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

FIRST SESSION
ON
H.R. 6396 and H.R. 6411

BILLS TO PERMIT CERTAIN GOVERNMENT EMPLOYEES
TO ELECT TO RECEIVE COMPENSATION IN ACCORDANCE
WITH SECTION 401 OF THE FEDERAL EMPLOYEES PAY
ACT OF 1945 IN LIEU OF CERTAIN COMPENSATION AT A
SAVED RATE, AND FOR OTHER PURPOSES

JULY 29, 1963

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



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SUBCOMMITTEE APPOINTED TO CONSIDER H.R. 6396

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AUTHORIZING PREMIUM PAY IN LIEU OF PAY AT SAVED RATES IN CERTAIN CASES

MONDAY, JULY 29, 1963

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

The subcommittee met, pursuant to notice, at 10 a.m., in room 215, Cannon House Office Building, Hon. Albert W. Watson (subcommittee chairman) presiding.

Mr. WATSON. The subcommittee will come to order.

This subcommittee was appointed to consider identical bills, H.R. 6396 introduced by Mr. Edwards, and H.R. 6411 introduced by Mr. Corbett, which would permit certain Government employees to elect to receive compensation in accordance with section 401 of the Federal Employees Pay Act of 1945 in lieu of certain compensation at a saved rate, and for other purposes.

The subcommittee members are Mr. Nix, Mr. Roybal, Mr. Broyhill, Mr. Abele, and I was designated chairman.

This legislation is identical to H.R. 8565 of the 87th Congress which was unanimously reported from our committee on September 12, 1961, and which passed the House on the Consent Calendar on September 18, 1961, but which was not considered in the Senate.

H.R. 6396 and H.R. 6411 were introduced at the result of an official request of the Department of Defense because of a decision of the Comptroller General. It is designed to correct inequities arising from Public Law 763, 83d Congress, which established an annual premium rate of pay for firefighters employed by the Federal Government in lieu of their old aggregate rate, but which saved the aggregate rate to them if it was higher.

The legislation authorizes voluntary elections by firefighters and certain other Government employees to convert from the aggregate rate to the premium rate of pay, regardless of which is higher, and it sanctions those elections heretofore made but which have been objected to by the Comptroller General.

I should like at this point in the record to place a copy of H.R. 6396 along with the official request for its enactment submitted to the Congress by the Department of the Navy.

(H.R. 6396 and the communication from the Department of the Navy referred to follow:)

[H.R. 6396, 88th Cong., 1st sess.]

A BILL To permit certain Government employees to elect to receive compensation in accordance with section 401 of the Federal Employees Pay Act of 1945 in lieu of certain compensation at a saved rate, 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 208 of the Federal Employees Pay Act Amendments of 1954 (title II of the Act of September 1, 1954; 68 Stat. 1111; Public Law 763, Eighty-third Congress) is amended by adding at the end thereof the following new subsection:

"(c) (1) Each employee who—

"(A) is on the rolls on the date of enactment of this subsection.

"(B) is within any class of employees described in subparagraph (1) or subparagraph (2) of section 401 of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 926); and

"(C) is receiving aggregate compensation at a saved rate by reason of subsection (b) of this section, may elect, in his discretion, by written request to the appropriate authority concerned, to receive basic compensation for his position in accordance with law and premium compensation under such subparagraph (1) or such subparagraph (2), as applicable, in lieu of aggregate compensation at a saved rate by reason of subsection (b) of this section.

"(2) All such elections made by employees prior to the date of enactment of this subsection, and payments of compensation pursuant to such elections, which would have been authorized under paragraph (1) of this subsection if such paragraph had been in effect at the times when such elections and payments were made are hereby authorized and validated to the same extent as if such paragraph had been in effect at such times."

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., May 7, 1963.

Hon. JOHN W. McCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

MY DEAR MR. SPEAKER: There is enclosed a draft of proposed legislation to authorize the voluntary election by employees of annual premium compensation instead of the saved-pay rate.

This proposal is a part of the Department of Defense legislative program for the 88th Congress. It was originated to conform with the decision of the Comptroller General of the United States (B-138310) dated September 28, 1959. The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that it be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to authorize the voluntary election by those firefighters who are now being paid at the saved-pay rate specified by section 208(b) of Public Law 763 of the 83d Congress to convert to the annual premium rate of pay. It would give legal authority for changes which have been already made from the saved rate of pay to the annual premium rate by voluntary election of employees, and would provide authority for such conversions in the future.

Section 208(a) of Public Law 763, 83d Congress, authorized premium compensation for employees who are regularly required to remain within the confines of their stations during longer than ordinary periods of duty. As to the Navy, implementing regulations resulted in the payment of a 20 percent premium for most firefighters. Such compensation is in lieu of overtime, night, and holiday pay, and any other premium compensation previously authorized. Prior

to the enactment of this law, firefighters had been receiving overtime, night differential, and holiday premium pay which provided an average premium rate of approximately 31 percent. This higher pay rate was "saved" by section 208(b) of Public Law 763 which provided that:

"Nothing contained in this section shall be construed to decrease the existing aggregate rate of compensation of any present employee, but when the position of such employee becomes vacant any subsequent appointee shall receive premium compensation provided for such position in accordance with this section."

The Federal Employees Salary Increase Acts of 1955, 1958, and 1960 increased the saved-pay rate by amounts equal to the amounts of increase in the maximum longevity rates. The Federal Salary Reform Act of 1962 again increased the saved-pay rate by an amount equal to the amount of increase in the maximum rate of the grade. These statutes provided that such saved rate would continue until the employee either leaves the job or becomes entitled to receive aggregate compensation at a higher rate under section 208(a) of the act.

In Comptroller General decision B-121783 of November 29, 1954 (unpublished), it was held that, while periodic step increases may not operate to increase the saved rate of compensation, such step increases should be processed. Consequently, firefighters have two rates of basic compensation: one is the basic rate in effect on November 6, 1954, called the frozen base rate; the other is the basic rate of the employee's current grade and step within the grade, called the current base rate. Deductions for retirement, insurance, and other benefits are based on the current base and not on the frozen base rate.

As a result of periodic step increases, the amount deducted from the employee's pay for these purposes tends to increase with a consequent decrease in the actual "take-home" pay of the saved-pay firefighter. The use of leave, with the consequent reduction in overtime work and loss of holiday premium pay for scheduled holidays on which no work is performed, tends to further reduce the take-home pay of the saved-pay firefighter. Thus the annual pay of a saved-pay firefighter used in conversion to the annual premium rate of pay is at most a fictitious figure. Rarely does the actual take-home pay of the employee equal this amount. It tends to keep some firefighters on the saved-pay rate when it would be to their advantage to elect conversion to the annual premium rate.

