

Y4
.P 84/10

1022
KANSAS STATE UNIVERSITY LIBRARIES

90-48
984/10
90-48

90-48

SALARY SYSTEMS OF THE FEDERAL SERVICE

GOVERNMENT
Storage



HEARINGS
BEFORE THE
COMMITTEE ON COMPENSATION
OF THE
COMMITTEE ON
OFFICE AND CIVIL SERVICE
USE OF REPRESENTATIVES
NINETIETH CONGRESS
SECOND SESSION

SEPTEMBER 16, 17, 18, AND 20, 1968

Serial No. 90-48

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



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1968

AY
9.84/10
90-48

SALARY SYSTEMS OF THE FEDERAL SERVICE

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

THADDEUS J. DULSKI, New York, *Chairman*

DAVID N. HENDERSON, North Carolina, *Vice Chairman*

ARNOLD OLSEN, Montana
MORRIS K. UDALL, Arizona
DOMINICK V. DANIELS, New Jersey
ROBERT N. C. NIX, Pennsylvania
JAMES M. HANLEY, New York
CHARLES H. WILSON, California
JEROME R. WALDIE, California
RICHARD C. WHITE, Texas
WILLIAM D. FORD, Michigan
LEE H. HAMILTON, Indiana
FRANK J. BRASCO, New York
ROBERT O. TIERNAN, Rhode Island

ROBERT J. CORBETT, Pennsylvania
H. R. GROSS, Iowa
GLENN CUNNINGHAM, Nebraska
EDWARD J. DERWINSKI, Illinois
ALBERT W. JOHNSON, Pennsylvania
JAMES T. BROYHILL, North Carolina
DANIEL E. BUTTON, New York
WILLIAM L. SCOTT, Virginia
PHILIP E. RUPPE, Michigan
JAMES A. McCLURE, Idaho
FLETCHER THOMPSON, Georgia

CHARLES E. JOHNSON, *Chief Counsel and Staff Director*

B. BENTON BRAY, *Associate Staff Director*

JOHN H. MARTINY, *Counsel*

WILLIAM A. IRVINE, *Assistant Staff Director*

THEODORE J. KAZY, *Senior Staff Assistant*

SUBCOMMITTEE ON COMPENSATION

MORRIS K. UDALL, Arizona, *Chairman*

JAMES M. HANLEY, New York
JEROME R. WALDIE, California
WILLIAM D. FORD, Michigan
LEE H. HAMILTON, Indiana

DANIEL E. BUTTON, New York
ALBERT W. JOHNSON, Pennsylvania
PHILIP E. RUPPE, Michigan

Ex Officio Voting Members

THADDEUS J. DULSKI, New York

ROBERT J. CORBETT, Pennsylvania



CONTENTS

	Page
Hearings held on—	
Monday, September 16, 1968-----	1
Tuesday, September 17, 1968-----	19
Wednesday, September 18, 1968-----	45
Friday, September 20, 1968-----	81
Witnesses—	
Henderson, C. O., president, National Federation of Professional Organizations, accompanied by William Lawson, secretary-treasurer-----	90
Jaspan, Daniel, legislative representative, National Association of Postal Supervisors, accompanied by Donald N. Ledbetter, national secretary-----	37
Jay, Vincent E., legislative director, the Federal Professional Association, accompanied by Dr. Roland R. Renne, president, and Hon. Robert Ramspeck, consultant-----	73
McCart, John A., operations director, Government Employees' Council, AFL-CIO-----	66
Macy, Hon. John W., Jr., Chairman, Civil Service Commission, accompanied by O. Glenn Stahl, Director, Bureau of Policies and Standards; Harold H. Leich, Chief, Policy, Police Development Division; Robert F. Milkey, Chief, Pay Policies Section; and Frank S. Mellor, Senior Salary Policy Officer-----	2
Nilan, Patrick J., legislative director, United Federation of Postal Clerks, accompanied by Henry T. Anglim, administrative vice president, and Walter O. Froh, staff economist-----	53
Rademacher, James H., president, National Association of Letter Carriers, accompanied by J. Stanly Lewis, vice president; William T. Sullivan, secretary-treasurer; J. Joseph Vacca, assistant secretary-treasurer; and George A. Bang, Austin B. Carlson, and Glenn M. Hodges, directors of insurance subsidiaries of the National Association of Letter Carriers-----	19
Sadler, Carl, legislative representative, American Federation of Government Employees, accompanied by Stephen A. Koczak, assistant director of research-----	45
Silvergleid, David, president, National Postal Union, accompanied by Robert P. Kephart, secretary-treasurer, and John A. Morgen, executive vice president-----	81
Walker, Lannon, chairman of the board, American Foreign Service Association, accompanied by Edward Walker, president, Junior Foreign Service Officers Club-----	95
Statement submitted by—	
Alfrey, Herbert F., president, National Rural Letter Carriers' Association-----	102
Connery, Vincent L., national president, National Association of Internal Revenue Employees-----	100
McAvoy, Harold, president, National Association of Post Office Mail Handlers, Watchmen, Messengers, and Group Leaders, AFL-CIO-----	100
National Society of Professional Engineers-----	106
Whitney, Alan J., executive vice president, National Association of Government Employees-----	107
Wolkomir, Nathan T., president, National Federation of Federal Employees-----	108

CONTENTS

1. Introduction

2. The History of the Project

3. Theoretical Framework

4. Methodology

5. Data Collection

6. Results

7. Discussion

8. Conclusion

9. References

10. Appendix

SALARY SYSTEMS OF THE FEDERAL SERVICE

MONDAY, SEPTEMBER 16, 1968

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

The subcommittee met, pursuant to notice, at 10 a.m., in room 210, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The Subcommittee on Compensation will come to order for the business scheduled for today.

Last year, when action was completed on the Federal salary increase and postal rate bill, it was apparent that in that legislation we had three pay raises for classified and postal employees, and employees of some of the other Federal salary systems, which would carry us into 1969.

In response to inquiries as to what the purpose of the chairman and the subcommittee would be with regard to salary legislation thereafter, I announced that the subcommittee would endeavor to hold hearings during 1968 to determine what should be done—what the policy should be—about salary legislation for the systems over which our subcommittee has jurisdiction.

The hearings beginning this morning are in fulfillment of the commitment that I made to hold such a general inquiry into this problem.

I do not anticipate there will be any legislation resulting from these hearings this year, but I want to be able to have, for the members of the subcommittee and for myself and the staff, some general ideas this fall, from all of the various groups involved, what our policy should be in 1969.

Should we, for example, try to have another three-phase pay increase which would take us for 3 years, and maybe set a pattern of this kind, a review within a 3-year basis?

Should we go back to the annual pay bills which we have had during most of the time in the 1960's?

Should we consider some long-range plan to have automatic or semi-automatic adjustments for classified and postal employees?

Should we attempt to do something similar to the Wage Board's system for fixing salaries?

I have no precommitments or preconceptions of the answers here. I do not know the answer.

I am asking all the major Federal employee organizations and the administration to give us their tentative thinking this year, at least, on what the procedure should be in 1969 and in subsequent years.

I hope we will have some wide-ranging hearings and that we get a number of different suggestions. I trust that the employee organizations, particularly, will not be afraid that they will be committed to any particular position by giving us their present thinking. And I hope this will hold true of the witnesses today: That they will feel free to suggest what is on their minds, suggest alternatives. In other words, let us do some thinking aloud during the course of these hearings and see whether eventually we can arrive at a solution that will be the best one for the country, for the taxpayers, and for the Federal employees.

With that introduction, I have asked the administration to be represented here today by Chairman Macy, of the Civil Service Commission. I have asked him to bring along some of his staff people so that we can begin these hearings on the basis I have outlined.

Mr. Macy, if you will come forward and bring your people with you.

Unfortunately, I had contemplated we would have 2 hours this morning. However, the House meets at 11 and there are several bills from this committee which I want to be on hand for.

I do not know whether we will bring you back tomorrow for further questioning. We will discuss that after we see how far we get this morning.

STATEMENT OF JOHN W. MACY, JR., CHAIRMAN, CIVIL SERVICE COMMISSION, ACCOMPANIED BY O. GLENN STAHL, DIRECTOR, BUREAU OF POLICIES AND STANDARDS; HAROLD H. LEICH, CHIEF, POLICY DEVELOPMENT DIVISION; ROBERT F. MILKEY, CHIEF, PAY POLICIES SECTION; AND FRANK S. MELLOR, SENIOR SALARY POLICY OFFICER

Mr. MACY. Thank you, Mr. Chairman. I am happy to do whatever I can to advance the purposes you have described.

Mr. Chairman and members of the committee, I welcome this opportunity to present the views of the Civil Service Commission on a public policy matter of broad interest to the Congress, the executive branch, Federal employees and the American people: The improvement of compensation systems in the Federal Government. It is particularly gratifying to be invited to discuss this subject freed from the limits of specific compensation proposals. This approach permits a sweeping and unrestricted appraisal of existing pay systems and a thoughtful consideration of improvement measures to meet future needs. I commend your leadership, Mr. Chairman, in calling for such testimony at this time. This step is further evidence of your commitment to the objective of continuing progress in Federal compensation.

And progress has been notable with respect to compensation matters in recent years. Most notable of all was the significant advance achieved in the Federal Salary Act passed last year. That landmark act is a tribute to the hard work and imagination of this subcommittee under your chairmanship.

That act was an affirmative and sequential advance from the sound policy foundation laid down in the Salary Reform Act of 1962. It contributed in large measure to the improvement of Federal pay systems. Its benefits will be long lasting. It provides, for the first time, a systematic approach for the regular adjustment of salaries of top-level per-

sonnel in all three branches of Government. It provides, again for the first time, for achieving full salary comparability with private enterprise for career employees by a specific date—July 1969.

The Government salaries must be reasonably competitive with private enterprise salaries if Federal managers are to attract and retain men and women who have the initiative, skills, and talents to carry out the essential national programs which are enacted by the Congress and directed by the President. The Federal enterprise must be able to compete with other employers in the Nation's labor market in a fair, prompt, and equitable manner. This is essential to accomplish the people's work and to assure those that perform that work that their efforts are adequately compensated. I am pleased to join with you in discussing and planning the next steps for better meeting these objectives.

BACKGROUND

To open our review it will be helpful to describe the existing salary systems and the principles on which they are based.

There are a number of different systems each with somewhat different characteristics. Each system has a plan for arranging jobs or employees on the basis of predetermined criteria. These criteria may relate to the duties and responsibilities of jobs, or they may relate to the service and performance of individuals, or include some combination of these factors. Such a plan for arranging the jobs or employees is usually described as a classification system.

Accompanying the classification system is a schedule of salaries for the different grades and ranks—the pay system. The schedules generally provide a range of rates for each grade or rank, which may be used for various purposes—to reward employees for service or superior performance, to provide flexibility in recruitment, and to afford a choice of rates for use when an employee is promoted, demoted, or reassigned.

The classification systems require that their own tools and trained staff for proper application and administration. The tools may be job standards which will guide administrators in determining grades for positions, or qualification standards which will guide them in determining the rank levels for individuals. Through the classification plan the pay system is directly related to organization structure and position management, with manpower planning and with personnel staffing.

These classification plans are now under detailed study by the staff of Mr. Hanley's Subcommittee on Position Classification. Such a study will, of course, need to be closely tied to any changes in salary systems.

The largest and basic pay system is the general schedule which now covers some 1,250,000 employees. It is based on the concept of job evaluation—classification—with the controlling criteria being the duties and responsibilities of jobs and the skills and knowledges that are required to perform them. The law provides broad definitions for 18 grade levels. The Civil Service Commission defines standards for each occupation to serve as guides in placing jobs in these grades. Each Federal agency has authority to classify individual jobs on the basis of these standards. The Commission inspects the agency performance in

making these classifications and audits specific jobs against the prescribed standards.

Agency personnel managers are constantly reviewing jobs to make the necessary classification changes required by changes in assignments, in programs, in organization, or incumbents. The Commission staff is constantly restudying occupations and revising standards to keep the guidelines realistic and relevant to rapidly changing characteristics of the occupations.

The postal field service system covers some 700,000 employees. Like the general schedule, it is founded on a duties classification plan, with its own separate pay schedule. It differs from the general schedule system in several respects:

It covers a much narrower range of occupations.

The law specifically names many jobs that must be placed in specific levels.

The principal schedule has 21 levels, and special provisions are made for rural carriers and fourth-class postmasters.

General administration of the system is vested in the Postmaster General.

The Commission is only involved in settling classification appeals.

The Veterans' Administration system for medical and nursing personnel covers some 20,000 employees. This system applies only to medical doctors, dentists, and nurses in VA hospitals. It contains some elements of rank based on duties and responsibilities but is essentially a system based on "rank-in-the-man." This means that the controlling determination of the grade of the individual is not as dependent upon the particular assignment as it is upon the qualifications and length of service of the incumbent. This system is controlled by the Administrator of Veterans' Affairs and, unlike the general schedule and postal systems, is coupled with an independent recruitment and promotion system.

The Foreign Service System covers about 20,000 employees. This is basically a "rank-in-the-man" system. It has eight levels for officers and 10 for the supporting staff. It applies only to personnel who serve a major share of their careers in overseas posts. Advancement in the system is similar to that in a military officer corps, with promotion on a selection basis to higher ranks and with "selection out" of those passed over for promotion. It too has an independent recruitment and promotion system.

Since 1962, for salary purposes only, these last three systems have been linked to the general schedule. This achieves the important objective of having the pay schedules for all four systems in a rational relationship. Under the comparability principle, the salary schedules for these four systems are annually adjusted on the basis of the Bureau of Labor Statistics nationwide survey of private enterprise salaries.

There are other salary systems of lesser coverage. The Atomic Energy Commission has its own system and pay rates but, for the most part, follows the general schedule. The Tennessee Valley Authority has established its own system and sets its rates for blue-collar and most white-collar positions through collective bargaining. There is a Commissioned Corps in the Public Health Service whose members are paid under the military pay system. Executive secretaries and clerks

of local and appeal boards of the Selective Service System are paid in accordance with a plan established by the Director of Selective Service. This is by no means a complete list.

And then there is the executive schedule which applies to Cabinet officers, heads of independent agencies, under secretaries and assistant secretaries, and certain other top officials. That schedule has been directly related to salaries for Members of Congress and Federal judges. These high level salaries are now being reviewed by the first quadrennial Commission on Executive, Legislative, and Judicial Salaries, a most important creation of last year's salary act.

You will be interested to know that this Commission has been designated by the President, the Vice President, the Speaker, and the Chief Justice, as prescribed by the act, and has already met twice in its effort to meet the President's reporting deadline of December 1. The Commission is under the chairmanship of Frederick R. Kappel, former President of A.T. & T., and its members are—George Meany and John J. Corson, appointed by the President; Sidney J. Weinberg and Stephen K. Bailey, appointed by the Vice President; William Spoelhof and Edward H. Foley, appointed by the Speaker; and Jefferson B. Fordham and William T. Gossett, appointed by the Chief Justice.

Frederick J. Lawton, former Bureau of the Budget Director and Civil Service Commissioner, has been named by the Commission to be Executive Director.

Each of these salary systems has its own characteristics but actions taken with respect to one have their effect on others. Personnel under different systems work together, or in some instances employees under one system work for an officer or employee under another. Employees move between systems. Employees compare their pay with that of employees under other systems. There are employees under different systems who are performing essentially the same kind of work. Major changes in one system cannot properly be made without serious consideration of their possible impact on others.

COMPARABILITY PROCESS

The Salary Reform Act in 1962 established the statutory principle that Federal pay rates shall be comparable with private enterprise pay rates for the same levels of work. The principle is sound and the procedure for implementing it has become well established.

The comparability principle is sound because it is fair to the employee, fair to the public, and suitable to the needs of the Government as an employer. For the Federal employee it assures equity with his counterpart in the private sector of the economy. It permits him to know that such legitimate pay considerations as the cost of living and standard of living are being reflected in his pay, just as they are being reflected in going rates determined over bargaining tables and in other salary-determining processes throughout the private sector. For the public, it assures an objective, logical standard for setting Federal salaries. For the departments and agencies of the Government, it means the ability to compete on a fair basis with private employers for well-qualified personnel in the many occupational fields necessary to staff their vital activities, and it means improved ability to retain experienced employees on their staffs.

The law provides that the President shall report to the Congress annually a comparison of Federal and private enterprise pay rates based on surveys conducted by the Bureau of Labor Statistics. This process has now been successfully followed for 5 years. The groundwork for it was laid before the 1962 act, the first survey having been conducted in 1960. The President, by Executive order, has directed the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission to compare the Federal salaries with private enterprise salaries as reflected by the BLS surveys. The reports of these comparisons have appeared in the President's messages to Congress on the statutory salary systems.

The law requires the President to seek the views of employee organizations before submitting the report on salary comparisons to the Congress. The Director of the Bureau of the Budget and I have just reviewed the procedure for consultation with unions and other employee organizations. In the future we plan to consult them not only on the salary comparison as we have in the past but also to consult them before making future changes in the coverage of the BLS survey on which the comparisons are based. We will be notifying employee organizations of each contemplated change. We will give the reasons supporting such changes and the possible effects they will have if available information permits prediction. We will have staff meet with the representatives of employee organizations to discuss the contemplated changes, and we will receive and consider their views before a decision is reached to apply such changes.

While this approach should solve some problems that have troubled us in the past, there still remains a fundamental problem in administering the comparability process—the timelag. This is the time that elapses between the collection and evaluation of salary information and the ultimate enactment of the salary schedule by act of Congress. This problem continues to be of major concern to union leaders and of serious concern to us because maintaining comparability is quite different from attaining it. In our view, the most practical way to solve the problem is through annual adjustment by administrative action.

In studying this approach it is necessary to consider whether salaries should be adjusted by act of Congress following recommendations from the President, or by some method similar to the administrative action of the President as prescribed by the 1967 law for the 1968 and 1969 adjustments, or by yet another process.

In this connection there is a related issue which should not be overlooked. Is our present system of nationwide rates based upon nationwide averages the most satisfactory and appropriate or should some or all kinds of salaried positions carry different pay rates in different localities? And, too, we may raise the question as to whether there should be as many systems as there are.

These are not subjects that can be settled readily or once and for all. What may be best today may need changing tomorrow. Furthermore, we must consider any salary plan carefully in the light of what now exists and what plans and expectations people have developed on the basis of the present systems. But let me repeat, one change is especially compelling: There is need for continuing authority to permit administrative adjustment of salaries in the four statutory systems.

While the comparability principle was promulgated in 1962 and the system for comparing Federal salary rates and private enterprise rates was in motion even before that, we must admit that there has remained the problem of raising the statutory pay schedules to catch up with the rates in the private sector. The problem was created by the substantial degree to which Federal salary rates at all but the lowest levels lagged behind industry salaries when the 1962 law went into effect. It became an annual matter of deciding to what extent Federal rates could be moved closer to industry rates at the same time that those rates continued to rise. This meant that extensive discussion in a lengthy legislative process was necessary before a political answer was reached in the ultimate bill passed by the Congress and signed by the President.

With the enactment of the 1967 law, this process was changed. The President was directed to put into effect the full comparability schedule in July 1969 on a three-step basis. But this only assures comparability through that date. Remaining thereafter will only be the maintenance of comparability. This becomes a very different matter from striving to reach it.

After the July 1969 adjustment has been put in effect, we will revert to the previously existing procedure in the absence of further legislation. This will mean that each adjustment will require action by Congress.

Serious consideration should be given to legislation providing for future adjustment of salary schedules by administrative action in substantially the manner that is prescribed by the act of 1967 for the July 1968 and July 1969 adjustments, but, as the same time, providing for essential congressional review at appropriate intervals. This approach would—

Make possible the further reduction of the timelag between surveys and effective dates of salary adjustments;

Eliminate time-consuming hearings and floor debates on the details of particular pay increases;

Afford a means for consultation between the employee organizations and the executive branch on salary comparisons and changes in survey coverage; and

Free congressional time for consideration of fundamental matters of policy for legislative evaluation of the administrative execution of policy.

The approach between 1962 and 1967 was marked by the excessive timelag between survey and schedule adjustment. By moving the survey reference date, or midpoint of findings, from February-March to June, a reduction in the lag was achieved in the latest pay adjustment. But the requirement for congressional action to place new schedules in effect remains a significant obstruction to further reduction in time. If adjustments are made administratively, new schedules could be placed in effect early in the calendar year following the June survey. This would reduce timelag by up to 10 months and would constitute a major step in the accomplishment of true pay comparability.

This does not mean that the adjustment of schedules would be entirely automatic in the sense that no judgment at all would be involved. There would always be the need to keep the character and content of the BLS survey up to date with occupational changes in the Federal service and private enterprise and to make improvements in the method used to calculate the comparability pay schedule from the survey's results. It would, however, mean that within relatively narrow limits the schedules would be placed in effect by Presidential action which would follow from the results of the BLS survey. To the extent that any significant changes in the character of the survey—the occupational coverage, the size of firms from which data are collected, the criteria for the geographic coverage—should be proposed, employee organizations would be consulted as I indicated.

The act of 1962 required the President to make annual reports to the Congress and to provide such recommendations as he considers advisable on the revision of statutory pay schedules, pay structures, and pay policy. If adjustment of salary schedules were accomplished administratively, there remains the question as to the approach that should be taken to making changes in pay structures and pay policy. To some extent the need for such changes must be taken up as the situation arises and proposals must be made by the administration to the Congress for needed legislation. It seems, however, that some regular periodic procedure should be adopted for consideration of these matters. The pay schedules, themselves, would be adjusted by administrative action in the manner prescribed by law, but a review to see whether the approach being used remains suitable as times change, and whether improvements might be made in it, is also needed.

A study of this kind could well be combined with the study of top-level salaries to be conducted by the Quadrennial Commission established in the act of 1967. The structure and policies, and the appropriateness and adequacy of the manner of schedule adjustment could be considered by the Commission with recommendations made to the President, who in turn would report to Congress. In this manner, the judgment of Congress could be brought to bear on the policies involved on the basis of objective review and evaluation.

This combination of administrative application of annual adjustments on the basis of established policy and the periodic review and revision of the policy by Congress would, in my judgment, provide an efficient and effective approach to salary administration.

MILITARY SALARY SYSTEM

In recent years, the administration has not only strived to achieve equality of pay treatment for employees in the civilian salary systems but has sought to bring military compensation into closer phase and harmony with the civilian staff of the Government. Recent civilian pay advances have been matched by comparable increases in military compensation. This step has significantly reduced the possibility of tension between military and civilian personnel in the Defense Department where in the past pay adjustments were authorized at different times and different amounts for military and civilian personnel who frequently were working on common defense projects.

A further step toward compatibility should come from the conversion of military pay and allowances to a military salary system

directly comparable with the civilian system. This plan is currently under active consideration by the Armed Services Committees. The adoption of such a system would heighten need for timely and identical adjustments in all systems.

THE COORDINATED FEDERAL WAGE SYSTEM

There is a substantial part of the Federal work force which is not covered by any of the systems I have already discussed. These are the 800,000 positions in the crafts and trades which are paid on an hourly basis. The rates for these positions have been traditionally determined by departmental management on the basis of so-called wage board surveys of prevailing rates in the communities where Federal installations are located.

For several years the leadership of the executive branch has sought the coordination of these individual departmental systems in order to assure that in a given locality all Federal employees, regardless of employing agency, receive the same rate of pay for the same work. When President Johnson approved a coordinated Federal wage system, developed in response to his direction by the Civil Service Commission, on December 1, 1967, this long-sought goal was reached. This system for the first time brings the trades and crafts employees of the Federal Government into one pay system. Longstanding pay differences between employees doing the same work in the same area but for different departments will be eliminated. This will be a Government-wide locality system. Both union and administrative officials have worked hard to resolve difficult questions pertaining to the technical details of this system. One or two times a week the National Wage Policy Committee, the labor-management group which advises me with respect to the policies in this system, has been meeting to put the final touches on this important program.

Another subcommittee of this committee—the one headed by Mr. Henderson—on Civil Service and Manpower Utilization, has followed with close interest the progress which has been made with respect to the single wage system. If there are to be studies made of the changes in compensation systems, clearly that subcommittee would also be involved because it would be inappropriate to separate this particular segment of Federal employment and this particular pay system from the others.

The intensity of this experience has stimulated questions concerning the applicability of the locality rate approach to certain of the occupations covered by the statutory salary systems. It is our view that for professional and administrative occupations locality rates would probably be inappropriate because, for the most part, a national labor market exists for these jobs. But perhaps an objective study of the application of a locality rate system to clerical positions in the general schedule or to mail handling and processing positions in the postal service would be worthy of further study. As I recall it, the question has been raised with me each time I have appeared before this subcommittee concerning the possibility of some form of locality adjustment to reflect differences in pay in different parts of the country and in different local labor markets. In response to such questions I have tended to point out the difficulties that are involved in determining

reasonable geographic areas for locality rates in these occupations and the practical political problems in converting from a nationwide to a local rate system.

It would be well in the light of your interest in further improvement to pursue research on this subject to ascertain the advantages and disadvantages and the probable effect on payroll costs, on recruiting and retention of employees, on employee satisfaction, and on the administration of the systems.

In a more limited area, one change to which you may wish to give special and early consideration is the movement of trades and crafts jobs in the postal field service to the coordinated Federal wage system. There is no justification now in having laborers, automobile mechanics, equipment repairmen, and the like, paid one rate nationally in the postal service and quite different rates locally in all other Federal departments.

MORE OR FEWER SYSTEMS

On a broader scale, the present salary systems should be studied to see whether the schedules could be brought more nearly together in their character. At present, separate pay ranges are authorized which are often little different one from the other, but the differences interfere with ease of administration. The question must be asked: Could one schedule of rates be used? If so, how should it be geared to the different classification plans? Could one grade structure be established to which might be applied different salary schedules? These are questions that deserve study and on which your group might wish to collaborate with the Position Classification Subcommittee.

TOTAL COMPENSATION

Any discussion of salary policy practices or rates would be incomplete without reference to the supplementary compensation which flows from the fringe benefits authorized by the Congress for Federal employees. In testifying with respect to liberalization of these benefits I have cited the importance of considering total compensation, rather than the individual benefits and their costs on a separate and isolated basis. Salary is clearly only one element in the total compensation picture. Other features of compensation include paid leave, retirement programs, severance pay, supplementary unemployment benefits, health benefits, life insurance, and premium pay plans. Many of these benefits are affected by pay adjustments. An increase in salary produces an increase in the value of retirement, insurance, and leave plans. These supplemental benefits now amount to 23.8 percent of payroll and must be considered in any study or review of compensation policy and structure.

Although current comparisons made between Government and private enterprise are limited to salary, in the future consideration should be given to the collection of data which would permit comparisons in total compensation. The Bureau of Labor Statistics has been working to extend its statistical techniques to secure this information and perhaps at some future date will be in a position to advise the Commission and the subcommittee with respect to these comparisons.

CONCLUSION

Once again, Mr. Chairman, I want to express my appreciation for the time you have offered to me for the presentation of these observations concerning the Federal compensation systems. I hope that this statement might constitute a useful part of the record of this subcommittee as it undertakes its planning for the future work in this dynamic area of personnel policy which so directly concerns the Government, Federal employees, and the American citizens.

Mr. UDALL. Thank you, Mr. Macy, for an extremely penetrating and comprehensive statement. I must say that this is precisely what I had hoped we would get to kick off these hearings—a broad gage statement laying out the problems, discussing the alternatives, and at least making a suggestion or two which we can begin to consider.

I know many of the employee organizations have been a little apprehensive about testifying in these hearings until they have something to talk about. You at least now have laid on the table a proposal which we can begin discussing.

I think there is considerable merit in what you have said and you have done us a real service in not only offering some suggestions but in reviewing the history and discussing some of the other problem areas we always get into.

For my part, I think 1968 will be notable. If nothing else about it is notable, there is the fact that this is the first election year in my memory on this committee, and perhaps a long time before that, when we have not been arguing and fighting in this committee room over what kind of pay raise we will have this year. I think it is a very refreshing change. It is very good to know that we will have full comparability in all grades next year. At least we have an opportunity now to sit back and reflect—free from the tensions which go with the pay fight—upon the direction the committee ought to be taking next year and in subsequent years.

I will ask the staff to be sure that every member of the subcommittee and the full committee receives a copy of your testimony, along with a letter from me indicating the importance I attach to this review and to the suggestions you make and to the problems you have laid before us. I think this is very vital.

Let me raise just a couple questions in the time we have remaining, then I will give my friend Mr. Ruppe some time.

One of the big arguments I have always had with employee organizations is this question of lag which you discussed. There is a kind of despair on both sides about this. One side says, in effect, you know you can never satisfy people. There will always be some lag unless you have computers with Federal employees standing by in every plant in the country ready to phone in every time there is an adjustment. Unless you make an almost hourly change there will be some lag.

As you point out, one of the biggest factors in this lag has always been the time taken by Congress for consideration. Even if you narrow this down to the greatest extent possible, I cannot imagine a survey taking less than 90 days or 120 days.

Still, based on our past performance, I cannot imagine Congress acting in less than 6, 8, or 10 months, so you will always have something between 8 and 9 months and a year—

Mr. MACY. In fact usually it is 10 months.

Mr. UDALL. You will always have a lag up to a year as long as Congress has to act and pass a law to adjust Federal salaries. This seems to me to be something we have to face up to.

I have thought of an answer which perhaps we can work out if the suggestion you make here for fixing pay administratively on a regular basis is carried out. My suggestion, which you might want to comment on, would be something like this:

We know that every year in the past 20 or 30 years there has been some increase in productivity, some increase in the cost of living, which under any of the comparability standards we have used there will be perhaps a 1- to 4-percent increase. We cannot estimate that exactly. However, when I pay my Federal taxes—and I cannot refuse to pay anything until next April 15, on the grounds I do not know exactly what my taxes will be—I am asked to make an estimate and pay quarterly on that estimate.

If I paid too much I will get a refund. If my estimated payments are too little, I am asked to remit a check with my tax return.

If we could come to terms with the employee organizations and they were agreed to the kind of suggestion you made, why could we not say to them, "We will get rid of all that." We will require the Civil Service Commission, or some other appropriate agency, to estimate, based on long-term economic trends and consultation with the Bureau of the Budget and the best economists we can find, the lag in comparability for the next 12 months. For example, if 3.5 percent, were projected, then salaries would be increased by that figure. This would be built into the administrative adjustment pay schedule.

If it turns out after we get all of the figures that we were eight-tenths of 1 percent too high we will knock that off the next estimate we make. If it is too low, we will add it to the next estimate we make a year from now.

What would be wrong with getting rid of all lag in a fashion of that kind if we could work out some administrative way to adjust salaries?

Mr. MACY. There are a number of difficulties in adopting this. For one thing we have a situation where data cannot be collected instantaneously. It is collected over a period of several months, as many as 6 months, with data coming in with respect to different jobs and with respect to different localities among the 80 metropolitan areas at different times. Then there is the problem of analysis.

A second problem that is involved here is the fact that you do not have these movements in the same amount at all levels and in all occupations so that this would mean that if the system were put into effect you would have varying amounts at different levels, and hopefully one of the things that comparability was designed to accomplish was to move away from the across-the-board percentage increase because those actions had put the Federal pay scale out of tilt. You had more in the way of increases at the bottom than in the middle and the top.

Mr. UDALL. The system was distorted.

Mr. MACY. Distorted and compressed.

I have generally testified through the years that it seemed to me that it was unwise in as expensive a process as this now is to say that

before the data is in, you are going to incur the liability, that although there are certain patterns over time there are significant variations from year to year depending upon various economic factors that exist, and it was much better to have the data in hand.

My preference would be to see whether we cannot accelerate the process of data collection, analysis, and comparison and then move promptly to an application.

Mr. UDALL. What you are saying, is that the best we can do—and it is pretty good—is to get a system which will center on June, for example, or July. It would be so efficient that by late December or January we would have it processed and put into effect in January, not waiting 10 months until the next October for Congress to go through this process.

Mr. MACY. Right.

Mr. UDALL. And if the employees knew that every year they would always be brought up to within 6 months of full comparability that it would be pretty darn close to perfection and it would be a result we could live with on a long-term basis.

Mr. MACY. That is my feeling. I think the confidence given to employees in the knowledge that the Congress and the administration is committed to annual action on the basis of a clearly enunciated standard is extremely important.

Mr. UDALL. Compared with the past, when we have gone 3, 4, and 5 years without a pay raise of any kind; and, clearly, we have been 2, 3, 4 years, and more in some grades behind comparability, the knowledge you will never be more than 6 months behind ought to be pretty comfortable.

Mr. MACY. And as far as administrative action is concerned, Mr. Chairman, it always has been difficult for me to arrive at a rational explanation as to why the Congress has authorized for over 100 years administrative determination for wage board positions and yet has been unwilling to really give much of any administrative discretion with respect to these statutory systems.

Mr. UDALL. When I talk to employee organization people—and we will be talking to them publicly here as these hearings go on—I make many of these same arguments because it has appeared to me at least tentatively that the kind of thing you suggest here today is the answer. Employee organizations would have much more to gain than to lose in knowing every year in January they would be brought up to full comparability with the figures then available. They would not have to have pay rallies, fights, and the lobbying of Congress. There would be no more annual turmoil to go through. This would be a real and substantial gain.

For 4 or 5 years, the employee organizations almost single handedly were asked to bear the burden of fighting inflation. Every year a pay bill came up the answer from the administration was, "We promised you full comparability. You are entitled to it, but we have a deficit in the budget. We are trying to fight inflation. If we allocate more than *x* million dollars in pay raises, God help the country."

One group of our citizens are asked to bear this burden. If we can say to them, never again will this happen, never again will you be asked to bear this burden, I feel they would be far, far ahead.

However, the fear they always come back with, and I can see some of this argument, too, particularly had I been a union leader over the past 20 years, their friends in the final analysis have been in the Congress. Whatever administration is in power probably will put the needs of our foreign policy, the needs of the election year, the needs of this problem or that problem, perhaps ahead of the needs of the Federal employees. They argue that they cannot really be assured a system of this kind would work because they do not quite trust the bureaucrats and long-term professionals and people who will make these decisions.

If we work out something of this kind, we will have to find some way—and I think you have gone quite a way toward doing this from the statement you have made—to assure them there will be adequate consultation and not just pro forma consultation. We will have to assure them that this system would work, to assure them there would be an adequate right of appeal to Congress so that if they felt they had received an injustice in the system they could appeal to the Congress.

Mr. MACY. I think there are three levels of assurance to overcome this lack of confidence. One is the consultation process. I think that can be improved and perfected over time. We are taking a step on it this year.

Secondly, there is the annual report from the President to the Congress which would present the data on which the administrative conclusion had been reached. It would seem to me that it would be very appropriate for a subcommittee such as this to hold hearings on that report and to ask the spokesman for the administration to come forward and answer any questions that the members of the committee have after having made that review, and to call the union leaders before the committee to see what areas of dissatisfaction or discontent they may identify with respect to the actions it will take.

Thirdly, a periodic review of policy structure and process with respect to pay.

I have suggested in my statement a quadrennial review combined with the review of top level salaries.

Congress, in its wisdom, may feel a biennial review is more appropriate. They still would be free to make policy structure and rate changes on the basis of individual statutory action so that there would be congressional review, in my judgment, at the point where it is not only most appropriate but most effective, and you would be exercising the kind of overview on the process which would necessitate an appearance by those who had taken the action to explain in detail and in public just what the process was and how they arrived at the answers.

I would feel that if this got into an annual and a quadrennial rhythm, as proposed here, that there would no longer be the matter of discretion with respect to economic conditions any more than there is on the amount of interest which has to be paid on the national debt or the magnitude of the benefits given veterans under veterans benefit laws, or the sums given to social security claimants. It would be a recognized built-in part of the cost of government.

Mr. UDALL. This expressed some of my hopes, too.

The gentleman from Michigan. I am sorry I took so much of the time.

Mr. RUPPE. I thank you very much for the statement. I regret missing the first portion of it.

Mr. UDALL. It is very good. I commend it to your reading when you have a spare moment.

Mr. RUPPE. Right. Last year, and at the present time in the discussions regarding pay for the Federal employees, were we really discussing total compensation or discussing salary? You mentioned in a number of our discussions we didn't talk about fringe benefits, and so forth, but rather, we talk about salary rates rather than considering the broad spectrum. Has that generally been true that we take the narrow range?

Mr. MACY. I think our principal problem has been with respect to individual fringe benefits. There has been the tendency, because of the process of legislation, to look at a liberalization of retirement just in terms of retirement or to look at an improvement in the conditions of the health benefits plan just with respect to that. What I am pleading for is a recognition of the interrelationship of fringe benefits to pay and the fact that the two work on each other to increase the value of the benefits with the increase in salaries, and that because of the intertwining of the two that it is really necessary, if we are to be responsible, to look at the total compensation. If salary is viewed as an index number of 100, total compensation, based upon our findings, represents 123.8.

What I am saying is we need to look at that 123.8 when we look at any of the components that make it up.

Mr. RUPPE. Would you care to hazard a guess that if we did achieve a temporary comparability in July, next year, would that be on the basis of dollar income or would it be on the basis of overall income, including fringes and other extra benefits that might be applicable?

Mr. MACY. No. The present statute and the present process limit the comparability to base pay because we really don't have as yet the technique by which we can equitably and rationally compare fringe benefits.

So what we are dealing with in the BLS surveys at the present time is the collection of base salary data with respect to private enterprise salaries or jobs similar to jobs being performed in the Federal Government. The salary action that is taken by the Congress in promulgating new schedules just relates to base pay, but adjustments in base pay result in increased obligations for retirement; it means that when leave is taken it will be at a higher rate than it has been before. Under the insurance plan an increase in salary means an increase in life insurance. So that again you have this impact.

What we have been endeavoring to present to this subcommittee, and its counterpart in the Senate, has been a picture of total cost; base pay plus the cost of the impact on the fringe benefits. So that today we roughly compute that a 1-percent increase in pay for the four statutory systems that are covered by the pay acts amounts to about \$180 million. Now, that includes the increase in pay plus the impact of that pay on the benefits.

