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WAGE BOARD PAY RATES

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON
MANPOWER AND CIVIL SERVICE
OF THE
COMMITTEE ON
POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
NINETY-FIRST CONGRESS

FIRST SESSION
ON
H.R. 8764
A BILL TO PROVIDE AN EQUITABLE SYSTEM FOR FIXING
AND ADJUSTING THE RATES OF COMPENSATION OF WAGE
BOARD EMPLOYEES

JUNE 24, 25, SEPTEMBER 9, 10, 24, 1969

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WAGE BOARD PAY RATES

TUESDAY, JUNE 24, 1969

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

The subcommittee met at 10 a.m., in room 345, Cannon House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. Today, the Manpower and Civil Service Subcommittee begins a series of public hearings on a number of bills proposing to put into law provisions covering some of the methods now employed in establishing the pay of our Nation's 775,000 wage board employees, as well as to effect some revision of the present system.

Early in 1965, this subcommittee issued a report (H. Rept. 187, 89th Cong.), pointing out some of the inequities in the system. This was followed by a directive of President Johnson to the Civil Service Commission to take the lead in a coordinated effort with the departments and agencies to eliminate the inequities.

For almost 2 years the Commission made exhaustive studies of all matters involved in setting the pay of these employees. The data obtained from such studies and the conclusions reached were coordinated with the several Government departments and employee organizations.

And, beginning with wage surveys made on and after July 1, 1968, a new system was put into effect—the coordinated Federal wage system.

All of us—Congress, management and employees, had high hopes that the new plan would cure the inequities previously existing. However, there undoubtedly is some dissatisfaction with the new system. We want to find out exactly what displeases the employees; and these hearings should certainly provide a means for determining their disappointments and furnish us a basis for effecting any changes found necessary.

I wish to indicate at this point that the attention of our subcommittee has been called to examples of recent wage board pay increases at selected areas across the country. For example, in San Francisco, Calif., an increase averaged 31 cents per hour or 8.6 percent; in Minneapolis-St. Paul, a 35-cent increase resulted in 11.4 percent; Pittsburgh, a 27-cent increase was a 9.1 percent increase; in Memphis, Tenn., there was an average per hour increase of 23 cents, or 7.5 percent; Charlotte, N.C., 25-cent per hour increase resulted in 10.4 percent; and in Texarkana, an increase of 37 cents was 12.6 percent.

These hearings also should enable us to determine whether a system administratively prescribed is more or less flexible as compared to a system set out in law.

I do not have to remind you, but I want to emphasize the fact that this subcommittee has always had a keen and active interest in the welfare of our loyal and hardworking wage board employees.

For example, our position on the use of Government civilian personnel in jobs normally and successfully performed by civil service employees in contrast to contractor personnel or combat-trained military is well known.

This, too, I realize is a very important issue with thousands of civil service workers.

Our first witness this morning is Mr. John F. Griner, national president of the American Federation of Government Employees. We welcome you and your associates.

Before you begin your statement, I would point out that the rules of the House require that no picture taking or recording of the proceedings be permitted during the subcommittee session.

I would also like to have a copy of H.R. 8764 appear in the record at this point, without objection.

(The bill referred to, H.R. 8764, follows:)

91ST CONGRESS
1ST SESSION

H. R. 8764

IN THE HOUSE OF REPRESENTATIVES

MARCH 12, 1969

Mr. DULSKI introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To provide an equitable system for fixing and adjusting the rates of compensation of wage board employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Prevailing Wage Rate
4 Determination Act of 1969".

5 SEC. 2. Subchapter IV of chapter 53 of title 5 of the
6 United States Code is amended to read as follows:

7 "§ 5341. Policy

8 "(a) The purpose of this Act is to establish in the
9 Government of the United States and of the District of
10 Columbia a uniform system of determining and adjusting
11 the rates of basic compensation of employees in recognized

1 trades and crafts, or other skilled mechanical crafts, or in
2 skilled, semiskilled, or unskilled manual-labor occupations,
3 and other employees, including foremen and supervisors, in
4 positions having trade, craft, or laboring experience and
5 knowledge as the paramount requirement.

6 “(b) It is hereby declared to be the policy of Congress
7 that the wage system herein provided shall—

8 “(1) have for its objective the provision and main-
9 tenance of like pay for like work for all employees who
10 are working under similar conditions of employment in
11 all departments and agencies of the Federal Government
12 excepting those enumerated in section 5342;

13 “(2) be so developed and maintained that it will
14 attract and retain qualified workers by the payment of
15 rates which are fair to employees and beneficial to the
16 employing agency;

17 “(3) provide relative differences in pay only where
18 there are substantial or recognizable differences in duties,
19 responsibilities or qualifications among positions;

20 “(4) provide for the maintenance of a level of rates
21 of pay in line with prevailing levels for comparable
22 work within a wage area; and

23 “(5) be based on interagency equity in wage rates
24 derived from common job standards and practices among
25 all the agencies.

1 **“§ 5342. Definitions and applications**

2 “(a) For the purpose of this subchapter—

3 “(1) ‘agency’ means (A) any executive commis-
4 sion or agency, including corporations wholly owned by
5 the United States, (B) the Library of Congress, (C)
6 the Botanic Garden, (D) the General Accounting Office,
7 (E) the Office of the Architect of the Capitol, (F) the
8 municipal government of the District of Columbia, (G)
9 the Alaska Railroad, (H) Federal instrumentalities
10 paying employees from nonappropriated funds. The fol-
11 lowing Federal establishments are not to be included:

12 “(i) the field service of the Post Office Depart-
13 ment;

14 “(ii) the Tennessee Valley Authority;

15 “(iii) the Atomic Energy Commission;

16 “(iv) the Central Intelligence Agency;

17 “(v) the Panama Railroad Company;

18 “(vi) those departments, agencies, and com-
19 ponents thereof, where the present practice of wage
20 setting is through negotiated agreements;

21 “(vii) employees of the Government Printing
22 Office whose rates of pay are fixed in accordance
23 with section 305 of title 44;

24 “(2) ‘Policy Committee’ means the National Wage
25 Policy Committee established under section 5343;

1 “(3) ‘employee’ means an individual employed in
2 or under an agency, whose compensation is paid from
3 appropriated funds of the United States or from funds of
4 Federal instrumentalities paying employees from nonap-
5 propriated funds but not persons referred to in section
6 5348;

7 “(4) ‘Federal employee union’ means any national
8 organization made up in whole or in part of employees
9 of the Federal Government, in which employees par-
10 ticipate and pay dues, and which has, as its basic and
11 central purpose, dealing with the management of a Gov-
12 ernment department, agency, activity, organization,
13 commission, or function concerning conditions of em-
14 ployment, but shall not include an organization whose
15 basic purpose is social, fraternal, or limited to a single
16 special interest objective which is only incidentally
17 related to conditions of employment; and shall not in-
18 clude any organization which denies membership because
19 of race, color, religion, national origin, preferential or
20 nonpreferential civil service status, or any organization
21 sponsored by a department, agency, activity, organiza-
22 tion, facility, or commission of the Federal Government;

23 “(5) ‘representative from a Federal employee
24 union’ means any representative of a union of Govern-
25 ment employees who has been designated by a Federal

1 employee union to participate in any of the activities
2 encompassed in this Act;

3 “(6) ‘class’ includes all positions which are suf-
4 ficiently similar with respect to kind of work and quali-
5 fication requirements as well as level of difficulty and
6 responsibility;

7 “(7) ‘position’ means the work, consisting of the
8 duties and responsibilities, assignable to employees
9 subject to this Act;

10 “(8) ‘grade’ includes all positions which, although
11 differing in kind or subject matter of work, are suf-
12 ficiently equivalent in level of difficulty and responsi-
13 bility, as well as level of qualification requirements, to
14 warrant their inclusion within one range of rates of
15 basic compensation;

16 “(9) ‘wage area’ is a defined geographic area
17 within which are found concentrations of employees
18 subject to this Act in combination with concentrations
19 of employees in private enterprise, and which is treated
20 as a single unit for purposes of fixing and applying
21 Federal wage rates. A wage area consists of two
22 parts:

23 “(a) ‘wage survey area’ is that geographic
24 area to be surveyed which shall be as large an
25 area as needed to obtain adequate wage data

1 representative of industry comparable to wage em-
2 ployment in the Federal service, and shall include
3 at least one standard metropolitan statistical area
4 as defined by the Bureau of the Census. The geo-
5 graphical boundary of a wage survey area shall
6 be further defined to insure the availability of
7 positions in private enterprise which may appro-
8 priately be used for purposes of comparison with
9 Federal jobs; and

10 “(b) ‘area of application’ is that geographic
11 area, including the wage survey area, and additional
12 areas, in which wage rate schedules derived from a
13 wage survey are uniformly applied to covered wage
14 employees of all agencies. It generally shall include
15 at least some counties contiguous to the wage survey
16 area and may include many counties;

17 “(10) ‘wage survey’ means the collection of wage
18 data for positions in private industry identified as, but
19 not necessarily limited to, manufacturing, transportation,
20 utility and construction industries, and job shops. In
21 such wage surveys, whenever possible, at least 50 per
22 centum of private industry organizations surveyed shall
23 be those where rates are fixed by collective-bargaining
24 agreements. Such data shall be collected for positions,
25 the duties of which are comparable to those positions

1 in agencies in the wage area in which a wage survey
2 shall be made.

3 “(11) ‘wage rate schedule’ means the wage rate
4 schedule defined in section 5346;

5 “(12) ‘outside survey area’ means a wage survey
6 area outside of a specified wage area selected by the
7 Policy Committee in order to obtain wage data on
8 positions in a major industry group or other principal
9 type of position which is not represented within private
10 industry in a wage area. The data gathered in the out-
11 side survey area shall be collated with the data gathered
12 in the wage area to develop a wage rate schedule for
13 the wage area;

14 “(13) ‘lead agency’ is any Federal department or
15 independent agency designated by the Policy Committee
16 to conduct a wage survey in a wage area;

17 “(14) ‘head of a lead agency’ is the Secretary of a
18 Federal governmental department or the chief adminis-
19 trative officer of an independent agency which has been
20 designated as a lead agency for the purposes of conduct-
21 ing a wage survey;

22 “(15) ‘host activity’ means any subordinate depart-
23 ment, agency, installation, base, office, bureau, activity,
24 organization, or function of a lead agency which is lo-
25 cated within the wage area to be surveyed and which

1 has been designated by the head of a lead agency to
2 conduct a wage survey;

3 “(16) ‘head of a host activity’ is the commander
4 or chief administrative officer of a host activity.

5 **“§ 5343. National Wage Policy Committee**

6 “(a) Within the Civil Service Commission, there is
7 hereby established a standing committee to be known as the
8 National Wage Policy Committee (hereafter referred to as
9 the ‘Policy Committee’) which shall review existing regula-
10 tions applicable to employees subject to this Act and recom-
11 mend to the Civil Service Commission their continuance or
12 their modification consistent with the purposes of this Act,
13 or shall recommend the issuance of new regulations to:

14 “(1) define the boundaries of wage areas;

15 “(2) designate the lead agency for each wage area;

16 “(3) prescribe requirements for the statistical de-
17 sign and accomplishment of wage surveys and for the
18 establishment of wage rate schedules;

19 “(4) perform necessary audits and inspections of
20 agency wage programs to insure compliance with the
21 provisions of this Act;

22 “(5) provide for a continuing program of review
23 designed to keep the application of this Act fully abreast
24 of changing conditions, practices, and techniques both in
25 and out of the Government;

1 “(6) establish occupational grouping and titling;

2 “(7) establish a job grading system;

3 “(8) develop and issue job grading standards;

4 “(9) provide a system for employee job grading
5 appeals;

6 “(10) establish rules governing the administration
7 of pay for individual employees;

8 “(11) authorize additional percentile differential
9 pay as appropriate for work performed under unusually
10 hazardous or severe working conditions;

11 “(12) determine the need for and authorize the use
12 of special schedules as appropriate;

13 “(13) select, when necessary, the outside survey
14 area appropriate to determine the wage patterns to be
15 applied in circumstances where the selected wage area is
16 inappropriate;

17 “(14) further carry out the provisions of this Act.

18 “(b) The Policy Committee shall be composed of eleven
19 members, whose selection shall be determined as follows:

20 “(1) the Chairman, who shall be from outside the
21 Federal service, and who shall not hold any other office
22 in the Federal service, shall be appointed by the Presi-
23 dent and shall serve at the pleasure of the President.
24 He shall receive the sum of \$75 per day for each day

1 spent in the work of the Policy Committee and shall
2 be paid actual travel expenses, and per diem in lieu of
3 subsistence expenses when away from his usual place
4 of residence, in accordance with section 5703 (b) of this
5 title. The Chairman shall designate from within the
6 Policy Committee an alternate to act for him in his
7 absence.

8 “(2) five representatives from Federal employee
9 unions, who shall be appointed as follows:

10 “(i) two by the president of the AFL-CIO;

11 “(ii) one by the president of the Federal
12 employee union representing the largest number of
13 employees subject to this Act;

14 “(iii) one by the president of the Federal em-
15 ployee union representing the second largest num-
16 ber of employees subject to this Act;

17 “(iv) one by the president of the Federal em-
18 ployee union representing the third largest number
19 of employees subject to this Act;

20 “(3) five employer representatives, who shall be
21 appointed as follows:

22 “(i) two representatives appointed by the Sec-
23 retary of Defense, at least one of whom shall be
24 appointed on a rotational basis for a period of two
25 years from the Department of Army, Department
26 of Navy, and Department of the Air Force;

1 “(ii) one representative from the Veterans’
2 Administration appointed by the Administrator of
3 Veterans’ Affairs;

4 “(iii) one representative from the Civil Service
5 Commission appointed by the Chairman of the Civil
6 Service Commission;

7 “(iv) one representative, appointed on a ro-
8 tational basis for a period of two years by the Chair-
9 man of the Civil Service Commission, from Federal
10 agencies which are leading employers of employees
11 subject to this Act;

12 “(4) unless otherwise specified in this Act, mem-
13 bers of the Policy Committee shall serve at the pleasure
14 of their appointing authorities;

15 “(5) members of the Policy Committee who are
16 employees of the Federal Government shall not be com-
17 pensated in addition to the normal compensation re-
18 ceived for their services in the Government, except that
19 for each day spent in the work of the Policy Committee
20 away from their usual place of residence, they shall be
21 paid actual travel expenses and per diem in lieu of sub-
22 sistence expenses, in accordance with section 5703 (b)
23 of this title. Union representatives shall be compensated
24 by the organizations they represent;

25 “(6) the Civil Service Commission shall, at the

1 request of the Chairman of the Policy Committee, pro-
2 vide the Chairman with the necessary funds, profes-
3 sional and clerical staff, technical assistance, and such
4 office facilities and services as he shall require; and

5 “(7) annually the Chairman of the Policy Com-
6 mittee shall submit a report on the activities of the
7 Policy Committee for inclusion in the annual report of
8 the Civil Service Commission to the President of the
9 United States and to the Congress. The report of the
10 Chairman of the Policy Committee shall include the
11 statements of any member of the Policy Committee
12 wishing to submit a minority report.

13 **“§ 5344. Agency wage committee**

14 “(a) There is hereby established within each Federal
15 department or independent agency designated by the Policy
16 Committee as a lead agency, an agency wage committee
17 consisting of five members.

18 “(b) Two members and a chairman shall be appointed
19 by the head of the lead agency in which an agency wage
20 committee is established. In all agencies in which an agency
21 wage committee is established except the Department of
22 Defense, two members shall be appointed by the president
23 of the Federal employee union having the largest number of
24 employees subject to this Act covered by exclusive recog-
25 nition in the lead agency. In the agency wage committee
26 established within the Department of Defense, one member

1 shall be appointed by the president of each of the two Fed-
2 eral employee unions having the largest number of employees
3 subject to this Act covered by exclusive recognition.

4 “(c) The five members thus appointed shall serve
5 at the discretion of their respective appointing authorities.
6 The authority to appoint representatives from a Federal
7 employee union shall remain with the same appointing
8 authority for a period of at least two years. Alternates to
9 the chairman and members shall be appointed by the same
10 authorities making the appointments of regular members.

11 “(d) The chairman and members of an agency wage
12 committee shall be compensated by their regular employ-
13 ers, except that members of an agency wage committee
14 who are employees of the Federal Government shall be
15 paid actual travel expenses and per diem in lieu of subsist-
16 ence expenses for each day spent away from their usual
17 place of residence while engaged in the work of the agency
18 wage committee, in accordance with section 5703 (b) of
19 this title.

20 **“§ 5345. Local wage survey committee**

21 “(a) There is hereby established within each host
22 activity designated as such by an agency wage committee,
23 a local wage survey committee consisting of three mem-
24 bers, all of whom shall be Federal employees.

25 “(b) One member and a chairman shall be appointed

1 by the head of the designated host activity located in the
2 wage area to be surveyed. One member shall be appointed
3 by the president of the Federal employee union having the
4 largest number of employees subject to the provisions of this
5 Act under exclusive recognition in the wage area to be
6 surveyed. The three members thus appointed shall serve at
7 the discretion of their respective appointing authorities,
8 except that the authority to appoint members of a local wage
9 survey committee shall remain with the same appointing
10 authority for a period of at least two years, and in no in-
11 stance shall the responsibility for appointing members change
12 while a wage survey is in progress. Alternates to the mem-
13 bers of a local wage survey committee shall be appointed by
14 the same authorities making the appointments of regular
15 members.

16 “(c) The chairman and members of a local wage survey
17 committee shall not be compensated in addition to their
18 normal compensation received for their services in the Gov-
19 ernment, except that for each day spent in the work of the
20 local wage survey committee away from their usual place of
21 residence, they shall be paid actual travel expenses and per
22 diem in lieu of subsistence expenses, in accordance with sec-
23 tion 5703 (b) of this title.

24 “(d) In wage areas where there are no employees
25 subject to the provisions of this Act covered by exclusive

1 recognition, the agency wage committee having jurisdiction,
2 with the prior approval of the Policy Committee, shall issue
3 appropriate regulations to establish a local wage survey
4 committee,

5 **"§ 5346. Wage rate schedule**

6 " (a) There shall be established a basic wage rate
7 schedule including supervisory rates, which shall be divided
8 into as many grades of difficulty and responsibility as the
9 Policy Committee shall determine. Such schedule shall be
10 uniform in application in all agencies.

11 " (b) Each grade shall be divided into ten wage rates,
12 each successive rate exceeding the preceding rate by a
13 uniform percentage of not less than 3 per centum.

14 " (c) For each employee compensated in accordance
15 with the rate determination system established by this sub-
16 chapter, the minimum waiting periods for advancement to
17 the following rates in all grades are—

18 " (i) Rate 2—Twenty-six calendar weeks of credit-
19 able service;

20 " (ii) Rates 3 and 4—Fifty-two calendar weeks of
21 creditable service;

22 " (iii) Rates 5, 6, and 7—One hundred and four
23 calendar weeks of creditable service;

24 " (iv) Rates 8, 9, and 10—One hundred and fifty-
25 six calendar weeks of creditable service:

1 *Provided*, That the employee has a current performance rat-
2 ing of 'satisfactory' or better; and that the benefit of suc-
3 cessive step-increases shall be preserved, under regulations
4 issued by the Policy Committee, for employees whose con-
5 tinuous service is interrupted in the public interest by service
6 with the Armed Forces or by service in essential nongovern-
7 ment civilian employment during a period of war or national
8 emergency.

9 “(d) Any employee who is promoted or transferred to
10 a position in a higher grade shall receive basic compensation
11 at the lowest rate of such higher grade which exceeds his
12 existing rate of basic compensation by not less than two step
13 increases of the grade from which he is promoted or
14 transferred.

15 **“§ 5347. Wage surveys and wage data processing**

16 “(a) With the advice and assistance of local wage sur-
17 vey committees, agency wage committees shall have the
18 responsibility for planning and scheduling wage surveys, ana-
19 lyzing wage survey data, and establishing wage rate sched-
20 ules for designated wage areas, except that each Federal
21 agency shall be responsible for determining the class, posi-
22 tion, grade, and title for jobs within its jurisdiction which are
23 subject to the provisions of this Act, for the proper applica-
24 tion of job grading standards, and for properly paying and
25 administering authorized wage rates for its employees sub-

1 ject to the provisions of this Act. The agency wage commit-
2 tee shall collaborate with the National Wage Policy Commit-
3 tee in developing a schedule of wage surveys. It likewise shall
4 consider recommendation of the national headquarters of any
5 agency or any Federal employee union concerning the design
6 and conduct of wage surveys and development of wage rate
7 schedules for which it is responsible.

8 “(b) Wage surveys shall be made at least every twenty-
9 four months or at such other times as shall reflect significant
10 or substantial wage rate changes in an industry within a
11 wage area.

12 “(c) An agency wage committee may recommend to
13 the Policy Committee or to the Civil Service Commission
14 changes in the boundaries of a wage area and may also rec-
15 ommend changes in the types of private industries required
16 to be surveyed. Each recommendation for a change in re-
17 quired coverage for a wage survey shall be accompanied by
18 a statement indicating the need for such change and shall
19 include pertinent information to support the recommendation.

20 “(d) For each of its wage areas to be surveyed, the
21 lead agency shall designate a host activity to supervise the
22 conduct of the wage survey. The head of the host activity so
23 designated shall obtain information concerning total wage
24 employment and wage employees under exclusive recognition
25 in the wage area to be surveyed and shall then establish a

1 local wage survey committee pursuant to section 5345 of this
2 Act. Each host activity shall provide support facilities and
3 clerical assistance for the local wage survey committee.

4 “(e) Prior to the commencing of a wage survey, the
5 local wage committee shall conduct hearings to permit pres-
6 entation of information requests and recommendations by
7 Federal employee organizations and individuals concerning
8 the area, industries, establishments, and jobs to be covered
9 in the wage survey. Summary statements of the hearings
10 are made and included in the record of committee proceed-
11 ings. Following completion of the hearings, the local com-
12 mittee shall make a report to the agency wage committee
13 including any recommendations of the committee it may
14 have based on the hearings and other information it may
15 have. Following agency wage committee action on the local
16 wage committee's report the local wage committee shall
17 make preliminary contacts and arrangements with employers
18 in private industry to be surveyed. Any employer having
19 contracts with the Federal Government or its instrumentali-
20 ties shall provide all information requested. Such information
21 shall be held in confidence by each member of the local
22 wage survey committee, each data collector, and any other
23 person having access to the data collected. After all prelimi-
24 nary arrangements have been completed within the wage
25 area to be surveyed, the head of the lead agency shall be

1 so advised and shall then issue an official order for the wage
2 survey to commence, immediately informing the agency
3 wage committee, the Policy Committee, and the Civil Serv-
4 ice Commission of this action.

5 “(f) The number of data collectors needed for a wage
6 survey shall be determined by the local wage survey commit-
7 tee and said committee shall provide training and supervision
8 of such data collectors. The local wage survey committee shall
9 also conduct hearings for interested parties desiring to submit
10 information or recommendations. One-half of the data col-
11 lectors for a wage survey shall be selected from Federal
12 employees recommended by the Federal employee union
13 having exclusive recognition within the survey area, and
14 one-half shall be selected from Federal employees recom-
15 mended by the chairman of the local wage survey commit-
16 tee. Where a special schedule is involved, data collectors
17 shall be selected from Government activities subject to the
18 special schedule. The local wage survey committee shall rule
19 on all areas of disagreement involving interpretation of regu-
20 lations and interpretation of instruction manuals issued by
21 the Policy Committee with regard to the conduct of a wage
22 survey.

23 “(g) In collecting wage data, positions in the Federal
24 service or in the governmental service of the District of
25 Columbia shall be matched with positions within an estab-

1 lishment in private industry surveyed, solely on the basis of
2 duties and responsibilities. The rate paid for each position
3 matched shall be collected and shall include separately re-
4 ported hourly straight-time rates, bonuses, incentives, shift
5 differentials, and overtime rates. In compiling wage data, the
6 wage rates, including any differentials paid by private con-
7 tractors to their employees in comparable positions, and en-
8 gaged in contract work on a Government installation, shall
9 be included in determining the rate of comparable work by
10 Federal employees.

11 “(h) Upon completion of a wage survey, the Local
12 wage survey committee shall forward all wage data along
13 with a narrative report of its activities, decisions, and recom-
14 mendations for proposed wage rate schedules to its agency
15 wage committee. A majority vote of the local wage survey
16 committee shall be sufficient in order to forward any such
17 report. Any member of the local wage survey committee
18 may file a minority report taking exception to the deci-
19 sions and recommendations of the local wage survey com-
20 mittee. The agency wage committee shall analyze the report
21 and recommendations of its local wage survey committee
22 and issue approved wage rate schedules, simultaneously fur-
23 nishing copies of each approved wage rate schedule to the
24 Civil Service Commission, the Policy Committee, agencies
25 having wage board employees in the wage area affected, the

1 headquarters of the Federal employee union having exclusive
2 recognition in the wage area affected, and the headquarters of
3 any other labor union or organization upon request. Prevail-
4 ing rate determinations shall be based on wage data obtained
5 from within the wage area surveyed or from the approved
6 outside survey area. An agency wage committee may not
7 make an exception to this principle without prior approval
8 of the Policy Committee. A majority vote of the agency
9 wage committee shall be required to approve and imple-
10 ment wage rate schedules. Any member of the agency wage
11 committee may file a minority report with the Policy Com-
12 mittee taking exception to the action of the agency wage
13 committee.

14 “(i) A separate wage schedule shall be established by
15 the agency wage committee for each wage area. The wage
16 schedules so established shall apply equally to employees
17 paid from nonappropriated funds as well as those paid from
18 regular appropriations of the United States. As circum-
19 stances may require, separate wage rate schedules, with the
20 approval of the National Wage Policy Committee, shall be
21 maintained for positions which reflect conditions peculiar to
22 certain industries.

23 “(j) Each increase in rates of basic pay granted, pur-
24 suant to a wage survey, to employees whose pay is fixed
25 and adjusted under the provisions of this Act shall be made

1 effective for all employees to whom it applies not later than
2 the first day of the first pay period which begins after the
3 forty-fourth day, excluding Saturdays, Sundays, and holi-
4 days, following the date on which the wage survey was
5 ordered to be made.

6 “(k) Any employee, subject to the provisions of this
7 Act, shall have the right to appeal the grade, category, title
8 or class assigned to his position by his employing agency,
9 with the right to appeal at any time to the Civil Service
10 Commission. Such employee shall also have the right to
11 notify his agency wage committee and the Policy Com-
12 mittee of any appeal he may make and to inspect any official
13 evaluation of his efficiency, performance, position, and the
14 duties assigned to his position, and shall sign a statement
15 to the effect that he has been shown the record. Signing of
16 such a statement shall not necessarily be construed as mean-
17 ing that the employee is in agreement with the record.

18 “(l) An employee who is transferred from a career or
19 career conditional appointment in the competitive civil serv-
20 ice to a position subject to the provisions of this Act, shall
21 continue to receive the rate of basic pay to which he was
22 entitled immediately prior to such transfer, plus subsequent
23 increases in the rate provided by law, for a period of not
24 less than two years.

25 “(m) The chairman of the policy committee or his

1 authorized representative shall have the authority to inspect,
2 review, and duplicate the records of all agency wage com-
3 mittees and all local wage survey committees.

4 **"§ 5348. Crews of vessels**

5 " (a) Except as provided by subsection (b) of this
6 section, the pay of officers and members of crews of vessels,
7 excepted from chapter 51 of this title by section 5102 (c)
8 (8) of this title, shall be fixed and adjusted from time to
9 time as nearly as is consistent with the public interest in
10 accordance with prevailing rates and practices in the mari-
11 time industry.

12 " (b) Vessel employees of the Panama Canal Company
13 shall be paid in accordance with the wage practices of the
14 maritime industry.

15 **"§ 5349. Administration**

16 " (a) Upon the first application of a wage rate schedule
17 developed under this subchapter, employees shall receive—
18 as a minimum change in current rates—the change for their
19 rate, including their step within a rate, in the amount
20 actually given as the average change since the last survey
21 by the firms common to the current and last previous sur-
22 veys. Thereafter the affected employees shall receive incre-
23 mental changes of one-half for their scheduled rate, and of
24 their current step within the rate, until their rate of pay
25 finally equals the actual scheduled rate.

1 “(b) In the administration of these provisions there
 2 shall be no discrimination with respect to any person or to
 3 the position held by any person subject to the provisions of
 4 this Act on account of sex, marital status, race, creed, color,
 5 national origin, or union affiliation.

6 “(c) Nothing in this subchapter shall be construed to
 7 affect the application to employees to whom this subchapter
 8 applies of the veteran preference provisions of this title.”

9 SEC. 3. Section 5344 of title 5 of the United States Code
 10 is renumbered 5350.

11 SEC. 4. The table of contents of subchapter IV of chap-
 12 ter 53 of title 5 of the United States Code is amended to
 13 read as follows:

“Sec.

“5341. Policy.

“5342. Definitions and application.

“5343. National Wage Policy Committee.

“5344. Agency wage committee.

“5345. Local wage survey committee.

“5346. Wage rate schedule.

“5347. Wage surveys and wage data processing.

“5348. Crews of vessels.

“5349. Administration.

“5350. Retroactive pay.”

14 SEC. 5. (a) Section 5544 of title 5 of the United States
 15 Code is amended as follows:

16 (1) strike out the second sentence of subparagraph

17 (a), beginning with the word “However”;

18 (2) add to this section the following subsections:

19 “(c) The differential to be paid for nightwork, standby
 20 duty, and irregular duty shall be computed as provided in

1 section 5545: *Provided*, That the entire shift shall be paid
2 at the premium rate if at least half the shift is during the
3 night shift; otherwise, the differential shall apply to actual
4 hours worked on the night shift.

5 “(d) Pay for Sunday and holiday work shall be at the
6 rate provided in section 5546;

7 “(e) The differential rates provided in this section shall
8 be paid in addition to the premium rate provided in sections
9 5347 (b) and 5343 (a) (11) ;

10 “(f) The basic eight-hour day and forty-hour adminis-
11 trative workweek shall be scheduled Monday through Friday,
12 except when shift work is involved, and the two days outside
13 the basic workweek in that case shall be consecutive;

14 “(g) All hours in excess of eight hours each workday
15 or forty hours each workweek shall be compensated at over-
16 time rates;

17 “(h) Whenever practical, travel will be scheduled dur-
18 ing regular duty hours. When impractical, and travel is
19 scheduled outside normal duty hours, all hours involving
20 travel, including necessary layover time, shall be construed
21 as duty time and compensated accordingly.”

22 (b) The catchline of section 5544 is amended to read as
23 follows:

24 “§ 5544. Premium pay rates and basic workweek”.

25 (c) The item designated “5544” in the table of contents

1 in subchapter V of title 5 of the United States Code is
2 amended to read as follows:

“5544. Wage board premium pay rates and basic workweek.”

3 SEC. 6. All laws or parts of laws inconsistent with this
4 Act are hereby repealed to the extent of such inconsistency.

5 SEC. 7. There is authorized to be appropriated such
6 sums as may be necessary to carry out the provisions of
7 this Act.

8 SEC. 8. The Civil Service Commission shall issue such
9 rules and regulations as may be necessary to carry out the
10 provisions of this Act.

11 SEC. 9. This Act shall take effect ninety days after
12 the date of its enactment.

STATEMENT OF JOHN F. GRINER, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, ACCOMPANIED BY CLYDE WEBBER, EXECUTIVE VICE PRESIDENT; CARL SADLER, DIRECTOR OF LEGISLATION; ROBERT J. RAMER, SECOND VICE PRESIDENT, AFGE LOCAL 2612, ROME, N.Y.; ROBERT HAM, PRESIDENT, AFGE LOCAL 2352, WATERVLIET ARSENAL, N.Y.; AND STEPHEN A. KOCZAK, DIRECTOR OF RESEARCH

Mr. GRINER. Thank you, Mr. Chairman and members of the committee.

For the record, to my far right, we have Mr. Steve Koczak, director of research; next to him, Mr. Bob Ham, president of our local at Watervliet Arsenal; Clyde Webber, executive vice president of the federation, and to my far left, Mr. Robert J. Ramer, an officer of the local at Griffiss Air Force Base, Rome, N.Y.; Mr. Carl Sadler, our director of legislation.

I might say at this point, Mr. Chairman, that I hope you will permit me to have Mr. Ham and Mr. Ramer just make a short statement during the course of this hearing concerning conditions that are especially peculiar to their installations.

It is with a sense of great honor and privilege that I appear before you today, Mr. Chairman and distinguished members of the Subcommittee on Manpower and Civil Service, in support of H.R. 8764, a bill introduced by Congressman Thaddeus Dulski, the honorable chairman of the Post Office and Civil Service Committee, to provide an equitable system for fixing and adjusting the rates of compensation of wage board employees.

It is a further gratification to me, as president of the American Federation of Government Employees, to note that bills identical to H.R. 8764 have been introduced by other members of the Post Office and Civil Service Committee, including Representatives Robert J. Corbett, of Pennsylvania, Glenn Cunningham, of Nebraska, Lee H. Hamilton, of Indiana, James M. Hanley, of New York, Robert N. C. Nix, of Pennsylvania, and Arnold Olsen, of Montana.

In the last session of Congress, Representative James J. Flynt, of Georgia, introduced the first wage board bill to come before the Congress in the 20th century and he has reintroduced a somewhat similar bill this year.

Two Congressmen not on the Post Office and Civil Service Committee, Representatives Ed Edmondson and Tom Steed, both of Oklahoma, have also indicated their support of wage board employees by introducing bills identical to H.R. 8764.

At the very outset of my testimony, I wish to state that we support H.R. 8764 fully and without reservation. As the members of this committee know, our organization appears before congressional committees more often than any other labor union to testify on matters of internal interest to Federal employees. We have testified on many landmark bills which were crucial to the development of a modern Federal employment system. Yet I can think of no bill in the past which was more important than the present bill.

Before stating the reasons which I believe show the necessity for this bill, I should like to establish for your subcommittee our own credentials to speak for the hundreds of thousands of Federal employees.

The latest official figures available, those compiled by the Civil Service Commission in November of 1968, revealed that of the total of 800,000 wage board employees working for the Federal Government, more than 400,000 were already represented on that date by unions in exclusive recognition units.

Moreover, of that number, more than 192,000, or approximately one-half, were represented by this organization, the American Federation of Government Employees.

I should like to add that these figures do not fully reflect our membership today. Since November 1968, we have added approximately another 35,000 wage board employees to the numbers we represent in exclusive recognition units.

Moreover, we represent many thousands of other wage board employees in our formal recognition units. It is thus no exaggeration to say that we are fully able to speak with authority and conviction for the great majority of wage board employees. And I can tell you with deep sincerity, they petition you to pass this bill now.

What makes this bill so urgent and so crucial? What is so inadequate or unsatisfactory in the present system for wage board employees, the coordinated Federal wage board system? What impels so many hundreds of thousands of wage board employees to petition you so earnestly now for new legislation?

"Experience." In that one word, experience, I can sum up all of the reasons for my appearance before you today on behalf of hundreds of thousands of these employees.

Federal wage board employees have more than 130 years of experience with wage fixing systems of one kind or another. The beginnings of the wage board system go at least as far back as the years 1830 to 1840 and are linked to the great struggle of that decade as to whether the 10-hour day would apply to craftsmen in the Federal employ as it then already applied in private enterprise.

Because the major Federal employers of craftsmen then were the navy yards, Federal employees in many instances even joined with private employees in strikes for the 10-hour day.

Eventually, after 10 years of struggle, the 10-hour day was brought into effect for Federal employees in navy yards in 1840 through an Executive order signed by President Van Buren. This is the first Executive order issued for wage board employees.

Twenty-one years later, in December, 1861, Congress passed legislation which provided "that the hours of labor and the rates of wages of employees in the navy yards conform as nearly as is consistent with the public interest with those of private establishments in the immediate vicinity of the respective yards, to be determined by the commandants of the navy yard, subject to the approval of the Secretary of the Navy."

I might add at that point that this particular quotation from the statutes—from the Federal statutes—has since been removed. When the Federal statutes were revised a few years ago, this particular part of the statutes was removed from the Federal statutes so today we absolutely have no basic law for wage board employees.

I might point out something else at this point. In 1861, when this law was passed, the immediate vicinity meant how far can a person travel to and from work, and those were the horse and buggy days. People traveled by horse.

There has been a change. Five miles was considered a long distance in those days. A hundred miles is quite prevalent today throughout this Nation. People actually travel to and from work a hundred miles each way, and these are not isolated cases. These are general.

Here we have the first wage board act enacted by Congress. Because the times were simpler, the industries were less complex and the numbers far fewer than today, the first wage board act was also simpler. Obviously, though this act was similar in general philosophy, it fell far short in principle and concept from H.R. 8764.

One hundred and eight years have passed since the Congressional Act of 1861. Except for a few minor changes, the wage board compensation system, involving only a few tens of thousands of employees in 1861, has had no legislative or statutory growth up to the present.

Therefore, today over 800,000 Federal employees, or more than 28 percent of all Federal employees, live in the space and rocket age under legislation enacted more than a hundred years ago.

This is the only statutory basis today for the fixing of compensation for wage board employees.

By the beginnings of the 1960's, it was common knowledge to everyone that the wage board compensation system was uncoordinated, inequitable and inefficient. Reform was urgently needed. Yet reform did not come, largely because the Federal employee unions had not grown to sufficient strength to have any impact on the executive departments and agencies with the largest number of wage board employees.

Following the issuance by President Kennedy of Executive Order 10988 on Employee-Management Cooperation in the Federal service on January 17, 1962, the Federal employee unions grew rapidly.

On that date, we had approximately 100,000 members, the greater part in the classified or white collar sector. Today our dues-paying membership exceeds 310,000, of whom approximately one-half are wage board or blue collar employees.

With the expanding representation in exclusive recognition units of wage board employees, the executive branch finally took cognizance of the inherited inequities from the past for wage board employees, the forgotten men of the Federal service. As AFGE publicity mounted on these inequities and as the result of hearings and studies by this subcommittee under the chairmanship of you, Congressman Henderson, President Johnson finally acted on November 16, 1965, issuing orders to the Civil Service Commission and to the heads of the executive departments and agencies for the "coordination of wage board activities."

As to how bad conditions were I should like to quote you just the following few sentences used by the President of the United States:

I am deeply concerned by the differences in the systems and practices used by the Departments and Agencies to fix the pay for Federal wage board employees and by the extent to which resulting wage rates differ for similar work within a community . . . From the facts available it seems clear that the pay disparities are inequitable, and result primarily from differences among the

Agencies in basic principles, policies and practices under which wage board pay is fixed.

Mr. Chairman, and distinguished subcommittee members, I do not believe that a greater authority than the President of the United States is needed to certify the deplorable conditions that existed as late as 1965. Let me add only that we found that in some communities wage board employees performing the identical work were paid wages differing as much as 100 percent. In many cases, wage board employees even received less pay than minimal wage rates applying to private industry.

I am most pleased to report here to you that great strides have taken place since President Johnson issued his memorandum of November 16, 1965. These strides have been accompanied by many painful experiences, it is true, by unexpected reverses and difficulties.

Nevertheless, to the extent that the executive branch can be expected to proceed without further legislation, the wage board system in force today, the so-called coordinated Federal wage board system, is a major improvement over conditions that existed prior to 1968. Our organization certainly wishes the record to show that honor and commendation is due to both the Federal management and the Federal union side for the hard work and the accomplishments within the last 2 years.

But this work and these accomplishments are not enough and do not meet what we believe to be necessary to assure the wage board employees equity, justice, comparability in premium pay, and of fringe benefits when contrasted with the other members of the Federal employee family, particularly classified and postal employees.

First of all, what is good in them should be enacted into law, giving a statutory basis for these practices. Moreover, those reforms which the executive branch cannot or will not put into effect in the absence of legislation should now receive the careful consideration of Congress.

H.R. 8764 is a very fine bill, almost a classic bill, precisely because it does both of these things. It would give a statutory basis to the important reforms in procedures which have taken place since 1965. It goes further by providing necessary legislation if the wage board rate compensation system is to develop in directions not now possible under law.

