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FORMULA FOR GUARANTEEING A MINIMUM INCREASE WHEN AN EMPLOYEE IS PROMOTED

GOVERNMENT

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HEARING BEFORE THE COMMITTEE ON OFFICE AND CIVIL SERVICE HOUSE OF REPRESENTATIVES EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 1010 and H.R. 2015

BILLS TO AMEND THE CLASSIFICATION ACT OF 1949, AS
AMENDED, TO PROVIDE A FORMULA FOR GUARANTEEING
A MINIMUM INCREASE WHEN AN EMPLOYEE IS PROMOTED
FROM ONE GRADE TO ANOTHER

AUGUST 2, 1961

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FORMULA FOR GUARANTEEING A MINIMUM INCREASE WHEN AN EMPLOYEE IS PROMOTED

— WEDNESDAY, AUGUST 2, 1961

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

The subcommittee met, pursuant to notice, in room 215, House Office Building, Hon. Thaddeus J. Dulski (chairman of the subcommittee) presiding.

Mr. DULSKI. The committee will come to order.

Today we are holding hearings on H.R. 1010 and H.R. 2015.

(The bills follow:)

[H.R. 1010, 87th Cong., 1st sess.]

A BILL To amend the Classification Act of 1949, as amended, to provide a formula for guaranteeing a minimum increase when an employee is promoted from one grade to another

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 802(b) of the Classification Act of 1949, as amended (5 U.S.C. 1132(b)), is amended to read as follows:

"(b) Any officer or employee who is promoted or transferred to a position in a higher grade shall receive basic compensation at the lowest scheduled or longevity rate of such higher grade which exceeds his rate of basic compensation in effect immediately prior to such promotion or transfer by not less than two step-increases of the grade from which he is promoted or transferred. If, in the case of any officer or employee so promoted or transferred who is receiving basic compensation at a rate in excess of the maximum longevity rate for his grade, or in excess of the maximum scheduled rate of his grade if there is no longevity rate for his grade, under section 604, section 1105(b), or any other provision of law, there is no scheduled or longevity rate in such higher grade which is at least two step-increases above his rate of basic compensation in effect immediately prior to such promotion or transfer, he shall receive (1) the maximum longevity rate of such higher grade or the maximum scheduled rate of such higher grade if there is no longevity rate for such grade, or (2) his rate of basic compensation in effect immediately prior to such promotion or transfer, if such rate is higher."

SEC. 2. The amendment made by the first section of this Act shall become effective on the first day of the first pay period following the date of enactment of this Act.

[H.R. 2015, 87th Cong., 1st sess.]

A BILL To amend the Classification Act of 1949, as amended, to provide a formula for guaranteeing a minimum increase when an employee is promoted from one grade to another

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 802(b) of the Classification Act of 1949, as amended, is amended to read as follows:

"(b) Any officer or employee who is promoted or transferred to a position in a higher grade shall receive basic compensation at the lowest rate of such higher grade which exceeds his existing rate by not less than the amount of difference between the minimum rate of the grade from which he is promoted or transferred and the minimum rate of the grade to which he is promoted or transferred. If

there is no rate in such higher grade which exceeds his existing rate of basic compensation by the amount of such differences, such employee shall receive (A) the maximum scheduled rate of the grade to which he is promoted or transferred, or (B) his existing rate of basic compensation, whichever is higher."

SEC. 2. This Act shall take effect as of the first day of the first pay period following enactment.

Mr. DULSKI. This subcommittee was appointed to consider H.R. 1010, sponsored by Mr. Lesinski, and H.R. 2015, sponsored by Mr. Green of Pennsylvania. These bills would provide a formula for guaranteeing employees under the Classification Act a minimum salary increase when promoted from one grade to another.

The purpose of this legislation is to require that, when a classified employee is promoted, he will receive an increase in compensation that is more realistic and more commensurate with the increased responsibilities he must assume in the higher grade.

Section 802(b) of the Classification Act of 1949, now provides that an employee upon promotion will receive a rate of compensation in the higher grade which exceeds his existing rate of basic compensation by not less than one step-increase of the grade from which he is promoted.

A one-step increase amounts to \$105 for grades GS-1 through GS-4; \$165 for grades GS-5 through GS-10; and \$260 for grades GS-11 and above, with the exception of grade GS-15.

However, the present formula applies only to the scheduled rates of a grade and does not permit use of the longevity rates. Thus, an employee in the top longevity step of any of the grades GS-1 through GS-9 would receive at most only a token increase upon promotion to the next grade.

H.R. 1010 would change the present formula so as to permit the use of longevity grades and to require a minimum of a two-step increase. This bill is identical to the bill H.R. 543 which was considered favorably by the House Post Office and Civil Service Committee in the 86th Congress and which was the result of an amendment suggested by the Civil Service Commission.

The formula suggested by H.R. 2015 does not permit the use of the longevity grades but is much more liberal in the amount of increase guaranteed to employees upon promotion. This bill was objected to by the Civil Service Commission last year and has received an unfavorable report again.

I am pleased to note that the Civil Service Commission still favors a more liberal formula, such as proposed by H.R. 1010, to assure an employee some recognition compensationwise upon being promoted from one grade to another.

We are pleased to have with us today as our first witness, Congressman Lesinski, who sponsored H.R. 1010. Mr. Lesinski, I think you are to be congratulated on your persistence in sponsoring this legislation again. I am convinced that it is beneficial legislation and will be a logical advancement in beneficial legislation for classified employees.

Mr. Lesinski.

STATEMENT OF HON. JOHN LESINSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. LESINSKI. Thank you, Mr. Chairman.

First, I would like to express my deep appreciation to our committee chairman, Tom Murray, for assigning this subcommittee to consider

my bill, H.R. 1010. Also, I am grateful for the prompt action you have taken in scheduling this hearing and for affording me the opportunity of testifying.

I shall make my statement as brief as possible since I am as anxious as I am sure you are that all the witnesses here this morning be given ample time to testify and that the subcommittee can take action on this most worthwhile legislation.