Mr. RUPPE. Which percentage is pay and which percentage of the \$180 million is impact?

Mr. MACY. I don't recall precisely what it is, but it is a relatively small percentage which is impact. But it is enough to be a significant factor when we are dealing with such large gross numbers.

Mr. RUPPE. Are the overall costs in the private sector available so that if the Government had this additional information we could make the necessary comparison?

Mr. MACY. BLS is working on this at the present time and has been since 1963. They find it is quite difficult to get this kind of information from private employers and that private employers, in contrast to the Federal Government, have different benefits for different types and groups of employees within the same organization. It is difficult to pull these various plans together and arrive at the necessary numbers.

Mr. RUPPE. With the Federal supplements being at a little less than 24 percent of cost, would you suggest whether that is high or low in comparison with perhaps the outside?

Mr. MACY. The best information we have is that it is within 1 percent of the data we have been able to collect on fringe benefits from private industry.

Mr. RUPPE. Would you have any suggestions regarding comparisons as to the productivity, say, in the governmental service and in the general clerical areas of outside or private industry?

Once in a while we get the figure directed to us as to productivity in the Post Office being in the neighborhood of, say, 2½ or 3 percent for the past 10 years, whereas in private enterprise it is substantially larger. Is this because of the nature of the work or would it be the nature of the postal system, or would you have any suggestions that might improve it?

Mr. MACY. To respond, let me say I think it is an appropriate and difficult question to deal with. We do not have really reliable productivity data that we can use for comparison. I could give you a number of individual examples where production in production-type work in the Government has increased over time. There has been a substantial effort made to reduce costs and increase productivity. Whether the total increase matches the alleged increase in the private sector with which we are comparing, is very difficult to say. In our planning we have generally assumed a 3-percent increase in productivity. In fact, the Budget Bureau in a number of its reviews of agency staffing requirements has established as a basic assumption that there would be a 3-percent increase in productivity.

Mr. RUPPE. This is within Government service?

Mr. MACY. Within the Government.

Generally, the figure that is used in the private sector is an average over a time of about 3 percent per year.

Now, in its review of the postal operations, the Kappel Commission did collect some data comparing increases in productivity of manufacturing concerns with increases in productivity in the Post Office, with the point being made that the Post Office productivity did not appear to have risen as rapidly as the industry figures they cite.

My own reaction is that again it is difficult to draw these comparisons without recognizing the differences in the type of work and the kind of product involved.

Mr. RUPPE. It is not certainly a manufacturing-type of structure where you can put in newer, bigger machinery and automatically do

the job. I think perhaps we in the committee here, almost universally in favor of the pay increases that have gone into being in the last year and a half, perhaps get a little criticism in our districts because people have a tendency to say that the Post Office salaries have gone up—which they should. But, of course, after the Kappel and other reports, they tend to complain rather loudly, in this tax increase year, over alleged efficiency ratings that perhaps are considered to be inadequate by private industry standards.

Mr. MACY. I think it is very important that a part of this whole approach to improved salary administration be a commitment on the part of executive management within the Federal agencies that they will continue to make efforts toward improvement in supervision, improvement in work practices, improvement in incentives, if you will, in order to advance productivity. This must be a part of management's acceptance in connection with any kind of regular pay increase that would be adopted.

Mr. RUPPE. But there has been no actual measurement of productivity over the past 10 years in neither civil service nor in the Post Office?

Mr. MACY. The Post Office Department has some figures with respect to their own increase in productivity. In fact, it is my impression that increase in productivity in the postal service has been such that it has been possible to keep the employment from rising as rapidly as would have been necessary otherwise.

Mr. RUPPE. Thank you very much. That covers all the questions I have. I appreciate your statement.

Mr. UDALL. The subcommittee will stand adjourned until 10 a.m. tomorrow.

(Whereupon, at 11:11 a.m., the subcommittee recessed, to reconvene at 10 a.m., Tuesday, September 17, 1968.)

SALARY SYSTEMS OF THE FEDERAL SERVICE

TUESDAY, SEPTEMBER 17, 1968

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

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 210, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The Subcommittee on Compensation will come to order for the consideration of the regularly scheduled business.

Yesterday we opened what I hope will be a very productive and interesting series of hearings. Mr. Macy of the Civil Service Commission presented what I thought was a provocative, challenging, and very instructive review of past actions on the Federal salary systems and offered suggestions on what course he thought we should follow in the future.

Today we will hear from representatives of employee organizations. We hope we will have all kinds of ideas and suggestions from the different groups. I want to emphasize no one is going to be committed on either side of the dais to anything to be done this fall. We know that no action can be taken at this time. We want to hear your ideas, consider them, and hopefully come to a consensus next year.

Our first witness this morning is a gentleman who I understand is making his first appearance as president of the National Association of Letter Carriers, one of the most important employee organizations, Mr. James H. Rademacher. Jim, will you come forward and bring whatever supporting cast you may need. You may introduce them if you wish.

STATEMENT OF JAMES H. RADEMACHER, PRESIDENT, NATIONAL ASSOCIATION OF LETTER CARRIERS; ACCOMPANIED BY J. STANLY LEWIS, VICE PRESIDENT; WILLIAM T. SULLIVAN, SECRETARY-TREASURER; J. JOSEPH VACCA, ASSISTANT SECRETARY-TREASURER; AND GEORGE A. BANG, AUSTIN B. CARLSON, AND GLENN M. HODGES, DIRECTORS OF INSURANCE SUBSIDIARIES OF THE NATIONAL ASSOCIATION OF LETTER CARRIERS

Mr. RADEMACHER. I will, Mr. Chairman.

Mr. Chairman, before we begin I want the record to show that at no time in the history of our Government has there been a group of people more concerned about those who work for the postal service and the people who receive services from the postal service than this

committee. While our organization has sometimes disagreed with you, we want to commend this committee that has so diligently studied the problems that are so complex and has brought forward what should be a partial answer to the question that exists on pay. We sit here this morning eager to commend you and your group who have expressed such an interest in the postal people. And, Congressman Hanley, it is always nice to appear before you, also.

Naturally the National Association of Letter Carriers is deeply concerned about the methods currently used to adjust wages of postal workers. Our recently elected officers are appearing here today for the purpose of assisting in the expression of their views on this subject, and at the same time are urging certain reforms in what appears to be an unrealistic, outmoded, and antiquated system. My fellow officers whom you will hear much from in the years ahead are Vice President J. Stanly Lewis, Secretary-Treasurer William T. Sullivan, Assistant Secretary-Treasurer J. Joseph Vacca, and the directors of our insurance subsidiaries, Mr. George A. Bang, Mr. Austin B. Carlson, and Mr. Glenn M. Hodges.

I want to begin this testimony by thanking you, and congratulating you, Mr. Chairman, on calling these hearings on a very important aspect of postal life and the future of the postal service. I am especially grateful for your remarks, made yesterday at the initiation of these hearings, to the effect that you want these hearings to be somewhat "freewheeling" in character, an open exchange of ideas which can conceivably lead to substantial reforms in the future.

This creates an atmosphere that is, necessarily, absent in more formal hearings on specific legislation and we are grateful for the opportunity of airing our views in such an unrestricted forum.

The current procedure of paying postal employees is the product of an alleged system of comparability. We question the term, "comparability." At the same time we claim that despite earnest attempts at improvement, there has been little significant change in procedures which have been in effect for pay adjustments since the delivery service was initiated over 100 years ago.

As in the past, either postal organizations or the administration can persuade the Congress to initiate legislation aimed at adjusting the wages of postal workers. After the organization of congressional committees, hearings can be scheduled. Lengthy testimony is then heard by the committee and after considerable hauling and pulling from both sides, a compromise bill is usually produced.

If the committee action is unsatisfactory to the unions, attempts are made either on the House floor, or in the other body, to amend the committee action in order to provide more pleasing results.

On the other hand, if the committee action is more generous than the administration desires, pressures are brought to bear for the full committee to decrease the degree of generosity. Sometimes efforts are made to induce the Rules Committee to withhold approval unless a more conservative bill is proposed.

In other words, enactment of postal pay becomes a matter of constant battle among the administration, the Congress, and the various unions representing postal workers. This type of legislative action is outmoded and is not indicative of sound modern practices. Certainly it is unscientific and leads often to inaccurate results.

We would recommend today that consideration be given to a tri-party procedure wherein the Congress would benefit from the views of three separate and distinct groups:

(1) The administration would recommend increases based upon the so-called comparability formula;

(2) The unions would continue to testify in support of their views as to what they consider to be appropriate increases; and

(3) A third group, consisting of totally disinterested persons of acknowledged competence, sort of an ombudsman type of committee, would offer testimony in support of its findings.

Your subcommittee, Mr. Chairman, is well aware of the procedures which are followed by the administration and the unions. The administration suggests legislation encompassing increases of an amount it feels to be based upon comparability. The unions then immediately oppose the recommendation with far more liberal suggestions. The two views of what comparability is are predictably divergent.

We have in mind a third party—which is a nasty expression these days—committee who would take testimony from administration representatives and from the unions, and develop from the facts attained, recommendations as to what amounts are necessary to first of all have wages based on the comparability formula, and second, to answer the needs of employees as expressed by the unions.

For example, the administration might recommend a comparability increase of 3 percent. The unions maintain that a 3-percent increase would not in any way correct the problem of recruitment and retention of first-class employees. We have too many potential recruits who refuse to accept postal employment, and too many who leave postal employment before they reach their maximum usefulness because of inadequate wages.

The third party committee would investigate these contentions of the unions, and at the same time explore, with the Bureau of Labor Statistics, the basis of its recommendations.

Following the gathering of all the facts, the Congress then would be advised of the findings and could then base their actions on the recommendations made by the administration, the unions, and the ombudsman committee. If the Congress determined to grant increases higher than those proposed by the administration, it would have a basis for doing so with the testimony rendered by the neutral third party, as well as facts presented by the unions.

The third party would be appointed as a result of congressional action, and it should be in the form of a commission which would not be subject to administrative control, or to political interference.

In our opinion, this procedure would not be the total answer to the immediate problem of the need of a modern approach to the adjustment of wages of Government workers. However, it would not only be a compromising influence in determining what amounts would be necessary to grant increases based upon alleged comparability, but it would also insure salary adjustments based upon objective factfinding.

It is only natural and proper for the union to be seeking wages which provide for the purchasing power necessary for decent family living. At the same time, the union's purpose is to build the image of its members and to have them receive wages consistent with the intrinsic value of the work they perform. Although union demands in

the past have been considered by some to have been exorbitant, the National Association of Letter Carriers has always presented testimony to substantiate our demands for such increases. We shall continue to seek the highest possible wage which is commensurate with the responsibilities of the people who carry the mail.

When that responsibility entails delivering trillions of dollars in checks, money orders, bonds, negotiable documents, and other material things, there should be a salary to match the responsibility. When we look about us and see how people who have the admittedly serious, and sometimes dangerous, responsibility of driving a motorbus through the streets of a community for a salary of more than \$7,000 annually, and then know that the people responsible for the Nation's mail service earn less than \$6,000 during their initial year of employment, we do feel justified in recommending drastic changes in legislative procedures.

In addition to the inadequacy of postal pay in comparison to the responsibilities of the job, there is the ridiculous and antiquated law which makes it necessary that a rookie letter carrier work 21 years before he can enjoy top wages. In fact, there are many senior letter carriers today who have worked more than 21 years, and have still not reached the top step of their pay level.

We have recently surveyed more than 300 cities throughout the country, and we have asked for information concerning wage scales of police and firemen. We also requested information as to the length of service necessary to enjoy top wages in each of these job classifications. In only a dozen cities among the 300 are police and firemen required to work longer than 5 years to enter the top step of their pay level. In fact, the average for all cities surveyed shows that top wages are received after only 4 years of service.

In many cities which have faced the recruitment crisis and which do provide realistic salaries for employees who they hope will remain on the rolls for their entire careers, it requires only 2 years to reach the top step, with increases granted each 6 months. It is true that, in a majority of the cities, the increases are granted each year, but in more than a third of the cities surveyed, step increases occur each 6 months.

Our recent national convention has mandated the National Association of Letter Carriers to seek the enactment of legislation to have the top step of the postal pay schedule reached after 5 years of service. We hope to have appropriate legislation introduced in the 91st Congress, and we shall vigorously pursue this objective.

There are many ways which government workers in foreign countries use to achieve an adjustment of their wages. In many countries it requires a strike by these employees to secure some kind of increase. Strikes are permitted in many governments who feel that government workers should have the same rights as any other laboring individual.

Recently the Canadian postal worker was given the right to strike if he was not happy with the recommendations of the government relative to salary increases. After a successful, and legal, 22-day strike in July, our brothers to the north won a new 2-year contract which provides an 11 percent salary increase. There was a retroactive increase of more than \$400 included in the agreement. Other terms of the new contract provide that all present employees were to be moved into the maximum salary. The top pay will now be reached after 3 years of

service. Previously the top grade was achieved after 7 years on the job.

Canadian postal workers are now part of an "agency shop" which requires all employees to pay union dues via payroll deduction, whether or not they are union members. Canadian unions won full union recognition in the grievance procedure. This means that the government agreed to abide by the union's method of processing grievances.

Of special interest in the new Canadian contract is a new provision which allows 28 weeks of full pay, after retirement, before annuities commence. Canadian postal workers will now receive 11 paid holidays, plus 3 days' funeral leave following the death of a member of the immediate family.

The right for the Canadian workers to strike came about following a brief wildcat strike in 1965. A blue-ribbon government commission declared that employees had the right to strike if they were not satisfied with the recommendations of their government. The Canadian system now permits employees to bargain over most items, including wages and, in the event of impasse, the unions may choose either binding arbitration, or agree to accept the recommendations of a board of conciliation.

If the union is dissatisfied with the board's recommendations, strike is permitted.

Of course, the legislative process is different in Canada which is ruled under the parliamentary system. The chief executive is chosen by the majority in the legislature. Therefore, all actions of the executive usually will carry the approval of the legislative majority. Wages are not set by Parliament, and the postal employees have little contact with the Parliament, though the Postmaster General is a member of that body. In Canada the unions bargain with a representative of the executive who makes the agreement and sends it on to the legislature for its approval.

COMPARABILITY

There is much to-do about comparability and the terminology involved in the controversy has not been clearly defined since its introduction in 1962. There have been numerous attempts by various individuals to render opinions on what the Government has actually done in the formulation of the comparability feature of Government pay. However, there needs to be a clearer definition, and the accomplishment of comparability cannot take place until and at such time as there is a definition and understanding of exactly what Congress wanted to be accomplished.

About 2 weeks ago we received a press release, dated September 4, 1968, from the Civil Service Commission, announcing that the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission have offered to Federal employee organizations a plan for more extensive consultation on comparisons of Federal salary rates with private enterprise salary rates. This plan was discussed here yesterday by the Chairman of the Civil Service Commission. We have no further information, and we are concerned about the opportunity that is now being offered.

Under the plan as we understand it, we would continue to be asked for our views after the Bureau of Labor Statistics makes its annual

comparability findings, but before the Commission makes its final recommendations to the President. In addition to this consultation, we would be allowed to discuss the BLS findings with the Budget Bureau and Commission staff members. Later we would be notified of the proposed changes in the scope of the survey, and consulted before the changes were made.

Needless to say, this is a step in the right direction. I must add, however, that we know of no instance in which the Commission has changed its mind after consultation with the unions. In fact, the opposite is true—the Commission makes up its mind, tells us about it, asks our opinion, disregards what we have to say, and then goes on and issues its original decision. The so-called offer is a step in the right direction, but is not adequate for the needs.

Although we have no quarrel at this time with the data collected by the BLS, we do strenuously object to some steps taken to find comparable salaries. We feel the BLS is totally objective, but the agencies requesting its services, and dictating the scope of its inquiry, are not.

For example, in 1966 a new occupation—buyer—was added to the employees with which letter carriers are compared, and at the same time, the size of firms surveyed was lowered. These two actions, taken without consulting representatives of the employees whose very livelihood depends on the survey, appear to have been taken for no other reason than to lower the average salary findings.

Last year before this same committee, Charles L. Schultze, then the Director of the Bureau of the Budget, said the comparability principle states that rates, not increases, must be comparable. The principle, according to his direct quote, “says nothing about comparability with the better employer, or the biggest employers, or employers or organized workers.” It was Mr. Schultze’s contention that the law does not state Federal workers in any given occupation should get the same salaries as their counterparts in private industry. “It prescribes only a work level relationship,” Mr. Schultze declared, “which must represent a number of occupations at the same work level. Obviously, there will be differences in pay among the occupations.”

We still cannot compare apples with oranges, except in weight. In looks, taste, smell, there are no comparisons. Similarly, you can compare rates, but will the work level relationship be comparable? You can compare work level relationships, but will the pay rates be comparable?

In order to be fully comparable, all aspects must be as nearly comparable as possible. If rates of pay are to be comparable, then pay increases must be higher until they are comparable, and equal when they are comparable. If work levels are comparable, then rates of pay must be comparable. And if letter carriers, who are close to 100 percent unionized, and who work for the largest employer of them all are to be compared, then they must be compared to employees working for the largest employer in the private sector who is also organized.

Why should letter carriers and postal clerks be compared with accountants, auditors, job analysts, chemists, engineers, draftsmen, buyers? Certainly we are none of these.

We should be compared to employees who have the same monetary and public relations responsibilities, as well as the same fiduciary responsibility. In 1 month’s time our members deliver billions of dol-

lars—checks to annuitants, payments to retailers, negotiable securities to the banks, and millions of other envelopes which contain negotiable items. The economy literally rides on our back.

As public relations men, we are the only portion of Government with which the average American citizen will ever come in contact. We are more comparable, I submit, with public relations men, salesmen, policemen, and firemen. Although our responsibilities are not similar, they are no less than equal. Our work of late has been just as dangerous, and our workload even more demanding.

Additionally, we object to the timelag between when the survey information is obtained and when it is put into effect. We received a pay raise in October 1967—thanks to this great subcommittee—that was based on data compiled in February and March 1966. The data was compiled in February and March 1966, Mr. Chairman, 19 months before we got our raise. And there is no telling how old it was when it was collected. In unionized shops, the wage rate at that time could have gone into effect as much as a year before. In nonunion shops, it could have been in existence since nobody can remember when.

Last July, we received a 5-percent pay raise, again thanks to this subcommittee. If that increase hadn't been written into the 1967 law we would have gotten an increase based on data collected 13 months before and probably older than that. Next July we will, I hope, receive another pay raise. And this one will be based on data 13 months old or older. Is this comparable?

No self-respecting union in the private sector would stand by and say thank you to a raise based on data over a year old. Most unions have up-to-date wage data on which to base their current demands and to interpolate what their demands for the next 1 or 2 years should be. Too, in case they are a bit off in the prognostications, they can negotiate cost-of-living clauses in their contracts so that their members won't fall behind in the race with inflation.

Give us a hand in gathering the wage data and we will have that data and have it quicker. Unions representing the Government's wage board employees not only play a part in getting the pay data, but they are on committees that advise pay policy. That's consultation. If we helped to collect data, then our members who have something at stake here, would see to it that it was collected and collected fast.

By law, the wage board employee must have his raises within 45 days after the wage board survey has started. The argument could be made that a wage board survey is much smaller in scale than the national survey conducted by BLS, and the data, therefore, can be collected more quickly. The answer to this contention is simple. Place a statutory limit on the compilation of the national survey. Have the Commission make its recommendations within 90, 120, 150 days after the survey is begun.

Institute the surveys in all areas at the same time, compile the data more quickly with the aid of the unions, require the recommendations to be made within a specific period of time, and you eliminate the timelag. Now we are starting to talk about comparability.

In conclusion, we want to make it crystal clear here today that, whatever innovations may come about as the result of this committee's deliberations, we would use every means at our command to prevent

the removal of the Congress from the role of final judge of the wages of postal employees.

We feel that the postal service belongs to the people. The Congress represents the people. The Congress, therefore, should be the determining factor in the decision as to what is an appropriate wage to be paid to the people involved in the security and sanctity of the U.S. mails.

It becomes a matter of value more than cost. It becomes a matter of what it is worth, rather than the economic problems a proper wage would entail. And only Congress should make that determination.

However, they should make that determination only after hearing testimony from a neutral third party, ombudsman-type of committee, skilled in mediating such matters.

Congress should also make the decision only at such time as representatives of the postal workers have been permitted to work with the Bureau of Labor Statistics and all other agencies responsible in making recommendations concerning postal wage scales.

We are very pleased that you, Mr. Chairman, have initiated this hearing, since we have long known of your concern over the rather cumbersome and outdated present system of adjusting wages of postal workers, and it is gratifying that so many Members have expressed an interest in this matter. We will be happy to work with you, your subcommittee, and your staff, to help in the formulation of any recommendations which would accomplish the objective of a more realistic, modernistic approach to the formulation of postal wage scales. Thank you very much.

MR. UDALL. Thank you, Mr. Rademacher. I only hope that your future appearances before this subcommittee will be as effective and as well prepared as this one. You have made a good presentation in your initial flight and have given us many things to think about.

One of the really fundamental questions is whether there is any way out of having annual salary battles before this committee and the Congress. As I said yesterday, this is the first election year in my memory that there have not been rallies, arguing and fighting in this committee room, in the Budget Bureau, and in the Rules Committee, over what kind of pay raise we would have. I find this exception very refreshing. I listened to your statement but I want to make sure I understand you. You are opposed to any pay system that would not involve an annual adjustment by the Congress? Did I understand you correctly?

MR. RADEMACHER. If we left that impression, we are sorry, Mr. Chairman. What you and this committee did last year has been accepted and is certainly commendable. It provides something that exists in industry. You are talking about a 2- or 3-year contract. All we are saying is that when you set about to initiate that contract a third party should have a hand in it.

MR. UDALL. You would not, then, object to a bill that would establish the policy for adjusting wages for a 2- or 3-year period so long as Congress retains the final decision?

MR. RADEMACHER. So long as Congress is a signee to the contract, whether it be a 2- or 3-year contract, as long as Congress is involved; that is all we are after.

MR. UDALL. What would be your answer to the suggestion I made with Mr. Macy yesterday; that is, suppose the Congress writes a law

and that law says, "Mr. President, Mr. Civil Service Commissioner, Mr. Postmaster General, or whoever you may be, from here on we don't want an annual quarrel on pay. You will adjust it every January 1 under this formula. There is no flexibility about it; you will simply get out your slide rule or your calculating machine, calculate comparability, and pay it."

This would be combined with the kind of participation you are asking for in determining comparability but the other thing would be very automatic.

The point Mr. Macy made yesterday which I thought had some validity is that when Congress meets, there are claims for priority and a great fight over priority, but in certain areas there is no argument at all. For example, we have no argument about interest on the public debt; it goes in. Existing salary levels go in. Other things go in. It seems you want to be in the category of items that may go in or go out in the press of other priorities, that you are willing to take your chances. What I am suggesting is that once these calculations were made there would be no argument about inflation or public crises. You would be included in the budget the same as interest on the public debt.

Mr. RADEMACHER. I want to respond by saying that it is, of course, the fault of the Civil Service Commission and the Budget Bureau that we can't sit here and agree with many of their proposals. The Commission has shown no evidence of supporting the Federal employee. It has constantly supported the position of the Bureau of the Budget, which is wrong, because it certainly should be recommending what is good for the entire Government service and not what is good for the Bureau of the Budget.

Secondly, I think we could summarize our position by saying yes, we want Congress in the act; yes, we want the unions in the act of determining what is comparable pay; we want full participation there. We want Congress in the act only in establishing the contract. From that point until the expiration of the contract it shall be a matter of the policy established in the contract. Last year you established a 3-year principle. We go through next July. After we hear recommendations for next July there may still be disagreement about what is comparability. We are not a bit pleased with the report we have seen, indicating we have reached comparability, a statement to which we vehemently disagree.

In our initial attempts in the formulation of that contract for 2 or 3 years we want not only the administration views and, of course, the union views, we want the third party to back up what both are saying, and after Congress has heard all the facts from the extreme to the conservative views, then negotiate a contract for 2 or 3 years. The reason we cannot concur that the matter of pay is automatic, there are so many problems that crop up. The chairman has expressed concern about the many steps in the postal pay service. It takes so long for a man to get to the top, and very few do. So how could we talk about the elimination of steps if we were bound by a law that says there will be no further discussion about the matter of pay?

Mr. UDALL. That is not what I meant. I think if we could get this annual argument over about the priority of pay for Federal workers as against other items in the budget, Congress could spend unlimited

time for the consideration of these matters of steps, fringe benefits, retirement, and peripheral matters. We could consider the matter of classification.

We won't have time to do those things if every year we have to hear the same old arguments about pay.

There are really two things involved. The first is what claim do the postal workers have on the budget. Shall we get the money for the raises needed this year or shall it go to fight inflation, or for the Defense Department, or something else?

What I am suggesting is that we write in the law once and for all that you will have annual adjustments automatically and that the increases will be included in the budget.

The second thing to decide is how to determine comparability and the right you have to collect the data and participate in the determination? If we could write a law that would win the first ball game, then we could tighten up the machinery in the second problem and decide what is fair and comparable pay. You say the figures are 13 months old and they are not comparable. But my argument is the biggest lag has not been the delay in the administrative department because they have done a pretty good job and say they can do it better.

The lag is a congressional lag. It is impossible to get anything approved in less than 9 or 10 months from the time we get those figures until the President sits down at his desk and signs the bill. I would like to get rid of that timelag.

Mr. RADEMACHER. I think the chairman has expressed some thoughts that could cause our organization to concur in your views provided the unions had a greater part in the determinations and provided the term "comparability" was defined so we could accept it.

Mr. UDALL. What you suggest is you might take another look at this whole problem. If we could draft a two-part bill, one part of which would guarantee automatic annual increases, you might be able to swallow it if we could guarantee this comparability was not a comparability determined unilaterally by some agency without participation by you and if it could fulfill all the suggestions you have made?

Mr. RADEMACHER. And provided the Congress still would consider legislation on step increases and levels to determine what else is involved in compensation.

Mr. UDALL. My thought is you would get far more consideration of those things if we could get the annual pay haggle off of our back. We would be able to give more time to retirement and classification and all those other things if we did not have this annual pay raise argument. I think that would be one of the great advantages of the kind of solution I envision.

The gentleman from New York.

Mr. HANLEY. Thank you, Mr. Chairman.

Initially, I want to congratulate Mr. Rademacher on his election as president of this great organization. In my opinion, Jim, your background and ability will be a great asset to this organization and enhance the fine reputation it enjoys. I want to extend to you my best wishes.

Mr. RADEMACHER. Thank you very much.

Mr. HANLEY. I also want to commend the chairman for having initiated this dialog which, hopefully, will lead us in the direction of correcting the obsolete situation that exists. Your statement, in my

judgment, is straightforward and indeed a fine one which will help us in discharging our responsibility here. I can only say that I concur with you 100 percent.

From my observations of this problem, I have always contended that the postal field service in effect has been closeted in to the system. When you talk about pay raises you are talking about several hundred thousand people who, generally speaking, need these raises so badly. When we determine the dollar figures associated with our efforts to effect these raises in recognition of the fact it telegraphs throughout the system and what we do here is applicable to the 3 million employees in the Federal family, we wind up with an enormous figure that leads to further deliberation and debate and ultimately the figure is scaled down. In my opinion, there are many categories in the Federal family in the upper grades which are not necessarily in need of a raise. I have had personal observations from people who have enjoyed the raises. Certainly they will take them because they are available to them, but they would not necessarily go out and fight for them. In contrast, you who represent the people in the postal service have evidenced great interest and have worked hard in the direction of improving the plight of the people whom you represent. We find ourselves in the awkward position of doing for everyone what should be done for the people in this category.

I don't necessarily have an answer to this, but I think a great deal of consideration must be given to the possibility of treating the postal field service as a separate group entirely so it won't find itself closeted in. When we talk about the letter carriers there really is not any basis on which to determine true comparability with anything in the private sector. I think your suggestion relating to the third-party activity in the deliberations is a fine one. As I see it, the incorporation of a third party into the deliberations and the recommending process could serve to be a great asset.

If I may ask one question, how does the pay scale of the Canadian system compare with our system?

Mr. RADEMACHER. The Canadian mail carrier will now start at \$5,900 and after 3 years he is paid \$6,300. The U.S. letter carrier's starting pay is \$5,900 and the U.S. letter carrier will reach the same pay as the Canadian letter carrier in 3 years, but he has 12 steps to go through and after 21 years he is at the top. Naturally there is a difference because of the standard of living.

And, may I respond briefly to what you have said. We find the various communities cannot get people to be policemen because they can go elsewhere and be more safe or get more money. A city, county, or State government will grant as much as a \$1,000 increase suddenly. They will eliminate as many as 5 years to reach the top pay and do it in 2 years because they are only talking about 30 or 40 people. The reason the letter carriers are not getting a \$10,000 salary, to which they are entitled when you consider the cost of living and the responsibilities of the job, is because there are too many of us. If Congress had to deal with 30 or 40 letter carriers I am sure Congress would give them \$10,000. But we know what it costs to raise a letter carrier \$1 a year. We have to overcome that reasoning somehow.

Mr. UDALL. If the gentleman will yield, on this point. There are 12 steps in the field service and an employee may serve at the same

level for 29 years but he has to serve a quarter of a century to get to the top step. Are you suggesting that the top step be reached in 4, 5, or 6 years?

Mr. RADEMACHER. That is right.

Mr. UDALL. Would it present a problem if the 25-year man is not making more than the 5- or 6-year man?

Mr. RADEMACHER. That could be taken care of. At one time we had a very fine law that provided for a longevity increase, which we think is necessary as an incentive. After that man has reached top pay in 5 years, we all know that money means quite a bit to the working man and he has nothing to look forward to for 30 years. He starts adding his load for 30 years with no incentive. So when we propose a change in the law to permit a man to reach the top in 5 years, we would also suggest longevity pay.

Mr. UDALL. Would you propose to do that by reducing the steps or by increasing the frequency with which you go from one step to another?

Mr. RADEMACHER. We have not thought of it but I think it is a good suggestion that instead of suddenly decreasing the steps that you get there faster, by 6-month intervals.

Mr. UDALL. Were you finished?

Mr. HANLEY. Yes; that is all.

Mr. UDALL. The gentleman from Michigan?

Mr. RUPPE. I, too, want to commend you for your fine statement and congratulate you on your election as head of the organization.

Mr. RADEMACHER. Thank you.

Mr. UDALL. If the gentleman will yield, I might ask how he succeeded in being elected so easily.

Mr. RUPPE. He comes from a good State and the members of his organization were all pleased with the pay hikes, which demonstrates that in rural areas prices must be as high as in the cities.

I would like to ask this question: Do you think there is a true definition for comparability?

Mr. RADEMACHER. I am certainly no expert on it other than the reactions I have received from our members. In our opinion when you are talking about comparability you should not be talking about a goal. If in industry it is 6 percent this year, next year it should be 6 percent to be comparable. We are less concerned about what our annual salary is than what is the increase being given to industry, and when we are talking about comparability we have to consider that and also comparability in fringe benefits and in recognition.

Mr. RUPPE. Comparability is really a fluid thing. What is comparability today might not be comparability 5 years from now.

Mr. RADEMACHER. That is right. There are so many things involved, that is why we have suggested a third party to develop some of these things because it is impossible for anyone on this subcommittee or at this table to tell you exactly what comparability means.

Mr. RUPPE. Do you have any idea how this third party might be comprised and what part they would play in the pay deliberations?

Mr. RADEMACHER. First of all, you would have to have a law to establish a commission, and it would be a panel of mediators who would have a specific purpose and who would be politically free. All they would be here for would be to find facts, which side is right, and

present those facts. So if the Congress is a little tired of this constant bickering between the administration and the unions, certainly a middleman who has gone out and found the facts would be helpful and would be available only during that time that comparability was being discussed. It would not be a full-time job but after it was created the group would work with the unions and with the Bureau of the Budget and the Civil Service Commission and advise Congress of its findings.

Mr. RUPPE. One of the reasons you would be anxious for Congress to stay in the picture would be because the third party and the unions and the Bureau of the Budget would all be heard. If you were to be tied just to the Bureau of the Budget I presume you would have no way of improving your relative standing?

Mr. RADEMACHER. That is right, and earlier in my testimony I related how some countries handle the problem. Here we have no voice at all. The Commission says that is it. We plead to the Congress, and we have generally been treated very fairly by the Congress, but a third party could be a partial answer to the right to strike without anybody pounding the bricks or losing salary.

Mr. UDALL. If the gentleman will yield, you would be putting yourself totally in the hands of one of your adversaries in the Bureau of the Budget or the Civil Service Commission. What you are saying is that you are not about to get Congress out of the picture of having the final say so long as the process of deciding what is comparability is left to an organization.

Mr. RUPPE. Then you really need a third party with which to negotiate or to make your feelings known, and that would be the Congress. You want an opportunity to state your views prior to the final decision?

Mr. RADEMACHER. That is right. All we would want the third party to do would be to find the facts. We would state our position and they would go out and see if we were correct. But the decision is right here. We want Congress to make the decision. And, as Congressman Udall has indicated, once you get the union participating in the survey and define, to the agreement of all concerned, what is comparability, we can let Congress direct its attention to steps and retirement and other things. But until then we have to go somewhere. We are thankful it is here.

Mr. RUPPE. Just to change the subject, do you have any views at the moment, or do you have any policy positions which you have taken, regarding the Kappel report on the creation of a public corporation to manage the Post Office Department?

Mr. RADEMACHER. The chairman was very fair to the speaker—

Mr. RUPPE. I am not trying to put you on the spot.

Mr. RADEMACHER. He has allowed a lot of time this morning. I want to say we are vehemently opposed to the Kappel Commission suggestion to convert the people's postal service into a corporation. After a careful analysis of 1,800 pages of its report, we find that that Commission will only offer less service to the American people and more opportunities for private contractors to expand their business. We shall so testify at every opportunity we get in the future.

Mr. UDALL. Does the gentleman have that question answered?

Mr. RUPPE. I think that covers the field.

Mr. UDALL. The noble and distinguished gentleman from California.

Mr. WADLIE. You have touched on an area which hits at the core of all the problems we are discussing. Do I understand that your convention moved to abolish the rule which prohibits the right to strike?

Mr. RADEMACHER. The convention of the National Association of Letter Carriers, which this year had 3,700 delegates, unanimously rejected a resolution which asserted the right to strike. They unanimously approved a resolution asking the officers to investigate all of the laws, policies, Executive orders, regulations which restrict postal employees from the right to strike so that they have that right.

We are very much aware of the many laws—Taft-Hartley, Landrum-Griffith, five references in the United States Code which make it a criminal offense—

Mr. WALDIE. The question I am really asking, did the net result of your actions indicate your members want the right to strike?

Mr. RADEMACHER. I am certain they want equal treatment with other people who work for a living. They so indicated. Their frustrations were exposed to the world at that convention. In my opinion they expressed themselves in this way: that they want us to investigate laws which prevent them from strike privileges and then try to establish that right for them, and further, Mr. Waldie, they had a second resolve that the officers explore the feasibility of eliminating the no-strike oath which is required of every new employee.

Mr. WALDIE. Again it is safe to assume that the result of all the actions at the convention was that they did want the right to strike?

Mr. RADEMACHER. I must answer yes to that question.

Mr. WALDIE. If you had the right to strike, much of the discussion today would be irrelevant, would it not? Your contention that you need recourse to Congress, a contention with which I totally concur, is predicated upon your belief that without the right to strike you have no other weapon to deal with the Bureau of the Budget, for example?

Mr. RADEMACHER. That is right.

Mr. WALDIE. If you had the right to strike that would no longer be the case and your recourse to Congress for redress of these grievances would not be required.

Mr. RADEMACHER. That is right. May I clarify by saying that we feel that in the days ahead there will be a new thinking in the Congress and a new thinking in the Federal agencies concerning employees. We have high hopes that amendments will be offered to the Executive order. We have high hopes that our Government will become a leader and not a very sad follower in many ways, and that whatever desires our members have to strike will be eliminated by the fair treatment that they will get.

I might just say this. One of the reasons why, Congressman Waldie, that our convention took the action it did was because of its concern over what happened this year in negotiations and at a meeting just last Friday, in the Postmaster General's office, we may have resolved this issue favorably to all concerned. This is a step in the right direction.

Mr. WALDIE. What you are really saying is that you would hope you would never have to strike because you hope you will be treated fairly by your employer. That is true of any private employee, also.

But it also occurs to me that absent the possibility of exercising the right to strike, the desire to be treated fairly by the employers is only a hope without much opportunity of implementing it except as you have in the past, by recourse to Congress.

I think Mr. Udall's proposal is a worthwhile step to fill the gap until there has been a resolution of the problem. However, it seems to me the problem will remain no matter what stopgap efforts we make to decrease the role of Congress.

Until such time as you are really and truly a labor organization—and until such time as you have the right to strike—you are really not truly a labor organization. Do you concur with that?

Mr. RADEMACHER. No; I do not. I have high respect and regard for our organization and I do not feel that the privilege of striking makes you a great organization.

Mr. WALDIE. I didn't say it makes you a great organization. I said it makes you a labor organization. There may be a great distinction between great organizations and labor organizations. They may be synonymous, but I do not know of any union that does not have the right to strike. It seems to me that is so basic in the definition of a union that the ultimate ability to stop giving your services to your employer by recourse to the right to strike is a necessary element in the definition of a union organization. If you do not have that ability to withhold your services from your employer you may be a great organization but you are not a union organization.

What do you have as a union, what power do you have, against your employer at the present time other than recourse to the Congress asking them to favorably consider your grievances?

Mr. RADEMACHER. Very little, but we have an important one, and that is the right to express ourselves at the polls——

Mr. WALDIE. Certainly.

Mr. RADEMACHER. Which our people are encouraged to do and which they will do in November.

Mr. WALDIE. And which they should do.

Mr. RADEMACHER. This has been our only weapon. Very frankly, I am put in a very precarious position, having in my back pocket that resolution that you talked about.

Mr. WALDIE. What do you mean precarious?