A comparison of H.R. 8764 with the provisions of chapter 532-1 of the Federal Personnel Manual of January 10, 1968, shows how closely the authors of this bill and of related bills have followed whenever possible the concepts, procedures and even the language of existing regulations. In this sense, H.R. 8764 is a conservative, prudent document.

It keeps and preserves what has been found to be good. Basically, many of the same kinds of techniques, of the same kinds of procedures, of the same modalities of interagency cooperation are envisaged in this bill as are provided in the current regulations.

What are some of the major similarities and where are they most apparent?

The greatest similarities are those closest to the individual employees and to the local agencies. Just as under the present provisions of the Federal Personnel Manual, so under H.R. 8764 each Federal installation or activity is responsible for putting into effect the decisions of the lead agency by implementing the pay category, titles, and codes for

wage board jobs; for properly applying wage board job grading standards; and for properly paying and administering authorized wage board rates as determined by the wage committees.

Just as in the Federal Personnel Manual, H.R. 8764 provides that a local installation designated by the lead agency as the host installation for local wage survey activities shall provide support facilities and clerical assistance for the local wage survey committee.

Moreover, the members of the local wage survey committee are selected precisely the same way under H.R. 8764 as currently.

At the next higher level, that of the Federal departments and agencies, most of the same procedures will hold true for these under H.R. 8764 as heretofore under the Federal Personnel Manual. For example, the lead agency or department will have the same kind of agency wage committee which will be selected in the same way.

Where then do the differences take place? And what are they?

Besides the overriding, the transcendent difference that H.R. 8764 represents the will of the Congress and gives a statutory basis for an equitable system for fixing and adjusting the rates of compensation of wage board employees, the main specific differences or modifications concern five very important areas. They are the following:

1. The composition and role of the National Wage Policy Committee;
2. The inclusion of employees of nonappropriated funds in the wage board system;
3. A statutory provision for the cooperation of private enterprises having Government contracts in the conduct of the local wage surveys;
4. The introduction of a 10-step Wage Rate Schedule;
5. The provision of equitable overtime, shift differential, and traveltime pay.

So far as I can ascertain, the changes involved in these five areas require legislative action to remove the legal ambiguities which have been inherited from the past or have been imposed arbitrarily by the executive departments in the present.

As regards the composition and role of the National Wage Policy Committee which would be empowered with the general supervision over the wage board compensation system, H.R. 8764 provides for a standing committee, to be known as the National Wage Policy Committee to be composed of 11 members.

In sharp contrast with the present system, this bill states that the Chairman of the Wage Policy Committee "shall be appointed by the President of the United States and shall serve at the pleasure of the President." Further, the Chairman shall come "from outside the Federal service" and he "shall not hold any office in the Federal service."

This is a major break with the present system and a great improvement upon it. It introduces the concept and the role of the Chairman of the Committee who is not wedded either to the Federal management side or to the union side.

Perhaps the best way to state his role is that he should represent, on behalf of the President, the comprehensive interests of the people of the United States in dealing with wage board matters rather than the specific interests of any one agency or organization.

I have served on the present National Wage Policy Committee and I believe that there were many occasions when the business of the committee would have progressed much faster and much better if such a chairman would have been present who could have represented the President himself directly, rather than having to represent also the interests of some subsidiary executive agency, such as a Chairman of the Civil Service Commission or his delegate has to do.

I might say, Mr. Chairman, at this point that it has been the experience of this organization that the three Commissioners who now compose the Civil Service Commission are the most enlightened and best group of Commissioners that we have had in my time in Federal service, which has been approximately 33 years.

I might say that we think they are doing a remarkable job. However, we must always remember that the Civil Service Commission is an arm of management. They do not deny it. We feel that the Chairman of this Wage Policy Committee should not be directly connected with either management or labor unions. He should be independent because he is the one who casts the deciding vote in so many issues.

Time and time again, on substantive issues, there have been votes of six to five, in favor of management's position in this Wage Policy Committee on which I now serve.

There have been times when the vote has been with us but I'll say it's been few and far between, and when they were cast on the union side of the table, it was only a minor, not major issue.

As for the five labor union representatives on the committee, H.R. 8764 makes certain modifications in the present system which take into account the ever growing percentage of wage board employees already organized in Federal employee unions.

Whereas the present system entitles the President of the American Federation of Labor-Congress of Industrial Organizations to designate four of the five members, H.R. 8764 limits the number he can designate to two members.

The remaining three are designated by the Federal employee unions representing respectively the first, second and third largest number of Federal employees subject to this act.

The five management representatives, as envisaged by this bill would be appointed almost identically as now, excepting of course that the representative of the Civil Service Commission would be regarded as acting as a management member instead of retaining his present ambiguous role of being supposedly the neutral chairman of the committee.

This is a much more appropriate role for the representative of the Civil Service Commission and removes him from the many conflicts of interest with which he is now confronted.

Besides the representative of the Civil Service Commission, the other management representatives would be "two representatives appointed by the Secretary of Defense, at least one of whom shall be appointed on a rotational basis for a period of 2 years from the Department of the Army, Department of the Navy, and the Department of the Air Force"; further, "one representative from the Veterans' Administration"; and "one representative, appointed on a rotational basis for a period of 2 years by the Chairman of the Civil Service Commission,

from Federal agencies which are leading employers of employees subject to this act."

Certainly this distribution of the management members provides for a rational and proper representation of the chief employers of wage board employees. Though this is really a matter for comment by the executive departments and agencies, our organization would accept such a representation as appropriate.

Turning now to the second major change that this bill would make in the present system, I refer to its extension of the wage board concept to employees of Federal instrumentalities paying their workers from nonappropriated funds.

If the wage board employees of the Federal Government have been its forgotten men, then certainly the nonappropriated fund employees, numbering more than 100,000 human beings, have been its forgotten and deprived men and women.

If any group of employees, whether working for the Federal Government or for private enterprise, has suffered injustice or inequity, these employees have been subjected to the rankest kind. They are today in dire need of relief from the lack of a suitable method of fixing their pay in an equitable manner.

Many of these employees in fact work in the Department of Defense and in the Veterans' Administration. Many of them are wives or children of servicemen serving abroad on the battlefield or their widows who must work in order to make ends meet.

Their wages are substandard by any criterion which could be applied to other employees in Federal installations. In fact, it required an interpretive amendment by the Secretary of Defense to the Fair Labor Standards Act to bring them up to the minimum wage of employees in private enterprise.

I wish to emphasize, it required such an amendment merely to bring them up to the minimum wages paid in private enterprise. The wages they are receiving are still much, much below the going wage paid for the same work being paid in private enterprise or to wage board employees.

Who are the employees of these nonappropriated funds? For whom do they work? Let me read to you a few passages about one of the largest of these employers, passages I have taken not from a trade union journal but from the Wall Street Journal of June 10, 1968.

I am quoting to you from an article by James C. Tanner, filed in Dallas, Tex., reporting on the operations of the Army and Air Force Exchange Service.

Joseph Schuyler Hardin runs a retail operation like no other. It's publicly owned, but doesn't have a single share of stock in public hands. It earned more last year than J. C. Penney Co., and Montgomery Ward and Co. combined, yet it never pays taxes or dividends. And it doesn't worry much about what competitors are doing.

Army Brig. Gen. Hardin's enterprise is called the Army and Air Force Exchange Service (AAFES). It operates the PX (Post Exchange) on Army installations, and the BX (Base Exchange) on Air Force bases.

To about 5.5 million military men, their dependents and retired servicemen, these retail outlets are familiar stops, where they can buy merchandise ranging from toothpaste and toasters in the U.S. to washing machines and automobiles in overseas posts . . .

In addition, the AAFES operates a variety of other activities, including beauty parlors, barber shops, movie theatre popcorn stands, gasoline stations, snack

bars, cafeterias and a mail-order business . . ." (if you please). . . . "It even offers mutual fund shares to soldiers and airmen abroad . . .

The AAFES is governed by a six-man board of directors, split evenly between Air Force and Army Generals. The PXs and the BXs must generate their own operating revenues, from their own operating revenues, from which the salaries of some 81,500 civilian employees are paid. About six hundred military men and women are assigned to the AAFES, principally in managerial jobs and jobs in Vietnam.

Right there, to interrupt the quotation, Mr. Chairman, I have said many times before that if military people are not needed for the purpose they were inducted into the Army, Air Force, or Navy for, then they should be discharged and sent back home to wives and families and to schools, and let them resume their normal life.

And I might add at this point that this organization believes that the same thing is true in military installations where more and more and more military are being poured into these installations day after day at costs greater than what it costs to get and keep civilians on the jobs in order to keep them on the military rolls.

There are plenty of excuses for this, but when we get to the reasons, there just aren't any reasons.

I say this—knowing full well that I have two boys of military age, and they have not, nor will they try to dodge the draft in any form whatsoever. But I want to know that whenever they go into the Army or the Navy or the Air Force, that they are going in there for military purposes and not to take a job of a civilian employee who is looking for job security, who is making the Federal work his life work. Now, resuming the quotation:

Unlike the nonprofit military commissaries, which sell only groceries and are funded by Congressional appropriations, the AAFES seeks to make as big a profit as it can and its results are more than respectable.

In the fiscal year ended last January 25, the service had net income of \$112 million on sales of \$2.1 billion, up from earnings of \$66.3 million five years earlier, when sales were \$941 million. For comparative purposes, during its most recent year, Penney earned \$89.5 million on sales of \$2.7 billion, and Montgomery Ward had net income of \$17.4 million on a volume of \$1.8 billion.

The AAFES, of course, is exempt from income taxes, and it has some other things going for it that the average retailer can only envy. It pays no rent on the Government buildings it occupies, and by regulation it is prohibited from costly advertising. General Hardin says that recent moves to modernize the AAFES along the lines of modern retail concerns also have helped to boost profits.

Much of the profit goes into funds supporting recreational activities of servicemen. Since 1957, some 656.4 million dollars produced by the PXs and BXs has been pumped into the building of golf courses, bowling alleys, libraries, swimming pools and other recreational activities for troops. A small part of the profit is used to expand and modernize outlets . . .

That is a quote, as I said, from the Wall Street Journal. I'd like to point out that this organization does not object to military having golf courses and bowling alleys and recreational facilities, but it does object to the military having those at the expense of the sweat and blood of the dependents of the military people who must work to keep a roof overhead and food on the table and send the kids to school to be educated.

What this article omits, of course, is that a good part of the huge profits pumped into golf courses, bowling alleys, and other recreational activities comes directly from the sweat and the poverty of employees of the AAFES who are not paid a decent wage. We in the AFGE believe in providing recreation to everyone, but not at the cost of the

health, the hunger, and the literal poverty of thousands of employees.

To show that this is literal, actual poverty, I should like to read to you a letter I received from one of our overseas locals. It concerns another nonappropriated fund employer, the Stars and Stripes in Europe. For the public record, I have deleted the names of the author of the letter and the employee about whom he writes, but I am willing to supply to this committee a copy for your files if you consider that you need it or want it.

The letter reads:

Our lodge has adopted a program for 1968 which is spearheaded by a concerted drive to obtain minimum wages guaranteed to all eligible U.S. citizens by Section 18(b) of the Fair Labor Standards Act. U.S. revenue-producing non-appropriated fund agencies in Europe are still paying poverty wages to their U.S. citizen employees.

One of the major violators of the minimum wage laws is the Stars and Stripes, Europe, which is designated as an "Instrumentality of the U.S. Government" under the provisions of Army Regulation 230-5 . . .

We have kicked off our campaign with a big bank in a local newspaper, the Overseas Family. One of our AFGE members at Stars and Stripes, a parts clerk, is receiving \$1.27 per hour (before U.S. taxes). In order to keep his family going, he applied for and received welfare assistance, amounting to \$27.00 German Marks per month which is equivalent to \$6.75. When the CPOs of Stars and Stripes heard about the welfare assistance, they called him on the carpet and threatened to fire him for accepting welfare assistance. Instead of being offered assistance, he was penalized for trying to make ends meet for his family.

Here is a documented case of an American citizen working in Germany and receiving such a low rate of pay from the Stars and Stripes out of nonappropriated funds that he is considered to be impoverished by the German Government.

Certainly such a condition is an outrage and a scandal and the Congress should put an end to it.

I can think of no single provision more needed by human beings working in Federal installations than this provision in H.R. 8764 to pay employees of nonappropriated funds at rates of pay comparable to those of wage board employees. Sheer human decency and justice requires this. We will not have ended wage slavery until such a provision is the law of the land.

The third main difference from the present system in H.R. 8764 relates to the provision for the cooperation of private enterprises having Government contracts in the conduct of the local wage surveys. This provision appears in the bill under section 5347, paragraph (e), in lines 18 through 20 on page 18. Perhaps the language of this section should be altered a little to make clear that it is intended to cover those enterprises engaged in interstate commerce.

But in any case, it should be obvious to everyone that unless private enterprises supply the data on an impartial basis to the wage board teams they cannot carry out their work.

I have heard it said that the agencies have been able to get this data prior to the coordinated wage board system, but since that came into being, and the organizations have some representation on that system, some of the industries refused to give the data.

I say this: we didn't know what information they were getting, how they were getting it, and if you look at the results of the coordinated wage board system, you will find that as a whole this year, the average wage board employee is getting a higher percentage of increases than ever before in history.

Is that the reason? I don't know, because we have never been able to find out what the facts and figures were, even though our wage board people have been the ones who could have suffered from those inequities and injustices.

Unfortunately, some employers and managers of private enterprises have refused to cooperate in the past, allegedly because they were under the false impression that the members of the Federal survey teams, nominated by the unions, represent the interests of their unions and might even misuse the data collected to organize or unionize private enterprises which are still nonunion.

I think we have all heard about the conditions that existed in San Diego. Three large industries, whose lifeblood came from Government contracts—I don't believe that two out of the three of them could have existed except for the Government contracts—all three of these industries were 100 percent unionized. We already had the figures from the unions.

We could have used those figures if we had been permitted to use them. But this information was gotten illegally—yes, illegally. Of course, we didn't go along with it. I might say at this point that I think that the members of this organization are reputable people. I think we can be trusted.

And every one of us gives our word that no information gathered will be given out to any person whatsoever except through the proper channels and to the best of my knowledge there has not been a single occasion within the past 12 months where any union representative or management representative has illegally given out any information whatsoever. The integrity of the Federal employee is being questioned, and frankly, I don't like it.

This misunderstanding should be cleared up at once. All the members of the local wage survey committee are Federal employees and represent the Federal Government in precisely the same way as the members selected by management.

In fact, experience shows that in some instances, management itself would have been more than willing to pick the representative already nominated by the union. This is because the man picked by the union often was the best informed and most trusted person in the installation.

If these allegations rested on past misunderstandings, I hope that we will not hear them again after my testifying here. I must speak in candor and tell you that nothing that I have known in the past has angered our members more than this slur on their integrity and on the integrity of our union.

In their name, I reject any and all of these outrageous insinuations that our nominees would misuse or abuse the trust placed in them. Besides, the bill itself states very clearly that all members with access to information must hold the data in confidence. Certainly the kind of information obtained by these local wage survey committees is insignificant in importance when compared to the kind of secret information entrusted every day to our union members in the Department of Defense, Army, Navy, and Air Force or at the State Department in the normal routine conduct of their work.

If union members can safeguard top secret and cosmic secret information without slurs on their integrity, I cannot understand why any-

one should insult them by suggesting that they would divulge the data received in the wage surveys.

Certainly, our union would never nominate any member who was that disloyal and unreliable and I would order disciplining of any member of this organization's staff if he in any way violated the confidentiality of this data.

Unfortunately, though the issues are crystal clear, the attitudes of some managers might not improve. As recently as this month, for example, we had a great deal of difficulty in the existing coordinated Federal wage system with the impasse which results in San Diego, which I just mentioned. It stemmed from the refusal of several key private enterprises to supply the information on their wage rates to all the members of the local wage survey committee. Instead, they gave this information only to the members designated by management on the express condition that they would not make the data, in its raw form, available to the members nominated by the union.

As I pointed out, this action was not only insulting, but it was also totally unnecessary and based on a false conception of the role and duties of the members nominated by the union. Nevertheless, the host activity at the Naval Air Reworks Center at San Diego, Calif., where this situation developed, accepted these insulting conditions.

Almost 6 months elapsed before this impasse was resolved through an ad hoc arrangement.

Fortunately, since these employees were entitled to retroactive pay, they did not lose the money even though they were not paid in full on time. Had they been employees of nonappropriated funds, however, where retroactive pay is not applied, they would have lost this money entirely.

Although matters have been settled for the time being in San Diego, it is not in the public interest that the law should be unclear or vague on this issue. Therefore, I strongly urge that you include a provision that any employer engaged in interstate commerce and having contracts with the Federal Government, or with any of its instrumentalities, must cooperate in the conduct of these wage surveys.

The fourth kind of provisions included in H.R. 8764 differing from the present system concerns the wage rate schedule.

In section 5346, the bill provides for a 10-step wage schedule similar to the within-grade steps now already available to employees working under the Classification Act. It provides further that each such successive rate should be not less than 3 percent more than the preceding rate.

One would think that this innovation would be considered a matter of commonsense, since there is no sound reason for not introducing such a wage-rate progression into the wage board system.

In fact, the successful use of the same system for classified employees serves as the best argument for using it for wage board employees. Yet, I have heard arguments in the past against the application of the 10-step system. Some say it shouldn't apply because private industry doesn't use it.

I doubt that this allegation would stand up to careful scrutiny because I know of some situations where it is used, if not as a 10-step system, then as an eight or seven step. But the principle used is the same in any case.

What I find most interesting however is that in August 1941 no one at all argued against the installation of the 10-step system for classified employees. And I think at that time it was a seven step; later raised to 10.

And today, absolutely no one regrets the existence of that system. Why does anyone then want to prevent this system from being applied to wage board employees? Why does anyone want to discriminate against these employees who also belong to the great family of Federal workers, just as much as do postal and classified employees?

I know today that the overwhelming majority, more than 90 percent of all wage board employees in fact, are in the third and last step of each grade. Most of them got there after 11½ years of satisfactory service.

Are they then supposed to stay there all the rest of their lives, never moving higher? Is this a rational approach to developing incentive?

I know of cases, Mr. Chairman and members of the committee, where a man has been in the third step for a period of 20 or 21 years. He has become an expert in his particular line of work and yet we can bring a man off the street as long as he is a journeyman and in 18 months he will be getting the exact same pay as this man with 21 years experience.

The situation is even worse than that. When we compare the pay range in the classified service grades with that of the wage board, we find that, in the 10-step system of the classified employees, the range of pay between the bottom and the top is approximately 30 percent. But the range of pay in the 3-step system of the wage board between the bottom and the top is only 8 percent.

I say that this is rank discrimination.

But we are not through with odious comparisons. I should like to add one more. Today the wage board supervisory grades have five steps, and not three. Moreover, the range of pay between the lowest and the highest of these averages to 15 percent.

Here then we find that the present state of affairs discriminates not only between the classified and postal workers, on the one hand, and the wage board employees on the other, it even discriminates within the wage board system itself in favor of the supervisors and against the nonsupervisory employees.

Personally, I think this is the most abysmal kind of discrimination; it is shameful and intolerable; and should be ended at once.

I know they will tell you we don't need a law, we can do it administratively. If they can do it administratively, why haven't they done it administratively?

We can't live with the supervisors receiving one classification while the journeymen are receiving something else.

I might also say that what I find most interesting is that we have already found there is more friction between supervisors and journeyman employees and I have heard it said so often in these committee rooms by the postal employees that our people need special consideration because we have some dead end jobs in the postal service, and I agree with them 100 percent. But let's don't forget the wage board people.

Whenever they get to be a journeyman, they are dead end except for a few occasional promotional opportunities to a supervisor job, and they are very few and very occasional.

What I am asking for is equal treatment, not preferential treatment, but equal treatment. We are all working for the taxpayers of this country and the Federal employee is just about the biggest taxpayer we have got in this country, too.

Other passages of this bill deal with such important matters as the frequency of the wage surveys, the contents of data, shift differentials, hazardous duty differentials, the basic workweek, overtime rates, and traveltime pay. I should like to speak to each of these briefly.

This bill requires that wage rate surveys should be conducted at least every 12 months or at such times as they shall reflect significant or substantial wage-rate changes within a survey area.

It also states that when collecting data, the local survey teams should collect statistics not only on straight time rates, but also on bonuses, incentive payments, shift differentials, and overtime rates. Wherever possible, a least 50 percent of the positions surveyed should be in establishments covered by collective bargaining agreements. Such data should be collected for positions, the duties of which are comparable to those positions in agencies in the wage area in which a wage survey is made.

There I would like to have Mr. Ramer just tell you about an experience at Griffiss Air Force Base, if he will, with respect to the wage system up there. Mr. Ramer?

**STATEMENT OF ROBERT J. RAMER, SECOND VICE PRESIDENT,
AFGE LOCAL 2612, ROME, N.Y.**

Mr. RAMER. More or less over the past 10 years, we have had a local at Hancock Field—I'd like to read this statement; that would clarify the situation:

I most deeply appreciate the kindness you have shown me, Mr. Chairman, in allowing me to appear along with Mr. Griner, our national president, as the witness of Local 2612 of the American Federation of Government Employees. My testimony will be brief and it will be in support of H.R. 8764.

My purpose in coming here is not to present arguments but rather to supply an example of the intolerable procedures applied to wage board employees today. Our example is current and is in existence at this time at the Griffiss Air Force Base in New York.

We have prepared a file of the facts and over 500 of us have signed a petition to you, the Congress of the United States, setting out in the best way we know how the problems we should like to have resolved.

I do not wish to impose on the committee's time by reviewing the details of our complaint. I should like only to say briefly that it concerns an unacceptable and unjust disparity between what we are receiving as wage board employees and what is being paid to employees of private enterprise who are our immediate neighbors.

Before submitting the petition, I would like to state that when it was written and circulated we were not aware that you would be holding hearings on H.R. 8764. Therefore, our petition contains the request that a special bill be introduced in Congress for an interim wage adjustment to benefit Griffiss Air Force Base wage board employees. Now that we know that H.R. 8764 is under consideration, we wish to amend our petition to show us expressly on record in support of that bill.

I most earnestly and sincerely request that you accept our petition, Mr. Chairman, and include it in the record of your hearings on H.R. 8764.

To expedite time, I will insert the petition into the record.
(The petition of protest reads as follows:)

We the undersigned wage board employees at Griffiss Air Force Base, protest with the aid of our union, the American Federation of Government Employees' Local 2612 AFL-CIO, the April 1969 Department of Defense Wage Fixing Survey results which was conducted by our installation.

We specifically protest the interim wage adjustment of 5 percent above the regular calendar adjustment which was granted to supervisory wage foreman but not granted to wage board employees at this installation. This interim adjustment was instituted by the Civil Service Commission as to make up for large wage gaps between the old wage fixing system and the new Federal Coordinated Wage System for foreman.

Be it clear, we do not protest that our supervisory foreman should not receive this interim wage adjustment but protest the fact that we wage board employees at Griffiss also suffer large differences between our installation and nearby Hancock Field, Syracuse, New York, under the old wage fixing system and learn Syracuse will be surveyed by our installation in 1970 under the new wage system.

Be it known before our last survey commenced we employees requested using the above facts with the aid of both our union and local Congressman, the immediate implementation of new Federal Wage Coordinating System only to be turned down by the Civil Service Commission and the Department of Defense Wage Fixing Authority using lack of manpower as their main excuse.

Be it resolved that we wage board employees at Griffiss Air Force Base being tax paying and voting citizens, urgently request our local Federal legislators develop and solicit a special bill to the Congress of the United States providing either a five percent across the board interim wage adjustment to Griffiss Air Force Base wage board employees, such that was granted to the Civil Service Commission to wage foreman, retroactive from the pay period of June 15, 1969, or a bill to make retroactive from June 15, 1969 any wage changes developed by the new coordinated system at Griffiss Air Force Base in 1970 survey.

Mr. RAMER. And I would add, Mr. Chairman, in the name of the signers of this petition, numbering more than 500 Federal employees, and in the name of more than 3,000 Federal employees whom we represent under an exclusive recognition unit, I thank you once again for hearing me and entertaining our petition for redress of our grievance.

Mr. HENDERSON. The list of signatures will be filed with the subcommittee.

Mr. GRINER. I'd like for Mr. Ham, to step out of context here, to explain the problem they are having in his place, in one of the largest arsenals in the country, regarding shift differential. Mr. Ham?

STATEMENT OF ROBERT HAM, PRESIDENT, AFGE LOCAL 2352, WATERVLIET ARSENAL, N.Y.

Mr. HAM. I am indebted very much to you, Mr. Chairman, for the opportunity to appear before you today in support of H.R. 8764, a bill to provide an equitable system for fixing and adjusting the rate of compensation of wage board employees.

As President of AFGE Local 2352, I speak on behalf of approximately 2,400 wage board employees at the Watervliet Arsenal, N.Y.

I wish to lend my voice to that of Mr. Griner, our national president, asking you to pass this bill, H.R. 8764, which would give equity and justice to wage board employees. Today these employees are subject to the whim and fancy of the managers of their local installations,

even in those cases where past practices have set firm precedents and traditions.

Let me give you an example related to night differentials.

So far as I can recall personally, which is at least back as far as 1951, the Watervliet Arsenal always paid wage board employees on its second and third shifts a night shift differential of 10 percent. This conformed to the pay and salary policy applied to classified employees.

Today, we are faced with very real danger that the night differential of 10 percent will be abolished for wage board employees and a flat "cents per hour" night shift differential substituted for it.

If this in fact happens, many wage board employees will suffer a cut in wages. Many will want to go back on the day shift. Confusion, arguments, bitterness will result.

While this danger exists for wage board employees, no similar danger confronts classified service employees because they are covered by explicit law, protecting them and regulating their night differentials, which appears in United States Code title 5, section 5545(a) which says, "an employee is entitled to pay for night work at his rate of basic pay plus premium pay amounting to 10 percent of that basic rate."

Our wage board employees work alongside classified employees on the two night shifts. The Class Act employees include typists, office clerks, timekeepers, security police, tool crib attendants, office clerks, nurses, key punch operators, and computer system operators.

All of these classified service employees know fully well that they will continue to receive the 10-percent night differential, as they have in the past, because they are protected by law.

The wage board employees also need the same kind of law to protect them from the whim and the humor of installation managers. They are therefore most grateful that H.R. 8764, in paragraph (c), appearing on page 24 at line 19, in the text of the bill, states very plainly that "the differential to be paid for night work, standby duty, and irregular duty shall be computed as provided in section 5545" of title 5.

As I mentioned earlier, this is the section now applying to classified employees.

Mr. Chairman and distinguished committee members, all I am asking is that wage board employees be treated as full and equal members of the family of Federal employees. They do not want to be stepchildren. They do not want to suffer discrimination. They desire equality, equity, and justice. They support H.R. 8764 because they know that its passage will end their present status of being "second-class" Federal employees.

Mr. Chairman and honored committee members, I thank you once again in the name of our wage board employees for permitting me to address you today.

Mr. GRINER. Gentlemen, I know you are rushed for time.

These important provisions are included so as to obtain the most exact and comprehensive data so that rates can be set fairly and currently.

Another provision included, for the same reasons, concerns the so-called outside survey area to be used in the event that the private enterprises in the actual geographical area are so different in important

respects from the structure of the Federal installations that they would be useless for comparisons.

H.R. 8764 provides that such an "outside survey" area will be designated "whenever it is found that private enterprises in any geographic area do not have positions similar to wage board occupations." Obviously, one has to get the data from somewhere, data which both relate to those occupations and which are meaningful.

In this situation, the data would be gathered in the "outside survey area" and would be "ploughed into," that is mingled with the other data about wages that can be gathered within the geographical area. The result of this mingling, or "collation" as it is called, would be a more realistic and fair wage board rate.

Mr. Chairman, I want to call your attention to the Monroney amendment, passed and signed by the President on October 12, 1968. As of this date, that amendment has not been implemented. There has been feet dragging among the Department of Defense, especially, and with the Civil Service Commission; even though the amendment has been literally gutted, it is better than nothing at all, and it is the law of our land, and certainly we have the right to have that amendment implemented and have the surveys made according to that amendment and I hope that this committee will take cognizance of that fact and have somebody get moving on this question.

In other words, we are not satisfied with that amendment. It is better than nothing, but we think that whenever we can't find comparable positions within an area, we should be permitted to expand that area to such a point that we can find comparable positions.

We don't like to compare positions in the Federal Government with people who make brassieres, and that was done in one case; or with dairy workers, that was done in one case; and I can name a number of other cases where it actually dragged down the wages of the employees because there was no comparable industry within that area.

For a good wage board system, one should also have appropriate differential for duty which involves a recognizable degree of physical hardship or of hazard in its performance.

H.R. 8764 provides that the National Wage Policy Committee shall make recommendations for such a schedule of differentials. This provision is necessary because the Federal Government largely ignores this consideration today. The Navy Department under its own regulations could pay up to 100 percent differential. It pays a piddling 12 cents an hour, even for the most dangerous kind of work.

The Army could pay up to 50 percent. It pays 50 percent of the Navy differential, that is, a meager 6 cents. It is incredible that these rates of differentials are paid when employees of private contractors working alongside the Federal employees actually get up to a 100 percent differential.

People handling live ammunition—I have seen it—getting 6 cents an hour in the Army and Air Force. In Sunny Point, N.C., your home State, Mr. Chairman, where our people are working on the locks loading live ammunition into the ships and contractors on the docks loading live ammunition in the same ships. Our people receive 6 cents an hour in some cases—in some cases nothing. The contractors receive 50 percent of their base pay for the dangerous occupation. There is nothing right about that.

I'd like to call your attention to the fact that Congress authorized a payment of a minimum of 25 percent differential for classified employees intermittently engaged in hazardous occupations. Yet, ironically, no differential at all has been authorized for wage board employees engaged in regular and recurring hazardous duties.

If a person is entitled to a minimum of 25 percent, because he works 3 days a month in a hazardous occupation, then certainly the man that works with it day in and day out should be entitled to at least the same differential.

I might say that the coordinated wage board system is a year old, and I am a part of the policy committee and maybe I should criticize myself, but as of this date there has been no wage differential for hazardous occupations and it is not even on the schedule, that I know about, that is, the agenda to take up at future meetings.

They are still studying this, they study and study and study and study to death. That is what is happening in this case.

Other important functions of the National Wage Policy Committee relate to its powers to review existing regulations and to recommend to the Civil Service Commission their continuance or their modification. These include such matters as the establishment of occupational groupings and titles; a job-grading system with job-grading standards, including provisions for employee job-grading appeals; and the determination of the need for and authorization of the use of special schedules wherever appropriate.

These statutory provisions are essential to assure a continuing improvement in the wage board system. Only through the constant and unrelenting pressure from this organization, has there been any real movement to improve occupational definitions and job-grading standards in the last years.

When we began applying our attention and our efforts to these matters, there were more than 1,600 occupational definitions. Though reduced to 800 now, these are still too many. When we began our probings there were more than 1,300 job-grading standards. These have been slashed to 200, these are still too many.

Mr. HENDERSON. We have a quorum call on the floor at this time. The members will have to leave shortly to make that quorum call. I wanted to explain to you and the members what the situation was; you might go ahead and read the rest of your statement or make any other statement that you like.

Mr. GRINER. I want to mention the travel pay and then I can cut off. The members of this committee know that this organization has for some time tried to get enacted into legislation a reasonable provision whereby a person could be paid for travel outside of normal duty hours; that is travel he is directed to make, not that he makes of his own accord.

Last year, we were able to get some provision into law—or the year before last. That provision is not working out. It is strict and narrow, interpretations are being made. Certainly in some cases it has been worse than before.

I think we need simple language that when a person is directed to travel and that travel must be performed outside of his regular duty hours, then certainly he should be paid for it.

Another important provision in this bill relates to traveltime. I consider this provision one of the most important sections in this bill. Today, management imposes on wage board employees by requiring them to travel to distant places of work on their own time. Most often this situation arises because the supervisor has scheduled the work of his activity improperly or dispatched and assigned his employees to the work sites inefficiently. This is an abuse of the rights of the wage board employees to their own life and it is an invasion of their privacy through the invasion of their private time.

To correct this situation, the bill requires that "whenever practical travel will be scheduled during regular duty hours." It then stipulates that when "impractical, and travel is scheduled outside normal duty hours, all hours involving travel, including necessary layover time, shall be construed as duty time and compensated accordingly."

I am sure that as soon as H.R. 8764 is enacted and supervisors will be required to justify paying for their poor scheduling of traveltime, the abuses will end.

Then travel will be authorized only when and if it is actually required in the public interest and not solely because the supervisor had not worked out his plans properly.

Mr. Chairman, I want to again say that the reason we are here this morning is to try to get some basic legislation to cover these wage board employees. Regulations to be written and rewritten at the whim and the will of the administration; rights and privileges can be taken away by regulations. We have no recourse except to come to you, our friends in Congress, and we are coming to you and asking you to take cognizance of the fact that the 800,000 wage board employees, or 28 percent of the total employment within the Federal Government, are the forgotten, red-headed stepchildren in the Federal employee family.

Give them the same rights, give them the same benefits, give them the same fringe benefits as we are giving the white-collar worker, and I can assure you that this organization will be satisfied and I can assure you that when we come and ask for any rights and benefits for the white-collar workers, that we are also going to ask for the postal employees, because we believe that they have a case, and we believe now is the time to solve it, not next year.

Mr. Chairman, and distinguished members of the subcommittee, there are many other worthy items in H.R. 8764 on which I have not had time to comment. However, I believe that the principles and the concepts which I have invoked apply equally to them. Basically, what I have been saying is that the wage board employee and the nonappropriated fund employee should be treated equally with the classified service and the postal employee. We should deal with them fairly and justly. We should not discriminate against them.

I know that H.R. 8764 will end this discrimination. Once it is passed, the "forgotten men" and the "forgotten and deprived men and women" of the Federal service will know that discrimination has ended at last.

I wish to express again my gratitude to Congressman Thaddeus Dulski and to all the other Members of Congress who introduced bills on this subject.

I appreciate most sincerely the privilege you have extended to me, Chairman Henderson, in allowing me to appear before you today. I

thank all of the subcommittee members for their patience and generosity in listening to me for this length of time. And finally, I ask you once again to pass this bill this year.

Mr. HENDERSON. Before we adjourn the hearing this morning, I want you to take special note that Chairman Dulski, chairman of the full committee has been able to attend and hear the testimony, and I am sure you and all your members are appreciative of his attendance here.

We will want to arrange to have you and the others back for questioning by the members, but I want to commend you for a fine and comprehensive statement on this subject, and assure you and the members that while this is the beginning of these hearings, we will continue the hearings and study this complicated subject which is important to you and the wage board employees of the Government.

Mr. GRINER. Mr. Chairman, I would like to personally thank our good friend, Congressman Dulski, for introducing the bill, and his interest that he has taken in the wage board legislation and the interest he has taken in all Federal employees, and I want to thank your committee, your subcommittee, as well as the Civil Service Committee as a whole for the excellent treatment that we have gotten from this committee.

It is true that we don't get everything we ask for, but on the other hand, we believe you are trying to be fair with us, and we want you to know that we appreciate it and this is only a token segment of our membership; from all over the world we have people here from Okinawa, Germany, Guam, Panama Canal Zone—all over the world, and every State in the Union is represented at this mammoth legislative rally. We have over 4,000 people. We certainly appreciate it.

Mr. DULSKI. Thank you, Mr. Chairman. I want to apologize for not attending your session yesterday. I just arrived here this morning.

I want to thank the Subcommittee on Manpower for taking up my bill, H.R. 8764.

I want to commend you on a fine statement and I assure you that I am 100 percent behind it. Thank you.

Mr. GRINER. Mr. Chairman, I want to assure you, the subcommittee, and the full committee that as usual we are at your beck and call. Any time that you have time and would like us to appear again, you can certainly be assured that we will be here.

Again, I want to thank you and your staff. Your staff has been very considerate.

Mr. HENDERSON. We always have had very fine cooperation and we are most appreciative of it.

With that, the Chair would like to announce that the hearings will continue tomorrow morning when we will hear representatives of the other employee unions, and our first witness will be Mr. Wolkomir.

Thank you very much, Mr. Griner.

The subcommittee is adjourned.

(Whereupon, at 11:30 a.m., the hearing was adjourned, to reconvene at 10 a.m. on Wednesday, June 25, 1969.)

Thank all of the subcommittee members for their patience and courtesy in listening to me for this length of time. And finally, I ask you once again to pass this bill this year.

Mr. HARRINGTON: Before we adjourn the hearing this morning, I want you to take special note that Chairman Dicks, chairman of the subcommittee, has been able to attend and hear the testimony and I am sure you and all your members are appreciative of his attendance.

We will want to arrange to have you and the other back for questioning by the members, but I want to commend you for a fine and complete statement on this subject, and as you and the members will know, this is the beginning of these hearings, we will continue to the hearings and study this complicated subject which is important to our country's well-being and the future of the Government.

Mr. DICKS: Mr. Chairman, I would like to discuss with you, good friend, Congressman Dicks, for introducing the bill, and his statement that he has been in the very best position and the most informed position in all Federal employment, and I want to thank you for your statement, your subcommittee as well as the Civil Service Commission as a whole, for the excellent statement that we have gotten from this committee.

It is true that we don't get everything we ask for, but on the other hand, we believe you are trying to be fair with us, and we want you to know that we appreciate it and that this is only a token payment of our indebtedness to you for the work you have done for this country. I am sure that you will be able to handle the situation in the future in a way that will be most satisfactory to all concerned, and I am sure that you will be able to handle the situation in the future in a way that will be most satisfactory to all concerned.

Mr. DICKS: Thank you, Mr. Chairman. I want to apologize for not attending your session yesterday. I had a very bad cold and was unable to attend.

I want to thank the subcommittee on this morning for taking up this bill, H.R. 1000.

I want to commend you on a fine statement and I assure you that I will be able to handle it. Thank you.

Mr. DICKS: Mr. Chairman, I want to commend you on the information that you have given us and we are all very grateful to you for it.

I am sure that you have done a very good job and we will be able to handle it. Thank you.

I want to thank you and your staff for all the help you have given us.

Mr. DICKS: We also thank you for the cooperation and the help you have given us.

We will be able to handle it. Thank you.

Mr. DICKS: Mr. Chairman, I want to commend you on the information that you have given us and we are all very grateful to you for it.

I am sure that you have done a very good job and we will be able to handle it. Thank you.

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Mr. DICKS: We also thank you for the cooperation and the help you have given us.

WAGE BOARD PAY RATES

WEDNESDAY, JUNE 25, 1969

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

The subcommittee met at 10:10 a.m., in room 345, Cannon House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

We are, today, continuing public hearings relative to bills proposing to put into law provisions relative to establishing the pay of our Nation's 775,000 wage board employees.

Yesterday we heard from the national president of the American Federation of Government Employees, Mr. John Griner. This morning we will hear from employee leaders of other unions of Federal employees.

Our first witness is Mr. Nate Wolkomir, national president of the National Federation of Federal Employees.

Mr. Wolkomir, we are glad to have you.

TESTIMONY OF N. T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, ACCOMPANIED BY IRVING GELLER, DIRECTOR, LEGAL AND EMPLOYEE RELATIONS, NFFE, AND BEN HINDEN, ASSISTANT TO THE DIRECTOR OF LEGAL AND EMPLOYEE RELATIONS, NFFE

Mr. WOLKOMIR. Thank you, Mr. Chairman.

My name is Nathan T. Wolkomir. I am president of the National Federation of Federal Employees. To my left I have Mr. Ben Hinden, assistant to the director of legal and employee relations of NFFE, and my legislative assistant; and to my right, Mr. Irving Geller, the director of our legal staff.

NFFE is the pioneer and the largest of all independent general unions of Federal employees with members worldwide covering both wage board and classified groups. Our organization has a long and consistent record of support of constructive legislation for Federal employees.

Mr. Chairman, I am happy to appear here today to give the views of the National Federation of Federal Employees on the subject of the pay systems for wage board employees. The NFFE is fully aware of the urgent need for progressive action which would improve the economic status of trade, craft, and labor employees in a timely fashion.