H.R. 1010 is identical to my bill of the last Congress, H.R. 543, as it was amended and reported favorably from the House Post Office and Civil Service Committee. This action came late in the session, hence the House had no time to act on the measure. I might point out that the amendment adopted last year was the result of a Civil Service Commission recommendation. While it changed the salary increase formula from my original proposal, I considered it a good step in the right direction and I supported the amendment. This present measure has the full support of the Commission and the Bureau of the Budget, as you will learn from the Commission's representatives later this morning.

Under present law, a classified employee who is promoted or transferred to a higher grade, in most cases, receives a pay increase equal to at least a one-step increase in the grade from which promoted. In a great many instances this can mean a rather small increase, or actually no increase at all, for so important an action as a promotion in grade.

H.R. 1010 would provide for a minimum guaranteed promotion pay increase equal to a two-step increase. In addition, it uses both the scheduled and longevity rates. This means that employees who are being paid at the longevity rate of the grade from which promoted would be assured of a salary increase upon promotion to a higher grade.

The simple objective of H.R. 1010 is to make more realistic and more meaningful promotions from one grade to a higher grade for employees under the Classification Act. Since promotions give practical recognition to qualified and competent employees and place such employees in positions of increasing responsibility, it would appear reasonable that an adequate salary increase accompany the promotions. An appropriate monetary reward on promotion would also offer a materially greater incentive for promotion than now exists under present law.

Mr. Chairman, there is a great need for this legislation, both from the standpoint of the employee and in the interest of efficient functioning of our Government. I sincerely urge favorable action on H.R. 1010.

In a democracy people strive to enhance their income by working harder to achieve a higher salary and by taking on higher responsibilities and burdens, so as to more gainfully give their families an income commensurate with today's living.

When a person takes on additional responsibility with no increase in pay he is prone to shy away from attempting to improve himself. This is a natural thing any person does and the exceptions are few. People who are overzealous about becoming better qualified in the job they are doing at the present time would come under this.

In order to be able to have the most qualified people promoted and to provide for a reasonable increase in their salaries commensurate with the additional responsibilities assumed upon promotion, I earnestly recommend enactment of this legislation.

I would like to insert in the record a few examples of what we are talking about.

(The examples referred to follow:)

EXAMPLES OF PROMOTION SALARY INCREASES FOR CLASSIFIED EMPLOYEES UNDER
PRESENT LAW AND UNDER H.R. 1010

1. *Present law*

Employee in third step of salary level 3 is promoted to grade 4. Present salary is \$3,970. Step increase is \$105. Employee would go to second step of grade 4 with salary of \$4,145 or an increase in salary of \$175.

H.R. 1010

Employee would go into step 3 of grade 4 with a salary of \$4,250 and an increase of \$280.

2. *Present law*

Employee in second longevity rate of grade 3 is promoted to grade 4. Present salary is \$4,600 and step increase is \$105. Top scheduled rate of grade 4 is \$4,670. Employee would go to top scheduled rate of grade 4 with a salary increase of only \$70.

H.R. 1010

Employee would go into the second longevity step of grade 4, paying \$4,880, with a salary increase of \$280.

3. *Present law*

Employee in top longevity rate of grade 5 is promoted to grade 6. Present salary is \$5,830. He would go to top scheduled rate in grade 6 which pays \$5,820. Since this is less than he now makes, he would retain his present salary and receive no increase whatsoever.

H.R. 1010

Employee would be placed in the third longevity rate of grade 6 which pays \$6,315, giving him a salary increase of \$485.

4. *Present law*

Employee in top longevity rate of grade 12, paying \$11,035, is promoted to grade 13. Employee would go into fourth step of grade 13, paying \$11,415, with a salary increase of \$380.

H.R. 1010

Employee would go into fifth step of grade 13 with a salary of \$11,675 and an increase of \$640.

Mr. DULSKI. I assume you are in favor of the bill?

Mr. LESINSKI. I certainly am. I have been in favor of this type of legislation for many years.

As we all know, the mills of legislation grind slowly and this has been one of my original proposals from away back.

Mr. DULSKI. Mr. Wallhauser?

Mr. WALLHAUSER. I have no questions to ask of our distinguished colleague.

Mr. LESINSKI. Mr. Chairman, I appreciate very much this opportunity to testify before you.

Mr. DULSKI. Thank you for taking time out from your busy schedule to testify.

We will next hear from Mr. O. Glenn Stahl, Director, Bureau of Programs and Standards, Civil Service Commission.

(Reports from the Civil Service Commission on H.R. 1010 and H.R. 2015 follow:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., May 10, 1961.

Hon. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. MURRAY: This is in further reply to your letter of January 12, 1961, requesting the Commission's views on H.R. 1010, a bill to amend the Classification Act of 1949, as amended, to provide a formula for guaranteeing a minimum increase when an employee is promoted from one grade to another.

The Commission favors enactment of this amendment.

Section 802(b) of the Classification Act of 1949, which would be amended by the proposed legislation, now provides that when an employee is promoted or transferred to a higher grade he shall receive basic compensation at the lowest rate of such higher grade which exceeds his existing rate of basic compensation by "not less than one step increase of the grade from which he is promoted or transferred." If there is no scheduled rate in the higher grade which meets this minimum increase requirement, the employee receives the maximum scheduled rate of the higher grade or his existing rate of basic compensation, whichever is higher. Since this authority does not permit the use of longevity rates for this purpose, employees at the top longevity rate for some grades receive little or no increase when they are promoted to the next higher grade.

H.R. 1010 would amend section 802(b) to provide more meaningful pay increases for employees who are promoted or transferred to a higher grade. Under this amendment an employee would receive "the lowest scheduled or longevity rate of such higher grade which exceeds his rate of basic compensation in effect immediately prior to such promotion or transfer by not less than two step increases of the grade from which he is promoted or transferred." If there is no scheduled or longevity rate in the higher grade which meets this requirement, the employee would receive (1) the maximum longevity rate of such higher grade or the maximum scheduled rate of such higher grade if there is no longevity rate for that grade (as in GS-16 and GS-17), or (2) his existing rate of basic compensation, whichever is higher.