Because of this condition the Department of the Navy provided by regulations that a firefighter being paid at the saved rate as provided in section 208(b) could voluntarily request in writing to be paid at the annual premium rate under section 208(a). The regulation reads as follows:

"The saving clause will cease to apply upon an earlier request of the firefighter for change to the annual premium rate, regardless of the apparent difference between the saved rate and the annual premium rate. The firefighter's request must be voluntary and in writing and should indicate understanding that the change is permanent as well as understanding of what his pay at the annual premium rate will be."

The above regulation seemed proper in light of the apparent purpose of section 208(b) to protect the employee only so long as he remained in the position and his pay was greater than that which he would receive under section 208(a).

In a decision of the Comptroller General (B-138310 of September 28, 1959) it was held that a firefighter having the benefits of the saved-pay provision of section 208(b) could not elect to convert to the annual premium rate of pay if his existing aggregate rate of compensation saved under section 208(b) was more than the annual premium rate, even though his actual take-home pay under the saved-pay formula was less than that under the annual premium rate.

In this decision the Comptroller General advised that he would not, at that time, question elections made theretofore by firefighters under the Navy's regulations, provided that no future elections were permitted and provided further that action was taken by the Department of the Navy to request the Congress to amend section 208(b) to authorize an election by employees if such election is administratively deemed appropriate.

If the Navy should be required to recompute, and make adjustments in, the pay of all firefighters who voluntarily elected to be paid at the annual premium rate rather than at the saved-pay rate, it would not only be a task of considerable magnitude, but it would also seriously affect the morale of those employees to whom overpayments or underpayments were made.

As indicated by the Comptroller General, the apparent purpose of Public Law 763 was to convert all firefighter employees to the annual premium rate at the earliest possible time without reducing their pay. It may take another 5 years for the Navy to accomplish this under existing conditions. Enactment of the proposed legislation would hasten the conversion. Those firefighters on saved pay would benefit by being given authority to elect the premium rate if they so desire, and the administrative burden of the Navy would be eased. Although the discussion above has been in terms of the Department of the Navy, it applies generally to the Department of Defense.

COST AND BUDGET DATA

The cost, or savings, which would be attributable to the proposal is not known. No increased costs have been included in any estimate for appropriations. Since the Navy authorized such conversion from January 31, 1958, until October 29, 1959, it does not appear that this proposal would present a budgetary problem to this Department. The best information available at this time indicates that the military departments have approximately 11,400 firefighters on the rolls, of whom about 400 are being paid at saved-pay rates.

Sincerely yours,

PAUL B. FAY, Jr.

Mr. WATSON. Our first witness this morning is Mr. Lloyd W. Grable, Assistant Head, Employment Regulations Branch, Employment Division, Office of Industrial Relations, Department of the Navy.

Mr. Grable, we will be glad to hear from you.

STATEMENT OF LLOYD W. GRABLE, OFFICE OF INDUSTRIAL RELATIONS, DEPARTMENT OF THE NAVY

Mr. GRABLE. I am Lloyd W. Grable of the Office of Industrial Relations, Department of the Navy. I have been designated to represent the Department of Defense at today's hearing on H.R. 6396. The Department appreciates the opportunity to present its views on this bill.

The purpose of the bill is to amend section 208(b) of Public Law 763, 83d Congress, to authorize firefighters now being paid at the existing aggregate rate of compensation, hereafter referred to as the "saved rate" of pay, to convert to the annual premium rate of pay upon their voluntary election.

Section 208(a) of Public Law 763 provides that the head of any department with the approval of the Civil Service Commission may compensate an employee who is required to remain at his duty station longer than ordinary periods of time, a substantial part of which consists of standby time rather than the performance of actual work, on an annual premium basis. This "annual premium rate" may not exceed 25 percent of the basic rate of compensation and is in lieu of any other premium compensation provided by the act such as overtime, night differential, and holiday premium pay.

As the overtime, holiday, and nightwork pay of some employees exceeded the 25-percent premium pay provided by section 208(a), section 208(b) of the act was enacted to save for these employees the existing aggregate rate of compensation they were receiving at the time. Section 208(b) provided that they receive this "saved rate" so long as they occupy the positions or until the annual premium rate of pay, through within grade increases, exceeds their saved rate of compensation.

The saved rate has been defined as consisting of the basic, overtime, night differential, and holiday premium pay an employee received on November 6, 1954, plus increases granted by the Federal Employees Salary Acts of 1955, 1958, and 1960 and the Federal Salary Reform Act of 1962.

In applying the saved-pay provisions to actual cases, it was observed that the saved rate operated to the disadvantage of some employees, particularly in those cases where the difference between the saved rate and the annual premium rate is less than \$100 a year. The actual take-home pay under the saved-pay formula in many instances is below the annual premium rate for these reasons:

(1) When a periodic step or other pay increase is processed, the increased cost of the retirement deductions, and, where appropriate, insurance deductions, is taken from the saved pay, with the result that the employee receives a small reduction in take-home pay. (Retirement and insurance benefits are based on the current base rate of the grade, and retirement and insurance deductions are made from the saved rate.)

(2) Overtime, night shift differential, and holiday premium pay are paid on the basis of the salary in effect on November 6, 1954.

(3) The saved rate is subject to reduction by periods of annual and sick leave and subject to adjustment based upon holidays actually worked. For example, if the firefighter works less than 16 hours overtime or less than 48 hours nightwork in a pay period, his actual pay is less than that provided by the saved-pay-rate formula. If the employee fails to work on a holiday, he receives straight-time pay for that day and not holiday premium pay.

In January 1958, the Department of the Navy by regulation provided that a firefighter would be permitted to change from the saved rate of compensation under section 208(b) to the annual premium rate under section 208(a) upon his voluntary request in writing. It was considered that the purpose of section 208(b) was to protect the firefighter or to save to him compensation under the section only so long as it was to his advantage. Therefore, this regulation was considered within the spirit and intent of the law. In Comptroller General decision B-138310 of September 28, 1959, however, it was held that a firefighter being paid under section 208(b) could not elect to convert to the annual premium rate of compensation under section 208(a) if his saved rate of compensation under section 208(b) was more than his annual premium rate. Upon receipt of this decision, the Navy stopped all voluntary conversions of firefighters from the saved rate to the annual premium rate.

In the decision, the Comptroller General advised that he would not, at that time, question elections for conversion to the annual premium rate under the regulations of the Navy provided that no future elections were permitted and provided further that action was taken by the Department of the Navy to request the Congress to amend section 208(b) to authorize an election by employees if such election is administratively deemed appropriate.

This would involve two classes of firefighters, one, those who made the election, and therefore this would properly certify that that election was correct; and, second, those firefighters still under the saved-rate system, it would allow them to make the election.

Mr. WATSON. In that connection, how many have not made the election from the saved rate to the premium rate?

Mr. GRABLE. We have no accurate estimate of those who have not made the election. Our estimate is that at the most there are 400 on saved pay, but we have no accurate record at this time.

Mr. WATSON. Thank you.

