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LUMP-SUM READJUSTMENT PAYMENTS

HEARING BEFORE THE COMMITTEE ON ARMED SERVICES UNITED STATES SENATE EIGHTY-SEVENTH CONGRESS FIRST SESSION

ON
H.R. 8773

AN ACT TO INCREASE THE LUMP-SUM READJUSTMENT
PAYMENTS TO MEMBERS OF THE RESERVE COMPONENTS
WHO ARE RELEASED FROM ACTIVE DUTY

SEPTEMBER 20, 1961

Printed for the use of the Committee on Armed Services

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HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES

UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

COMMITTEE ON ARMED SERVICES

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LUMP-SUM READJUSTMENT PAYMENTS

WEDNESDAY, SEPTEMBER 20, 1961

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The committee met, pursuant to recess at 1:10 p.m., in room 212, Senate Office Building.

Present: Senators Russell (chairman), Byrd of Virginia, Stennis, Symington, Jackson, Ervin, Thurmond, Engle, Bartlett, Cannon, Byrd of West Virginia, Saltonstall, Bridges, Smith, and Case.

Also present: William H. Darden, T. Edward Braswell, Jr., Gordon A. Nease, professional staff; Harry L. Wingate, Jr., chief clerk; and Herbert S. Atkinson, assistant chief clerk.

Chairman RUSSELL. We have this bill H.R. 8773 for consideration in open session.

Senator SYMINGTON. What is this on, Mr. Chairman?

Chairman RUSSELL. This is a bill that increases the readjustment payments to members of the Reserve components when they are involuntarily released from active duty. We have had it up before. (The bill referred to follows:)

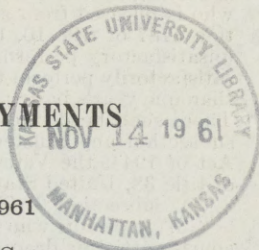
[H.R. 8773, 87th Cong., 1st sess.]

AN ACT To amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the reserve components who are involuntarily released from active duty, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), is amended as follows:

(1) Subsection (a) is amended to read as follows:

“(a) A member of a reserve component who is involuntarily released from active duty after the date of enactment of this amended subsection and after having completed immediately prior to such release at least five years of continuous active duty, except for breaks in service of not more than thirty days, as either an officer, warrant officer, or enlisted person, is entitled to a lump-sum readjustment payment computed on the basis of two months' basic pay in the grade in which he is serving at the time of release from active duty for each year of active service ending at the close of the eighteenth year. However, the readjustment payment of a member of the Army or the Air Force who is released from active duty because his performance of duty has fallen below standards prescribed by the appropriate Secretary, because of moral or professional dereliction, or because his retention is not clearly consistent with the interests of national security, shall be computed on the basis of one month's pay. For the purposes of computing the amount of the readjustment payment, a part of a year that is six months or more is counted as a whole year and a part of a year that is less than six months is disregarded, and any prior period for which readjustment pay has been received under any other provision of law shall be excluded. No person covered by this subsection may be paid a total of more than two years' basic pay in the grade in which he is serving at the time of release. No person covered by the second sentence of this subsection may be paid a total of more than one year's basic pay in the grade in which he



is serving at the time of release. An officer of the Navy or the Marine Corps who is released from active duty because a board of officers convened under section 5787 of title 10, United States Code, considers that his record indicates his unsatisfactory performance of duty in his present grade and that he would not satisfactorily perform the duties of a higher grade may not be paid a total of more than one year's basic pay in the grade in which he is serving at the time of release. There shall be deducted from any lump-sum readjustment payment under this subsection any mustering-out pay received under the Mustering-Out Payment Act of 1944, the Veterans' Readjustment Assistance Act of 1952, or chapter 43 of title 38, United States Code."

(2) Subsection (b)(3) is amended to read as follows:

"(3) A person who is discharged or dismissed in executing the sentence of a court-martial or dropped from the rolls under section 1163(b) of title 10, United States Code."