Since wage board employee pay is generally fixed on the basis of area surveys, under the coordinated Federal wage system, thousands of wage board employees are almost invariably getting—for a variety of reasons—the lowest common denominator of pay, and their pay bears little relationship to a true prevailing rate concept.

As an offside, may I state that we have confined our statement to the overall wage board system, with no attempt to review history or dramatize the severity of the wage board inequities.

However, for these reasons it is necessary to review very briefly the activities to date of the coordinated Federal wage system as it has affected the wage board employee. The new system and its implementation unfortunately has been marked by confusion and much delay. The inability to obtain wage information from private industry has occasioned several inordinate delays in the promulgation of new wage rates for different areas of the country. This poses a serious problem for the future, a problem for which a sound solution must be found. If wage information is unavailable, should we not look to other sources or systems to assure proper and timely wage adjustments for wage board employees? Surely the answer must be in the affirmative. It may also require additional activity on the part of the Bureau of Labor Statistics in securing wage information.

We have noted the serious impasses reached by the members of the National Wage Policy Committee. The NFFE believes that the National Wage Policy Committee, based upon its performance to date, is in need of substantive structural change.

We recommend that a Federal Wage Board be established comprised of an equal number of agency representatives and union representatives jointly selected by the two groups. It is essential that all unions and agencies having substantial interest in the wage board program be assigned a place on the Board or Committee.

The important criterion for the selection of the Chairman of the Board or Committee should be his impartiality and competence in the wage rate field.

We will go into more detail in the analysis of the proposed legislation that today is being discussed at a later time.

The part-time participation, however, of members of the National Wage Policy Committee contributes to its weakness, among other factors. The Chairman of the Board or Committee should serve as a full-time director with an adequate full-time staff as required to develop policy and effect continuing implementation of the program.

Again as an offside, although generally we are in agreement and in line with Chairman Dulski's H.R. 8764 and other proposed legislation that has been submitted, we offer slight modifications to that particular proposal at the end of this prepared statement.

Among the serious deficiencies in the current plan is, for example, the reduction in night differential rate paid to wage board employees. We believe that the night differential for wage board employees should be liberalized and coordinated with night differential rates paid to Classification Act employees. The internal alinement of such differentials is not only useful for pay administration but is essential to attract employees to work the undesirable shifts.

In addition, and wherever appropriate, hazardous pay should be coordinated with hazardous pay provisions for Classification Act employees. The NFFE believes that the coordination of Classification

Act and wage board pay systems should be the subject of a continuing study in order that a proper relationship be established between both systems to provide for good public administration in the national interest.

Again as an offside, we have a key problem, for example, in the nonappropriated fund categories. We have other categories of wage board employees such as the intermittent who, by the very nature of things, do not fall into the establishment of a system that provides for them the basic equities that we have under the Classification Act, and we seriously recommend—and we do have mandates by resolution from our national convention—that the nonappropriated fund employees be placed into the Classification Act; that they be declared full-fledged civil servants and under the merit system in government.

So we ask the committee to very closely scrutinize and examine the possibility of removing the category of people who really exist in limbo; they are neither Government employees, nor are they given the rights and equities provided to all of our Government employees under the merit system. Let's place them all in one category and place them all into the Classification Act.

We also would like to call your attention to the inequities that exist in the system as it now stands under the present surveys for all types of wage board employees. For example, and just by way of example only, we bring to you two current schedules for wage board people that have been determined under the new system. We draw comparisons—and this happens to be for the wage area in the District of Columbia proper for this year; and another one from the wage area in New York where we speak about wage structures for similar jobs.

We find right in the basic pay of the grade 1, even in the step 1, we vary as much as from \$2.11 per hour to \$2.68 per hour. In step 3 there is a variation—and this is the normal step in which the surveys are conducted—we vary as much as almost 70 cents per hour in the same grade, and may I say, in many cases, for a similar position.

This is merely to indicate some of the confusion that presently exists in our coordinated system.

Mr. Chairman, we believe that it is essential that there be established a minimum wage of \$6,000 annually for all full-time employees. The NFFE recommends a minimum pay, or floor, based on the minimum economic needs of Federal employees and on the surely sound concept that the Federal Government should be a model employer, especially at the lower level of grades in the Federal service. That is not true today.

We validate this statement based upon the Department of Labor statistics. The Department of Labor just recently came out with a figure for the entire country indicating that for the lower income family groups the budget required as a minimum to exist for a family of three amounts to approximately \$6,000. For those who are in the middle income family group, it goes up to almost \$8,500. For those in the higher income family groups, it goes up to approximately \$13,000.

So the \$6,000 figure as a basic minimum that we recommend, we believe, is validated by the Bureau of Labor Statistics itself in the recent survey that it conducted nationwide.

This, incidentally, is quoted from the U.S. News & World Report of March 24, 1969.

The NFFE also recommends the establishment of a within-grade promotion and longevity system for wage board employees compar-

able to that provided for in the general schedule, generally running to 10 steps. There does not appear to be any logical reason for distinguishing between within-grade or longevity provisions for both categories of employees. Good administration requires the action we here propose.

NFFE is dedicated to a policy which will provide fully comparable pay for all Federal employees. We caution against any action which will tend to create indefensibly wide disparities in pay between employees under the several Federal pay systems and this is particularly true where there is a close working relationship and a coordinated promotion plan.

The NFFE recommends that greater consideration be given to the application of a true prevailing rate concept. For example, the agreements that are currently being negotiated between agencies and employee organizations which are based on true prevailing rate wage information have proven to be the most reliable and understandable wage rates established to date.

For purposes of clarity, may I state that we do have the right to negotiate wages within certain agencies; and where we do have this right and we exercise this right, the prevailing wage rate prevails, and not to be confused with a comparable, so-called, rate in the area or surrounding business areas.

Whenever possible, the further extension of this concept should be encouraged.

We believe that the wage board system should be studied in relation to the Classification Act system and that the concept of wage areas and their differentiations be evaluated against the practical possibility of a national wage rate with sufficient flexibility permitting cost-of-living adjustments in high-cost areas about the country.

In sum, we believe that the following principles should be introduced into the system for the wage board employees:

1. The establishment of the Federal Wage Board with a full-time Executive Director and adequate staff.
2. The establishment of a within-grade and longevity system comparable to the plan now utilized for the general schedule.
3. Coordination of a night differential comparable to that provided under the Classification Act.
4. Coordination of hazardous pay for both wage board and GS employees.
5. Greater impetus given to the negotiation of wage rates based on a true prevailing rate theory.

If I may go back to the night differential question and again refer back to the two particular schedules in mind, I would like to call the attention of the committee to the fact that now shift differentials are presented in terms of cents, and in one case, the second shift, they run to 15 cents, and in the third shift, they run to 18 cents, and in the New York area, to 21 cents and 26 cents, respectively.

If we multiply those figures by 40 hours, we end up with an average of perhaps \$6 to \$8 a week. Who would want to work at night or on a split shift for \$8 a week?

And this is a change from the old percentage basis which was used at one time, and the percentage basis which presently exists in the Classification Act system.

6. The establishment of a minimum wage of \$6,000 annually on a nationwide basis for all full-time Federal employees.

7. Consideration to the establishment of a national wage rate with additional premiums being permitted for high cost-of-living areas.

8. A continuing study looking toward possible merger of the Classification Act and wage board systems to provide a proper relationship between both systems and a sound basis for public administration in the national interest.

I stated earlier in my testimony that we certainly have no general objections to the proposed legislation, H. R. 8764 and other related bills written exactly alike. We, however, would like to call to the committee's attention in particular some modifications we would recommend.

For example, on page 10 of H.R. 8764, line 8, it reads as follows presently:

(2) five representatives (will be chosen) from Federal employee unions, who shall be appointed as follows:

(i) two by the president of the AFL-CIO;

And then one in turn each—

by the president of that Federal employee union representing the largest number of employees subject to this act.

We have no argument with the choice by the presidents of various unions based upon their representation of the number of employees affected. But we certainly have an argument with the first subparagraph (i): "two by the president of the AFL-CIO." We cannot understand why arbitrarily there is an unwarranted representation by one particular individual, regardless of whether he has representation per se. His unions are already represented later on in the choice of representation on this board by the presidents of the individual unions. This actually winds up being a double consideration for the same group of affiliated unions.

We believe that subparagraph (2)(i) should be stricken, and in turn, the representation should be in terms of five representatives based upon their particular union representation per se.

We then refer the committee to page 9, line 22, where the chairman of the particular committee is recommended to be appointed by the President and "shall serve at the pleasure of the President." We would like to add, if we may, this recommendation, that this appointment, however, should be confirmed by the Senate and not be strictly a Presidential appointment. This is the chairman of the overall policy committee.

We also make the recommendation on page 12 of said legislation, under the "Agency wage committee," what we believe to be one of the fundamental problems that exists today under the Federal co-ordinated wage system, and that is the representation by organizations at the agency wage committee level.

Under the proposed legislation it states that "two members and a chairman shall be appointed by the head of the lead agency in which an agency wage committee is established."

We heartily recommend that the chairman of this particular agency wage committee should be a full-time employee, similar to the chairman of the overall policy committee, and that he should be an impartial third party; that he in turn should be selected by the chairman of the full wage board committee, the national committee.

Also, that any organization that has a substantial interest in these matters should be a participant on this particular committee. Other

employees who are not necessarily covered under exclusive recognitions—and in some agencies, may I state that the majority of the employees may be covered by any form of exclusive recognition in this particular category—actually have no voice in their own affairs in the manner in which the proposed legislation has been structured.

Do we intend to foreclose these people, however, from representation on such a committee at the agency level?

Therefore, we state that any union that has a substantial interest, perhaps at the formal recognition level, should participate in the agency wage committee rather than be completely moved out as the proposed legislation indicates.

We also refer the committee to page 14 of the proposed legislation, and on page 14 we speak about the local wage survey committees again, and in this particular case it states that "one member and a chairman (at the local level) shall be appointed by the head of the designated host activity located in the wage area to be surveyed."

We recommend that even at the local level we model the representation very similar to the manner in which we have recommended the participation at the agency level. Perhaps a full-time circuit rider should be employed who is employed by the national policy committee. He would be a Government employee and, in turn, would be an impartial third party and serve on the local wage area committees and serve as the chairman at the local level.

And again, employee organizations that have a substantial interest at the local level would be represented at the local level also, and in that way we would take care of those who have no voice, and their destinies will not necessarily be molded by the few who happen to have an exclusive recognition.

I now refer the committee finally to page 21 of the proposed legislation where it reads as follows:

The headquarters of the Federal employee union having exclusive recognition in the wage area affected, and the headquarters of any other labor union or organization

other than the one represented in the wage surveys only "upon request" will receive results of said surveys. And we recommend that the term "upon request" be removed, and that any union that has an interest in that wage area, and the employees, should automatically receive the results of a particular wage survey after completion.

We state that because there has been more and more of a tendency on the part of all of the unions, including our own, where we may be the key union in a particular local wage area, to be reluctant to pass said information out to rival unions and rival organizations, and this sort of treatment is not equitable to the wage board employees affected in that area. It should be an automatic distribution so they all get the new rates practically simultaneously.

We recommend that the term "upon request" be removed because we believe that it will not lend to the expediency of operating the system.

With these general recommendations for changes to H.R. 8764 and other legislation of a similar nature, we concur generally with said legislation; bearing in mind, however, that we refer the committee again to the eight key points that we mentioned previously that should also be considered as potential amendments.

We realize that these problems are large and require the close and careful study of this committee. Indeed, I know of no question involving Federal personnel administration which is more complex than this. It is demonstrably true that if we can secure the enactment of legislation designed to meet these problems more effectively than the present law and regulations, the Congress will have earned the gratitude not only of all wage board employees but of all whom they serve.

The NFFE has been addressing itself to these problems from day to day for more than 50 years, and the recommendations which I have made to the committee today are based upon practical experience. Indeed, they have been molded on the anvil of our daily contacts with every facet of the problem, and they represent our best and most mature judgment as to a sound and proper course of action.

Mr. Chairman, on behalf of the NFFE, I wish to thank you and the members of the subcommittee for initiating these hearings which I hope will be the beginning of definitive action to correct the existing systems for fixing the pay of trade, craft, and labor employees.

I wish also to thank you for the opportunity to appear today to present the views of the National Federation of Federal Employees.

Mr. HENDERSON. First, may I congratulate you on presenting a very short but effective statement on the problem. You have answered one of the questions which is obvious to me, and that is with regard to the makeup of the National Wage Policy Committee. I think this will be most helpful to the subcommittee.

Referring to the eight items on page 5 of your statement, under item 3, night differential, and item 4, hazardous pay, how would you suggest that that be arrived at?

Mr. WOLKOMIR. If you have no objection, I will ask Mr. Geller to answer that.

Mr. GELLER. Well, the current night differential for Classification Act employees is a flat 10 percent. This is an arbitrary figure. It has been a part of our system for several years now.

In many areas of the country, we have wage board employees receiving a 10 percent night differential. Right here in the District of Columbia, Federal employees, until January of this year, received a 10 percent night differential.

Now, I would assume that the wage committee in effect prior to the coordinated system made studies and arrived at the conclusion that 10 percent was a legitimate rate. But more important than that, I think, is that 10 percent was the rate and has been the rate for wage board employees as well as GS employees.

Suddenly the employees in the District were told that 10 percent is not the correct rate, and that the correct rate is 15 cents an hour.

Now, 15 cents an hour is less than one-half of 10 percent at the higher levels of skilled mechanics, and—

Mr. HENDERSON. What I wanted to get at here is whether officials of the coordinated wage system should arrive at a night differential as a part of the study for deciding what the basic rate would be. They study the prevailing wage or industry wages within an area, and should not the night differential under this system be set by what is paid by those industries that are studied, in determining the basic rate?

Mr. GELLER. Well, I am not so sure that that is the proper scheme, since the Federal Government establishes a retirement plan for all employees, wage board and GS alike. These are perhaps the fringe areas of employment. Holiday pay is the same for a wage board employee as for a GS employee.

No effort has been made to study—I should not say “no effort”—an effort was made generally insofar as GS employees and wage board employees are concerned in establishing holiday pay. But I am certain that if a study was made in the District of Columbia area, for example, it would reveal a higher rate of pay for holiday work than now obtains under the Federal system. So that in the area of night differential, holiday pay, Sunday pay, the fringe parts of the wage, I think the Federal Government may very well establish its own concept, just as it did with Classification Act employees.

Guards, for example, working a night shift, get a 10-percent differential. A craftsman working on the same shift will get 15 cents an hour in the District of Columbia.

I do not think that makes sense. I think it is more important to have internal alinement within your Federal service, perhaps, than external alinement with private industry.

Mr. HENDERSON. Do you feel this is a policy decision that Congress ought to make in the law? Or, should it be left to the National Wage Policy Committee to establish the policy here?

Mr. GELLER. I believe it should be established under law since Sunday pay, holiday pay and other fringe benefits, health benefits, are the same; life insurance is the same. I think those areas of pay should be established by the Federal Government and—

Mr. HENDERSON. Let's talk about hazardous pay just a little bit. It would seem to me, again, as we think of the wage board system, that one who is doing hazardous duty should be paid, after comparisons are made with those in private industry of the area, the same rate for hazardous duty. Should we have something over and above that hazardous duty differential?

What I am fearful of is if we are not clear on this point and particularly in the hazardous duty area—that the basic rate would be established by comparing hazardous duty jobs outside of Government; and then on top of that, we would lock in hazardous duty pay. I do not think we could contend that we ought to do both.

You made your point well, I think, on the night differential, but I wonder how you would respond on the hazardous duty pay?

Mr. GELLER. Well, the Civil Service Commission embarked on an ambitious study of hazardous pay for Classification Act employees.

Mr. HENDERSON. We are talking about wage board employees. Let's talk about loading ammunition on a dock where we have Federal employees handling ammunition and, say, contractor employees handling ammunition.

Mr. GELLER. If I may add something, you may also have GS employees on that dock; and it would seem to me that there should be a parallel between the GS and the wage board employee.

We would certainly encourage any comparability study, but I think there should be borne in mind—and there has not been—the fact that there should be greater coordination between the GS and wage board systems.

The internal alinement, if it gets too far askew, is going to cause tremendous problems.

Mr. HENDERSON. But now let's take the three categories. You have general schedule employees working in hazardous areas. Do we have them paid hazardous duty differential?

Mr. GELLER. Yes.

Mr. WOLKOMIR. In most cases, the answer we get when we do make this inquiry from the Civil Service Commission with reference to Classification Act people is that automatically the inherent nature of their grade encompasses their hazardous occupation. It is already computed in their grade—which we do not find to be consistent with the facts.

As a result, when we further pursue this question of hazardous pay with the Commission, we find that they break down their various standards and classifications by a very subjective analysis of the percentage of time that that particular employee may be or actually is engaged in hazardous occupations. And it is not substantive enough in their determination for us to say, "Yes, they are paying Classification Act people within their grade structures for their hazardous duty." We do not find it so.

Mr. HENDERSON. The only point I wanted to make is that it would seem clear to me that under the Classification Act, it would be just as wrong as it would be under this system to let your study of this system lock in basic pay because it is hazardous duty, and then on top of that, pay some premium for hazardous duty. I think if we are doing that under the Classification Act, I think it would be wrong—if I understand the theory of how we are trying to work at this. Now, I would be perfectly satisfied in my own mind, if the pay of all employees be set, as if there were no hazardous duty, and then be paid a hazardous duty differential.

But the point I want to make is that I am fearful that this system, by its very nature, is more likely to take into account the hazardous duty conditions as a part of the basic pay and then if we are arbitrary or did not watch what we were doing, add a hazardous duty differential to it. We would then be providing a fringe benefit without knowingly doing it.

Mr. WOLKOMIR. Actually, we believe there should be an analysis of what the private sector is paying for similar types of hazardous duty. This should be the base upon which the Government then sets up a universal standard across the board for both Classification Act and wage board employees.

I am wondering if this is responsive to your question.

Mr. HENDERSON. Without taking all of the time, because I want all of the members to have an opportunity to get their questions in, there is one other point I wanted to mention.

That concerns the nonappropriated employee, I noticed that in your statement, I believe your language was that for all who work for the Government and who are not under the Classification Act or the wage board system, consideration ought to be given to bringing them all into the wage board system.

I think there might be in the minds of some of us a limitation on the nonappropriated employees. I did not know until I had an opportunity to talk with you earlier this morning that we have employees in the Veterans' Administration who are working in a canteen operation

that is quite similar to the nonappropriated fund operation of the military post exchanges, and so on. I wanted to say that I have long felt that we ought to give serious study, and perhaps we have approached the time when these nonappropriated fund employees—or all people—working for government agencies ought to be brought into the pay system. Perhaps beyond that, they ought to be brought into the civil service system as career employees.

Perhaps the best thing we could do on that point is to invite you to work with our staff and work with us in defining those employees who are working for the Government that are not under the classification Act or are not wage board employees.

Specifically, of course, in this legislation, it is envisioned that they would become wage board employees. But I think we want to be sure we take in all of the people that are in this category. Then, perhaps, our subcommittee could specifically determine whether or not a part of them or all of them should be made civil service employees.

I do not think we are going to solve all of the problems of the nonappropriated fund employees just on the basis of pay, because as you and I know, many of those employees feel that their promotional opportunities, and even their original employment opportunities, are limited by the noncompetitive system that is used now, and in which we find many of the top jobs are being occupied by retired military.

Mr. WOLKOMIR. We have, I believe, Mr. Chairman, presented to your staff a case-after-case study of such incidents. And due to the fact that there is no control in this particular area of nonappropriated fund positions, perhaps the greatest abuse of the use of retired military and the creation of positions for eventual transfer into the career-conditional and the career status employees is this device of placing them in this sort of a position. This is the control that we feel quite certain will be cured by placing the nonappropriated fund individuals into the category.

But even worse than that, I believe, is the fact that the thinking of the executive branch of the Government with reference to these employees is very interesting. When the determination for even a wage survey team at the local level is made, the Commission very arbitrarily has come up with a decision that when you include populations of peoples, nonappropriated fund people who are also hourly employees, or the intermittent type employee or temporary employee are not included in the population. They are Government workers, but they are not Government workers. You count them, but you do not count them. And this is a very, very subjective decision which places these people in the complete state of limbo.

The solution is to take this mess of appointments and types and put them under a control. I heartily concur in the fact that I believe the answer is to take them out of nonappropriated and make true Government workers out of them and put them under the merit system.

Mr. HENDERSON. This legislation would say that for purposes of pay they ought to be treated as other Government employees, but we would still have the situation for health benefits, retirement, and so on, that they are not Federal employees. So it tends to be very confusing, it seems to me, and it gives some substance to the case that they make that they are not treated as Federal employees.

Mr. WOLKOMIR. Perhaps the answer is sister legislation. Not in this particular proposal, but perhaps in sister legislation to follow it up.

Mr. HENDERSON. Very fine.

Mr. GROSS?

Mr. GROSS. Thank you, Mr Chairman.

Mr. Wolkomir, I believe you advocate a \$6,000 per year minimum annual wage for all Classification Act and postal employees; is that correct?

Mr. WOLKOMIR. And wage board employees.

Mr. GROSS. And wage board employees?

Mr. WOLKOMIR. Yes, sir.

Mr. GROSS. Well, do you have any estimate of how many there are in these categories that are not now making \$6,000?

Mr. WOLKOMIR. On a comparable basis, we have drawn a comparison, and we find that in the Classification Act, normally they fall, up to the grade of GS-4-1, grade 4 in the Classification Act would be people who receive less than \$6,000.

I believe overall, in the terms of number of employees involved here, it would probably run about five times the number not affected by the recent pay increase in the GS-1-1, and that was about, as I recall, \$2,000 or \$3,000. I would say there are about 120,000 to 125,000 people in this category. Not many, really.

Mr. GROSS. In the entire Federal Government?

Mr. WOLKOMIR. In the Classification Act. Now, in the wage board group they would fall into different categories because you have a wage board 1; you have a "W" wage for the Veterans' Administration, which is different.

I cannot give you a figure. I would like to send it to you, if I may. It is easy to obtain.

(The following attachment was furnished for the record:)

DISTRIBUTION OF FULL-TIME GENERAL SCHEDULE EMPLOYMENT AND AVERAGE SALARY, ALL AREAS, JUNE 30, 1968

General schedule grade	Average salary	Total employees	Steps									
			1	2	3	4	5	6	7	8	9	10
Total	\$8,654	1,301,503	305,687	153,416	109,497	153,170	143,461	119,050	105,935	80,214	63,561	67,512
1-----	3,878	3,514	2,840	231	79	72	29	18	39	34	14	158
2-----	4,244	4,280	36,225	3,835	1,162	1,090	506	469	528	469	473	2,523
3-----	4,865	156,081	61,159	25,422	11,588	8,536	5,475	5,925	4,863	4,390	5,515	20,717
4-----	5,615	150,894	50,489	21,091	11,588	14,326	13,673	12,384	13,700	19,159	19,745	14,759
5-----	6,342	138,723	37,352	12,019	4,789	16,671	12,796	14,863	26,852	16,974	10,585	8,228
6-----	7,089	163,373	37,246	12,781	4,788	7,219	16,461	7,761	8,485	6,620	7,419	3,590
7-----	7,596	112,822	28,530	12,681	8,971	13,113	12,481	9,321	9,948	7,032	5,924	4,721
8-----	8,451	20,462	28,976	12,430	1,915	2,677	2,664	2,566	2,773	1,976	1,562	923
9-----	9,064	139,516	28,513	17,691	12,156	18,780	17,333	14,757	11,434	7,391	6,494	4,967
10-----	10,053	135,516	28,407	17,367	12,104	2,706	2,377	1,931	1,997	1,511	932	584
11-----	10,832	138,263	27,576	19,684	15,183	22,542	20,685	17,847	15,186	5,380	1,700	2,502
12-----	12,720	111,796	13,041	16,562	14,796	20,227	19,832	12,487	6,017	3,750	1,269	1,815
13-----	14,945	81,234	10,286	11,234	10,099	13,473	15,841	10,156	4,655	3,082	1,165	1,229
14-----	17,600	37,548	4,313	1,157	4,765	6,615	8,120	5,262	2,288	1,403	426	1,471
15-----	20,656	19,480	1,313	1,907	1,960	4,113	4,053	2,764	1,743	979	293	325
16-----	23,990	3,920	182	1,203	123	815	729	539	427	64	45	
17-----	25,996	39	107	107	123	195	406					
18-----	27,055	379	379									

Note: Average grade 7.4

DISTRIBUTION OF FULL-TIME EMPLOYEES IN THE POSTAL FIELD SERVICE, BY LEVEL AND STEP, ALL AREAS, JUNE 30, 1968

Level	Average salary	Steps												
		Total	1	2	3	4	5	6	7	8	9	10	11	12
Total	\$6,916	160,548	64,101	52,229	52,485	24,408	21,280	15,498	71,280	90,257	89,394	72,659	26,595	20,362
1	4,141	78	75	2										1
2	4,433	4,433	1,354	730	552	251	208	109	421	305	246	112	99	46
3	5,733	13,121	1,082	958	938	553	605	345	1,908	2,292	2,206	1,277	708	249
4	6,023	47,423	7,614	6,102	5,180	1,616	1,538	966	5,237	6,147	6,242	4,161	1,191	329
5	6,664	435,714	50,282	41,651	42,284	17,778	14,376	9,069	44,772	63,043	64,585	52,689	18,278	16,907
6	7,488	37,076	7,872	3,318	1,383	1,426	1,037	660	4,864	5,858	5,849	4,161	3,713	2,532
7	7,862	12,787	737	234	1,382	510	707	676	2,163	2,985	1,849	1,345	901	298
8	8,451	18,430	445	170	476	647	987	1,443	5,030	3,273	2,275	1,979	1,705	
9	9,066	11,082	371	224	364	535	635	493	2,739	2,144	1,440	1,936		
10	9,797	8,804	414	188	429	437	437	419	1,842	1,987	1,146	1,531		
11	10,702	4,420	155	84	126	174	271	218	1,005	636	696	674		
12	11,556	2,576	217	196	142	148	166	218	443	360	349	337		
13	12,804	1,415	112	96	91	92	84	105	256	199	224	156		
14	13,816	1,346	216	122	99	96	94	96	224	169	143	84		
15	15,705	1,967	34	93	64	72	55	73	183	130	136	127		
16	16,972	594	88	35	39	38	38	64	88	78	82	44		
17	18,880	239	21	13	10	19	14	33	61	40	21	7		
18	20,846	130	8	6	11	8	8	25	31	25	6	2		
19	22,489	58	4	5	7	6	4	7	16	6	2	1		
20	24,800	21		2		7	2	3						
21	26,960	14					14							

1 Excludes 4th-class postmasters and rural carriers, whose positions are not assigned to levels. Includes postal field service employees receiving special or retained rates.

Mr. GROSS. And include postal employees, would you, please?

Mr. WOLKOMIR. Yes. But they practically all fall, I believe, right now, in their lowest category, at that level already.

Mr. GROSS. That would amount to \$2.88 an hour approximately. What would be the impact on contracting out of such services as janitorial, guard, refueling planes, and maintenance of dependency housing? What would be the impact on that?

Mr. WOLKOMIR. I believe that the comparison in terms of which would be cheaper, in the public interest, and still get the job done, I think that it would show up a pretty good comparable figure, that actually keeping it within house, even at the minimum rate of \$6,000, we would still be able to keep it within house and not need to contract out. Because there are hidden profits in the contracting out which are not necessarily exposed in the contract.

We have also discussed with the committee these issues.

For example, the hidden cost of the contracting out in what is known as the engineering value concept, where we kick back to the contractor a percentage of what he presumably saved beyond what his original bid was.

Mr. GROSS. Simply increasing the \$2.88 an hour would not outlaw that, per se, would it?

Mr. WOLKOMIR. No. But I believe that the comparable figures of cost—and I know, Congressman Gross, that you are very much interested in costs—I think you would find out in the long run it would not cost the Government more, even if we went to the minimum wage of \$6,000.

Mr. GROSS. Thank you, Mr. Chairman.

Mr. HENDERSON. Mr. White?

Mr. WHITE. I will reserve my time, Mr. Chairman.

Mr. HENDERSON. Mr. Hamilton?

Mr. HAMILTON. I appreciate very much your statement. I would like to ask a couple of questions. One question is in regard to the minimum wage, and your comment on page 3, that the Federal Government should be a model employer.

It seems to me these thoughts run contrary to the wage board system. I would like you to comment on it in that context. If the Federal Government is a model employer, then it seems to me you reject the whole idea that underlies the wage board system; which is to seek the wage levels paid by private industry. Would you respond to that?

Mr. WOLKOMIR. Except for this factor, that it is not a model employer at the lower levels. Right now when we speak about comparable wages—

Mr. HAMILTON. Are there not two different concepts here? One is the wage board system which seeks to find out what the wage levels are that are paid by private industry—a comparability approach really—and then a model system, an altogether different concept in which you are talking about what should be paid to these people on the basis of the merits of the situation, not on the basis of what comparable wages are.

Mr. WOLKOMIR. Let's go back to your first statement, if I may, Congressman Hamilton, and that is on the comparable system.

We assume that when we go out on surveys and we come up with wage rates, that the Government is coming up with a comparable wage,

and this is not so. This has been an assumption that just because surveys are run and we determine certain wage rates, that the Government, of sheer necessity, does come up with a comparable wage rate. It does not.

We have basically and automatically set up within the wage board system a classification system, and we state—let me illustrate with an example right here in Washington, D.C., our meatcutters and butchers.

We have stated that their grade should be a W-10, and this W-10 begins with a basic step, and it goes up three more steps. We go out and run a survey for the wages of butchers, and find out that the differential in wages is a certain percentage. Then they interpolate from the third step of the basic wage and give them 10 cents or 15 cents an hour, and still wind up paying them 40 cents less than the prevailing rate in the area.

It is a false conception to start with, that we are paying a comparable wage.

Mr. HAMILTON. You are rejecting entirely the wage board system as it operates today?

Mr. WOLKOMIR. That is right. And we go a step further. We spoke about a prevailing rate. That is different.

Mr. HAMILTON. You also reject it, it seems to me, in your concept of a national wage rate, adjusting it only on the basis of the cost-of-living index in high-cost areas.

Mr. WOLKOMIR. That is right. Now, most of our wage board employees, Congressman Hamilton, believe that their wage rates are set on a cost-of-living factor, and this is not so. Cost-of-living is a very minor element in the consideration of wages, only that it is hidden in wages that are being surveyed.

Mr. GELLER. Congressman, may I say that we do advocate a mixed concept. In other words, at the lower levels of grades, we believe the Federal Government should be a model employer. In the higher levels, we feel that comparability will take care of it.

Mr. HAMILTON. Where do you draw the line?

Mr. GELLER. At about the grade 5 level, actually. That is the laboring, the cleaning, the laundry; below the helper.

Mr. HAMILTON. Assume that we would adopt your idea of a minimum wage at \$6,000, or some comparable figure. What kind of an impact is that going to have on the contracting-out problem? Is that not going to accelerate the trend toward contracting-out?

Mr. GELLER. We believe not. And we believe that there are greater efficiencies in the in-house performance of Federal employees that will take up any wage differential, and hopefully, that private industry will pay reasonable rates of pay as well. So that if the total standard is going to be poverty wages as against a fair wage, I do not think that is a legitimate standard. We could very well import many products from foreign countries where living standards are considerably less. That is not the only standard.

Mr. HAMILTON. Mr. Chairman, if I may, I have one other question. With regard to the wage policy committee that you refer to on page 2 of your statement, you are proposing an equal number of agency representatives and union representatives jointly selected by the two groups, and I presume, the chairman, that comes from neither of those two groups. How is that chairman to be selected?

Mr. WOLKOMIR. This chairman would be an impartial third party selected by the President and confirmed by the Senate.

Mr. HAMILTON. By the President? All right. That answers my question.

Thank you, Mr. Chairman.

Mr. HENDERSON. Mr. Brasco?

Mr. BRASCO. I was wondering, when we talked about getting \$6,000 minimum per year, how many employees are we talking about?

Mr. WOLKOMIR. Mr. Gross asked me the same question.

Mr. BRASCO. I did not hear that.

Mr. WOLKOMIR. I asked that the question be deferred in order for me to obtain the information and present it to you later. I just do not know.

Mr. GROSS. Would the gentleman yield for unanimous consent on the request at this point?

Mr. BRASCO. Certainly.

Mr. GROSS. I wonder if the staff could prepare estimates in answer to the question asked by the gentleman from New York and my own question?

Mr. HENDERSON. Yes. Without objection, they could confer with the witness with regard to any data he might have on this.

Mr. GROSS. All right. Thank you.

(The following information was ordered printed in the record at this point.)

As of June 30, 1968, there were 956,773 Federal employees receiving less than \$6,000 per year as follows:

General schedule.....	393, 434
Wage board.....	317, 526
Postal.....	134, 539
Other acts.....	111, 274

Figures subsequent to June 30, 1968, have not yet been compiled.

There have been pay raises subsequent to the date of reporting the above totals, and it would appear that such increases should materially change the totals.

Mr. BRASCO. Then following up on the question of Mr. Gross—and it was touched on again by Mr. Hamilton—this question of contracting-out for services by the Government. As I understand it, these services are contracted-out to private industry because the prevailing rates of the cost of labor are cheaper there?

Mr. WOLKOMIR. No, that is not quite so, Congressman Brasco. In actuality, we use the Bureau of the Budget Handbook—I believe it is 78-1; I am not sure of the number—which is the basic guideline as to when the Government contracts out versus when you keep it within-house.

The elements upon which they determine when is it better to contract-out in the interests of the mission or the interests of the Government, or the public interest are not necessarily based on the criteria of just wages. There are other factors. For example, the contractors are arbitrarily given the 10 percent fudge factor which they may add, so even if it may cost more to the extent of the 10 percent, this is given to them as a bonus in their estimates because of certain hidden costs.

Mr. BRASCO. I am talking about overall, not one specific area or one specific contract. I am talking about the question of contracting across the board. Is it cheaper, and is there a tendency for Government to contract-out because it is cheaper across the board?

Mr. WOLKOMIR. My answer to that would be, in terms of our estimate: No, it is not cheaper. In terms of the minimum wage we are talking about, the comparability of the minimum wage, whether it is being pursued by the contractor or the Government, would make no difference really. They charge the same rates.

Mr. BRASCO. What I was trying to arrive at is—assuming we reach this figure of \$6,000—whether or not the Government might have a greater tendency to contract out if one of the considerations is that in private industry there is a lower cost as opposed to doing it within the Government service.

Mr. WOLKOMIR. We appreciate this concern, and we, too, feel that this may provide a tendency for greater contracting-out. It is something we would have to watch closely, as we try to do now.

Mr. BRASCO. I agree it does not necessarily mean we have not got to pay people what is considered to be a living wage. But nevertheless, it is a reality, and we really do not have any control over what private industry will or will not do in this area.

Mr. WOLKOMIR. There are so many other contaminating factors involved in the tendency of contracting out. I believe it is another problem. It is related, and we have discussed this with the chairman of the committee and the staff to such great lengths, what are the contaminations causing Government contracting out. I believe working it into this particular package would be difficult.

We would be glad to get involved with you personally about this.

Mr. BRASCO. As I understand this very loose concept of comparability, are we saying that with respect to comparability, that the Federal employee is behind private industry in all areas?

By that, I mean—let me see if I can elucidate further. Suppose we broke it up into hazardous and nonhazardous duty. Would the Federal Government be behind in paying people for hazardous duty? And would they also be behind for nonhazardous duty?

Mr. GELLER. It is in both areas. Frankly, the current system is so misunderstood by employees and by the Congress, I respectfully suggest; it is not a prevailing rate theory. It is something different than that.

In other words, the suggestion that President Wolkomir gave before—if meatcutters in the District of Columbia in the supermarkets are getting \$3.90 an hour, the rate does not come out to \$3.90 an hour for Federal employees performing substantially the same task in a Government commissary. There is a disparity of some 50 cents an hour. So they do not follow a prevailing rate theory.

What we are urging upon this committee is greater study, so that Federal employees are in fact paid prevailing wages. This is the concept that a butcher or a meatcutter can understand. He does not understand the current system.

Mr. BRASCO. Of comparability?

Mr. GELLER. Of so-called comparability.

Mr. BRASCO. Should it not be the same thing? "Comparability" and "prevailing?"

Mr. GELLER. The comparability concept that is currently in effect and implemented by the Civil Service Commission under the coordinated Federal wage system is not a prevailing rate theory. This is where the misconception lies. It is a general wage concept for a par-

ticular area. It is very imprecise; it is very unscientific. And it cannot be understood by the employee.

Mr. WOLKOMIR. If I may give just one example? Our people understand the prevailing rate in this light: We have on an Indian reservation in the Department of Interior the right to negotiate wages. We actually go out and run surveys. The union people go out with management, and they run surveys. Job for job, they determine what the prevailing rate is for those jobs. They come back with a wage and a scale for every position.

This they understand. If they are receiving \$3.50 on the outside and we get \$3.50 for the same job, we understand this. We do not understand this business of the Federal coordinated wage system, the so-called comparable range.

Perhaps this illustrates best what we were referring to.

Mr. HENDERSON. Mr. White?

Mr. WHITE. Mr. Chairman, most of the questions I had have been pretty well answered here by counsel and by previous questioners. But I would like to ask the witness about this particular bill.

You have read the bill itself, sir?

Mr. WOLKOMIR. Yes, sir.

Mr. WHITE. Would you recommend its passage?

Mr. WOLKOMIR. With the amendments that we have recommended in terms of the representation; yes, we certainly would. We are for the bill, generally.

Mr. WHITE. Are you saying principally that, insofar as I understand it, this bill incorporates the present rules of the Civil Service Commission, with three certain exceptions, are you saying you are not objecting generally to the provisions as under the civil service regulations? You are objecting to the manner of its execution?

Mr. WOLKOMIR. I must generally say—and I can appreciate what Congressman White is doing now—that generally, yes, we go along with the manner in which the bill proposes the operation of the present Federal coordinated wage system.

And I think I have qualified my statement. We go along with the modifications as proposed by the legislation, with our proposed amendments, of course. Only because we consider that this is a lot better than what we presently have.

Mr. WHITE. Do you think that the bill will eliminate the failures of execution that you have indicated by your comments and qualifications?

Mr. WOLKOMIR. No, sir. We will still live with what we were discussing in terms of a comparable wage instead of prevailing rates. It will not cure what we have brought up.

Mr. GELLER. May I add, Congressman, that there are important modifications that we are concerned about. There have been tremendous delays in the promulgation of wage rate schedules under the present system. There is nothing in this legislation, I think, that is going to protect against that.

I will withdraw some of that. There is something, but it is not 100 percent proof. We are concerned that private industry is withholding wage information, and we cannot just go by the present system. There must be a method for providing current wage information, and if a concern refuses to furnish information, we have to look to other ways of assuring proper wage payment to wage board employees.

Mr. WHITE. Would you spell that out? How would you do it?

Mr. GELLER. Well, one of our suggestions is that we look towards a national rate in terms of the future. This is the trend within the private sector as well.

Mr. WHITE. You mean to eliminate the prevailing rate idea?

Mr. GELLER. Eventually, except that where there is a legitimate prevailing rate system, such as we have negotiated with various agencies, so that it is clear to everybody why that should continue, any agreement that has been negotiated should be honored.

Mr. WOLKOMIR. May I very simply state what this bill does do? It removes from the Civil Service Commission certain executive powers and places them into a committee. Basically, the system does not change from what we have now.

It also provides what we consider to be, with our recommendations, better union representation in the present system. It does not provide what the people want: a prevailing rate. And the only way to get that is by collective bargaining and negotiating their wages.

Mr. WHITE. What do you understand the meaning of "prevailing rate"? Is it the average, or the highest wage?

Mr. WOLKOMIR. It is the actual wage being paid in the competitive area.

Mr. WHITE. Suppose you have five different wages?

Mr. WOLKOMIR. Not in that area, there would not be five different wages for a particular job.

Mr. WHITE. If you count each union and each industry maybe paying a little bit different wage for that job—

Mr. WOLKOMIR. Then management agrees with the representation as to what the average should be. It is an agreed-upon rate; not an arbitrary rate.