Mr. GRABLE. The Department of the Navy strongly supports H.R. 6396 in order to give legal authority for the conversions already made as a result of the elections of employees between January 1958 and October 1959. Adjustments in pay of the firefighters affected would present a difficult administrative problem. While section 208(b) of Public Law 763 was intended to protect those firefighters who were receiving a higher rate of pay on November 6, 1954, than they would receive under the annual premium rate, in some cases, as explained above, the effect of the law has been the opposite.

Accordingly, it is requested that H.R. 6396 receive favorable consideration.

(The following was submitted for the record:)

Example of the computation of "saved pay" for conversion purposes

GS-4, step 6, \$3,575 on Nov 6, 1954:

1. "Frozen" base pay-----	\$3, 575. 00
2. 48 hours night differential per pay period times 26 pays-----	214. 76
3. 16 hours overtime per pay period times 26 pays-----	848. 64
4. Holiday premium pay, 6 holidays-----	82. 56
5. Pay increase, act of 1955-----	285. 00
6. Pay increase, act of 1958-----	430. 00
7. Pay increase, act of 1960-----	375. 00
8. Pay increase, act of 1962-----	385. 00

Total annual saved pay under formulas----- 6, 195. 96

Assumed that above employee advanced to GS-4, first longevity step in 1960. He would be in the equivalent step (8) in 1962.

"Current" base pay-----	\$5, 090
20 percent annual premium pay (established by CSC)-----	1, 018

Total annual premium pay----- 6, 108

Since \$6,195.96 is more than \$6,108, the employee will be continued on the saved rate of pay.

Mr. WATSON. Thank you very much, Mr. Grable.

I notice in the last hearing back in 1961 that Mr. Neal Ellis, who was legal counsel to the Chief of Industrial Relations of the Department of the Navy, testified in behalf of this bill at that time.

Mr. GRABLE. Yes, sir.

Mr. WATSON. And in response to a question from one of the committee members as to the anticipated cost of this bill to the Government, he said he was not in a position to accurately forecast that. Are you in a better position now to give us an idea as to the cost of this particular measure?

Mr. GRABLE. I am in no better position than Mr. Ellis was to estimate the cost of this bill. From observation of the problem for a long time it would appear the cost would be quite negligible. As a matter of fact, if not enacted, there will be a cost to the Government to calculate for the 20-month period during which the firefighters were allowed to elect this change. It would depend on what

hours of work those firefighters had worked during that time, but which would be very difficult to determine.

Mr. WATSON. I notice the Department of the Navy is officially representing the Department of Defense in this matter.

Mr. GRABLE. Yes.

Mr. WATSON. Am I correct that the other branches of the service are in the same position as the Navy as to putting into effect all of these changes or conversions of which the Comptroller General has questioned the legality or propriety?

Mr. GRABLE. No; since the other two services did not provide the voluntary election on the part of firefighters as did the Department of the Navy. They do have some firefighters on saved pay that would benefit from the election provision, but they did not provide this elective system in keeping with what was felt was the spirit and intent of the law at that time by the Navy.

Mr. WATSON. As I understand this legislation and your statement, it is purely to correct an inequity that exists today?

Mr. GRABLE. Yes.

Mr. WATSON. And to bring it in line with the obvious legislative intent that the salary of these personnel should not be reduced as a result of the 1954 act?

Mr. GRABLE. That is definitely our purpose and the purpose of the legislation.

Mr. ROYBAL. Mr. Chairman.

Mr. WATSON. Mr. Roybal.

Mr. ROYBAL. Is it possible to determine how many employees are involved in this legislation, first, how many firefighters there are; and second, approximately how many would take advantage of this law if it were passed?

Mr. GRABLE. We would have to make a survey of all firefighters in the Department of Defense to make that determination. It could be made through a survey, which would be a costly item, but it could be determined.

Mr. ROYBAL. You mean you could not determine easily how many firefighters there are in the Department of Defense?

Mr. GRABLE. We could determine the number of firefighters; yes. In fact, I have the number in the Department of the Navy itself.

Mr. ROYBAL. They would all be affected by this legislation?

Mr. GRABLE. No. Only a small proportion of our total number of firefighters would be affected, those who elected during a period of about 20 months to go from the saved rate to the premium rate, and that was not a large proportion of our firefighter population. They would be affected because that election would be legalized. The second group that would be affected are the number still on the saved rate who could now make the election. As to the total population of firefighters, I would estimate somewhere around 10 percent of the total would be affected by this legislation.

Mr. ROYBAL. It would be difficult, then, to determine what the actual cost would be?

Mr. GRABLE. Yes, sir; it would be difficult to determine.

Mr. WATSON. In reference to the cost, may we try to ascertain it to this extent: Has the Navy, or to your knowledge any other department of the Department of Defense, asked for any increase in appropriations as a result of this particular legislation?

Mr. GRABLE. To my knowledge they have not, sir.

Mr. WATSON. In other words, if there should be any increased cost then it would be absorbed within the present budgets they have?

Mr. GRABLE. As far as I know it would be; yes, sir.

Mr. WATSON. So that the record may be complete, will you give us a concrete example of the differential as to firefighter A under the premium rate and firefighter B under the saved rate as to the comparison of salary?

Mr. GRABLE. I shall be very happy to provide such example.
(The following was submitted for the record:)

I. GS-4 firefighter A:

"Existing aggregate rate" based on step 5 in 1954, annual	\$6, 113. 00
Current "base rate" for purposes of retirement, insurance, etc., step 8	5, 090. 00
Annual premium rate for step 8 (20 percent for all regular night, overtime, and holiday work)	6, 018. 00
Pay per pay period can vary between:	
Works 48 hours night, 16 hours overtime, and 8 hours holiday	247. 12
and	
No night, overtime, or holiday work	192. 82

II. GS-4 firefighter B:

In step 8, annual premium rate	6, 108. 00
Biweekly pay	235. 20
Same pay each pay period while on regular duty tour or in a paid leave status.	

III. GS-4 firefighter A (effect of within-grade increase):

In 1956 step increase processed from step 6 to step 7:	
Existing aggregate rate	4, 923. 00
Annual premium step 6	4, 608. 00
Annual premium step 7	4, 720. 00
Therefore, remained on "saved pay"; however, retirement deduction—	
Before step increase was	249. 60
After step increase was	255. 13

Although firefighter worked same hours in pay period after step increase as before, his take-home pay would be less.

IV. GS-4 firefighter A (conversion to annual premium rate):

Existing aggregate rate (old step 5) before Jan. 1, 1964	6, 113. 00
Pay increase Jan. 1, 1964	105. 00
New "saved rate"	6, 218. 00
Annual premium rate (current step 8) before Jan. 1, 1964	6, 108. 00
Annual premium rate (step 8) after January 1964	6, 234. 00

Therefore, firefighter A would convert to annual premium rate system and would no longer be on a "saved rate."

