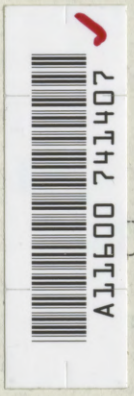
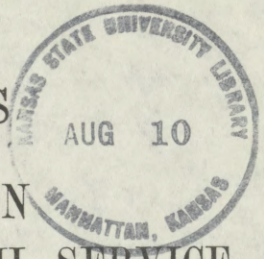
RETIREMENT CREDIT AND FRINGE BENEFITS FOR FEDERAL-STATE SERVICE





HEARINGS

BEFORE THE

COMMITTEE ON OFFICE AND CIVIL SERVICE USE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

ON

H.R. 8544

A BILL TO EXTEND THE BENEFITS OF THE ANNUAL AND SICK LEAVE ACT OF 1951, THE VETERANS' PREFERENCE ACT OF 1944, AND THE CLASSIFICATION ACT OF 1949 WITH RESPECT TO EMPLOYEES OF COUNTY COMMITTEES ESTABLISHED PURSUANT TO SECTION 8(b) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AND FOR OTHER PURPOSES

H.R. 5376

A BILL TO AMEND THE CIVIL SERVICE RETIREMENT ACT TO PROVIDE FOR THE INCLUSION IN THE COMPUTATION OF ACCREDITED SERVICE OF CERTAIN PERIODS OF SERVICE RENDERED STATES OR INSTRUMENTALITIES OF STATES, AND FOR OTHER PURPOSES

JUNE 26 AND 29, 1964

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

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1964

35-325

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

TOM MURRAY, Tennessee, *Chairman*

JAMES H. MORRISON, Louisiana
THADDEUS J. DULSKI, New York
DAVID N. HENDERSON, North Carolina
ARNOLD OLSEN, Montana
MORRIS K. UDALL, Arizona
DOMINICK V. DANIELS, New Jersey
LINDLEY BECKWORTH, Texas
HARLEY O. STAGGERS, West Virginia
ROBERT N. C. NIX, Pennsylvania
JOE R. POOL, Texas
EDWARD R. ROYBAL, California
CHARLES H. WILSON, California
ROBERT J. CORBETT, Pennsylvania
H. R. GROSS, Iowa
AUGUST E. JOHANSEN, Michigan
GLENN CUNNINGHAM, Nebraska
GEORGE M. WALLHAUSER, New Jersey
ROBERT R. BARRY, New York
KATHARINE ST. GEORGE, New York
EDWARD J. DERWINSKI, Illinois
ROBERT F. ELLSWORTH, Kansas
HOMER E. ABELE, Ohio
ALBERT W. JOHNSON, Pennsylvania

SUBCOMMITTEE APPOINTED TO CONSIDER H.R. 8544 AND H.R. 5376

JAMES H. MORRISON, Louisiana, *Chairman*

LINDLEY BECKWORTH, Texas
DOMINICK V. DANIELS, New Jersey
HARLEY O. STAGGERS, West Virginia
ROBERT N. C. NIX, Pennsylvania
ROBERT R. BARRY, New York
GEORGE M. WALLHAUSER, New Jersey
EDWARD J. DERWINSKI, Illinois
ALBERT W. JOHNSON, Pennsylvania

CONTENTS

CONTENTS

RETIREMENT CREDIT AND FRINGE BENEFITS FOR FEDERAL-STATE SERVICE

FRIDAY, JUNE 26, 1964

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

The committee met at 10 a.m., in room 215, Cannon House Office Building, Hon. James H. Morrison (chairman of the subcommittee) presiding.

Mr. MORRISON. The meeting will come to order.

Before we take up the bill, the Chair would like to recognize Mr. Wallhauser.

Mr. WALLHAUSER. I would like to have the privilege, if I may, of introducing Mr. Louis Paul, a teacher at Livingston High School in my district, who lives in Montclair, N.J., and who was sent here by the Eagleton Institute of Rutgers University as part of an educational program. He has been in my office for several weeks in cooperation with the New Jersey State Society. Rutgers University feels that it would be of assistance in the educational process to have our secondary schoolteachers gain firsthand experience in Government. I would like to introduce Mr. Paul.

Mr. MORRISON. Thank you, Mr. Wallhauser. We are happy to have the distinguished gentleman from your district. You praised him very justifiably. At the same time, I would like to add, while you feel fortunate in having him as your constituent, he should feel fortunate in having a dedicated and hard-working Congressman like yourself.

The Subcommittee on Civil Service is meeting this morning to receive testimony on two separate legislative proposals that are designed to improve the ability of the Federal Government to recruit highly capable and experienced personnel.

(H.R. 8544 and H.R. 5376 follow:)

[H.R. 8544, 88th Cong., 1st sess.]

A BILL To extend the benefits of the Annual and Sick Leave Act of 1951, the Veterans' Preference Act of 1944, and the Classification Act of 1949 with respect to employees of county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, 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 802 of the Classification Act of 1949, as amended (5 U.S.C. 1132), is amended by adding at the end thereof the following new subsection:

"(e) An employee of a county committee established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may upon appointment to a position subject to this Act have his initial rate of com-

pensation fixed at the minimum rate of the appropriate grade, or at any step of such grade that does not exceed the highest previous rate of compensation received by him during service with such county committee."

SEC. 2. The Annual and Sick Leave Act of 1951 (65 Stat. 679–683), as amended (5 U.S.C. 2061 and following), is amended by adding at the end thereof the following new section:

"SEC. 210. Service rendered as an employee of a county committee established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), or of a committee or an association of producers described in section 10(b) of the Agricultural Adjustment Act of May 12, 1933 (48 Stat. 37), shall be included in determining years of service for the purpose of section 203 (a) of this Act. The provisions of section 205(e) of this Act for transfer of annual and sick leave between leave systems shall apply to the leave system established for such employees."

SEC. 3. Section 12 of the Veterans' Preference Act of 1944 (5 U.S.C. 861) is amended by inserting before the period at the end thereof the following: ": *And provided further*, That in computing length of total service, credit shall be given for service rendered as an employee of a county committee established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), or of a committee or an association of producers described in section 10(b) of the Agricultural Adjustment Act of May 12, 1933 (48 Stat. 37)".

[H.R. 5376, 88th Cong., 1st sess.]

A BILL To amend the Civil Service Retirement Act to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, 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 3 of the Civil Service Retirement Act is amended by adding at the end thereof the following new subsection:

"(k) Subject to the conditions contained in this paragraph, any employee or Member who is serving in a position within the purview of this Act at the time of his retirement or death shall be allowed credit for all periods of service (including, but not limited to, service performed under cooperative arrangements with Federal contribution in the form of licensing services or supervision) performed by him (except for those periods in which the record shows he was certified as being eligible for relief) in the employ of a State, or a political subdivision thereof or of any instrumentality of either, in the carrying out of—

"(1) the program of a State rural rehabilitation corporation created for the purpose of handling rural relief the funds for which were made available by the Federal Emergency Relief Act of 1933 (48 Stat. 55), the Act of February 15, 1934 (48 Stat. 351), and the Emergency Appropriation Act, fiscal year 1935 (48 Stat. 1055), and any laws or parts of law amendatory of, or supplementary to, such Acts;

"(2) the Federal-State cooperative program of agricultural experiment stations research and investigation authorized by the Act of March 2, 1887, as amended and supplemented (7 U.S.C., ch. 14);

"(3) the Federal-State cooperative program of vocational education authorized by the Act of February 23, 1917, as amended and supplemented (20 U.S.C., ch. 2);

"(4) the Federal-State cooperative program of agricultural extension work authorized by the Act of May 8, 1914, as amended and supplemented (7 U.S.C., secs. 341–348);

"(5) the Federal-State cooperative program of forest and watershed protection authorized by section 2 of the Act of March 1, 1911 (16 U.S.C., sec. 563), and by the Act of June 7, 1924, as amended and supplemented (16 U.S.C., secs. 564–568b);

"(6) the Federal-State cooperative program for the control of plant pests and animal diseases authorized by the provisions of law set forth in chapters 7 and 8 of title 7 and in section 114a of title 21 of the United States Code;

"(7) the Federal-State cooperative program of the public employment service authorized under the Deficiency Appropriation Act of October 6,

1917, and as amended (29 U.S.C. 49); and annual appropriation Acts of the United States Department of Labor in subsequent years; the Wagner-Peyser Act of June 6, 1933 (U.S. Stat. 113), as amended (29 U.S.C. 49); and the provisions for employment service and unemployment insurance under title III of the Social Security Act of August 14, 1935, as amended (42 U.S.C. 501 et seq.);

"(8) the Federal-State cooperative program of highway construction authorized by the Federal-Aid Road Act approved July 11, 1916, as amended and supplemented (23 U.S.C.);

"(9) the Federal-State cooperative assistance programs approved under title I, IV, V, X, and XIV of the Social Security Act of August 14, 1935, as amended and supplemented (42 U.S.C., ch. 7, subchs. 1, 4, 5, 10, and 14), and under agreements entered into under section 221 of the Social Security Act of August 14, 1935, as amended and supplemented (42 U.S.C., ch. 7, sec. 421);

"(10) the Federal-State cooperative program of vocational rehabilitation authorized by the Vocational Rehabilitation Act of August 3, 1954, as amended and supplemented (29 U.S.C., ch. 4, secs. 31–42);

"(11) the cooperative program in Fish Restoration and Management authorized by the Fish Restoration and Management Act of August 9, 1950, as amended and supplemented (16 U.S.C. 777A–K);

"(12) the cooperative program in Wildlife Restoration authorized by the Wildlife Restoration Act of September 2, 1937, as amended and supplemented (16 U.S.C. 669–669j);

"(13) the Federal-State cooperative program in marketing and investigation research authorized by the Research Marketing Act of 1946, as amended (7 U.S.C. 1623);

"(14) the public health programs authorized by sections 309, 314, and 316 of the Public Health Service Act (Public Law 410) of July 1, 1944, as amended and supplemented (42 U.S.C. 242g, 246, 247a);

"(15) the program of aid to certain public schools for the education of Indian children authorized by the Johnson-O'Malley Act of April 16, 1934, as amended by the Act of June 4, 1936, as amended and supplemented (48 Stat. 596)."

"The period of any service specified in this subsection shall be included in computing length of service for the purposes of this Act of any officer or employee only upon compliance with the following conditions:

"(A) the employee or Member shall have to his credit a total period of not less than five years of allowable service under this Act, exclusive of service allowed by this subsection;

"(B) the performance of such service is certified, in a form prescribed by the Civil Service Commission, by the head, or by a person designated by the head, of the department, agency, or independent establishment in the executive branch of the Government of the United States which administers the provisions of law authorizing the performance of such service, or is otherwise established to the satisfaction of the Commission;

"(C) the employees or Member shall have deposited with interest at 4 per centum per annum to December 31, 1947, and 3 per centum per annum thereafter, compounded on December 31 of each year, to the credit of the civil service retirement and disability fund a sum equal to the aggregate of the amounts that would have been deducted from his basic salary, pay, or compensation during the period of service credited under this subsection if during such period he had been subject to this Act, except that this paragraph shall not apply to services covered in paragraph (D) below;

"(D) the annuity computed under this subsection is reduced by the amount of any State annuity (including social security benefits) which an employee is receiving, or may receive, toward which the employee contributed during such State service and to which he is entitled by reason of such State service. As used in this subsection, the term 'State' includes the Commonwealth of Puerto Rico, and any political subdivision thereof, or of any instrumentality of either."

SEC. 2. The annuity of any person who shall have performed service described in subsection (k) of section 3 of the Civil Service Retirement Act, as amended, and who on or after June 30, 1942, and before the date of enactment of this Act shall have been retired on annuity then or now payable from the Civil Service Retirement and Disability Fund, shall, upon application filed by such person

within one year after the date of enactment of this Act and upon compliance with the conditions prescribed by such subsection (k) be adjusted, effective as of the first day of the month immediately following the date of enactment of this Act, so that the amount of such annuity will be the same as if such subsection (k) had been in effect at the time of such person's retirement.

SEC. 3. Notwithstanding any other provision of laws, benefits under the Civil Service Retirement Act resulting from the operation of this Act shall be paid from the Civil Service Retirement and Disability Fund.

Mr. MORRISON. The first measure is H.R. 5476, introduced by our esteemed colleague from North Carolina, the Honorable David W. Henderson. This bill will give Federal employees credit, for civil service retirement purposes, for service performed by them as employees of a State or a State municipality in carrying out certain programs under cooperative arrangements and financed in whole or in part with Federal funds, provided they have a total of 5 years of creditable Federal service under the Retirement Act exclusive of the service credited under the bill.

H.R. 5376 would place several of our agencies and departments, particularly the Department of Agriculture, in much better positions in the highly competitive business of recruiting experienced personnel. State employees now engaged in these federally sponsored programs would be more encouraged to move into Federal status if they were permitted, after establishing eligibility under the Federal retirement program, to credit the similar service they have performed at the State level.

The other measure under consideration this morning is H.R. 8544, which I have introduced and which is designed to enable the Department of Agriculture to recruit more easily into the Federal service the experienced and highly qualified personnel who are now serving as employees of agricultural stabilization and conservation county committees. In brief, the bill would extend to these employees certain benefits that are now provided to other employees of the Federal Government. It would grant salary, leave, and retention credit in Federal employment for their service performed as employees of the agricultural stabilization and conservation county committees. It would also permit them to transfer unused annual and sick leave earned in county committee employment to their accounts when and if they enter the Federal service.

The first witness scheduled this morning is the Honorable David N. Henderson, author of H.R. 5376.

STATEMENT OF HON. DAVID HENDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. HENDERSON. I want you and the members of the subcommittee to know that I appreciate your giving me the chance to testify today on H.R. 5376.

In view of the colloquy that went on earlier, I might add while we are fortunate in having the distinguished gentleman, our colleague, Mr. Wallhauser, with us this morning and his constituent, we all regret he is not going to be with us in the coming sessions because of his choice to retire from Congress. Our full committee is going to miss the distingiushed service he has given.

Mr. MORRISON. It will certainly be a great loss to the committee.

Mr. HENDERSON. As you know, I was the ranking majority member of the subcommittee which considered and reported H.R. 3258 in the 87th Congress, which was similar in many respects to the bill now under consideration. The earlier bill was favorably reported by the full committee on August 29, 1962, but due to lateness in the session the other body did not have time to act on it. I gave the earlier bill my fullest support, and I intend to support H.R. 5376 to the best of my ability.

This legislation will amend the Civil Service Retirement Act so as to enable present Federal employees, as well as persons who have retired as Federal employees during the last 22 years, and who have earned 5 or more years of Federal service retirement credit, to supplement their retirement credit periods with periods of service performed (except for periods in which an employee is shown to be eligible for relief) in the employment of a State or instrumentality thereof engaged primarily in the carrying out of programs authorized by act of Congress and financed in whole or in part by Federal funds.

One important advantage which would inure to the Government through enactment of this legislation will be the facilitation of recruitment to important Federal posts which require previous experience in Federal-State programs. The manning of such posts by individuals having this experience is essential to the most effective administration of the programs.

Agencies such as the Agricultural Research Service, the Agricultural Marketing Service, the Economic Research Service, the Vocational Education Division of the Office of Education, and other department agencies have no other source from which to recruit people with such needed experience. The best qualified persons generally cannot now afford to transfer from State to Federal employment where they have to sacrifice credit in State retirement systems with no possibility of qualifying for Federal retirement for similar previous service in a State. This is a problem of recruiting a small number of top men with special qualifications, rather than a large number of employees. It would not increase the total number of civil service employees. Such jobs must be filled even though the best qualified personnel from Federal-State programs cannot be recruited.

The bill also would correct certain inequitable and discriminatory conditions which now exist, to the detriment of the Federal employees affected as compared to other groups who have received credit for State service under separate legislation. Some employees of the U.S. Department of Agriculture—as well as many persons employed under the jurisdiction of States but who are not technically Federal employees—now enjoy retirement credit for periods of service in Federal-State programs, while others do not. These others would be brought up to parity under this bill.

According to expert testimony presented at public hearings before the subcommittee on the previous bill, H.R. 3258, a survey several years ago disclosed that some 5,000 employees in the Department of Agriculture had periods of service in one or more Federal-State cooperative programs, financed in whole or in part by Federal funds, which are not yet creditable for civil service retirement purposes even though these employees were full-fledged Federal employees and have 5 or more

35-325 -64——2

years of creditable Federal service under the Retirement Act. Distribution of those employees was as follows:

Soil Conservation Service	1,400
Farmers Home Administration	600
Agricultural Research Service	450
State Extension Service	2,400
Other USDA agencies	150
Total	5,000

It was further estimated at that time that not more than 1,000 employees of other Federal departments and agencies would be eligible for the service credit to be provided by H.R. 5376.

In consideration of an estimate by a representative of the Civil Service Commission that in 1955 approximately 42,000 people were then employed in Federal-State programs, and that probably only a minority of that number became regular Federal employees having 5 years of creditable retirement service, the estimate of 6,000 persons who will qualify for Federal-State service credit under H.R. 5376 is deemed entirely reasonable. Thus the cost of this measure will be moderate and fully justified in view of the strong equities in favor of this small group of Federal employees and retirees.

Administration opposition to the prior bill was based solely on the premise that the service to be credited was not, under a strict construction of the statutes, Federal service and that the individuals were not Federal employees during Federal-State service and, therefore, could not receive credit for it.

This issue was resolved and set aside as a matter of congressional policy and principle with the enactment of Public Law 86–568, which extended civil service retirement coverage to Agricultural Stabilization and Conservation (ASC) county committee employees, along with the related health and insurance benefits, even though they admittedly are not Federal employees. Nor was there any requirement, in connection with such extension of Federal retirement benefits, that the ASC employees ever be or became Federal employees, either during working days or upon retirement.

This is in sharp contrast with the situation that obtains with respect to the employees covered by H.R. 5376. This bill provides for retirement service credit only for persons who qualify for civil service retirement benefits under the existing Civil Service Retirement Act—including a requirement for 5 years of creditable Federal service apart and aside from any service which will be additionally credited upon enacement of the bill.

In my judgment, the equities and the practical considerations in favor of extending Federal-State service credit to the true Federal employees and retirees covered by H.R. 5376 are far superior to any that have existed or which exist now with respect to the ASC employees, who already have been granted Federal retirement credit for their Federal-State service.

The number of people involved under the provisions of this bill is relatively small but it will make it less difficult to recruit for a few important positions in the Federal service where experience in Federal-State programs is essential to the most effective administration of the program.

Mr. Chairman, H.R. 5376 is a bill that is urgently needed, and I strongly urge its adoption.

Mr. Chairman, I would like to recognize some constituents I have here this morning. Mr. Bryan Maynard, a county commissioner of Sampson County, accompanied by Mr. Marion Butler, one of the employees affected by this legislation. Mr. Butler was a vocational education agriculture teacher for 14 years in Sampson County. He is now the ASCS county manager in that county, and his case demonstrates the equity of this bill. He has been manager in that office for about 8 years. He had 14 years under the Federal-State program. This bill would permit him, because of his 8 years of actual Federal service, to count the 14 years that he put in under the Federal-State cooperative program.

Mr. Butler was faced some years ago with the decision of whether to stay with the Federal service as an ASC manager, or go back to the teaching profession in order to take benefit of the State retirement. He made the choice to stay with the Federal program, therefore, he has had to give up his State retirement and now, because of the inequities we have demonstrated this morning, he is not able to take advantage of the civil service retirement. I think it is very typical of the situation of the inequity that I hope will be corrected by this bill.

Thank you very much for this opportunity.

Mr. BECKWORTH. I want to commend my colleague for a very thorough statement. I feel that this legislation is long overdue. Certainly, I will do all I can to help get it through the subcommittee, the full committee, and the Congress.

Mr. HENDERSON. Mr. Chairman, the distinguished gentleman from Texas is an able member, not only of the full committee, but the Manpower Utilization Subcommittee, which I have the privilege to serve as chairman, and the gentleman has long been recognized by all of us as interested in the total good of the Federal employees, and I am delighted to have his expression regarding this legislation.

Mr. WALLHAUSER. I am very happy to hear from our very able and distinguished colleague, Mr. Henderson. I must admit frankly I start without any knowledge about the subject. I hope to learn more about it from the witnesses.

Your presentation is a very able one and very persuasive. I will do everything I can to make myself more knowledgeable on this subject so I can at least render in my own judgment the proper decision.

Thank you very much for your help.

Mr. HENDERSON. I appreciate your comments. In all fairness, I think we can anticipate the greatest hurdle we have to overcome with this legislation will be the fiscal condition we all know our civil service retirement fund is in. However, as I point out in my statement, we are not talking about a great cost here. We will have to put this on the basis of equity as we see it for these employees.

The responsibility of our own committee and Congress to solve the condition of our retirement fund is something I consider to be separate and apart, and certainly, if we agree there is an inequity for these employees, they should not be excluded from the retirement system just because Congress, or the executive department, has permitted the retirement fund to get in the fiscal condition it is now.

Mr. WALLHAUSER. There are two questions I might ask if you will be kind enough to respond.

Mr. HENDERSON. I will do my best.

Mr. WALLHAUSER. The first question is, How many other employees in similar programs might be entitled to this same treatment in future years? Do we have any such estimate on that?

Mr. HENDERSON. There are only estimates, and I think the estimate of the 6,000 is a fairly accurate one. The number will be so small we do not feel we can even estimate what the future would be. We think the advantages in getting the experience of those few numbers of people would offset the very minor cost for the future operation.

We think the number that are already in the Federal service will be the major cost of the bill.

Does counsel agree with that?

Mr. CHARLES JOHNSON (counsel). Yes, indeed.

Mr. WALLHAUSER. We cannot estimate the cost in dollars at this time?

Mr. HENDERSON. That is the next big problem.

We have reason to believe it will not be very costly because the 6,000 figure is a reasonable estimate of the number of persons that would be qualified or could qualify under the bill.

Mr. WALLHAUSER. Perhaps you misunderstood my original question.

Are there Federal programs other than this particular one whose employees later might come under the same retirement benefits?

Mr. HENDERSON. The bill spells out those programs we were able to identify that we thought should be covered under this piece of legislation.

Now, as new employees are brought into these programs, they would qualify. I think it would take special legislation to cover other joint Federal-State programs, and I do not know of any we would be talking about, or that would require such legislation.

Mr. WALLHAUSER. Does counsel agree with that interpretation?

Mr. CHARLES JOHNSON (counsel). Yes, indeed, Mr. Wallhauser. Most of the extensive cooperative Federal-State programs in past years, and at the present time, are related to the agricultural economy, and are under the direct control of the Secretary of Agriculture. No other department or agency has anywhere near as extensive a program.

I cannot say categorically there are no other such programs, but they are relatively few and small.

Mr. HENDERSON. I might refer to one I know of specifically.

In North Carolina in 1938, with the passage of the wage and hour law, there was a provision in that law that the State labor department, or proper agency, could administer the wage and hour law. North Carolina was the only State that availed itself of that provision in the then 48 States, and for the years from 1938 until 1963, the program was administered by employees of the State of North Carolina.

In 1963 these employees were brought into the Labor Department as civil service employees. Many of them had full retirement with the State retirement system. They were permitted to withdraw their funds from that program.

I introduced a bill, and companion bills were introduced by all my colleagues from North Carolina, including the 2 on the other side of the aisle, to bring in these some 20-odd employees. In those bills we specifically required the Labor Department to match the employees' contributions to the civil service retirement fund. We thought this

would be reasonable, since they had been directly identified with the Labor Department's program in all these years, and it would certainly offset the argument that contribution had not been made to the retirement fund.

I think from the experience in that instance we can see there are not many other programs that have been carried on that are not covered by this bill in other departments or agencies.

Mr. WALLHAUSER. Would there be matching funds by employees to the retirement fund under this bill?

Mr. HENDERSON. There would be in this bill.

Mr. WALLHAUSER. That is all.

Mr. MORRISON. I want to commend the distinguished gentleman from North Carolina for his excellent presentation. I am sure the other people here have seen Mr. Henderson in his very able and dedicated way handle very important legislative matters, and also, how well he represents his district—the two gentlemen from his district can see the high regard he is held by members of this committee, those on the Republican side as well as those on the Democratic side.

We are certainly happy to have you here, Mr. Henderson.

Mr. HENDERSON. Thank you for the opportunity.

Mr. JOHNSON of Pennsylvania. Now, let's take the man from your district, your very fine constituent. He has had 14 years of State service; has he not?

Mr. HENDERSON. That is correct.

Mr. JOHNSON of Pennsylvania. What type of State service was it?

Mr. HENDERSON. This was under the vocational educational authority. That is covered in the bill on page 2 under subparagraph 3:

"The Federal-State cooperative program of vocational education authorized by the Act of February 23, 1917." We refer to them as agricultural teachers.

Mr. JOHNSON of Pennsylvania. If this bill would pass, he would get credit, of course, under our Federal retirement system for his 14 years of State service?

Mr. HENDERSON. That is correct, sir.

Mr. JOHNSON of Pennsylvania. In reading on page 6 of your bill, it would seem to infer that he would have to pay into the Federal system his 14 years of contribution, plus interest at 3 percent; is that true or not?

Mr. HENDERSON. That is correct.

It is my understanding he would not have to pay it all in. He could choose to pay a part of it.

Mr. CHARLES JOHNSON (counsel). That is correct.

Mr. JOHNSON of Pennsylvania. I think that is a situation that pertains in State retirement systems. He would have to pay in at 3 percent. As far as he is concerned, he would not be getting a free annuity for 14 years. He would pay his share.

Mr. HENDERSON. It requires an employee contribution.

Mr. JOHNSON of Pennsylvania. And the Federal Government, of course, by appropriation would have to match that 14 years of annuity so when it comes time to pay his pension there will be an equivalent fund there?

Mr. HENDERSON. There is not a specific matching requirement in the bill. The civil service retirement fund would have to absorb that

cost of matching which would have been done during that period of time.

Mr. JOHNSON of Pennsylvania. Do I understand in these categories that you have set up, starting on page 1 through 15—you try to pick out Federal programs where there are grants-in-aid to the State, or Federal-State matching programs?

Mr. HENDERSON. That is correct.

Mr. JOHNSON of Pennsylvania. It is confined entirely to that?

Mr. HENDERSON. That is correct. We tried to do it specifically so we would know, in each and every case, who is covered.

Mr. JOHNSON of Pennsylvania. For instance, I notice you have included the Federal interstate highway program. I know that many fine State engineers, and so forth, have come with the Federal Government to take part in this program. I think Mr. Whitten is a product of a State system.

Would this bill apply to a person like that, let's say a sub-Cabinet person. If he had prior State service in a State highway department, he would be able to qualify for a Federal pension?

Mr. HENDERSON. Yes, if his employment was under the Federal-State cooperative program.