(3) The second sentence of subsection (b)(5) is amended to read as follows: "However, such a person is entitled—

"(A) to receive readjustment pay under this section even though he is also entitled to be paid under section 680 of title 10, United States Code; and

"(B) with respect to severance pay to which he is entitled under any provision of law other than section 680 of that title, to elect either to receive that severance pay or to receive readjustment pay under this section, but not both."

(4) Subsection (b)(6) is amended to read as follows:

"(6) Except as provided in this clause, a person who upon release from active duty is eligible for disability compensation under laws administered by the Veterans' Administration. However, such a person may receive readjustment pay under this section in addition to disability compensation, provided that eligibility for such monthly disability compensation payments will not begin until after the passage of the number of months subsequent to his release that are equal to the number of months of basic pay which he had received as readjustment pay under this section. Receipt of readjustment pay shall not deprive a person of any part of any disability compensation to which he may become entitled, on the basis of subsequent service, under laws administered by the Veterans' Administration."

(5) Subsection (c) is amended to read as follows:

"(c) A member of a reserve component who has received a readjustment payment under this section after the date of enactment of this amended subsection and who qualifies for retired pay under any provision of title 10 or title 14, United States Code, that authorizes his retirement upon completion of 20 years of active service, may receive that pay subject to the immediate deduction from that pay of the amount of the readjustment payment, without interest.

(6) Subsection (e) is repealed.

Sec. 2. Section 680(a)(2) of title 10, United States Code, is amended by striking out the word "or" before the designation "(C)" and inserting before the period at the end the words ", or (D) released because he has been considered at least twice and has not been recommended for promotion to the next higher grade or because he is considered as having failed of selection for promotion to the next higher grade and has not been recommended for promotion to that grade, under conditions that would require the release or separation of a Reserve officer who is not serving under such agreement".

Sec. 3. Notwithstanding an election under section 265(b)(6) of the Armed Forces Reserve Act of 1952 (50 U.S.C. 1016(b)(6)), before the date of enactment of this Act, to receive a readjustment payment under that section, any person who made such an election may be awarded disability compensation to which he is otherwise entitled, subject to deduction as provided in that section, as amended by this Act. However, such an award may not become effective for any period before the date of enactment of this Act.

Passed the House of Representatives August 29, 1961.

Attest:

RALPH R. ROBERTS, *Clerk.*

Chairman RUSSELL. Mr. Jackson, have a seat, will you please, and tell us as briefly as possible what is involved in this bill.

**STATEMENT OF STEPHEN S. JACKSON, DEPUTY ASSISTANT
SECRETARY OF DEFENSE (MANPOWER)**

Mr. JACKSON. I have a prepared statement.

Chairman RUSSELL. The staff will distribute it and it will be placed in the record. If you can ad lib, Mr. Jackson, you may do so. (The statement referred to follows:)

Mr. Chairman, members of the committee, the Department of Defense welcomes the opportunity of presenting its views on H.R. 8773.

The bill to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes, passed the House August 28, 1961. It is the Department of Defense proposal (introduced as H.R. 8675) as amended by the House in the following respects: First, H.R. 8773 changes the name as recommended by this Department from "severance pay" to "readjustment pay." Secondly, the bill deletes a phrase which would have precluded the accrual of severance pay during periods of war or national emergency declared by the President or the Congress after enactment. A third change in H.R. 8773 from the departmental position is in the area of recoupment of severance pay from members who qualify for VA compensation. Finally, H.R. 8773 eliminates any requirement for recoupment of severance pay from reservists who qualify for retirement at age 60. With reference to the four amendments made by the House, the Department of Defense adheres to its original position as stated in the report of August 4, 1961 (on H.R. 4773, 87th Cong.), with the exception of a modification on the amount of severance pay to be recouped which I shall discuss later.

I should now like to summarize the major provisions of this bill as to kinds and amounts of pay, contracts, and recovery provisions.