Mr. WATSON. I notice under title IV of this act you have subsection (1) under section 401 which sets up a 25-percent limit on the premium compensation to be paid, presumably to firefighters, and then subsection (2) provides a premium compensation limit of 15 percent.

Mr. GRABLE. Yes, sir.

Mr. WATSON. Explain to me, since I was not here during the time of the passage of that, to what particular categories do those refer.

Mr. GRABLE. Generally speaking, the 25-percent category applies to those personnel such as firefighters who have regularly scheduled tours of duty which represent more than the normal duty time of a Government employee, such as standing by in the firehouse. So

particularly section (1) of the legislation applies to those personnel which are on extended tours which involve large amounts of standby time.

Section (2) of the legislation applies to the employees who have irregular or unscheduled periods of time which occur on the job with certainty but without certainty as to when the time will be. Particularly these involve investigative agents who recognize they have to stay on the scene and investigate a crime of some sort or shadow someone and they have to stay on the job days and weeks at a time without knowing in advance when that time will be. There is a general knowledge he will have to stay overtime a certain length of time, but his tour of duty is dependent on the people he is watching. The second part covers those personnel where the administrative authorities in advance have no knowledge of how long the employees will be engaged in overtime, but they know they will be engaged in it. In section (1) there is a fairly firm idea how long they will be on duty, 24 hours on and 24 hours off and so forth, and section (1) takes care of those.

Mr. WATSON. You are primarily interested in those who will be affected by subsection (1)?

Mr. GRABLE. Solely; yes.

Mr. WATSON. Solely. Could you give us an estimate of how many employees of other categories might seek similar assistance under this bill under subsection (2)?

Mr. GRABLE. I cannot believe that there would be any other group similarly affected as was this particular group and therefore would request legislation, particularly because the need for the legislation arises through the Department of the Navy's interpretation of the law and the regulation that we issued that initiated this election that has been questioned by the Comptroller General. The purpose is to rectify or clarify that election and, from my point of view, clarify the intent of the law; namely, that it was intended that the firefighter receive the most compensation appropriate either under the saved-pay or premium-pay system.

Mr. WATSON. I think it might be appropriate at this time that we read into the record subsection (b) of title IV of the Federal Employees' Pay Act of 1954, which reads:

"Nothing contained in this section shall be construed to decrease the existing aggregate rate of compensation of any present employee, but when the position of such employee becomes vacant any subsequent appointee shall receive premium compensation provided for such position in accordance with this section.

So under the terms and provisions of this bill we have under consideration now it would only affect those that were in the employment of the Federal Government as of the time of the 1954 act?

Mr. GRABLE. Actually, the legislation we now have before us will apply to the employees on the rolls on the date of enactment of this subsection.

Mr. WATSON. Of this subsection?

Mr. GRABLE. Right; yes, sir.

Mr. WATSON. May I ask another question here? Perhaps the examples you will supply for the record as to the comparison of salary and take-home pay under the premium rate and under the

saved rate of pay will answer this question, but it is interesting to note in the record of the last hearings held on this in 1961 that the statement was made:

A firefighter on saved pay never sees his "in grade" pay increases. He just receives a notice from the personnel office that he was credited with such an increase, but his pay check instead of increasing, decreases because larger amounts are deducted for retirement and insurance.

Do you mean to tell me the in-grade increases are only sufficient or hardly sufficient to cover the increased cost of retirement and increased taxes and insurance? Is that correct?

Mr. GRABLE. It is true he does not receive any additional money; in fact, he receives less because of the increased deductions that take place.

When a within-grade increase occurs for a firefighter under this system, a calculation is made as to what would be his rate of pay under the premium system versus what is his current saved rate. The calculation of his premium rate is based on this new within-grade increase he receives. However, frequently this calculation is still less than his saved rate. Therefore, since the law requires that we preserve his saved rate, that is why he does not receive any additional money. He retains the saved rate but the deductions for retirement and insurance are based on a new, higher step, and therefore the deductions are larger.

Another point about the saved rate is that no firefighter actually receives the saved rate as an amount of money. It is a calculation which is used to compare with the premium rate to determine when he should go off the saved rate and on to the premium-rate system. The calculation, however, is based on an average number of hours worked by firefighters in 1954, including the number of overtime, night, and holiday hours. Any individual firefighter, during a pay period, may, because of leave, not work overtime or not work at night or not work on holidays. In any case that this occurs, he does not receive, of course, the premium pay for those particular provisions, and therefore the pay check of a firefighter under the saved-pay system varies from pay period to pay period, whereas a firefighter under the premium-pay system has the same check every 2 weeks so long as he does not work outside his 72-hour tour.

Mr. WATSON. I do not want to monopolize the questioning, but, of course, the increase in in-grade pay and such as that would have a salutary effect on his ultimate retirement?

Mr. GRABLE. Yes.

Mr. WATSON. So there could be a slight cost in this legislation insofar as retirement?

Mr. GRABLE. This legislation has no effect on retirement.

Mr. WATSON. Do you anticipate, as a result of this bill, should it be passed and implemented by the Department of Defense, that there will be any subsequent request of these particular employees in this category to change over to another system? In other words, when they make the election, will it be final?

Mr. GRABLE. Yes. In fact, the elections made under the regulations were final.

Mr. WATSON. Since the Comptroller General's letter of September 1959, these employees who elected prior to that time have continued under their election?

Mr. GRABLE. That is right. There has been no changeback. They are paid under the premium rate system as are all new firefighters and all firefighters who, through the operation of the law, come to the point where the premium rate exceeds the aggregate rate.

Mr. WATSON. And, as I understand, the premium compensation was within the 25-percent limitation of section (1) ?

Mr. GRABLE. Yes. In fact, it is 20 percent, sir.

Mr. WATSON. Twenty percent ?

Mr. GRABLE. Yes.

Mr. WATSON. So there is no question, under the provisions of this bill, they still would be subject to the limitations of the subsection ?

Mr. GRABLE. Yes, sir.

Mr. WATSON. Any other questions ?

Mr. ROYBAL. No.

Mr. WATSON. Thank you, Mr. Grable.

The next witness is Mr. Albert Raeder, assistant to the research directors of the International Association of Firefighters.

Mr. Raeder, we will be delighted to hear from you at this time.

STATEMENT OF ALBERT RAEDER, ASSISTANT TO THE RESEARCH DIRECTOR, INTERNATIONAL ASSOCIATION OF FIREFIGHTERS

Mr. RAEDER. My name is Albert Raeder. I am assistant to the research director of the International Association of Firefighters.

On behalf of that organization and its members that are Federal firefighters, we desire to offer a statement in support of H.R. 6396 and H.R. 6411.

These bills would allow those firefighters who have been on a saved-pay basis since 1954 to elect the changeover to the premium-pay rates presently covering the majority of firefighters.