We believe the proposed two-step increase would provide an appropriate monetary reward on promotion and would offer a materially greater incentive for promotion than now exists under section 802(b) of the Classification Act. Furthermore, through utilization of both scheduled and longevity rates, all employees paid at the longevity rates of the grades from which promoted would be assured of a salary increase when they are promoted to a higher grade.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., May 10, 1961.

Hon. TOM MURRAY,
Chairman, Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. MURRAY: This is in further reply to your request of January 12, 1961, for our views on H.R. 2015, a bill to amend the Classification Act of 1949, as amended, to provide a formula for guaranteeing a minimum increase when an employee is promoted from one grade to another.

The Commission agrees with the general objective of this bill but, for the reasons outlined below, does not favor its specific provisions.

Section 802(b) of the Classification Act of 1949, which would be amended by the proposed legislation, now provides that when an employee is promoted or transferred to a higher grade he shall receive basic compensation at the lowest rate of such higher grade which exceeds his existing rate of basic compensation by "not less than one step increase of the grade from which he is promoted or transferred." If there is no scheduled rate in the higher grade which meets this minimum increase requirement, the employee receives the maximum scheduled rate of the higher grade or his existing rate of basic compensation, whichever is higher.

H.R. 2015 would amend section 802(b) to provide more meaningful pay increases for employees who are promoted or transferred to a higher grade. Under this amendment an employee would receive "the lowest rate of such higher grade which exceeds his existing rate by not less than the amount of difference between the minimum rate of the grade from which he is promoted or transferred and the minimum rate of the grade to which he is promoted or transferred."

While the amended section 802(b) would generally result in a more substantial increase in salary upon promotion, it would have the disadvantage in many instances of placing the employee so near the top of the salary range for the new grade that little within-grade advancement incentive would remain. In some cases it would have the additional disadvantage of placing the employee in the new grade at a rate higher than the rates being paid to other employees who have already been in that grade for some time. Furthermore, since neither existing law nor the proposed amendment permit utilization of longevity rates for the purposes of section 802(b), employees at the top longevity rate for some grades would continue to receive little or no increase when promoted to the next higher grade.

During the last Congress, we reported to your committee on four bills (H.R. 543, H.R. 1957, H.R. 3081, and H.R. 4067) which proposed an amendment identical to the one now under consideration in H.R. 2015. At that time we agreed with the general objective of the bills but did not favor the specific provisions of the amendment as drafted. As a substitute, we recommended an amendment to provide that when an employee is promoted or transferred to a position in a higher grade he would receive the lowest scheduled or longevity salary rate of the higher grade which exceeds his existing rate by not less than two step increases of the grade from which he is promoted or transferred.

Legislation which would carry out our suggestion has been introduced in this Congress as H.R. 1010, now pending before your committee. Its provisions, while providing a greater immediate reward for a promotion than the existing law, would not involve to the same degree, the disadvantages which would result from the amendment proposed by H.R. 2015. Furthermore, through the utilization of both scheduled and longevity rates, all employees paid at the longevity rates of the grades from which promoted would be assured a salary increase on promotion to a higher grade.

The Commission recommends against enactment of H.R. 2015 as now drafted and suggests that favorable consideration be given to an amendment like the one proposed in H.R. 1010.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

JOHN W. MACY, Jr., *Chairman.*

STATEMENT OF O. GLENN STAHL, DIRECTOR, BUREAU OF PROGRAMS AND STANDARDS, CIVIL SERVICE COMMISSION

Mr. STAHL. Mr. Chairman and members of the committee, I am Glenn Stahl, Director, Bureau of Programs and Standards, Civil Service Commission.

I appreciate this opportunity to come and help to explain the provisions of the bills that are before you on this particular subject. The principle is not very complicated although the execution does get a little complicated at times.

What is involved here is simply an effort to make promotions from one grade to another, when an employee is moved from one position to a position of a higher grade, a little more meaningful. We are speaking now only of employees whose positions are subject to the Classification Act.

Under the Classification Act of 1949, which is the act as it now stands, it had been provided that when an employee was at any particular rate, within a range of rates, for his grade and was then promoted to the next grade, he was entitled, upon being promoted,

to go to a rate in the next grade that was at least as high as the amount of a step increase within his old grade. This was necessary because the rate ranges in the grades overlapped.

Of necessity, you cannot have a broad rate range for a grade—so that people can progress within their grade in salary—without its overlapping the next rate range or the next grade a little bit at least. Otherwise, you would have to have very wide differentials between grades. That provision was in there to make the promotion somewhat meaningful.

In our experience, and I think in the experience of others who have been interested in this matter, this is still inadequate to recognize a promotion. Under the present situation, an employee can get a promotion from one grade to another that is no more significant to him, dollarwise, than one of his step increases which he becomes eligible for after either a year or a year and a half of service. Consequently, it has been the conclusion of a number of people that this ought to be liberalized.

The bill which was recommended by your committee last year but which did not get acted on by the House was H.R. 543. H.R. 1010 in this Congress is identical to that one and is fully supported by the Civil Service Commission.

What that bill essentially provides is that when an employee is promoted from one grade to the next grade where the rate ranges overlap, and he is already at the third or fourth rate within the previous grade, he would get, upon promotion, the equivalent of at least two step increases.

Let us assume, for example, that the step increase in the first grade is \$105. In some of the grades, it is \$165, and it increases as you go up the scale. Where, under the present situation, an employee is guaranteed a minimum increase upon promotion of \$105 a year, which does not amount to very much in a significant action such as a movement to a higher level of responsibility, he would, under the proposal, be guaranteed an equivalent of \$210 a year as a minimum. It does not always come out to that amount because the provision of the bill, H.R. 1010—which is identical, as I say, to the one reported out last year—provides that this would be the minimum. If it does not come out even, if the pay steps in the next rate range do not hit it on the nose, then he would simply go to the next higher rate, provided it was as high as two pay steps in the old rate range from which he was promoted. This is the bill upon which we urge your favorable action.