Mr. GELLER. That is not the current system.

Mr. WHITE. What is the current system?

Mr. GELLER. It is a little hard to explain that. I wish the Commission was here to explain it.

What the Commission does is incorporate a job evaluation system with a wage collection system. When you marry those two concepts, you do not have a prevailing rate. And that is why meatcutters in the District of Columbia in the private sector get \$3.91 an hour, and a Federal employee doing the same job gets \$3.40 an hour. Meatcutters may not be a key job that they collect wage information on and that they interpolate in connection with that particular job.

A true prevailing wage system is, as you have suggested it might be, an average; but it only includes wage information on that particular job. Ordinarily, as we have all noticed in the papers, carpenters in the District of Columbia area receive the same wage. They recently settled the strike. There is no difficulty in comprehending that figure. You do not have to average. That is the figure.

But average or not, that is not the system that is currently employed by the Federal Government.

Mr. WHITE. You talked of having a minimum \$6,000 wage. If a particular type of work draws as a prevailing wage less than \$6,000, what do you do in that instance?

Mr. WOLKOMIR. Then we say that that industry certainly should boost its wage to the wage of the model employer, the Government, who is setting the standard. Why are they always following them?

Why do they not set a standard, especially since our agencies indicate this is a minimum standard for a decent standard of living that a family must have. We are always following them.

Mr. WHITE. My next question, Mr. Chairman, is this: As I read through the bill, on page 10 it speaks of the composition of the National Wage Policy Committee. One of the participants—in fact, two of the participants—of that committee are designated to be from the AFL. Why designate a specific union in the bill?

Mr. WOLKOMIR. We recommended—and I believe you probably did not hear my recommendation, Congressman White—that we completely eliminate that particular paragraph where it says in section (i) that two shall be appointed by the president of the AFL-CIO.

Our reason for eliminating that is that this is completely unwarranted representation. And, in actuality, we are giving the AFL-CIO double consideration.

Mr. WHITE. Are there any existing laws in which the AFL—or any other union; I am not pointing to any particular union—is specifically designated for membership on any board?

Mr. WOLKOMIR. Only by the Civil Service Commission, that I know of, on the wage board committee.

Mr. WHITE. Is this done now in the present regulations?

Mr. WOLKOMIR. Yes, it is. By the Commission's regulation, it clearly states that the President of the AFL-CIO will appoint—and why, we cannot understand, because they are giving them double consideration.

It even goes a step further in stating that it was only upon private consultation with the AFL-CIO that they came up with many of their ideas. They stated this.

Mr. WHITE. I was curious about the genesis of this wording in there. I do not have the background on it at all.

Thank you very much.

Mr. HENDERSON. Mr. Wolkomir, following up that point, under the present coordinated Federal wage system, your organization does not have representation on the central policy committee?

Mr. WOLKOMIR. At the present time; no. We understand that the 2 years will be up for the other independent organization. We should be on it this September, as I understand their original concept.

Mr. HENDERSON. Under the bill, you would have representation?

Mr. WOLKOMIR. We may not. It depends on what we represent by way of wage board employees. You see, we may not even be on the central committee even then.

Mr. HENDERSON. Would that be the case if we eliminated the provision of the AFL-CIO appointing two members?

Mr. WOLKOMIR. That is right.

Mr. HENDERSON. You still might not be?

Mr. WOLKOMIR. Well, I think we will because we are one of the four largest unions representing wage board employees. But that does not necessarily mean that we will even then, because the AFL-CIO is liable to come up and break their affiliates into a council concept, and then the next thing, it would not be an employee or trade union, but the industrial council from the CIO, if they should decide they should be counted, too. Who knows?

Mr. HENDERSON. I think it is important that we have this in focus. I think that you would agree that what brought about the new coordinated Federal wage system primarily was the fact that there was such a differential within the Federal wage board system. For example, here in the Washington area, not only did you have the point that you made, that you have got a differential between meatcutters in the private sector with those in the Government, but you would have meatcutters in five Government agencies in the same area receiving different wages. And, I think that it was the major objective of the coordinated Federal wage system to at least bring about closer equities within the Government service.

Do you think the system will do that?

Mr. WOLKOMIR. We believe that the system as presently conceived has improved this particular detriment that it had in the past.

May I state that 28 years ago, NFFE proposed to Congress and the Civil Service Commission the exact issues that you have just raised, Mr. Chairman, that there was an inequity existing. We could have people working in one installation with three different agencies doing the same work, and getting three different rates of pay. This is not right.

Mr. HENDERSON. This was the one issue that disturbed the subcommittee members most in previous years, I think, and it brought about our urging to the President—and President Johnson's action, I think, that brought about the new coordinated Federal wage system.

The reason I asked the question if you thought the present system would do that, there is nothing in the legislation that we have that, in and of itself, would improve the effectiveness of the present system on these points that we are still considering.

Mr. WOLKOMIR. It will not. The only thing it did do was provide a lead agency, and presumably all of the agencies—let's say the example I had given of three different agencies in one locality, one installation, with different rates of pay. It would stop this if each lead agency or each agency in turn were to modify its own wage board system to conform. But they do not necessarily do this, and they do not necessarily adhere to even the Federal coordinated wage board system.

I think a good example of that is what happened in the Veterans' Administration.

Mr. HENDERSON. One point I would like to know more about—you made the point about some of the nationwide corporations trying to establish nationwide pay. To what extent has industry gone to nationwide pay as to comparable positions with the wage board categories?

Mr. GELLER. Congressman, I would like to furnish that information to the committee.

Mr. HENDERSON. We would like to have the information.

Mr. GELLER. I had occasion to call the Bureau of Labor Statistics, the key person who assembles this information, and in clear-cut terms, he acknowledged the fact that there is this trend toward a national rate amongst the major industries; for example, the automobile industry.

Mr. HENDERSON. You may furnish this to us as best you can, because if you are getting it from them, why, we can get it.

The other point that I would like to get at here is, could we determine from the studies that have been made, either outside or within

Government, of differentials that now exist in the industry system between the geographical areas of the country; if we have got a trend going toward a national system, obviously they have not arrived there yet. The reason I think we need this information is that perhaps this is an answer to the problems that have been touched on, that we are having difficulty in getting industry within local areas to give us information. For example, if we had just one major industry that had a nationwide pay system, I think we could get that. It would obviously be known by everybody.

Mr. WOLKOMIR. I am sure we have the information, and we will be glad to furnish what we have, and then in turn you may distribute it to the committee.

Mr. HENDERSON. Thank you very much for a very helpful presentation. I appreciate your coming.

Our next witness is Mr. Kenneth Lyons, the national president of the National Association of Government Employees. He is accompanied by the executive vice president, Mr. Alan J. Whitney; and the executive director, Manuel Donabedian.

Gentlemen, it is good to have you before the subcommittee.

TESTIMONY OF KENNETH T. LYONS, NATIONAL PRESIDENT, NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES, ACCOMPANIED BY ALAN J. WHITNEY, EXECUTIVE VICE PRESIDENT; MANUEL DONABEDIAN, EXECUTIVE DIRECTOR; AND CARMINE RIVERA, NATIONAL VICE PRESIDENT

Mr. LYONS. Thank you, Mr. Chairman.

Mr. HENDERSON. Let me congratulate and compliment all of the witnesses for having your prepared statements in before you came before us. It has been most helpful.

Mr. LYONS. Mr. Chairman, I also have with me today Mr. Carmine Rivera, a national vice president of our organization.

Mr. Chairman, members of the subcommittee, the National Association of Government Employees commends this subcommittee for its interest in the welfare of the Federal Government's some 800,000 blue-collar workers, and is appreciative of being granted this opportunity to present our views on this very important topic.

I am accompanied today by Mr. Donabedian, our national executive director, and Mr. Whitney, executive vice president of our organization. Mr. Donabedian, who is the NAGE representative to the National Wage Policy Committee, also has a prepared statement to present to you today as a supplement to my remarks.

The NAGE, as you know, represents more wage board employees under grants of exclusive recognition than any other independent union in the Federal service—nearly twice as many as our closest competitor, according to the latest Civil Service Commission statistics. It was in recognition of this large representation that the NAGE was selected as the independent representative to the National Wage Policy Committee, which was established as the advisory policymaking body of the coordinated Federal wage system.

In our role as spokesman for some 50,000 Federal wage board employees, we have been deeply involved from the very outset in the development and implementation of the coordinated Federal wage

system, the program administratively initiated by former President Johnson in an attempt to achieve standardization and equity in blue-collar pay practices. It is our sad duty to report to this body that, while standardization has been realized with regard to the mechanics of the system, equity still eludes us.

We believe that this failure can be attributed to three primary factors: (1) the fact that the program itself exists by administrative largesse, rather than being founded upon legislation, (2) the biased makeup of the National Wage Policy Committee, and (3), and most important, we are convinced that the historic practice of setting blue-collar wages based on so-called prevailing wage determinations is outdated, inefficient, and unfair to the employees involved.

The coordinated Federal wage system, existing, as it does, as an administratively established program, does not carry the weight of law and the influence of Congress. It is, therefore, subject to administrative revision and lacking of adequate congressional scrutiny.

The National Wage Policy Committee suffers two major defects: first, it is solely advisory, and those responsible under the present arrangement for setting policy may adopt or ignore its recommendations; secondly, its membership, which ostensibly consists of five management representatives and five employee representatives, in fact is stacked six-to-five in favor of management because the eleventh member, the Chairman, is a management official of the Civil Service Commission.

These and other factors, which Mr. Donabedian will explore in more detail, constitute what, in our opinion, is wrong with the present system.

The National Association of Government Employees today proposes a drastic change in direction and application of the Government's wage board system for the consideration of the Congress. We propose that the present system of establishing wage schedules based on surveys of prevailing private sector rates in a given area be replaced with a nationwide survey and a nationwide wage schedule; in effect, a broadening of the prevailing rate concept from its present limited scope to its logical conclusion.

We arrived at the decision to make this bold and revolutionary proposal only after lengthy and searching consideration. This consideration led us to the conclusion that the proposal is neither as farfetched as some may think, nor as unwarranted as many may contend.

Our basic rationale in putting forth this recommendation is that the United States has, for some years, been moving steadily toward what can be described as a "national labor market," in which private employers engage in sharp competition on a nationwide basis for the skills and talents of crafts and trades employees. Intra-work-force mobility has increased to a level inconceivable only a few decades ago, and as the Nation's transportation facilities continue to expand, the mobility will intensify.

This movement has been substantially abetted by the trend toward increased numbers of national or multiunit negotiated agreements, covering vast numbers of workers from one end of the country to the other, and by the establishment of new plants in low wage areas by large nationwide manufacturers, bringing into these areas formal wage structures in excess of existing wage rates. Such industrial expansion, of course, tends to increase local competition for labor,

with the result that wage rates throughout the area rise until they are in balance with the newly introduced rates.

Significantly, differences in wages will themselves, in the long run, tend to encourage greater and greater mobility, both among occupations and among local and regional labor markets.

We believe that significant evidence exists to document our premise. For example, Bulletin No. 1530-87, part II, prepared and issued by the Bureau of Labor Statistics, analyzes trends in wages and related benefits in metropolitan areas of the United States as of the period 1966-67.

While the BLS report does cite some examples of sharp variance among wage levels for corresponding occupations in different areas, we are concerned here with the total thrust of the data it presents in terms of their relationship to the Federal Government as a nationwide employer.

The BLS bulletin presents area pay levels as a percentage expression of the nationwide pay level. These pay levels are termed "pay relatives." Thus, a relative of 100 indicates that an area's pay level is identical to the nationwide level, a relative of 105 expresses a pay level that is 105 percent of the nationwide level, et cetera.

In discussing the distribution of relatives by area, BLS uses a scale of five categories: numbers of areas with relatives of less than 80, those between 80 and 90, between 90 and 100, between 100 and 110, and those of 110 and over. We have presented for you the distribution of area relatives.

DISTRIBUTION OF AREA RELATIVES

Job group and region	Number of areas	Under 80	80 and under 90	90 and under 100	100 and under 110	110 and over
Skilled maintenance:						
Northeast.....	18		6	8	4	
South.....	20	1	4	10	5	
North-central.....	24			8	15	1
West.....	11			2	8	1
Unskilled plant:						
Northeast.....	19		4	7	8	
South.....	27	18	5	3	1	
North-central.....	25			5	12	8
West.....	13		2	1	4	6

¹ Includes 6 areas under 70.

We have deleted from the table presented above a third category of occupations, that of white-collar workers engaged in office clerical work.

The columns to which we direct your attention are those presenting by region numbers of pay relatives of 90-100 and 100-110. In its analysis of pay levels for skilled maintenance workers, BLS analyzed 73 areas.

Of that number, a total of 60 areas fall within the perimeters of these two columns, indicating that the vast majority of such employees as carpenters, electricians, machinists, machine-tool operators, engineers, mechanics, painters, pipefitters, plumbers, tool and diemakers, and others are in areas paying wage rates which, on the BLS scale, are closest to the nationwide pay level.

With regard to the second category of occupations—that of unskilled plantworkers—the ratio drops significantly: rates in 41 of 84 areas surveyed fall in the neighborhood of the nationwide rate.

However, in this case, the line is markedly skewed due to the admittedly substandard rates paid unskilled workers in many areas of the South; rates which probably, in many cases, are no more than the minimum wage required by the Fair Labor Standards Act. Pay relatives listed for the three other regions of the Nation demonstrate, again, that most workers are receiving rates much more closely aligned to the national rate.

A point well worth keeping in mind in such analyses as these is that most major concentrations of employment in the United States exist in the Northeast and North-Central areas of the country.

The most significant finding of the BLS study appears in its evaluation of changes in area pay relatives over the period 1961 through 1967. According to the Bureau—

In this six-year period, most of the low wage areas have moved upward, closer to the national average, in contrast to the high paying areas whose positions have remained unchanged or declined slightly. There has been an overall compression in the wage-level range of the 80 areas surveyed in both 1961 and 1967.

This compression which BLS refers to is nothing more nor less than responsiveness of the national labor force to the factors and forces at work referred to earlier. In short, there is a distinct, readily identifiable and advanced trend toward parity of private sector blue-collar wages among the various cores of employment in the Nation. There is no doubt in our mind that this trend will continue. Nor is there any question in our mind but that the Federal Government should recognize this fact by taking action along the lines we propose.

The mechanics of such a system—based on a nationwide survey and a nationwide pay scale—would be exceptionally streamlined and simplified compared to the present, complex system. We suggest that it be built around the survey capability which now exists in the Bureau of Labor Statistics; but only if the shortcomings of BLS procedures, which Mr. Donabedian will enumerate, are corrected, chief of which are the current 18-month lag between the time BLS collects data and the date the Federal Establishment acts upon them and the arbitrary selectivity exercised by BLS in choosing private establishments for survey purposes.

Such a system should be administered by an independent governmental panel, which would comprise equal numbers of agency and employee organization representatives, with a chairman selected from outside the Federal Government. This panel should have a full-time professional staff; it should have full administrative authority and not be relegated to an advisory status.

We recommend that this panel set the criteria under which an annual survey would be conducted by BLS, based upon which an immediate and automatic adjustment would be made to the rates of pay of all wage board employees.

Mr. Chairman, we believe the concept we have outlined is workable, and that there is much to recommend it to all parties involved. We contend that it would be much more efficient than the present system, and would thus result in real savings to the Federal Government. We believe it would eliminate many of the disparities which now exist, and would provide a common standard of income in keeping with the realities of a modern economy.

In short, the best interests of both the Government and its crafts and trades employees would be served.

I would now like to present Mr. Donabedian.

Mr. HENDERSON. Yes, he ought to present his statement before we ask our questions.

Mr. DONABEDIAN. Mr. Chairman and members of the committee, I am indeed pleased to have this opportunity to present the views of the National Association of Government Employees, as it relates to H.R. 8764 and also the present coordinated wage system.

As a member of the National Wage Policy Committee under the new Federal coordinated wage system, I have had a firsthand opportunity to evaluate the advantages and disadvantages of the newly implemented system and its effects on the wages of some 800,000 blue-collar employees throughout the civil service.

I am hopeful that as a result of my experience on the Wage Policy Committee, that I may be able to contribute, for this committee's consideration, proposals and recommendations that will enhance the pay structure of blue-collar employees, and provide them with true pay comparability with their brothers in the private sector.

It may seem strange to you, Mr. Chairman and members of this committee, that at this point in time I can neither itemize the advantages of this system, nor enumerate any gains that the blue-collar employees have received as a result of it—for one would think that when a new system has been exchanged for an old one, it certainly was because gains and benefits were going to be realized—otherwise, why bother? To the contrary, however, the disadvantages of the new coordinated wage system are many indeed.

To begin with, the functions and responsibilities of the National Wage Policy Committee are such that it makes its recommendations to the Chairman of the Civil Service Commission and further, a majority vote constitutes the decision and recommendations of this committee. This actually means that the recommendations of this committee are only advisory in nature, for the Chairman of the Civil Service Commission may accept or reject the committee's recommendations, according to his likes.

Further, there is an imbalance in the composition of the committee which is made up of five members from management, five from unions, and a chairman who is a management official in the Civil Service Commission.

Since my assignment to that committee more than a year ago by president Kenneth T. Lyons, of the National Association of Government Employees, many meetings have been held, and many proposals have been brought before that committee, and many discussions have gone on and many votes have been taken. And the preponderance of the proposals brought before the committee by its labor members, which in my opinion, would have been favorable to the blue collar workers of this country under the new Federal coordinated wage system, have been voted down by the majority of that committee and, of course, that majority again is made up of the five members of management and the chairman, who is a management official of the Civil Service Commission.

If the present composition of this committee is allowed to stand—that is, the present imbalanced part of it—and the past voting record of the committee were to be considered a pattern for future voting, I cannot in all honesty see how and where the blue collar employee would ever receive any benefits under this system.

It would appear to me that obvious changes are necessary in the composition of the committee if it is to be truly democratic in nature and if we are to establish a partnership between management and labor—a partnership that has for so long been so sorely needed. The composition of that committee should be such that it is equally balanced between management and labor, and the chairman should be neutral and completely divorced from all governmental activities, so that his opinions and decisions can be made on an impartial and equitable basis.

A further proposal in the area of the national wage committee is that the duties and responsibilities of the committee be changed from an advisory status to that of an action committee with full power and authority to develop, establish and implement basic policies and procedures which would govern the pay structure of the 800,000 blue collar workers in the Federal service.

In addressing myself to other areas of the Federal coordinated wage system, particularly those areas of the "prevailing rate concept" and the collection of wage data from private establishments, we find many inequities. A recent rate for carpenters in the construction industry shows that it soon will advance to \$8.80 per hour in the Boston wage area. By comparison, the Government carpenter in the same wage area receives, at the second step, \$3.52 per hour.

The laborer in the construction industry in that wage area receives \$4.65 per hour, and his counterpart in the Government, who is classified as a regular laborer, in the second step, receives \$2.58 per hour. Simple arithmetic tells us that the carpenter in the construction trade will be receiving \$5.28 more an hour than the Government worker, and the private industry construction laborer receives \$2.07 per hour more than the Government laborer.

In the St. Louis area, steamfitters receive upwards of \$10.50 an hour. The employees of Fort Leonard Wood, Mo., situated approximately 100 miles away, and working in the same trade, receive approximately \$6.50 per hour less, or two-thirds less than the man doing the same work in private industry.

If the Government employees' rates are established under the "prevailing rate concept" we certainly do not have a fair and equitable system. What we do have is a terrible injustice.

Under the Federal coordinated wage system, data collectors are restricted in the gathering of wage data from any of the construction trades and establishments in any wage area.

The question has been raised many times in the past as to why wage data could not be collected from any of the construction trades and the stock answer given by many agencies is that "The Government could not accept that kind of wage data because the work is seasonal in nature."

We beg to disagree with all who consider this work to be seasonal. I need not expound on the many technological advances within and without the construction trades. New chemicals and new work processes have been introduced in the mixing of mortars and cements which now make it possible to continue work as usual under the most extreme temperature and under the most adverse weather conditions. The building trades now are using temporary shelters in practically all of the northern sections of the United States.

A survey of construction trades has revealed that the overwhelming majority of construction employees work throughout the calendar year at their respective trades.

We are of the opinion that the three examples of pay inequity just described—namely, the carpenter, construction worker, and steamfitter—show clearly that the criteria which presently govern the “prevailing rate concept” and data collection—all leave much to be desired.

For the purpose of presenting to the committee further compelling evidence of the injustices of today’s wage system, and, hopefully, to prevent the continuance of this situation under H.R. 6847, we respectfully present here a case that has carefully been researched by the National Association of Government Employees, as it relates to pay practices in the State of Maine which is made up of approximately four wage areas under the Federal coordinated wage system.

The State of Maine is described by many as industrially backward, characterized by the existence of numerous small employers operating in low-skilled, low-paying types of industrial classifications. Industry in the State of Maine seems to consist mainly of shoe and last manufacturers, textile and garment makers, and various types of food processors.

There are substantial numbers of near-poverty unemployed, or under-employed workers in this State, and whether Maine’s meager industrial activity is cause or effect is immaterial here. What is pertinent is to describe the inappropriate character of the economic communities which must be used in wage setting surveys, according to criteria set by the Federal coordinated wage system.

The “shoe,” “textile,” and “food processing” companies mentioned above do not pay skilled mechanical rates of pay which are true competitive market rates, and their use in the wage fixing process is highly questionable.

While the State of Maine has a low-level income producing status, it has a high-level cost-of-living condition, which has perpetuated a longstanding industrial imbalance.

One of the wage areas surveyed was the Brunswick Naval Air Station located in the Brunswick wage area under the Federal coordinated wage system. Of the 60 “prime” companies in the survey, approximately 15 were small shops manufacturing shoes.

Others were fish canneries, food processors, bakeries, soft drink plants, and poultry processors.

In addition, information in the possession of the Labor Department concerning these companies was found to be neither current nor complete. Many old addresses were turned up, and one company had been out of business for some time.

Even more important, these 60 companies did not employ sufficiently significant numbers of “comparable” employees to be realistically indicative of the wage rates being paid in the area.

Thirty-three of the 60 companies were minimal wage shoe shops, textile plants, or food processors. Seventeen could conceivably be classed as average, and only the remaining 10 were first-line companies paying competitive wages and employing substantial numbers of comparable employees.

Textile and shoe manufacturers pay wages that do not reflect local competitive pay practice for the skill requirements of the metal, electrical, and related trades.

Consequently, rates paid by such companies to electricians, machinists, pipefitters, et cetera, reflect relationships from within such industries, and are not representative of true market skilled rates. In fact, their rates for such trades are no more applicable to Federal wage lines than are the rates for those trades in the printing industry, because we have no basis for comparability.

The old adage in Government has always been that all Federal employees should receive like pay for like work. However, one of the great paradoxes of all time on this point exists within the Federal structure itself, in the Brunswick wage area, where those employees employed by the Post Office Department, who perform the same, identical work as their brother Federal employees working at the Brunswick Naval Air Station, receive upwards of \$1 more per hour for exactly the same type of work. Following is a sampling of four jobs and rates of pay: truck driver, boiler tender, auto mechanic, and laborer/cleaner.

Job	Post Office rates	BNAS rates	
		1968	1969
Truckdriver.....	\$4.01	\$2.80	\$2.94
Boiler tender.....	3.61	2.80	2.94
Auto mechanic.....	4.17	3.01	3.32
Laborer/cleaner.....	2.84	2.27	2.38

If I may touch just briefly here on the first column under Post Office rates, the Post Office rate is \$4.01 an hour for the truckdriver at the Post Office there, and at the Brunswick Naval Air Station—we have listed both 1968 and 1969—it is up from \$2.80 in 1968 to \$2.94 in 1969, and that is the result of the latest survey.

A second Federal coordinated wage system area surveyed in the State of Maine approximately 75 miles south of Brunswick, is the Portsmouth Naval Shipyard, located at Kittery, Maine. This area has a pay advantage of \$0.40 per hour over and above that of Brunswick, and Portsmouth also enjoys a 10 percent to 20 percent cost-of-living advantage.

On the other hand, the Boston Naval Shipyard, about 75 miles south of Portsmouth, which is classified as a higher cost-of-living area, pays its employees in the journeyman trades approximately \$0.20 to \$0.30 per hour less than that of its sister shipyard to the north, which is classified as a lower cost-of-living area.

The following figures reflect further injustices that Federal employees are subject to, and have to live with:

By the way, these were obtained by the Maine Labor Commission, and we list at the top "38 identical food items," and that is jointly. It is \$19.03 at Kittery as against \$21.90 at Brunswick. Again, the Brunswick employees receive a lower rate of pay than the employees in the Kittery area.

Item	Kittery	Brunswick
38 identical food items.....	\$19. 03	\$21. 90
No. 1 fuel oil per gallon.....	. 177	. 197
No. 2 fuel oil per gallon.....	. 150	. 177
Gasoline (regular) per gallon.....	. 31	. 309
Gasoline (high) per gallon.....	. 369	. 389
Property tax (per \$1,000).....	32. 00	28. 05
Sewer tax (per year).....		50. 00
Water cost (per year).....	15. 00	30. 00
Electricity (per 1,000 kw.).....	24. 67	21. 18
Cigarettes (carton).....	2. 81	3. 12
Total.....	94. 51	155. 29

In substantiating our wage rates for the various wage areas in Maine, we submit for the committee's examination the following table of wage rates for the four Federal coordinated wage system areas in Maine.

	Brunswick	Portsmouth ¹	Presque Isle	Cutler/Winter Harbor
Level 11, 2d step.....	\$2. 96	\$3. 40	\$3. 18	\$ 3. 22

¹ The Portsmouth shipyard rate reflects a 6.7-percent increase for a period during which the cost-of-living increase was 3.8 percent. Thus the BNAS increase of 3.4 percent to the rate of \$2.96 was a net loss of 4 percent against the cost-of-living rise.

I would like, Mr. Chairman, and members of this committee, for you to keep in mind that the State of Maine, as we indicated earlier, is generally considered as an industrially backward area. People in the State of Maine commute great distances so that they normally do commute from one wage area to another, and they go and secure employment wherever they can, in whichever area will pay them the higher rates of pay.

In the Brunswick, Portsmouth, Presque Isle and Cutler/Winter Harbor areas which we list here, all rates are at the second step of wage grade 11. We find quite a lot of flexibility here, I would say, from \$2.96 an hour to \$3.40 an hour.

I would like the committee to note that the Portsmouth Shipyard rate reflects a 6.7-percent increase. I won't bother reading the rest of that; it is merely for the convenience of the committee.

Mr. Chairman and members of this committee, in view of all this evidence we think it is clear that the present system is archaic and has long since outlived any usefulness it may ever have had. It may have been appropriate for a bygone era but it certainly has no place in the progressive, competitive labor market of today—nor does it help to meet the needs of complex technological workloads in our various Federal agencies. Above all, it surely does not do justice to the faithful and dedicated blue collar Federal worker who, because of that system seems to have become America's "forgotten man."

The blue-collar worker has now been forced to seek supplementary employment to his 8-hour workday for the Federal Government. He has to do this in order to properly feed, clothe, and educate his family. Even so, in certain areas of this country, even this additional income is not enough to cover his basic family responsibilities, and a working wife adds her bit to expand the family income.

Mr. Chairman and members of this committee, the national president of the National Association of Government Employees, Mr. Lyons, in previous testimony here today elaborated on his ideas for the creation of a nationwide blue-collar wage area. I heartily support that position and I urge this committee to give his proposal serious consideration.

I am sure that a wage policy of such scope—which would be similar to that of the Class Act employees—would see the resolvment of the blue-collar worker's pay problems.

In the final analysis, I'm sure you will agree that a Federal employee working in Philadelphia is as much an American as a Federal employee working in Sacramento. And they're entitled to like pay for like work.

I want to thank you, Mr. Chairman, for this opportunity to present my statement.

Mr. HENDERSON. Mr. Donabedian, on page 3 of your statement you pointed out that many officials on the National Wage Policy Committee have often voted down proposals made by the labor members. Would you indicate for the record examples of the proposals that were voted down?

Mr. DONABEDIAN. I would like to, Mr. Chairman, if it were possible; but the committee members have an understanding that any proposals or discussions that are presented to that committee should not be made public. Now, if we can get the information—

Mr. HENDERSON. I am sure you are aware that I did not know it, or I would not have asked the question.

Mr. DONABEDIAN. Fine. I will go a step further. If Mr. Gill, who is the chairman of that committee, agrees, why, I would be more than happy to present any and all of the proposals that you have requested.

Mr. HENDERSON. Perhaps the best thing we could do here would be to confer with the chairman. I certainly would not ask that it be made a part of the record, or even made available to us, if this is the understanding that you have.

Your point was well made without necessarily revealing that. But I thought that it might be helpful to us if we considered some of the problems. But I certainly would not pressure you at all to respond to that point.

Mr. DONABEDIAN. Thank you.

Mr. HENDERSON. I think before we can make a decision that the actions of that committee, however, be other than advisory, we would need to have that type of information presented before us.

Mr. DONABEDIAN. Excuse me, Mr. Chairman. Would you suggest now that I contact Mr. Gill?

Mr. HENDERSON. I do not think it would be necessary. We can handle that, if we think that it should be done.

I might ask this question, if you feel that again this would trespass there, I would be glad to have you respond in that way, but do you feel that the major consideration of the National Wage Policy Committee has been to try to direct the efforts of the new coordinated Federal wage system toward working out the inequities within the system, and within specific areas that were mentioned; or, more specifically, are you concerned with changing the basic policy of the system?

Let me preface this by saying I think Mr. Lyons has done an excellent job this morning of presenting the arguments for the national wage board pay system. I am very frustrated in my own mind about this

because I feel if this could be done, a great majority of my constituents and other workers in the area that I come from would benefit from this, if they did not lose their Federal jobs, their Government jobs. But then the thing that does worry me on the other side is that they might lose their jobs.

But the point I am trying to make is whether or not the policy committee's main effort is to try to take into account those types of decisions; or has the committee been primarily engaged in that; or are they trying to say now, "With the system that we have, we ought to be going about, and helping the agencies go about, eliminating the inequities within the areas." Do you get my point?

Mr. DONABEDIAN. I follow you, Mr. Chairman.

Mr. HENDERSON. Because this is very difficult for even us to understand. I am sure you fellows that work with it do. But, one of our primary motivations that brought about this new system was the inequities within a given area, like the Washington, District of Columbia area, within the various agencies.

We felt that if we could accomplish equity within those areas, that in time we would have a clearer focus of what should be done between the major areas of our country.

Do you follow me?

Mr. DONABEDIAN. I think your question, Mr. Chairman, should be answered in two parts.

As to the first part, Mr. Lyons, in presenting his testimony, spoke about the complexity of the system, and it is a complex system, and I could not agree with him more heartily, particularly where I have been part of this system and have worked—and I am sure we have all worked; everybody on the committee has worked—to implement this thing.

It is a cumbersome thing. The committee's time was taken up—and quite a bit of the committee's time, I should say—in trying to implement the system to begin with. This took up a lot of time just to implement the new system.

Of course, anything that is new takes time.

And then, to go along with that, why, we had bugs in the system, if I might use that terminology, that we had to straighten out. And then on top of this, when the system was implemented and, if any given area after surveys were made and data was collected, to my surprise and to the surprise, I think, of the pay-fixing authority over there in Defense, we found that the pay should go down because of the system, or that there should be a reduction in the wages, when all the time the cost of living in that given area had gone up, upward of maybe 4 or 5 percent.

Of course, I need not tell you what happened in other areas throughout the country, and I am sure the chairman is quite familiar with what happened in San Diego.

I find in other areas of the country we have an arbitrary figure of a certain percentage over and above a prevailing rate, and based on that percentage over and above the prevailing rate—and in this example I am going to give, by the way, it is Salt Lake City, they apply a 10 percent differential. The installation is about 75 miles from Salt Lake City. The pay is 10 percent above the prevailing rate in the city. Where they got the 10 percent, I will never know.

But to me, this is an injustice, and I suspect that it may be to you and to others here. It certainly is to us. And it gets away from this prevailing rate that they are trying to implement.

So I think this is the answer to your question, Congressman, unless you want me to—

Mr. HENDERSON. I was very much impressed with your three primary factors on page 2 of your statement. We must be careful as we develop legislation, and that is what we are trying to do here; your second point is the biased makeup of the National Wage Policy Committee, and that has been of concern to us, and will be as we try to draft the legislation in this area.

But admitting that we could get a law that would eliminate your point one, President Lyons, then as to your second point, if we could get legislation that we could agree on was nonbiased, do we not still have within the proposed legislation the third problem, which to me seems to be far more on the minds of the employees? And the thing that worries me the most about this, is that I feel that many of the wage board employees feel that with the enactment of this legislation—and certainly we would not want the policy committee to be biased if we could make it impartial—that many of the problems would be solved. But it would seem to me that many of the problems we are talking about would still be inherent in the system.

So I want to compliment you. I think you highlighted that the system has the problems, and your suggestions were that the wage board system needs complete overhaul. I just wish that the average blue-collar worker would understand that, if we let you write the legislation with regards to the policy committee and then we would enact this bill and it did not change the prevailing wage system, we would still have a lot of problems or most of the problems we have today.

Mr. DONABEDIAN. I personally think it would, Mr. Chairman.

Mr. HENDERSON. I might mention this. I am sure you represent quite a large number of the nonappropriated fund employees.

Mr. DONABEDIAN. Yes; we do.

Mr. HENDERSON. I think in that area I would certainly have to agree that this legislation would carry great benefits, material benefits; but with the exception of those, or those who we now have under the wage board system, it would seem to me that this legislation is not going to change greatly their problems.

Mr. LYONS. I do not think it is. I will tell you just what the bill before the committee is going to do. I think you are just putting a chocolate coating over a hand grenade. No matter where you go throughout this country, the blue-collar workers are pretty fed up with the system that is now in use to adjust their wages.

Not only are the employees incensed about the system, but some of the heads of our Government agencies, whether they be in the military or in the civilian field, are, too. At the Naval Air Station at Quonset Point, R.I., they just got a pay raise for their employees based on a survey of some of the cheaper jewelry shops in the area, and they got an average of 17 cents per hour. These are skilled mechanics.

Comparing their jobs job-for-job with that of private industry, the wages are out of line on the average of \$1.50 to \$2.25. Even the commanding officer and the admiral of the area was disgusted with the system. He says he is losing his skilled employees to private industry.

He cannot retain them. He cannot pay them the money they are worth.

I think that our agencies are deteriorating, that the employees' morale is shattered by the present system. Something has to be done. And the legislation that we have just is not it.

Mr. HENDERSON. It is suggested in the postal reform legislation that in establishing the postal corporation, as I understand the legislation, the pay of the postal employees—and I am appreciative of the comparison you made—the pay down the road would be negotiable between the employees and management of the corporation. If we were to establish that corporation and that policy for the postal department, what do you think would follow on with regards to blue-collar workers?

Let me move right along in the interests of time, and let's suppose that there would then be the pressure brought on Congress to say that "You are doing that in the postal corporation; in lieu of the wage board system, why do we not permit or establish a national policy of wage negotiations?"

Then I would assume from your testimony that you would want those on a nationwide basis?

Mr. LYONS. You are practically writing the legislation now, Congressman, by your remarks, if that should happen in the Post Office Department.

Mr. HENDERSON. I imagine we would not permit it on a nationwide basis, but we would say that the negotiations should be with the agencies, based upon the negotiations with the agencies, and within the areas.

Let me illustrate. We would take the Department of Defense and we would say you would not even negotiate Defense-wide. You would not negotiate even Air Force-wide, say, but that you would specifically negotiate for wages with the Department of Defense within a given geographic area.

Now, would we not have chaos—and I say "chaos"—would we not have as many differences within the wage board as we have got now? What do you think about that?

Mr. LYONS. I think again if you were to negotiate even in a regional area concept, I still think you would have, because of other ramifications, that we would be back to the same system again. I still think essentially the Federal Government should be the leader in this. Eventually there is going to be a nationwide scale, and I think that is where it should be negotiated, at the national level, for all blue-collar workers; not on a regional level and not on the immediate-area level.

Mr. HENDERSON. Mr. White?

Mr. WHITE. I want to ask Mr. Lyons some questions to test out his idea about the national wage scale.

In arriving at your national wage scale, I presume you have taken into consideration the entire country?

Mr. LYONS. Yes.

Mr. WHITE. Then you would take an average of the wage scale, I presume, in arriving at a uniform wage scale?

Mr. LYONS. That is right.

Mr. WHITE. That would mean the high-salary areas would be getting less salary than the average wage scale?

Mr. LYONS. I do not think so. I think not, with the present trend. We are in a position now that the majority of the high-salaried areas—we

are faced with the position where we are in a subnormal situation, where the majority of our blue-collar workers are far out of line with those of their brothers in private industry, so that I think the majority, 90 percent, of our blue-collar workers would be brought up on a par even at the high-level areas.

Mr. WHITE. Let's talk about the 10-percent area, then. What you would have would be these wage scale workers getting more than the average scale over the country, by pure logic?

Mr. LYONS. Yes; that is conceivable. That could happen.

Mr. WHITE. Then is it not also conceivable that the U.S. Government, or whoever is administering the program for construction, as an illustration, would use your wage scale in high-income, high-wage skilled areas, and then use contract labor in your low-scale areas?

Mr. LYONS. No, I cannot see that. For this reason, Congressman: You are using practically the identical system today for your classified employees, your clerks, your engineers, your technicians and so forth, throughout the country.

Mr. WHITE. That is for essential Government work.

Mr. LYONS. For essential Government work?

Mr. WHITE. Yes. Is that not what you are talking about?

Mr. LYONS. For all Government work, but I imagine you are talking about the defense agencies. But even in your nondefense agencies—

Mr. WHITE. Let us be more specific then. You have New York which is a high wage scale area. You have my State of Texas which is a low wage scale area. All right. So if you have an average that, say, might fit the scale that is received in Missouri, as an illustration, and applied it to New York, the New York man is going to be making less than he would if you had it on a regional area wage-scale basis, according to what we previously talked about; right?

Mr. LYONS. I would not say so. I would say the New York man, based on this system, if we struck the national average, and using the Bureau of Labor Statistics figures, I think the man in New York would be paid equal wages with that of his counterpart.

But even as it stands now, I think our Federal employee blue-collar worker at, for instance, Fort Bliss, receives more money than his counterpart, say, outside of the gates of Fort Bliss. So I think you would have the same situation, with the exception that the carpenter—

Mr. WHITE. Mr. Lyons, you are doubletalking me, sir. Let's go to Alaska. Is it not a fact that your plumbers in Alaska or your carpenters make far more than carpenters, say, in New Mexico—today?

Mr. LYONS. That is possible, yes.

Mr. WHITE. You know it is true. Is it not true, sir?

Mr. LYONS. Yes.

Mr. WHITE. All right. That means if you go on a national scale, that means that the Alaska carpenter is going to be making less than he would be making right now. Is this not true, logically?

Mr. LYONS. Al, do you want to pick that one up?

Mr. WHITNEY. To respond to the Congressman's point, first of all, I think it is fairly obvious that you have picked the most extreme example.

Mr. WHITE. Yes, I have. I am doing it to get the point across.

Mr. WHITNEY. We have not laid out a complete blueprint on this as yet—

Mr. WHITE. It is important to know this, because you are asking the committee to devise a national program that would fit all categories, and I think we have to look at how it works.

Mr. WHITNEY. I agree with you—

Mr. WHITE. In that illustration, is it not true the Alaska man would be making less than the national average?

Mr. WHITNEY. If the system is applied across the board, true. But I am getting back to the point you picked—

Mr. WHITE. Are you not talking about a national wage scale that applies to everyone doing a certain type of job?

Mr. WHITNEY. Yes.

Mr. WHITE. Then you have to talk about uniformity.

Mr. WHITNEY. In this case we are talking about a national wage area and a national wage scale. It has been touched upon earlier today that with this kind of a system, there are going to be some variances.

Mr. WHITE. On a national wage scale?

Mr. WHITNEY. Right.

Mr. WHITE. Then you don't have a national wage scale if you make variances. You did not mention that earlier.

Mr. WHITNEY. Alaska is an area in a category by itself and it would have to be taken care of on a cost-of-living basis, as it is now.