Originally, the saved rate was a means to protect these men in the changeover from the old CPC system—that is, crafts, protective, custodial—to the Classification Act. In its intention the saved rate was desirable, but in practice it has resulted in a net loss for some employees. In order to make the conversion to the Classification Act the Defense Department has established a formula for determining the saved rate that makes no deduction for either night differential, overtime, or holiday premium pay during leave periods. This formula is a theoretical one; it provides not what the firefighter may actually receive during a year but what he could receive. The present system may actually penalize and discriminate against the long-service employee. Two firefighters performing the same tasks may be paid different amounts, because the theoretical saved pay is higher than the premium pay although the take-home pay may be less.

Firefighters under the saved-pay plan are also denied other benefits to which they have been entitled since 1954; such examples are pay for callback overtime and the callin pay on holidays.

Then, too, a firefighter on saved pay never realizes tangibly his "in-grade" pay increases. He receives a notice from the personnel office that such an increase has been credited to him, but his pay check

actually decreases because of larger deductions for retirement and insurance.

This bill would allow employees to elect a change from the saved rate to the premium rate. Furthermore, this bill is necessary to protect those firefighters who voluntarily converted to the premium pay but regarding whom the Comptroller General said could not make such a voluntary conversion. This bill would safeguard their prior choice.

We urge, we implore, that you give this legislation your prompt and favorable attention in order that not the form, but the substance of the saved-pay protection may be provided.

Mr. WATSON. Thank you very much, Mr. Raeder.

I might ask you, so that this committee might expedite this particular measure rather than awaiting the information from Mr. Grable on the comparisons between the firefighter under the saved rate and the one under the premium rate, since you are heading up the Association of Firefighters, could you possibly explain that to us now, so that we might act expediently?

Mr. RAEDER. You mean at this moment?

Mr. WATSON. Yes. Could you give us an example?

Mr. RAEDER. No; I could not.

Basically I think the crux of the matter is the saved-pay rate is a theoretical figure. It presupposes that a man will work to the maximum all the nightwork, all the overtime, and all the holidays. If this were true the saved rate would be higher than the premium-pay rate, otherwise there would be no quarrel because the minute your premium-pay rate exceeds the saved rate you go in the premium classification. Therefore, there is no quarrel unless the saved rate apparently exceeds your premium rate. But, the point is although this may appear to be so, on a computation made of a potential worker, assuming a man works all the nighttime, all the overtime, and all the holidays, on that basis his saved rate is higher than his premium pay and he would not be allowed to change over. But in practice there are occasions when he does not work nighttime and does not work overtime, such as during periods of leave, and gets only straight pay on holidays, and here we find his actual pay is less than what his premium rate would be. Thus on the surface his saved pay is in excess of his premium pay, but in actuality it might be less. This is the crux of the matter.

Mr. ROYBAL. Can you give us an example of two firefighters, A and B, each working 72 hours, one on one rate of pay and the other on premium pay. Can you give us the difference between the take-home pay of each one?

Mr. RAEDER. Well, I can only give you a hypothetical example of a man drawing \$6,000 on a premium-pay basis. This is an actual sum based on his yearly sum plus 20 percent of that salary which lumps together all the nightwork and overtime he works. We are talking about \$6,000.

His companion, working on a saved-rate basis, theoretically draws, we will say, \$6,050, and therefore he cannot elect to convert to premium pay because his saved pay is in excess of the premium pay. But this is merely a theoretical figure. It presupposes all these conditions taking place. If he did not and his actual take-home pay was \$5,950—

and that would be at least \$100 less than his potential—he would actually be drawing less though on the surface he is drawing \$50 more.

Mr. ROYBAL. It is difficult for me to understand the procedure. Perhaps the best thing is for you to put it in writing.

Mr. RAEDER. Perhaps.

There is one thing, in response to a question you asked, in testimony given 2 years ago Mr. Conley submitted information to the speaker which said:

The best information available at this time indicates that the military departments (he was speaking for all of them) have approximately 11,400 firefighters on the roll, of whom about 400 are being paid at saved-pay rates.

If this figure was true 2 years ago, I am confident, due to attrition and retirements and there has been at least one pay raise since then, which would push them up, the 400 figure would be considerably reduced assuming these figures are correct.

Mr. WATSON. In any election by a firefighter to be paid under the premium rate, that salary would be in lieu of overtime and holiday pay and so forth?

Mr. RAEDER. Yes. There used to be various formulas, double time for holidays, night differentials, and so on, and all of this was scrapped and put in this.

Mr. WATSON. The passage of this bill would have no effect on the hours of overtime the firefighters would work?

Mr. RAEDER. No, sir.

Mr. WATSON. And so far as the firefighters of your association are concerned, they are unanimously in support of this legislation?

Mr. RAEDER. Yes, sir.

Mr. WATSON. Any further questions?

Mr. ROYBAL. No further questions.

Mr. RAEDER. We appreciate being permitted to testify and thank Mr. Edwards and Mr. Corbett for introducing this legislation.

Mr. WATSON. The next witness is Mr. John McCart, operations director of the Government Employees' Council.

Mr. McCart, we will be happy to hear from you at this time.

STATEMENT OF JOHN A. McCART, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES' COUNCIL

Mr. McCart. Mr. Chairman, I would like to have the statement which we have presented to the committee earlier included as a part of the record and, if I may, I would like to proceed with a few extemporaneous comments.

Mr. WATSON. Fine. Without objection, your prepared statement will be made a part of the record at this point.

(The statement follows:)

PREPARED STATEMENT OF THE GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. Chairman and members of the subcommittee, the Government Employees' Council, representing 25 unions in the classified, postal, and wage board activities in the Federal service, desires to express its endorsement of H.R. 6396.

The basic purpose of the measure is to correct an inequity which it was impossible to foresee when the 83d Congress enacted Public Law 763—the Fringe Benefits Act—in 1954.

Prior to that time, pay of Federal firefighters was computed under the two-thirds rule. This administrative regulation was approved by the Comptroller General as a means of compensating these employees for abnormal periods of active and standby duty inherent in their occupations. Under the Comptroller's decision agencies were permitted to consider two-thirds of all the hours spent at their stations in computing their biweekly pay. In addition, they were paid for holiday and night work.

The 1954 law changed this method of fixing the firefighters' pay to a formula of regular annual base pay for the appropriate grade under the Classification Act plus a differential not to exceed 25 percent. This differential was in lieu of pay for all premium work, such as holiday, night, and overtime duty. The precise percentage is determined by Civil Service Commission regulations based upon the number of hours of active duty the employee spends at his station during a particular period.

Recognizing that some of those affected would suffer a financial loss as a result of the new formula, Congress inserted a "saving" clause in the statute designed to protect the "aggregate" or total pay of individuals in service at the time the 1954 law was enacted. While the intent was to safeguard employees from pay losses, the "aggregate" served also as a "ceiling." For practical purposes a firefighter's aggregate pay includes his annual base pay plus the additional compensation he received prior to 1954 for night, overtime, and holiday work under the two-thirds rule plus general pay adjustments approved by Congress for all classified workers.