PAY

With reference to kinds and amount of pay, the reservists would accrue severance pay at the rate of 2 months for each year of active duty, beginning with the first year of service. This, as you know, quadruples the half month's readjustment pay presently authorized by law. The maximum amount of severance pay would be 2 years' basic pay. Thus, the rate of accrual and the maximum amount of severance pay would be the same for reservists as it is for Regular officers.

Breach of contract pay in the amount of 1 month's basic pay and allowances would be authorized for each year by which the services cut short a contract and would be additive to any severance pay to which the Reserve officer is entitled.

CONDITIONS FOR RECEIPT OF SEVERANCE PAY

H.R. 8773 continues the provisions of present law on eligibility for receipt of severance pay; i.e., involuntary release. This is in line with the objective of this bill, to provide separation pay for Reserve officers equal to that now authorized for Regular officers, and under the same conditions.

EXCEPTIONS TO 2 MONTHS' SEVERANCE PAY

Under this bill, there would be two exceptions to the general rule of 2 months' severance pay. The first relates to disciplinary cases. The bill provides that Reserve officers released under conditions similar to the Army and Air Force "show cause" clauses (10 U.S.C., chs. 359, 360, 859, and 860) and the Navy and Marine Corps "select out" provisions (10 U.S.C. 6384, 6395) will receive the same separation pay as Regular officers released under these laws.

Severance pay for Regular officers in the Armed Forces varies among the services as to the rate for each year of active duty, and as to the maximum amount payable. In the Army and Air Force, a Regular officer released under the "show cause" provision, receives 1 month's basic pay for each year of active duty, with a maximum of 1 year's basic pay. In the Navy and Marine Corps in time of war or national emergency, a Regular officer "selected out" receives 2 months' basic pay for each year of active duty, with a maximum of 1 year's basic pay; in peacetime, the rate is 2 months with a maximum of 2 years.

Recommendations to eliminate these legally established differences have been recognized in the report of the Department of Defense Ad Hoc Committee To Study and Revise the Officer Personnel Act of 1947 (Bolte Committee). This Department plans to transmit for the consideration of the Congress in its next session a legislative proposal implementing the Bolte Committee recommendations. Pending action by the Congress on this legislative proposal, H.R. 8773 would insure the same severance pay for Regular and Reserve officers in the same military service who are being released from active duty as the result of statutorily constituted boards.

The second exception to the general rule of accruing 2 months' basic pay for each year of active duty would apply to Reserve members with service during periods of war and national emergency. Although the present law authorizes one-half month's pay upon the completion of 5 years' service and involuntary release and does not distinguish between wartime and peacetime service, the draft bill submitted by this Department August 4, 1961, would have precluded crediting of any severance pay for reservists during a war or national emergency declared by the Congress or the President after enactment. H.R. 8773 as passed by the House provides for no exclusion of service in either a war or a national emergency. The circumstances that will obtain in the future under such conditions are simply too uncertain to warrant the creation of what might be an enormous unjustified liability on the Government. Should such circumstances justify payments during these periods, legislation can then be enacted to provide the necessary authorization in the light of then known conditions.

CONTRACTS

The bill would make no change in existing statutory authority on contracts being optional at the discretion of the Secretaries of the military departments. It is apparent that with respect to the Army and the Air Force, there will be a continuing requirement for career Reserve officers. This is undoubtedly the reason why these services have not resorted to the granting of contracts to Reserve officers. On the other hand, while there is no indication that a r.i.f. will occur in the foreseeable future, it is a fact that an absolute guarantee of tenure cannot be afforded our Reserve officers. These officers, of course, will continue to be released in accordance with statutory authority upon twice failing of promotion. H.R. 8773 would provide the same degree of financial security as that authorized for a Regular officer in the event of involuntary separation.

REDUCTION IN RETIRED PAY OF RESERVISTS WHO HAVE RECEIVED SEVERANCE PAY

H.R. 8773 authorizes no recoupment from retired pay of title III retirees (age 60) but requires full recoupment of separation pay from title II retirees before they are eligible for any retired pay. The departmental bill required that retired pay of title III retirees be reduced by 25 percent until all severance pay had been recovered by the Government; or in lieu of recovery, the years of service for which severance pay was received be discounted from retired pay computations. Since the passage of H.R. 8773 by the House, I am authorized to recommend that recoupment of only two-thirds of the amount of severance pay, rather than the total amount, be required from both title II and title III retirees. The forgiveness of one-third of the severance pay is in consideration of the amount of taxes paid on severance pay.