No system can be applied uniformly that is going to cover every conceivable instance. And again, Alaska is probably the sharpest example of this.

Mr. WHITE. Let's go back. Assuming we applied a uniform national wage scale—and let's just use the extreme example of Alaska and New Mexico. Now, the point I am trying to make is this. I am trying to point out that you may be just putting a very convenient opportunity in the hands of management by a national wage scale program, in this way: Your Alaska man is going to be making less than the national average, and the New Mexico man is going to make more than the national average. So in Alaska they will use the wage scale and in New Mexico they will contract the work out. That is all I am trying to tell you.

Mr. WHITNEY. On this point of contracting out, Congressman, it has been touched upon, but I think it is appropriate to make the point that the basic cause of contracting out in the Federal Government today is not minor or major differences in the pay scales as applied to Federal employees compared to rates applied to private sector employees. The basic problem is the Revenue and Expenditures Act. This is what causes agencies to go outside.

Mr. WHITE. Would this not be a factor if you had a national wage scale?

Mr. WHITNEY. I do not think so, because the data we have presented here on the 80 areas surveyed by the Bureau of Labor Statistics, although we speak to all areas of the country, it is a point of fact that most of the employees covered by that survey are in the higher paying areas of the country. This is going to mean your national average is going to be based primarily on rates paid in the higher paying areas.

Mr. LYONS. May I respond to that same question about contracting out?

Again we will go back to Quonset Point that just got the 17 cents. They turned over all of their cleaning to a private contractor, even though it is costing the Navy Department \$200,000 more per year.

Now, the reason for this was the fact that they could not increase their ceiling at Quonset Point due to a firm, fixed ceiling; so they had to contract the work out at an additional cost to the Federal Government. And this has been happening in many of our defense activities throughout the country.

So economy is not involved here, and the cost factor is not involved. So this situation in New Mexico or Fort Bliss—I do not believe that if we did have a national wage system as such, that it would be a key factor in contracting out work to private industry, because it certainly is not at the present time, when we have proven time and time again that the Federal agencies have been more than in competition with private industry on a production basis, and we have beaten them in every way possible; and yet we are still losing work to private industry.

Mr. WHITE. Thank you very much, Mr. Chairman. That is all I have.

Mr. HENDERSON. I have, perhaps, one final question, Mr. Donabedian. As a result of your service on the national committee, do you feel that representation from the employee organizations on that committee is helpful to the wage board employees?

What I am suggesting is, what if we had a national committee on which you did not have representation?

Mr. DONABEDIAN. If we had a national committee and we had no representation?

Mr. HENDERSON. Specifically as such, I mean. And I could even assume it was all management.

Mr. DONABEDIAN. It would be unthinkable. I cannot conceive and comprehend this. I would not even begin to think about any such thing.

Let me go back to the first part of the question. It has been helpful in that we take information back to the employees as it relates to the system; but for me to sit here and tell you that all of our proposals or my personal desires as they relate to the system and what I would like to see, I do not think it has been that helpful. It only gives us an opportunity to present our views.

Mr. HENDERSON. Then it is important that the organization representatives there be actively engaged in the day-to-day problems of the employees?

Mr. DONABEDIAN. If this were to come about—I would like to go a step further, by the way, and say, yes, we actively participate; that we do have this partnership, so there would be a give-and-take, that there would be true bargaining.

Mr. HENDERSON. When you are not working with the Commission, you are actively engaged in the affairs of the National Association of Government Employees, are you not? You are actively engaged in the affairs of NAGE when you are not working on the Commission?

Mr. DONABEDIAN. Yes, I am.

Mr. HENDERSON. And this is helpful to you as a representative on the policy committee, I am sure.

Mr. DONABEDIAN. Obviously, yes. As Mr. Lyons pointed out, by the way, in my travels around the country—and of course, then coming back and meeting with that committee—when I do, I certainly bring back information as it relates to the moods of the employees, their problems, their complaints. And we were going to bring up—

Mr. HENDERSON. The point I am trying to establish here, it is

important that those representatives work with and understand the problems of the wage board employee?

Mr. DONABEDIAN. Absolutely and positively, Mr. Chairman. Who could be closer to the employees than those who represent them daily? We are their voice on that committee, what little voice we do have. Yes, it is important; it is mighty important.

Mr. HENDERSON. You have got to understand the problems, is the point I am trying to make here. If we were to take a representative of one of the postal unions and put him on there, he could not contribute much to the deliberations of that committee?

Mr. DONABEDIAN. Absolutely not.

Mr. HENDERSON. You mentioned one point, Mr. Lyons, that intrigues me, and that is that the Quonset Point military people and management were quite dissatisfied with the results of the survey and the action that was taken up there. Do you find that this happens very often in that many places?

Mr. DONABEDIAN. Yes. Specifically getting back to Quonset Point, the base commander wrote to his superiors in the Department of the Navy and requested a method and manner in which to get additional pay so he could retain the employees he had, and that is a matter of record.

Mr. HENDERSON. Just generally. I am not talking about specific instances.

Mr. DONABEDIAN. Another area where they have their problems is out there in Dugway, Utah, where people in management have expressed their views and told me that they wished that they could have implemented higher rates of pay.

The Brunswick Naval Air Station is another one that stands out in my mind where the Navy ROCMM, as we call it, the Regional Office of Civilian Manpower Management, the official there in that one area told me that he was totally dissatisfied with the wage setup up there in Maine. By the way, this is a man that participated in the survey itself, a management official.

Mr. HENDERSON. That is what I was trying to get at.

Mr. DONABEDIAN. They are dissatisfied, absolutely and positively.

Mr. HENDERSON. Do you find the people on the management side are properly concerned with this system and the pay of their employees? I am sure you fellows must be, or you would not be successful, if you were not. I just wanted to know about the other side.

Mr. DONABEDIAN. Yes, I have many private conversations with many officials, by the way, and I would not want to quote their names here and now, for obvious reasons, but many of these people have expressed their dissatisfaction with the system.

Mr. HENDERSON. In your experience on the policy committee level, have you seen that dissatisfaction of management at the working level reflected in management on the other side of the table on the policy committee? Are they aware of the problems? Do they talk about those specific problems?

Mr. DONABEDIAN. Well, I want to give you an honest opinion, Mr. Chairman. I think that those people on that committee at that level representing the agencies, I think their position on that committee is such that they are going to go ahead and see to it that a policy or program that will be implemented at that level will be beneficial to management costwise. This is my personal opinion.

I am not going to sit here and tell you that each and every one of them feels this way. I think there is a little flexibility there at times. I have detected this. But I do not think that flexibility has been enough so that it has come across the table to us so that I could say, "Well, I was satisfied with their decisions and their votings and their proposals."

It always is such that it leaves a lot to be desired.

Mr. HENDERSON. In a sense, this is sort of academic, but I wanted to have a little bit better understanding, and I think I could put it this way: It seems to me that when we discuss this more informally than we do in the hearings that we have, that we get all the gripes of the employees through the employee organizations; but when we talk to the management side, they are more concerned with the system, than they are bringing to us problems of the management at the local level. I think that for this thing to really work in time, we have got to have some improvement in the system. But I do not expect it to come right away, certainly, or as a result of the enactment of this legislation.

I think your appearance has been most helpful to us this morning. I appreciate it. You have been very patient with us.

Mr. DONABEDIAN. Mr. Chairman, with your permission, if I may, I know Congressman White is not here, but I would like to make an observation, if I may, in relation to the question that was raised about the New York wage area, the prevailing rate that he spoke about. That is, he compared that on a national wage basis, and he compared the New York rates with the Texas rates and the New Mexico rates.

The observation I would like to make as it relates to what he was talking about, is that right here and now, at this very moment, those people in that wage area—in fact, in any given wage area in New York State—those Federal employees are not receiving the rates of pay that are being paid in private industry.

With your permission, I would like to have that in the record, because he pointed out—and I am quite interested in this national wage rate, and it should not be called a national rate, by the way. It should be called a national program or policy governing wage board employees. I think the terminology is wrong. Because right now we can go in any wage area in the United States and we can find that if I am a blue-collar carpenter worker for the Federal Government, that I will receive anywhere from \$1 or \$2 an hour, or possibly \$3 an hour less than the employees in the private sector.

So I think it was totally wrong to begin with.

Mr. HENDERSON. I was not going to ask you the question because I think I know the answer, but how do we keep the carpenters in the Government service?

Mr. DONABEDIAN. How? I think by the establishment of this national program.

Mr. HENDERSON. We have not been using any and we have no shortage of carpenters in the Government service.

Mr. DONABEDIAN. Well, let's go to electricians or welders or plumbers or something else.

Mr. HENDERSON. As I say, these are areas where they have fussed around so long. We are generally aware of the overall problem.

We appreciate your presentation, and you have been very helpful, Mr. Lyons.

We have a statement by Mr. Roy Thomas, business agent for local 509 of the United Association of Pipefitters & Plumbers, which will be entered in the record at this time.

(The statement follows:)

STATEMENT OF ROY THOMAS, BUSINESS AGENT, LOCAL 509, UNITED ASSOCIATION OF PIPEFITTERS & PLUMBERS, AFL-CIO

Mr. Chairman, H.R. 8764 is attempting to provide an equitable system for fixing and adjusting the rates of compensation of wage board employees.

As business agent of Local Union 509 of the United Association I appreciate this opportunity to speak of some of the ramifications and applications of our existing civil service rules that affect the wages of Government plumbers, pipefitters and refrigeration mechanics which we feel needs to be covered by specific legislation.

Within the GSA region III we are faced with the problem of rescheduling the work week. This is done approximately once a month six times yearly, for a period covering the weekend only. This we feel is against the civil service policy of rescheduling work to avoid the payment of overtime.

Over the Labor Day weekend of 1968 the men were rescheduled on a non-overtime basis, and are presently rescheduled for the 4th of July weekend, again on a non-overtime basis. These men will be forced to work on the Fourth of July. We agree that this work is most easily accomplished on weekends when the building facilities are least used, but feel that payment of overtime rates is called for.

In the other Government agencies where Local Union 509 has an exclusive agreement, or the Washington Area Metal Trades Council has an exclusive agreement, of which Local Union 509 is a part, management and labor both agree that a rescheduling should be for a minimum of three weeks, and the furlough days must be consecutive. G. S. A. does not interpret the Civil Service rules in this manner, and will work the men for periods exceeding 5 days without a furlough day. Also, within G. S. A., these pipefitters and plumbers within the building groups are not rescheduled and on the past weekend most of these building group employees worked 20 hours or more overtime on a nonrescheduled basis.

We feel that any and all rules or regulations that govern the rate of compensation should be covered by clear cut legislation that would rule out any multiple choice procedure either by management or labor. Specifically we feel that all conditions that affect the rates of pay should be covered by a specific 5-day work week, with two consecutive furlough days on a regular basis with any deviations to be paid on an overtime basis.

Mr. HENDERSON. I would like to announce that the record will be kept open for any supplemental statements that the witnesses who have appeared might want to make, or other organizations who want to have anything included in the record.

The subcommittee will stand adjourned until the call of the Chair.

(Whereupon, at 12:25 p.m., the subcommittee was adjourned, to reconvene at the call of the Chair.)

WAGE BOARD PAY RATES

TUESDAY, SEPTEMBER 9, 1969

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

The subcommittee met at 10 a.m. in room 2251, Rayburn Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

Today, the Manpower and Civil Service Subcommittee is resuming its public hearings on H.R. 8764, and related bills, to provide an equitable system for fixing and adjusting the rates of compensation for wage board employees—the 775,000 artisans, journeymen, and laborers working for the Federal Government.

Earlier, in June, the subcommittee members took testimony from the national presidents of three of the largest Government employee groups representing the wage board, the blue-collar workers. They were: Mr. John F. Griner of American Federation of Government Employees, Mr. Nathan T. Wolkomir of the National Federation of Federal Employees, and Mr. Kenneth Lyons of the National Association of Government Employees.

In summary, the employee union leaders asked for basic legislation, a statutory basis for fixing the compensation of the 775,000 wage board employees. One leader requested a minimum wage level of \$6,000 a year; another proposed 10 steps rather than the prevailing three steps. The suggestion was made to create a nationwide wage policy committee, separate from the Civil Service Commission; and it was also suggested that the nonappropriated fund employees be brought under the wage setting provisions of the appropriated fund blue-collar personnel. In another instance, the suggestion was made to have a nationwide hourly rate of pay for the wage board employees. Supposedly, in that proposal, the W-10 carpenters in Atlanta, Chicago, and San Francisco would be paid the same hourly rate of pay.

Today, we will hear from the first of several spokesmen representing management, the administration's position on proposed legislation for wage-fixing procedures. The leadoff witness is the Chairman of the Civil Service Commission, the Honorable Robert E. Hampton. Tomorrow, our principal witness will be the Assistant Secretary of Defense for Manpower, the Honorable Roger T. Kelley.

Chairman Hampton, we welcome you and members of your staff, Mr. Wilford Gill, Mr. Raymond Jacobson, and Mr. Raymond Weissenborn. It is always a pleasure to have you before our subcommittee.

Mr. HAMPTON. I did bring a group of experts with me this morning.

Mr. HENDERSON. We will not be technical enough to qualify you or them as experts but we assume you all are and I know your Chairman is.

Mr. HAMPTON. Thank you very much. You did identify the people. Mr. Gill here is my assistant for labor-management relations and is the chairman of the National Wage Policy Committee. Mr. Ray Weissenborn is the new Director of our Bureau of Policies and Standards—rather our Division of Pay Policies. On my right is Mr. Ray Jacobson who is the Director of the Bureau of Policies and Standards.

TESTIMONY OF HON. ROBERT E. HAMPTON, CHAIRMAN, CIVIL SERVICE COMMISSION

Mr. HAMPTON. Mr. Chairman and members of the committee, we appreciate the opportunity to present the administration's views concerning H.R. 7918 and H.R. 8764, bills "to provide an equitable system for fixing and adjusting the rates of compensation of wage board employees."

We would like to point out at the very outset here this morning that we frankly see no need for the proposed legislation at this time.

We are presently in the midst of a major transition from a confusion of separate agency systems to a coordinated Federal wage system. This transition, while difficult, is being successfully carried through. To change the ground rules by legislation at this time will be confusing and thus will seriously delay the achievement of our common goal—a uniform and equitable pay system for wage employees.

In addition to discussing these bills I also want to review the progress being made in installing the coordinated Federal wage system. We will highlight the achievements of the system, the problems in developing and placing the system into operation, and the actions taken to overcome the most important of these problems.

To set the stage I would like to provide a brief resume of the history of the wage program. The basic prevailing rate concept was first established over 100 years ago for use in setting pay for trade, craft, and laboring employees of naval activities. This concept was applied by other agencies and is now the basis for fixing the pay of nearly 800,000 wage employees in 60 different agencies.

Over the years, however, many differences developed in pay for wage employees operated by the agencies which resulted in differences in pay for employees doing the same work within the same local area. Reports issued by this subcommittee were extremely valuable in identifying the seriousness of the problem and the need for corrective action. Therefore, a study was undertaken to pinpoint the cause of the problems and to set a course of action for solving them.

In 1965 the President directed that action be taken to establish a uniform wage system for use throughout the executive branch. The President's directive went beyond the statutory requirement that wages be based on prevailing rates.

It established additional principles that within each wage area there be "equal pay for equal work" and that "pay distinctions be maintained in keeping with work distinctions." There were to be common job standards and wage policies and practices. Interagency equity in wage rates was to be achieved through the means of statistically valid wage surveys.

The development of the new system proved to be an extremely difficult and time-consuming task. It took 2½ years to develop, largely because of the many different interests involved. There were many agencies and unions representing different kinds and types of organizations and operations. We were coping with a variety of wage systems, each of which had been designed with a particular agency mission in mind.

A policy framework was established in December 1967. The first wage surveys under the new system were started in July 1968. The system is being installed and employees converted to the new system on an area-by-area basis. Conversion will be completed in October 1970.

The new system covers all executive branch employees who are in trade, craft, and labor occupations and whose pay is based on prevailing rates. The system does not cover legislative or judicial branch employees, although they have been encouraged to adopt the system to the extent feasible.

Statutory salaried employees are not covered; neither are non-appropriated fund employees.

The Commission is responsible for the overall policies and standards for the new system, and decides employee appeals. The system provides uniform wage schedules for use by all agencies within an area. A "lead" agency in each wage area makes the wage survey and establishes wage schedules. All other agencies in the area then use that wage schedule.

The system provides for joint union-management arrangements at three different levels of operation.

1. National Wage Policy Committee.—This committee is at the Civil Service Commission level. It advises the Chairman of the Commission on basic policies and practices. The committee chairman is an official of the CSC. There are five union members and five agency management members.

2. Agency Wage Committees.—Each lead agency has an agency wage committee. This committee helps plan individual wage surveys, reviews survey data, and recommends pay schedules. This committee is chaired by an agency official. The unions have two members and agency management has two members.

3. Local Wage Survey Committees.—A local committee is established in each area having a specified number of wage employees provided a sufficient number are covered by exclusive recognition. The local committee conducts hearings and makes recommendations on survey coverage. It also supervises the wage survey and reviews the accuracy of the survey data. The committee chairman comes from a local installation. Local installations provide one management member and unions provide one member.

Most wage employees are paid under "regular" wage schedules. There are also provisions for special rates and schedules when needed for recruitment and retention purposes. Out-of-area rates are set for principal kinds of positions when there is not enough local industry data for rate-setting purposes. This latter provision is based on Public Law 90-560, the Monroney law, passed during the last Congress.

All wage areas for the new system have been established and defined. There are now in existence 150 established areas, better than a 50 percent reduction from the 330 areas established under agency systems.

These areas blanket the country. All policies and instructions have been issued for fixing and administering the pay of regular schedule employees except those covering pay for hazardous work assignments. These are scheduled to be completed soon. Instructions have been issued for grading jobs under the new system.

The program for developing job grading standards also is underway, but is behind schedule. Our 1970 appropriations request includes funds for additional staff to bring this part of the program back on schedule. The survey program is right on target with every area survey having been ordered exactly as scheduled. The initial backlog has been caught up. The overall installation of the system is proceeding on schedule and generally has received good employee acceptance.

As is to be expected in a change of this magnitude we have encountered problems. However, there have been none which we haven't been able to resolve. Such problems are not unusual considering the complexity involved in making a transition from the many different agency systems to a single system. Some problems have been more critical than others but none have served to deter implementation of the system.

We have encountered a number of situations in which private employers have refused to participate in our wage surveys. A variety of reasons have been given. But the most important declinations have been because of the extent of union participation in our surveys.

For a time we were concerned that this would develop into a major problem. In one area several key employers at first refused to participate in the survey. The agencies, the unions and the Commission jointly decided upon a course of action that involved personal contacts by top agency officials with officers of the firms involved.

As a result, we were able to obtain the required data and to issue wage schedules. From time to time other individual employers have failed to cooperate, but we have been able to work around them. There has been no loss of pay for employees because of delays in issuing wage schedules. They have been applied retroactively when issued more than 45 workdays after the survey was ordered.

We want to emphasize that the bills under consideration by this subcommittee would not preclude this problem. The provision in the bills calling for any employer having contracts with the Federal Government to provide data is commendable, but its actual effect is doubtful. Not all important private firms hold Federal contracts. To be reasonably effective such a law would have to apply to all firms in interstate commerce. At this point in time, I see no necessity for legislation to deal with the problem. I would frankly prefer to work out these problems as we have been doing on a case by case basis.

Some problems have arisen from the desire of employees to come under the system earlier than scheduled or to receive benefits of the new system immediately.

We have been able to provide some of the benefits in advance of the conversion through alterations of agency wage systems. But the sheer volume of the wage survey workload and the size of the conversion job are such that conversion of areas must be done in accordance with the planned 2-year conversion schedule.

In a few areas rates for some grades of the new wage schedules were lower than existing rates under agency schedules. It was recognized that private employer rates had moved upward in the area, but lower

rates resulted from differences in survey coverage and differences between the agency system and the new system.

The Commission, the agencies, and the unions worked together on a method of measuring the extent of general wage increases in these areas. The new schedules were then set in a way to insure that the new system rates always exceeded existing agency schedule rates.

The fact that the coordinated Federal wage system could be modified by administrative action permitted this quick and realistic response to what might have developed into a serious pay-equity and employee-morale problem.

Many agencies had paid food service, laundry, and custodial employees under separate wage schedules set directly in comparison to those low-paying industries. These employees are to be paid higher regular schedule rates under the new system.

It was obviously unfair to force these employees to wait as long as 2 years for promised wage increases. Arrangements were made to give the employees their higher rates in fiscal year 1969. This was done either upon conversion to the new system or based on the final survey for their area under their agency wage system.

Similar arrangements were made to give wage supervisors the benefit of more liberal supervisory pay differentials established under the new system.

However, we were not able to speed action to give supervisors the broader rate ranges and additional step rates that are part of the new system. We have not been able to develop an interim action to give them this benefit that would not create serious complications for some agencies for the remainder of the time their wage systems continue in operation.

Nor were we able to grant the many resulting requests to advance the scheduled wage surveys for this purpose. The agency survey workloads had already been increased 50 percent by changing the survey cycle from 3 years to 2 years. The agencies could not handle a further increase in this workload. The survey for an area could be advanced only at the expense of a corresponding delay for another area—an obviously unfair action.

Up to this time I have talked about the development and operation of the coordinated Federal wage system. Now I would like to turn to the specific provisions of the bills being considered by the subcommittee which would establish a uniform prevailing rate system by statute.

H.R. 7918 would establish a uniform system for determining and adjusting the rates of basic compensation of Federal wage employees in trade, craft, and laboring occupations in accordance with prevailing rates. The objectives of the bill are to provide the same pay for the same work within an area and pay difference reflecting job differences, based on prevailing rates in each area and the use of common job grading standards and practices among agencies.

The bill provides for an organization of local, agency, and national committees to carry out these functions and objectives. It also prescribes many specific and detailed requirements for establishing and operating the system.

H.R. 8764 is essentially identical to H.R. 7918 except that the former would include within its coverage wage employees being paid from nonappropriated funds.

We can agree with the purposes and objectives of these bills, in general terms, since they are substantially the same as those in the coordinated Federal wage system now being installed. However, as pointed out in my opening remarks, legislation at this time would be unwise and would disrupt a delicate but successfully working transition that is just about 50 percent completed now.

If legislation were to be passed at this time, it should be confined to only the broadest expression of policy and principle. It certainly should not get into the kind of detail that these bills propose to do. In our report of August 11, 1969, on H.R. 7918, we went into specific detail as to the provisions of the bill which we felt were unwise. In the interest of time, I would suggest this report be entered in the record, and that I only speak to the highlights of our comments here.

Mr. HENDERSON. Without objection, so ordered.

Mr. HAMPTON. It is important, in considering the merits of these bills, that we look closely at the foundation on which the wage systems have been built. The foundation is in the requirement that pay for wage employees be fixed in accordance with prevailing rates in the local area. This requirement is almost universally interpreted to mean rates paid by private employers in the same general area. And of necessity it means following private industry pay practices as well as pay rates.

By pay practices we mean such things as premium payments for overtime, night, and other nonstandard work assignments; the general pay relationships among occupations; and the number of rates used for each job or work level.

If these aspects of industrial pay practices are not followed then it is not possible to set pay that is truly "prevailing."

Many features of the proposed system in these bills are clearly contrary to the predominant practices in private industry. For example, the bills propose that each grade have 10 rates when the industrial practice is to have a single rate per job or grade. The bills propose a nationwide 10-percent night differential; industrial night differentials vary from area to area.

The bills require that supervisors and nonsupervisors be paid from the same schedule; industrial firms most often use separate pay schedules. We are not aware of any reasonable basis for ignoring industry practices in these and other similar respects.

If a coordinated Federal wage system were to be established by law it should provide only a framework of organization and principles to guide those responsible for developing the system.

It should not contain detailed operating procedures. Once these become law the system becomes inflexible and unresponsive to the needs of the service.

Responsibility for such a Government-wide system should not be placed under a specific agency, but should be vested in the President as part of his responsibility for management of the executive branch, with authority for further redelegation as he sees fit. This would parallel the placing of responsibility for statutory salary systems.

The functions of the various committees to be established by these bills are not made clear. For example, the National Wage Policy Committee is referred to as a recommending body, but provisions in the bills appear to give the committee decisionmaking and action-taking

authority. Such provisions are at odds with the basic authorities of the heads of the agencies establishing the committees since no provisions are made for agency heads to review, revise, or otherwise alter actions taken by the committee.

Since the chairman of the National Wage Policy Committee must be selected from outside of the Federal service and he is prohibited from holding any other Federal office, there would be no effective executive branch role in policy formulation.

I want to emphasize that we strongly oppose the idea of having these committees function as decisionmakers. They should be purely advisory. Wage setting for these jobs has been a managerial responsibility and should remain so.

Likewise, we strongly oppose the plan to have the chairman of the National Wage Policy Committee appointed from outside the Federal service.

This important post should be held by someone from within the Government who understands the total personnel and management system within which the wage system must function and is available to serve on a full-time basis.

The bills modify Public Law 90-560—the “Monroney amendment”—concerning the use of out-of-area rates to require that any wage data collected outside of a survey area be combined with data gathered in the local wage area in determining prevailing rates.

This would result in the establishment of entire pay schedules which would be out of line with locally prevailing rates. This provision is an unwise extension of what we consider to be an already unsound practice required by Public Law 90-560, which provides that such rates apply only to the principal positions involved.

This entire concept of using out-of-area rates is contrary to the basic prevailing rate premise on which the wage systems are based. It is not necessary to find matches for every Federal occupation in a wage area in order to establish an equitable pay schedule.

Private firms follow reasonably consistent patterns in setting wage relationships among kinds and levels of work. Similar relationships are followed in the Federal service by grouping jobs doing the same level of work and aligning them in a uniform grade pattern. It is only necessary to obtain a reasonable sample of local industry rates in order to identify prevailing levels of pay and relate them to the Federal grade structure.

If carried to its full potential as proposed, the “Monroney amendment” poses a threat to the entire prevailing rate concept.

I might digress here for a brief discussion of the problems which have been encountered so far in implementing the “Monroney amendment.”

The law was effective October 12, 1968. The Commission working with the National Wage Policy Committee began almost immediate consideration of implementing instructions. This bill was so difficult to interpret and implement that the National Wage Policy Committee devoted 14 meetings to the development of guiding instructions for the coordinated system.

Even so, there was a need for more detailed survey instructions to be prepared by surveying agencies. It was only recently that the principal surveying agency—Defense—and the unions representing its employees have been able to reach agreement on those instructions.

Eleven months have elapsed since the effective date of the law, and we are just starting to apply it. Rates will have to be set retroactively for nearly an entire year of surveys.

Let us turn now to the proposal in H.R. 8764 which provides for bringing under the proposed wage system employees paid from non-appropriated funds. Most nonappropriated fund employees are located in the Department of Defense, others work in nondefense agencies, such as VA and NASA. The variety of activities in which such employees are located is almost infinite. They include canteens, military exchanges, hobbyshops, clubs, motion picture service, and many others.

Most if not all of these activities are designed to promote in some manner the welfare and well-being of uniformed or hospitalized personnel.

In Defense alone, in the United States, there are some 85,000 non-appropriated fund employees, including approximately 35,000 off-duty military personnel. The rates of pay for these employees are generally fixed on the basis of practices in private industry for directly comparable types of operations.

This is a very complex problem involving much more than the method of fixing pay. Any consideration of it should involve all aspects of the employment as well as pay of these nonappropriated fund employees.

There are a number of other provisions in these bills with which the Commission disagrees because their enactment would be contrary to sound wage administration principles or because they would take away from wage employees certain benefits now being received either by law or under existing wage systems.

These pertain for the most part to premium rates that would be paid for night work, irregular hours of work, Sunday work, and holiday work. An especially unworkable provision would require, without exception, that the basic 8-hour day and 40-hour administrative work-week, except for shiftwork, be scheduled Monday through Friday. This would create an impossible situation in hospitals that require around the clock operations for 7 days a week.

It would be impossible to vary work schedules so as to staff the hospitals on weekends without paying overtime.

In summary, I am firmly convinced that no further legislation is needed. The existing statutory authority provides the entire basis needed for establishing and operating the system. Over the years it has permitted the agency systems to be responsive to any need for change.

When, in recent years, it became apparent that complications were arising because of the diversity of systems, the statutory authority was broad enough to permit the establishment of a uniform system for use by all agencies.

The development of this system has not been easy, and it has been time consuming. What is most important, however, is that it has met every test placed before it during this first year of operation, even though some of the problems faced have been extremely difficult and serious.

One of the greatest strengths of the coordinated Federal wage system is that it is a product of a collaborative effort—unions and agency management—from the beginning. There have been lengthy and agonizing discussions of the many issues in setting the policies through this process.

It has resulted in a system that is understood and accepted by the unions and management. In my judgment it would be a serious mistake to introduce a brandnew system after so much time and effort had been devoted to successfully establishing this coordinated wage system.

Enactment of these bills would seriously delay the achievement of the goal of a uniform and equitable compensation system for Federal wage employees.

For the reasons outlined above the Civil Service Commission strongly recommends against the enactment of H.R. 7918 and H.R. 8764. Also, for reasons enumerated earlier I strongly recommend that serious consideration be given to the repeal of Public Law 90-560. It not only violates the fundamental principle of area rates, but is also proving to be extremely complex and confusing to administer.

In lieu of passage of this proposed legislation, we respectfully suggest that the Congress await the full implementation of the coordinated Federal wage system in the fall of 1970. At that time I would be pleased to report in detail on the way in which this system is working and to discuss such legislation as might seem to be needed based on this more complete experience.

Thank you for inviting me to present the views of the Commission on this important subject. If the committee should decide to report a bill I want you to know that the Commission staff will be made available to you for such assistance as you wish. I shall be pleased to answer questions about my testimony.

Mr. HENDERSON. I want to commend you for a very fine statement, one that I am sure was quite difficult to reduce to the very few pages that you have presented, particularly in the light of the long experience you have had in coordinating wage board system efforts and other problems that you touch on.

A couple of things that I would like to talk to you about—it seems to me that within the period of time that we first considered this proposed legislation and since these current hearings began, that the area of nonappropriated fund employees seems to be giving the greatest problem in this entire area. As you point out in your statement, it is a complex and difficult matter, one that through the years perhaps the Civil Service Commission has felt was somewhat beyond its jurisdiction.

This subcommittee has been reluctant, and I feel sure the full committee has been reluctant, to really grapple with this problem. Going back just a few years, while we recognized this problem and saw obvious inequities in almost every military installation we visited, we were attempting to provide some relief to the employees without formal legislation and with very little success. As you recall, the Fair Labor Standards Act amendments took very positive action in this area.

Now, I guess it was something over a year ago that it was first called to our attention by the employee organizations that the Department of Defense ruled in its overseas operations that the Fair Labor Standards Act did not apply. They did not have to follow it.

I have wondered about this but have not specifically asked for legal opinion. I think that in connection with these hearings it would be a very proper time for me to ask you and the Civil Service Commission Counsel to give a legal opinion. If one has been rendered by your Counsel, perhaps just bringing your statement up-to-date would be sufficient. I will also ask our staff to prepare a request that I will

send to the General Accounting Office. I think that perhaps you would like for your Counsel, as well as the Counsel over there, to coordinate in getting an opinion. Without having researched the legal question myself—and even if I did I doubt if I could arrive at a sound opinion—it certainly seems to me to be a clear violation of the intent of Congress, if not the language of the act itself.

Now, I am speaking specifically with regards to American citizens who are working in nonappropriated fund activities overseas. It just seems to me that Congress clearly had in mind with the provisions enacted into the Fair Labor Standards Act that the Defense Department paid the basic Federal minimum wage to American citizens working in nonappropriated fund activities. I think that the decision would be helpful to us.

Getting to the broader picture, while I am reluctant, I have come to the conclusion that some legislation in this area is absolutely necessary to establish what congressional policy is with regard to the pay for American citizens working in the nonappropriated fund activities overseas.

You point out that quite a large number of them are off-duty military. Even so, it would seem to me that in principle we ought to agree that we were not going to pay them less than we would pay other American citizens. If we agree that the other American citizens, some 50,000 nonappropriated fund employees in the continental United States alone, are not being fairly paid, then the contention would follow that the off-duty military personnel also are not being fairly paid, and perhaps some advantage is being taken of them in this operation.

Earlier, Mr. Chairman, I was rather impressed with the argument the military always gives. The basic reason I have always heard from them for their low-pay rates is that this is a profitmaking operation and that these profits go to the welfare of the military. But if it is necessary for the 35,000 uniformed servicemen they employ to moonlight and work there, surely the best thing for their morale is good pay. If they find it necessary to work for such activities in addition to their military duties they should be fairly paid.

I am not very impressed with that old, worn argument of theirs and I am particularly shocked with regards to their treatment of our citizens overseas.

I realize that this is perhaps a new area for us to move in and if we could get some establishment of policy on the part of the Department of Defense immediately covering this, perhaps legislation might be delayed. We certainly will pursue this more with Secretary Kelley tomorrow because I feel in his position he is obviously more directly responsible than you are.

Now, let me come back to perhaps something that is more basic to the entire situation.

Mr. GROSS. Would the gentleman yield at that point?

Mr. HENDERSON. Yes, I would be delighted to, Mr. Gross.

Mr. GROSS. I have been hearing complaints that military personnel are not as well treated in the matter of fees, tuition, and textbooks as are civil employees of the Government in schooling and educational pursuits. I suggest that be looked into as well.

Mr. HENDERSON. I certainly agree with the gentleman, because it is disturbing and yet I do not know how far our jurisdiction can go into the pursuit of that.

Mr. HAMPTON. Congressman Gross' question regarding the treatment of the differential between military and Government employees serving overseas seems to be counter to the policy that we have been working toward for a number of years to provide parallel benefits for civilian employees serving overseas. I think it is something that we do have the jurisdiction to look into as a matter of policy—of equity. I think it creates a serious morale problem when you have two people working for the American Government being treated differently.

Mr. HENDERSON. Yes, and this ties into something that is another problem in this area that, of course, does not relate to the specific hearings before us. But there has been evidenced quite a concern in the Department of Defense that our employees oftentimes stay overseas in an area too long. I think if this decision is implemented, as I understood it is being, that we would find that the nonappropriated or other Government employees over there probably of necessity would decide to send their children to the schools of Germany or Belgium or Italy. Rather than to get the American education they would be getting a free education in the country in which they were stationed. That certainly would be quite contrary to what the Department of Defense says its major concern for the employee is. I think we would all agree that we would much prefer, as long as we have American schools over there, the employees' children as well as the uniformed personnel's children to have the benefit of the American system in that overseas area.

Coming back to the more general area here, my question is what would be your reaction if we would retrench in a sense from the bills presently before us and say that our one and only objective was to write into the law the present consolidated wage board system? I think perhaps this is where we all started from, recognizing there was some difficulty in implementing it. We also recognized that we got into difficulty, Mr. Chairman, under the old system because there was a lack of basic law.

I might just say one of my primary objectives as we started out here was to try to write in the law what was devised by the system. I want to commend you and your predecessor for a very difficult task and I think you recognize that our subcommittee has been vitally interested in the new consolidated wage board system.

Of course, I guess any time you start legislation you expect those most directly involved to try to seek improvement in the existing system. I wonder if you would think that we should still wait even to do that, as to enacting the law.

Mr. HAMPTON. I see, really, no objection to passing a law putting the coordinated system in statute, but I would prefer that this law confine itself to statements of policies and principles. Operating details under this system, of necessity, as there are shifts in Government programs, as local problems vary, will require shifting in operating techniques. I feel that the principle of what we are trying to accomplish, equal pay for equal work and pay differences in keeping with the differences in duties, could be spelled out beneficially in law.

The thing that I would hope that we would avoid is getting into a law a lot of operating details which based upon experience we would want to change. I think there should be provision made in such a law to report to the Congress in order to give them an overall picture of how the system is working and whether or not it is actually in keeping with the principles and policies that would be announced by this committee.

I think once we get operating details into a law they tend to put us in concrete and we just cannot adjust them unless we come forth and get the law amended. But I think through a proper reporting system to the Congress, having the ability to come up and express the problems as we see them, allowing the unions the opportunity to express the problems as they see them, that we could have a flexible and viable system.

I think, however, that I would prefer that any legislation be delayed until after we have finished the system and really have had an opportunity to assess the problems as we see them.

Another aspect of this is that while at this particular time we have obviously had some complaints from the unions and some complaints from the employees, I think this is indicative of the growing pains that we are having in dealing with public service unionism. This is also something relatively new on the scene. The unions express concern I think because they, themselves, are not sure of their own ground of where they are going. We are pioneering in a sense. We do not have in the Government precedents such as unions have in the private sector.

They bargain with us a little differently. They cannot bargain with us on the entire economic package. So the thing, as we saw it in this system, was to include procedure saying that the unions would be able to participate and review wage survey statistics. By working together we hoped that we would achieve survey credibility.

Obviously, we are not absolutely sure that this has been achieved. They are not sure that it has been achieved. I think this credibility can be achieved only by going through—through these very painful and agonizing discussions—and we have had many, many meetings of considerable length at the national level, at the agency level and at the local levels. But I think this is evolving. I think in 1970 we would be able to come to the committee and give you a complete history of the nature of these meetings and the problems that came out of them, the total effect on the pay structure, and we would be in a far better position to maybe give you more detail. At the present time I think I see no harm—in fact, it may be beneficial—to have principles and policies enunciated in the law. But the structure may change. I am just not sure.

Mr. HENDERSON. Without taking all the time from my colleagues, I certainly want them to get their questions and views in, I think on the two points that I have made here I would point out a problem that I see in trying to take legislation like this and make a major decision. For example, with regards to whether or not the nonappropriated fund employees are going to be covered by the consolidated wage board system and doing it through statute. We run a risk of getting the legislation that we are talking about through committee but failing to get it enacted. If we had legislation that in which we agreed on everything else, for example, that major decision could certainly bring great controversy as the legislation proceeds through the Congress. We might lose all the benefits of enactment of the consolidated wage board system in whatever form we would agree on, and so that major problem gives me great concern. I will want to talk with you more on it.

Mr. GROSS.

Mr. GROSS. Thank you. I want to join with Chairman Henderson in commending you, Mr. Hampton, for a concise and forthright statement.

On page 2 of your statement you indicated that the conversion to the Federal coordinated wage system would be completed by October of 1970. Does this mean full-scale surveys or telephone surveys?

Mr. HAMPTON. No, this is full-scale wage surveys. Every area will be surveyed by then.

Mr. GROSS. What percent of the wage board employees are now under the Federal coordinated wage system?

Mr. HAMPTON. Do you mean the number that are already operating?

Mr. GROSS. Yes.

Mr. JACOBSON. About 280,000.

Mr. GROSS. 280,000?

Mr. JACOBSON. That is slightly less than half.

Mr. HAMPTON. And some of this—

Mr. WEISSENBORN. Another 280,000 will be converted the second year.

Mr. HAMPTON. The 280,000 will be converted next year.

Mr. WEISSENBORN. The specific number that is already converted is 274,500.

Mr. GROSS. And another 280,000 next year is anticipated?

Mr. HAMPTON. That is right. We have a complete breakdown on the total picture that we would like to submit for the record that would give you the total picture of everything that has been done to date in terms of surveys.

Mr. GROSS. I am sure the chairman would welcome the figures that you have.

Mr. JACOBSON. We will put that chart in the record.

Mr. HENDERSON. If you will do that, without objection, it will be printed in the record.

Mr. GROSS. You have indicated that the chairman of a nationwide wage policy committee should be an employee of the Government. Union leaders indicated strongly to us that one of their objections to the present wage system was that management always had six votes to their five votes.

Do you wish to comment on that, Mr. Hampton?

Mr. HAMPTON. I think an individual coming on an ad hoc basis to chair this committee just could not work part time for one thing. At the rate of \$75 a day I do not think you are going to get the type of man that you need to serve as chairman.

Second, I think that one of the benefits of having someone in the Federal Establishment is that these problems are extremely complex. There is no one that would be experienced in this field that could sit down and review this data and interpret it unless he were fully involved in the system.

