly.

Mr. GROSS. Then you are stating, if I may interrupt you, that you have had some disharmony over there? I am surprised to hear that.

Mr. BELL. I am saying that we have had a great deal of difficulty when you have a variety of pieces of legislation and a variety of organizations whose purposes overlap and are common in some measures, but different and contradictory in other respects.

Mr. GROSS. To hear your propagandists talking, I would think that you were all one big happy family over there.

Mr. BELL. I do not think anyone informed would ever say that.

Mr. DAVIS. Would you yield?

Mr. GROSS. Yes.

Mr. DAVIS. I wish you would give us an illustration of the overlapping and the duplication you refer to.

Mr. BELL. Well, I would say you have the kinds of problems arising from difficulty in dealing with a country Development Loan Fund; for example, a major source of lending for developmental purposes, but its concentration has been on isolated projects and its management has been more or less independent although geared at the top structure—

Mr. DAVIS. When was that set up?

Mr. BELL. 1957, I think, initially.

Mr. DAVIS. How many people were employed?

Mr. BELL. In the Development Loan Fund as of August 3, there were 145 employees, all in Washington.

Mr. DAVIS. All in Washington?

Mr. BELL. Yes, sir.

Mr. DAVIS. Very well. Do not let me interrupt you.

Mr. BELL. I am saying that the Development Loan Fund, with its concentration on projects and applications by donors and the ICA with its technical assistance program—to make a project successful, you need to have technical assistance, not only preceding but geared along with it; with one management for technical assistance and management for the project over there, it is not always easy to make the two mesh in time, phase, and funding.

Mr. DAVIS. Did you say the Development Loan Fund was concerned only with disposing of funds donated by donors?

Mr. BELL. No, sir.

Mr. DAVIS. I misunderstood you.

Mr. BELL. I did not mean to say that.

Mr. DAVIS. Very well. Proceed.

Mr. GROSS. Again, on the question of how many supergrade positions, or comparable pay grades, how many do you have currently under the Mutual Security Act? You may have stated it, but I would like to have it again.

Mr. BELL. Yes, sir.

In the Mutual Security Act proper, the comparable number would be 52, and in addition to that there are 3 that have been provided by the Civil Service Commission which would be 55.

Mr. GROSS. How are these distributed between departments and agencies?

Mr. BELL. Between departments and agencies, there are presently 4 in the Department of Defense; 31 in the International Cooperation Administration; 11 in the Department of State; and 10 in the Development Loan Fund.

Mr. DAVIS. Ten supergrades in the Development Loan Fund?

Mr. BELL. Yes, sir.

Mr. DAVIS. Are they included in the 145 you referred to?

Mr. BELL. Yes, sir.

Mr. DAVIS. You have 135 that are not in supergrade status, plus these 10.

Mr. BELL. That is correct.

Mr. GROSS. In this reorganization?

Mr. DAVIS. How many people are employed now in ICA?

Mr. BELL. The personnel strength of ICA, as of June 30, 1961, in Washington is 2,326; overseas, 4,535.

Then in addition to that number, there are also overseas 4,770 foreign nationals so that ICA has a total employee list overseas of 9,305; in Washington, 2,326.

There are some 1,704 contract employees and 3,547 local employees called trust fund employees, which means they are paid for by the foreign government.

Mr. DAVIS. What is the nature of the contract employees?

Mr. BELL. You may have a contract, for example, with an engineering firm to do the design engineering on a road and the engineering firm would contract to do the job and would provide the number of engineers and employees needed at such times and in such numbers as the performance of that particular task might require. Therefore, this number of contract employees will always be a fluctuating number. You never know precisely at any given point in time how many it will be because it is related to the job.

Mr. DAVIS. When was ICA created?

Mr. BELL. ICA, by name, I guess was created in 1955.

Mr. Congressman, I have as much trouble keeping up with the names as Mr. Gross has.

Mr. DAVIS. You can check that and if it is not correct, correct it.

Mr. BELL. It has been approximately that.

Mr. DAVIS. How much money has ICA distributed during its existence?

Mr. BELL. That is a question I could not answer without checking back. I know we have the figure but I do not happen to have it with me; but I could easily supply it for the record. We are frequently asked it.

Mr. DAVIS. Supply that for the record, please.

Mr. BELL. We can do it quite easily.

(The information follows:)

ICA was created on July 1, 1955. From July 1, 1955, until June 30, 1961, \$8.6 billion of economic assistance funds, excluding loan funds under the Development Loan Fund have been obligated.

Mr. DAVIS. I would like you to state for the record the areas in which ICA and the Development Loan Fund have used funds, and the overall limitations under which they have operated.

Mr. BELL. I am not sure that I understand the question, Mr. Chairman.

Mr. DAVIS. I want to get for the record information as to the purposes and objects for which ICA has used the funds, and also for what purposes and objects the Development Loan Fund has used these funds.

Mr. BELL. I understand.

I will be glad to try to answer that question.

Let me take the Development Loan Fund first because the purpose is simpler and it is single.

The Development Loan Fund is a fund created to make loans for developmental projects, or programs. In other words, its primary and sole purpose is to fund economic development activities.

Mr. DAVIS. I would like to have the amount which it has loaned.

Mr. BELL. I will supply that figure.

(The information follows:)

As of June 30, 1961, the net amount authorized or obligated by the Development Loan Fund was \$1,891,373,000 since its inception.

Mr. DAVIS. Could you give us generally the purposes for which these funds were supplied and the projects?

Mr. BELL. The kinds of projects?

Mr. DAVIS. Yes.

Mr. BELL. I can supply you the amounts that go with each of these categories, if you wish.

I would have brought this information with me if I thought you wanted it. It has been engaged in lending for such activities as power-plants, roads, various types of industrial development, and for other types of transportation and communication. They are usually basic facilities on which an economy depends. That is, what the economists tend to call basic economic infrastructure, by which they mean the underpinnings which an economy has to have before it begins to grow.

We can supply you with any amount of detail, including the names and amounts for every project under the Development Loan Fund. That is available and printed. We will give you whatever detail you wish.

Mr. DAVIS. Generally, the objects and the amounts.

Mr. BELL. Yes, sir.

Mr. DAVIS. And the countries.

Mr. BELL. This we can do quite readily.

(The information was received and is retained in the committee files.)

Mr. GROSS. Mr. Bell, do you have at hand the number of technicians employed by ICA?

Mr. BELL. Are you making a distinction between technicians and other employees?

Mr. GROSS. Yes, I would like to know the number of technicians that you have.

Mr. BELL. The numbers I gave to you were total numbers which included technicians and all others.

Mr. GROSS. Can you break out the number of technicians that you have?

Mr. BELL. I cannot do it without going back to the personnel office and ascertaining the number.

Mr. GROSS. Would you do that?

Mr. BELL. Very happy to.

Mr. GROSS. Not only the technicians hired by this country but those hired by other countries. I want the total number of technicians.

Mr. BELL. I will be glad to supply that. It is the bulk of these numbers, but I will give you the exact ones.

(The information follows:)

As of June 30, there were 4,221 ICA direct-hire employees being paid from program funds and 2,681 employees being paid from administrative funds. It is estimated that approximately 3,500 of the program-funded employees are technicians.

ICA does not have any information on the numbers of technicians employed directly by the participating countries. These employees are hired, compensated, and controlled completely by the country concerned and this agency has had no occasion to obtain such figures.

Mr. DAVIS. Will the gentleman yield?

Mr. GROSS. Yes.

Mr. DAVIS. Would you proceed with the question I asked you, Mr. Bell, about the ICA and this general limitation?

Mr. BELL. What kind of things ICA does?

Mr. DAVIS. Yes.

Mr. BELL. The kinds of things ICA does fall logically into the categories identified in the legislation. I would like to take those one at a time, if I may.

The first category is the kind of assistance which has been called defense support and this is economic assistance. It is economic assistance which has gone to 12 different countries and each of which is maintaining some sort of military force structure which we think to be in our common interest and which it is unable, through its own resources, to mount without help. The defense support aid has been economic assistance to enable them to maintain this particular military posture and among the 12 countries involved here are Korea, Taiwan China, Vietnam, Pakistan, Greece, and Turkey. These are examples and there are 12 of them.

The second kind of assistance which ICA has provided under existing law has been technical assistance and this is, as its name implies, assistance usually in the form of technicians to carry out various projects in a wide range of fields from public health to education, to agriculture, to business administration, to just a whole range of human activities, all designed to develop and help develop institutions and people for the gearing up and development of the economy.

Mr. DAVIS. Did you say the complete range of human activities?

Mr. BELL. Very nearly complete. I suppose there are some things we do not do, but anything that contributes to economic development and that requires human training, we certainly have been involved in.

Mr. DAVIS. You mentioned education?

Mr. BELL. Education is a major field; agriculture is a major field; public health is a major field. Agriculture, transportation, training road engineers, training malariologists, training business teachers, training agricultural extension agents; it runs a wide range.

Mr. DAVIS. Training mechanics, for instance?

Mr. BELL. Very seldom would it be training mechanics as mechanics, although we have technical institutes where we do vocational training. The ICA effort has been through—

Mr. DAVIS. Do you have any limitations on the training you give?

Mr. BELL. The laws that exist specify the kinds of activities in which training may be conducted, but there are very few things that are not included. It is a very long list and in the present law there is a limitation which states you cannot provide equipment in an amount not required for demonstration or training. In other words, it is not an equipment program, the technical assistance program.

Mr. DAVIS. Who distributes the equipment?

Mr. BELL. Normally the equipment involved would be equipment a country might have purchased itself, or received under some other form of assistance. We are artificially talking about categories of assistance because that is the way the law and the authority reads.

Mr. DAVIS. There has been a good deal of equipment furnished?

Mr. BELL. That is correct; but not under technical assistance. It may have been furnished under defense support assistance or it might have been furnished under earlier grants of aid, or it might have been furnished under special assistance, a category I have not come to yet.

Mr. DAVIS. We had a representative of ICA here before us about 2 years ago and at that time we had a force in Iraq, and Iraq had repudiated the technical assistance program, as I recall it, and had stated it wanted no further foreign aid from this country.

What is the situation in Iraq now?

Mr. BELL. I believe we have a few people in Iraq but I would hesitate to give you a positive answer without checking back. I am almost certain we have a few people there.

Mr. DAVIS. Are they accepting foreign aid now?

Mr. BELL. They have never really discontinued accepting technical assistance. There were a number of projects of technical assistance which they wished terminated and these were terminated. However, the judgment was that the maintenance of a few technicians in those areas where the Iraqis did want to cooperate was useful as a means of keeping an avenue of some American influence in the country. This never has been a large-scale grant program in Iraq.

These are people and they cost money and this is true. It is money for salaries of individuals and not grants of money to Iraq.

Mr. DAVIS. As I recall the testimony and the events along about that time, Iraq had completely cut loose from the foreign-aid program and we had this force there. The man told us when he was before this subcommittee that they were being kept there in the hope these relations could be resumed between our country and Iraq.

Mr. BELL. Mr. Chairman, I remember this very well because I was in Ankara and the mission director came over and talked to us, Mr. Dillon and myself, at that time, and there was a brief period of time when the precise future of what was going to happen in Iraq was not very clear. We had a choice to make as to how rapidly we took people out or how it was going to change. I do not recall how long this period lasted, but it was not very long before we evacuated the majority of those people. No one is there or has been there for any length of time beyond that, who has not been employed—

Mr. DAVIS. At the time this man was before us, they had been there 12 months or longer and, as I said, in the hope these relations would be resumed.

Mr. BELL. I am not familiar with that testimony, Mr. Chairman, but I am sure there were not any substantial number except—Mr. Brown tells me we have five people in Iraq.

Mr. DAVIS. I just wanted to check on that. The testimony is here and can be referred to at any time.

Mr. BELL. Do you wish me to continue?

Mr. DAVIS. You say you have five people there today?

Mr. BELL. Yes, sir.

Mr. DAVIS. What are they doing there now?

Mr. BELL. I could not tell you without checking the record.

Mr. DAVIS. Would you supply that for the record?

Mr. BELL. I would be very happy to.

(The information follows:)

The program in Iraq is primarily in the field of training and education assistance. The program is carried out by the following persons:

1. ICA representative: Russell Andrus.
2. Controller: David Harrison.
3. Program assistant: K. Yoshida.
4. Training officer: Matthews.
5. Assistant training officer: Wm. Faulkner.
6. Secretary: Vacant.

This small staff coordinate a program consisting of (1) a participant training activity and, (2) a university contract with the University of Texas to provide assistance to the Baghdad University. This contract is presently in the negotiation stage.

The participant training program is project-oriented in that participants are selected in the major fields of agriculture, education, community development, industry, and public health under an understanding with the Government of Iraq that upon completion of training the participant will return to the same type of work for which training is provided.

It is important to the United States to maintain a mission in Iraq. It helps to keep the door open for a possible expansion of United States and free world influence, and, to the extent Iraq will permit, helps Iraq to abate the force of Soviet bloc influence.

Mr. BELL. Should I continue with the other forms of ICA activity?

Mr. DAVIS. Yes.

Mr. BELL. There is a third category authorized under the existing law called special assistance. That is, as its name implies, assistance where the President determines the political, military, security, or other interests of the United States may require such aid to be furnished. It is a very broad grant of authority to the President and the assistance provided under this category, however, has been justified on a program basis to the Appropriations Committee and the Congress historically.

Mr. DAVIS. Is that a field in which the President himself makes the determination?

Mr. BELL. No; I would say that in the special assistance program, as delegated by the President to the Administrator to execute—

Mr. DAVIS. What Administrator?

Mr. BELL. Historically, it has been ICA; yes, sir.

The purposes for which this money was appropriated were disclosed and programmed out to the Congress before the Congress enacted those appropriations.

Mr. DAVIS. Is that financed from funds appropriated to the President, or is it financed from funds appropriated under the Mutual Security Act?

Mr. BELL. It was financed from funds appropriated under the Mutual Security Act, but all of those funds were appropriated to the President, Mr. Chairman.

Mr. DAVIS. I intended to limit that part of the question to funds that are appropriated to the President to be spent as he sees fit, without any direction from Congress.

Mr. BELL. No; that is not the case in this category.

Mr. DAVIS. In special assistance?

Mr. BELL. The special assistance is merely a program name for this category of help. The kinds of cases that come under that have been historically like the case of aid to Jordan, where you were trying to maintain a degree of political stability in that country because the failure of political stability might lead to a very unhappy and unpleasant situation in the Middle East. It has been used to provide aid in malaria eradication for example. That is another category and it has been used to provide money to Morocco where we have very important military facilities and this is conducive to obtaining those facilities. In other words, it has been used where you have a special political or military or security situation that seems worth while to support with the use of assistance.

As I say, this is a detailed program submitted to the Congress and justified as such. Funds have been appropriated for these purposes.

A fourth category of aid activity provided through the mutual security bill has been contributions to various international organizations and some of these have been administered through State Department bureaus directly to the international organizations and some through ICA.

There are a number of these.

There have been contributions to the United Nations technical assistance program and contributions to the United Nations Children's Fund as well as contributions to the United Nations Emergency Force and contributions to the United Nations High Commissioner for Refugees, contributions to the International Commission for European Migration, and a variety of international miscellaneous multilateral activities funded through this program.

Mr. DAVIS. What use is made of the money spent by the United Nations for technical assistance? Is that substantially the same use which is made of the money we use for technical assistance?

Mr. BELL. The purposes and activities are very much alike; yes, sir.

The difference being, I think, essentially that one is administered through a series of multilateral units and the other is administered bilaterally. There are some countries where there is a slight preference perhaps for multilateral institutions. There are some countries where they can perhaps do a better job but on the other hand—

Mr. DAVIS. What is the difference between multilateral and bilateral?

Mr. BELL. In the bilateral case, we would make a direct agreement with the foreign country to which assistance was to be provided.

Mr. DAVIS. Our Government?

Mr. BELL. Our Government.

In the case of the United Nations, the agreement is made between the United Nations and the entity involved which might be, for ex-

ample, the Food and Agriculture Organization, or it might be the World Health Organization, or any one of a dozen of them. The agreement is made between that Organization and the foreign government and the funds are administered by the United Nations group contributed partly by ourselves and partly by the other countries.

The amount of our contribution is provided for in the statute and there is a percentage limitation on it. We have no direct control and the distinction is, I think, in the multilateral activity we have no direct control over the funds, how they are administered; whereas in the bilateral activity we do.

Mr. DAVIS. Who determines whether the project will be bilateral or multilateral?

Mr. BELL. The determination, I would say, initially is that of the country in which the project takes place. Normally, there is regular liaison contact between the U.S. representative—that is, this Government's representative in that country—and any United Nations representative who may be there, as to which is better equipped and able to do the job.

Mr. DAVIS. For instance, it would be Cuba's decision then as to whether that Government applied to the United States for assistance, or whether it applied to the United Nations?

Mr. BELL. It would have been Cuba's decision initially; yes, sir.

Mr. DAVIS. I did not want to interrupt your train of thought, but I wanted to get that information.

Mr. BELL. There are two other categories of money which I might mention under the Mutual Security Act, or three perhaps.

The first one is administrative expense appropriations for administrative expenses. Then there is a fund which is commonly called the contingency fund. This is a fund which the Congress has provided to enable the President or his delegate to meet any requirements which may not have been foreseen, or which may have been foreseen but whose shape and dimensions seemed very unsure. It has been to meet emergencies in developing situations and these funds are appropriated without being programed, and we report on these monthly to the Congress as to what use has been made of them. That is a fund we have had for some years.

Mr. DAVIS. That is the fund which is appropriated to the President for use as he sees fit, and Congress exercises no control over that?

Mr. BELL. No control, other than such limitations as it may write into the law. It did write a limitation last year, for example, saying that this money could not be used to finance any project or activity which the Congress had specifically rejected. In other words, if the Congress said, "Don't finance Project X," you could not use the contingency money to do that under the restriction written into the act.

Mr. DAVIS. If Congress had merely failed to appropriate funds for a particular project, could that be a restriction on his use of the funds you are now referring to?

Mr. BELL. I think that would be a situation difficult to establish, Mr. Chairman, by virtue of the nature of the activity. I think if it were clear from the legislative history that it was the will of the Congress that the project not be financed, then the President would not do it. You have very seldom had a specific rejection by the Congress of an activity.

Mr. DAVIS. How much is the fund now in the hands of the President?

Mr. BELL. Under the existing act?

Mr. DAVIS. Yes, sir.

Mr. BELL. The contingency money?

Mr. DAVIS. Yes.

Mr. BELL. The appropriation last year was \$250 million and the authorization was \$150 million.

Mr. DAVIS. The authorization last year was \$150 million but the appropriation was \$250 million?

Mr. BELL. That is correct.

Mr. DAVIS. Was there anything carried over from preceding years?

Mr. BELL. There may have been; I do not recall, but I could supply that for the record. If there was, it was a very small amount.

Mr. DAVIS. I wish you would supply that for the record.

Mr. BELL. I would be glad to. If there were unobligated funds at the end of the year, it would have required a specific provision in the legislation to make them available. I do not recall, Mr. Chairman, whether that provision was included.

Mr. DAVIS. Furnish that for the record, please.

Mr. BELL. Yes, sir.

(The information follows:)

The unobligated carryover from fiscal year 1960 to fiscal year 1961 reappropriated by the Congress for the contingency fund was \$472,000.

Mr. GROSS. I yield for a question by Mr. Rousselot.

Mr. ROUSSELOT. What is the name of the fund headed by Paul Hoffman?

Mr. BELL. That is variously called the United Nations technical assistance and expanded program.

Mr. ROUSSELOT. That is the fund that just made a loan to Cuba for \$1.1 million?

Mr. BELL. Yes.

Mr. ROUSSELOT. That was done after we broke off diplomatic relations?

Mr. BELL. That is correct.

Mr. ROUSSELOT. As to our people on the administrative end of this, ICA, you say we have no control over this at all. We just contribute to it.

Mr. BELL. We have no direct control; that is correct.

We have a voice through our representation on the various United Nations instruments. That is not a majority voice any more than our contribution is a majority contribution.

Mr. ROUSSELOT. What percentage of the fund do we contribute?

Mr. BELL. The limitation is 40 percent, I believe.

Mr. ROUSSELOT. Forty percent?

Mr. BELL. Yes, sir.

Mr. ROUSSELOT. Have we been contributing our share?

Mr. BELL. Yes, sir, we have.

Mr. JOHANSEN. Would the gentleman yield?

Mr. ROUSSELOT. Yes.

Mr. JOHANSEN. The witness made a point that the voice was not a majority voice any more than the contribution was a majority con-

tribution. Is the voice that we, as a government have, a 40-percent voice?

Mr. BELL. I perhaps should not have said it the way I did, Mr. Johansen. I was only making a point that, as a legal voting proposition, we did not have a control of the vote. Obviously, we try to exert our influence where we can.

Mr. ROUSSELOT. What influence did we try to exert to prevent this loan? Was it our intention that the loan be made?

Mr. BELL. I am afraid I am not the best witness for you on this question.

Mr. ROUSSELOT. Who would be?

Mr. BELL. I suppose perhaps Mr. Cleveland or Mr. Woodward in the State Department.

Mr. ROUSSELOT. I thought your agency was the one who made the contribution.

Mr. BELL. I am sorry. Let me just say I am a member of the State Department, a; b, the funds contributed under the Mutual Security Act to the U.N. are administered through the Bureau of International Organization Affairs of the State Department and not ICA, so the instructions to the delegates to our representation in the U.N. comes from the State Department, from the Bureau of International Organization Affairs, and Mr. Cleveland is in charge.

Mr. ROUSSELOT. The reason I asked that question, I think it relates very definitely to the kind of people we get to administer the programs, and the kind of judgment they use. We are here today talking about supergrades for better talent.

I would think we would look more carefully over the kind of contributions that we are giving with the funds and not turn around and give it to known Communist satellites; would you not?

Mr. BELL. I do know this subject underwent a considerable discussion. I believe there was fairly extensive testimony on this before the Foreign Relations Committee.

Mr. ROUSSELOT. The point is, we are asked as a committee to constantly pass on additional supergrades, and we are told one of the basic reasons for supergrades is for better talent. This is a reason to which we are sympathetic. But we wonder what kind of talent we are getting when we do not object very loudly to this kind of contribution to a known Communist satellite after we have broken diplomatic relations with it.

Mr. BELL. I am not qualified to testify how loudly we protested. We did protest, I am certain.

Mr. ROUSSELOT. I think if we do have some memorandums from your Department on this, they would be important to us in making judgments on what kind of people are filling these supergrades. I think it is important to know the kind of people we are hiring for these supergrade positions. We are using the taxpayers' money, and I know that is a kind of corny phrase, to spend in oversea places.

I have received a tremendous amount of mail on this objecting very strongly. I recognize we represent people back home who do not know how to deal with these affairs, but I think the time has come to take a more critical look at these kinds of expenditures. I hope in hiring, or asking for the kind of supergrades for which you are asking,

we do a better job of selecting personnel to handle these kinds of funds. This is not a blanket condemnation of the people.

Mr. BELL. I trust we will. I would only make two points: One, the decision in this instance was made by Presidential appointees as to how far this was to be carried. Secondly, there will always be, I am sure, differences of opinion as to how things should be done.

Mr. ROUSSELOT. Your agency hires the people who deal with these funds, is that not correct, and you have some say in the allocation of the funds to international programs?

Before giving financial support to such programs, we ought to make sure the programs have been administered properly. I do not think it is unreasonable to ask once in a while whether or not our financial contributions to given programs are helping our country. This may seem chauvinistic, but I believe we should be concerned about the administration of international programs to which we give funds.

Mr. GROSS. You had in Laos an ICA mission director by the name of Carter De Paul; is that correct?

Mr. BELL. I believe that is correct.

Mr. GROSS. Do you have any idea what he was paid?

Mr. BELL. No, sir; I do not know.