Under the classified salary system, employees receive step increases within their grades upon completion of certain periods of satisfactory service.

Because of the ceiling on his total pay, provided by the 1954 statute the individual may very well receive on paper the step increase to which he is entitled, without realizing any increase in his actual take-home pay. In some cases, employees have experienced slight losses in take-home salary because of the increased retirement and life insurance deductions made from his higher salary of record, while his actual pay remains the aggregate rate noted in the 1954 law.

The Department of the Navy attempted to rectify this inequity administratively by allowing employees to request transfer from the saved aggregate rate to the percentage differential formula where such action would prevent a loss in pay. However, the Comptroller General has ruled that this election is not available under the law where the aggregate rate is more than the individual's annual base salary and his percentage differential.

H.R. 6396 is intended to overcome this obstacle by allowing employees to choose the percentage differential method of payment for premium work where it will prevent a loss of pay. Our council believes that Congress in its desire to protect the earnings of employees under the 1954 law did not intend that the opposite result would occur and that they would fail to receive the benefit of step increases or suffer an actual loss.

Since similar legislation was approved by the Committee on Post Office and Civil Service and passed by the House unanimously in the 86th Congress, we are confident the subcommittee will extend sympathetic consideration to H.R. 6396. For these reasons we urge early, favorable action on the bill under consideration.

We desire to express our appreciation to you and your colleagues for arranging this hearing and to Representative Don Edwards for his introduction of H.R. 6396.

Mr. McCART. At the outset, let me express my thanks to counsel and the members of the subcommittee and to Congressman Edwards and Congressman Corbett for the sponsorship of this desirable legislation.

I might add that our council is comprised of 25 AFL-CIO unions, representing a large segment of postal, classified, and wage board employees of the Federal Government.

Mr. Chairman, I have a rather personal interest in this legislation because I am aware of its origin. I can recall the situation in 1954 which led to the enactment of the 1954 act originally, and I can recall the apprehension of the firefighters at that time about the substitution of the percentage formula for the two-thirds rule previously

in effect, and I can recall the repeated steps taken by some of the representatives of our firefighters to acquaint Members of Congress with the problem.

I think the nub of it is, as was expressed by Mr. Roybal, the difficulty of understanding this very difficult method of computing pay. I think this is the nub of the problem and the reason remedial legislation has not been enacted before.

Mr. WATSON. If I might interrupt, would the passage of this bill eliminate a lot of administrative work on the part of the various military departments?

Mr. McCART. In my opinion it would, because it is necessary periodically for the payroll officers of the installations to review the pay records of each of these individuals and to make this continuous comparison as between the aggregate saved rate of pay and the differential to determine whether the employee is eligible to move over into the differential system. I think from that standpoint it would be helpful so far as administration is concerned.

Mr. WATSON. Actually, now they have three bases, do they not? The saved rate, the current saved rate, and the premium rate with retirement benefits, and so on, computed on the basis of the current saved rate, as opposed to the frozen saved rate of 1954?

Mr. McCART. That is my understanding.

You have alluded to the previous action of this committee and of the House in approving this legislation unanimously, and I think that might be of help to the subcommittee in taking action on the current legislation.

Simply stated, I think what we have here is that the Congress in 1954, in its justified zeal to protect the equities of the people involved, certainly did not expect that the opposite would occur and that instead of the firefighters' pay being protected they would lose money, even though a small sum.

This condition has existed since 1954, when the 1954 law became effective.

As I understand it, the real fundamental problem here is that the language of the law referring to the saving of the employee's aggregate pay also serves as a ceiling for individuals so that when the time comes for this firefighter to be eligible for within-grade increases, his ceiling remains constant and within that ceiling he is given the other step increases to which he is entitled by law. And so, as a result, while he does not receive any additional take-home pay, on paper his total pay has been increased, and since that is available for deductions for insurance and retirement, consequently he suffers a small loss in pay.

Mr. ROYBAL. Does that mean the individual will have a larger pension?

Mr. McCART. Mr. Roybal, I think that theoretically we could say this man would be eligible for a larger pension, but it would be in terms of pennies because you have to take his 5 highest years of salary and when you take an annual \$150 step increase and take 6½ percent retirement from that, you can see the amount of money that would result so far as his annuity is concerned would be very, very small in terms of his total service and the method of computation.

And so, in summary, the council urges the committee to take early favorable action on this legislation.

We have felt all along that the people involved are very favorably inclined, but it is a matter of being able to grasp the complexities of the problem, and I hope with the explanation given to you, you will see your way clear to make a favorable report to the full committee at an early date.

Mr. WATSON. I might put in the record at this point that Congress in 1954 specifically stated that they did not want to decrease the existing aggregate rate of compensation of any employee, and that this committee, in 1961, and the House, implemented their intentions of 1954 and I am sure will do what might be necessary to clear up this inequitable situation.

Mr. McCART. Thank you, Mr. Chairman.

Mr. WATSON. The next witness is Mr. George Meagher, director of legislation of the American Federation of Government Employees.

**STATEMENT OF GEORGE MEAGHER, DIRECTOR OF LEGISLATION,
THE AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES;
ACCOMPANIED BY W. J. VOSS, RESEARCH DIRECTOR, AMERICAN
FEDERATION OF GOVERNMENT EMPLOYEES**

Mr. MEAGHER. Mr. Chairman, I am accompanied by Mr. W. J. Voss, the research director of the American Federation of Government Employees.

Mr. MEAGHER. The American Federation of Government Employees approves H.R. 6396, introduced by Representative Edwards, as a bill which would correct an inequity which has for some years existed for a deserving group of Federal employees. This group consists of civilian firefighters employed by the Government to protect millions of dollars of Federal property and who, therefore, are performing a valuable service.

Enactment of this bill has been long overdue. In fact it has been acutely needed for several years as this group of firefighters became more and more adversely affected. The need grew out of the Fringe Benefits Act of 1954, but it was not apparent at first. As time passed the pay differential widened between two methods of computing compensation which the agencies employing firefighters were required to use.

Rates of pay for Federal firefighters prior to 1954 were provided in the crafts, protective, and custodial schedule of the Classification Act, Public Law 763, 83d Congress, approved September 1, 1954, commonly known as the Fringe Benefits Act, abolished the CPC schedule. Firefighters then were transferred to the general schedule of the Classification Act. The law had another and an increasingly complex effect in that it changed the method of computing pay for these employees.

The situation which developed as a result of the application of the Fringe Benefits Act involves the Departments of the Army, Navy, and Air Force. Navy has more employees affected since it operates on a 72-hour basis. Navy employs 4,000 firefighters and at least 400 are affected by this bill.