I realize what the unions are interested in here. They feel that if an individual comes from outside of the Government that he is neither sympathetic to the views of management nor sympathetic to the views of the union. I feel that a reasonable individual who is privy to the information that the National Wage Policy Committee considers is going to have to make an objective decision. He cannot be really biased on either side and come up with the correct decision.

In some cases he has to consider the question of the overall equity. Sure, the unions are interested in more pay and better working conditions. Enlightened management is also interested in that. But some-

times there is a disagreement as to what this would be. I do not see that the man on the outside could come up with any better decision because I do not think that he would have the background to be as well informed as someone within.

What we were trying to do in the system to achieve credibility was to have it an open system, to have union participation in the wage surveys, in the determination of wage areas, to be involved in the process all the way up to the point where a major difference would come. Someone has to make that decision.

I feel that the President, acting through whoever this man is—in this case it would be the Chairman of the Civil Service Commission—gets the controversial issue. I think that you have to consider his interests as the principal manager of the Federal Government. I do not think that the decisions that have been made have been split as much in terms of philosophy as in terms of posture. I think sometimes all of the unions will vote together because they feel it is a “gut” issue and all the management members will vote together because they also feel it is a “gut” issue. So it comes down to that one vote in which case it is the chairman of the National Wage Policy Committee, and a vote like that comes to the Chairman of the Civil Service Commission.

I have made decisions where I went against management, because I did not think that management’s recommendation was a proper one in terms of fairness, equity and the many things that you have to consider concerning the background of these things.

I just do not think that a man coming from the outside, coming down here to sit as chairman only when there is a National Wage Policy Committee meeting, could do this job. I think the person has to be full time. He has to be dealing with these problems every day. They are very complex. I deal with these problems considerably, but I cannot in any sense classify myself as an expert. I have here the chairman of the National Wage Policy Committee and he is as close to being an expert as I have found on this subject, but he, himself, will not say that I am really the ultimate expert, and I just think to bring someone in from the outside at \$75 a day on an ad hoc basis would be unrealistic.

Mr. HENDERSON. Would the gentleman yield?

Mr. GROSS. Of course.

Mr. HENDERSON. Mr. Chairman, on page 9, you say, “For example, the National Wage Policy Committee is referred to as a recommending body, but provisions in the bills appear to give the committee decision-making and action-taking authority.” Could you spell that out a little more in detail? At the present time you consider the National Wage Policy Committee, chaired by Mr. Gill, to be merely a recommending body?

Mr. HAMPTON. Yes, sir.

Mr. HENDERSON. If there is controversy they present the problem to you for final decision?

Mr. HAMPTON. Yes, sir.

Mr. HENDERSON. Could you point out the provisions in the bill that you feel would—let’s use Mr. Dulski’s bill, 8764, which would give the wage policy committee established under the bill decision-making or action-taking authority? I think that this is right in line with the point that Mr. Gross was making and your response would be very helpful to us for the record.

I might point out, just for the record, that earlier Mr. Lyons, speaking for the National Association of Government Employees, speaking to this point says, "This actually means that the recommendation of this committee is only advisory in nature for the Chairman of the Civil Service Commission may accept or reject the committee's recommendations according to his logic." Then further, "There is an imbalance in the composition of the committee which is made up of five members of management, five from unions, and the chairman is a management official in the Civil Service Commission." That goes right on and touches on Mr. Gross' point, their contention.

But what I would like to get, if we could, in the record at this point, would be what provisions in the bill you feel would shift the National Wage Policy Committee as established under the bill from strictly an advisory or recommending body to the decisionmaking and action-taking authority as you mention in your statement.

Mr. HAMPTON. I think in the initial paragraph in the National Wage Policy Committee there are several existing regulations—

Mr. HENDERSON. Let me ask you a specific question. In looking at page 8 of the bill under section 5343—

Mr. HAMPTON. Yes, it has 14 things that they—

Mr. HENDERSON. The language in that says "shall review existing regulations."

Mr. HAMPTON. "And recommend to the Chairman of the Civil Service Commission their continuance"—

Mr. HENDERSON. "Or modification or shall recommend issuance of new regulations." It seems to me the word "recommend" in both instances there would mean that their recommendations would come to the Commission. You, as the Chairman, and the other Commission members would have final authority.

For example, take "to define the boundaries of wage areas." I presume that could be a dispute between the employee organizations and management?

Mr. HAMPTON. That is correct. They would recommend to the Civil Service Commission. I think that—you have a good point. I think what you have pointed out here in looking at the 14 points, that obviously they would only recommend on those 14 points.

Mr. HENDERSON. Let me leave it this way, because this has left me a bit confused. If after you review this you feel that the act gives the National Wage Policy Committee more authority than just to recommend, you might spell that out in detail to us. If upon reviewing this you feel that their authority is limited to recommendations, I would like to have the clarifying position on that.

Mr. HAMPTON. I think that we should.

Mr. HENDERSON. Because my understanding previous to your statement this morning was that the committee created here would be a recommending committee and I was not quite sure that we were in agreement on the position that you took in your statement and my understanding of this.

I thank the gentleman very much.

Mr. HAMPTON. Mr. Gill has a point on this.

Mr. GILL. Mr. Henderson, just for illustration, on page 15 of the bill on the special item in wage areas where there are no employees subject to the provisions of this act covered by exclusive recognition, the

agency wage committee having jurisdiction with the prior approval of the policy committee shall issue appropriate regulations to establish a local wage survey committee. This prior approval of the policy committee is the kind of decisionmaking approval that would be in the Civil Service Commission under the present system but in the bill would be set in the committee itself rather than in the Commission.

Mr. HENDERSON. Do you think the language, then, on page 15, should read "with the prior approval of the Civil Service Commission"?

Mr. GILL. Yes, sir. If there is authority of the Commission in the bill, and it is their responsibility then prior approval of actions by operating agencies would be that of the Commission rather than the committee.

Mr. HENDERSON. Or my question might be, should it read "with prior approval of the policy committee and the Civil Service Commission"? It would seem to me that that language would mean that it would go first to the policy committee; they would forward their recommendation to the Commission; seek the approval of the Commission; and with the approval or disapproval or with the approval of both—you would have it.

Mr. GILL. Yes, sir.

Mr. HENDERSON. What I am trying to get at is to be sure what we are trying to do and I think so far everyone has been in agreement that the policy committee would be a recommending body. So you might want to specifically recommend to us language that would correct any of these problems that you think arise here.

Mr. GILL. Yes, sir.

Mr. HAMPTON. There are several others and I think in totality we should have spelled that out also in our report on H.R. 7918 which we did not, but we will go through this and we will get the specific examples and submit them for the record exactly—

Mr. HENDERSON. It would be helpful for us. If our primary basic decision is that the committee is only an advisory or recommending committee, we want to be sure that the language of the act, if it were to become law, clearly carries out that basic decision.

Thank you, Mr. Gross.

Mr. Gross. One final question, perhaps two. Have any wage scales been set through negotiation with employee organizations?

Mr. HAMPTON. Not to my knowledge, Mr. Gross. We do not negotiate the wage rates.

Mr. Gross. You do suggest repeal of Public Law 90-560?

Mr. HAMPTON. Yes, sir.

Mr. JACOBSON. May I just add one point in response to Mr. Gross' question on negotiation. While there are no rates negotiated under the coordinated Federal wage system, there are a few instances in the Federal Government in the Tennessee Valley Authority—some instances in the Department of Interior—where there are negotiated rates, but they are not within the coordinated Federal wage system.

Mr. HENDERSON. The St. Lawrence Seaway is another.

Mr. JACOBSON. Yes.

Mr. Gross. How do they compare with those that are nonnegotiated?

Mr. HAMPTON. I have never made a direct comparison. Have you, Ray, in terms of—

Mr. WEISSENBERG. No; we have not made a direct comparison. In many cases these schedules which are negotiated in any event would be

what we consider special industry oriented schedules which would probably not be paid under the regular schedules under our system anyway, but there would be some that would be regular schedules. We have just not made direct comparisons and we have not done coordinated surveys in each area in which there is a negotiated schedule.

Mr. HAMPTON. I do not think the TVA by having negotiated rates pays any more than the Government would pay by using the prevailing rate. It is just the manner in which they set their pay. I think that was the point you were trying to make; by negotiating did they have larger rates as versus those that are based on prevailing rates?

Mr. HENDERSON. Would the gentleman yield?

Mr. GROSS. Yes, of course.

Mr. HENDERSON. Well, the TVA or the St. Lawrence Seaway is restricted to areas that you might say generally are comparable to what we mean when we talk about prevailing wages within an area. Do you know of any negotiations that are nationwide?

Mr. HAMPTON. No.

Mr. GILL. There are none.

Mr. HENDERSON. Well, there is one proposal before Congress that would be in the Postal Reform Act, though.

Mr. HAMPTON. Yes, sir.

Mr. HENDERSON. This is what is new and unusual about that legislation as it affects this.

Mr. GROSS. Mr. Chairman, I just want to make the observation that I was opposed to Public Law 90-560 because I thought it was politically inspired and still think it was, and not in the interest of good government.

I thank you, Mr. Chairman.

Mr. HENDERSON. Thank you, Mr. Gross.

Mr. Hamilton.

Mr. HAMILTON. Mr. Chairman, I noted, too, the point the chairman of the committee brought up. I had a question in my mind about your language on page 9 on the committee having decisionmaking authority. I concur with the chairman's recommendation that you spell out for us those instances in the bill where you think the committee has that kind of power.

I am interested in the past history of your decisions, whether or not you have sided with management and labor. How often do you have a five-to-five vote in this committee and how often do you have to break the tie?

Mr. HAMPTON. I will let the chairman answer that. We have some data here.

Mr. GILL. Mr. Hamilton, the committee has had 53 meetings. They run about 3 hours each, beginning in April 1968 to the present time. We work through consensus if we can and so most all decisions have been made unanimously without votes. We have had 27 deadlocked issues in this period.

Mr. HAMILTON. What period are you speaking of?

Mr. GILL. From April 1968 up until September 1969. In 53 meetings, we deadlocked on 27 issues; on 26 of them the union members voted together and the management members voted together with a five to five deadlock. In all but one case where there was a split it was a deadlock and the chairman cast the deciding vote. In 20 of those

votes the chairman cast it with the agency's position and in six with the union's position.

To bring some qualitative information into that picture, in all that time, of those 27 issues, only 10 had to do with general policy matters. On the 10 general policy issues, the chairman voted five with the agencies and five with the unions, not by design, sir. This is an analysis of the record. There were six policy issues in implementing the Monroney bill. The chairman voted on five of those and voted with the agencies. One was decided by secret ballot. There has been only one secret ballot vote and in that case the management position prevailed with a six-to-four vote.

Mr. HAMILTON. Well, if you would like to elaborate your statement I would be happy to have you do so, but it is striking to me that in 20 out of the 26 instances the chairman of the committee has sided with the Government as against the employee organizations, and it certainly lends some credence to the objections we have had in this committee that the chairman does most often side with the management groups. I really do not see anything so terribly wrong with having the key vote an impartial one. This record is pretty clearly a record in support of management groups, although I understand that mathematics are not everything here and some of these decisions would be far more important than others.

I recognize the legitimacy of the Chairman's statement that a part-time man could not do the job and that it is a terribly complex job, but it does not seem to me distasteful to have an impartial person making these judgments rather than the man that four out of five times is going to side with the management groups.

Mr. HAMPTON. I think one point we ought to make here is that the great majority of the committee's work has resulted in unanimous agreement on the solution to the controversial issues. During this period of time they cleared 160 pages of basic coordinated Federal wage system policy and procedures. At the same time they established precise boundaries for 152 wage areas and survey areas.

So there were many more issues than just the ones that came to a vote.

Mr. HAMILTON. Yes, but the point is that on the critical issues, the 26 or 27, the direction that the Chairman of the Commission is going to take is clearly indicated on the basis of the record so far, both by yourself and your predecessor.

Mr. HAMPTON. I think the critical issues were the 10 general policy issues and there the vote was five and five. The others were things like that involved on the Monroney issue. I could understand very easily the position that the unions took because they had to go back to their membership and say that they wanted this because it means more pay.

Mr. HENDERSON. Would the gentleman yield for just a minute?

Mr. HAMILTON. Yes, I yield; Mr. Chairman.

Mr. HENDERSON. Mr. Gill, in your deliberations up to this point, do you feel that both sides in the committee have had general agreement of equal pay for equal work, or pay differentials for work differences?

Mr. GILL. There is some slight difference in viewpoint on what those words mean, but, yes, to the general question, both sides.

Mr. HENDERSON. The reason I ask this, Mr. Hamilton, I think the basic reason the consolidated wage board system came about was the study that this subcommittee made and the differences we found

within known wage areas. I do not think we ought to ever lose the importance of trying to get that objective. I am interested in your response because if this is the case, if we are generally agreed here, the other issues and problems I think we can pretty well understand. You naturally expect differences of opinion, but if we continue to have that as our basic objective, I think we are accomplishing a great deal.

Mr. HAMPTON. I think on general policy and basic objectives I think it has worked very well. I can put myself in the place of a union man and say we are talking about wage areas. I would want a wage area that would be more favorable to the people that I represented. I would want to extend it so they could receive more pay. Sometimes you get into the question of equity.

Mr. HAMILTON. Mr. Chairman, I certainly do not mean to impugn your ability to look at these matters objectively. I just think given the nature of your job as Chairman of the Civil Service Commission and how you are appointed and given the nature of the executive branch and the way it operates, the pressure on you is going to be greater to see things in their direction than otherwise. And so long as you have the present arrangement maybe that is the way it ought to be. I am simply raising the question with you this morning. As long as you have the present arrangement, I think you are going to continue to have the results like 20 out of 26 decisions going in favor of the management groups.

Now, let me raise one or two other points in your statement, since my time is limited. On page 13 you remark that with regard to the coordinated Federal wage system this has been accepted by the unions and—which is an interesting choice of words, “accepted”—and I would like you to elaborate on that, and likewise, you say on page 4, and I think this is on the same point really, that there has been good employee acceptance of this. Could you elaborate on these statements for me a little bit, please?

Mr. HAMPTON. I think by and large the unions have accepted very well their role in this particular system. I think in general they are satisfied with it, judging from comments that I have seen.

On specific issues I am sure there are times that they are not happy with it.

Mr. HAMILTON. Would you be willing to strike the word “accept” and put in the word “support”?

Mr. GILL. Yes, sir.

Mr. HAMPTON. I would think so. We have a statement of support from Mr. Meany. He has gone all out for this system. I would have to let the unions really speak for themselves on whether they support the overall system. I know they are interested in improving it and they are interested in enhancing their batting average, which I certainly can understand. But let me say that any official that sits in this position as Chairman of the National Committee, even if he is appointed by the President—he is appointed the same way that I am—who is to really judge his impartiality? On an issue that comes before you, you really cannot be impartial. You have to make a decision when it comes up to that level.

Now, the question is, for example, was the data that was gathered and presented impartially obtained? Is it truly representative? That is one thing you have to consider. You have to consider both sides. But

then it gets down to the issue, when you have one side here and one side here, someone has to make the decision. That individual's own makeup is bound to enter into the situation.

Mr. HAMILTON. Are you saying to me that you think in your position that you can be as impartial as anyone else in weighing this?

Mr. HAMPTON. I think so. I do not have any qualms. I can add two and two and get four and say, "Management, you are wrong." But these issues are sometimes in the twilight area and you cannot always add two and two and get four; you might get five.

I do not have a lot of pressure on me. I do not think that I have ever been called by management on an expartite basis to try to influence a decision. I know they did not like one of the decisions that I made and I heard about it, but it came about after the fact. But certainly it was clearly the case where the unions were absolutely right.

Mr. HAMILTON. I appreciate your comment and I want to say to you that I think—

Mr. HAMPTON. It is hard to articulate this.

Mr. HAMILTON. I understand. It is a tough area and you have made a very good statement to the committee.

Let me ask you to furnish for the record if you would why nonappropriated fund employees are not covered. Your statement does not satisfy me at that point. I think it does not cover it. You do mention this is a very complex problem involving much more than the method of fixing pay. Maybe someone could try to explain that to me in writing in a relatively brief way.

Mr. HAMPTON. Let me say that we are greatly concerned about the nonappropriated employees. If I was at liberty to speak at this particular time, I would say some of the things that we are doing in this area, but I am just not free at this time. We are greatly concerned and we have seen this problem developing and getting bigger all the time.

Mr. HAMILTON. The other point I would like to raise with you, is that under the new system you are going to have 150 wage areas established in the country, which strikes me—even though there is a sharp reduction from what we have had—as being a lot of areas.

What is the prospect of getting that 150 down to say 10 or 15? We talk so much today about the country being economically unified and how mobile we are in the labor force and so forth. Do you see any possibility of 150 areas being reduced sharply?

Mr. HAMPTON. I would like Mr. Weissenborn to respond to that. Ray has been doing some work in this.

Mr. HENDERSON. Would the gentleman yield for me to add one other passage to this? Mr. Lyons suggested to me that we have one nationwide wage board. That is the ultimate, Mr. Hamilton. So you might cover the spectrum from one to 10 to 150.

Mr. HAMPTON. I would like to comment on that before Ray does. One, there is no such thing as a prevailing rate any more if it is nationwide. I think it loses its local character.

Mr. WEISSENBORN. I think that summarizes it very well. We are operating a system that is premised on the concept of prevailing rates. This has grown now over a period of well over 100 years to mean the relating of Federal pay for trade, craft, and laboring occupations to the rates being paid by private employers in the same community. So long as the rates being paid by private employers in the aggregate vary

from area to area, then, of course, it follows that the wage rates that we set for the wage employees will vary from area to area.

It is important to consider the fact that we have different mixes of industries in different areas. Industries themselves with some few exceptions do not have national rates even within the industry. Usually even individual corporations do not have nationwide rates for the trade and labor employees. There is some of this but it is not prevalent.

By reducing from some 330 areas to 150, we have had to concentrate the wage survey coverage in the predominantly metropolitan areas and we do have substantial numbers of employees who are located outside of metropolitan areas and it does mean that those metropolitan area rates are being extended into some of our more rural areas where there is little industry. If we were to move toward fewer wage areas, and certainly as few as 10, 12 or 15, we would be applying rates on a very broad averaging basis; in other words, by surveying many different communities within a very broad region, which does not really conform to any concept of locality, or we would have to survey in some selected area within that very broad region and then extend the rates in many cases hundreds of miles, and pay those rates to employees who are in no way related geographically, commuting, or economically to the area in which we get the rates.

It just simply would not be——

Mr. HAMILTON. If I may interrupt, do you see any chance for knocking it down from 150 substantially? You have already done a commendable job, I am sure, in getting it to the 150, but in your own mind, do you think that this can be further reduced substantially?

Mr. WEISSENBORN. It is possible to reduce it but in our view any substantial reduction of that number of 150 would be at the expense of paying rates in areas that clearly are not related to the survey area.

I think that for the next 2 or 3 years, maybe 4 or 5, we will probably have a gradual shifting of wage areas. Bear in mind that when we set the wage areas it was upon our estimate that there was enough industry in the area to support the establishment of a wage schedule; in other words, to provide us with enough survey data. We have already found a couple of areas where, upon completion of the survey, we found we did not get as much data as we had prescribed as a minimum to set rates. So already on one of these we have moved to consolidate an area with surrounding areas and we have two or three others facing us at this moment.

This is on the basis of the first year's surveys. We probably can expect a few more of these during the next year. If this comes about, of course, we will experience possibly five to eight or 10 areas being eliminated within this year.

Now, beyond that, I do not know of any planned elimination of areas, and in our view, the areas that we have set are pretty well studied—pretty well thought out. We think that they are good solid wage areas, so we do not plan any deliberate reduction of them.

Mr. HAMILTON. Thank you.

Mr. HENDERSON. We have been informed that the House will meet at 11:45. We have got about 5 or 10 minutes.

There is one other question I think I would like to pursue in the short time we have. I think we have pretty well covered the areas that we wanted to this morning and you have been very helpful.

With regards to the proposed step increases in the legislation, if the Wage Policy Committee in considering all of the problems were to take this issue and recommend to you an increase in the step of five, seven or even to the 10, strongly supported by the organizations, do you feel that you have the authority in law to put this into the consolidated wage board system?

Mr. HAMPTON. I think we do in general.

Mr. HENDERSON. What I am trying to get at here is that you have suggested that we not enact legislation. This is one of the major points of the employee organizations. So if you do think you have the authority, this would lead me to the further question to ask whether this has been considered by the policy committee.

Mr. GILL. No, Mr. Henderson; it has not been.

Mr. JACOBSON. I would just add to this, that under the present statute, which as you know is worded quite broadly, we would be able—legally able to do whatever was demonstrated to be the prevailing practice. We do feel we should stay with this concept of prevailing practice.

For example, as the Chairman pointed out in his statement, we did make a determination that the prevailing practice for supervisory schedules called for more than the three rate per grade schedule that we had used for the nonsupervisory employees, so a five rate schedule was established. We have great flexibility.

Mr. HENDERSON. I can agree with that action, but I think that has really complicated the problem for the employee organizations to explain to the ordinary worker that we have decided as policy now to give the supervisors five steps. They do not understand why they are not entitled to five steps, and of course, your answer is that it is not generally done by industry.

Mr. JACOBSON. That is right.

Mr. HAMPTON. Well, we surveyed those jobs in industry and adjustments are made on the basis of changes in industry and industry practices.

Mr. HENDERSON. Of course, the other argument made on behalf of the wage board employees is that the classified do have the 10 step increases. This is one of the problems that the subcommittee and the Congress has to face as we consider this legislation. I raise this to point out to you that we have some of the same difficulties that you have and it certainly would seem to me it might be well at least to give consideration, Chairman Hampton, in connection with your recommendation that we hold off on legislation here, to give some thought to perhaps asking the policy committee to give some in-depth attention to this specific point.

I am sure you have previously given thought to it but I do not know whether you have taken into account all of the facets that might be taken into account here.

Mr. HAMPTON. We have never really discussed it until we saw H.R. 7918, and at that time we were talking about the bill and trying to envisage what would happen if you had 10 rates within a schedule. We found some serious problems with it, but it has not been advanced by any of the organizations through the structure.

Mr. HENDERSON. This seems to me to be a very serious decision that Congress will have to make in this legislation, of just what will be our policy with regards to step increases for wage board employees.

Perhaps you would want to supplement your statement by giving us your opinion as to what would be the overall effect of that policy decision by Congress. How would it affect your establishment of prevailing wages?

If you put into effect the step increases and then as you do your surveys and look at what the comparable wage would be in industry, the actual pay, it seems to me that you could find a situation whereby operation of law the pay of a job is higher than you would determine in your survey.

Mr. HAMPTON. Or lower.

Mr. JACOBSON. Higher or lower.

Mr. HAMPTON. Lower for new people and much higher for those at the end of the scale, or even that adjustments that would be made would have to take into consideration the step increase which would mean that you would make lesser of an adjustment to accommodate for the step increase.

Mr. WEISSENBORN. If I might say, Mr. Chairman, if you keyed your prevailing rate toward the upper end of the 10 rate structure, it would mean that your hiring rate—your first rate—would fall so far below the prevailing rate in the area that you would have difficulty in recruiting.

If you did the reverse and set it toward the lower end of the range, then since we know through experience that wage board employees tend to gravitate toward the upper end of the rate range, before very long we would be rather radically exceeding the prevailing rate structure in the area.

So these are the kinds of problems that have to be faced in considering this particular question.

Mr. HAMPTON. But let us supplement the record and give you a more studied opinion of the impact of this, if you have no objection.

Mr. HENDERSON. Yes; I would be happy to. And I can certainly say, speaking for just myself, that one of the biggest problems I have here is with the employees who say, "Well, the supervisory personnel have five steps but we do not have." I think we have to be very careful that our actions are understood and are really meaningful to the employee. I think this would merit very serious consideration.

Mr. BRAY. Mr. Chairman, this was dramatically brought to my attention at one of our shipyards recently when I met a welder on an atomic submarine. He had been a welder for some 20 years and on this particular submarine had done a thousand consecutive welds in the area and he reminded me very pointedly that his pay was the same as the young man who 3 years before was a grocery clerk in a local community because they were both in the third step. The man welding 20 years was making the very same as the man who had been a clerk 3 years before. It is a real morale problem to many of our employees. It is very difficult for me to understand why private industry pays all artisans the same in a garage or in manufacturing establishments. There must be differences in classification.

Mr. JACOBSON. I just want to add to the chairman's question—and your comments, Mr. Bray, are very pertinent to this—one of our problems here is that if we agree in principle that what we ought to do is to be like our competitors, as like them as possible, then we do need to update some of the information that we have been using. We need to

do some current studies. It is not that all industry does exactly the same thing because they do not. We need to take a look and we have to make some real in-depth studies jointly with the agencies and the unions to ascertain constantly throughout the service and throughout the different occupations and the different areas, what are the practices, and constantly adjust the system.

I think this is the essence of our argument that it is better to keep the system flexible rather than legislate in too much detail, because this is a very dynamic society. Things are changing rapidly and as they change we want the system to change with it. We want it to move right along and stay right current with it.

If we put too much detail into legislation we would be in a position of having to come back and ask for a change in legislation each time.

Mr. HENDERSON. This brings me to a point that I think the organizations have well made, although none of them have been able to articulate it as well as we would like. They must feel from their testimony and in their communications with their employees that they have a big stake in the policy committee being able to present the innovative ideas that result in better pay and better working conditions, better provisions with regards to differentials for night, and so on. So it certainly would behoove the policy committee and the Commission to pay close attention and to encourage the employee organizations to bring to you the problems of the employees and to bring to you their advice as to what is happening in industry and within the areas.

I know that so often they want to compare areas with other areas if it is beneficial, but basically, believing in the system as I understand it and trying to eliminate inequities, I feel that certainly close attention must be given to allegations of inequities within the prevailing wage area. We have got to be real sure that we are on top of those.

Mr. Chairman, there is only one other area that we might expand on, and in view of the limited time I will ask that we try to do that through your communicating with us in writing perhaps.

I think that the record would be well to include a broader statement on how the Monroney Act is working and what specifically the problems have been, and an overall statement, if you could give that to us. I had intended to ask you to elaborate a little bit on that.

The subcommittee will stand adjourned until 10 o'clock tomorrow morning, and may I congratulate all of you on a very fine presentation.

Mr. HAMPTON. Thank you, sir.

(Whereupon, at 11:45 a.m., the subcommittee was adjourned, to be reconvened at 10 a.m., September 10, 1969.)

(The administrative reports on H.R. 7918, from the Civil Service Commission, Bureau of the Budget, Department of Defense, and the General Services Administration, are as follows:)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., August 11, 1969.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request of March 7, 1969, for the Commission's views on H.R. 7918, a bill "To provide an equitable system for fixing and adjusting the rates of compensation of wage board employees."

H.R. 7918 would establish a uniform system for determining and adjusting the rates of basic compensation of Federal wage employees in trade, craft, and laboring occupations in accordance with prevailing rates. The objectives of the

bill are to provide the same pay for the same work within an area and pay differences reflecting job differences, based on prevailing rates in each area and the use of common job grading standards and practices among agencies. The bill provides for an organization of local, agency and national committees to carry out these functions and objectives. It also prescribes many specific and detailed requirements for establishing and operating the system.

The Commission recommends against enactment of H.R. 7918.

H.R. 7918 contains a number of excellent provisions designed to promote uniformity and equity in pay for wage employees. These include the requirement for a central policy-making organization, the guiding principles for the system that provide for equal pay for equal work and the maintenance of pay levels in line with prevailing levels of pay for comparable work in local private industry, provision for a uniform job analysis and evaluation system, and provision for exception schedules when the rates provided by the basic wage schedule are not appropriate. These reflect similar requirements of existing Federal wage systems. There also are a number of other provisions in H.R. 7918 that are similar to those of existing systems, and that would be desirable to retain in any Federal wage system whether established administratively or by statute.

Unfortunately, the bill contains many key provisions which are considered to be contrary to accepted wage administration practices, or in some cases, which are so restrictive in their nature as to preclude the flexibility needed to administer a program of the magnitude here involved—the fixing of pay for nearly 800,000 employees in hundreds of distinctly different occupations and work situations, and who are located in more than 150 separate wage areas within the United States as well as in the territories and foreign nations.

The hallmark of the Federal wage systems over the years has been their flexibility to establish new policies and practices and to modify existing features of systems in order to respond quickly and fully to the often changing needs of the program, including those designed to stay abreast of current compensation practices in private industry on which the wage system is based.

This flexibility would be impossible under the proposed legislation. While the bill commendably states general principles and policies for the program, it then goes farther—much too far, in specifying in great detail many of what should be considered relatively minor operating features of the system. It would become difficult and very time-consuming to obtain the legislation that might later be needed to change these operating details to enable the system to react to new or unanticipated problem situations. Such situations have been experienced from time to time in the wage systems, and often only the ability to respond promptly has prevented the situations from developing into major complications.

H.R. 7918 appears to provide the necessary framework for those responsible for the system to set broad policies for the system. However, by also specifying operating details of the system, sometimes to the extent of stating step-by-step operating procedures, the bill effectively cancels out this apparent authority. The logical sequence of normal program development would be reversed: the broad policies, from which the operating details should stem, would in fact have to be designed to produce a pre-stated end result.

This neutralizing of the authority of those who are to be responsible for the wage program would make it inflexible and, in our judgment, unworkable.

If it were absolutely necessary to establish a Federal wage system by law, such a law should provide only a framework of organization and principles to guide those who would then be responsible for developing the broad policies and operating instructions for the system. It should provide broad authority for responsible officials to formulate policies of the system and should contain no operating details, for once such details become locked into law the system becomes inflexible and unresponsive to the needs of the service. The authority to operate such a Government-wide system should not be placed by statute under any specific department or agency. Were such legislation to be decided upon, functions of this kind should be vested initially in the President as part of his responsibility for management of the executive branch, with authority for delegation of the functions as the President may see fit. This would parallel the placing of responsibility for reviewing and recommending adjustments in statutory salary systems.

We do not believe that committees like the proposed national wage policy committee, agency wage committees, and local survey committees, should be established in statute. Further, they should function in an advisory capacity to the agency official assigned responsibility for the function involved. Thus, if any provisions are to be included in law, they should merely call upon the President to assure the participation of appropriate agencies and employee organization.

Legislative history could provide guidance to the executive branch in setting up advisory committees at appropriate levels.

In any event, the functions of the various committees required to be established under the bill, and their relationships to their establishing agencies or installations are not made clear. While the committees appear to be advisory in nature to their establishing organizations, many of the specific provisions of the bill place the committee in action-taking and decision-making roles. These provisions are at odds with the basic authorities of the heads of the organizations establishing the committees in that no paralleling provisions are included for the organization heads to review, reverse, or otherwise alter the decisions and actions of the committees. This separateness of authority and action is given emphasis by the illogical requirement that the chairman of the policy committee be selected "from outside the Federal service", and by the prohibition against his holding any other office in the Federal service.

There is no valid reason for requiring the chairman of a committee to be selected from outside the Government or for prohibiting his holding other Federal office. In this case, it is highly doubtful that a competent individual could be obtained for such an important position as the Chairman of the National Policy Committee for \$75 per day spent on policy committee work.

The Commission finds objectionable many of the operating provisions that are specified for the system.

The bill requires that there be a standard metropolitan statistical area (SMSA) in each wage area. Wage areas should be established in each area in which there is adequate Federal employment to warrant establishing separate pay schedules and in which there is adequate industrial employment on which to base such pay schedules. Many non-SMSA areas produce more wage survey data than some SMSA areas. In some cases this requirement would cause Federal wage rates to be based on non-related areas hundreds of miles away from the concentration of Federal employment when private industry in the immediate vicinity is more than adequate for wage-fixing purposes.

The required coverage of wage surveys includes the construction industry and job shops. Job shops are not a kind of industry, but a kind of establishment found in several different industries. Most Federal wage employees are engaged in production and maintenance activities, and it is not logical to survey construction firms to set their pay. When Federal employees are hired to do new construction work they are paid construction-industry rates, usually as determined by the Department of Labor under the Davis-Bacon Act.

The bill requires that both supervisory and nonsupervisory employees be paid from a single pay schedule. It does not specify the number of grades into which wage work will be divided, but does require that each grade have 10 step rates with at least 3 percent between rates. A prevailing rate system should be patterned after private industry pay practices to the extent possible. A recent study of supervisory pay practices in private industry, made in conjunction with establishment of the Coordinated Federal Wage System, showed that private industry trade and craft supervisors most often are paid from a different pay schedule, with differing rate ranges than are used for nonsupervisory employees. Nonsupervisory employees in private industry, on the other hand, usually have only one or two pay rates for each level of work. Further, with ten step rates for each grade level, the amount paid a worker in one of the higher steps would bear no relation whatsoever to the going rate for the position in industry.

An other provision of H.R. 7918 requires that any wage data collected for principal types of positions from outside of the survey area be merged with locally collected data in determining prevailing rates. This is contrary to the recently enacted law which requires the separate treatment of such data in establishing special rates for the affected positions only. This entire concept is contrary to the prevailing rate principle and should be eliminated from the wage programs.

A Federal employee union is defined, for purposes of the bill, as an organization that, among other things, has as its basic and central purpose, dealing with the management of a Government organization. This definition could rule out some principally private-industry unions that also represent Federal employees and would deny such Federal employees their appropriate representation in the wage-fixing process.

Section 5 of the bill amends section 5544 of title 5 to require that differentials to be paid for nightwork, standby duty, and irregular duty be computed as provided in section 5545 of title 5, which is the statutory basis for paying such differentials to General Schedule employees and provides percentage relationships to

General Schedule salary rates. In a number of instances section 5545 specifies maximum limitations not now applicable to wage employees, such as for standby, irregular duty, and hazard duty payments, that are lower than may be provided under existing law and wage systems. The irregular duty differential payments provision is in conflict with the time and one-half pay requirement for overtime work that is contained in subparagraph (a) (1) of section 5544. In the case of night work, the amount of the shift differential, now treated as part of base pay on which overtime rates are computed, would be in addition to base pay and would not be used as a basis for computing overtime payments.

These amendments contained in section 5 of H.R. 7918 would provide a bewildering mixture of locally oriented hourly wage rates and nationally oriented General Schedule differential payments.

Added paragraph (f) of amended section 5544 flatly requires that the basic 8-hour day and 40-hour administrative workweek, except for shift work, be scheduled Monday through Friday. This eliminates the needed flexibility for managers to schedule work according to local requirements. It would hit especially hard at activities such as hospitals that are required to operate 24 hours a day, 7 days a week. In these situations it probably would be necessary for most employees to work continuous 7-day weeks with two of the days paid at overtime rates. With such required scheduling there would be little time off for many employees, and few, if any, situations calling for the Sunday premium pay provided for in added paragraph (d) of amended section 5544.

The foregoing are but a few of the inconsistencies, contradictions, and errors contained in the bill. It would be necessary to make innumerable changes and corrections if legislative action were to be taken.

The Coordinated Federal Wage System which will be operational in all wage areas in about a year contains most of the better features in H.R. 7918, without the deficiencies noted above. The coordinated system clearly assigns responsibilities for the program in the heads of the appropriate Federal agencies. The Civil Service Commission is responsible for setting basic policies and the agencies are responsible for setting and administering pay for wage employees under those policies. Advisory committees are provided at the local, agency, and national levels, and representatives of employee organizations participate in surveys and in committee activities at all levels. The system provides for a centrally developed and administered job grading system with uniform job grading standards and provision for employee appeals from job grading actions. It provides for prevailing rates to be determined and uniformly applied to all wage employees doing the same kind and level of work within a particular area, and for establishing separate wage rates and schedules where needed.

Were H.R. 7918 to be enacted with its many extreme differences from the already-established policies and practices of the Coordinated Federal Wage System, the achievement of the goal of a uniform and equitable compensation system for Federal wage employees would be seriously delayed.

For the reasons outlined above the Civil Service Commission strongly recommends against the enactment of H.R. 7918.

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

By direction of the Commission:

Sincerely yours,

ROBERT E. HAMPTON, *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 7, 1969.

HON. THADDEUS J. DULSKI,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: I refer to your request for our views on H.R. 7918, "To provide an equitable system for fixing and adjusting the rates of compensation of wage board employees."

The bill would define the principles governing, and the coverage of, the Federal wage system, and would establish an organization and processes for administering the system which seem to be closely analogous to the organization and processes developed in pursuit of the President's letters of November 16, 1965, which called upon the heads of agencies under the leadership of the Chairman of the Civil Service Commission to coordinate their wage-setting practices.

The Civil Service Commission and the Department of Defense are submitting reports which discuss certain problems with H.R. 7918 and which indicate that the proposed legislation is not necessary at this time.

The Bureau of the Budget concurs in those reports. Accordingly we recommend against favorable action on the bill.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., August 8, 1969.

HON. THADDEUS J. DULSKI,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense with respect to H.R. 7918, 91st Congress, a bill "To provide an equitable system for fixing and adjusting the rates of compensation of wage board employees."

H.R. 7918 would establish a system for adjusting the rates of wage employees in the Federal government service. The principles outlined in the bill to accomplish this purpose are: "(1) like pay for like work for employees working under similar conditions throughout the Federal government; (2) payment of rates both fair to employees and beneficial to employing agency so as to attract and retain qualified workers; (3) relative differences in pay only where there are differences in duties, responsibilities, or qualifications requirements; (4) maintenance of a level of rates in line with prevailing levels for comparable work within a wage area; and (5) interagency equity in wage rates based on common job standards and practices."

The Department of Defense strongly supports the basic purpose of H.R. 7918 and agrees with the intent of the principles outlined in the bill. As you are aware, however, the Coordinated Federal Wage System which has been established in accordance with Presidential memorandum of November 16, 1965 to the Chairman of the Civil Service Commission and to the heads of the executive agencies became effective July 1, 1968. We feel that the Coordinated Federal Wage System, when it is fully implemented, will accomplish the same highly desirable objectives sought by H.R. 7918 more expeditiously than starting a new program now and that legislation is not necessary for this purpose. Accordingly, the Department of Defense recommends that H.R. 7918 not be enacted.

If, however, legislative action is taken, we think the bill contains a number of key provisions which are considered to be contrary to accepted wage administration practices, unsound from the standpoint of administering the system and in conflict with the prevailing rate principle.

The bill provides for a National Wage Policy Committee to be established within the Civil Service Commission and chaired by an individual from outside the Federal service. The functions of this Committee are not clear. While the bill refers to the Committee as a recommending body, there are other provisions that appear to place the Committee in a decision making position. The bill refers to instruction manuals "issued by the Policy Committee", requiring "approval of the Policy Committee" for separate wage schedules and the need for "prior approval of the Policy Committee" to issue regulations to establish a local wage survey committee. We do not agree that the Chairman of such a committee should be an individual from outside the Federal service and the proposed payment of \$75 per day for his services would be inadequate to attract the calibre of person such a position would demand.

One provision of the bill (p. 7, lines 6-9) would require data gathered in the outside survey area to be collated with the data gathered in the local wage area in the development of a wage rate schedule. This would result in a distorted wage schedule with rates out of line with prevailing levels for comparable work within the wage area. It would preclude achieving one of the stated objectives of the bill.

The ten step rates provided for in section 5346 are considered excessive. A prevailing rate system should be patterned after private industry pay practices to the extent possible. It is the general practice in industry to have one or two pay rates for each level of work. Further, with ten step rates for each grade level, the amount paid a worker in one of the higher steps would bear no relation whatsoever to the going rate for the position in industry.

The bill (p. 24, lines 8-13) proposes that differential payments for nightwork, standby duty and irregular duty are to be computed as provided in section 5545 of title 5, U.S. Code. That section relates to General Schedule employees and refers to percentages of General Schedule rates. The bill (p. 24, lines 14-15) also proposes that pay for Sunday and holiday work is to be at the rate provided in section 5546 of title 5, U.S. Code. That section, too, relates to General Schedule rates. These proposals would result in an administrative tangle of pay practices under two different systems and an unjustifiable deviation from pay practices prevailing in industry.