Mr. GROSS. It was probably close to the supergrade, if not in the supergrade bracket?

Mr. BELL. Likely.

Mr. GROSS. Quite likely. He was thoroughly discredited in his administration and kicked out of Laos, was he not?

Mr. BELL. He was removed from Laos.

Mr. GROSS. He was removed as director of the ICA mission in Laos; is that correct?

Mr. BELL. That is correct.

Mr. GROSS. What happened to him?

Mr. BELL. I believe he was assigned to other duties in Washington.

Mr. GROSS. He was brought back to Washington and kicked upstairs, both as to position and salary; is that not correct?

Mr. BELL. I could not tell you, Mr. Gross.

Mr. GROSS. He was brought back to Washington and given another good job?

Mr. BELL. He was brought back to Washington and given another job.

Mr. GROSS. And a good job?

Mr. ROUSSELOT. Why do we not have that history made a part of the record?

Mr. GROSS. I intend to get that. I am trying to elicit from the witness some information as to the history of Mr. Carter De Paul.

He was brought back to Washington and given another job and a good job. I will say a good job in Washington. I would like for you to furnish for the record the history of this case as it applies to his travels and job positions after Laos.

Yet it took months, did it not, to get this thoroughly discredited employee fired from his job in Washington? Is that not correct?

Mr. BELL. I would say I do not believe he has been fired. I think he has resigned, Mr. Gross. I am not familiar with the details of his case. I do know that he has submitted a resignation which has been accepted.

(The information referred to follows:)

N. Carter De Paul, Jr., has had the following assignments:

January 6, 1955, to October 8, 1957: Mission Director USOM/Laos; FSR 1, \$15,400.

October 9, 1957, to November 7, 1957: Reassignment complement, Washington, D.C., Deputy Assistant to the Director Overseas Internal Security Program; FSR 2, \$13,500.

November 8, 1957, to December 31, 1959: Chief, Investment Development Division, Office of the Deputy Director for Private Enterprise, Washington, D.C.; FSR 2, \$13,500 (Federal employees' salary increase of January 1958 raised salary to \$15,180).

December 31, 1959: Separated from the Foreign Service to take an excepted appointment under the Civil Service System in ICA/W.

January 1, 1960, to present: Chief, Investment Development Division, Office of the Deputy Director for Private Enterprise; GS-15, \$13,950 (July 10 Federal employees' salary increase to \$15,030).

October 1, 1961: Resignation effective October 1, 1961.

Mr. Gross. You are here asking us for supergrades. The question arises in my mind whether in this reorganization that you have been a part of you merely propose to leave the same people in this outfit known as the ICA. Is that what you propose to do under this reorganization, leave the same people in the same organization?

Mr. BELL. If that had been what we were proposing, we would not be seeking the authority we are seeking. I think it is the intention of the administration to try to place in each one of these jobs people of its own choosing that it believes to be qualified, and I do not think the idea is simply to blanket everybody that is in the organization into a new framework. Not at all. That is why we ask for the authority to be able to appoint without regard to civil service.

Mr. Gross. He should have been fired on his record. There is no question he could have been fired even though he had civil service protection. Yet he came back to Washington and was given another good job. He was not fired. I am blaming the previous administration for not firing him. Then this administration came in and it takes months to get him out of there under this administration. You cannot clean house to the extent over there that should be done. This does not require a reorganization, this sort of thing.

Mr. DAVIS. I will ask this question now.

You stated there would be a change in management and that you wanted to bring in new people and not keep the old in a number of instances. What I want to ask you is: What changes do you propose to make in management?

How many of the management people do you intend to replace, and how far down can you go under civil service rules and regulations in replacing management people and replacing these people under the Classification Act?

Mr. BELL. I would like to answer that question this way, if I may.

The President decided to seek the legislation before he established a new agency for this purpose. Therefore, no new agency has yet been established, and until people are appointed to head it, it is a little difficult to do much more than speculate as to which individuals will be replaced.

Mr. DAVIS. Do you see your way clear, for instance, to replace some of these supergrades who are in the existing organization, and, if so, how would you do it?

Mr. BELL. That is precisely the intention of the draft bill which is before the Congress—to enable the administration to replace any and all of the people in the supergrades.

Mr. DAVIS. Where will they go when you replace them?

Mr. BELL. They will retain whatever civil service rights they may have had. If they had no civil service rights, then they may be out. If they have a reemployment right in some other agency, they can seek to exercise it. But they will have no right to these particular jobs under this draft legislation.

Mr. DAVIS. What is the theory of that, that the ICA will be abolished and there will be no ICA?

Mr. BELL. There will be no ICA, no DLF. There will be a new agency which will be free to select the top management people and to compensate them at these rates of pay without having to take, or being barred from taking, anyone presently employed. The election whether a person will be retained or rejected will be that of the Administrator.

Mr. GROSS. Mr. Bell, you are not saying Mr. Labouisse, the Director of the ICA, does not presently have the authority to prefer charges against such characters as De Paul and have him thrown out? You are not saying that, that you have to have legislation in order to get rid of a man with the representation and record he established in Laos?

Mr. BELL. I am not saying Mr. Labouisse does not have the power to present charges.

Mr. GROSS. Why was something not done about it?

You come in and say you have to have a change in the law that will deprive certain individuals of certain protection under the Classification Act. You could have done something, or the Director of ICA could have done something, about cleaning out the characters involved in that scandal in Peru. You got rid of the mission director in Peru, but how about the rest of the people in league with him in that deal?

They are still over there, and apparently they are going to stay. There was no reason why charges could not have been preferred against those people.

Mr. BELL. I believe there is an investigative group presently investigating the situation in Peru to see whether charges can be preferred or not preferred.

Mr. GROSS. Let me get to H.R. 8400. I wish you would give to this committee, Mr. Bell, the precise information as to where in this bill you proposed to provide for supergrades and also to provide for the reorganization that you speak of. Furnish that for the record if you will, please.

Mr. BELL. I would be glad to.

I can answer now that the sections of H.R. 8400 are 622 and 623.

Mr. GROSS. They cover everything you are asking for today; is that correct?

Mr. BELL. I believe that is correct; yes, sir.

Mr. GROSS. And if not, will you supply any further information for the record?

Mr. BELL. Yes.

Mr. GROSS. I want specifically the information, if we may have it for the benefit of the committee.

Mr. BELL. I will be happy to.

Mr. GROSS. Exactly where you propose to amend the law. That is all I could ask.

(The information follows:)

SECTIONS OF H.R. 8400

Section 621, reorganization authority.

Section 622 (a), statutory officers.

Section 623 (b), supergrades and excepted conditions for new AID Agency and Department of State.

Section 623 (c), supergrades for Department of Defense.

Mr. DAVIS. I have one question I want to ask you. You were here last week when we made arrangements for Mr. Shriver to come in at 11 o'clock. To what extent is the increase of requested supergrades due to an anticipated increase in funds to be distributed in the name of economic and military aid?

Mr. BELL. I do not think, Mr. Chairman, I would ascribe the request for increase in the number of positions to be compensated at these amounts to an anticipated increase in the volume of aid, but rather to a belief that a new and more vigorous organization was essential to more effective management. Whether we increase the amount of aid being provided, or decrease it, it is still a lot of money.

Mr. DAVIS. Mr. Bell, do you want your prepared statement admitted in the record?

Mr. BELL. As you like.

Mr. DAVIS. The statement will be admitted, without objection, at this point in the record.

(The prepared statement of Mr. Bell follows:)

PREPARED STATEMENT OF HON. JOHN O. BELL, DEPUTY CHAIRMAN OF THE PRESIDENT'S TASK FORCE ON ECONOMIC ASSISTANCE

Mr. Chairman and members of the committee, I appreciate very much this opportunity to meet with your committee and discuss the relationship of the excepted position authorities requested in the Act for International Development to the executive branch's general request for supergrade position authority as administered by the Civil Service Commission. Unfortunately, in the past, there has been a certain amount of confusion with respect to these separate programs. Our meeting here today, I hope, will help to eliminate that confusion.

In his message to the Congress on March 22, 1961, the President stated: "The (international economic development) program requires a highly professional skilled service, attracting substantial numbers of high caliber men and women capable of sensitive dealing with other governments, and with a deep understanding of the process of economic development."

The President further stated in that message the need for "a new agency with new personnel—drawing upon the most competent and dedicated career servants now in the field and attracting the highest quality from every part of the Nation." It is our conviction that the personnel authorities contained in the Act for International Development have been designed to accomplish the objectives stated by the President.

I am sure we are all agreed that the AID program must attract the best manpower and talent in the Nation if successful implementation is to be achieved of the U.S. investment in free world economic development. No program is better than its leadership. Good executives expect clear lines of authority and responsibility, and compensation and status commensurate with that responsibility. The stature and caliber of an agency's senior executives is also vital in attracting, motivating, and retaining competent professional and technical supporting staffs.

All previous mutual security legislation, since the inception of the Marshall plan, has provided the heads of predecessor agencies special authority to com-

pensate senior executives at rates in excess of grade 15 of the general schedule of the Classification Act. For this reason, none of the supergrade legislation administered by the Civil Service Commission has provided executive position coverage for foreign economic assistance activities (except for a small number of positions most recently provided for the Development Loan Fund). This general precedent is still recognized in the current executive branch proposal (H.R. 7377) consolidating Classification Act and other supergrades in other Federal agencies, now under consideration by your committee.

Except for four DLF positions covered in section 301 of title III of H.R. 7377, the bill makes no provision for supergrade equivalent positions required for AID activities. This section was originally included in title III as one of the realignment needs for the several independent agencies, in this instance amending section 205(b) of the Mutual Security Act of 1954, as amended. This section authorized the use of four positions at compensation not in excess of \$18,000. However, with the executive branch proposal to transfer the DLF activity into the new AID agency, there no longer exists a need for section 301. In fact, the pending Act for International Development, H.R. 7372, makes no provision for continuation of section 205(b) of the Mutual Security Act. For at least this year, it is proposed that the supergrade requirements of the development loan financing activity will be met by the excepted position authority provided in the Act for International Development.

Explanation of the excepted position authority proposed in the AID bill is best presented in two parts; first, the number of positions involved, and second, the extent of the excepted authority.

Number of positions.—Section 527(b) of the Mutual Security Act of 1954, as amended, provided special compensation authority for a total of 70 positions, 45 of which could be at rates in excess of GS-15. The other 25 positions provided flexibility in special situations below the supergrade level. In addition, 10 supergrade equivalent positions were authorized the several predecessor agencies (the Development Loan Fund and the Office of the Inspector General Controller) by sections 205(b) and 533A of the Mutual Security Act. The total thus provided was 55 positions at supergrade equivalent levels.

Section 623(b) of the AID bill extends the basic authorization to 85 positions for the economic development program, 25 below the supergrade level, and 60 in excess of GS-15. In addition, section 623(c) of the act provides for the employment of 12 persons at supergrade rates to carry out the provisions of the International Peace and Security Act, the military assistance program.

The 12 positions authorized by subsection 623(c) represent an increase of 8 over the number previously available for the military assistance program. They are needed to provide for the new senior positions created as a result of reorganization of the activity in the Office of the Secretary of Defense which directs and supervises the military assistance program, as recommended last year by the President's (Draper) Committee To Study the Military Assistance Program.

Of the 60 supergrade equivalent positions requested in subsection 623(b), 55 are intended for use in the AID agency, and 5 are for the Department of State for the purpose of coordinating both the military and the economic assistance program.

Although the 55 positions for the AID agency correspond to the number now authorized in various sections of the Mutual Security Act of 1954, as amended, this actually represents a net increase of 9 in the number made available, because that number was previously utilized in military and coordination functions. The nine new positions are required essentially for a new development and research assistance function, and to strengthen the AID agency's personnel administration and financial management activities.

Control of position incumbents.—The key to the President's request in section 623(b) of the AID bill is the special and flexible authority to appoint and remove executives, in order to assure the highest caliber of skills in the key positions of the development assistance program.

Under the previous Mutual Security Act, only the compensation of the executive was subject to the President's discretion. Many desirable appointees would not make themselves available unless the tenure of their previous positions was retained in the new supergrade appointment. In a few instances, the subsequent need to displace the individual was not possible without resorting to extremely complicated procedures.

Section 623(b) corrects this administrative deficiency by making both appointment and removal subject to the discretion of the President without regard

to the provisions of the Civil Service Commission's reduction-in-force regulations and the Veterans' Preference Act. Appropriate protection is provided career employees, however, by legislative language which entitles them to restoration to the position held prior to appointment to the excepted position.

This new authority is the only simple and equitable technique by which the Congress, the President, and the AID Administrator can be certain that the executive leadership of the economic development program can be kept alert and vital, responsive to changing needs and policy determinations, and properly responsible for maximum performance of their responsibilities.

Mr. DAVIS. It may be possible after we digest the information you have given us this morning, that we might want to ask you to come back.

Mr. BELL. I will be very happy to come any time it suits the pleasure of the committee.

Mr. DAVIS. Thank you very much. We appreciate your coming. Mr. Shriver, will you come to the witness table, please?

Thank you for coming back this morning. Mr. Johansen was questioning you, I believe, when adjournment time caught us last week.

STATEMENT OF HON. ROBERT SARGENT SHRIVER, JR., DIRECTOR OF PEACE CORPS—Resumed

Mr. SHRIVER. I would like to express my regrets I am a little late in arriving. My airplane was 2 hours late getting into town this morning, which explains why I am 5 or 10 minutes late in arriving. I am sorry.

Mr. JOHANSEN. Mr. Shriver, as of what date is it necessary for your agency to submit its budget for fiscal 1963?

Mr. SHRIVER. I do not know the answer to that question. Nobody has told me what date we have to submit a budget for 1963.

Mr. JOHANSEN. Have you begun any preliminary work with respect to that budget?

Mr. SHRIVER. We have done some, but very little. I am not personally acquainted with the details of that work.

Mr. JOHANSEN. Am I clear that the \$40 million figure contemplated in H.R. 7500 is for operations in fiscal year 1962?

Mr. SHRIVER. That is correct, plus the "forward funding" of operations which have been started in 1962 which extend into 1963, such as an arrangement with a university over the private voluntary agency, or for the training of people that would take place in the summer of 1963.

Mr. JOHANSEN. Would that so-called forward funding extend beyond fiscal year 1963 or just into 1963?

Mr. SHRIVER. Into, but not beyond.

(A supplemental statement follows:)

The Peace Corps has not obligated funds in any contract for needs other than those of the fiscal year in which the contract was made. In section 10(c) of H.R. 7500, authority is requested to make, subject to future action of the Congress, agreements entailing commitments for expenditures which may extend for not more than 36 months. If this authority is enacted, the Peace Corps' general policy, as stated in its legislative presentation materials, will be to forward-fund nonprofit voluntary agency and university contracts for not more than 2 years.

Mr. JOHANSEN. Would you have any ideas as to whether the appropriation request, or the authorization request for fiscal year 1963

will be less than, equal to, or more than the \$40 million requested for 1962?

Mr. SHRIVER. I think the total requested for fiscal year 1963 would depend upon experience we get in 1962 in developing the budget; in 1963 we would try to take into account the experience we have in the current fiscal year.

Mr. JOHANSEN. Would you regard it at all likely if the program by your standards is successful, or promising in 1962, that it would be less than the \$40 million requested for 1962?

Mr. SHRIVER. I would think, Mr. Congressman, my standards would not be the sole criteria of its success. I would think we would be coming here to Congress in connection with proposals for 1963 fiscal year, submitting the facts on what had happened and getting the advice and consent of Congress to do whatever is done.

Mr. JOHANSEN. I do not want to be unreasonably persistent, but would you not be amazed if it were less than \$40 million that you requested for 1963?

Mr. SHRIVER. No, I would not be amazed if the actual working experience in fiscal year 1962, that is, the current year, did not fulfill all expectations. I would not be amazed if it were less.

Mr. JOHANSEN. As I understand it, volunteers are to live on more or less of a subsistence and adequate standard of living, but one basically consistent with that of the people in the host countries. Somewhere, however, in the organizational setup there is a dividing line between the volunteers who live on this basis and who amass to their credit \$75 a month for their period of service, and those on the regular pay scale, including the supergrade people, of course.

Mr. SHRIVER. Yes.

Mr. JOHANSEN. Will there be among those who are on the regular pay scale of the Federal Establishment, including supergrades, persons who will actually be serving abroad.

Mr. SHRIVER. Yes, sir. Persons who will actually be serving abroad as Peace Corps representatives will be compensated under Foreign Service Reserve officers authority.

Mr. JOHANSEN. I am just a little baffled to understand how you justify this minimal type of pay, or how you would justify to the recipients of the services of this agency the minimal pay that the volunteers receive and the full scale, "labor is worthy of its hire" pay that is going to the administrative end of the agency.

Do you anticipate any problem in justifying that to these underprivileged people who are going to be made to feel jealous if they know some of our people are getting more in a month, or a day, than they receive in a year, or in a month.

It seems to me there is sort of a schizophrenia here. I find it very difficult to explain.

Mr. SHRIVER. I do not think we will have too much trouble, Mr. Johansen, because I do not think the Peace Corps volunteers are volunteering because of their hope for financial reward. I think they are joining the Peace Corps because of their desire to serve, and their interest in the financial remuneration is let's say minimal. Therefore, I do not anticipate people so motivated will react with great anxiety, or discontent, to the situation that you describe.

I should perhaps point out in addition, Mr. Johansen, that the objective of the Peace Corps staff representatives overseas is to be like the leader of any other group of people, and generally speaking, I think you will find in most agencies, private agencies that operate abroad, that leaders of groups do receive as a rule certain larger financial remuneration than the people who are members of the group.

Our Peace Corps representatives overseas will not be confined to live in a capital city, they will be out where our volunteers are a substantial amount of the time because that is an important part of their job. I think the type of people we will be able to recruit for these posts will be the kind who inspire confidence and provide leadership to the volunteer.

Mr. JOHANSEN. I have seen a statement attributed to Mr. Lawrence Dennis, who I believe is heading the training program for the recruits, to the effect that we have reached a point in our history when we should think seriously about asking every qualified person to set aside a number of years for rendering service to their Government, whether on the local, State or National level, either at home or abroad, and that the sense of national purpose lacking in the last generation could be refound in this mission.

Do you subscribe in general to that premise?

Mr. SHRIVER. I do not subscribe to any compulsory feature with respect to it, but I think it would be very admirable if the citizens of our country felt sufficiently interested, patriotically, so to speak, to volunteer for the type of service the Peace Corps provides.

Mr. JOHANSEN. Has there not been that sort of an attitude generally with respect to service to their country? This is not a new frontier invention, or discovery, is it?

Mr. SHRIVER. I think probably, Mr. Congressman, you are right, but there is this attitude I am fearful they have not had an opportunity adequately to express their desire.

Mr. JOHANSEN. Was there not a proposal in connection with universal service back in the early 1950's by Mrs. Rosenberg which would have in effect made this compulsory?

Mr. SHRIVER. Perhaps that is true. I am not certain. I just do not know whether Mrs. Rosenberg ever made such a suggestion or not.

Mr. JOHANSEN. Certainly nobody has been more critical than I over the payroll expenditures of the Federal Government, but I want the record to show when the Federal Government starts on an ostensible volunteer basis getting people to serve their country other than on the principle of labor being worthy of its hire, I think we are well on the road to the other type of approach, which is the compulsory national service principle.

I think this contributes very materially to it.

One or two other questions.

I notice in the bill on pages 26 and 27 a number of items which arouse considerable curiosity.

For instance, on page 24, starting with section 15 (b) :

Funds made available for the purposes of this act may be used to pay expenses in connection with travel abroad of employees * * * including travel expenses of dependents.

To what extent is it contemplated there are going to be travel expenses for dependents under the Peace Corps program?

Mr. SHRIVER. To the extent we have the Peace Corps representatives abroad you were questioning me just a moment ago. They will be full-scale employees, if I may use that expression, whose dependents will be taken care of just as the dependents of Foreign Service officers are taken care of.

These sections that you are referring to, sections 15 A, B, and C, and so forth, are drawn intact from the Mutual Security Act already on the statute books.

Mr. JOHANSEN. So with respect to the bureaucracy operating this new Agency, they are going to have the same perquisites and provisions you have for the Foreign Service, for ICA and administrative people and the rest?

Mr. SHRIVER. To a large extent that is correct. But not completely so because we are asking our people, although they would have the right, we are asking them to accept substantially less. Most of those people have automobiles and so on, and we are suggesting we confine our utilization to automobiles like a jeep rather than a passenger vehicle. In some cases, I think they have chauffeurs and other people of that kind, and we are not proposing utilization of people of that type.

In some certain substantial ways, I believe, our people will not be exactly like the Foreign Service officers, or the ICA high-level bureaucrat overseas.

Mr. GROSS. Mr. Shriver, who prepared this bill, 7500?

Mr. SHRIVER. This bill was prepared in the executive branch by our attorneys with the help of the State Department people, the ICA people, and the Bureau of the Budget.

Mr. JOHANSEN. Is it also true this provides the funds available, for the purposes of this act, shall be available for purchase as well as maintenance, operation, and hire of aircraft?

Mr. SHRIVER. It does in the draft you have, but about a month or more ago we submitted about 20 amendments, approximately, to the House Committee on Foreign Relations and to the Senate, modifying some of these provisions, and one of them is the provision to which you allude, and therefore we have struck from the bill this business about purchase of aircraft.

Mr. JOHANSEN. Have you struck the item not to exceed \$5,000 a year for entertainment?

Mr. SHRIVER. Yes. That has been reduced to \$2,500.

Mr. JOHANSEN. What is contemplated in that term "entertainment"?

Mr. SHRIVER. The only thing that is involved would be where one of our people overseas would have the responsibility of taking care of some official of a foreign government, or some visiting official from our Government who would be there on official business.

Mr. JOHANSEN. This is to take care of the cocktail parties for him?

Mr. SHRIVER. We are not very much in the cocktail routine.

Mr. GROSS. How much, \$2,500 worth, or what?

Mr. SHRIVER. It has been reduced at our suggestion to \$2,500.

Mr. GROSS. You still have some money for cocktail parties in the bill?

Mr. SHRIVER. As I said, Mr. Congressman, I do not think we will be having any cocktail parties.

Mr. JOHANSEN. What about item 7, expenditures not to exceed \$5,000 in any fiscal year except as may otherwise be provided in an appropriation of another act of a confidential character?

What sort of contingency is that directed to?

Mr. SHRIVER. Sometimes experience has shown goods are stolen overseas, or somebody might be traveling in a vehicle from which some of their personal possessions might be taken, and it has been the custom, as I understand it, over a number of years to reimburse employees for such losses provided the losses were not due to any negligence on the part of the employee. These expenditures are for those purposes, and similar ones.

Mr. JOHANSEN. One or two other questions.

We had testimony here I believe this morning that ICA has some 9,000 skilled technicians.

What was the testimony with respect to skilled technicians?

Mr. GROSS. He is going to come up with a figure. The best information we have so far is about 9,000 ICA technicians.

Mr. JOHANSEN. To what extent do you anticipate there may be very real duplication as to functions and activities of these technicians working in the various countries and the functions and activities of the volunteers of the Peace Corps?

Mr. SHRIVER. We anticipate there will not be any duplication.

Mr. GROSS. How are you going to avoid it?

Mr. SHRIVER. In making up projects for a particular country, we will be working very closely and cooperatively with the ICA people, and with the other people on our embassy staff so there will be no reason for duplication and no possibility, I think.

Mr. GROSS. In other words, what one does not catch the other will try to?

Mr. SHRIVER. I do not quite know what you mean by that phrase.

I would hope personally, Mr. Congressman, in some cases where we have a high caliber, let's say professor of agriculture who goes, as I said once before, from village to village making demonstrations of agricultural projects, that some Peace Corps volunteers might be associated with that man and stay behind after he has left in a particular village and make sure that the benefit of his demonstration project is more lasting, and that it has a permanent effect in changing and improving, I hope, the quality of agricultural work done in a specific location.