It is my understanding that if the employee had been strictly a State employee and had not been working under the Federal-State cooperative program as enumerated, he would not be covered.

Regarding Mr. Whitten, I am not sure of his exact past State experience. But if he was under a program enumerated here, he would be, and this would be true of any employee that would be eligible under the Civil Service Retirement Act. It would even cover Members.

Mr. JOHNSON of Pennsylvania. How about the reverse of this now? Supposing a very fine Federal employee would like to work for a State. Is there any provision whereby in a State retirement system this person would get credit for his Federal service?

Mr. HENDERSON. I am not familiar with any. That does not mean there might not be provisions in State retirement systems.

Mr. JOHNSON of Pennsylvania. In the State of Pennsylvania we have amended our State pension laws so that an employee of a municipality or a county, coming to the State, can get credit for the county or municipal service.

I was a member of the Pennsylvania Legislature for 17 years. Supposing that a member of a legislature, who is a very fine lawyer, wants to come here to be a U.S. attorney in the U.S. Attorney's Office. He quits his State employment in the office of the State's attorney general. This bill would not put him in the Federal service?

Mr. HENDERSON. It would not. I do not think there would be an argument for such extension. I know of no Federal-State cooperative programs in that area. This is the theory of enumerating some 15 programs we do consider Federal-State cooperative programs.

Mr. JOHNSON of Pennsylvania. In other words, your position here is, it makes sense where there is grant-in-aid. They will transfer.

Mr. HENDERSON. This is the very basis for our decision in enumeration of the Federal-State cooperative programs.

As I pointed out in the Labor Department case, which is not involved here, the North Carolina State employees were the only employees. There were no Federal employees in our State adminis-

tering the Federal law. In many of these, you do have a cooperative arrangement where they are paid partly by State funds, partly by Federal funds, and they would be covered.

In that particular program, they were paid 100 percent by Federal funds through the matchings, or grants device, but they were State employees and they received their check fully from the State.

Mr. JOHNSON of Pennsylvania. Another observation.

If your constituent is qualified for a small State pension, which he conceivably might be, any money he gets from the State will be deducted from his Federal annuity?

Mr. HENDERSON. I believe in Mr. Butler's case, because he has stayed with the Federal system, he is not entitled under the State retirement act. He has lost that retirement he has built up there.

Let me say in conclusion, not only do I appreciate the opportunity to appear this morning, but I certainly will be glad to work with the committee in any way. If you see amendments that should be made that will improve the legislation, I assure you what I am interested in is the best kind of bill, both from the viewpoint of you gentlemen on that side, and the employees covered by the bill. It has been a real pleasure to be with you this morning.

Mr. MORRISON. The next witness scheduled is the Honorable Arnold Olsen of Montana, a member of the full committee. There are a lot of problems in his State, floods, and so forth, that forced him to return to Montana. For that reason, he will be unable to appear here this morning. We will insert his statement in the record at this point. He has a very excellent statement in support of this legislation.

Without objection, the statement will be filed in the record at this time.

(The prepared statement of Mr. Olsen follows:)

STATEMENT OF HON. ARNOLD OLSEN OF MONTANA

Mr. Chairman, I appreciate very much the opportunity of presenting this statement and to urge that the subcommittee take favorable action on your bill, H.R. 8544, which is designed to extend the benefits of the Annual and Sick Leave Act of 1951, the Veterans' Preference Act of 1944, and the Classification Act of 1949, to persons who have served as employees of the agricultural stabilization and conservation county committees.

These salary, leave, and retention benefits would be granted to these employees when they entered Federal service after performing service with a county committee. In brief, the bill would permit such an employee to move into Federal employment at the same salary rate he was receiving as a county committee employee; it would permit him to transfer any unused annual and sick leave earned in county committee employment to his Federal position; and permit him to credit his county committee service in determining his annual leave earning rate and in connection with the application of reduction-in-force procedures. I emphasize that these benefits are not being extended to county committee employees in their present positions but are granted to them only when they transfer from county committee employment into Federal employment.

Enactment of this legislation will accomplish the very desirable purpose of assisting the Department of Agriculture to recruit the best

qualified personnel. County committee employees have always been a primary source of candidates to fill important positions under the Federal service in ASCS State offices. Many of these employees have had years of invaluable experience in all phases of the Department of Agriculture's functions and they have always provided the source for filling many other positions throughout the entire Department.

Nevertheless, it is entirely understandable why many of these talented people are reluctant to enter Federal service when they are required to take a reduction in salary, lose their accumulated annual and sick leave, and lose all seniority for retention purposes. This situation would be corrected by the enactment of your bill, H.R. 8544, and it would vastly improve the ability of the Department of Agriculture to interest ASC employees in continuing their careers in the Federal service.

Mr. Chairman, I sincerely feel that this legislation is consistent with and in the best interests of our continuing efforts to improve and strengthen our Federal personnel procedures. In this particular instance, also, we are able to accomplish this worthwhile objective without any additional cost to the Government.

I join in urging that this subcommittee report favorably on H.R. 8544.

Mr. MORRISON. The next witness will be Mr. Woodrow Jones, president, National Association of Agricultural Stabilization County Employees, New Boston, Tex., accompanied by Mr. Warren Greer, chairman of the legislative committee, Franklinton, La.

Mr. Greer, I might say, is from my home district. He has an outstanding record of service in agricultural stabilization. He has done a remarkable job and has certainly made a splendid record. He is held in most high regard by farmers and citizens of the locality in which he lives.

We would like to hear from Mr. Jones and Mr. Greer.

Mr. WALLHAUSER. May I say for the minority that we would always be delighted to hear from a constituent of yours. We are very happy to serve on a committee of which you are chairman because you have always been fair and reasonable.

STATEMENT OF WOODROW JONES, PRESIDENT, NATIONAL ASSOCIATION OF AGRICULTURAL STABILIZATION EMPLOYEES; ACCOMPANIED BY WARREN GREER, CHAIRMAN, LEGISLATIVE COMMITTEE, FRANKLINTON, LA.

Mr. JONES. Mr. Chairman and distinguished members, I am Woodrow Jones, Bowie County ASCS office manager, New Boston, Tex., and I am president of the National Association of ASCS County Office Employees. Our association, which we refer to as NASCOE, is made up of about 90 percent of all ASCS employees in the Nation. We work at the county level administering the action farm programs which the Congress in its wisdom provides to benefit the Nation's farm people. The agency for which we work, the Agricultural Stabilization and Conservation Service, is one of the largest divisions of the U.S. Department of Agriculture. Its functions devolve from action in the Congress and is administered by the Secretary of Agriculture.

The legislation being considered—H.R. 8544—is being supported by our people because it would extend to a group of loyal Government employees in the ASCS offices at the county level—not preferred—but equal treatment to that enjoyed by other Government employees who through their initiative have become eligible for transfer to another level of the same agency or a different agency in the public service.

You have been told that we are non-Federal and non-Government but I assure you that our every official act is governed by Federal statute or directive. The Secretary has issued regulations that provide the conditions of our employment and delegates authority to the Deputy Administrator to issue instructions implementing these regulations. Under this authority, the Deputy Administrator has issued our County Administrative Handbook (1–CA). In addition to implementing the regulations, this handbook is a manual of instructions for county office employees and covers every administrative aspect of county office operation, including employment and removal of county office personnel, budgeting of funds, record handling, administrative services, and so forth. The handbook sets up standards for classification of all positions in the county office, establishes the rates of pay, procedure for filling of vacancies, and minimum qualifications for county office manager and subordinate positions in the county office. In addition to this handbook, some 40-odd others have been issued and are in effect that pertain to the various programs administered in the field.

I would like to point to my own county office as about an average one in scope of operations and numbers of employees. As far as supervision is concerned, we receive instructions from the State office almost daily. The district fieldman, who works out of the State ASCS office and who is under Federal appointment, visited our office a total of 16 times last year supervising us to the extent necessary to see that handbook provisions and other directives were being observed to the letter. In addition to his visits, an employee from the State performance supervisor's office visited in our county office four times to spot check the fieldwork that we did. An auditor from the Office of the Inspector General spends approximately 3 weeks checking all the records on all our programs at least once each year. I could go on and on citing facts that would prove to you that we are as Federal as the U.S. mint but your time is too valuable for me to do that. I feel that each of you are well acquainted with the day-to-day operations of the county ASCS offices in your districts and understand that our duties are solely those provided for by you and the other Members of the Congress.

It is a time-honored American principle of management for employees to "rise through the ranks." The ideal success story always involves the office boy who works his way up to head the corporation. In ASCS, however, under the present work rules, we find that to advance from the county office level to the State office, area office, or Washington office level the employee must forfeit all accumulated sick leave and retention rights, accept lump-sum payment for annual leave and see the leave earning rate "rolled back" to the same level as that applicable to a new employee recruited from the street. Employees advancing in our sister agencies do not face these circumstances. When a clerk in the smalltown postoffice transfers to the

terminal or a civilian employee of the arsenal in my county transfers to work in the Pentagon they do not suffer these losses. And, even when an employee transfers from employment in other branches of the Government to ASCS they do so without being penalized in the manner just described. This is the case even though the employee being transferred is working at the county level of a sister USDA agency which may be located next door or just across the hall in the same Federal building with the local ASCS office. These people are those who are working with the same farmers, sitting on the same action panels, carrying out programs authorized and provided for by the same Congress, and being paid out of funds appropriated in the same piece of legislation as we are. This bill will correct this unfair situation.

The Government itself would be the most favored benefactor if the legislation is passed. Employees trained at the basic level of our agency would find it possible to accept promotions they cannot now afford to take. Many of our people have applied to the Board of Civil Service Examiners in Kansas City, received ratings placing them at the top of the register only to find when the job opening came that they could not afford to make the sacrifices required.

Our people work at the level where we are face to face with the farmer and his problems on a day-to-day basis. Sometimes, we hear this referred to as the grossroots area of administration. It is our opinion that people advanced from more recent contacts with the basic elements of agriculture can most likely be relied upon to do a better job at the program formulation and policymaking level than would someone who has not had this experience. During our contacts with people in ASCS and USDA at the Washington level we have found that they agree with this philosophy.

Our association made a survey and found that each of our people has spent an average of 13.6 years working for ASCS. Almost 2,000 of us have in excess of 20 years of service. Many of us have spent our entire adult lives working for ASCS or its predecessor agencies. These people make up a vast reservoir of trained personnel who should be given an opportunity to take higher positions if and when they are needed. Unless some relief from the existing situation is provided, they cannot afford to make the move. ASCS and USDA will continue to have problems recruiting from this source unless you help us.

The legislation being considered, if enacted, would not give us preferential treatment. It would only serve to afford us equal opportunity to advance along with other Government employees. It would not extend privileges to non-Federal, non-Government or even quasi-Federal employees. Our jobs are no more detached from Federal control than are the jobs of the postmasters. We are no more county employees than the Postmaster of New York City is a city employee.

The legislation would not permit us to bypass any examination or any other qualification requirement. I want to assure you that we are as interested as you in maintaining good program administration and would be the last group to ask for special treatment or relaxing of job requirements. As we have always emphasized during our other appearances before you, we only hope to be treated exactly like each and every other Government employee. And I hasten to say, we certainly appreciate the patience you have always shown with us and above all

the fairness of your decisions. It is always a joy to to have the privilege of appearing before this committee for we always leave with the feeling that our problems are in good hands. We know that here we will get courteous, impartial, and above all, fair treatment.

We hope you will favor the enactment of H.R. 8544.

We want to thank you for the time.

Mr. Greer, whom we are proud to have as chairman of our legislative committee, has a statement he would like to make at this time.

Mr. MORRISON. Yours has been a very excellent presentation.

Mr. WALLHAUSER. First of all, I want to commend the gentleman for his explanation.

Mr. JONES. Thank you, sir.

Mr. WALLHAUSER. Also, I was very interested to note that he did not read the entire statement, but knew the content so well we could speak without reading every word of it. I think that is very commendable.

Just a few questions, if I may.

You mentioned in your statement about the scope of operations and that you work under the County Administration Handbook 1–CA, and are closely supervised. You made the statement that you are absolutely required to follow the handbook in every respect.

Mr. JONES. Yes. The 40-odd handbooks we have implement the Secretary's regulations, which I understand are made up from his interpretation of the legislation as enacted by the Congress.

Mr. WALLHAUSER. And you are required to follow them?

Mr. JONES. Yes.

Mr. WALLHAUSER. What penalties would ensue if you did not?

Mr. JONES. Of course, in our administrative handbook there is this provision that a county office employee who in any way impedes the administration of the farm program is subject to dismissal.

Mr. WALLHAUSER. Who employs you?

Mr. JONES. The county office manager is employed by the county ASC committee, and the office manager in turn is responsible for the hiring and the day-to-day supervision of the people who work under him.

Mr. WALLHAUSER. If there was a severance of occupation, the county would be the authority that would sever your relations. In other words, to use a very blunt word, if you were to be fired, you would be fired by the county; is that correct?

Mr. JONES. Yes, sir; or State office, or the Washington office.

Mr. WALLHAUSER. How would the Washington office do it?

Mr. JONES. There are provisions that even permit them to dismiss county committees in cases of malfunction, or malfeasance. It is provided for.

Mr. WALLHAUSER. This committee is in receipt of a communication from the U.S. Civil Service Commission dated March 5, 1964.

Mr. Chairman, I think perhaps it would be well to have our witness answer the question which is raised by the Civil Service Commission in this letter.

First, I will read from the letter signed by John W. Macy, Jr., chairman.

Presumably this legislation is intended to provide an incentive for ASC county committee personnel to accept positions in the Department of Agriculture (even though its applicability is not limited to that Department). It seems to us that there is a far more equitable way to accomplish his objective. This would be to

amend section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590 H(b)) by conferring a clear-cut Federal function on county committees, and by declaring the employees Federal for all purposes, subject not only to the benefits of Federal employment, but to all the obligations and protections as well.

My question is, "Would you accede to the suggestion made by the Civil Service Commission?"

Mr. JONES. Sir, we work for the Department in an agency that is set up by the Congress, in the wisdom of the Congress, and I suppose of this committee, and they have not seen fit to handle our employment on that basis. We are willing to serve in any capacity and in any way that is worked out between the agencies and the Congress, the best way to give service to the farmers, and that is the way we would like to be employed. I believe that would best state it.

Mr. WALLHAUSER. In other words, you have no objection to this suggestion?

Mr. JONES. Let us say we are employees of any agency set up by congressional directive and we are willing to work in any manner as stipulated in their regulations and instructions.

Mr. WALLHAUSER. Do you see any disadvantages to being taken over as Federal employees?

Mr. JONES. I do not know all of the provisions of full civil service status as we sometimes refer to it. I would not be able to say that there are advantages or disadvantages at this particular moment.

Mr. MORRISON. Would the gentleman yield?

Mr. WALLHAUSER. Yes, indeed.

Mr. MORRISON. That was based on a letter from the Chairman of the Civil Service Commission and I think it would be very well at this point to insert in the record a letter from the Secretary of Agriculture, the Honorable Orville L. Freeman. The letter says that his Department recommends that this bill be passed. The Agriculture Department gives a favorable report on this whole matter before us today.

Without objection, the letter signed by the Honorable Orville Freeman, dated March 30, 1964, will be filed as a part of this record.

Mr. WALLHAUSER. I presume we will also insert the letter from the U.S. Civil Service Commission?

Mr. MORRISON. As well as the letter from the Civil Service Commission.

Put the Civil Service Commission letter in the record prior to the other.

(The letters referred to follow:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., March 5, 1964.

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

DEAR MR. CHAIRMAN: This is in reply to your request of September 26, 1963, for the views of the Commission on H.R. 8544, a bill to extend the benefits of the Annual and Sick Leave Act of 1951, the Veterans' Preference Act of 1944, and the Classification Act of 1949 with respect to employees of county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, and for other purposes.

This legislation would grant salary, leave, and retention credit in Federal employment for service performed as an employee of agricultural stabilization and conservation county committees. It would also permit the transfer of unused annual and sick leave earned in county committee employment to the accounts of former county committee personnel who enter the Federal service.

H.R. 8544 is another in a long history of proposals to confer the benefits of Federal employment on ASC county committee personnel. Previous proposals have been enacted granting these personnel coverage under the Federal Employee's Compensation Act, the Civil Service Retirement Act, the Federal Employees' Group Life Insurance Act and the Federal Employees Health Benefits Act. The enactment of this legislation would leave ASC county committee employees in possession of virtually all of the benefits and privileges of Federal employment without having to be Federal employees.

The Civil Service Commission has in the past recommended against extending Federal benefits to ASC county committee personnel. Our position remains unchanged. We see no justification for singling out this group of non-Federal employees for further preferential treatment.

As we see it, this legislation would further complicate the already unclear relationship between the Federal Government and county committee employees. These personnel are said to perform Federal functions, but the manifest intent of the county committee approach has been to administer Federal programs without the exercise of Federal functions at local levels. They are, in name at least, employees of farmer-elected committees of private citizens, but the Department of Agriculture fixes all the terms and conditions of employment. They are Federal employees for the benefits of Federal employment, but not for the requirements and protections as provided under such laws as the Veterans' Preference Act or the Lloyd-Lafollette Act. County office managers serve "at the pleasure" of farmer committees, and county offices employees "at the pleasure of" the county office manager, but Federal officers can step in and fire them for cause.

There are other undesirable consequences that this legislation would have. For one thing, it would be inequitable to other employees. It would not be difficult to envision a situation where the application of the retention preference provision could result in the displacement by reduction-in-force of a long-service Federal employee by a former ASC county committee employee with shorter Federal service. In addition, this legislation would open the way for other non-Federal personnel employed in federally sponsored programs to obtain similar advantages.

Presumably, this legislation is intended to provide an incentive for ASC county committee personnel to accept positions in the Department of Agriculture (even though its applicability is not limited to that Department). It seems to us that there is a far more equitable way to accomplish this objective. This would be to amend section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590h(b)), by conferring a clear-cut Federal function on county committees, and by declaring the employees Federal for all purposes, subject not only to the benefits of Federal employment, but to all the obligations and protections as well.

Such legislation would clarify the status of these employees and put an end to the incongruous duality which insists on maintaining local control in name, but Federal control in substance. Until the law is changed as suggested, we see no basis for extending the privileges desired.

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

By direction of the Commission:

Sincerely yours,

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

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 30, 1964.

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

DEAR MR. CHAIRMAN: This is in reply to your request of February 3, 1964, for a report on H.R. 8544, a bill to extend the benefits of the Annual and Sick Leave Act of 1951, the Veterans' Preference Act of 1944, and the Classification Act of 1949 with respect to employees of county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, and for other purposes.

This Department recommends that the bill be passed.

The bill extends benefits to persons who have served as employees of agricultural stabilization and conservation county committees comparable to those

provided to other employees of the Federal Government. Specifically, the bill provides that ASC county committee employees who separate from their positions to accept appointment in other positions within the Federal Government will receive the following benefits:

1. County committee employees moving to positions under the Classification Act may have their rate of compensation set at a rate which would eliminate or minimize reductions in salary now required in many cases.
2. Annual and sick leave to the credit of county committee employees shall be transferred with them in their employment under the Annual and Sick Leave Act on the same basis as transfers between leave systems provided in that act.
3. County committee employee service will be creditable service for determining annual leave earning rate for employees serving under the Annual and Sick Leave Act.
4. County committee employee service will be creditable service for seniority purposes in connection with the application of reduction-in-force procedures.

The enactment of H.R. 8544 would materially improve the ability of the Department to interest county committee employees in transferring to other positions within the Department. These employees are a primary source of candidates to fill key positions in ASCS State offices. This reservoir of talented personnel with years of invaluable experience in the Department's programs at the grassroots level also provides the source for filling many other positions within the Department.

Currently the salary rate paid a county committee employee is not used in establishing the salary rate applicable to his appointment to a position under the Classification Act. This hinders our recruitment of such personnel because the county salary rate cannot be protected upon appointment to a Classification Act position. For example, county committee employees at grade CO–9 have the same salary rates for each step of the grade as an employee serving under the Classification Act occupying a position at grade GS–9. An employee at CO–9, step 10, $9,100 per annum, would upon appointment to a position at GS–9 be paid the first step, or $7,030 per annum. He would, therefore, receive a salary cut of $2,070 per annum. The same employee, if selected for a GS–11 position, would receive a salary cut of $690 per annum even though he is being advanced to a higher level position. The Classification Act does provide for protecting the salary rates of persons appointed from positions not covered by the Classification Act, such as the Foreign Service of the State Department. This benefit is also extended to legislative and judicial employees. The extension of comparable benefits as provided in this bill would remove a major bar limiting our ability to interest county employees in transferring to other departmental positions.

Service as a county committee employee is not creditable service for purposes of the Annual and Sick Leave Act. Annual and sick leave to the credit of our county employees cannot be transferred with them when they accept positions under the Annual and Sick Leave Act. A county employee with 15 years of county employee service earns 26 days annual leave each year. If this employee is appointed to a civil service position under the Annual and Sick Leave Act, he would earn only 13 days of annual leave each year. Provision for crediting his county service under the Annual and Sick Leave Act would allow this employee to continue earning 26 days of annual leave. This same employee would probably have a sizable annual and sick leave balance. The acceptance of a civil service position under current law requires that he forfeit his sick leave balance and receive a lump-sum payment for his annual leave. This lack of interchange between leave systems is a deterrent to our recruitment efforts.

The section of the bill relating to the Veterans' Preference Act would credit county committee employee service for seniority purposes in connection with reduction-in-force actions. Currently county committee employees entering civil service positions do not receive such credit. They are treated for reduction-in-force purposes as employees entering the Government service for the first time. This fact promote a feeling of insecurity on the part of county employees considering transfers to civil service positions.

The enactment of this legislation would not require additional appropriations.

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

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

Mr. WALLHAUSER. I want to thank the witness for his responsiveness.

Mr. JONES. Thank you, sir.

If I may, Mr. Wallhauser, I would like to interject here that our members, especially in the State of New Jersey, are sorry to hear that you have chosen not to represent them again in the next Congress.

Mr. WALLHAUSER. Thank you. It is very kind of you to say that.

Mr. MORRISON. Mr. Johnson.

Mr. JOHNSON of Pennsylvania. Thank you, Mr. Chairman.

By whom are you presently paid? Where does the money come from?

Mr. JONES. It is appropriated in the regular appropriation for the Department of Agriculture each year.

Mr. JOHNSON of Pennsylvania. By the Federal Government?

Mr. JONES. By the Federal Government. Those funds are made available to the counties in this manner: The estimated expenses for a specified period are calculated and a determination made as to the amount of funds needed to meet the expenses. Then a Federal check is mailed to the county office and it is deposited in a county committee bank account and at the end of each 2-week pay period, the office manager pays all of the employees out of his bank account.

Mr. JOHNSON of Pennsylvania. How is the county soil and conservation committee constituted or appointed?

Mr. JONES. The committee is not appointed. It is elected at a meeting called a convention where delegates from each community in the county meet and nominate and elect three farmers to serve on that committee which, in turn, makes certain determinations on policy to apply the provisions of the law and the handbook to the local conditions that exist.

Mr. JOHNSON of Pennsylvania. The source of your payment is Federal funds; what Federal benefits do you presently enjoy as an employee of this service?

Mr. JONES. Thanks to this committee and the Congress, in 1960 we were brought under the Civil Service Retirement Act and permitted to purchase, so to speak, our back time for retirement purposes, health insurance, and life insurance programs.

Mr. JOHNSON of Pennsylvania. Then you are enjoying the protection that Mr. Henderson is trying to get for these former State employees?

Mr. JONES. Yes, sir; thanks to this committee and the Congress, in 1960, they made this available.

Mr. JOHNSON of Pennsylvania. In addition, you want to be put under the Classification Act of 1949, but what benefits will you acquire if we put you under the Classification Act of 1949?

Mr. JONES. Pardon this personal reference, but should I transfer to, or be offered the opportunity to work at any other level in ASCS, I would become civil service and I would be permitted to transfer the sick leave that I have accumulated under the leave plan that we have now, and the annual leave credit for the 24 years' service that I have in the county office for job retention, and so forth.

My leave earning rate would remain the same as it is today and would not be rolled back to the same level as if I were a new employee beginning this month.

Mr. JOHNSON of Pennsylvania. You are not then presently a civil service employee of the Federal Government?

Mr. JONES. No; not a classified civil servant.

Mr. JOHNSON of Pennsylvania. If we put you under the Classification Act of 1949, henceforth all of you will come under the Federal civil service system; is that the idea?

Mr. JONES. The distinguished chairman is the author of the bill and he knows maybe a little more than I do about the complete overall picture and how it would affect us. It would eliminate these inequities whereas the other people make these transfers and do not lose this leave, and do not have to take lump-sum payments. If I were to make the same change they do, I would lose probably 100 days of sick leave and instead of earning sick leave at the rate stipulated for those having more than 15 years of service, I would have to go back——

Mr. JOHNSON of Pennsylvania. Let us take new employees. If we put you under the blanket of the Classification Act of 1949, new employees would have to take a civil service examination, would they not? We would have to make up an eligibility list, and so forth, and have an examination?

Mr. JONES. I do not know how that would apply to those employed at the county level. I do know that when we move to a State office, area office, or the Washington office level, we do have to go to the Board of Civil Service Examiners, file an application, and take an examination and be classified like everybody else.

Mr. JOHNSON of Pennsylvania. I would like to know what benefits would accrue by being put under the Veterans' Preference Act and what benefits would accrue under the Annual and Sick Leave Act.

Maybe it is a good idea if we can find out what they acquire as a result of this.

Mr. CHARLES JOHNSON (counsel). They are being placed under certain provisions of the Classification Act and the Veterans' Preference Act which apply to all other Federal employees. They will not have appeal rights granted by the Classification Act of 1949 or appeal rights granted by the Veterans' Preference Act. Under the first two sections they will get only two benefits that apply to Classification Act employees. One is the right to have their salaries set as other employees can, who come under that act from other Federal positions, at a rate not at the initial step of the grade but some other higher step of an appropriate grade—just as if I, as a legislative employee, should transfer to the executive branch, I do not have to go in at the initial step. Section 2 of this bill says that when an employee of ASCS transfers to a position subject to the Classification Act, he will move into the Federal employees' annual and sick leave system, although his prior service was not under that system.

These are the only two benefits of the regular classified system. They are entirely consistent with the treatment accorded by the committee with regard to retirement, health, and insurance benefits. The employees concerned do not get appeal rights. This is an important thing.

Section 3 provides that they shall have retention credit when they come into the classification position for all of their prior ASCS service. This means they do not have to start like a new employee, subject to bumping by a man who may have only 3 years of service as

compared to their 10 or 20 years in ASCS plus a year or so of classified service.

It is important to realize they are not seeking to become classified employees. They will not be subject to civil service examinations. Their farmers will still elect them but once they do come under the Classification Act, they get credit for the service they rendered as ASCS employees.