The Coordinated Federal Wage System now being implemented in the Department of Defense and in other Federal agencies contains many of the features proposed in the bill. The System prescribes uniform wage-fixing policies and practices under which prevailing rates are determined and uniformly applied to all wage employees doing like work within each wage area. It provides for a centrally developed and administered job evaluation system; for uniform job evaluation standards and for establishing separate wage rates and schedules where needed. The Department of Defense, other Federal agencies and employee unions have worked closely with the Civil Service Commission in the development of the system which is scheduled to be fully installed by 1970. The enactment of this bill would serve to delay achieving the objective of a uniform and equitable compensation system for wage employees.

For the above reasons the Department of Defense recommends strongly against the enactment of H.R. 7918.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C.

HON. THADDEUS J. DULSKI,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: Your letter of March 7, 1969, requested the views of the General Services Administration on H.R. 7918, 91st Congress, a bill "To provide an equitable system for fixing and adjusting the rates of compensation of wage board employees."

The bill would provide for the establishment of a National Wage Policy Committee within the Civil Service Commission, an agency wage committee in each agency designated by the Policy Committee to conduct a wage survey in a wage area, and local wage survey committees within such agencies. The committees established under the bill would include representatives of Federal employee unions. The bill would be applicable to all Federal agencies, except those enumerated in proposed new section 5342 of title 5, United States Code (section 2 of the bill) and other agencies where the present practice of wage setting is through negotiated agreements.

In addition to the above, H.R. 7918 includes detailed provisions relating to wage rate schedules, wage surveys and wage data processing, and administration of the provisions of the rate system.

GSA is in accord with the objectives of the legislation. However, the system established under H.R. 7918 would be similar to the present Coordinated Federal Wage System. We prefer the approach of establishing the system by executive action rather than by legislation in that the former provides the flexibility required for the timely adjustment of detailed policies and procedures to meet the particular problem, and would preserve responsibility for Federal personnel management in one agency.

GSA is therefore opposed to the enactment of H.R. 7918.

The Bureau of the Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to your Committee.

Sincerely,

JOHN W. CHAPMAN, Jr.,
Acting Administrator.

WAGE BOARD PAY RATES

WEDNESDAY, SEPTEMBER 10, 1969

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

The subcommittee met at 10:10 a.m., in room 2251, Rayburn House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

This morning we are continuing our public hearings relative to the establishment through legislation of an equitable system for paying our Government's 800,000 wage board employees.

Yesterday we heard from the Chairman of the Civil Service Commission, the Honorable Robert Hampton. Chairman Hampton provided the members of the subcommittee a progress report on the implementation of the coordinated Federal wage system. He indicated that the system had been put into effect in about 50 percent of the 300 wage board areas, with a target date of October 1970 for full implementation. Officials of the Commission indicated disapproval of H.R. 8764.

Today we are glad to have as our principal witness the Assistant Secretary of Defense for Manpower and Reserve Affairs, the Honorable Roger T. Kelley. Secretary Kelley represents, I understand, some 80 percent of all Federal wage board employees and that, of course, speaks for the importance of his position.

Secretary Kelley, I believe this is your first appearance before our subcommittee. We want to welcome you and your staff and certainly say publicly that your relationship in our work already this year has been most rewarding to us. We are delighted to have you, Mr. Secretary.

Mr. Secretary, would you like to introduce your staff for the record? I am sure the members don't need any introduction, but I am sure you would like to do that.

TESTIMONY OF HON. ROGER T. KELLEY, ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER AND RESERVE AFFAIRS, ACCOMPANIED BY CARL W. CLEWLOW, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY; WILLIAM C. VALDES, STAFF DIRECTOR, CIVILIAN PERSONNEL POLICY; W. B. MARKS, JR., DIRECTOR, POSITION MANAGEMENT AND EMPLOYEE COMPENSATION; AND RAYMOND J. BRAITSCH, CHIEF, TECHNICAL STAFF, DEPARTMENT OF DEFENSE WAGE-FIXING AUTHORITY

Mr. KELLEY. Thank you, sir. Yes, sir, I would like to introduce Mr. Carl Clewlow on my immediate right, who is Deputy Assistant Secretary for Civilian Personnel Policy; Mr. William Marks, Jr., on

my left, Director, Position Management and Employee Compensation; on my far right, Mr. William Valdes, Staff Director for Civilian Personnel Policy; and Mr. Ray Braitsch, Chief of the Technical Staff of the Department of Defense Wage-Fixing Authority.

Mr. HENDERSON. I might invite you to submit for the record at this point your biography, since this is your first appearance. I am sure the committee members are familiar with your background, but I think it would be well to have it printed in the record at this point; and if you would furnish it to the staff, it would be included.

Mr. KELLEY. I would be happy to do so, sir.

(The material requested is as follows:)

BIOGRAPHICAL SKETCH OF ROGER T. KELLEY

Roger T. Kelley was nominated to be Assistant Secretary of Defense (Manpower and Reserve Affairs) by President Richard M. Nixon on February 4, 1969, confirmed by the Senate on February 28, 1969, and was sworn into office on March 3, 1969.

Mr. Kelley was born on January 14, 1919, in Milwaukee, Wisconsin. He received his B.S. degree from the College of The Holy Cross in Worcester, Massachusetts, in 1941, and graduated from the Harvard Graduate School of Business Administration in 1942.

He joined the Navy in 1942 and was separated as a Lieutenant in 1946 after service that included duty aboard a minesweeper in the Atlantic and command of a coastal transport in the Southwest Pacific.

Mr. Kelley was employed by the Caterpillar Tractor Co., Peoria, Illinois, from 1946 to 1969, serving as Labor Relations Manager from 1954-1963, Director of Education and Training from 1962-1964, and Vice President for Personnel and Public Affairs from 1964-1969.

He was Vice President of the Caterpillar Foundation, Trustee of the Lakeview Center Arts and Sciences, Member of the Catholic High Schools Board of Peoria, and a Director of the Illinois Chamber of Commerce.

Mr. and Mrs. Kelley have six children—one daughter, Mary Ellen, and five sons, Timothy, Roger, Peter, Stephen and Paul. Their address is 7008 Heatherhill Road, Bethesda, Maryland.

Mr. KELLEY. Would you like me to proceed now, Mr. Chairman?

Mr. HENDERSON. Yes, Mr. Secretary, you may proceed in any manner you would like.

Mr. KELLEY. Mr. Chairman, I appreciate the opportunity to appear before this committee and to present the views of the Department of Defense on H.R. 8764 and other bills which would establish a compensation system for wage employees.

The Department of Defense has approximately 80 percent of the Federal Government's 800,000 wage employees. They represent a significant part of our total civilian employment in depots, arsenals, shipyards, and air bases located throughout the world. The annual payroll cost within the Department of Defense for these employees amounts to approximately \$4 billion. Any legislation affecting this large and important segment of our civilian work force is necessarily a matter of major concern to us.

The Department of Defense strongly supports the prevailing rate principle as the most appropriate basis for compensating employees in trades, crafts, laboring, and related occupations. This principle, which had its beginning with a statute passed by Congress in 1862, has the acceptance of Federal managers and employees, and experience has shown that it provides a sound foundation for a compensation plan for wage employees.

It is gratifying to note that the bills now being considered by this committee propose that the policy of establishing pay rates in line with prevailing levels for comparable work within a wage area be continued.

The Department of Defense is in accord with many of the basic principles and policies stated in H.R. 8764 and related bills. We agree that there should be like pay treatment for like work, that the compensation system should be so developed and maintained that it will attract and retain qualified workers by the payment of fair wages, that the system should provide relative differences in pay for substantial differences in assigned duties and responsibilities and that there should be inter-agency equity in wage rates derived from common job standards and practices among the Federal agencies.

Most of these principles and policies are not new. For the most part they were the main ingredients of wage systems which were in effect for many years within the military departments. These same principles and policies have been adopted as the basis for the coordinated Federal wage system which was placed in effect on July 1, 1968. The new system added one important basic feature missing in our previous compensation plans—the unification of pay systems among the Federal agencies.

Representatives of the Department of Defense have worked closely during the past 2 years with staff members of the Civil Service Commission and representatives of employee unions in the development and implementation of the coordinated Federal wage system. The policies and procedures of the system were adopted as the result of some 50 meetings of the National Wage Policy Committee composed of top level representatives of Federal agencies and employee unions and chaired by a senior staff member of the U.S. Civil Service Commission.

Under the system the actual pay-fixing authority rests with the agency head where it has been since the original statutory authority. Under the lead agency concept, the Department of Defense has established a wage committee which serves as a recommending body to me in matters relating to development and issuance of wage schedules. This committee, whose membership includes two representatives of employee unions, has performed its functions in a highly satisfactory manner since its first meeting nearly a year ago.

The Department of Defense is the lead agency for 126 of the total 150 wage areas established under the system. To date about one-half of these areas and more than 200,000 wage employees of the Department of Defense have been converted to the new system. We expect that all wage areas will have been converted to the new system by September or October of next year.

Not unexpectedly we have encountered some problems in getting the new system started. It would have been surprising if problems did not arise considering the magnitude and complexities involved in devising a system to be uniformly installed in 50 different Federal agencies for the purpose of compensating 800,000 employees engaged in hundreds of different occupations and in making a transition from many different systems to a single system.

One of the problems we have encountered is the difficulty experienced in some areas in obtaining the cooperation of industry in the wage data gathering process. Of 2,564 establishments contacted, 290 or 11.3 percent refused to participate. We were able to compensate for

these refusals by selecting alternate companies in most areas or by eventually persuading the reluctant companies to participate. Although we have experienced such problems in only a limited number of cases, it is a matter that is receiving our close attention and every effort is being made to enlist the cooperation of the private industries.

Another problem involves approximately 12,000 employees of the Department of the Navy engaged in production support activities. Historically, these employees have been paid on the basis of a trade rate plus a differential. A high percentage of these employees are performing jobs which are unique to Navy activities. Because of the difficulty in fitting these jobs to the new system it was determined that they should be set aside for study to develop a proper pay and grading method. Although these jobs have not yet been converted to the new system, interim pay adjustments have been granted for many of the employees. We are working closely with the Civil Service Commission in conducting special studies of these so-called set-aside jobs.

Establishment of an equitable method of compensating employees for hazardous work is another problem area to which considerable attention is being directed. Agencies in the past have used widely different methods to compensate employees for exposure to unusually severe hazards or physical hardships. A number of alternate plans to establish a uniform system of hazard pay are under consideration at this time. In the meantime we are continuing to use plans that had been in existence under our old compensation systems.

These are examples of problems that are being resolved by joint action of the Civil Service Commission, the Department of Defense, and other Federal agencies, and by representatives of employee unions. They are not insurmountable problems; they would arise under any new system and they illustrate the importance of having a flexible administrative procedure through which adjustments can be made in wage-setting processes as problems are encountered.

Enactment of H.R. 8764 or the other related bills would eliminate much of this needed flexibility and the Department of Defense is opposed to their enactment. Implementation of the coordinated Federal wage system, developed through the joint efforts of Federal agencies and employee unions, is well under way. The new system incorporates principles, policies, and objectives many of which are the same as those proposed by the wage system bills under consideration.

The coordinated Federal wage system will provide uniformity of administration of agency wage programs while continuing to provide the administrative flexibility necessary in maintaining comparability with industry. This much-needed flexibility should not be circumscribed by legislation which would require amendment each time a change in industry becomes appropriate for application in the Federal service. We believe that the present statutory prescription of "prevailing rate" is a clear charter for administering rates and that further legislative restrictions are unnecessary and would introduce harmful rigidity. H.R. 8764 and the related bills include a number of key provisions which are contrary to accepted wage administration practices, unsound from the standpoint of administering the system and in conflict with the prevailing rate principle—a principle which the bills profess to preserve.

One provision of each of the bills would require wage data gathered from outside the survey area to be collated with the data gathered in the local wage area in the development of a wage rate schedule. By this process wage data from outside the local wage area would affect the entire pay line resulting in a distorted wage schedule with rates out of line with prevailing levels for comparable work within the local wage area. The proposal to change the entire pay line through the use of data obtained from outside the wage area would result in an even greater misapplication of such data than is now required under the provisions of section 4 of Public Law 90-560, enacted last October.

We strongly opposed the so-called Monroney rider before it was enacted and we now just as strongly believe it never should have become law. Because of its provisions we are required to pay employees on certain jobs higher or lower rates than employees on other jobs of equal responsibility simply because particular jobs or job categories are not found in a local wage area.

Another provision of each of the bills would establish 10 step rates for each grade or pay level. A study conducted by the Bureau of Labor Statistics shows that a larger proportion of plant workers, under a formal rate policy, are paid from single-rate plans than from range-of-rate plans. The number of step rates for wage employees should generally follow the pattern found in industry. Adoption of a 10-step rate schedule for wage employees simply because this is the practice for Classification Act employees would result in schedules with rates considerably higher than locally prevailing rates. The proposed 3-percent intervals between steps potentially could result in many employees being paid rates up to 27 percent higher than prevailing rates for comparable work within a wage area depending upon the step established to represent the locally prevailing rate. Such overpayments would be unwarranted and also are extremely costly.

The bills contain still another provision which would violate the principle of setting rates in line with those prevailing in the local area. They require that there be at least one standard metropolitan statistical area in each wage area. This would greatly enlarge the size of certain wage areas and, in some cases, would result in establishing pay rates based on data from nonrelated areas hundreds of miles away from the concentration of Federal employment even though ample wage data from private industries in the immediate vicinity is readily available for wage-fixing purposes. The result in many instances would be rates of pay far in excess of those prevailing in the local area.

H.R. 8764 and some of the other bills being considered by this committee would bring employees paid from nonappropriated funds under the Federal wage system. Within the United States this would affect some 85,000 employees, including 35,000 off-duty military personnel. Both compensation and fringe benefits for employees below the professional and managerial levels are generally somewhat lower than those provided for civil service employees. This is due to the fact that wages and fringe benefits are based on practices in private industry for comparable work. The post exchanges, for example, are in the retail business and pay for employees in the exchanges is fixed so as to be comparable to rates paid in the retail trade, rather than the average rate paid in all industry (as is the case with civil service em-

ployees). The morale and welfare programs for military personnel are primarily financed from funds generated through such activities as the exchanges. If wages and benefits are substantially increased it would be necessary to increase the price of goods and services made available to the servicemen. In this event, servicemen in the lower ranks with a very limited income would be forced to pay higher prices for the purpose of providing nonappropriated fund employees with wages and benefits considerably in excess of their counterparts in private industry. Although extending many of the features of the coordinated Federal wage system to nonappropriated fund employees is a desirable objective, it will be necessary to recognize these special considerations.

The bills you are considering provide for a National Wage Policy Committee to be established within the Civil Service Commission and chaired by an individual from outside the Federal service and appointed by the President. We believe that the chairman of the National Wage Policy Committee should be an official of the U.S. Civil Service Commission. The Civil Service Commission serves as the central personnel agency of the Government exercises the authority of the President in personnel policy matters. This authority should be retained in the executive branch which is responsible to the public and Congress and should not be assigned to an individual from outside the Federal service.

The bills also contain other provisions with which we disagree. For the most part, these pertain to procedural details and certain pay features such as differentials to be paid for nightwork, standby duty, and irregular hours of work and how pay is to be determined for Sunday and holiday work. In this regard, the bills propose copying general schedule pay practices with the result that there would be additional unjustifiable deviations from pay practices prevailing in industry for trades, crafts, and laborer occupations.

In conclusion, Mr. Chairman, the Department of Defense strongly recommends against the enactment of any of these wage system bills. Enactment of such legislation would bring a halt to implementation of the coordinated Federal wage system which is now well on the way toward achieving the same objectives as those advocated by the proposed legislation. Further, it would result in an indeterminable delay in achieving the long-sought goal of having a uniform compensation system for wage employees. We would be trading a carefully developed and workable system for one that would serve to destroy the highly desirable and long accepted prevailing rate principle in setting pay for wage employees in the Federal service.

Mr. Chairman, and gentlemen, I would be happy to receive your questions.

Mr. HENDERSON. Mr. Secretary, I certainly want to commend you for a very able and brief statement of your position. I realize, on this subject, it is very difficult to be as brief and as effective as you have been in this statement. I compliment you and your staff for getting right to the heart of the matter as you see it.

On page 2, in the second paragraph there, I certainly agree that the new system—hopefully, and I feel sure it will—brings about the unification of the pay system among the Federal agencies. However, I don't believe that we would want to leave the picture confused by any implication that there was unification and no problems within the Department of Defense before the coordinated Federal wage system.

I think you might expand just a bit, if you or some of the members of your staff would, as to how the coordinated Federal wage system will bring about even greater uniformity within the Department of Defense itself.

What I am pointing at is that we know from our past studies that there have been some problems and some differences of pay between, say, the Army-Air Force system and the Navy system. Certainly it was our great hope, and I believe from information that has come to us, that you will get a greater uniformity within the Department of Defense under the new consolidated wage system.

Mr. KELLEY. Ray, would you want to address yourself to that?

Mr. BRAITSCH. Under the former agency systems, the only real unification within Defense was with regard to the conduct of wage surveys. The Department of the Navy and the Army-Air Force wage board did coordinate on surveys.

However, having received the information on the rates paid by survey companies—the Army-Air Force Wage Board on the one hand and Navy on the other—treated the data differently in the development of their wage schedules.

The Board and the Navy did try to coordinate in bringing about the same rates of pay at key points such as the laborer, helper, and the journeymen levels; but because of the basic differences in the systems, this was not completely possible.

You also know, Mr. Chairman, that there were also differences in the percentages between step rates. Both the Board and Navy had three steps, but the Navy had 4-percent steps while Army-Air Force had 5-percent steps.

All of those differences have been resolved by the new system. We have a single survey in each area. We use the data in developing a schedule which is applicable not only to all of the military departments but to all other Government agencies that are in the areas for which we set schedules. There are three step schedules for nonsupervisors. They have 4-percent steps.

There are, as the Secretary has pointed out, Navy occupations, and in some instances Army and the Air Force occupations that have received special pay treatment and new pay plans for these have been set aside and eventually, of course, will be brought before the National Wage Policy Committee for their consideration and recommendations. So within Defense, the coordinated Federal wage survey has done a great deal.

Mr. HENDERSON. How long do you think it will take? Obviously it is going to take some time to get all these adjustments out, but would you say that in 2 or 3 years we could expect the full effectiveness of the system?

Mr. BRAITSCH. I would say so.

Mr. HENDERSON. Well, obviously, your set-aside positions, by the uniqueness of the positions themselves, are going to require special attention. I would also hope that if other agencies find they have similar types of positions, that the experience you have had would be helpful to them in keeping a proper balance.

Mr. Secretary, I think it is significant—and the position of the Department of Defense is important because you are the lead agency in 126 out of the total 150 wage areas established under the new system. Yesterday there were questions with regard to whether or not the Civil

Service Commission felt that 150 was a final determination of the number of areas, and I think the response from your folks on this point will be helpful because you are the lead agency. Do you feel that there will be a major reduction in the 150 areas, or particularly in the 126 areas that you are the lead agency in?

Mr. KELLEY. Not substantial reductions, Mr. Chairman. We think 150 is very close to the practical goal. There may be a reduction of seven or eight in the total of 150, but not more than that.

Mr. HENDERSON. On page 3 you mentioned the DOD wage committee. You mentioned that there are two representatives from the employee organizations. How are they chosen?

Mr. CLEWLOW. They are chosen in accordance with the general provisions of FPM 532 of the Civil Service Commission, with an amendment which was made by the then Chairman of the Civil Service Commission.

This final determination calls for representation from each of the two largest employee unions. In this case it is the American Federation of Government Employees and the Metal Trades Council.

Mr. HENDERSON. Who are the other members of the committee?

Mr. CLEWLOW. The other members of the committee are the members of the Departments of Defense Supply Agency inside the Department of Defense which have the responsibility for the activities under consideration at the particular meeting, with the chairman to be provided by the Office of the Secretary of Defense.

Mr. HENDERSON. By name, who are actively serving in the positions now? Who is the chairman of the committee?

Mr. CLEWLOW. I have been designated as the chairman of the committee, and the representatives from the services are the directors of personnel. Mr. Robert Willey from the Navy; Mr. John Watts from the Air Force; Mr. Charles Mullaly from the Army; and Mr. Walter Ingerski, from Defense Supply Agency. From the union representation we have as the principal designee from the Metal Trades, Mr. Maywood Boggs; and the principal designee from the American Federation is Mr. John Griner.

Mr. HENDERSON. The civil service spokesman yesterday commented on the acceptance of the system by the employee organizations. You might speak to that point on behalf of the Department of Defense. Can you tell from their participation on the committee what the general reaction to the system is?

Mr. CLEWLOW. Let me say there has been a demonstrated intense interest on the part of all committee members because we have been faced equally with a wide variety of problems of melding some 30 or more systems into a single system. To say that all has been sweetness and light would not be giving you the benefit of the full facts because there have been a number of wide differences which have appeared during the course of the discussions.

However, as long as we remain around the table and bring the discussions to a conclusion, we believe the system is becoming workable in the process of installing this new coordinated Federal wage system.

We have completed approximately 50 percent of all of the areas so, as a result of that, I would say we are making progress. We are at the present time on schedule.

Mr. HENDERSON. The Secretary spoke of just the problem of hazardous pay, and this is an area in which I would imagine you would have great controversy. Is this one of the typical areas that have been in issue around the table?

Mr. CLEWLOW. We have not had that as an issue around the table. We are working out the details.

Mr. Marks, this has yet to be finally determined by the Civil Service Commission, correct?

Mr. MARKS. This is correct. It is to be scheduled before the National Wage Policy Committee in the near future, I understand.

Mr. CLEWLOW. So we are not to that stage yet.

Mr. HENDERSON. Is the problem in this area, Mr. Marks, that it is difficult to come up with guidelines or standards for hazardous pay in the many and varied hazardous functions that you have?

Mr. MARKS. There are a number of difficulties. First of all, each agency in the past has had different hazard pay policies, some of them rather generous and others rather conservative.

Mr. HENDERSON. There have been a lot of complaints from the employee organizations, and that is the reason I wanted to dwell on it just a minute with you.

Mr. MARKS. In addition, there is the difficulty of determining what the prevailing practice is in this regard. Each company seems to have its own policy, too.

Mr. HENDERSON. One final thing, Mr. Secretary, that you may not be prepared to comment on just at this moment, but I would be glad to receive your comments either now or later after you have had a chance to look at it. In Mr. Griner's testimony on the point of the non-appropriated fund employees, he pointed out that in the fiscal year ending last January 25, the Army-Air Force exchange system had net income of \$112 million on sales of \$2.1 billion, up from earnings of \$63.3 million 5 years earlier when the sales were \$941 million. He made a comparison with private businesses like J. C. Penney Co. and Montgomery Ward & Co.

I think in light of the point you made—and the point certainly is consistently made by the military—we might have some expression as to how much it would take out of these profits to bring the nonappropriated fund employees under the prevailing rate system. You might want to supply that for the record.

(The information follows:)

It is estimated that application of civil service wage board rates would reduce the AAFES fiscal year 1970 net earnings by approximately \$76 million unless offset by increased prices or other means such as curtailment of service and reduction-in-force. The earnings of AAFES are committed to support of the central welfare funds of the Army and the Air Force and the provision of working capital for the conduct of business. No actual earnings remain after these requirements are met.

Mr. KELLEY. I would be happy to supply the information for the record, and will do so. I would, however, like to respond to the point.

I think the basic argument against placing nonappropriated fund employees under the coordinated Federal wage system is that to do so would pay them rates which are unrealistic and uncompetitive in the market for which we compete for their services. This is essentially a

retail type of work activity and the rates paid in these nonappropriated fund programs should be competitive in that market and not in the market covered by the coordinated system.

Mr. HENDERSON. Why could not the coordinated system include in its study the comparable retail industry? This is really what surprised me a little bit about your statement.

Mr. CLEWLOW. Mr. Marks could talk to the divisions of the industrial code which are covered—

Mr. HENDERSON. Let me ask you this question. Are you saying that because of the Fair Labor Standards Act requiring payment of the minimum wage, the rates now are equal to or are above the ordinary retail industry that you would be comparing these employees with?

You see, Mr. Secretary, this is what I had specifically in mind. You conclude on page 8 of your statement, "Although extending many of the features of the coordinated Federal wage system to nonappropriated fund employees is a desirable objective, it will be necessary to recognize these special considerations."

Well, as a "desirable objective," it would lead me to believe that the PX employees at the present time are not being paid wages that are comparable to the prevailing wages for comparable work.

Mr. KELLEY. I admit that the way we have worded that is susceptible to that inference, and I think that is a defect in our language rather than the fact of the case.

Mr. HENDERSON. I think that the subcommittee members have been pretty well proceeding on the assumption that both in DOD and some of the other Federal agencies where they have canteen workers or post exchange type operations, the employees would get higher wages under the Federal wage system than they are presently getting.

Irrespective of what our views are, I think we ought to try to be sure that we do understand. What leaves me a bit confused from your statement is just how the coordinated Federal wage system, whether it is done through the enactment of this legislation or otherwise, would result in pay in excess of what those employees receive under the existing prevailing wage concept now in use. I presume you would compare your post exchange with Sears, Roebuck & Co., Montgomery Ward & Co., J. C. Penney Co., those types of employers that normally we recognize are not the highest paying in the community.

Mr. VALDES. I would like to comment, Mr. Chairman. The post exchanges do make surveys of the retail and comparable operations, and do set rates of pay related to what those types of firms pay.

If, however, surveys were to be made under the coordinated Federal wage system, the surveys would not be limited to retail trade. They would cover all of the industries, and with the result that the pay, if they were fitted into the regular pay line, would be substantially higher than those in the retail trades.

Mr. CLEWLOW. Mr. Braitsch may want to elaborate a little further on this.

Mr. BRAITSCH. The regular coordinated Federal wage system schedule is the minimum schedule. That schedule provides rates which are appreciably higher than the rates paid in retail and restaurant types of activities. As in the case of Government laundry and food service, operations which also relate to industries which pay lower, we are

concerned that if exchanges go over to the CFWS, then they will be forced to pay the higher rates resulting from the application of the regular schedule rather than providing for them a special rate system related to retail and restaurant rate levels.

Mr. HENDERSON. Let me take a specific situation that I recall having looked into some months ago on a military base where a road divided the golf course and the other military grounds. A tractor-mower operator mowing the grass as a civil service employee on the north side of the road was paid one rate; and the tractor-mower operator mowing the grass over on the golf course as a nonappropriated fund employee on the south side of the highway was paid another rate.

Is the civil service rate system or the wage board system too high on the north side, or is the nonappropriated too low on the south side? Or are you saying that, if we had them under the consolidated system, they would be paid the same wage?

Mr. BRAITSCHE. Yes, sir; they would be paid the same thing. On the other hand, the retail clerks in exchanges that perhaps in private retail outlets would make an average of let's say \$2 an hour would be paid \$2.50 an hour under the CFWS, because the schedule under which they would be paid would be generally related to rates paid in manufacturing, transportation, and utilities industries, and not to retail and restaurant types of operations.

You have picked out a job—the mower operator—which is the same or nearly the same in both the nonappropriated fund activity and the post engineer. The chances are that the nonappropriated fund activity established the rate for the job in relation to its general schedule rather than to the higher rate that would be paid under civil service for the same job at the post. These inequities are present.

Mr. HENDERSON. I don't want to take all the time, but it would seem to me, Mr. Secretary, that if your office could persuade the military that they need to take a real good hard look at these nonappropriated jobs it would be helpful. I personally feel that in the post exchange, if you have a clerk that is selling clothing, the pay ought to be comparable to a clothing clerk in that community.

Not that I am saying that just going under the coordinated Federal wage system is the answer to the whole problem. I think that if they do not take a good look and be a little more realistic, certainly with regard to some of these examples that glare and get the attention of Members of Congress, that somewhere along the line—maybe in this legislation—you are going to get an arbitrary piece of legislation. We might even say that the Fair Labor Standards Act amendments were arbitrary because they sure did complicate the problems of the post exchange operations and its employees.

Mr. KELLEY. Well, Mr. Chairman, we agree with what you are saying. And as a matter of fact, the subject has received some discussion. We have a study plan which is about to be underway for a comprehensive review of the rates paid.

The type of example you gave a moment ago, there simply is no defense for that kind of wage disparity, and our broad objective is to make the Defense Department a better employer; and we are aware that between the coordinated Federal wage system and the nonappropriated fund employee's pay practices there are inequities that deserve correction.

Mr. HENDERSON. If the other members will bear with me just a minute, I would commend you for this, and I think that giving some attention to this area can be beneficial to everyone concerned. I think it can be beneficial in the long run to the military and their personnel. I know that recently I had a complaint brought to me about mechanization and automation to a limited degree in one of the post exchanges, and I had to tell the employees that my position would always be that when we can economize and save jobs by improved mechanization and efficiency, I would commend the military on this. However, as I have stated many times on the record, I will continue to press for employees to be fairly compensated for their work. And I am sure in principle you would agree with me.

Mr. White?

Mr. WHITE. Thank you very much, Mr. Chairman. I do not have a great number of questions. I presume that counsel is going to have the opportunity to ask questions, too, since he has delved into this extensively.

Mr. HENDERSON. Mr. Bray will get the opportunity if he has any questions.

Mr. WHITE. I just wanted to ask this, sir. Why do you think the employee groups are urging H.R. 8764, the Wage Board bill?

Mr. KELLEY. Well, my answer is necessarily presumptuous, but I will give my answer anyway. I think one reason that employee union representatives are pressing for this is in the belief that we should trend toward national scales rather than perpetuating a system that recognizes the integrity of local or regional wage differences.

I happen to believe strongly, from my private industrial background, that it is necessary to perpetuate regional differences in a free wage economy, and I was delighted, frankly, to learn upon taking my present job that we had such a system well underway.

Beyond that, I think the recommendations inherent in these bills would make the whole system of wage setting more subject to the regulation of statutory authority rather than to administrative discretion, and I think administrative discretion in the setting of wage rates is desirable wherever it can be achieved in a manner that is equitable and fair to employees.

I suppose these are the two reasons I would ascribe for their interest.

Mr. WHITE. Since you have assumed your position, and undoubtedly you have studied the overall application of the present system, did you find many disparities in the wage levels of different groups, the non-appropriated as compared to the others, classified, et cetera?

In other words, these illustrations that have been given—

Mr. KELLEY. To answer your question, sir, I would have to say that I have not studied pay structures in the nonappropriated areas as carefully as I have the pay practices in the coordinated system. I am familiar with some of the transitional problems that occurred as we went to the installation of the present system. And I think within that system there is a built-in equity which will be realized totally within the next year or so; and some of the transitional problems and the hardships that would otherwise occur have been minimized by the so-called Macy provision, which allows those who would receive a lower rate under the conversion to receive half of the increase that would otherwise be due them.

But I cannot respond to the nonappropriated fund area except to say that we are aware of inequities there, and that is why we are undertaking a comprehensive study.

Mr. WHITE. May I ask this question? And I am just trying to get the picture, I am not trying to be presumptuous, I am not trying to offend. What are the years of experience of the gentlemen who have accompanied you in their particular positions? How long have they been with the agency?

Mr. KELLEY. Gentlemen?

Mr. VALDES. I have been with the Office of the Secretary of Defense for about 15 years.

Mr. WHITE. In this position?

Mr. VALDES. In successive positions in this area.

Mr. CLEWLOW. I have been with Defense a little over two-and-a-half years; and I have been with the Federal Government 25 years; principally in positions of management responsibility.

Mr. MARKS. I have been in my present position for two-and-a-half years. Prior to that I was in salary and wage work in the Army for about 13 years. And prior to that on the technical staff of the Army-Air Force Wage Board for about 10 years.

Mr. WHITE. How long have you been on the wage staff, sir?

Mr. BRAITSCHE. Between Army-Air Force and DOD wage staffs, over 20 years.

Mr. WHITE. I see. Thank you.

Mr. Secretary, are there any provisions of the instant bill, H.R. 8764, that you feel would be useful to your agency that you are not already doing, or do not propose to do?

Mr. KELLEY. I am aware of none, but I would defer to members of our staff if they know of any.

Mr. MARKS. I do not know of any.

Mr. CLEWLOW. I know of none.

Mr. WHITE. So you are recommending that the bill in toto would not be passed, or that you cannot amend it to be consonant with your procedures or with the plans that you have in the future?

Mr. KELLEY. Yes, sir; our position is there is no need for it.

Mr. WHITE. That is all the questions I have right now, Mr. Chairman.

Mr. HENDERSON. Mr. Brasco?

Mr. BRASCO. Thank you, Mr. Chairman.

In response to your question, Dick, I have been around here for two terms, and I will tell you something, I find it quite difficult to completely understand this whole problem. It is a rather complex one.

If I may, Mr. Secretary, I would like to follow up on a question that Dick White asked you a moment ago concerning employee reaction to the system that we have now, this coordinated Federal wage system. You mentioned something about the fact that rather than to preserve the regional differences, they wanted a national scale. And you also mentioned another thing, that they wanted to get away from administrative jurisdiction.

Those reasons, while they may very well be true, seem a little complicated in terms of the kinds of people that not too long ago we saw come down here, several thousand of them from all parts of the country, who certainly had no love or affection for this particular system they were

under; and it seemed to me that they objected to it not so much for these reasons that you speak of, which seem to be rather sophisticated in terms of what they were talking about; they just seemed to feel it was not working in terms of giving them what it was supposed to; namely, a comparable kind of pay for work being done by them as opposed to people outside of the Federal system.

Is that not basically what this whole thing is about? That they say this has not really cut the mustard as far as they are concerned?

Mr. KELLEY. Well, first, Mr. Brasco, I do not think there is anything very complicated about the first point I made in response to Mr. White's question. Union leaders in this country have quite consistently argued for the objective of a national wage scale as contrasted to local or regional scales. That is not a sophisticated concept; it is a very simple concept.

Mr. BRASCO. I meant with respect, Mr. Secretary, to the rank and file. Union leadership may come in here and these may be their objectives. But certainly the people, the rank and file, I think that their objective, while they may agree with their leadership, obviously, I think they are involved more in just the bread and butter. "I am a bricklayer or a tradesman and I know someone else is being paid more than I am being paid for doing the same work." And under this system it just did not work.

Mr. KELLEY. I agree with you that that is the final consideration for the employee, whether his pay is in fact competitive with the facts of life.

Now, in all my experience in the private sector, in wage and salary administration, it has always been possible to find some employees who believe that they were paid too low in relation to some other employees whom they alleged were doing the same work under approximately the same conditions.

Of 800,000 employees in the system, it would be very easy for us to go in to any concentrated community of those employees and find some who alleged dissatisfaction or discord in this area. I think the proof of the pudding is in the eating: Whether we are able to attract and retain people of the required competency in these jobs that are covered by the coordinated system. And the fact is we have been able to.

Mr. BRASCO. This is what I was trying to lead up to, that last statement of yours. And I appreciate fully there is a constant tug here, no question about that, a constant tug with respect to employees demanding more wages and to management trying to do its job and keep, in its opinion, things in their proper perspective.

Basically your last statement interests me because you say you have been able to retain qualified people at the salaries that apparently are being paid now; is that correct?

Mr. KELLEY. Consistent with the other supply-and-demand problems that exist in our whole labor system.

Mr. BRASCO. Basically what you are saying there is not much need in your opinion, or at least there is not much foundation on the part of the employees to say, "We are not being paid fairly," because, you say, "Well, we are able to hold them and they are working for us and they are competent people, therefore we are giving them a fair price for their services."

Mr. KELLEY. I am not charging any of these protestors with claiming a dishonest position.

Mr. BRASCO. I did not say that.

Mr. KELLEY. I do not know anything that is more subjective than what one receives in pay.

Mr. BRASCO. I think both positions can be honest because sometimes, as we all know, the arguments are relative to the side of the fence you happen to be on at that particular moment.

But I am trying to find out whether or not we can define the arguments more clearly. I am just wondering whether—and we are all talking about the employees—we should have a system that goes into effect that should give them more wages in line with what the private sector is getting; or are we basically saying, “Well, that is not really so much of a problem because they are here, we are paying them, we are holding them and maybe they are getting what they are supposed to be getting”? That is what I am trying to find out.

Mr. KELLEY. I think that is a problem, Mr. Brasco. I think in the Federal employment system, where the employee through his union organization is not accorded the final right to strike in pursuit of his objectives, the employer—in this case DOD, and other agencies—have a very stern responsibility to be fair at their own initiative.

And I am satisfied, as others of us are, that this system has a mechanism that insures the integrity of the wage rates paid and relates these accurately and very precisely to the private sector for jobs that are competitive. I think we have the obligation to perpetuate that.

Mr. BRASCO. Then with respect to the people that did come down several months ago, you are saying the system has not either caught up to them in terms of their complaining about being underpaid; and I understand it is not fully implemented, that this coordinated Federal wage system may not have caught up to those people that were here; or that possibly when you apply this system, that their claims are unfounded?

Mr. KELLEY. Well, I think it could be any one of a variety of things. It could be that the system has not caught up with them. And it could also be that just on the basis of performance they believe that they ought to be paid more than they are receiving because somebody else working next to them does not, in their opinion, perform as well as they do.

These problems are always present in any system of wage administration.

It may also be that some of these people who have appeared are in fact underclassified in their present job classifications and the inequity results not from the inadequacies of the total wage structure but in the fact they are misclassified.

Mr. BRASCO. Thank you. I have no further questions.

Mr. HENDERSON. Mr. Secretary, we have had instances brought to our attention where many kinds of personal services, such as custodial, building and grounds maintenance, refueling of aircraft, and so on, have been contracted out, and at a savings to the Government. It was pretty obvious that the savings primarily came because the contractor was able to get the employees at less than our wage board scales.

I would like for you to comment on this; and in this connection I would also be glad to have your views with regard as to whether it

would be possible for us, by arbitrary action or by legislation, to lift the wage board pay to points where even more work could be contracted out.

Mr. KELLEY. Would you repeat the last point, Mr. Henderson?

Mr. HENDERSON. Whether or not it would be possible for us to lift the wage board scales, either by legislative action or other action, to the point where more of the work could be contracted out than we might envision at the present time.

First of all, am I right—and would you fellows agree with me—that we have a problem in this custodial, food service, ground maintenance area?

Mr. VALDES. I think particularly with regard to such activities as laundries where the rates have gone up substantially beyond what laundries in the private sector pay; we do have a problem in that respect. It has led to a substantial increase, for example, in the cost of laundry to the servicemen.

Mr. HENDERSON. Mr. Valdes, the reason I come back to this point, it seems to me that where we have possibly missed the boat here is that we have not made special surveys in these special problem areas, similar to the problem we were talking about with post exchange employees. And I think that, too, needs some of our attention.

That brings me to my next question, based on the Secretary's—

Mr. KELLEY. Could I comment on that question?

Mr. HENDERSON. Certainly. I would like for you to. I did not give you an opportunity to answer it.

Mr. KELLEY. My general comment on that question is that the Federal agencies, just as in the private sector, should retain the function of do or buy decisions. In other words, it is the responsibility of the employer to decide whether he should provide the services from his own employment or whether he should contract out the services.

I think it is desirable that we perpetuate that managerial function.

Mr. HENDERSON. Mr. Secretary, what has disturbed me to some extent is that I have been satisfied with some of the contracts that the subcommittee has looked at, where the taxpayers actually got a better break by contracting it out. It was cheaper.

On the other hand, you have to be very careful in looking at those to be sure that the job performance or services rendered are comparable to what we get in the in-house technique. It is a complicated problem, but I feel sure all of you are aware that from time to time we have had some evidence that our wage board scales in those lower paying brackets apparently have been unrealistic. They have been just too high and have permitted the contractors to perform the function cheaper than we could do it in-house.

Mr. KELLEY. This may be ascribed to a defect in our wage survey technique. And wherever we are finding sharp differences between our pay levels and those that exist within the community, we are taking a second look to see whether we have made a mistake somewhere along the line.

Mr. HENDERSON. I commend you for this. The real red flag I see here is that we want to be careful in the enactment of legislation. I think one of the things that concerns me, for example, is the proposed 10 step increase. That obviously is going to cost some money.

If we pile up enough of these things and we get our wage board system out of kilter where our comparable prevailing wages are not realistic, we will find a lot of the functions being contracted out at a savings to the taxpayer. This would be a real problem to the employees, to see their jobs abolished.