Mr. DAVIS. Mr. Shriver, we had Mr. Bell here this morning, and you heard part of his testimony.

We had him place in the record a list of all of the work which ICA has been doing which this new Agency will do.

Now, he has covered in his detail of the work which they have done and are doing now and which he says they will continue to do just about everything that you have listed here in this résumé of your work.

I see on page 12 in paragraph 3 down at the bottom, for example, ICA is currently examining the need for volunteers to help out on the worldwide malaria eradication program.

Now, that is one of the things which he told the subcommittee this morning they are doing.

What is the logic, and what is the commonsense, in having that American organization over there working on malaria eradication

and then having the Peace Corps come in and work on malaria eradication?

If that organization is worth its salt, certainly it ought to be capable of doing everything that this Government can do in the work of malaria eradication, and if yours is going to do it, and they are any good, they ought to be able to handle it without having it duplicated and overlaid one with the other. Why is there commonsense in having programs overlapping that way?

Mr. SHRIVER. As I tried to explain, they and we do not think there will be any overlapping. It was they, as a matter of fact——

Mr. DAVIS. You have the same project here. He has malaria eradication and you have it.

Mr. SHRIVER. It is like having a doctor in a hospital, and then they have an aide, an intern, or they have nurses. These people's work do not overlap.

Mr. DAVIS. I do not think that is a good illustration of why we should have two groups in the same country working on the same program.

Mr. GROSS. The United Nations also has a malaria eradication program?

Mr. SHRIVER. That is right.

Mr. GROSS. And the Organization of American States through what used to be known as the old Sanitary Commission. They have a malaria eradication program.

Is there no end to the people who are going to eradicate malaria if you are going to get into the picture?

Mr. SHRIVER. The people who have been in it have indicated they would like to have a great deal more help of the kind we can supply.

Mr. DAVIS. They come before the Appropriations Committee each year and say, "We need this and we need that." If they need more people on the project, what is there to prevent them from asking for it and getting it?

Mr. SHRIVER. One of the things is, I am told, Mr. Congressman, this is their problem—I am told they have been unsuccessful in getting the people they need. People will not volunteer, or they cannot pay them the salaries required. Whatever the reason is, I do not know, they have not been able to get them. We hope to help——

Mr. DAVIS. Do you know whether they have asked for them or not?

Mr. SHRIVER. Specifically, no.

All I know is when we first started with the Peace Corps they asked us to please be of help to them in this area if we could be.

Our objective is to try to help our own Government projects where we can.

As a matter of fact, we have not yet undertaken any project involving malaria eradication. This is not to say we will not do so if the ICA or the new aid mission——

Mr. DAVIS. It is here in your prospectus.

Mr. SHRIVER. That is a prospectus of what we might do and includes a lot of things which we have not yet been able to do.

If the ICA decide they do not want you to do that, all right.

Mr. DAVIS. Your agency ought not to be created and financed unless there is a definite need for the tasks it is going to perform. Do you not agree with that?

Mr. SHRIVER. Yes. All the people in this area of malaria eradication say there is a definite task for this agency to perform in that area.

Mr. DAVIS. Who did you talk to about it, and who did they tell that to?

Mr. SHRIVER. We talked to the top people in the ICA today.

Mr. DAVIS. I would like to know who in the ICA told who in your organization that they needed your help in the malaria eradication program.

Mr. SHRIVER. James Grant, who is one of the deputy directors I think of the ICA; Dr. Karl Bode, who is one of the planning people; Dr. Fitzgerald, the operating manager, and Jack Bell, who was here, also talked to us about this.

I may add this presentation of the fiscal year 1962 program is not something we developed all by ourselves. This presentation has been reviewed by people there so there is nothing peculiar, or out of line with their own thinking in what we have here.

Mr. DAVIS. I am not asking you this to find fault. I am asking you this as a matter of determining whether or not the group already working on it is doing the job effectively, or ineffectively, and whether you can do it effectively, or ineffectively if you take it up.

Mr. SHRIVER. We are not taking it all over any more than we would be taking it over from the U.N. They are doing what they have done as effectively as they can with the kind of people and the number of people they have available. They think, and we share the thought, that the Peace Corps may be able to enlist people who could be very helpful to them in improving their program. This does not mean that what they are doing is ineffective, it means they think we can help.

Mr. DAVIS. If they are not doing the job, and they are getting the money which they ask for, and if they are not doing the job and need another U.S. agency to be created and come over and participate in it too, it looks to me like there is a lot of inefficiency somewhere.

Mr. JOHANSEN. I would like to pursue a particular project you referred to the other day.

As I understand it, one program contemplates supplying teachers for the Philippine Islands.

Mr. SHRIVER. That is correct.

Mr. JOHANSEN. About how many are scheduled for that?

Mr. SHRIVER. We have 150-odd in training out at Penn State. They will be going out to the Philippines within the next few months. That total project is scheduling up over 300 or more.

The request from the Philippine Islands Government was for a lot more teachers than we agreed to try to supply, Mr. Congressman, because we wanted to get going at a relatively slow speed rather than a high speed. So the total number that would get involved in that project would be determined on two or three factors:

One is the availability of properly qualified people here;

Second, the experience we have in conducting the program;

Third, the acceptability in the Philippine Islands by that Government of the performance our people provide.

Mr. JOHANSEN. Is our Government doing anything through any agency, or medium, to promote teacher training of the Philippine people themselves?

Mr. SHRIVER. They either are, or are about to; one or the other. I am not certain about what the other agencies are doing. I do know when we undertook this in our discussions with the ICA and others at that time, it was agreed that the teacher training component to which you refer should be better done by the ICA because that is their particular skill—not skill, but they send out the people at that level.

Mr. JOHANSEN. Would you not feel for the long range a far greater service to education in the Philippine Islands would be rendered in the area of developing among their own nationals teachers and a teaching capacity rather than building up a progressively larger system of volunteer teachers from the United States?

Mr. SHRIVER. No, sir; I do not think it would be better. I think they would supplement each other, and I think both should be done.

Our undertaking is the request of the Philippine Government to fill an existing gap which will exist despite all effort at the teacher level for a number of years.

As soon as the teacher training program is advanced sufficiently as you evidently desire, and enough teachers are trained, then the volunteer teachers such as the Peace Corps provides can be eliminated. I think that is very desirable. I agree with you.

Mr. GROSS. Why does it cost more to send a Peace Corps teacher to these countries than a teacher through the ICA, or the State Department, or other agencies of Government? Why?

Mr. SHRIVER. I do not think it does.

Mr. GROSS. You were told that when you testified. It is in the Senate hearing record when you appeared before the Senate.

Mr. SHRIVER. That it cost more to send a Peace Corps teacher than an ICA teacher?

Mr. GROSS. That is right.

Mr. SHRIVER. Nobody said that, if I can remember. Perhaps my memory is faulty.

Mr. GROSS. It is here in the record.

Mr. SHRIVER. I do not remember it. I am not contesting it is in the record, but I do not remember it.

Mr. GROSS. Your figure is about \$9,000 on the average, is it not?

Mr. SHRIVER. That is correct.

Mr. GROSS. And the average for the State Department is \$6,280, according to the hearing record before the Senate committee.

Why? I do not understand why it costs so much more for your operation.

Mr. SHRIVER. Actually, I think our operation costs less, Mr. Congressman, and I have never heard the State Department sends teachers abroad such as we are sending to the Philippine Islands.

Mr. GROSS. You better read page 113 of the Senate hearing records.

Mr. SHRIVER. I will be glad to read it.

As I remember, when I was there there was no testimony the State Department was sending teachers to the Philippine Islands.

Mr. GROSS. I could read it, but I do not want to impose upon my colleagues time.

Mr. JOHANSEN. One final question.

Are not some of these Peace Corps volunteers going to be sent to countries in which there are acknowledged and admittedly organized

Communists, either Soviet or Red Chinese, to carry on infiltration and subversion activities?

Mr. SHRIVER. I think some of our Peace Corps volunteers may well end up in countries where the Communists are trying to take those countries over.

Mr. JOHANSEN. What is being done, and I know it is an ugly word and something completely taboo for the Defense Establishment—what is being done to indoctrinate, or condition, or prepare these volunteers to meet that challenge, and to speak, if they are to speak, in terms of opposition to communism?

Mr. SHRIVER. In the training programs at each one of the training sites there is a large component of instruction in American history and government, democratic theory, civics, and so forth.

In most cases, we hope this will be a refresher course because a large proportion of our people are already college graduates, but even if it were a refresher course, we think it is very important it be given for some of the same reasons I guess you think so.

We are also giving presentation of films that have been prepared by the Defense Department and by others. The Industrial War College, I think is the proper title, I am not sure about that, but it is providing us with lecturers.

As I said, I think on a couple of occasions the FBI has—

Mr. JOHANSEN. Does the gentleman realize the dangerous ground he is treading on there?

I do not know whether it is out of order, but the chairman of the Senate Foreign Relations Committee has openly declared war on any activity of that kind. I just wonder how it is going to be possible to pursue it.

Mr. SHRIVER. As long as we have congressional approval for the administration of this agency, I suspect we can administer it as seems best and report to the Congress on what we do. We think it is very important to have that kind of instruction given to Peace Corps volunteers who go abroad, just as we think it is important for them to have a physical examination, intellectual examinations, emotional examinations, FBI checks, and so on.

Mr. JOHANSEN. Some do not think that is so, including the chairman of the Foreign Relations Committee.

Mr. SHRIVER. We have given the same testimony on this point to the Senate, including the chairman, and in public meetings, so there is no secret about what we are trying to do. So far, nobody I know of has objected to it, at least not strenuously.

Mr. GROSS. Mr. Shriver, do you still have a member of the Peace Corps by the name of Kamen?

Mr. SHRIVER. No, sir. The person to whom you refer is a person who was selected to go to training camp. These people are not members of the Peace Corps. They are persons who are recruited to go to a training camp during which time, as I was mentioning a minute ago, the selection process continues.

We felt when we started the selection system that it was impossible to devise any single written test, or even personal interview, which would give you enough information about a man, or woman, to determine whether he or she would be successful in oversea service.

Mr. GROSS. You seem to know the name of the gentleman?

Mr. SHRIVER. Yes, indeed.

Mr. GROSS. He was thrown out of a Rotary meeting in Miami, Fla. You recall his name very well?

Mr. SHRIVER. I know the names of several of the Peace Corps volunteers. I have been to some of the camps, and we have issued a document, and I see a copy in front of Mr. Johansen.

Mr. GROSS. You mean this confidential thing?

What is confidential about this?

Mr. SHRIVER. No, sir; if you have the one which was set up with the figures.

Mr. GROSS. What is confidential about this one?

Mr. SHRIVER. I cannot quite recognize it, but if you have in your hand the one in which figures are computed, dollars and cents figures for particular countries, it was confidential at that time because those programs had not been announced. We wanted the Members of the Congress to have the figures.

Mr. GROSS. Looking casually at this, and having read most of the hearing record before the Senate, I do not find anything in here that was not divulged to the Senate, or by you when you appeared before this committee the other day.

Mr. SHRIVER. What is the date on that?

Mr. GROSS. June 19, 1961.

Mr. SHRIVER. At that time, you see, some of the figures in there were not for public consumption, they were for the Members of the Senate and the House, others who have a right to them.

Now, probably all the stuff in there has come to pass. I hope so.

Mr. GROSS. I wondered why it was listed as "confidential."

Mr. SHRIVER. It was at that time.

Mr. GROSS. This man Kamen is no longer in the Peace Corps, is he?

Mr. SHRIVER. No, sir. I did not say that. What I said was, he never was in the sense—

Mr. GROSS. Is he now in the Peace Corps?

Mr. SHRIVER. I think probably he has been called to Penn State for training. Whether he is actually there physically at the moment I do not know.

I do know that he, along with 150 other people, were selected for training at Penn State, and during the training program, as I said a minute ago, there are extensive tests and evaluations are made of all the people, and it is only when they finish—

Mr. GROSS. Are you listing him in this book?

Mr. SHRIVER. Excuse me. In that book, sir, we only have the people who were selected for the training program for Ghana, Tanganyika, and Colombia. Those were the first three for which we completed the selection process for training.

In the training camp—I am trying to make this point clear—in the training camp selection continues, and it is only when the training period is over that somebody is "in the Peace Corps," to use your phrase, sir. They became members of the Peace Corps when they are finally selected for oversea service. That takes place at the end of the training period.

Mr. GROSS. That is a lovely procedure. You take them, spend a lot of money on them under a fat contract with some university, or

college, educate a character such as this Kamen, spend a lot of money on him, and then perhaps drop him.

Is that the way this thing operates, and they are dumped after they get this training? Is that the way it goes?

Mr. SHRIVER. We think the best selection system, as I said a moment ago, does not involve just one test and then somebody is in the Peace Corps because they passed a written test, or one examination and then they are in or out. We think that it is a combination of a variety of tests and observations, and this cannot be done in 1 day, or 2 days, just through a personal interview or written test.

Mr. GROSS. If these people are going overseas, and they are taught to engage in politics in some foreign country, and you have a character such as this Kamen, who walks into a meeting of a Rotary Club in this country and tries to disrupt it, that ought to be enough. Would you not think to disqualify him from any further pursuit of this Peace Corps business that would be enough?

Mr. SHRIVER. What I think is, I would not want to impose my judgment, since I have never met the man, on the regular process which we have for selecting people for Peace Corps service overseas.

Mr. GROSS. What kind of screening do you give these people?

Mr. SHRIVER. The first thing they have to do is to fill out a fairly elaborate questionnaire. In that questionnaire they are requested to give the names of four to six people who submit letters of reference about them. In the case of this particular individual, those letters of reference were submitted, and included very warm letters of reference from some of the top people in his city.

Then the second thing is, they have to take 5½-hour examination, a written examination.

Mr. GROSS. Does the FBI scrutinize these people in any way?

Mr. SHRIVER. Yes, sir. I was going to tell you about that.

Mr. GROSS. Yes. This man was attempting to disrupt a meeting of a Rotary Club, and the feature of that event was the showing of the film "Operation Abolition."

Mr. SHRIVER. As I was saying, after they take the 5½-hour examination, if they have good letters of reference which we check, and they have done well on the examination, and their other record appears good, we may select them providing they have the qualifications for a training program.

At the training program, they get physical examinations, emotional or psychiatric examination, a full FBI field check, they are observed by the faculty of the institution in question, many of whom have lived in the foreign country to which these volunteers are prospectively to be sent. You might say there are fitness reports, and evaluations are made of them, and at the end of that period they are selected.

Mr. GROSS. That leads to another question.

Are you hiring psychiatrists on a contract basis?

Mr. SHRIVER. I do not know whether it is on a contract basis or not. We have used psychiatrists to evaluate our——

Mr. GROSS. What do you pay them?

Mr. SHRIVER. I think they were paid \$15 an examination, but I am not certain of that figure.

Mr. GROSS. You are getting them cheap.

Mr. SHRIVER. I hope so.

Mr. GROSS. Some agencies are paying them \$100. They are paying \$100 for one of those couch sessions, but you are going out and hiring psychiatrists when we have all kinds of them in the Government; is that correct?

Mr. SHRIVER. The Public Health Service is handling that for us, and it is possible for them to use doctors connected with the Military Establishment, our Public Health Service, or other agencies of the Government. I know they are attempting to use people who we already have available. In some cases, they may not have been able to get the persons they need at the place they were needed.

Mr. GROSS. Provide for the committee, if you will, a statement showing the employment of psychiatrists, who they are, and how much you are paying them, and so forth.

Mr. SHRIVER. I would be happy to supply that.

(The information follows:)

The costs of psychiatric interviews have been included in the cost of the last six training program contracts the Peace Corps has directly or indirectly financed (Penn State, Ohio State, Experiment in International Living, Iowa State University, University of California at Berkeley, and Harvard University). To date, the Peace Corps, therefore, has not employed or paid psychiatrists in connection with these programs. With the exception of the Penn State training program, psychiatric interviews under these training program contracts are estimated to cost between \$15 and \$20 per interview.

Under the Penn State training program, psychiatric interviews for 200 volunteers are expected to cost \$8,715, or approximately \$43.50 per volunteer. Penn State has no medical school, a very limited psychiatric capability, and is somewhat remote from psychiatric facilities adequate for these purposes. Hence, the expectation of a somewhat higher cost.

Psychiatric examinations in connection with the training programs at Rutgers University and Texas Western College are being conducted through either the employment of consultants by the training institution or subcontract arrangements. Interview costs under these arrangements are also expected to average between \$15 and \$20 per interview.

No psychiatrists are employed by the Peace Corps itself at this time. Should psychiatrists be directly employed in the future, the Peace Corps would hope to maintain the above cost rates either as such or by paying a daily consulting fee of not to exceed \$75 in the expectation that approximately five interviews would be completed each day.

Mr. JOHANSEN. On the FBI field check, does the FBI evaluate its findings?

Mr. SHRIVER. It is my understanding the FBI never evaluated their findings.

Mr. JOHANSEN. Who does evaluate the findings that are the result of this field check?

Mr. SHRIVER. The agency to which they are submitted, in our case us, and in the case of another agency, it would be them.

Mr. JOHANSEN. Who in your agency has that specific security responsibility?

Mr. SHRIVER. I have it. The director of the agency, I think, always has it. I think it is proper for you to delegate it, at least to one person, and some of the preliminary reports are looked over by one of the members of our legal department. In any case, where there is any question of any kind whatsoever, it comes to my personal attention.

Mr. ROUSSELOT. To whom in your proposed agency do you intend to delegate this authority?

Mr. SHRIVER. The General Counsel.

I also want to make it clear I do not delegate it and forget about it.

Mr. ROUSSELOT. Oh, no.

Mr. SHRIVER. Any case of a dubious nature that comes in comes to my own desk. I have already looked at a number of such reports.

Mr. GROSS. So this Charles Kamen who disrupted this meeting in Miami, Fla., is still in training with the Peace Corps despite the efforts of certain Senators from the State of Florida and others to get him out of there? He is still with the Peace Corps, to the best of your knowledge?

Mr. SHRIVER. So far as I know, he is. I have had talks with the certain Senators to whom you refer, and I think they are satisfied with what we are doing.

Mr. JOHANSEN. Has there been an FBI field check on him?

Mr. SHRIVER. Yes.

Mr. JOHANSEN. That has been reviewed?

Mr. SHRIVER. I thought you said, Will there be one?

Mr. JOHANSEN. Has there been?

Mr. SHRIVER. I do not know whether there has actually been one completed yet. He was only notified of his preliminary selection about 2 weeks ago, or maybe 3 weeks ago. Normally it takes the FBI longer than 2 or 3 weeks to complete a field check.

Mr. JOHANSEN. That notification came since the Rotary Club episode?

Mr. SHRIVER. No, sir.

Excuse me—since the episode, but before our knowledge of the episode?

The episode, I think, took place perhaps a year ago. Our knowledge of it only dates from the time he was selected for this training, and the FBI starts its check and it takes them a while to complete it.

Mr. HENDERSON. Will you inform the committee to what extent you plan to use the CARE organization in your program, or fit your program into CARE's operation?

Mr. SHRIVER. The best answer, I guess, is that we have already undertaken one project with CARE to be conducted in Colombia, South America. Whether we would have additional projects like that with CARE depends upon CARE approaching us and proposing a particular project, or, conversely, we finding a specific country that wants that kind of a project and going to CARE and finding out from them whether they would like to undertake a second project with us, either in Colombia or another country. That has not yet happened.

Mr. HENDERSON. In this instance they requested your assistance?

Mr. SHRIVER. Yes. That is written up, I think, in this document presented here to you, but in substance what it was is roughly this—the Government of Colombia decided they wanted to develop some of their own people with skills in rural- or community-development work. They had no agency, I gather, within their own government, qualified to teach these skills to their own people, their own national. So I believe they contacted CARE, they, and a private organization in Colombia called the Coffee Growers Association.

CARE agreed to inaugurate a training program in Colombia outside of Bogotá where they would give instruction to Colombian nationals to carry on this type of work desired by the Colombian Government. They had completed this agreement when our Peace Corps

was started. At that time CARE came to us, told us about the agreement, asked us whether we would be interested in supplying an equal number of American citizens to join with these Colombian citizens in this training camp in Colombia to be given instruction about rural-development work, and then go out as a joint Colombia and U.S. operation into the rural areas of Colombia.

We said we were very much interested in it. As a result of that original contact, many discussions were held with CARE and the Government of Colombia. Now, the way it ended up was, we are having a training program at Rutgers which is under the joint administration of CARE and Rutgers University and ourselves.

At that training program, we are giving instruction, for example, as I was saying a moment ago, in American government and those things. In government traditions, in physical fitness, and in health, how to live in the tropics, which is given by the U.S. Public Health Service. That goes on at Rutgers for a couple of month.

Following that training program at Rutgers, these people will go to Colombia and participate for an additional month in a training program with these Colombian citizens who are in this training program in Colombia run by CARE. They will jointly go out and do work in the villages, or rural communities, of Colombia.

Mr. HENDERSON. How much help do you figure this joint effort with CARE will be to the Peace Corps? Will it be of assistance?

Mr. SHRIVER. We think it will be. Only experience will prove it one way or the other, but we think it will be. Colombia has people who have had experience and skill in rural development work. We do not. If we were going to try and supervise our people down there, we would have to go out and hire a lot of so-called experts to provide that guidance.

In other words, we would really be competing for the services of the same type of people that CARE already has. So, rather than compete, we complement, we hope, one another's efforts, by us supplying the manpower and them supplying the skilled supervision.

Now, the Colombian Government may well supply some of the skilled supervision, too. In this way, we believe we are saving money for the taxpayer by not building up a huge body of technical experts overseas. We are using the experts that are already there whether they are with CARE or the Colombian Government or in a different country with another government. In this way, we minimize the overhead and maximize the product, we hope, in the field.

Mr. ROUSSELOT. In reading your booklet here of the Peace Corps and the presentation for the 1962 program, I notice the main objective is to provide trained manpower and levels of skills overseas.

Have you set up objectives for these people to attain other than just promoting your own skills in these various countries?

Have you set objectives they are supposed to obtain while they are there, or things they are supposed to do?

Mr. SHRIVER. Yes.

Mr. ROUSSELOT. Do you already have that in this [indicating]?

Mr. SHRIVER. No.

In some cases, the objectives are set by the foreign government. Let me give you an illustration.

The Government of Tanganyika has asked for the surveyors and civil engineers and geologists to design, or lay out, a system of feeder roads. One could say the objective of that program is to complete the design and layout of the roads.

The objective of that program, in materialistic terms, is to do that job. That objective has been set out.

Mr. ROUSSELOT. I am probably not making myself clear. I mean the overall objectives of the Peace Corps itself.

Mr. SHRIVER. We have not done this yet—

Mr. ROUSSELOT. Do you not think that would be kind of necessary?

Mr. SHRIVER. Definitely.

Mr. ROUSSELOT. How soon do you plan to get at that task?

Mr. SHRIVER. As soon as we can get approval from the Congress.

One of the people we have requested permission for, as a super-grade, is a person having the title of Director of Research.

Mr. ROUSSELOT. Yes.

Mr. SHRIVER. That is not too descriptive a title, perhaps, but what is intended there is for that person to evaluate everything that goes on in a particular project with respect to these goals that you indicate as being desirable. I agree with you.

Mr. ROUSSELOT. Let me make a suggestion as to why I think that might be No. 1 in importance.

There are many of us who have observed that the objectives of the ICA and other offices' programs are not genuinely carried out.

For instance, in South Korea, there are today, 30 out of 35 factories we have built with foreign aid funds standing idle. They are not being used and they have been standing idle for 2 years. Someplace, the basic objectives of the foreign aid program have completely fallen down.

I think the objectives of the Peace Corps, the overall objectives, so these people are to know what they are to do when they get there, are the most important thing you have to do.