Mr. JOHNSON of Pennsylvania. I see. That is all.

Thank you.

Mr. MORRISON. Thank you very kindly, Mr. Jones.

We would now like to hear from Mr. Warren Greer.

STATEMENT OF WARREN GREER, CHAIRMAN, LEGISLATIVE COMMITTEE, FRANKLINTON, LA.

Mr. GREER. Mr. Chairman and distinguished members. I am Warren Greer, office manager, ASCS, Washington Parish, Franklinton, La. I am also chairman of the legislative committee of NASCOE.

We deeply appreciate the opportunity to appear before you and express our feelings and beliefs relative to H.R. 8544. Your committee has been very gracious to our members in the past. We want you to know that our people in approximately 3,000 counties and parishes are well aware of your most thoughtful consideration.

Had it not been for your wise judgment—in 1960 and since—we would not be enjoying many of the fringe benefits we now have.

Let me state in beginning that we know we are Federal employees. Our families believe we are Federal employees; our neighbors across the street or on the next farm believe we are Federal employees; the people we serve believe we are Federal employees.

Our parish and county governments don't claim us, our State government doesn't claim us; therefore, since we perform only Federal functions—under the supervision of Federal officers, disciplined by Federal rules, laws, and courts—we cannot believe anything other than that we are Federal employees.

We are not asking for preferential treatment. We are only asking for equal or like treatment.

Prior to your action taken in 1960 giving us fringe benefits, our members were Federal when limitations and restrictions were applied and not when benefits were applied.

We in the county and parish offices do very much the same work as is done by our coworkers in our State and Washington offices. We go one step farther. We deal directly with our farmers and the general public. This ground-level experience is considered of great value to our State and Washington offices. When there is a need for a replacement in their offices, particularly the State offices, they look to the parish and county offices for already trained and experienced replacements.

When a county or parish employee with many years of service accepts a so-called promotion in the State or Washington offices he, in a manner, starts over again as far as leave and retention rights are concerned. He is given less consideration than the employee, fresh out of school, who started a few months before. Therefore, the well-trained and experienced employee with several years service is very reluctant to accept the promotion. This is particularly so if he were above step 1 of his grade and had to take a cut in salary.

I personally know of one instance—I have heard of many others—where a county employee turned down a promotion, from the equivalent of a GS–9 rating to a GS–11 rating, in his State office.

This employee is in his early forties. He has better than 20 years' service. Sometime before the offer, he had been hospitalized with a hemorrhaging ulcer of the stomach. He felt that this could happen again. If he took the State office job and it did occur before he could build up his sick and annual leave, he and his family might well find themselves without an income.

Some time ago an Administrator in the USDA informed me that he felt a need for personnel trained in county offices. He felt that their grassroots experience would be of great value to his department. He had been trying for some time but at that time he had been able to recruit only one ex-office manager.

I might add here that this executive has asked for and has been granted time on our national convention program. We expect him to continue his attempt to recruit necessary replacements for his office from among our group. We doubt that he will have much luck unless H.R. 8544 becomes law.

The passage of this bill will have a long-lasting beneficial effect on our Government. In my State office there are many employees near the same age. In a few years they will begin to retire. It certainly would be more practical and economical for the Government to replace them with trained replacements from our parish offices.

In conclusion, we would like to say this: We have never thought that Congress intended anything but that we receive fair and equitable treatment comparable to other Federal employees. That is why we came to you in 1960. That is why we are here today.

Thank you again for the privilege of appearing before you.

Mr. MORRISON. Any questions, Mr. Barry?

Mr. BARRY. I am sorry I was not here earlier, Mr. Chairman. Certainly many of us on this committee believe the type of function you perform is so near the Federal level that we have seen fit in 1960 to include it, as you pointed out, to enjoy certain benefits.

I think you will have the continuing good wishes of the committee and I certainly look favorably upon some way that they can be brought more into the Federal community and can feel a part of the Federal Government.

You said there are 3,000 counties, but how many employees altogether?

Mr. GREER. Approximately 15,000.

Mr. BARRY. You say there is a reluctance to accept promotion because of a loss in benefits. Does that include salary as well?

Mr. GREER. Yes, sir. They would lose annual and sick leave they had accumulated in service in the parish or county office, I might add, when they move into the State office or the area office or the Washington office. They would be treated as a new employee. They would move back to the position of a new employee as far as leave-earning status is concerned.

Mr. BARRY. Is that the only particular in which they would lose status?

Mr. GREER. Yes, sir. As far as I am acquainted, only on annual leave, sick leave, and job retention.

Mr. BARRY. That is what you are now seeking—similar leave in these categories?

Mr. GREER. That is correct.

Mr. BARRY. You think that if this were made on an equitable basis, there would be no second-grade citizens in the organization? You would feel like first-grade citizens all the way through?

Mr. GREER. Thank you, sir.

Mr. MORRISON. Mr. Wallhauser?

Mr. WALLHAUSER. Do you think there would be many from your organization seeking Federal employment and would that be an advantage or disadvantage to the Government?

Mr. GREER. Definitely, as far as percentagewise, I do not know the percentage, but as I pointed out in my prepared statement, in our own State office, most of us started out—I am speaking of both county and State offices—we all started out about the same time and we are all reaching that age when, within a few more years, we are going to begin to retire. The best place to replace particular State office personnel in all probability applies to the area and the Washington offices and that would be to go down to this well-trained reservoir of personnel at the county and parish level and bring the best of those into the State office, the area office, and the Washington office.

Mr. WALLHAUSER. Thank you.

Mr. GREER. We think it would save the Government a considerable amount of money in the training of inexperienced people.

Mr. MORRISON. Mr. Johnson?

Mr. JOHNSON of Pennsylvania. No questions.

Mr. MORRISON. I want to thank both of you gentlemen for very excellent presentations. We certainly appreciate your coming many miles to be here and to appear before the committee today.

Mr. BARRY. Mr. Chairman, could I ask a question?

Mr. MORRISON. Yes.

Mr. BARRY. Do you have an estimate of the cost?

Mr. JONES. We feel that rather than costing, it would be of benefit to the Government. I cannot see that it would cost but very little and I will use an example to show you that.

A GS–9 job opening in a State office filled from the ranks of a CO–9, which happens to be all grades of the CO–9 steps, steps of the CO–9 grade correspond exactly with the steps of the GS grade, and if a person has a CO–9, in a step other than step one, was to go to a State office as a GS–9, he would not have to see his salary reduced to step one of GS–9 grade. It would stay in the same grade where he was serving in the county office.

That would be just a few hundred dollars at the most.

I believe the Government would get better service from that particular employee than we could expect from a person picked up completely outside of ASCS and to more than offset the cost.

Mr. BARRY. No actuarial tables would be upset by this because there is not enough attrition?

Mr. JONES. No.

Mr. BARRY. Thank you, Mr. Chairman.

Mr. MORRISON. Thank you very much, gentlemen.

The next witness will be Mr. Dillard Lasseter, executive officer, Organization of Professional Employees; and Mr. J. C. Dykes, vice

president, National Association of Federal-State Employees; accompanied by Dr. W. T. Spanton, a member of the executive committee.

STATEMENT OF DILLARD LASSETER, EXECUTIVE OFFICER, ORGANIZATION OF PROFESSONAL EMPLOYEES; AND J. C. DYKES, VICE PRESIDENT, NATIONAL ASSOCIATION OF FEDERAL-STATE EMPLOYEES; ACCOMPANIED BY DR. WILLIAM T. SPANTON, MEMBER OF EXECUTIVE COMMITTEE

Mr. LASSETER. Mr. Chairman and members of the committee, I appreciate very much this opportunity to come here today.

I am Dillard B. Lasseter and I am appearing now as executive officer of the Organization of Professional Employees of the U.S. Department of Agriculture.

I might add that I am also interested in the preceeding witnesses here and their organizations.

This happens to be one of my favorite committees and I have been appearing before it so many years. At one time, I was an employee of a special committee of this committee when some of you were in knee pants, so I am always glad to be here.

I appreciate this opportunity to present the opinions of my organization on H.R. 5376. I am testifying on that bill.

Unfortunately, as it happens to many of us, when you are not the first man on the program, the preceding witness takes all of your bright ideas away from you so I will have to say I can add very little to what Mr. Henderson said about this bill.

I think he pointed out the highlights of it and I may be able to answer some specific questions that were not asked him. However, I do have a statement here that I will submit for the record but will not take your time to read.

Mr. MORRISON. Without objection, that will be filed at this point in the record.

(The statement of Mr. Lasseter follows:)

PREPARED STATEMENT OF DILLARD B. LASSETER, EXECUTIVE OFFICER, ORGANIZATION OF PROFESSIONAL EMPLOYEES OF THE U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

My name is Dillard B. Lasseter. I am appearing as executive officer of the Organization of Professional Employees of the U.S. Department of Agriculture. I wish to speak in support of H.R. 5376.

BASIC PROVISIONS

H.R. 5376 would amend the Civil Service Retirement Act to enable present and former U.S. civil service employees and Members of Congress with 5 or more years of Federal retirement credit to include in their retirement credit those periods of service in the 15 cooperative Federal-State programs named by the bill.

PURPOSES OF BILL

The bill is intended to make it less difficult to recruit for important positions in the Federal service where experience in Federal-State programs is essential to the most effective administration of the program. The best qualified persons generally cannot now afford to transfer from State to Federal employment where they have to sacrifice credit in State retirement systems with no possibility of qualifying for Federal retirement for similar previous service in a State. This would not increase the total number of civil service employees. Such jobs must

be filled even though the best qualified personnel from Federal-State programs cannot be recruited.

The bill is also designed to improve morale and working efficiency of Federal employees by correcting gross inequities, since some USDA employees now have U.S. civil service credit for service in Federal-State programs while others do not. Precedents for giving credit for service under related circumstances have been set by previous actions of the Civil Service Commission. Beginning in 1938, the Civil Service Commission has made several interpretations of the Retirement Act that have resulted in extensions of coverage to 13,493 persons employed under the Federal-State cooperative agricultural extension program as of February 28, 1963. These people work in the various States and counties as joint representatives of the land-grant colleges and the U.S. Department of Agriculture. The Commission also authorized retirement credit for certain employees in the State agriculture extension services who later entered the Federal classified service.

Subsequent to the foregoing actions by the Commission, retirement coverage has been extended to persons employed by county agricultural stabilization and conservation committees in the several States. This was done by enactment of section 115 of Public Law 568, 86th Congress, approved July 1, 1960. We wish to make clear that these employees are not engaged in cooperative Federal-State work of the type discussed generally in this report. Action by the Congress to extend them retirement benefits indicates, however, a clear appreciation of the need to provide equivalent benefits to these fringe groups who are carrying out programs that are essentially Federal in nature. A total of 16,162 county committee employees were covered under the Federal retirement system in this way as of March 31, 1963.

The foregoing precedents, set by administrative action of the Civil Service Commission and by legislative action of the Congress, have given Federal retirement benefits to nearly 30,000 present employees of State, county, or other local instrumentalities that are engaged in work under varying forms of cooperation with and supervision by Federal Departments in carrying out programs authorized by the Congress. Enactment of H.R. 5376 would redress the inequities brought about as a result of these precedent actions. It would continue to provide such benefits to a relatively small number of qualified persons to be employed from time to time hereafter.

HOW MANY WILL BE COVERED?

A survey made in 1963 through personnel records, questionnaires, and agency estimates showed that there were about 10,622 Federal employees with 5 years in the Federal civil service who had State experience in a Federal-State cooperative program which might be credited under the Federal civil service retirement if legislation such as H.R. 5376 became law. These were located as follows:

U.S. Department of Agriculture	6,858
U.S. Department of Commerce	803
U.S. Department of Labor	500
U.S. Department of Health, Education, and Welfare	1,112
U.S. Department of Interior	765
All other agencies and members of Congress	584

Many of these employees came under civil service during the years 1930 to 1940. Relatively few have been added since 1950 because a majority of the employees of the Federal service are now recruited as they graduate from educational institutions.

HOW MUCH WILL IT COST?

In the course of determining the number of potential beneficiaries, statistics were gathered from a representative sample of several hundred employees as to length of State and Federal service, salary scales, age, and expected dates of retirement. Analysis of these actual surveys, with the help of a competent actuary, disclosed that about 8,000 presently eligible beneficiaries might be expected to claim additional credit for an average of 8 years of State service in cooperative programs. They would pay into the civil service retirement fund during the first year after enactment of H.R. 5376 approximately $17,477,278. This amount would be sufficient to pay all benefits flowing from the legislation for the first 5 years after its passage. At the indicated rate of retirement, with consideration for progressive cessation of benefits, annual payments from the fund will diminish in succeeding years.

LEGISLATIVE BACKGROUND

H.R. 5376 is not new. Beginning with 1949, similar bills have sought to extend Civil Service retirement benefits to Federal employees previously employed on Federal-State cooperative programs. A list of such bills would include those introduced by Congressman Marshall, of Minnesota, Harvey of Indiana, Davis of Georgia, Reece, of Tennessee, Teague of Texas, Broyhill of Virginia, Rees of Kansas, Natcher, of Kentucky, and Rogers of Colorado. In the Senate, similar bills have been introduced by Senator Carlson, of Kansas, and Senator Johnston of South Carolina.

H.R. 1553 was passed by the House in 1954, was reported out of the Senate Committee on Post Office and Civil Service in the latter days of the 83d Congress. In the rush of adjournment it did not come to vote in the Senate.

S. 1041 was passed by both Houses of the 84th Congress in 1955, but was vetoed by the President by White House memorandum of disapproval, dated August 12, 1955. Since that time, the Civil Service and the Bureau of the Budget, when requested to report on similar bills, have recommended disapproval on the basis of the Presidential veto message. Insofar as we know, these agencies have not submitted a formal report on H.R. 5376.

ARGUMENTS IN VETO MESSAGE

The President's veto message of August 12, 1955, gave four reasons for not approving S. 1041. These reasons are listed below together with facts about each of these statements.

1. *The proposal would "make improper use of Federal funds to pay for services never received by it."*—Since the Federal-State programs to which the proposal applies are supported in whole or in part by Federal funds, such funds are now, in effect, used to pay for these services. The Federal Government initiated these programs and has continued to provide financial support; it must therefore be assumed that the Government receives benefit from the services performed. Also, the employer cost of providing credit toward the future retirement of an employee is generally considered to be a deferred portion of the worker's compensation for his services.

It would seem reasonable that this cost representing deferred compensation comes from the same source as the funds which provide the employees' current compensation.

Moreover, Federal funds for these programs are in some instances used for the payment of the employer contributions to State or local governmental staff retirement systems to which the employees are subject.

2. *The memorandum of disapproval argued that the proposal would "result in an unsound shifting of fiscal responsibility from State to Federal Government."*—Assumption of these costs by the Federal Government would seem to be fully justified in view of the strong Federal interest in such services, as evidenced by the substantial grants that the Federal Government already makes toward the programs in question.

There are some instances in which the Federal Government presently assumes the employer costs of providing retirement protection even though the individuals concerned are obviously not employees of the U.S. Government. For example, under Public Law 85–795 certain Federal employees transferred to international organizations can retain their civil service retirement coverage and other Federal employment rights and benefits for a long as 3 years if they pay the appropriate employee contributions. The Federal Government, as in the present proposal, bears the cost of the employer contributions to the civil service retirement fund.

3. *The memorandum states that the proposal would "set an undesirable precedent."*—The crediting under civil service retirement of service not performed directly in the employ of the Federal Government is not new. In addition to the example already mentioned, relating to service performed in the employ of an international organization, such credit has been given in the following situations:

(*a*) County and State employees of the State agricultural extension service receive credit for service under Minute 2 of the U.S. Civil Service Commission, dated September 1957.

(*b*) County employees of the Agricultural Stabilization and Conservation Service are given retirement credit for Federal service under Public Law 86–568 (1960 Federal employee pay raise bill) passed over the President's veto.

(*c*) Department of Agriculture employees with $1 a year appointments while employed in State and county agriculture and home extension programs have been credited for many years with such service.

(*d*) Some Department of Labor employees who served in State employment services with $1 per year U.S. Employment Service appointments are receiving credit for such State services for the period of their Federal appointments only.

(*e*) Public Law 918, 84th Congress, provided that employees of the Department of Agriculture could build up credit under civil service retirement for as long as 2 years during which they are employed by the States, their political subdivisions, land-grant colleges, or colleges or universities operated by State or local governments.

4. *The memorandum also states that the proposal would "constitute an unsound approach to a desirable goal of increased employee mobility."*—The memorandum of disapproval includes a counterproposal that the desired coordination of retirement protection between Federal and State services be achieved by covering both types of services under OASDI. At present many State and local retirement system members and most Federal employees are still not covered under OASDI. The enactment of H.R. 5376 would not only afford many present Federal employees equitable retirement credit with regard to past services performed under Federal-State cooperative programs but would also take care of the situation perspectively since State and Federal OASDI coverage would need to be supplemented by staff retirement systems to provide a realistic solution.

CONCLUSION

In conclusion may we emphasize that the proposed legislation: would assist in a more effective utilization of scientific and other badly needed personnel; would correct some longstanding inequities among a small group of devoted and highly qualified public servants; and would improve the cooperative relationships between the Federal and State Government in carrying on joint programs established by Congress for the common good.

Mr. Chairman, we hope your committee will act favorably on H.R. 5376.

Mr. LASSETER. I do want to point out very briefly the legislative history of this bill because I have been connected with it for at least 10 years. I recall the first time I came here I had to use reading glasses but so many years have transpired I do not need them now so perhaps my second or third sight is here now.

Anyhow, this bill was first introduced, I think, in 1954 by Congressman Ralph Harvey, whom you all know, and one of my very dear friends. It passed this committee and then passed the House. Senator Carlson was handling it in the Senate and in the rush of adjournment it did not come up before the Senate.

Again in 1955, it came out of this committee and out of the House, the Senate and House committees, and then it was vetoed. I say this with all charity and with whatever diplomacy I have, this veto was based upon misinformation.

I do not believe the bill would have been vetoed if the proper presentation had been made to the Executive. Anyway, that took place and then in 1962 the same bill was passed out of this committee and out of the Senate committee, but again, in the rush of adjournment, it did not pass.

Mr. WALLHAUSER. Did we pass it in the House in 1962?

Mr. LASSETER. No. It did not come up to the House. It passed out of this committee and the Senate committee almost simultaneously.

Mr. WALLHAUSER. Thank you.

Mr. LASSETER. That is the background of it. My statement here sets forth some of the reasons why the Department of Agriculture wants this bill passed, but I will not refer to that, although I do want to refer to Mr. Henderson's statement.

The reason I am interested is on account of inequities. There are at least 60,000 people who are now in the Federal service who do not have any retirement protection for years previous to their entering the Federal service. I also want to add they do not have even social security protection for those years. As I say, they are a forgotten group.

I do want to add to Mr. Henderson's statement the fact that, according to our actuarial study for the amount of money that would have to be repaid—you asked me that question, I think, Mr. Wallhauser—the amount of money that would have to be repaid will offset any benefits or any drain upon the retirement fund for at least 6 years.

Somebody will have to go back on this and we have estimated the number who will retire and who would begin to receive this retirement, although we are certain for at least 6 years this thing would not be any cost upon the civil service retirement system.

I think that is about all that I can say and for the sake of Mr. Barry, I might say briefly this bill gives retirement credit to those employees of the Federal-State cooperative agencies, mostly vocational agricultural teachers who are paid half by the Federal Government and half by the State government, under Federal standards and with Federal supervision, and these men have come into the Federal service and have no protection for that period of service as teachers.

Mr. BARRY. Mr. Lasseter, I wanted to ask you if you feel that the extension of retirement credit to this group would not enlarge the number of Federal programs going into this? For instance, we will be getting into other Federal programs if things continue in the future as they have in the past. Eventually, we might have a much larger number than the 13,000 that are now employees of the Federal Government and who were formerly a part of the Federal-State cooperative ventures.

I think the program coverage might become rather large eventually.

Mr. LASSETER. First, I want to say, Mr. Barry, that our estimate is that only a few thousand, around 6,000, will come into it.

Mr. BARRY. Not the 13,000 mentioned?

Mr. LASSETER. I do not think so. I do not know where those figures are derived from, but if that is in the statement, I will have to——

Mr. BARRY. You say only 6,000?

Mr. LASSETER. This statement says 10,000 but we know that a lot of those are not going to take advantage of it. A great many will not pay back——

Mr. BARRY. Let me ask you this question. When a person made a transfer from his Federal-State relationship to the Federal direct, he made a judgment based on either an increase in salary, better working conditions, or the desirability of where he might want to live versus where he might formerly have lived. He had an opportunity at that point to make a decision whether he would go forward or stay. Is that not true?

Mr. LASSETER. Yes.

Mr. BARRY. Then we would go back? I understand why we might set up a criteria for the future in line with what you have expressed here but this would limit the Federal Government in getting the kind of people it wanted because they would have to give up more than they want to give up, or make changes they do not want to make. I can

understand, for the future, why it would be a good thing to do and I thank you for bringing it to our attention, but why go back, after people have made their decision on the basis of self-interest? I would be interested in hearing your reasons.

Mr. LASSETER. Mr. Barry, some of these gentlemen here who are actually involved in this perhaps could answer. I have no stake whatsoever in it myself.

Mr. BARRY. I realize that.

Mr. LASSETER. To answer your question, I answer it on a human basis. I think at that time so many of them who came in did not know what they were losing or what they were gaining.

Mr. BARRY. In other words, you are saying——

Mr. LASSETER. Let me say this: Other Federal-State agencies since then—a lot of these people coming in have been given full retirement credit. For instance, the Extension Service and the county agents in my home county, the county pays one-third and the State pays one-third. The Federal Government pays one-third, and the vocational agricultural teacher—and this concerns most of these here—they are paid half Federal funds. I am in full favor of the county agents. They have done a remarkable job and I am very proud of them, especially those I know and that suits me all right. These people here with exactly the same status, and perhaps, to a certain extent, better, have been deprived of these rights. The county agents were given these privileges we are asking for now, by an Executive order, and by what they call a minute of the Civil Service Commission.

We have been trying for all of these years to get, legislatively, what they got through Commission order.

I will say this: In the future, I am sure that they will look at this with a more practiced eye before they get into this. All they are asking is just fair treatment, decent human treatment, compared to what other people have been given.

You know the human element involved in this.

Mr. BARRY. You mentioned in your statement a figure of 10,622—I think I erroneously referred to it as 13,000 earlier—but you say you believe only a little more than half of that number would take advantage of it?

Mr. LASSETER. That is my opinion. In 1955 I had 6,000 and we have made a careful survey and they have come up with this. In the meanwhile, a lot of my 6,000 have died and some of the outstanding proponents of this have died since then without any benefits at all.

Mr. BARRY. Did I understand you correctly to say that in the first 5 years you did not believe it would be costly at all?

Mr. LASSETER. That is our actuarial finding; yes.

Mr. BARRY. How does that come about?

Mr. LASSETER. For instance, some of these gentlemen, like the gentleman from Mr. Henderson's district, Mr. Butler, have 14 years of agricultural vocational service. That gentleman has to pay all of that 14 years back before he receives these benefits.

Mr. BARRY. In other words, the amount of money that would be accumulated, not paid in retirement charges per month over the 5-year period, would be equal to the amount they take out?

Mr. LASSETER. That is right.

Mr. MORRISON. Would the gentleman yield?

Mr. BARRY. Yes.

Mr. MORRISON. I think counsel has one question at this point.

Mr. CHARLES JOHNSON (counsel). Mr. Chairman, this would be in direct response to Mr. Barry's original question about the judgments that were made by these people who transferred in earlier years.

I note in your statement that many of these employees came under the civil service during the years 1930 to 1940. I know this to be a fact.

Mr. LASSETER. That is right.

Mr. CHARLES JOHNSON (counsel). Is it not true that in making their judgments at that time, the retirement benefits under the Federal system would not have been a very important factor because they were far inferior then to what they are now?

Mr. LASSETER. Yes. I came into the service in 1936 and I did not know anything about retirement and did not worry about it. I might admit that I wanted a job. This is all a little personal. I was in the old diplomatic service a good many years and I found, according to the retirement law in 1940, that I got credit for all of that service and I did not pay a penny for it. That was all right with me and I am not objecting to it.

The service I had was before the Retirement Act and the amount of money that I paid in was infinitesimal compared with the benefits.

I am trying to point out that some of us got real benefits and a lot of people here have been deprived of them.

Dr. SPANTON. Mr. Barry, many of the States did not have any retirement system back in the 1930's. Of course, we did not have social security at that time either.

Mr. LASSETER. They did not know what it was.

I was a casualty in World War I and I wanted to get out of the Army so badly that when I went before the retirement board I lied all the way through about my physical condition because I wanted to get out. I did not realize they were appraising me for retirement pay and everything I said was against my interests. That is what these people did not know, and that was not a factor one way or the other. Does that answer it?

Mr. BARRY. Therefore, I understand that basically the people who made the decision back in the 1930's and 1940's probably were not considering retirement credit as important in their decision.

Later on, the Federal Government made certain retirement benefits available for personnel and these people, by virtue of having recently come in, would not be entitled to as large a stipend at the end of their retirement as they would have if they had remained where they were, or perhaps if they had been with the Federal Government in the first place?

Now a question of equity comes into this. An insurance company would not do it, but if, as you say, there would be as much accumulation in repayment of back retirement assessment, I would think that we would not be raiding other retirement funds in order to pay for these benefits.

Mr. LASSETER. That is right.

Mr. BARRY. I think we have to realize we do sit on the assets of all the retirement funds of the Federal Government and we must be

extremely careful in giving out funds to people who have not, under contract, received that benefit or right.

Mr. LASSETER. I think this: If there are not enough safeguards in this bill, I know the people who I represent would be willing to have them placed there. One of the arguments against this bill years ago was that the employees of a shipbuilding company might someday be interested in coming in and getting this. This bill prevents things like that. It is just a question of States, those people who work with the States on cooperative programs.

Mr. BARRY. Mr. Lasseter, the problem in all of these matters is setting up a precedent with regard to retroactive inclusion of benefits and rights lost in the past. When one group makes a good case, it just opens a Pandora's box to other groups making similar claims.

Mr. LASSETER. I will say this: If other groups have as much difficulty as we have had—it takes a strong spirit and believe me at times I have faltered in my support of it—but I will say personally I have no stake in this whatsoever. Gentlemen, it is something that is right and it is a cause that is just and that is exactly why I am here today, and for no other reason.

Mr. BARRY. Thank you, Mr. Chairman.

Mr. MORRISON. Mr. Wallhauser?

Mr. WALLHAUSER. Mr. Chairman, we have a negative report from the U.S. Civil Service Commision dated June 23, 1964, which I presume will be included in the record.

Mr. MORRISON. That will be included in the record at this point.

(The letter of June 23, 1964, follows:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 23, 1964.

