

Y4  
P 84/11

Senate - Post office and ci

R 31/5  
P 84/11  
8074

**THIRTY-YEAR RETIREMENT**

GOVERNMENT

Storage

**HEARINGS**

BEFORE THE

**COMMITTEE ON RETIREMENT**

OF THE

**COMMITTEE ON**

**OFFICE AND CIVIL SERVICE**

**UNITED STATES SENATE**

**EIGHTY-SEVENTH CONGRESS**

**FIRST SESSION**

ON

**S. 188**

**A BILL TO GRANT CIVIL SERVICE EMPLOYEES RETIREMENT  
AFTER 30 YEARS' SERVICE**

MAY 15 AND 16, 1961



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

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1961

70240



7 Y  
11/18/91  
2/18/91

**COMMITTEE ON POST OFFICE AND CIVIL SERVICE**

OLIN D. JOHNSTON, South Carolina, *Chairman*

A. S. MIKE MONRONEY, Oklahoma

FRANK CARLSON, Kansas

RALPH YARBOROUGH, Texas

HIRAM L. FONG, Hawaii

JOSEPH S. CLARK, Pennsylvania

J. CALEB BOGGS, Delaware

B. EVERETT JORDAN, North Carolina

JENNINGS RANDOLPH, West Virginia

WILLIAM P. GULLEDGE, *Staff Director and Counsel*

---

**SUBCOMMITTEE ON RETIREMENT**

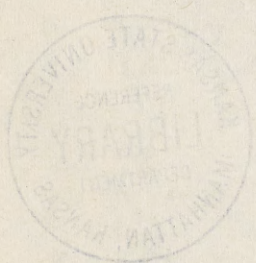
JOSEPH S. CLARK, Pennsylvania, *Chairman*

B. EVERETT JORDAN, North Carolina

HIRAM L. FONG, Hawaii

JENNINGS RANDOLPH, West Virginia

J. CALEB BOGGS, Delaware



# CONTENTS

	Page
S. 188-----	1
Report of Civil Service Commission on S. 188-----	13
STATEMENTS	
Beiter, Alfred F., president, National Customs Service Association-----	75
Billar, Morris, president, Manhattan-Bronx Postal Union-----	77
Campbell, James A., president, American Federation of Government Employees-----	21
Cobb, James, president, National Alliance of Postal Employees, accom- panied by Charles R. Braxton, research director-----	55
Dorson, C. L., president, Retirement Federation of Civil Service Employees of the U.S. Government-----	64
Farmer, James, president, U.S. Customs Inspectors' Association, Port of New York-----	45
Freudenberger, Elmer M., national director of legislation, Disabled American Veterans: Letter, dated May 8, 1961, to Senator Clark-----	76
Gibson, Everett G., legislative director, National Federation of Post Office Motor Vehicle Employees, AFL-CIO-----	60
Jaspan, Dan, legislative representative, National Association of Postal Supervisors, accompanied by Donald N. Ledbetter, national secretary--	62
Keating, Jerome J., vice president, National Association of Letter Carriers, accompanied by James H. Rademacher, assistant secretary-treasurer---	24
Langan, James K., operations director, Government Employees' Council, AFL-CIO-----	66
Lasseter, Dillard B., executive officer, Organization of Professional Em- ployees of the U.S. Department of Agriculture: Letter, dated May 23, 1961, to Senator Johnston-----	78
MacKay, John W., president, National Postal Union, accompanied by David Silvergleid, secretary-treasurer-----	68
Macy, Hon. John W., Chairman, U.S. Civil Service Commission, accom- panied by Frederick J. Lawton, Commissioner, Warren B. Irons, Execu- tive Director; and Andrew E. Ruddock, Director, Bureau of Retirement and Insurance-----	15
Martin, Tommy M., president, The National Rural Letter Carriers' Association-----	32
McAvoy, Harold, national president, National Association of Post Office and Postal Transportation Service Mail Handlers, Watchmen, Messen- gers, Group Leaders, and Mail Handlers Employees, Bureau of Facili- ties-----	61
Messer, Ross A., legislative representative, National Association of Post Office and General Services Maintenance Employees-----	48
Nagle, Paul A., president, National Transport Association, accompanied by Wallace J. Legge, industrial secretary-----	40
O'Connor, John F., legislative director, United Federation of Post Office Clerks-----	34
Owen, Vaux, president, National Federation of Federal Employees-----	36
Puskar, Charles E., secretary-treasurer, National Association of Post- masters of the United States, accompanied by Roy M. North, legis- lative representative-----	52
Raley, Bun, legislative representative, National Association of Post- masters of the United States-----	48
Riley, George D., legislative representative, AFL-CIO-----	43
Simcox, Glenn R., president, National Association of Retired Employees, accompanied by John Overholt, legislative representative-----	73

	Page
Snead, Joseph S., member, Committee on Legislation, National Association of Internal Revenue Employees, accompanied by George Bursach, executive secretary-treasurer-----	42
Staats, Hon. Elmer B., Deputy Director, Bureau of the Budget-----	2
Warfel, George L., president, The National Association of Special Delivery Messengers-----	49
Willing, William W., vice president, Local No. 16, Retirement Federation, Civil Service Employees, U.S. Government, Hampton Roads Station, Norfolk, Va-----	66

## THIRTY-YEAR RETIREMENT

MONDAY, MAY 15, 1961

U.S. SENATE SUBCOMMITTEE ON RETIREMENT  
OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE  
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m., in room 6202, New Senate Office Building, Senator Olin D. Johnston (chairman of the committee) presiding.

Present: Senator Jennings Randolph.

Also present: William P. Gullledge, staff director and counsel; J. Don Kerlin, assistant staff director; and Frank A. Paschal, minority clerk.

The CHAIRMAN. The committee will come to order. We will begin hearings at this time on S. 188, a bill to grant civil employees retirement after 30 years' service.

It represents a goal long sought by employee organizations and many individual employees of the Federal Government. There are many who conscientiously believe that when a person has devoted 30 years of his life to his chosen profession he should be entitled to retirement. Others hold to the belief that retirement at any age is improper.

The subcommittee is meeting today to hear testimony on both sides of the question. A copy of the bill (S. 188) will be inserted in the record at this point and become a part of the record.

(A copy of S. 188 follows:)

[S. 188, 87th Cong., 1st sess.]

A BILL To grant civil service employees retirement after thirty years' service

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That all civil service employees of the United States Government may retire after thirty years of service, regardless of their age, and when so doing shall receive full retirement benefits.

The CHAIRMAN. Our first witnesses today will be the Honorable Elmer B. Staats, Deputy Director of the Bureau of the Budget, and the Honorable John W. Macy, Jr., Chairman of the Civil Service Commission.

You may proceed in any manner you see fit. You may read your written manuscript or you may explain your manuscript and elucidate on it.

I have talked with Mr. Staats and Mr. Macy. They will both sit at the witness table. We will all work together to see just where we are.

STATEMENTS OF HON. ELMER B. STAATS, DEPUTY DIRECTOR, BUREAU OF THE BUDGET, AND HON. JOHN W. MACY, JR., CHAIRMAN, U.S. CIVIL SERVICE COMMISSION, ACCOMPANIED BY FREDERICK J. LAWTON, COMMISSIONER; WARREN B. IRONS, EXECUTIVE DIRECTOR; AND ANDREW E. RUDDOCK, DIRECTOR, BUREAU OF RETIREMENT AND INSURANCE

Mr. STAATS. Mr. Chairman, I have here a brief statement which states in general terms the executive branch's position on this bill. The Civil Service Commission will have a somewhat more detailed statement and if it is agreeable we can answer the questions jointly between the Commission and the Budget Bureau.

The CHAIRMAN. Fine.

Mr. STAATS. This testimony, I should say, is in lieu of a formal report which we would ordinarily send to the committee. If it is agreeable to you, I will read this statement.

I appreciate this opportunity to give you the view of the Bureau of the Budget on S. 188, a bill to permit retirement on immediate full annuity after 30 years' service, regardless of age.

We oppose this bill, Mr. Chairman, for two reasons which we regard as fundamental: first, we cannot endorse the premise that experienced, capable employees in the age range of 48 to 60 should be encouraged to leave the Nation's work force when we need their work product; and, second, we cannot endorse the inequity that would result among Federal employees in their compensation for the work they have done for the Government.

The Department of Labor has made an intensive study—and this is a fairly recent report just made within the last 6 months—of the manpower needs and resources of the United States over the period of the next 15 years. Their findings indicate a rapidly increasing demand for people on white-collar and skilled blue-collar jobs. Specifically, the Labor Department's projections indicate an increase of 57 percent for white collar jobs between 1957 and 1975, and 25 percent for blue-collar occupations. The demand for professional, technical, and kindred workers is expected to increase by 90 percent, and clerical workers by nearly 50 percent. At the same time, there will occur a decrease in the number of workers in the 25 to 44-year age group because of the low birth rates in the 1930's.

The implications of these findings we think are clear. As we move ahead in the 1960's, workers 45 years of age and over will have to handle a larger share of the Nation's important jobs because workers in the 25-to-44-year range will be in short supply. Employers will need to plan for making more effective use of older men and women. We cannot afford to lose the services of these valuable workers by setting arbitrary age limits for hiring or retiring.

The effect of S. 188 we believe would be to completely disregard the implications of this study. By making it possible for employees to retire as early as age 48, we would in effect be encouraging their withdrawal from the labor force at a time when their services were most urgently needed by the Nation's economy. If we are to maintain a dynamic and growing economy necessary to meet our commitments at home and abroad, we simply cannot afford to dissipate our avail-

able manpower by deliberately encouraging an increase in the non-working population. On the contrary, we should do everything we can to encourage competent people to remain in the labor force as long as their physical and mental capacities permit.

The Federal Government would be inconsistent indeed if it encouraged early retirement for its own employees while at the same time it is urging private employers to remove hiring and retirement restrictions which limit the full utilization of competent older workers.

S. 188 would also create an inequity in compensation for Federal employees. The benefits provided by the Civil Service Retirement Act constitute an important form of compensation for work done for the Government. Along with his current salary, the employee earns a unit of retirement benefit each period that he works. When he reaches the standard or normal retirement age, his accumulated total units of benefits have the same value as those for all other employees who reach the same age after having earned the same average salary and having the same length of service. Thus the system in this respect follows the basic concept that employees doing the same or equal work should have the same compensation.

However, a critical feature of the system is the normal retirement age, or the age at which the benefit begins. Normal life expectancy at all ages has been established in mortality tables compiled by authorities, and, of course, life expectancy varies inversely with age: the lower the age the longer the expectancy. It is clear that a life annuity beginning at an early age has a greater average value than the same annuity beginning at a later age.

This, of course, is the point where S. 188 would substantially change the retirement system and would provide greater compensation for work performed at an early age than for the same work performed at a later age. Under the bill, employees beginning Federal work on graduation from high school at age 18 and completing 30 years' service at age 48 would be granted an immediate, unreduced life annuity. And at that age the annuity would have an average value about 39 percent greater than a life annuity of the same amount earned by a Federal employee completing 30 years' service at age 60. If the annuity in each case were \$3,000, for example, the average value to the employee at age 48 would be about \$14,300 greater than to the employee at age 60.

In summary, the Bureau of the Budget believes (1) that the benefits provided under the retirement system constitute compensation for services rendered and should follow the same basic concept of equal pay for equal work, and that the proposed flexibility in retirement age would be inconsistent with that concept, and (2) that capable employees at the ages affected by this bill should not be financially encouraged to leave the Federal service, since this would be contrary to the best interests of the economy.

Thank you, Mr. Chairman.

The CHAIRMAN. Now I notice you use the ages from 48 to 60 for employees who you say would be encouraged to retire under this bill. How many employees do you have coming in at 18 years of age?

Mr. STAATS. I do not have the answer to that question.

The CHAIRMAN. I would like to have that for the record—figures showing how many employees you would have to retire at 48. Very few though who come under one law. Isn't that true?

Mr. MACY. I believe I can respond to that, Mr. Chairman. In a number of the occupations where high school graduation is the primary preparation, we do have employees entering at 18, 19, and 20.

The CHAIRMAN. But isn't it also true those who enter at 18 and 20 drop out and don't stay in civil service, a great many of them?

Mr. MACY. This is true to a great extent. The average entry age does tend to be above 20.

The CHAIRMAN. I see here you use the Labor Department's projections. They use an increase of 57 percent of white-collar jobs between 1957 and 1975.

Now a white-collar person who goes to work—how old is he generally when he starts?

Mr. STAATS. I would have to supply any figures we have.

The CHAIRMAN. I would like to have that, too, to show on an average how old white-collar workers are when they go to work.

Now the blue collar. I would also like to have figures on blue-collar workers to show for the record how old they are on the average when they go to work. That I think would be very informative.

I notice that with regard to professional, technical, and kindred workers, you say there is a 90-percent increase in that category. When you talk of professionals, what category are you referring to?

Mr. STAATS. In this category, the professional includes engineers, scientists, medical, economists, people where the requirements are higher.

The CHAIRMAN. Would you also include lawyers?

Mr. STAATS. Yes.

The CHAIRMAN. Don't you think it probably is a little unfair for a lawyer, because he is not a judge, not to have as liberal a retirement program as the judges have? You know they can retire after 15 years at 65 with full pay, without paying a cent in for their retirement.

Mr. STAATS. That is at age 65?

The CHAIRMAN. Yes, for 15 years; 10 years at age 70, and they get full pay without contributing anything. That is the retirement plan in the judicial branch for judges at the present time.

How old are scientists, generally, when they go to work?

Mr. STAATS. I don't have that.

The CHAIRMAN. About 30, most of them, on the average I think.

Mr. MACY. The average would probably be in the late twenties.

The CHAIRMAN. So they would be in their late fifties before they would have 30 years.

Mr. MACY. Yes.

The CHAIRMAN. Eligible for retirement.

Mr. STAATS. He would be at least 25 years of age.

The CHAIRMAN. I want to picture what the 30-year period will do, because I believe at the present time we have a right to retire at 55 with a 5-percent deduction.

Mr. MACY. Yes; 5 percent.

The CHAIRMAN. I just want to bring out that I think it would be well to have this for the record.

Mr. MACY. We will be glad to supply this age information for the record.

The CHAIRMAN. Now under the law, an employee who has attained the age of 55 and has 30 years' service may retire with the reduction of 5 percent in his earned annuity. Does the Commission have any figures to indicate the number of employees eligible for retirement under this provision and the number who have taken advantage of that provision?

Mr. MACY. Yes, Mr. Chairman. If I may use the figures for the most recent fiscal year, fiscal year ending last June 1960, there were a total number of 35,000 employees eligible. Of that number, between 55 and 60, 2,583 availed themselves of the early retirement rights which called for a reduction of 1 percent for each year below 60. That was the experience under the system in the most recent fiscal year. This constitutes approximately 8 percent of the total number eligible who took advantage of this right.

The CHAIRMAN. So you figure then that if you lowered the retirement age even to 50, there would be many more who would stay in the service? Isn't that true also? You would anticipate a small percent of retirement at 50 and at 55.

Mr. MACY. It is the Commission's estimate, Mr. Chairman, that under S. 188 there probably would be a doubling of the 2,500 figure that I indicated. It has been our experience in previous liberalizations of this type, that in the initial years following liberalization there tends to be about 100-percent increase in the number that apply for earlier retirement, and that at a later date this would tend to level off at about 4,000 cases a year.

The CHAIRMAN. I see. Now employees who have reached the age of 62 and have 5 years or more of service are eligible for retirement on an immediate annuity; isn't that true?

Mr. MACY. That is true.

The CHAIRMAN. Does the Commission have any figures to indicate that percentage of employees who would actually retire when they become eligible to do so under this provision?

Mr. MACY. I don't have those figures in mind. Let me see if Mr. Ruddock has that available at the table.

The CHAIRMAN. If you don't have those at your finger tips, we would like to have them available for the record.

Mr. RUDDOCK. We can say that most of them do not retire as soon as they become eligible, Mr. Chairman. The average age of those retiring under the age 62 provision in fiscal year 1960 was 65 $\frac{9}{10}$  years, roughly 66 years. They were eligible to retire at 62.

The CHAIRMAN. What is the retirement age in the military now? Isn't retirement permitted after 20 years?

Mr. MACY. That is right. My understanding is that there is a provision whereby retirement under certain circumstances can take place after 20 years' of service, but I am not familiar with the details.

The CHAIRMAN. Has the Commission made any estimate of the percentage of employees who accumulate 30 years of service prior to obtaining the normal retirement age of 62? What percent achieve 30 years of service prior to becoming 62 years of age?

Mr. MACY. We have that available, but I don't believe it is in the material that is with us this morning, Mr. Chairman.

The CHAIRMAN. We would like to have that for the record, if you please. You can see why we would like to have it.

Mr. MACY. Yes, indeed.

The CHAIRMAN. Has the Commission any breakdown to indicate the number of employees who would have 30 years of service at different ages, such as at 48, 49, 50, and right on up to 62?

Mr. MACY. We can give you the information that we have.

Mr. CHAIRMAN. I believe it will assist you in reviewing this.

(The following communication was subsequently received:)

U.S. CIVIL SERVICE COMMISSION,  
Washington, D.C., May 23, 1961.

HON. OLIN D. JOHNSTON,  
Chairman, Committee on Post Office and Civil Service,  
U.S. Senate.

DEAR SENATOR JOHNSTON: The purpose of this letter is to supply for the record the answers to questions asked during the hearing on S. 188 before your Retirement Subcommittee on May 15, 1961. Our most recent information on the age and service distributions of employees subject to the Civil Service Retirement Act is based on a 10-percent sample census of coverage as of September 30, 1958, taken for purposes of the periodic actuarial valuation required by the Retirement Act.

1. The census showed 31,340 employees with less than 6 months of service, which is the nearest we have to a new entrant group. Of this total, 4,200 (13.4 percent) were age 18 or under.

2. The census did not show occupation; hence it does not give us the entry ages of the various groups in which you are interested—white collar, blue collar, and scientists. Neither is this information available from other sources. The Commission is well aware of the need for answers to these and a multitude of other questions, and for several years has been planning the establishment and maintenance of a new Federal employment statistical program. Funds needed to initiate this program are included in the Commission's budget estimates for the fiscal year 1962, now before the Congress. Favorable action will give us the means to supply a wealth of information which now is not available.

3. The census showed a total of 2,105,740 employees subject to the Retirement Act. Of this total, 92,500 (4.4 percent) had 30 or more years of service. This group included 9,900 who completed the 30th year at or above age 60.

The remaining 82,600 were distributed as follows:

Age when 30 years of service was completed:	Number of employees	Age when 30 years of service was completed—Con.	Number of employees
45-----	790	54-----	6,660
46-----	1,650	55-----	5,800
47-----	3,090	56-----	4,930
48-----	5,890	57-----	4,210
49-----	8,580	58-----	3,870
50-----	9,150	59-----	2,910
51-----	8,690		
52-----	8,930	Total-----	82,600
53-----	7,450		

4. During the fiscal year 1960, 2,583 employees with 30 or more years of service retired at or above age 55 but below age 60. Had they not retired, and if all remained in the service until attaining age 60, we estimate that their salaries during this time would have been about \$45 million. They would contribute \$2,925,000, and their employing agencies a like amount. However, we cannot conclude that their early retirement resulted in a saving of this amount to the Government. Their jobs had to be filled, undoubtedly through a combination of new hiring and promotion. The saving would be 6½ percent of the excess, if any, of the salaries of the retired employees over those of their successors.

Sincerely yours,

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

The CHAIRMAN. You state that you cannot endorse this bill. Do you have suggestions along the same lines or similar lines?

Mr. STAATS. Mr. Chairman, we have not really had an opportunity to examine alternative proposals to the one which is embodied in this bill. I think that, just to elaborate a little bit further on the reasons that we have made a fairly strong argument here against this, is that we feel that the Federal Government is also in a position of an example to private employers. We feel that in this instance if the Federal Government took this move it would be running somewhat contrary to the advice which Government has been giving through the Labor Department and Department of Health, Education, and Welfare to people outside of Government against earlier retirement, urging them to continue on, particularly those people in the scarce skilled categories.

The CHAIRMAN. Let's consider the employees who would retire under the provisions of this bill. They would probably be retiring from fairly high grades. They would be drawing longevity pay. Their salaries would be an expense to the Government. Now, take a new employee starting to work down below at a lower grade. He would be drawing less pay. There would be a saving, would there not, in replacing the retiring employee with a younger man, below him in the pay scale? You would not pay him as much, a younger man, isn't that right?

Mr. MACY. I will respond to that, Mr. Chairman. I think that this would be rather speculative.

The CHAIRMAN. I think there would be some savings there.

Mr. MACY. There might be in some cases but there has been such a marked change in compensation levels in the Federal Government through the years and such a change in the composition of the Federal work force this would be a difficult question to answer with any definitiveness.

The CHAIRMAN. Would you not also have a better type of employee, a more satisfied employee? A man who would retire would want to get out and get away from that particular job, isn't that true, if he retired before he was 62?

Mr. MACY. Again these are subjective judgments that would be largely speculative. I think we would also feel that those who would take advantage of this would be those who had skills that were marketable in employment outside the Government and therefore would be lost to the Government, by moving on to higher compensation that they would receive from private service.

The CHAIRMAN. That is probably so, but isn't it also true that the man who is dedicated to his job, who loves his job would not retire? That is the type you would keep, one who likes his work. I know one old lady now who is 75 and you can't pry her away from the job. She just loves her work.

Mr. MACY. Good. But I think we have to recognize in all these judgments that we are talking about individual men and women and that each one will have a different set of reactions.

The CHAIRMAN. This is across the board, of course. We all realize that.

Do you have any questions?

Senator RANDOLPH. Yes, Mr. Chairman.

The CHAIRMAN. Senator Randolph of West Virginia.

Senator RANDOLPH. I think you have developed questions which are pertinent to the testimony. I wish to say with no criticism—this is only an observation—in my experience in the House and in the Senate I have never seen the Bureau of the Budget and the Civil Service Commission testify at the same time. I don't know whether you're teaming up or whether you are giving us the double-barreled opposition. Very frankly I have never seen this before. I am going to check the records, I may be wrong.

Mr. STAATS. I think you will find it has been done before, Senator.

Mr. MACY. Senator Randolph, let me assure you this is not collusion or price fixing.

Mr. RANDOLPH. I hope it is not fixation, either.

Mr. Chairman, there was no criticism implied or otherwise. It was just that I had not come face to face with two agencies of the Government appearing at the same time. I simply made note of it.

When did it occur, Mr. Staats?

Mr. STAATS. One specific occasion, I think it has been done twice while I have been here, it was done on the Clark bill, it was on the reorganization of the Civil Service Commission. It was our suggestion really as administration convenience to the committee.

Mr. MACY. May I say, Senator Randolph, it was our hope that we could be more helpful and more responsive to the committee if we appeared together. I certainly say with all sincerity there was no intention of doubling our forces of opposition. Our purpose is really to be here as informed witnesses to advise the committee on any points that are not clear from our testimony. I have a separate statement which I hope the chairman will permit me to offer when the time comes.

Senator RANDOLPH. I again say it is proper, certainly. I just had not had the experience in facing it.

The CHAIRMAN. They asked permission for this arrangement. They said there might be some questions developed that one could answer and the other one could not. The committee's main purpose here is to try to get the facts into the record, as expeditiously as possible.

Senator RANDOLPH. Mr. Chairman, may I proceed with a question or two?

The CHAIRMAN. Go ahead, Senator.

Senator RANDOLPH. The opposition from the Bureau of the Budget to the pending legislation, Mr. Staats, is today the opposition of yesterday, is that correct?

Mr. STAATS. I am sorry, I didn't hear your question.

Senator RANDOLPH. You oppose the legislation pending today, is that correct?

Mr. STAATS. Yes.

Senator RANDOLPH. You opposed it in the 86th Congress, is that correct?

Mr. STAATS. I believe this bill or roughly the identical bill was offered for the past several Congresses if I am informed correctly and this has been the position of the executive branch. It has been reviewed again in this administration, and for generally the reasons I have indicated, it was felt this would not be a desirable thing for the Federal Government to do. There are many variations of this kind of pro-

posal. Now whether these variations were identical to this bill or not I could not say. Perhaps I was here and have been looking at this bill more intensively but roughly this same proposition has been offered I think quite a number of times. I think that one point here that we might emphasize is that there has been a progressive liberalization of the retirement provisions to Federal employees over quite a number of years.

This idea that is embodied in this bill has been discussed in connection with these various proposals. I think the Civil Service Commission's statement does go into those historical liberalizations more than I have attempted to cover in my statement.

The CHAIRMAN. I think what you say is correct. Since I have been Chairman, retirement at age 55 has been authorized. We also have passed in the Senate, as far as that is concerned, a similar bill in 1956, I believe it was.

Senator RANDOLPH. Of course, we do have those flexible provisions which are built in the present law as you have indicated and have from time to time been modified. That is true, is it not?

Mr. STAATS. Yes.