As I say, it was reported favorably by your committee last year and we continue to think that it would be a desirable piece of legislation.

As to the other bill, H.R. 2015, we feel it is a little overliberal, and I will be glad to go into that in more detail if you would like. We think it causes more problems than it solves.

Since the committee had already taken favorable action on the bill that is the equivalent of your present H.R. 1010, I was addressing myself primarily to that.

Mr. DULSKI. Let me interrupt.

What is the estimated cost of this legislation?

Mr. STAHL. I will try to answer that, but let me preface my answer with this observation: We cannot give you an accurate estimate. This is one of the things I had in mind when I said the principle here

is fairly simple but the execution is complicated. The reason we cannot give you an accurate estimate is this: We do not have any statistics on the distribution of promotion of employees by the various rates within their ranges. We know how many employees and what occupations there are—at least once a year we have data on how many employees are in each grade by various occupations—but we do not know how many are promoted from each rate within grade. Consequently, we do not have a statistical basis that is very accurate in making any kind of an estimate, because this is all contingent upon the rate within a grade at which an employee happens to be serving, and the rate to which he would be entitled under the proposal in the next grade to which he is being promoted.

However, last year your committee staff, with the cooperation of our staff, tried to work out a formula for making an estimate. We simply took the estimated number of promotions, which was based on some fairly scattered data which appeared to be reasonable. We took this estimated number of promotions and distributed those over all of the grades and then multiplied that out by one pay step.

In effect, this bill was proposing an increase in the amount of money that would be gained upon promotion by the equivalent of one pay step. Last year this computation came to \$22.5 million, and this year, because of the pay increase last summer, and because of the size of the increase in the within-grade steps, it would amount probably to about \$25 million. Even that is not an accurate estimate because, obviously, all promotions are not made at the beginning of a year, either a calendar or fiscal year. Certainly during the first year, not all of the costs of these promotions would be felt. It would not actually be \$25 million in the very first year. It would depend upon the time of the year in which an individual promotion was made. It would probably be the second full year in which we would realize the total impact of the cost, because it would have the effect of accelerating the movement of employees slightly within the rate ranges of whatever grade they have been promoted to.

On the average, salary increases would be one step higher than they would be under the present system and the whole object of this, I repeat, is to try to make a promotion to a new level of responsibility fairly meaningful.

Mr. DULSKI. Would you submit a table later on that?

Mr. STAHL. Yes, we would be very glad to supply a table. We were unable to put it into final form rapidly enough to have this morning. We will supply that for the record.

(The table referred to follows:)

ESTIMATED ADDITIONAL ANNUAL COST OF PROMOTIONS UNDER H. R. 1010
Full-time positions, Classification Act, all areas, June 30, 1960, Federal and District of Columbia governments

Grade	Total employees	Pay steps						Longevity steps			Pay step increase	Estimated number of promotions to higher step	Estimated cost
		A	B	C	D	E	F	G	X	Y	Z		
GS-1.....	2,471	882	179	121	120	91	74	449	163	97	245	257	\$26,985
GS-2.....	40,103	18,872	3,040	2,073	2,202	1,548	1,295	7,152	1,370	1,515	1,036	5,193	545,265
GS-3.....	162,886	42,303	16,794	13,953	12,205	9,404	9,826	43,348	5,689	5,646	3,048	31,800	3,339,000
GS-4.....	164,741	27,051	13,518	13,328	11,714	9,446	15,447	60,185	4,398	4,546	2,908	37,751	3,963,855
GS-5.....	115,551	19,406	10,686	10,463	17,421	14,165	10,408	27,641	2,359	2,232	1,124	27,129	4,476,235
GS-6.....	49,735	8,233	3,206	3,139	5,228	4,250	5,161	8,232	736	793	343	10,169	1,677,885
GS-7.....	87,162	18,034	11,729	1,442	1,404	2,064	1,548	3,711	1,753	1,750	843	15,916	2,626,140
GS-8.....	26,189	5,499	3,230	2,626	2,287	2,393	2,081	6,579	1,037	292	112	4,896	792,990
GS-9.....	100,948	16,979	16,227	16,554	12,538	8,410	6,113	19,751	2,007	1,810	559	19,010	3,136,650
GS-10.....	14,488	3,034	2,227	4,966	3,762	2,523	1,834	5,925	188	112	28	2,664	439,560
GS-11.....	86,147	21,684	18,546	17,311	7,446	3,492	15,173	868	1,525	970	260	5,600	1,456,000
GS-12.....	63,049	15,592	11,004	12,984	5,079	1,048	4,552	1,048	1,290	1,000	260	4,233	1,100,580
GS-13.....	40,775	8,647	10,249	5,744	2,861	1,667	4,233	1,667	1,003	559	260	3,200	832,000
GS-14.....	18,114	3,687	5,032	2,521	1,149	664	3,200	1,149	280	241	260	1,561	405,860
GS-15.....	8,189	1,553	1,995	1,232	618	2,460	1,362	1,362	120	211	325	923	299,975
GS-16.....	1,103	329	310	181	104	179	54	54	31	31	260	85	22,100
GS-17.....	466	180	117	80	51	53	53	53	53	53	260	85	22,100
GS-18.....	184	184	117	80	51	53	53	53	53	53	260	85	22,100
Total.....	982,101	212,299	13,811	114,733	88,760	73,136	103,286	201,432	23,888	21,754	10,246	170,297	25,141,130
Total.....				22,404	21,839	20,828	30,985	60,430					

NOTE.—The method used in developing this estimate is the same as that used by the committee staff, working with Civil Service Commission representatives, to estimate the cost of H. R. 543, 86th Cong. This estimate represents the maximum cost of the bill which could be realized only after the 1st full year following enactment. It is assumed that 30 percent of the employees in steps A through G are promoted annually. Figures in italics represent employees in pay steps not affected by the bill. (Employees promoted from these steps would be paid at the minimum rate of the higher grade under existing law or under H. R. 1010.) The 2d line figures for each grade represent the 30 percent who may be promoted from steps affected by the bill. Further, it is recognized that 30 percent of the employees in step G may not be promoted; however, the excessive amount here will offset failure to include those in longevity steps.