That is just a suggestion. I know you have had all these other organizational programs, but one thing American taxpayers get rather upset with is not knowing that the objectives originally stated are being carried out.

I think I would like to see that carried out as quickly as we can, because these are what these supergrades are for—these people are going to be administering the program and hence must know its objectives. I think this would be the most important thing we have to get down on paper.

Mr. SHRIVER. Let me say I agree that we definitely should be in a position to evaluate the success or lack of success of a specific project overseas. There is no question about that.

Mr. ROUSSELOT. Do you have any criteria on which to judge that?

Mr. SHRIVER. I agree with you. The only thing I would like to make clear is that they are going over to do specific jobs. This is not something that somebody will dream up for them to do after they get there.

Mr. ROUSSELOT. I understand. But I still think that when you join an organization, or go into a Government agency, you usually have knowledge of its basic purpose. I would think you would want to

set out in the legislation what the purpose of the Peace Corps is so that it would be well established.

Mr. SHRIVER. So far as the purpose of the organization, I think it is there. With respect to goals of a specific project, those are not always incorporated in the project. I agree with you that they should be.

Mr. ROUSSELOT. Could we have for the record the basic objectives you hope to achieve? I do not think we should be talking about specific projects, but what are some of the overall objectives of the Peace Corps?

Mr. SHRIVER. The overall objectives are set forth in here, but over and above the overall objectives—

Mr. ROUSSELOT. Can you sum these up real quick?

Mr. SHRIVER. In the bill itself we try to put it as briefly as we could. Under declaration of purpose, we said that the Congress of the United States declares that it is the policy of the United States and the purpose of this act to promote world peace and friendship through a Peace Corps which shall make available to interested countries and areas, and to international organizations, men and women of the United States qualified for service abroad and willing to serve under conditions of hardship to help the peoples of such countries; objective No. 1.

No. 2. To provide broader opportunities for men and women of the United States and U.S. private organizations through service abroad, to contribute actively to the country's efforts in the cause of world peace and friendship and through the service abroad of the men and women participating in Peace Corps programs, and to promote a better understanding of other peoples on the part of the American people, and a better understanding of the American people on the part of the peoples served.

In the Senate a lot of that wording was stricken, but that was the briefest summation we could provide.

I gather the Senate felt it was not necessary and they struck it out, but that is the bill.

Mr. ROUSSELOT. Let me say that I think it is most important to establish the basic objectives of the agency in the legislation creating it.

Otherwise, we would have no basis for judging each year when the agency comes up for an appropriation, whether we are meeting its needs or not.

I would think, as a businessman yourself, you would want these basic objectives in the legislation.

Mr. SHRIVER. That is why we put them in here.

Mr. ROUSSELOT. I agree.

Mr. SHRIVER. People with more experience than I, have taken them—

Mr. ROUSSELOT. I want to say that if we are going to have this kind of legislation, the objectives should be clearly stated so the Congress has some way of judging each year whether the objectives are being carried out.

Mr. HENDERSON. Gentlemen, it is past 12 o'clock.

Mr. ROUSSELOT. I have several more questions, Mr. Chairman.

Mr. HENDERSON. We will have to adjourn at this time because the House is in session.

Mr. JOHANSEN. Mr. Chairman, may we set a future date?

Mr. HENDERSON. The next hearing will be at 10 o'clock Friday morning.

Mr. ROUSSELOT. Of this week?

Mr. HENDERSON. Yes.

I will ask the staff to coordinate and make arrangements for that meeting.

Mr. ROUSSELOT. I have some further questions.

Mr. HENDERSON. The staff will arrange for Mr. Shriver to be back, in any event.

Mr. SHRIVER. In the meanwhile, if you have any questions you would like to ask us, we will be glad to answer them either in your office or over at our headquarters.

Mr. ROUSSELOT. Thank you.

Mr. HENDERSON. The committee is adjourned.

(Whereupon, at 12 o'clock, the subcommittee adjourned, to reconvene at 10 a.m., Friday, August 11, 1961.)

INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

FRIDAY, AUGUST 11, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 215, House Office Building, Hon. David N. Henderson (acting chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

The able chairman of the subcommittee, Hon. James Davis of Georgia, is unable to be present this morning. I have been designated as the acting chairman of the subcommittee.

The hearing this morning is a continuation of our analysis of the request by the departments and agencies for additional top-management jobs. We have with us this morning representatives of the Treasury Department and the National Security Agency.

Our plan is to hear first from the Administrative Assistant Secretary of the Treasury, Hon. A. E. Weatherbee, and then the Commissioner of Internal Revenue, Hon. Mortimer M. Caplin.

We will then go into executive session to discuss the manpower needs in the National Security Agency.

Mr. Weatherbee and Mr. Caplin, we are glad to have you this morning, and, if you will, proceed as you like.

Mr. WEATHERBEE. Mr. Chairman, if it is satisfactory to you, we have brief statements we both could read, and then you could question us jointly, if you wish.

Mr. HENDERSON. Very well; that will be fine.

STATEMENT OF HON. A. E. WEATHERBEE, ADMINISTRATIVE ASSISTANT SECRETARY, TREASURY DEPARTMENT

Mr. WEATHERBEE. Mr. Chairman and members of the committee, I appreciate this opportunity to comment on the GS-16, 17, and 18 needs in the Treasury Department.

As you know, almost immediately after the passage of the Classification Act of 1949, it became clear to the Congress that the restriction on numbers of GS-16, 17, and 18 positions was creating inequities in the various agencies of Government. Amendments to the Classification Act and provisions in other pieces of legislation attempted to eliminate some of these inequities by identifying GS-16, 17, or 18 positions for various agencies and for various kinds of positions.

In 1959, our Internal Revenue Service was invited to explain its needs for positions at these grade levels. At that time, my predecessor, Mr. Parsons, appeared before the committee and confirmed the needs of the Internal Revenue Service. He expected that with the separate legislation proposed for Internal Revenue Service, the most pressing needs of other Treasury bureaus and offices could be taken care of through government-wide authorization. However, when Public Law 86-370 was finally approved on September 23, 1959, the authorization was made applicable not just to the Internal Revenue Service, but to the entire Treasury Department, and the overall Government pool of 16's, 17's, and 18's was no longer available for our use. This created the unenviable situation, if I may refer to the New Testament, of "robbing Peter to pay Paul," because we had to use, for General Treasury needs, some of the positions originally slated for the Internal Revenue Service. In the past 2 years, we have had to make some difficult decisions to determine what positions should be recommended for Internal Revenue Service (which employs over half of our Treasury personnel), and what positions should be recommended for all other Treasury bureaus and offices, including the Office of the Secretary. In an attempt to be fair to Internal Revenue Service, we have had to deny requests for these grade levels from other Treasury bureaus. As a result there are, at this moment, a number of positions in our bureaus and offices which, on a comparable basis, are equal to approved GS-16 positions in the Internal Revenue Service, but which are still at GS-15. At the same time, we have unable to satisfy the needs of the Internal Revenue Service.

When, in March 1961, the Civil Service Commission asked us, along with other agencies, to indicate existing and potential needs for GS-16, 17, and 18 positions, we carefully considered the situation in all our bureaus in light of the President's programs for the Treasury Department. In answer to the Commission's request, we listed all positions, including those recommended by Internal Revenue Service, which might merit recognition in GS-16, 17, or 18. There was a total of 217 positions in this list, which was reduced to 179 effective July 1, when the last installment of supergrades under Public Law 86-370 became available. Though this figure of 179 represents the current recommendations of our bureaus and offices for additional GS-16, 17, or 18 positions, the Department believes its most urgent needs could be met with an allocation of 90 to 100 additional such positions. Over half of these would be in the Internal Revenue Service and includes some positions which the Service requested in its presentation to the Congress 2 years ago.

In an organization of the scope and complexity of the Treasury, the administration of the Department's affairs is an important responsibility which requires the best skills and knowledge of modern management. In recent years the Department has made conscious efforts to lift the status of managerial positions from a "chief clerk" to a professional level and to attract and retain the best administrative talents available. This necessarily has caused some upward adjustments in our grade structure, which we have felt to be good long-range economy.

As members of this subcommittee know, improved supervision and professional attention to the improvement of Treasury operations

have enabled the Department to do a bigger job with fewer people. Since the Department's management improvement program was begun in 1947, under Secretary Snyder, annual savings through fiscal year 1960 are estimated at \$113 million. In the fiscal year 1960, the program resulted in \$8 million in tangible savings.

Our ability to provide key executive positions in the past has been an important factor in the success of the Department's management improvement program and in our general efforts to improve the quality of administration in the Department. With the extra challenge of increasing workloads, we believe an ability to provide additional key executive positions where needed is now of crucial importance.

We hope that legislation can be enacted which will permit the Treasury Department to meet its most pressing requirements. The need is urgent because we have committed every single GS-16, 17, and 18 space available to us under present law and have no way to obtain any relief except through appropriate legislation. We also hope that there will continue to be the sort of flexibility at the various grade levels that we have in Public Law 86-370.

In conclusion, may I express on behalf of the Department our deep appreciation for the legislation through which your committee has helped us to meet our needs in the past.

Thank you, Mr. Chairman.

Mr. HENDERSON. Thank you.

Mr. Caplin, would you like to proceed with your statement?

Mr. CAPLIN. May I express my appreciation for this opportunity to meet with you. If it would suit your convenience, I would be very happy to have my statement included in the record as is and just summarize the highlights of it.

Mr. HENDERSON. Very well, sir.

STATEMENT OF HON. MORTIMER M. CAPLIN, COMMISSIONER OF INTERNAL REVENUE

Mr. CAPLIN. At the outset I would like to say that the Secretary or the Under Secretary of the Treasury would have been very happy to be here but, as you know, both have been out of the country. The Under Secretary returned just yesterday and is not available, and I was asked to be prepared to represent the Department.

At the same time, the Internal Revenue Service is the major user of supergrades in the Treasury Department and I feel it is appropriate for me to present our own case in particular, not forgetting the basic needs of the Treasury as well.

I speak primarily from my experience as Commissioner and also from my experience of some 20 years of contact with the Internal Revenue Service, representing taxpayers and meeting quite frequently with personnel in the Service. I should say that I think it is clear that we are very fortunate to have the type of leader that we have in the Internal Revenue Service; the responsibilities these men bear are quite staggering. They are making decisions which affect the lives of many people of this country. They are handling technical problems. They are dealing with top management of various corporations and in various professions.

I have been amazed in the short time that I have been here to see the very high caliber of these people and I would place them on a

parity with the skilled people that I have dealt with on the outside over the years.

I think in some of the earlier committee discussions the question had come up as to the comparison of salaries of two people sitting at the same table. I think this is rather obvious in the tax field. So frequently the man representing the Government—handling decision-making authority which will be applicable across the Nation—is in a much lower salary category, vis-a-vis, his opposite number on the other side of the table.

I think this points up the fact that we are very fortunate to be able to retain this high-caliber person working today; and I think it only fair that, in view of current conditions, in view of the cost of living and the like, we give these existing people on the job proper recognition.

Now, in addition, we are faced with a difficult problem in recruitment. Our needs have expanded enormously. Back in 1930, for example, we handled 4 million income tax returns. In fiscal year 1961, we handled 95 million income tax returns; for 1970, we project 115 million; 1980, 135 million.

We know we are going to have to do this by more than sheer additional manpower. We have added to the burden of our people. We have expected them to produce much more. We have trained them highly, and we have invested an awful lot of money in future training programs. We are moving into an era of automatic data processing, which is extremely impressive. This will help us in coping with the growing number of documents filed each year. We presently handle over half a billion pieces of paper a year—a staggering workload.

I have found these leaders, these top men, dedicated to their jobs, working all hours and seeing how we can improve and do a better job. I do not want to disparage the people in the field; they, too, constitute an excellent group. But today we are concentrating on supergrades and the higher ranking personnel.

I think we are very fortunate in this country to have the sort of tax system that we have. I regard it as the greatest tax system in the world, a system which raised \$94.4 billion this last fiscal year—the greatest amount of revenue raised by any nation in a single year to meet its governmental needs. And I think that we should take great pride in the fact that we have these decent, hard-working people at all levels throughout the Service.

So I say to you that these needs are real. We must be competitive to attract new people. We must give them the opportunity for a career in the Service. We must also provide the opportunity for new managers in data processing which has been introduced over the last few months and which will start in the southeastern region in Atlanta, January 1 of 1962. The pilot plant will be operational at that time and will cover the seven Southeastern States.

Before closing, I would like to mention just one further item. This committee saw fit, and it was very helpful, to grant a series of supergrades back in 1959. At the time the discussion was centered upon the Internal Revenue Service but ultimately some of the supergrades went to the Treasury Department, and our needs were not fully taken care of.

As a result, out of 114 supergrades given to the Internal Revenue Service, 21 have been used by the Secretary for other Treasury Department needs, and, believe me, gentlemen, we could use those 21 supergrades very much, not only in the 62 district offices but in the 9 regional offices and some in the national office as well.

It is our hope that if the new legislation is adopted, there will be sufficient supergrades to take care of the immediate Treasury needs, to replace our 21 lost supergrades, and to give us some additional ones to provide for our expansion.

I thank you for your courtesy. I would be very happy to expand on any aspect of this discussion.

(Mr. Caplin's prepared statement follows:)

PREPARED STATEMENT OF MORTIMER M. CAPLIN, COMMISSIONER OF INTERNAL REVENUE

Mr. Chairman and members of the committee, I welcome the opportunity to appear before you on a bill of such vital importance to the Federal Government as a whole and the Treasury Department which I represent. The Secretary and Under Secretary are not available to be here today and I am here appearing for them on this matter. Also, the Internal Revenue Service is the major user of top grades in the Department. Because of limited specific knowledge of Treasury needs other than Internal Revenue Service, I am speaking primarily from my experience as Commissioner of the Internal Revenue Service. However, I have reason to believe that the problems faced by my organization are not uncommon elsewhere in the Government.

In the short time that I have been with the Service, I have become increasingly concerned over the great disparity that exists between the salaries of top executive branch officials and the staggering responsibilities that they must discharge. For example, top officials in the Internal Revenue Service make daily decisions which serve as the basic guidelines and ground rules followed by top corporate tax lawyers and specialists throughout the country. Internal Revenue Service officials must deal with these experts on complex and controversial tax matters. Further, the task of managing our large decentralized organization and program dwarfs that for many of our Nation's leading industrial organizations. Because of our highly technical and specialized work we must recruit potentially well qualified personnel who after extensive training and work experience will effectively represent the Government in these very important matters. The ability to attract and retain such professional personnel is dependent to a great extent on our ability to fairly compensate them. I have been very much impressed with the competence and ability of the Treasury as well as other Government officials I have come into contact with, indeed, I consider them the equal of or superior to their non-Government colleagues. Yet the monetary compensation received by these officials is typically only a fraction of that received by top tax people in the private sector of the economy whose responsibilities are normally far less.

In 1959, in Public Law 86-370, the Congress gave the Department 114 top-grade positions to be allocated in three annual installments. The last installment will be allocated shortly. It is generally recognized that these positions were authorized to the Treasury Department based on the urgent needs of the Revenue Service which existed at that time. However, since there was no other source of top-grade positions for Treasury Department use, the Secretary found it necessary to use 21 of them for Treasury offices other than the Internal Revenue Service.

In the bill before you, there is no firm number of top-grade positions specifically identified for the Treasury Department. However, we understand that the bill would provide sufficient new top grades for the Treasury Department to permit the Internal Revenue Service (1) to receive all of the supergrades from the 114 allotment and (2) there would be sufficient positions available to meet additional Internal Revenue Service and General Treasury requirements. Passage of this bill we hope would at least have the effect of bringing us up to the point considered necessary for us to cope with our urgent needs of the past several years.

However, since 1959, a number of factors have added new requirements and demands upon us. The economic growth of the country has increased the burdens of tax administration. The accelerated development of new technological advances has vitally affected the entire Federal Government and is evidenced in the Internal Revenue Service by the advent of automatic data processing. In 1959, our top-grade requirements did not include automatic data processing. Since that time, however, we have had to use some of these positions to accommodate the rapid developments in this field.

Furthermore, we have been experiencing problems of inequities in the grade structure immediately below the GS-16, 17, and 18 levels. Authorizations of GS-16, 17, and 18 positions have not kept pace with changes in classification standards for the grades immediately below. Thus, we have cases of serious compression which compels us to place positions of subordinates in the same grades as their supervisors. I think you will agree that these new problems call for some remedial attention.

My colleagues in other agencies must have many similar problems. I believe the bill before you is only a modest step in the direction of solving these problems. I urge your favorable consideration of the bill and thank the chairman and the members of this committee very much for the opportunity to appear.

Mr. HENDERSON. Thank you, Mr. Caplin.

I would suggest perhaps we will ask our questions and you may handle them as you think best.

In August of 1959, your predecessor, Mr. Parsons, and Mr. Latham, appeared before the subcommittee for additional supergrades; the Treasury had 146 total, I believe. What is your total today?

Mr. WEATHERBEE. 260, sir.

Mr. GROSS. What was that figure again?

Mr. WEATHERBEE. 260.

Mr. HENDERSON. I believe you said that the 146 supergrades in 1959 were allocated as follows: 101 were GS-16, 35 were GS-17, and 10 were GS-18's. Would you indicate your present allocation of the 260?

Mr. WEATHERBEE. Sir, I would be happy to do so: 173 at GS-16, 58 at GS-17, 29 at GS-18.

Mr. HENDERSON. I also believe that Mr. Parsons in his testimony on August 20, 1959, before the subcommittee, indicated that the request for the 114 more supergrades in the Treasury Department would be sufficient. I believe at that time the Congress had granted the number that was asked for. Could you explain to us why you now feel that 179 more are needed?

Mr. WEATHERBEE. Yes, sir. I would be happy to do so.

At the time that the legislation was proposed, the intent had been an allocation only to the Revenue Service. It was a higher number than 114. This is what the figure eventually came down to. When the legislation was finally enacted, it was made available to the Treasury Department as a whole rather than to the Revenue Service.

The Civil Service Commission ruled that the Department would not have access to the Government-wide pool of supergrades for all the bureaus and offices other than Revenue Service. This had been our plan in submitting the request for the Revenue Service alone, to have 119, I think the figure was, available to the Revenue Service and draw on the general pool in the Government for our other needs, which were roughly in the neighborhood of 3 to 4 dozen.

As a result of compressing the requirements into one pot available to the Department as a whole and limiting the number to something less than we had asked for for the Revenue Service alone, without the

ability to go to the central pot for additional needs, we had to do some juggling within that figure for meeting some of our requirements departmentwide other than Revenue Service.

Since 1959, I might add, there has been a terrific development in the advance that the Revenue Service has made toward the automatic data processing of its paperwork. I had the good fortune to attend a groundbreaking ceremony for a National Computer Center to be operated this fall, and the Commissioner has indicated a pilot computer center on a regional basis in Atlanta, will be opened in January 1962. During this decade we think we will be pretty heavily mechanized in the Revenue Service. This has required diverting some of our supergrades to completely new needs that were not anticipated in 1959; heads of these centers, for example.

Mr. GROSS. May I ask a question?

Mr. HENDERSON. Yes, Mr. Gross.

Mr. GROSS. In going to automation, do you anticipate a reduction in personnel?

Mr. CAPLIN. We don't really know, Mr. Gross. Automation will reveal discrepancies in reporting. It will not collect taxes. We have not yet figured out a way to make the machines go out and collect the money and to audit returns; and I doubt if we would want to go that far during the foreseeable future. It may be that some of the mechanical discrepancies can be explained when an agent sits down with the taxpayer. Also, we do not want to take the human factor out of tax collection. But we do hope that mechanization will help close a \$25 billion nonreporting gap that our best estimates reveal—and we feel that this produces an estimated loss of revenue at the rate of \$4.9 billion a year. We hope that automation will disclose the areas where we are losing this revenue and permit us to make optimum use of agent force.

Mr. GROSS. You say there is \$4 billion that is not being collected today?

Mr. CAPLIN. That is true, sir. This is \$4.9 billion in unreported taxes.

Mr. GROSS. You are not now talking about loopholes?

Mr. CAPLIN. No, sir. We are talking about, for example, dividends and interest. There alone the estimate is that \$850 million of revenue is lost each year; that \$3.5 billion of dividends and interest are not reported, giving rise to this loss.

Mr. HAGAN. Mr. Chairman.

Mr. HENDERSON. Mr. Hagan.

Mr. HAGAN. You feel this automation that you talk about, Mr. Caplin, will maybe bring in this revenue that you are not now getting?

Mr. CAPLIN. I think it will go a long way; yes, sir. Our system is essentially based on self-assessment, the willingness of the American public to report their income with reasonable accuracy and to claim deductions in a reasonable and fair manner. Most people do this. The fact of our collecting \$94-some-odd billion last year involved over \$90 billion coming from what people put down on their own returns. But there is an element of breakage. There are some people who will either deliberately or inadvertently fail to report income of one sort or another; and I think that, with automatic data

processing, we will be able to correlate information returns through the machines and we will be able to identify these information returns with a taxpayer's account number and in an accurate fashion reveal a discrepancy between what he reported on his return and what the information return discloses.

I think this will have a strong impact on the public. The idea of having this sort of correlation, which we are unable physically to achieve today, will tend to make a man think twice and think hard when he reports his income.

Mr. HAGAN. Would this automatic processing data that you are thinking of require GS-15's and 16's to operate?

Mr. CAPLIN. No, sir, but we will have under the present plan nine service centers in different parts of the country. For example, Atlanta, taking care of the seven States in the Atlanta region. Philadelphia is scheduled to begin processing the year after, January 1, 1963. We will then begin opening two and three service centers at a time for the next few years. We will have top men there supervising in a rather sophisticated field—in charge of the most modern computers, in charge of the various converting machines, and in charge of a rather sizable work force, including punchcard and other operators. In addition, there will be need for people who fully understand programming of machines, which is a very complex field, and one I have been trying to get information on. It is slow going. I have just come back from a seminar on this subject up in Poughkeepsie.

Mr. HAGAN. Do you still have Mr. George D. Patterson down in Alabama and Mr. Ross in Atlanta?

Mr. CAPLIN. Yes, sir.

Mr. HAGAN. Will they have something to do with the selection of these additional positions?

Mr. CAPLIN. Under the present structure the district directors themselves are the lowest echelon in our ladder of supergrades. I do not say a district director is in a low echelon, he is a very significant man. But in terms of the relationships starting from Washington to the region to the district director, the supergrade function has been assigned to the national office.

In all events, some of the district directors themselves are the recipients of supergrades, and we feel more district directors are worthy of supergrade status.

Mr. HAGAN. They do not have it now?

Mr. CAPLIN. Some of them do; some do not.

Mr. HAGAN. Are you able to get men of the caliber of those two men I just mentioned over the country? Are you able to get many men like that in the service?

Mr. CAPLIN. I think we have an awfully strong corps of them. I will answer you yes on that, because of my contacts with the district directors on several occasions. We had the 62 district directors in Washington for about 3 days recently. We had a chance to chat with them. They are an impressive group. I think you are very fortunate in your region. I think in Alabama and Georgia you have fine district directors in the gentlemen you mentioned. I respond to that because I personally know these men.

Mr. HAGAN. I happen to have known those men for quite some time. They are the type men I would like to see in Government service.

Mr. CAPLIN. I have practiced law with attorneys in large firms and in small law firms and have been associated with an outstanding law faculty. And I feel real good about these leaders in the service. They stack up with the best of them.

Mr. GROSS. Will the gentleman yield?

Mr. HAGAN. Yes.

Mr. GROSS. Are these schedule C employees?

Mr. CAPLIN. No, sir. The IRS has no schedule C employees.

Mr. HAGAN. They are regular career?

Mr. CAPLIN. Career civil service people. Our whole promotion policy is carefully geared to this. The Secretary of the Treasury has made it clear that, since the 1952 reorganization, the IRS be operated on a strict civil service basis. We have a careful executive selection board with a detailed screening and we are meticulous in this selection and promotion policy.