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

DEAR MR. CHAIRMAN: This refers further to your requests of April 8, 1963, for Commission report on H.R. 5375 and H.R. 5376, bills to allow retirement credit for certain State service.

These bills propose to allow credit under the Civil Service Retirement Act for certain service as an employee of a State (including Puerto Rico), a political subdivision thereof, or any instrumentality of either. Creditable service would include employment performed where the Federal contribution to the cooperative project involved merely licensing services or supervision, but would exclude certain employment under emergency relief programs.

H.R. 5375 is couched in general terms to cover employment primarily performed in carrying out programs authorized by act of Congress financed in whole or in part by Federal funds. H.R. 5376 proposes to cover service performed under cooperative arrangements with Federal contribution in the following areas:

1. Rural rehabilitation.
2. Agricultural experiment stations.
3. Vocational education.
4. Agricultural extension work.
5. Forest and watershed protection.
6. Plant pest and animal disease control.
7. Public employment service.
8. Highway construction.
9. Certain assistance programs under the Social Security Act.
10. Vocational rehabilitation.
11. Fish restoration and management.
12. Wildlife restoration.
13. Marketing and investigation research.
14. Certain public health programs.
15. Public school aid for education of Indian children.

Under H.R. 5375, the proposed credit would operate in cases of employees retiring after the bill's enactment as well as to certain annuitants already on the retired list, meeting specified conditions as follows:

Employees: Must (*a*) be serving subject to the Retirement Act at retirement or death; (*b*) have completed at least 5 years of other creditable service; (*c*) have deposited, with interest, the percentage retirement deductions applicable to the State service; and (*d*) have had the State service excluded from credit for purposes of any other annuity or benefit received.

Annuitants: Must (*a*) have retired on or after June 30, 1942, and before the enactment date of the bill; (*b*) apply for the State service credit within 1 year following such enactment date; (*c*) deposit, with interest, the percentage retirement deductions applicable to the State service; and (*d*) have the State service excluded from credit for purposes of any other annuity or benefit received.

H.R. 5376 contains the same credit stipulations except that item (*d*) should read: "have his civil service retirement annuity reduced by the amount of any State or social security benefit due him by reason of the State service and toward which he contributed during the State employment, in which case no deposit under (*c*) is necessary as regards such State service."

In each instance, credit would be permitted only for such periods of described service as were performed prior to final employment under the Retirement Act. The adjusted benefit rates of annuitants, after inclusion of added service, would be effective from the first of the month following enactment.

The United States can and does use at least three different methods to carry out its functions. It may (1) do all or part of the job itself using Federal employees; (2) contract to have all or part of a job done by an outside organization, in which case employees of the contractor do the work; or (3) furnish funds to States or other outside agencies to foster or develop programs in which it has an interest. Method (3) describes the type of employment these bills seek to credit under the Retirement Act.

Examples of the third method are the Federal grants, loans, and other aids afforded the several States and their instrumentalities in the development of such varied programs as agriculture, public roads, education, social service, relief, etc. Although Federal funds are used, these programs are essentially State functions. Employees engaged in their administration are selected, employed, and supervised by the States and State instrumentalities. The fact that some portion of their salaries is paid from funds originally appropriated by Congress to aid State functions which will ultimately promote the general welfare does not distinguish them from other State employees. They are not Federal employees in any sense.

The Commission opposes enactment of H.R. 5375 or H.R. 5376 just as it has consistently declined to concur in other past legislative proposals to credit non-Federal service under the Retirement Act even though the employment was paid for wholly or partly from Federal funds.

As an integral part of the Government's personnel program, the retirement system is designed exclusively for the retirement of Federal and District of Columbia employees—to provide benefits in the nature of an award for faithful service received by the United States. This guiding concept must be held firm if the retirement system is to remain a Federal staff plan and an effective instrument of personnel management. The system's effectiveness would be severely reduced if it were to decline to the status of a mere pension plan for numerous types of outside service. The precedent established by enactment of this proposal would inevitably be urged in support of proposals for extending credit for almost any type of outside employment.

The Government, through a provision in the Retirement Act for vesting annuity benefits at age 62 after a minimum of 5 years of civilian employment, fulfills any reasonable obligation it might have to provide retirement benefits to an individual who spends only a part of his working lifetime in the Federal service. Whether the 5 years or more of Federal service come at the beginning, middle, or end of his working career, he receives a retirement benefit for this part of his life's work. We can find no reasonable basis on which the Government should assume a responsibility to pay annuity based on additional service rendered to some other employer, and for which such other employer was directly responsible.

The Commission notes that S. 1041, a bill to credit certain State service under the Retirement Act, was approved by the 84th Congress but vetoed by the Presi-

dent under date of August 12, 1955. Briefly, the White House memorandum of disapproval stated that the bill was not approved because it would (1) make improper use of Federal funds to pay for service never received by it, (2) result in an unsound shifting of fiscal responsibility from State to Federal Government, (3) set an undesirable precedent, and (4) constitute an unsound approach to the desirable goal of increased employee mobility. It is also noted that on July 1, 1960, the legislative body, notwithstanding Commission opposition and Presidential veto, accorded employees of agricultural stabilization and conservation county committees the benefits of the Civil Service Retirement Act, Federal Employees' Group Life Insurance Act, and Federal Employees Health Benefits Act.

The Commission is in complete accord with the position of the Chief Executive in each instance and recommends strongly that adverse action be taken on H.R. 5375 and H.R. 5376.

In the absence of current figures regarding the number, length of service, and average salaries of possible beneficiaries under these bills, we cannot furnish an estimate of total cost. However, it is obvious that a substantial element of cost to the Government would be involved.

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

By direction of the Commission:

Sincerely yours,

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

Mr. WALLHAUSER. Some of the key points they make are these. They say that there is no reasonable basis on which the Government should assume the responsibility to pay an annuity based on additional service rendered to some other employer and for which the other employer was directly responsible.

Mr. LASSETER. I cannot agree with that, Mr. Wallhauser, because they were performing benefits for the Federal Government also. This was not only for the State but they were working for the State and the Federal Government.

Another thing is this: I found in my study of this that when the Extension Service was placed under this retirement system, they had a system there whereby if a man had a Federal appointment he came under it.

I would be sitting across the desk from Dr. Spanton and I would still continue with the State appointment while Dr. Spanton had a Federal appointment and would have all of the benefits. I would do exactly the same work and receive the same pay from exactly the same source, but I would be excluded.

That concerns a good many of the State agricultural experiment station workers now. I do not agree we were performing service for one employer.

Mr. WALLHAUSER. Then the Commission makes a statement which seems to me to indicate the President of the United States is recommending adverse action.

Mr. LASSETER. I do not know about that. I do know, as we know lots of things in Washington, that the Department of Agriculture has submitted a favorable report. I hope I am not quizzed on why I know that.

Mr. MORRISON. We just put that into the record.

Mr. LASSETER. Then it is all right.

Again, I have to be frank here and I know you appreciate that, but that is based upon the opinion of the Civil Service Commission. I do not believe that the President of the United States—if I may have the

temerity to discuss that—would, knowing all the facts of the case, disapprove.

Mr. WALLHAUSER. The third point you have already answered, I suppose, but Mr. Barry explored this with you at some length.

The Civil Service Commission says that in the absence of current figures regarding the number and the length of service and the average salaries of possible beneficiaries under these bills, they cannot furnish an estimate of total costs.

However, it is obvious that a substantial amount of cost to the Government would be involved.

Mr. LASSETER. They have said that from the very beginning. We do not agree with it and we have made a study and they have not. That is about the best answer I can give to that.

We know just about how much will have to be paid in and we have had an actuarial study made of it.

Mr. WALLHAUSER. Thank you, Mr. Chairman.

Mr. MORRISON. Mr. Johnson?

Mr. JOHNSON of Pennsylvania. No questions.

Mr. MORRISON. Thank you very kindly, gentlemen, for a very excellent presentation.

Mr. LASSETER. Thank you, Mr. Chairman, and gentlemen.

I think Mr. Dykes is next.

Mr. MORRISON. Do you have a statement, Mr. Dykes?

Mr. DYKES. I do have, Mr. Chairman.

Mr. LASSETER. May I make one more statement, Mr. Chairman?

I was called out a while ago by Mr. Keating, president of the National Association of Letter Carriers, and he asked me to state that he would submit a statement to this committee in favor of this bill.

Thank you.

Mr. MORRISON. Thank you, Mr. Lasseter.

Mr. BARRY. Mr. Chairman, in view of that, I ask unanimous consent that Mr. Keating be permitted to submit a statement for the record.

Mr. MORRISON. Without objection, Mr. Keating's statement will be filed in the record.

(The statement referred to follows:)

I want to place the National Association of Letter Carriers on record in favor of the provisions of H.R. 5376 introduced by Congressman Henderson and H.R. 8544 introduced by Congressman Morrison. Employees who are presently jointly employed by the Federal Government and State governments are in a rather difficult position when it comes to coordinating their fringe benefits. Certainly the Federal Government has a responsibility in this area and his responsibility has been recognized in legislation presently passed by the Congress relating to pay and to retirement. It is our opinion that the fringe benefits being considered in the two bills before this committee should receive equal consideration. I appreciate having had the opportunity to present this statement.

Mr. MORRISON. Mr. Dykes?

STATEMENT OF JEFFERSON C. DYKES, VICE PRESIDENT, NATIONAL ASSOCIATION OF FEDERAL-STATE EMPLOYEES

Mr. DYKES. My name is Jefferson C. Dykes. I am appearing today as vice president of the National Association of Federal-State Employees in the absence of our president, Dr. A. W. Tenney. Dr. Tenney is on an official field trip and could not return in time to par-

ticipate in this hearing. Our association has over 1,400 members and was formed with this stated purpose:

> * * * to cooperate with officials and confer with committee of Congress in order to facilitate the interchange of employees between joint Federal-State programs and the Federal service and provide equitable treatment of those who transfer to the Federal service.
>
> More specifically, the association will, through its organized efforts: (1) Promote a better understanding on the part of Federal officials and employees of the relationships between the programs carried on jointly by the Federal Government and the States and the regular related Federal programs; (2) assist with the employment of qualified persons with experience in the joint Federal-State programs to fill Federal positions where such experience is essential to the effective administration of such joint Federal-State programs or to the operation of other related Federal programs; and (3) study conditions under which employees of joint Federal-State programs are employed and assist with actions which will provide equitable means of covering the loss of State or local retirement credits and other perquisites.

Our members believe that the provisions of H.R. 5376—the Henderson bill—are entirely compatible with our objectives and I am authorized by them to enthusiastically endorse its enactment. Our members are employed in many of the departments here in Washington and in numerous field offices throughout the country. A considerable number of our members—those who work in the Department of Agriculture—also are longtime members of OPEDA (Organization of Professional Employees of the Department of Agriculture), an organization that has worked long and diligently for the enactment of this type of legislation. Our executive secretary, Mr. Lasseter, has ably presented OPEDA's endorsement of this legislation and, in doing so, he spoke for me and many of our other members who are OPEDA members, too. I speak for a broader group since we have members in the Department of Health, Education, and Welfare (including our president, Dr. Tenney); Department of Justice; Department of Labor; Department of Commerce; Department of the Interior; and the Department of State. These Federal employees are not eligible for membership in OPEDA and yet many of them sought ways to help solve the Federal-State retirement problem. In no small measure, their insistence on having an official role in working for corrective legislation was responsible for our association being formed.

Some of the members of our association have no personal stake in the enactment of H.R. 5376. They are interested executives because it will simplify their recruitment problems. A few others are interested in the retirement problem as a phase of the total Federal-State relationship. But, frankly, most of our members do have a personal interest in the enactment of H.R. 5376. I am now Deputy Administrator for Field Services, Soil Conservation Service, with 29 years of strictly Federal employment, yet I have a problem.

I think the easiest way for me to present my own situation—many others have the same problem—is to lay it out along with the case of a very old and dear friend of mine, John W. Luker. I am sure that John would not object to this as he long ago left the Federal-State service and has been very successful in private industry. When I graduated from Texas A. & M., in 1921, I became the teacher of vocational agriculture at Stephenville, Erath County, Tex. John had graduated at Texas A. & M. in 1919 and was serving as county

agent of Erath County at the time. I boarded with John and his wife until he moved to Comanche County as county agent and was closely associated with him in the agricultural work in Erath County as long as he was there.

Name and title	John W. Luker, county agent	Jeff C. Dykes, teacher of vocational agriculture
Authorizing act	Smith-Lever	Smith-Hughes.
Participating in financing job	1. Federal Government 2. State of Texas 3. Erath County Commissioners' Court.	1. Federal Government. 2. State of Texas. 3. Stephenville Indiana School District.
State agency supervising use of Federal and State funds.	State Extension Service of Texas A. & M. College, College Station, Tex.	Vocational education division, State Department of education Austin, Tex.
Employer	Commissioner's court	School board.
Administrative supervisor	County judge, Erath County	Superintendent of schools, Stephenville, Tex.
Technical supervisors	1. District agent 2. State extension director and staff (Federal-State paid). 3. Federal Extension Service Director and staff (Federal).	1. State director of vocational agriculture and staff (Federal-State paid). 2. National Director of Vocational Agriculture and staff (Federal).
Qualifications for employment approved by.	State extension director under federally approved standards.	State director of vocational agriculture, under federally approved standards.
Type of work	Agricultural education with primary emphasis on work with adult farmers but with important responsibilities for youth education (4-H Clubs).	Agricultural education with primary emphasis on work with farm boys but with important responsibilities for adult farmer education (evening and part-time classes).

Mr. DYKES. John and I worked with the same folks—he encouraged the adult farmers to attend my evening schools and helped with the teaching. On the other hand, I encouraged my vocational agriculture students to join John's 4-H Clubs and helped with the work. John got full credit toward retirement under the civil service system—I got none. Yet we were employed under two acts, both federally enacted, both providing for joint Federal, State, and local financing and supervision and both involving agricultural educational activities.

It is true that for a time county agents and other Extension Service workers received civil service retirement credit only in those cases when they had received a card indicating that they were representing the Department of Agriculture. This was changed by the Civil Service Commission by amending their regulations and all Extension workers were granted Federal retirement credit for all Federal-State Extension services regardless of whether or not they carried a USDA appointment card. This was simple justice as the card made not a whit's difference in the duties performed. On the other hand, I have been denied retirement credit for my 14 years spent in Federal-State employment even though I have spent 29 years in strictly Federal service. This seems an injustice to me. If John had continued in the Extension Service below the Washington level (as a cooperative employee), he would now be eligible for Federal retirement with 45 years of service. John's younger brother, Cyril Luker, was my college classmate and his career in agricultural work has been almost identical with my own. Cy is a member of the National Association of Federal-State Employees and retired from my agency (Soil Conservation Service) just this last winter, without retirement credit for his many years of Federal-State cooperative service.

As a supervisory member of my agency staff, I do want to comment on one other important point—the enactment of H.R. 5376 would materially improve the service's changes of recruiting competent men now working in various Federal-State cooperative programs. We often need a mature, experienced man with 10 or 15 years of successful employment behind him. With the good retirement policies now in force in most States, we do not get the men we want because they will lose their State retirement credit and cannot buy Federal retirement credit to replace it. Other Federal agencies report the same problem. As a result, nearly all our recruitment is at the college-graduate level. A little cross-fertilization with experienced employees of Federal-State cooperative programs would be helpful, in my opinion. It would keep down ingrowth and add some hybrid vigor to our thinking and actions.

In the cases of those Federal agencies supervising Federal-State cooperating programs the need for recruiting employees with Federal-State cooperative program field experience is even more acute.

The association I represent is firm in its conviction that the enactment of H.R. 5376 is in the public interest and will strengthen the Federal service by improving recruitment opportunities. And the members are just as firm in their convictions that it will correct long-existing inequities in the administration of the Federal retirement service.

Mr. BARRY (acting chairman). Mr. Dykes, we want to thank you for your presentation and for your chart which clarifies briefly what might have taken the committee a long time to assimilate.

As I understand it, you are entitled to 29 years' retirement credit?

Mr. DYKES. That is correct.

Mr. BARRY. Your former close associate, Mr. Luker, would be entitled to 45 years?

Mr. DYKES. That is correct.

Mr. BARRY. This presupposes that you would have to put into the kitty about 16 years of accumulated past assessments?

Mr. DYKES. That is correct.

I had 14 years under the Federal-State Cooperative Vocational Educational Act, and I would have to buy back that credit under the provision of the Henderson bill.

Mr. BARRY. If you had the opportunity to do it, do you think you would make that investment?

Mr. DYKES. I think I would, sir. I believe so.

Mr. BARRY. Could you get an annuity for the same amount of money, privately, as this additional benefit?

Mr. DYKES. I have been told I could but I am not sure of that.

Mr. BARRY. It seems to me that you may be in the position of having saved yourself money by not having bought retirement credit.

Mr. DYKES. That is correct.

Mr. BARRY. You have done reasonably well, I might say.

Mr. Johnson, do you have any questions?

Mr. JOHNSON of Pennsylvania. Just an observation, not a question.

I notice in Mr. Lasseter's statement, and also carrying out what Mr. Wallhauser had to say, that apparently the White House is opposed to this bill.

35-325—64——6

I notice in 1955, 9 years ago, a similar bill was vetoed by the then President. If this bill were now put on the desk of the President, could he find it in his heart to sign it? Do the same objections prevail today that prevailed 9 years ago?

Mr. DYKES. Mr. Johnson, I do not think anybody could answer that question. It is a good question but I believe that there might be some difference. I do not think there is going to be a bit of difference in the attitude of the Civil Service Commission, however. They were opposed to the enactment of this type of legislation over the years. I do not think they have changed their minds. I do not know whether they are presuming to speak for the President or whether they have checked it out with him. I suspect that when they say the "attitude of the administration," they are talking about their own attitude. That is my feeling about it.

Mr. JOHNSON of Pennsylvania. Of course, I can answer the question for you.

In 9 years there has been a trend toward doing what you are asking to be done in this bill. Like I pointed out, most State legislatures today are providing that a county employee or a municipal employee entering State service can get credit for municipal or parish or county service in the State system, provided he pays back, like you are expecting to pay back.

My experience in the State legislature has been that there have been bills introduced whereby an employee of a big corporation could go to another corporation and transfer his pension from a big corporation or another corporation—which is called a funded pension system— and, of course, corporations do not like it because that makes for a raiding of corporate employees. There is a definite trend in the Nation now to do what you are seeking to do, which was not in existence 10 years ago.

That would be the only answer I see.

Mr. DYKES. Certainly, the attitude on the part of the States and municipalities has been along the line you say. Even the Civil Service Commission itself, in the Commission report of March 1963, is making a study of this transferability. That is, public employment retirement credit among units of government.

I think they have included this in parts of it and while they do not get right down to this Commission favoring the type of legislation that is here, certainly they are trending in that direction.

I am not sure Mr. Macy was looking at this report when he wrote his letter. Certainly this is a document that bears out what you say, Mr. Johnson.

Mr. JOHNSON of Pennsylvania. That is all.

Dr. SPANTON. There is another point there, and that is, just at the present time I am not in a position to speak for my predecessor. I am retired myself. I was Director of the Agricultural Branch in the Office of Education before retirement. Dr. Tenney happens to be out of the city on official business and could not get back to this hearing, but as most of you gentlemen probably know, last year the Congress of the United States passed an additional appropriation act and authorizing bill for several millions of dollars of additional funds under one of these manpower development programs, and there is going to have to be additional Federal employees brought in and put

on the Federal payroll in the Office. Just how many, I do not know. They will have to administer the program.

We cannot take a person out of college to administer a program like that. They have to have had some sort of experience in vocational education. I know from my own experience when I was on the job it is very difficult to get people to come into the Federal service who have the background of training and experience to give up their State retirement and transfer to the Federal retirement system at the bottom of the scale, at scratch.

We had a man from the State of Gergia, Dr. Kelly O'Hara, who came into our office as a specialist in research at a time when he thought a bill similar to this was going to pass, and he could transfer to the civil service setup. It did not pass. As a result of that, he had a year's leave of absence and went back to Georgia. It is quite important at this time. The situation has changed a little bit as far as employment is concerned. You have to have men with backgrounds of training and experience in order to qualify for these jobs.

Mr. BARRY. We would like to hear from counsel regarding the actuarial situation with respect to the possibility of numbers of personnel who might elect to pay.

Do you have any up-to-date estimate?

Mr. CHARLES JOHNSON (counsel). It is a rule-of-thumb, but I think it is accurate. As you are aware, the Civil Service Retirement Act has a provision which goes to this effect: When any Federal employee is ready to retire and he has service credit and has not paid in the necessary contribution, if he does not pay in that contribution his annuity is reduced by 10 percent of the amount he owes. Transformed into actuarial terms, it seems axiomatic that when a man is ready to retire his life expectancy will be the governing factor. If you are in good health when you are ready to retire, and you can anticipate more than 10 years of retirement life, it is worth your while to pay in that contribution. If you are ready to fall over in 2 years, you would be foolish to do it because you would be paying for 10 years and only getting 2 years. The mandatory retirement date is 70 and I think the actuarial tables of the Commission shows the average 70-year-old man has far less than 10 years' life expectancy.

So if we had 6,888 former ASCS employees who retire at age 70, I would say not over 25 or 30 percent of them would expect to live 10 years more. I think this is the most important cost factor.

Mr. DYKES. I do not think there is any question.

Mr. CHARLES JOHNSON (counsel). The majority will not pay the amount in.

Mr. DYKES. It has been our most optimistic viewpoint that not more than 50 percent of the people would take advantage of it.

Mr. BARRY. This committee would hate to be in a position of offering a carrot and using it to scoop up some money for Uncle Sam's retirement fund.

Dr. SPANTON. Will this hearing be continued on Monday?

I understand there is to be a continuation of it.

Mr. BARRY. We will continue the hearings at 10 a.m. on Monday. There is another witness today.

We will now hear from Mr. Merrill Murray.

STATEMENT OF MERRILL G. MURRAY, REPRESENTING THE EMPLOYEES OF THE FEDERAL BUREAU OF EMPLOYMENT SECURITY, AND OTHERS

Mr. MURRAY. I am Merrill G. Murray, a retired employee of the Bureau of Employment Security of the Department of Labor. I represent those employees and retirees of that Bureau who have lost credit for State service by transfer to the Federal service. The group which I represent respectfully recommends this committee's favorable consideration of legislation which would give Federal employees credit under the civil service retirement system for previous Federal-State cooperative service which was financed by the Federal Government in whole or in part.

Specifically, we favor the enactment of H.R. 5376. The group I represent would be covered by paragraph 7 on page 3 of the bill. This includes Federal employees engaged in a Federal-State cooperative program which had its inception in the days of World War I. The program originated with the establishment of the first U.S. Employment Service in 1917—a purely Federal operation. Late in 1919, it first assumed its Federal-State character, which continued through the 1920's, but received its greatest impetus under the Wagner-Peyser Act of June 6, 1933, which provided for matching of funds by the Federal Government for those States which established a public employment service meeting certain Federal standards.

The program was expanded to include unemployment insurance with the enactment of the Social Security Act in 1935, the administrative expenses of that new part of the program being financed 100 percent by the Federal Government. Since claims for unemployment compensation are largely taken in local employment offices, most of the cost of running the employment offices was granted on a 100-percent basis out of unemployment insurance funds, beginning in 1937.

Historically, the public employment service and unemployment insurance programs have been administered by the same agency in a State—as such, they are referred to commonly as the employment security program. They were separated during the World War II period for slightly less than 5 years, when the public employment services of the States, including their personnel, became a Federal operation under Executive Order 8990. The employment services were returned to the States in 1946.

In 1950, the matching-fund requirement for employment service operation was discontinued, and since that time the administration of the entire employment security program has been financed 100 percent by the Federal Government. Actually, only a token matching of funds by the States had been required for several years previous to that date.

The employment security program is almost unique in its Federal-State relationships as well as the 100-percent Federal financing of administration. In its early days—as well as during the period of fereralization of the employment service in World War II—there were innumerable instances of employees working side by side, performing the same task, yet being compensated on different payrolls—some Federal, some State. Those who were on the State payrolls, however, could not be covered by the Federal retirement system as were their

Federal coworkers, notwithstanding the fact that from 50 to 100 percent of their salaries came from Federal funds.

To this day, the interchangeable and interdependent nature of the Federal and State components of the employment security system is demonstrated by the reliance of the Federal component—the Bureau of Employment Security of the U.S. Department of Labor—upon its State affiliates as a source of qualified personnel.

In coming to the Federal service, however, many of these people must make the sacrifice of dropping out of their State retirement system, even though their previous State work was in the same program as their new Federal work and even though that previous State work was paid for out of Federal funds.

My personal experience is in point. I became director of the Minnesota State Employment Service about the time that the Wagner-Peyser Act was passed in June 1933. In September 1934, I was called to Washington to serve on the staff of the Committee on Employment Security, which planned the legislation that became the Social Security Act . I was the first Federal employee of the Federal-State unemployment insurance program after its enactment and remained in Federal service until my retirement in May 1963. When I left the Minnesota State Employment Service, I lost my credit for State service under the Minnesota retirement system and received only a refund of my contributions to it. My loss of retirement credit was not large, but many persons in responsible positions in the Federal Bureau of Employment Security have lost 5, 10 or 15 years of State service credit when they transferred to Federal service.

It is to relieve the hardship on these people, as well as to keep open the most promising recruitment source for the Federal element of the employment security program, that paragraph (7) is directed. Its adoption would give them full credit under a single retirement system for the work they have done under a single program. It would restore to most of them retirement credit for a period of service which was forgone when they accepted permanent employment with the Federal Government. In addition, it would give the Federal Government an inducement which it could offer in the future to prospective employees whose previous experience in State employment security work would be an invaluable asset in the Federal service.

The nationwide employment service-unemployment insurance program developed a completely new set of occupational skills unlike any in existence. From the beginning the national developmental and supervisory share in the program required the recruitment of skills from the apprenticeships of the State employment service and State employment security agencies. The nationwide program has become one of a highly integrated, closely knit organization of new skills and new knowledges which cannot be recruited from the usual sources of learning and experience.

These former State employees bring years of experience and know-how in State employment security programs, and since they understand the State point of view, they can much more intelligently and sympathetically work with State employment security officials in the solution of their problems.

It is no exaggeration to say that such State experience can be worth thousands of dollars to the Federal Government. Professional em-

ployees recruited by the Federal bureau from other sources must have long months of training and breaking in before they reach their full potential of service, and few of them ever are as valuable as those that have had State experience in employment service or unemployment insurance operations. It would therefore be a good investment for the Federal Government to contribute its share to the civil service retirement fund for the State service of those recruited into the Federal service in the Federal-State employment security programs.

During recent years the salary schedules and other employment benefits of the State agencies have gradually risen to where they are comparable to the levels of the salaries and other benefits of Federal employees. There is little incentive for the employment security experts of the State agencies to shift to the national program unless some of the benefits of tenure and service shift with them.