The earlier practice was to compensate all employees on standby duty, such as firefighters, according to a two-thirds rule. In the case of a 72-hour workweek, as in Navy, the first 60 hours on duty, less one-third, or 20 hours allowed for sleeping and eating, constitutes the basic workweek. This practice was changed by the Fringe Benefits Act to compensate the employees for all hours at premium pay by a percentage differential. This differential in Navy is 20 percent.

Since it was recognized that if the change were made immediately effective it would cause loss of pay for some employees, Congress specifically provided that the law should not "be construed to decrease the existing aggregate rate of compensation of any present employee." Although this provision was patently intended to ease the impact of the change, it became the basis for the later inequity and the complexity of computation which developed.

The original intent evidently was to place all such employees on a percentage premium-pay basis. But it became apparent that loss might result and so it was necessary to invoke the saved-rate of pay computation so that no employee would lose money. There then developed a hypothetical rate of pay for a firefighter known as an existing aggregate rate, as mentioned in the Fringe Benefits Act amendment to the Federal Employees Pay Act of 1945. This in practice is a saved rate which exists only for purposes of periodic comparison with the premium rate.

Whenever the annual premium rate exceeds the existing aggregate rate, or saved rate, the employee's compensation may then be shifted to the annual premium method of payment.

In practice the effort to prevent loss of pay and the institution of the existing aggregate rate concept has produced an extremely involved method of pay computation which is not only confusing but in fact produces an amount of take-home pay which is inequitable.

The existing aggregate (save rate) consists of the basic rate of salary which the employee was receiving November 6, 1954, when the provision of the Fringe Benefit Act became applicable. To this is added payment for overtime, night differential, and holiday work. This amount is further increased by the increases of the basic rate provided in the Federal Employee Salary Acts of 1955, 1958, 1960, and 1962. The amounts by which these successive basic rates are increased are in each instance equal to the increase granted in each salary act to the maximum rate of the classification grade level involved.

However, the existing aggregate rate for comparison purposes to determine if the amount warrants a change to the premium rate is computed on an annual basis which assumes, for example, that the employee works all legal holidays. In practice, he is not paid this aggregate rate. The rate he is paid varies from one pay period to another, for he is actually paid for actual overtime, night differential, or for working five or seven holidays, as the case may be.

In effect, the aggregate rate is a ceiling on pay as well as a saved rate. He otherwise would earn pay step increases but may not actually be paid them. The step increases must, however, be processed as they are earned, although the Comptroller General has ruled that they may not serve to increase an employ's aggregate rate.

An example, may illustrate the complexity and the inequity of the existing aggregate concept. Assume that the employee is at step 4

of GS-4 on November 6, 1954. His basic rate is that of step 4 and for purposes of computing the aggregate he remains at step 4. Meanwhile, he is actually advanced to step 9 in the same grade. The rate he will receive will be computed on the basis of step 4 as the basic rate to which are added various premium payments. However, step 9 enters into the computation but with the effect of reducing take-home pay.

Step 9 (or rate 9 as it is now known) is used to compute the deductions, such as retirement, which are made from the employee's pay. The retirement deduction is $6\frac{1}{2}$ percent of rate 9, and not of rate 4 at which rate he is actually paid. The result is that, because of this use of the higher rate of the grade, the employee's take-home pay is reduced, despite the fact that his basic rate is increased by the amounts of increase of rate 10 since 1954. The reason is, of course, that his basic rate on which each salary increase is computed is that of rate 4 and not of a higher rate in the grade.

The Navy Department attempted to solve the problem several years ago by permitting employees to make an election and transfer from the saved "existing aggregate rate" to the percentage differential for premium work where it would eliminate this loss in take-home pay. However, the Comptroller General in an unpublished opinion (B-138310, September 28, 1959) held that an employee could not make such a choice if his aggregate rate exceeded his annual basic salary plus the percentage differential. In other words, the change had to wait for the point at which the annual premium (percentage differential) rate exceeded the existing aggregate rate. This would occur in computing periodically the saved rate which is never paid but which must be compared with the premium rate to determine if the change in pay method could be made.

Enactment of H.R. 6396, Mr. Chairman, is acutely needed. It will eliminate confusion and some loss of pay in certain instances which we believe certainly was not the intent of Congress. It is also needed to protect some employees who were allowed to make an election in 1959 and who were not required to make a settlement if the situation was rectified by legislation. Thank you, Mr. Chairman, for receiving this comment.

Mr. WATSON. You stated:

The step increases must, however, be processed as they are earned, although the Comptroller General has ruled that they may not serve to increase an employee's existing aggregate rate.

I am aware of the fact that we cannot look into the mind of the Comptroller General and see what motivated him in making this ruling, but obviously he gave a reason for his decision. I cannot understand in my own mind how he could determine that step increases which are normally given to all employees are not applicable so far as they apply to the firefighters.

Mr. MEAGHER. I believe they are inequitable as they relate to figuring the aggregate rate.

Mr. WATSON. I thought you said in paragraph No. 2 that the aggregate rate consisted of the basic rate, the basic rate the employee was receiving in November 1954; to this is added payment for overtime, night differential, and holiday work, and this amount is further increased by the increases of the basic rate provided for in the Federal Employees' Salary Acts of 1955, 1958, 1960, and 1962.

Mr. MEAGHER. Yes, sir.

Mr. WATSON. From that you say that these increases in salary, step increases, are included in the aggregate, as I understand it. Which is true? Are they, or are they not? Are they included for purposes of computing retirement, and so forth, but not included as far as take-home pay?

Mr. MEAGHER. They are included in figuring the aggregate rate. I am going to get some assistance from our learned doctor.

Mr. WATSON. If the doctor could help us, fine.

Mr. VOSS. As I understand this computation, there are three different rates which must be computed by the payroll office each pay period. The first is the existing aggregate rate, which is based on the basic rate of the particular step in the grade in which the individual was in November—November 6, 1954.

To that basic rate is added an increase provided in the successive salary acts, but each increase is equal to the amount of increase of the top step of the grade or which would be rate No. 10 now or the third longevity step prior to the Salary Act of 1962.

That rate is calculated for comparison purposes, but the actual rate which the employee receives is based on the basic rate of the step in which he is serving at present. As we indicated in the statement, assuming he is now in step 9 instead of step 4, as he was in 1954, he would have his rate then computed on the basis of rate 9. For that purpose the increase would be the actual increase that was provided in the various salary acts. Because the basic rate is that of step 9 and not of a lower step in the grade, the basic rate would naturally be higher. His retirement deduction is $6\frac{1}{2}$ percent of rate 9 and not of rate 4 or step 4 of the grade.

The inequity comes into the picture because of the fact that this $6\frac{1}{2}$ percent of the step 9 rate is then deducted for actual pay purposes from the lower existing aggregate rate, which starts out in the computation as being based on the actual rate for step 4.