Mr. HENDERSON. In 1959 the Congress gave the Treasury 114 additional top grades under Public Law 86-370 to be allocated through a 3-year period without going to the Civil Service Commission and using their pool of positions. This bill, H.R. 7377, was sponsored by the administration. It places all your supergrades back with the civil service.

The committee would like to know what is your position with regard to this change or switch.

Mr. WEATHERBEE. It was our intention in the Department prior to the initiation of the effort by the Civil Service Commission to have a general pot proposal, to request separate legislation to amend our own authority. We had drafted legislation and I believe that the request was to go from 260 to 350. The Commission, we think, made a laudable effort to try to pull together an estimate of the requirements of the entire executive branch, and when we found that they were making such an effort we deferred to them, gave them our listing of requirements and indicated that though we had intended the other route, if they could meet our requirements we would support it. The administration then presented the bill and we are of course supporting the bill.

Mr. HENDERSON. Hasn't your testimony this morning indicated one of your problems, particularly in the IRS, is the fact that you did not get what you thought and what Congress thought was being given to you?

I think I can say for this subcommittee, when we sit here and listen to the testimony of a particular division of an agency, we feel that you make a case that you need these supergrades and they are authorized and we want to see them go where we are authorizing them to go, based upon our appraisal and based upon your testimony of where the need is.

You would have no objection if this committee wrote in authorization and directed it to go to the Treasury Department, and within the Treasury Department to the Revenue Service, would you?

Mr. CAPLIN. Of course, speaking from my present position as Commissioner, I certainly would not have any objection and would be very happy for such a designation. Of course, I would not want to prejudice the specific needs of the Treasury Department in saying this.

Mr. HENDERSON. It seems to me you run a risk of two things happening. If you convince us that you need them in the Revenue Service and we make recommendations and the Congress acts on those recommendations to allocate them for your need and you do not get them, then we are faced with the request again, because you did not get what was authorized before. Secondly, if you have to substantiate them in some step measure into a pool you may not get them at all because you do not get the evidence of the need to this subcommittee.

I would like for one or both of you to speak to your testimony that the supergrades are urgently needed.

What do you mean by "urgently needed"? Do you have a schedule of when they are needed and what is the urgency of the needs?

Mr. WEATHERBEE. Primarily, it is one of equity. We have gone as far as we can with the present authority. We have allocated all of the positions from the 260 and have no additional means to put any position in a supergrade unless we eliminate one of the jobs we already have.

Mr. HENDERSON. Right there, maybe this question would help us. How many of these additional supergrades are presently GS-14's and 15's, jobs which would represent salary increases?

Mr. WEATHERBEE. How many of the GS-14's and 15's would go into supergrade level?

Mr. HENDERSON. Yes.

Mr. WEATHERBEE. Presently all of the supergrades we need over the present 260 would be GS-15 going to 16. I would be glad to submit a list of those for the record.

Mr. HENDERSON. I think that would be most helpful.

(The information requested follows:)

Summary of additional supergrades requested, by bureaus, in the Treasury Department

Agency	Super-grades	Most urgent super-grade requirements ¹	Agency	Super-grades	Most urgent super-grade requirements ¹
Bureau of Accounts.....	2	2	Secret Service.....	2	2
Bureau of Customs.....	15	5	Office of the Secretary.....	6	6
Bureau of Engraving and Printing.....	1	1	Office of the Treasurer.....		
Internal Revenue Service.....	146	70	Total supergrades.....	179	91
Bureau of the Mint.....			Reserve slots.....		9
Bureau of Narcotics.....	2	2	Total.....		100
Bureau of the Public Debt.....	2	2			
Savings Bonds Division.....	3	1			

¹ This column represents positions which we could immediately support at the Civil Service Commission for GS-16 to bring about equity, internal alignment, consistency with related positions, and conformance to requirements of the Classification Act of 1949, as amended. The Civil Service Commission has concurred in this estimate in informal discussions with the Treasury Department.

Mr. WEATHERBEE. We have not made a professional evaluation of those nor do not have a joint agreement with the CSC but we would be glad to supply that for the record.

Mr. HENDERSON. One of the chief concerns raised by the members in 1959 was the possible upward swing in your grade structure. I note in 1959-60 the number of employees in the Treasury Department in grades GS-12 through 18 increased by 25 percent, even

though your total employment in the Department declined. Can you tell us why this is true?

Mr. WEATHERBEE. Speaking for the Department as a whole, and I think perhaps the Commissioner should speak for the Revenue Service because they are two-thirds of the Department and what happens to us is primarily what happens in Revenue Service, but outside of Revenue Service we have been reducing primarily clerical level operations either through conversion to ADP or through the installation of modern equipment such as at the Bureau of Engraving and Printing where we have gone from 6,000 to 3,000 employees in the last 10 years. In the Bureau of Public Debt there has been an ADP installation that made a big difference. We converted to the savings bonds operations. They have gone down from roughly 6,000 employees to around 2,300 or 2,400. In the reduction of personnel generally, at the clerical level and conversion to machine operations you have increased the responsibilities in the middle levels and in the higher levels for management of the resources in programming your automatic equipment.

I think that the total responsibilities of the Department have been increased substantially over the years, and this is reflected in some upgradings but we feel that with the total number of supergrades being less than one-half of 1 percent and the total number of grade 14's and 15's being less than 5 percent of the total payroll that we are not talking about significant increases in payroll costs by fairly small adjustments in these higher levels. There has been some up-grading and I think that this is general throughout the Government.

Mr. HENDERSON. What is your total number of employees as of June 30 of this year?

Mr. WEATHERBEE. It is in the neighborhood of 80,000, if you would just like an approximate figure.

Mr. HENDERSON. I have a figure here of 71,385.

Mr. WEATHERBEE. This is probably the Classification Act people only. We would have some wage board people and other people.

Mr. HENDERSON. As compared to that figure you have 260 supergrades today?

Mr. WEATHERBEE. Yes, sir.

Mr. HENDERSON. As we look back to June 30, 1950, just 10 years before, you had a total of 74,884—I presume that figure is also Classification Act employees—and at that point you had only 35 employees in grades 16, 17, and 18.

Mr. WEATHERBEE. Yes; that is correct, sir.

Mr. GROSS. That is pretty substantial increase, is it not? You went from 74,884 employees in 1950 with 35 supergrades to 260 supergrades, with 71,385 employees, as of June 30, 1961.

Mr. CAPLIN. I believe you will recall, Congressman Gross, that a good part of that increase was due to the reexamination of the entire structure of the IRS. We had the reorganization occurring after 1950. Also, in 1950 there were only 400 supergrade positions available to the entire Federal service.

Mr. Mills, chairman of the Ways and Means Committee, I believe conferred with your chairman here to make available certain surveys and reports that his committee had before it.

Mr. HENDERSON. I think that is shown in your figures, say, June 30, 1958; you were up to 118, a very substantial increase, from 1950 to 1958 but from 1958, with 68,260 employees, there is only an increase of approximately a little over 3,000 total employees, you have gone from 118 supergrades to 260. Would you speak to that increase that has occurred from 1958 to 1961?

Mr. CAPLIN. I would like to put the situation in this focus, if you will, sir. In 1946 we had more people in the Internal Revenue Service than we will have after this year even if Congress sees fit to grant our entire budget increase. We have been involved in a building process since the reductions that we went through following the 1950-52 period. There has been a need to revitalize the Service, to make sure it has these good managers, to increase the whole civil service concept that we touched upon. I feel that a great deal of headway has been made, in recent years particularly, and I am hoping that we will continue in this direction just as strongly as we can.

Mr. HENDERSON. You are speaking of the direction of decreasing total employees or at least staying somewhat constant as your workload goes up?

Mr. CAPLIN. I think we hope to get more out of our people. We want to improve our operation efficiencies. We have a continuous study program as to how we can eliminate unproductive work.

Mr. HENDERSON. Don't you feel that you can make a good case for additional supergrades if you can prove to the Congress and to this committee that by granting additional supergrades we save total employees? One of the fears that we all have is that as we grant supergrades they are for new programs and an expanding bureaucracy below. If that is the result we are much more concerned about granting supergrades than I think we would be if we found that there was a resultant savings in total employment. The cost is balanced off against the other. You have a trend that to me is an unusual trend but it may be one that is in your favor. I was wondering if you could testify to that. Do you think that that trend may continue?

Assuming that you get additional supergrades, do you now anticipate that the trend is going to change and with the increase of supergrades will go up following increase in the total number of employees?

Mr. CAPLIN. I certainly feel that the quality of our people is more important than the numbers per se. I do not think that numbers, per se, of employees on our rolls will be any measure of what we can accomplish but we are faced with the bare fact that our population continues to grow and that we are handling so many more pieces of paper. In 1970, as I mentioned before, we will have 20 million more income tax returns, not to mention all the other related informational documents that will pile behind them.

Mr. GROSS. If I may, Mr. Chairman.

Mr. HENDERSON. Mr. Gross.

Mr. GROSS. You are apparently going to spend a lot of money on automation to help you with this paperwork.

Mr. CAPLIN. To help us identify where the nonreporting of income is.

Mr. GROSS. May I ask you this question? What attrition do you have in grade 15? Do you have any serious attrition in grade 15?

Mr. CAPLIN. I could not answer that accurately. I am told that there is nothing serious.

Mr. GROSS. I did not think you did. When a man gets up to a grade 15, he is not likely to leave the Government, is he?

Mr. CAPLIN. Not usually. That is true, but I suppose this is true also of other lines of endeavor where people may be dedicated to doing a job. This does not necessarily mean that these men, in terms of the broad equity of the situation, should not be entitled to further consideration.

I have met men in my short stay here, and in some of my previous experiences when I was on the other side of the tax practice, who were very much the equal, if not superior to much higher paid people on the outside of Government. It just seems that if we are going to continue to attract the new blood that we want to attract, we have got to hold out at least reasonable salary inducements to them in light of what current conditions are.

Mr. HENDERSON. As I understand it, the granting of your request would be principally for salary increases. Is it necessary for attracting new personnel?

Mr. WEATHERBEE. Yes, I think it is, sir.

We are building a career service in the Government, step by step; down through the years both administrations have contributed to this process but one of the things that prevents people from coming into the Government in the first place is the lack of competitive situations with industry up to a reasonable point. No one expects to compare the top job in Government with the top job in industry but the young college graduate today looking around has some pretty fine offers. This is true of the high school graduate on a comparative basis. When they look to Government they look to total career. They look at salary and how they will end up 20 or 30 years from entrance date.

We think the number of positions, relatively, in the highest levels is quite small. To consider the statistical possibility of any individual getting there perhaps is not quite a fair way to recruit him, but the fact of the matter is gradually through attrition and other reasons people do have a reasonable crack at a top job in career service.

I do not hesitate to talk a man in high school into coming into Government. He may get a supergrade. Most of them can achieve a reasonable level in comparison with what they might do on the outside.

Mr. HENDERSON. Where do you bring the ordinary man in as an outside agent?

Mr. CAPLIN. He comes in as grade 7. I would like to address myself to that.

Mr. HENDERSON. Isn't that the real workingman of the Revenue Service? I am not saying the others do not work but isn't he the man who collects the tax money?

Mr. CAPLIN. He is a keyman. We also have people as revenue officers who go out and collect the money. The man you talk about, the revenue agent, if we will focus on him, is a college graduate with a minimum of 24 hours of accounting. After he is hired, he is put through a rigid training program. And we are expanding our training program to meet the complexities of the day.

In 3 or 4 years this is a very valuable man. He has one of two ways to go. Either he can follow his Government ladder or he can move across the street into one of many attractive offers that are available to him.

For the past 10 years, before coming to Government, in addition to practicing law, I was a professor of law at the University of Virginia. We developed a rather high-level tax program there, and I cannot tell you the great number of inquiries that I received throughout the year for students. They wanted our graduates, and particularly those with tax training. Tax people are in high demand today and they are in greater demand after they have had a few years of Government experience.

Mr. HENDERSON. He is interning, so to speak.

Mr. CAPLIN. That is right.

Mr. HENDERSON. If that is his objective, should he not be willing to sacrifice some salary in those early years?

Mr. CAPLIN. With that man, yes. If we are going to make this program vital and make sure our Government people are at a level of competence to protect the Government interest, we hope that a good percentage will follow the Government ladder and say, "I will not make as much money going up this way, but I will get an awful lot of job satisfaction." You can go just so far with a man with a number of children who wants to live at a reasonable level.

Mr. DERWINSKI. Will the chairman yield?

Mr. HENDERSON. Yes.

Mr. DERWINSKI. Along the line that we have been discussing, Mr. Caplin, it seems to me that the approach that you are using today is similar to that we have heard from all the other departments and agencies in the course of these subcommittee hearings.

Basically, you tell us that you have to have these supergrades and then at the same time you are telling us that they are going to be used to promote or in effect provide pay increases for present personnel.

Mr. CAPLIN. Excuse me, sir. I do not know if I really said that. If I did, I may not have expressed myself accurately. I was not limiting my remarks to that. Rather, I was regarding this expansion of supergrades as providing career opportunities for the man who is going to move along in Government—the recruit as well as the experienced man.

Mr. DERWINSKI. But it is so that your intention is that most of these positions be filled by men now serving in the lower grade? This is your intention, to upgrade them?

Mr. CAPLIN. Yes, sir. Under the civil service system we would not normally pull men in from the outside and put them into supergrades.

Mr. DERWINSKI. As I understand the history and intent, the civil service system has attempted to keep politics out of Government career service and to provide a measure of protection that even private industry cannot give. It has always been my assumption that a person entering Government service is aware of this. He is aware of the fact that he acquires a position in a Government agency and perhaps his salary is a little less than the corresponding position in private industry but that private industry may go under in 6 months and Government will be here forever. He has job security.

It is apparent that the relaxed nature of Government work is part of the compensation for the occasional discrepancy in salary.

Mr. CAPLIN. I would like to invite you over to the Internal Revenue, sir, to watch the performance of people holding supergrade positions today. I do not think you will find any noticeable relaxed nature; I think you will find a substantial amount of overtime work and of intense effort.

Also, I think there is this factor to be taken into consideration. I just speak of this from my discussions with some of the high level people: although they technically have civil service status—when I say technically, I mean from the standpoint of protection—there are many of them who have special sense of responsibility that, when they feel they are not doing their work to the satisfaction of the current policy, they believe they should not be holding on to their position but should move along.

I do not know how true this is, but I have gotten this flavor from some people saying that they feel, when you reach such a high level, it is a managerial level which gives you added responsibility.

They do not feel that they should be regarded as just built into a job.

Mr. DERWINSKI. Earlier, Mr. Caplin, you mentioned that in promotion of personnel you have a very careful screening process. Would you be a little more specific? Just what is your screening process?

Mr. CAPLIN. I can think of some of the recent situations where you may have a number of top men in a region, assistant commissioners in different branches, who will consider a series of men recommended by a district director, let us say. In a recent situation I am thinking of, some 14 or 15 men came up for interview. They were carefully rated by the initial screening group. Three names were recommended to the regional commissioner who, in turn, transmitted them with his recommendation on the No. 1 candidate. In this particular case it went into Washington for review. This is similarly done in the national office on appointments to a district director position, or on appointments to a regional commissioner or assistant regional commissioner position. There are usually four assistant commissioners up here who will sit down and review people who have gone through executive training programs. They will come up and make a recommendation, usually in a one, two, three order, with a backup of the reason for their decision. At that point I would have the authority to designate a preference. I normally would tend toward their No. 1 recommendation.

Mr. GROSS. Mr. Chairman, could I ask a question?

Mr. DERWINSKI. I had one more question, Mr. Gross, if I may.

Perhaps I did not phrase my question properly, Mr. Caplin. When you screen and select these personnel, do you take into account their attitude toward relationship of Government to private industry?

Let me put it this way: Do you take into account their attitude toward the American free enterprise system? Do you take into account their philosophy of government?

Mr. CAPLIN. I could not specifically answer for what somebody in another echelon is doing. But I would certainly be concerned if this were a factor raised. It certainly would be extremely significant. I assume that in most instances that there is a basic assumption that people are loyal, if that is what you are referring to.

Mr. DERWINSKI. I am not talking about loyalty. I am talking about their philosophy of government and their economic theories.

Mr. CAPLIN. I do not know if the occasion would arise to go into this in detail. We eliminate any inquiry into a man's political standing. We have an inspection service that does not want selection or promotion to be influenced by one party or another.

Mr. DERWINSKI. I am not speaking of politics in the partisan sense. I am speaking of his attitude toward the role and the function of Government. In other words, is he probusiness or antibusiness; does he appreciate the free enterprise system, or does he feel the Internal Revenue Service is an opponent of business.

Mr. HAGAN. Will the gentleman yield?

Mr. DERWINSKI. Yes, sir.

Mr. HAGAN. I do not much believe a man who did not believe in the free enterprise system would be trying to help him collect taxes, do you?

Mr. DERWINSKI. That is the very point I am trying to make. I would think the attitude of Government, specifically the Internal Revenue Service in relation to business is especially important.

Mr. CAPLIN. Mr. Derwinski, I think perhaps I should answer it this way. It gets into a question of my own attitude, and I have been making this attitude felt rather strongly. I have had a whole series of meetings in Washington and in the field. I regard our tax system as essentially a self-assessment type system focused on raising the total funds needed by our Government, not simply a business of raising \$3 billion a year from direct enforcement, collecting \$2 billion from additional assessments and \$1 billion from delinquent accounts. I believe our primary mission is to do everything possible to encourage the American taxpayer and American business to do a decent job in reporting their income and to exercise restraint in claiming deductions.

I have made it clear that I want all our people taken off any rigid concept of production goals; that they are not to be required in any sense to go out and collect X dollars when they go in the field; that they are to be a service organization. We are expanding our taxpayer assistance program. We want to do everything we can to make tax administration as reasonable and as understandable as possible. It is not easy today. I do not know if it ever will be, unless you gentlemen can simplify our laws.

Mr. GROSS. As painless as possible.

Mr. CAPLIN. As painless as possible. I feel this very strongly. We are emphasizing our relationship with the taxpayer, the fact that we are to do service for them. We will spend more of our budget for this program. The taxman's attitude, his dress, his speech, are all significant factors. He is usually the only contact with Government that many people have. The relationship should be a good one. This is so important. I think you are touching on a sensitive nerve, and you have done it well.

Mr. DERWINSKI. Obviously you have a problem in tax evasion. This is not unique in this country. From what I gather the American citizen has a much better attitude toward payment of taxes than citizens of other countries.

Mr. CAPLIN. It started a revolution almost 200 years ago and we have had a great tax history since.

Mr. DERWINSKI. Suppose we get a situation where the error is one of ignorance. Obviously this could happen in view of our complicated tax structure.

In a case such as that the education of the taxpayer is an important function of yours.

Then there is an area of deliberate tax evasion. It is my understanding that you have some sort of guideline where you assume you will find X number of dollars in a certain income bracket, and X number of dollars in a different income bracket. In other words, you might recover more taxes from people in the higher income bracket than in the lower income bracket. Yet the type of tax evasion might be different.

That is, the person in the lower income bracket has to create merely two or three fictitious dependents and beat the income tax. The person in the much higher bracket might try to juggle an expense account or something of that nature.

Just what is your use of personnel in trying to cover all of the manners of possible tax evasion?

Mr. CAPLIN. This gets into the question of examination of so-called productive returns and nonproductive returns. I believe you refer to that.

The question of what our allocation of manpower should be is important and I have directed my thinking to that quite heavily over the past few months. I made a speech in St. Louis before the American Bar Association tax section the other day which elaborates on that whole question. I would be happy to make a copy available to you.

Mr. HENDERSON. I would appreciate your doing that.

Are there any questions which deal directly with information we are concerned with?

Mr. HAGAN. You spoke of salary raises a while ago. There was a question as to what part of these supergrades would constitute salary raises.

I notice under H.R. 7377, hearing examiners in most of the regulatory agencies and departments of the Government would be raised from GS-15 to the top pay of a GS-16.

Also I notice in the case of hearing examiners, for instance in the Coast Guard, they would be raised from GS-13 to GS-14. I wonder if you care to comment on that proposal, Mr. Weatherbee?

Mr. WEATHERBEE. We have 17 hearing examiners in the Department, 3 in the Internal Revenue Service, and 14 in the Coast Guard. All of these are grade GS-13.

Under this bill they would go to the top of grade GS-14. We think the Civil Service Commission has made a fair study, has come up with a conclusion which is reasonable so far as compensation of these particular people and our Department are concerned, and we have no objection to this particular part of the proposed legislation.

Mr. GROSS. Mr. Caplin, on page 3 you state:

However, since 1959 a number of factors have added new requirements and demands upon us.

You state further:

The economic growth of the country has increased the burdens of tax administration.

Do you have figures percentagewise of the increase in our economic growth since January of 1959?

Mr. CAPLIN. I do not have that, sir. What we refer to there is the fact that we are getting more returns; that is No. 1. Secondly, there is a greater number of returns reporting higher income, and there are more complex transactions.

As a result we have to shift the analysis of that return from a very common withholding return, with minor outside income, to one which gets to be more sophisticated and involves a higher allocation of manpower.

Mr. GROSS. Would you give us percentage figures and insert them in the record?

Mr. CAPLIN. I would be happy to.
(The information follows:)

U.S. TREASURY DEPARTMENT,
Washington, D.C., August 18, 1961.

Hon. JAMES C. DAVIS,
Chairman, Subcommittee of the Committee on Post Office and Civil Service,
Washington, D.C.

DEAR MR. DAVIS: On Friday, August 11, 1961, I had the privilege of testifying before the subcommittee hearings on H.R. 7377.

During the course of my testimony, Representative H. R. Gross requested that we supply for the record percentage figures showing the increase since January of 1959 in (1) the number of returns and (2) the number of returns reporting higher income and more complex transactions. He also requested that we furnish statistics on total tax receipts for this period of time. I am most happy to comply with these requests.

	1959	1961 ¹	1970 ² (estimated)
1. Total returns.....	92,858,000	97,720,000	115,607,000
2. Returns reporting higher income and more complex transactions:			
(a) Individual and fiduciary returns (adjusted gross income of \$10,000 and more) ³	3,955,000	4,665,000	8,485,000
(b) Corporate returns with assets of \$50,000 and more ⁴	565,000	628,000	977,000

¹ For 1961, the percentage of increase in total returns is 5.2 percent over the total returns for 1959. By 1970 these returns will have increased over those for 1959 by 24.5 percent.

² Estimated.

³ For 1961, the percentage of increase in these higher income noncorporate returns will be 18 percent over the same kinds of returns for 1959. By 1970 these returns will have increased over those for 1959 by 114.5 percent.

⁴ For 1961, the percentage of increase in these larger corporation returns will be 11.2 percent over the same kinds of returns for 1959. By 1970 these returns will have increased over those for 1959 by 72.9 percent.

With respect to total adjusted tax receipts, in fiscal year 1959, the Service collected a grand total of \$79,797,973,000 compared to \$91,774,803,000 in fiscal year 1960 which was the highest total in history. For fiscal year 1961, the Service estimates it will have collected \$94,396 million. Thus, fiscal year 1960 collections represented a 15-percent increase over fiscal year 1959 and fiscal year 1961 collections show an 18-percent increase over 1959.

I appreciate the interest shown by members of your subcommittee in the administration of the Internal Revenue Service, and I want to thank you for the opportunity given me to supplement my testimony.

Very truly yours,

MORTIMER M. CAPLIN, Commissioner.

Mr. GROSS. I will frankly tell you why I ask that question. During the past presidential campaign, Mr. Kennedy insisted our economic growth was decreasing, that the United States was standing still, way below the growth in the U.S.S.R. My question is, Do tax receipts bear this out?

Mr. CAPLIN. Our taxes were extremely high during that period of time. In terms of total receipts we certainly have collected the largest sums in our history.