Senator RANDOLPH. The 60 years, the 62 years, the 70 years taking into consideration the 15 years, is that correct?

Mr. STAATS. That is correct.

Senator RANDOLPH. Now I want to be very careful in what I say; I weigh my words. Perhaps they do not weigh too much but even though this has been done in the past and I have no criticism implied or otherwise of the action of the Chairman. I would think it is bad procedure for Budget and Commission to come together at the witness table to testify on legislation. That is my opinion. I feel that they are separate entities of Government and they should appear as separate witnesses. The role of complementing one agency or the other—I do not mean complement by being present for statistical information for reference, I can well understand and that can and has been done in the past and certainly it should be done. I would not want the word to go out as it were on the pending legislation two agencies appeared through their able spokesmen in opposition to this bill or any other bill. You are here as opponents of this legislation, Mr. Staats, as the Deputy Director and Mr. Macy as the Chairman, isn't that correct?

Mr. STAATS. That is correct. Mr. Chairman, since this point has come up, the thought that we had here was that the Civil Service Commission is responsible for one group of employees' classified service as far as their retirement is concerned. There are a number of other retirement systems in the Government. We both are jointly concerned with this problem, the Budget and the Civil Service Commission. We both are here to represent the executive branch and answer questions from the committee, and it would seem to us a little more convenient to deal with it in this matter. There is nothing beyond that.

Senator RANDOLPH. That is all, Mr. Chairman.

The CHAIRMAN. Any questions?

Mr. KERLIN. Isn't it possible for employees to be in less than perfect health yet not eligible for disability retirement?

Mr. MACY. Yes, Mr. Kerlin, there are certain disability standards that must be met by those who are applicants for disability retirements.

Mr. KERLIN. What are the standards that are required?

Mr. MACY. There needs to be an indication of the inability on the part of the employee to perform the duties that are assigned to him due to physical disability or illness. Mr. Ruddock perhaps could give you more precise standards with respect to disability if this is what you desire.

Mr. KERLIN. We don't have partial disability retirement as they do under the Veterans' Preference Act, do we? Isn't total disability required?

Mr. RUDDOCK. That is correct. The law requires total disability for useful and efficient service in the grade or class of position occupied. Retirement is not permitted for disability where only a partial disability is found.

Mr. KERLIN. Would it not be perfectly normal for many employees in advanced years to suffer partial disability due to a slowing down, impairment of sight or hearing or mobility. They perhaps would not be as fully effective as they once were and yet would not qualify under the provision requiring total disability.

Mr. RUDDOCK. That is certainly true. My own experience would indicate that chronic illness or just not feeling well, something short of total disability, does motivate many optional retirements.

Mr. KERLIN. This question I would direct to Mr. Staats or Mr. Macy. If such employees have the 30 years required by this bill and find themselves in something less than perfect health, but not eligible for retirement disability, are they not entitled to some preferential consideration in view of their long years of service?

Mr. MACY. They are under the present provision. They are permitted if they have 30 years' service to retire at 55 with a relatively small amount of reduction in annuity. I thought you were talking about more mature people. I don't consider that people really become mature until well after the eligible age for retirement. We are all living longer now than we used to. We maintain our powers to a much greater age.

Mr. KERLIN. Most persons who spend 30 years in the service mature rather rapidly, do they not?

Mr. MACY. It has been said that in the Federal Government we have a rapid aging process but I would not feel that this is applicable to all jobs.

Mr. KERLIN. The Commission in its statement indicated that only 8 percent of those eligible to retire at age 55 with 30 years or more of service actually did so. That is a very small percent. Would it be fair to assume that the 8 percent must have had some compelling reason for doing so, perhaps some of the things we are talking about. Perhaps they were in less than perfect health or perhaps they are worn out, and in fact they may well be. What are the reasons as you know it for those 8 percent taking advantage of this provision?

Mr. MACY. That would be difficult to give. The various reasons that you cite certainly are among them. Those who feel that there are greater opportunities on the outside and with the economic rights that they have built up through retirement have a cushion from which to

start a new career. There may be some that have a degree of illness or would have other personal reasons for wishing to retire. Of course, in processing these cases we do not ask for reasons; these are voluntary actions on the part of the employees. It may be that Mr. Ruddock through interviews or other means of inquiry does have some further information that would be helpful.

Mr. RUDDOCK. I think about all I can add to that, we know that 320 of those who retired under this provision in fiscal year 1960 were women and I think in many of these cases the economic necessity of the wife working has passed. I think that is one of the primary reasons motivating women to retire under the 30-55 provision.

All the men who retired under the provision, I think, would probably fall into three categories. This is partly speculation but I would assume that most of the men who retired under this provision did so because of an employment opportunity in private industry. I think the next category would be people who perhaps were dissatisfied with their jobs or who just wanted to take it easy for a while. Those who are partially disabled would probably come third in order of the reason motivating these people to retire.

Mr. STAATS. I would like to respond to Mr. Kerlin's question. In general terms in this manner I think our main specific ultimatum, Mr. Chairman, in moving in the direction that this bill seems to be moving, that it seems to be running counter to what the Federal Government has been advising outside of Government in urging people who are productive to stay on the job, particularly if they are in scarce skills, beyond the early retirement age. We do not have statistics that we can offer you to substantiate our point. Such literature as we do have seems that industry is moving in the opposite direction than the general purpose of this bill. That has been our primary idea, and for the Federal Government through its agencies as concerned with this problem of aging to be advising private industry in one direction and us come here and support a bill which seems to move it in just the opposite direction, that is our primary problem.

The reasons why people stay on the job as you point out or want to retire earlier are going to vary just about as much as people have individual personal situations to deal with. By and large some individuals do indicate they will stay on the job because they like the job and they would not be happy if they did retire. You have other cases where the Federal Government might be better off if the individual did retire, and that individual does not want to retire.

Now in the case of the military services, as Mr. Kerlin knows so well because he studied this problem a great deal, there is a different principle involved and that is the selection out principle where the agency has discretion to put that individual out of the service if he does not have the physical standards and if he does not make the promotional rank ladder which has been set up as a standard. That is a different kind of situation. The Government takes part of the option of retiring an individual at an earlier age. We are not suggesting that principle here but when you start reducing the age of retirement then this question can be raised with more force.

The CHAIRMAN. Now, you are Deputy Director of the Bureau of the Budget, Mr. Staats. You are interested in balancing the budget, aren't you?

Mr. STAATS. That is one of our interests.

The CHAIRMAN. That is one reason why you are here. Of course, we all know that this bill is going to cost some money and we know that that is not exactly going to balance the budget. But I would like you to bring in a fact here that has been left out—a fact I think is very important. A man leaves service at 48 or 50—before 55. He can retire now at 55. Isn't it true that this man is going to get out and start some kind of a business, that he is going to do some work of some kind? Isn't that true?

Mr. STAATS. Again this will vary on the individual but many of them will, of course.

The CHAIRMAN. And when he obtains employment outside the Government, he will be paying to the Government not less, on an average, than about 25 percent of his retirement income as income tax. He will have to pay income tax on his annuity and then income tax on his other earnings. So the Government is not losing all that it is paying this fellow for his retirement. Isn't that true?

Mr. STAATS. I believe under the law for 3 years he does not pay income tax on his retirement benefits. I believe, if I am not mistaken, the first 3 years after an individual retires he does not pay income tax on his annuity.

The CHAIRMAN. That is true. The retiree is getting his own money back. Another thing, some employees get a double retirement at 65. Those who would retire at this later age would not get the double deduction either, would they? All those things should be taken into consideration. When you get through, it is not going to cost so much as some people might think as far as the Government is concerned from a budget standpoint. Isn't that true?

Mr. STAATS. I think the answer is yes.

The CHAIRMAN. I know if I had retired at 50, I would have gone back to practicing law and I would have paid at that time just about as much in taxes on my law earnings as I will get from my annuity. The same thing is true in the case of the professions we are discussing here—doctors, scientists, and so on.

Mr. STAATS. Mr. Chairman, I think your illustration of a lawyer is correct and I would agree with that but in other cases if an individual goes out he may be displacing somebody else who would be able in effect to compete in the labor market to the disadvantage of somebody else because he has the retirement benefit to add on to his income. Therefore, it seems to us that you would have situations in some instances at least where he would be displacing somebody else.

The CHAIRMAN. You cannot say he would be displacing somebody else, because another employee is going to come in from the outside and take the job he vacated.

Mr. STAATS. This depends on the situation.

The CHAIRMAN. Do you have a question, Senator Randolph?

Senator RANDOLPH. Mr. Chairman, I have one point which follows the questioning of Mr. Macy. Mr. Macy, you used the word mature and I attempted to listen very carefully but I believe you will have to clarify what you were saying on the matter of mature person.

Mr. MACY. I was indicating, Senator Randolph, that there has been in recent times, due to medical advances, a greater longevity that it is possible for American citizens to look forward to and that there is

therefore a greater period in the mature years, the older years as a part of life expectancy. This constitutes a social problem for the country at large. The Federal Government must consider this problem with respect to its own employment as well as to the total national situation.

Senator RANDOLPH. A happier choice of word then would have been "productivity," isn't that true?

Mr. MACY. I was using "maturity" rather than "aged." I feel that is a more appropriate term; productivity in the sense that there will be a longer period of work productivity possible because of a longer life span.

Senator RANDOLPH. The point is a person could be mature at 21 in the job that he is working.

Mr. MACY. In a sense that is true.

Senator RANDOLPH. Or he could be mature at age 50 or at age 70, isn't that true?

Mr. MACY. Yes.

Senator RANDOLPH. The President of the United States is 43. We presume and believe that he is mature in the position that he holds. I just wanted to clarify that.

Mr. MACY. Thank you. I am glad to clarify it.

The CHAIRMAN. Any other questions? Any other suggestions that either of you might have?

Mr. MACY. Mr. Chairman, it might be helpful to the committee if I were to review the background from the Commission's view—if this is the point at which you would like to have that.

The CHAIRMAN. Yes. We would like to hear the explanation.

Mr. MACY. The Commission has submitted to you as chairman of the committee a report on the bill dated May 12 which you may wish to make a part of the record.

The CHAIRMAN. I will gladly incorporate that as part of the record at this point.

(The report referred to follows:)

U.S. CIVIL SERVICE COMMISSION,  
Washington, D.C., May 12, 1961.

Hon. OLIN D. JOHNSTON,  
Chairman, Committee on Post Office and Civil Service,  
U.S. Senate.

DEAR SENATOR JOHNSTON: This refers further to your request of January 30, 1961, for Commission report on S. 188, a bill "To grant civil service employees retirement after 30 years' service."

This bill would authorize optional retirement of any civil-service employee of the U.S. Government after he has served 30 years regardless of his age at that time, and without any reduction in rate by reason of earlier retirement.

At the outset, we wish to invite attention to the fact that S. 188 does not propose to amend the Civil Service Retirement Act. Accordingly, its provisions would be applicable to persons subject, not only to such act, but to any other civilian retirement system covering Federal employees, such as the system for Tennessee Valley Authority, Foreign Service, etc. Also, being limited to employees of the U.S. Government, the bill would not extend the option contained therein to those employees of the District of Columbia government who are within the civil service retirement system.

If the bill is intended to cover all employees under the Civil Service Retirement Act and such employees only, it should be amended to read:

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

"(a) section 6(a) of the Civil Service Retirement Act is amended by striking out the words 'attains the age of sixty years and'.

"(b) Section 6(b) of said Act is repealed.

"(c) Section 9(d) of said Act is amended by striking out '6(b) or'.

"Sec. 2. Notwithstanding any other provision of law, benefits provided by this amendment shall be paid from the civil service retirement and disability fund."

The bill as introduced contains no provision exempting its resulting benefits from the restriction on use of the retirement fund imposed by the paragraph headed "Civil Service Retirement and Disability Fund" in section 101 of title 1 of the act of August 28, 1958, Public Law 85-844, 72 Stat. 1064. Section 2 of above draft incorporates exception to this restriction.

The Commission can comment on the 30-year optional proposal only as regards its effect on the Civil Service Retirement Act which this office administers. Opinions and recommendations hereinafter expressed are therefore based on the premise that the proposed legislation would apply only to employees subject to the Civil Service Retirement Act.

The present law gives an employee who has served at least 30 years the option of retiring on full annuity at any time after attaining age 60. Further provision is made for an employee with 30 years' service to retire after attaining age 55, but the annuity in such case is reduced because of such earlier retirement.

These options have been in the Retirement Act since the amendment of January 24, 1942. Under this amendment, the reduction for under-60 retirement was based in each individual case on the present actuarial worth of an annuity allowable were the employee 60 years of age; the actuarial reduction under this law amounted to slightly more than 6 percent for each year the employee was under age 60 at retirement date. The computation plan was liberalized by act of February 28, 1948, and the annuity of a person retiring under this provision after that law's effective date (April 1, 1948) was reduced by only one-fourth of 1 percent for each full month (3 percent a year) the retiring employee was under age 60 at the time of separation. The act of July 31, 1956, effective October 1, 1956, further lowered this reduction factor so that the annuity of the 30-year employee now retiring between 55 and 60 is reduced by only  $\frac{1}{12}$  of 1 percent for each month (1 percent a year) he is under age 60 at retirement.

As a practical matter, it must be recognized that removal of the reduction provision and of the age limitation would add incentive to early retirement. Our actual experience in the past illustrates this. The increase in 55-30 optional retirement cases since the reduction factor was cut in half in 1948 and the further upsurge when the factor was again reduced in 1956 are shown by the following chart:

Fiscal year:	55-30 cases	Fiscal year—Continued	55-30 cases
1942-----	41	1952-----	1,354
1943-----	307	1953-----	1,585
1944-----	287	1954-----	1,794
1945-----	402	1955-----	1,659
1946-----	367	1956-----	2,053
1947-----	362	1957-----	4,275
1948-----	480	1958-----	4,154
1949-----	1,240	1959-----	2,826
1950-----	1,122	1960-----	2,583
1951-----	1,306		

There is little doubt but that removal of the reduction factor and the age limitation would result in a material upsurge of retirements under this provision.

A staff retirement plan, as is the Civil Service Retirement System, can be justified only in case the results thereof are of mutual benefit to the employer and the employee. Thirty-year optional retirement on unreduced annuity will be productive of a unilateral benefit, that is, to the employee.

Removing the age limit on optional retirements would result in a substantial loss to the Government from the early retirement of its more efficient employees, while the less efficient would tend to delay their retirement. In other words, those persons who would avail themselves of the option are those with ambition who believe they could better themselves in private life with the annuity as basic income, while the less ambitious employees would take the easier path and remain until reaching the regular optional age or longer. This would be particularly true with respect to the professional and scientific groups and also

to the trades and skilled occupations. There would be created a group of persons who could compete unfairly in the labor market against persons dependent entirely upon their earnings.

We have seen in recent years a fast-growing interest in the problems of older people. One aspect of this interest is expressed in a belief that, for the economic good of our country, it is important to utilize the skills and experience of older people rather than to waste them in retirement. Some stress is placed on the psychological importance of keeping older people engaged in useful and needed work.

We estimate that during fiscal year 1960 approximately 35,000 employees with 30 or more years of service were eligible to retire optionally between ages 55 and 60. Only 2,583 employees, or less than 8 percent of those eligible, did so retire. Their annuities total \$8,800,000 a year. Assuming S. 188 had been in effect, the annuities of this group would have totaled \$9,020,000, an increase of \$220,000 resulting from elimination of the reduction now required in case of optional retirement before age 60.

Assuming further that an additional 2,583 employees would have retired before reaching age 60 if S. 188 had been in effect, the annuities of this new group of retirees would have approximated \$9 million. Thus, the total disbursement from the retirement fund—\$893 million in fiscal year 1960—would have been increased by an estimated \$9,220,000, or about 1 percent of the total. It is probable that this assumed doubled number would not remain constant for any material period but would level off somewhere in the area of 4,000 a year.

After thorough consideration of the matter, the Commission is of the opinion that provisions of existing law authorizing optional retirement in 30-year cases as early as age 55 and then only with a token annuity reduction is very liberal, and that existing circumstances do not warrant the Government's assuming the additional liability involved in the proposal. It is accordingly recommended that adverse action be taken on S. 188, either in its present form or if amended as hereinbefore noted.

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.*

Mr. MACY. I have a manuscript at this hearing and rather than read it I will cite from it if I may and suggest that that also be incorporated in the record.

The CHAIRMAN. The statement will be made a part of the record. (The statement referred to follows:)

STATEMENT OF JOHN W. MACY, JR., CHAIRMAN, U.S. CIVIL SERVICE COMMISSION

Mr. Chairman and members of the committee, I am pleased to appear again before your committee and discuss proposed retirement legislation. Retirement is one of the most important items in a well-rounded personnel program. The retirement law and bills introduced to amend it always elicit interest on the part of all Federal employees. As administrator of the retirement system, the Civil Service Commission is vitally concerned in maintaining a plan which is sound and equitable to both the employee and to the Government as employer. The Commission has an obligation to study and evaluate each proposal that would alter the retirement provisions currently in force. After weighing the advantages and disadvantages from the point of view of the employee and the Government, the Commission is obligated to present its best judgment to the Congress on each proposal. This morning the Commission is prepared to present its judgment concerning the provisions of S. 188.

In my letter of May 12 to Senator Johnston on S. 188, I pointed out that the bill as drafted is not a specific amendment to the Civil Service Retirement Act or any other law. It would not have the effect of amending all Federal civilian retirement systems. It would not apply to all employees covered by the Civil Service Retirement Act. We do not believe such result is contemplated and in this letter the Commission proposes wording, as a substitute for that now appearing in the bill, creating a direct amendment to the Civil Service Retirement Act.

Thirty-year optional retirement without regard to age has been the subject of

proposed legislation for many years. I have noted such bills as far back as the 1st session of the 70th Congress in 1927. At that time, the Secretary of the Interior, who was responsible for administration of the retirement law, made an adverse report on H.R. 25 and H.R. 7943. The 70th Congress and their successors during the intervening 32 years have refrained from enacting these earlier or any later similar proposals.

Enactment of this legislation would not in our opinion be in the public interest for the following reasons:

(1) There is no demonstrable social need for such legislation at the present time. In fact, the social need seems to run in the opposite direction. We have seen in recent years a fast-growing interest in the problems of older people, who constitute an increasingly larger portion of our population. One aspect of this interest is expressed in the belief that for the economic good of our country it is important to utilize the skills and experience of older people rather than to waste them in retirement. Some stress is placed by medical authorities on the psychological importance of keeping older people engaged in useful and needed work as long as they are physically able to be employed. Retirement after 30 years of service without regard to age runs directly counter to this belief.

(2) It must be recognized that the removal of the reduction provision and of the age limitation would add incentive to early retirement. Our actual experience in the past illustrates this. The retirements at age 55 with 30 years of service more than doubled after the reduction factor was lowered in 1948. For 2 years after the 1956 liberalization the rate of such retirements again doubled. This rate has since leveled off at less than a 50-percent increase over the pre-1956 experience.

(3) Removing the age limitation on optional retirements, as this legislation proposes, would result in a substantial loss to the Government by the early retirement of its more efficient employees while the less efficient would tend to delay their retirement. It would, in many cases, provide an incentive to retire from public service at a time of greatest contribution to Government programs.

(4) The loss to the Government by the early retirement of its more efficient employees would have an impact—though probably small—on the economy of the country. These individuals who would be leaving Government employment at a relatively early age would place themselves in a position to compete unfairly in the labor market against persons dependent entirely on their earnings.

(5) A staff retirement plan such as the civil service retirement system can be justified only in case the results thereof are of mutual benefit to the employer and the employee. Thirty-year optional retirement without regard to age will be productive of a unilateral benefit; that is, to the employee, and does not meet the test of being of mutual advantage to the employee and the employer.

We estimate that during fiscal year 1960 approximately 35,000 employees with 30 or more years of service were eligible to retire optionally between ages 55 and 60. Only 2,583 employees, or less than 8 percent of those eligible, did so retire. Their annuities total \$8,800,000 a year. Assuming S. 188 had been in effect, the annuities of this group would have totaled \$9,020,000, an increase of \$220,000 resulting from elimination of the reduction now required in case of optional retirement before age 60.

Assuming further that an additional 2,583 employees would have retired before reaching age 60 if S. 188 had been in effect, the annuities of this new group of retirees would have approximated \$9 million. Thus, the total disbursement from the retirement fund—\$893 million in fiscal year 1960—would have been increased by an estimated \$9,220,000, or about 1 percent of the total. It is probable that this assumed doubled number would not remain constant for any material period but would level off somewhere in the area of 4,000 a year.

After thorough consideration of the matter, the Commission is of the opinion that provisions of existing law, authorizing optional retirement in 30-year cases as early as age 55 and then only with a token annuity reduction, is very liberal, and that existing circumstances do not warrant the Government's assuming the additional liability involved in the proposal. It is accordingly recommended that adverse action be taken on S. 188, either in its present form or if amended to apply only to the Civil Service Retirement Act.

Mr. MACY. Mr. Chairman and Senator Randolph, I appreciate the opportunity to give some background and views with respect to S. 188 because I do feel this is an important, significant piece of legislation on which full attention should be focused. Retirement has become a very important part of the total personnel program of the Federal Government. Legislation that was initially passed in 1920 was very important; it was a landmark in the entire development of the civil service. Subsequent amendments have been of a great deal of interest and have had an important bearing on the attitude and morale of the Federal employees. The act itself has been a source of great interest for all employees, both active and retired, through the years.

Congressional interest has been very high. A large number of bills amending the act have been introduced each year, all of which indicate the high degree of importance of this aspect of Federal personnel policy. The Civil Service Commission as administrator for the Retirement Act exercises a very critical stewardship with respect to the act. The Commission's responsibility is not only one of administering the act as it was placed on the books by the Congress but also of serving as an initiator of appropriate modification or changes in the law in order to make the law responsive to the current needs of the Federal service. The needs of the Federal service change from time to time in a marked fashion.

The bills that came before the subcommittee on Friday represented two proposals of the Commission and were initiated to bring about certain improvements in the law.

The Commission likewise has an obligation to study and evaluate each of the amendments that are proposed and to weigh the advantages of each proposal, both in terms of employee interests and of the total national interest or the interest of the Federal Government. It is against this type of backdrop that the Commission has considered S. 188 not only in previous years but specifically this year in the light of current conditions, recognizing that certain changes have taken place in the recent past.

Thirty-year optional retirement regardless of age and without reduction in annuity is the basic purpose of the proposed legislation.

The Commission has suggested in its report to you, Mr. Chairman, that there may be a drafting matter that you and your associates may wish to consider with respect to the bill as it presently stands. The bill as written does not constitute an amendment to the Civil Service Retirement Act as such. It would cover all retirement systems such as the TVA and Foreign Service retirement system. We point that out as a matter of reviewing the intent of the legislation. Further, the bill specified Federal employment. Therefore, it would not cover the District of Columbia employees who are presently covered by the Civil Service Retirement Act. I mention this as a drafting matter that you may wish to consider at some point later.

Now, as far as the substance of the proposal is concerned I think it is of interest to all of us to review the background of this legislative proposal. As early as 1927, the 1st session of the 70th Congress, a proposal was introduced as an amendment to the law to provide 30-year retirement without regard to age. At that time the executive branch opposed such legislation and there was no enactment. We have had, however, as Mr. Staats pointed out, a number of amend-

ments through the years that do constitute a liberalization of this provision. In the amendment of January 24, 1942, there was an amendment whereby retirement after 30 years but prior to 60 would be possible from 55 on with a reduction based upon actuarial determination. This particular reduction averaged out to about 6 percent annually, 6-percent reduction if retirement took place prior to age 60 but after age 55. The amendments of February 28, 1948, reduced this reduction factor to 3 percent annually.

If an individual with 30 years service at age 55 retired at that particular point voluntarily, he would take a 15-percent reduction in his annuity. As the chairman has indicated, the amendments on July 31, 1956, liberalized that provision to again reduce the reduction, this time to 1 percent annually so that retirement at age 55 would constitute a 5-percent reduction in the annuity.

After study of this background and the proposal in S. 188 and considering the needs of both the employees and the Government the Commission opposes enactment of the legislation on these general counts. First, for the social reasons that have already been cited by Mr. Staats. The manpower needs of the future call for skills that are available in the career service and needed to meet a variety of program requirements. With the emphasis on continued employment because of a longer period of productivity on the part of the American worker early retirement is questionable. We have been told by some medical authorities that there is actually an adverse affect on individuals who remove themselves from a working situation at too early a stage in their life.

The second reason was largely involved in terms of the career service. This legislation would permit the retirement of career employees who over a period of 30 years have acquired a degree of knowledge and skill that is very valuable to the Federal service in a variety of programs. The bill would offer an added incentive for the withdrawal of those skills from the Federal service. Likewise, it is our belief that the career service would be injured because those with marketable skills would withdraw themselves from the Federal service in order to secure employment where they would have equal or higher compensation on the outside. This would certainly be a factor worth considering.

It has been demonstrated in previous liberalizations of this particular provision that an increased number of Federal employees do retire earlier when a liberalization takes place.