Many of those for whom I speak have transferred to the national organization in the hopes that this legislation would be enacted to permit them to carry on with their retirement plans. Retirement benefits are an extremely important and vital element in each individual's economic plans and no one could be better informed or concerned about this matter than these workers. Workers are reluctant to leave behind them 10 years, 5 years, or even 3 years of their retirement rights. The right to take those benefits with them to another arm of the program and to put their retirement funds into the Federal system should not be denied them.

As workers whose hearts and minds have been dedicated to this program, my associates in the Federal service are loath to recommend to their colleagues in the States, who are considering transferring to the national organization, that they join the Federal staff unless they are at least not penalized for their action. Refusal to permit them to buy into the Federal retirement system is a penalty they should not be expected to pay for their willingness to make their skills and knowledges available to the national organization.

In the foregoing comments, I have dwelt entirely upon the wisdom of recognizing the collaborative nature of what we now refer to as the employment security program. It is a developing manpower system that should be facilitated in its operation and expansion. I firmly believe from my experience both as a State and Federal official that the arrangement works well with its shared responsibilities, but the mobility of its best professional minds should be encouraged, not discouraged.

The number of employees with State employment security service who would be covered by this amendment is not great. There are perhaps some 250 such people who are now employed by the Federal Government or who have retired from the Federal service. This number would be increased by an estimated 20 to 25 people, at the very most, who might be recruited by the Department of Labor each year from its State employment security affiliates.

It must also be emphasized that the amendment would not cover them into the retirement system because of their State service alone, even though it was federally financed. To be eligible for its benefits, they must be bona fide Federal employees, or retirees, with at least 5 full years of service otherwise qualifying them under the Federal retirement system. This minimum of 5 years must be over and above any

military service which might be creditable for Federal retirement purposes. Furthermore, the Federal annuity which a worker may receive as a result of this legislation would be reduced by the amount of any State annuity he is receiving or for which he is eligible and toward which he contributed for the same State service.

For these reasons, we respectfully request that the committee favorably report H.R. 5376, with the inclusion of paragraph 7 on page 3 of the bill. I appreciate the opportunity of appearing before your committee.

Mr. BARRY. Are you talking about 275 employees?

Mr. MURRAY. About 250. Because this is a very specialized program, we look to the State people as our chief source of recruitment for professional and experienced employees. Increasingly the States have been improving their retirement systems to where it is more and more difficult for us to persuade them to come into Federal service.

Now, they also hold on to their State service because most of the States give vested rights only after a much longer period than the Federal Government.

I have a tabulation here of the States that do give vested rights.

First, out of 50 States that have civil service systems, only 32 give vested rights at all. Only five give the vested rights after 5 years as does the Federal Government. They range on up, 10 with 8 years, 1 requires 13 years, 2 require 15 years, 10 require 20 years, and 3 require 30 years of service. That is a lot for a man to give up.

We as a result are having increasing difficulty in recruiting these people. As a matter of fact, you cannot do it with much heart when you know you are asking them to make such a sacrifice.

I think the Civil Service Commission's position on the cost of this thing is shortsighted. They are thinking only in terms of the cost of the civil service retirement fund. Actually, when we recruit a man from State service, we are saving the Federal Government thousands of dollars in training. It takes months and even years to get a man who is recruited from the outside to where he is as valuable to the Bureau as a man who has come from a State.

To indicate the extent to which this pervades the Bureau, the Administrator of the Bureau is a former State employee, and two of the three Deputy Administrators are. I would say no one in those positions could ever perform as well if they did not know things from the State point of view as well as the Federal. I think there is a distinct advantage here and would result in some real economies if you look at it from the broad point of view.

Mr. BARRY. How many of the 250 do you believe would buy up their rights?

Mr. MURRAY. I have been listening to what has been said, and I think 50 percent is a good figure. I faced this problem a year ago myself when I retired. I came into the Federal service as an expert and was covered into civil service after 3½ years. I did not pay my contributions. I was a young fellow and not smart. So when I came to retire, I took a careful look at this. In the meantime, what would have originally cost me $750 cost me over $2,000. I took advantage of it. I did it with a great deal of thought and hesitancy because it was gambling on whether I would live 10 more years.

Mr. JOHNSON of Pennsylvania. What type of State employee would leave State service and go into the Federal service?

Mr. MURRAY. They would include professional employees. We have some very highly specialized areas like counseling and testing. It would include a good many administrative people who have State administrative experience. They are the valuable type. They know the problems the State has and how they are handled. We have been able to get some very able men. I am thinking of one I talked to this past week who was a supervisor well up in the New York service, a supervisor of the district of New York. He had thousands of employees under him. He at the present time is working on a problem of how the metropolitan offices in the country should organize unemployment insurance and employment services and whether to have separate offices. He talked with authority in telling me of the problems that exist in this area. That is the sort of experience we can get if we can get State men.

Mr. JOHNSON of Pennsylvania. That type of person would be reluctant to leave the State of New York to come with the Federal Government?

Mr. MURRAY. Yes. In this case he had sufficient State service to have vested rights, so he came, but most States do not provide for vested rights until employees have had many years of service, so their employees have to make a substantial sacrifice by coming to the Federal Government.

Mr. BARRY. Thank you.

At this point, without objection, I will insert in the record several letters submitted by Congresswoman Catherine May, of the State of Washington.

(The letters follow:)

EPHRATA, WASH.,
August 16, 1964.

Hon. Mrs. CATHERINE MAY,
House of Representatives,
Washington, D.C.

DEAR MRS. MAY: I wish to inquire as to the status of House bill 5376 and Senate bill 991. My interest, of course, is of a personal nature. Passage of this bill would help correct certain inequities which resulted from Federal-State programs under which the individual received no retirement credit. I happen to fall in this category.

During my employment with the University of Idaho as superintendent of the irrigation experiment station, I was collaborator with several Federal projects of considerable magnitude, the principle of which was the office of cereal crops and diseases, and the Research Department of the Soil Conservation Service, both of the U.S. Department of Agriculture.

My predecessor received full credit for years employed at the experiment station whereas I have been turned down. The only difference was that during my predecessor's tenure he received $200 annually from the office of forage crops and diseases. Otherwise the source of funds was the same for both of us; namely, from the State of Idaho appropriated funds.

The technicality hinges on the fact that a small payment came from the office of forage crops and diseases, U.S. Department of Agriculture. Records would show that the State of Idaho's participation in Federal programs was greatly expanded during my service.

Your consideration and support of these bills will be greatly appreciated.

Sincerely,

JOHN L. TOEVS.

YAKIMA, WASH., *August 26, 1963.*

Hon. CATHERINE MAY,
House of Representatives,
Washington, D.C.

MADAM: As a Federal employee formerly employed as a State employee under a Federal-State cooperative agreement. I am interested in the House bill, H.R. 5376, by Representative Henderson, of North Carolina.

I would appreciate knowing the present status of this bill.

Thank you.

Sincerely,

W. J. IREY.

PROSSER, WASH., *August 13, 1963.*

Hon. CATHERINE MAY,
U.S. House Office Building, Washington, D.C.

DEAR CONGRESSWOMAN MAY: I am vitally interested in House bill 5376 and Senate bill 991. I would appreciate very much knowing the present status of these two bills. I would like to know what position you are taking with respect to S. 991. If you are opposed to it, I would be interested in why.

Sincerely yours,

CLARENCE M. RINCKER.

Mr. BARRY. If there are no other witnesses at the present time, the meeting will stand adjourned until 10 o'clock on Monday next.

(Whereupon, at 12:45 p.m., the committee adjourned, to reconvene at 10 a.m. Monday, June 29, 1964.)

RETIREMENT CREDIT AND FRINGE BENEFITS FOR FEDERAL-STATE SERVICE

MONDAY, JUNE 29, 1964

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

The subcommittee met, pursuant to adjournment, at 10 a.m. in room 215, Cannon House Office Building, Hon. James H. Morrison (subcommittee chairman) presiding.

Mr. MORRISON. The subcommittee will come to order.

The subcommittee resumes testimony this morning on two separate legislative proposals: H.R. 5376, a bill to amend the Civil Service Retirement Act to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, and for other purposes; and H.R. 8544, a bill to extend the benefits of the Annual and Sick Leave Act of 1951, the Veterans' Preference Act of 1944, and the Classification Act of 1949 with respect to employees of county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, and for other purposes.

Our first witness is the distinguished Chairman of the Civil Service Commision, Hon. John W. Macy, Jr., who is accompanied by Mr. Andrew E. Ruddock and Mr. Morton Horvitz.

Will you gentlemen proceed?

STATEMENT OF HON. JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION; ACCOMPANIED BY ANDREW E. RUDDOCK, DIRECTOR, BUREAU OF RETIREMENT AND INSURANCE; AND MORTON HORVITZ, PROGRAM PLANNER

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

Mr. MORRISON. Incidentally, Mr. Ruddock is Director of the Bureau of Retirement and Insurance, and Mr. Horvitz is the Program Planner.

Mr. MACY. Yes, sir. I appreciate your permitting them to join me here at the witness table.

I want to express my appreciation, Mr. Chairman, of your accommodating to my schedule and permitting me to testify this morning rather than Friday.

I must say in appearing before you on this legislation I feel I am going through an act I have performed several times before, but I have tried to rewrite the words a little bit so that there will not be a boredom in stating them again.

I am pleased at this time to appear in connection with your consideration of H.R. 5376 and H.R. 8544. I will discuss each bill separately.

H.R. 5376 proposes to accord Civil Service Retirement Act credit for certain service performed as an employee of a State or State instrumentality where Federal funds are involved. Of the numerous programs in which the Government makes direct payments to States under cooperative arrangements, this bill selects 15 wherein employment would be credited. My letter of June 23, 1964, which you may wish to incorporate in the record, fully sets forth the Commission's position regarding this proposal.

Mr. MORRISON. It is already in the record.

Mr. MACY. Thank you, sir.

H.R. 5376 raises an issue which has caused successive Commissioners much concern in the past several years. This issue is the growing and concerted trend to change the fundamental concept of the Government's civilian retirement system. This system was created exclusively for the retirement of Federal and District of Columbia employees. It was designed to provide retirement benefits as postemployment recognition for faithful service to the United States as an employer. The system's effectiveness as a personnel management instrument would be seriously and adversely affected if persons were able to spend most of their careers in non-Federal employment, secure in the knowledge that later Federal service of as little as 5 years would result in assumption by the Federal Government of responsibility for retirement income based on all their service.

The United States fully meets its obligations to the individual who chooses it as an employer for only a part of his career. Five years of Federal civilian service vests in the worker a right to old-age retirement protection commensurate with the service performed. That an individual should wish more is a natural reaction. But there is no practical limit to which such proposals might be extended. For example, employees of independent contractors constructing buildings or producing goods for the Government could as reasonably point out that their labor constitutes a service equally deserving of consideration.

In line with its consistent opposition in the past to crediting non-Federal service under the Civil Service Retirement Act, the Commission firmly opposes enactment of H.R. 5376. In other words, we oppose any proposal which departs from the concept that retirement credit is proper only where the employer-employee relationship existed between the Government and the individual.

In 1955, the 84th Congress approved a bill substantially similar to the current H.R. 5376, but involving only six programs. Presidential veto at that time averted action to change the basic approach of the Government's retirement system. However, a breach in the system came in July 1960. Although the Commission offered strong adverse recommendation, Congress, over the President's veto, accorded retirement, life insurance, and health benefits coverage and credit to non-Federal employees of the agricultural stabilization and conservation county committees. It is the Commission's present hope that this approach will not be considered a precedent and will not be carried further by favorable action on H.R. 5376, or by any similar proposal.

H.R. 8544 is addressed to a somewhat different situation than H.R. 5376, but has a similar objective. What it would do is make non-

Federal service creditable toward Federal employee rights and benefits.

Specifically, H.R. 8544 would grant salary, leave, and retention credit in Federal employment for service performed with Agricultural Stabilization and Conservation Service county committees. It would also permit the transfer of unused annual and sick leave earned in county committee employment to the leave accounts of county committee employees who enter the Federal service.

A Commission report of March 6, 1964, presents fully our reasons for recommending against this legislation. However, I would like to point up these reasons once more. While it is true that ASC county committees are part of a Federal program administered by the Department of Agriculture, and while it is also true that county committee employees resemble Federal employees in certain respects, the fact remains that county committee employees are not Federal employees. Proof that they are not Federal employees is the fact that legislation is needed to declare their service creditable for the purposes of Federal employee benefits. As long as they continue to be non-Federal employees there is no public policy reason for according them any further rights and benefits of Federal employment.

If ASC county committee employees are non-Federal, then what is their actual status? Ostensibly they are and were intended to be employees of farmer-elected, farmer-composed committees of private citizens. Yet, over the years a combination of regulation and legislation has made it increasingly difficult to determine what their status really is. They seem to be somewhere "betwixt and between." Here are some examples of what I am referring to:

County committee employees are Federal employees for certain benefits of Federal employment, but not for the protections and obligations of such laws as the Lloyd-LaFollette Act or the Veterans' Preference Act.

County office managers are hired by non-Federal county committees, but may not be appointed unless they meet the approval of the State committee which is Federal.

County office employees are hired by and serve "at the pleasure of" the county office managers, but they can be fired by any of the following: The non-Federal county office manager, the non-Federal county committee, the State committee (Federal) or the Deputy Administrator (Federal).

By granting additional rights and benefits arising out of Federal employment, this legislation would further complicate the already unclear relationship between the Federal Government and county committee personnel.

There are several other factors that we believe are deserving of consideration. For one thing, this legislation would give ASC county committee employees an advantage not available to others outside of the Federal service, and would make it difficult if not impossible to draw the line at granting similar benefits to other non-Federal personnel employed in federally sponsored programs.

Furthermore, not only would it give former ASC county committee employees an advantage over others outside of the Federal service, but in some situations would even give them an advantage over persons in the Federal service. For example, under the retention credit feature contained in section 3 of the bill, a former ASC county

committee employee who became a Federal employee could use his county committee service to displace a Federal employee with longer Federal service in a reduction-in-force situation.

In addition, it would appear that H.R. 8544 may have broader applicability than was originally intended. As we understand it, this bill was designed to assist the Department of Agriculture in recruiting ASC county committee personnel for positions in the Department. The language of the bill does not limit its applicability to the Department. This would mean that under the provisions of the bill, an ASC county committee employee could have his previous service credited if, for example, he took a position in the National Park Service of the Department of the Interior. In a reduction in force, he could use his ASC service retention credit to displace National Park Service employees with shorter total service.

We are not unmindful of the problem faced by the Department of Agriculture in recruiting experienced ASC county committee personnel for key positions in the Department. However, we do not agree that the method proposed in H.R. 8544 is the proper way to relieve the problem. There is another solution that would be more equitable for all concerned. This solution would be to amend section 8(b) of the Soil Conservation and Domestic Allotment Act as amended (16 U.S.C. 590(h)(b)) by reconstituting county committee employment as Federal for all purposes. We would be most willing to assist the committee and the Department of Agriculture in carrying out the subsequent conversion.

The idea of making county office employees Federal has support elsewhere. In 1962 the Secretary of Agriculture convened a study committee to look into the farmer committee system. The majority of the group favored continuation of the existing arrangement with certain modifications. However, two members dissented. One, former Secretary of Agriculture Charles F. Brannan, had this to say:

> It is for this reason that I dissent from the recommendation of the study group that the appointment of the county office manager be left to the discretion of the county committee. On the contrary, this person, who directly maintains the records and is responsible for the voluminous clerical functions concerning the outflow of a portion of several billion of dollars annually, should be very closely integrated into the Department of Agriculture with all the status, benefits, and responsibilities of other Department employees * * *.
>
> * * * the entire administrative structure of the Federal and all of the State governments testify to the desirability of establishing an employer-employee relationship with county committees and county office managers * * *.

The other, the late Morton Grodzins, formerly a political science professor at the University of Chicago stated:

> Immediately, in my view, the committees should be deprived of their administrative, as opposed to their quasi-judicial and persuasive, functions. The county managers would be directly responsible in the administrative chain of command to the Secretary of Agriculture. The managers and their staffs would be full civil servants of the United States.

Thank you for affording me the privilege of appearing before you this morning. I will be happy to undertake to answer any questions you may have concerning these bills.

Mr. MORRISON. Mr. Macy, I want to commend you on a very forceful and forthright statement of your position. On many occasions you have reported the position of the Commission on many problems confronting the Government, and on this one we seem to be miles

apart, as we have been on previous occasions. As a matter of fact, I believe the Civil Service Commission was opposed to legislation wherein ASC employees were brought under the retirement, life insurance, and hospitalization programs of the Federal Government.

Mr. MACY. That is correct. My predecessors opposed the legislation that was enacted in 1960 over President Eisenhower's veto.

Mr. MORRISON. And you likewise have been opposed to certain legislation on salary raises.

It seems to me that these people are Federal employees, since all the money they are responsible for and the duties they perform are directly or indirectly under Federal Government supervision. To say that because they are selected locally, they are not Federal employees, is a rather poor argument in my opinion. If they proved to be incompetent the Federal Government could see that they lost their jobs; could it not?

Mr. MACY. They could, but as I indicated in my statement, by a series of actions through the years we have tended to put these employees in a twilight zone where they do have the characteristics and benefits of Federal employees on the one hand, but on the other they continue to be excluded from a substantial number of these programs; and my view would be that the most constructive step we could take would be to clearly establish them as Federal employees rather than to do this on sort of a patchwork basis by extending certain benefits but withholding certain other benefits and obligations.

It is clear that the statute at the present time, the substantive statute, intended that these employees be outside of Federal employment, that they be the employees of the farmer-elected and privately chosen committees that were the means for administering the funds that the Congress made available for these agricultural programs.

What I am suggesting is that there be a clear line of responsibility through the Federal chain of command to these employees by clearly making them, by statute, employees of the Federal Government.

Mr. MORRISON. You can call it anything you want to, but the Federal Government still has control over these people, regardless of how they were appointed. There were one or two instances called to my attention where an employee was not running his office properly, and the Federal Government immediately removed him. Also, the employees subject to this bill collectively have the responsibility of spending millions of dollars of Federal funds.

Now, it seems to me you tend to put your argument in the twilight area, as you call it. For instance, let us take another branch of the Federal service. An adjutant general in Louisiana, for example, is under full responsibility from the Federal Government in the armed services and is under the chain of command of the President of the United States as the Commander in Chief. Just because he is appointed by the Governor of the State of Louisiana as adjutant general of the State, should he have all the pay increases and the various fringe benefits removed because he was appointed by the Governor of the State and because, unless he is federalized at a later date, he works under the direction of the Governor of the State? He is in a similar position to these people who are appointed by the county boards.

Mr. MACY. It is an interesting parallel. I have trouble following it.

Mr. MORRISON. Could you say that the Federal Government doesn't employ an ASC director in a given county because he got his appointment through the county committee members? Even though he is handling Federal funds and in effect doing work for the Federal Government almost entirely, he did not get his employment through the Federal Government agency, but neither did the adjutant general of the State.

Mr. MACY. Well, the adjutant general is a National Guard officer who serves in the State under appointment of the Governor under a very elaborate and complex Federal-State relationship and he can be federalized by action of the President if necessary.

Mr. MORRISON. The people who work for ASC can be federalized.

Mr. MACY. I think that is a different situation. On this issue I am being a federalist. I think if this function is going to be performed locally and in this fashion there is no reason why the Federal Government should move in and provide its retirement system for these employees. In the bill H.R. 5376, the 15 programs that are specified are programs that are administered by the States under Federal statutes. The financing is all or in part from the Federal Government, but these are State employees. Actually, your National Guard argument is closer to the State programs.

Mr. MORRISON. When the adjutant general is no longer performing the duties of that office, he can be transferred anywhere in the world, and many times he is. On the other hand, this same adjutant general can be removed from his office by a new Governor.

Mr. MACY. Yes, but he remains in the military service.

Mr. MORRISON. General Hershey, if he wants to, can bring him to Washington and put him in the selective service. As I see it, the only difference between the adjutant general who is appointed by the Governor and acts under the Governor's direction in this job and the ASC employee is that the ASC employee was not under the Federal Government when he was first employed; but nevertheless, after he was appointed he certainly came under Federal Government direction and had to work according to its rules and regulations.

It seems to me your argument is that we have to have these people completely under Federal designation, and we have to do the employment, but this is just trying to turn the clock back. In view of the many programs, particularly in the educational field and in the scientific field, where these people that work with the State governments and get their training in the State schools, are put in programs such as this, I think the position you and the Civil Service Commission are taking is too rigid—you have to be a little more flexible than that. If the people subject to this bill were spending primarily State funds you would say, "Let the State do that."

Mr. MACY. That is right. That is what I am saying.

Mr. MORRISON. But they are doing a very responsible job basically for the Federal Government.

Mr. MACY. But they are not employees of the Federal Government. The employees in the cooperative programs are employees of the State and therefore the State, under our federalist system, should accept the responsibilities.

Mr. MORRISON. You say they are not employees of the Federal Government, yet they are certainly doing work for the Federal Govern-

ment. For instance, when my committee was in Europe making a comparative study of the civil service employees there, the Federal Government—and I think very wisely—was most flexible. They took the position that the only way these bases could be built was to take nationals under civil service temporarily to get the job done, because we did not have enough American technicians. That was the only way we could build those bases. Suppose the Federal Government had taken the position then that the Civil Service Commission takes today and declined to put them under civil service?

I mention that not as comparable jobs——

Mr. MACY. That is not comparable.

Mr. MORRISON. But you were flexible there and rigid here. Why not be flexible here?

Mr. MACY. Mr. Chairman, I am highly flexible.

Mr. MORRISON. I am glad you have come around to this.

Mr. MACY. I am the most flexible man in Washington. In fact, I have to stand up absolutely rigid because all the advocates of flexibility move in on me at 360°.

I say as a matter of public policy we need to decide on this group of employees whether they are employees of the State or a contractor or the Federal Government. In the enabling statute which the Congress in all its wisdom enacted in order to put these programs in the State to accomplish a cooperative purpose, it was decided that the money was Federal but these were State employees.

Now we are coming along in this legislation and saying, "Yes, they are State employees but because we have a fine retirement system in the Federal Government which the Congress has modernized in order to meet the needs of Federal employees where there is a Federal relationship, the system should now be extended to include these State employees."

I say you are abandoning the basic concept behind the Retirement Act if you extend these coverages to State employees. And as for the Commission, which has been designated as steward to supervise the administration of this act, in our judgment it will be increasingly difficult to draw the line if you extend the coverage to State employees. You have a variety of programs in this bill, 15 different programs with different methods of supervision.

It would seem to me the argument is appropriate that we consider now whether by extending a Federal benefit we are not in effect taking over part of the State's responsibility. If these are State employees they should be under State retirement systems for the period of time they are with the State.

Mr. MORRISON. Except that they work under an act of Congress and do an important job for the Federal Government. If they violate the law they are prosecuted in Federal courts and not in State courts.

Mr. MACY. Let me add that in no sense do my comments constitute any deprecation of the program or the character of these people.

Mr. MORRISON. The only thing I see, you want them to perform all these functions and Congress, in its wisdom, decided to employ them in this manner through these county committees. That is the law and the rules and regulations set forth under that law. On the other hand, you say these employees ought to be under the State, but they

do not perform a function for the State; the major part of their program is work for the Federal Government. As I see it, the only difference between their being civil service employees and the kind they are is in the hiring. In other words, if they had to take a civil service examination and they passed and a job was available, you would give it to them. But on the other hand they certainly are competent or you would not leave them in there, and the very fact Congress deviated from ordinary Federal employment procedures and stated they would be employed by these county-designated officials, to me that has worked out well. But putting myself in the position of an ASC employee, here I go to work, I get my job according to the rules and regulations set forth in the act. To me it did not make any difference how I got that job. I am there and I am working. I am primarily handling a program which was enacted into law by Congress. I had nothing to do with the way I was employed. Congress told me that was the way I was to be employed. So since this is strictly a Federal program practically in its entirety, why shouldn't they get the benefits that a Federal employee has? The only difference is the way they are employed.

Mr. MACY. Why shouldn't they be Federal employees, then?

Mr. MORRISON. Because Congress deemed otherwise.

Mr. MACY. You want them to be non-Federal employees but to have all Federal employee benefits?

Mr. MORRISON. No. I do not think Congress intended them not to be Federal employees. Possibly that is an interpretation that the Civil Service Commission put on them.

Mr. MACY. I would be glad to accept that but unfortunately the Commission cannot be a responsible party in that case.

Mr. MORRISON. This situation is similar to where a man goes into the Armed Forces—he is drafted by people who are selected by State officials.

Mr. MACY. I do not believe that is a parallel situation.

Mr. MORRISON. No; but it shows how flexible one branch of the Federal Government can be.

Mr. MACY. But the selectee does not have civil service retirement benefits.

Mr. MORRISON. I know, but he is selected for military service by the draft board, and the draft board is not designated by the Federal Government, it is appointed by the Governor of the State.

Mr. MACY. Yes, but he takes his orders from a sergeant and not from someone who is a county committeeman.

Mr. MORRISON. That is true once he gets into the service, but he was called to the service initially by the draft board.

Getting back to the employees that would be affected by this bill, I do not see any difference in whether they are employed by the State or Federal Government except this: They may know a little more about the local situation with the States than we would know here in Washington. They choose the best possible man and probably at a lower cost than if you had to send a team of men from Washington. So I think we can assume that it is a good way to employ them. Yet just because they are not employed by a Federal agency, I do not see why they should not be under the various Federal programs, because they are handling a program which completely comes under the scope of the Federal Government.

Mr. MACY. It seems to me your argument, Mr. Chairman, would support my conclusion that perhaps the way to resolve this is to determine by act of Congress—and it is a congressional determination and not a Commission determination that they are non-Federal employees—that they are Federal employees and apply all the Federal employee statutes to them which apply to other Federal employees, because in this bill the proposal is they would be extended certain rights under the leave law, they would be extended certain rights under section 12 of the Veterans' Preference Act but not the rest of the Veterans' Preference Act. There is no reference to the basic Civil Service Act or any of the pay acts, so again it is a piecemeal piece of legislation.

It seems to me if Congress desires this to be a federally administered program, then all the benefit and obligation structure the Congress has built in for Federal employees should be built in.

This is different from the other bill which deals exclusively with retirement for those in the specified State programs.

Mr. MORRISON. You say "if Congress desires this to be federally administered." Congress already has provided that it is to be federally administered.

Mr. MACY. Congress has taken the position these are not Federal employees and by the enactment in 1960 they have extended to the first group of non-Federal employees retirement, life insurance, and health benefits coverage. This bill would take a few more steps still for employees who are clearly non-Federal.