Mr. RADEMACHER. We have a lot of our members who weren't at the convention that are not enthused at all about the word "strike." They are loyal, dedicated people, and so are the people who passed the resolution loyal and dedicated people.

Mr. WALDIE. I don't know of any employee who wants to strike anywhere. I don't know of any employee who believes there is great charm and desirability in striking. But I know few union employees who believe that they could accomplish their ends without the ultimate threat of the right to withhold their services.

The only reason I bring this up is because I think, in the vernacular of today's age, tell it the way it is. I think this business of having to come to Congress to redress your grievances is not a very desirable way of doing it. I concur in your position so far, as I understand it to be, that under no circumstances would you give up that right to address Congress and petition Congress or even have that right in any way diminished; absent a substitute for approaching a redress of grievances, which would be the right to strike.

I think one of the great failings of the Kappel Commission report is that it attempts to remove Congress from the resolution of employees' disputes and provides no alternative substitute which is meaningful. It provides a better procedure for resolution of grievances than you presently have, but it still does not provide the right to strike.

Mr. UDALL. Would the gentleman yield?

Mr. WALDIE. Yes.

Mr. UDALL. I am one who has said some kind things about the proposed postal corporation. I still think it is a fine alternative and some day we will have to consider it. Let me say, if we go that route, I fully concur that if the Postal Department is taken out of the hands of Congress and set up as an independent operation you would have to give the employees the right to strike. This does not bother me at all. I wouldn't want one without the other.

Mr. WALDIE. It does not bother me, either. I deeply hope the necessity of a postal strike never presents itself.

But I am not as confident as many are that the Congress or the administration, or whatever party happens to be in power, will always be sympathetic and understanding as to the needs of the postal employees. The strike might ultimately be a weapon they might want to turn to.

By a way of commendation I express my view. Strike is a scare word people don't talk about. I think you should consider it because there is a lot to be said for it, and until Congress understands that public employees will not continue to be second-class citizens in terms of the private employee, as you have been and as you presently are, their reaction to the public employees' demands will continue as it has been, which has not been very generous nor sympathetic nor understanding despite the great work of our committee, which is an exception to the general trend of Congress or administration treatment.

Mr. RADEMACHER. Just a very brief response to explain to the Congressman that my remarks have got to be tempered and weighed because if I sat at this table today and asserted the right to strike, on the very next paycheck there no longer would be deducted from the membership's salary the dues for our organization, and I would be advised immediately, probably by this afternoon, that we have lost exclusive recognition.

In addition to being allegedly a militant leader, I am also a responsible leader. I am very much aware of the laws which have been passed by this Congress—not this particular Congress but the Congress. I would not be so irresponsible as to come here and assert the right to strike, knowing that all these laws have to be amended first; and if our membership wants these laws amended, I will lead the way. But I will not abide by one of the resolutions that came before our convention. It was that if the national president calls a strike and goes to jail that our union will pay twice the salary. I will not participate in that resolution.

Mr. WALDIE. I am not suggesting that you issue a strike call tomorrow and I am not suggesting you violate the law. All I am suggesting is that I think your action at the convention, I guess for the first time, suggesting there might be merit in amending the laws which prohibit the right to strike is a major step forward, a very cautious step forward, but it is a step forward, in my view. I just think the revolution occurring in employee problems is now, in America, the

public employee. I think the public employee has "had it" with regard to the patronizing air of his employer, the Government. He is defiant and he should establish himself in the same role as a private employee. I hope he does it.

I feel otherwise the public employee would be denied what he is otherwise entitled to because of the passive attitude of public employees in assuming that he has a position inferior to that of the private employee. That is, in my view, a poor attitude and I want to see it changed.

Mr. RADEMACHER. We were pleased to see the resolution, too. We are pleased it was unanimous because it is an expression which backs up our leadership which has expressed concern about the ill-treatment of people who have chosen the Government as a career.

We are happy to have your views on it but we still must maintain a cautious attitude so that those seeking to make examples of us will not choose these people at the head table as the first examples.

Mr. WALDIE. I have nothing further.

Mr. UDALL. The gentleman from Indiana.

Mr. HAMILTON. I have listened intently to your discussion with Mr. Waldie and I want to see whether I understand your view correctly.

In the early part of that discussion I understood you to say that if your union had the right to strike then you would not need recourse to the Congress.

Mr. RADEMACHER. You will find Congressman Waldie said that. I didn't say it.

Mr. HAMILTON. My very distinct impression is that after he made that statement you said, "That is right."

Mr. WALDIE. If the gentleman will yield, my recollection is the same. As a matter of fact, I think he said in direct testimony prior to my asking questions that our system is different from other governments; they have the right to strike, and therefore you have to have recourse through other areas.

Mr. RADEMACHER. That portion is correct; yes.

Mr. HAMILTON. Perhaps you and I both had better take a close look at the transcript after the meeting. I think that is a vital point.

Let me put the question this way: Suppose your organization were given the right to strike. What would your attitude be then toward the Kappel Commission report?

Mr. RADEMACHER. I believe, and we would have to consult on this because we still have not gone deep enough to have all the answers, it should be made very clear that one of the reasons that we are not supporting it is not because we do not have the right to strike under the proposal. Our concern is about service. Oddly enough, they are taking things out of constitutions today but in ours there is still a provision that we shall work with the Government, with the employer, to establish a better postal service. We will never do it under a corporation, strike or no strike.

Certainly, if we saw that the corporation proposal was progressing to a point where it might be successful, we would demand the right to strike. Without the ability and availability of the Congress we have to have the right to strike.

Is that what you were trying to clarify with me before? That is what I mean.

Mr. HAMILTON. Yes.

Mr. RADEMACHER. Without Congress we have to have this weapon. Many times Congress is not a sufficient weapon today.

Mr. HAMILTON. To pursue that further, if you do have the right to strike, then how do you feel about the recourse to Congress? Do you want both?

Mr. RADEMACHER. It always has been our contention throughout the years, and perhaps it is archaic, but we have always depended upon the Congress. It has been our philosophy since we went into business in 1889 that the postal service is for the people, and the Congress represents those people. Therefore when you take the postal service or the postal employees out of the hands of the Congress you are asking for trouble.

Mr. HAMILTON. One or two questions about your third party recommendations. Who appoints that third party? You have a reference on page 4 of your statement that the third party would be appointed as a result of congressional action.

Mr. RADEMACHER. There would have to be a law passed similar to the one of last year creating the Commission on Executive Pay. You would determine through that legislation who would appoint him.

We are not suggesting anything at this time other than that there be such a party.

Mr. HAMILTON. Then would your organization and other employee organizations, together with the executive groups, testify before that third party rather than this committee?

Mr. RADEMACHER. No. We would merely meet with that group, a person or a group of mediators, and explain our position, the basis for our position, and they would factfind.

Mr. HAMILTON. And you would also testify before this committee?

Mr. RADEMACHER. We would come before the Congress with what is allegedly called the extreme view, the liberal view. The administration would present the conservative view. Then this third party would present his report based on factfinding.

Mr. HAMILTON. Thank you, Mr. Chairman.

Mr. UDALL. Jim, you have acquitted yourself very nobly here this morning. This has been an extremely helpful session.

It is always very encouraging to have not the routine humdrum kind of session but a real dialog going back and forth between the witness table and Chair.

I think we have caused you to think. I think what you have said has caused us to do the same thing. This is precisely what I had hoped to do in the course of these hearings.

We thank you and your fine crew for being with us this morning.

Mr. RADEMACHER. Thank you.

Mr. UDALL. Next is Mr. Daniel Jaspán, legislative representative, National Association of Postal Supervisors.

You have not been elected to anything, have you?

Mr. JASPAN. Yes; for the first time I am an elective officer. I have still the same title of legislative representative but it is elective rather than appointive now.

Mr. UDALL. Welcome to the weird world of politics.

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

Mr. JASPAN. My name is Daniel Jaspán. I am the legislative representative of the National Association of Postal Supervisors, composed of more than 33,000 postal supervisors, with members in all 50 States and in Guam, Puerto Rico, and the Virgin Islands. Our members are employed in post offices, branches, stations, motor vehicle facilities, maintenance units, airmail facilities, and mobile units.

We are deeply grateful to the chairman and other members of this subcommittee which initiated legislation last year which led to the enactment of the best salary bill ever approved by the U.S. Congress. Of course, I am referring to Public Law 90-206. This subcommittee has set a very difficult goal in trying to come up with a solution to the problem of setting Federal salaries and avoiding the serious problems that have confronted the executive and legislative branches of the Government under the present methods of adjusting pay.

In our opinion, this task must be begun by a realistic comparison of salaries in the postal service and salaries of similar positions in private industry. When Public Law 84-68 was enacted in 1955—and this is still the basis for postal salaries—the Post Office Department and the Congress did not utilize the studies that were available at that time. For example, the American Management Association and the Upjohn Co. both had made surveys that same year of firstline supervisors in industry. Even though those studies were available, the salaries for foreman of mails—generally the firstline supervisor in the postal service—were set in such a way that the maximum salary at the seventh step was approximately \$1,000 less than the average salary in industry.

With this experience in mind, we strongly urge this subcommittee to request the Bureau of Labor Statistics or some other impartial organization to gather data on the salaries of firstline supervisors in industry. The present method of comparing industrial salaries with certain positions under the Classification Act and then linking Class Act grades with PFS levels is very unrealistic since, at the linkage points, the positions compared with no real counterparts in industry. However, there is a direct relationship between the firstline supervisor in industry and the firstline supervisor in the postal service.

There are other positions in the postal service which can be directly compared with their counterparts in industry. Many industries have the equivalent of a general foreman of mails. Accounting and personnel positions can be directly compared. We cannot emphasize too strongly that we believe the first step that must be taken by this subcommittee is to request a survey of positions in industry which can be directly compared with positions in the postal service. Of course, we speak only about supervisory positions since other employee representatives will discuss their own positions.

It is also our opinion that even under the present circumstances under which surveys are made by the Bureau of Labor Statistics, there is a lapse of too long a period between the time surveys are made and

results are available. We appreciate the fact that the lag has been reduced by a few months, but it should be eliminated altogether. We can see no reason that, if the final figures are not ready, a preliminary report cannot be prepared. Adjustments could be made on the basis of the preliminary report, even if it is necessary to project the findings for a short time into the future. Salary trends are not suddenly reversed.

After the timelag is eliminated, and salaries are updated based on direct comparison with similar positions in industry, the constantly recurring battles about salaries can be modified or even eliminated by having provisions similar to the three-phase Public Law 90-206.

After salaries are once placed on a current basis, surveys of salaries in industry could be continued annually as they are at present. The figures gathered during April, May, and June could and should be processed before the end of each year and an automatic adjustment made on January 1, based on the actual figures plus a 6-month projection.

Chairman Macy was opposed to projection of any kind. We feel if they cannot project it there is another method that could take care of it. The adjustments still could be made on January 1 based on the findings of the Bureau of Labor Statistics and then have a provision that if additional adjustment is necessary that could be made retroactive to January 1 and this way we would not have the timelag we now have.

We also request this subcommittee to take a good look at the number of years necessary to reach the top step of any level. It now takes 21 years to advance from the first step to the top step of the first seven levels. If an employee is promoted to a supervisory position, he takes a number of steps backward. For example, a clerk or carrier reaches the top step of level 5 after 21 years of service. He is promoted to a position of foreman of mails, level 8, and is then placed in step 7. It now takes him 12 more years to reach the top step of level 8. There is probably no industry which requires 34 years' service for a firstline supervisor to reach the top salary.

If this employee receives additional promotions before reaching the top step, he retrogresses a step or more for each promotion. Under the present system, it is almost impossible to reach the top steps of any of the levels above the craft employee levels.

Advancement from step 1 to step 7 in all levels is now made at 1-year intervals. After step 7 it takes 3 years to advance each step. We urgently request this subcommittee to consider reducing the 3-year steps to 1 year so that it will be more realistic. Even then, it will take 11 years for the craft employees to reach the top step. And, with 1-year step increases in all steps, it will mean a wait of 15 years as the minimum time for a firstline supervisor to reach the top step. We do not believe that what we ask is unreasonable.

As an example of the way this works, our national treasurer has 48 years of postal service and still is not at the top step of his level.

Under the present salary schedule, if an employee is promoted after spending as much as 2 years, 11 months, and 2 weeks in a step above step 7, he is not given any credit for the time spent in that step. If another employee who was placed in the step at the same time is promoted 2 weeks later, thus spending the full 3 years in that step, he

receives full credit and is advanced to a higher step than the first employee. This inequity can be avoided by retaining the original anniversary date so that full credit can be given toward the next step whenever an employee is promoted.

Since the purpose of this subcommittee is to seek an equitable solution to the whole compensation problem, we suggest that you take a good look at the unfair advantage now held by industry where employees are scheduled on a Monday through Friday workweek, with overtime and/or premium pay for Saturdays, Sundays, and holidays. We believe that the time will eventually come when postal salaries will be based on a Monday-Friday workweek with such overtime payments and suggest that this should be made a part of your present study.

We also urge the committee to approve payments for overtime regardless of the salary level of any employees under the postmaster. Although it is often said that the higher level postal supervisors should be compared with management in industry for overtime purposes, such comparison is obviously unfair. In the first place, postal supervisors do not set their hours. In the second place, they receive none of the management prerogatives of industry such as annuities, stock option plans, bonuses, free meals while on duty, free insurance, and many other privileges granted management in industry. Any postal employees who are required to work overtime should be paid for that time.

ADDITIONAL SUPERVISORY POSITIONS

Any study of compensation should also take into consideration the number of employees to be supervised by the firstline supervisor. Some years ago, the Bureau of National Affairs, located in Washington, D.C., made a survey of the number of employees supervised in industry by firstline supervisors. They found that, in offices, the number supervised in both larger and smaller companies averaged 10. In factories, the firstline supervisor in larger companies averaged 20 employees and in smaller companies, 25 employees under his supervision. In the postal field service, it is not uncommon for the firstline supervisor to supervise 40 or even more employees. We would like to see a maximum set on the number of employees that can be supervised by a firstline supervisor, and we believe that it should be no more than 20. This would lead not only to better supervision but to additional firstline supervisory positions.

In the postal field service, more than 90 percent of the positions are in levels 7 and lower, with fewer than 10 percent in levels 8 and higher. In the Classification Act schedule, this ratio is about 50-50. We believe that this subcommittee should make an attempt to increase the number of positions in levels 8 and higher. Putting a ceiling on the number of employees supervised would be only a beginning, but it would be a good start.

SALARY DIFFERENTIAL

When Assistant Postmaster General Richard J. Murphy testified before the Senate Committee on Post Office and Civil Service last year, he stated that he believed there should be a 25-percent differential between the salary of the employees supervised and the firstline super-

visor. We concur wholeheartedly with Mr. Murphy. We urge this subcommittee to take into consideration the proposition of increasing the differential to 25 percent. It now averages closer to 15 percent.

MISCELLANEOUS

When position descriptions were written in 1955, there was no mechanization or automation in the postal service, nor was there the complicated employee-management relationship that now exists. Duties and responsibilities have increased considerably and the committee should consider these changes.

The 8-in-10 hour law was written primarily in order to allow enough leeway in the days when there were two or three deliveries of mail daily. Although there is now only one delivery in residential areas, this law still remains on the statute books and other employees, including supervisors, are often required to take a 2-hour lunch period. This is almost unheard of in industry, and we request the subcommittee to consider placing a limit of 9 hours in which to perform 8 hours' work, with a maximum of 1 hour for lunch.

It is now 40 years since night differential was set at 10 percent. At that time it was a realistic percentage of the salary. This has never been adjusted. Inasmuch as salaries have constantly increased since the 1920's, we urge this subcommittee to consider increasing night differential from 10 percent to 20 percent, which would still be a smaller proportion of the total salary than when first applied.

SALARY COMMISSION

If it is not feasible to have automatic salary increases after comparability is fully attained, we suggest that a commission be set up similar to the one established in Public Law 90-206 to study and recommend salaries for the executive, legislative, and judicial branches of the Government, with their recommendations to be automatic, unless changed by the Congress.

CONCLUSION AND SUMMARY

Although we are in favor of automatic or semiautomatic salary adjustments whether by the Congress setting up a method similar to the three-phase system of Public Law 90-206, or by a salary commission, we believe that any such system should not be placed into effect until the following steps are taken:

(1) Basic salaries should be based on a direct comparison with similar or identical positions in industry.

(2) The timelag should be reduced or, preferably, eliminated.

(3) A more realistic PFS schedule should be devised, with the reduction of a 3-year wait for step increases above step 7 to 1 year, thus making it possible to reach the top steps.

(4) The original anniversary date should be retained for promotion purposes to avoid additional inequities.

(5) The workweek and overtime should be made comparable to industry, where employees are generally on a 5-day workweek from Monday through Friday and receive overtime or premium pay for weekend work. Overtime pay should be through all levels under the postmaster.

(6) Additional supervisory positions should be created by reducing the number of employees supervised by the firstline supervisor.

(7) Any salary schedule should be based on a 25 percent salary differential between the firstline supervisor and any employee he supervises.

(8) The 8-in-10-hour law should be revised to 8-in-9.

(9) Night differential should be increased to 20 percent.

We are as concerned as the members of this subcommittee about the present method of setting salaries, which is not objective enough. If the above items are given favorable consideration, we can see no reason for any employee to oppose adjustments by law or by a commission, if the commission has representation which will give impartial consideration to all employees.

We appreciate the opportunity of presenting our views on this most important subject.

Mr. UDALL. Thank you, Mr. Jaspán, for a very good statement. I trust the quality of your presentations here will not change now that you are elective rather than appointive.

You made a point which I did not get very far with in talking to Mr. Macy yesterday. The suggestion I made then was along these lines. One of the big complaints that the employee organizations have had has been lag. I pointed out, for example, that the biggest part of the lag always has been congressional. Perhaps we can get away from 8 to 10 months' delay by an automatic system.

Another proposal for abolishing the lag is the one you suggest. When the IRS wants me to pay taxes I can't say, "I can't estimate this down to the last dollar so wait until next April 15."

They make an estimate and take it out of my pay or they require me to file an estimate in advance. If I am a little high they will refund. If I am low I send them a check on April 15.

I would hope perhaps we could persuade the administration, if we are serious about eliminating lag, that we require some group to say on January 1, based on salary trends, that the comparability increase for the next year is likely to be 3 percent, so we build in a 3-percent increase.

If it turns out it should have been 3½ percent, we will add that to the next estimate. If it is 2 percent, we subtract 1 percent from the next estimate. I think this is something I want to pursue further. I would be glad to have you discuss it.

Mr. JASPAN. I can't remember where there was a sudden reversal of salary trends, so if they project for 6 months certainly it will not do much harm.

Instead of adding the other percent or half percent they can have it retroactive to January 1 to keep us current.

Mr. UDALL. This would eliminate what has been a very thorny problem.

Mr. JASPAN. That is what we hear all around the country; the time-lag problem.

Mr. UDALL. The gentleman from New York, Mr. Hanley.

Mr. HANLEY. I, too, want to congratulate our good friend on his election to the office of legislative representative.

Mr. JASPAN. Thank you.

MR. HANLEY. I also want to commend you for the fine testimony you have allowed us this morning.

On the basis of your reference to an impartial organization I can only assume, then, that it is the position of your association that it somewhat concurs with the suggestion made by the Letter Carriers Association—third party involvement in the matter of pay—that this would be an appropriate device?

MR. JASPAN. We would be satisfied with one of two things, either an automatic adjustment based on the findings of the Bureau of Labor Statistics, and we believe that is an impartial body which is doing a fair job of collecting statistics, or something in the form of the present Commission established to study the legislative, judicial, and executive salaries. They can base their recommendations on the BLS findings, or have a factfinding commission to report to this other commission.

We would not necessarily have to have a commission established if the steps we asked for were taken first. Comparability would be brought about fully. That again is one of our problems. There is not only a timelag, but everyone claims we do not have comparability. We would have to define comparability and reach comparability.

I believe we could reach comparability by having a study made of direct salaries in industry, salaries directly related to our salaries. I think after a number of years the adjustments can be made automatically.

MR. HANLEY. I think the chairman, with respect to the timelag problem, has evidenced a good idea, building into the legislation a provision allowing a percentage in much the same fashion that Internal Revenue does in the collection of its income tax.

It seems to me this would be a relatively easy thing to bring about—incorporate this provision—and in this manner take care of the timelag problem.

You make a number of good points in your statement and you certainly have covered many of the inequities which exist under the present circumstances. I find it difficult to argue with any of them.

It is inconceivable to think it requires a number of years of service to attain a top level salary as you have suggested here, and in my judgment this can be appropriate only if we come back into the world for another time around and stay with the postal fraternity.

MR. UDALL. I think we can all agree that a man with 48 years' experience ought to be in the top step.

MR. JASPAN. Incidentally, he is not alone. We have similar cases. That is the greatest number of years I have heard of. I know of others with 40 years' service who have not reached the top step.

MR. UDALL. At least in the next few years he should have some expectation of being in the top step.

MR. HANLEY. The overtime aspect is an intolerable situation, where people are expected to work and not be compensated for their hours. This is a deplorable situation.

You mentioned an instance where the firstline supervisor actually receives less in the way of compensation than does a person whom he might be supervising. Can you cite a specific example of that?

MR. JASPAN. I didn't say he receives less. I said the differential is sometimes as little as 15 percent.

There are some cases where, when a craft employee is promoted to a supervisory position and he has not reached the top step of his craft

level, he will be put in a lower supervisory step and in that way he would be supervising people in step 12 of the craft positions who are receiving more money than he is. That has happened.

Mr. UDALL. There is a little overlap there.

Mr. JASPAN. On account of the overlapping schedules. It is not a common occurrence but this has happened.

Mr. HANLEY. Then this relates to the problem with respect to the instance of a postmaster who receives less compensation than the person who is his employee?

Mr. JASPAN. Yes. In the postmaster's case it is different because he has no previous postal experience and is put in step 1. All of these people who are supervisors have a number of years of service, and then they find they receive little more—or less in some cases—than the employees they supervise even though they may have a number of years of service.

Mr. HANLEY. This particular problem again is associated with the political aspect related to the Post Office Department.

Mr. JASPAN. That is one of the things I was thinking about when I wrote this statement. I figured that would be good for another committee.

Mr. HANLEY. Does your association take a position with respect to the Kappel report?

Mr. JASPAN. Yes, sir. Our association went on record as opposing the postal corporation.

Mr. HANLEY. Thank you very much, Mr. Jaspán.

Mr. UDALL. Mr. Ruppe?

Mr. RUPPE. Touching on that last point—and thanking you first for a very fine statement—Mr. Waldie brought up an interesting point.

If, with the Kappel Commission, the right to strike was given to the various postal groups, would that change your position?

Mr. JASPAN. I do not believe it would. Our people particularly, postal supervisors, are interested primarily in a good postal service. We believe that some of the service features we have now would be eliminated.

For example, we do not believe the fourth- and third-class post offices would be continued in operation. It is possible rural carrier routes would be curtailed. We really believe the prices would be increased to carry the mail. We feel there are many disadvantages even though on the surface of it it looks like a good idea. In our opinion we think changes can be made under the present system.

Getting back to what Mr. Hanley suggested, the first way to do it is to take politics out of the post office completely. We think if politics is removed—

Mr. RUPPE. You are not removing your case from the Congress, are you?

Mr. JASPAN. No. I am talking about politics so far as appointments, promotions, assignments in the postal field service, and also in the Post Office Department. We think it should be reduced there. In our opinion we should have people in the Post Office Department who have worked in the post office and know operations.

Mr. RUPPE. You feel you would get more efficient service? I assume it would provide an opportunity for the men who start and make their careers in the Post Office to get ahead and take advantage of the talents which likely would be theirs through knowledge and experience.

Mr. JASPAN. That is right. Now there is little opportunity. I pointed out in my statement there are fewer than 10 percent of the positions in levels 8 and higher. Level 8 is the first supervisory position. This 10 percent includes postmasters and people in the regions.

Actually only about 5 percent of the positions at level 8 or higher are supervisory positions. That is a very, very small number.

Mr. RUPPE. You feel most supervisor promotions, or the number of those appointments in those grades, are politically motivated regardless of the party in power?

Mr. JASPAN. The party in power has nothing to do with it. We cannot prove that any of these promotions are political. Nobody will admit he got a political endorsement, and the politicians deny they give them. However, we know some of these are obvious. In some regions they are worse than others.

Mr. UDALL. I will confess I have brought about a couple political promotions.

Mr. JASPAN. I didn't want to mention that.

Mr. UDALL. There is no argument about it. I confess. I think it is a lousy system, and should be abolished.

Mr. RUPPE. Do you feel there are too many steps in advancement, that they are too slow, or is it both?

Mr. JASPAN. I feel the number of steps is just about right but it takes too many years to reach the top step. I believe if the advancements were made at 1-year intervals from the first step to the top step it would eliminate many problems and much of the dissatisfaction with the postal service schedule.

Mr. RUPPE. I would agree that if politics were taken out of the postal service it would be much easier for Congress to take a judicious view of promotions. With politics there is an element of uncertainty which makes that case very difficult in equity.

Mr. UDALL. Mr. Waldie?

Mr. WALDIE. I have no questions.

Mr. UDALL. Mr. Hamilton?

Mr. HAMILTON. Thank you for a fine statement, Mr. Jaspán.

Mr. UDALL. We thank you for appearing this morning, Mr. Jaspán and Mr. Ledbetter.

Mr. Silvergleid, I realize your problem. You are a newly elected officer of your organization. I would ask you your preference. We can either go ahead this morning, break up in 15 or 20 minutes, or I can schedule you as the leadoff witness for another day.

Mr. SILVERGLEID. That would be preferable.

Frankly at this point I was going to suggest that I read only certain portions—

Mr. UDALL. I don't want to do that to you. I have asked for a slow and deliberate dialog. I don't want to do that to you.

Mr. SILVERGLEID. While I have nothing on the Kappel report or strike I appreciate the dialog which took place.

Mr. UDALL. We can hear you Friday or Monday at your option.

Mr. SILVERGLEID. Thank you, Mr. Chairman. There is a holiday on Monday. Friday might be preferable.

Mr. UDALL. The subcommittee stands adjourned until tomorrow morning at 10 o'clock.

(Whereupon, at 11:50 a.m. the hearing adjourned to Wednesday, September 18, 1968, at 10 a.m.)

SALARY SYSTEMS OF THE FEDERAL SERVICE

WEDNESDAY, SEPTEMBER 18, 1968

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

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 210, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The Subcommittee on Compensation will come to order for consideration of business scheduled before us this morning.

We have scheduled as the first witness today Mr. John F. Griner, president, American Federation of Government Employees.

I am advised that Mr. Griner will not be with us this morning but his prepared statement will be presented by Mr. Carl Sadler of his staff. Is this correct?

Mr. SADLER. Yes, sir.

Mr. UDALL. We are happy to have you, Mr. Sadler.

You may proceed and give us your organization's views on the problems before us.

STATEMENT OF CARL SADLER, LEGISLATIVE REPRESENTATIVE, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, ACCOMPANIED BY STEPHEN A. KOCZAK, ASSISTANT DIRECTOR OF RESEARCH

Mr. SADLER. Thank you, Mr. Chairman. I have with me this morning Mr. Stephen Kozak, our assistant director of research.

Mr. UDALL. We have seen him before and we are happy to have you before us.

Mr. SADLER. Mr. Griner regrets not being able to appear this morning. He has lost his voice and did not feel up to appearing.

Review of the statutory pay systems utilized by the Federal Government for the purpose of compensating the greater number of its employed personnel fulfills a most worthwhile purpose. Such a review is sorely needed, and it is urgent.

I, therefore, can say most sincerely that you, Mr. Udall, as chairman of this subcommittee of the House Post Office and Civil Service Committee, are to be heartily commended for your genuine interest in this effort to bring about some meaningful improvement in the existing payfixing methods of the Federal Government.

As you pointed out, Mr. Chairman, in your address at the banquet which highlighted the recent AFGE national convention, "we are

really at the crossroads for all of the Federal pay systems." I would like to point up the real issue which confronts Federal employees and the Congress and to do so by using your words spoken at our banquet. You told the nearly 2,500 persons present that you were planning to begin a series of hearings 1 week hence that would examine such important factors in payfixing as comparability and try to determine what we are going to do in the way of improving our payfixing methods and pay systems.

Permit me to quote your comment on the need, as you saw it, for these hearings, because it expresses so well the underlying conditions which make the review which is planned so essential. You said:

This is the first election year in my memory when we have not had a pay fight in the Congress. It is a good feeling for me to know that the job has been done—3 yearly pay raises—in July of next year, full comparability will be an actual fact; full comparability, except for the lag, which is another problem to which we must turn our attention. We will have full comparability.

The question now is, Where do we go from here? Are we going back to a system of having annual pay fights with all the lobbying and testifying and bickering, or is there a better way to run this system?

Then you said, Mr. Chairman, that you were calling this hearing for this week to seek the advice of the administration, our own leaders and the leaders of other Federal employee organizations to tell your subcommittee what should be done.

You suggested the various alternatives in these words:

We can go back to the annual pay fights. We can try another 3-year pay bill. We can try to get a kind of semiautomatic system that can go into effect, whether there is a budgetary problem, or a right kind of Congress, or a President leaning in the right direction. It has seemed to me that the people who work for the Federal Government are entitled to comparability every year without a pay fight.

It seems to me that we can find such a system, that in the wisdom of the Congress, with the help of the Federal employee organizations and the administration, we can have a system that will give us orderly, regular adjustments, so that we will have full comparability each and every year. I think it can be done, and with your help it will be done.

This statement of yours, Mr. Chairman, made a deep impression on those of our members who heard you. They encouraged us to believe that you and your subcommittee will make a concerted effort to improve the payfixing methods affecting so many Federal employees.

The American Federation of Government Employees respectfully urges this subcommittee to examine carefully and in depth the existing methods of determining appropriate rates of compensation and to the fullest extent possible not only to discover the faults and handicaps of existing pay systems and methods but to insist upon the correction of the weaknesses now existing.

The principal statutory pay systems include the Classification Act system, the postal field service system, the Foreign Service system, and the system applying to the Veterans' Administration Department of Medicine and Surgery. I would like to comment on these different pay systems, and then to present our evaluation of the procedures now used to determine annual rates of pay and to indicate some basic changes which might be made for the benefit of the employees and of the Government itself. My comments should be understood at this point as being preliminary to our continued and more detailed study of this whole matter.

The four major statutory systems I have mentioned apply to approximately 1,840,000 employees distributed as follows: Classification Act, 1,200,000; postal field service, 600,000; and Foreign Service and VA Medicine and Surgery, about 20,000 each.

There is a fifth major payfixing system—the wage board system—which applies to about 750,000 employees. The present basis for this system is administrative. Rates are determined in relation to rates prevailing in private industry in accordance with the coordinated Federal wage system administered by the Civil Service Commission.

In your address at our convention banquet, Mr. Chairman, you stated that it is your judgment and belief that, “some changes need to be made in this whole wage board system.”

I most emphatically recommend that this system be reestablished by legislation so that wage board employees may be assured of the benefits of a system that will be subject to the control of Congress and cannot be modified administratively and with relative ease. I earnestly request the support of this subcommittee for legislation that will bring about this benefit for wage board employees. Such legislation has been approved by the Senate but is reposing in another subcommittee of the House Post Office and Civil Service Committee.

We believe, however, that the basic determinant in the wage and salary-fixing procedure should remain the same, that is, prevailing rates in the various wage areas as the basis for wage board rates, and comparability with like positions in private industry as the basis for salaries of classified positions.

Before commenting on other major pay systems, let me call your attention to a group of employees that are in dire need of relief from the lack of a suitable method of fixing their pay. I refer to the employees of nonappropriated fund activities that are under the control of various Federal agencies. Many of these employees work in the Veterans' Administration and the Department of Defense. Many of them are wives of servicemen who must work to make ends meet. Their wages are substandard. In fact it required an amendment to the Fair Labor Standards Act to bring them up to the minimum wage of employees in private enterprise.

You, Mr. Chairman, are well aware of the plight of these workers. You had this to say about them when you addressed our convention delegates at Las Vegas:

I don't want to overlook the people who are paid out of non-appropriated funds. Thank God that at long last there has been a little more attention to them. I am thankful that this convention is going to be talking and considering the status of the people who work for the Federal Government and are paid out of non-appropriated funds. There has been the rankest kind of discrimination and injustice in this field and I think we are going to give some real attention to it.

I will not attempt to evaluate the postal field service pay system but will leave that task to witnesses from the postal unions who are more conversant with its provisions as they impinge upon the operation of the postal service.

I do wish to say this about the postal pay system, that it does not sufficiently take into consideration the great importance of the basic function of the service, which is to provide a means of communication which is of tremendous importance to all its users.

Since the Classification Act system provides compensation rates for more than 40 percent of all Federal employees, and a large proportion of our members are paid according to that system, I will center my remarks around it, making additional references to other systems as they seem to require comment.

The Classification Act system had its beginning in the Classification Act of 1923—45 years ago. It has from its inception been characterized by its rigidity and by the studied and grossly exaggerated attempt to devise and maintain a pseudoscientific procedure for evaluating the positions subject to that law. The revision in 1949 of the original Classification Act of 1923 did not improve matters much in this respect.

The application of the Classification Act has revolved around the production and maintenance of position classification standards. Those standards are still too long and too involved. In many instances they do not provide a meaningful breakdown of the work of the individual assigned to a position. The attempted fine distinctions—the “weak grade 5” or the “strong grade 5” type of approach—are impractical and have resulted in considerable injustice to many employees. The system has led also to innumerable instances of overgrading of favorites and undergrading of those outside the inner circle.

Of course, I do not say that this is a major characteristic of the classification system. However, this overstraining of efforts to find small, and at times, practicably indistinguishable differences where they do not exist lends itself to favoritism. The standards complicate rather than assist the procedure for salary determination.

The one outstanding weakness of the classification system, which has made it so antiquated and outdated, is that the system rigidly ignores the abilities and personal contributions of talented and dedicated individuals to the performance of their jobs. This weakness is the result of the failure of the rating and promotion mechanisms to take into account the growth of the incumbent of a position. This growth of the individual may in fact result in the actual upgrading of a position because of the excellent performance of the person occupying the position as distinguished from the mediocre performance of another person who does not bring superior talent to the position.

By overemphasizing job definition and job classification as the only criteria for compensation, the system deliberately and, we believe, unwisely ignores the individual traits of the man or woman assigned to a particular job. Thus the classification system is becoming an increasingly wasteful and impractical method of rational utilization of personnel.

Classification of positions within such a rigid framework of reference becomes less and less adaptable to a world of employee mobility. It is a major cause of dissatisfaction by employees and an important cause of growing inefficiency in providing rates of compensation in the Federal service. We must devise a suitable means of appraising a person's actual contribution to the job to which he has been assigned and thus better assist management to compensate his effort more equitably.

Several years ago the Civil Service Commission did guardedly recognize the impact of the man on the job, but not for long. There is no clear and unmistakable means of permitting classifiers much latitude in defining the grade level in relation to an employee's contribution.

The Commission's tentative and cautious steps in this direction did not exert any appreciable influence on the classification of positions as a whole.

In contrast, the pay and classification plans relating to the Foreign Service and the Department of Medicine and Surgery of the Veterans' Administration are based not only on the principle of job classification, but also on the principle of personal qualification as recognized in the employee's professional rank. Thus, recognition is given to the fact that a highly qualified person obviously contributes more to the job being performed. The job itself is upgraded by the way the job holder performs his work.

Perhaps the extent to which rank as a determinant of pay is present in the Foreign Service and the Veterans' Administration systems cannot be applied without modification of the Classification Act System, but in certain areas and for some grades it can be applied effectively. I believe that qualified appraisers of the Classification Act will tell you that the factor of personal impact on the job can be given positive weight in determining the pay for any specific position.

What needs to be done to provide a modern system of compensation which will be sufficiently flexible yet reflect the conditions of the labor market and insure just treatment of personnel in all types of positions and at all levels of difficulty?

Such a system may be devised by improving the existing method of pay-rate determination and by providing ranges of rates which are consistent with industry market rates and with the internal alignment of the pay-rate structure selected.

Comparability will still provide the basis for determining pay rates in the Classification Act system. We talk a great deal about comparability. When the principle was introduced in the Federal Salary Reform Act of 1962 it was made dependent on an annual survey by the Bureau of Labor Statistics. However, this survey should be revised in certain important respects.

The national survey of professional, technical, and clerical positions in private industry is presently based on the faulty assumption that it should reflect salary differences in every nook and corner of the national economy. What is overlooked is that this survey is not an exercise in theoretical democracy but is supposed to be a scientific method of finding out what salaries are paid employees in similar positions in private enterprise. It overlooks completely the fundamental difference between the work of a clerical or professional employee in the Pentagon and the work of a person in a privately owned establishment employing as few as 50 employees.

The national survey should be modified so as to confine work comparisons to large-scale industry, such as, the General Motors Corp., General Electric, Standard Oil Co. of New Jersey, and the like. No one has yet come forward with a convincing argument for fixing the pay of employees of the largest employer in the world by surveying small offices or shops in remote geographic locations.

What can be done to improve existing pay-rate determination? Improvement may be accomplished in several ways. One way of doing it might be to relate the different major pay systems to a single pay-rate schedule. Even under these circumstances, whatever schedule is adopted, it should be so constructed as to provide flexibility and yet

conform to the principles of proper internal alinement of rates and grade levels.

Within the salary schedule, there should be a broader range of rates within each grade. The within-grade spread—the difference between minimum and maximum rates within each grade—might be increased to provide greater incentive. Also, there could well be larger grade differentials—the difference between the minimum rates of adjacent grades—to afford more recognition of differences in the difficulty and importance of the work. I believe this can be done without such great emphasis on infinitely small differences of job content.

At present the range of rates within the general schedule is about 30 percent from the first to the 10th rate. The Cordiner committee report in 1957 compared Federal practice with that in private industry. The report revealed ranges of pay within a single grade as high as 39 percent, at the then \$5,000 level, and 44 percent at the then \$10,000 level.