Mr. DULSKI. Are there any questions?

Mr. WALLHAUSER. What is the history of last year's legislation, Mr. Chairman?

Mr. DULSKI. Last year's bill, H.R. 543, was reported by our committee late in the session and the House did not have an opportunity to consider it.

Mr. WALLHAUSER. Our committee reported it favorably?

Mr. DULSKI. That is right.

Mr. WALLHAUSER. What happened to it?

Mr. MARTINY. It was reported to the floor of the House on June 24, and there was no action taken by the House. The cost of the bill prevented it from going on the consent calendar.

Mr. WALLHAUSER. We would have to go for a rule?

Mr. MARTINY. Either a rule or suspension of the rules on an item such as this of approximately \$25 million.

Mr. WALLHAUSER. Has any study been made as to which grades receives the greatest number of promotions?

Mr. STAHL. Well, I cannot say that a study has been made, but I think I would be fairly safe in saying that there is a considerably higher rate of promotions in the lower grades than there would be in the higher grades, simply because there are far more promotions there and more turnover there.

Mr. WALLHAUSER. Those who receive less salary presently would benefit, in your judgment, most by this legislation?

Mr. STAHL. Yes, I think so, simply because there is more turnover and more opportunity for employee movement and more promotions.

There is one other thing I would like to point out in connection with the cost estimate. If anything, that is on the high side. We leaned over backward not to underestimate and if I have any doubts about it, my doubts are that it is too high. There are so many permutations and combinations of circumstances that it is pretty difficult to add these together and make it come out in any statistically supportable form.

Mr. WALLHAUSER. What is the proposed effective date of the legislation?

Mr. STAHL. I think it is the first pay period after enactment. That is what I recall.

Mr. WALLHAUSER. Has the Budget Director approved, or has he taken into account, the increased costs?

Mr. STAHL. I must presume he took into account the increased costs, because the Budget Bureau cleared the Commission's favorable report on this legislation.

Mr. WALLHAUSER. So the amount would probably be in addition to the present amount and could be absorbed?

Mr. STAHL. Yes, I would think that that would be the intent, because it would be so widely spread throughout the service that it would not hit any part of the service any more than any other except, of course, those limited to the Classification Act. It has no applicability to jobs not under the Classification Act.

Mr. WALLHAUSER. I presume the Departments with the most employees naturally would—

Mr. STAHL. The most employees under the Classification Act are in the Department of Defense.

Mr. WALLHAUSER. That is all I have, Mr. Chairman.

Mr. DULSKI. I have no other questions.

Thank you very much.

Mr. STAHL. Thank you, sir.

Mr. DULSKI. Our next witness is Mr. John McCart, director of legislation, American Federation of Government Employees.

**STATEMENT OF JOHN McCART, DIRECTOR OF LEGISLATION,
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES**

Mr. McCART. Mr. Chairman, we have presented to the subcommittee a prepared statement on the bills under consideration and with your permission I would like to have that statement appear in the record.

Then I would like to proceed with some extemporaneous comments.

Mr. DULSKI. Without objection, the statement will be inserted in the record.

(The statement referred to follows:)

STATEMENT OF THE AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Two bills under consideration today would provide an important improvement to the classification system. The principle embodied in both bills has the hearty endorsement of the American Federation of Government Employees.

Before clarifying our position on these bills, we wish to express appreciation to both sponsors: Representative Lesinski for introducing H.R. 1010, and to Representative Green for sponsoring H.R. 2015.

The bill H.R. 2015 is identical with that introduced by Representative Green last year. It represented our position then, and it is still the objective desired by many of our members. We feel certain that no less than the change proposed in H.R. 1010 is needed if promotion from one grade to another is to offer sufficient incentive.

The purpose of these bills is to make a promotion something to be sought after and to reward it to an extent commensurate with the added difficulty or the responsibility assumed. Both bills would amend section 802(b) of the Classification Act of 1949, as amended. This section presently provides that the rate of pay an employee shall receive upon promotion to the next higher grade is that which "exceeds his existing rate of basic compensation by not less than one step-increase of the grade from which he is promoted or transferred."

Thus an employee whose position is raised from GS-3 to GS-4 would under H.R. 1010 be required to receive an increase of not less than \$210. H.R. 2015 would require the employee to be placed in the step in the higher grade which would assure him of an increase amounting to not less than the difference between the minimum rates of the two grades involved, or \$315. If he was at step 4 in GS-3, the bill would require him to be placed at step 4 in GS-4.

The fact is that there is no difference in effect of either H.R. 1010 or H.R. 2015 when they are applied to promotions to the next higher grade from grades 2, 3, and 5. To receive an increase of not less than \$210 (two step increases in grades 2 and 3) or \$330 (two step increases in grade 5), it would be necessary to place the position at the same step in the next higher grade. The difference in the number of step increases gained by the application of H.R. 2015 as compared with H.R. 1010, in the remaining grades varies until it reaches a maximum of four step increases for promotions to the next higher grade from grades 12, 13, and 14.

Considerable progress has been achieved since the classification system was established in 1923. The original law did not require that promotions had to result in a salary increase. Nor did the first two important amendments—the Welch Act of 1928 and the Brookhart Act of 1930. Furthermore, while there were as many pay steps within the first 15 grades as there are today, there was no provision for movement within a grade.

The Classification Act of 1923 provided that advancement to the next higher rate within a grade shall be allowed upon the attainment and maintenance of the appropriate efficiency ratings. In actuality an employee could be advanced to the next higher rate only if he maintained a satisfactory efficiency rating, if funds were available, and if the change complied with the so-called average clause.

This provision was written into every appropriation law beginning with the fiscal year 1926, and it was the greatest obstacle to salary increases for classified employees. Some employees received no change in basic rate of salary for as long as 10 years. The average clause permitted compensation increases only if they did not raise the average of the salaries for all positions within the same grade. It is a source of real satisfaction that the AFGE was instrumental in obtaining the elimination of the average clause.