While it is true that the half month's readjustment pay currently authorized for reservists is not subject to recoupment, the amounts were modest and could in no case exceed 9 months' basic pay. This bill proposes, generally, 2 months for each year of active duty up to a maximum of 2 years' basic pay. The Department strongly supports recoupment of two-thirds of severance pay and cites as a precedent congressional action on the authorization of 2 months' severance pay for Regular officers in the Navy and Marine Corps and warrant officers in all four services who subsequently qualify for title III retirement. In the legislative history of these laws, it is pointed out that it was not fair for a Regular Navy officer or a warrant officer of any service to receive sizable amounts in severance pay and subsequently count that same time toward retirement pay under the Reserve Retirement Act. The intent was specifically to preclude dual credit for retirement purposes.

In accordance with existing procedures in the Department of Defense, a Regular officer scheduled for involuntary release who desires to enlist in order to qualify for retirement with 20 years' service (title II retirement) must make his intention known prior to separation. In such cases, the officer resigns his

commission, and since a resignation does not constitute involuntary release, he receives no severance pay. We propose the same procedure for Reserve officers who desire to enlist in order to qualify for title II retirement. If, however, an officer accepts severance pay, and eventually qualifies for title II retirement through subsequent service, he would not under the provisions of this bill as modified by the Department of Defense proposal be eligible for any retired pay until two-thirds of severance pay had been recouped.

Likewise, under the terms of the original departmental bill, reservists who receive severance pay and who qualify for VA compensation would not draw VA compensation until the Government had withheld an amount equal to the severance pay received. This provision liberalizes existing law which, as interpreted by the Veterans' Administration, precludes the receipt of VA compensation by any reservist who had accepted readjustment pay. The Veterans' Administration has experienced considerable difficulty with the stringent provisions of law and concurs in the proposal to permit receipt of VA compensation subject to recoupment of severance pay. H.R. 8773, however, would bar the reservist from receipt of VA compensation only for the number of months for which severance pay had been received. The Department modifies its original position on this matter to authorize eligibility for VA compensation after two-thirds of the amount of severance pay received has been recovered.

ELIMINATION OF BOARD ACTION ON RESERVE OFFICERS UNDER CONTRACT WHO ARE TWICE PASSED OVER FOR PROMOTION

H.R. 8773 would eliminate the requirement for a board hearing for a Reserve officer under contract who is twice passed over for promotion. A similar provision was contained in the bill passed by the House in the last Congress, and is another step in equalizing the treatment of Regular and Reserve officers. The records of all officers, both Regular and Reserve, who have been twice passed over for promotion have been considered by two separate selection boards. The Regular officer who is to be released due to twice failing of selection for promotion does not have recourse to a board hearing. Hence, from the standpoint of equity as between officers in the two components, and the fact that a board hearing could not result in the promotion of a twice-deferred officer, it is believed that the law should be amended to provide that 10 U.S.C. 680(a)(2) does not apply to a Reserve officer if he is twice passed over for promotion.

COST AND BUDGET DATA

The enactment of this proposal would result in estimated increased budgetary requirements as follows:

Fiscal year:		Fiscal year—Continued	
1962.....	\$8, 347, 730	1965.....	8, 493, 838
1963.....	8, 447, 531	1966.....	8, 075, 921
1964.....	8, 554, 588		

The Department of Defense strongly recommends enactment of H.R. 8773 with the four exceptions noted in my introductory remarks, and with the further modification to require recoupment of only two-thirds of severance pay from title II and title III retirees and from those reservists who qualify for VA compensation. We believe that enactment would provide equity to the thousands of Reserve officers now serving their country in uniform, and be of real value to the Department of Defense in maintaining the quality of our active duty forces.