The length of the waiting periods in the Classification Act system is another weakness of that system. The waiting periods, 3 years in the upper ranges of the first 15 grades, are too long. Formerly they totaled 15 years within each grade. In 1962 this length of time was increased to 18 years. The overall waiting time might be shortened of course by reducing the longer waiting periods.

It is also suggested that the process of fixing rates of pay for Classification Act employees should take into account the advance in productivity as a factor contributing to the growth of the national economy. I do not believe this is being done adequately, so far as Federal employee pay is concerned.

Productivity is being measured by the Bureau of Labor Statistics for the industrial sector of the national economy. It is not being applied to Federal employees to the extent it might be applied. However, it has been pointed out from time to time by those whose official or technical viewpoint is deserving of attention. Such a comment, which ably expresses the relationship between rising productivity in a private industry and the work of Federal employees was made by a Government official at the time the Federal salary situation was under examination prior to the enactment of the Reform Act of 1962.

Dr. Robert C. Turner, then Assistant Director of the Bureau of the Budget, told a management analysis conference on the management of productivity—

All of us are enjoying numerous consumer products made possible by discoveries and developments made in carrying out Federal programs not at all related to the products we are using. In planning and programing activities, such as is done in the Bureau of the Budget and in your own offices, the work that we do has far-reaching ramifications. If we are unproductive, the ultimate cost is heavy. If we step up our productivity, the gain is multiplied manifold in the society as a whole.

As measured by the BLS, productivity is the real product per man-hour. It represents the contribution of successive sectors in the economy to final production. Workers in private industry can claim an added share of the increased value of output because of greater efficiency and more efficient use of facilities which employers have supplied them. Federal Government employees likewise may press their valid claim to higher income on the basis of their contribution to national productivity.

To summarize, the Classification Act presently provides a payfixing system which is altogether too rigid in its appraisal of positions. It ignores the personal contribution of the incumbent employee. The salary schedule lacks flexibility and is so compressed it does not provide incentive and reward for work well done.

The national salary survey is concerned too greatly with small establishments in private industry. The timing of the survey also results in a lag between its completion and the effective date for new salary rates which should and can be shortened. If it is confined to large-scale industry and the establishments are fewer in number, the survey would be completed within a shorter period and be more representative at the same time.

For that part of the lag which does not flow from the timing of the survey, only expediting legislative action can provide improvement. However, I would like to add this comment; that the American Federation of Government Employees at no time, now or in the future, favors salary fixing which removes this function from the watchful eyes of Congress.

Thank you, Mr. Chairman, for these hearings which indicate your interest in this important problem and for this opportunity to participate in them.

Mr. UDALL. Thank you, Mr. Sadler. I appreciate having the statement of AFGE for inclusion in the record.

As I listened to and read your statement I saw again the old dilemma that we face, a kind of chicken and the egg situation. For 12 pages you recite defects in the salary systems, inequities, problems of timelags, problems of computing comparability, the problem of whether we should have rank-in-man or rank-in-job.

Yet, as I see it, one of the main reasons that this committee and the Congress never has the time to get into these particular problems—to resolve them, to hold hearings and pass legislation—is that in each and every year we spend 90 percent of the time available to us fighting over the question of whether we will have a 3-percent pay raise or a 5-percent pay raise, whether the budget is in balance, or whether we should take this amount of money and give it to the postal employee, whether it should go to classified, and all the rest.

What I had really hoped to get out of these hearings was a series of suggestions. I was hopeful that we might reach a consensus and break this cycle of increasing numbers of inequities and increasing problems in the pay system, and find a less cumbersome method of adjusting the basic salary increase.

If we gave you a choice next year as to whether we should spend our time on a 5-percent pay raise for the classified employees which you recommend, or consider correcting some of these inequities in the system, I think you will have to say, "Give us the pay raise. Spend your time on that and we will worry about the inequities next year."

I am a little disappointed in your statement in that the only guidance you give us on the overall problem of how to go about adjusting pay in the future is that you don't want pay raises taken from the watchful eyes of the Congress.

I ask you this because apparently your board has not yet had time to discuss this, you have not arrived at a position, or you don't know.

Mr. SADLER. I said, on page 3, that my comments should be under-

stood at this point as being preliminary to our continued and more detailed study of this whole matter. Of course, we plan to go further.

Mr. UDALL. I am not attempting to fix blame or to censure your organization because you do not come in here with a beautiful 5-point plan suggesting how to do this in the future.

I do hope as we go down the road that you will give some consideration to this problem. Perhaps between now and next year, as an organization, you can arrive at a position.

We will have to decide next year whether to have another 1-year pay bill with all of the complexities and difficulties we had last year—division between postal and classified, the amount of the raise, the effective date, the Budget Bureau position, and so on. I can write the script of these hearings, and you can, too. I can anticipate everybody's testimony almost before they appear before the subcommittee. I had hoped we could break this cycle either by some semiautomatic method, a pattern of 2- or 3-year pay bills like the last one we had, or by some other kind of a system which has been suggested. I hope AFGE will give us some help on this as you get more time to consider it.

Mr. SADLER. We would like, Mr. Chairman, to be able to bring to your attention many other things which should be presented to you in a more detailed manner and sit down and discuss this with you and perhaps appear again at hearings on this.

Mr. UDALL. The gentleman from New York.

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

Mr. Sadler, initially I ask that you give my congratulations to Mr. Griner on his reelection to your very fine association. I have always looked upon him as one of the outstanding leaders in the labor movement. I extend my heartfelt congratulations to him.

Mr. SADLER. He will appreciate that.

Mr. HANLEY. Previous testimony offered in these hearings has suggested the possibility of incorporating a third party into the deliberation—a third party commission—for the purpose of making an objective determination.

I think you have been present here and heard the testimony. What position would this association take regarding this possibility?

Mr. SADLER. Mr. Hanley, I have not had a chance to discuss this with Mr. Griner. As I say, he is still out of town.

I would say that, on the surface of it, we would not object to the appearance of a third party if it had the proper position in this whole picture. I think it may well be that someone on the outside could bring our thinking together. Certainly, as Mr. Udall pointed out a while ago, we could almost name the thinking of everybody who has been on this whole picture on the inside.

I think certainly we would not at this point object to the appearance of a third party if he played the proper role.

Mr. HANLEY. What is the attitude of your association with respect to the possibility of making pay scales in consideration of regional economies?

Mr. SADLER. We are running into some problems in that area right now and we have for many years. I think that our economy is adjusting itself nationwide to the point where you cannot confine to a geographical location exactly. I just do not believe we can continue to draw a

line around a given area and say that this is the area we will conclude our findings from.

I think you must have some flexibility in making determinations of the wages or prevailing rates or whatever they might have in a given area.

Mr. HANLEY. Your statement on page 3 with respect to the different systems reminds me of one of the great inequities which I have been able to observe where in many instances it is not the background or the responsibility of the employee but the rate of pay is determined by the agency which employs him rather than his specific ability or responsibility.

I set forth as an example the practice of medicine where a doctor with a specific background of performing specific functions in the Federal Government has a salary determined by the agency as opposed to the background and responsibility. We have been able to detect five different pay scales for the same criteria associated with this endeavor. I have no further questions, Mr. Chairman.

Thank you, Mr. Sadler.

Mr. UDALL. Thank you. We appreciate your presence here today. The next witness will be Mr. Patrick J. Nilan, legislative director, United Federation of Postal Clerks.

**STATEMENT OF PATRICK J. NILAN, LEGISLATIVE DIRECTOR,
UNITED FEDERATION OF POSTAL CLERKS, ACCOMPANIED BY
HENRY T. ANGLIM, ADMINISTRATIVE VICE PRESIDENT, AND
WALTER O. FROH, STAFF ECONOMIST**

Mr. NILAN. I am accompanied this morning by Mr. Anglim from our organization and also our staff economist. I would like to have them at the witness table with me.

Mr. UDALL. We are delighted to have them.

Mr. NILAN. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, my name is Patrick J. Nilan, national legislative director of the United Federation of Postal Clerks. I am very pleased to appear before this committee with our administrative vice president, Henry T. Anglim; and Walter O. Froh, staff economist for our organization.

We appear here on behalf of the Nation's 306,000 postal clerks, for whom we are the exclusive collective bargaining representatives in labor-management relations with the Post Office Department. We have postal clerk members in practically every one of the 32,000 post offices in all 50 States, the District of Columbia, Puerto Rico, Virgin Islands, and Guam.

Mr. Chairman, we would like to express our appreciation to you and the other members of this committee for arranging these hearings to make a critical appraisal of the existing statutory salary-fixing policies of the Federal Government. We understand, also, the committee is concerned with developing permanent machinery for the implementation of possible alternatives which would later serve the needs of the public and the Federal employee.

The officers and members of the United Federation of Postal Clerks join with this committee in its desire to seek proper compensation for the skills, long service, and dedication of the postal clerk and other

Federal employees; such compensation to be established on an equitable, current, and continuing basis in the best interests of the American public and the postal and Federal employees who serve it so well.

Certainly the membership of our union appreciated the efforts of this committee, the House and Senate Committees on Post Office and Civil Service, as well as the Congress and the President in making possible the enactment of Public Law 90-206, in December of last year. This is particularly true as developments in the legislative and executive branches of Government during the past 8 months may have made it difficult if not impossible for postal clerk salary adjustments in 1968 without the second-phase, 5-percent pay raise last July guaranteed by the Congress in Public Law 90-206.

However, Mr. Chairman and members of the committee, even though the time-consuming, often expensive, and certainly demanding representations necessary to secure often "too little and too late" wage adjustments we are not convinced at least at this time that there is a better or more satisfactory alternative.

I say this because our people have historically looked to the Congress rather than to the executive branch, regardless of the political party in power, for equity and justice in satisfactorily resolving our salary and other employee benefits. The Congress has usually responded within the possible areas of accomplishment to the maximum extent possible.

You may be certain, however, that our organization now as always is ready to respond immediately and responsibly to develop a better substitute, if one can be found, which would be compatible with the best interests of our postal clerk membership which we represent, as well as the American public we serve.

The intent of these hearings, as announced on February 8, 1968, by the distinguished chairman of this subcommittee, Congressman Morris K. Udall, is "to determine whether present procedures centering on frequent, if not annual pay battles, are the best way to adjust salaries, and to search for possible alternatives."

We recognize there have been problems and difficulties in using present procedures to develop Federal employee salary adjustments through legislation. Further, we always find interesting suggestions and ideas related to this area of great concern. However, we recognize, and we believe others should also—with due respect and appreciation—the progress that has been made in adjusting postal and Federal employees salaries through the legislative process, and particularly the efforts of this committee and the Congress.

We know this committee, as well as the Congress, will consider any changes in the present legislative process concerning this most important area of Federal salary determination which affects over 700,000 postal employees and over 2 million Federal workers, that any such changes should be considered only with extreme caution, with deep and penetrating study concerning the present system and suggested alternatives.

Again, Mr. Chairman, we state that we are not opposed to better ways or newer ways of accomplishing the same objectives. We are concerned with progress and equality in the area of wage adjustments. In all honesty we must say, however, that we do not believe in

replacing the broadly based wisdom of a democratically elected and responsive Congress with the aloofness of administrative discretion in the determination of Federal salaries as of this time at least as being a better way.

It is also essential that we never forget that in spite of the high priority and importance attached to improvements of Federal employee fringe benefits the most basic and far-reaching issue of all is the take-home pay of our postal clerks. Equity and justice in salary determinations for our members and their families is, without question, the bread-and-butter issue which always affects all of our membership.

This is particularly true since approximately 650,000 of the reported 760,000 postal employees are massed and locked in the lowest five pay levels within the entire postal service.

Mr. Chairman and members of the committee, in recent years the United Federation of Postal Clerks has repeatedly testified before this subcommittee and other committees of the Congress concerned with salary legislation of postal and Federal employees. I am confident the record we have made before this committee and other committees of the Congress in the many and often voluminous statements presented to the Congress in support of equitable salary increases needs no repetition here this morning. However, in order for this committee and the staff to have ready access to the position statements by our organization on questions related to salary and postal clerk classification I would like to leave with the chairman copies of our two most recent statements presented to this subcommittee on May 17, 1967, and also our statement before the Position Classification Subcommittee on May 10, 1967.

I also would like to take this opportunity to particularly thank Mr. Hanley, who is chairman of the Subcommittee on Position Classification, for the in-depth study that his committee is making at this time concerning classification of postal and Federal employees. I might add we are happy to cooperate with that committee and Chairman Hanley in an effort to try to come to an equitable method or formula of resolving employee classification problems.

Mr. UDALL. He has done a great job. I take some pride in having helped to train him on this subcommittee before he moved on to his own.

Mr. HANLEY. I am most appreciative of the observations of both gentlemen.

Mr. NILAN. These two statements will provide a ready reference, documenting the reasons why we have little or no confidence in the Civil Service Commission and the Bureau of the Budget, as far as any future administrative automatic adjustments of postal clerk salaries. These two statements speak for themselves and I am confident will be helpful to your in-depth study of this entire problem.

Mr. Chairman, I would like to make a number of observations or comments concerning our experiences to date which would make it extremely difficult for us to accept any administrative adjustments of salaries without a final determination being made by the Congress. For example, as I have mentioned, our membership has little if any confidence in the administrative decisions and recommendations presented to the Congress by either the Bureau of the Budget or the Civil

Service Commission. Also, we are completely disenchanted with the definition, implementation, and obvious shortcomings of the so-called comparability principle supposedly established by the 1962 Salary Reform Act.

The overwhelming majority of our postal clerks are still disillusioned, frustrated, and most unhappy with salary laws enacted in 1965 and 1966 when postal and Federal employees alone had their salary increase legislation compromised by the so-called wage-price guidelines. I am sure you will recall during these 2 years postal clerks received salary increases of only 3.6 percent and 3.2 percent while most employees in the private sector were getting increases in wages of from 5 to 7, 8, and even 9 percent.

We cannot accept the doctoring of the ingredients, for example, within occupational groups selected with only one apparent purpose in mind, and that is to hold down the wages of postal and Federal employees. Certainly our people are thoroughly disgruntled and frustrated with the timeworn cliché, "budgetary limitations," which has been and continues as a final argument against justified wage increases.

We have repeatedly testified that postal clerks are classified in PFS salary schedules considerably lower than the duties, skills, and responsibilities of their positions. The controversial salary inequities which have existed for many years have not been resolved as of this date and every effort to correct these inequities has met with stonewall opposition by representatives of the Civil Service Commission, the Bureau of the Budget, and the Post Office Department.

Certainly another most serious problem to which the Congress should address itself is the tremendous number of pay steps within the salary levels of postal clerks and letter carriers, namely, 12 in number, which require a postal clerk to perform satisfactory service for 23 years prior to reaching the highest salary step within his level.

These questions, Mr. Chairman and members of this committee, we do not believe can be or would be favorably resolved through administrative procedures or any other method which would not permit the Congress to make the final determination in each instance.

We would like to address ourselves at this point in our statement with what we consider the real dangers of administrative determinations which are apparent when one considers the principle of so-called comparability and its mechanical development, particularly in recent years. We know that it is the expectation of the administration and we are confident the Civil Service Commission and the Bureau of the Budget, as well as other interested parties, that the Federal employees should feel relieved and satisfied when they reach comparability. In fact the chairman of this committee stated when these hearings opened on Monday that he believes it is refreshing to know that there will be full comparability next year, that is, in 1969.

However, Mr. Chairman, I must state for the record that this so-called comparability is merely an administrative definition and one with which we cannot agree either as to its method of development or the questionable conclusions arrived at.

Another most difficult problem concerns the timelag between a private enterprise salary survey and subsequent adjustment of Federal salaries and this, of course, is of very great concern to our membership.

One suggested solution to this problem is not to delegate congress-

sional consideration, deliberation, and responsibility to the executive branch and administrative procedures, but rather to further reduce the timelag. Our recommendation is to have BLS or some other fact-and-data-finding group report its private enterprise salary facts and figures directly to Congress, or an appropriate committee, within a period not to exceed 90 days following the close of the survey period. Congress would then be able to enact appropriate salary legislation with less delay than under current procedures.

In addition, Congress could project anticipated private enterprise salary increases in an attempt to keep Federal employees current in what would be deemed their true comparability status. Such projections could be developed by the capable staff personnel of this and perhaps other committees making use of authoritative data developed by BLS and other Federal data if considered appropriate and consistent with postal worker or Federal employee positions.

We would also like to recommend that the Committee on Post Office and Civil Service be granted permanent funding and staffing authority from the House of Representatives to develop and retain its own permanent staff technicians, such as experts who would be in addition to the very capable staff of this and the other very capable subcommittees of the House Post Office and Civil Service Committee. They would be more of the expert type of assistants which many Government agencies presently have available to them.

For example, in the BLS survey of February-March 1965, the private enterprise occupational group with which now level 5 postal clerks were compared consisted of: accountant I, auditor I, job analyst I, chemist I, engineer I, engineering technician III, and draftsman II. In the subsequent BLS survey of February-March 1966, the occupation "buyer I" was added by administrative determination.

The annual salary for this group, \$6,648, when considered with other salaries having an average of \$7,017, had the effect of reducing the average to \$6,942.

In addition, this process of progressive deterioration of the comparability figure did not end at that point. In the June 1967 BLS survey, another new and again lower paid position; namely, secretary II, was added to the occupational group to which postal clerks are supposed to be comparable. This was reflected in table 1—"1967 Private Enterprise Average Annual Salaries"—developed by the Civil Service Commission in its March 1, 1968, letter to employee organizations.

Now, Mr. Chairman, and members of this committee, does it really seem likely that the unlikely occupational group secretary II, with an average annual salary of \$6,019, would be grouped with occupations averaging \$7,408 and ranging from \$6,990 to \$8,388 for any other reason than to dilute the average? The net effect of this addition of secretary II, was to reduce the comparability figure by \$154 or from \$7,408 to \$7,254.

Similar administration additions were made to other occupational groupings. In the GS-7 occupational group, secretary IV was added. The net result of this addition was to reduce the group comparability average by \$162 or from \$8,393 to \$8,231. It should really be obvious to anyone that the addition of a \$6,938 average salary position to the

grouping with a previous low of \$7,820 and a high of \$9,078, was not comparable or appropriate in the first place.

It is our understanding in other GS occupational groups, developed administratively for purposes of determining that nebulous and fleeting concept of comparability, similar additions have been made with similar results. In all honesty we ask this question, Does this appear a proper exercise of administrative discretion in adjusting and implementing the comparability principle supposedly established by the 1962 salary format? Is this the kind of administrative determination we want to extend and expand on? We think not.

The introduction by the Civil Service Commission and Bureau of the Budget of higher paid and more skilled occupations among private sector employees who are organized members of unions which are at least comparable in membership with the United Federation of Postal Clerks, and our letter carrier brothers, would certainly lend more credence and acceptability of their wage position groupings and analysis of related data.

We wish to emphasize, Mr. Chairman and members of the committee, that the administrative determinations we speak of were not made by the Bureau of Labor Statistics of the Department of Labor, whose surveys we believe are reasonably valid and sound.

BLS makes the survey that is prescribed and ordered for it, in this case by the Civil Service Commission and the Bureau of the Budget.

Further additions to occupational groups were made without consultation with employee organizations. We understand that consultation has been promised us in the future with respect to such changes. However, Mr. Chairman, we seriously question whether the consultation will be after the fact, or before the fact, when our representations will receive objective and serious consideration. It has been our experience with postal management, as well as the Civil Service Commission and the Bureau of the Budget, that our definition and understanding of the word "consultation" is considerably different than the connotation applied to it by the administrative agencies.

One further point, Mr. Chairman in regard to administrative determinations and the so-called comparability principle, the Bureau of the Budget and the Civil Service Commission made administrative determinations to expand the BLS surveys to nonmetropolitan areas, to extend coverage to firms employing less than 250 employees, and to include salary data for workweeks of less than 40 hours without adjusting the salaries upward to represent the 40-hour workweek of postal and Federal employees. We believe that these administrative determinations are inappropriate to the realistic determination of private enterprise salaries comparable to Federal employees.

Mr. Chairman, we have repeatedly suggested to the Congress, the Civil Service Commission, the Bureau of the Budget, and the Post Office Department, that there is absolutely no position in private industry comparable with the duties, skills, responsibilities, and also the dedication of a postal clerk to move today's mail efficiently and expeditiously. As a result, any linkage or comparability between a postal clerk position and that in private industry is without credence and, at best, is an artificial comparison.

Mr. Chairman and members of the committee, we could go on at great length, reiterating our great concern with the study which this

committee is performing so admirably with the hearings this week. However, I believe our organization, at a later date, will be able to submit additional recommendations and proposals to the Congress and this committee, concerning the question that we are all interested in; namely, adjustment of postal and Federal employees salaries on an equitable, progressive, and current basis.

In conclusion, I could offer a number of general solutions to these problems of current legislative enactment of salary and wage adjustments for postal and Federal employees.

For example, the only way that postal and Federal salaries will ever be adjusted on a current basis, in my opinion, is if the Congress will establish as a part of law that such salaries shall be retroactively adjusted to the base period of the BLS wage and position survey. There is another alternative, of course, which we have also suggested in past hearings; namely, that the Department of Labor, Bureau of Labor Statistics, be required by law to report its conclusions directly to the Congress and the appropriate committees of the Congress within a period of 90 days after the survey has been completed.

If it is administratively impossible to refine the statistical data compiled by the BLS during this 90-day period, we have also suggested that the Congress could direct the appropriate Government agency, for example, BLS, to provide the Congress with a projection of the wage-occupation survey report with subsequent adjustments to be made either upward or downward at the time of the next salary adjustment.

I might add that we could explore the possibilities of third party intervention as has been discussed with this committee whereby the employee unions and administrative bodies, such as the Civil Service Commission, the Bureau of the Budget, would submit their recommendations and proposals to the appropriate congressional committees, with a third group to be considered as a factfinding group considering the proposals of both the administrative agencies and the employee unions and submitting their own factfinding report to the Congress for final determination.

However, Mr. Chairman and members of the committee, sooner or later the Congress and our unions are going to have to face up to what I consider the only logical and equitable method of resolving wage adjustments and that is providing by law for a collective bargaining process between Federal management and its employee unions on all questions related to Federal and postal employee wages.

If such collective bargaining negotiations were ordered by the Congress, and Federal management and employee unions were unable to resolve questions relating to salary, then the appropriate committees of the Congress would have to make the final decision for management and the employees. There would be only one other alternative, as you know, if Congress did not desire to be the final decision and policymaking instrument in regard to wage settlement.

There is no question that collective bargaining between Federal management and employee unions on questions relating to wages would be the only logical and final solution to the problems which are confronting all of us here today.

As I conclude, Mr. Chairman, I would like to bring to the attention of this committee a copy of our resolution adopted by our national

convention in Minneapolis, Minn., on August 15, 1968. This resolution has to do with the official position of our union concerning the President's Commission on Postal Organization recommendations that the U.S. Post Office Department be changed over to a postal corporation. I am submitting this resolution in response to the interest of several members of the committee during the 3-day hearings on the Kappel Commission proposal and in order that this committee may be familiar with the official position of our organization in this regard.

Mr. Chairman and members of the committee, I shall be more than happy—with our administrative vice president, Henry T. Anglim; and our staff economist, Walter Froh—to respond to any questions concerning our testimony, or cooperate in any other way the committee may desire in its study of the complex Federal salary systems.

Also, Mr. Chairman, I would like to have introduced into the record an example of existing salary inequities within the postal service which is concerned with the very controversial situation in Marion, Ohio, as indicative of continuing frustration by our clerks in receiving salary equality within the postal establishment.

Mr. UDALL. Thank you, Mr. Nilan. It was very apparent to me as you went through your testimony here that you have taken very seriously the request that I made for attention to these overall problems and that you have attended the previous hearings. Your testimony gives us cold, hard facts and very frank responses to the questions that have been raised, and I thank you for it.

I had an opportunity to read your resolution on the postal change proposal and also the statement about the difficulties in Marion, Ohio. We are glad to have these papers. Without objection, they will be made a part of the record at this point.

(The papers referred to follow :)

RESOLUTION APPROVED BY NATIONAL CONVENTION OF UNITED FEDERATION OF POSTAL CLERKS (AFL-CIO) AUGUST 15, 1968, MINNEAPOLIS, MINN.

Whereas the President's Commission on Postal Organization has recognized in its report that the U.S. Post Office faces a crisis, that each year it slips further behind the rest of the economy in service, in efficiency, and in meeting its responsibility as an employer; and

Whereas said Commission has recommended that :

(1) A postal corporation owned entirely by the Federal Government be chartered by Congress to operate the postal service of the United States on a self-supporting basis with the possibility remaining that at some future time it might be transferred to private ownership, if such transfer were then considered to be feasible and in the public interest.

(2) The corporation take immediate steps to improve the quality and kinds of service offered, the means by which service is provided and the physical conditions under which postal employes work.

(3) All appointments to, and promotions within, the postal system be made on a nonpolitical basis.

(4) Present employes be transferred with their accrued Civil Service benefits (accrued pension rights, leave, pay, and seniority) to a new career service within the postal corporation.

(5) The board of directors (of the postal corporation) after hearings by expert rate commissioners, establish postal rates subject to the veto by concurrent resolution of the Congress, based on actual cost of service, value to those served, and changing market demands.

(6) That the limited negotiating opportunities under the Executive Order 10988 must be replaced with full collective bargaining over pay, related benefits, and other matters now negotiated in the private sector.

(7) Contracts between the postal unions and management might well provide for binding third-party, arbitration-agreed-upon types of grievances arising under the contract; and

Whereas it is noted that the Commission has included some laudable objectives, all of which, including the improved service desires, are possible within the existing organization structure of the Post Office Department; and

Whereas there is no assurance that the history of establishing a rate structure for services by corporations in the private sector will not be repeated as the corporation approaches the rate establishing procedure contemplated and, therefore, there is justifiable apprehension that in the language of the report postal rates might be contingent upon cost of service and value to those served; and

Whereas the Commission's recommendation with regard to the employe-management regulations and the limited negotiating opportunities suggests, but does not guarantee, binding third-party arbitration; and

Whereas the President's Commission has seen fit to recommend that postal employes be subject to bargaining for wages and working conditions similar to those in the private sector, it has not seen fit to provide for postal employes the weapons to secure those benefits at the bargaining table: Therefore be it

Resolved, That this convention of the UFPC go on record as opposing and directing its officers to oppose any transfer of the Post Office Department to a postal corporation, unless—

(1) The necessary tools, including the right to strike, available to employes in the private sector, be provided for postal employes in the corporation.

(2) Guarantees of binding third-party arbitration be included in the labor-management procedures established for the corporation.

(3) Legislative guarantees be given to the general public of the United States that the present quality and extent of postal service will not only be maintained but improved, regardless of whether or not such service would be a profitable operation, such requirement be predicated on the concept that the first purpose of the Post Office, whether administered under a Cabinet officer or corporation, is to provide for service to all of the citizens of the United States without regard to their geographic location, their accessibility to postal plant operation, or the economic status of the patrons served.

SUPPLEMENTARY STATEMENT—EXAMPLE OF SALARY INEQUITIES

Postal Manual, part 753.323: Change to a lower level, provides (a) Step adjustment—Except upon return to a former position an employee on change to a lower level position shall be assigned to the step in the lower level consistent with his length of service, or, in the discretion of the appointing officer, in any higher step less than one full step above his compensation in the higher level.

Application of this section of the Postal Manual has caused many inequities among excessed mobile clerks. One glaring example is at Marion, Ohio. In 1966, several clerks were excessed and reassigned to Marion. The postmaster exercised his discretion and placed them in a higher step less than one full step above their compensation in level 5 (now level 6).

For instance if they were in level 5, step 8 (\$6,838) they were placed in level 4, step 11 (\$6,891). They did not receive salary retention since their new salary was slightly above the old. But in 1967, several more mobile clerks were excessed and again reassigned to Marion. These men had more years of service with the Post Office Department, since the junior employees are excessed first.

This time the postmaster did not exercise his discretion. He placed them in the step in the lower level to which they would have progressed had they always been in the lower level.

We will use the same pay scale for comparison, these men were in level 5, step 10 (\$7,210). They were placed in level 4, step 11 (\$6,891), with salary retention at level 5, step 10 for 2 years. Assuming no statutory increases, the senior men would be receiving the same salary, after their 2 years of salary retention, as the junior men. Before being excessed, the senior men were two steps above the junior men. Now they are all in the same salary step. This is a classic example of administrative salary adjustment injustice, where administrative discretion prevails.

Mr. UDALL. I gather from what you have said that in the final analysis what you would really like to have in the postal service, as far as adjusting wages, is the right to bargain with management in a realistic way as they do in private industry.

Mr. NILAN. That is correct.

Mr. UDALL. In order to do that effectively you would have to have the weapon that private industry has, and that is the right to strike. You would not want to bargain if management had all its collective strength in bargaining and you did not have equal or alternative strength?

Mr. NILAN. That is correct. However, on that point we suggest, as you know, that if management and the employee organizations could not resolve the differences on salary, then at that time the proposals from both sides would be presented to a committee of Congress, this committee here, and Congress would have to act. I believe that, if such collective bargaining rights were given by law, the Federal agencies would have to be realistic in their approach in trying to work out the salary question differences without coming to Congress, management recognizing that Congress could easily overrule their position. I frankly think that system would have a good chance to work. If it is proven it does not work, there is only one alternative and that would be granting postal employees the right to strike.

Mr. UDALL. That is very interesting. Of course, just philosophizing for a moment, the other thing it seems to me is the absence of the ultimate standards which you have in private industry and the absence of some of the ultimate pressures you have in private industry. The whole idea of collective bargaining is if the employer will not come to agreement he will not be able to make his products and sell them. Then he will probably have to go out of business if the strike lasts too long or his competitors might take over the market and cause him to fail. In the postal service you would not have any of the pressures that the steel industry and other industries would have, and I think we have to consider some of the differences here in setting up the ground rules for collective bargaining.

It is no secret to some of you who have followed my views that I lean to the direction—and one of the purposes of these hearings is to throw out ideas and let someone shoot them down if they are wrong—of an automatic or semiautomatic adjustment that would give the employees comparability every year, with no argument. The employee organizations come back and say, "Congress traditionally has been our protector; we don't trust discretion in the Federal agencies." I think you have something to buttress that argument.

Mr. NILAN. We surely have.

Mr. UDALL. But, with the kind of system I have been talking about here, I think the great fallacy of your position is that you don't lose the protection of Congress. Congress would say in effect that instead of passing annual laws to give you wage adjustments, in one law Congress—your protector—would say that each and every year, Mr. President, Mr. Bureau of the Budget, Mr. Postmaster General, you will make this adjustment. You would not be given these pay raises every year because of some adjustment. You would be given them because Congress, your protector, has said you shall be given them. The discretion is in the calculations, and this is where you want Congress protection.

Suppose we had a permanent law which said that the cost for adjusting pay shall be included in the budget the same as interest on the public debt. No. 2, we shall completely eliminate the timelag and do it by projection similar to the way the Internal Revenue Service projects my taxes. I can't figure my taxes that will be due next April, but the Internal Revenue Service tells me to make an estimate and pay that amount now.

No. 3, how will you determine what the percentage will be? The administration now has the power to do this. You say they consult with you but is it meaningless because they can say, "To hell with your views." Suppose we set up an independent board to answer the question as to whether the administration chose the right occupations or whether they diluted the raise by choosing some position at a lower pay. Suppose we had a board consisting of, say, the Chairman of the Civil Service Commission, a representative of the Bureau of Labor Statistics, and other people making up one-third. Another one-third would be comprised of representatives of the employee organizations, and the other one-third would be from Congress. The key people on this committee, for example, would serve as *ex officio* members of that board. Then you still would have your great protector, the Congress, to come back to.

You could come back next year and say, "You have us incorrectly classified. We should be equivalent to GS-7 or GS-9." Congress would have time to take up these difficulties you outline in your statement in addition to these regular annual pay adjustments in which Congressmen and Senators would hold the balance of power. This idea just came to me this morning. What is wrong with it?

MR. NILAN. My immediate response would be it sounds beautiful but, again, we would want to look at the ingredients of it before we come to any conclusion. We would be very interested in working with you on this approach or any other approach you feel would be compatible.

You see, our problem over the years historically has been that we have been treated as stepchildren, regardless of which political party is in control of the executive branch. I will say that certainly in the last 8 years we accomplished more in the way of wage increases and other benefits than in the previous 8 years. We have not had four or five vetoes thrown at us, so we have been looked after much better. But when we come to this terminology of consultation—this is a nasty word in our book. The Post Office Department recently again did not consult our organization in implementing the fourth-class parcel section of Public Law 90-206. We had no idea that the Postmaster General would exercise his prerogative the way he did under this section, but he apparently had authority under the law to do it. We were given no advance consultation or exchange of information on how our adversely affected postal clerks would be taken care of at least prior to the date of the implementation.

MR. UDALL. I think there have been many instances where you have not had meaningful consultation which Congress contemplated when it passed these laws. So I understand your position.

MR. NILAN. Let me give just one example. You recall last year when your subcommittee was considering questions of compensation and we raised the point of the turnover within the postal clerks craft of the Post Office Department. The postal officials came up and said it was

much more favorable than the turnover in private industry. Yet, as I recall, this committee had a difficult problem in getting the specifics. The postal officials testified the turnover was related to nightwork, schemes, weekend and holiday assignments, and so on, and we agreed, but we also made the point if the postal clerk was being properly compensated he would not quit the job because of these reasons.

In July of 1967 you did get the breakdown which showed a total turnover of about 45 percent among the career postal clerks with 34 percent in the substitute clerk group and 9.5 percent in the regular clerk group. How could anyone run an efficient postal service when you have 45 percent of your long-term career people leaving you during the period of 1 year? Yet the representatives of the postal service say clerk salaries reached comparability in 1965 or 1966. This is unrealistic. The major part of the consideration in setting salaries in private industry is the availability of permanent skilled people to do the work, and if they had a turnover of 45 percent they would go out of business. Yet the representatives who would probably be a part of the board you are talking about would come up with these same predetermined wage conclusions and it would be an impossible situation. We try to be realistic but we run into too many of these things that are obviously unrealistic.

Mr. UDALL. This is some of the best testimony we have had. It is fully responsive to the call for these hearings and I thank you for it.

Mr. Hanley?

Mr. HANLEY. Thank you. I, too, concur with the chairman's analysis of your testimony. In my judgment it is excellent and comes up with suggestions of substance to help this committee alleviate the problem as to pay.

As I read it, what you have said is that despite the shortcomings the present system is acceptable in the same sense that perhaps the seniority system of Congress is, we haven't come up with a better way to do it yet. Still I am encouraged by the suggestion of the chairman a while ago. I think he outlined a very constructive proposal here that maybe is an answer to the problem. So I commend you, Mr. Chairman, for coming up with that formula in the brief moments you had.

Mr. UDALL. There are probably some bugs in it that will come out. It came from the top of my head.

Mr. HANLEY. It sounded good to me.

You touched on a major problem in two parts of your testimony. On page 4 you suggest 650,000 people are locked in the lowest five pay levels within the entire postal service. And on page 7 you suggest the inability to really determine comparability with private industry in the sense of the responsibility associated with the craft. It has been my observation that your people who compose this high number have consistently been locked into the system and that whenever Congress deliberates a pay increase we recognize the lower levels of employment as the real areas of need. However, what we do in this category telegraphs throughout the entire system and we wind up applying the same percentage to the 3 million in the Federal family, and of course a great number of these people are in the higher grades who really don't have the need that those in your craft do.

So this, as I see it, is one of the great problems relating to this particular craft. I know in our deliberations relating to H.R. 7 we were

unable to have anyone point out to us a position in the private sector that would be truly comparable with the letter carrier or the postal clerk. I recall the testimony of one gentleman from the Post Office Department when we posed the question, "Why do so many leave the service so soon after entering it?" His response was, the inability of the employee to learn the scheme. Here you have the answer, that it requires a certain skill to discharge this responsibility.

Mr. NILAN. That is right.

Mr. HANLEY. And in my judgment he or she should be adequately compensated for this ability.

I think one of the great problems for the postal field service is to determine a formula that will take you out of the closet which you are in so that the action taken will not necessarily cover the whole gamut of Federal employees, making the cost unrealistic. If we can come up with a formula which will adjust to this situation we will certainly do your membership the service that it deserves and at the same time I feel it will serve the best interests of the Government.

I have not had an opportunity to read the resolution you referred to with respect to the Kappel report. What is your position on that report?

Mr. NILAN. The basic position is we would have to oppose the implementation or enactment of the proposal by the Kappel report. We outline a number of reasons why we are opposed to it. In the final resolve we say if the Congress should decide the Post Office Department should be changed over to a postal corporation, the right to strike has to be included; there would have to be a guaranteed third-party arbitrator of disputes; and we conclude that legislative guarantees would have to be given to the general public of the United States that the present quality and extent of postal service will not only be maintained, but improved, regardless of whether or not such service would be a profitable operation. Such requirement to be predicated on the concept that the first purpose of the Post Office, whether administered under a Cabinet officer or corporation, is to provide service to all of the citizens of the United States without regard to their geographic location, their accessibility to postal plant operation, or the economic status of the patrons served.

It has often been suggested that we are not genuinely interested in the postal service. However, I can say to you that any time we take a position on any issue, whether salary or anything else, we are equally as concerned with the best interests of the postal service as the best interests of our people, because we realize they are synonymous. The postal service can only be maintained with good employees. So we always maintain that regardless of what action is taken by the Congress on any issue, the criterion of good service and improved service, is essential to the public as well as the welfare of the employees concerned.

Mr. HANLEY. I see. Perhaps your major resistance would be your apprehension of Congress losing this authority to make final judgment in matters such as pay. Would that be in essence one of the major reasons for resistance?

Mr. NILAN. I think we probably would not resist as strongly the loss of the right of Congress to set pay if we have the alternative, the right to strike and also the collective bargaining machinery granted

to private industry. We are perfectly willing to meet with management on a basis of equality but, as Chairman Udall points out, without the backing and protection of the Congress we would be naked at the bargaining table.