Thirdly, it is difficult to see that there is any material advantage to the Federal Government in providing earlier retirement. There would be advantages to the employees but not to the Government. Therefore there would tend to be a unilateral benefit.

Fourth, the issue of inequities that Mr. Staats touched upon in his testimony where you would have the possibility under the law of a man or woman of 48 retiring with a full annuity after 30 years, and a man or woman of 60 after 30 years retiring with a full annuity, where accrued value, at the different ages would be vastly different.

Reference was made in the earlier discussion to the cost aspect of this and I think it might be helpful if I were to review that. In fiscal year 1960, as I indicated earlier in response to a question, there

were 35,000 Federal employees under the Civil Service Retirement Act who were between 55 and 60 with 30 years service and eligible to retire under the present provisions for early retirement. Eight percent of that number took advantage of this eligibility, or to be more precise, 2,583. The cost of retirement in the case of those who did retire was \$8,800,000 annually. With S. 188 in effect, if it had been in effect, for that number the increased cost would have been approximately \$220,000. This figure is calculated based on the fact that you would have eliminated the reduction in the annuity for those who did retire. This would cost about \$220,000 more.

The CHAIRMAN. When you are speaking of cost there, is that annuities they are paying out?

Mr. MACY. Yes; this is the annuity that was paid to those who retired prior to age 60 in 1960.

The CHAIRMAN. That is the total amount of annuities. Now then, for every year of employment the annuities build up, isn't that true? If an employee continues on the job you will have to pay more out of the fund every year they stay?

Mr. MACY. Yes. Since it is computed on the basis of years of service and the high 5 years average there would be some increase.

The CHAIRMAN. You have 5 more years additional money that you paid into the Government.

Mr. MACY. But presumably he would derive for a shorter period of time if he stayed in.

The CHAIRMAN. That is true.

Mr. MACY. And stayed and worked until 60.

From here on the cost assumptions are based upon the experience under liberalization in 1948 and 1956. It can be conservatively assumed that the number retiring would double or be approximately 5,000 in the event that S. 188 was passed. This would then mean roughly \$9 million more in annual annuity payments. So the total increased cost estimate would be \$9,220,000 and I think to put that in proper perspective we should say that the annual annuity expenditure in fiscal year 1960 was \$893 million.

So we are talking about roughly 1 percent as an increase under this legislation.

The CHAIRMAN. Would you also make up a statement showing how much the Government would have had to pay to match the retiree deductions of the people who retired under the 5530 provisions last year if each of them had worked until age 60.

Mr. RUDDOCK. I will prepare this for the record.

(See letter, dated May 23, 1961, on p. 6, submitted by the Commission.)

Mr. MACY. Again our assumption is that after the first 2 or 3 years the number will tend to level off at about 4,000 a year.

So in conclusion, our opposition is based on the points that I have indicated. Our belief is that the present plan is liberal in terms of opportunities for retirement between 55 and 60 at a very modestly reduced annuity and that circumstances as we view them at the present time do not warrant this added benefit with the accompanying increase in liability.

Thank you very much.

The CHAIRMAN. Are you speaking for the administration? How do you reach your decisions? Have you discussed these things with the President? How do you reach a conclusion whether or not you are going to oppose a bill or be for it?

Mr. MACY. This testimony I have offered, Mr. Chairman, is as a result of discussion within the Commission, with my colleague, Mr. Lawton, with the professional staff, experienced men like Mr. Irons and Mr. Ruddock and then through discussion with the representatives of the Bureau of the Budget.

The CHAIRMAN. You did not discuss it with the President?

Mr. STAATS. Mr. Chairman, this has been discussed with the White House staff and this seems to be the concensus of the people who have been concerned with problems of the aging as I mentioned a while ago. It seems to us to move in a somewhat different direction than we have been urging private employers to do. We make the Federal Government example, as always, a very important one.

The CHAIRMAN. The reason I say that is that in 1956 the President, when he was in the Senate, had an opportunity to vote for or against a measure providing for retirement after 30 years regardless of age, and he voted for it. This fact is part of the legislative record and it is clear.

In 1956, there was an amendment to a retirement bill which provided for retirement after 30 years regardless of age; and there was another amendment to strike it out. I made a speech against striking it out and in the vote that followed the President voted with me—rollcall vote in the Senate.

Are there any other questions?

Mr. PASCHAL. I have a question, Senator.

The CHAIRMAN. Go ahead.

Mr. PASCHAL. Mr. Macy, in your statement I note three things and I ask these questions merely for information.

Mr. MACY. Yes, sir.

Mr. PASCHAL. I believe you stated that S. 188 does not amend the Civil Service Act, is that right?

Mr. MACY. That is right, Mr. Paschal. The wording of the bill you will note is that—

all civil service employees of the United States may retire after 30 years of service, regardless of their age, and when so doing must receive full retirement benefits.

It is the Commission's suggestion that if the intent is to amend the Civil Service Retirement Act that there be specific reference to the act and the provisions which are desired by the committee.

Mr. PASCHAL. My second specific question is, does this bill as it is now written include the Tennessee Valley employees and Foreign Service employees?

Mr. MACY. That is correct.

Mr. PASCHAL. They are included?

Mr. MACY. They are included as it is presently written.

Mr. PASCHAL. As it is now written?

Mr. MACY. As it is now written.

Mr. PASCHAL. No. 3, does the bill as it is now written include the District of Columbia employees who are ordinarily Federal employees?

Mr. MACY. No, they would be excluded.

Mr. PASCHAL. Any other Federal employees excluded?

Mr. MACY. No. I don't believe so.

Mr. PASCHAL. Thank you.

The CHAIRMAN. Do you have a question, Senator Randolph?

Senator RANDOLPH. Mr. Chairman, I wish to compliment Mr. Macy on the statement. I do not necessarily endorse what you have said but I have listened with intense interest to your presentation. I think it has very compelling parts and it shall be a matter of further reading and study by me. I am grateful when witnesses appear before a committee and discuss as you have discussed pending legislation. I don't want to be misunderstood. I think that too often we hear statements which are read as if they had never been seen by the witness. Today you have talked more or less off-the-cuff and you have in a knowledgeable manner discussed this legislation. I compliment you personally and I want the record to indicate my approval.

Mr. MACY. Thank you, sir. I appreciate that very much.

The CHAIRMAN. Mr. Macy, acting here this morning as chairman, I certainly want to thank you for coming here. All the questions that have been asked, you have answered straightforwardly. As chairman, I want you to know that I appreciate your remarks. What I have to say also applies to Deputy Director Elmer B. Staats, for he too has come here and explained to us what effect this bill might have on the Bureau of the Budget. That is his function.

So I thank you for appearing this morning and being with us.

Mr. MACY. Thank you.

Mr. STAATS. Thank you, sir.

The CHAIRMAN. The next witness is Mr. James A. Campbell, president of the American Federation of Government Employees.

Mr. Campbell, you may identify yourself for the record and proceed as you see fit.

#### STATEMENT OF JAMES A. CAMPBELL, PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Mr. CAMPBELL. For the record my name is James A. Campbell. I am president of the American Federation of Government Employees. That is affiliated with the AFL-CIO.

I want to express my appreciation for the opportunity to be here, Mr. Chairman, and present the views of the organization I represent.

The CHAIRMAN. We are certainly glad to have you. If your statement is concise and to the point as it usually is, I am satisfied we would all be interested in it.

Mr. CAMPBELL. Thank you. The subject matter of S. 188, the bill under consideration today, is of major interest to the American Federation of Government Employees, for it is of great import to all Federal employees. Sponsored by Senator Johnston, chairman of the Senate Post Office and Civil Service Committee, this bill represents another instance of his longtime concern for the welfare of civil service workers.

AFGE national conventions repeatedly have indorsed this proposal of permitting retirement on full annuity after 30 years of service. That indorsement was recorded once again in the last convention in

1960. Thus it has had the continued support of our members and today represents an important item on our legislative program.

The support, it should be emphasized, is not perfunctory. It is not merely an indication of approval of something with which we do not wholly agree or which actually is unattainable. We believe wholeheartedly in this objective.

There is no sound reason for opposition to this bill. It is true this proposal would confer a substantial benefit on Federal employees. It is true also that it has over the years evoked considerable interest. It is a benefit which in actuality would be shaded by the Government and the employee, for it would be one more feature of the civil service to attract additional persons who would make the Government service a career.

There are some who say this bill would be costly to the Government, but they overlook those existing costly features of Government employment which could be eradicated and which must be eradicated if the civil service is to be placed on a sound administrative and economic basis.

Thousands of employees voluntarily quit their Government jobs each year. Among the reasons which are causing them to leave the Federal service are (1) the failure of certain agencies to establish and operate fairly a satisfactory promotion program; and (2) failure to a varying degree of certain agencies to provide satisfactory grievance procedures and to establish an adequate appeals system which would promote good employee-management relations.

The most tangible means of dealing with these costly conditions is to reduce employee turnover, to which improvement of working conditions makes the greatest contribution. The need for reducing turnover has been emphasized by the AFGE for several years. We still believe it calls for studied attention. We estimated on a careful statistical basis the average cost of turnover. That estimate, brought up to date, and expressed conservatively is \$800 per separated employee for whom a replacement is hired. When we note that during the calendar year 1960, 173,994 Federal employees voluntarily quit their Government jobs, we can realize the seriousness of this problem. At \$800 per employee, the cost of this number leaving is \$140 million.

Some say the bill would be too costly because the Government would lose many good employees. What is overlooked is that enactment of this bill could be a powerful force for increasing the tenure of civil service employees. What those who oppose this bill either do not know or disregard is that presently the average service of civil service employees is much less than 15 years. When the Civil Service Commission in 1950 collected data on the length of service of 1¼ million Federal employees, the average was 8.5 years.

In 1958, the average service of 2.1 million employees was 12.8 years. There was substantial improvement of pay and working conditions during those intervening 8 years which evidently caused more employees to remain in the service.

Thus it is a groundless concern to believe that enactment of S. 188 would permit early retirement of a great number of Federal employees to whom the Federal Government would need to pay an annuity for the rest of their lives. This bill should be useful in raising the

average service of Federal employees by adding one more improvement which would serve to retain qualified persons.

Thus the Government could benefit from the additional service of that number of employes who had become trained and experienced in their positions. The Government has a sizable investment in any employee who has even 5 to 10 years of service. It is obvious that if that employee could progress and become more productive during an additional 20 or more years of service the Government would be the beneficiary. This would be one of the greatest economies which could be effected.

The fear that many well-qualified employees would leave the Government service upon completion of 30 years of service to take positions elsewhere is not only a false premise but it is an emphatic admission that the Federal civil service is unable to offer the rewarding career which is desired by well-qualified persons. If there are very many employees who would leave the service upon completion of 30 years it would be caused by the failure of the Government to supply sufficient interest and challenge in their work. Such a condition is something to be corrected rather than dismissed.

As a practical fact, how many employees actually would leave their jobs? It would not be the employee who was happy in his job, advancing periodically by the assumption of additional responsibilities, and reasonably successful in the improvement of his earning potential. At present there are some attorneys, accountants, and persons professionally trained in the physical sciences who leave the Government service after 15 or 20 years or more for more financially attractive employment elsewhere.

Thirty-year retirement regardless of age represents and emphasizes the important advantages which industry as well as the Government can derive from a constantly improving retirement or pension program. This has been evidenced in various survey results.

In recent years the Bureau of National Affairs has maintained an annual panel composed of top personnel officials in all types of companies, large and small, in all branches of industry and all sections of the country. At regular intervals throughout the year, the BNA asks the members of the panel to comment on some important aspect of employment, industrial relations, and personnel problems. In this way a survey report is obtained regarding a particular problem. In the most recent BNA survey of retirement policies 63 percent of the representatives of companies in 36 States and the District of Columbia indicated that the most important feature of a pension plan was to reduce turnover among older and more experienced employees. Among the other features they emphasized were that such a plan improves employee morale, facilities recruitment, and improves quality of applicants.

It is our belief, therefore, that the potential advantages of enacting S. 188 would far outweigh any possible disadvantages. It is for this reason, Mr. Chairman, that we urge the approval of this bill.

We are grateful for the opportunity to outline our viewpoint.

The CHAIRMAN. We certainly appreciate you coming before us today and giving us your views.

The next witness is Mr. Jerome Keating, vice president of the National Association of Letter Carriers.

**STATEMENT OF JEROME J. KEATING, VICE PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS, ACCOMPANIED BY JAMES H. RADEMACHER, ASSISTANT SECRETARY-TREASURER**

Mr. KEATING. Mr. Chairman and members, I am Jerome Keating, vice president of the National Association of Letter Carriers, an organization of 143,000 members. I have with me this morning our assistant secretary-treasurer, James H. Rademacher. We are very much interested in this legislation. We are deeply grateful to you, Mr. Chairman, for introducing it. This has long been an objective of our organization.

We do not believe that it would be as costly as has been stated here this morning. The Commission has estimated that instead of 8 percent of those who were eligible to retire with 30 years of service perhaps 16 will retire. We suspect it would be closer to 12 percent and that the cost of the legislation is not as great as has been pointed out.

A great deal of stress has been placed on the statement of the Bureau of the Budget.

The CHAIRMAN. Along that line, isn't it true that a man would probably prefer to continue drawing his salary, which would be twice as much as his annuity, unless he had some prospect of getting a mighty good job on the outside?

Mr. KEATING. That is true.

I think that there is a great deal of stress placed on the fact that there is a demand for professional, technical, and skilled workers of that kind, technical people. Actually those people don't enter the service at a very low age. I don't believe that most of them enter the Government service principally because of the salary it pays because they could do better on the outside. I don't think that lowering the retirement age is going to make any great change in the number of those people retiring, with technical and professional people the salary certainly is not what keeps them in the service.

The CHAIRMAN. They realize when they do retire that they will get a little more annuity, isn't that true?

Mr. KEATING. They get a larger annuity the longer they stay in the service.

Now there is a broader question I think involved in this legislation. The Bureau of the Budget discussed it and I was rather amazed with the position they took. Actually from our information, outside industry is lowering the retirement age rather than increasing it. The Ways and Means Committee has reported out legislation that will lower the retirement age under social security. The trend is in that direction and it is in that direction because of the economics of the situation. There are 5.5 million people unemployed.

We have a greater period of longevity. The nonworking life of an individual has been increased from about 16 years to 24 years.

There have been a great many technological changes; there have been many improvements in methods of production. There are a lot of people, particularly men, who will never go back to the jobs that they once had because those jobs don't exist anymore. You see that in the railroads, you see it in the mines, you see it where there is heavy work. There is a constant trend in that direction. So we have to plan for the future, we have to plan for a longer retirement for

people. As a result of these technological changes sometimes the work becomes more difficult, it becomes more repetitive, more bore-some and tiresome. If somebody gives 30 years of their service to the Government I think that if they mentally feel tired and physi-cally are below par they ought to be permitted to retire.

It is rather interesting to note that two out of about three employees that entered the labor force last year were women. There are fewer jobs for men in many lines. There are 750,000 more men unemployed this year than there were a year ago. The unemployment figure was up to 5.5 million in March. We have to do something and we have to plan for the future. I think that this legislation that permits people who feel that they should get out after 30 years of service is forward looking, I think it is progressive, I think it is in keeping with the trend of the times. We have to plan our retirement.

Now I don't think that normally, as you have pointed out pre-viously, Senator, a person of good health, a person who has complete good health, I mean 100 percent good health—and that has to do with attitudes as well as physical health—is going to retire after 30 years service. But sometimes people on a Government job, like in other jobs, become a little unhappy with their job, maybe they have tough supervision or something of that sort. After they have 30 years of service I think they ought to have the option of getting if they feel so inclined.

Now sometimes they have a physical ailment as was pointed out earlier. Lots of times that ailment may be so obscure that the doctor cannot discover what the cause of it is but the man doesn't feel well, he has 2 or 3 days a week where he finds it difficult to go to his job. If he has had 30 years of service, I think that he ought to be given consideration and permitted to retire.

I think with the progress we are making in industry through auto-mation, improved methods of production and through the scientific progress through medicine, the retirement period has become more and more important. Our country is changing. Sixty percent of our people in 1900 lived on farms, only 10 percent live on farms, nowadays. Most people work in industry and industry has to provide a retire-ment period for people.

It is our experience, and I would like to supplement this statement with some figures on that particular point, that people in private in-dustry are retiring earlier; they are not working longer, they are re-tiring earlier. While doctors have said it is a good idea for older people to keep busy, I think we are going to find in the future that we are going to have to train people, train them with new interests that will keep them busy rather than keeping them in actual employ-ment because it becomes more and more difficult in the current trend of times and with the present situation that confronts us to keep people in employment. We have to provide for more retirement. I think this bill is just, I think it is fair, and I sincerely hope it will be en-acted into law this year.

The CHAIRMAN. There is a tendency to lower the ages in every-thing. Take social security. I introduced an amendment to reduce the social security age to 60. Finally they compromised with me. They didn't give me much, but they gave me 62 years for the ladies. It is still 65 for the men. They also gave age 50 for those totally

disabled. I believe that you will find in the years to come the age for both men and women will be 62 and maybe eventually 60 in that field. So here is a tendency to lower the retirement age.

Your formal statement will be made part of the record.  
(The statement referred to follows:)

STATEMENT OF JEROME J. KEATING, VICE PRESIDENT, NATIONAL ASSOCIATION  
OF LETTER CARRIERS

Mr. Chairman and members of the committee. My name is Jerome J. Keating. I am vice president of the National Association of Letter Carriers, representing 143,000 letter carriers located in every State of the Union and Puerto Rico. I am accompanied today by Mr. James H. Rademacher, the assistant secretary-treasurer of our association. We are here to support S. 188, introduced by the distinguished chairman of the Senate Committee on Post Office and Civil Service, Senator Olin D. Johnston.

S. 188 provides for optional retirement after 30 years of Government service. We have long sought this legislation as a desirable objective. We believe that, after an employee has worked 30 years for one employer, he should be given the right to retire, if he so desires.

Optional retirement has been a feature of civil service retirement since its first enactment. When optional retirement at a given age has been proposed in the past, it has been opposed and arguments have been made to the effect that the cost of the optional features would be extremely high. In every single instance where an estimate has been made of the probable costs of such legislation, the estimate has been considerably higher than the actual cost.

Very often an employee who has worked for a long period of time at a given occupation may find it difficult to continue, and I think this is particularly true where a great deal of physical effort is involved. Perhaps the employee is not ill to the extent that he could retire on disability but, after 30 long years, the day's work very often becomes extremely difficult. Under such circumstances, we believe that the employee should have the right to retire, and this is the basic reason we have for seeking the enactment of this legislation.

We do believe, however, that in the present economic crisis with which we are confronted, earlier retirement would be both logical and just. The number of unemployed, according to the Department of Labor, in this country in March was 5,500,000. Over 2 million of this group are heads of families. The number of persons that have been jobless for 15 weeks or more exceed 1,900,000. The passage of an earlier retirement law could very well make more jobs available for the unemployed and provide a very special benefit to the country.

There is, however, a broader problem involved when we talk about retirement. The number of people past the age of 65 has increased from 3 million in 1900 to 15 million in 1959 and, without a doubt, the life expectancy will continue to increase in this country. The increased life expectancy means that the work life will probably start later and earlier retirement will be necessary. The working life expectancy for males in this country increased by over 11 years between 1900 and 1958. This is according to a study reported by the Health Information Foundation. In 1900, a male baby in this country had a working life expectancy of 31.1 years; by 1939 the expectation of working life had increased to 38.2 years; and by 1958, it was 42.3 years.

The increase in total life expectancy has caused a rise in the expected number of years that will be spent outside the labor force. The expectation of non-working life was only 16.8 years in 1900, in 1958 it was 24.1 years. Part of that time is spent in the early years and a substantial part of it is spent in retirement. Ironically, as the working span increases, the relative number of jobs decreases. There are many people unemployed in the railroads, mines and auto industry who will never be employed in the same industry again. The jobs have just disappeared. It is interesting to observe that two-thirds of those added to the labor force last year were women. Many jobs previously performed by men just no longer exist.

With the progress we are making in industry through automation, improved methods of production, and through the scientific progress being made in medicine in conquering disease, the problem of providing a greater retirement period becomes more and more important. The world is far more complex than it was in 1900 when 60 percent of the people of America lived on farms. Today

only 10 percent live on farms. The majority of our population is dependent upon an industry or employers of one kind or another and, in order to maintain a prosperous country, we have to plan so that all people can work during a substantial part of their life and have assurance of an adequate, proper retirement at a reasonable age in life.

It seems that, with the needs of the Nation as they are, with particular relation to the employment situation, the passage of this legislation would not only be timely, but would be extremely wise. We believe that the Federal employee who has worked 30 years in one occupation should be entitled to the option provided for in the bill. We believe it would be both wise and just to pass this legislation, and we respectfully request this committee to give it early and favorable consideration.

Mr. RADEMACHER. Mr. Chairman, if I may make an observation. Mr. Keating has completed his remarks and I just want to thank the chairman and state that once again he has shown his deep interest and concern in Federal employees and their working conditions. I feel that the two questions that the chairman asked of the people who appeared in opposition to the legislation this morning were extremely pertinent and I think that the answers were not as factual as answers we might be able to render.

One of the questions that the chairman propounded was that there would be a savings in salaries by having a senior employee retire and a new employee added to the rolls. The chairman was exactly correct and I would like to give you the benefit of the information we have on just what that savings would be. In the postal service for example if 1,000 people took advantage of this legislation, it would mean a savings in salary and fringe benefits to the Post Office Department the first year of \$1.5 million.

If only 1,000 people chose to retire, just by the retiring of one senior employee and the addition to the rolls of a new employee there would be a \$1,200 automatic savings in salary and then we have the fringe benefits in addition which senior people have and the new people do not. There would be that tremendous savings the first year. In addition to that the chairman has also mentioned the subject of taxation.

After the third year or thereabouts the people who would retire under the legislation would be taxed until they are about 65 years of age, additional income coming into the Government. So we cannot see how the Bureau of the Budget could possibly say that this legislation would be contrary to the best interests of the economy. We believe to the contrary that it would be in the best interests of the Nation's economy. Those are observations we have.

Mr. Chairman, we appreciate what you are doing and your continuing desire to aid our people.

The CHAIRMAN. I think you are entirely correct in regard to the income tax. Of course if he got out and got a job he would have to pay income on that salary he paid there and they would have to pay on the annuities too, and the annuities would bring in far more than the exemptions you see and everything they made on the outside they would have to pay taxes on.

Mr. RADEMACHER. You also touched earlier on the subject of automation. I think there are as many blunders with automation as there are wonders of it and we must admit we who are reaching the 40 and beyond stage, it is the younger people that can compete in today's automation market. For example, in the postal service they

are putting the Mailster into operation and it is very difficult for our senior carriers to now adjust himself to driving in this new mechanized method of making delivery where the younger man coming in can adjust himself.

The clerks who are now suffering with mail flow and automation there where they have push button control, the senior people are having the most difficult time, their vision is not as good as the young people. So now that they have spent 30 years, allow them to leave the service and let the new people adjust to automation because they are more adept at it.

The CHAIRMAN. If they don't believe what you are saying, let them observe a 60-year-old person get in and out of a car.

Mr. KEATING. You have to go in training to get in and out of some of those cars.

The CHAIRMAN. Any more questions?

Senator RANDOLPH. Mr. Chairman, I followed closely what Mr. Keating and Mr. Rademacher said.

Mr. Keating, you have discussed the automation feature and it has been supplemented by your colleague. I think for the record we might, specifically, since you have mentioned mining, go to the mining of bituminous coal in West Virginia. I recall within the past 15 to 18 years when we had approximately 110,000 productive coal miners in West Virginia. We today perhaps have 45,000 productive coal miners. The tonnages then and now are not at great variance, indicating, as you have set forth, that the mechanization within the mine allows for productivity almost at a level with this differential of actual miners, some say 60,000 to 65,000. So what takes place there, of course, takes place in all these other aspects of automated industry and commerce. I do think it is a valid point and one that must be considered.

Mr. KEATING. It is a shocking thing that there are over 2 million people that have been out of work for 4 months or more and a lot of those people will never go back to work again in the same capacity, the jobs just are not there, particularly in some of these industries where men have worked primarily, some of the more rugged industries you might call them.

Senator RANDOLPH. I believe Secretary of Labor Goldberg has commented or testified that we need to produce 10 million jobs in the next 12 months. I believe that is a correct statement that he has given publicly.

Mr. KEATING. I think that is the figure.

Senator RANDOLPH. Of course he is thinking in terms of different categories. The creation of new job opportunities must necessarily be considered. You gave the figure of the unemployed, we have the supplemental figure of the underemployed, isn't that true?

Mr. KEATING. That is true. There are a great many men that work on the part-time basis, 2 or 3 days a week. It is rather ironic that where scientifically we are enabling people to live longer and we are conquering disease and giving people a longer lifespan, we are also losing jobs. You have a situation here that makes retirement extremely important; it is something that we must be gravely concerned about.