I believe the point of reference is different so far as tax collection is concerned.

Mr. GROSS. One other observation, and perhaps a question in connection with it although you may not feel free to comment. In your preliminary remarks you regretted that the Secretary of the Treasury, and the Assistant Secretary of the Treasury could not be here. The Secretary of the Treasury is a long way away, is he not?

Mr. CAPLIN. Yes, sir.

Mr. GROSS. He is in Uruguay.

Mr. CAPLIN. That is right.

Mr. GROSS. I will say to you that I was astonished that the President of the United States would commit this country to a \$20 billion spending program in South America and that the Secretary of the Treasury would apparently go to Uruguay and lend an aura of validity to that dangling of \$20 billion before the eyes of the South Americans without a scintilla of approval on the part of the Congress of the United States, which must provide the money if we are going to put \$20 billion into South America on top of everything else we will be doing over the next 10 years.

I do not know that you would want to comment on that. However, I am astonished at that kind of procedure when the Secretary of the Treasury knows this country is head over heels in debt and having trouble financing that debt.

Mr. CAPLIN. Of course, I have not read the text nor do I know what conditions are imposed on this figure. I don't know how much the South American countries will be expected to contribute themselves. Nor do I know the amount of private funds which may be involved.

But you are correct, I am not in a position to comment.

Mr. HENDERSON. We appreciate your appearance this morning, gentlemen, and your testimony has been well received by the committee.

Mr. CAPLIN. Thank you for hearing us, gentlemen.

Mr. WEATHERBEE. Thank you.

Mr. HENDERSON. The committee is now adjourned until Friday, August 18.

(A subsequent letter and attachment from Mr. Caplin follows:)

U.S. TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington, D.C., August 18, 1961.

HON. JAMES C. DAVIS,
House Committee on Post Office and Civil Service,
Washington, D.C.

DEAR MR. DAVIS: This is in reply to your letter of August 17 concerning my testimony before the subcommittee hearings on H.R. 7377.

A series of questions is posed in your letter on behalf of Mr. Gross relating to the impact of automatic data processing on the Service's requirement for top

grades. In the attachment I have endeavored to answer these questions. I hope you will find this information of value.

Very truly yours,

MORTIMER M. CAPLIN,
Commissioner.

ATTACHMENT

Question: (a) What top grades have been allocated to this (Automatic Data Processing) Division? How many and in what categories (16, 17, 18)?

Response: (a) A total of seven supergrades have been allocated thus far to the ADP program. These are for the following positions:

<i>Position</i>	<i>Grade</i>
Director, ADP Division.....	GS-17
Assistant Director, ADP Division.....	GS-16
Director, Computer Center.....	GS-16
Director, Atlanta Service Center.....	GS-16
Director, Northeast Service Center.....	GS-16
Director, Midwestern Service Center.....	GS-16
Director, Western Service Center.....	GS-16

In addition, we have under consideration some proposed organizational changes which give recognition to the increasing importance of the ADP program. If the proposed changes are adopted, this will have a further impact on the number of supergrade positions allocated to this activity.

Question: (b) Can you give the subcommittee some further information on the use of ADP by IRS—for example, the extent of change over to this processing to date?

Response: (b) Changeover to the new organization is phased for the nine Internal Revenue Service regions and their respective district offices as follows: 1961, one region; 1962, one region; 1963, two regions; 1964, two regions; 1965, one region (including an existing service center); 1966, two regions (including two existing service centers).

Current plans call for the shift of work within a region to be phased over a 3-year period: 10 percent the first year, 15 percent the second, and 25 percent the third.

The Atlanta region is already in the process of conversion to ADP, and the Philadelphia region is scheduled to begin conversion next year.

The high speed data manipulation and storage characteristics of ADP equipment will be used both to facilitate processing and to strengthen enforcement and revenue-processing operations. This equipment will—

1. Systematically check on failures to file.
2. Verify accuracy of returns filed and compute taxes or refunds.
3. Determine prior to refund if taxpayer is indebted for any delinquent tax or if he has already received a refund.
4. Match data reported on information returns with returns filed.
5. Classify returns for audit purposes.
6. Obtain other byproduct information for management and for statistical reports.

Key characteristics of the system are—

1. A master file of millions of separate tax accounts which will be continually updated to provide a multiple-year history of each account.
2. Individual taxpayer permanent account numbers.
3. Central processing at a single computer center of magnetic tapes prepared at the nine service centers.

Question: (c) How many employees will be directly affected by ADP when it is fully installed and operating?

Response: (c) Nationally, we have 11,000 to 12,000 permanent employees in the activity directly affected by ADP. Fifty percent of the work of these employees will be shifted to the service centers. In addition, as many as 10,000 other employees may be indirectly affected by required reassignment; 7,000 to 10,000 employees are to be selected and trained for the 6 new service centers and in the 3 existing service centers which are to be converted to ADP. Present employees will be offered every opportunity for reassignment and retraining to these vacancies. Conversion to the present 3 IRS service centers was accomplished without reduction in force. From 2,000 to 2,500 positions in district offices were abolished; yet all employees were placed. If at all possible, we will similarly avoid a reduction in force during the installation of ADP.

We believe that we can accomplish this conversion without adversely affecting employees because of the leadtime involved; our knowledge of the ADP impact on particular positions; the staggered shift of work; our early and continuous planning for redevelopment; factors such as attrition and growth; and, above all, the cooperative efforts of management and employees at all levels.

Question: (d) Will ADP tend to decrease the number of employees?

Response: (d) It is not believed that ADP will tend to decrease the overall total number of Internal Revenue Service employees. As a result of normal national growth, there will be a constant increase in the number of taxpayers and therefore in returns and information documents received. As contrasted with 93 million returns received in 1958, it is estimated that there will be 115 million by 1970 and 140 million by 1980. Complexities of operations are increasing because of legislative changes in the tax code. The heretofore unavailable information produced by ADP will require increases in the enforcement program, in order to collect the additional revenues which we estimate are being lost at the present time.

(Thereupon, Friday, August 11, 1961, the subcommittee adjourned to reconvene at 10 a.m., Friday, August 18, 1961.)

We believe that the increase in the number of African positions is a direct result of the fact that the number of African positions in the United States is increasing. This is due to the fact that the number of African positions in the United States is increasing. This is due to the fact that the number of African positions in the United States is increasing.

Question (2) Will it tend to increase the number of African positions? It is not believed that it will tend to increase the number of African positions. It is not believed that it will tend to increase the number of African positions. It is not believed that it will tend to increase the number of African positions.

Answer (3) It is not believed that it will tend to increase the number of African positions. It is not believed that it will tend to increase the number of African positions. It is not believed that it will tend to increase the number of African positions.

INCREASE IN NUMBER OF AUTHORIZED TOP-LEVEL POSITIONS IN THE FEDERAL GOVERNMENT

FRIDAY, AUGUST 18, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 215, House Office Building, Hon. James C. Davis (subcommittee chairman) presiding.

Mr. DAVIS. The subcommittee will come to order, please.

The hearing this morning is a continuation of our analysis of the requests by the departments and agencies of the Federal Government for additional top management jobs. Since we began our hearings on the administration-sponsored bill, H.R. 7377, this subcommittee has heard from the Chairman of the Civil Service Commission, the Assistant Secretary of Defense for Manpower, the Administrator of the National Aeronautics and Space Administration, the Administrator of Federal Aviation Agency, the Chairman of the Federal Home Loan Bank Board, the Director of the Peace Corps, as well as representatives of the State Department, Treasury Department, including the Commissioner of Internal Revenue Service, the Deputy Chairman of the President's Task Force on Foreign Economic Assistance, and representatives of hearing examiners in the Federal Government.

We have also heard from witnesses, including the Honorable Carlton Loser of Tennessee, and the Honorable John F. Shelley, of California, in the interest of 140 hearing examiners of the Coast Guard and Social Security Administration, to be raised in pay to a level in excess of that provided by H.R. 7377.

Since the subcommittee opened its hearings on June 20, the subcommittee has been asked to consider requirements for an additional 178 top positions that are not now found in the administration's sponsored bill.

During this session so far 43 bills have been introduced covering 21 separate subjects that provide for over 400 additional top jobs in the Government. These include 79 statutory and supergrade-type positions in H.R. 8400 which provides for a new agency for the foreign aid program, 32 supergrades in H.R. 7500 which would establish the Peace Corps, and 54 in the U.S. Disarmament Agency for World Peace and Security.

The subcommittee members have requested the Chairman of the Civil Service Commission, Hon. John Macy, to return this morning to answer such additional questions as the members may have concerning these various requests by the departments and agencies.

And I understand it, Mr. Macy, you have some additional exhibits which you feel would be well to be placed in the record, and we will be glad to have you submit them at such time in your statement as you see fit to do so.

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION; ACCOMPANIED BY ROBERT HARE, CHIEF, PAY SYSTEMS SECTION, CIVIL SERVICE COMMISSION—Resumed

Mr. MACY. Thank you very much, Mr. Chairman. I appreciate the opportunity to appear before you and the subcommittee again on this important legislation. I have followed your hearings with a great deal of interest and believe that the agencies with primary interest in this bill have had an opportunity to tell the subcommittee the program needs that they have that necessitate these positions.

I would like to present to you a document which Mr. Hare will bring to the Chair so that perhaps we can talk about it together.

Mr. DAVIS. Very well, sir.

Mr. MACY. My feeling at the time of my earlier appearance on this legislation was that the time consumed by my opening statement and my answers to questions that were raised at that time did not permit me to summarize in as clear fashion as was desirable just what the content of this particular legislative request was, and table I that is before you, is an effort to summarize section by section the categories of positions that are included in H.R. 7377, showing the number of positions presently authorized by legislation in each category, the number requested as a result of the legislation, and the net increase.

You will note that the first line shows the increase in the positions in the Classification Act, the so-called regular positions, a net increase of 578; then in section 201 a net increase of 20 for the positions in the special authorization for the National Security Agency; and then in sections 202 through 206 the additional professional and scientific positions which are generally described as Public Law 313 type, and a net increase of 203 is requested; and then finally in section 401 the additional positions in this general pay area as a result of the legislative proposal for the hearing examiners. There the entire increase is represented by the hearing examiners raised to the GS-16 level, 299.

You will note this gives us totals that produce a net increase of 1,100.

I might add, Mr. Chairman, that the symmetry of that number was not by plan. That is the way it added up.

I will not go through table I-A in detail but it is a backup for the first line of table I and indicates the manner in which the net increase of 578 was derived. It shows the consolidation of previous authorities and the increase which is involved in this over and above the consolidation.

Table I-B outlines the revisions in the limits on scientific and professional positions as incorporated in the bill as it presently stands. You will note at the bottom the net increase of 203.

Table I-C is a summary of the present hearing examiner strength according to the records of the Civil Service Commission, indicating the agencies in which the hearing examiners are presently employed.

Then table II is related to your earlier observations concerning the additional requests that have been received by the Congress for positions in GS-16, GS-17, and GS-18, or equivalent positions that have come up in addition to the administration proposal as it is embodied in H.R. 7377.

Mr. JOHANSEN. Mr. Chairman, may I interrupt there for an interpretation?

Mr. DAVIS. Mr. Johansen.

Mr. JOHANSEN. Have these additional positions in table II been cleared through the Civil Service Commission?

Mr. MACY. Yes. These 10 proposals represent requests that have been cleared.

Mr. JOHANSEN. What is the reason for their noninclusion in the original bill?

Mr. MACY. The reason is these were programs that were in the process of development at the time the survey was made by the Civil Service Commission.

Mr. JOHANSEN. That was bureaucracy expansions after the original bill?

Mr. MACY. I am not sure I would have used the same language.

Mr. DULSKI. Mr. Chairman.

Mr. DAVIS. Mr. Dulski.

Mr. DULSKI. I notice on table II, the positions for the Federal Aviation Agency, it says here in the status "Cleared by Budget." I imagine the Aviation Agency can absorb the cost of the 15 additional supergrades?

Mr. MACY. That is true insofar as funding is concerned. This cryptic notation means that the Bureau of the Budget cleared this request for submission to the Congress but there has not been any special legislation introduced to carry this out.

Mr. DULSKI. What I have reference to is, do we have a favorable report for the other nine agencies?

Mr. MACY. Yes, sir. In other words, in the other nine instances the administration's favorable report has been sent forward and legislation has been introduced to carry out the administration proposal.

For example, in the case of No. 1 on area assistance, the legislation has already been enacted. This is Public Law 27 of this Congress. So these are in various stages of consideration and enactment as indicated in the second vertical column marked "Status." For example, No. 5, the foreign-aid bill, is before both Houses for debate at the present time.

Mr. DAVIS. On that point, if you will pardon the interruption, I have been negotiating with Dr. Morgan, the chairman of that committee, about taking them out of that bill. It is amazing, Mr. Macy, how many of these bills come over to the floor of the House carrying provisions for supergrades and these other top positions that we have not been consulted about, that we have not passed upon, and that will greatly interfere with our management of this supergrade problem. It is a very upsetting thing and we are going to have to put on some extra help to police these various bills that are introduced and come through the various committees and come up over there to keep up with them. It is becoming an irritating thing to know how to handle this on a fair basis and have every agency of Government going through other committees, including the Appropriations Committee,

and getting these things like a puppy running into a meat house and running out with something he can get away with.

Mr. MACY. There is a pressure of need for these positions in the various agencies and at the time they discuss their fund requirements with the Appropriations Committee questions are raised about meeting their supergrade requirements and they make a case for their needs. The Appropriations Committee, responding to that need, frequently writes language in the bill.

Mr. JOHANSEN. Which is legislation in an appropriation bill, I would say to the gentleman, and furthermore, if the chairman will permit, I would like to say this type of approach to the matter, in view of the clear-cut legislative responsibility of this subcommittee, amounts in my book to nothing but a legislative bootlegging operation and I take violent exception to it.

By the way, does the listing here include the legislation or the number of supergrades or equivalents thereof that are being promoted by the Attorney General of the United States through the Judiciary Committee? Are those in here?

Mr. MACY. No.

Mr. DULSKI. They have introduced a special bill which I presume is in the Judiciary Committee now.

Mr. JOHANSEN. It is part of the bootlegging operation.

Mr. DULSKI. That is right.

Mr. DAVIS. It is out of the Judiciary Committee and before the Rules Committee now, is it not?

Mr. DULSKI. It has gone further. They have done a wonderful job.

Mr. MACY. I believe you are referring to H.R. 6242, which I believe has been before the Judiciary Committee. But, with respect to your comment on enactment through appropriation, it is the proposal in H.R. 7377 to pull together and consolidate authorities that have been enacted in the past by that route so that there will be control by this committee and its counterpart in the Senate.

Mr. JOHANSEN. Bless your heart. You will have our cooperation, I am sure.

Mr. DULSKI. I have great admiration for the Commissioner, but every time I ask a question about the need for new positions I find you are not asking for new men; these are actually promotions for people already in the departments. Very few new people are being hired.

Mr. MACY. My estimate would be that based on the information the Commission collected in the survey, about 80 percent of these jobs would be used to properly grade positions that are now at a lower grade. In other words, for the incumbent it would constitute a promotion but it is our judgment that these jobs are now improperly allocated and that additional spaces are necessary in order to arrive at a proper allocation.

Mr. DULSKI. It is a promotion.

Mr. MACY. A promotion will result for the incumbent but it is properly compensating him for the duties and responsibilities that are assigned to him.

Mr. DAVIS. If we held a tighter rein on the grades below GS-15, 14, and 13, is there not a great probability we would not be in this position we find ourselves in about supergrades?

Mr. MACY. This may be one of the conditions, but my impression, Mr. Chairman, is that with the needs for higher level management and scientific and technical guidance in these agencies that these are justifiable requirements in order to carry forward the various programs of the agencies. You have had before you some of the principal spokesmen for those agencies and I would assume that they have indicated the nature of the responsibilities that are before them and that require this type of people.

Mr. DAVIS. We have had quite detailed discussions with them about it and, as Mr. Dulski has pointed out, in the windup the bulk of them are simply promotions for people already in the service who are not going to quit anyhow and they are not bringing in new talent and new people.

Mr. MACY. But I think we have to recognize that by providing additional positions we are doing justice to those individuals who, by classification judgment, are now not receiving fair compensation.

Mr. DAVIS. They may need additional promotions, and they may need additional pay, and it might help their morale and it might get a better balanced personnel situation, but here we are now already with a \$292 billion deficit and it is increasing all the time. Every Congress has to increase the national debt limit. We have already done it once during this Congress and probably will have to do it again during this Congress, and we are threatened with all kinds of dire things on an international basis. We are having to step up our expenditures in almost every direction you look, so why can we not get this thing on a basis so that in such areas where we can practice economy, why not practice it?

Mr. MACY. I certainly support good management and economy, and it is my belief that these additional managerial positions should lead to improved management of many of these agencies.

Mr. DAVIS. How will it lead to that if you are simply raising the salaries of folks already in the Government?

Mr. MACY. Because I think it is good management to compensate in accordance with duties and responsibilities, to have your organization in proper alinement with levels of supervision clearly identified, and with the limitation on these jobs it is very difficult to do.

Mr. DAVIS. I would say there is a lot of sense to that but, as I have just said, when we are going into debt all the time and new needs are arising for the expenditure of additional funds in the Defense Department and in the various areas of strengthening our military position, why could not we just hold on to what we have got here until we get out of this critical situation we find ourselves in and just do the best we can for the time being?

I would like to have a raise, I would like to have more expense money, I certainly could use it and it would help my morale quite a bit, but we are not in this Congress seeking to better our condition, although I think we are entitled to it and need it.

Mr. MACY. I am not arguing this from a morale point of view but rather on the basic intent of the Classification Act, namely, to recognize equal pay for equal responsibilities. At this time we are unable to do that because of the limitation.

I think it is interesting, in view of your comments, to note that if you look at the Classification Act population of 982,000 jobs, this repre-

sents 0.18 percent of that total population. This is a very thin point at the top of the pyramid.

Mr. DAVIS. It is a lot thicker than it was when we started this supergrade program a few years ago.

Mr. MACY. The first authorization was in 1949, 12 years ago, but the responsibilities and complexity of Government programs have, as we will all admit, because of the development of Government programs, grown in that time.

Mr. DAVIS. I do not want to prolong this discussion, but if it continues to mushroom at the present rate it will be completely out of hand.

Mr. DULSKI. Are you familiar with the NASA program?

Mr. MACY. Generally, yes.

Mr. DULSKI. I understand Canada closed up one of their plants and some of the scientific people employed in that plant were receiving salaries in the scale of \$10,000 and \$15,000. They came down here, I believe, to Langley Field. They are all scientific individuals. These people were unemployed when they were laid off in Canada. There was no need for these people any other place. They are probably valuable people but their salaries were increased \$6,000 or \$7,000. There is a program that is mushrooming.

Personally I have been opposed to the program of spending \$20 billion to put a man on the moon. I imagine they all have to be qualified, but a special corporation was formed and they hired a man for \$75,000. How far can we go?

Mr. MACY. I imagine you are referring to the Aerospace Corp.?

Mr. DULSKI. Yes.

Mr. MACY. The salaries of that corporation were determined by the board of directors of the corporation.

Mr. DULSKI. Who are the members of the board of directors? Is that a retired general?

Mr. MACY. I fear I cannot respond on that. I do not know the names of the members of the board, but they do have a contract with the Government and the entire matter of contractual services for the Government is under study and evaluation at the present time.

President Kenedy has been concerned about this, has been very much aware of the congressional concern about it, and has directed the Director of the Bureau of the Budget to head a group reviewing this entire situation and to establish new policy guidance as to what activities of the Federal Government should be subject to that type of operation and what controls the contracting officer, the Government representative, should exercise to see that there is good management in performing the Government's business.

So we are conscious of the point you raise. I think the quick answer is that the salaries being paid by those corporations are a reflection on the competitive situation, particularly in the airframe industry on the west coast where this activity is located.

Mr. JOHANSEN. Were they hired by this corporation?

Mr. DULSKI. By the Government.

Mr. MACY. I understand they were hired by NASA at Langley Field.

Mr. JOHANSEN. Were the salaries they were allocated cleared by the Civil Service Commission?

Mr. DULSKI. I imagine they were.

Mr. MACY. I am not familiar with the details of this situation, but NASA, if they hired these individuals under their regular pay system, they would have cleared those jobs in advance with the Commission.

Mr. JOHANSEN. Then this substantial pay raise presumably was cleared by the Civil Service Commission?

Mr. DULSKI. I think the NASA personnel do not have to be cleared by the Civil Service Commission.

Mr. MACY. They have some positions that are excepted, but rather than speculate on it further I would be glad to look into it and supply you with further information.

(The information follows:)

Early in 1959 AVRO Aircraft, Ltd., Malton, Ontario, Canada, had its contract for the development of an interceptor fighter plane canceled very abruptly. This had constituted the major basis of their business and the cancellation required a serious cutback in the technical staff they had developed. The NASA, together with representatives of a number of major aircraft companies in the United States sent representatives to Malton to interview and recruit selected individuals. This type of recruitment has been followed in a number of instances before and since where a group of skilled professional personnel become available due to cutbacks on contracts and inability or decision of the parent company not to hold the staff together.

Since the Space Task Group of the NASA had been actively recruiting, and since it had been relatively unsuccessful in drawing the necessary number of people with experience, this opportunity was most welcome. The NASA team selected some 30 engineers who transferred at different dates (most of them in April and May of 1959). In most cases, they were brought in to grade levels substantially below the comparative level of their colleagues, and have since been adjusted with regard to effective alignment. These promotions have been made on the basis of (a) reorganization of the Space Task Group to cope with an expanded manned space flight effort; (b) the selection of the best, experienced leaders for key section and branch head positions; and (c) the alignment of salaries, generally, for equivalent levels of demonstrated judgment, skill, and scope of technical application distinguishing the work situations.

A review of the salary record of the 25 employees now with the NASA who were recruited from the AVRO Corp. shows that initial salary increases upon appointment were within the following ranges: 1 salary decrease; 3 received increases ranging from \$50 to \$499; 3 increased \$500 to \$999; 6 increased \$1,000 to \$1,499; 10 increased \$1,500 to \$1,999; and 2 increased \$2,000 or more. The greatest increase was \$2,210. Two of these employees are currently in GS-12; 11 in GS-13; 9 in GS-14; 2 in GS-15; and 1 is in an excepted position at \$17,500 pursuant to section 203(b)(2) of the Space Act.

These employees are scattered throughout the Space Task Group divisions and branches, and are integrated with U.S. citizens in various work groups. All have filed declarations of intent to become U.S. citizens.

Mr. JOHANSEN. I do not expect you to be your brother's keeper, but would you possibly have any influence with the Administrator of the Federal Aviation Agency who apparently is generally promoting the idea of a 100-percent increase for Members of Congress, the judiciary, and about 1,000 top executive employees. The Chairman, I am sure, does not associate himself with that nonsense.

Mr. MACY. I have discussed with Mr. Halaby his views on this subject and I believe that, as he indicated in his testimony, those were his personal views and not official views of the administration.

Mr. JOHANSEN. It is awfully hard for a man in his position, as it is for those of us in the Congress, to disassociate his views with the prestige of the position he is occupying, and with the high regard I have for the Chairman of the Civil Service Commission I am inclined to

believe he does not associate himself with these grandiose and damaging proposals.

Mr. MACY. Thank you.

Mrs. NORRELL. Mr. Chairman, I wanted to ask a question about table II.

Mr. DAVIS. Mrs. Norrell.

Mrs. NORRELL. I see 30 positions above GS-15 for the Peace Corps. Are those new positions?

Mr. MACY. Yes, these would be totally new positions, Mrs. Norrell. It would be the first such positions for the new Peace Corps organization. This is a totally new organization. As we know, they are in the process of seeking authorizing legislation for their permanent establishment and as a part of the legislative proposal these positions were included in the bill and I have listed them here in order to give this committee, which has the overall responsibility for such legislation, a complete picture of the new and expanded programs that require positions at this level that are over and above the positions that are requested in H.R. 7377.