This concludes my statement. If there are questions, I shall be pleased to try to answer them. Representatives of the military departments are available for questions on this bill as it relates to their individual services.

Mr. JACKSON. The main point of this bill is to equate the readjustment pay of Reserve officers who are involuntarily separated with that of the adjustment pay or severance pay that is paid to the Regulars.

At the present time, as you know, if a Reserve officer on extended active duty is involuntarily separated, he receives half a month's salary for each year that he has served, provided that he has served 5 years. This bill would increase that amount to 2 months, with a maximum of 2 years' salary. This bill is designed, in the opinion of the Defense Department, to make an equitable provision for the re-

servist who may be involuntarily separated, and who, indeed, is more vulnerable in times of a reduction in force to separation than the Regular.

There are other features of this bill, some of which are in controversy, which are perhaps best summarized by referring to the recoupment features. The bill as submitted in the House required complete recoupment in the event that the officer continued on as an enlisted man for title II retirement, or if after his active duty he continued as an inactive reservist and qualified for title III, the bill required recoupment up to 25 percent, until it was entirely paid.

At the hearing we testified that we were concerned about the fact that a man might receive this readjustment pay which, when laid on his salary, would cause a considerable increase in his tax, but which nevertheless he would be required to pay back.

Let's say he got \$10,000 and the tax was \$3,000—he would have to pay back the \$10,000 on retirement. And we have now developed a proposal for the consideration of the Congress that the recoupment would be only up to two-thirds, which roughly would leave one-third remaining to take care of the tax which he has already paid when he received it.

There is also a deletion in the bill as originally proposed of a provision that time spent during war—during congressional emergency or a presidential emergency—would not count as a multiplier. There was considerable discussion of this in the House, and it was stricken.

These are the main features, sir. And I would be glad to try to answer any questions.

Chairman RUSSELL. What is the estimated cost of this bill, Mr. Jackson?

Mr. JACKSON. The estimated cost of the bill runs, for fiscal 1962, \$8,347,000, and approximately the same through 1966—\$8,447,000, \$8,554,000, \$8,493,000, and \$8,075,000. I have left out the hundreds.

Chairman RUSSELL. Will that increase from year to year?

Mr. JACKSON. That is the projection through 1966, sir. And, as a matter of fact, it decreases in 1966. And those are the only projections we have, sir.

Senator STENNIS. It is shown on the last page.

Senator RUSSELL. I see the table there.

I noticed on page 2, line 8, of your statement that you propose to authorize what is a reduced readjustment pay of 1 month's pay for each year of service for members of the Army or the Air Force who are released because their performance of duty has fallen below standards prescribed by the Secretary or because of moral or professional dereliction, or because their retention is not clearly consistent with the interests of national security. It would seem to me to be a little bit questionable as to whether the man released from active duty for moral or professional dereliction, or for some of these other reasons, should be entitled to any readjustment pay. What is the justification for that?

Mr. JACKSON. The reason is that we have provided for the reservist precisely what is prescribed in the law for the Regular. And that is the law with respect to Regulars who are involuntarily separated.

Chairman RUSSELL. I think it is a very bad provision of the law.

Now, on page 3 you propose to limit the readjustment pay of a Navy or Marine Corps officer released because of unsatisfactory

performance of duty to a total of 1 year's basic pay in the grade in which he was serving at the time of release. What is the justification for paying any readjustment pay under those circumstances?

Mr. JACKSON. I am not sure I follow—

Chairman RUSSELL. Look on page 3, line 1, the sentence beginning—

An officer of the Navy or Marine Corps who is released from active duty because a board of officers convened under section 5787 of title 10, United States Code, considers that his record indicates his unsatisfactory performance of duty in his present grade and that he would not satisfactorily perform the duties of a higher grade may not be paid a total of more than one year's basic pay in the grade in which he was serving at the time of release.

Mr. JACKSON. This again is the present law for the Regulars, sir.

Chairman RUSSELL. I hope some of these days we will be able to go back to adjusting the laws for the Regulars instead of compounding them by adding them to the Reserves.