The first substantial progress came with the introduction of the within-grade salary increase plan into the classification system in 1941. It then became possible for employees to advance with regularity through the range of pay rates within a grade. Even then a promotion from one grade to another did not necessarily result in a salary increase, and when there was a raise, it was as small as \$25 a year. The revision of the classification law in 1949 required that a grade promotion must result in an increase in compensation equal to not less than the amount of the step increase of the grade from which the employee was promoted. The bills under consideration today would make the advancement more nearly in proportion to the assumption of great responsibility.

We have briefly reviewed the significant Classification Act provisions relating to advancement from grade to grade for the purpose of indicating the manner in which improvement in this respect has been accomplished. It has come about gradually and the recital of this phase of classification history seems to indicate that it is logical now to carry this progress another step forward.

Thank you, Mr. Chairman, for giving us this opportunity to comment on these bills.

Mr. McCART. First, Mr. Chairman, we want to express our appreciation to you and to your colleagues for scheduling these hearings and we want to thank the authors of H.R. 1010 and H.R. 2015.

As you know, the Classification Act is constructed on a series of grades and within those grades there is a series of steps through which an employee advances upon completion of a satisfactory term of service.

There is also a provision for longevity increases after 10, 13, and 16 years of service in a grade.

The employee can be promoted from one grade to another either through a competitive promotion process, or through having his job reclassified on the basis of duties and responsibilities. Upon his promotion from one grade to another, he is entitled to a one-step increase. In the case of employees in the lower grades, that increase amounts to \$105 a year and in the case of employees in the middle grades, it amounts to \$165 a year.

When you reduce that to a weekly basis the employee is receiving a gross increase of about \$2 in one case, and about \$3.25 in the other. As you can see, this is a very small amount.

The history of the Classification Act indicates that progress in the step increase system has been rather slow and the last action on this score occurred in the 1949 Classification Act when employees were guaranteed the one-step increase.

We feel that the time has come now to improve that so as to provide an additional incentive for employees to accept promotions. There are cases where employees are not willing to accept promotions because the amount of the increase is so small and they could obtain the increase simply by staying in their own grade for a specific amount of time.

For these reasons, Mr. Chairman, we recommend the committee's approval of H.R. 1010. It will not only provide an incentive for the employees, particularly in the lower grades, but it will also improve the administration of the Classification Act in our opinion.

That concludes my presentation, Mr. Chairman.

Mr. DULSKI. Are there any questions?

Thank you very much, Mr. McCart.

Mr. McCART. Thank you, Mr. Chairman.

Mr. DULSKI. Our next witness is Mr. Vaux Owen, president, National Federation of Federal Employees.

STATEMENT OF VAUX OWEN, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. OWEN. Mr. Chairman, I have a very brief statement I would like to read, if I may.

My name is Vaux Owen and I am president of the National Federation of Federal Employees. Our headquarters office is located at 1729 G Street, Washington, D.C.

First, I want to express the appreciation of our organization for being allowed to appear before your subcommittee and for the attention being given this bill, H.R. 1010.

We appreciate also the fact that it has the support of the administration and we were glad to hear the testimony of the representative of the Civil Service Commission in favor of it.

The National Federation of Federal Employees strongly supports H.R. 1010 and urges a favorable report by this subcommittee.

The purpose of H.R. 1010 is to make promotions from one grade to another more meaningful in terms of increased pay. Such a purpose is in harmony with the basic principles underlying the Classification Act which called for pay in keeping with the level of the duties and responsibilities of the employee. In other words, the higher the level of the responsibilities and the greater the difficulty of the duties the higher the pay should be.

To expect an employee to take on heavier responsibilities and more difficult duties without a reasonably comparable increase in pay lessens the incentive of employees and is not conducive to an efficient Federal service.

The present law provides that when an employee is promoted from one grade to another he will receive not less than a one-step increase in his pay in the grade from which he is promoted. The step increases in grades 1 to 4, inclusive, are \$105 per annum. Step increases for grades 5 to 10, inclusive, are \$165 and for all other grades except GS-15, \$260. A one-step increase where an employee is promoted from one grade to another provides very little increase in remuneration for the assumption of a higher level of responsibility and more difficult duties.

Furthermore one who is promoted to a higher grade is often promoted to a position in which he has supervision over employees in the grade from which he was promoted. Since pay rates for the grades overlap, some employees in a lower grade receive a higher rate of pay than the employee who is promoted will receive after a one-step increase in his pay. There will be cases where this will be true even if this bill which provides for two step increases should pass. However, this proposed legislation would reduce the number of such cases and for that reason would have a salutary effect on the service. Also, it would be more equitable for the employee who assumes a higher level of duties and responsibility when he is promoted.

It is firmly believed that the passage of H.R. 1010, which will provide a more meaningful increase in pay for employees who are promoted, would be for the best interest of the Federal service as well as the employees.

I thank the chairman and members of this subcommittee for the opportunity to present the views of the National Federation of Federal Employees and strongly urge a favorable report on H.R. 1010.

Mr. Chairman, that concludes my statement.

Mr. DULSKI. Thank you, Mr. Owen.

Are there any questions?

Mr. WALLHAUSER. This bill would apply to all grades, would it not? That is, right through the supergrades?

Mr. OWEN. All grades under the Classification Act.

Mr. WALLHAUSER. Including the supergrades?

Mr. OWEN. I assume it would apply to the supergrades; no distinction there.

Mr. DULSKI. Thank you very much, Mr. Owen.

Mr. OWEN. Thank you, Mr. Chairman.

Mr. DULSKI. Our next witness is Mr. Ross Messer, legislative representative, National Association of Post Office and General Services Maintenance Employees.

**STATEMENT OF ROSS MESSER, LEGISLATIVE REPRESENTATIVE,
NATIONAL ASSOCIATION OF POST OFFICE AND GENERAL
SERVICES MAINTENANCE EMPLOYEES**

Mr. MESSER. Thank you, Mr. Chairman. For the record, I am Ross Messer, legislative representative, National Association of Post Office and General Services Maintenance Employees. We would like to endorse the proposal before the committee this morning providing a greater increase for Classification Act employees upon promotion. The increases they receive at the present time, particularly in the lower grades, are very small, \$105. We think that the two-step increase, or \$210, would be much more appropriate.