Mrs. NORRELL. Have positions already been set up for the Peace Corps as it is being organized now?

Mr. MACY. On a temporary basis, yes.

Mrs. NORRELL. On a temporary basis; and these would be absorbed in this 30?

Mr. MACY. That is correct. If this legislation were enacted in this fashion, this would represent the total number of positions available to the Peace Corps and it would be a matter for this subcommittee to consider as to whether these positions should be incorporated in H.R. 7377 or remain a part of H.R. 7500, which is the Peace Corps bill.

Mr. JOHANSEN. Mr. Chairman, just one more question. Do I understand that these supergrades such as there are for the temporary and tentative Peace Corps were cleared with the Civil Service Commission?

Mr. MACY. No, these positions were filled in accordance with mutual security authorities.

Mr. JOHANSEN. And do I understand that if in a sudden display of wisdom on the part of the Congress the legislation creating a permanent Peace Corps were defeated, would that then eliminate this temporary status?

Mr. MACY. In the event of that situation I would not be clear as to what the future status of the Peace Corps would be.

Mr. JOHANSEN. I am wondering what the executive authority is for continuing this as a sort of permanent temporary thing if the Congress does not approve of its being a permanent permanent operation?

Mr. MACY. I am not aware of the lifespan of the temporary operation. I can obtain that information.

Mr. JOHANSEN. I would appreciate your getting that information and supplying it for the record.

Mr. DAVIS. Mr. Rousselot.

Mr. ROUSSELOT. What do you mean by "temporary"? Under the law what authority can you give a so-called temporary agency to provide for certain kind of positions? What is meant by "temporary"? Is that a year or 60 days?

Mr. MACY. We have frequently allocated positions with a terminal date to them out of the pool.

Mr. ROUSSELOT. How does the law now read to give you the authority to do this?

Mr. MACY. This is administered by the Commission and there is nothing in the law that prescribes a time limit for a particular job.

Mr. ROUSSELOT. In other words, the time limit is left to you?

Mr. MACY. That is correct. If these positions are positions that are drawn from the general authority available to the Commission, the Commission, by administrative action, is able to place a time limit. This is usually done with the understanding of the agency involved.

Mr. ROUSSELOT. What time limit have you placed upon the Peace Corps that now exists?

Mr. MACY. I do not believe I can answer that. I will have to check.

Mr. ROUSSELOT. May we have that for the record, whether it is 1 year, 2 years, or what basic time limit you have put on these positions that now exist?

Mr. MACY. I will do that.

(The information follows:)

A review of Commission records reveals that the Peace Corps has not requested and the Commission has not allocated any position to GS-16, 17, or 18 in that organization. We are advised that 17 members of the staff of the Peace Corps are paid at rates of supergrade level; 5 of these employees are on detail from other agencies, 2 are Foreign Service Reserve officers, and the remainder are consultants paid at per diem rates from mutual security funds.

Mr. HAGAN. Would the gentleman yield?

Mr. ROUSSELOT. Yes.

Mr. HAGAN. Are we not going to take up the Peace Corps at a later date? Does that have any bearing on this supergrade discussion this morning?

Mr. ROUSSELOT. I think it does. I have served in the executive branch, and you have, and I have been a little disturbed myself at the length of time so-called temporary employees can stay on. I think it relates to the management responsibility that we give and allow with additional supergrades. I have found that positions do not diminish when you give additional supergrades, but they multiply like rabbits.

So, I do not know what kind of pressure you get from your district, but I know what many of my constituents tell me and how they feel. They are not sophisticated enough, they are just taxpayers, to understand what the problems are in reducing bureaucracy rather than increasing it. I think the only chance we seem to have to talk about these things is when we are creating additional management responsibility positions. I think this is the time to discuss it.

Mr. Macy, the last time you were here, you will recall I raised a question about whether there was any coercion being used that you knew of to force present civil service people out of positions on the basis the new administration was anxious to move in many new people. I am now talking, not about the regular supergrade positions, because we all know those are removable, but I have had a great number of disturbing reports from the agency in which I used to work that there has been tremendous pressure put on many people to either move out, or they would be sidetracked to other jobs.

Is much of this going on?

Mr. MACY. I am unaware of pressure on employees in the competitive service to resign or retire. If you have some cases where such allegations have been made, we will certainly investigate them.

Mr. ROUSSELOT. Yes, I would like to go over those with you. I found there is enough so that I think it does bear looking into.

Mr. MACY. Certainly the Commission's responsibility is to assure that there are no improper actions with respect to the competitive service. I certainly would be willing to meet with you and get what information you have and see what we can determine.

Mr. ROUSSELOT. These people have expressed a fear of coming to you because they have been threatened that if they do they would be finished in the civil service.

I know that that is not your feeling from the last discussion we had.

Mr. MACY. It certainly is not. I would be very much interested in having further information on this point.

Mr. JOHANSEN. Will the gentleman yield?

Mr. ROUSSELOT. Yes.

Mr. JOHANSEN. The Chairman said he was not aware of any such pressures. I was under the impression that the Chairman was aware and had taken a most laudable position with respect to the efforts of the Secretary of Interior to remove the Chief of the Park Police.

Mr. MACY. In that particular case, Mr. Johansen, knowledge of the proposed removal has been largely one of newspaper presentation. I have been informed by the leadership in the Department of the Interior that the matter of the position of the Chief of the U.S. Park Police will be handled in accordance with civil service regulations.

Mr. JOHANSEN. I am very happy to hear that.

Mr. DAVIS. It did not start out that way.

Mr. JOHANSEN. It certainly did not. It started out as one of the most ruthless acts on the part of the Secretary that I ever heard of.

Mr. ROUSSELOT. Let me give you several examples of people who have been called in and told, "We have information that puts you in a questionable position personally. You either resign or we will find a way to make you resign."

I know that this has occurred on many occasions. I do not mean to imply that it is being done all over the Government and I only know of two agencies, but I think that if this is the case even in one agency, it is wrong and we ought to begin to make it clear it should not continue because it has gone on.

I have had over 20 people in my office who were afraid to even come to you because they had been threatened that if they did it would mean that they would either be through in the civil service or sent to lesser jobs. This is a nonpolitical thing because many of these people were of the opposite political persuasion than I am, so it is not a political thing.

Mr. MACY. I found, Mr. Rousselot, when allegations of that kind are made it is desirable to get the facts as they are seen from both sides and arrive at a judgment. I certainly would be most willing to do that if you will provide me with the information.

Mr. ROUSSELOT. Of course, the person who made the threat would probably not admit to that kind of thing.

Mr. MACY. Sometimes there may be—

Mr. ROUSSELOT. Because it is not done in writing.

Mr. MACY. Sometimes statements are interpreted as threats that may not be. Certainly, if this is the impression we ought to review it.

Mr. HAGAN. Mr. Chairman?

Mr. DAVIS. Mr. Hagan.

Mr. HAGAN. I have one question I would like to ask Mr. Macy.

We have had considerable testimony and information here that the work of the Coast Guard examiners was sufficiently complex to warrant a grade GS-16 and also that hearing examiners of the Social Security Administration should be placed at the grade 16 level.

I wonder if you would care to comment on that?

Mr. MACY. Yes, Mr. Hagan, I would be pleased to.

I am aware of the testimony by hearing examiners of the Coast Guard and the old-age and survivors insurance about provisions in title IV of the bill. Under title IV, hearing examiner positions of those agencies are to be compensated at a rate equivalent to the maximum of GS-14 and certain other specified agency examiners are to be paid at the maximum rate of GS-16. The Civil Service Commission made this differentiating judgment on the basis of its analysis of the nature and difficulty of the cases that were handled by the various hearing examiners.

The fact that certain agency examiners were placed in a lower level than others is in no sense an evaluation on the Commission's part as to the importance of the particular agency or the program that was involved, but rather the Commission's judgment with respect to the nature and difficulty of the cases that were handled.

In the case of both the Social Security and Coast Guard, these are cases involving individual claims or cases involving individual claimants, or involving an individual violation of safety regulations, or some other matter of enforcement under the jurisdiction of the Coast Guard,

In contrast, the examiners at the GS-16 level are concerned with cases that have broad economic implications, such as rate cases for the Civil Aeronautics Board that concern the entire aviation industry or rate cases in the Interstate Commerce Commission that affect the railroad system of the country. So we have felt it was proper to have these two levels and to make this differentiation.

As I have written to a number of Members of Congress who have inquired particularly about the Coast Guard, this in no sense is an adverse reflection on the maritime program or anything else.

Mr. DAVIS. I noted you did not put them on table 1-C, either the Social Security hearing examiners or the Coast Guard examiners.

Mr. MACY. Mr. Chairman, I am glad you made that point. These are the hearing examiners who go to the equivalent of the maximum rate of GS-16.

In other words, these are additional jobs that, if this legislation were enacted, would fall in the so-called supergrade area. The other examiners who would end up in this legislation at the maximum rate of GS-14 would not be additions. Therefore, I have not included them in here.

Mr. HAGAN. In other words, the magnitude of their work, by comparison with the type of examining they do, as compared with the others, would not constitute a grade 16?

Mr. MACY. That is our judgment, Mr. Hagan.

Mr. HAGAN. They examine mostly one individual person?

Mr. MACY. Individual cases involving a single incident, or a single individual, in contrast to these broader cases that have much more significance economically, or with a regulatory impact.

Mr. ROUSSELOT. Mr. Chairman?

Mr. DAVIS. Mr. Rousselot.

Mr. ROUSSELOT. As I understand it, there is an increase of 1,100 supergrades plus the 321 on the back page; is that correct? Is that what is being asked for?

Mr. MACY. Yes, that is correct.

Mr. ROUSSELOT. Mr. Macy, we all know from previous experience of your tremendous ability in the field of civil service and your dedication to making sure that it becomes a service of integrity and service.

Are you absolutely convinced that all of these are needed?

Mr. MACY. Yes, Mr. Rousselot, I am. This is on the basis of a very thorough review that the Civil Service Commission conducted earlier this year which produced requests from agencies totaling nearly 2,100 positions. The Commission reviewed as rapidly as it could each of those positions to determine whether or not they were warranted from the point of view of the individual job classifications.

Mr. DAVIS. You testified before, did you not, that the Commission does not look into the requirements for supergrades but merely looks into the qualifications?

Mr. MACY. Into the job content.

Mr. DAVIS. You do not go into the question of whether they are needed or not, I believe you told us? You leave that up to the agency? You do not pass on that but merely the qualifications?

Mr. MACY. We pass on whether or not the content of the job warrants the particular grade. My response to Mr. Rousselot was that, in our judgment, from review of these requests, they do warrant the grade level. As far as the staffing of agencies is concerned, as the chairman indicated, this is a judgment that does not rest with the Civil Service Commission, the number of positions that are involved. This is a responsibility that rests with the head of the agency subject to review at the time he requests his funds for these positions.

I appreciate the chairman's elaboration.

Mr. DAVIS. The 3,100, you do not go into that?

Mr. MACY. That is correct.

Mr. ROUSSELOT. How do we best get at it, other than having every single agency head in here to determine whether these positions are really needed and in line with President Kennedy's request that we begin to make sacrifices for the overall purpose of winning our battle for men's minds internationally? What kind of sacrifices are we making in the civil service to make sure we are not asking for any unnecessary additional positions? I know this is a strange question but you know that this is what is asked when we go back home.

Mr. MACY. I can well appreciate it and I think it is part of the problem we share in both branches of the Government, the matter of explaining how Government programs have grown and how they have become complex, and how they require higher degrees of skill in order to be effectively administered in the public interest.

I would say that the committee has proceeded in a manner that answers your question by calling before it those who have operating

responsibility for these particular programs and questioning them with respect to the justifications.

I have endeavored to do this with these new programs purely in a consultative fashion because the Commission does not have the ultimate responsibility except in determining whether or not the job warrants the grade level.

I feel that the Commission request from the survey, if anything, was too modest in H.R. 7377. The modesty of it is somewhat demonstrated by the fact it was necessary to support supplementary requests for these additional or expanded programs as they materialized.

Mr. ROUSSELOT. Who do you think we could call on to find out whether these are justified and needed, since you can only pass on the—

Mr. MACY. As I say, in providing witnesses from Defense, State, NASA, and others that the chairman has called, I believe you have had before you the people who have basic responsibility for determining the management needs for positions of this kind.

Mr. DAVIS. Will the gentleman yield?

Mr. ROUSSELOT. Yes.

Mr. DAVIS. Mr. Macy, this poses a problem. Where you have a pool of supergrade positions from which all of the agencies must be supplied their supergrade needs, and you get requests from the various agencies for considerably more supergrades than are available, what do you do then about your positions? You do not pass upon the need for the number asked for, and you do not have enough to supply the number asked for by all of the agencies. What do you then do?

Mr. MACY. We have an extremely difficult time.

Mr. DAVIS. How do you go about solving the problem?

Mr. MACY. Here is the process we follow, and which we would follow if this legislation were enacted. We would go back to each agency and ask them to review their requests and indicate to them those that we did not feel warranted supergrade allocations as previously submitted.

We would ask them to rank in accordance with their priority of need the positions in their request.

Then once those were in the Commission, we would endeavor to review the total picture and attempt to allot, based upon general judgments with respect to agency programs and past performance.

We have the value of past performance in allocating some 1,200 of these jobs previously, and we would attempt to follow the agency's priorities to the extent that we could.

Mr. DAVIS. Where you have only a fixed number in the pool, then you would finally reach the point where you would determine which is most needed and which is not?

Mr. MACY. That is right. I think some of the testimony that you have had before you shows that there is a certain degree of discontent on the part of the agencies with the manner in which this is necessary. As I recall it, Mr. McMurray came before you and said he felt his jobs were always those at the end of the line. I sympathize with his point of view but I believe that the Commission in doing this has as broad a view of the total Government picture as is available in the executive branch.

Mr. JOHANSEN. Would the gentleman yield?

Mr. DAVIS. Yes.

Mr. JOHANSEN. I think there is one matter that should be put in the record which would be very helpful, if we do not already have it.

Are you able to state, out of the 1,421 supergrades, or equivalents that are listed in table I and table II, how many of those represent promotions or upgradings? How many represent new positions? How many represent new personnel brought into the Government? Is it possible to give us, at least in round figures, that breakdown?

Mr. MACY. I think I can give it to you in general terms.

The positions on table II, since they represent positions for new programs, to the best of my knowledge are for recruitment from the outside or from transfer from other Government agencies.

I think I indicated earlier it was my judgment that roughly 80 percent of the balance of, let us say, 578 positions in the Classification Act would be positions that would be filled by correcting misallocations that existed at the present time. Therefore, this would affect present employees. The other 20 percent would be for recruitment on the outside.

With respect to the professional and scientific positions, I believe that the number that would be recruited from the outside would be more nearly 50 percent, rather than the proportion in the case of GS-16, GS-17, and GS-18.

Mr. DAVIS. We are about to reach the end of this hearing, gentleman.

I want to ask you one question about H.R. 8400 currently before the House of Representatives.

There are 18 of these top positions, GS-18 supergrades, and 1 statutory position, I believe.

What is it that makes necessary these 19 new positions?

Mr. MACY. The 19 new positions in the foreign aid bill?

Mr. DAVIS. Yes, sir.

Mr. MACY. This is required because of new and expanded programs encompassed in the aid bill as it is embodied in H.R. 8400.

Mr. DAVIS. Are you familiar with the details of where they would be placed?

Mr. MACY. No, sir, I am not. I do not have those details but I can provide them for you.

Mr. DAVIS. I want to get information to enable us to meet these problems on the floor now.

What I want to ask you is this. If the bill remains as it is now, and as it was amended the day before yesterday so as to cut out this 5-year provision and so as to leave it on an annual appropriation basis, would that have any effect on the requests for these new positions?

Mr. MACY. Mr. Chairman, I regret that I am not able to answer that and I apologize for it. I would be happy to try to get the information. I can see where such knowledge would be very helpful to you in considering this bill.

Mr. DAVIS. How soon can you get it?

Mr. MACY. I will contact the people in the agency and try to get a breakdown on this right away.

Mr. DAVIS. If you could do so and telephone Mr. Bray, that would be fine.

Mr. MACY. Fine; I will do that before I leave here.

Mr. DULSKI. Mr. Chairman, I would like to have this for the record.

Do you have the entire cost of H.R. 7377?

Mr. MACY. Yes, sir.

Mr. DAVIS. Could we have that for the record?

Mr. MACY. It is difficult to give this with any precision, but let me say that the maximum amount, based upon my analysis of this, would be \$5 to \$5.5 million. I would feel more confident the cost would be in the area of from \$3 to \$4 million.

The outside figure would be from \$5 to \$5.5 million.

Mr. JOHANSEN. How much for table II?

Mr. MACY. Mr. Johansen, I am unable to give you that but I will endeavor to provide it also.

Mr. JOHANSEN. If it is not a burdensome task.

Mr. MACY. Not at all.

(The information referred to follows:)

The estimated maximum cost of the proposals in table II is approximately \$1,950,000.

Mr. ROUSSELOT. Mr. Chairman, one further question.

Would it be helpful to you to have an investigating force that looks into the matter of need and justification so when you come before us and Congress you are able to answer questions about additional requirements?

Mr. MACY. I would be hesitant to request that because I feel basically this is the responsibility of the agency head who has responsibility for results. In the long run, I would hope we would reach a point where we would not have to go through the process of authorizing these positions under a limitation, and that we could have confidence that the agency management would create these positions subject to allocation and review by the Commission.

We are not requesting that in this legislation.

Mr. DAVIS. Mr. Macy, we have to adjourn now. We had a number of other question on which we wanted information for the record but we did not have an opportunity to ask you.

Would it be possible for you to stay over and let Mr. Bray get some of this information from you before you return to your office?

Mr. MACY. I would be pleased to do so.

Mr. DAVIS. We would appreciate it if you would do that and we thank you very much for coming back.

Mr. MACY. Thank you, Mr. Chairman. Please call upon me if there is additional information the subcommittee requires.

I continue to emphasize this is important legislation as far as the executive branch is concerned.

Mr. DAVIS. Thank you very much.

Without objection, I will insert in the record several statements received by the subcommittee.

(The statements follow:)

SUPPLEMENTAL STATEMENT OF HON. JOHN F. SHELLEY, OF CALIFORNIA

Mr. Chairman and members of the subcommittee of the House on Post Office and Civil Service, I greatly appreciate this opportunity to supplement my testimony in reply to the short but apparently intended to be damaging statement to the position of the hearing examiners of the U.S. Coast Guard by Mr. Macy,

Chairman of the Civil Service Commission, before you on the morning of August 18, 1961.

In short, the substance of the statement by Mr. Macy was to the effect that the Coast Guard hearing examiners via their decisions do not have a broad effect upon the economy and that in their hearings they are usually dealing with a single person in that adversary proceedings.

Mr. Macy failed to point out to this committee that hearing examiners of the Civil Aeronautics Board are divided into groups and there is one group that does little or nothing else but sit on cases in proceedings concerning the licenses of its pilots.

The Chairman of the Civil Service Commission and his lesser officials do not seem to realize or understand that the function of the U.S. Coast Guard itself in the enforcement of all of the many and sundry maritime laws of the United States is to a large degree accomplished via the medium of proceedings via the hearing examiners against the licenses of masters and officers of the merchant mariner's documents of the seamen involved.

To illustrate, the statutory penalty for overloading a vessel beyond her prescribed Plimsoll marks is only a monetary one in the maximum of \$500. I submit, however, that if a vessel is heavily overladen she becomes a menace to herself, to all personnel aboard, and to all other ships and seafarers at sea and in our inland harbors and waterways. A \$500 penalty is a mere slap on the wrist when it is considered that a tanker, for example, is carrying 50,000 barrels, more oil than she should have been carrying. The net result of such a situation, and it applies in various other instances, has been to rigorously prefer charges against the masters who so said overloaded, even though it has been voiced that they have in the past been forced or instructed so to do by their agents or their owners. Continued application of such a policy by the Coast Guard has to a large extent reduced the serious and dangerous overloading of vessels and this has been accomplished via the hearing examiners. Such a decision is a warning to every shipmaster under the American flag and to every operator. These decisions are public documents and the lines keep abreast of them. True, in the illustration given in the proceeding is only against the master's license, but the long end effect has been a solidification by masters, mates, and pilots against such overloading to the end effect that the practice is now under definite control.

To say that the overall safety and discipline of the personnel who sail our ships does not affect the economy is wholly belied, it would seem, by the current maritime strike, now tolled via the application of the Taft-Hartley Act. After only 11 days of that strike, and when only about 150 of our ships had been immobilized, the Secretary of Labor reported to the President that the national economy was already adversely affected; and this report was borne out by the action of the Federal court in so finding and by invoking the 80 days "cooling off" period provided under the Taft-Hartley Act. It can easily be surmised how seriously would have been the effect upon our economy had all of our 900 some ships then sailing been immobilized.

The same position was attempted to be made by Mr. Macy before the Senate Committee on Post Office and Civil Service in connection with its companion bill S. 1732, having practically identical provisions with your bill. However, Senator Spessard L. Holland, who is chairman of the subcommittee of the Appropriations Committee of the Senate having to do with the monetary affairs of the Merchant Marine Administration and consequently widely versed in our merchant marine, speaking strongly in behalf of the Coast Guard hearing examiners, promptly scotched this contended unimportance of the hearing examiners of the Coast Guard by calling attention to the fact that the question has been wholly put at rest by the observation by the Court of Appeals for the Fourth Circuit in the case of *Rees, et al v. The United States*, 95 F. 2d 784 at 791-792, where the court adopted and quoted Mr. Joseph P. Kennedy (the father of our President) then Chairman of the U.S. Maritime Commission, in submitting an economic survey of the American merchant marine to Congress in November 1937, as follows:

"Shippers and travelers realize that disorderly vessels are likely to be unsafe vessels. Safety at sea is based upon order and discipline as much if not more than the quality of equipment."

In the same case the court said at 792, second paragraph:

"The merchant marine of the United States is fostered by law in the interest of the country generally and especially with a view to its use in the case of war. That order and discipline be maintained at all times is necessary in the interest of the whole people of the United States, and the interest of the whole people is at all times paramount to the interest of any group or groups."

I believe I am entirely safe in saying to you, that the bar at large would concede that questions arising in the vast field of the admiralty and maritime are very broad, technical, and complex, both legally and factually. This is the real basis for determining whether a hearing examiner's job is a difficult one or not.

None of this broad effect upon the economy, or impact thereon, or a high proportion of public interest, or effect on industrywide practices on either regional or national areas was ever heard before in connection with these hearing examiner positions until the advent of the present Chairman of the Civil Service Commission and until this bill had been introduced and exception had been taken thereto in behalf of the hearing examiners of the U.S. Coast Guard and others. It is fully believed that the Civil Service Commission officials, prior to the advent of Mr. Macy in the Government, had freely and arbitrarily elevated hearing examiners to the top grade of GS-15 almost solely upon agency request so to do. Therefore, when this bill was introduced and when an analysis of the status of certain hearing examiners was examined naturally the Civil Service Commission found itself entwined in having elevated practically all hearing examiners in regulatory agencies with legal and complex problems to grades GS-15, but was caught with the realization that the Coast Guard hearing examiners were still at GS-13. This, I submit, is what gave rise to this language that Mr. Macy has now endeavored to reply upon for this classification under this bill. I submit that it is wholly unjustified and cannot be borne out in the case of the hearing examiners of the U.S. Coast Guard. Furthermore, this bill as drawn would foreclose the opportunity of these examiners to be graded GS-15 under existing law.