Mr. MORRISON. That is just a position that one takes in coming to a conclusion. You could say either that Congress does or does not look at these people as Federal employees. But Congress has passed a law and has brought them under these programs. So regardless of which position you take, Congress has already acted and set a precedent.

Mr. MACY. If these were Federal employees there would be no need for this legislation at all. The very fact this legislation has to be introduced is evidence they are non-Federal employees.

Mr. MORRISON. That is true under a strict interpretation, but you can see that one could say that they are or are not Federal employees. Regardless of the interpretation made, they are performing a function entirely for the Federal Government and they should be entitled to the same insurance program, the same hospitalization program, and the same retirement program that other Federal employees in a comparable position have.

Mr. MACY. There are millions of employees of private contractors whose work is exclusively for the Federal Government. Where would you draw the line? The group you were citing overseas were contractors overseas.

Mr. MORRISON. Some were contractors and some were not, but that is a point of view. It eliminated a major problem successfully. I think it was wise to be flexible there because it meant that we obtained needed bases and not getting those bases could have resulted in the world not being at peace.

Nevertheless, getting back to contractual work, the people named in the bill do not do contractual work for the Federal Government. They are designated in their employment and then they are paid monthly

for their services by the Federal Government for performing a Federal program. However, for example, if North American Aviation Co. paid a man for certain scientific work, that man can work 2 hours on private work and 6 hours on other work.

The contractual situation is absolutely different. Contractual employees have a retirement program, an insurance program, and a hospitalization insurance program of their own. They do not do work that is completely for the Federal Government. Under no circumstances would we bring them in and give them benefits.

Mr. MACY. How about post exchange employees who are performing exclusively a Federal function but are employees that are paid from nonappropriated funds? Would you include them in all the benefits?

Mr. MORRISON. They are not before us at the present time, but if they requested it, we might give them consideration.

Mr. MACY. The question is: "What limits does the Congress desire?"

Mr. MORRISON. I say that if other employees have similar conditions as the ASC, and present similar arguments, they ought to be given benefits. I do not know all of the groups, but if you do and want to bring them before the committee, I am sure we will give them consideration. I just do not think we should be so rigid.

Mr. MACY. The need is to determine whether or not you wish to adhere to an employer-employee relationship as a basis for coverage under the retirement system.

Mr. MORRISON. We do, but we want to make it a little more flexible.

Mr. MACY. Even with flexibility, you have to have some guidelines. Congress has not provided guidelines. They went ahead on the ASC program. We have had legislation proposed every year to extend retirement coverage to many of these State programs. There is a substantial fiscal element involved here. This is not something that can be done without some cost to the Federal Government. It seems to me we need to consider that factor as well.

Mr. MORRISON. Mr. Wallhauser.

Mr. WALLHAUSER. Thank you, Mr. Chairman. First I want to thank Mr. Macy for his presentation. I think he has made very important points here. There are 15 programs that would be involved under this program. Is that right, Mr. Chairman?

Mr. MACY. Yes, sir.

Mr. WALLHAUSER. How many other programs might in the future come under this same type of benefit if we passed this bill?

Mr. MACY. There are at least 30 programs that would parallel these in other fields where Federal functions are carried out through grants-in-aid to the States, without getting into the other category the chairman and I were talking about, namely, the contractual field.

Mr. WALLHAUSER. We had testimony last Friday that there were about 6,000 employees involved under these 15 programs. Is there any estimate as to the number of employees that might be included?

Mr. MACY. I read that testimony, but we do not have any reliable information as to the extent of the Government's liability through coverage in these organizations. It would be necessary to go back and review the extent of employment in these organizations and then determine the number of people that are presently in the Federal Government with 5 years of service. Then, of course, that would apply in the future. It would apply prospectively.

Mr. WALLHAUSER. You could not give us an estimate as to the number of employees in other programs that might eventually come under this type of benefit?

Mr. MACY. Our testimony has been in the past few years, as we have reviewed this, that unless there were a very comprehensive study, we do not even have an order of magnitude as to what the coverage would be.

Mr. WALLHAUSER. Have you any idea as to the administration's position on this?

Mr. MACY. The administration's position?

Mr. WALLHAUSER. The President's position.

Mr. MACY. I am testifying for the administration in opposition to both of these bills.

Mr. WALLHAUSER. I think the Department of Agriculture is going to testify in favor of the legislation. There seems to be a conflict between two parts of the executive branch.

Mr. MACY. My statement has been cleared as representing the views of the administration.

Mr. WALLHAUSER. After the veto of President Eisenhower, this legislation was passed on health benefits and other fringe benefits, and it was part of the pay raise bill; was it not?

Mr. MACY. Yes; it was part of the 1960 pay raise bill. It included retirement, life insurance, and health benefits.

Mr. WALLHAUSER. The entire bill was vetoed?

Mr. MACY. The entire bill was vetoed, but this particular feature was opposed.

Mr. WALLHAUSER. Specifically by the President?

Mr. MACY. I believe it was. It was specifically mentioned in the veto message as one of the reasons for disapproval.

Mr. WALLHAUSER. You mentioned the study committee and you quoted several of the minority members. What did the majority say?

Mr. MACY. The majority called for a continuation of the present system of farmer-elected county committees with the selection of county committee employees as non-Federal employees. I am taking a Holmesian position here in citing only the minority.

Mr. WALLHAUSER. Do you recall how many members composed this committee?

Mr. MACY. There were eight members of the committee. The other six favored a continuation of the status quo.

Mr. WALLHAUSER. In effect, they said they were non-Federal employees?

Mr. MACY. That is my reading of their conclusion.

Mr. WALLHAUSER. You said there would be some costs involved. Have you any estimate of costs?

Mr. MACY. We would have to know the coverage in order to estimate costs. The legislation for the 15 programs provides that the employees involved shall pay the employees' share for the period of State service to be covered plus interest. However, it is silent on any reimbursement of the Government share of the cost of that period of credit. That would be the cost to the Federal Government. It would be substantial.

Mr. WALLHAUSER. Would you mind spelling out a little more fully how an ASC employee might displace a Federal employee with longer Federal service?

Mr. MACY. Yes. As we have interpreted the language of the legislation, if it were possible for the ASC employee to have retention credit under section 12 of the Veterans' Preference Act for periods of ASC committee service, it would mean if that individual transferred from committee service to Federal employment—the example I used was the National Park Service—it would mean that in a reduction in force in the National Park Service the individual, using his ASC service, would have a greater longevity and, therefore, greater retention credit than someone with a lesser period of total service in the Federal Government and consequently would be eligible to displace him.

Mr. WALLHAUSER. You made the point that even though this legislation is designed to assist the Department of Agriculture, actually it could go beyond that.

Mr. MACY. That is right. If the committee wishes, this particular feature could be taken care of with a language change that would limit this to Department of Agriculture employment.

Mr. WALLHAUSER. Could you envision, for instance, under the Federal Highway Act, any State highway employees in the various States ever coming under this type of benefit?

Mr. MACY. My view, Mr. Wallhauser, would be that an equally strong argument could be made for certain employees of the State highway departments, certain employees of municipal urban renewal authorities, certain local employees of a civil defense project financed by the Federal Government. An argument could be made to extend to them credit for retirement benefits under the civil service statute.

Mr. WALLHAUSER. So that your final recommendation is that the legislation which should be enacted, if it is the desire of the committee and the Congress, would be to bring all these employees under Federal employment?

Mr. MACY. That is with respect to ASC.

Mr. WALLHAUSER. That is what I am talking about.

Mr. MACY. As far as that is concerned, my recommendation is that if there is a desire to extend additional Federal benefits to those employees, that all benefits and obligations be extended and that they be viewed as Federal employees, with the supervision coming directly from the Department of Agriculture.

Mr. MORRISON. Will the gentleman yield there?

Mr. WALLHAUSER. Surely.

Mr. MORRISON. The reason I asked you to yield at that point is that I would like to make an illustration about where State highway employees were brought up to work on Federal highways. It is my understanding that it would be impossible for State employees to claim fringe benefits or other benefits from the Federal Government, since the way the Federal highway program is administered, the State highway departments have their own retirement program, their own insurance programs, and so-called fringe benefits. The employees get paid solely by the State.

They have another group of employees who are strictly Federal employees. They have a separate office, a separate location, and separate duties to perform. This group gets all the fringe benefits that are in the various acts covering Federal employees.

They coordinate the program and in effect have veto power over how the State allocates these roads and their supervision. Whatever route is to be taken or whatever type of construtcion is presented by the State, they have to give their approval of it. But at no time are State employees doing Federal work and at no time are the Federal employees doing State work. They maintain two separate agencies.

Mr. MACY. But there are State employees doing Federal work. They are on the State payroll when they are doing the Federal work.

Mr. MORRISON. No, they are not doing Federal work. The Federal Government has its own inspectors personnel down there.

Mr. MACY. But there are State employees carrying out the Federal program in the highway department.

Mr. MORRISON. No, there is no State employee in the Federal Highway Department in Louisiana. The State employees work in the State highway department building and the Federal employees work in a separate building that the Federal Government rents downtown.

The State pays its employees, the Federal Government pays its employees, and whatever the State proposes, the Federal employees have to approve. The Federal Government, in a sense, has the veto power.

If a State wanted to add 10 miles to an interstate road which the Bureau of Public Roads, a Federal agency, did not think was practical or economical, the Bureau could force the State to give in to its wishes, since the Federal Government furnishes most of the funds for such projects.

The Federal employees are absolutely independent of the control and supervision of the State.

Mr. MACY. This must be the Federal Bureau of Public Roads employees.

Mr. MORRISON. Correct.

Mr. MACY. But there are some State employees who are pursuing the functions for the State highway department that lead to the recommendation for the 10-mile change in the interstate road.

Mr. MORRISON. But they are paid from State funds, are under the State highway direction and are on the State retirement program. They are not paid by the Federal Government.

Mr. MACY. Louisiana must be unique because in my State we have instances where there are State employees who are under the grant program from the Bureau of Public Roads who are under certain Federal strictures because of the Federal money involved.

Mr. MORRISON. It is my understanding that Louisiana is the same as every other State.

Mr. MACY. May I correct a previous comment I made in response to Mr. Wallhauser's question. You asked me about highway personnel. I had a lapse. I did not recall that the bill H.R. 5376 actually includes extending retirement benefits to State highway employees whose work is paid in full or in part out of Federal funds. This is in section (k) (8) on the bottom of page 3 of H.R. 5376.

Mr. WALLHAUSER. Would you repeat the page number?

Mr. MACY. Page 3, line 24, prescribes that Federal-State cooperative program of highway construction, authorized by the Federal Aid Road Act, approved July 11, 1916, as amended and supplemented—

so may I apologize for improperly responding to your question. This bill, among the 15 programs, includes highway construction.

Mr. WALLHAUSER. This is H.R. 5376 you are referring to?

Mr. MACY. H.R. 5376.

Mr. WALLHAUSER. Could you give us an illustration of the—you used the word "obligations"—obligations that a Federal employee has?

Mr. MACY. Yes, I have in mind, for example, the Hatch Act obligation. I have in mind the various statutes that relate to the code of ethics of employees, as long as they are Federal employees.

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

Mr. MORRISON. Mr. Barry.

Mr. BARRY. Thank you, Mr. Chairman. Who would normally pay for the retirement of these ASC county agents? Would they be under a county retirement system?

Mr. MACY. Since 1960 they have been under the Federal retirement program.

Mr. BARRY. Have they lost all their rights under any previous arrangement they may have had?

Mr. MACY. They were under social security prior to that time. Did they have other retirement benefits through any State systems?

Mr. RUDDOCK. Not to my knowledge.

Mr. MACY. I believe they were not covered by any system prior to 1960. This is in contrast to State employees in the other bill who are covered by whatever retirement statutes would be applicable.

Mr. BARRY. There is nothing to preclude a State government from bringing them under their retirement system, is there?

Mr. MACY. I do not believe so.

Mr. BARRY. I think we ought to try to find out whether some of them are not already covered.

Mr. MACY. I do not believe that any of the States had covered the ASC county employees. They tend to be a group apart from the State employees.

Mr. BARRY. Mr. Macy, if we want to bring the ASC people directly under the Federal Government—making them totally and completely Federal employees—what kind of resistance would you anticipate from county governments throughout the Nation who like to think they do not have a federally dominated agricultural program?

Mr. MACY. There is a tendency to want the best of both worlds. They would like to have Federal benefits for the employees but have independence of local selection and local representation.

Mr. BARRY. Recently, when there was a wheat referendum in the Middle West, the Department of Agriculture was accused of using Federal employees to whip up the policy adopted by Secretary Freeman. This was, of course, denied.

On the other hand, a county agent in the present position he is in, supported by the people and the farmers of the area, could maintain a more independent position.

Mr. MACY. The county agent would be yet another program. This is just in the stabilization and conservation field.

Mr. BARRY. However, the county agent could maintain more independence of Federal control—total Federal control—than he could if he were brought in under the program suggested.

Mr. MACY. I would be beyond my competence in trying to say whether or not a change is desirable from the point of view of administering the substance of the agricultural program. After all, the program comes first. That is the primary purpose.

I am saying the primary purpose, which the Secretary of Agriculture and others have endorsed through the years, of locally selected people governing this program, if this concept is to prevail, it seems to me we are fuzzing it up by constantly extending Federal benefits to those the statute considers to be non-Federal employees.

Mr. BARRY. You are saying if we are going to continue to fuzz it up more, you think they ought to be drawn into the Federal family totally?

Mr. MACY. Yes. There may be very good program reasons why this is undesirable and injudicious and impolitic. I am sure the Department's witnesses will give you the view from the program point of view. My view is in terms of those who have a responsibility for these various personnel statutes that are being extended to these employees by this bill.

Mr. BARRY. Looking at your statement as to who can fire one of these quasi-county, quasi-State, quasi-Federal officers, there are four that are non-Federal: County office manager; county committee; State committee; and deputy administrator. I cannot imagine two of the four willingly surrendering the power they have over this very important person. I think there would be a real struggle to adopt your substitute proposal.

I understand and I am sympathetic to your point of view. You are saying that if the issue is going to be forced, then Federal employees should be brought under the umbrella of the Congress in totality.

Mr. MACY. Right. Basically, my position, which might be described as rigid, is that the Congress should not have extended these benefits in 1960 but, having extended those benefits, and now apparently there being an interest in further extension, it would be desirable to look at the basic status of these employees to see if they should not more logically become Federal employees rather than remain as non-Federal employees with a part of the package of Federal benefits and obligations but not the totality of that package.

Mr. BARRY. Do you think that it was swept along with the pay raise at the time?

Mr. MACY. I think it was planned that way.

Mr. BARRY. Yes, but I do not think it was planned that the President would veto that bill; do you?

Mr. MACY. There has been a buildup through the years of advocacy for the extension of these benefits to these employees. This was the fulfillment of that portion of the benefits. Now that that is possessed, there is a desire to carry it further.

Mr. BARRY. You mentioned in answer to a question by Mr. Wallhauser that you have not yet determined the magnitude of this. How long would it take and how much would it cost to determine the magnitude of the extension of this bill? To how many employees would it extend?

Mr. MACY. It would mean getting a very rough estimate from the Federal administrators of a variety of programs that are carried out throughout the States. The use of the grant-in-aid through the States

as a means for carrying out the Federal programs has been very substantially extended over a period of time. So that we have a large number of State and local employees.

Mr. BARRY. You mentioned about 30 such programs.

Mr. MACY. Yes.

Mr. BARRY. Would you consider it irresponsible for us to go forward without knowing what those programs are and how many people are involved?

Mr. MACY. It seems to me there needs to be some estimate as to at least what the financial obligations of the Federal Government is going to be if there is an extension of credit of this kind.

Mr. BARRY. Speaking to the financial side of the obligation, last week's testimony indicated that perhaps only 50 percent of those eligible for such benefits would elect to pay the back retirement and join the plan or increase their participation in the plan they are already in. What is your opinion?

Mr. MACY. This is difficult to estimate. It would be my speculation that the benefit of this coverage under the Federal plan would be of sufficient magnitude and the contribution would be sufficiently small that, in most instances, there would be a desire to take advantage of it. Perhaps Mr. Ruddock can give us some experience on the ASC program as to the extent of participation.

Mr. RUDDOCK. Right after the passage of the bill authorizing credit for ASC service, when the law required that the employee had to make a deposit if he wanted that credit, we had tremendous activity. Then, in a little over a year, Congress amended the law so that the deposit is not mandatory for credit for the service. The individual is put in the same position as a Federal employee; namely, he gets credit for that prior service. He has the privilege of making a deposit. If he fails to make the deposit, the only penalty is a reduction in his annuity equal to 10 percent of the amount he owes the fund at retirement. But this is such an obvious bargain that under the requirement for mandatory deposit I think most employees would make it at the time of retirement, if not before. It is an obvious bargain.

Mr. BARRY. So you feel that there would be a cost to our retirement fund. This would not be a break-even situation?

Mr. RUDDOCK. It could not be a break-even situation because an employee who puts any money into the retirement funds is guaranteed that either he or his survivors will get back that amount of money. No employee's contribution could be used to pay a benefit for some other employee. The Government's obligation in each case would be the excess of cost over the deposit made by that particular individual.

Mr. BARRY. Would you comment on the testimony given us last week that this would not cost the Federal Government additional sums?

Mr. RUDDOCK. A careful reading of that testimony, I think, would indicate that it would not create a deficit position for the retirement fund; but I think this was speaking strictly from a cash position, that income would exceed outgo for a period of a few years. I believe that was the testimony.

Mr. BARRY. Would you concur in that?

Mr. RUDDOCK. Yes, I would.

Mr. BARRY. Do you think it would cripple the retirement fund or do you think it would maintain that relationship for a good number of years?

Mr. RUDDOCK. I do not know where the turning point would be, but since there is an obvious cost to the Government in every case, sooner or later disbursement for that purpose would have to exceed income.

Mr. BARRY. This would draw down the fund in general?

Mr. MACY. It would be an added drawdown of the fund about which we have expressed concern a number of times already, without placing this additional obligation. We feel that one of the legislative needs is to examine the present payments to the fund so that we are not in a position a number of years hence where we have drawn down the fund and have to have large annual appropriations in order to meet the Government's obligations to those who have retired or are retiring.

Mr. BARRY. Can you give us a rough idea as to the total amount of the fund now, and the actuarial prospect?

Mr. RUDDOCK. We are now in the process of making an actuarial valuation. At the present time our estimate of unfunded liability is approximately $34 billion. We have approximately $13 billion in the retirement fund. This is invested in interest-bearing securities of the United States. It is our estimate that by 1972 disbursements will begin to exceed income. It is our further estimate that by 1990, unless some improvement in financing occurs, we will have completely exhausted the balance in the retirement fund and will then be dependent upon current income to meet current disbursements.

Under present estimates, this will result in a requirement for direct appropriations that would run $2 to $3 billion per year in order to meet the monthly benefits to people retired and to surviving widows and children who are entitled to benefits.

Mr. MACY. To forestall the condition Mr. Ruddock described, the administration sent forward last year a proposal for a changed financing pattern in order to give the fund additional income during these intervening years on a gradually increasing percentage of contribution by the Government to the fund.

Mr. BARRY. What is the status of that now?

Mr. MACY. It is pending without action, before the Post Office and Civil Service Committee.

Mr. BARRY. Thank you.

Mr. MORRISON. Thank you very much, gentlemen. We very much appreciate your excellent presentation.

Mr. MACY. Thank you, Mr. Chairman. I am sorry we could not agree.

Mr. MORRISON. Most of the time we do. You made a very able presentation, regardless.

Mr. MACY. Thank you, sir.

Mr. MORRISON. The next gentleman we would like to hear from is Mr. Carl Barnes, Director of Personnel, Department of Agriculture, accompanied by Mr. Ray Fitzgerald, Deputy Administrator, Agricultural Stabilization and Conservation Service. I think you want to talk first, Mr. Fitzgerald.

STATEMENT OF CARL BARNES, DIRECTOR OF PERSONNEL, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY RAY FITZGERALD, DEPUTY ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Mr. FITZGERALD. I have a short statement I would like to read, if you do not mind.

Mr. MORRISON. Very well.

Mr. FITZGERALD. ASCS is responsible for the execution of many vital farm programs. These programs have a direct bearing on the economic well-being of the farmers and on the conservation of farmland resources.

The key point for success in the operations of ASCS programs is at the county level. It is here that we serve the farmer on a face-to-face basis. The programs are explained to him here and it is by his action through the local ASCS county office that he participates in the programs. The point I wish to make is that the ASCS county office staff is a very important arm in the administrative machinery of ASCS.

There are approximately 15,000 full-time county committee employees. A more dedicated, highly qualified group of employees cannot be found in any other organization. They constitute a reservoir of farm program talent which the Department greatly needs to fill higher level positions. It is very difficult, however, to expect these employees to accept other assignments within the Department with the penalties which are currently applied in such transfers.

County employees, the great mass of whom have many years of county employee service, are treated as new employees if they move to a civil service position. The annual and sick leave to their credit in the county office cannot be transferred with them. They are required to take a salary cut, in many cases, even though they move at the same or higher equivalent grade levels. Management planning for the development and advancement is necessary in order to obtain maximum benefits through the utilization of human resources. This is greatly hindered by the current requirements.

I feel strongly that the enactment of H.R. 8544 will improve the calibre of persons moving into middle and higher level positions in ASCS and the Department.

Many of the programs carried out through ASCS were initiated in the early 1930's. A large number of important program management positions in ASCS State offices and elsewhere in ASCS are occupied by employees who began their service at the start of our programs. Many are now approaching retirement age. We are going to be faced with acute staffing problems. A logical source for filling such positions is the staff of the county offices. We feel it of utmost importance, therefore, that the requirements for loss of salary and loss of leave be modified. We know of many instances in the past where highly qualified county employees have declined transfer to civil service positions because of these requirements.

Mr. MORRISON. I take it from your statement that you are in favor of this legislation.

Mr. FITZGERALD. Yes, sir.

Mr. MORRISON. Does the fact that the ASC employees are selected by county members help or hinder their service as far as the Department of Agriculture is concerned?

Mr. FITZGERALD. Our experience indicates it helps.

Mr. MORRISON. Would you go into a little detail on that? Can you give us some idea of why it is done on that basis rather than from here?

Mr. FITZGERALD. I will try, sir. You are probably aware that farm programs are about as difficult to administer and about as controversial as any program administered by a Federal department.

Mr. MORRISON. I could not agree more.

Mr. FITZGERALD. We found over the years that it is more advantageous to the welfare of the Department's programs and to the farm people whom we serve to have them served at the counter by people who are from the community and who are under the direction of people who not only the farmer knows but whom he has elected to the position of county ASC committeman. These people then, who are either committeemen, office manager, or employee of the county office, not only are from the local community, not only have a knowledge of local conditions and local problems and local personalities, but are also people who have the direct knowledge of, acquaintance with, and trust of the farm people who come into our offices and are served by these folks.

Mr. MORRISON. If these people were classed strictly as Federal employees, and if they were not employed by these county committeemen, do you think that would change their mode of operation or would they administer the program as they are administering it now?

Mr. FITZGERALD. If the tag of civil service were put on the employee——

Mr. MORRISON. The idea is given that everything would be all right if they just had the civil service tag on them and were not employed by these county committeemen. Would there be any difference in the way they would perform their duties if they did not have the civil service tag?

Mr. FITZGERALD. No; I do not think in substance there would be any difference. The only possible difference I could see is you might end with a man who is an ASCS county office employee in South Dakota being transferred for some reason to a parish office in Louisiana. This may or may not be desirable. At least, he would not be from the home territory and know the home people and know the home problems as he does in Aurora County, S. Dak.

Mr. MORRISON. Your Department is responsible for the way they administer that program. How does the fact that they are local people hired by local people work out in your Department?

Mr. FITZGERALD. The county committee is elected by the local farmers through delegates to a county convention. These delegates are elected directly by the farmers. These people constituting the county committees are responsible in the hiring process to employ a county office manager. The county office manager must meet certain standards set up by the State ASC committee and approved by the Deputy Administrator.

As long as the individual who is being hired by the county committee for the position of office manager meets these minimum quali-

fication standards, which may include considerable training, as a matter of fact, even though he otherwise does meet the standards, he can be put into the position and he is, as a part of his responsibility, in charge of hiring the clerks in the county office.

Mr. MORRISON. Has that been satisfactory in its operation as far as the Department is concerned?

Mr. FITZGERALD. It has been very satisfactory. We have had no major problem, not even minor problems actually, because the office manager is responsible in his hiring policy directly to the county committee, the county committee to the State committee, the State committee to our office. Our handbook sets up guidelines and standards which must be met by county committees when they employ a county office manager or when an executive director or anybody else is hired.

Mr. MORRISON. The majority of these employees have been satisfactory employees?

Mr. FITZGERALD. At least 99.9 percent; yes, sir.

Mr. MORRISON. It is reasonable to assume that this is the best way to hire people since they are more acquainted with local problems. Is it reasonable to assume, since these employees have been 99 percent satisfactory, that handled in another way, so that a civil service tag could be placed on them, they might not be quite so satisfactory?

Mr. FITZGERALD. Experience indicates it would be very difficult to improve the system by putting a different tag on an employee.

Mr. MORRISON. I know that from an agricultural standpoint. I grew up in a rural community dependent mainly upon the farmers' income for its existence, and I knew all of the farmers' problems. But if you put me in another place in the United States, say in the Corn Belt and wheat area, I would be completely lost.

In other words, I think that it would be difficult to get away from the people who over the years have had a local acquaintance with a complicated problem of the farmer, which is invaluable in making a program like this successful.

If this program was not operating satisfactorily, you would know, would you not?

Mr. FITZGERALD. Yes, sir.

Mr. MORRISON. Are the farmers who take part in this program satisfied on the whole, in your judgment, to have it administered by local people?

Mr. FITZGERALD. We have no reason to believe they are not very well satisfied, at least 95 percent, as opposed to any other system of administration.

Mr. MORRISON. They are paid with Federal funds?

Mr. FITZGERALD. Yes, sir; absolutely. Every program they administer is completely Federal in every aspect.

Mr. MORRISON. Mr. Barry.

Mr. BARRY. Do you oppose the method Mr. Macy suggested for us to extend the benefits?

Mr. FITZGERALD. We think this is a better way.

Mr. BARRY. That is all.

Mr. MORRISON. Mr. Wallhauser.

Mr. WALLHAUSER. I thank the gentleman for giving us the Department's viewpoint. It is very interesting and very helpful to hear both sides of the question. Thank you.

Mr. MORRISON. I would like to point out that we have before us a gentleman who represents the agency that has the responsibility for the administration of this program. He has testified that the way the personnel is employed, from their experience, has been handled most satisfactorily, and he doubts that if it were done in another manner, it would not be administered quite so successfully.