The CHAIRMAN. The age of mechanization also is very apparent on the farm today. As vice chairman of the Senate Committee on Agriculture I have access to statistics on the number of farms that close down. In the last 10 years 900,000 farms have closed. Between 3.5 million and 4 million people have left the farm to seek employment in cities.

Today, a man with a tractor does the work of 10 men with mules. The output is the same as it formerly was but far fewer people are there to do the work. The 9 or 10 men displaced have to find work somewhere and this bill in a small way will help to alleviate the unemployment situation.

Mr. KEATING. Of course one of the remedies for unemployment in years gone by when 50, 60, 40 percent of the people were on farms, when you got out of a job you went back to the farm. But you don't go to corporate farms, you don't find jobs there, you don't find an open house or people to take care of you.

The CHAIRMAN. I have three small farms that formerly had tenants on them 10 years ago. Today nobody lives in any of the houses. Are there any other questions?

Senator RANDOLPH. Mr. Chairman, to go back on the record now to the subject we were discussing on the 65 to 62, I was correct in that matter. We had passed such legislation in the 86th Congress in the Senate, but not in the House. I believe that I referred only to Senate action. That is what I meant to refer to.

The CHAIRMAN. You are entirely correct.

Senator RANDOLPH. We have refreshed the memory of several members of the committee on that point and thought that I was correct in it. Now, in further discussion of that situation, we have already in the 87th Congress action within the House to lower it from 65 to 62.

The CHAIRMAN. I believe the Senate has already passed it; they will pass it in the Senate. The bill that reduced it for women from 65 to 62 occurred some 3 or 4 years ago.

Senator RANDOLPH. Yes; that is right.

I just wanted to see if I needed to retire due to faulty memory, but I am gratified to know that it is still present.

The CHAIRMAN. We will now adjourn. We will return at 10 o'clock tomorrow morning and, since most of the witnesses are proponents of the bill, we probably can finish then.

(Whereupon, at 12:05 p.m., Monday, May 15, 1961, the subcommittee adjourned, to reconvene at 10 a.m., Tuesday, May 16, 1961.)



## THIRTY-YEAR RETIREMENT

---

TUESDAY, MAY 16, 1961

U.S. SENATE,  
RETIREMENT 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 6202, New Senate Office Building, Senator Olin D. Johnston (chairman of the committee) presiding.

Present: Senators Johnston and Randolph.

Also present: William P. Gulledge, staff director and counsel; J. Don Kerlin, assistant staff director; and Frank Paschal, minority clerk.

The CHAIRMAN. The hearing will come to order.

The hearing will resume on S. 188, a bill to permit full retirement at any age after 30 years' Federal service.

It will be necessary to conclude the hearings today because the committee has hearings scheduled tomorrow and the next day on other measures.

We are going to try to finish up today, which I think we can do without cutting off anybody from being heard. I hope so.

I think I should say, too, that the chairman of the subcommittee, Senator Clark, is not able to be here today to preside. He is ill at the present time. I am glad to announce that it is not serious and we hope he will be back soon.

These hearings had been announced to start yesterday so that I came in to pinch-hit, so to speak, and I have continued pinch-hitting this morning as you can see. I am ex officio member of all subcommittees, so that I came in and took over in order to expedite the hearings on this particular measure. I want it understood that the chairman of the subcommittee would be here if he were able to be here. His illness is the only reason he is absent.

The first witness today is Mr. Tommy Martin, president of the National Rural Letter Carriers' Association.

Tommy is from my State.

We are glad to have you with us, Tommy. You may proceed. Identify yourself for the record first and then proceed as you see fit. You may insert your manuscript in full and highlight it, or you may read your manuscript.

**STATEMENT OF TOMMY M. MARTIN, PRESIDENT, THE NATIONAL RURAL LETTER CARRIERS' ASSOCIATION**

Mr. MARTIN. Thank you, Senator. We all hope that Senator Clark will soon be well again.

Our statement is rather brief. I would like to read the prepared statement, if I may?

My name is Tommy M. Martin. I am president of the National Rural Letter Carriers' Association, an organization comprised of 38,391 regular, temporary substitutes, and retired rural letter carriers.

Thirty year optional retirement has been a goal of this association for many years. It has been mandated as a legislative objective by repeated resolutions passed by our annual national conventions. We have, on various occasions in the past, appeared before committees of the House and Senate and urged action to amend the Retirement Act to make this provision.

We are pleased that consideration of this proposal is again on the legislative agenda of this committee. We want to express our appreciation to you, Senator Johnston, for introducing S. 188 which would grant optional 30-year retirement privileges to civil service employees. We are aware of your continued interest in the liberalization of the Retirement Act.

Most of us, I am sure, are aware of the fact that the most recent liberalization was a result of action on your part when the law was amended, and most of us refer to it as the Olin D. Johnston amendment to the Retirement Act. We want to express our appreciation to the chairman of the subcommittee for arranging this hearing.

During fiscal year 1960, 45,161 persons were added to the retirement rolls. Only 2,583 of these represented employees under age 60 who exercised the privilege of optional 30-year retirement under present law which grants such retirement privileges starting at age 55, with a reduction of one-half of 1 percent for each month the employee is under age 60. I think it worthwhile to again point out that this number of 2,583 represents those in all ages, not only those who reached age 55 but those age 55 through 59 who exercise optional retirement under the present provisions of the law with a reduced annuity. And, only 5,868 of these were 30-year optional retirees at age 60 or more; that is, 4,868 of those who retired exercised the 30-year option.

It is interesting to note that during the same fiscal year, 4,094 employees were added to the retirement rolls due to mandatory retirement at age 70.

The CHAIRMAN. A good many of your rural carriers drive cars; is that right?

Mr. MARTIN. All of them, sir.

The CHAIRMAN. When a man gets around 65 and 70 you find some who are not quite up to the long routes assigned to them. Is that true?

Mr. MARTIN. That is very true, Senator, and particularly with the modern traffic conditions and traffic hazards on the highways.

The CHAIRMAN. So that this bill giving them a right to retire after 30 years of service would probably put a younger man on the job and, although I am not criticizing the work they are doing, it would certainly expedite it.

Mr. MARTIN. That is true and, Senator, as a rule very few rural carriers are appointed in the twenties. Usually a rural carrier, particularly if he is appointed from the roster, has already established himself in the community as a good citizen. He is active in community affairs, and things of that nature. Otherwise he would never receive the appointment.

The CHAIRMAN. To illustrate your point, a great many rural carriers come out of the service; is that true?

Mr. MARTIN. That is right.

The CHAIRMAN. Where they have already proven themselves to be capable and efficient handlers of the mail. A few of them have been postmasters. They give up the postmastership to take a rural route, so that they do have age before they go into the duties of a rural mail carrier.

Mr. MARTIN. That is right, Senator.

The CHAIRMAN. Proceed.

Mr. MARTIN. It is also pertinent to note that in fiscal year 1960, almost 300 fewer employees exercised optional 30-year retirement at age 55 to 60 than in 1959. These figures do not indicate that the granting of optional 30-year retirement regardless of age will result in any wholesale flight from Government service.

It was pointed out yesterday by a witness that retiring of people at an earlier age would result in those individuals receiving an annuity over a longer period of years, which is true, of course. It is also true, for example, if a man retired at 48, as was used as an example yesterday, a theoretical employee retiring at age 48 if he had 30 years and if he had a high 5-year average—

The CHAIRMAN. I am considering recommending to the committee an amendment to this bill providing for retirement after 30 years at 50 years of age or above. Someone opposed to this bill may find some isolated case in which an employee went to work, for example, as a page and reached retirement age at about 45 years of age, and they will object to anyone's drawing retirement at that age. To get the sting out of it, do you not think it would be a good idea to put in a floor of 50 years of age?

Mr. MARTIN. I think that, as a practical matter, it would take care of it.

The CHAIRMAN. I have been hearing some reports going around. I think I will try to take away the argument in the Senate when it comes up.

Proceed.

Mr. MARTIN. In the illustration referred to yesterday where the employee would reach 30 years' service at age 48, if he had a high 5-year average of \$6,000 he would retire on an annuity of \$3,375 whereas, if that same employee continued working to age 60, 12 more years, he would have reached his maximum annuity or 80 percent of his high 5-year average and in the unlikely event that his salary was the same and his high 5 was the same, he would receive \$4,800, or, from the retirement fund he would draw \$1,425 annually in increased amount in annuity.

The position of our association is that there should be no reduction in annuity when an employee desires to voluntarily elect retirement after 30 years of service. In general, certainly within the rural de-

livery service, there would need to be some extenuating circumstance which would cause the employee to desire to exercise such retirement privilege, particularly if under age 55—the point at which he can presently retire with a reduction in annuity. We feel that, except for a possible small minority, such retirement would in most cases be due to health reasons—that is, cases where the individual may be suffering illness or disability which indicates that he should discontinue his work but where it may be impossible to establish a degree of disability warranting disability retirement.

The Senator has already pointed out the example of the man who is no longer qualified to operate the motor vehicle efficiently or safely.

Many of our people who elect optional retirement do so to devote full time to a sideline or a hobby which started out in earlier years as a sideline or a hobby and now they find that they can make a full-time business out of this enterprise and, therefore, they want to accept optional retirement and devote full time to this project.

We also have a few, Senator, who want to get involved in local politics so that they desire to accept optional retirement for that reason.

You recall our mutual friend Hugh Lane at Spartanburg who was elected to the general assembly shortly after his retirement.

This provision for optional retirement would, in our opinion, however, contribute a great deal to morale of employees. It is a privilege they do seek and desire but one which would not be exercised by a large number of employees.

We wholeheartedly endorse S. 188 and trust the committee may be able to report the bill as written or with the proposed amendment as suggested by the Senator earlier.

The CHAIRMAN. Are there any questions by any member of the staff?

We certainly thank you, Tommy, for coming here before us this morning and giving us your slant upon this particular bill now pending before the committee.

Mr. MARTIN. Thank you, sir.

The CHAIRMAN. The next witness is John F. O'Connor, legislative director, United Federation of Post Office Clerks.

**STATEMENT OF JOHN F. O'CONNOR, LEGISLATIVE DIRECTOR,  
UNITED FEDERATION OF POST OFFICE CLERKS**

Mr. O'CONNOR. Mr. Chairman, I appreciate the opportunity of appearing here this morning. My name is John F. O'Connor and I am legislative director of the United Federation of Post Office Clerks. I would like to submit the statement for the record and make one or two comments.

The CHAIRMAN. We would be glad to make it part of the record here in toto.

(The statement referred to follows:)

**STATEMENT OF JOHN O'CONNOR, LEGISLATIVE DIRECTOR, UNITED FEDERATION OF  
POST OFFICE CLERKS**

Mr. Chairman and members of the committee, for the purpose of the record my name is John F. O'Connor, and I am legislative director of the United Federation of Post Office Clerks, a merged organization of the National Federa-

tion of Post Office Clerks and the United National Association of Post Office Craftsmen.

I desire to express our appreciation to the chairman of the subcommittee on his scheduling hearings on S. 188, and also to thank Senator Olin D. Johnston for his introduction of this important legislation.

S. 188, containing, as it does, the opportunity for Federal and postal employees to retire after 30 years of service without a reduction in their annuity, has been an important objective of our organization for many years. One of the major objectives of our organization adopted at the St. Louis convention in August of 1960, provided for liberalization of the Retirement Act. S. 188, which we support is liberalization and an objective of our organization. It has long been our position that regardless of the age of the employee that after he or she has performed 30 years of service, the employee should be entitled to an annuity and without a reduction penalty.

We know that some will claim that the cost of this legislation will be prohibited. We believe that experience with optional retirement indicates that a small minority of employees elect to retire at an early age unless there is some good reason for such action, such as illness. An employee can be quite ill and have a reasonable desire to retire, but still not ill enough to qualify for retirement under the disability clause. The reports of the civil service retirement system indicate this is a valid assumption, inasmuch as these reports show that about one-third of those retiring under the various categories do retire under the disability provisions.

We believe that the average age of an employee entering the Federal or postal service is about 27 years of age. Such an employee, under a law providing that he might retire after 30 years of service would be close to the present normal retirement age of 60 years. The penalty presently exacted for retirement with 30 years of service under age 60 is small. However, it is still a serious penalty to that employee and one which we feel should at this time be eliminated from the Retirement Act.

We recognize that the figures we have quoted concerning the average age of the employee entering the Federal or postal service would not mean that there would not be other employees who would enter at an earlier age, and that these employees under this proposal would be eligible for retirement at 50, 51, 52 years, et cetera. However, their retirement would ordinarily be barred by the law of economics. A man in one of those brackets would ordinarily have serious family responsibilities, such as children in school or college, and probably his home is only partially paid for. These instances would make it virtually impossible for an employee in this age bracket to even think of reducing his take-home pay. Further, if an employee in this age bracket were to seek employment in private industry, it is quite probable that it would be impossible to secure worthwhile employment. Actually, the type of employment he would, or could, secure would result in an inadequate wage which, combined with his annuity, would very likely produce a lesser income than he is presently receiving from the Government.

We, therefore, believe that retirement at an early age would be limited to those who had extremely compelling reasons for retiring. We do, however, believe that postal and Federal employees should, through the enactment of S. 188, be given an opportunity, if the necessity should so arise, to retire following 30 years of service to their Government without penalty. We do not believe that the cost of such retirement would be as great as estimated. May I also mention that it is not a complete loss in retiring an employee after 30 years of service. This employee has reached the maximum salary grades, and the employee who replaces the retired person will come into the Federal or postal service at the starting grade. This, indirectly, alleviates the monetary loss to the retirement fund and the Government.

We know that the members of the military forces have retirement after 30 years, and in many instances after 20 years. In addition, your attention is drawn to the fact that it is quite common throughout the country for members of the police and fire departments to retire with 25 to 30 years of service.

The retirement of such employees as proposed in this legislation could help to provide some jobs for the present rather large number of unemployed persons in the country.

May I again assure the chairman and the members of the committee that I appreciate the opportunity of appearing and presenting the viewpoint of our organization. We are hopeful that this legislation will be reported at an early date.

Mr. O'CONNOR. This is a major objective of our organization for many years. We believe that the legislation should be enacted at this session of Congress and we are hopeful that it will be. I do not desire to rehash much of the evidence that has been given to the committee inasmuch as my statement does contain a great deal of the same evidence as was given by previous witnesses. Therefore, in the interest of expediting the hearings, I will submit the statement.

The CHAIRMAN. We certainly thank you for your consideration. Your statement will become a part of the record.

Mr. O'CONNOR. I want to thank you, Senator for your introducing the legislation and for your support over the years.

The CHAIRMAN. Well, I am just trying to give to the workers what I think they deserve. That is all, no more, no less.

Mr. O'CONNOR. You have been very friendly and very helpful to us. Thank you very much.

The CHAIRMAN. We certainly thank you.

Mr. Vaux Owen, president of the National Federation of Federal Employes, is our next witness.

Mr. Owen, you may proceed.

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

Mr. OWEN. My name is Vaux Owen. I am president of the National Federation of Federal Employees, an independent organization of employees of the Federal Government in all departments and agencies worldwide.

Mr. Chairman, I wish to express the strong support of the NFFE for the bill under consideration by this subcommittee (S. 188) to provide optional retirement after 30 years of service regardless of age for employees covered under the Retirement Act.

On behalf of our organization, I want to thank you, Mr. Chairman, for introducing this bill and arranging for the hearings looking toward its becoming a part of the law of our country.

The CHAIRMAN. Speaking for myself and for the committee, we are glad to give the people the right to come in and be heard. We try to pick out what we think is the most important. We cannot at any time do all that any individual thinks should be done but we have to take up what we think maybe we might be able to pass and at the same time pick out what we consider the most important.

Mr. OWEN. We think you made a happy selection in this bill. It is an important objective of our organization and has been for a long period of years. Successive national conventions of the NFFE have endorsed this proposal by unanimous action. Again at our 1960 national convention a large number of resolutions attested to the interest of our locals and members in this objective. Action by the convention again unanimously supported it and urged favorable consideration by the Congress.

In Congress over the years there has been growing interest in and bipartisan support of such legislation.

Mr. Chairman, there are many reasons why the retirement law now should be amended to provide the optional retirement after 30 years of service feature.

One of these reasons is especially pertinent at this time. Enactment of this amendment would be completely in line with the progressive objectives of the social security legislation which has recently passed the House of Representatives by an overwhelming vote, and would provide a very real and needed boost to the national economy.

The long-range benefits of such legislation to the Federal Government would be substantial.

It would enable certain older employees, who may not be eligible for disability benefits, to retire with some reasonable—and certainly well-earned—economic security.

It would provide substantially increased promotional opportunities within the service. Its effect from the standpoint of increasingly effective operations would be especially salutary and energizing.

Mr. Chairman, beyond these considerations, which are important both individually and collectively, I would call to the attention of the subcommittee the fact that there is growing recognition, in many authoritative quarters, that it is basically sound administrative practice to give the employees the option of retiring, if they so desire, after completing a full 30 years of service.

We do not foresee an excessive additional turnover in the Federal service if this legislation is enacted. We do foresee, however, an impact on the service which would be both stimulating and constructively useful. For the employees concerned it would be a step which is both equitable and desirable.

From every standpoint, therefore, the objectives of this legislation are sound and right, whether looked at from the point of view of the Federal Government or its career employees.

The NFFE believes, moreover, that the Federal Government should exercise positive leadership in all areas of personnel administration. Such leadership on the part of the Federal Government is, indeed, long overdue. Favorable action on this proposed legislation would be tangible indication that the Federal Government is willing to move ahead in this area, and is not to be always content to follow in a lag-gard procession behind progressive private employers.

Mr. Chairman, I would like to point out an additional timely and very important reason why we believe S. 188 should be enacted into law.

At the present time, and for a considerable time to come, the Federal Government's personnel, and many of the communities in which they work, will be affected by such factors as automation, technological changes, changes in mission, closing of installations, and the like. The impact of these factors will be felt in all departments and agencies in varying degrees. None will be exempt from them. In the Department of Defense especially, the impact is, and will continue to be, very serious because of basic changes in mission, transfers of functions, closing of bases, et cetera.

Older employees with long service are particularly hard hit by these developments. Enactment of legislation to provide 30 year optional retirement, regardless of age and without reduction in benefits would help to ameliorate the hardships resulting from these current and impending dislocations. It would, of course, be administratively useful in these situations from the standpoint of the Federal Government. Where Federal employees are to be added to the ranks of the

unemployed, it would be helpful for those who have had 30 years service to receive their annuities beginning at the time when they are no longer working.

We appreciate the interest of the chairman and the members of the subcommittee in this forward-looking legislation. We urge a favorable report on the bill.

I thank the subcommittee for the opportunity to present the views of the National Federation of Federal Employees.

Mr. Chairman, in my prepared statement I referred to the fact that a large number of resolutions were introduced at our 1960 convention favoring the 30 year optional retirement. I have compiled a list of the locals in various sections of the country in which these resolutions originated. There were 40 resolutions at our convention favoring optional retirement after 30 years of service.

If I may, Mr. Chairman, I would like to make a part of the record at this point a list of the locals and the cities in which they are located from which these resolutions came. It indicates Mr. Chairman, widespread geographical interest in this problem. It indicates a great deal more than that. It indicates a great deal of concern on the part of the Federal employees who are good citizens, Mr. Chairman, about the things that are going to overtake them in this country of ours as these changes take place.

The CHAIRMAN. That shall become part of the record, showing that this action was taken from the grassroots up.

(The list referred to follows:)

LIST OF LOCALS WHICH SUBMITTED RESOLUTIONS ON 30-YEAR OPTIONAL RETIREMENT TO THE 1960 NATIONAL CONVENTION

Local No. 2, Washington, D.C.	Local No. 403, Springfield, Ill.
Local No. 4, New York, N.Y.	Local No. 428, Hines, Ill.
Local No. 7, Portland, Oreg.	Local No. 457, Eugene, Oreg.
Local No. 14, Minneapolis, Minn.	Local No. 476, Fort Monmouth, N.J.
Local No. 15, Rock Island, Ill.	Local No. 491, Bath, N.Y.
Local No. 16, Detroit, Mich.	Local No. 493, Rantoul, Ill.
Local No. 19, Buffalo, N.Y.	Local No. 516, Austin, Tex.
Local No. 23, Philadelphia, Pa.	Local No. 541, Long Beach, Calif.
Local No. 32, Sault Ste. Marie, Mich.	Local No. 552, Joliet, Ill.
Local No. 33, Galveston, Tex.	Local No. 646, Sacramento, Calif.
Local No. 41, Santa Fe, N. Mex.	Local No. 904, Rome, N.Y.
Local No. 97, Nashville, Tenn.	Local No. 931, Oklahoma City, Okla.
Local No. 108, Little Rock, Ark.	Local No. 990, Salt Lake City, Utah
Local No. 125, Ogden, Utah	Local No. 1076, Brooklyn, N.Y.
Local No. 135, Vicksburg, Miss.	Local No. 1124, New Orleans, La.
Local No. 192, Metuchen, N.J.	Local No. 1141, Albany, Oreg.
Local No. 259, Memphis, Tenn.	Local No. 1183, Muskogee, Okla.
Local No. 262, Washington, D.C.	Local No. 1234, Warner Robins, Ga.
Local No. 273, Fort Sill, Okla.	Local No. 1323, Arlington, Va.
Local No. 342, Olympia, Wash.	

Mr. OWEN. Mr. Chairman, I would like to make another comment, if I may. I believe the chairman referred to changing conditions in this country, that a great percent of our people used to live on farms and now a great percent have moved into the industrial areas. Certainly a great number of people have become Federal employees over the years particularly during two world wars and there has been some comment made about the cost of this legislation. I think overall it would be negligible but I should like to remark, Mr. Chairman, that I, several years ago, ended 37½ years of service as a Federal employee,

as a civil service employee of the Government. While this may be a matter of opinion, I would like to suggest to the committee that, although employees may be given the option to retire, there are not a great many of them who are going to choose to retire of their own volition. I have seen in the past many Federal employees who would say, "If I ever have 30 years of service, I am going to retire," but I have lived to see those same employees working on and on after they had reached 30 years of service.

We are faced with an unusual situation, Mr. Chairman, and that is the reason I think this bill is timely.

We had a conference last week with some representatives of one of our locals in New Jersey, at which Senator Williams from New Jersey was present, regarding the closing of a very old and important installation of this Government in the State of New Jersey. In this installation there are 2,600 Federal employees.

The decision has been made. It is probably under consideration. Whether it will be changed, I do not know. Apparently the decision will be carried out. Here we have 2,600 employees who are affected by this decision. Some of them will move to other locations. They will be given that opportunity. But what is significant about this group of 2,600 employees is the fact that the president of our local told us that he was confident that there were at least 150 in the group who had had 30 years of service.

Now, these people have their families. Many of them own their homes and the question of transferring to some other place in Kentucky, Colorado, or Pennsylvania poses a problem for them, and many of them cannot go. But, if this bill passes and they can receive their retirement annuities, it will be a help to them at a critical period in their lives, and after they have rendered 30 years' service to the Government.

Thank you, Mr. Chairman.

The CHAIRMAN. We are certainly glad to have these remarks.

For your information, I would not exactly say we subsidize, because some of it is in a form that helps other departments, but we spend about \$6 billion to \$7 billion a year for subsidizing farms. We have had 12½ percent of the people leaving the farms. That does not mean that much land has been retired, but it was for the simple reason that we have had more modern machinery doing more of the work, and a lot of those people are small farmers. The larger ones stayed on and kept going but the smaller ones did leave.

I think during the next few years you are going to find the same trend but not quite as great of people moving from the farms to the cities. When they go to the cities somebody has to care for many of them. They are either going to be unemployed or find a job, so that, if Federal employees are permitted 30-year retirement and exercise their option to retire, it would create needed vacancies. We have to take a long-range view of the picture and try to do what is best for the Nation as a whole. I think it will work out.

Mr. OWEN. Thank you.

The CHAIRMAN. We were certainly glad to have you.

Mr. OWEN. Thank you.

The CHAIRMAN. The next witness is Paul A. Nagle, president of the National Postal Transport Association.

**STATEMENT OF PAUL A. NAGLE, PRESIDENT, NATIONAL POSTAL  
TRANSPORT ASSOCIATION, ACCOMPANIED BY WALLACE J. LEGGE,  
INDUSTRIAL SECRETARY**

Mr. NAGLE. Mr. Chairman, I am accompanied here this morning by the industrial secretary of the National Postal Transport Association, Mr. Wallace J. Legge.

May I request at the outset that the same courtesy which you displayed to the previous witnesses be extended also to me and that I be permitted to insert my statement at this point in the record?

The CHAIRMAN. Paul, you know I would give you the same privilege. Knowing you as I do, I am satisfied that you have a fine paper here and will represent your organization in a grand way.