Mr. UDALL. In other words, if we did not give them the right to strike or some other bargaining weapon it would be pretty disastrous.

Mr. NILAN. Particularly based on our experience in the past.

Mr. HANLEY. To reflect once again on the Kappel Commission report, as I understand the proposal of the Kappel Commission it would in effect set up a postal corporation that would pretty much parallel the activities of the Tennessee Valley Authority, which I am told has operated very well and that the employees associated with TVA have been quite happy. Did you have occasion to check this out?

Mr. NILAN. We have only made a cursory review of TVA. I requested Mr. Froh prior to our Minneapolis convention to check this out but we have not prepared a through analysis of TVA. I would have to say that TVA as such is a centralized type of operation as contrasted to the postal service that serves 32,000 areas throughout the country in all classes of service as well as over 200 million citizens. TVA is one type of operation, but I am concerned that if the postal service were to be turned over to a corporation many people, particularly in the smaller communities in States like Arizona and Montana, where they are spread out more geographically, would suffer. We are not convinced that a public corporation would be as concerned with providing good service to all the communities as it would be to concentrate on the larger populated areas. This is one of our deep concerns. TVA is concerned only with one basic service and one centralized operation as contrasted to the postal service spread out over 32,000 communities throughout the country with innumerable and varied services to 200 million Americans.

Mr. HANLEY. I appreciate your testimony.

Mr. NILAN. Thank you very much.

Mr. UDALL. Thank you very much, Mr. Nilan.

The next witness is our good friend John McCart, operations director of the Government Employees' Council, AFL-CIO. John, welcome again.

**STATEMENT OF JOHN A. McCART, OPERATIONS DIRECTOR,
GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO**

Mr. McCART. Mr. Chairman, the Government Employees' Council desires to extend its commendation to you and your colleagues for undertaking this inquiry into an extremely important aspect of the Federal career system. I recall during the hearings in 1967 you indicated your subcommittee expected to examine the methodology of the surveys which lead to the recommendations of the administration for salary adjustments. We are very pleased to note that you are following through with that commitment.

My formal statement has been submitted to the subcommittee and, with your approval, I would like to have it included in the record.

Mr. UDALL. Without objection your prepared statement will be

included in the record at the conclusion of your oral remarks, and your exhibits A and B will be received also.

Mr. McCART. I would like to proceed to explain briefly the gist of our position. I asked this because most of the points I am about to describe have been touched on earlier and I therefore intend to just underscore the basic evidence that leads to a very fundamental conclusion.

As you know, the matter of time lapse in making increases effective has been a cause of much concern to the subcommittee, the full committee, and members of our unions since the inception of the program.

Let me just give you a recent illustration which highlights the problem. It revolves around an exchange of correspondence between the Civil Service Commission and our council set out in the attachments to our statement. The last survey was developed around the June 1967 reference month. The Bureau of Labor Statistics published this as Bulletin No. 1585 in January 1968. In March this material was presented to us by the Civil Service Commission for comment, and in July the increases based on the 1967 survey went into effect, a year later.

There is no necessity to belabor the problem, but I want to bring these points to your attention. When we received the Civil Service Commission's submission in March, in view of the lapse in time we requested that the increases be made retroactive to the reference month. The Civil Service Commission replied this was impracticable because it would require retroactivity to a past fiscal year.

So then we requested that the salary increases be made retroactive to July 1 immediately following the June reference month. We have not received a response to that proposal up to this point.

The reason I mention these details is to indicate we have been striving to find some solution to this problem with the administration and we have been unsuccessful.

As to the expansion of the survey areas into the outlying counties and the reduction in the number of employees required for firms to participate in the survey, we had a conference with the Civil Service Commission and the Budget Bureau on March 22. Out of that developed these figures: the expansion of areas for the period 1965-67 resulted in a 0.5-percent decrease in the average figures developed from the BLS data; and the reduction in the number of employees in the firms diluted the general figures by 0.8 percent, a total of 1.3 percent effect on the general payroll developed from the BLS findings. I think we can agree this is a significant effect in terms of a 3- or 5-percent increase.

We also have complained on more than one occasion on the expansion of the type of industries included in the survey, such institutions as real estate, finance, and retail trade. The Commission's attitude on this is that they are required, because of the use of the term "private enterprise" in the 1962 act, to include these kinds of firms. We disagree with that interpretation. Since they interpret the term to include such types of industries, we think we have the right to interpret it to exclude them. We said if they continue to gather data from these sources they should consider that in a majority of occupations in these industries employees work less than a 40-hour week, ranging from 37.5 to 39.5

hours. They responded that this is impossible because it is a nonsalary item. This shows we have achieved no results on this particular item.

Mr. UDALL. I think this ties in with the revelation I had this morning that maybe the answer eventually will be to have an impartial board consisting of Members of Congress, representatives of employee organizations, and representatives of Federal agencies.

Mr. McCART. On September 3 the Civil Service Commission advised us and issued a press release relating a rather elaborate system of consultation that they would undertake with us. We have from time to time complained of not being advised of such changes. We are happy to sit with the Civil Service Commission, the Budget Bureau, and anybody else to engage in meaningful consultation, but we are extremely skeptical that anything more will be developed from such meetings than have in the past.

What is the solution? The simple solution is for Congress to divest itself of its role and give it to the executive branch. We think this would be a travesty, particularly in the light of the instances I have described to you.

Your proposal about the creation of a third party is somewhat attractive from the standpoint of having an independent presence in this whole process.

I have had an opportunity to visit the conventions of seven of our unions and have had an opportunity to teach at three summer schools. I need not emphasize to you that there is considerable unrest in the Federal employee family. The kind of experience I have just outlined to you contributes heavily to this feeling on the part of the Federal employees. What it means is that the present system is not satisfactory and the Federal employees look to Congress to be the final arbiter of these problems. The creation of a third party I think would be beneficial provided it were composed of members in which both parties would have confidence, the unions on the one hand and the executive branch on the other. I would strongly recommend, however, that if this comes about, Congress should retain the right to make the final decision.

Mr. UDALL. That is implicit in the proposal I made. I have never suggested that Congress remove itself from the picture entirely.

Mr. McCART. New ways have to be found. Certainly the present system is not proving satisfactory to us and apparently it is not proving totally satisfactory to the Members of Congress. We are willing to accept new approaches but we emphasize the necessity for Congress to move slowly in divesting itself of the power it has, because in the final analysis Congress is the court of last resort to the unions and employees.

Mr. UDALL. Rather than make it a permanent law, we could get a consensus and set up a new system on a 2- or 3-year basis with the law to expire at that time. Then if it does not work out you would not be hurt more than 2 or 3 years.

Mr. McCART. The basic idea seems to provide a good testing ground. If the details could be worked out it might in the final analysis prove to be a way of having a disinterested group in which both of the major parties had confidence to solve these fundamental problems. And I might add that any board so designated should also have the authority to establish the rules of the game.

MR. UDALL. This is what I contemplate. Once you get behind in comparability it is like getting behind on a bank note. Once you fall behind, you might say, "We are 1 year behind, why not get behind 2 or 3 years." The genius of the pay bill we passed last year is that we get full comparability next year. If we have a pay fight next year and the new administration says, "Sorry, you will not get a pay raise this year," we will slip behind in comparability. I don't know when we will have again the situation we had last year when we were able to get the administration and the committee behind a comparability bill. I want to make sure that in 1969 whatever new solution there is—and maybe there won't be one—would be put into effect in 1969.

MR. McCART. As you are very well aware, when there is a slippage in comparability an irretrievable loss occurs and you cannot recapture it.

MR. UDALL. Mr. Hanley.

MR. HANLEY. Thank you, Mr. Chairman. I have no questions. I appreciate the gentleman's wisdom as evidenced by his testimony.

MR. McCART. Thank you.

(Mr. McCart's prepared statement and exhibits follows:)

STATEMENT OF THE GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. Chairman and members of the subcommittee, the unions associated with the council desire to commend you and your colleagues for the deep interest you have exhibited in the efforts of Federal classified and postal employes to obtain adequate salaries. As you know, there are 35 AFL-CIO unions associated with the council. They represent Federal employes in the various postal, classified, and wage board occupations.

We are grateful to you and your colleagues on the subcommittee for undertaking this inquiry into the existing system of fixing postal and classified salaries and searching for improvements in the comparability process.

There are fundamental deficiencies in the present system.

First, the effort to make Federal salaries reasonably current with private industry pay movements has proved unsuccessful.

The new rates applicable to classified and postal workers July 1, 1968, are a case in point. June 1967 was the reference month for the National Survey of Professional, Administrative, Technical, and Clerical Pay published by the Bureau of Labor Statistics in January 1968 (Bulletin No. 1585). On March 1, 1968, the Civil Service Commission sought our views on the BLS study and the payline developed by the Bureau of the Budget and the Commission. Of course, the council responded.

Our recommendations are included as attachment A to this formal statement. The Commission's reactions of May 11, 1968, to our proposals constitute attachment B. We will discuss this correspondence later.

The point for consideration now is that the BLS findings of June 1967 became the basis for the new salary schedule in July 1968, more than a year later.

This has been the story with respect to the unreasonable lapse of time in placing salary adjustments in effect since the inception of the comparability process 6 years ago. The inequity of the situation has been generally recognized. But it has not been corrected.

It means not only a year by year failure of the Federal Government to provide comparability as required by the intent of the statute, but also a cumulative loss to Federal workers, which cannot be recouped.

To return to the Commission's presentation to us on the BLS survey and its application to Federal salaries, the council replied on March 25, 1968.

As a means of rectifying the inordinate time between the annual BLS review and promulgation of revised salary rates, the council proposed that the Commission join us in recommending to Congress effective dates for future increases related to the reference month of the previous survey. In a later conference and written reply the Commission informed us that—

"Making adjustments effective back to the reference month of the survey, as you suggest, involves retroactivity to a past fiscal year, and is impracticable under Federal financial processes."

In a meeting May 22, 1968, the council proposed to the Commission and Budget Bureau the idea of seeking congressional approval of salary increases retroactive to July 1 following the June reference period. This would enable Federal employes to receive salary adjustments 1 month short of actual current comparability. It would be a distinct improvement over previous experience of salary increases ranging from 6 months to 2 years behind the private industry trend. No reaction to this proposal has been received from the Commission.

However, there are other persistent problems in the salary fixing process. They are not new. We have acquainted this subcommittee, the Bureau of the Budget, and the Commission with them on other occasions. But none has been resolved.

Our March 25 letter to the Commission referred to decisions by the Budget Bureau and the Commission to expand survey areas to include counties outside urban communities, and to reduce the number of employes required in firms from which salary information is obtained.

A booklet prepared by the Bureau of the Budget and Civil Service Commission in April 1966—"The Federal Salary Comparability Process"—states that this nonmetropolitan employment amounted to only 8 percent of the total surveyed. However, the mean rates derived from both the regular standard metropolitan areas and the nonmetropolitan counties were one-half of 1 percent less than the rates for the metropolitan areas only. Thus, introduction of this new technique resulted in a reduced average.

Initially, the BLS review was confined to establishments with 250 or more employes. This figure was lowered to 50 workers in finance, insurance, and real estate firms. In transportation, communication, electric, gas, sanitary service, and other fields the employment requirement was reduced from 250 to 100. In 1966 and 1967 as result of this policy the findings were 0.8 percent less than if the 250 minimum employment level had been retained. Cumulatively, these restrictions adversely affected the results by 1.3 percent.

The council objected also to inclusion of retail trades, finance, insurance and real estate establishments in the BLS review. It is generally recognized that these industries pay employes lower salaries than others for work of equivalent responsibility.

The Commission's response of May 11, 1968, insists that the 1962 comparability statute requires these firms be surveyed under the definition of "private enterprise." While we cannot accept this interpretation of the law, the council has invited the Commission to join us in advocating an amendment to the comparability statute to more clearly define the sources of salary information in the BLS review.

To our contention that data from firms in these industries be weighted to reflect the existence of workweeks ranging from 39.5 to 37.5 hours, the Commission rejoined that adoption of our proposal could necessitate consideration of other nonsalary factors.

As you know, we have complained in the past about failure of the Commission to consult our organization on the basic policies described above. This objection was reiterated in our March 28 letter.

On September 3, 1968, Commission Chairman John W. Macy, Jr., informed the council of steps he will take to improve previous arrangements for consultation with our unions. A press release containing this information was distributed by the Commission September 4.

Our reaction is to accept any opportunity to confer with executive branch officials on all aspects of the salary systems. At the same time, we must express skepticism about the effectiveness of the consultation procedures.

Repeated written and oral complaints to the Budget Bureau and the Commission have produced no revision of the existing BLS survey methodology. Unless there is improved receptivity to union recommendations for changes in the rules of the survey, additional consultation on these matters will prove fruitless.

In view of our experience since 1962, it is apparent to us that Congress must continue to exercise a role in the salary system. Delegating to the executive branch primary responsibility for making salary adjustments with Congress retaining the right of oversight or vote will not suffice. One need only review our recent experience described above to realize the impossibility of securing improvements in the present salary system without positive action by Congress.

The simple solution is for the legislative branch to divest itself of its traditional role of setting classified and postal salaries and other statutory salary schedules. Such a course of action will imperil the equity of employes in a matter of fundamental importance to their livelihood. They will have no recourse from refusal of the executive branch to heed changes in the policy. The experience of our unions in the past 6 years has shown the executive branch to be impervious to revision of the course it decides to pursue in establishing new salary schedules. We are greatly concerned that any additional grant of authority to devise and apply new salary rates will result in continued refusal to modify a previously decided method of arriving at salary adjustments. Additional opportunities for consultation will prove an empty gesture, unless Congress continues to exercise a direct and positive interest in the process of establishing new salary schedules.

The council and its affiliated unions extends its hearty commendation to the subcommittee for the present review of the comparability system. We urge that the Bureau of the Budget and Civil Service Commission be directed to adopt the revisions of existing procedure advocated by the GEC over a number of years.

EXHIBIT A

MARCH 25, 1968.

MR. JOHN W. MACY, JR.,
Chairman, U.S. Civil Service Commission,
Washington, D.C.

DEAR JOHN: We have examined your communication of March 1, 1968, BLS Bulletin No. 1585, and the resulting pay conclusions. In addition, a conference was arranged among representatives of the Budget Bureau, Civil Service Commission, and the council, March 22, 1968. As a result, the council has some observations to offer on the methodology of the BLS survey, and application of the BLS review to Federal salaries.

First, it is appropriate to deal with two matters which have been emphasized by the GEC in the past to Congress, the Bureau and the Commission. They are expansion of the survey areas to include nonmetropolitan communities and reduction in the number of employes in the firms contributing salary information.

In our view, these changes in the original survey rules have the effect of diluting findings which would result otherwise.

Our meeting with Commission and Bureau officials disclosed that introduction of counties outside metropolitan areas and reduced employe population had these depressing influences on the conclusions from the survey: Expansion of areas, 1965-67, 0.5 percent; reduction in employes, 1966-67, 0.8 percent.

Cumulatively, then, the total effect of these revisions amounts to 1.3 percent; a meaningful reduction in terms of a salary adjustment of 3 or 5 percent or more.

As a matter of national policy, we do not believe the Federal Government should seek salary data from firms in industries which are generally recognized as substandard with respect to pay.

Table 8 of the BLS bulletin confirms the salary status of the retail trade, finance, insurance, and real estate industries in comparison with other industries.

During our March 22 discussion, an agency spokesman observed that this position would require a redefinition or clarification of "private industry" in the Federal Salary Reform Act. That is certainly a possibility. On the other hand, the executive branch has applied its interpretation of "private industry" to include types of industries, such as retail trade, finance, insurance, and real estate. We believe logic indicates that a qualitative clarification of "private industry," such as we recommend, can be determined administratively.

Table 9 in the BLS bulletin reveals that in a majority of occupations and industries employes work less than a 40-hour week, ranging from 37.5 to 39.5 hours. To provide a more accurate comparison, salary data secured from these sources should be revised upward to reflect the 40-hour week in effect in Federal service.

One significant change in conducting the 1967 survey was advancement of the reference period from February-March to June. This revision is accepted as an important step toward achieving current comparability between Federal and private industry salaries. However, there remains a 7-month lapse between the reference month and the date of publication of Bulletin No. 1585. Since Congress has established July 1, 1968, as the effective date for the second stage increase,

reference and publication dates are not as crucial as in the past. But when Congress finds it necessary to act again on Federal salaries, this matter will be a significant issue.

Alleviation of this situation can be obtained by continued exploration by the executive branch of administrative methods of reducing the time between the survey and publication of the results.

A much more positive way of dealing with the problem would be for the administration to recommend to Congress effective dates for future increases based upon the reference month. While this will not totally eliminate the time lapse, it will certainly provide a closer approach to current comparability than the present system.

In preparation for the 1967 review, the Bulletin notes accountant, chief accountant, auditor, and attorney jobs were redefined. The list of occupations was changed with respect to secretary jobs.

The council believes it desirable that the responsible agency seek the reactions of appropriate union organizations before proceeding with such changes.

We trust you find these comments helpful in developing rates for the July 1968 salary adjustment, and conducting the National Survey of Professional, Administrative, Technical, and Clerical Pay in the future.

Sincerely yours,

JOHN A. McCART, *Operations Director.*

EXHIBIT B

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., May 11, 1968.

Mr. JOHN A. McCART,
Operations Director, Government Employees' Council,
Washington, D.C.

DEAR JOHN: This is in reference to your March 25, 1968, letter commenting on the Federal salary comparability findings.

You question the BLS survey coverage from the standpoints of industries included, size-of-establishment cutoff, extension to nonmetropolitan areas, and occupations surveyed; and you believe that (1) the coverage should be more restrictive and (2) the reactions of union organizations should be sought before proceeding with changes in the survey. You suggest that salary data for workweeks of less than 40 hours should be revised upward to reflect a 40-hour week; and you express continued concern over the timelag between the survey and the Federal adjustment based thereon, and propose effective dates for adjustments based upon the survey's reference month.

With respect to survey coverage, the statutory principle calls for comparability with private enterprise salary rates, without modification of the term "private enterprise." We believe that we have no basis for interpreting this as other than comparability with the central tendency of the rates paid by all classes of private enterprise employers who employ a sufficient proportion of workers in the occupations surveyed to influence survey estimates. The extension to nonmetropolitan areas and the shifts in size-of-establishment cutoff did not reflect a change in our interpretation; instead, they reflected our growing experience and understanding of the material importance of the classes of employers thus brought under coverage.

As I said in my letter of April 2, I have asked my staff to get in touch with you to discuss the procedures which you believe we should follow in seeking reactions of the unions.

Most private enterprise workers still have a 40-hour workweek, as does the Government. We decided when the salary comparability principle was adopted that we should not modify comparability computations in those cases where the private enterprise rates were paid for full-time work of less than 40 hours a week, because it would seem to open the door for other salary rate modifications related to paid vacations and holidays and possibly to other nonsalary factors. We are reviewing the matter to see whether our practice should be confirmed or revised.

The timelag troubles us, as it does you; but, with salaries fixed through a statutory process, we are at a loss to find solutions other than the rescheduling of the survey, which has been done. Making adjustments effective back to the reference

month of the survey, as you suggest, involves retroactivity to a past fiscal year, and is impracticable under Federal financial processes.

Thank you for the opportunity to consider your views.

Sincerely yours,

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

Mr. UDALL. Our final witness this morning is Mr. Vincent E. Jay, legislative director of the Federal Professional Association. He is accompanied by two of my favorite people in this field, Dr. Roland R. Renne and Mr. Robert Ramspeck, who have been before this committee many times and have always contributed very much to a sane Federal pay system.

I might say before you begin that I have read the prepared statement. I think it contains a very ingenious and very meritorious suggestion. I will be glad to have you proceed in any way you want to, by reading it or summarizing it.

**STATEMENT OF VINCENT E. JAY, LEGISLATIVE DIRECTOR, THE
FEDERAL PROFESSIONAL ASSOCIATION, ACCOMPANIED BY
ROLAND R. RENNE, PRESIDENT; AND ROBERT RAMSPECK,
CONSULTANT**

Dr. RENNE. I will leave that to Mr. Jay and Mr. Ramspeck. I would want to say that the suggestions which are contained in our prepared statement have been discussed with the executive committee of the association and are familiar to many of our members. For example, at the conference of founding members, in November 1962, the results of a survey of these founding members concerning top priority objectives of the association was announced. It is significant that mentioned second in a list of such objectives was establishment of a separate and distinct career service for professionals.

In 1966, a poll of the membership showed a margin of 4 to 1 that they would like to see a separate career service for professional and managerial employees in Government. A poll conducted by our association, and released exclusively to the Federal Times, showed that a separate pay schedule for professional and managerial employees would not suffice in lieu of a separate career service. Considerably less than half voted favorably on this question.

These facts show that there has been strong backing from the beginning days of the association to the present time for a separate career for professionals. There is also strong backing for the other recommendations which Mr. Jay will present in our statement.

In addition, membership of the association continues to increase and is at an alltime high at the present time. In addition, the association represents other organizations, such as the National Association of Naval Technical Supervisors, with more than 1,000 members. Consultations are in process with other organizations interested in affiliating with our association.

Mr. UDALL. I commend you for that.

Dr. RENNE. So what I would like to emphasize is that the Federal Professional Association as a whole does believe very strongly in the pay comparability principle, and we hope our suggestions in the prepared statement and the comments which may be made by Mr. Jay

and Mr. Ramspeck will be helpful to this committee and the Congress in reaching a solution. I would like now to call on Mr. Jay.

Mr. UDALL. Before Mr. Jay begins, do you contemplate in the professional salary schedule to single out only doctors and such professionals or would you take in the next four or five groups even though they may be managerial without a professional background and training?

Mr. JAY. We have not worked out any details. My own personal feeling is it would be necessary to identify occupations as professional occupations, for example, the nursing profession, the engineering profession, and so on, and in the managerial area, the managers and management specialists.

Mr. UDALL. But you would pick out specialists and put them in that category rather than taking those in GS-16 to GS-18?

Mr. JAY. Yes; because the employees in the starting grades, perhaps as low as grade 5 or certainly grade 7 and grade 9, come in as professionals hoping to become full-fledged journeymen.

Mr. UDALL. If you will excuse me, I was to present an eminent publisher, Mr. Small, to another committee, and I have just been advised it is time for me to introduce him. So we will recess for 5 minutes.

(Short recess.)

Mr. UDALL. The subcommittee will resume its hearings. I apologize for the interruption. Let me ask a couple questions which occurred to me, Mr. Jay.

How many of the million and a quarter classified employees do you suppose would be under a professional schedule of the sort you envision?

Mr. JAY. We have been using a figure of a quarter of a million, some 250,000. I feel sure it is considerably larger than that, perhaps on the order of 350,000 or 400,000.

Mr. UDALL. You might be peeling off, then, between a fourth and a third of the total classified employees?

Mr. JAY. That is right.

Mr. UDALL. Has anyone ever endeavored to write a provision or to list the groups which would go into such a schedule? I would imagine many borderline cases where people would say, "We are professionals, too" and analogies would be drawn, and so on.

Mr. JAY. I think the failure of the old P schedule which existed some years ago resulted largely from the fact that the managerial professionals were excluded.

In answer to your question the old P schedule was the only experience I know of in Government when an attempt was made to identify professional categories.

Mr. UDALL. I can see this committee refereeing all sorts of disputes; aircraft and radar control saying they are professional. Another group says, "We are as professional as the last," and you referee an endless series of disputes on this subject unless you can have some categories or a list of criteria which make one group professional and another group not. I am interested in what thought you have given to this aspect of it.

Mr. JAY. The chairman remembers we went through this exercise in the Federal Professional Association to determine who is eligible to become a member of the association. We spent approximately 2

years meeting monthly at Brookings Institution to work on these problems. This is one of the toughest problems and has continued to recur from time to time at our annual conferences.

The simplest criterion with which we came up was that any civil service employee working in a classified series that goes up to or exceeds grade 13 is a professional. This is a rule of thumb. It is not definite but it is a pretty good one.

Mr. UDALL. I can see, upon consideration, that that might well hit most of them. You would simply peel off this group of professional employees out of the classified service, set them up under a separate salary system, and then key their salaries to the salaries fixed by the quadrennial commission under the 1967 act?

Mr. JAY. Yes, sir.

Mr. UDALL. Relationship would be the same?

Mr. JAY. Yes, sir; provided there is no objection on the part of the Congress.

Mr. UDALL. As I said earlier, I think you have come up with a very interesting and ingenious idea and one I want to give some further thought and attention to as we approach 1969, presuming I am back helping to make those decisions we make for that year.

Mr. JAY. I certainly would hope you would be.

Mr. UDALL. Feel free to proceed in any way you want to, the three of you.

Mr. JAY. I would like to start off by congratulating you on your winning the Stockberger Award presented by the Society of Personnel Administration. It is a great award for your leadership in the field of improving and giving new insights into pay systems. I commend you, also, for your generosity and modesty in accepting that award and giving credit to your colleagues on the minority and majority sides, and also to the employee organizations and others.

Mr. UDALL. Thank you.

Mr. JAY. Your leadership has been outstanding. I know from personal experience we never would have achieved such progressive pay legislation had it not been for your leadership.

Mr. UDALL. I would strike these words from the record except they make me feel so good.

Mr. JAY. I was also very pleased to see Congressman Hanley here because what we are proposing in the context of these hearings definitely relates to the question of classification. I am pleased to note his interest in this matter.

The Federal Professional Association is honored and pleased to be consulted by this subcommittee of the House of Representatives on the vital question of how best to make periodic Federal salary adjustments to achieve and maintain pay comparability with private enterprise as intended by the Congress.

This problem is particularly acute as it affects professionals serving as career employees in the Federal Government.

We respectfully submit the following analysis and recommendations with the hope they may be of benefit to this subcommittee, the full committee, and the whole House of Representatives in arriving at equitable and simple methods of adjusting Federal career employees' salaries periodically.

First, we wish to call to your attention the precedent for separate salary schedules for various groups of professionals employed in the Commerce Department, the Department of Health, Education, and Welfare, the State Department, and the Veterans' Administration. FPA urges that a thorough review of the separate pay schedules in these and other agencies be made by your staff, with a view toward establishing a broad, Government-wide pay schedule for all professionals employed in the Federal service.

FPA believes that professional and executive employees should be classified separately and totally apart from the general service schedule. We believe and recommend that the time has come for the existence of three distinct and separate pay schedules in the career civil service: one for all professionals, one for nonprofessionals (general service), and one for wage board employees.

Once this action is completed, it would be relatively simple for the Congress to approve warranted salary adjustments for professionals automatically by tying the professional pay schedule to the schedule of executive salaries, by a series of fixed percentages. Thus, whenever congressional, executive, and judicial salary adjustments are recommended by the Quadrennial Federal Salary Commission and the President, and approved by the Congress, professional salaries would be adjusted automatically by a corresponding percentage.

The establishment of a separate pay schedule for professionals will produce many benefits for the Federal Government and the public that we all serve. It will eliminate the frequent, disturbing, and time-consuming wrangling and bickering that have featured every salary adjustment in recent years, and permit more thought and planning to be devoted to conditions of employment designed to improve the professional environment, and thus the quality of the work we perform, in the Federal service.

It will reduce the cost of Government programs through the attainment of greater economy and efficiency of operations. It will remove professionals out of the catchall general service schedule, under which they are supervised, evaluated, and rated by the lowest common denominator with craft, clerical, and custodial workers whose interests are different from ours. It will reduce the continuing loss of many professionals to private enterprise. It will substantially increase the attractiveness of the Federal career service to top-quality professionals, both experienced workers and young people, thus making recruiting more successful and less costly and reducing expensive turnover.

It will greatly boost morale, giving professional employees long-sought recognition for their essential skills, rigorous training, high sense of dedication, and valuable accomplishments, which their professional counterparts in private industry have generally long ago attained.

Finally, it will enhance the public awareness of the value of the Federal career professional service and that this is no longer a Federal Government of clerks.

As an alternative, until such time as a broad, Government-wide, separate pay schedule can be planned, approved, and implemented for professionals in the career civil service, FPA recommends adjusting specific job categories annually by the percentages developed and

refined by the Bureau of Labor Statistics, the Bureau of the Budget, and the Civil Service Commission for these job categories, plus adjustments for any cost-of-living increase that may have occurred during the preceding 12-month period, to reduce the timelag for application of the principle of salary comparability. This would assure equitable, annual adjustments automatically, based on comparisons made by the BLS of professional work performed in Government with similar work in private enterprise.

This, Mr. Chairman and subcommittee members, in essence is the FPA proposal for a simple procedure whereby the Congress can control and assure an automatic, equitable adjustment of professional salaries whenever they are warranted. We believe this plan, if approved, will greatly benefit the Government, the taxpayers, and the professionals serving the Federal Government. We believe it will assure far greater economy, efficiency, and effectiveness in the conduct of Federal programs at a time when these objectives are vital to our national welfare.

We urge your favorable consideration of this proposal, and we greatly appreciate the opportunity to make this presentation. We will be happy to respond to the best of our ability to any questions that you or members of this committee may wish to ask.

Mr. UDALL. Thank you. I asked most of the questions I had, or all of them, before I let you get started.

Mr. JAY. Very good.

Mr. UDALL. Do you have anything to add, Mr. Ramspeck?

Mr. RAMSPECK. Yes, Mr. Chairman. I am primarily concerned with the effort you are making, and I wish to commend you and the subcommittee for the effort to find a better system for fixing the pay of Federal employees than the one which has existed for recent years.

It seems with all the increased duties which devolve upon Members of Congress these days, more than when I served in Congress, it is a chore which should be delegated to somebody and should be a system which would relieve the Members of Congress of trying to determine the detailed pay of the nearly 3 million employees in the Federal system.

I know from my own experience in the Congress of a little over 16 years that a Member of Congress has a 24-hour, 365-day-a-year job. How they can hope to cope with this question of salaries for nearly 3 million employees seems to me to be a burden which they ought not to have to bear.

I think the suggestion you made here today certainly is worth every possible consideration. There should be some better system than going through the hearings and pressures placed upon the House Post Office and Civil Service Committee. I think perhaps the employees fear that they may get out from under Congress, but I think your suggestion safeguards against that situation.

As to the recommendation which Mr. Jay has just read about a separate schedule for professionals, it seems to me it makes sense.

When I was in Congress we had a separate schedule, a P schedule. Why that was done away with I do not know because it happened after I got out of Congress.

No organization, Mr. Chairman, is any better than its leadership.

That is true not only in Government, but it is true in the military, and it is true in private business.

I have had some experience in private business. The success or lack of success of a corporation is directly related to the leadership which it has in its executive offices and in its supervisory employees. I think that is true of the Government.

In recent years, pay legislation has been largely influenced by the postal unions. I do not say that as a criticism of the postal unions because I think they are fine organizations, and I think those leaders are doing what they are paid to do, and that is to look after the interest of their members.

However, the professional people in the Government, the managerial people in the Government, have been more or less the tail on the kite. It seems to me that what you are doing here in these hearings is making a constructive effort to find a better system. I commend you and the subcommittee which you head for this effort. I hope that you will be able to find a better system.

I know there are problems relating to the postal service largely because the vast majority of them are in grades 4 or 5, pay levels 4 and 5 I believe they call them, and they do not see much hope of bettering themselves. It may be that the Post Office Department needs some revision of its pay levels. It may be they need more opportunity for advancement there. But to relate the whole Government pay schedules to that situation it seems to me inevitably means that many people in the Government who have to be the leaders if we have good government will then be downgraded to a certain extent, and the result is that we do not keep those people in the Government. They go out to private industry.

When I resigned from Congress at the end of 1945, I did so because I was offered a job which paid me twice what I was making as a Member of Congress. When I went to work for this trade association which represented the scheduled airlines, I found that most of the people working for that trade association had been siphoned out of the Government. They were the superior people who had been found who wanted to better themselves, and they went to jobs which paid more money.

I found in the 5 years I was in that job, and in the 9 years where I worked with Eastern Airlines as executive vice president, that throughout this city there are literally thousands of people who have been siphoned out of the Government because they are people of ability and ambition. They have been drawn out and paid high salaries.

We cannot expect those sorts of people to stay in the Government if their pay situation will be regulated by the influence of the rank-and-file unions. It is just not possible to do.

Therefore, I feel very strongly that you are doing one of the most constructive things that I have seen in recent years in the Congress in exploring this situation and trying to come up with a better system which will take care not only of the people in the lower grades and in the field service of the Post Office Department, but will also give the Government an opportunity to retain good people who must furnish the leadership if we are to have efficient and effective government.

I made nine races for Congress, Mr. Chairman, and in only two of them did I have any opponent who raised an issue about how I voted

on anything. All the rest of it was gripes about things that the Government had done over which I really had no control. The only close race I had was from a county school superintendent who ran against me in 1942, and his chief issue with me was that I was doing too much for the Federal employees and not looking after the interests of my other constituents.

Well, I had spent a lot of time working on problems of the personnel system of the Government.

The other chief issue he raised was the question of the pension bill for Congressmen. That was before you came to the Congress, Mr. Chairman, but we did pass a bill back in 1941 in the House to put the Members of Congress in the civil service retirement system, just as a letter carrier. The Senate messed it up and we got into a row about it. The present law was not passed until after I left Congress.

I mention that simply for this reason: The effort in behalf of the personnel system in Government are not always an asset to Members of Congress. Just passing pay bills, it seems to me, in the system we have had so far, is not only not too much of an asset because you can never satisfy everybody who works for the government and you cannot satisfy the people who don't work for the Government because some of the salaries in the Government seem pretty high to people back in the boondocks in a State like the one I represented, and I expect to some of your constituents they seem high. At the same time we have to have good people to run this Government. It is too complex today to be run by just paper pushers.

When I first had any experience with Congress in 1911 and 1912, when I worked downstairs here in the House post office, Congress was concerned primarily with very few matters. We had only one regulatory agency and that was the Interstate Commerce Commission. About all the legislation that was considered was Civil War pensions, tariff laws, and operating the postal service. Congress ran only 9 months out of a 24-month term in those days.

This Government has changed. It is not the same sort of Government we had in 1911 and 1912. Problems are different. They are more complex. They require better abilities.

Unless we can keep in the Government, unless we can recruit and keep in the Government, people of ability and with leadership qualities, we cannot have an efficient Government.

Therefore, I urge you to go ahead with your plans and try to find a better system which will make it possible to get these people we need and to keep them.

I will say nothing further about the postal service. It is certainly not as efficient as it was some years ago. At least that is my experience as a recipient of mail.

What the problem is there, I do not know. My friends who represent the postal unions talk about pay, pay, and pay. Well, I don't know whether they are entitled to more pay or not, but I do know this—that without leadership in the postal service and without leadership in the various and complex agencies we have today dealing with education, with health, with the space program and things of that sort, we just cannot operate an efficient government.

I say Godspeed to you, Mr. Chairman. I think you are doing a very constructive job.

Mr. UDALL. Thank you, Mr. Ramspeck, and all of you, for the kind words and for the helpful testimony. I think we have had a very good morning here. I have heard many good ideas and we are accomplishing what I hoped we would when we started these hearings; to get a discussion going.

With that, we shall adjourn until Friday morning at 10 o'clock.

(Whereupon, at 12:30 p.m., the hearing adjourned to Friday, September 20, 1968, at 10 a.m.)

SALARY SYSTEMS OF THE FEDERAL SERVICE

FRIDAY, SEPTEMBER 20, 1968

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

The subcommittee met, pursuant to adjournment, at 10:15 a.m., in room 210, Cannon House Office Building, Hon. Morris K. Udall (chairman of the subcommittee) presiding.

Mr. UDALL. The Subcommittee on Compensation will come to order for the consideration of business scheduled for this morning.

I regret the late arrival of the chairman of this subcommittee. I had some urgent matters to come up and my reputation for promptness has been destroyed this morning.

The first witness is Mr. David Silvergleid, president of the National Postal Union. I again apologize for postponing your appearance, Mr. Silvergleid. This is your first appearance before us as president of your fine organization, and we are happy to have you.

STATEMENT OF DAVID SILVERGLEID, PRESIDENT, NATIONAL POSTAL UNION, ACCOMPANIED BY ROBERT P. KEPHART, SECRETARY-TREASURER; AND JOHN A. MORGEN, EXECUTIVE VICE PRESIDENT

Mr. SILVERGLEID. I recognize the conditions as they existed, Mr. Chairman, and I am happy we were delayed because it seems I have a remarkably fine audience this morning.

Mr. UDALL. I don't know what you did to draw a crowd. I am sure they did not come to hear me.

Mr. SILVERGLEID. They did not come to hear me, either.

Mr. Chairman, for the record, my name is David Silvergleid, and I am privileged to serve as president of the National Postal Union, located at 425 13th Street NW., Washington, D.C. We represent approximately 70,000 postal employees throughout the United States and in the island of Puerto Rico. Incidentally, we represent also some 10,000 Federal career employees who are associate members in NPU.

I have with me our secretary-treasurer, Robert P. Kephart, who originates from Philadelphia, and our executive vice president, John A. Morgen, St. Paul, Minn.

Mr. UDALL. We are happy to have Minnesota and Pennsylvania represented here.

Mr. SILVERGLEID. I don't want to overlook New York, because that is where I come from.

Mr. UDALL. I have heard of New York, too.

Mr. SILVERGLEID. We sincerely appreciate this opportunity to present our views on this most important subject. We want to thank you, Mr. Chairman—and I would like to emphasize that—for scheduling these hearings in an effort to arrive at satisfactory solutions to a situation which has proven a continuing irritant.

I recognize that at this stage of the hearing a great deal of what we may say may prove to be repetitive, but I think the subject is important enough to emphasize certain areas that I think represent the principal difficulties in trying to reach a proper solution.

Mr. UDALL. You do not need to apologize. Your views have always been very frank and I am sure your suggestions will help us make the decisions that will face us in the years ahead.

Mr. SILVERGLEID. Thank you, Mr. Chairman.

We are aware that the distinguished chairman of this subcommittee has publicly criticized, on numerous occasions, the present system of pay adjustments which renders almost inevitable a long, drawn-out controversy annually. Likewise, from time to time various Members of the Congress have expressed the opinion that a system of automatic pay increases, subject to congressional veto, would be preferable to the present system.