Senator Smith.

Senator SMITH. Mr. Chairman, I would like to ask the Deputy Assistant Secretary of Defense to justify the pay discrimination of giving the citizen reservist less pay for his service than the long-term reservist who is later released and receives lump-sum payments based on his prior service. Can any distinction be made based solely on the fact that the Regulars receive more pay for their service when they are involuntarily released?

Mr. JACKSON. Discrimination against short-time reservists?

Senator SMITH. That is right.

Mr. JACKSON. Those less than 5 years?

Senator SMITH. That is right.

Mr. JACKSON. This is the provision which is in the present law. And the purpose of it, Senator Smith, I believe, is that the purpose of readjustment pay is to do equity for the career reservist who has envisioned a career but is, through no fault of his own, cut off. And the 5-year period is a period prior to which the man has not taken on apparently the status of a potential career officer.

Senator SMITH. It is my understanding that when the Department of Defense testified several years ago on the present arrangement, based on the one-half of 1 month's basic pay formula, it was indicated that the amount for career reservists should not be so much as to defer them from seeking a Regular commission. How can the Department of Defense justify this previous position with the present one of seeking identical pay for all reservists as for Regulars?

Mr. JACKSON. I am not familiar with what transpired before, but it doesn't seem to me, Senator, that the promise of a larger readjustment pay would be a deterrent for the reservist to seek, if he could get it, a Regular commission. His readjustment pay would be the same. And, indeed, we have thousands of reservists who, I am sure, if they had the opportunity, in spite of this readjustment pay, would be very happy to accept a regular commission if the doors were opened.

Senator SMITH. Would the Department of Defense object to a ceiling of \$15,000 on the amount in severance pay that could be paid to each individual?

Mr. JACKSON. We would, because it would then set up a disparity between the Regulars which we are trying to adhere to, and the 2-year ceiling is the one prescribed for the Regulars.

Senator SMITH. Would you object to an amendment which in effect would require an officer to waive the readjustment pay if he decides to enlist in order to acquire the 20-year service before retirement?

Mr. JACKSON. I am not prepared to give a formal position of the Defense Department on that. I state in my statement, however, that this we are doing with regard to the Regulars now administratively, and this we would plan to consider if a Reserve officer wanted to resign and reenlist as an enlisted man, that he would have to tender his resignation, and therefore would not be entitled to the severance pay.

Senator SMITH. The present bill does not exclude periods of war and national emergency in computing this lump-sum pay. This means that the citizen reservist would receive less pay even for war-time service than the career reservist later involuntarily released. Am I correct in stating that the Department of Defense opposes the exclusion of this service?

Mr. JACKSON. Yes.

(NOTE.—Answer should be “no” in that Mr. Jackson understood the question as, “Does DOD oppose the ‘inclusion’ * * *.”)

Senator SMITH. Would the Department of Defense object to an amendment which would provide that annual reporting be submitted to the committee setting forth the number of persons by grade who receive the severance pay?

Mr. JACKSON. I am not aware what would be involved. I am sure that if this information were wanted by the Congress we would provide it. We have a projection here that has been submitted to the staff of what the numbers would be over the next few years.

Senator SMITH. Those are all the questions I have.

Chairman RUSSELL. How long do you think it would take you, Mr. Jackson, to draw an amendment that would limit the sum total of payment to \$15,000 both to reservists and to Regulars?

Mr. JACKSON. Well, the actual drafting wouldn't take very long.

Chairman RUSSELL. Do you think you could identify all the laws that entitle Regulars to severance pay, so that we could pass some kind of limitation that would include both Regulars and Reserves?

Mr. JACKSON. I think the statutes are cited. I am just answering your question. I am not addressing myself to the merits.

Chairman RUSSELL. I understand that you would be opposed to the amendment; I didn't ask you about that, I asked you about drawing it.

Mr. JACKSON. Yes, sir. We have counsel here, and the statutes referring to the adjustment pay for Regulars are cited here. I don't think it would take very long.