(The statement referred to follows:)

**STATEMENT BY PAUL A. NAGLE, PRESIDENT, NATIONAL POSTAL TRANSPORT  
ASSOCIATION**

Mr. Chairman and members of the committee, my name is Paul A. Nagle. I am president of the National Postal Transport Association representing postal employees assigned to duty in the Nation's post offices, in railway post office cars, and in highway post office vehicles. I appear before you this morning in support of S. 188, the bill to provide optional retirement without penalty after 30 years of service.

Mr. Chairman, we in the National Postal Transport Association wish to commend you for having scheduled hearings on this very vital piece of legislation and we express extreme gratitude to Chairman Johnston for having sponsored the bill, which is potentially of such great value to the great body of Federal and postal employees.

The National Postal Transport Association represents the group of postal employees most exposed to changes resulting from the transportation revolution. This is true because a substantial proportion of our membership is assigned to duty in railway post office cars. If the rate of railway curtailment is continued at anything like the record of the recent past, these employees will be very much in need of the benefits of optional retirement after 30 years of service. Only in this way can they avoid being uprooted from their homes to begin a new vocation at a fresh location after already having devoted a full working lifetime to their employer, the U.S. Post Office Department.

Mr. Chairman, it seems to the National Postal Transport Association that approval of S. 188 would implement the program of President John F. Kennedy in seeking to overcome unemployment. One of the traditional types of opposition that has been leveled against legislation such as that before this distinguished subcommittee is the claim that people would retire from the Federal service and take jobs elsewhere. In an economy where jobs are now very hard to find, this objection should no longer apply and the reverse should, in fact, be true. For every employee who retires at a date earlier than would be the case if S. 188 were not to be approved, there will be a job created for one of the Nation's currently unemployed people.

Another aspect in favor of approval of S. 188 is the recognition it gives that the normal working career of the average wage earner should be established at 30 years. Present law recognizes that the age 60 is suitable for retirement.

The Retirement Report of the U.S. Civil Service Commission shows that of the 365,391 annuitants on the rolls as of June 30, 1960, a total of 97,500 had retired optionally at either age 55 or 60. Approximately one-quarter of the total (25,248) had retired at age 55.

During fiscal 1960, 5,868 employees retired optionally at age 60 and 2,583 employees retired optionally at age 55. It seems to the National Postal Transport Association that these figures would be increased if S. 188 were to be approved. They do, nevertheless, provide a yardstick of what might be expected and certainly they indicate that the number of people exercising the right of optional retirement is but a relatively small proportion of the whole. As a comparison, the number of people entering mandatory retirement at age

70 was twice as great in fiscal 1960 as the number exercising optional retirement at age 55.

Even more significant is the fact that of the overall total, of current retirees, there is a larger number in the group who retired because of having reached the mandatory retirement age of 70 than there is in the group who retired at age 55 under optional provisions of the law. It must be remembered that maximum attrition arises in the 70-year age group. The fact that there are now 33,000 annuitants on the rolls who retired under mandatory retirement age while there are only 25,000 who retired optionally at age 55 is an indication that there need be no extreme concern about the cost of the bill but that instead, the merits of optional retirement alone justify approval of S. 188.

One point that might be considered in appraising the value of this legislation is the attitude of the employee who desires to retire voluntarily because of changes in employment conditions.

The mechanization and automation programs in Government agencies will cause serious displacement and employment problems in the years ahead. A more flexible retirement system would alleviate some of these problems for displaced employees and the employing agencies.

Believing as we do that approval of S. 188 would constitute a distinct improvement in the atmosphere of Federal employment and believing it to be in keeping with President Kennedy's antiunemployment program, we heartily commend this distinguished subcommittee for having scheduled hearings and we extend the earnest hope that swift approval may be given to this most meritorious piece of legislation.

Mr. NAGLE. Thank you very much, Mr. Chairman. I would like to comment very briefly, if I may, on the bill.

In the opinion of the National Postal Transport Association, the most effective testimony which has so far been presented in this room on this particular legislation was that which was developed yesterday in response to the question which you, Mr. Chairman, directed to the Government witnesses. I am thinking particularly of the way in which you developed information concerning the impact of this bill on the tax program of the United States and the revenue structure, even though individuals might retire at perhaps a somewhat earlier age.

I am thinking also of the comment you had concerning the unemployment program of the President of the United States and certainly, speaking for my colleague and myself, we were mystified at the way in which the economic shoe has evidently changed feet in that now we are concerned again about too many jobs rather than too many people to fill the jobs.

In the opinion of the National Postal Transport Association we still do have an unemployment problem in the United States and, in our further opinion, the enactment of S. 188 would tend to alleviate that condition in some respect because new career positions would be found.

In support of that contention we have the fact that the Post Office Department has announced a program of changing the employment pattern for substitute employees to create employment opportunities. We think that S. 188 would provide additional employment opportunities.

We think, on the other hand, that the number of such employment opportunities would not be phenomenal because, in response to one of your questions yesterday, the Civil Service Commission came up with some information about the number of annuitants on the rolls. I included in my prepared statement a comment showing that there are now 33,000 annuitants on the rolls who retired under the mandatory retirement age 70 while there are only 25,000 who retired optionally at

55. This would indicate that, even with the estimate of the Civil Service Commission that the number of people retired at the optional age might be 4,000 a year, that the number of such people retiring optionally would still be lower than the number retiring at the mandatory age of 70. However that may be, Mr. Chairman, the major concern of the National Postal Transport Association is in regard to the practical transportation revolution which has hit our membership.

We are concerned about the fact that, as railway post office routes and highway post office routes continue to contract, the very problem of placing the people who have been performing service on those routes increases. Of course, under the present law the employees in the highway and railway post office service may retire under discontinued service retirement but this requires a reduction in the annuity and we believe that certainly these people who are hit by something quite outside of their control should have the protection that S. 188 would provide by allowing them, if they have 30 years of service, to retire without reduction in their annuity.

I would like to suggest that, in the State of South Carolina where the major railway post office is the route from Washington to Atlanta—and we refer to that route as the Charlotte and Atlanta—that, if service is to be withdrawn in the future from that route, it is cold comfort to the employees on that route to be told that they can have a position in either the Charlotte or Atlanta post office because neither is convenient to residents of South Carolina. So that, we have two alternatives. The one is to maintain a healthy railway post office service and the other is to provide adequate retirement opportunities to the people who might be displaced if there is retirement in these.

This is the nub of my comments, Mr. Chairman, for S. 188.

We are extremely grateful to you for having sponsored the bill and for having delivered such telling comments in regard to the merits of the bill.

Thank you very much indeed.

The CHAIRMAN. Paul, we are certainly glad to have you come before us and give us this information. As usual you "hit the nail on the head."

Mr. NAGLE. Thank you very much.

The CHAIRMAN. Mr. John G. Brady, chairman of the Committee on Legislation of the National Association of Internal Revenue Employees.

**STATEMENT OF JOSEPH S. SNEAD, MEMBER, COMMITTEE ON LEGISLATION, NATIONAL ASSOCIATION OF INTERNAL REVENUE EMPLOYEES, ACCOMPANIED BY GEORGE BURSACH, EXECUTIVE SECRETARY-TREASURER**

Mr. SNEAD. I regret that Mr. Brady is not present this morning and I am filling in for him. The requirements of his job in the service made it necessary that he be present in another section of the United States and it is impossible for him to be here this morning.

Mr. Chairman and members of the committee, I am Joseph S. Snead, a member of the Legislative Committee of the National Association of Internal Revenue Employees. I am accompanied by Mr. George

Bursach, secretary-treasurer of the National Association of Internal Revenue Employees. Our association of over 24,500 members strongly urges and recommends the enactment of this bill, S. 188, to grant civil service employees optional retirement with full benefits after 30 years of service.

During our national convention in September 1960 at Portland, Oreg., we adopted the following:

We believe that many of our employees with 30 or more years of service would avail themselves of the opportunity of retiring at an age earlier than now possible, and

Whereas 30 years of service is universally accepted as a period of full and complete service, and

Whereas the Congress of the United States recognizes retirement on age and length of service: Therefore be it

*Resolved*, That our association petition Congress to authorize optional full retirement after 30 years of Federal employment regardless of age.

NAIRE urges the enactment of this legislation for the following far-reaching benefits to the Federal service.

(1) It will attract the young men and women to embark upon a career with the Federal service, knowing they will be assured of promotional opportunities during their years of service.

(2) It will enable older employees, who have given their years of loyal hard work, to retire, if they so desire, with a reasonable economic security.

(3) It will be in keeping with private industry, where early retirement is available for older employees who, for health reasons, cannot carry on the strenuous pressure of their present position.

Conclusion: We do not expect this legislation to cause an abnormal turnover in the Federal service. However the optional retirement after 30 years' service would serve as a morale stimulator to those already in the service as well as those contemplating a career in the Government service.

I thank you for your interest and I appreciate the opportunity of appearing and endorsing this legislation.

The CHAIRMAN. We certainly appreciate your coming here representing your association and giving us your views on this bill.

The next witness is Mr. George Riley. George is the legislative representative of the AFL-CIO. You may proceed.

#### STATEMENT OF GEORGE D. RILEY, LEGISLATIVE REPRESENTATIVE, AFL-CIO

Mr. RILEY. The AFL-CIO is pleased to support the purposes of S. 188, a clear, briefly stated measure to provide full retirement benefits, regardless of age, to Government employees having served 30 years.

We join our affiliated unions in offering our views in support of the Johnston bill which is realistic and not subject to the multiplicity of arguments directed at proposals in other years promoting the thought of 25 years as the minimum for service.

Over the years, opposition to forward-looking legislation in the field of retirement often has gravitated around expressions of fear that optional provisions must always be viewed in the light of the highest potential of cost factor and that to permit certain individual

actions will be to enhance the cost item on the assumption that every person would take advantage of the legislation.

Such action is not only unlikely, it is almost a mathematical impossibility. No block of citizenry makes the same identical move whether it be in the purchase of certain branded merchandise, voting or any of the other human inclinations.

It has been true that when the actuaries and others have opposed optional retirement that they have assumed that everyone will act in the same manner. After the passage of legislation, the facts have slowly come to light to the end that generally a small fraction of the potential number have acted in accordance with the terms of the permissive legislation.

Therefore, any claim that S. 188 would open wide the gates to free and easy costs can well be categorized with the same claims against other proposals in the past.

When the original retirement act became law, age 70 was regarded as the attainable level at which retired persons should begin to receive recognition.

Some 17 years later, the Social Security Act was passed and 65 was the set age level. At the same time, social security benefits were declared free from all income tax liability.

Today, private retirement plans are tending toward ages short of 65, thus allowing earlier and greater use of the so-called golden years superannuation. It, therefore, is quite clear that our modern viewpoint on recognition of annuitants is far more enlightened than it was in 1920.

In further consideration of cost factors, it should be remarked that at no time have the retirement fund reserves been at such level as to lay blame upon those covered under the act. For many years, the Government itself simply skipped its contributions and the income was received only from the employee.

As early as 1934, it was pointed out that the Government would need to contribute \$100 million each year through 1999 in order to liquidate its liability to the fund. Such contributions, of course, would have earned interest through reinvestment in Federal Government securities.

We are all well aware that President Eisenhower, on one occasion, vetoed a proposal for \$600 million contribution to the fund. This and other omissions have certainly not provided the strength which even now should be exuded in behalf of the civil service retirement system fund.

Therefore, it will ill-befit any official opposition to this legislation to tell us that it can't and must not be done because of cost, remembering that the employee is still contributing—and always has—more than the current costs of disbursement in the form of annuities.

These factors together with the need for a worthwhile employee-management relationship in the Government service would promote morale, efficiency and lessen costs of administrative government.

Turnover is our expensive item in Government.

The cost of recruiting, training and, maintaining newer employees who succeed other persons discouraged by lack of coordinated advance-thinking personnel policies and practices adds little to the

good conditions for which Government employees continue to dream and wish.

There is little reason for protracted arguments for early reporting of S. 188. The facts are simple and the arguments are likewise simple.

Thank you, Mr. Chairman, for the privilege of letting me present our views.

The CHAIRMAN. The next witness is Mr. James Farmer, president of the U.S. Customs Inspectors' Association, Port of New York.

Mr. Farmer, you may proceed.

#### STATEMENT OF JAMES FARMER, PRESIDENT, U.S. CUSTOMS INSPECTORS' ASSOCIATION, PORT OF NEW YORK

Mr. FARMER. Mr. Chairman, I am James Farmer. I am president of the U.S. Customs Inspectors' Association, Port of New York. I am appearing here today to present the views of that organization.

Mr. Chairman and members of the committee, we are indeed most appreciative of this opportunity to enter into the record our views on this vital legislation.

The primary duty of customs inspectors is the enforcement of laws of the United States relating to the importation of merchandise and the prevention of illicit articles from entering into the commerce of the United States. In the fulfillment of that duty, the customs inspector is responsible for investigating all suspected or actual violations of these laws, for searching persons and cargo entering into the United States, for seizing goods and merchandise the importation or exportation of which is forbidden, and for apprehending and detaining all persons suspected of or, in fact, violating these laws.

The duties of the customs inspectors are well described in a circular letter from the Bureau of Customs to all collectors of customs at seaports, dated November 12, 1948, which reads, in part, as follows:

Inspectors of customs are uniformed "officers of the customs" charged with the enforcement of the customs laws. "Enforcement" includes the duty of securing and acting upon information of actual or suspected violations of the customs laws, and, where necessary, the making of searches, seizures, and arrests.

No attempt will be made to detail the infinite number of laws, regulations, and decisions which the customs inspectors are required to enforce. In their enforcement duties, police powers as broad and in some cases broader than those normally exercised by enforcement officers have been granted to customs inspectors by statutes and recognized by the courts. Any inspector may at any time board "any vessel or vehicle at any place in the United States or within the customs waters \* \* \* or at any other authorized place, without as well as within his district, and examine the manifest and other documents and papers and examine, inspect, and search the vessel or vehicle and every part thereof and any person, trunk, package, or cargo on board, and to this end may hail and stop such vessel or vehicle, and use all necessary force to compel compliance." [19 U.S.C. 1581(a).] Neither a warrant nor an arrest is needed to search in these circumstances; and the search which customs inspectors are authorized to conduct upon entry is of the broadest possible character. *Boyd v. United States*, 116 U.S. 616, 623 (1886); *Landu v. United States*, 2

Cir., 82 F. 2d 285, *cert. denied* 298 U.S. 665 (1936); *United States v. Yee Ngee How*, N.D. Cal., 105 F. Supp. 517 (1952). It is the duty of customs inspectors "to seize and secure any vessel, vehicle, or merchandise which shall become liable to seizure, and to arrest any person who shall become liable to arrest, by virtue of any law respecting the revenue, as well without as within their respective districts, and to use all necessary force to seize or arrest the same. [19 U.S.C. 1581(f).]"

Customs enforcement as carried out by the customs inspectors assures to the Federal Government a continuing income of hundreds of millions of dollars each year. The newspapers daily recount attempts, thwarted by the customs inspectors, to smuggle gems, watches, lenses, and so forth, into this country. For instance, one customs inspector was attracted to a packing case which appeared too heavily and elaborately constructed for its apparent purpose. After investigation, the inspector found that the sides of the packing case were cleverly chiseled and refitted so as to contain large numbers of watch movements valued at thousands of dollars. On another occasion an inspector noted that certain individuals were dragging their feet as they walked. It developed, after personal search, that the heels of their shoes had been hollowed out and contained quantities of gold and that strips of the metal were inside the soles of their shoes.

Customs enforcement is also the first line of defense of the American people against the importation of contraband. For example, the enforcement work of the customs inspectors constitutes one of the principal bulwarks against the illegal importation of narcotics. And now, in this atomic age, hidden atomic weapons are among the items for which inspectors must be on the alert.

At ports of entry throughout the United States whether by land, sea, or air, customs inspectors screen all persons as well as all merchandise entering this country. In cooperation with the Federal Bureau of Investigation, the Secret Service, the Bureau of Narcotics, other Government agencies, and local law enforcement units, customs inspectors investigate all passengers and crew members for persons on the confidential suspect lists of the Government. These lists include the names of persons wanted by coordinate law enforcement services for such offenses as murder, treason, larceny, et cetera. Upon the detection of such persons attempting to enter the United States, customs inspectors have the duty to apprehend and detain them for other enforcement officials.

The detection and apprehension of aliens seeking illegal entry into the United States is also within the ambit of the customs inspector's daily duties. All activities taking place at ports of entry are within his surveillance and he must investigate any suspicion of wrongdoing whether it be pilfering of cargo, smuggling, or attempts to enter the United States illegally.

In all these activities, there is ever present the possibility of physical violence attendant upon the apprehension of any law violator.

The uniformed customs inspector is in many instances the first Government official with whom new arrivals to the United States must associate. In his capacity as a representative of the U.S. Government, he must deal diplomatically as well as firmly with the traveling public. His duties require of him tact, intelligence, physical stamina, and an ability to cope with changed situations and conditions. At all

times he must present himself to the public as an alert, conscientious, courteous enforcement officer.

Customs inspectors are specially trained enforcement officers. They must thoroughly understand and know how to apply all Federal laws and regulations relating to imports and exports. Like other enforcement officers, customs inspectors are subject to call at any time of day or night. Internal regulations of their service require that each inspector has a telephone at his residence in order that he can be reached for emergency duty. At the port of New York, each inspector, whether on duty or not, must report to his office at 3 p.m. every day for possible assignment that day. Their hours of service are coterminous with the job to be done. It is not at all unusual that an inspector is on continuous duty for 24 to 32 hours. In 1 year at the port of New York alone, there were over 30,000 overtime assignments, and of these assignments, over 3,000 were for an all-night period.

In addition to an erratic working schedule, customs inspectors constantly face personal hazards other than those normally incident to law enforcement duties. Hazards are ever present in boarding or leaving vessels, from falling into open hatches, from stepping onto slippery decks, from walking among rails and switches at railroad terminals, from speeding forklift trucks and swinging cranes. Snow, ice, sleet, and rain all contribute to the hazards involved. Working, as a customs inspector does, in all types of weather and for extended periods of time, the incidence of arthritis, rheumatism, colitis, and heart ailments is exceptionally high among members of the service.

The customs inspector continually comes into personal contact with officers, crew members, and the traveling public who are oftentimes antagonistic and belligerent. He must on occasion carry large sums of money on his person which he has collected as customs duty. In many instances and especially in connection with small ships or at isolated posts, he performs his duties away from crowded piers and terminals where he may be the only enforcement officer on duty.

By reason of the long uninterrupted hours of duty and the physical demands of that duty, the position of customs inspector is essentially a young man's job. In August 1953, the position of customs inspector was reclassified from GS-6 and GS-7 to GS-9 for a senior inspector and GS-8 for a junior inspector. Coincident with the raise in grade, the customs service required that, in order to retain the grade of GS-9, an inspector must spend at least 30 percent of his time in baggage inspection work. Because of the arduous nature of that duty, approximately 6 percent of the inspectors at the port of New York, who by reason of their years of service and ability were qualified for the position of senior inspector, voluntarily accepted a reduction in grade to GS-8. Of this group, 90 percent were over age 50 and represented more than 20 percent of the inspectors over age 50 at the port of New York. These facts clearly indicate the need among the customs inspectors for a retirement program with the benefits provided under Senate bill S. 188.

For the foregoing reasons, we respectfully submit that the customs inspectors, as a group, are by the nature of their duties and in the interest of efficient enforcement service, entitled to retirement benefits provided by S. 188.

The CHAIRMAN. Thank you, Mr. Farmer. We wish you to know that we always respect the views of such a responsible organization as yours.

Mr. Ross Messer, legislative representative, National Association of Post Office and General Services Maintenance Employees, has sent in a statement for the record.

I understand he is not here because his wife is in the hospital. I trust her illness is not serious. The statement shall become a part of the record at this point.

(The statement is as follows:)

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

Thank you, Mr. Chairman and members of the committee, for this opportunity to present this statement. My name is Ross A. Messer, legislative representative of the National Association of Post Office and General Services Maintenance Employees, representing the custodial employees of the Postal Field Service and General Services Administration.

I wish to take this opportunity to thank Senator Johnston for introducing S. 188, providing for 30-year retirement regardless of age on a full annuity. I also wish to thank you, Mr. Chairman and members of the committee, for your interest in this subject and the scheduling of early hearings on this proposal, so vital to many Government employees.

Our association wholeheartedly endorses the provisions of S. 188, and hope that the committee will favorably report it and that it can be enacted at this session of Congress.

After an employee has worked for the Government for a period of 30 years he should have an opportunity to retire without reduction in annuity so that he can enjoy the benefits earned during the 30 years of his employment. Many employees would not avail themselves of the opportunity to retire immediately upon the completion of 30 years of service due to their inability to meet their family obligations, such as educating their children, on their annuity. Therefore, they would continue to work even after 30 years of service. It is believed that the number that would retire after 30 years would be very small, and would not increase the liability to the retirement fund to any great degree. Those that did take advantage of 30-year retirement would give promotional opportunities to those remaining in the Government and would give employment opportunities to younger college graduates.

I again wish to take this opportunity to thank you, Mr. Chairman and members of the committee, for your courtesy.

The CHAIRMAN. Bun Raley, legislative representative of the National League of Postmasters of the United States, has sent in a statement and asked that it become a part of the record.

That statement shall become a part of the record at this point.

(The statement referred to follows:)

STATEMENT OF BUN RALEY, LEGISLATIVE REPRESENTATIVE OF THE NATIONAL LEAGUE OF POSTMASTERS OF THE UNITED STATES

Mr. Chairman and members of the committee, my name is Bun Raley, legislative representative of the National League of Postmasters of the United States. I am testifying in behalf of the National League of Postmasters of the United States, the oldest postmasters organization in existence. This organization has faithfully represented the postmasters of the United States and its possessions, for more than 57 years.

We are deeply grateful for the opportunity to appear before the committee and to present our views on S. 188, a bill to grant full retirement to civil service employees after 30 years' service, regardless of age.

It is necessary that I be out of Washington on May 15 to attend State conventions. I am, therefore, requesting that my brief statement in support of S. 188 be made a part of the record.

The National League of Postmasters strongly supports S. 188, granting full retirement to civil service employees after 30 years' service, regardless of age. The vast majority of civil service employees are loyal, dedicated public servants and we feel they have earned the privilege of voluntary retirement after 30 years' service to their Government.

There have been some who have questioned that the retirement fund would remain financially sound if S. 188 was enacted into law. It should be pointed out that those who would take advantage of 30 years' voluntary retirement would, in most instances, receive a much smaller annuity than if they had remained in the service until reaching compulsory retirement age. This, and other factors that enter into the soundness of the retirement fund, indicates that full retirement after 30 years' service, regardless of age, would not impair the financial structure of the retirement system.

Retirement after 30 years' service is one of the fringe benefits being offered by many private industries. If the U.S. Government offers the same privilege, no doubt it will be the incentive to attract many competent people into Government service that might otherwise seek employment in private industry. According to all available information, it is becoming increasingly difficult to attract scientists and other top people into Government service. We believe granting retirement after 30 years' service would be an important factor in attracting more competent people into Government service and would tend to increase the efficiency of the Government personnel.

Mr. Chairman and members of the committee, I appreciate the opportunity of submitting this statement in behalf of the National League of Postmasters in support of S. 188. I sincerely hope the committee will give earnest and careful consideration to this important legislation.

The CHAIRMAN. I note that George L. Warfel, National Association of Special Delivery Messengers, wishes the privilege of filing a statement for the record. That will be granted.

(The statement referred to follows:)

STATEMENT OF GEORGE L. WARFEL, PRESIDENT, THE NATIONAL ASSOCIATION OF SPECIAL DELIVERY MESSENGERS

Mr. Chairman and members of the committee, my name is George L. Warfel, president of the National Association of Special Delivery Messengers, with offices at 112 C Street NW., Washington, D.C. Membership in our association is limited to special delivery messengers in the field service of the Post Office Department by charter granted by the American Federation of Labor-Congress of Industrial Organizations.

It is a pleasure to endorse and support the bill S. 188 by Chairman Johnston of this committee, which provides for optional retirement with immediate full annuity after 30 years' service, regardless of age. The objectives sought in this bill have been endorsed time after time by our national conventions.

It is the feeling of our membership that an employee who has served the Government for 30 years should be entitled to an immediate annuity with no penalty for having retired before the age 60.

It appears the estimated cost of this bill has been higher than would actually be experienced, for the estimate is based on the assumption that all employees would retire at the earliest possible date. Experience of the past 30 years indicates that comparatively few employees would take optional retirement prior to age 60, except for failing health or some other special reason wherein it would be difficult to continue on the job. We also wish to bring to your attention the fact that those who enter Government service early in life and thus have the option of retiring at about 50 years of age under this bill, would not find it possible to take advantage of this early retirement option because of insufficient annuity to meet his financial responsibilities.

It furthermore appears that the enactment of this bill would be of great help to the Government through attracting and keeping good employees, and that this factor would overbalance the necessary expenditures in administering this feature.

Thank you for this opportunity to present our views on this matter. We trust that this committee may find it possible to report this bill and that the Congress will enact it.