However, before we submit any definitive recommendations in this area and others, we believe it would be apropos to review briefly the operation and implementation of the Federal Employees Pay Reform Act of 1962. The aforesaid measure was enacted during the administration of the late President John F. Kennedy as an apparent panacea and answer to the difficult legislative situation involving Federal and postal pay which had developed over many years.

On the surface, the Federal Employees Pay Reform Act of 1962 appeared to be a satisfactory approach, although not perfect. It established for the first time the principle of comparability, setting up machinery through the Bureau of Labor Statistics to ascertain the level of salaries in private industry jobs allegedly similar to those in the Federal and postal service. Upon establishing such standards, the law further provided they were to be evaluated by the Director of the Bureau of the Budget and the Chairman of the U.S. Civil Service Commission, who in turn would recommend to the President that amount of pay raise considered warranted. Thereafter, the employee unions were given the opportunity to present their views for consideration before the President made his final recommendations to the Congress.

When the Bureau of Labor Statistics initiated its first investigations and ratings, the private sector area it interrogated was generally limited to substantial businesses with large numbers of employees. As a general rule, these enterprises were highly unionized and, as a result of collective bargaining, fairly satisfactory pay standards had been negotiated. However, during the past 5 years, without consultation with employee unions and without their consent or approval, the Bureau of Labor Statistics expanded the areas of its investigation to an inordinate extent. In addition to the large private enterprises, many smaller ones, as well as public employees of States, counties, and municipalities were included. A large segment of the new groups were unorganized, and consequently were compelled to work under

much poorer pay standards and working conditions. Inevitably, this new approach reduced the comparability rate to an inequitable, inadequate, and improper ratio.

This was conclusively proven during the pay raise campaigns of 1965 and 1966, when the figure recommended by the President based upon Bureau of Labor Statistics findings was ridiculously low. In both years, while inadequate pay raises of 3.6 percent and 3.2 percent, respectively, were given postal workers, pay raises achieved in private industry during the same period were substantially higher.

I might interject at this point that listening to Mr. Macy, the Chairman of the U.S. Civil Service Commission on the first day of testimony, I noted particularly where he emphasized the need for considering gross compensation in arriving at proper comparability in the future. I would like to remind the chairman—I know he is familiar with it—that during the pay raise campaign of 1966 the administration insisted on a 3.2 percent gross compensation figure, a package deal, as you remember, Mr. Chairman, where the pay raise was only 2.9 percent and the balance was in fringe benefits.

I was a little surprised, I must admit, in 1967, when the administration recommended 4.5 percent without reference to gross compensation. It seems they have now gone back to the area of gross compensation, or would like to, and what is surprising is they have not in the interim come up with a comparability figure of fringe benefits. This is a surprising thing to me.

One added and most important feature of the present system of arriving at alleged comparability—and the one which has provoked the most criticism from employee unions—remains the built-in timelag of at least 1 year, and more frequently 18 to 24 months. Until 1967, the comparability findings of the Bureau of Labor Statistics were as of the February–March period of the year prior to the time recommendations were made to the President. Inasmuch as implementing bills were not introduced until after the following congressional year, and public hearings before the Post Office and Civil Service Committees of both Houses took considerable time, actual pay increases did not go into effect for 18 to 24 months after the BLS findings were completed. When one added to this timelag the 6 to 12 months during which such figures were requested and compiled by the Bureau of Labor Statistics, the comparability applied was completely inadequate.

We note that earlier this month the U.S. Civil Service Commission had agreed to give employee unions greater consultation rights in comparing Federal salary rates with private enterprise salary rates. What they propose to do is merely permit the employee unions to submit views to the Budget Bureau Director and Civil Service Commission Chairman after BLS findings have been evaluated and before a report is made to the President. Outwardly it would appear the employee unions would have the opportunity to influence pay raise recommendations before they are sent to the President. Actually, the effect would be negligible, in that employee unions still have no voice in the machinery or mechanics of the BLS investigation. Besides which, while the timelag has been somewhat reduced because the BLS findings are now as of June of the prior year, we seriously doubt if this will speed up congressional action.

We come now to the main question of whether or not the present methods for adjusting Federal salaries should be changed, and in what manner. We would be strongly opposed to any proposal which would impose automatic pay increases based upon findings of the Bureau of Labor Statistics and recommendations of the President, even if such adjustments were subject to possible veto by either House of Congress within a specified period of time. Under the present system of investigating rates, we have learned from sad experience that comparability is a fraud and a myth. Our only means of combating the recommendations of the President is the opportunity to appear at public hearings such as this to present our side of the story to Members of Congress.

We have asserted these past years that the comparability approach as applied has not worked. Theoretically, it has considerable merit. However, to place it in its proper perspective, so that it is fair to both the public and employees, it must be brought up to date. And we propose these three approaches, Mr. Chairman:

(1) The law require the Director of the Bureau of the Budget, the Chairman of the U.S. Civil Service Commission, and the Commissioner of the Bureau of Labor Statistics to consult with the employee unions in promulgating the required regulations, procedures, and machinery for insuring satisfactory and equitable comparability. And may I interject here, Mr. Chairman, that I am not referring to the recently proposed change in procedures where they will consult with employee unions in the future. I am talking about the entire setup as it exists today, a complete review and a start from scratch in developing proper standards and a proper field for interrogation and investigation.

(2) The law provide that employee unions be consulted and their views considered at each and every step of the procedures relating to investigation, evaluation, and recommendation of pay proposals.

(3) That as an integral part of comparability, the law provide that pay boosts finally agreed upon be made effective as of the date of the findings of the Bureau of Labor Statistics. To achieve true and proper comparability, it is essential there be no timelag in making pay raises effective.

I would like to remind the chairman that the Chairman of the Civil Service Commission, in his statement and in his recommendation to establish administrative action similar to that provided by the Quadrennial Commission for Executive Pay, said this would make possible the further reduction of the timelag. Evidently he is not recommending anything that would eliminate the timelag as it presently exists. We feel very strongly, as is the general practice in private industry, that when a contract is negotiated any adjustment, particularly in pay, should take effect as of the date of the termination of the previous contract. While it may be stretching the point a bit, we do consider that legislation passed by Congress providing for pay adjustment for Government employees constitutes a contract between the Congress, the administration, and the employees.

We feel strongly that if the BLS comes up with a figure as of June which would indicate comparability as of that time, that any pay raise passed thereafter should be effective as of the date when they arrived at those findings.

We know from experience, Mr. Chairman, that if we do have hearings on findings we will probably arrive at a more substantial figure, because we all recognize that there is this timelag. We are referring here specifically to the amount which the BLS finds as proper comparability as of June of the previous year.

Mr. UDALL. I think most members of this committee would want not only to reduce but to eliminate this timelag entirely, but there are always problems in connection with retroactive pay raises. What do you think about eliminating the timelag not by retroactivity but by projection as to what the increases will be in the future? I used the analogy of the Internal Revenue Service, where you estimate your tax. Does this make sense to you?

Mr. SILVERGLEID. It makes considerable sense and we were thoroughly in accord with that when you suggested it a year ago, that they estimate, knowing full well what private industry increases have been. But the objection the administration raises to retroactivity was also raised by the Chairman of the U.S. Civil Service Commission when he appeared here.

I would like to say we are in accord with the Chairman of the Civil Service Commission in one area where he proposes that particular consideration might be given in the future to placing postal employees in technical and mechanical categories in the same area of consideration as wage board or blue-collar workers. We do have special employees such as mechanics and maintenance people whose pay is considerably lower because of contracts negotiated by the Teamsters, for example, and I think this could be considered as a special category.

The Subcommittee on Position Classification of the House Post Office and Civil Service Committee is currently making a study of all Federal position classification systems, with the objective of determining the basis for and the purpose of each of the systems, whether the systems are well managed and administered, and inequities that exist in them. We have submitted a statement dated April 25, 1968, a copy of which is attached hereto, outlining our opinions and criticisms of the present postal field service pay system, and proposing certain specific reforms.

At NPU's sixth biennial national convention held in San Juan, P.R., the week of August 19, 1968, the delegates unanimously adopted a program calling for a 15 percent across-the-board raise in pay; top salary to be reached in 3 years; an additional longevity step every 5 years after reaching top grade; credit for all past service in assigning salary steps; and a one-level upgrading for levels 1 through 7.

Full justification for an immediate 15-percent increase in pay, particularly for postal workers in levels 1-7, is predicated on the fact that pay adjustments these past 15 years have invariably been too little and too late. As a result, postal employees in the lower levels have fallen farther and farther behind on the economic treadmill. Unfortunately, pay expectations do not pay the grocer, the butcher, the milkman, or the rent. By the time pay adjustments have been enacted, many postal workers had been forced into debt in order to properly maintain themselves and their families.

Likewise, it is almost inconceivable in these times that postal employees should be required to wait 21 years before reaching top grade.

Unless promoted, and the opportunities for promotion are admittedly rare, postal workers in the first 7 levels normally attain maximum skills after 2 to 3 years of continuous service. Therefore, there exists no basis for deferring or withholding the proper payment for performing their assigned duties satisfactorily.

I know there have been many instances cited here, Mr. Chairman, about the distortion in our pay schedule as compared to pay schedules of comparable employees. I received notice only the other day from the District of Columbia government wherein they are desperately trying to employ policemen at a salary beginning at slightly over \$8,000 and going to the top step of about \$11,000 in a period of 3 years. It is a ridiculous situation that postal workers have to work 21 years. Incidentally, I finished 40 years of service in July and I am at step 11. I will never reach 12.

Mr. UDALL. I think the point you have made is very valid. There is hardly any field of endeavor where a man cannot learn the trade or occupation and be at the top level of his grade in a relatively few years. We had the case of a man who worked 48 years in the postal service and under our system he still was not qualified to reach the top step in the top grade.

Mr. SILVERGLEID. If the chairman would indulge me at this point, I would like to go into the issue you raised, of: Shall we have the structure of our pay system changed first and then worry about inequities in the fringe benefit area? I regret I will have to take exception to this approach. I know the Chairman of the Civil Service Commission pointed out that any automatic pay adjustments would take care of the main issues and then the policies or pay structures could be examined from time to time and perhaps changes made.

We have had too many unhappy experiences with administrations and with the Congress of the United States where adjustments that were justified and timely were delayed, not on a completely specious excuse, but on the excuse it would be taken care of in the future. The question is: Which comes first, the chicken or the egg? Frankly, we prefer to have the defects in the structure put in proper order before worrying about whether increases should be completely automatic.

Not too many years ago a Congresswoman who was a distinguished member of this subcommittee, Mrs. Katharine St. George, advocated a schedule of escalation and we did not buy it. If we had, the pay would be far ahead of what it is today. The reason we did not buy it was we did not have the necessary setup. We say, give us the proper floor, the elimination of steps, and proper comparability without the time-lag, and then we will concur in the administration approach where employee unions are consulted concurrently.

Mr. UDALL. You have not persuaded me. I think your point is right that 5 years ago if we had adopted an automatic raise we would not be stuck with these percentages. But if we have to fight every year about whether you will get 3 or 4 or 5 percent, we will not have time to take up these other matters. But, if I had had your frustrations, I might feel as you do.

Mr. SILVERGLEID. I am sure you would, Mr. Chairman. We have had too many promises either ignored or brushed aside by succeeding Congresses. It would be simpler to agree to an automatic adjustment, but unless we start from a proper basis we are asking for trouble. This is

what we are concerned about. I noted the same tenor in the testimony of other employee organizations.

Mr. UDALL. Yes; and I am convinced there must be some basis for the feeling of the major employee organizations. I believe if, for example, you knew you would get a 4 or 5 percent pay raise next year, automatically, you could mount a campaign with a carefully drawn program to restructure the postal system. Probably that program would get extensive hearings and action. I don't think there will ever be action on those questions until we can eliminate these annual pay-raise fights.

Mr. SILVERGLEID. I think we agree in principle, but not on the mechanics and the time element.

In conclusion, we are grateful to the chairman and members of this subcommittee for their recognition of the need for reform in the area of Federal and postal pay systems. We are aware that time will not permit any corrective action by the 90th Congress. However, we are hopeful that the record established will enable the 91st Congress to enact the necessary measures to guarantee postal workers true comparability and a decent standard of living. Thank you, Mr. Chairman.

Mr. UDALL. Thank you, sir. We will put your letter to Mr. Hanley in the record of these hearings.

(The letter follows.)

NATIONAL POSTAL UNION,
Washington, D.C., April 25, 1968.

HON. JAMES M. HANLEY,
1416 Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN HANLEY: We sincerely appreciate your obvious interest in making an extensive study of all Federal position classification systems, with the objective of determining the basis for, and the purpose of, each of the systems, whether the systems are well maintained and administered, and what inequities exist in them.

While we recognize the extensive field involved, we must necessarily limit our opinions to the area of the postal field service and the classified career service. These must be considered jointly, because of the comparability and linkage relationships between these two systems as established by law.

Prior to the enactment of Public Law 84-68, all postal employees below supervisory rank were classified in single levels. Public Law 68 established 20 separate and distinct pay levels in the postal field service schedule, ranging from level 1, which included janitors and custodial employees, to level 20, which was limited to regional directors.

Initially, only the clerical craft and supervisory positions were broken down into more than one level. Despite strong employee union objections, clerical positions were established in levels 3, 4 and 5.

Public Law 84-68 established specific key positions, delineating duties and responsibilities for each such position. This led to the development over a period of years, of numerous so-called standard positions. As the Post Office Department became more and more mechanized, and as the volume of mail increased annually, it became necessary to establish many additional positions and relate them to the statutory key positions.

Although most of the postal unions were opposed to the Reclassification Act of 1955, we recognize that its basic principles have become established in the postal service. Therefore, we do not take issue at this time with the philosophy involved, although we must continue to object to the methods applied in arriving at the various levels assigned to the different postal crafts.

During the extended public hearings before the Civil Service and Post Office Committees of both Houses, union witnesses asserted, and management witnesses admitted, that there existed no definite criteria for comparing the work of several of the postal crafts with work performed by employees in private industry. There was an almost unanimous consensus of opinion that there were

no services performed in private industry comparable to the duties of mail handlers, clerks, and letter carriers.

Despite this, and despite the vehement objections of the postal unions, mail handlers were placed in level 3, while the vast majority of the clerks and letter carriers were placed in level 4. This resulted from the grouping of the lower paid postal crafts with file clerks and other similar clerical services in the private sector.

The U.S. Civil Service Commission at that time stressed the fact that level 4 was the equivalent of grade 5 in the classified services. Originally the Commission had recommended level 3 for clerks and letter carriers, on the basis that grade 5 in the classified service was usually the entrance step for college graduates. However, they conceded level 4 because of the scarcity of promotional opportunities in the postal service.

Subsequently, the Federal Employees Pay Reform Act of 1962 was enacted into law. During the hearings on this legislation, the U.S. Civil Service Commission produced a new gimmick to justify its recommendation that lower level postal employees be retained in their then category. Acknowledging that there was no means of properly comparing the pay of postal workers with the pay of workers in private industry, the Commission proposed achieving such comparability by means of so-called linkage. This meant developing comparisons between classified Federal employees and workers in private industry, and then linking levels of postal workers to the grades of classified employees. By this method, the administration maintained, it was possible to arrive at proper pay for a grade 5 classified employee by comparing his services to clerical work in private industry. Then, by linking level 4 of the postal field service schedule to grade 5, all-round comparability would be achieved.

Unfortunately, this approach to comparability had several obvious defects. In the first place, previous conditions permitting the hiring of college graduates for grade 5 positions no longer existed. As a matter of fact, college graduates are now offered added inducements, such as grade 7 and grade 9 starting pay. In the second place, because of the fictitious linkage and comparability, public employees in States, counties, and municipalities have made considerably greater economic advances than postal employees.

As a result, since the enactment of Public Law 68 during 1955, postal employees generally have fallen farther and farther behind. Specialized groups who were on a comparable financial basis, such as policemen, firemen, and schoolteachers, have made considerable progress in the achievement of comparability with similar groups in private industry. Where salary schedules between postal employees—such as clerks and letter carriers—were previously on an equal basis with the aforesaid categories, there now exist differentials of from \$2,000 to \$5,000 per annum.

This situation has brought about an inevitable loss of qualified personnel in the postal service, and a corresponding lack of interest by potential employees with preferred educational backgrounds. The personnel turnover has increased to such an extent that the House Appropriations Subcommittee on Post Office and Treasury found it necessary to call it to the attention of the Postmaster General when he appeared before them early this year.

Productivity, which had shown a fairly balanced increase over a period of years, has begun to show a fairly balanced decline.

We have always recognized the inherent demagoguery in advocating raising the level of any particular craft to the exclusion of all others. We do not advocate such a procedure at this time. However, while we recognize that salaries must be based to some extent on the responsibilities involved, we cannot ignore the fact that postal employees in the lower levels need financial relief much more than those in the higher levels. While any business, whether public or private, must have qualified and competent managers, those employees who perform the actual day-to-day services that keep the mails moving, are even more essential.

Unless salaries offered postal workers in the first six levels are sufficiently attractive, qualified personnel will not be available, particularly in the type of labor market that can be anticipated for the next several years. The postal field service salary schedule must take into account both the needs of the service and the needs of the employee.

In arriving at such a salary schedule, it is also important to keep in mind that any existing timelag of 1 year or more will render such schedule ineffective and inadequate. Provision must be made to keep Federal and postal employees on a current comparable basis with workers engaged in similar duties in the private sector.

We sincerely appreciate this opportunity to submit our views on this very important subject. We are available to sit down with your staff at their convenience to discuss this matter in detail, and assist in any manner possible.

Thank you for your interest and cooperation.

Sincerely,

DAVID SILVERGLEID, *Acting President.*

Mr. UDALL. I am quite hopeful that the record we have made in these last 4 days will be printed and people can look back at it; because we have really looked at some fundamental things here.

Mr. SILVERGLEID. May I suggest, Mr. Chairman, that since you have been a member of the House Post Office and Civil Service Committee we have had some real beneficial innovations. This three-phase pay raise was a dream as far as its implementation was concerned. We may have a problem next year with the amount involved; but I am certain with your continuing leadership—and I hope you will be heading this subcommittee in 1969—we may come up with a real program that we will find very satisfactory and that will be beneficial and fair to the American public.

Mr. UDALL. That is what I am searching for and I thank you for your confidence.

Did you make a computation of the cost of the 15-percent pay raise and other changes you suggest?

Mr. SILVERGLEID. Not yet. The convention only took place in August. But it is a substantial figure.

Mr. UDALL. Using figures we had last year of roughly \$100 million for 1 percent, this would be at least \$1.5 billion for the postal pay raise, not counting the classified.

In talking to budget people in the last few days I was told that the next President will have a much more serious budgetary problem on his hands than he can foresee. I am told it will be a tough problem regardless of Vietnam and that money will be hard to come by. I am glad we have the 1969 pay raise in the law. It will be in the budget just like interest on the public debt. But the new President will be talking, just like the old one did, that there is no money, and the problem of balancing the budget will be with us again.

The point you have made and other organizations have made has been gone into thoroughly in these hearings, and that is that whether we have automatic pay raises or not, the organizations insist on meaningful consultation. There is an old story about Speaker Cannon, who was known as Czar Cannon of the House, who was overthrown in 1910. It is told that he would march in the Rules Committee without consultation with the minority and say, "Gentlemen, we have agreed to perpetrate the following outrage." I suppose you sometimes feel that way about these consultations.

Mr. SILVERGLEID. We do.

Mr. UDALL. I think you were here the other day when I was thinking out loud. Based on what I had heard so far, I outlined a four- or five-step program putting into effect an automatic system of comparability. I pointed out (1) that we would have annual adjustments going into effect by law on a full comparability basis; (2) that we would eliminate the timelag entirely by this system of projection analogous to the income tax; and (3) that we would meet the objection to consultation by insisting that the machinery of BLS comparability studies be deter-

mined not unilaterally by the administration but by some kind of a board comprised of union representatives, Civil Service representatives and representatives of other Federal agencies. But the swing votes would be held by Congress, and after these determinations were made they would go into effect subject to review by Congress.

Assuming we could do this, what defects do you see in that kind of system?

Mr. SILVERGLEID. As I expressed in here as a first point, I think the entire system of trying to arrive at comparability would have to be overhauled and reviewed.

Mr. UDALL. I am saying comparability would not be set unilaterally. This board would meet and the techniques for gathering the data would be reviewed.

Mr. SILVERGLEID. This certainly has considerable merit, Mr. Chairman. I think if you can get that sort of machinery, working the way you intend it to work, it ultimately might eliminate the argument or debate about pay in the future.

Mr. UDALL. The thing that has run through all these statements is that the final friends of the postal employees are the Members of Congress, and often an arbitrary administration has been overruled by the Congress. What you are asking is not recourse to all 435 Members of the House. You might be willing to accept a reasonable number who are specialists in this field, and if they had the final say on this machinery you would be protected just as you would be if you had to educate and persuade all 435 of us.

Mr. SILVERGLEID. We could buy something along those lines. Of course I am assuming all of this would be subject to veto or approval by the Congress.

Mr. UDALL. Of course.

I have nothing further to comment on. Your testimony, as always, has been very helpful. Thank you for coming.

Mr. SILVERGLEID. Thank you, Mr. Chairman.

Mr. UDALL. Our final witness this morning is Mr. C. O. Henderson, president of the National Federation of Professional Organizations.

Mr. Henderson, you have been before us previously and the Chair is happy to have you here again.

STATEMENT OF C. O. HENDERSON, PRESIDENT, NATIONAL FEDERATION OF PROFESSIONAL ORGANIZATIONS, ACCOMPANIED BY WILLIAM LAWSON, SECRETARY-TREASURER

Mr. HENDERSON. Thank you so much, Mr. Chairman. This is Mr. William Lawson, our secretary-treasurer who will assist with our testimony.

May I have the privilege of introducing some of the other officials of our member organizations?

Mr. UDALL. Certainly.

Mr. HENDERSON. Mr. William Hunley, president of the Association of Senior Engineers of the Naval Ship Systems Command; Mr. Albert B. Foster, president of the National Association of Federal-State Employees; Dr. Earl Montgomery, of the National Association of Federal Veterinarians; Mr. H. Dean Fravel, president of the National Association of Government Engineers; Mr. Gayle N. Wright, staff

director, engineers in Government section, National Society of Professional Engineers; Dr. Lewis P. McCann, president of the Organization of Professional Employees of the U.S. Department of Agriculture; Mr. Patrick Lawson, vice president of the Patent Office Professional Association; and Mr. Richard Hughes, public affairs director, Society of Real Estate Appraisers.

There are four other organizations whose officers live outside of Washington. They could not be here with us today.

Mr. UDALL. You brought an impressive group representing a large number of important groups of Government employees. I am happy to have them.

Mr. HENDERSON. You made quite an impression on us the last time we testified before your committee. We remember the talk you made to us. It has been a real stimulus to us and I want to thank you again for it.

Mr. UDALL. I was glad you had such a large group that day. I must say some people misunderstood what I had to say. I received some critical letters and even an editorial, but I stand on what I said.

Mr. HENDERSON. We agree with you. Now I will call on Mr. Lawson, if I may.

Mr. LAWSON. Mr. Chairman, we wish to express our appreciation for your excellent leadership and the committee's progressive action in helping to make full pay comparability a reality.

The full implementation of the pay comparability principle is of utmost importance to the efficient conduct of Government business. Thus, we urge that continuous efforts be made, first, to achieve pay comparability, and then, to maintain comparability. Current authorization of a catchup pay comparability step in July 1969 will substantially fulfill the intent of Congress that Federal salary rates be comparable with private enterprise salary rates. However, we would suggest several improvements in the administration of future comparability pay scales.

First, we strongly urge that action be taken to correct the inequities, as compared to the private sector, in the salaries of the supergrades, the appointed executives, and the Congress. Arbitrary ceilings on pay have compressed salaries in the upper levels of the classified salary system. The congressional and Federal executive salary levels are low compared with high-level management and executive positions in industry. On this point, we recommend that the President's Commission on Executive, Legislative and Judicial Salaries report its findings sufficiently early so that the necessary reforms could be presented to the Congress coincident with the next annual comparability recommendations early in calendar year 1969. This will allow an enactment date of July 1969.

Second, under the present system for determining Federal classified salary rates, fully current comparability is not achieved, since the BLS survey data are at least a year old when incorporated into Government salary increases. This could be corrected by projecting current trends to a given target date or possibly by revised data collection and processing techniques that would facilitate more timely summations.

Third, we are encouraged by the Civil Service Commission's recently announced plans to give employee organizations opportunities for

consultation and review of BLS comparisons of Federal salary rates with private enterprise salary rates. A continuing review of the BLS survey procedures is needed in order to insure incorporation of procedures and data that will refine the basis for comparison of Government jobs with their private enterprise counterparts. Employee organizations should be consulted on all changes in scope, coverage, and procedures used in establishing salary levels, and should have the opportunity to suggest improvement. To most Federal employees and, parenthetically, to most personnel officers, the procedures used in establishing a given salary level for a given job classification are inexact and questionable. On this point, job classification procedures and standards should not escape the review of employee organizations.

Fourth, we suggest the adoption of a cost-of-living differential for employees in high-cost areas of the country similar to that now provided to employees stationed in foreign countries and noncontinental States and possessions. Many of our members in those cities have cited the relatively high cost of living and the burdensome time involved in getting to and from work. A cost-of-living allowance, or "post" differential for certain high-cost mainland areas is justified and could be administered in the same manner as those allowances currently available for employees in Hawaii, Alaska, and the Virgin Islands. This is not only done in justice to the employees in high-cost areas, but is needed by the Government, as an employer. Some agencies have difficulty in inducing employees to transfer to large cities, because of the cost of living.

Such differentials for mainland areas could be based on BLS standard budgets, but these and other determinations should be made only after comprehensive analysis and review by the Civil Service Commission and employee organizations.

Mr. Chairman, on this particular point I would like to turn to Mr. Henderson for a little elaboration.

Mr. UDALL. All right, Mr. Henderson.

Mr. HENDERSON. Mr. Chairman, since this testimony was prepared I have a letter from an employee, a member of one of our organizations in New York City. Here is what this employee says about New York City.

I have to get up at 5 a.m. to leave the house at 5:45. My wife drives me to the station which is about 1½ miles away. I usually catch the 5:52 train to the city where I arrive between 6:55 and 7:15. I walk to the subway and usually wait 2 to 5 minutes for a train. I then ride about 10 minutes to the stop nearest the office. I walk from the subway station to the office (about one-third mile) where I arrive between 7:15 and 7:25. I work until 3:55 and usually catch the 4:15 train, arriving at my station between 5:20 and 5:30. I reach home between 5:30 and 5:40. Roughly, I spend about 12 hours a day away from home.

This, of course, is extended during times of breakdown, delays, slowdowns, and storms. These are by no means infrequent. I estimate the cost of commutation at about \$65 a month. This consists of \$44.35 railroad fare, about \$8 subway fares, between \$4 and \$5 city taxes (income and sales) and about \$8 car expenses.

I thought it would be interesting to have that in the record as evidence of some of the problems they are having in New York City.

Mr. UDALL. He puts in about as long a day as I do.

Mr. HENDERSON. Yes. Unfortunately, a large part of it is riding and moving from one place to another.

I have here a reference bulletin of the U.S. Department of Labor entitled "City Worker's Family Budget for a Moderate Living Stand-

ard," published in 1966. It is about 2 years old but I would like to quote two or three figures from it as to the difference between the family budget cost in New York City and some of the other cities. These are all urban figures, either metropolitan or nonmetropolitan.

New York City has a cost of \$10,568. The average for urban United States, which includes metropolitan and nonmetropolitan areas, is \$9,390.

For the metropolitan areas it is \$9,580, and for the nonmetropolitan areas, \$8,506.

Comparing New York City's cost of \$10,568 with, say, Washington, \$9,585, it costs almost exactly \$1,000 more to live in New York City than it does to live in Washington.

Mr. UDALL. Tucson, Ariz., would be \$1,000 less than that.

Mr. HENDERSON. The cost in Dallas, Tex., is \$8,544; \$2,000 less.

I thought I would mention these figures because I was surprised to find such a difference between New York City and some of the other cities. That concludes our presentation.

Mr. UDALL. I am glad you raised this other question because it is a recurring problem that comes up in the course of these hearings. The argument is always made that no doubt there are inequities. A man in Tombstone, Ariz., receiving the same pay as a man in New York City might be middle class or well off while the man in New York City may be on the poverty line. But someone has to draw a line between a low-cost and a high-cost area, then you have the commuter problem. A member of my staff, for instance, has a farm 40 miles out in Virginia. Should his salary be based on the city where he works, Washington, D.C., which is relatively high cost, or should it be based on where he lives? Who will draw the lines? What would be your comment on these problems?

Mr. HENDERSON. The Civil Service Commission has some rather detailed regulations on how to handle this for Alaska and Hawaii and the U.S. possessions. They arrive at this from the same information used in determining the cost-of-living data which is furnished by the Bureau of Labor Statistics.

Mr. UDALL. It is no problem to draw a line around the Hawaiian Islands or Puerto Rico or Alaska, but in Texas, for example, around Dallas and Houston, which are high-cost areas, you have the boondocks area. How far outside the city lines of Dallas will the low-cost area begin?

Mr. HENDERSON. There must be criteria established as a basis for doing this. As I understand it, the District of Columbia is the standard for determining what it should be in Alaska. New York City costs \$1,000 more than Washington. Would it be possible for the Civil Service Commission to also determine when the cost is, for example, \$1,000 more than the standard, the increase would be granted?

Mr. UDALL. I like the part of your approach which says there is an additional bonus for those in the high-cost areas because one of the objections we have always received in the postal service is they feel there should be one standard for the whole country. They fear jealousies would arise and they don't want it. But if you said we would have one standard postal rate for clerks and one for engineers but those who live in the areas designated as high-cost areas would receive a bonus—is that what you are saying?

Mr. HENDERSON. Yes, sir.

Mr. UDALL. We had a witness here a couple days ago from another organization who suggested the Federal salary system be revised to set up one separate professional schedule. It was suggested that about one-third or one-fourth of those in the classified service would be transferred to the professional schedule. What is your thought on that?

Mr. HENDERSON. Mr. Chairman, this has been discussed several times in our council meetings and no definite decisions have been arrived at. However, I believe—I am not certain I am stating this correctly—as a general rule our organization feels it would not be realistic to do it.

Mr. UDALL. I see a lot of difficulties in it myself, not the least of which would be determining who are professionals and who are not. Everybody tends to upgrade and glorify his own occupation. Who is to determine who are professionals and who are not? We can all agree on doctors and lawyers and certain other categories of professionals, but when you get down to draftsmen and subprofessional groups, who is to say which is a professional and which is not? The only criterion given the other day was that after consideration they had agreed any type of employment that went up to grade 13 would be a professional group. It seems this is about as good a standard as you could get if you go this route, but there are all kinds of peripheral arguments.

Mr. HENDERSON. You are so right.

Mr. UDALL. On page 1 of the statement you talk about the supergrades and the problem of raising their pay, the arbitrary ceilings, and so on.

It may comfort you to know that it is my understanding that the President's Commission, which was appointed last July and already has held two meetings, is operating under a time schedule that will permit it to present its report to the President by the first of December of this year.

Mr. HENDERSON. I understand that, sir.

Mr. UDALL. I am making every effort I can to be sure that it is on the President's desk that early so that he can transmit his recommendations to the Congress the first part of January of next year and that the executive, legislative, and judicial increases which are established under that procedure will go into effect in the early part of 1969.

Mr. HENDERSON. Excellent.

Mr. UDALL. This is a great step forward. This whole system has been the result of so much effort I would hate to see it fail in its first endeavor.

Mr. Waldie?

Mr. WALDIE. I have no questions, Mr. Chairman.

Mr. UDALL. Again, we thank you for coming.

I want to thank all of you from the many important organizations and groups who were present this morning.

Mr. HENDERSON. I would like to have the pleasure of presenting to you Mr. Lannon Walker, chairman of the board, American Foreign Service Association, who has been working very closely with us on this problem. He will be the next witness.

STATEMENT OF LANNON WALKER, CHAIRMAN OF THE BOARD,
 AMERICAN FOREIGN SERVICE ASSOCIATION, ACCOMPANIED BY
 EDWARD WALKER, PRESIDENT, JUNIOR FOREIGN SERVICE
 OFFICERS CLUB

Mr. LANNON WALKER. I have with me Mr. Edward Walker. He is no relation, but he is the president of the Junior Foreign Service Officer Organization.

Mr. UDALL. We welcome the entire Walker family.

Mr. LANNON WALKER. The American Foreign Service Association represents some 8,000 foreign affairs professionals. We wish to associate ourselves in the strongest fashion with the position of the National Federation of Professional Organizations on full implementation of the principle of pay comparability.

We take this stand not only in the obvious self-interest of our membership but in the firm belief that in these difficult times our Government can and must attract and keep the very best talent for the proper conduct of our domestic and foreign affairs.

Our representatives in testimony before this subcommittee in the past have noted that while the issue of salaries is not the single most important element affecting the recruitment and retention of our personnel it is nonetheless a very important part of our total personnel picture. We continue to maintain that position.

In the current discussion within the foreign affairs community and among those of us who would call ourselves reformers there is a basic contradiction, or seems to have been, between those reforms which are in the national interest as such and those reforms which are directed at improving the professionals' conditions of service.

John Gardner, in his book on "Excellence" said:

If our society is to flourish, large numbers of men and women must be dedicated to the performance of their roles. Dedication is a condition of the highest reaches of performance. It is not possible to buy with money the highest levels of courage, faithfulness or inspired performance. Consider the Foreign Service officer. We must provide ample pay for our Foreign Service officers, but even within the scale of monetary rewards that a wealthy nation can afford it isn't possible to buy with money the qualities and the performance needed; the competence, judgment, willingness to endure hardships, and voluntary exile from the life that Americans love. Pay is important, but only devotion and conviction will insure the desired outcome.

That is the ideal position this association would like to take.

In a situation though, and in a system where job responsibility and the excellence of the organization itself are the most attractive qualities for us, and when that has failed us as it has, then pay does become important; it becomes more and more important.

I would like at this time to have Ned Walker read the results of a recent survey that his organization has taken pertaining to junior Foreign Service officers. I think it is most constructive.

Mr. EDWARD WALKER. In this survey we sent questionnaires to all junior officers in the Foreign Service, grades 6, 7, and 8. We had a 70-percent response, some 555 responses.

Of these, 49 percent would not actively encourage a friend or relative to enter the Foreign Service.

Also, 46 percent of them have seriously considered resigning from the Foreign Service. Only 21 percent never entertained the idea.

Those who have seriously considered resigning overwhelmingly cite three factors which could lead them to make this break: An offer of higher salary, a more responsible job, and absence of challenge in the Foreign Service.

Almost one-half of the young people in the Foreign Service are seriously dissatisfied with their jobs. While we cannot yet correlate this dissatisfaction with individual qualifications, there is every indication that those who are unhappy represent the more qualified segment of the Foreign Service.

Mr. LANNON WALKER. We applaud the near approach to comparability which will be achieved by the pay step of July of 1969.

Mr. UDALL. Mr. Waldie has a question.

Mr. WALDIE. Do you assume that this is a recent development in that survey? Is there any indication that may have been a continuing problem with the Foreign Service which has not just recently come about? I gather your assumption is that this is a recent development.

Mr. EDWARD WALKER. We assume it is. Unfortunately we have never had any figures previously.

Mr. WALDIE. Why, then, do you assume it is a recent development?

Mr. LANNON WALKER. One of the points we are trying to make here is that only within the last 2 years have professionals as a group become dissatisfied with the conditions of our Service to the point where we have actively looked into it for the first time; as an association and as professionals, to go into these matters and do this kind of study.

Mr. WALDIE. Is there any other indicia which might assist us on this, for example, the rate of separation from the Service? Is there anything you can give us which would compare today's rate of separation with yesterday's rate? Are people coming in and leaving and turning over more rapidly? Is the recruitment more difficult?

Mr. LANNON WALKER. We maintain it is, sir. The figures which we have to deal with are those provided by the Department of State, USAID, and AID. This is one of our major bones of contention.

Mr. WALDIE. Do those figures—

Mr. LANNON WALKER. They show an increase in resignation rate and a decrease in recruitment.

Mr. WALDIE. Over the past?

Mr. LANNON WALKER. There is no recent study, but we have the Herter Committee Report on Foreign Affairs Personnel Systems and the background studies in that report covered this in detail.

Our own association will publish, within the next month, a comprehensive set of proposals for reform in which we will have as many statistics as we can.

Mr. WALDIE. My curiosity stems from perhaps a remote fact. I have been reading some history of the McCarthy era. I have some fears we may be sliding into a similar era.

I gathered there was a great deal of impact during that era on the Foreign Service. I am wondering whether that is part of the reason for dissatisfaction within the Foreign Service.

Is that part of it? Is the reaction of Congress in terms of foreign aid, for example, which would seem to indicate to me an increasing belief in Congress, and perhaps throughout the Nation, that the For-

eign Service is becoming less and less important to the future of the country; is that kind of thing reflected in the action of your group?

Mr. LANNON WALKER. The McCarthy era struck an older generation and a generation which quite frankly never involved itself with its conditions of service. In that generation I think the opportunity to serve abroad, to serve one's nation in an almost romantic sense at times, was the prevailing attitude. A great many Foreign Service officers had private means in those days. Times have changed. Younger officers in the Foreign Service today probably worked and lived abroad before they came in. Notions of romanticism and the esoteric attractions of serving abroad are not why we are in the Service today.

Many of us—and here is where the root of the dissent lies—came in because we wanted to participate in a meaningful way in the foreign policy process. Our dissatisfaction with what we found has resulted in the reform movement which we both represent here today. We were dissatisfied with the very organization of our foreign affairs, with the fact, as you point out, that in the last 20 years of expansion the total amount of resources allocated to our foreign affairs process should have been enough, but yet we found each agency and each program poor-mouthing while surpluses went to waste in one area when there was need for the same goods and services next door.