In other words, you have a retirement deduction, which is just one of the deductions that would be made. But that retirement deduction is computed on the basis of a higher step rate. But then for actual pay purposes it must be deducted from the existing aggregate rate, or not the existing aggregate rate, but a third rate which is similar to that, which the man is actually paid if he has not gone to the premium rate.

Mr. ROYBAL. Mr. Chairman.

Mr. WATSON. Mr. Roybal.

Mr. ROYBAL. Does this mean that at every pay period it is necessary for the paymaster, whoever it happens to be, to compute the amount of time worked and the pay coming to the individual?

Mr. VOSS. As I understand it, those three rates have to be computed each pay period; first, for comparison purposes; second, to determine what the man actually will be paid if he has not arrived at the point where he may be shifted over to the premium rate.

Mr. ROYBAL. Then it is possible for that one man to receive different take-home pay every month?

Mr. VOSS. As I understand it, he is very likely to receive a different take-home pay. The one advantage of the change that the bill would provide, shifting over to the annual premium-rate system, would be

that he would know every pay period exactly how much he was going to receive. It would be the same rate every one of the 26 pay periods.

Let us say there is \$282. He would know for the next 26 pay periods that he would receive \$282. Now it might be \$5 more, it might be \$2 less. It would vary almost every pay period or at least it could.

Mr. ROYAL. Thank you.

Mr. WATSON. If my distinguished colleague will yield, one of the reasons it varies monthly is because they are paid on the basis of actual overtime worked?

Mr. VOSS. Yes.

Mr. WATSON. It is not uncommon that a person would receive a different salary monthly when the number of hours he actually works overtime, holidays, and so forth, varies. It is not unusual.

Mr. VOSS. No, sir.

Mr. WATSON. Under the terms of this provision, rather than in lieu of these premium pays for overtime, nighttime, and holidays, he chooses now, or the purpose is that he shall choose just the 20-percent premium pay, and then there will be no overtime or holiday pay; is that correct?

Mr. VOSS. Yes, sir. As I understand the premium-pay system, it would have the effect of averaging the actual conditions throughout the year. The variations in practice probably would not be very great. Relatively speaking, he would work about the same number of overtime hours. The holidays he worked would not vary, perhaps, more than one or at the most two throughout the year. The same with night differential.

Under the 20-percent annual premium pay system that would all be taken into account, and the amount he would receive would, in effect, be an average amount that would not be far from the computation of what he actually would receive if the amount changed each pay period.

Mr. WATSON. Of course, in the event this bill passes, you, in representing these people, are going to defend the committee in the event that later on the overtime and holiday time should reach such proportions that then they would like to revert back to the saved rate. You, of course, will protect this committee and say you made your election and, as a consequence "we are going to stick with it." Do we have that assurance?

Mr. MEAGHER. We certainly believe this is a better system.

Mr. WATSON. I am convinced that it is a better system. I would only venture the comment that I am glad somebody else is figuring it out, and I hope you will not call on this committee to implement this legislation by trying to figure out how to compute this system. Any further questions?

Mr. ROYBAL. No, sir.

Mr. WATSON. Thank you very much, gentlemen.

Our next witness is Mr. Vaux Owen, president of the National Federation of Federal Employees. We are delighted to have you with us again, Mr. Owen.

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

Mr. OWEN. Thank you, Mr. Chairman. I have only a very short statement that I should like to read, if I may.

Mr. Chairman and members of the subcommittee, my name is Vaux Owen. I am president of the National Federation of Federal Employees. Our headquarters office is located at 1737 H Street N.W., Washington, D.C.

The purpose of H.R. 6396 is to give a small group of Federal employees, mostly firefighters, a right to elect to receive basic compensation plus the premium compensation provided under section 208(a) of Public Law 83-763 in lieu of the aggregate compensation provided in subsection (b) of section 208.

Since a very small number of Federal employees would be affected by this legislation the cost would be negligible. It is an equitable proposal calculated to improve the morale of the limited number of employees involved because it will provide an opportunity for such employees to elect to receive small increases in pay due to pay increase acts which otherwise have not benefited them.

The National Federation of Federal Employees supports this proposed legislation and urges a favorable report by this subcommittee.

I thank the chairman and members of this subcommittee for the opportunity to present the views of the National Federation of Federal Employees and also express the appreciation of our organization to the chairman of the House Post Office and Civil Service Committee for scheduling hearings on the bill and to Hon. Don Edwards for introducing H.R. 6396.

I also want to thank Mr. Corbett for introducing the companion measure. Thank you very much for this opportunity.

Mr. WATSON. Thank you, Mr. Owen. We might state for the record now that our distinguished colleague from California, Mr. Edwards, introduced this legislation, but he subsequently has been transferred to another committee, the Judiciary Committee. He has left the passage of this to his distinguished colleague, Mr. Roybal, and other members of the committee. I am sure his transfer to another committee will not lessen his interest in seeing the passage of this bill.

I asked earlier the question of the gentleman representing the Navy Department as to whether he anticipated any other employees other than firefighters who would be involved under this legislation. Since you represent a large segment of the Federal employees, do you know of any other employees who might be involved?

Mr. OWEN. I know of no other group who might be involved except possibly the very, very small group that he alluded to in his testimony; that is, those who might be investigating these people or who might have to conform their hours to theirs. But that would be a very insignificant number and would not amount to anything.

Mr. WATSON. You and your association have had no other inquiries or requests for this legislation from any other category of Federal employees?

Mr. OWEN. No, sir. Our inquiries have come from firefighters.

Mr. WATSON. Do you anticipate as a result of the passage of this legislation that it will provoke additional requests or inquiries for similar relief?

Mr. OWEN. No; I do not anticipate that we will have any similar requests from other groups. I do not think we would.

Mr. WATSON. Mr. Roybal.

Mr. ROYBAL. One of the things I would like to know is if an employee who elected to go to the premium-pay rate can later elect to come back to the other rate.

Mr. OWEN. I would be unable to answer that. My impression would be, from having head the law, that if he made the election, then he would have to stick with that election. But I do not know how the law would be interpreted if it should be enacted. I think generally it would be to his advantage to stick by his election. There would be very little chance that he would want to withdraw his election.

Mr. WATSON. If you will yield, I believe in response to a similar question Mr. Grable said the election would be permanent, that there would not be permission granted to subsequently choose a different system of computation.

Are there any other questions?

Mr. ROYBAL. No.

Mr. WATSON. Thank you very much, Mr. Owen. We appreciate your testimony. It will be helpful in consideration of this bill.

Are there any other witnesses in behalf of these particular measures? If not, we should like to thank all of you for your appearance and your testimony. It has been helpful to the committee. We will take all your testimony under advisement in trying to arrive at the proper decision.

Mr. ROYBAL. I want to say you gentlemen have done a wonderful job with a most difficult proposition.

Mr. WATSON. The subcommittee is adjourned.

(Whereupon, at 11:15 a.m., the subcommittee adjourned.)