The CHAIRMAN. I want it understood that I am going to hold the record open for some others who wanted to submit statements so that, if they will get in touch with Mr. Gullledge today or tomorrow and signify that they want to file a statement, they will be given the privilege of doing so.

There is another thing that I am going to put in the record myself. I notice that in 1945 there was \$1,876,227,651 in the retirement fund balance as of June 1945. The next year it increased to \$2,201,224,979. It has continued to increase year after year since 1945.

The reason I am taking 1945 is that I was appointed to this committee in that year.

The fund's balance has increased every year since, gradually arriving at \$10,080,705,987 in 1960. The Government borrows that money and pays us interest. You can imagine that the interest is amounting to quite a little money on \$10 billion. I predict that by next year it will be up to \$11 billion.

I am glad to see that the fund is continually increasing. These figures are from table C-1, on page 31 of the 1960 report of the U.S. Civil Service Commission and shows the complete record from 1921 up to the present time. This exhibit will be placed in the record in its entirety.

(The table is as follows:)

THIRTY-YEAR RETIREMENT

EXHIBIT A  
TABLE C-1.—Operating receipts and disbursements and balance in the retirement fund for the fiscal years 1921 to 1960

[Cents omitted, therefore details will not add to totals]

Fiscal year ended June 30	Receipts				Disbursements				Transfers from (+) to (-) other retirement systems	Balance in fund, June 30
	Salary deductions, voluntary contributions, and service credit pay- ments	Government appropriations and/or agency con- tributions	Interest and profit on investments	Total receipts	Payments to retired em- ployees	Payments to survivor annuitants	Payments of refunds and death claims	Adjust- ments		
1921-28	\$142,739,500	\$145,430,000	\$13,211,143	\$155,940,643	\$51,032,215		\$21,066,957	-\$43,788	\$72,955,384	\$82,985,269
1929-35	298,291,396	40,300,000	31,769,736	411,102,133	185,138,325		35,799,756	-68,198	220,889,883	271,729,708
1936	32,693,114	40,300,000	18,612,785	84,205,899	50,243,146		6,465,675		56,708,822	299,288,985
1937	37,322,012	40,300,000	18,632,690	97,254,702	51,900,514		7,228,159		59,128,674	334,359,981
1938	39,184,390	72,234,760	19,200,000	127,192,655	54,133,266		8,322,854		62,475,621	399,076,996
1939	43,644,826	71,156,600	21,564,900	135,966,640	56,580,979		7,287,249		63,818,228	468,755,408
1940	45,402,455	81,151,700	25,163,610	151,681,989	59,732,240		8,063,235		67,315,476	533,121,521
1941	86,927,205	91,791,202	29,729,392	207,447,800	62,136,210		9,663,919		72,370,130	652,818,863
1942	226,149,125	105,137,575	37,788,892	370,075,595	63,483,872		11,185,722		76,367,395	794,851,884
1943	269,408,079	175,993,937	52,787,637	498,189,654	69,463,837		14,165,467		83,651,805	1,081,286,643
1944	288,114,029	195,938,937	68,582,148	552,635,114	74,297,739		28,934,250		103,161,369	1,476,298,618
1945	279,537,829	246,220,000	84,430,220	610,188,080	88,997,697		28,263,349		117,261,046	1,876,227,651
1946	255,895,491	221,293,000	94,394,080	571,582,580	88,997,697		109,398,067		192,551,127	2,201,224,979
1947	234,847,511	245,530,000	107,112,645	587,490,156	104,284,807		126,356,994		230,641,801	2,478,916,563
1948	325,649,805	296,038,000	122,798,553	744,486,358	146,704,613	\$2,609,943	68,421,100	+1,199	285,874,636	2,825,830,080
1949	374,872,990	302,117,021	188,130,280	865,120,291	185,421,904	10,847,666	79,534,134	+849	247,775,049	3,257,653,119
1950	355,649,805	304,592,000	143,173,559	803,335,365	164,430,000	16,070,506	78,870,612		206,499,680	3,482,229,352
1951	414,782,450	312,776,021	164,561,022	891,119,495	174,309,945	23,472,466	88,200,612		208,863,707	3,681,927,112
1952	425,304,154	325,304,154	214,609,442	965,217,750	203,625,518	16,475,478	91,623,493		301,907,413	3,987,051,138
1953	425,000,030	35,303,239	225,654,018	685,957,288	246,711,418	23,472,466	98,118,629		497,705,193	3,912,094,490
1954	440,284,878	33,678,729	284,377,235	708,340,843	281,560,565	29,445,478	82,655,739		504,437,068	3,663,771,876
1955	570,816,475	237,252,793	211,829,113	1,019,898,383	310,290,639	44,034,748	94,082,162		588,188,694	3,108,11,324
1956	640,522,470	530,632,662	220,793,071	1,391,948,112	425,645,499	53,021,114	109,522,080		696,600,180	2,426,815,652
1957	675,098,086	583,942,744	194,032,071	1,453,032,902	507,606,149	62,431,630	126,511,408		791,615,460	3,212,841,693
1958	761,722,957	754,129,236	219,749,314	1,735,601,507	601,050,915	84,591,208	106,063,345		892,954,486	10,080,703,957
1959	760,195,742	749,498,975	251,124,061	1,760,818,780	668,435,682	98,595,756	125,923,047		892,954,486	10,080,703,957
1960	8,398,283,480	6,251,754,973	3,043,533,201	17,693,571,655	5,272,688,255	465,786,162	1,896,255,376	-109,938	7,634,619,855	21,754,187
Total										

<sup>1</sup> This balance is not a surplus. In its valuation as of June 30, 1958, the Board of Actuaries of the Civil Service Retirement System estimated that the total normal cost of the current benefit provisions is 13.83 percent of payroll. Of this total, employees pay 6½ percent by payroll deductions, and their employing agencies pay a like percent-  
age by contributing, from their appropriations, amounts matching their employees' deductions. It is further estimated that, as of June 30, 1960, the unfunded accrued liability, or deficiency, was \$31,142,649.000.

The next witness is Charles A. Puskar, executive secretary-treasurer of the National Association of Postmasters.

**STATEMENT OF CHARLES E. PUSKAR, SECRETARY-TREASURER, NATIONAL ASSOCIATION OF POSTMASTERS OF THE UNITED STATES; ACCOMPANIED BY ROY M. NORTH, LEGISLATIVE REPRESENTATIVE**

Mr. PUSKAR. Mr. Chairman and members of the committee, for the record my name is Charles E. Puskar. I am pastmaster at Imperial, Pa., and executive secretary of the National Association of Postmasters of the United States.

Our association is the only national organization whose membership is composed entirely of postmasters. There are 35,078 post offices and we have 33,718 members.

We were first organized in 1898. We take pride in stating that more than 96 percent of the postmasters in all classes of offices in the Nation are now members of the National Association of Postmasters.

The CHAIRMAN. Your postmasters are all first, second, third, or fourth class?

Mr. PUSKAR. That is right, Mr. Chairman.

I have with me Roy M. North, former postmaster at Washington, our legislative representative.

Mr. Chairman and members of the committee, we appreciate this opportunity to appear before you in support of S. 188, introduced by Chairman Johnston of the full committee on January 6, 1961.

We are very grateful to you for introducing this progressive legislation.

We feel that Federal employees who have given the most productive years of their lives to the Government are deserving of the privilege of optional retirement after 30 years of service, regardless of age.

Full retirement benefits after this tenure of service has long been advocated by employee organizations. We joined in the testimony which was both significant and convincing in 1956 when Public Law 854, a complete revision of the then existing retirement law, was enacted.

The Senate acted favorably on the proposal at that time, but the legislation, as finally drafted, provided the present benefit of 30-year full retirement at 60 years of age and optional retirement at 55 with deductions after 30 years of service.

The 1960 Annual Report of the Civil Service Commission discloses that 365,391 employee annuitants were on the retirement roll as of June 30, 1960.

Prior to Public Law 854 enacted in 1956, 12,354 were on the roll who had retired with 30 years' service, between the ages of 55 and 60; 43,748 on the roll at that time retired after 30 years under the age 60 provision. After the favorable amendments in 1956, 23,894 retired between the ages of 55 and 60 years, and 28,552 retired after the age of 60. The average service years for these retiree groups, prior to 1956, were 33.7 and 36.3, respectively; contrasted with 34.9 and 37.1 since that date.

The CHAIRMAN. There are some figures that we do not have for the record and perhaps you could get them for us. I would like to

have figures for the 5 years preceding 1956 showing how many people retired between the ages of 55 and 60.

Mr. PUSKAR. We would be happy to give that.

The CHAIRMAN. There are some who retired even before that because of disabilities and I would like to know how many so that I could deduct that from this number to show really what effect this law had upon it.

Mr. PUSKAR. We would be glad to supply that from the Civil Service report.

(The following information was subsequently submitted:)

People who retired at age 55-60 with 30 years' service during 5 years preceding 1956 are as follows:

Fiscal year 1952.....	1,354
Fiscal year 1953.....	1,585
Fiscal year 1954.....	1,794
Fiscal year 1955.....	1,659
Fiscal year 1956.....	2,053
Total.....	8,445

Mr. PUSKAR. It is indicated, therefore, that with the more favorable benefits of Public Law 854, employees serve longer before seeking retirement because of more liberalized credit for time in the service. However, the average service record for the two groups described above is very little more than 30 years.

Again referring to the annual report of the Commission, the average monthly annuity to the 55-year retirees with 30 or more years of service, is \$274, while the average monthly annuity is \$298 to the 60-year retirees. The differential in the amount of the annuities between the two is relatively small. This is true even with the 55-year retiree charged with deductions for each year under 60.

It is therefore indicated that the 55-year group could be given the privilege of full retirement after 30 years of service at a very nominal cost.

Moreover, the retiring employee is at the top step of his level, whereas the replacement will usually begin in step 1. This saving in salary to the Post Office Department for several years will serve to offset, in part at least, any additional cost.

I believe, Mr. Chairman, that Mr. Keating and Mr. Rademacher of the Letter Carriers brought out that point yesterday in which they pointed out that the savings would be over \$1 million for each 1,000 employees who retired after 30 years.

The privilege of 30-year retirement, regardless of age, in our opinion, will be a morale builder which will result in increased productivity on the part of employees. It naturally follows that there would be a reduction in unit cost for the same amount of work performance.

We feel equally sure that such a privilege would not result in wholesale retirements.

It is recognized that the Government needs the capable and mature experience of the 30-year employee; however, if the employee elects to retire and has given 30 years of dedicated service, his wishes should be respected. An employee who has no desire to continue on his job after 30 years of service, in all probability, would not be fully dedicated or interested in his daily work performance.

Our association, by resolution, Mr. Chairman, goes much further in asking for 25-year retirement benefits at age 55 with equitable deductions for each year under 30 years of service.

Under the present system, many postmasters are chosen for their position because of their administrative abilities and experience in private industry. Many newly appointed postmasters are more than 30 years of age at the time of their appointment. Some of these postmasters, having served many years in private industry, and after serving 25 years as postmaster would welcome the opportunity to retire with an immediate annuity at the age of 55.

Out of the more than 3,000 retirees today, 101,000, or approximately one-third, were retired on disability. In our opinion, the privilege of optional retirement after 25 years of service at age 55, with appropriate deductions, would tend to lessen the number of applicants for disability retirement by postmasters and other employees. We base that opinion on the premise that some postmasters and employees, although not totally disabled, but due to their physical condition, are not able to perform their duties in an acceptable manner. The retirement of these individuals would be to the mutual interest of both the employee and the Government.

We strongly urge the enactment of S. 188 providing optional retirement, with full retirement benefits, after 30 years of service, regardless of age, and we recommend that an additional provision be included in the bill that would allow retirement with immediate annuity after 25 years of service under the conditions stated above.

Mr. Chairman and members of the committee, we deeply appreciate your kindness in permitting us to testify today.

Mr. Chairman, we thank you for the kindness of permitting us to be here.

THE CHAIRMAN. Your association, being a group of postmasters, has very, very few members who were appointed below age 30, is that true?

MR. PUSKAR. I would say the majority are over 30.

THE CHAIRMAN. There are very, very few who are nominated under 30 that I have noted being considered by this committee.

MR. PUSKAR. That is right, Mr. Chairman. I was one of the youngest postmasters. I have over 27 years' service and I was appointed at 24. I was very young.

THE CHAIRMAN. We certainly thank you for your statement.

MR. PUSKAR. Thank you, Mr. Chairman.

MR. NORTH. Mr. Chairman, on your questions just a few minutes ago, you wanted some data before Public Law 854 in 1956 and afterwards so far as retirement is concerned.

THE CHAIRMAN. Yes.

MR. NORTH. We have here the annual report of the Civil Service Commission for 1960 which gives that in detail both before and after Public Law 854, the retirements in the different categories.

THE CHAIRMAN. We have that, too, and we are putting that into the record at this time.

MR. NORTH. Do you want some additional data besides this?

THE CHAIRMAN. I wanted statistics to show that all of those who retired who were at ages between 55 and 60 did not retire just because of this law. There were some who retired before that, who retired for

various reasons. One man would get another job outside and he would retire. Another would become disabled and he would retire. So that there are a good many of them who would have retired even without taking advantage of this law. They are taking advantage of a law that is more liberal when they retire with a disability.

Mr. NORTH. We are very much interested in the 25-year provision, as we suggest, because that would fulfill a need that we feel exists today; and we think it is rather significant that, out of the number of retired people on the roll, 33 $\frac{1}{3}$  percent retired on disability.

The CHAIRMAN. We are having hearings on this 30-year bill at the present time. We will probably have to work on that.

I am glad you called it to our attention and expressed your desires, but it may not be feasible at this particular time to go along with that. It may be better to have an individual bill on that. You see what I am driving at.

Mr. NORTH. Very well.

The CHAIRMAN. I will bring it to the attention of the full committee and we will discuss it.

Mr. PUSKAR. We know it is in good hands, Mr. Chairman.

The CHAIRMAN. I want you to feel that I am here to get information to help us see how to proceed in the right direction.

Mr. NORTH. Thank you.

The CHAIRMAN. Mr. North, we want to thank you. I am always glad to see you, Roy.

Mr. NORTH. It is always a pleasure to appear before you, Mr. Chairman.

The CHAIRMAN. We are glad to have you.

James Cobb, president of the National Alliance of Postal Employees.

#### STATEMENT OF JAMES COBB, PRESIDENT, NATIONAL ALLIANCE OF POSTAL EMPLOYEES, ACCOMPANIED BY CHARLES R. BRAXTON, RESEARCH DIRECTOR

Mr. COBB. First I wish to thank you for this opportunity to appear.

The CHAIRMAN. You may proceed in whatever manner you see fit. You may submit your paper or discuss it as you desire.

Mr. COBB. My statement is five pages long. Therefore I will present it for the record. However, I do think it is important that I point out certain features of the statement that have not been emphasized.

(The statement referred to follows:)

#### STATEMENT OF J. B. COBB, PRESIDENT, NATIONAL ALLIANCE OF POSTAL EMPLOYEES

Mr. Chairman and members of the committee, thank you for the opportunity to express our views on the subject of optional retirement at 30 years service on full benefit as embodied in S. 188.

We recognize the past history of attitudes toward this subject which have usually culminated in rejection. On the other hand, provisions in existing law, indeed, allow retirement below the accepted age of 65 with some decrease in benefits. That seems to be a negative approach to the question of optional retirement. Nevertheless, recognition is given to the necessity to make a way out for the employee who feels the need to leave his routine job pressures.

But, in appearing before you today, our expressions presumes some departure from the past argument such as the loss of skills, the unfavorable impact on the economy such a precedent would establish, and the actuarial difficulties

which would follow. Our answer to these rests on the overwhelming necessity to face the realities of living standard obligations, the new emphasis on production and mechanization, and questions the likelihood of widespread departure from the Federal service.

Employees of the Federal service between the ages of 40 and 44 years number 331,190; between the ages 45 and 49, number 278,310. Those with 30 to 34 years of service number 50,240 or 2.4 percent of the payroll. These are figures available up to 1958 only. Of a total of 2,105,740 employees, this number seems to reckon with the responsibilities of actively continuing in their jobs to meet current requirements or because their situations provide some personal stimulation and/or satisfaction.

In the face of this, however, job conditions do not remain static nor do skills which we, in some generalized manner, associate with them. With this in mind, I wish to specifically deal with the situation of postal employees and the job condition. In this light it is interesting to note that A. T. Wellford has written:<sup>1</sup> " \* \* \* Much more contradictory for older people is work where continuous rapid action is required \* \* \* a feature associated with many light operations."

I think it a fair statement, that the routine or production function of the postal service falls well within this category and below to the more arduous activity. Naturally, the question of acquired skills play a major role in adjusting to the job over a long period under constant conditions. But studies have shown, that flexibility and skills undergo change within the age range of 44-45 years in the average worker. In addition the physical reserve of the employee undergoes a reduction at age 45.

I hasten to comment, however, that this in itself implies no mandatory retirement stipulation. It does point to certain physiological changes which shape the attitude of the employee toward his job. Under these conditions, I recommend your attention to the decision of the Post Office Department to continue in altered form its production measurement system and its continuing development of the automation process. These, I contend, effect very real changes in the job situation and the worker's attitude. Here, regardless of how gentle the terminology, the pressure is being applied to increase production. The WMS program, as it is called, brings into full play the industrial engineering techniques of time and motion study, the greater disciplines of production evaluations and the possible alterations of long-developed, individual, work patterns. All of this impinges on the employees whom we would, under the terms of this legislation, permit a voluntary decision to either meet the new obligation or step aside from the quickened pace.

And he would have good reason to weigh heavily his choice.

For in his choice, his physical condition, his outlook on life, and what his aspirations for his remaining days must play a large part. Undoubtedly the obligations of his family, his mortgage, and the educational prospects of his children must play a large part.

The part assigned to him under the continuing WMS program in which consideration for the older worker is implied, also raises questions. The delicacy of this application is apparent in the intangibles of the employee's attitude. Will he feel that the requirement is too much? Will he be embarrassed by what may be special attention? Or the question may well turn on the interpretation of the program procedures at the lower echelons of authority. Will they deprecate his ability or performance? The possibility of a boomeranging effect can readily be seen.

Here, I am pointing to this individual in the most human terms. Here are the anxieties and the pressures of our time. Here are the unsavored plans and the hopes for release. Against these you must weigh the efficient perpetuation of governmental obligations, and the ability of the system to afford the impact of this legislation.

Continuing with the 30-year-service man in the postal service, he has worked in a job which carries little challenge to his creativity. The ratio of promotions to the total work force in the Post Office is low and he is now faced with the official intent to maximize the production demand. The routine character and the operations emphasis of the job has not engendered the intimacy with his function which we see in the role of the Congressman, if you please, or the administrator who is a part of the decision function, or the secretary to whom

<sup>1</sup> "Skill and Age, an Experimental Approach," A. T. Wellford, Oxford University Press.

some of the excitement of administrative activity is communicated; or the craftsman who can see the results of his handiwork.

Rather, he is the object of a high degree of regimentation and rigid discipline. He is more regarded as an impersonal factor of production than an individual with skills and ability. Wherein, some enlightened firms treat with employees in the personal sense of diversification of interest and program the gradual progress toward retirement, the postal service is simply not geared for this function budgetwise or operationwise.

In truth, we find that if a transition is to occur in the postal service, the employee must look to his own resources in planning change. And, to a limited degree, I think this has happened. He has developed strong outside interest when his abilities have transcended his routine tasks. This is not to say that he has not rendered good service. It simply means that he has sought an outlet for his creativity and found personal satisfaction.

Study<sup>2</sup> of skilled craftsmen in Great Britain reveals that self-respect, respect of others, and the chance to be creative, characterized as the "extra economic meaning of work," is second only to earning a living. With this in mind we can presume that:

- (1) The postal worker accepts and meets the initial challenge of his job.
- (2) That the routine nature of the job yields to his ability.
- (3) That his ability from the above point finds few outlets within the job.
- (4) That he looks elsewhere for continued self-expression and economic growth.
- (5) That he looks forward to retirement to relieve him of the job pace and tensions or to channel his abilities into less demanding activities.

The departure from the usual "death do us part" concept of retirement, we suggest, should be in the direction of retirement, as a period of wholesome and constructive activity. It should not be a period barren of productivity between employment and death. It should encompass a reasonable retirement income and a readiness to exploit new opportunities when the work routine is laid aside. The employees' hopes should not be withered between routine work boundaries and death.

Such a prospect is revealed in the study of British workers as reported by Geneva Mathiason in which 211 of every 1,000 employees retired due to heaviness or strain of work due to such familiar factors of lifting, standing, walking, and extreme cold. In addition, Don Rogers, an adviser on financial affairs, stated over radio station WRC, Washington, D.C., Friday morning, May 6, 1961, that persons retiring at an age as early as 55 years could add 4 more years to his life.

It seems to me that this legislation provides the employee with 30 years' service with a choice, and with a minimum of security within that choice. It further seems to me that the changing pattern of the job makes it imperative that a work force flexible enough to meet changing conditions be given due weight in the consideration of this proposal. Also, the "spread of employment rationale" prevalent in the original consideration of the social security program, once again has some bearing here. I would presume that an employee choosing to retire at 30 years' service would be prepared to do so under prevailing conditions. I further presume that anxious numbers of younger potential employees with greater obligations before them eagerly await jobs thus vacated.

Usually, we find this total question of retirement a great mass of conflict and confusion. Torn between the educated guesses of actuaries and the economic goals of transient administrations, there is much merit in the consideration you are giving us in this measure. These people, after 30 years' service, should have the opportunity to explore other possibilities to gratify their needs—physical or financial.

In recent testimony on retirement, former Chairman Ellsworth of the CSC testified that 65,000 of the then 246,000 retired employees were on disability. That is better than 26 percent of that number. I think this kind of situation could be improved, and this measure is a step in that direction.

With due deference to the reasoning of our actuarial experts, I think that this question of concern for our older workers cannot rest solely on a dollars-and-cents basis. They not only have roots in the economic past of the Nation, but they have also some stake in the economic future. If their lives can be extended

<sup>2</sup> Geneva Mathiason, "Criteria for Retirement."

beyond the actuarially calculated 10 years after completion of 30 years of service, it seems to be economically feasible to do so.

Mr. Chairman, it has given me great pleasure to come before you and to present this testimony. You have shown your characteristic interest and concern with this as well as other proposals affecting Federal employees.

We are indeed deeply grateful. Moreover, we wish to express our appreciation to the chairman of this full committee, Senator Olin Johnston for his interest in sponsoring this legislation.

Mr. COBB. My name is James B. Cobb, president of the National Alliance of Postal Employees; and accompanying me is Charles Braxton, our research director.

The CHAIRMAN. We are glad to have you with us.

Mr. COBB. Again I thank you for this opportunity.

Our position is based on the overwhelming necessity to face up to the realities of living standard obligations, a new emphasis on production and mechanization, and questions of the likelihood of widespread departure from the Federal service.

Employees of the Federal service between the ages of 40 and 44 years number 331,190; between the ages of 45 and 49, number 278,310. Those with 30 to 34 years of service number 50,240, or 2.4 percent of the payroll. These are figures available up to 1958 only. Of a total of 2,105,740 employees, this number seems to reckon with the responsibilities of actively continuing in their jobs to meet current requirements or because their situations provide some personal stimulation and/or satisfaction.

In the face of this, however, job conditions do not remain static nor do skills which we in some generalized manner associate with them.

With this in mind, I would like to direct your attention to the postal service in particular. In this light it is interesting to note, according to a known author, that:

\* \* \* Much more contradictory for older people is work where continuous rapid action is required—a feature associated with many light operations.

I think that is a fair description of the postal service.

The question of acquired skills plays a major role in adjusting to the job after a long period under constant conditions. But studies have shown that flexibility and skills undergo change within the age range of 44 to 45 years in the average worker. In addition the physical reserve of the employee undergoes a reduction at age 45.

And this measure as proposed before this committee is a step in that direction.

With due deference to the reasoning of our actuarial experts, I think that this question of concern for our older workers cannot rest solely on a dollars-and-cents basis. They not only have roots in the economic past of the Nation, but they have also some stake in the future. If their lives can be extended beyond the actuarially calculated 10 years after completion of 30 years of service, it seems to be economically feasible to do so.

Mr. Chairman, it has given me great pleasure to come before you and to present this testimony. I do want to express our appreciation to the chairman of the full committee, Senator Olin Johnston, for his interest in sponsoring this legislation.

The CHAIRMAN. I thank you for coming. You have given us some good information here in regard to several matters that I have been

interested in. One I note is that you bring out how many people have retired because of disability, which ranks pretty high. Those retired for disability are placed in a different classification, you know.

I think this will cut down on that some and give a man a right to retire before he gets totally disabled and where he is in danger of shortening his life by continuing to work.

That will help us as a whole in the United States where maybe a man on the outside can do partial work without endangering his life and bring additional revenue to the Treasury and additional revenue into his own household also.

I am certainly glad to have you come before us.

Are there any questions?

Senator RANDOLPH. Mr. Chairman. I join in the commendation which has been stated by Senator Johnston with reference to certain particulars which you have stressed in this statement.