There is no rational way to organize and implement our budgets, no way to coordinate programs. We have seen a gross proliferation of agencies and of quasi-career foreign services over the last 20 years to the extent that each one of them has retreated behind agency walls and have become closed structures which are not open to the outside, which no longer produce the kinds of people and decisions relevant to today's problems, and probably will misconstrue tomorrow's problems. All of these things have given us severe pause, as we look at ourselves and our colleagues and ask whether we are relative to tomorrow's decisions in foreign affairs, whether the organization itself is.

Our immediate push for reform, which began a year ago, had to do with this sort of thing.

As we got into it we found there were new kinds of foreign service officers, new kinds of foreign affairs professionals in all the agencies. We found working professionals, and they have to bring home the bacon like everybody else.

I think though you are absolutely correct. Sure there is a background to all of this. It was not the mere fact that Foreign Service officers and foreign affairs professionals in general are poorly paid which caused the disquiet which is now found throughout the foreign affairs community.

Mr. WALDIE. This is a very articulate and persuasive statement. I have nothing further.

Mr. UDALL. You may continue. I concur with Mr. Waldie's observations.

Mr. LANNON WALKER. We applaud the near approach to comparability which will be achieved by the pay step of July 1969. We hope that further measures can be taken which will allow us to maintain comparability in the future. In this connection we believe that the proposals put forward by the NFPO are reasonable and if adopted would move us closer to our goals in this area.

We particularly support any action which will remove what the NFPO rightly describes as glaring inequities in the salaries of supergrades, the appointed executives, and the Congress. At these senior levels it is obvious that the salaries paid are in no way commensurate with the service given to our country. It is grossly unfair to expect this group of executives to in effect subsidize by their sacrifice the necessary work of this Government.

Finally, on behalf of the membership of my organization, I would like to pay tribute to the sympathetic and highly effective manner with which you, personally, and the members of your subcommittee have dealt with the important problem of pay comparability in the past. We trust and hope that this group will be equally effective in meeting our current problems and those that will inevitably arise in the future.

Mr. UDALL. I appreciate your comments and your testimony.

As you refer on page 2—while this is not particularly apropos to the purposes of these hearings—I want to say I was deeply disappointed in the action of the House this week in refusing to even debate the question of whether we need more supergrades. We have 3 million more people every year and important new missions and responsibilities are created. Yet, we stand and make speeches about economy.

I think, if the political polls are correct, these people will regret the actions of the House more than anyone else—that is, Richard Nixon—when he tries to put together the top-level government he wants, to try to solve all the problems of this country in the first 6 months of 1969. I think he will need people out of private life who are desperately needed by whomever becomes President.

Mr. LANNON WALKER. I fear career professionals in the foreign affairs agencies, especially the Department of State, will suffer as well.

As you know, the number of schedule C positions in the Department of State which are usually reserved for political appointees was reduced a few years ago and replaced by what was eventually a subversion of the category of Foreign Service Reserve officer appointments. We have a very small number of schedule C positions, and in essence one of the categories of appointment in the Foreign Service has been used illegally, I think, to accommodate political appointments.

We must find a way to allocate more supergrade positions, especially for schedule C, and I think a President should have as many as he needs as long as they are clearly identified.

Mr. UDALL. You set forth the case very well. We have all of these different areas. There is a crying need to get on top of the problems of the cities. Here is a mayor of Washington who has, at least for the time being, pretty good support from the people of this city, the poor people. They listen to him and follow him. He has an ambitious program of really turning Washington, D.C., around and he needs a topflight team. He needs more supergrades to do this.

Those who complain the most about the riots and disorders in the cities—some of them in Congress—say in effect: “To hell with you, your new team, and your new idea. We will not spend several hundred thousand dollars to make these supergrades available.”

While I am on this—I seem to lecture professionals every time I get them together—let me give you chapter 2 in Udall’s manual of practical politics.

You know every Congressman, on a bill like the supergrade bill, has his own agency or two with which he is fully familiar and entirely sympathetic and about whose problems he has a peculiar understanding.

In my case it is the Interior Department, which is doing exciting and important things in saline water and science in general. It is undertaking a vast new program in national parks, conservation, and so on. We need the best people we can get in that field.

In my case it is also the Post Office Department, which if ever it is to get out of the woods has to crash into research and get some scientists and brainy managers. Both of these Departments were hurt by the defeat of this bill.

Each other Member, whoever, has a favorite. It may be NASA, the Corps of Engineers, or some other agency. I think each of you here perhaps has a Congressman or two who knows you and relies on your judgment.

We might be impressed, when we take up this subject again next year, by having a letter from you—or personal conversations if you get the chance—pointing out particular missions in your particular departments which will be crippled by not having these supergrades. This is something each of you can undertake. The efforts of any one individual would not amount to much but, cumulatively, the efforts by all of you could very well be a key factor in getting some action on this next year.

I will predict President Nixon, if that disaster occurs, will be asking Congress to do the very thing that his party defeated yesterday.

Mr. Waldie, would you care to give any political advice?

Mr. WALDIE. Just this: It is an interesting observation. I have not been in Congress very long, but whenever a bill comes before the Post Office and Civil Service Committee which has anything to do with postal employees we are deluged, as members, with letters pro and con on that issue from postal employees, from their wives, their aunts and uncles and cousins and their children, I suspect, in some instances.

Those letters and communications have a great deal of impact. On the supergrade bill, I received not one letter from one person. My only contact on this was from the administration to urge support, which I did.

This is an interesting observation; those who supposedly should be best equipped to communicate are those who have least resort to it. I am not certain why that is. I suspect there may be a romantic belief that Congress will always do that which is best for the Nation and for their organization, but I also want to assure you that that is pure romanticism and Congress does not always do that which is either best for the Nation or your particular organization.

Congress perhaps would be more inclined to do that which is best for the Nation or your organization were they contacted by your members.

I don't know what the mechanics are which prevent you from contacting Congressmen. I think it is important that you do what you did today, but this is only momentarily an impact on two Congressmen who happen to be here. I doubt anyone in the room is from my district or Mr. Udall's district.

I am equally confident that in each of your organizations there are members from my district and Mr. Udall's district who should have written us on the supergrade bill and other measures.

Whatever you can do to increase that participation in representative government, which is constructive and helpful, I think you should do. I think it is depriving Congress of a source of information which perhaps is equal in expertise to any other group of Federal employees.

Mr. UDALL. With this happy note we shall conclude these hearings. The subcommittee will stand adjourned subject to call of the Chair. (Whereupon, at 11:40 a.m., the subcommittee adjourned.)

(The following statements were received by the subcommittee for inclusion in the record.)

STATEMENT OF HAROLD MCAVOY, PRESIDENT, NATIONAL ASSOCIATION OF POST OFFICE MAIL HANDLERS, WATCHMEN, MESSENGERS, AND GROUP LEADERS AFL-CIO

Mr. Chairman and members of the committee, May I express to you the thanks of our organization for holding these hearings on postal pay adjustments. Year after year when we come to the Congress we encounter a long, drawn-out process.

The Federal Employees Pay Reform Act of 1962 established the principle of comparability. You are well aware that the definition of "comparability" is varied. Our organization in the past when testifying before committees on pay brought out that our position in the postal service compares with that of the Longshoremens. According to the Bureau of Labor Statistics the wages of the Longshoremens are much higher than the Mail Handlers and close to the \$4-an-hour bracket, according to their most recent contract. However this comparability has never been used in our behalf or advantage.

We request you and your committee to do the utmost in changing the length of time for a mail handler to reach his top salary level. This we feel is a great injustice. Presently it takes a mail handler 21 years to reach his top salary level and in many instances sometimes longer than the 21 years. It is felt that a mail handler after 5 years of service should be enabled to reach his top salary level. Such action would be a great morale builder for the mail handlers and an enticement in postal recruitment in hiring new employees.

It is our contention that the Congress be the final judge in the role of wages for postal employees. We have faith in the Congress and shall continue to have this faith.

NATIONAL ASSOCIATION OF INTERNAL REVENUE EMPLOYEES.

Washington, D.C., September 30, 1968.

Hon. MORRIS K. UDALL,

Chairman, Subcommittee on Compensation, Committee on Post Office and Civil Service, U.S. House of Representatives, Washington, D.C.

DEAR MR. UDALL: These comments are submitted in behalf of the National Association of Internal Revenue Employees. Ours is an independent employee organization that has been active in the Federal service for 30 years. For many years we have been privileged to act as the principal spokesman for all IRS employees, professional and nonprofessional alike. Our membership is restricted to IRS and former IRS employees. At present, we enjoy exclusive recognition in some 125 bargaining units and actually represent approximately 38,700 workers, over half the number eligible for collective bargaining rights in the service.

NAIRE commends this subcommittee for its painstaking efforts to develop a legislative formula for the full implementation and maintenance of comparability in Federal salaries, that will be at once equitable and workable. In our view, there is no single issue of greater long-range significance to both Federal managers and Federal workers. The evidence and viewpoints now being marshalled by this subcommittee will, I am sure, prove immensely valuable for many years to come.

There are multiple wage systems within the Federal service, and not least in importance among the basic questions you are considering, is whether these various systems should be modified or consolidated. Inasmuch as IRS employees fall within the general schedule system of compensation, however, we may confine our remarks to that particular system.

Within this frame of reference, the basic contours of the problems are already rather well defined. The Salary Reform Act of 1962 enshrines the principle that Federal pay rates must be comparable to those in private enterprise for the same levels of work. This is a salutary concept to which no responsible group can make any objection. Similarly beyond cavil is the fact that true comparability has not yet been achieved.

Several fundamental defects have been pinpointed in the existing machinery that must be corrected if we are to entertain any serious hope of achieving the goal of comparability that we have already enjoined upon ourselves.

One of the most obvious of these is the substantial time lag between the collection of salary data and the congressional enactment of revised salary schedules.

In his testimony before this subcommittee, Civil Service Commission Chairman John Macy proposed "annual adjustment by administration action" as the best solution. In effect, he suggests that Congress be bypassed and that the system of annual salary adjustment by the Commission itself—now in effect for 1968 and 1969—be continued indefinitely. Most Federal employee organizations, on the other hand, are skeptical of any system of salary adjustment that precludes periodic review by—and consultation with—the Congress itself.

As we see it, there is substantial merit in both positions; but the positions are by no means irreconcilable. The course of wisdom would seem to be an annual administrative review and adjustment subject to congressional review, but which would automatically become law if Congress declined to act—a principle already adopted with respect to reorganization of the executive branch.

NAIRE would endorse such an approach, however, only if certain other deficiencies of the status quo were corrected by explicit legislation.

Foremost among these is the need for a guarantee of full and serious consultation between administrative agencies charged with proposing salary adjustments and the employee organizations that speak for the affected employees of the various Federal agencies. Because we fully share the skepticism voiced by others about the unilateralism of the Civil Service Commission, this is a cardinal point.

Doubtless in anticipation of just such skeptical reaction, Chairman Macy has already offered to enlarge the scope of consultations. Specifically, he says the Commission will now consult with unions before any changes are made in the job coverage of the Bureau of Labor Standards wage survey, which is the basic data on which comparability is ultimately assessed.

Such a concession has long been requested and is long overdue. It is a desirable step to take, but it is far from enough. NAIRE firmly believes that Federal employee groups must be a full partner with BLS, the Budget Bureau and the Commission at every step from wage sampling to the final recommendation to the White House. This would mean, among other things, that employee groups would be consulted on all significant aspects of the wage surveys, including but not limited to the type of jobs to be surveyed, the size of the employers covered, and the like. In our own case, for instance, a very substantial case could be made for limiting the surveys of accountant positions to the major national accounting firms. There is a work level for IRS revenue agents that is uniform throughout the country, regardless of the district size, and it is clear that this level is substantially above that of the smaller, marginal firms now encompassed by the surveys. As a result, our agents are being deprived of their just desserts. We would welcome the opportunity to make this case, and to offer constructive assistance in many other areas on a regular and continuing basis. We are equipped to do so, and we feel we should be heard—just as the dominant employee unions within other agencies should be heard—before the administrative decisions are made.

Nor should consultation be limited to wage surveys. Provision should definitely be made for employee consultation on job classification as well. Unfortunately, this is a point often overlooked; but it cannot be disregarded if the comparability reform is to be fully effected. In truth, Chairman Macy has addressed himself to only half the problem when he dwells on the salary coverage formula as computed by the BLS. The BLS survey is not the sole determinant of a Federal worker's paycheck adjustments. An equally decisive factor is the employee's position classification. The BLS survey proceeds on the assumption that employees are correctly classified. The coverage is determined and then the percentage increases are applied to the general salary schedule. This process will never help an employee improperly classified to achieve comparability with his counterpart in private industry. The BLS survey as now implemented does not correct, with increased rates of pay, improper grade classification. Even if the BLS survey were to be refined to such an extent or to accurately compare private industry with

similar jobs with similar responsibilities in the Federal government, the Civil Service Commission could easily ruin the total effort by failing to upgrade jobs in line with new responsibilities or by arbitrarily downgrading certain classifications between BLS surveys. The solution to this problem, as Mr. Macy has partially acknowledged and the pay bill impliedly asserts is to guarantee meaningful consultation with the Civil Service Commission concerning position classifications.

A final condition absolutely essential to true comparability is acceptance of the idea that it is the real wages of the Federal employee—not his nominal wages—that must be comparable to his counterparts in private enterprise. This, of course, is a fundamental policy issue that can only be resolved by the legislative enactment of a substantive standard that becomes controlling in future BLS surveys and Commission adjustments. The importance and timeliness of this issue are remarked by Chairman Macy, though at this time he refrains from making a decisive answer on behalf of the present administration.

The answer is clear, however, and should not be further delayed. That real wages rather than nominal wages are the true index of comparability is not merely a matter of sound economics, it is also a matter of common sense. Manifestly, an employee in a large metropolitan area with a high cost of living is disadvantaged by comparison with the same grade employee in a small area with a far lower cost of living. We could point to numerous topical instances of just such inequities within IRS, and we are confident that other unions could point to similar unjust disparities within the agencies they represent. Obviously, wage surveys and adjustments should take such regional inequalities into account, and the comparability striven for should be in terms of real or spendable incomes rather than unadjusted dollar amounts.

Adoption of this concept would naturally make for a more complicated operation so far as wage surveys and evaluations are concerned. But such technical difficulties as it might pose could be readily surmounted. At all odds, whatever extra work might be required would be amply justified, because there is simply no other way to achieve real comparability.

We are aware that some witnesses have suggested the creation of a separate panel to hear testimony and make pay recommendations to Congress, such a panel to be composed of an equal number of Congressmen, administration officials, and employee organization representatives. We cannot escape the fear that such a panel would tend to perpetuate some of the evils of the present system—notably a timelag between surveys and adjustments—and might well generate more problems than it would solve.

NAIRE endorses, instead, the system outlined above, whereby annual wage surveys would be made by administrative agencies (1) in full partnership with employee unions at each step and (2) subject to the legislative requirement that real wages be compared. Following the surveys and appropriate evaluation, the administration would then notify Congress of its proposed salary adjustments. Interested unions would, of course, have an opportunity to register dissent or minority views with Congress as well. Thereafter, if Congress elected not to take affirmative action within a specified interval, the adjustments would take effect.

Such an approach, NAIRE believes, would provide the best overall solutions to the present problems of comparability. It surely merits at least a trial run. Legislation implementing the approach could be limited expressly to a time certain, such as 4 years, and if, at the end of that period, changes appeared in order, they could then be made.

Permit me, in closing, to convey the thanks of NAIRE to this subcommittee for its invitation to record our views on this extremely important subject.

Sincerely yours,

VINCENT L. CONNERY,
National President.

STATEMENT OF HERBERT F. ALFREY, PRESIDENT, NATIONAL RURAL LETTER CARRIERS' ASSOCIATION

Mr. Chairman and members of the Subcommittee, my name is Herbert F. Alfrey. I serve as president of the National Rural Letter Carriers' Association, an organization representing approximately 62,000 regular, substitute, and retired rural carriers.

Mr. Chairman, we appreciate the opportunity to submit this statement on the important subject of compensation and trust that our comments may contribute to the work of this committee; and ultimately to legislative action which

will improve the existing methods used to set and adjust salaries throughout the Government.

Past history of salary legislation readily discloses that in almost every case it has developed into a struggle between the executive branch of the Government, employee organizations, and the Congress in the drafting of proposals which are within an acceptable area to all concerned. This consistently results in the Federal pay policy being determined on the basis of compromise between what can be justified and that which falls within the maximum dollar cost deemed acceptable as a budgetary matter. This struggle has caused many serious disagreements between the managers within the Federal system and the employees.

Because of this problem, Mr. Chairman, and the resulting unwarranted delays in effecting salary adjustments, we find ourselves somewhat in agreement with the views you have expressed relative to seeking a more satisfactory method of determining the frequency and the amount of pay adjustments.

In the absence of the opportunity to review a specific proposal, however, it is not possible to give advance endorsement to such a new method of paysetting. It would be necessary to assure that any such system would not serve merely as a method of giving rubberstamp approval to decisions which might be made without adequate participation by the employee organizations. Thus, although we join with this committee in its endeavor to seek improvements in this area, we do recognize that considerable thought and study must be given to the development of a satisfactory new method before it could be deemed acceptable and/or a true improvement over the present system. We commend this committee for making the endeavor and trust that material presented in these hearings will be useful.

The very nature of Federal employment has made it necessary that employees, through their association representatives, be granted the opportunity and privilege of presenting their case to the committees of the Congress. The postal service is a vast and complex operation rendering an unusual type of service to the American public. The positions established to adequately maintain and provide this vital service automatically bestows upon postal employees a unique and distinctive role which is not, generally, existing throughout the ranks of organized labor. Recognizing this important difference, we firmly believe that postal and other Federal workers should be able to enjoy the fruits of economic progress certainly equal to the total compensation benefits granted other organized labor groups of this Nation.

This association, joined by other employee organizations, supported the comparability principle of fixing Federal salaries when it was under consideration by the Congress. The principle of comparable pay for Federal and postal workers was enacted in "The Federal Employees Pay Reform Act of 1962." Under the provisions of this act, the Bureau of Labor Statistics conducts certain surveys to gather pay data and chart changes in pay rates and to develop statistics for the use of the executive branch in determining recommendations for appropriate adjustments in Federal and postal pay. These statistics are then used by the Post Office Department and other agencies of the Government to draft suggested adjustments which are cleared through the U.S. Civil Service Commission and the Bureau of the Budget to the President. Based on the data and agency reports, the President then submits to the Congress any recommendations which he believes should be enacted by the Congress.

One of the problems existing in the present system is the varying procedures which may be employed by the Bureau of Labor Statistics in developing national pay data in the private sector. The technical job performed by BLS deserves to be commended but it is a foregone conclusion that salary comparisons will vary widely if the statistical techniques employed and/or the survey base are changed from time to time.

This is what has occurred over the past several years and today we find that the BLS survey includes many small businesses and many unorganized public employees—groups which are known to lag behind national standards of pay. Inasmuch as these groups were not included when the comparability principle was enacted, it has introduced a new type of comparison between Federal pay structures and those reported upon by BLS. This results in salary comparisons which, in effect, narrow the gap between Federal and private pay scales. This change was made without consultation with employee organizations despite the fact that the change, following the comparability principle, results in a misleading comparison—certainly a different comparison than would exist if the

higher national pay scales of organized groups in the larger business enterprises of this Nation were used as the survey base.

It is for this reason that this association strongly feels that guidelines for the BLS studies should be clearly established and that no change should be made without the opportunity for employee organizations to contribute through active participation in determining the changes which may be adopted in developing pay data.

We are aware of the recent announcement of the Civil Service Commission advising that employee organizations will be consulted before making future changes in the coverage of the BLS survey on which the comparisons are based. John W. Macy, Jr., Chairman of the Civil Service Commission, has stated that it is the intention of the Commission to receive and consider the views of employee organizations before future decisions are reached to make changes in the BLS survey. We welcome this change in procedures but, admittedly, the success of this consultation procedure must stand the test of time before we can determine whether or not this will be a meaningful type of consultation or merely a procedure whereby the organizations are advised of what will be done. We trust that it will prove to be a positive approach and, if so, this alone will be a step forward in resolving some of the old problems in determining a fair and proper comparison between Federal and private salaries.

Postal positions are by their very nature national in character because the same type of work requirements exist whether the position be located in an urban or a rural area. It is a practical impossibility to develop any satisfactory, or for that matter fair or equitable, type of local area pay fixing. We believe that the experience already developed in the wage board area, which is presently applied to approximately 800,000 Government positions across the Nation, clearly demonstrates that this is not a generally satisfactory wage fixing procedure.

It is our opinion that the U.S. Government, as the largest employer in the Nation, should not engage in procedures of salary fixing which would offer to its employees anything less than the going national standard rates of compensation which are clearly known to apply to employees in the other large business operations in the private sector.

In addition, Mr. Chairman, it is most important in considering salary adjustments that the record be reviewed to note the ratio of change which has occurred in pay raises over past years. Any review of salary levels in the private sector applicable to craft group of employees, 10, 15, or 20 years ago will clearly demonstrate the dramatic increase in compensation and fringe benefits obtained. By making a study in this area, it will be clearly shown that Federal and postal workers, particularly in the rank and file positions, have failed to benefit by similar improvements in the salary ranking of their positions.

Although this is but a limited expression of views on this point, our intent is to highlight the fact that the salaries granted Federal employees should represent rates which compare favorably with national standards and which demonstrate a similar frequency of adjustment as that being granted generally by private employers.

It may be appropriate to either establish guidelines for BLS to assure that meaningful data such as this is included in their survey and/or to establish an impartial, qualified type of commission or board which could be charged with the responsibility of developing information concerning the national wage rate and pay policies in the private economy. This type of fact finding, either by BLS or coupled with the statistical pay data gathered by BLS would probably present a far more satisfactory set of source data for developing pay recommendations. To repeat our earlier recommendation, however, any agency or fact finding board charged with the responsibility of developing statistics and related pay policy data should be exposed to consultation procedures involving the leadership of the organizations which represent Federal workers. Only in this way would organized postal groups such as the National Rural Letter Carriers' Association be assured of a constructive input as recommendations are developed.

If legislation could be drafted to adequately meet these tests, it is our opinion that an acceptable method to determine frequency and amount of change in pay adjustments could be effected.

We are fully aware of the time consumed by the Congress under the existing method of legislating the specific amount of pay increase. We realize that the time required to enact legislation creates a future delay in effecting even those pay adjustments which are recommended by the President—pay adjustments

which at the time of their recommendation to the Congress are based on BLS findings which are 12 to 18 months old. This serious lag in maintaining comparability of pay under the Salary Reform Act does highlight further the need for developing an improved method of more promptly effecting pay adjustments based on known changes which establish a clear need for increases. A more automatic pay setting procedure would relieve the Congress by reducing the time required to legislate in this area. This would permit more prompt consideration for improvements and changes in the important fringe benefit areas which, unfortunately, are frequently bypassed because of the time devoted to the salary question.

In giving our general endorsement to an improvement in the method of fixing Federal pay rates, we do want to make it clear that we are not in any way advocating that Congress abdicate its responsibility for making a final judgment in this important area.

Regardless of how well intentioned any new salary fixing method may appear to be, or what present climate may seem to assure fair consideration of adjustments, we know from experience that change in administrators and other changes which take place could result in a most adverse type of consideration by any pay fixing authority. For this reason, we deem it essential, so long as employee organizations are constituted as they are under present laws, that a final court of appeal in the important area of salary and related compensation must rest in the Congress.

There are several matters in connection with the existing pay system which experience indicates should be changed. One of these is the time presently required for an employee to move to the top step of the salary schedule—now 21 years. When this provision was enacted by the Congress, it did have certain merit, because it proved an acceptable way to upgrade the salary of the position. By increasing the number of pay steps, it was possible to set a maximum salary for positions which was greater than could have been immediately effected if the maximum salary would have been affected immediately. This did help to close the gap which has existed by the maximum salary rates applicable to many jobs as compared with the maximum rates applicable to postal positions when a current comparison is made with the maximum rates which were in existence some years ago.

The operation of the present pay schedule with its 12 pay steps has created some inequities which restrict the advancement of employees and which certainly does not exist, in fact would not be tolerated, by organized labor in the private areas of employment. Under the system currently in use, there are many thousands of employees who, despite years of service far beyond that required to move into the top pay step, will never reach that pay level. This makes a bit of a mockery out of the classification set for the positions because it arbitrarily denies an individual the opportunity of reaching top pay step regardless of his qualification, efficiency, or length of total service. This is an example of some major differences which exist between private and Federal pay systems and is in the area of important data which would easily be established by a factfinding body which would review more than just pay statistics in regard to private employment.

We would recommend that this committee consider legislation to improve the progression throughout the existing pay steps and/or consider a reduction in the number of steps in order to assure employees that their total service would be credited for step placement, and thus salary placement, in the position they hold. This is probably one of the most serious complaints concerning the operation of the present pay system, particularly when it involves transfer between positions or promotions. We trust that this is one of the matters which will be considered at an early date by this committee and the Congress.

Mr. Chairman, in closing may I again express appreciation for this opportunity to comment upon the need for improvement in the methods and procedures for setting and adjusting Federal salaries. We recognize that the time remaining in the present Congress will not permit legislative action in this area. We trust, however, that the views and recommendations presented in these hearings will assist the 91st Congress in taking action to assure that Federal and postal workers will be kept comparable in pay and fringe benefits with their fellow citizens in private employment.

STATEMENT OF THE NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

Mr. Chairman, I am Paul H. Robbins, executive director of the National Society of Professional Engineers, with headquarters in this city. The society is composed of 67,000 members, each of whom is qualified to engage in the practice of professional engineering under applicable state engineering registration laws.

The national society appreciates the opportunity to appear before this subcommittee in connection with its consideration of Federal pay systems.

First, we would like to associate ourselves with the statement presented before this subcommittee by Mr. Chris Henderson, president of the National Federation of Professional Organizations, of which we are a member. We believe that Mr. Henderson's remarks concerning the need for a permanent system for semiautomatic salary adjustments are quite pertinent. We would certainly support any reasonable steps designed to reduce or eliminate the present 1-year timelag between survey and adjustment.

We are also quite interested in suggestions put forward to establish a special commission, composed of representatives of the administration, employee organizations, and the Congress to pass on survey techniques and salary scales. We are interested because such a procedure could, if properly established, eliminate much of the current turmoil and waste motion which results from yearly statutory pay adjustments. We are, however, concerned about the mechanics of such a commission's operation, and most of all, by its composition. Who, for example, would represent employees on the commission? I am certain that I speak not only for engineers, but for other professionals as well when I say that we would strongly object to the selection of one or more union representatives to speak for all employees. I can well envision that this point might prove a serious stumbling block in the development of any plan to allow employees to make a meaningful contribution in the initial formulation of salary rates. I must also stress that any system failing to provide more than a review of the finished product, will be in trouble from the very outset.

I would like to devote a major portion of my statement to a feature of the current salary system of particular concern to engineers.

At the present time, acting under the authority of section 5303 of U.S.C., title 5, the Civil Service Commission has authorized above-minimum salary rate ranges for all engineers in grades GS-5 through GS-12. The Commission may exercise this authority whenever it finds that private salaries for one or more occupations in one or more areas are so far above Federal rates as to "handicap significantly the Government's recruitment of retention of well-qualified persons."

We strongly support the flexibility which we believe was intended by this language. Obviously, there must be some mechanism to permit the Government to take into account the differences in pay scales which result from supply and demand factors, rather than from levels of responsibility. Otherwise, the Government would either have to adjust the general schedule so as to meet the highest, rather than the average, level, or find some way to get along without shortage category employees. Either would be vastly more expensive than the present system.

Unfortunately, the actual administration of section 5303 has had some serious and unintended effects. As the Civil Service Commission has interpreted the statutory language, no adjustment can be made until after it learns from agencies that serious losses have occurred and that vacancies remain unfilled. Further, the Commission feels it has statutory authority to set higher rates only in those specific grades where losses occur, on the implicit assumption that the cause and effect are simple and direct.

As a result, each time the Commission exercises this authority, there are two predictable results: first, an increase is approved only after serious losses have been sustained; and second, the one-grade-at-a-time approach has seriously distorted and compressed the engineering salary curve.

The result of after-the-fact action is that top level people are lost before salaries can be adjusted. The obvious remedy is to act before losses take place. We would propose, specifically, that the Commission be authorized and directed to administratively adjust salaries for a single employment category whenever, according to BLS surveys, Federal rates for that category trail industry by 10 percent or more. Present statistical data is quite sufficient to permit this.

The result of single-grade adjustments is that what began as a neat salary curve has become a series of unrelated wavelets. Inevitably, since younger engineers are more mobile than those who have established homes and families, the lower grades are those in which salary dissatisfaction is first reflected, whether or not it has to do with lower grade salaries. I think it is true beyond question that most younger engineers leave the Government (or fail to enter it to begin with) not because their own salaries are inadequate, but because private industry offers them the prospect of much higher ultimate incomes. In short, the GS-9 engineer leaves not because the GS-9 salary is inadequate, but because the GS-14 or GS-15 salary is. Consider the effects of the present system on the salary curve. A young engineer with a good class standing may start at the equivalent of step 10 of GS-7. If he aspires to a GS-13 position within a number of years, he can look forward to an increase of only 57 percent. Contrast this with a nonshortage category college graduate starting at GS-5, who looks forward to an eventual increase of 150 percent, nearly three times that available to the engineer.

Consider also the effects which this piecemeal salary action has upon the morale of all engineering employees. It is not difficult to imagine the feelings of a GS-13 engineer when he learns that the Civil Service Commission has just given his GS-11 assistant a \$1,000 raise while he received nothing. This happened in February of 1967. Or the GS-11 who looked forward in 1964 to a \$395 statutory salary increase only to find on the day the President signed the bill that the CSC had cut his raise to \$115. There have been 15 shifts in engineering grade relationships since 1962. Each time the Commission puts another patch on this quilt, it creates further problems.

Mr. Chairman, the only practical solution to this problem, as we see it, is to create a complete, separate salary schedule for engineers, and we urge the serious consideration of such a step. This could be effectively accomplished without removing engineers from the general schedule with only minor statutory changes.

Two changes would be needed. First, section 5303 of the U.S.C., title 5, should be amended to provide that the President may approve above-minimum grade ranges whenever the best available statistical data indicates that Federal rates trail those of industry by 10 percent or more. This would permit the Commission to act before losses are experienced. Second, it should be provided in the same section that all grades of a given employment series must be adjusted by the same number of steps. At present, entering GS-7 engineers are 10 steps above minimum, GS-9 engineers are seven steps above, and so on. This requirement would assure the retention of proper salary relationships within the entire engineering salary range.

The national society believes it is time to correct this persistent problem. We sincerely urge your subcommittee to closely examine the present handling of section 5303 and to recommend corrective legislation.

Thank you for your consideration of our views.

STATEMENT OF ALAN J. WHITNEY, EXECUTIVE VICE PRESIDENT, NATIONAL
ASSOCIATION OF GOVERNMENT EMPLOYEES

The National Association of Government Employees appreciates this opportunity to present its consideration of the present system of adjusting Federal salaries and suggestions for possible improvements. In addition, we wish to salute the chairman and members of the subcommittee for their dedication and leadership in this area of such deep concern to all Federal employees and the general public.

The groundwork for the present compensation system was laid by the Federal Salary Reform Act of 1962. The provisions of this act have paved the way for achievement of pay comparability—but only the spadework has been done—the tools of the system need much polishing and fine honing before true comparability can be realized.

The present system provides for comparison by the Chairman of the Civil Service Commission and the Director of the Bureau of the Budget of private industry and Federal Government salary rates based on annual Bureau of Labor Statistics surveys; solicitation of the views of employee organizations on the salary comparisons; and finally, a joint BOB-CSC report is submitted to the President to accompany his recommendation to Congress.

Within this structure we see need for improvement in the conduct and coverage of the BLS survey, the evaluation of the survey results, and the role the admin-

istration plays. Of further and deep concern to us is the timelag between the reference date of the BLS survey and the enactment of adjusted pay scales.

We have noted with disquietude changes in the BLS survey from year to year. Additions have been made to occupational groups, coverage has been extended to nonmetropolitan areas and to firms employing less than 250 people and having less than a 40-hour workweek. These determinations have been made by the CSC and BOB clearly without regard to the views of employee organizations. We note in Chairman Macy's testimony before this subcommittee the proposal to consult with unions before making any changes in the coverage of future surveys. This indeed can contribute to the pay comparability process since the unions, the pulsetakers of the Federal workforce, can relay to the Commission and the Bureau first-hand knowledge of new and changing occupations and responsibilities of the Government employee—a far sounder basis for change than unilateral administrative determination, and a more hopeful step toward realistic evaluation of private enterprise salaries.

The 1967 pay bill promises pay comparability in the last of three pay hikes for employees in July 1969. But from this point on will the Federal employees maintain salaries comparable to private enterprise or will they once again slip behind the pay scale for non-Government workers? We must establish methodology for maintaining pay comparability once it is achieved. One proposed solution is through permanent annual adjustments by the administration.

We believe such a proposal is feasible and possible through extension and refinement of the existing salary adjustment process. We recommend that the administration, within 90 days after completion of the BLS survey, propose and submit to Congress a new pay scale based on the survey data and consultation with representatives of employee organizations. Unless challenged by Congress, the recommended pay scale would then be enacted automatically into law within 30 days after submission, but be effective from the reference month of the BLS survey. This would considerably reduce the timelag and still provide Congress opportunity for final consideration.

We have noted from testimony before this subcommittee that the Commission has already rejected the suggestion to make the pay raise retroactive to the time of the BLS survey on the grounds that it would involve retroactivity to a past fiscal year and that this is not practicable. We recommend, therefore, that the survey reference date be moved from June to July, thus placing survey evaluation and salary adjustment in the same fiscal year.

NATIONAL FEDERATION OF FEDERAL EMPLOYEES,
Washington, D.C., September 25, 1968.

HON. MORRIS K. UDALL,
Chairman, Subcommittee on Compensation, House Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN UDALL: This is in regard to your letter of September 3, 1968, concerning the hearings held by your subcommittee for the purpose of examining the present methods for adjusting Federal salaries under the various statutory systems.

I am submitting for the record copies of my statements at congressional hearings relating to both the pay of classified employees and wage board employees. I believe you will find that these statements are full and detailed and reflect accurately the views of the National Federation of Federal Employees on the subjects.

In addition to these statements, I would like to add for the record that the NFFE feels there is too much lapse of time from the dates the surveys are made and the dates that findings are incorporated into Government salary increases. I also am of the opinion that the present pay systems are inadequate and outdated and that Federal salaries lag particularly in certain key grades.

Thank you for affording me the opportunity to submit the enclosures and the foregoing statement for the record.

Sincerely,

N. T. WOLKOMIR, *President.*

Enclosures.

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, ON H.R. 17783, TO PROVIDE AN EQUITABLE SYSTEM FOR FIXING AND ADJUSTING THE RATES OF PAY FOR PREVAILING RATE EMPLOYEES OF THE GOVERNMENT AND FOR OTHER PURPOSES, BEFORE THE HOUSE COMMITTEE ON POST OFFICE AND CIVIL SERVICE, JULY 1968

Mr. Chairman and members of the committee, my name is Nathan T. Wolkomir. I am president of the National Federation of Federal Employees.

The National Federation of Federal Employees is most appreciative of your particular interest in the new coordinated Federal wage system. The hearings scheduled are a clear-cut indication of this interest. If future hearings to hear employee organizations' reactions to this system are not presently scheduled, our organization would appreciate that the following statement and questions attached thereto be made part of the record. Much thanks for your cooperation.

The National Federation of Federal Employees, the oldest and largest independent general union of Government employees, has a long record of support for what is commonly termed "a universal wage board system of pay." At every national convention of NFFE for the past 20 years our delegates have unanimously passed such a resolution. The term "universal" is perhaps misconstruing. It merely indicated the need for a similar schedule for like skills in an area of survey regardless of agency concerned in said survey. We also recommended larger wage area considerations. At no time was it interpreted to mean an organizational reconstruction that would become unwieldy or top heavy.

During the past several months, we have received from the U.S. Civil Service Commission a series of documents involving the following:

FPM Ltr. No. 532-2 dated December 1967.—This document was received approximately 3 months after consultation with our organization advocating a previous program with which we had little argument. Subject FPM was a fait accompli with no consultation with our organization and came as a complete surprise. NFFE considers this a breach of faith and not in consonance with Executive Order 10988. In fact, it is considered nothing more than political acquiescence to AFL-CIO.

Group wage areas—Southeastern States.—This document was received in our headquarters on February 2 after a rush telephone call from the Civil Service Commission the night before. We assume that this, too, is considered by the Commission to be true consultation. Other wage areas were received later. There was no consultation with NFFE.

Civil Service Commission Handbook X-118C (Job Element Examining Handbook).—This handbook involves employment and promotion procedures and principles concerning employees in trades, crafts, and labor positions. The Commission proudly stated in the forwarding letter that it was developed after more than 10 years of research and actual use.

Although the above mentioned handbook is not to be confused with the coordinated wage system, it is concerned with qualification requirements for employment and promotion. All of the three, of necessity, must be reviewed, coordinated, and interpolated in order to possess profound understanding of the entire wage board system in government as proposed. The National Federation of Federal Employees, consequently, performed an in-depth analysis and to our dismay found trends so evident and obvious that we consider it a responsibility in the public interest to call it to your particular attention and to the attention of your committee.

By way of general information, we itemize the following: Recent surveys indicate that approximately 48 percent of all employees are under the general schedule; 23 percent are under the wage board rates; 24 percent are under postal field service schedules; and 5 percent are under the other rate schedules (these are approximate but close percentages as of this date).

It is also indicated that approximately 75 percent of all 800,000 blue-collar workers in Government are employed in the three military departments. This factor is most important because of the wage survey areas determined by the new coordinated system. Why then is there in true justice so much fanfare for the 24 percent under the postal field service with a lack of service to the other 76 percent. The five most popular job categories were: Mobile industrial equipment operation and maintenance, manual labor, fixed industrial equipment and maintenance, warehouse, and services.