The Commandant of the Coast Guard himself under date of August 30, 1960, when making a report to General Counsel of the Treasury Department in connection with H.R. 11669, a House bill to amend the Administrative Procedure Act in the 86th Congress, stated *inter alia* as follows:

"The work of the Coast Guard examiner is in the special field of admiralty and maritime law calling for a well trained specialist in the field. Also, the Coast Guard is one of the few agencies in which the examiner's initial decision becomes the agency's final decision unless modified or reversed on appeal. For these reasons the Coast Guard feels its examiners should have equal status with those of other agencies, such as the Federal Maritime Board, Civil Aeronautics Board, etc."

Under date of May 29, 1958, in discussing the 1957 printed Annual Report on Hearing Examiners by the Office of Administrative Procedure of the Department of Justice (copy of which I submitted to this committee when I testified earlier) J. Smith Henley, then Director of the Office of Administrative Procedure (later nominated to be a Federal district of court judge) in writing to the chief examiner of the U.S. Coast Guard stated *inter alia*:

"Without attempting such comparisons, the data contained in part II of the annual report on Coast Guard proceedings would certainly seem to demonstrate most commendable performance by your staff. The volume of cases decided and the dispatch with which they are handled are very impressive, and are apparent to all who examine the tables.

"We consider especially significant the comparison of cases disposed of during the year to cases pending at the end of the year as demonstrated by the last two columns of table I. This comparison, in a sense, represents an index of volume and time performance combined. You will note that the Coast Guard figures in this regard are unsurpassed, and your examiners and investigators are surely to be commended thereon."

I ask what higher recognition of the capabilities of the hearing examiners of the Coast Guard could be found than the last above quotation from the communication of the Director of the Office of Administrative Procedure of the Department of Justice? But there are even other indicia of the high regard and requirements of the positions in the Coast Guard hearing examiners. To illustrate, there are several hearing examiners today working in agencies named in this bill H.R. 7377 as the major regulatory agencies who endeavored to secure positions with the U.S. Coast Guard as a hearing examiner, but who were turned down because of their lack of knowledge of the vast field of admiralty and maritime law. Furthermore, the chief examiner of the U.S. Coast Guard has been tacitly solicited by other agencies named in this bill to join them but which chief examiner would not consider because of his loyalty to his own hearing examiners, despite the fact that he has always been rated at GS-15 by the Civil Service Commission. Likewise the chief hearing examiner of the U.S. Coast

Guard has been solicited to loan an examiner or to himself conduct an oversea hearing in a foreign country on behalf of one of the agencies named in this bill.

And to top it all off, certainly to indicate great confidence in the hearing examiners of the U.S. Coast Guard, by letter dated January 18, 1955, addressed to the Chief Hearing Examiner of the U.S. Coast Guard, Mr. L. V. Meloy, then Assistant General Counsel of the Civil Service Commission itself (and now General Counsel) requested of the Chief Examiner the use of two of the hearing examiners of the U.S. Coast Guard on loan to the Civil Service Commission to conduct hearings for the Civil Service Commission involving alleged violations of the Hatch Act. I submit, if the committee please, this is almost the straw that could break a camel's back.

In closing permit me to state my opinion that, although I am here primarily on behalf of the hearing examiners of the U.S. Coast Guard, I do not feel that the administrative process will properly reach its objective level unless and until all hearing examiners in all agencies requiring them are at the one grade level or one pay level. There has been and there is now serious controversy and argument over whether the Administrative Procedure Act ever contemplated that hearing examiners should be classified under the Pay Classification Act in accordance with the particular agency in which they then might be occupied, any more than a brand new Federal judge is paid any more or less than his fellow judges at the time he is first appointed. True, the qualifications to become a hearing examiner initially, that is, to be put upon the hearing examiner register and certified as qualified, should be rigorous and we should have only the best men obtainable thereon. But after being so certified as wholly qualified, all hearing examiners should be on the same pay basis. It is even expressly provided in the Administrative Procedure Act, and contemplated as hereinbefore suggested, that one agency may borrow hearing examiners from another agency upon necessity. But under the present setup no one of the major named regulatory agencies in this bill could legally borrow an examiner from the U.S. Coast Guard (even though duly qualified to handle the work) because of an arbitrary classification by the Civil Service Commission.

Such, I submit, is a very unhealthy situation. I am apprised that there has been an undercurrent in these proceedings and in the Senate proceedings concerning whether certain agencies should have so many, or perhaps any, hearing examiners. However, that is not the issue before this committee in connection with this bill. As I said before, hearing examiners should all be on the same level, both as to requirements necessary to be put on the hearing examiner register and on a pay basis. If there be any agency that is overloaded with hearing examiners or is having hearing examiners to do work that is not really work of hearing examiners, then that question is a subject for investigation by a proper committee of the House and the Senate, but it should have no bearing upon the qualifications of a hearing examiner and his pay status. In this connection, therefore, I feel that this committee and the House itself, as well as the Senate committee and the Senate, has an opportunity to clear this air once and for all by taking these hearing examiners out from under the inequitable classification by the Civil Service Commission, which from the history of the beginning of the Administrative Procedure Act has been generally one of the blind leading the blind.

Finally may I point out that the hearing examiners of the U.S. Coast Guard have one other signal feather in their caps, not, I believe, enjoyed by many others; and that is, over the years the hearing examiners of the U.S. Coast Guard have sat as chairmen of hearing boards and boards of appeals in literally hundreds of subversive cases under the Magnuson Act. Now that the Supreme Court by two very recent decisions has in effect reactivated the Smith Act, it should be clearly recognized that the capabilities and experience of these hearing examiners of the U.S. Coast Guard in subversive matters are extremely valuable to this Nation.

I am further advised that the last three replacements in the examiner corps of the U.S. Coast Guard had to be solicited from outside the hearing examiner register of the Civil Service Commission because there were no men on that register suitable for the work of the U.S. Coast Guard hearing examiner; and at the present time there are still no men on that register suitable for these positions. Two positions are now vacant, one for more than a year, for which the Coast Guard has been unable to solicit an outside lawyer well versed in the admiralty to even consider at GS-13, and who have even expressed a reluctance to consider at the top of GS-15.

Pursuant to all of the foregoing, I sincerely recommend, as I have heretofore by my proposal of amendment, that this committee name the U.S. Coast Guard in its bill among the major regulatory agencies; and, furthermore, I recommend that all hearing examiners be put on the same pay-level basis.

THE LIBRARIAN OF CONGRESS,
Washington, D.C., June 21, 1961.

HON. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service, U.S. House of Representatives, Washington, D.C.

DEAR MR. MURRAY: I understand that the Subcommittee on Manpower Utilization under the chairmanship of Representative James C. Davis is now holding hearings on H.R. 7377. This bill, among other things, amends Public Law 313 which is concerned with the establishment of a limited number of scientific and professional positions in certain agencies.

The Library of Congress was not included in Public Law 313 nor in any subsequent amendments. In recent years it has been necessary for the Library to establish several high-level professional positions concerned with scientific research and development activities, especially in order to meet the needs of the Congress in this area. We have had great difficulty in recruiting and in holding personnel for these positions because of the well-known highly competitive nature of recruitment in this field. In order to fulfill our responsibilities to the Congress and to other users of the Library and to meet the competition, at least within the Government, in filling these positions, I believe that it is essential for the Library to be included under the provisions of Public Law 313. This inclusion would help to assure that the Congress is provided with professional service at least equivalent to that available in the executive branch.

Therefore, I respectfully request that the subcommittee give consideration to amending Public Law 313, through H.R. 7377, to allow the Librarian of Congress to establish and fix the compensation for no more than six scientific or professional positions in the Library of Congress.

Since the Library of Congress is not included under the provisions of the classified civil service nor does the Civil Service Commission approve qualifications of proposed appointees to the Library staff, I also request that the Library be excluded from section 2(A) of H.R. 7377.

H.R. 7377 also concerns itself with a readjustment of certain pay levels established by the Federal Executive Pay Act of 1956. One of the positions affected is that of the Chief Assistant Librarian of Congress. This title is archaic, it no longer reflects accurately the duties of the position, and it is not consistent with the title used for the second-ranking position in other Federal agencies. I would therefore like to ask that, since the act of 1956 is being amended, the title of Chief Assistant Librarian of Congress, which appears nowhere else in substantive legislation, be changed to Deputy Librarian of Congress. This could easily be accomplished by including the change of title in the amendments to the Executive Pay Act made by H.R. 7377.

I would greatly appreciate it if the subcommittee would take these requests under consideration. I or members of my staff will testify if the subcommittee wishes or will provide additional information to your staff. I am enclosing suggested amendments for your consideration.

Sincerely yours,

L. QUINCY MUMFORD,
Librarian of Congress.

SUGGESTED AMENDMENTS TO H.R. 7377

To insert after section 202, subsection (e), on page 9, the following new subsection (f):

"(f) The Librarian of Congress is authorized to establish and fix the compensation for not more than six scientific or professional positions in the Library of Congress, each such position being established to carry out research and development functions of the Library which require the services of specially qualified personnel."

To insert a proviso at the end of section 2(a), following section 202, by striking out the period at the end of line 3 on page 10 and inserting in lieu thereof a colon and adding "Provided, however, That this subsection shall not apply to the Library of Congress."

To insert in section 304(b), after line 8 on page 18, the following new paragraph (3):

"(3) by striking out the words 'Chief Assistant Librarian of Congress' in paragraph (8) and inserting in lieu thereof the words 'Deputy Librarian of Congress.'"

FEDERAL MARITIME COMMISSION,
Washington, D.C. August 30, 1961.

HON. JAMES C. DAVIS,

Chairman, Subcommittee on Manpower Utilization, Post Office and Civil Service Committee, House of Representatives, Washington, D.C.

DEAR MR. DAVIS: There is now before your subcommittee for consideration H.R. 7377, a bill to increase the limitation on the number of positions which may be placed in the top grades of the Classification Act of 1949, as amended, and on the number of research and development positions of scientists and engineers for which special rates of pay are authorized; to fix the compensation of hearing examiners; and for other purposes. This bill provides, in section 401, for fixing the compensation of hearing examiners in the Federal Maritime Board in the Department of Commerce, among others.

Your attention is invited to the fact that Reorganization Plan No. 7 of 1961, which became effective on August 12, 1961, abolished the Federal Maritime Board, created the Federal Maritime Commission, and distributed the functions of the former Federal Maritime Board between the newly created Federal Maritime Commission and the Secretary of Commerce. Hearing functions subject to the Administrative Procedure Act will, under the reorganization effected, be conducted in both the new Federal Maritime Commission and the Maritime Administration in the Department of Commerce. In order that H.R. 7377, should it pass, reflect the changes made by Reorganization Plan No. 7 of 1961, it would appear desirable that the bill be amended by striking out of page 20, line 13, the word "Board", and inserting in lieu thereof the following: "Commission, the Maritime Administration".

The Bureau of the Budget advises there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

JAMES L. PIMPER, *Acting Chairman.*

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
Washington, D.C., July 11, 1961.

HON. TOM MURRAY,

Chairman, House Committee on Post Office and Civil Service, Washington, D.C.

DEAR MR. CHAIRMAN: We, the Association of American Railroads and the Railway Labor Executives' Association, understand that the bill H.R. 7377, which was introduced into the House on May 29, 1961, would expand the number of positions in grades GS-16, 17, and 18 of the civil service (so-called supergrades) authorized by the Classification Act of 1949, as amended, and at the same time would repeal various statutory provisions. We note that among the existing statutory provisions proposed to be repealed is the fourth sentence of section 10(b)4 of the Railroad Retirement Act (see p. 4, lines 8-11, of the bill), which authorizes the Railroad Retirement Board to establish nine "supergrade" positions without regard to the numerical limitations otherwise provided in the Classification Act.

As you well know, the railroad retirement system and its administration have been regarded by the Congress as of particular and primary concern to the employers and employees in the railroad industry. The House Committee on Interstate and Foreign Commerce, which has consistently considered and made recommendations with respect to legislation on this subject, has always attached great weight to any recommendations upon which representatives of the employers and representatives of the employees have been in agreement. We have an especially notable record for having been in agreement virtually at all times for almost 25 years on matters pertaining to the administration of the system. The enactment by the Congress of the fourth sentence of section 10(b)4 of the Railroad Retirement Act was in response to our joint recommendations as a result of such an agreement.

That provision, which would be repealed (by sect. 102(7) of the bill H.R. 7377 (p. 4, lines 8-11)) was enacted September 6, 1958 (Public Law 85-927, sec. 3) as we had requested. It gave the Railroad Retirement Board authority to establish, without regard to the numerical limitations in section 505 of the Classification Act, four positions in grade GS-16, four in grade GS-17, and one in grade GS-18.

We made clear to the House and Senate committees which considered the bill before its enactment that both the Association of American Railroads and the Railway Labor Executives' Association, who represent those who pay the costs of the two systems, retirement and unemployment (the Government pays nothing), administered by the Railroad Retirement Board, sponsored, and were in favor of, the bill (see S. Rept. 2364, 85th Cong., of the Senate Committee on Labor and Public Welfare, dated Aug. 13, 1958, to accompany S. 2020, pp. 2-3, and H. Rept. 2641, 85th Cong., of the House Committee on Interstate and Foreign Commerce, dated Aug. 15, 1958, to accompany H.R. 7166, pp. 9-10).

We favored enactment of the provision which the bill H.R. 7377 would repeal because of our interest in the efficient administration of the Railroad Retirement Board's two programs. We believe, as the above referred to Senate report (No. 2364, 85th Cong., p. 7) sets forth, that "the Board, in its administration of the Railroad Retirement and Railroad Unemployment Insurance Acts, is entitled to these positions. These positions are necessary in order to obtain and keep highly qualified men in key positions, in which the highest performance is vital to a successful administration, by providing recognition of the character and quality of their services, and more adequate compensation. The Board is fully capable of determining the positions that are entitled to these grades and, because of their intimate knowledge of the requirements, should be in an even better position than the Civil Service Commission to determine the importance and responsibility of the positions." The above referred to House report (No. 2641, 85th Cong., p. 7) states: "The Board would be authorized to place nine positions in grades GS-16 to GS-18. These would include four positions in grades GS-16, four in grade GS-17, and one in grade GS-18. This provision would enable the Board to compensate adequately persons in important and key positions which are vital to the administration."

We call this to your attention because of the legislative history on this subject and our deep interest in the matter. Our present feeling with respect to the fourth sentence of section 10(b)4 of the Railroad Retirement Act (which the bill proposes to repeal) is the same as it was when we sponsored its enactment in 1958. We hope, in view of the foregoing, that you will do whatever you deem appropriate to secure the deletion from the proposed legislation of the repeal of the fourth sentence of section 10(b)4 of the Railroad Retirement Act.

Sincerely yours,

ASSOCIATION OF AMERICAN RAILROADS,
By D. P. LOOMIS, *President*.

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
By G. E. LEIGHTY, *Chairman*.

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
Washington, D.C., July 21, 1961.

HON. JAMES C. DAVIS,
Chairman, Subcommittee on Manpower, House Committee on Post Office and Civil Service, Washington, D.C.

DEAR MR. CHAIRMAN: Under date of July 11, 1961, we addressed a letter to Chairman Murray of the full Committee on Post Office and Civil Service with respect to H.R. 7377. For reasons set forth in the letter we suggested that upon the committee's consideration of that bill it should recommend the elimination of lines 8-11 on page 4, which lines of the bill proposed to repeal the fourth sentence of section 10(b)4 of the Railroad Retirement Act authorizing the Railroad Retirement Board to establish nine "supergrade" positions.

It has been our intention to have representatives of our respective associations also appear at the hearings to be held on the bill and present oral testimony along the lines set forth in our letter to Chairman Murray. However, in view of the pressures on the committee's time in hearing witnesses concerned with the more general aspects of the bill we have concluded that our purpose would probably be as well served by the incorporation into the record of hearings of this

letter and our letter of July 11, 1961, to Chairman Murray. We respectfully request that these letters be so incorporated and be given the same consideration as the committee would give to oral testimony to the same effect.

We understand the desire of the administration, which may be shared by some or all of the members of your committee, to bring the management of supergrade positions under unified authorization and control. As to the desirability of this objective in general we take no position. However, we do feel that the Railroad Retirement Board, for the historical reasons set forth in our letter of July 11 and by reason of the nature and functions of the Board and the source of the funds it expends, is sufficiently differentiable from other agencies in the executive branch of the Government to permit leaving the present law undisturbed without material impairment of the general policy expressed in the bill.

The Railroad Retirement Board is a tripartite agency, one member of which is selected upon recommendation of the railroads, one upon recommendation of the labor organizations representing railroad employees, and the Chairman without recommendation by either group. Its sole function is the administration of the Railroad Retirement and Railroad Unemployment Insurance Acts. It expends no funds, either for administrative expenses or in benefit payments, derived from general revenues, all such funds expended by the Board being derived from contributions by the railroads and their employees.

Thus, although it is undisputably an agency of the Federal Government, the quality of its administration, of which the quality of the personnel it can secure is probably the largest determinant, is of primary and vital concern to the railroads and their employees. In that sense, its nature as an important adjunct of the railroad industry predominates over its nature as an instrumentality of Government. We, speaking as the nationwide representatives of the railroads and their employees are completely in agreement that section 10(b)4 of the Railroad Retirement Act should not be repealed.

We will be most grateful to you if you will see that our views and the reasons therefor are made available to and given consideration by the committee in the manner above requested.

Sincerely yours,

ASSOCIATION OF AMERICAN RAILROADS,
By D. P. LOOMIS, *President*.

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
By G. E. LEIGHTY, *Chairman*.

AMERICAN FEDERATION OF LABOR
AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., July 17, 1961.

Hon. TOM MURRAY,
Chairman, House Post Office and Civil Service Committee,
Washington, D.C.

DEAR CHAIRMAN MURRAY: The AFL-CIO would appreciate the courtesy of having included as part of the proceedings on H.R. 7377 this expression of views in support of the position taken by the Railway Labor Executives' Association.

The Railway Labor Executives' Association and the Association of American Railroads have signed a joint communication expressing opposition to repeal of the fourth sentence of section 10(b) (4) of the Railroad Retirement Act of 1937 (72 Stat. 1781; 45 U.S.C. 228j(b) (4)).

Nine super grade positions in grades 16, 17, and 18 were authorized for the Railroad Retirement Board.

The U.S. Civil Service Commission has proposed that the Railroad Retirement Board be thrown into the same category as ordinary Government operational branches and abolish the law which provides the above-mentioned nine jobs. These jobs, along with more than 2,000 others, would be placed under the control of the Commission. There has never been any intention of the Congress, so far as I've learned, to include these nine jobs in the hands of any one in any central agency of the Federal Government.

The purposes of the law creating the Railroad Retirement Act are clearly set forth in the U.S. Government Organization Manual which, among other points, states that:

"* * * such part as equals 0.2 percent of the total compensation on which such contributions are based is deposited to the credit of the fund especially established to meet the expenses of administering the act * * *

Thus, it is clear that even the administrative expenses of making payments to beneficiaries under the act, as well as administering the income to the fund, is 100 percent paid for by labor and management.

This means no public money is involved either in the fund as such or the cost of administering that fund.

The purpose of this letter is to set forth the AFL-CIO's support of the position taken by the Railway Labor Executives' Association which position, I am sure, will be well stated by the association's representatives themselves.

In view of the facts herein set forth, we ask your committee to strike that part of the bill (H.R. 7377) which would remove from the purview of the Railroad Retirement Board's domain the existing nine positions above mentioned and to retain intact present law which was brought about through the joint interest of the Railway Labor Executives' Association and the Association of American Railroads.

Thanking you for the anticipated attention in this regard, I am

Sincerely,

GEORGE D. RILEY,

Legislative Representative, AFL-CIO.

AMERICAN PILOTS' ASSOCIATION, INC.,

Washington, D.C., June 19, 1961.

Hon. JAMES C. DAVIS,

Chairman, Subcommittee of the House Committee on Post Office and Civil Service, Washington, D.C.

MY DEAR MR. DAVIS: Being apprised that your subcommittee will conduct hearings on the above bill tomorrow, this letter is to stress that the U.S. Coast Guard should be expressly named and included among the major regulatory agencies set forth in title IV, section 401, II(d), page 20 of said proposed bill.

That it is not presently named can only be considered by this organization as an inexplicable oversight.

The Merchant Marine, both on the high seas and inland, is vital to our economy and defense. Its operational and maintenance and safety of operations has a vast impact upon our economy and upon our foreign relations.

We pilots have been so closely identified with the industry, even prior to the adoption of the Constitution of the United States, that we feel we speak with long-accumulated knowledge and understanding.

Furthermore, it has been the undersigned's privilege to have had firsthand contact with some of the hearing examiners of the U.S. Coast Guard. In that respect I can vouch their high degree of specialized professional skill and learning. Likewise, I am acquainted, through long experience, with the complexity of the cases with which they are confronted. Not only they but men who will replace them in the future must be of the highest caliber.

Thank you for the opportunity of submitting this recommendation.

Very truly yours,

W. HILTON LOWE, *President.*

AMERICAN BAR ASSOCIATION,

June 20, 1961.

Hon. JAMES C. DAVIS,

*Chairman, Subcommittee on Post Office and Civil Service,
House of Representatives, Washington, D.C.*

MY DEAR JUDGE DAVIS: We have just learned that your committee is holding hearings on the above bill which includes revisions in compensation for trial examiners, with a distinction between major and other agencies.

The American Bar Association has long advocated upgrading the importance of the position of trial examiners and a corresponding increase in compensation.

(See Fascell bill, title II, H.R. 349.) It is the position of the American Bar Association that all trial examiners of all of the Federal regulatory agencies should be compensated at the rate of GS-18. The importance of the trial examiner's function in conducting agency proceedings may vary from case to case within any one agency and among the agencies. For this reason it would seem

to us more advisable to have an adequately compensated single grade for trial examiners appropriate for the discrete courtlike function which they perform. For example, trial examiners of the U.S. Coast Guard conduct important and difficult cases involving collisions and the determination of negligence. It would appear arbitrary to conclude that the trial examiners in this agency should be compensated at a lesser amount than the trial examiners of any of the other agencies.

Trial examiners have a unique status under section 11 of the Administrative Procedure Act, and we would urge that they be compensated uniformly at GS-18 throughout all of the agencies.

We regret that it is not practical on this date to testify before your committee, but we trust that you will find this statement useful in your committee's study of this subject.

Very truly yours,

DONALD C. BEELAR.

THE MARITIME LAW ASSOCIATION OF THE UNITED STATES,

June 30, 1961.

Hon. JAMES C. DAVIS,
Chairman, Subcommittee on Post Office and Civil Service,
House of Representatives,
Washington, D.C.

DEAR SIR: This association, which has been in existence for over 60 years, has a nationwide membership of over 1,600 members, most of whom are lawyers specializing in admiralty and maritime law.

It has been brought to our attention that your committee has under consideration the above bill relating to revisions in compensation for hearing examiners and that the various agencies affected are classified as major or minor.

We are not familiar with the details of this proposed legislation. We understand, however, that the bill contemplates that hearing examiners in the so-called major agencies are to receive compensation at a rate equivalent to that prescribed for GS-16 and that all other hearing examiners, including the Coast Guard hearing examiners, are to receive compensation at a lesser rate.

I am authorized to state that our association is of the opinion that Coast Guard hearing examiners in exercising their jurisdiction over various aspects of the American merchant marine perform important functions in an area which is not only important to our national economy but also of vital concern to our national security. Under the circumstances, it appears to us illogical and unwarranted that hearing examiners in the Coast Guard should be compensated at any lesser rate than those in other Government agencies. We, therefore, concur in the position that has been taken in this matter by the American Bar Association as set forth in its letter to you of June 20 last.

We regret that it will not be practical for any representative of this association to testify at any further hearings that may be conducted by your committee in this matter but we hope that you will find the position of this association of use in your consideration of the above-mentioned bill.

Very truly yours,

HENRY C. BLACKISTON, *President.*

Mr. DAVIS. The subcommittee stands adjourned.

(Thereupon, at 11 a.m., Friday, August 18, 1961, the hearing was adjourned, subject to call of the Chair.)