I have noted that you have documented material which is, I am sure, helpful in a consideration of this proposal. I would like for you to turn to page 3 of your prepared statement. In the paragraph beginning:

Continuing with the 30-year serviceman in the postal service, he has worked in a job which carries little challenge to his creativity—

then you go ahead and talk about positions or jobs which tend to stimulate in others, including the group of whom you speak, but tend to stifle, according to your thought here; and I am using my own language. There are some persons, however, who like routine work; is that not true?

Mr. COBB. That is true.

Senator RANDOLPH. And who very frankly will blossom under routine work, if I may use a word that is perhaps incorrect. If they had real responsibilities of decision, frankly, they would fall apart; but they are persons who enjoy doing what they are told to do.

Mr. COBB. Yes, sir; but my answer to that is he becomes limited by his physical limitation. You see, the creative mind goes a little beyond the ravages of the physical. Men are intellectually virile at 60 or 65 maybe but one who has spent his life in routine work will hardly have the same efficiency after 45 or 50 that he had when he first went on the job. Then further, after he learns that routine, there is nothing more to stimulate him.

Mr. BRAXTON. Pardon me. May I say something? I think that these remarks are directed to the potential retirees at 30 years. It seems that, as you say, under a routine situation they would blossom. However, routine themselves undergo changes. Whether this particular employee we are speaking of could make that change or make that adjustment gracefully is sort of an individual question. Therefore, we still feel that even he should have a choice of saying, "Well, my routine is changed, and I think I ought to step aside in 30 years."

Mr. COBB. We have a good example of that with the rerouting of mail. The mail service has changed in the past 5 years. That routine mind has a very difficult time making these changes to keep up with the new postal service. Then you add to that the added pressure of changed work standards and he should be given the opportunity to retire.

Senator RANDOLPH. I wish again to compliment, as Chairman Johnston did, the preparation which I know went into this statement. I am not sure that you impress me very much with this argument here on this particular point.

Mr. BRAXTON. Mr. Chairman, I merely want to point out some of the statements that were given under your questioning and probing yesterday of the Government witnesses. Here we had the two Government witnesses appearing together as Senator Randolph so ably questioned and I think it was Mr. Staats of the Bureau of the Budget who stated that there was a fear of the loss to the national economy of the skills of the retired worker.

On the other hand, the Civil Service Commissioner, Mr. Macy, pointed out that these people would then be able to market their skills.

I do not know how well we can argue the thing both ways, but I most certainly think that we could align ourselves correctly with Mr. Macy's position.

In addition to that, with regard to the question of competition in the labor market, it seems to me that where you have a retired man choosing to retire after 30 years' service, in most cases you would have a man in a position to do so economically if he had in mind going into any other field. It may be the age-old wish of "being my own boss," opening up some small business, going into a small enterprise. I think that he would be in a much better position to consider something of that kind than the younger fellow at the other end of the market scale who is just coming into the labor market. With whatever holdings he may have, such as property, his established credit, and so on, he would be in a much better position to do that kind of thing and, therefore, I do not think that he would normally be too much of a threat in a competitive way to the new entrant into the labor market.

The CHAIRMAN. Are there any other questions?

We certainly thank you for coming before us here this morning.

Mr. Everett G. Gibson, legislative director of the National Federation of Post Office Motor Vehicle Employees will not present his statement.

**STATEMENT OF EVERETT G. GIBSON, LEGISLATIVE DIRECTOR,  
NATIONAL FEDERATION OF POST OFFICE MOTOR VEHICLE EM-  
PLOYEES, AFL-CIO**

Mr. GIBSON. Mr. Chairman and members of the committee, my name is Everett G. Gibson. I am the legislative director and secretary of the National Federation of Post Office Motor Vehicle Employees, affiliated with the AFL-CIO, with offices at 412 Fifth Street NW., Washington, D.C.

The last four national conventions of our organization have endorsed resolutions recommending a 25-year optional retirement for our membership. The employees of the Post Office motor vehicle service have hazardous duties to perform in the maintenance and operation of the vehicles for the Post Office Department. The record will disclose that many of our employees are compelled to retire on disability or upon reaching the age of 55 years of age. It is for that reason that we support the bill S. 188, providing for a 30-year op-

tional retirement, introduced by the distinguished chairman of this committee, Senator Olin D. Johnston of South Carolina.

It has been mentioned during these hearings, by those who oppose this legislation, that it would "result in a substantial loss to the Government by the early retirement of its efficient employees." It has been the experience of our organization, that this is not true as far as our membership is concerned. When an employee of our service reaches that age of 45 and 55, he is considered too old for promotion and younger men are selected, with far less experience. The motor vehicle service is now in the process of creating a new criteria, wherein employees with years of experience are having their positions downgraded and in several cases their positions eliminated. These employees must either accept a lower salary level or positions with no relation to his years of experience in the post office.

Mr. Chairman, the membership of our organization, wholeheartedly supports S. 188, which would grant our employees an optional retirement after 30 years. It is our opinion, that this is a step in the right direction and that an employee is entitled to retirement after 30 years on a voluntary basis.

Thank you Mr. Chairman and members of this committee for allowing us the opportunity to express the desire of our membership. We sincerely hope that S. 188 will be enacted into law during this session of Congress. Thank you.

The CHAIRMAN. Thank you, Mr. Gibson.

Mr. McAvoy, will you come forward and give us the views of your organization?

**STATEMENT OF HAROLD McAVOY, NATIONAL PRESIDENT, NATIONAL ASSOCIATION OF POST OFFICE AND POSTAL TRANSPORTATION SERVICE MAIL HANDLERS, WATCHMEN, MESSENGERS, GROUP LEADERS, MAIL HANDLERS EMPLOYEES, BUREAU OF FACILITIES**

Mr. McAvoy. Mr. Chairman and members of your committee, for the record, my name is Harold McAvoy. I am national president of the Post Office and Postal Transportation Service Mail Handlers, Watchmen, Messengers, Group Leaders and Mail Handlers in the Bureau of Facilities. We are members of the AFL-CIO and Government Employees' Council.

S. 188 which is before you Mr. Chairman and members of your committee for consideration, is fully endorsed by our national organization. If enacted into law would be a giant step forward for our people who are reaching the 30-year mark. It is our sincere opinion that after 30 years of service, regardless of age, that said employees should be allowed to retire—and receive the full retirement benefits. This would be a just reward for 30 years of loyal and faithful service.

Thank you Mr. Chairman and members of your committee for the privilege of appearing before you.

The CHAIRMAN. Thank you for your views and your brevity.

The next witness is Dan Jaspan, legislative representative of the National Association of Postal Supervisors. We are glad to have you with us, Dan.

You may proceed in the same manner. If you want to submit your paper and highlight it you may do that. We are trying to finish here in 30 minutes.

**STATEMENT OF DAN JASPAN, LEGISLATIVE REPRESENTATIVE,  
NATIONAL ASSOCIATION OF POSTAL SUPERVISORS, ACCOMPANIED BY DONALD N. LEDBETTER, NATIONAL SECRETARY**

Mr. JASPAN. Mr. Chairman, we appreciate your taking time out from a busy schedule to substitute as chairman of this subcommittee and, in order to expedite the hearings, I would like to submit my statement for the record and then just comment briefly.

The CHAIRMAN. Fine. Proceed as you see fit.

(The statement referred to follows:)

**STATEMENT OF DANIEL JASPAN, LEGISLATIVE REPRESENTATIVE, NATIONAL ASSOCIATION OF POSTAL SUPERVISORS**

Mr. Chairman and members of the Senate Subcommittee on Post Office and Civil Service, my name is Daniel Jaspán. I am the legislative representative of the National Association of Postal Supervisors, composed of more than 25,000 supervisors in the postal field service. This includes supervisors in the motor vehicle and custodial services.

Our members are grateful to Senator Johnston for introducing this important bill and to you, Mr. Chairman, for scheduling early hearings. Inasmuch as our members ordinarily have 25 years or more of postal service, they are particularly interested in S. 188. Many have reached the point where they could retire immediately if this bill were enacted into law.

We have always felt that the Government should take the lead—and not follow—in improving employment conditions in general. However, the Government appears to have fallen behind some industries and some State and municipal governments in regard to retirement legislation. The military services, too, permit retirement with retirement annuities in much less than the 30 years we are asking.

It appears to us that 30 years of faithful service in any organization should entitle the employee to the option of retirement. Postal work requires physical and mental strain that cannot be compared with most employment. There is also constant eyestrain. Although we feel that there would not be a rush of a great number of employees to retire with 30 years service, we know that the mental attitude of the older employee would improve if he knew that, if the going became too rough, but not rough enough to permit disability retirement, he could leave the service with his full annuity.

A 30-year optional retirement, regardless of age, with the employee alone to exercise that option, would also help in recruiting new employees for Government service. Young people who know that they must begin by working night tours in the post office, and who notice that there are very few good tours of duty and do not enter the service on account of this, may be induced to become postal employees if they know that they may leave the service with an annuity at a younger age than is now possible.

Figures will probably be presented showing the enormous cost of the proposed legislation permitting optional retirement. As usual, the figures will be predicated upon the immediate retirement of all eligible employees. Past experience has shown that only a small number of the eligible employees will leave the service. But, to this small number, that option is all-important.

We hope that this subcommittee will report the bill favorably to the full committee and that S. 188 will be enacted into law in the very near future.

Thank you for giving me the opportunity to present our views.

Mr. JASPAN. For the record, my name is Daniel Jaspán. I am a legislative representative of the National Association of Postal Supervisors composed of more than 23,000 supervisors in the postal Federal

service. I am accompanied by our national secretary, Mr. Donald N. Ledbetter.

The CHAIRMAN. We are glad to have Mr. Ledbetter with us.

Mr. JASPAN. Mr. Chairman, this is a bill that has been of interest to us for many, many years. In fact, I came into the postal service in 1929 and conventions had already passed resolutions for 30-year optional retirement, so that it goes back quite a few years. We hope that this year we will conclude that quest and will get it.

I was interested yesterday in the statement of Mr. Staats. Apparently he is afraid that the Government will be accused of taking the lead over industry and having industry follow. We have always felt that the Government should take the lead.

We think that if some of your ideas had been carried out, Mr. Chairman, it would have taken the lead.

The CHAIRMAN. I can see no harm in that, can you?

Mr. JASPAN. We have been in favor of it all the time. We think the Government should be the best example for industry to follow. We think that you have introduced many bills that would have made the Government the leader if they had passed.

We hope that you will have much more success on future bills. Many of your bills that have passed have brought us up on the level with industry after we were behind. We certainly appreciate your efforts in that line.

The CHAIRMAN. Thank you.

Mr. JASPAN. Another thing is that you mentioned before about the retirement funds having a surplus of more than \$10 billion and, of course, we all know that, if the Government had contributed what it should have contributed over the years, it would be much more than \$10 billion. There were many years from 1921 to 1929 when there were no contributions and there were years in 1954 and 1955 where only token contributions were made. I believe it was the year before last when the Congress did appropriate money and the President vetoed the additional appropriation. In addition to that, the fine bills of increasing the interest on the amount of money in the fund would increase the \$10 billion to much more than it is at present, so that we would not be worried about the fund being depleted all the time. Of course, we have always been told that the fund would be depleted and it constantly grows as you so ably pointed out before. That is one of the things that we would like to emphasize is the fact that there are reasons why the fund is not even larger than it is, and it seems to be large enough to take care of our present needs.

Another thing you mentioned, Mr. Chairman, was about putting a floor of age 50. We feel that that would be a pretty logical floor because at the present time most of the people coming into the service have had college education either before or after military service, which means that, if they had it before military service, they would be age 21 or thereabouts and, if they had military service and then the college education, it would still amount to the same. That is another 4 years added to the high school graduating age of 17 or 18, so that age 50 would take care of the majority of the employees now coming into the service. I agree with you that it could not do much harm and it might make it much easier to have the bill passed.

Another thing, Mr. Chairman, is that most of our people, as you know, have more than 25 years of service. Many of them have the 30 years required for optional retirement and I believe that most of the clerks and carriers would be very happy to see some of the supervisors retire and make room for them, and possibly for other reasons; but that is for economic reasons.

Mr. Chairman, we appreciate your introducing the bill and also presiding over the hearings so that they could be held as scheduled. We certainly hope the subcommittee and the full committee will act favorably in both Houses so that we do get this this year.

The CHAIRMAN. Are there any questions?

We are certainly glad to have you come before us, Dan.

Mr. JASPER. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Ledbetter, we are glad to have had you accompany him, too.

Mr. LEDBETTER. Thank you, sir.

The CHAIRMAN. Mr. C. L. Dorson, president, Retirement Federation of Civil Service Employees, is the next witness.

**STATEMENT OF C. L. DORSON, PRESIDENT, RETIREMENT FEDERATION OF CIVIL SERVICE EMPLOYEES OF THE U.S. GOVERNMENT**

Mr. DORSON. Mr. Chairman, may I say how very sorry we are to learn of the illness of Senator Clark and may we express the hope that he will soon be completely restored to health and may we say how very happy we are that you were both willing and had the time to step into the breach so that we could proceed with these very vital hearings.

Mr. Chairman, I have a very brief statement which I would like to read, with your permission. It will only require a few minutes. I also have a very, very brief statement for our local No. 16, which I ask permission to have inserted in the record at the end of my remarks.

The CHAIRMAN. That will be done.

Mr. DORSON. Thank you, Mr. Chairman.

Mr. Chairman, for the record, my name is C. L. Dorson. I am president of the Retirement Federation of Civil Service Employees of the U.S. Government, an organization of approximately 95,000 members, most of whom are presently employed in the Department of Defense.

At the outset, we should like to express our thanks to the author of S. 188, you, Senator Johnston, and to this committee for their great interest in the Federal employee which makes consideration of this most desired legislation possible.

Retirement after 30 years' service, at any age and without reduction for age, is not new on the Federal employees' "most wanted list" of benefits. It has been the subject of countless bills since 1920 and is probably the most desired benefit of them all. I know it tops the list of my organization's legislative aims and has for many years.

The proposal in S. 188 is not without precedent in other retirement systems and even, to some extent, in the civil service retirement system which permits the retirement, under section 6(c) of certain employees at age 50 with only 20 years' service. Foreign Service officers enjoy the same privileges.

Probably the largest group of Federal personnel now entitled to optional retirement benefits without regard to age are those in the uniformed services. Both officers and enlisted personnel of the Army, Air Force, Navy, Marine Corps, Coast Guard, and the Military Nurse Corps may retire optionally, at any age; with as little as 20 years' service. Personnel of the Coast and Geodetic Survey and officers of the Public Health Service have such option after 30 years' service. It is worthy of note that all of these systems are noncontributory, but the employes subject to the civil service retirement system contribute 6½ percent of their pay.

Among private systems providing benefits as proposed in S. 188 are those of the American Telephone & Telegraph Co. and its subsidiary companies. These also are noncontributory systems.

It seems reasonable to assume that the provision of these benefits, without cost to the recipients, must have some real and practical value to the employer as well as the employee, else they would not be continued. We believe the same values would obtain in the case of those to whom S. 188 would apply.

This legislation is neither new nor strange to this committee. Similar bills were reported favorably in the 78th Congress, S. 1371, and in the 84th Congress when S. 2875 and H.R. 7619 also passed the Senate. We ask that you repeat by reporting S. 188 favorably at an early date.

Mr. Chairman, we are most grateful to the committee for this opportunity to express our views.

The CHAIRMAN. I appreciate your coming before us and bringing us this valuable information.

Are your members the people on the retirement rolls now? Are those the people whom you represent?

Mr. DORSON. Most of our members are still presently employed, Senator Johnston, and are interested, of course, in the increase in benefits and improvement of benefits at the time they retire.

The CHAIRMAN. You have both retired people and people who are not retired?

Mr. DORSON. Yes, sir. Most of them are presently employed. We have some who are retired.

The CHAIRMAN. I am glad you bring that out because your title might lead some to believe that you represent those who are already retired.

Mr. DORSON. The name of our organization quite often leads one to that belief.

The CHAIRMAN. We certainly appreciate your coming.

Are there any questions?

Senator RANDOLPH. I would like to refer to your statement where you speak of benefits proposed in Senate 188 being similar to those applied to private industry and you give the example of the American Telephone & Telegraph Co. and its subsidiaries. Would you find it possible to place in the record at this point or at an appropriate point a list of other companies rather than to just name one?

Mr. DORSON. I have to admit, Senator Randolph, that these are the only companies, I should say, on which I have evidence to substantiate my statement. Had I others I would have included them. I regret to say that these are the only ones that I can prove.

The CHAIRMAN. Since the question has come up, I will ask the Library of Congress to give me a statement along that line. I think they can get it up for us and present it directly.

Senator RANDOLPH. Thank you, Mr. Chairman. I think that is very appropriate.

The CHAIRMAN. I am certainly glad you brought that up.

Mr. DORSON. Thank you, sir.

(The statement presented by Mr. Dorson is as follows:)

STATEMENT OF WILLIAM W. WILLING, VICE PRESIDENT, LOCAL No. 16, RETIREMENT FEDERATION, CIVIL SERVICE EMPLOYEES, U.S. GOVERNMENT, HAMPTON ROADS STATIONS, NORFOLK, VA.

Mr. Chairman and members of the committee, my name is William W. Willing. I am vice president of Local 16 of the Retirement Federation of Civil Service Employees of the U.S. Government and I represent over 5,000 members employed by the Navy Department in the Hampton Roads area.

I would like to testify in behalf of the passage of S. 188 for the forthcoming reasons:

(1) Thirty years of faithful service should entitle an employee to early retirement without penalty as regard to age so he may enjoy the things that would not be attractive to him in later life, such as traveling, sports, and community endeavors. The members of the Armed Forces are given optional retirement with as little as 20 years of service without contributing to the program.

(2) The passage of this bill should help the unemployment caused by automation.

(3) We do not feel that passage of this bill would have the impact that many fear as the things most desired are the things which are forbidden or restricted. Past experience shows that many would remain on the job with a few taking advantage of it.

(4) Any additional amount that the passage of this bill would cost above the prevailing law could be compensated by the effect on our economy and unemployment.

We wish to thank the committee for this opportunity to present our views.

The CHAIRMAN. I am going to ask Senator Randolph of West Virginia to take over at this time since I must leave to attend another meeting. I am glad to see that we are going to complete this hearing today.

Senator RANDOLPH (presiding). Mr. Chairman, I think you have given very great attention to these hearings. Thank you.

Our next witness is Mr. Langan, operations director, Government Employees Council, AFL-CIO.

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

Mr. LANGAN. Mr. Chairman and members of the committee, my name is James K. Langan. I am operations director of the Government Employees' Council, AFL-CIO, an organization of 24 affiliated unions whose membership is wholly or in part composed of Federal employees with a combined total of approximately 600,000 members.

The subject of 30-year, optional retirement on a voluntary basis by the employee is one that has grown increasingly important as times goes on. With the increase in the use of automation and the increase of stress and strain on the mental capacity of workers there is a great need for a 30-year, optional retirement law. There are many cases where employees required to perform tasks of a physical nature find that because of some impairment of their physical con-

dition they would like to leave their duties which have become too exacting and accept retirement with the hope that it might improve their chances for longer life and greater happiness. Others who are required to do work that is mental also find that impairment of their faculties make it highly desirable for them to accept a 30-year optional retirement rather than continue in a occupation which becomes more irksome day by day. Under such conditions it would be a greater advantage to the Government to make these options available so that younger, more active, and better physically qualified employees might be recruited into the Government service.

We have been hearing a great deal of talk by spokesmen for the current administration, particularly the Department of Labor, advising that during the past few months the level of unemployment has reached an alltime high in the past two decades. The figures for April of 1961 are 6.8 percent of employables willing and able to accept work have no jobs available to them. One of the most startling comments was that it was going to be necessary for this country to accept a concept of a permanent percentage of unemployment. The passage of this bill would assist in easing the impact of high level unemployment.

As a supporter of this bill we realize that everyone who would be eligible would not take advantage of it, but its presence in the law would add to the attractiveness of Government employment. It is always nice to have some feeling of security in any walk of life. For a short time in the 1930's, when we were attempting to work out of a depression, temporary law permitted 30-year men to leave Government service at an early age. Some took advantage of the provision, but it was not nearly a majority of those who were eligible, and we feel this situation would prevail even if S. 188 would be enacted into law.

Some in opposition to this bill may state that its passage would provide an advantage to the person who would retire under its provisions that would not be fair to those employees who continue in the service and retire at a later date, I would like to point out that all the advantage is not on one side of this question. The person who continues in Government service even after 30 years would receive the advantage of a higher annuity and this would be an incentive for continuation plus the fact that the older man, those retiring at reaching age 65, would also get an income tax credit. It certainly is fair to provide those who stay longer in the service with a higher amount of annuity.

In view of the considerations given in this statement we wish to thank the chairman, Senator Johnston, for the introduction of the bill, and the committee for scheduling hearings and trust that it will be favorably reported to the Senate and enacted into law. I also wish to express my thanks to the committee for permitting us to state our views on this important subject.

Senator RANDOLPH. Mr. Langan, I think that you point up a very practical problem by discussing the unemployment which exists in the country. I like your stress on what is, I am sure, a position taken by the AFL-CIO in general.

Mr. LANGAN. Thank you.

Senator RANDOLPH. That is that you do not accept a negative attitude which would indicate that in the country we must expect unemployment, that that is part of our system. That we will take it. From time to time we may attempt to alleviate it.

If it becomes too large we may provide some temporary legislation from time to time to meet it. But you have said emphatically that you believe there is a positive approach which needs to be taken on the decrease to the minimum of our unemployment; is that correct?

Mr. LANGAN. That is correct. We feel that that is also a challenge. It should not be and, if we can correct it, we should.

Senator RANDOLPH. Thank you very much, sir.

Mr. LANGAN. Thank you, Mr. Chairman.

Senator RANDOLPH. Mr. MacKay.

**STATEMENT OF JOHN W. MacKAY, PRESIDENT, NATIONAL POSTAL UNION, ACCOMPANIED BY DAVID SILVERGLEID, SECRETARY-TREASURER**

Mr. MacKAY. Mr. Chairman, my name is John W. MacKay. As president of the National Postal Union, 509 14th Street NW., Washington, D.C., I am privileged to represent approximately 32,000 postal workers affiliated in over 300 local unions in 43 States, the island of Puerto Rico, and the District of Columbia. Our national secretary-treasurer, David Silvergleid, accompanies me today.

Senator RANDOLPH. We are very happy to have you.

Mr. MacKAY. Mr. Chairman, we would like to submit our statement for the record and, in so doing, to emphasize in the small amount of time remaining several of the high spots that we have incorporated therein.

Senator RANDOLPH. That will be made a part of the record and you may present oral testimony also.

Mr. MacKAY. Thank you.

(The statement referred to follows:)

**STATEMENT OF JOHN W. MacKAY, PRESIDENT, NATIONAL POSTAL UNION**

Mr. Chairman and members of the committee, my name is John W. MacKay. As president of the National Postal Union, 509 14th Street NW., Washington, D.C., I am privileged to represent approximately 32,000 postal workers affiliated in over 300 local unions in 43 States, the island of Puerto Rico, and the District of Columbia. Our national secretary-treasurer, David Silvergleid, accompanies me.

We are grateful, Mr. Chairman and members of this subcommittee, for these hearings on S. 188, a bill to provide civil service employees of the U.S. Government the option of retiring after 30 years of service, regardless of age, with full retirement benefits. We also appreciate the considerate interest evidenced by the Honorable Olin D. Johnston, chairman of the Senate Post Office and Civil Service Committee, in sponsoring this long-sought goal of career civil service employees.

**EMPLOYEE INTEREST IN RETIREMENT LIBERALIZATION**

We would like to go on record in support of S. 188. We believe its enactment long overdue. We also wish to submit for your information the retirement resolution adopted by our national convention at Detroit, Mich., in August 1960:

(1) Elimination of the 1 percent deduction per annum between the ages 55-60.

(2) All annuities to be tax exempt.

(3) Elimination of all deductions assessed for the privilege of selection of widow's and dependents' annuities.

(4) Optional retirement after 25 years of service regardless of age, based upon 2½ percent of the highest 1 year of service, multiplied by the number of years of service, not to exceed 100 percent of the salary.

(5) Opposition to any attempt to merge with social security.

(6) Opposition to any attempt to increase the present 6½ percent deduction of the employees' basic salary.

(7) Extension of all benefits to former employees now on the retirement rolls.

(8) All salary increases be immediately reflected in retirement benefits to all annuitants.

(9) Full Government appropriation of its equal share since the conception of the act in 1920.

(10) The proviso of 5 years of civilian service under the survivors benefits under the death claim be changed to read, "immediately upon becoming a member of the civil service retirement fund."

(11) The following new provision be added under the section of the retirement law listed "Joint and survivors elections":

An employee who has made a joint-and-survivor election to provide an annuity for his wife at his death, may revoke that election if he wishes. His reduced amount then will be raised to the full amount. When a wife or husband for whom the election was made predeceased the employee the election is automatically revoked.