Thank you very much.

Mr. DULSKI. In other words, H.R. 1010 does not go far enough; is that what you mean?

Mr. MESSER. We would like to see a greater increase, if possible, in the postal service where the majority of our members, upon being promoted to a higher level, receive an increase equal to the difference between step 1 of the level he is leaving and step 1 of the next level.

That is considerably more than a step increase. We believe that H.R. 2015 would come nearer answering the situation as most of your promotions are one-grade promotions.

Mr. DULSKI. Mr. Messer, according to the schedule we have here, I note that the largest amount of increase would be in the third, fourth, and fifth class where the estimated cost involves mostly employees within the \$5,800 category. Would that cover your employees?

Mr. MESSER. Yes, it would.

Mr. DULSKI. As I understand it, when a man reaches grade 5, that would amount to \$165?

Mr. MESSER. That is right, grade 5 and above. The majority of our employees are clerical and they are also telephone operators and guards. Your clerks and telephone operators range from grades 3,

4, and 5 and about the highest we have is GS-5. That would catch one group at \$165 under the present law and the remainder would be at \$105 under the present law.

Mr. DULSKI. We are considering both, but you would not object to H.R. 1010?

Mr. MESSER. No, sir.

Mr. DULSKI. You would not be opposed?

Mr. MESSER. We favor H.R. 2015 but we would not object to H.R. 1010.

Mr. DULSKI. Thank you, Mr. Messer.

Mr. MESSER. Thank you, Mr. Chairman.

Mr. WALLHAUSER. Mr. Chairman, I would like to ask Mr. Stahl one more question.

Mr. DULSKI. Proceed.

Mr. WALLHAUSER. Has any estimate been made as to the percentage of salary increase this will be?

Mr. STAHL. Percentage?

Mr. WALLHAUSER. Yes, in the overall governmental salary range.

Mr. STAHL. You mean whether it would affect the average salary in the Government by making it a little higher?

Mr. WALLHAUSER. Yes.

Mr. STAHL. I would doubt it, but let me check with one of my experts here.

Mr. Hare, do you think it would affect that? I do not see that it would. A constant turnover keeps people fairly equally distributed on the rates within any given grade. Mr. Hare reminds me that the total payroll for employees under the Classification Act is around \$6 billion.

Mr. WALLHAUSER. Six billion?

Mr. STAHL. Yes.

Mr. WALLHAUSER. That is what I am getting at. This pay increase would amount to what percentage of \$6 billion?

Mr. STAHL. If we could use a \$25 million figure, which is really only indicative of a first full year of added costs, with the most liberal estimate, this is just applicable to H.R. 1010, and on H.R. 2015, it would be considerably more. Then I suppose it is a matter of whatever percentage \$25 million is of \$6 billion.

Mr. WALLHAUSER. Could we get in the record what that would be?

Mr. STAHL. Surely.

Mr. WALLHAUSER. I think somebody is figuring that out, one of your associates.

Mr. STAHL. We will get the computation in the record. My mental arithmetic is not good enough this morning to make up that percentage for you.

I would caution again that this does not mean that, if this bill were passed in this session of Congress, in fiscal year 1962, that there would be \$25 million extra cost, because it would be covering promotions made as late as June of 1962, obviously, beginning at that time.

Mr. WALLHAUSER. We were conscious of that, but the fact is that this will be an annual amount.

Mr. STAHL. That is right.

Mr. WALLHAUSER. That we will have to include or provide for in future years?

Mr. STAHL. That is right. It would be a continuing feature of the way the Classification Act is administered.

Mr. WALLHAUSER. The reason I would like to get this figure into the record is that I am sure somebody is going to ask a question as to whether this is another pay raise.

Mr. STAHL. I understand that.

Mr. WALLHAUSER. What percentage would it be?

Mr. STAHL. I understand that, of course, it is not general across the board. It is only applicable to an individual who is promoted.

Mr. WALLHAUSER. What employees would be excluded, in general? What employees are not under the Classification Act?

Mr. STAHL. The employees in general not under the Classification Act are these: First of all, there are close to 700,000 employees paid under what we call the wage board system. These are primarily the so-called blue collar workers whose wages are set in accordance with prevailing rates of pay in a given locality and whose pay adjustments are made at least annually and are very promptly and pretty accurately responsive to economic shifts that take place in pay in private industry.

The other big groups that are not covered by the Classification Act include the postal service and that is the biggest one—the postal field service, I mean.

The Classification Act applies to headquarters of the Post Office Department but the postal field service which has well over 500,000 employees has its own separate pay schedule, a statutory pay schedule in the Postal Field Service Act.

Then the other groups are miscellaneous agencies that have special pay systems, like the Foreign Service, the Atomic Energy Commission, the Tennessee Valley Authority, the Bureau of Medicine and Surgery of the Veterans' Administration, and so on. In all of those cases, they are usually free by regulation to make adjustments of the kind we are talking about here.

Mr. DULSKI. Would the gentleman yield?

Mr. WALLHAUSER. Yes.

Mr. DULSKI. As I understand it, there is a provision made for the postal employee and they have a more liberal policy.

Mr. STAHL. Yes. As Mr. Messer indicated, apparently their policy is that when they are promoted from one grade to another they get an amount of money that is at least the equivalent of the difference between the entrance rates between those two grades. This is essentially what is proposed in H.R. 1015, but this would have the result of being considerably more expensive and would result in some very substantial increases and differences from present practice. It might also result in placing employees because they had already acquired a good deal of seniority in the lower grade at such a high rate in the higher grade that they would be ahead of, or equal to employees who had served in the higher grade. For example, it takes a little longer to get a pay step at grade 11 and above than it does below grade 11. It takes 18 months between pay steps but below that it only takes 12 months to earn a pay step. If a person is promoted from 8 or 10 to grade 11 by virtue of the pay step he has been in at that grade, and if he got the amount of money equivalent to the difference in the entrance rate between, let us say, grades 9 and 11, he could be put at a pay step above a person who served

an equal length, or a longer length of time in grade 11 itself, and working at the higher level longer.