Chairman RUSSELL. The House amended your recommendation on full recoupment of readjustment pay before a person could receive a disability compensation from the Veterans' Administration. Instead of full recoupment this bill proposes a deferment of eligibility for Veterans' Administration compensation until after the passage of a period equal to the number of months of basic pay that the person had received as readjustment pay.

Apparently, the present language would result in less than full recoupment of readjustment pay for these persons. Is the Department of Defense satisfied with this provision as written now?

Mr. JACKSON. No, sir. The Department of Defense's position was and still is as originally submitted in our bill.

Chairman RUSSELL. Any further questions of Mr. Jackson?

(No response.)

Chairman RUSSELL. Thank you, Mr. Jackson.

The Reserve Officers Association is represented today by Colonel Carlton, their executive director.

Colonel Carlton.

**STATEMENT OF COL. JOHN T. CARLTON, EXECUTIVE DIRECTOR,
RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES**

Colonel CARLTON. Mr. Chairman, this statement takes 6 minutes to read. Would you like me to read?

Chairman RUSSELL. You may proceed.

Colonel CARLTON. It has several points which you touched upon, and I think I should read it.

Mr. Chairman and members of the committee, for the past 4 years this committee has been acutely aware of the peculiar situation of Reserve officers serving on extended active duty and the career hazards involved in their tenuous position while so serving. This is due, of course, to the fact that they may be released at any time, with little notice.

The time and talent which you have given to consideration of this issue has been considerable, and we are grateful that at long last a long step toward the solution of the major aspect of the problem appears imminent.

In the knowledge that you are fully conversant with the issue, we will presume upon your time only briefly.

You have before you a bill which was considered in a 2-day hearing by the House committee. You are aware that in the last Congress, and in the Congress preceding, the House committee, as well as the Senate committee, considered the problem, and the proposal before you is the result of long and deliberate study. The full House of Representatives on August 29 considered this bill in a debate of some length, when the issues were fully weighed. After this debate, a record vote resulted in 394 Members of the House voting in favor of this bill and no Member voting against it.

There are two principal aspects of this legislation, both inter-related and the one dependent upon the other—incentive and readjustment.

The incentive features of the bill have the purpose of persuading a larger number of young officers to agree to continue service in the military beyond their obligated tours of 2, 3, or 4 years.

To achieve a greater degree of attractiveness in the military service, it must be demonstrated to these young officers that as the years pass their service will be recognized. The readjustment features are provided in order to offset to some degree the disadvantage accruing to them in their civilian vocations because of their absence from that vocation by reason of their military service. They should be helped in their problem of readjustment to civil life when involuntarily released because of reduction in the Active Forces.

The military services have found that there has been a consistent shortage of experienced junior officers needed to officer the units and seldom has there been any desirable degree of selectivity.

One contributing factor providing this shortage has been their knowledge of the experiences of their seniors. In various periods since the end of World War II, and Korea, sudden and unexpected reductions in force have seen these reservists being sent back on short notice to reestablish themselves in civilian life.

The bill would provide a greater and more realistic readjustment pay program for these officers and improve the personnel practices in the services. Additionally, by providing an equitable amount, based upon the formula recommended by the Cordiner Committee and the University of Michigan for the older officers who may be released today, it would encourage the young officers to volunteer for extended service.

In addition to the aspects of incentive, and a simple program of readjustment pay, we would like to emphasize briefly two considerations which moved the House to make the changes it made in the Defense Department proposal. First, it is recognized that the reservist's status differs from that of the Regular; and second, that there is a need to improve personnel practices with regard to the Reserves.

Much has been made of the effort to achieve equity between Reserves and Regulars.

In the situation this bill is designed to meet, under our system there cannot be true equality, nor is it intended. The Regular officer has "tenure"; the Reserve officer does not. In an expansion of the military services such as we are experiencing today, the new personnel must be drawn from the Reserves. In a contraction of the Armed Forces—a reduction in force—the reservist is the one who is released. The reservist must face the fact that his duty is temporary, that he does not have tenure, and that as a "career reservist," he is employed where employment is hazardous and uncertain. This has made r.i.f. an ugly and a fearsome word. It should not be, and it need not be.