While the proposed amendments cited above represent a long-range program we ultimately hope to attain, we believe they also constitute an emphatic declaration of the abundant interest civil service personnel attach to retirement legislation. The introduction of more than 125 bills on retirement, during these early months of the 87th Congress, is rather conclusive evidence of this overall interest in the subject.

During your discussion of S. 188, we believe it appropriate to consider a specific amendment that would implement the objective cited above under point 7. We strongly advocate extending the benefits of this measure to those already retired if the privilege of optional retirement without penalty is to be made available for those who retire in the future. Under existing law retirees with 30 years' service in the 55-60 age bracket have been forced to pay a penalty for early retirement. If this penalty is to be waived we believe such waiver should be extended to those already on retirement rolls.

#### IMPORTANCE OF RECRUITMENT

Civil service retirement, established in August 1920, has long been a most cherished employee fringe benefit. Actually, the retirement annuity constitutes the only real security most civil servants possess during their declining years. Fundamentally, most civil service personnel, in the postal or the classified field, remain in the lower salary levels. Their lifetime earnings are spent on necessities as well as education of their children. Their savings exist primarily in insurance and their obligatory contributions to the retirement fund. A comparatively small number ever attain supervisory levels.

While we applaud the announced objective of the new administration to attract competent and qualified personnel for lifetime Government service, we believe this could be accomplished more effectively if such service be made more desirable than employment in private industry. Retirement after 30 years of service, at the option of the employee, regardless of age, and without reduction in annuity, would constitute a tremendous forward step in the attainment of such an ambitious recruitment crusade.

#### ACTUARIAL SOLVENCY

During the past decade we have frequently heard representatives of the Civil Service Commission and the Bureau of the Budget oppose liberalized retirement on the basis of actuarial solvency. These Government witnesses frequently conjure up frightening representations that the retirement fund is "going broke," "insolvent," etc. Though we do not profess extensive actuarial proficiency in this regard, we do understand their contentions are based upon the assumption that all existing and future claims on retirement reserves might suddenly be

come due and payable at some precise moment in the immediate future. While this contention appears somewhat absurd to use, we believe it merits brief consideration to dispel the doubt and apprehension it seeks to implant among our citizenry. We contend that had the Federal Government consistently paid its full contributions to the retirement fund, since its inception, and had proper interest been charged on the use of civil service retirement funds by the Government for other purposes, there would remain shallow ground upon which to base a claim of insolvency.

In the final analysis, the solvency of the retirement fund, established by law of the land, depends upon the full credit and solvency of the Federal Government. We sincerely doubt this dynamic Government of our United States of America shall ever experience actual bankruptcy or an inability to meet its just obligations.

#### INDUSTRIAL EXPERIENCE

Recently a pamphlet titled the "1960 Study of Industrial Retirement Plans", published by the Bankers Trust Co. of New York, reviewed retirement plans of some 230 companies, ranging from very large corporations to several with as few as 200 employees. Their study covered so-called pattern plans, as negotiated by international unions and conventional plans with benefits that vary with years of service and rates of compensation. Most pattern plans do not require employee contributions, while approximately 52 percent of the conventional plans are noncontributory. The following quotation is pertinent to the legislation under consideration:

"One of the most pronounced trends in pattern plans in the 1956-59 period has been in liberalizing the provisions for early retirement. There has been a significant increase in the number of plans which permit early retirement at the employee's election. The trend toward liberalizing early retirement provisions is also evident in conventional plans. The percentage of conventional plans which permit early retirement at the employee's election has increased from 31 percent in the 1953-55 study to 51 percent in this study."

#### MUNICIPAL AND STATE PLANS

Numerous State and municipal governments now provide retirement plans for their employees. In many cases such plans permit voluntary retirement regardless of age after 20, 25, and 30 years of service. A specific example of this exists in New York City's retirement system for municipal workers.

#### SUMMARY

In conclusion, Mr. Chairman, we urge an early and favorable report on this legislation. Again, we strongly recommend your consideration of the amendment, referred to above, that would extend the benefits of this bill to those already retired. We are hopeful expeditious action will be taken on this proposal by both Houses of Congress during the 87th session.

We again express our sincere appreciation for your interest in this matter and for the opportunity to present our views.

Mr. MacKAY. Turning to page 2 of our statement, Mr. Chairman, we would like to be on record in supporting S. 188. We believe its enactment long overdue. We also wish to submit for your information the retirement resolution adopted by our national convention at Detroit, Mich., in August 1960.

We have submitted there a series of points that have been incorporated in our retirement resolution.

While the proposed amendments cited above represent a long-range program we ultimately hope to attain, we believe they also constitute an emphatic declaration of the abundant interest civil service personnel attach to retirement legislation. The introduction of more than 125 bills on retirement, during these early months of the 87th Congress, is rather conclusive evidence of this overall interest in the subject.

During your discussion of S. 188 we believe it appropriate to consider a specific amendment that would implement the objective cited above under point 7. We strongly advocate extending the benefits of this measure to those already retired if the privilege of optional retirement without penalty is to be made available for those who retire in the future. Under existing law retirees with 30 years' service in the 55-60 age bracket have been forced to pay a penalty for early retirement. If this penalty is to be waived we believe such waiver should be extended to those already on retirement rolls.

Now, Mr. Chairman, continuing on in the statement to page 5, I would like to comment briefly on industrial experience because I believe that there have been several references to retirement activity and retirement operation in private industry.

Very recently a pamphlet, titled "1960 Study of Industrial Retirement Plans" published by the Bankers Trust Co. of New York, reviewed retirement plans of some 230 companies, ranging from very large corporations to several with as few as 200 employees. Their study covered so-called pattern plans, as negotiated by international unions and conventional plans with benefits that vary with years of service and rates of compensation. Most pattern plans do not require employee contributions, while approximately 52 percent of the conventional plans are noncontributory. The following quotation is pertinent to the legislation under consideration.

One of the most pronounced trends in pattern plans in the 1956-59 period has been in liberalizing the provisions for early retirement. There has been a significant increase in the number of plans which permit early retirement at the employee's election. The trend toward liberalizing early retirement provisions is also evident in conventional plans. The percentage of conventional plans which permit early retirement at the employee's election has increased from 31 percent in the 1953-55 study to 51 percent in this study.

#### MUNICIPAL AND STATE PLANS

Numerous State and municipal governments now provide retirement plans for their employees. In many cases such plans permit voluntary retirement regardless of age after 20, 25, and 30 years of service. A specific example of this exists in New York City's retirement system for municipal workers.

Before we conclude our statement, Mr. Chairman, we would like to refer briefly to a comment made yesterday by the Chairman of the Civil Service Commission, Mr. John W. Macy, and I refer to his statement in which he listed several points which prompted them to state that, in their opinion, passage of this legislation would not be in the public interest.

On point No. 1, he mentioned there had been no "demonstrable social need." Now, we feel that this is a rather unusual statement as we witness practically every phase of our economic activity geared to more leisure time and geared to more early retirements.

In Mr. Macy's statement in No. 2, he also mentioned the fact that early retirement would result in substantial loss to the Government. This point has already been pretty well covered but in computing the savings that would result on employees who would be given an opportunity to retire at age 55, the savings that would result by the substitution of junior, younger employees at entrance pay scales,

would be so much greater than the cost projected by the Commission that it is difficult for us to understand why they even mentioned this particular phase of their analysis of the matter.

On point No. 5, Mr. Chairman, in concluding our comments on their statement at the moment, I want to call your attention to the fact that they said that 30-year optional retirement without regard to age would be productive of unilateral benefit; that is, to the employee, and that it does not meet the test of being of mutual advantage to both the employee and the employer, and the employer in this case that they referred to was the Federal Government.

Now, Mr. Chairman, the thought has occurred to us and we cannot help but be curious to know precisely to whom the Commission refers when it mentions the Federal Government. We were always of the impression that Federal employees were a part of the Federal Government and certainly we feel that it would be consistent in our approach to a bit of legislation such as this to consider that, if it is going to benefit Federal employees, it would at the same time be a benefit to a part of our Federal Government and we believe these Federal employees make a very, very prominent portion of that Government. They are the people who make the Government function. We believe that they should be considered as a very tangible part of Government. We take exception to this comment by the Commission and we believe that, far from being a unilateral benefit, it would be a benefit as far as the employee and employer both are concerned.

Mr. Chairman, we want to extend our thanks to you and to the other members of this committee for allowing us the opportunity to testify on this bill.

My colleague, Mr. Silvergleid, I think, would like to add some further comment at this time, if he may.

Mr. SILVERGLEID. Just very briefly, if I may.

I have been a little bit puzzled in listening throughout the proceedings to the testimony of particularly our governmental agencies to discover that for the first time in many years their main objection is not to the cost. Actually, the Bureau of the Budget directed its opposition to two main positions: first of all, that they would not encourage employees to leave Government service—that is experienced employees—at an early age; secondly, they stated a specific instance of what they considered a discriminatory aspect of this legislation.

Now, in answer to their first statement, I think it could be simply said that, if they propose measures whereby Government service would be made sufficiently attractive, experienced employees would never think of leaving, but the case they gave with reference to discrimination dealt with the employee who came into the service at the age of 18 as contrasted to the employee who entered Federal service at the age of 30. They maintain that the employee retiring at 48 with a much greater life expectancy than the man retiring at age 60 would thereby benefit by receiving that much more money in annuity. However, they said nothing about the present situation which actually takes places now almost every year where the employee who enters at 18 remains in the service until 70. The employee who enters at 30 also remains in the service until 70. At the age of 60, the younger employee has exhausted any possible additional retire-

ment from the retirement fund. He has attained 42 years of service, 80 percent of his annuity. He continues to pay into the fund without any return for that additional money. The older employee will receive a return for every penny he contributes.

It seems to me that, if the Bureau of the Budget was sincere about attempting to eliminate what they consider discrimination, they would bring in a counterproposal to rectify the latter condition that I described.

Thank you very much, Senator. That is all I wanted to say on the subject.

Senator RANDOLPH. Thank you. Are there questions?

We appreciate very much your statement given on behalf of the two offices.

Mr. MAC KAY. Thank you, Mr. Chairman.

Mr. SILVERGLEID. Thank you.

Senator RANDOLPH. Mr. SIMCOX.

**STATEMENT OF GLENN R. SIMCOX, PRESIDENT, NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES, ACCOMPANIED BY JOHN OVERHOLT, LEGISLATIVE REPRESENTATIVE**

Mr. SIMCOX. I am Glenn R. Simcox, president of the National Association of Retired Civil Employees, an organization of 103,000 paid up members with 791 local chapters throughout the country.

In the interest of brevity, I am not going to read my statement. Briefly, it endorses S. 188 and urges its adoption and asks further that, in consideration of the bill, the right and privileges of retirees be given some consideration.

Our legislative representative, John Overholt, is with me, and he desires to make some additional statements.

Senator RANDOLPH. Yes, Mr. Overholt.

Mr. OVERHOLT. Mr. Chairman, we represent the organization that all the organizations that have appeared before us are trying to push their members into. They want them to become postgraduates of their organizations and become eligible for ours.

We would like to call upon the committee to consider whether, in pushing people from one organization into another or inviting them to move from one organization into another, we ought to invite them to move to a place where they may become more forgotten than they are now. That is why we would like to see the suggestion of Mr. MacKay taken up that these benefits given to current employees be extended to employees previously retired as a token that the Government will not forget the people that become its postgraduate employees.

We would like to point out that, among the forgotten items, the retired people have been omitted from any consideration of cost-of-living income adjustments that have been given to employees in the past 5 years, and that some of the readjustments in 1952 and 1955 are still uncollected.

We would like to point out also, that in spite of the splendid leadership shown by members of this committee in trying to help retirees, these discriminations still, as contrasted with the big drive to give more consideration to retired military people.

We would like to leave this one thought: that, if we are going to try to compare civil retirement with military retirement from the time basis, we also give consideration to comparisons on a benefit basis.

Thank you very much, Mr. Chairman.

Senator RANDOLPH. Thank you, Mr. Simcox and Mr. Overholt. You do inject an added reason for careful consideration of this legislation as it pertains to the retiree.

Mr. OVERHOLT. Right, sir.

Senator RANDOLPH. Thank you very much.

(The statement is as follows:)

STATEMENT OF GLENN R. SIMCOX, PRESIDENT, NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES

Mr. Chairman and members of the subcommittee, my name is Glenn R. Simcox. I am president of the National Association of Retired Civil Employees and I am accompanied by John A. Overholt, legislative representative of our association. In 40 years our association has grown to more than 103,000 members and almost 800 local chapters. We are interested in promoting the welfare of all retired civilian employees of the Federal Government and of the District of Columbia as well as the welfare of their dependents and survivors.

We are in favor of the objectives of S. 188, which would amend the Civil Service Retirement Act to permit the retirement without penalty of any employee who had completed a minimum of 30 years of service without restriction to age at the time of retirement. We believe that loyal employees will not take advantage of this provision by retiring when their continued services are necessary for the best interests of the United States. Also, we think that early retirements are frequently advantageous to the Government as well as to the individuals concerned.

We also favor an amendment to S. 188 to extend its benefits to persons who have retired in the past as well as to persons who will retire in the future. We do not believe there should be any discrimination on a calendar basis in the award of benefits. Those who are now suffering a penalty as a result of early retirement should have the amount of such penalty restored on the same basis that the penalty is waived in the future.

We respectfully invite the subcommittee's attention to certain areas of present discrimination on a calendar basis against Federal civil service retirees and their survivors, as follows:

(1) Cost-of-living adjustments accorded to employees in 1958 and 1960 in a cumulative total of at least 20 percent without any corresponding adjustments in the lower incomes of Federal retirees and survivors.

(2) Modified penalties as the price for survivor annuities after October 1, 1956, compared to prior penalties still effective ranging up to 25 percent of basic annuity.

(3) Ceilings placed on cost-of-living adjustments under the 1952 and 1955 acts, which still operate exclusively against high grade, long service career retirees.

(4) Discrimination on a calendar basis in benefits available to long service employees who retired before or after July 12, 1960.

We are urging the elimination of the above calendar-based discriminations and we hope the subcommittee will refrain from adding any new discriminations against former retirees in the consideration of S. 188.

We appreciate this opportunity to present our views to the subcommittee.

The CHAIRMAN. I notice that several statements have been presented for inclusion in the record by witnesses who were unable to be here personally. They will appear at this point.

STATEMENT OF THE NATIONAL CUSTOMS SERVICE ASSOCIATION,  
ALFRED F. BEITER, PRESIDENT

## REPORT OF THE NATIONAL RETIREMENT COMMITTEE

The Civil Service Retirement Act recognizes the completion of 30 years of service as basic, sufficient, and equitable for annuity purposes, but maintains age requirements of 55 and 60 years, thereby creating a problem of equal treatment for all. Employees with 30 years of service who would consider retirement are hampered because they entered the service at an early age, and must continue working; while others who were slightly older, and entered the service at the same time, are eligible for retirement. The deterred may have a strong desire to leave the service for reasons of their own, or because they are incapacitated in some manner, but not disabled; the advantages of holding them, under these circumstances, is questionable.

Comparison with military and many municipal pension systems will clearly indicate that 30 years of service exceeds their requirements and should suffice, without further restrictions or deductions as a Federal service requirement for annuity purposes.

This policy would create employment and promotional opportunities for younger and more vigorous personnel; reward long service; and save the Government the difference in wages. There would be no general exodus from the service because the most recent statistics available to this committee shows that only 1.4 percent of the total Federal civilian employees under the age of 55 had 30 or more years of service. Of these, many will find it advantageous to remain in the service, and will exercise this prerogative.

Thirty years of long and faithful service should place a moral obligation on the Government to reward employees with the option to retire without regards to age, and with full annuity. We believe that this may have been accomplished years ago, if it was not for the actions of the administrators of the Retirement Act.

The U.S. Civil Service Commission, delegated to administer the Retirement Act, has been ultraconservative in the consideration of extending benefits, in our opinion. At congressional hearings, the Commission has furnished statistics prepared from data hardly available to others, precluding the liberalization of benefits which we sincerely believe would provide adjustments and correct inadequacies in the law. On page 4 of the "Retirement Report of the U.S. Civil Service Commission for the fiscal year ended June 30, 1960" (exhibit "A"),<sup>1</sup> there is a chart which shows a steady increase in the retirement fund since its inception in 1921, until it now has reached a sum of over \$10 billion. Against this balance are notations, that this is not a surplus; and that there is an unfunded accrued liability or deficiency of over \$31 billion. We will not comment on the health of the condition, but wish to point out that the chart also indicates that the disbursements year by year, and in total, are less than half of the receipts.

With this in view, we direct attention to page 47 of "1962 Federal Budget in Brief" issued by the Bureau of the Budget, Executive Office of the President (exhibit "B"),<sup>2</sup> on which appears a chart showing the receipts and expenditures of various trust funds administered by Government agencies. The difference between the receipts and expenditures of the Federal Employees Retirement Fund, as compared with any other fund appearing thereon, leads us to believe that much more leniency can be exercised in extending benefits for the members.

<sup>1</sup> Previously filed by Senator Johnston.

<sup>2</sup> Filed with the committee.

DISABLED AMERICAN VETERANS,  
Washington, D.C., May 8, 1961.

HON. JOSEPH S. CLARK,  
Chairman, Subcommittee on Retirement,  
Committee on Post Office and Civil Service,  
U.S. Senate, Washington, D.C.

DEAR SENATOR CLARK: Thank you for your notice of the hearings to be held on S. 188, S. 739, and S. 1640, and the opportunity afforded of appearing and submitting testimony, if desired.

The Disabled American Veterans is particularly interested in the proposals designed to permit optional retirement from Federal Civil Service employment at age 55, with at least 30 years such service, at full annuity. Enclosed herewith is a copy of resolution No. 40 on the subject as adopted at the national convention of this organization, held at Seattle, Wash., August 21-27, 1960. The DAV is not on record as favoring retirement with 30 years service regardless of age.

The foregoing statement is made for the record and is in lieu of a personal appearance before your subcommittee.

Sincerely,

ELMER M. FREUDENBERGER,  
National Director of Legislation.

OPTIONAL RETIREMENT FOR GOVERNMENT EMPLOYEES AT FULL ANNUITY AT AGE 55  
WITH 30 YEARS' SERVICE

Whereas there are thousands of disabled veterans presently employed by the Federal Government; and

Whereas the life expectancy of such disabled veterans is considerably less than that of the nondisabled; and

Whereas the early retirement of employees will provide further job opportunities for disabled veterans; Now, therefore, be it

*Resolved by the Disabled American Veterans in national convention assembled at Seattle, Wash., August 21-27, 1960,* That we go on record as supporting legislation which would amend the Civil Service Retirement Act to provide optional retirement, at full annuity, for all civil service employees age of 55 with 30 years, or more, of service.

Senator RANDOLPH. The hearings in a formal way through presentation of statements by witnesses are closed.

We will, however, keep the record open until the close of Tuesday, May 23, for any supplemental statements which you may wish to file which would be pertinent to the hearings.

The subcommittee is appreciative of the attention which has been given to S. 188 by all those who have either testified or have observed.

On behalf of the chairman of the subcommittee, Senator Clark, and all members of the subcommittee, I believe it is factual to state that the presentations which have been given to the subcommittee have been of a very high order in connection with this legislation.

I want to commend the chairman of the full committee, Senator Johnston, for the fact that he himself has been present for most of these hearings and has presided in such an eminently fair manner.

Let us call it a day.

The subcommittee will adjourn.

(Whereupon, at 12:05 p.m., the subcommittee adjourned.)

## APPENDIX

---

(The following statements were subsequently received:)

STATEMENT OF MORRIS BILLER, PRESIDENT, MANHATTAN-BRONX POSTAL UNION,  
AFFILIATED WITH NATIONAL POSTAL UNION

Mr. Chairman and members of the committee, I appreciate the opportunity, on behalf of the Manhattan-Bronx Postal Union, the largest local civil service union in the country, with over 12,500 members, and affiliated with the National Postal Union, to present our views on this important legislation. The members of my local union are indeed grateful to the distinguished chairman of this committee, Hon. Olin D. Johnston, and the members of this subcommittee for holding hearings on this worthy legislation. We also appreciate the dedication of the Honorable Olin D. Johnston to the welfare of the civil servants in sponsoring S. 188 which we heartily support.

There are many vital reasons for supporting liberalized retirement. Our retirement system has always been a prime factor in inducing qualified young people to enter the Government service. This advantage has been largely lost to the Government, as an employer today. While we have stood comparatively still in this direction, private industry has extended its vistas, and in many instances has done better. The same holds true for many State and city governments. May I particularly call to your attention the superior retirement enjoyed by municipal employees of the city of New York where about 10 percent of the Nation's postal employees work.

Experience of the last decade shows that retired Government employees have not offered any competition in the labor market. Rather, those who have been willing and able to work have made an important contribution to the Nation's economy. While it is true that under the proposed legislation in some instances, individuals may retire at 48 years of age, it is equally true that in most such instances their skills will have been circumscribed by 30 years of Government service. Consequently, they offer no genuine competition in the general labor market. Moreover, testimony at these hearings indicates that the maximum number of additional Government employees that would retire under this legislation would be, in the beginning, only approximately slightly over 5,000 per year, with a leveling off somewhere in the area of 4,000. This could hardly have any marked effect upon the economy of a nation of 180 million people.

Since the increase in the number desiring to retire would be such a relatively small figure would it not be fairer to permit retirement for those who while young in years, have already rendered a lifetime of 30 or more years of public service? The U.S. Government can induce efficient, competent and relatively young people to continue in Government service after many years by improving salaries, increasing promotional opportunities and improving general working conditions. In fact, President John F. Kennedy, in a letter to Washington Evening Star columnist Joseph Young, in the fall of 1960 stated: "The large majority of our civil servants are understanding men and women devoted to their duties and responsibilities. They should be provided with the incentives commensurate with their position. I hope that they can take pride in the Nation's accomplishments \* \* \*" and "I am in favor of making the U.S. Government a model employer. It seems that this is the way to make it more efficient and effective."

Surely, this is a goal we can all agree with. A more liberalized retirement only means that the employee has the option of making this choice. We know that where proper working conditions exist, employees do not lightly exercise retirement options.

The cost factor to the Government would in a large measure be compensated by the entrance into Government service of new employees at lower salaries

than the more senior workers they replace. One of the yardsticks that young people use in accepting employment, is security, a major factor in Government employment. What better security can be offered than a good retirement system?

In addition, it should be noted that the average civil servant retiring today, unfortunately enjoys very few years in that status. He should be entitled to some years of leisure after a lifetime of work. The limited cost is little enough compared to the factor of improved morale to the Government employee who has yearned for this goal for 30 years or more.

Bills of this type have been introduced and studied for 34 years. The retirement fund has a balance of close to \$12 billions. Our Government and its institutions are growing ever greater. Consideration should also be given to other improvements as submitted by the National Postal Union. Is it not time to at least enact the 30-year optional retirement at full annuity regardless of age?

---

ORGANIZATION OF PROFESSIONAL EMPLOYEES,  
OF THE U.S. DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., May 23, 1961.*

Hon. OLIN D. JOHNSTON,  
*Chairman, Committee on Post Office and Civil Service,  
U.S. Senate, Washington, D.C.*

DEAR SENATOR JOHNSTON: The Organization of Professional Employees of the U.S. Department of Agriculture, commonly called OPEDA, wishes to go on record in favor of the objectives of S. 188, the so-called 30-year retirement bill.

The precise effect of this bill, if enacted, upon the ages at which employees would retire is a matter of speculation. We venture the opinion, however, that it would have very little effect upon the average age at which employees retire and very little effect upon the average length of service of those who retire. There is some evidence in support of this opinion. For example, of 45,161 who retired during fiscal year 1960, only 2,583 exercised their option to retire after 30 years' service with reduced annuity below age 60; only 5,868 exercise their option to retire with 30 years' service after age 60 without reduction in annuity; while 4,094 were forced to retire at age 70 because of the mandatory provision of the retirement act. Moreover, the average length of service of retirees has increased about 1 year since 1956 when the law was liberalized to permit optional retirement after 30 years' service with only moderate reduction in annuity between the ages of 55 and 60 and no reduction after age 60.

While it is anticipated that S. 188, if enacted, would have little if any effect upon the average age or average length of service of those who retire, the option of retiring under the provisions of the bill would be of great importance in many individual cases. This would be especially true in situations where reorganization, change in methods, abolition of programs, etc., might force drastic changes upon employees with long years of service. Under such circumstances they might exercise their option to retire. In many cases this would simultaneously solve a vexing administrative problem.

A less tangible but probably very real benefit of the proposed law would be its effect upon general morale. Everyone, from the newcomer to the veteran in the service, would have a heightened sense of security and freedom. This would make the Federal service a more attractive place to enter and a more attractive place to remain for a full career.

We heartily endorse S. 188 and request that our statement be included in the report.

Sincerely yours,

DILLARD B. LASSETER, *Executive Officer.*