I know that the Chairman of the Civil Service Commission is a very able man and he is very sincere in opposing this, but it seems to me that the agency who administers it would be a better judge of the way it should be administered than a man who has many more responsibilities and problems. Mr. Macy could only consider this problem briefly, but you have full responsibility and overall knowledge of its operation.

Mr. Macy's opposition arises from the way they are employed. Your testimony points out that time and experience have shown that this is the best way of selecting these people. I do not see how an argument, that people who work only for the Federal Government should not be under the fringe benefit program of all Federal employees, can hold up very well. I think if you keep these fringe benefits from them, you hurt the service that they are performing, and you will not get people as well qualified in the future. Certainly it is also unfair to them.

You just stated that if employees on a State level cannot take whatever credit they had on various State programs with them when they go to work in this job, that presents a serious problem. I think you have given us a very important presentation. Judging from the explanation you have given us, this has been a very satisfactory program.

Mr. FITZGERALD. Absolutely; yes, sir.

Mr. MORRISON. Would you say that in comparison to programs which are administered strictly by Federal employees and that have the civil service tag on them from the inception of their employment, that any other programs are administered better than this one in the Agriculture Department on the basis of personnel?

Mr. FITZGERALD. No, sir. We will stack our record against any other agency of the Department of Agriculture, or any place else in the Federal Government.

Mr. MORRISON. Not only the Department of Agriculture but the entire Federal Government?

Mr. FITZGERALD. Yes, sir.

Mr. MORRISON. You are certainly positive. Any questions?

Mr. WALLHAUSER. No questions.

Mr. MORRISON. Have you anything you would like to say, Mr. Barnes?

Mr. BARNES. Yes, sir, Mr. Chairman. I am Carl Barnes, Director of Personnel in the Department of Agriculture. I have no prepared statement but would like to give a few brief comments as Personnel Director of the Department.

There are two different bills under consideration by this committee, and in order to provide some basis of continuity, I will comment first upon H.R. 8544, the one which Mr. Fitzgerald has just commented upon.

I have worked with the Government almost 28 years, Mr. Chairman, 22 of which have been in personnel work in the Department of Agriculture. In that experience I have come in contact very closely with

every employee group, I think, within the Department. The ASC county office employees are one of the finest groups of employees in the Federal service. They work under the most difficult conditions, and they seldom follow an 8-hour day. They make themselves available to farmers at the farmer's convenience, which means working many times at night and on weekends.

They had not been treated fairly from a personnel standpoint until the Congress started extending certain advantages to them some years ago. This began with some badly needed pay raises. Then Congress in its wisdom saw fit to extend certain other benefits that we are talking about today.

If I might just briefly describe the situation as I see it from the standpoint of a personnel officer, who looks at these employees along with two other groups—Farmers Home Administration and Soil Conservation Service. The reason I pick these two bureaus is that each of them has an administrator in Washington, each has offices in individual States with a State director, each has county offices in agricultural counties throughout the country, with some intervening level of supervision between the county level and the State director. In other words, their basic organizational pattern is the same.

In both cases the bureau chief, in staffing his key vacancies, must look at the tremendous resource of capability he has at the county level as an important source of talent to feed into the mainstream of middle management and executive level positions in the agency. This is necessary so that top level ability will exist in the future at those higher levels. Two bureaus can do this now. Farmers Home Administration can do it; it has a fine record, as does ASCS. Soil Conservation Service can do it. I think they have an equally fine record in this connection. ASCS cannot do it with ease simply because each year, if they want to pick 30 or 40 of the most capable people from their 15,000 or so employees, many times these employees will not take a transfer into a Federal job, because they lose the very benefits this bill under consideration will give them.

Mr. MORRISON. What two agencies did you mention?

Mr. BARNES. Farmers Home Administration and Soil Conservation Service.

Mr. MORRISON. Why is it that they can do it, but the ASC cannot?

Mr. BARNES. Because FHA and SCS employees have the civil service tag, and those in ASC county offices do not. Congress, in its wisdom, saw fit to establish the county committee system and not the civil service system of administering the controversial ASC program at the local level. I personally think this program represents one of the most fantastically successful experiments in administration of public programs in history, because it has brought the local touch and the infusion of local know-how to a Federal program which has its major impact at the local level.

Mr. MORRISON. In other words, if this county selection has proven successful and was used here, that is the only reason why this agency would not be similar to the other two you mentioned?

Mr. BARNES. Yes.

Mr. MORRISON. It is strictly because of the way they are employed. Is that right?

Mr. BARNES. That is right; on the basis of congressional decision to have them employed differently.

Mr. MORRISON. These three agencies have just about the same type of people in comparable jobs, do they not?

Mr. BARNES. Yes, sir, they do. The qualifications standards we established for ASC people roughly meet the civil service standards at comparable pay.

In addition, these people frequently work in the same building at the county level with employees of Farmers Home Administration and Soil Conservation Service. They work together. They work on many farms together. They work on many similar projects. When I visit one of these county offices, for example, I usually go into one office or another, as I did last Friday when I visited Southampton County, Va., and visited each office in that location.

Mr. MORRISON. It has been my understanding that of these various State agencies, two of which you mentioned, and there are many others under the Department of Agriculture, that they have developed excellent employees who, when a vacancy occurs in Federal service that needs much ability and experience, and a very capable man, they go to one of these agencies for an available employee because of his prior training, which is very important at the time of that employment. Is that correct?

Mr. BARNES. Yes, sir.

Mr. MORRISON. All agencies can do that, yet the ASC can't do it, is that right?

Mr. BARNES. The Administrator of ASC and the top management of the agency cannot take full advantage of the manpower resource pool at the county level. A lot of money has gone into training these people in how to deal with the farmers, how to assist them, how to communicate useful information, and so forth.

Mr. MORRISON. And if this bill were reported favorably, could they use this manpower pool of trained personnel?

Mr. BARNES. To me it is simply effective manpower utilization.

Mr. MORRISON. And it would save money as far as the Federal Government is concerned?

Mr. BARNES. Yes.

I want to shift to the other bill if you are through with the ASC bill. With respect to H.R. 5376, this bill is in a little different category than the other bill. The Department has prepared a report on H.R. 5376 but this report has not been cleared by the Bureau of the Budget. I think Mr. Macy has correctly stated the administration's position on that bill. The administration is opposed to the bill.

Mr. MORRISON. On the other hand, your position would be that if these two bills were to become law it would benefit the Department of Agriculture and therefore the Federal Government, in that you would have a far greater manpower utilization pool?

Mr. BARNES. The Department so stated in its report to the Bureau of the Budget.

Mr. MORRISON. Is it your feeling that the additional cost that may result from the Government putting up a pro rata part of the cost of these programs is more than offset by the manpower utilization and

the efficiency in getting trained and able men where you need them in responsible jobs?

Mr. BARNES. Yes, sir.

Mr. WALLHAUSER. Mr. Chairman, will you yield?

Mr. MORRISON. Yes.

Mr. WALLHAUSER. I would like to clear up something here. You spoke originally on H.R. 8544?

Mr. BARNES. Yes.

Mr. WALLHAUSER. And you were in favor of that legislation?

Mr. BARNES. Yes.

Mr. WALLHAUSER. Then when you came to H.R. 5376 you apparently did not speak in favor of it. You simply stated the position of the administration?

Mr. BARNES. That is right. I did not speak in favor of it or in opposition to it, but I did state that the administration's official position of opposition was expressed by Mr. Macy.

Mr. WALLHAUSER. To both bills?

Mr. BARNES. Yes. Apparently on H.R. 8544, the administration is opposed to that. But they did permit us to send a favorable report on H.R. 8544. The administration did not on H.R. 5376.

Mr. WALLHAUSER. Thank you.

Mr. MORRISON. Mr Barry

Mr. BARRY. I would like to inquire in regard to these employees. You say you want to make a manpower pool available. You indicated in answer to a question by the chairman that it would make available a manpower pool?

Mr. BARNES. Yes, sir.

Mr. BARRY. At the present time an agent in the field who is offered a Federal job has social security benefits; is that true?

Mr. BARNES. Yes.

Mr. BARRY. And if he is transferred, that would also be transferred so that he would not lose anything?

Mr. BARNES. Yes, because most of these employees have been working a long time and have accrued considerable sick leave and annual leave and are above the minimum range of pay steps. If you take him from the ASC county office and put him in a State office he would lose the sick leave he has accumulated and he would have to enter the job in the State office at the minimum pay step. For that reason many of them do not accept offers of such positions.

Mr. BARRY. He could go into any Federal office?

Mr. BARNES. No, he would lose by coming into any Federal position. He would lose his accumulated sick leave in any increment of pay step he has accumulated at the county level.

Mr. BARRY. Is he in a position where it is to his detriment to make a move?

Mr. BARNES. Yes. These employees are seldom higher than GS–11. Most ASC county office managers are about GS–9; some are as low as GS–7. They have families and homes and some have farms. They have much invested at the county level.

Mr. BARRY. What is the pay of a GS–11?

Mr. BARNES. $8,410. These people have a tremendous capability that the Federal Government needs. My problem as personnel director is to get people with unique capabilities to come in and help ad-

minister these programs at the State or national level. We are restricted in doing this in many cases.

Mr. BARRY. I know the men are farmers in many instances.

Mr. BARNES. A lot of them are.

Mr. BARRY. So they have both a business and a profession. Therefore I wonder how important such a thing as losing accrued retirement benefits is to many of them who are successful, when they make a decision regarding a move to another occupation.

Mr. BARNES. Sir, I have talked to a number of these people and they first of all have acquired a great dedication to the farm programs at the local level and they want to help implement this on a broader basis because they think they know how to do it effectively. Personally, I am sure they do. But they have a family and a wife who says, "Well, we can't afford to do that." And when a man's loyalty is torn between his dedication to the program and the economic welfare of his wife and children, a good many of them let the wife make the decision.

Mr. BARRY. Those who have already accrued benefits in the county can elect to take out, if they leave that service, what they put in, can't they?

Mr. BARNES. They can only take out annual leave. They would get a lump-sum payment for that. They would lose everything else.

And there is one other thing that they would lose that is taken care of in this bill. If a county office employee from New York State, for example, took a Federal job such as I am speaking of and a reduction in force occurred, even though he may have had 15 years working at the local level on Federal programs and paid by Federal funds, a person with 2 years' service in a civil service job could "bump" him. I do not think this is a fair situation. A person generally will think twice before he takes that chance.

Mr. BARRY. Do you think the utilization in the Department in the future would set up a situation such as you mention? It seems to me the Department has not been heading in that direction.

Mr. BARNES. This particular program is one bureau in the Department that has shown a recent net decline in employment. This is because of the very rigid economy program set by the bureau and the Secretary of Agriculture and by the President. There are less openings today than before but every opening has to be filled with the most capable people.

Mr. BARRY. Generally speaking, since he is a county elected official, he would not be offered employment 100 miles away?

Mr. BARNES. The people we are talking of are not county elected officials. The people about whom we are talking are the permanent people, the county office managers, who are appointed under standards roughly comparable to civil service standards. Many of these people are graduates of agricultural colleges, for example.

Mr. BARRY. That is almost essential today to be in this business, is it not?

Mr. BARNES. It is getting more so.

Mr. BARRY. I think we ought to have information as to some direct relationship with these people because it is hard to sit here and make decisions without being certain how it would affect the individual. I would think that the benefits a person would get in a position of greater magnitude would be of such a nature that this would not be that im-

portant to him. Retirement in a farming area is not quite the same as retirement in a city. These people are farmers themselves and they retire to their own farms. But there is a question as to whether we should extend the retirement benefits, especially since, as Mr. Macy says, it will be a great cost to the taxpayers.

Mr. BARNES. I think you are speaking of the people in H.R. 5376 rather than the ASC bill. Actually those are different bills. They are similar in some respects because the Government would be extending benefits to both. But if there are questions on the other bill, I would be happy to try to answer them.

Mr. BARRY. Could you give us briefly an idea of what the different bills do.

Mr. BARNES. Let us take the ASC bill first. Very basically this bill would simply extend one other fringe benefit feature to the ASC employees that civil service employees enjoy. By letting them bring into a civil service job in the Federal Government their accumulated annual and sick leave. They are already under civil service retirement.

Mr. MORRISON. The bill is just that simple?

Mr. BARNES. In essence; yes, sir.

H.R. 5376 would for the first time extend certain retirement benefits under a federally appointed job to a group of employees who have never had it before, yet on the other hand, large numbers of people who have very similar jobs have been extended those rights.

For example, I may have seated in my office a county extension employee who a number of years ago was extended retirement benefits, and I may have a man in the chair next to him from a State experiment station who has not had those rights extended to him. The second bill would extend the retirement benefits to these people who have not had it before.

This is the simplest way in which I can state the essence of the two bills.

Mr. BARRY. And which one do you support?

Mr. BARNES. Personally or officially?

Mr. BARRY. I think we should have the official position.

Mr. BARNES. Officially I support H.R. 8544, which relates to ASC employees. The official position on H.R. 5376 is one opposed.

Mr. MORRISON. Your personal position is that you support the bill but your official position is that you have to go along with the Civil Service Commission. If the Bureau of the Budget and the Civil Service Commission were for this bill, would you take a position officially for it?

Mr. BARNES. I sure would.

Mr. BARRY. Thank you, Mr. Chairman.

Mr. MORRISON. In other words, the position that you take personally from your knowledge and experience in the Department—and you are the Director of Personnel—is that the way to get the best qualified people to administer your Department would be to enact these bills?

Mr. BARNES. I assure you I not only look at it from the standpoint of a personnel director but as a taxpayer.

Mr. MORRISON. At present, you sometimes do not get access to the best possible personnel?

Mr. BARNES. Yes, sir; you are right.

Mr. MORRISON. And if this bill became law, then you would have a reservoir to choose from that you have not had before. You think you would get better qualified personnel in many jobs?

Mr. BARNES. Yes, sir.

Mr. MORRISON. Is that in just a few jobs or a large number?

Mr. BARNES. I do not think, on the ASC bill, we are thinking of a large number of jobs. My rough guess would be between 30 and 40 a year, depending on the budget. We have 50 State offices and the Washington office and two or three Commodity Credit offices.

Mr. MORRISON. Say there are 40 or 50 a year. These people would have thousands of employees under them?

Mr. BARNES. Yes, sir.

Mr. MORRISON. And they would have to be well qualified to administer that many employees. They would have to have executive ability and the proper background to see that the people under them carried on the job?

Mr. BARNES. Yes. President Kennedy talked about the quest for quality, and President Johnson speaks of the quest for excellence, and this is what we want to do.

Mr. MORRISON. Certainly you, being a Personnel Director are trying to get the best possible personnel to fill these positions. The cost in proportion to the Federal budget would be infinitesimal, but do you think that it would be equalized to the taxpayer by the amount of money that would be saved in maintaining more knowledgeable and competent persons on the job, rather than putting on a person who does not have that capability through a training program, and so on? Do you think one cost would offset the other?

Mr. BARRY. Will the chairman yield? I think since they said they did not know what the cost would be, and Mr. Macy said that also, it would put the witness in a precarious position to have to answer that question.

Mr. MORRISON. He is an expert witness and I think he has done a good job. I am asking his opinion.

Mr. BARNES. I would like to thank Congressman Barry for his consideration. I am not a cost expert by any means but my personal opinion is that it would. I cannot prove it.

But there is another factor. We are talking of equity to human beings. With respect to the cost factor, I really would defer to Congressman Barry's judgment of my inexpertise on this.

Mr. BARRY. But you would like to see the inequity corrected?

Mr. BARNES. Yes.

Mr. MORRISON. Have you any further testimony?

Mr. BARNES. No, sir.

Mr. MORRISON. I certainly want to thank you gentlemen for your presentation.

We have two more witnesses: Dr. William T. Spanton, a member of the executive committee of the National Association of Federal-State Employees, and Mr. Lowell B. Burkett, assistant executive secretary, American Vocational Association.

We will now hear from Dr. William Spanton.

STATEMENT OF DR. WILLIAM T. SPANTON, MEMBER, EXECUTIVE COMMITTEE, NATIONAL ASSOCIATION OF FEDERAL-STATE EMPLOYEES

Dr. SPANTON. Mr. Chairman, I believe Mr. Burkett said he would not be available until the latter part of the week, and I can be available any time since I am retired already.

Mr. MORRISON. We would like to conclude the hearings today, if possible. We want to hear from both of you. It does not make any difference who comes first. If you could give us a brief summary of the points you bring out in your statement then your entire statement could be made a part of the record.

Dr. SPANTON. I want to take a minute or two to go back to the history of Federal retirement benefits for State employees operating under a Federal-State plan.

Back in 1914 Congress passed the Smith-Lever Act. When that bill was pending a Congressman, I have forgotten where he is from, introduced an amendment to make it possible and, I think mandatory, that all these State Extension people be Federal employees. That was in the Senate. Senator George of Georgia, a joint author of the Smith-Lever Act of 1914 and the Vocational Education Act of 1917, opposed it. It was turned down. That is a matter of record.

Then later on, in 1944, I think, the Civil Service Commission passed a provision that would make it possible for the county agricultural agents and extension people to receive a Federal appointment. That would make them Federal employees. I think it was Mr. Roosevelt who pointed out that could not go into effect unless they were wholly under the Federal Government.

Then the thing was juggled around some more and as a result of that they considered them Federal employees so far as civil service is concerned.

My guess is that if the farmers over the country thought the county agents were Federal employees you probably would have as much of a march on Washington as you had last summer, because I do not think they would approve of it. I also have the word of the dean of a large agricultural college that the extension directors and others are appointed by State colleges of agriculture. How they can call them bona fide Federal employees is more than I can understand.

I just wanted to clear up that point. I can give you the information later on if you want it.

Mr. MORRISON. What is your position on these two bills? Do you favor them?

Dr. SPANTON. The one on ASC employees I am not familiar with. My background is in vocational education. I was in charge of Vocational Education in Agriculture in the Office of Education. I came in in 1925 and retired the first of November 1961. So I am not familiar with the other bill but I do think I know something about vocational education.

Mr. MORRISON. With your background and knowledge, are you in favor of this first one?

Dr. SPANTON. Absolutely, and on one ground, on the matter of the justice of this thing. Any unbiased person would take the Smith-

Lever Act of 1914 and the Smith-Hughes Act of 1917 and compare them item by item and would find many more controls and restrictions in the Smith-Hughes Act than in the Smith-Lever Act. We were criticized by the Reeves Committee that made an investigation of the vocational education program some years ago that there was too much Federal interference.

Mr. MORRISON. Is it your position that this is equitable legislation and that it should be passed?

Dr. SPANTON. Yes.

There is a statement by Dr. George Selke I would like to have inserted in the record following my prepared statement.

Mr. MORRISON. Without objection, your entire statement, together with the insertion, will be made a part of the record at this point.

(The statement and insert referred to follow:)

PREPARED STATEMENT OF WILLIAM T. SPANTON, HYATTSVILLE, MD.

My name is William T. Spanton. I am appearing today as the "Retired Director" of the Agricultural Education Branch, U.S. Office of Education, and am speaking in support of H.R. 5376. However, because of my personal background of training and 42 years of experience in vocational education, most of my presentation today will be devoted to a justification of this proposed legislation on behalf of persons engaged in, or with previous experience in, vocational education.

This bill has the endorsement of approximately 65,000 teachers, State supervisors, teacher trainers, and State directors of vocational education in agriculture, trades and industries, home economics, and distributive occupations and the 44 professional employees in the Vocational and Technical Education Division of the U.S. Office of Education. Most of these educators are members of the American Vocational Association.

Similar bills were reported out favorably by both the House and Senate Committees on Post Office and Civil Service during the latter part of the 2d session of the 87th Congress, but were not brought to a vote in either the House or Senate due to adjournment of the Congress.

This proposed legislation is long overdue. It would correct one of the most serious and discriminatory inequities and injustices ever perpetrated, unintentionally no doubt, but allowed to exist for many years among certain groups of Federal employees. This is true, since retirement credit for previous service in a State, as a State or county employee in agricultural extension work, was granted several years ago by the U.S. Civil Service Commission through administrative action. Credit for similar previous service in the States in the Federal-State cooperative program of vocational education, has been consistently opposed by the U.S. Civil Service Commission. In addition, section 115 of Public Law 568, 86th Congress, approved July 1, 1960, provides that "persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act" in the several States are eligible to participate in the benefits of the U.S. civil service retirement system and in Federal group life and health insurance programs.

Mr. John W. Macy, Jr., Chairman of the U.S. Civil Service Commission has stated that: "This system (the U.S. Civil Service system) was created exclusively for the retirement of Federal and District of Columbia employees. It was designed to provide retirement benefits as postemployment recognition for faithful service to the United States as an employer." He stated further that "we are opposed to any proposal which departs from the concept that retirement credit is proper only where the employer-employee relationship existed between the Government and the individual."

If that is the policy of the Commission, then why did it adopt minutes 1 and 2 on November 29, 1938, authorizing U.S. civil service retirement credit for certain State employees in agricultural extension services, who later enter the Federal classified service? And why were minutes 3 and 4 of July 29, 1944, adopted by the Commission which provided that those persons who are employed in the several States by land-grant colleges as agents or collaborators in the Federal-State Cooperative Agricultural Extension Service be eligible for Federal retirement benefits?

S. 1041 enacted by the Congress in 1955 but opposed by the Civil Service Commission and vetoed by President Eisenhower, would have extended Federal retirement benefits to Federal employees previously employed by the States in six distinct types of Federal-State cooperative programs. This bill was apparently vetoed by President Eisenhower in 1955 on the advice of certain staff members in the executive branch who had little understanding of Federal-State relations.

It seems quite germaine therefore to point out, that just 2 years after the vetoed legislation of 1955, the U.S. Civil Service Commission through administrative action in 1957, adopted minute 2, which retroactively permitted several employees in the U.S. Department of Agriculture to apply for, and receive, Federal retirement credit for previous State employment in the Agricultural Extension Service of their respective States. This credit had not been previously granted by the Congress nor administratively by the Commission.

It is, therefore, quite difficult to comprehend the equity of such actions on the part of the U.S. Civil Service Commission, which in 1957 administratively extended Federal civil service benefits to one group of State employees (agricultural extension workers) to whom it formerly denied such benefits, while simultaneously denying the same consideration to other comparable groups, such as employees in the Federal-State cooperative program of vocational education. It is a fact that the basic legislation authorizing agricultural extension work (Smith-Lever Act of 1914) and the legislation authorizing vocational education (Smith-Hughes Act of 1917) paraphrase each other. If there is any difference in them, any unbiased reader would have to admit that there are a great many more Federal controls and standards spelled out specifically in the Smith-Hughes Act of 1917 than in the Smith-Lever Act of 1914.

There is no desire on my part, nor on the part of anyone I know, who is interested in this proposed legislation, to discredit the Civil Service Commission, nor to criticize the Agricultral Extension Service in regard to these administrative decisions. In fact, we congratulate the Civil Service Commission for its liberal interpretation and administration of the Civil Service Retirement Act, insofar as it relates to the Agricultural Extension Service of the U.S. Department of Agriculture. I would be the last to recommend a reversal of this policy, even though employees in other departments of the Government have been unable so far to secure, through legislation or administrative action, equitable recognition for State experience in almost identical types of Federal-State cooperative programs.

It should be noted that H.R. 5376 does not seek in any way to secure U.S. civil service retirement benefits for individuals, so long as they are presently employed by the several States in a Federal-State cooperative program. All that is sought is the right for such individuals, after they have spent a minimum of 5 years in the Federal service as a regular civil service employee, and after they have paid into the retirement fund a sum with interest compounded, equal to the aggregate of the amounts that would have been deducted from their basic pay during their period of service in a State, in one of the Federal-State cooperative programs, to be allowed credit toward their Federal retirement for the time spent by them in the States on a Federal-State cooperative program, financed in whole or in part from Federal funds.

Some persons have stated that this proposed legislation might bring into the Federal retirement system many thousands of additional beneficiaries. This statement is extremely misleading. For instance, there are at present over 10,000 teachers of vocational agriculture in the United States, but everyone knows that only a very small percent of them wold ever enter any branch of the Federal service. They would not be beneficiaries of this proposed legislation, unless and until, they actually enter the Government service as regular civil service employees, and not then, until after they have served at least 5 years as a U.S. Government civil service employee.

It has been reliably estimated that there would be no additional financial drain on the civil service retirement and disability fund for a period of 3 to 5 years, if this bill passes the Congress and is signed into law by the President. This is due to the fact that the amounts plus interest compounded and paid into the civil service retirement and disability fund by those Federal employees who qualify for the extra years of State service, would compensate for the additional annuities they would receive during 3- to 5-year period.

I trust that your committee and the Congress will see the justice of our request and give this much-needed legislation your favorable consideration. Thank you.

Dr. SPANTON. The following statement is by Dr. George Selke. For instance, last Friday reference was made as to why President Eisenhower vetoed the bill. He gave four reasons for it. Those four reasons were outlined by Dr. George Selke, a prominent educator from the State of Montana, a former chancellor, and he was special adviser and assistant to the Secretary of Agriculture in 1961–62. He has analyzed this very carefully and I think has done a good job in presenting convincing opposition to their validity, and I think he is absolutely right in every detail.

Mr. MORRISON. Any questions?

Thank you very kindly for your testimony and your research.

(The statement of Dr. Selke, referred to by Dr. Spanton, follows:)

STATEMENT OF DR. GEORGE SELKE, SPECIAL ADVISER AND ASSISTANT TO THE SECRETARY OF AGRICULTURE, 1961–62

Dr. Selke quotes the four reasons given by President Eisenhower for his veto of S. 1041, 84th Congress, and gives convincing comments in opposition to their validity:

1. The proposal would "make improper use of Federal funds to pay for services never received by it."

It is true that the services for which credit for retirement purposes under the U.S. Civil Service Retirement Act was requested, were performed in the employ of the several States or political subdivisions thereof, and not in the direct employ of the U.S. Government. However, such service was in a Federal-State cooperative program, authorized by an act of Congress, to promote the general welfare, and financed directly or indirectly, in whole or in part from Federal funds in the same manner as required by law to pay the salaries of State and county extension workers. It hardly seems logical to assume, nor can it be proven, that the Federal Government does not receive any benefits from similar services designed to promote the general welfare and rendered in a Federal-State cooperative program over which it exercises cooperative control and toward which it makes substantial financial contributions.

2. The proposal would "result in an unsound shifting of fiscal responsibility from the States to the Federal Government."

Since the proposed legislation would have required payment into the U.S. civil service system of employee contributions, plus interest compounded, for the services in question, only the employer costs would be borne by the Federal Government. The assumption of such costs by the Federal Government is justified in view of the Federal interest in, and cooperative control over, such services, as evidenced by the substantial grants to the States that the Federal Government makes toward the Federal-State cooperative programs in question, and the fact that in most cases these programs were initiated by the Federal Government in the first instance.