The above is also of major concern because of the type of industries to be surveyed under each survey area under the new system. With the above background in mind, we call to your attention direct matters that should be questioned in connection with the Civil Service Commission coordinated wage board plan.

The pattern emerging in the major industries of auto, airline, steel, meat-packing, and others, points to a national wage rate. The structure of rates throughout the country in other industries reflects a narrowing of the differential in the various geographical locations. These trends give us reason to believe that the wage rates for all employees will ultimately equalize and that the committee should consider this trend in its consideration of a uniform wage system.

We are of the firm conviction that a congressional enactment is necessary to establish proper guidelines for a uniform program that will assure good planning, administration, and fair representation to employees and employee organizations.

It is important to first consider whether the current trend in wages is toward a national rate rather than a local or geographical wage pattern. This should be considered in terms of the current diversity of locality wage areas, its difference and administration and arbitrariness of boundaries as well as the sociological implications which result from employees in different parts of the country receiving differing rates.

In our previous testimony concerning salaries and wages, we urged the conversion of all service-type positions such as cleaning laborers, laundry and food service workers, to the general schedule under the Classification Act. All of these categories of position were under the Classification Act about 10 years ago. Their exclusion from the act has led to many diverse wage plans within the Federal service and resulted in tragically depressed wage rates. This further resulted in the placing of Government employees under the minimum wage laws applicable to private industry due to the below-poverty rates set by the various wage plan systems of such agencies as the Veterans' Administration, General Services Administration and the Health, Education, and Welfare Department.

We are further confronted with the fact that Post Office cleaning laborers and other occupations are now under a classified postal schedule. These positions are in no way coordinated with their counterparts in the Federal wage board system. This means that a cleaning laborer or elevator operator in a post office building will have a totally different wage rate system than the employee performing the same duties in the same or adjoining building.

The placement of blue collar positions of the service-type category under the Classification Act would enable the Government to become a model employer for the private sector as it once was and thus furnish leadership to the country for decent wages in low-pay areas of the Nation.

It would be misleading to identify employees in a recognized trade or craft, etc., as prevailing rate employees since the current combination of a job classification system as well as the wage-gathering and setting techniques utilized do not produce prevailing wages. We note with interest that H.R. 17783 refers to prevailing rate employees and not wage board. Prevailing rate means that a Federal employee would receive the same wage as an employee in a private sector performing the same job. This does not result from the present system. Our organization has negotiated rates for employees based on true prevailing rate concept. Such rates differ markedly from the current wage board system administered for the various Federal agencies and now in the throes of coordination. This has special significance in connection with section 7B of the bill in that some type of negotiations are contemplated to bring the true prevailing rate concept under the coverage of this act.

Paragraph B (of section 5344 of H.R. 17783) provides the Civil Service Commission authority to change the grades established by the various agencies, however, it does not afford protection to employees who are victimized when a position is downgraded. This would perpetuate a vicious practice which prohibits an employee from feeling secure in his grade. This paragraph should be amended to provide grade integrity for so long as an employee serves in a position.

We believe that the Civil Service Commission should be the technical arm of the wage board system and that the Federal Prevailing Wage Advisory Committee assigned the responsibility as set forth in sections 5343, 5344, and 5345, and truly be the authoritative arm.

These sections constitute the actual establishment of the boundaries of local wage areas and the prescription for conduct of surveys as well as the construction

of job standards, titles, and grades. It is our sincere belief that such responsibilities can be assumed most effectively by the wage board committee. The role of the Civil Service Commission should be to provide the technical assistance required to carry on the program. Heretofore, the various agencies established their own procedures. The failures arise from the fact that the plans of the various agencies were not coordinated. The bill would permit such coordination and more importantly would allow the employee organizations to share meaningfully in the determination of policy. In other words, the Civil Service Commission would continue with the technical features and administration of the program provided by the Federal Wage Committee. The bill, as it now stands, grants only advisory responsibilities to the committee and in large measure reflects a post review of the program which would be untimely. It is essential that the Federal Wage Board Committee actively participate in the development of the program on a long-range as well as a day-to-day basis.

The bill does not set forth nor define the responsibility of the lead agency. It would be desirable to set forth in some detail how a lead agency would be chosen and what its function and responsibility would be and its relationship with the Federal Wage Board Committee. In addition, the responsibility and definition of the local wage board group should be defined and clarified to reflect active participation by employee organizations having substantial membership in the locality. Such provision should assure that all organizations having a substantial interest in representing the employees in a particular area are afforded the opportunity for representation. Current plans in effect have tended to foreclose the opportunities for such representation on the premise that only the largest organization may speak for the employees. This defeats the purpose of good and democratic representation for employees.

In actuality, it is the NFFE contention that the Civil Service Commission is playing a gambit with our prevailing rate employees. With AFL-CIO agreement, they gave way to monolith control and used "exclusives"—and the members represented under said exclusive recognitions—to determine representation of employee organizations both on the Federal and agency wide wage board committees. The highly concentrated populations of said recognitions and those they represent, the diversity of representation, and past contributions were completely ignored and a mockery made of true democratic representation.

In view of these statements, we offer the following considerations, Mr. Chairman, to you and this esteemed subcommittee.

Barring the Classification Act concept for all prevailing rate employees, it is a matter of historical record that both when the Classification Act of 1923 was adopted and subsequently whenever that act has been substantially amended, large groups of employees have been arbitrarily exempted from inclusion under the act by reason of objection of certain AFL private sector craft unions. Then as now, however, there were persuasive reasons, both from the standpoint of the Government and of the employees, why those employees actually should be under the Classification Act and receive its benefits; and the Government the obvious benefits of better and more uniform administration. While AFL-CIO opposition continues, it is appropriate for the subcommittee to bear in mind, for purposes of a sound perspective, this pertinent background, since it has a very distinct bearing upon the present plight of wage board employees and the entire wage board system.

The major elements of consideration should be:

(1) The Federal Wage Board Committee should meet weekly during the first year of activity and monthly thereafter. Employee-representative members should receive the sum of \$100 per day when attending meetings or in the performance of duties assigned by the committee. We believe that their services are in the public interest and they should be compensated for such efforts. Any agency or employee organization showing substantial interest by virtue of the number of employees or members affected may serve as an observer at committee meetings.

(2) Section 5345(B) (5) pertaining to step increases should be amended to provide for an additional four steps with a waiting period of 1 year for each successive step until the seventh step is reached. Wage board employees should, through experience of work, be rewarded. To do otherwise would place them at a disadvantage to salaried employees in the Federal and post office service whose wage and salary structure provide for 10 steps.

(3) Section 7(A) should be amended to read that any employee affected by the adoption of a new system should continue to receive wage increases generally received for other employees in the wage area and that the rate for the position should not change until such time as the position is vacated.

(4) We urge that the advisory committee be retitled and defined as a planning

and operational committee with the Civil Service Commission serving its technical needs.

(5) The bill should be amended to carefully distinguish between prevailing rates and the current system of establishing wage rates.

(6) The distinction between a classified employee and a wage board employee is quite subtle. The general distinction that is made is as to whether the paramount requirement of the position is knowledge of the trade or administrative skills. At the supervisory levels, the distinction between a GS employee with responsibilities for a maintenance repair or construction operation are quite similar to a supervisor in charge of wage board employees and arbitrary determinations are made to place one in a GS category and the other in the wage board category. This is equally true with regard to technician and inspector positions. There are a number of wage board technicians such as electronic and radio who for arbitrary reasons are placed in either a wage board or general schedule category.

Question: Would it not be preferable to avoid the confusion of having virtually similar jobs with substantially the same qualifications in one category and should that category be the general schedule?

It has been the practice in the Federal services, especially within the past years, to emphasize the need of mobility especially in the supervisory positions. Due to reorganization of Government installations, a wage board supervisory employee when moved to another part of the country finds that his wages have been cut.

Question: Does the use of a general schedule which provides for a national pay rate eliminate the difficulty in the relocation of employees, particularly, supervisory as they move from one area of the country to another?

The coordinated wage plan includes within its provisions compliance with the Fair Labor Standards Amendments of 1966. Currently, the minimum wage is \$1.60 per hour. The current minimum rate for GS employees is \$1.87. In the postal field service schedule, the minimum rate is more than \$2 an hour. In other words, the coordinated wage plan is not coordinated with the GS schedule or the postal field schedule although the requirements and duties of employees in the lower grades are at the same level. For example, the cleaner of a postal building may receive 40 or 50 cents an hour more than the cleaner of a GSA-maintained building or a defense installation building.

Question: Why should not all employees in the custodial, food service, laundry and related occupations be placed under the general schedule so that the Government will pay a decent wage for such employees and set the standard for the private sector? Must the Government impose rules upon itself such as the minimum wage rate laws? Would it not be preferable to place all such employees in a general schedule?

The Federal coordinated wage plan includes within its concept several hundred wage locality areas. In the past, geographic boundaries have been the subject of frequent dispute. In other words, one side of the river may encompass one wage area and the other side the other.

Question: Is the establishment of this large number of wage locality areas realistic or scientific and does the change in regional complexes constantly affect the locality? Is this another reason for greater consideration for a national plan?

Within the classified schedule, the Civil Service Commission has the opportunity and frequently increases rates for special categories of positions or special localities in the country.

Question: Is not the establishment of a national rate with exceptions for areas of the country and occupations a more manageable method to permit differences which may exist at any given time?

Under the plan the organization having the greater number of employees organized in a particular area has the sole right to participate in the wage determination process. In that same area, another employee organization may have exclusive recognition at a particular installation.

Question: Is it desirable to foreclose a local organization from participating in the wage determination process when it has exclusive recognition and has negotiated an agreement which includes participation in the wage rate process?

It is recommended further that the Civil Service Commission be questioned directly on the contents of FPM Ltr. No. 532-2 because it is considered that these questions would lead to whatever rationale the Civil Service Commission and its Task Force may have utilized in developing the proposed program. All questions are enumerated:

(a) Do you have any figures as to the overall administrative cost to the Government of the coordinated federal wage system?

(b) Do you have any figures as to the overall administrative cost to the Government of the Federal installations or activities which will be responsible for determining pay category, titles, codes, and for applying job grading standards, etc.?

(c) Do you have any figures as to the administrative cost to the local host installations of the lead agencies which provide the facilities and clerical assistance for the local wage survey committees?

(d) Do you have any figures as to the administrative cost of the local wage survey committees?

(e) Do you have any figures as to the administrative cost to the lead agencies? (The total overall administrative cost might have some bearing on the desirability of the coordinated Federal wage system as proposed.)

(f) What were the considerations for determining the makeup of the local wage survey committee? (All members are Federal employees. One member is recommended by the labor organization having the largest number of wage board employees under exclusive recognition in the wage board area, and designated by the agency.)

(g) What were the considerations for determining the makeup of the agency wage committee? (Two members are designated by the head of the labor organization having the largest number of wage board employees covered by exclusive recognition in the lead agency.)

(h) Kindly state the reason or reasons for the difference between the local wage survey committee wherein the designated member is recommended by the labor organization having the largest number of wage board employees under exclusive recognition in the wage board area and the agency wage committee wherein the members are designated by the head of labor organization having the largest number of wage board employees under exclusive recognition in the lead agency?

(i) Cannot there be a labor organization having the largest number of wage board employees under exclusive recognition with two or more agencies in the same local wage board area?

(j) Would it not be more equitable to have as members of the agency wage committee members of the labor organization having the largest number of wage board employees covered by exclusive recognition in the local wage board area eliminating the lead agency control? Would this not be more democratic and bring representation down to the lowest field level?

(k) How are the local wage board areas determined?

(l) Are they different from the present local wage board areas?

(m) What were the criteria used to determine the new wage board areas? How many surveys were eliminated, there were approximately 300 before? It is noted that the proposed ratio between the AFL-CIO and independent labor organization members on the national wage policy committee is 4 to 1. If the national wage policy committee were increased, to say six members designated by the Chairman of the Civil Service Commission and four members from the AFL-CIO and two members from the independent labor organizations the ratio would be 2 to 1.

(n) Would this not be a more representative composition of the national wage policy committee? They (independents) claim at least 20 percent of total 800,000 as members according to latest, not 1966 figures. It is to be remembered that the other 80 percent are predominately represented by councils of affiliated unions within the AFL-CIO, and not by individual unions per se. We strongly suspect that much of wage area determinations were receptive to this sort of organization in both the determination of the area itself and the council type union representation. (The NFFE maps can illustrate this point if the committee considers it important enough to investigate.)

(o) Will the salaries of the wage board employees in the lower grades in the custodial, laundry, and service rate schedules fall short of the pay received by GS employees in the lower grades?

(p) Have private sector unions interested themselves in the welfare of these employees?

(q) Can you assure us that the pay of these wage board employees will not fall short of the pay of the GS employees of the same grades? (A few years from now, according to present trends of salaries, the salaries in the private sector in all

areas will be close so that a national wage plan rather than a locality wage plan will become absolutely essential.)

(r) Has consideration been given to a national wage plan?

(s) If not, can you tell us the reason why a national wage plan has not been considered?

(t) Will there be sufficient qualified data collectors from among the Federal employees recommended by local Government activities?

(u) Have the advantages and disadvantages of establishing local wage board areas by States been weighed?

(v) By regions, consisting of several States?

The National Federation of Federal Employees has on record for the committee's consideration a complete map breakdown of wage survey areas by State for ready identification. This was done in order to compare past survey practices and areas with the proposed, identify the industrial complexes within said areas, and analyze a possible gerrymandering of areas for various reasons. Discussions with Government agencies has revealed their dissatisfaction with some of the proposed survey areas because of possible downgrading tendencies and other ramifications which should be discussed.

We express the appreciation of all of our members to you, Mr. Chairman and the subcommittee, for the initiative that is taken in calling a hearing on the coordinated wage board plan and again putting the spotlight on a very serious situation that has existed in Government for a good many years.

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, AT HEARINGS OF THE SUBCOMMITTEE ON COMPENSATION, OF THE HOUSE COMMITTEE ON POST OFFICE AND CIVIL SERVICE ON H.R. 8261, TO ADJUST THE RATES OF BASIC COMPENSATION OF CERTAIN EMPLOYEES OF THE FEDERAL GOVERNMENT, JUNE 20, 1967

Mr. Chairman, the National Federation of Federal Employees is grateful for this opportunity to comment on H.R. 8261 containing the administration's plan for at long last allegedly honoring its commitment to pay Federal employees salaries comparable to those paid in private enterprise.

Secretary of Labor W. Willard Wirtz in a recent address stated, "The Nation's habit, like that of most people, is to put off facing up to hard problems, even as they get worse and worse, until something or other suddenly forces them on our attention.

"It comes as a shock to learn that one out of every six employees in this country is today on a public payroll.

"It comes as an even greater shock when some group among these 10½ million Government employees . . . suddenly decide to use their power to do what the other five out of every six employees are recognized as entitled to do as a matter of right.

"What is the most astonishing of all is the growing realization that these 10½ million men and women are employed today on terms dictated by dogma traceable directly to the medieval doctrine of the divine right of kings, and that employment relations in most public agencies in this country are 30 years behind those in private employment."

There is a direct correlation between this sage statement and the subject at hand, Mr. Chairman. Let us not forget the 24 percent turnover last year, of Government employees in the Federal sector.

This esteemed committee has heard many protest statements from other unions on the administration's pay plan. Like a poker game with all deuces and Jacks wild, the chips, of "inadequate, unacceptable, meager, and vindictive" and further wild bidding and overraising have prevailed.

The President in his pay message to Congress in April 5, 1967, stated:

"Today I ask Congress to take steps to help bring about these improvements: Increase the salaries of employees. In America we demand the highest level of excellence in the public service. If we expect high quality, we must be able to attract and keep highly competent career employees. Yet, we fall far short of comparability with private industry. To close this gap in 1 year would require an average pay increase of 7.27 percent."

The President then recommends a 4.5 percent pay increase effective October 1, 1967.

The NFFE position is a constructive attempt to meet these problems head on and still will not endanger our unparalleled economic prosperity.

After studying H.R. 8261 and the testimony of Chairman Macy and Director Schultze, I am forced to the conclusion the administration's proposal is unrealistic. I think the phased approach is sound but both the timing and the amounts of increases proposed by H.R. 8261 simply do not accord with the economic facts of life. In substance, H.R. 8261 proposes an average increase of 4.5 percent effective October 1, 1967, to be followed by average increases of at least 6.5 percent each on October 1, 1968, and 1969.

Even so, Federal salaries still would not be comparable with those paid in private enterprise in 1969, only with those paid in June 1968.

Notice the amount of increase proposed for this year is approximately two-thirds those for 1968 and 1969. Yet, Budget Director Schultze dwelt at some length on the dangers of cost inflation which could result from excessive pay increases throughout the economy, with the clear implication that an increase significantly larger than 4.5 percent at this time could result in self-defeating cost inflation. Yet in a previous paragraph he acknowledges consumer prices have moved up more slowly than previously and that a much better economic balance has been achieved.

Given these circumstances, the time for the largest increase is now, with the smaller increases to come in the uncertain future. Further, the larger increase should be made retroactive to January 1, 1967, with the subsequent increases coming each 6 months thereafter until comparability is achieved.

This would space the increases over several fiscal years yet have all of them effected prior to the election of the next Congress. But most significantly, the largest increase would be effected at a time when the economic circumstances are known to be favorable for such increases.

Furthermore, if an increase significantly in excess of 4.5 percent would feed the fires of cost inflation under the circumstances existing at the time Budget Director Schultze made his statement, I wonder what kind of an economic situation he visualizes for October 1968 and October 1969 when increases significantly larger than 4.5 percent are contemplated by H.R. 8261?

There is still another factor which makes it essential that the largest increase of the increases contemplated under the phased approach be enacted in 1967. This is the recent pronouncement by administration economist, Gardner Ackley that the Government plans a revival and strengthening of its wage-price guidepost policy. On May 2, 1967, speaking before the American Society of Business Writers, Ackley said the guidepost policy will be revived because the present breathing space in inflationary pressures will not last forever. We saw the Federal employees, with the concurrence of many of their so-called leaders, victimized in 1966 under the guise of wage-price guidepost policy. The best way to avoid a repetition is to enact the largest increase now so that future increases can come within the wage-price policy of the future.

It was with these economic facts in mind, that I urged in my letter of February 15, 1967, to each Member of Congress, the enactment of an increase of 7.5 percent retroactive to January 1, 1967, followed by an increase of 5 percent effective July 1, 1967, and each 6 months thereafter until current comparability is attained. Mr. Chairman, I respectfully request that a copy of that letter be made a part of the record.

Applying this policy to the data provided by table 1 in Budget Director Schultze's prepared statement, the January 1, 1967, increase would bring employees through GS-8 into comparability with the March 1966 data, while the July 1, 1967, increase would bring positions through GS-15 into comparability, again with March 1966 data. The increase for January 1, 1968, would bring employees in grades GS-16, 17, and 18 into comparability with March 1966 data plus update for all grades the estimated increase in salaries in private enterprise from March 1966 to January 1968.

The total increase represented here compares favorably with the increase of 17 percent which H.R. 1372 proposes for junior grade nurses in the Veterans' Administration. H.R. 1372, which I strongly support, is being considered by another committee of the House.

Mr. Chairman, while we think these percentages are realistic, there is nothing magic about them. The salient factors are (1) get as much of the way toward comparability as economically possible before the administration reimposes the guidepost policy, (2) spread the cost over more than one fiscal year and (3) attain

comparability during the 90th Congress. And frankly, I do not believe the program projected by H.R. 8261 ever would be effected if left to the schedule proposed therein. For 5 years we have had little more than cost-of-living increases. And now at a time when there admittedly is a breathing space from inflationary pressures, to propose an increase of only 4.5 percent does not auger well for larger increases in the future.

Postponing the achievement of comparability until October 1969 will serve to discourage optional retirements by several years. As you know, the higher the average salary the higher the annuity, so with increases of up to 20 percent forecast in the next 2 years, it will be tempting to remain in service to get the benefit of the higher salaries.

Mr. Chairman, during the course of these hearings, administration spokesmen have insisted they could not come up with current data on salaries in private enterprise. I have a suggestion which I believe will reflect the private enterprise salary rates with usable accuracy and still eliminate at least 12 of the 15 months of lag.

Since 1961 the Bureau of Labor Statistics has ascertained the percent of change in average salaries for a variety of occupational groups in private enterprise. These occupational groups fall into one of three levels (1) clerical and beginning technical; (2) entry and development professional levels, advanced technician levels, supervisors of nonprofessional levels; and (3) fully experienced professional working levels, supervisors of professional levels, and program administrative levels. The data has formed the basis for construction of the paylines submitted to the Congress in support of the administration's salary proposals for the Federal employees. Over this period, sufficient information has been developed that, given current valid data on the salaries paid in private enterprise for the entry and development professional level (GS-5 to GS-7), a payline could be constructed accurately reflecting the salaries paid in private enterprise for the clerical and the fully experienced professional working levels.

For some years the College Placement Council, Bethlehem, Pa., has been collecting data on salaries offered, and the acceptance salaries to graduating college seniors, masters, and doctoral graduates. The data is collected each spring and the results made available toward the end of the academic year. The data covers all parts of the United States and all major occupations. So far as I know, the data is recognized as validly representing the salaries in effect that spring. With this data as the foundation, and drawing upon knowledges available from the earlier studies by the Bureau of Labor Statistics, a payline with a high degree of probability of being accurate could be constructed for the entire general schedule. Such a task should take only a short time, with the payline available for presentation to Congress by midsummer. In place of being 15 months out of date, the payline would be based on information current literally to within weeks.

And if the Congress were to give to the President authority to propose Federal salary changes similar to the authority already given to the President by the Reorganization Act of 1949, 5 U.S.C A 133, the Federal employees could, by each fall, have salaries comparable to those paid in private enterprise the preceding spring.

Mr. Chairman, getting agreement on a schedule for achieving comparability of pay for the Federal employees is a must. But there are related aspects of Federal compensation which also require attention. Among these is the inequity resulting from application of section 5303 of title 5, United States Code. Section 5303, in addition to other things, authorizes the Civil Service Commission to set entrance salaries as high as the seventh step when pay rates in private enterprise for an occupation are so substantially above the first step rates as to handicap recruitment or retention of staff. For the most part the resulting salary increases have been in the middle grades GS-5 to 11. This in turn has narrowed the salary differential with the higher grade employees in the same occupations. In numerous instances, subordinates whose salaries have been moved to the seventh step due to implementation of section 5303, are receiving higher salaries than their supervisors. You know how that makes the supervisors feel. This inequity should be eliminated by amending section 5303 to authorize increases for the entire grade structure in a stated occupation when the Civil Service Commission determines the salaries for one or more grades in the occupation are so far below private enterprise salaries as to handicap recruitment or retention of staff. By further amending section 5303 to permit the Civil Service Commission to pay up through the tenth step judicious use of section 5303 could bring salaries close to comparability for those occupations where the salary lag is most critical for the Government.

Another inequity is the meager pay received by many employees in wage board grades 1 through 4 in the custodial, laundry, and service rate schedules. The inadequacy of these rates in most communities is well known. If and when the U.S. Civil Service Commission issues a single wage board program no doubt the resulting rates will improve the lot of these unfortunates somewhat. But I am certain most of the new rates, if a single wage board plan is ever adopted, still will fall short of the salary received by general schedule employees in grades 1 through 4. Surely it was not the intent of Congress, when it excluded certain positions from the general schedule, to thereby penalize the employees.

Rather the argument was that such employees probably would receive higher salaries since they would be comparable with the salaries paid in private enterprise. For those on the regular schedule, and in WB-5 and up on the custodial, laundry, and service rate schedules, this has been largely true. But it is far from true for most of those in WB-4 and below in the stated schedules. The increases which will result from bringing the general schedule rates into comparability will add to the existing unjustified inequity. Mr. Chairman, I am convinced the only sound solution to this problem is to take these positions out of the wage board schedules and place them in the general schedule. I recommend section 5102 of title 5 United States Code be amended accordingly.

Another inequity which cries for corrective action is the practice of demoting employees for alleged errors made in classifying the positions some time earlier. This includes both general schedule and wage board positions in both lower and middle range grades. The duties and classification standards have not changed, but the agency has changed its evaluation of the duties. When challenged about such actions, the agencies piously recited subsection (1) of section 5301, title 5, United States Code which provides that there be equal pay for substantially equal work. They neglect to recognize section 5301 contains a second and equally important subsection which provides Federal pay rates be comparable with private enterprise pay rates for the same levels of work. Agency refusal to recognize the existence of this subsection and to retain the employees in their grades is especially cynical as there is a strong presumption the classification errors would not have been discovered if it had not been for the enactment of subsection (2) of section 5301.

The Bureau of the Budget in Bulletin No. 65-10, dated June 10, 1965, reports Congress, after enactment of subsection (2) as noting "there no longer remains any justification for the continuation of the inflationary trend of upgrading of positions under the Classification Act." Following the issuance of Bulletin 65-10, not only did the agencies become more conservative in the classification of new positions but they began discovering "errors in the classification" of positions classified years earlier. As a result of these so-called errors literally thousands of employees have been demoted even though they are not receiving the comparable salary used as justification for the more conservative application of the classification standards.

Mr. Chairman, in my opinion, this indefensible breach of faith is evidence the agencies lack the judgment to be trusted with unrestricted authority to change the grade of positions. Accordingly, I recommend section 5107 of title 5, United States Code, be amended to prohibit downgrading of a general schedule position except when there is an affirmative showing that a material change of duties has occurred during the occupancy of the position by the then incumbent employee. Wage board employees should receive similar protection through the addition of another section to chapter 53, title 5, United States Code.

I wish to add Mr. Chairman, these demotions constitute another reason why it is essential that comparability in salaries be secured at the earliest date possible. If the employees are to continue to have their positions classified on the basis of comparability in pay then they should have comparability of pay in fact.

Another compensation problem requiring congressional relief is the practice of many agencies to still require employees to travel on their own time. One of the more glaring illustrations is a Department of Defense agency which has several teams of up to six employees each of whom spends up to 70 percent of this time in travel status. The teams are required to assemble at or near the agency on a Monday morning, drive up to 400 miles to the place of temporary duty, work 40 hours, and drive back to the home agency by not later than 6 o'clock Friday evening. The employees receive per diem but where they have to donate so much of their time getting to and from the temporary duty stations week in and week

out, this is meager recompense. Another Department of Defense agency requires 150 employees to report to the agency by 7 a.m. on a Monday morning to check in and board a 7:30 a.m. DOD plane which flies them to an island 60 miles away. Here they work 40 hours and then are flown back to the agency on Friday evening where they again must check in before going to their homes. If the Friday plane fails to arrive at the island, the 150 employees are required to remain on the island until Saturday afternoon. While on the island the employees occupy Government quarters for which they are charged approximately the same amount as they receive in per diem. Again, this is a week after week situation; in fact these employees work full-time on the island.

Mr. Chairman, these employees and the many others who similarly are called upon to devote substantial amounts of personal time getting to and from temporary duty stations are entitled either to compensation for or be relieved of having to devote their personal time to traveling for the benefit of the Government. I believe this can be accomplished by amending section 5542(b) (2) of title 5, United States Code to read:

"(2) time spent by an employee reporting to his agency, or to a place agreeable to his agency, and then travels to another site or sites for duty, temporary or otherwise, and returns to the place of departure, counts as duty time, and compensation for hours outside of the eight hours of his regularly-scheduled workday shall be at overtime rates."

Other employees who continue to receive inadequate salaries are the clerks in local and appeal boards within the Selective Service System. At hearings on H.R. 14357 in the last session of Congress, it was established that the nearly 4,700 full-time compensated employees perform the supportive work for the approximately 33,000 uncompensated members of the boards, or one compensated employee for eight uncompensated employees. This means they are office managers, responsible for the multitudinous details required to carry out the mission of Selective Service quickly and above all accurately. Yet they receive less compensation than employees of the Social Security Administration, Public Health Service, and other equally community-conscious agencies. It is obvious the Selective Service System is going to be with us for some time to come. It is equally obvious the Selective Service clerical employees are entitled to the same rate of pay as employees doing comparable work in other Federal agencies. The record also established this will not come to pass until the clerical positions in the Selective Service System are placed under the Classification Act as are the positions of most of the other agencies. Mr. Chairman, I recommend chapter 51 of title 5 of the United States Code be amended to extend the Classification Act to the clerk positions in local and appeal boards within the Selective Service System.

Still another instance of inequitable treatment is the matter of paying for safety shoes. In most agencies when the duties require the employee to wear safety shoes, the agency provides them at no cost to the employee. However, at least one agency requires the employee to pay for his safety shoes even though the agency requires the employee to wear them. Mr. Chairman, I recommend that all agencies be directed to provide all required special protective clothing, including safety shoes, at no cost to the employee.

Recently an increasing number of agencies have placed more and more employees on uncommon tours of duty. All kinds of justifications are given for this recent development but in my opinion the primary reason is to cut down on the use of overtime. I think it is more than a coincidence that this practice took place shortly after the executive branch directed that paid overtime work be reduced. Whatever the explanation, the employee is the one who has to pay the cost of the extra trips to work, as well as the other costs and dislocations incident to having to work uncommon tours of duty. One remedy, as I see it, is to amend section 6101 of title 5, United States Code to require that the workweek be performed within a period of not more than 5 consecutive days and the 2 days outside the basic workweek are consecutive. Another, is to reimburse the employee for the disruption to his life resulting from the rescheduling of the workweek to avoid payment of overtime. At present, under certain conditions an employee may receive premium pay of 25 percent for Sunday duty. I recommend Sunday premium be increased to 30 percent and employees working Saturday duty be paid a premium of 20 percent. H.R. 1369 proposes such premium rates for nurses in the Veterans' Administration. These premiums, along with a proposal for a differential of 15 percent for evening and night duty, are being considered by another committee in the House. I recommend that these premium rates be adopted for all Federal employees.

Section 5335 of title 5, United States Code pertaining to periodic step increases, among other things, requires that the employee's performance be of an acceptable level of competence as determined by the head of the agency. The ostensible reason for this provision was to increase the productivity and performance of employees. With the objective there can be no quarrel. But based on the experience of NFFE, this has degenerated into one of the most vicious debilitating tools of management. The absence of statutory standards permits an agency to use almost any criteria which happens to come to mind and the employee is guilty until he proves himself innocent, however flimsy the standard against which his performance supposedly is measured. As a consequence, the tool has, in too many instances, been grossly misused. It is my considered opinion the misuse of this tool has hurt production far more than it has helped. The longer the requirement continues the more widespread and vicious the abuses that flow from its misuse. Mr. Chairman, I earnestly recommend this requirement be eliminated, and the quicker the better.

I have one final problem pertaining to compensation which I wish to bring to your attention. That problem is the one of granting administrative leave to employees who are representatives of Government employee unions while they attend training sessions in union-management relations conducted by employee unions. Agency officials are receiving extensive training in implementing the provisions and policies of Executive Order 10988 and they are receiving this training at Government expense. Yet union members who meet and negotiate with agency officials and therefore require comparable training, are severely restricted in the amount of training they can receive on duty time. The Comptroller General issued decision number B-56287, dated July 12, 1966, on this subject but it is filled with ambiguities.

Mr. Chairman, I urge this committee to make it clear that it is as much in the public interest for union negotiating officials to be knowledgeable in the provisions and policies of Executive Order 10988 as it is for the agency officials to be so knowledgeable. Ignorance and misunderstanding creates distrust and antipathy rather than the mutual cooperation and understanding required by the public interest.

Gentlemen, you are nearing the close of some of the most spirited and comprehensive hearings ever on Federal employee pay legislation. In part this has been due to the obvious inadequacies of the administration's recommendations. But, as I have followed the hearings, I believe an equally important factor has been the sincere interest evidenced by the members of the subcommittee to seek sound, long-range solutions to pay problems which have become progressively more acute as they have been repeatedly postponed for reasons which are of dubious validity. As difficult as it may appear now, I am confident you will develop solutions which reasonable men can and will support. On behalf of the National Federation of Federal Employees, I express to the chairman and members of the subcommittee our thanks for the opportunity to present our ideas on these complex problems.

NATIONAL FEDERATION OF FEDERAL EMPLOYEES,
Washington, D.C., February 15, 1967.

DEAR CONGRESSMAN: Upon the opening of the present session of Congress I forwarded to you, on behalf of the NFFE, a statement of our organization's top-priority legislative objectives, designed to improve the Federal civil service system across a broad spectrum, to better employee-management relations in the Federal service. The response to that presentation, I am very glad to report, has been very favorable and we are hopeful that this session will produce positive results in the way of legislation enacted in this area.

In submitting to you our statement of major objectives we indicated that from time to time we would supplement it with specific proposals upon the several issues cited. Because of its great importance, and because the matter will be before both Houses perhaps at an early date, we are forwarding to you herewith a statement I have issued which contains the key proposals of the National Federation of Federal Employees on the subject of pay in the Federal service.

In brief, it calls for a phased program to achieve pay comparability—a goal already set by the Congress in the Federal Pay Reform Act of 1962. Our plan, we believe, is sound, logical and prudent, and it takes into full account both the need to attain comparability at the earliest feasible date and at the same time

it has proper regard for the budget exigencies arising out of the Vietnam conflict. Moreover, the NFFE proposal if enacted, would move substantially toward reducing the sharp and damaging comparability gap in the vital middle and upper grades and at the same time would provide much-needed increases in the lower grades where the cost-of-living problem is most stringently acute. Additionally, and of great importance, our plan also calls for sound and long overdue remedial action with respect to wage board employees and wage board pay administration.

We are convinced that if the principles set forth in our pay proposal are incorporated into the pay legislation to be considered and acted upon at this session, the national interest would be well and soundly served. We therefore bespeak your interest and active support.

Yours sincerely,

N. T. WOLKOMIR, *President.*

Enclosure.

NATIONAL FEDERATION OF FEDERAL EMPLOYEES NEWS RELEASE

The National Federation of Federal Employees will ask Congress to adopt legislation at this session calling for a phased series of pay adjustments designed to achieve full comparability within the immediately foreseeable future, and also taking into account the budgetary problems arising out of the Great Society and Vietnam war needs, it was announced today by NFFE president, Nathan T. Wolkomir.

"The NFFE pay plan is carefully designed to bring about the vital objective of comparability, to improve the Government's capacity to both secure and retain qualified employees in the key middle and upper grades, and at the same time to give essential increases to low-paid employees who are suffering most acutely from the constantly rising cost-of-living. Moreover, our plan has been drafted with full recognition of the tight budgetary situation resulting from the Vietnam war and the understandable desire of both the Congress and the Executive to keep the budget deficit at the lowest feasible point," President Wolkomir said.

"The NFFE plan calls for an effective date retroactive to January 1, 1967. It calls for a 7½ percent cost-of-living increase for all grades at that time. An additional 5 percent increase should be accomplished semiannually (July 1 and January 1) until full grade comparability is attained. Each January the then current comparability gap will be added to the 5 percent.

"Thus the lower grades should obtain comparability by January 1, 1968, and the upper grades by January and July of 1969.

"This move for comparability can be enhanced by congressional legislation at earlier dates if the Vietnam budgetary needs are drastically reduced before the 1968 and 1969 dates or if pay in the private sector reveals a further gap in comparability.

"In order to achieve cost of living comparability NFFE proposes an automatic cost of living rise, similar to the cost of living increases for Government retirees.

"Ever since adoption of the comparability provision in the pay act of 1962, efforts have been made, without success, to implement it fully and thus to give the Federal Government the sinew it needs to recruit and retain qualified employees. Each successive pay law since then has fallen short. We believe that the time has come for Congress to exercise vigorous leadership and in this session to enact a pay bill which will in a very practical way carry out the comparability provision adopted 5 years ago.

"In this connection it should be noted that not only is the Federal Government lagging in its pay policies but Federal employees are working many hours longer weekly than their counterparts in the private sector. Fringe benefits are substantially less also in most instances. For example, in the private sector many employees receive cost-free insurance coverage and are the beneficiaries of non-contributory retirement plans."

In addition to its phased pay plan for classified employees, the NFFE will call on Congress to enact legislation to benefit wage board employees and to improve the administration of wage board pay. It will include provisions calling for the placing of the first four wage board grades under the Classification Act, longevity pay for all wage board employees, and a unified system of wage administration to eliminate many present inequities.

"The time is long overdue for the Federal Government to exercise positive leadership in all areas of personnel policy and there is a splendid opportunity

to begin here and now with genuinely progressive legislation on pay in this session of Congress.

"Our many contacts with Members of Congress indicate that the legislative branch is far ahead of the executive branch in its determination to move the Government ahead and to achieve comparability now instead of just talking about it as some vague future objective.

"We believe that our program is sound for all employees in all grades; and sound from the standpoint of the national interest. We shall do everything possible to bring about its adoption at this session."

The NFFE will urge Congress to provide appropriations sufficient to defray the cost of pay adjustments, President Wolkomir emphasized.

"Neither the employees nor the public service benefits when reductions in force and arbitrary personnel ceilings are involved to pay all or a substantial portion of the costs of essential pay adjustments. Pay legislation which adversely affects job security and the effective performance of service missions is unsound. The Congress should provide the appropriations required to effectuate the pay adjustments without resultant job losses."



to begin here and now with genuinely progressive legislation on pay in this session of Congress.

"Our many contacts with Members of Congress indicate that the legislative branch is far ahead of the executive branch in its determination to move the Government ahead and to achieve comparability now instead of just talking about it as some vague future objective.

"We believe that our program is sound for all employees in all grades; and sound from the standpoint of the national interest. We shall do everything possible to bring about its adoption at this session."

The NTEU will urge Congress to provide appropriations sufficient to delay the cost of pay adjustments. President Workman emphasized.

"Neither the employees nor the public service benefits when reductions in force and arbitrary personnel ceilings are involved to pay all or a substantial portion of the costs of essential pay adjustments. Pay legislation which adversely affects job security and the effective performance of service missions is unsound. The Congress should provide the appropriations required to effectuate the pay adjustments without resultant job losses."