These are among some of the technical reasons, in addition to the total cost, why we prefer to see H.R. 1010 rather than H.R. 2015.

Perhaps my complaint about that may not be applicable to the postal service and I am not familiar with how that operates.

Mr. WALLHAUSER. Are scientific and technical personnel included under the Classification Act?

Mr. STAHL. Most of them are, although quite a few hundred scientific and professional people are paid under what is known as Public Law 313 type authorizations, which is simply a provision that salaries may be placed anywhere from \$12,000 to \$19,000 a year for key scientists and engineers who are specially designated by their agencies for that category of employment and whose qualifications are approved by the Civil Service Commission.

Mr. WALLHAUSER. This Public Law 313 group would not benefit under this legislation?

Mr. STAHL. No; but neither are they limited and restricted by the present provisions of the Classification Act. There is no restriction on the manner in which they would move from one rate to another because there are no real grades. It is just a group of salaries running from \$12,000 to \$19,000. They are not suffering from the same disability at the present time.

Incidentally, the percentage you asked for is four-tenths of 1 percent.

Mr. WALLHAUSER. Thank you.

Mr. DULSKI. I have only one question.

Does this cover the people in the NASA program?

Mr. STAHL. Those who are under the Classification Act. NASA also has some jobs excepted from the Classification Act, a couple hundred of them. There are 290 jobs that are under a special authority that is very much like this Public Law 313. That is, they have just a range of salaries and they put people in there.

Mr. DULSKI. They are still under the Classification Act?

Mr. STAHL. No; the 290 I referred to are not, but the remainder of their staffs, thousands of scientific and professional people, are under the Classification Act. This is just a select small number.

Mr. DULSKI. The reason I asked, Mr. Stahl, is that some time ago we had hearings on manpower utilization where they asked for supergrades and it was brought to our attention that they wanted to come out of the Classification Act as far as the civil service is concerned, only for the pay scale.

Mr. STAHL. As far as the civil service is concerned, these positions we are talking about in NASA, the 290, they are not under the Classification Act, but they are under civil service in the sense they are appointments that must be made on the basis of merit. In this case, instead of going through the usual process of competitive examination, their appointments are simply confirmed by a qualification review by the Civil Service Commission. That, at least, is the general procedure in the Public Law 313 type cases.

I think that I am correct, but that is the procedure also applicable in NASA.

We would have to check that to make sure, but I think they have the same provisions that other Public Law 313 type cases have.

My point being this: There is a difference between being subject to civil service, to the merit system, and being subject to a particular salary system. They can be under one without being under the other and in this case they are subject to the merit system but not subject to the Classification Act, in the case of the 290 jobs.

Mr. DULSKI. I feel if a man wants to be under the protection of the civil service, it is my opinion he should be covered with the same pay scale.

Mr. STAHL. I see.

Mr. DULSKI. Not to be taken out of the pay scale.

In H.R. 1010, they still would be covered by civil service but they would not be under the Classification Act?

Mr. STAHL. No; under H.R. 1010, this is only employees who are under the Classification Act. It is only applicable to employees under the Classification Act.

Mr. DULSKI. These people to which I had reference do not wish to be under the Classification Act but under civil service protection.

Mr. STAHL. I think perhaps I can answer that this way: The reason for the creation of these excepted pay schedules, like Public Law 313 and like \$12,000 and \$19,000 range, which goes slightly higher than the Classification Act, is because primarily of restrictions on the number of jobs that can be placed in GS-16, GS-17, and GS-18. These are statutory restrictions by number. In a number of scientific agencies, the pressure was so great to get people with the kind of qualifications, talents, and skills necessary in key positions, that they sought through subject matter committees in the Congress authority to, in effect, not be fettered by those number limitations. Instead, they got special number limitations under a new, separate salary scale. Employees are still, however, in almost all those cases, under the civil service merit system with tenure rights and so on that go with that.

Mr. DULSKI. Mr. Wallhauser?

Mr. WALLHAUSER. One more question, Mr. Stahl.

The attorneys in the Department of Justice are not included are they?

Mr. STAHL. Attorneys in the Department of Justice at the present time are under the Classification Act with the exception of the district attorneys and the assistant district attorneys.

However, the Department of Justice has a proposal here on the Hill which would exempt a number of their attorneys in the Department of Justice from the Classification Act. It would not take them out from under civil service, but it would provide the opportunity for more flexible and somewhat more favorable pay scales. As of the moment, all of them except district and assistant district attorneys are under the Classification Act.

Mr. DULSKI. Thank you.

We have a statement here from James K. Langan, operations director, Government Employees' Council, AFL-CIO, and without objection it will be placed in the record.

(The statement follows:)

STATEMENT BY JAMES K. LANGAN, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. Chairman and members of the subcommittee, my name is James K. Langan, operations director of the Government Employees' Council, AFL-CIO. The council was composed for the purpose of coordinating and promoting the viewpoint of its members on matters of legislation, and administration affairs affecting their welfare. In this manner uniform views may be presented to the Members of Congress.

We are composed of 24 affiliated unions of the AFL-CIO representing approximately 600,000 Federal employees.

We are pleased to advise this committee of our complete endorsement of H.R. 1010 introduced by Mr. Lesinski. The bill provides that in the case of the promotion or transfer to a higher grade of an employee he will receive an increase in salary by not less than two step increases of the grade from which he is promoted or transferred.

The intent here is to give material, tangible evidence to the employee that he is being promoted or transferred for meritorious reasons, and not being given an empty title without salary increase which would be no appropriate reward.

We wish to thank Mr. Lesinski for his sponsorship, and this subcommittee for holding these hearings.

I urge that favorable consideration be given this bill in committee and support in the House for its passage.

Mr. DULSKI. If there are no other witnesses, the subcommittee will stand adjourned.

(Thereupon, the hearing was adjourned at 10:55 a.m., Wednesday, August 2, 1961.)