3. The proposal would "set an undesirable precedent."

The allowing of credit under the U.S. civil service retirement system for services not performed in the direct employ of the Federal Government is not new, and hence no "undesirable precedent" would have been set. Such credit has been given in the following situations:

(*a*) County employees of the State agricultural extension services are presently granted credit for such service by the U.S. Civil Service Commission, and may retire in their respective counties on a Federal annuity even though they have never been directly employed by the U.S. Government.

(*b*) County employees of the Soil Conservation and Domestic Allotment Service are credited with service under Public Law 85–558 (1960 Federal employees pay raise bill) passed over the veto of President Eisenhower.

(*c*) Department of Agriculture employees with $1 per year appointments while in State and county agricultural and home economics extension programs have been credited for many years for such service.

4. The proposal would "contribute an unsound approach to a desirable goal of increased employee mobility."

Instead, the proposal would have eliminated discrimination and secured equitable retirement credit for past services performed by many under Federal-State

cooperative programs almost identical with other Federal-State cooperative programs for which retirement credit is presently allowed by the U.S. Civil Service Commission.

Mr. MORRISON. Our next witness will be Mr. Lowell B. Burkett, assistant executive secretary, American Vocational Association.

STATEMENT OF LOWELL A. BURKETT, ASSISTANT EXECUTIVE SECRETARY, AMERICAN VOCATIONAL ASSOCIATION

Mr. BURKETT. Mr. Chairman and members of the subcommittee, my name is Lowell A. Burkett, and I am the assistant executive secretary of the American Vocational Association, a national professional organization of approximately 34,000 vocational education teachers, supervisors, and administrators in the United States. Recognizing the great need to recruit and maintain capable leadership in the Division of Vocational and Technical Education of the U.S. Office of Education, the house of delegates of the American Vocational Association approved a resolution pertaining to this matter at its last annual meeting in Atlantic City, N.J., on December 12, 1963. May I state at the time that this resolution was passed, H.R. 4955 was pending but on December 18, 1963, it was enacted into Public Law 88–210. The urgency of the proposed legislation under H.R. 5376 is much more acute now with the enactment of Public Law 88–210.

Following is the resolution passed by the house of delegates of the American Vocational Association:

Whereas pending legislation, H.R. 4955, carrying authorization for greatly increased Federal appropriations for vocational education necessitates the recruitment by the U.S. Office of Education of many additional employees who are highly qualified through training and experience to assist in the overall administration of the expanded program; and

Whereas the only available source of supply for such individuals is in the several States where they are presently employed under the provisions of the National Vocational Education Acts; and

Whereas many of these individuals are reluctant to enter the Federal service unless the time they spent as employees in the Federal-State cooperative programs of vocational education in their respective States is recognized as Federal employment for Federal retirement purposes; and

Whereas the U.S. Civil Service Commission through administrative action has, for several years, recognized time spent as a State or county agricultural extension worker, as Federal employment for U.S. civil service retirement purposes; and

Whereas Public Law 586 of the 86th Congress provides that "persons employed by the county committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act" in the several States are made eligible to participate in the benefits of the U.S. civil service retirement system and in Federal group life and health insurance programs; and

Whereas similar recognition for previous service as a State or local employee in the Federal-State cooperative program of vocational education has been denied consistently by the U.S. Civil Service Commission; and

Whereas further legislation by the Congress is sorely needed to facilitate the recruitment and retention of desirable professional employees in the Vocational and Technical Division of the U.S. Office of Education and to correct these serious and discriminatory inequities and injustices: Therefore be it

Resolved, That an appropriate bill be prepared and vigorously sponsored by the American Vocational Association, and arrangements be made to have it introduced in both the U.S. Senate and House of Representatives immediately after the Congress reconvenes in January 1964; and be it further

Resolved, That the executive secretary of the American Vocational Association use every appropriate means at his disposal to secure, through favorable action

by the Congress and Presidential approval, the enactment into law of this much-needed and long-neglected legislation; and be it further

Resolved, That State directors, supervisors, teacher trainers, and all vocational educators in the several States, be urged to cooperate with the national office of the American Vocational Association by advising their U.S. Senators and Congressmen of the great importance of this proposed legislation and their personal interest in it, and by requesting community, county, and State organizations which are friendly to vocational education to do likewise, when requested to do so from time to time.

We feel that the provisions of H.R. 5376 will accomplish what was intended in the resolution and therefore wish to go on record as supporting this proposed legislation.

The passage of H.R. 5376 would greatly facilitate the recruitment and employment of highly qualified persons with the professional and technical training needed to assist in planning and administering the Vocational Education Act of 1963.

A major responsibility now faced by the Division of Vocational and Technical Education is that of recruiting a competent and experienced staff. This responsibility includes providing assistance to the States in the improvement, further development, and evaluation of ongoing programs and for the development of new programs to meet the educational needs of persons of all ages. The problem of recruitment has become increasingly difficult in recent years.

The only source of experienced personnel for recruitment in vocational education must be obtained from the State Departments of Education or from the colleges and universities. Federal employment must be made attractive enough to obtain competent personnel. Due to the fact that most States have liberal retirement systems for their employees and that many of these systems also provide social security coverage, the total retirement benefits they receive are comparable to those provided under the civil service retirement.

One of the problems encountered by the Division when it attempts to employ highly qualified personnel is the fact that many of these persons would lose the retirement privileges that they have built up in the States. If they accepted Federal employment it would be necessary for them to start anew in building tenure credit toward retirement. In recent years a number of highly qualified persons have refused Federal appointments in this Division due to this fact. Therefore, there is an urgent need for the passage of this legislation.

This problem is also shared by other departments of Government that cooperate in the promotion of vocational education. These include the Departments of Labor, Commerce, and Agriculture. The Nation is being called upon to provide national counsel and leadership to many other nations in the field of vocational and technical education. Therefore, it is important that we obtain the most competent persons available to serve on the national level so that leadership can be given not only to the States but to other nations as our aid is requested.

This legislation would correct one of the most serious and discriminatory inequities and injustices that exist among certain groups of Federal employees. This is true since retirement credit for previous service in a State, as a State or county agricultural worker has been granted for several years by the U.S. Civil Service Commission through administrative action. The Smith-Hughes (Vocational Edu-

cation) Act of 1917 and the Smith-Lever (Agricultural Extension Service) Act of 1914 are so similar that either act could, with only minor changes, be substituted for the other.

Mr. Chairman, the American Vocational Association urges the passage of H.R. 5376.

Thank you.

Mr. MORRISON. Are there any questions?

Mr. BARRY. I have just one question.

Do you think there is any danger of the Federal Government being able to offer an attractive package to present State employees in the field of education? That is, assuming you go on the premise that Federal domination of the educational field is not a good thing, as I do.

Mr. BURKETT. First I would like to say we do not feel that the Smith-Hughes and George-Barden Acts and Vocational Education Act of 1963 have been Federal domination of vocational education. We feel, however, there must be leadership at the national level. This leadership must be drawn from the people at the State level. The State level naturally draws from the local level. This has been my pattern of employment, from local to State operation and, of course, I am not at the Federal level now.

Mr. BARRY. In this particular field we would not want to think of the Federal level as being higher than the State because in the field of education the State level is higher than the Federal.

Mr. BURKETT. Yes. We need capable leadership at the national level. We are unable to get them to give adequate leadership of vocational education at the national level because of this situation.

Mr. BARRY. You feel there would be no danger of the State losing good people by the Federal hiring them away because they could offer more?

Mr. BURKETT. You mean the State would offer more than the Federal?

Mr. BARRY. The Federal would offer more, especially in view of the fact that they could offer retirement benefits that might be greater than the State.

Mr. BURKETT. The Office of Education would not need too many Federal employees, but they would need some good ones and still would not staff all State leadership.

Mr. BARRY. This is the present program, but how about the future? Is there something to be said for the fact that the State government has a good hold over certain State education officials by virtue of the fact that they would be giving up their retirement. This is very important, for the State governments have the finest in the field.

Mr. BURKETT. That is right.

Mr. MORRISON. You mentioned one bill in your testimony. Are you in favor of passage of both?

Mr. BURKETT. We have no reaction to H.R. 8544, just H.R. 5376. This is the bill we are testifying for.

Mr. MORRISON. You are in favor of that?

Mr. BURKETT. That is right.

Mr. MORRISON. You are not necessarily opposed to the ASC bill?

Mr. BURKETT. That is right.

Mr. MORRISON. You are in favor of H.R. 5376 and ——

Mr. BURKETT. We have no official position on the ASC bill.

Mr. MORRISON. Thank you very kindly. We have one more witness before we conclude the hearing, Dr. Roy E. Willie, Chief, Inspection Branch, Agricultural Marketing Service.

STATEMENT OF DR. ROY E. WILLIE, CHIEF, INSPECTION BRANCH, AGRICULTURAL MARKETING SERVICE

Dr. WILLIE. Thank you very much. I should explain first my purpose for being here. I am Dr. Roy E. Willie, presently Chief of the Inspection Branch of the Poultry Division of Agricultural Marketing Service, U.S. Department of Agriculture. I have been employed in poultry inspection since 1929, starting out as veterinary poultry inspector in a small poultry plant in Sedalia, Mo.

During my career I have advanced a number of times and presently enjoy the position of top veterinary of the Inspection Branch and I am Chief of the Inspection Branch. I entered the service back in 1929 under the Bureau of Agricultural Economics. Poultry inspection at that time was voluntary. It was administered by the Bureau of Agricultural Economics under a Federal-State cooperative program. From 1929 until January 1940, this program continued as a Federal-State cooperative program.

I was employed in the Poultry Inspection Service by the Bureau of Agricultural Economics under this Federal-State cooperative program. I served under a Federal-State supervisor, a federally employed veterinarian. I personally received my salary through a cooperative agency that was established under this Federal-State cooperative program, for 11 years received my salary under this type of a program.

The State in which I was employed had no authority whatsoever over my employment. I was strictly a Federal veterinarian carrying out a Federal program of poultry inspection in the public health field. I was federally supervised the entire time. It was not until 1940 that I was placed under civil service, however, and had the opportunity of receiving civil service credit for retirement purposes.

Between 1929 and 1940 I do not have any civil service retirement credits. I am here as an individual to put this matter on record. I am in favor of this H.R. 5376, although it does not specifically mention poultry inspectors employed by this program, I believe that if the bill was passed, I would be eligible under the broad aspects of the bill.

As a secondary point, I should like to mention that there are about 14 poultry inspectors still living, some still employed, there are a few retired that enjoyed the same type of Federal service I enjoyed but did not have Federal retirement privileges during this period of 1929 to 1940. These gentlemen have all occupied various positions of responsibility and carried out their duties faithfully over many, many years. Some of them are still in the service today in high positions and some are in other Government agencies such as Food and Drug Administration or Meat Inspection Division.

I should like to end my testimony today in asking for the privilege of submitting a detailed draft or brief explaining our particular position in greater detail for your review and consideration.

Mr. MORRISON. Dr. Willie, all of you perform a Federal Government function, paid by the Federal Government.

Dr. WILLIE. We were paid under a Federal-State cooperator. When I first started in poultry inspection, the Federal-State cooperator who handled our program was the National Poultry, Butter & Egg Association. After about 5 years, this cooperator to handle our salary payments was the bank of Effingham, Ill. This was agreed to by the Federal Government—by the Department of Agriculture.

Mr. MORRISON. How about today?

Dr. WILLIE. Today I am paid by the Federal Government and have been since 1940.

Mr. MORRISON. Are you under the retirement program?

Dr. WILLIE. I am on retirement. I will have 30 years of actual creditable service this September.

Mr. MORRISON. Did you get credit for that service?

Dr. WILLIE. Not for the 11 years from 1929 to 1940, I have not.

Mr. MORRISON. You did the same work at that time that you have done since then?

Dr. WILLIE. Yes, sir.

Mr. MORRISON. The same responsibility?

Dr. WILLIE. That is right. I have a greater responsibility today because I am in charge of a nationwide program involving over 900 plants.

Mr. MORRISON. I understand you have been promoted, but assuming you were doing the same work as when you started, you would have the same responsibility?

Dr. WILLIE. Yes; this is a civil service position.

Mr. MORRISON. But it was not when you took it?

Dr. WILLIE. It was not in 1929.

Mr. MORRISON. You moved up and your retirement and fringe benefits did not move with you.

Dr. WILLIE. That is correct; this is the point I wanted to bring out.

Mr. MORRISON. Are there any questions?

Mr. BARRY. Assuming you would be retiring in a given number of years, would you now elect to pay up the 11 years in order to get a greater retirement?

Dr. WILLIE. I would. I believe I am entitled to it. In fact, I have had considerable correspondence with the Civil Service Commission outlining my case, but so far they have rejected my application for creditable service for this 11 years.

Mr. MORRISON. During that 11 years were you on any retirement fund from a State or local agency?

Dr. WILLIE. No; I had no supervision, no connection with any State.

Mr. MORRISON. That is 11 years of service, and if you had the civil service tag, you could have had that 11 years credit on your retirement; but since you did not have it, but you were performing the same service that is performed today, you do not get credit for the 11 years. Is that right?

Dr. WILLIE. That is correct.

Mr. BARRY. One final question. Do you think that if you had that additional 11 years credit, you might have considered retiring at an earlier age than if you did not have it?

Dr. WILLIE. It is a very good question. I happen to be 62 years of age. I applied for retirement effective sometime this fall. I think that with my service, I have 35 years in poultry inspection, I have 5 years in meat inspection, almost a year in the post office and railway mail service, which I enjoyed while going to veterinary college, I think it is about time I stepped to one side and maybe let a younger man take over and I should enjoy life a little more.

Mr. BARRY. This would be a consideration?

Dr. WILLIE. The 11 years, of course, would increase my Federal retirement and, naturally, I am interested in this. I feel I have served faithfully and long in Federal service. It happens I was caught in an area there that today is not recognized for civil service.

Mr. MORRISON. Through no fault of your own.

Dr. WILLIE. Through no fault of mine. I was federally supervised. This is very important. It was a federally controlled program, carried out under the marketing acts, that provided for an inspection service on a voluntary basis to firms that were willing to pay for the service. They were subject to Federal regulation. I was carrying out these Federal regulations. I was preparing Federal certificates. I was acting entirely as a Federal officer. The State had no control over me whatever, but yet the State was a signer of this Federal-State cooperative agreement.

The paying agency that paid my salary had no control over paying me. Our office in Chicago at the time I was employed billed the firms for the service, they received the money, it was sent over to the National Poultry, Butter & Egg Association and put into an account. They issued the checks for each of the inspectors involved. There were probably 12 or 14 inspectors at that time. Those checks came back to my office, my Federal supervisor either mailed those or personally handed to me my check. We received the same sick privileges and annual leave privileges that other civil service employees received at that time. The only thing is we were not under civil service. They were not taking anything out for civil service retirement program like they were other Federal employees.

Mr. BARRY. No cumulative effect, either. You lost it when you came into the civil service?

Dr. WILLIE. That is right.

Mr. MORRISON. That is a very important service of the Department of Agriculture. Both meat and poultry inspection is done in a very scientific manner today, but the struggle to get it on that basis took a lot of competent men and a great deal of time, education, and dedication, did it not?

Dr. WILLIE. That is right. This can be illustrated very clearly by the progress I personally have made, the reward I have received by faithful service. In my office one of my assistants also started about 1928 or 1929. Another assistant started about 1935. There are a number of instances throughout the service that all of these men have enjoyed positions of high responsibility that started in early in the history of the poultry inspection program.

Mr. MORRISON. Are there any further questions?

Mr. BARRY. No questions of the witness, but if this is the last witness, I would like to ask the clerk of our committee to request either Mr. Macy or the Bureau of the Budget to give us the number of personnel that would come under these bills, if there is a way of ascertaining the

number, and to give us some idea of the cost. I think we should have that.

(The report subsequently received from the Civil Service Commission follows:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., July 20, 1964.

Mr. WILLIAM A. IRVINE,
Professional Staff Member,
Committee on Post Office and Civil Service,
House of Representatives.

DEAR MR. IRVINE: I have your June 30 request for possible cost estimate involved in H.R. 5376, a bill to accord Civil Service Retirement Act credit for certain State service.

We have recently noted with interest the committee print of April 15, 1964, titled "Catalog of Federal Aids to State and Local Governments." This document was prepared by the Legislative Reference Service, Library of Congress, for the Subcommittee on Intergovernmental Relations of the Senate Committee on Government Operations, and was printed for use of the committee. While this catalog gives no figures as to State employees involved in these Federal aid programs, its introduction contains the following résumé:

"This report provides a listing and description of aids which the Government of the United States makes available to State and local governments in the fiscal year 1964 or later. It contains a statement and statutory references for each of 115 programs or groups of closely related programs. The authorizations apply to 8 of the 10 executive departments and 11 independent agencies of the Federal Government.

"The Federal aids vary greatly in financial magnitude. The Federal aid highway program distributes more than $3 billion a year to States and their subdivisions. The public assistance program entails Federal assistance approaching $3 billion a year. At the opposite end of the financial scale are specialized revenue-sharing and technical assistance programs under which the total Federal outlay may be only a few hundred dollars a year. In a few of the listed programs, there are no current payments.

"NUMBER OF PROGRAMS

"The count of 115 programs is necessarily somewhat arbitrary. It refers to the number of separate statements in the catalog. The several Federal aids for highways are described in a single statement, and, therefore, counted together as one item. Likewise counted as a single program in each case are public assistance, community and environmental health activities, and vocational education—each encompassing numerous subcategories. If each subcategory in all the statements is counted as a separate program, the catalog identifies 216 authorizations for Federal assistance to State and local governments. In several instances, particular subcategories actually are not separate programs, but in other cases even a subcategory may comprise aids for varied activities or services."

Facts necessary to support a near-accurate estimate of cost of legislation such as H.R. 5376 have never been developed. Needed here would be information such as the number of current Federal employees who previously served in any of the 15 programs involved, average length of such program service, rates of pay attaching to this State employment, and probable average high-5-year salary at retirement. Since the credit provisions of H.R. 5376 would extend to persons already retired (on or after June 30, 1942), similar information regarding these annuitants would also be required. We have not believed that the value of the resulting estimate would warrant the time and expense involved in effecting the necessary survey.

In connection with consideration of S. 1041 (passed by the Congress but vetoed by the President in 1955), we were advised by Agriculture Department that, of the 6 programs involved therein, the 5 programs within that Department's sphere of activities could involve 42,000 present and former State employees who would have State service potentially creditable. This total potential would of course not have been realized, but would have been limited to those persons who had already entered, or would later enter, Federal service. One of the interested proponents of legislation in this area, the Organization of Professional Employees of the U.S. Department of Agriculture, has presented

testimony regarding various bills on the subject in recent years to the effect that only 5,000 or 6,000 employees would be involved; the organization's 1951 testimony included an estimate that the average employee moving from State to Federal employment would bring with him 5 years of State service.

Assuming for estimating purposes a 5-year State service period with a presumed $5,000 average salary at that time, and assuming further that the average affected employee will retire (under existing law provisions) from Federal employment at age 62 with a high-5 salary of $10,000, we estimate the inclusion of his State service will increase the cost to the Government of annuity in his case by approximately $10,000; this takes into consideration the sum he is required to contribute to the retirement fund to cover the State employment. Multiplying this figure by 5,500 employees produces an estimated total Government cost of $55 million, by which amount the actuarial deficit would be immediately increased. We believe this estimate figure is extremely conservative.

If this cost figure is of too general a nature to serve the needs of the committee, we will undertake to ask the Federal agencies involved to give us their estimates of numbers, salaries, and length of service of individuals affected. It would probably take several months to obtain answers on this basis, and I seriously doubt that the accuracy of the cost estimate would be improved enough to justify the cost of making the study. Please let me know the committee's desire in this regard.

We know of no feasible way of attempting to make any cost estimate for H.R. 8544.

Sincerely yours,

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

Mr. MORRISON. Thank you very much, Dr. Willie. You made an excellent presentation and we appreciate it.

Without objection, we will include the following documents in the record: National Association of Retired Civil Employees, to Mr. Morrison, dated June 25, 1964; International Association of Personnel in Employment Security, to Mr. Murray, dated June 23, 1964; statement of William S. Swingler, Bethesda, Md., dated June 25, 1964; statement of Lewis P. McCann, the Federal Professional Association, dated June 25, 1964; statement of C. Marion Butler, office manager, North Carolina State Chapter of NASCO; statement of Jerome A. Connor, and statement of H. D. Hurd, State conservationist.

(The documents referred to follow:)

NATIONAL ASSOCIATION OF RETIRED CIVIL EMPLOYEES,
Washington, D.C., June 25, 1964.

HON. JAMES H. MORRISON,
Chairman, Subcommittee on Civil Service,
Committee on Post Office and Civil Service,
U.S. House of Representatives.

DEAR MR. MORRISON: As president of the National Association of Retired Civil Employees, an organization of more than 114,000 retired civilian workers of the Federal Government and the District of Columbia, and their dependents and survivors, I am writing this endorsement of H.R. 5376, a bill to amend the Civil Service Retirement Act to provide for the inclusion in the computation of accredited service of certain periods of service rendered States or instrumentalities of States, and for other purposes.

Our Federal Government engages in a great many programs in cooperation with States and instrumentalities of States. Notable among these programs are the county agent system under the Extension Service of the Department of Agriculture, and Federal-State cooperative programs of experiment station research, vocational education, forest and watershed protection, control of plant pests and animal diseases, public employment service, highway construction, social security, public health, and aid to public schools for the education of Indian children. At the present time, retirement credit is given in full for services as a county agent, or for services as employees of agricultural stabilization and con-

servation county committees, but service in other equally meritorious programs cannot be credited. H.R. 5376 would equalize benefits for all cooperative services to avoid dicrimination against employees in any cooperative program.

We are also pleased that H.R. 5376 would be retroactive to extend benefits to persons previously retired on the same basis as to persons who will retire in the future. We believe in this kind of simple justice, where benefits are distributed on an equal basis.

We urge prompt approval of H.R. 5376.

Sincerely,

GLENN R. SIMCOX, *President.*

FLORIDA CHAPTER—INTERNATIONAL ASSOCIATION OF PERSONNEL IN EMPLOYMENT SECURITY,
Fort Lauderdale, Fla., June 23, 1964.

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

DEAR CONGRESSMAN: As past president of Florida State Chapter of the International Association of Personnel in Employment Security, I request your full-hearted support of the amendment to the Federal Employees' Group Life Insurance Act of 1954, to provide for the granting of insurance thereunder to certain employees of States whose positions are financed from Federal funds.

This bill is known as H.R. 9981.

Yours very truly,

CHARLES R. SAUNDERS.

STATEMENT OF WILLIAM S. SWINGLER, BETHESDA, MD.

My name is William S. Swingler. Six months ago I retired from the position of Deputy Chief of the U.S. Forest Service, where my duties included the handling of that agency's cooperative programs. At the same time I retired as the president of the National Association of Federal-State Employees.

I am interested in this legislation personally, as I once worked for a State on a Federal-State cooperative program. I now receive no retirement credit for this employment from any source. This employment would be covered if this bill becomes law.

I am firmly convinced that the Federal Government also has an interest in this legislation. When I joined the U.S. Forest Service, I came in near the bottom. The reason I was able to rise near the top was my ability to work effectively with the States. And one of the real reasons for my success with the States was the fact that I had previously worked for a State. The State foresters felt that I understood their problems because of my State experience.

This is not an isolated case. In later years I found that those men in my organization who had had previous experience in State employ were more effective in dealing with the States than those who lacked State experience. Therefore, in our recruitment and promotion programs we favored the men with State experience.

But in later years, due to better salaries and good retirement programs at the State level, it has been practically impossible to hire State men for Federal employment. We of course want the men who have the best reputation and show the most promise, but it is just this type of man who is the most reluctant to break his employment primarily because of the retirement features.

The bill under consideration would correct this situation. So that is why I say it is a good bill, both for the Government and for its employees, present and prospective.

STATEMENT BY LEWIS P. MCCANN, PRESIDENT-ELECT, THE FEDERAL PROFESSIONAL ASSOCIATION

The Federal Professional Association favors the principles embodied in the proposed legislation, H.R. 5376, that provides for recognition of service performed for the Federal Government in State positions. The Federal Professional Association favors this principle as a help to the desirable mobility of experienced employees between State and Federal employment on cooperative programs.

STATEMENT BY C. MARION BUTLER, OFFICE MANAGER

The North Carolina State Chapter of NASCO wish to express our interest in H.R. 5376. We endorse the principles of this bill that provides for recognition of services performed for the Federal Government in State-Federal positions.

STATEMENT OF JEROME A. CONNOR ENDORSING H.R. 5376 AND RECOMMENDING THE INCLUSION OF AN ADDITIONAL ITEM UNDER SUBSECTION (k)

Most of the State relief administrations of the 1930's, especially those in the South, administered only Federal funds. These funds were received from and disbursed in accordance with regulations promulgated and enforced by the Federal Emergency Relief Administration in Washington. The top administrative officials of the State relief administrations were employed only with the specific approval of the FERA in Washington. All of the money paid to me during my tenure of office as a State relief administration official came from Federal tax funds, not from local or State taxes. All of my directives came from the Washington office of the Federal Emergency Relief Administration. For the year and a half I served as executive officer and assistant administrator of the Florida Emergency Relief Administration, and for which all compensation came from the Federal Government, I have no retirement coverage. It is coverage for this service which I request for myself and other former officials of State relief administrations.

It is requested that subsection (k) of H.R. 5376 be amended to include item (16) as follows:

The program of a State relief administration created for the purpose of handling unemployment relief the funds for which, in whole or in part, were made available by the Federal Emergency Relief Act of 1933, the act of February 15, 1934, the Emergency Appropriation Act, fiscal year 1935, and any laws or parts of law amendatory of, or supplementary to, such acts.

STATEMENT OF H. D. HURD, STATE CONSERVATIONIST, U.S. DEPARTMENT OF AGRICULTURE, SOIL CONSERVATION SERVICE, BOZEMAN, MONT.

H.R. 5376 would correct an injustice which has long existed. My example is typical. I worked on two federally supported programs prior to working for the Soil Conservation Service. They were vocational agriculture education and Extension Service. None of my vocational agriculture education work and only part of my Extension Service work is eligible for retirement time credit even though Federal funds were used in both programs. Part of my Extension Service time did count toward retirement and the only difference between what counted and what didn't count was the type of appointment. This situation, I believe, is an injustice and should be corrected.

H.R. 5376, if enacted into law, would correct this injustice to people who have been employed in certain Federal-State programs and who have 5 years or more of Federal service as a regular civil service employee. The bill provides for the individuals to pay with compound interest the sum of the retirement deductions which would have been made during employment if the program had been eligible at the time. This provision is important as affected employees do not want "something for nothing" but only equitable and fair treatment.

Mr. MORRISON. That will conclude the hearings, and the meeting is now adjourned.

(Whereupon, at 12:50 p.m., the subcommittee adjourned.)

○