This measure was drawn initially as an "anti-r.i.f." bill. We know that we cannot guarantee against r.i.f.'s, which will force out a number of career reservists. We do believe this bill will end the military practice of releasing without cause a Reserve officer when he is almost within sight of retirement—in many cases only a few days short of assured retirement. This measure will do much to discourage this practice.

We suggest one simple change in the House bill, to eliminate the recoupment requirement for readjustment pay which is proposed for only one particular category of officers.

We consider it inconsistent and unrealistic to provide a lump sum to an officer as a financial cushion for readjustment, either to civilian life or to enlisted life, and then require him to give it all back. In many ways, the shock of the adjustment to enlisted status is the greater. In our armed services are many Reserve officers who are called up to fill officer ranks in times of expansion, and in times of contraction are persuaded, or allowed, to remain in the service as noncommissioned officers. These officers are important to our national security. We need to provide an incentive for their continued service. To offer them readjustment pay and then to require them to pay it back, in full, including the deductions already made for income tax purposes, is too brutal a proposal to have anything but a deterrent effect on their continuing in their important dual-status roles.

We are confident that this change would be acceptable to the House.

Mr. Chairman, as you and the other members of this committee know, there has in the past been a great deal of misinformation, indecision, and superficial personnel philosophy advanced in connection with the long consideration of this matter. However, we believe that this bill, with the one simple but important amendment, now strikes directly at the problem and provides a long-sought solution. Its enactment not only will provide a great boost to the morale of the entire officer corps of the active duty forces today, but for obvious reasons it also should greatly advance improvement of personnel practices in the military services.

May I express on behalf of the Reserve officers, who comprise some 60 percent of the active officer corps, a deep and abiding gratitude for the time you and this committee have given to this subject. Thank you for permitting us to touch briefly upon the principal aspects of a most complex and important issue.

Chairman RUSSELL. Thank you, Colonel.

Colonel CARLTON. Might I just comment on one little thing about it.

This wouldn't cost a great deal of money, if better and improved personnel policies were followed. We have checked with the people in the Pentagon in the last few days to find out how much of a r.i.f. may be in prospect for this year, and we have been told that very few officers will be r.i.f.'d. And if you don't r.i.f. any officers, it doesn't cost any money.

Chairman RUSSELL. It seems to me it would be unlikely that there would be any officers released now that we are adding to the Armed Forces.

The committee will go into executive session.

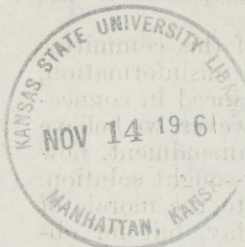
(Whereupon, at 1:25 p.m., the committee went into executive session.)

(Subsequently, in executive session, the committee voted to report H.R. 8773 with an amendment, as covered by S. Rept. 1096.)



It is considered that this change would be acceptable to the House.

Mr. Bennett, as you will find in the other members of the staff, has in the past been a great deal of assistance in the revision and expansion of the program. It is hoped that you will find him a great help in the future. His assignment and the nature of the work he is doing is being discussed with the Director and will be discussed with you in the near future. It is also hoped that you will find him a great help in the future.



Major progress on behalf of the House officers who comprise some 600 members of the staff is being made. It is hoped that you will find this progress very satisfactory. The principal reason for this progress is the fact that the principal officers of a most complete and important nature are being assigned to the staff.

Colonel (Ret.) (Staff) is now assigned to the staff.

The Secretary and a great deal of staff is being assigned to the staff. It is hoped that you will find this progress very satisfactory. The principal reason for this progress is the fact that the principal officers of a most complete and important nature are being assigned to the staff.

It seems to me it would be desirable that there be a great deal of staff assigned to the staff.

The committee will be assigned to the staff.

Subsequently, in executive session, the committee voted to report

H.R. 2775 with an amendment as covered by S. Res. 100A.



11-10-61