I would like for you to identify a little more in detail the 12,000 special type positions in the Navy. Where are they, and what are they?

Mr. MARKS. These are production support type activities. The types of jobs involved are planners, estimators, progressmen, aircraft examiners, and inspectors. These are found generally in shipyards and in naval air stations and naval air rework facilities.

About half of them are inspectors; and the other half are divided among the other groups.

Mr. HENDERSON. I am pretty familiar with some of the categories because some of them are occupied by my own constituents. Do you find the problem here is within the services, even between their own installations? We have something of a problem here, do we not?

Mr. MARKS. There is certainly a problem between Army and Air Force on the one hand and Navy on the other.

Mr. HENDERSON. Do you have a problem of finding comparable jobs in industry? I know you would within the particular wage area, but nationwide?

Mr. MARKS. Well, "inspector" is a rather usual job in private industry. I do not know the extent to which the other types of jobs are found in private industry. They are difficult to identify on the basis of a union contract.

Mr. HENDERSON. Are we not also having a problem in this special area with decisions about whether they should remain under the wage board system or be transferred to the classified system?

Mr. MARKS. Certainly the employees have asked in some cases that a study be made to see whether they should not be Classification Act employees.

Mr. HENDERSON. My recollection is that recently in the Navy they turned this question loose to the installations, and I believe that Quonset Point moved to transfer their quality inspectors to the Class Act, and then a freeze was put on and everybody was screaming about what should be done. Mr. Secretary, these are the problems that really complicate an already complicated system, it seems to me.

Again, I think I ought to come back to hazardous work. For the record, I urge you, Mr. Secretary, and the members of your staff, to push on to try to get this resolved. As I understand your position now, this is up at the Wage Policy Committee level. But I think our testimony has really demonstrated that this is a problem area.

For example, Mr. Griner, the president of the AFGE, in his testimony pointed out that this was a real problem and he said the Navy Department under its own regulations could pay up to a hundred percent differential. He is talking here about hazardous duty differential. He testifies that it pays a piddling 12 cents an hour even for the most dangerous kinds of work. The Army could pay 50 percent. It pays 50 percent of the Navy differential, which is 6 cents. He says it is incredible that these rates of differential exist when employees of private contractors working with the Federal employees actually get up to 100

percent differential. He pointed out the problem at Sunny Point, N.C., which is in the district adjoining mine, where the Government employees received 6 cents an hour in some cases, and in some cases, nothing. He said contractors received 50 percent of their base pay for the dangerous occupation and concluded by saying, "There is nothing right about that."

I am sure that these isolated hazardous duty problems are receiving attention, but I feel sure that DOD, once a policy decision is made, will find that a number of these cases ought to be resolved in a more equitable fashion.

Mr. KELLEY. Mr. Chairman, that is at the National Wage Policy Committee level now, and I will assure you that I will personally inform myself better than I am now informed on that aspect of the problem. And if there is any cause to amend our position, I would so do.

Mr. HENDERSON. That brings to my attention one other specific example that was so shocking to me and I am glad to report that I now understand it has been resolved. At Camp Lejeune, the Marine Corps was operating a bridge over the inland waterway, and the bridge operators there, of course, were required to live 15 or 20 miles away. They came to see me, contending that they were not being treated as fairly as the Army Corps of Engineers bridge operators at bridges to the north and south of that particular site.

It is inequities such as this, somewhat isolated, that give us most of the problems. I understand that the Marine Corps is resolving this particular problem by adopting the Army Corps of Engineers pay schedule for the operators on that bridge.

I do hope, even though you have the impression that the new consolidated system is working, that we will continue to find your staff as responsive as they have been to our staff when we have contacted you on these specific problems.

I certainly would want you to know that the staff cooperation has been most excellent, and Mr. Bray, our subcommittee staff director, reminds me of that practically every week, and we appreciate it.

Perhaps Mr. Bray has some questions at the present time, Mr. Secretary.

Mr. BRAY (counsel). Thank you, Mr. Chairman. I want to say to you, Mr. Chairman, and to the members, that the people here in front of us accompanying the Secretary certainly are experts. Mr. Ray Braitsch is called "Mr. Wage Board" in the family community in Washington. Mr. Secretary, I am glad you brought him.

Wherever we go, talking to employees as staff, one of the major complaints by the wage board people is the fact that they have reached the top at the third step, and they urge that there be more than the three steps.

Mr. Secretary, it was my privilege last year, as I mentioned yesterday to Chairman Hampton, to meet a welder that has been welding at the Norfolk Naval Shipyard for 20-odd years, who had just completed 1,000 consecutive welds on an atomic submarine. He very succinctly, but specifically, reminded me that his pay was the same as a young lad over in the next bay that was stacking canned goods in a grocery store only 3 years before.

It certainly has its morale impact. And what do we know about private industry? Maybe Mr. Braitsch would be the best—since you

have private industry experience—what do we know actually that is going on in the private industry world as to steps?

I know we have changed so that supervisors can go to five steps, so you must have learned considerably, Mr. Clewlow, Mr. Braitsch, when you went out and made that study.

Mr. KELLEY. I will respond to your question and then ask others to respond also.

As a refugee from private industry, I can speak with some knowledge to the point. Consistently the pressure from private unions is to go to a single wage rate system for blue-collar employees; and many employers have acceded to that pressure simply because they were unable to stand up to the bargaining pressures alone.

The result is over the years there has been a trend toward single rates, or at least toward a rate structure that has just a few rates rather than many.

The result also is that over the years there is less money separating the man of many years' experience and proficiency and the man of few years' experience and proficiency. This is unfortunate, but it is a fact of life.

And if our wage system is to be responsive to the facts of life, then we think that we should have one whose rate characteristics are similar to what we find in the private sector.

Mr. BRASCO. Following up on that, Mr. Secretary, I understand quite clearly what you said, because then you get into a complicated situation where you may have a young welder in terms of experience and a more experienced welder, and then you are going to have to go out and see who does a better job, when in fact the younger guy may be doing a better job. So that that kind of distinction for more money for supposedly more experience and proficiency is a complicated judgment to make.

But getting back to this case that Mr. Bray spoke about, might that not be a classification problem? I cannot see how you can equate a welder—it seems drastically wrong in the system if we are equating welders with a fellow stacking up grocery cans.

Mr. KELLEY. I think what he said was 3 years ago he was stacking up grocery cans and today he is a welder.

Mr. BRAY. He had just been a welder 3 years; that was the point I was making. They are both welders, but one with 20 years' experience is still making no more than the man who has been doing it only 3 years.

Mr. BRASCO. Now I understand your answer quite clearly.

Mr. HENDERSON. I thought your answer was a very lucid one with regards to industry and blue-collar workers. Let me ask you this question. Does industry in its white-collar office force have the 10 steps comparable to our GS system? Do the secretaries, the clerks, the auditors, the finance people, do they get anything comparable to the step increases for just longevity?

Mr. KELLEY. In industry, Mr. Chairman, I think you would find that there is typically a 25- to 35-percent range from minimum to maximum in the white-collar, clerical, and technical occupations; and there would be a 35- to 50-percent range in the managerial occupations from minimum to maximum.

Mr. HENDERSON. Does management not have more flexibility in industry in rewarding the employees for productivity in the white-collar area than you find in Government? Or can you speak to that point?

What I am thinking about is suppose you have two secretaries in your office that have been there 15 years each. One is just better than the other. Do you reward the one for productivity, or do you reward them both for their longevity?

Mr. KELLEY. Presumably you reward the better one for her higher productivity. But in actual fact there is a strong tendency within the private sector to respond to the pressure of longevity. And if people are there long enough, they tend to receive rates of pay which are close to, if not at, the top of the potential range.

Mr. BRAY. Mr. Secretary, we find also considerable misinformation possibly, or certainly a distaste in the minds of many of the wage board employees, relative to the night shift differential, the so-called irregular tours of duty, pay for travel, and holiday pay.

As one gentleman said to me at Tinker Air Force Base, "Mr. Bray, I am in a carpool. The boy with me is a Class Act employee in accounting. He gets a 10-percent differential for the night shift at Tinker and I get 8 cents an hour." It is very difficult for those people to understand that.

In the testimony that the members received in June, for example, they used a case at Watervliet Arsenal where the employees for generations had been paid a 10-percent differential for the second and third shift. Now they have been faced with losing that, and they get 8 cents an hour. They wonder why, and I think I know the answer, but I would like certainly for Mr. Braitsch to explain why we are running into this in so many areas in the shiftover.

And to put one other case in point, recently looking at industry in the Sacramento area, the people were quite disturbed because they are paid I believe it was 11 cents an hour for the second and third shift; whereas people in the San Francisco Bay area were paid about a 10-percent differential. I wonder if Mr. Braitsch would like to explain a situation such as this.

Mr. BRAITSCH. Basically, the Army-Air Force Wage Board determined night shift differentials on the basis of prevailing industrial practices. However, there were about 20 areas, where, during World War II, the Classification Act employees got a 10-percent night shift differential for the first time. The same 10-percent differential was administratively authorized for wage board employees in these areas. Now, over the years there have been a number of these areas in which, based on prevailing practice, the 10 percent was not fully justified; but the Army-Air Force Wage Board decided for various reasons not to take any action to reduce this differential.

Now the new system provides that the differentials will be determined strictly in accordance with prevailing practice in the locality; and we are finding that some of these differentials are high in comparison to prevailing practice, and we must reduce them.

Mr. BRAY. Mr. Chairman, I would like to say to the Secretary that we do get wonderful cooperation from his people, and it makes our job much easier and, I think, much more productive.

Mr. KELLEY. I appreciate you saying that, sir. I do, too.

Mr. HENDERSON. Mr. Secretary, I certainly want to commend you and your staff for the action you have taken to implement the consolidated wage board system. I firmly believe that much progress has already been made. I hope that upon our target date of the next year, we will see much more accomplished to bring about uniformity within DOD and the other agencies, relying on your leadership in the 126 areas. We certainly ought to have a much fairer system for the pay of all of our wage board employees.

I think you have been very responsive to our invitation and to our questions this morning, and I commend you. Your position was well put, and I am sure that our subcommittee members will pay great attention to what you have recommended to us.

Thank you all very much for coming.

Mr. KELLEY. Thank you, sir.

Mr. HENDERSON. Now I would like to call on Miss Irene Parsons, the Assistant Administrator for Personnel and Training at the Veterans' Administration. Miss Parsons has been very attentive to these hearings and, of course, is recognized by members and the staff as one that we admire greatly for the very fine administrative personnel procedures that she has installed.

We are just delighted to have you before our subcommittee, Miss Parsons.

Mr. BRAY. I would like the record to also show she is a native of North Carolina.

TESTIMONY OF MISS IRENE PARSONS, ASSISTANT ADMINISTRATOR FOR PERSONNEL, VETERANS' ADMINISTRATION; ACCOMPANIED BY FRANK HADRO, DEPUTY ASSISTANT ADMINISTRATOR FOR PERSONNEL, AND JAMES LUND, DIRECTOR, SALARY AND WAGE ADMINISTRATION SERVICE

Miss PARSONS. Thank you, Mr. Chairman.

Mr. Chairman, this is Mr. Frank Hadro, Deputy Assistant Administrator for Personnel. He is VA's representative on the National Wage Policy Committee. This is Mr. Jim Lund, Director of the Salary and Wage Administration Service in the Veterans' Administration.

First I want to say that we agree with the views expressed by Chairman Hampton yesterday regarding these bills. We have studied them, we heard him testify, and we agree with most of the points that he made.

I will just summarize for you briefly some of our experience in the Veterans' Administration in implementing the coordinated Federal wage system.

We have 35,000 persons under the wage board system, as compared with 93,000 under the general schedule, and about 28,000 under title 38—physicians, dentists, and nurses—and other systems.

Mr. HENDERSON. Over the last 10 years, has this been a fairly constant figure?

Miss PARSONS. Yes. Several years ago most of the food service workers were under the classified schedule.

Mr. HENDERSON. We certainly recognize you have done an excellent job in the Veterans' Administration in carrying an increased work-

load in these past few years without a comparable increase in personnel. It is my personal opinion that the Veterans' Administration has done the best job of any of the Federal agencies over the last 10 years in controlling manpower problems with an increased workload, and I want to commend you on this.

MISS PARSONS. Thank you very much. The Veterans' Administration has 170,000 employees, and I feel that most of them are hard-working, dedicated employees.

Most of the 35,000 under the wage board are in the hospitals. Of the full-time employees, 13,000 are in food services; 8,000 in mechanical trades—these are the carpenters, painters, and maintenance workers—6,000 in housekeeping functions, and 2,000 in the laundries.

For many years the Veterans' Administration had its own separate wage schedules for these employees. We went out and surveyed laundry workers in the community or food service workers in restaurants and other institutions and determined the rates of pay.

After the President issued the directive in November 1965 to set up a uniform pay-fixing system, we have worked with the Civil Service Commission and the unions in getting the Veterans' Administration's schedules meshed in with the new coordinated system.

At this time we have approximately 50 percent of the hospitals—that is, 84 out of 166 located in 53 wage areas—converted. Conversion of the remaining ones will take place over the next year as the full-scale surveys are completed.

Of course, you are familiar with the transitional system. The need for this was first brought to my attention by Mr. Bray, who pointed out the fact that a lot of employees were having to wait a long time for the raises. The Veterans' Administration was glad to join in the transitional system, which has brought about pay equity to many employees.

MR. HENDERSON. We certainly commend you for this. We think it is a very fine action.

MISS PARSONS. The coordinated Federal wage system has brought about substantial increases in pay for our employees in food services, the laundries, and the mechanical trades. Our wage administration payroll has increased by approximately \$40 million. The provisions of these new bills would increase that figure substantially.

The laundry workers have had the largest raise, a 34-percent increase. The food service workers, about 27 percent. The mechanical trades, about 12 percent.

MR. HENDERSON. Should we not also note—and you probably could speak more definitively to this than I could—that it is true that in this period of time, in private industry the wages in laundries and the food services generally—because of the Fair Labor Standards Act—have gone up, and that all of the increase was not necessarily caused by the coordinated system?

MISS PARSONS. That is absolutely true. In fact, the best estimates—of course, our system is not completed yet—but as of this time, we figure that of this \$40 million at least \$10 million would have come about through economic changes and would have been reflected through our own surveys under the old system. But we think that about \$30 million of it has come about as a result of changing to the coordinated system. That is a substantial change and it has resulted in substantial increases.

Mr. HENDERSON. That lends me to ask you, are you running into problems of contracting out some of this work?

Miss PARSONS. I was thinking of that when you were talking to the Assistant Secretary of Defense. Of course, we have not yet completed the new wage system. We have not really given it a good evaluation as far as cost; but it is conceivable that if the laundry rates are that high, compared to what they were, and if a lot of the increase is due to the system, our laundry workers would be receiving quite a bit more than they would in private industry in their areas.

Mr. HENDERSON. You do not note at the present time any substantial change in policy, though, going to contracting out of the laundry work for example?

Miss PARSONS. Not yet; no, sir. But I think it is a matter that the Department of Medicine and Surgery officials will have to look at in connection with their budget and other considerations.

But nothing has been done on that.

I would also just like to note for you—since we are receiving correspondence and we have seen it in our station visits, and we have received some complaints, and I know some Members of Congress have, too—that although this system has eliminated many inequities between agency wage board employees, it is creating some inequities within our agency between the different pay systems.

I am speaking now of the classified system particularly where we have 93,000 employees.

We have approximately 30,000 nursing assistants, which is about as many wage board employees as we have. Nursing assistants are normally in general schedule grades 2, 3, 4. We have gotten some of them up to grade 5. But in some areas, particularly the high wage areas, they are saying, and we are saying, and the hospital directors are saying, these people are trained and have to have experience to be promoted from a 3 to a 4. Yet they are able to bring in people at the food service worker level, WG-2, for example, at a higher rate than the grade 4 nursing assistant is getting—an employee who has had specialized experience in caring for the patients.

So this is a problem that is developing for us; of course, it is not related to the matter of equity between wage board and—

Mr. HENDERSON. Could you comment on how those technicians would compare with comparable pay in the private hospitals? Are you losing them to the private hospitals?

Miss PARSONS. Well, at this point I think that we are holding our own in most areas. There are shortages and certainly of the skilled ones, as you know there are in many medical fields.

But I think, as to hospitals in the local communities, our nursing assistants in the majority of them are paid about comparable rates. You know the current law provides that we can go to the Civil Service Commission and ask for extra steps within the grades. We have done that, for example, at Palo Alto, Calif., where the director came in and said, "Here the grade 4 or 5 nursing assistant is getting a lower rate than the grade 2 food service worker under the new coordinated wage system." So we have gone to the Civil Service Commission and will undoubtedly have to do more of that.

Mr. HENDERSON. Do you find your problem here competition within the agency rather than competition with private industry?

Miss PARSONS. As of this point, yes. People are saying, "We need more money, and even though we consider this possibly a higher level job, we would like to change for the extra money."

With regard to the nonappropriated fund provision, you know we have the Veterans Canteen Service. We assume, from our reading of the bill, that we would come under this provision. Of course the canteens are operated to make available to our hospitalized veterans articles of merchandise and services at reasonable prices.

The present statute provides that these people be compensated from the funds of the service and that they be appointed and removed by the Administrator of Veterans' Affairs without regard to civil service laws. It was clearly the intent of the Congress and the law that they be outside the purview of civil service laws for appointment and pay and that their pay would come from the funds of the service.

Mr. HENDERSON. If we bring them under the law for purposes of pay, we certainly have reversed that policy, have we not?

Miss PARSONS. Certainly. The canteen officials tell me that under the coordinated Federal wage system, canteen employees would receive higher salaries, and we have roughly estimated it would cost \$4.5 million. Yesterday, I believe we were talking about profits that were being made. I think that the latest figures from the canteens showed that their net income last year was about \$900,000, which they are going to use for equipment and other canteen needs.

But you see there is quite a difference between what they would be paid under the proposed bill and what they would be paid under the present law which requires that they be paid from the funds of the service.

Mr. HENDERSON. Could we conclude this would put the canteens out of business?

Miss PARSONS. Well, a way would have to be found to get funds—by raising prices or by a subsidy from some other source.

Mr. HENDERSON. How is the pay set for them at the present time?

Miss PARSONS. It is set by local wage surveys such as we previously had for food service workers.

I certainly agree with you that they should be fairly paid. We have been interested in this, and we make surveys to try to keep them up to date. Of course, wages have gone up everywhere, and we certainly want them to be fairly paid.

Mr. HENDERSON. How do the prices of the articles in the canteen compare to the prices for the same articles outside of the hospital?

Miss PARSONS. Well, several years ago there was quite a difference in them. The Veterans' Administration canteen was a very attractive place to buy things. In recent years, though, this is not true. They have gone up in price. A lot of them serve food as well as selling articles, including cigarettes. But I believe that the prices now are not as good, and they are going up all the time.

Mr. HENDERSON. This is somewhat similar to the situation that we find between post exchanges on military bases and the discount stores down in the city adjoining the military exchange.

Miss PARSONS. Yes, they are not as attractive, I am told, as far as saving money on purchases, as they once were.

Mr. HENDERSON. You would recommend that we exempt the Veterans' Administration canteen workers, then, if we were going to cover the other nonappropriated fund employees?

Miss PARSONS. Well, I would say that if all other nonappropriated fund employees were included in the bill, I would think that the Veterans' Administration would need to give serious consideration as to what to do because it would seem that this group would be left.

But I would think, as Chairman Hampton said, that maybe it would be better to treat the nonappropriated fund people separately because it would bring up the question of the civil service appointment system, which is not used to appoint them. And there would be other employment matters you would have to consider.

Mr. HENDERSON. Are any of these workers patients in the hospital, or disabled veterans?

Mr. HADRO. Not generally so. No, we do not employ patients in the canteens.

Mr. HENDERSON. I guess if they were able to work in the canteen, they would not have to be in the hospital.

Miss PARSONS. In summary I would say, as Chairman Hampton stated yesterday, the proposed bills would bring about changes in the organization and the operation of this coordinated wage system that we are now putting into effect, and I believe that it would be preferable for us to continue this and get it fully into effect and evaluated before it is firmed into law.

Mr. HENDERSON. Generally speaking, are your Veterans' Administration hospitals located in high-wage areas?

Miss PARSONS. Some are, and some are not. As you know, we have them all over. Certainly, in all the high wage areas we have hospitals—New York, California, and all the major cities. And we also have them in North Carolina. I suppose Salisbury, N.C., and others in similar areas would not be in high wage areas compared to large metropolitan areas. We have them in some of the rural areas throughout the country that would not be in high wage areas.

There is quite a difference in the rates that we pay in different areas.

Mr. HENDERSON. And a uniform national wage board pay system would, I guess, almost wreck Veterans' Administration, would it not, budgetwise?

Miss PARSONS. It certainly would. Probably we would have to go to the highest rate being paid. We never do, as you know, go below that in anything, so, therefore, if we had to pay those rates everywhere, I do not believe we could continue to operate the hospitals as they are now.

Mr. HENDERSON. Who are the members of the Veterans' Administration's Wage Committee?

Miss PARSONS. Mr. Griner and another member of the AFGE, Mr. Weldon McDonald. Mr. Hadro here is the chairman. And an official in the Department of Medicine and Surgery.

Mr. HADRO. We have Mr. Brumbaugh, who is a staff assistant, Department of Medicine and Surgery, and also Mr. Dick Offutt, who is the executive assistant in the Office of Controller of the Veterans' Administration.

Mr. HENDERSON. So you have three from management and two from labor?

Mr. HADRO. We have the two from management, two from labor, and the chairman is selected by the Administrator, who is from management.

Miss PARSONS. From personnel.

Mr. HENDERSON. How were the union members chosen?

Miss PARSONS. We asked President Griner to select two; and he selected himself and another AFGE man.

Mr. HADRO. The union having the largest number of employees under exclusive recognition then becomes the union that has the representation. The AFGE happens to be that union in our agency.

Mr. HENDERSON. Mr. Lukens, do you have any questions of Miss Parsons?

Mr. LUKENS. No, not specifically. I have one general question I would like to ask, I think, for additional information. How many more years does the Administration have in mind for extending this coordinated Federal wage system until it actually has achieved comparability?

Miss PARSONS. Well, the system is to be fully operational by October 1970. Presumably we will have achieved comparability, through the full-scale surveys we are making by that time.

Mr. LUKENS. Do you find, in analyzing the progress made that, as in many other areas of wage increases and demands, the cost of living has exceeded that which was anticipated, and therefore workers' income is still behind? Will we actually achieve equality by 1970 or 1971?

Miss PARSONS. Of course, we can look back on some surveys we just completed last month, probably, and because of some raises or other factors in the prices in the community and so forth, find that we could do them again. But I think that since we have this 2-year period between full scale, it is possible they could lag behind.

Mr. HADRO. We do full-scale surveys every 2 years, and then we do interim surveys in the off years, which is usually a telephone survey to check on the increases that have been given in private industry; and then we bring our rates up if necessary. We review rates each year.

Mr. LUKENS. I have one other question, Mr. Chairman.

I think the chairman alluded—lightly, but correctly, that the canteens would go out of business if you had to make up the difference in canteen prices. Is that a logical approach in case we decide to combine everything under one program?

Miss PARSONS. The law that established the canteen service said it would pay for itself, that you would pay the employees from the funds of the service. Now, the only place that the service gets these funds is from the operation of its canteens. It would present a problem if we saw that we had to pay more than the funds of the service would be able to pay. This would be contrary to the intent of the law.

Mr. LUKENS. We are talking about \$900,000 profit with a \$4.5 million cost coverage.

Miss PARSONS. And if the profit level fell below that and the wages went up, you could widen the gap.

Mr. LUKENS. For the record, is there an official feeling or general approach that you offer here today that perhaps we should not include the Veterans' Administration employees? I may have missed it earlier in the testimony.

Miss PARSONS. I would take the stand, as Chairman Hampton did, that this whole area of people paid from nonappropriated funds should be considered in relation to the original legislation and purposes, their operations, the types of appointment, and other things that affect them. It seems to me that if you put them under this system just for pay, you certainly would have to look at the laws that affect them in other ways.

Mr. HENDERSON. Would the gentleman yield?

Mr. LUKENS. Yes.

Mr. HENDERSON. These canteen operations in VA are fairly small. How many employees work in the canteens in your largest operations? Four—Five—Three?

Mr. HADRO. We have about 3,000 in about 160 hospitals. The range is from five to more than 40 in the few largest installations.

Mr. HENDERSON. Are they working in one location in the largest hospitals? Or do you have three or four canteens in those hospitals?

Mr. HADRO. In most cases we have one canteen which encompasses the retail store and a food service.

Mr. HENDERSON. I am sure Mr. Lukens would agree with me that this is impossible to compare with a military post exchange operation.

Mr. LUKENS. I agree with that.

Mr. HADRO. I might cite one example, and it is just a trial we are going through—in a few of the canteens we have discontinued the sale of cigarettes in the interests of health, on a trial basis, and we have noticed that the sales are down considerably.

Mr. HENDERSON. Do you know whether or not you have reduced the consumption of cigarettes by this technique?

Mr. HADRO. No; we do not know that.

Mr. HENDERSON. Or conversely, have you improved the health of your patients?

Miss PARSONS. We do not know that either.

Mr. LUKENS. It would seem the military also would have a greater flexibility in its approach to sales prices, because they deal with three and four levels of income and as a result they could carry higher priced items which a high-income officer or upper ranking noncom might buy. But at a Veterans' Administration hospital you are limited. They probably would not be there if they had the funds on the outside.

Mr. HENDERSON. To what extent are the employees of the canteens handicapped?

Miss PARSONS. Well, we stress that in connection with employment, and I do know that a number of them are. I do not have any figures.

Mr. HENDERSON. You can clearly say now that your canteen operation does not cost the taxpayers anything?

Miss PARSONS. That is right.

Mr. HENDERSON. Such profits as are made go to the benefit of the patients through reduced prices?

Miss PARSONS. Well, yes; through prices, or it would go back to the Treasury if we make a certain amount.

Mr. HADRO. That is right. Any surplus is supposed to be returned, except in the case of the \$900,000 that was cited here will be used to purchase equipment, replenish inventories, and for other working capital requirements.

Mr. HENDERSON. You said it is returned to the Treasury?

Miss PARSONS. If we had surplus funds. But now, as I said—

Mr. HENDERSON. Have you ever had any? Do you have?

Miss PARSONS. We don't have any surplus now.

Mr. HADRO. There is a slight profit.

Mr. HENDERSON. What I am trying to get at is why would you have a profit that would go to the benefit of the taxpayers from the canteen operation?

Miss PARSONS. There is a provision in the law that any excess funds would go to the Treasury.

Mr. HENDERSON. Could the profits be used for equipment or recreation?

Miss PARSONS. They could be used for equipment and in improvement of the canteen.

Mr. HENDERSON. I think the reason we wanted to get familiar with this is because I feel that we ought to be very careful. Even if we made a decision to cover nonappropriated employees, we need a deliberate decision with regard to covering your VA nonappropriated-fund employees. I am inclined to think from your responses to Mr. Lukens and me that we ought to be very careful. I doubt seriously we could really do away with the canteen operations. I think if we made it impossible to operate it in a self-supporting manner, the costs would fall on the taxpayer in one way or the other.

Miss PARSONS. That is right.

Mr. HENDERSON. And yet we are not unmindful that those employees ought to be paid as well as we can, but from what you said, apparently they are part time?

Miss PARSONS. And we do make the surveys, and I do feel we are paying them comparable rates with that type of work in the community. As long as we can do that, and operate within the law, I think that it seems to us satisfactory.

But if we should reach the point where we feel the pay is not fair and equitable, I am sure we would recommend some action.

Mr. HENDERSON. We certainly appreciate your statement on your policy, the policy of the Veterans' Administration in this regard. I certainly want to commend you for not only your appearance here but your very close attention to our hearings on this subject. Certainly we are not afforded the opportunity very often to commend you and your associates for the very fine cooperation that our subcommittee has had with you.

Mr. Lukens, before you came in I complimented the representatives of the Veterans' Administration by pointing out that in our opinion they have done the best job of managing manpower of any Federal agency.

You people are responsible for this, and we certainly recognize it, and we thank you for your appearance today.

Miss PARSONS. Thank you very much.

Mr. HENDERSON. The subcommittee will stand adjourned until the call of the Chair.

(Whereupon, at 12 noon, the subcommittee was adjourned, subject to the call of the Chair.)

WAGE BOARD PAY RATES

WEDNESDAY, SEPTEMBER 24, 1969

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

The subcommittee met at 10:05 a.m., in room 2251, Rayburn House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

We are today continuing public hearings relating to the establishment through legislation of an equitable system for paying our Government's 800,000 wage board employees.

Previously we have heard from three employee union leaders and three spokesmen for management. This morning we are to hear first from the Assistant Administrator for Administration of the General Services Administration, Mr. W. L. Johnson, Jr.

He will be followed by Mr. William H. Ryan, the National Coordinator for the International Association of Machinists and Aerospace Workers; and also representing the Metal Trades Department of the AFL-CIO.

Mr. Johnson, we are delighted to have you and your associates this morning. You might want to introduce those accompanying you, and then you may proceed with your statement.

TESTIMONY OF W. L. JOHNSON, JR., ASSISTANT ADMINISTRATOR
FOR ADMINISTRATION, GENERAL SERVICES ADMINISTRATION,
ACCOMPANIED BY JAMES W. HARDGROVE, DIRECTOR OF
PERSONNEL, AND GERALD COOK, DIRECTOR, COMPENSATION
DIVISION

Mr. JOHNSON. Thank you, Mr. Chairman.

I have on my right Mr. Jim Hardgrove, my Director of Personnel; and to his right, Mr. Cook, my Director of Compensation.

Mr. HENDERSON. We are glad to have you gentlemen with us.

Mr. JOHNSON. It is a pleasure to be here today to provide the committee GSA's views on H.R. 8764, a bill "To provide an equitable system for fixing and adjusting the rates of compensation of wage board employees."

The objective of the proposed legislation is to provide and maintain like pay for like work to wage board employees throughout all agencies of the Federal Government at a level comparable to similar jobs in

private industry. The bill itself would establish a uniform system for determining and adjusting the rates of basic compensation paid Federal employees in trade, craft, and laboring occupations in accordance with the prevailing rates paid by private industry in the area.

While we agree wholeheartedly with the objectives of the bill, we feel that these objectives are better met through the more flexible executive action approach of the present coordinated Federal wage system than through the rigid inflexibility of detailed procedures which this bill would establish. GSA, therefore, opposes enactment of H.R. 8764.

We object to the proposed legislation on two basic grounds. First, we believe it installs rigidity into a system whose very effectiveness depends on its flexibility. The labor situation is one which changes rapidly; and, as a result it is often necessary to adjust detailed policies and procedures to keep pace with the changing situation. The provisions of the proposed legislation relating to wage rate schedules, wage surveys, wage data processing, and administration of the system are so rigid and strict as to allow little adjustment or change when it becomes necessary. We believe it would be impractical to try to obtain legislation to make each of the necessary changes in the detailed provisions of H.R. 8764 which changing circumstances may require, both now and in the future.

GSA has observed the advantages of flexibility at close range during the time we have had our Deputy Director of Personnel, Mr. Robert Huddleston, as one of the representatives on the National Wage Policy Committee, and Mr. Gerald Cook, Director of Compensation, as alternate for Mr. Huddleston in that role. In establishing a uniform and equitable system for fixing and adjusting the rates of compensation of wage employees, the National Wage Policy Committee made use of the flexible approach. As a result of this experience, it is our opinion that had the National Wage Policy Committee been operating under legislation such as H.R. 8764, which mandates both procedure and result, its task of developing and recommending regulatory provisions to cover the consolidation of the various executive agencies' wage and classification systems into a single system, the transition and conversion plan and procedures, and the assuring of maximum possible equity to all affected employees, would have been much more difficult. The policies and procedures governing implementation of the coordinated Federal wage system are nearly completed and are working well. The facility of the system to adjust to and cope with problems already encountered and to meet changing needs in the future is inherent in the system. This ease of adjustment would not exist under the proposed legislation.

Our experience in practice at GSA to date under the policies, regulations, and procedures issued by the Civil Service Commission upon recommendation of the National Wage Policy Committee for implementing the coordinated Federal wage system has been highly satisfactory for the most part. We have encountered some minor difficulties which resulted from the fact that we were changing from one system to another. These difficulties would not have been prevented by the proposed legislation and will be corrected by the operation of the system itself.

Our second reason for opposing H.R. 8764 is that in addition to prescribing detailed procedures for operation of the system which would subvert its own objectives, the bill contains other provisions which would effectively separate the responsibility for administration of central policy from the authority to make that policy.

Sections 5346 and 5347 of the proposed legislation would give authority for action and decision to the National Wage Policy Committee, agency wage committees, and the local wage survey committees. This authority is not offset by any provision for the heads of the organizations establishing the committees to exercise any control over their actions and/or decisions. Thus, responsibility for personnel management would rest with the central policy making organization while the actual decisions in this area would be made by the wage committees. This separation of decisionmaking authority from the responsibility for overall personnel management is, in our opinion, illogical, would be unworkable, and could seriously jeopardize the effectiveness of centralized Federal personnel management and control. We feel it is desirable to preserve the responsibility and authority for Federal personnel management in one body as is now the case with the coordinated Federal wage system.

There are other provisions of H.R. 8764 which we believe are inconsistent with the basic prevailing rate concept and established wage administration principles and practices. Among these are:

1. The provision in proposed section 5346 for ten pay steps in each grade level with an increment between steps of at least 3 percent. In view of the industrial practice of having a single rate or very few rates within a limited range for a job, this proposed range of 30 percent or more between the bottom and top rates for a given grade would result in rates substantially higher or lower than the prevailing rate in the area for similar work. The extent of the disparity, and whether the overall range of the Federal wage rates for the grade would be too high or too low, would depend on which step rate was established as the "payline" rate. The bill does not specify which step would represent the "payline" rate, nor does it specify the number of grade levels among which wage jobs would be distributed.

2. The provision in proposed section 5342 that each wage survey area include at least one standard metropolitan statistical area as defined by the Bureau of the Census. The size and composition of some of these statistical areas are such that the wage survey areas included therein would be "regional" rather than "local" in scope, a substantial and unrealistic departure from the prevailing rate principle.

3. The provisions in proposed section 5342 and 5347 pertaining to the use of wage data collected outside the wage area. There is a recently enacted law—and Mr. Chairman, I am sure you are familiar with it—Public Law 90-560, that requires separate treatment of "outside the area" rates for principal types of positions in certain affected types of occupations only. Even this limited application of rates from outside the area is unsound in a prevailing rate system of pay fixing and we are of the opinion that it should be repealed. The extension of this concept as proposed by the legislation would result in pay schedules applicable to all positions in an area which are out of line with local prevailing rates.

4. The provision in proposed section 5346 which would appear to require only one pay schedule for each wage area. This schedule would cover both nonsupervisory and supervisory wage employees. This is not the case in private industry. Under current pay practices in private industry, trade and craft supervisors most often are paid from a different schedule with different rate ranges than the schedules from which nonsupervisory employees are paid.

5. The provision in proposed section 5342 which would require that construction industry employers be included among those from whom survey data would be collected and used. We believe in GSA it is inappropriate to consider rates paid in construction work in determining the rates to be paid to Federal employees engaged primarily in production and maintenance work; and,

6. The provision in proposed section 5544 which would require that the two days outside the basic 40-hour administrative workweek be consecutive in situations involving shift work in which some Saturday and/or Sunday work must be scheduled. This would force managers to utilize their personnel poorly or to grant excessive overtime.

Mr. Chairman, this concludes the presentation of the prepared views of the General Services Administration on H.R. 8764. We would be most happy to try to answer any questions which you or the other members of the subcommittee might have.

Mr. HENDERSON. Thank you, Mr. Johnson.

How many wage board employees does GSA presently have?

Mr. JOHNSON. At present we have 19,300 wage board employees; this is roughly 50 percent of the agency total personnel strength.

Mr. HENDERSON. What percentage of those employees are covered by the coordinated Federal wage system?

Mr. JOHNSON. Presently 11,072 of the 19,300 wage employees are covered by the coordinated wage system. Roughly 57 percent of our wage board employees are already under it. We may be running a little higher on this than other Government agencies; primarily because one of the areas that has been converted is the city of Washington, and we have a large number of wage employees in that city, primarily taking care of Government buildings.

Mr. HENDERSON. Within the next 2-year period you would expect a hundred percent coverage?

Mr. JOHNSON. Yes, sir. We expect to cover another approximately 8,200 employees by October 1970 which will give us full coverage.

Mr. HENDERSON. Mr. Nix, do you have questions? I don't want to take all the time.

Mr. Nix. Thank you, Mr. Chairman.

Mr. Johnson, you only agree with the objectives of H.R. 8764; that is the extent of your agreement?

Mr. JOHNSON. This is correct, sir.

Mr. Nix. Your disagreement seems to be based primarily on what you call the rigid inflexibility of the proposed legislation?

Mr. JOHNSON. Yes, sir.

Mr. Nix. What is the basic difference between the proposed legislation and the system under which you now operate?

Mr. JOHNSON. When you say sir, "the system under which we now operate" do you mean the coordinated wage system under which we now have 57 percent of our employees covered?

Mr. NIX. The authority under which the objectives are now being realized.

Mr. JOHNSON. Let me start, and then I would like Mr. Cook to answer your question more directly and see if he can graphically explain these differences. I think the major issue is one of flexibility in terms of meeting changing conditions. We feel the present coordinated wage system, which was started roughly 2 to 2½ years ago, provides all of the mechanics to meet the objectives of the bill and provides them in such a manner to make it much more flexible to change when conditions change rather than through the sometimes laborious process of asking for modification of legislation which deals with the procedural aspects of the system.

Mr. NIX. The point I make there—and I shall not ask many more questions—is this: If it is legislation, the interpretation of it would come as a result of construction of the legislation. And it seems inconceivable to me that the authority charged with the responsibility of construing legislation would not be sensible to the needs of the moment. I do not believe that this legislation could be so worded and so constructed as to be insensible to the needs that it is designed to take care of.

Mr. JOHNSON. I agree with you that a piece of legislation can be designed to take care of and be sensitive to the known needs of a particular moment in time. But the difficulty is that legislation has a tendency to be unable to project the evolution of needs and situations which are 1, 2 or 3 years away, and sometimes even 6 months away, where you have radical changes in conditions. That is the point we are trying to make.

Mr. NIX. One last thing. Then if the present system is given the authority to project into the future, it seems to me the Congress has abdicated its own authority by giving power to an agency that I do not think it should have.

Mr. JOHNSON. As I remember, the power to set wage rates has been given to heads of executive departments since—what year, Mr. Cook?

Mr. COOK. For wage employees, this goes back to the early years of the Federal Government. The first legislative act for fixing the rates for blue collar workers on a prevailing rate basis was legislation enacted in the 1850's or 1860's giving authority to local naval shipyards to fix rates on this basis. It is this principle which is continued in the present system.

Mr. NIX. Thank you, Mr. Chairman.

Mr. HENDERSON. Mr. Hamilton, do you have questions of the witness?

Mr. HAMILTON. Mr. Johnson, I noticed in your statement you speak about the present system working well, the coordinated Federal wage system. We have had on a number of occasions employee groups say to members of this committee that they are not happy and are displeased. What is your comment on that?

If they are unhappy and displeased, maybe the system is not working quite as well as you might indicate in your statement there.

Mr. JOHNSON. When I say the system is working adequately in GSA, let me explain that my role in GSA is like that of a general manager for the agency. I have the financial side of the agency also, and if I answered your question in terms of the increased use of financial resources to pay for these pay rate increases, my answer would be some-

what different. Basically, however, I also fill the role of being the final appellate action level for all grievances, both those of workers, management, and employee organizations. Since we started the conversion we have had problems, but we have not had any major problems which have come to my attention for resolving. So, I have to assume that with 19,000 people covered—and they understand that we are moving as fast as we can—we have not received any valid major complaints. We do have questions about the application of what we are doing such as you would normally get with any pay system. But we have not received, either from the unions or from individual employees, adverse criticism about the system itself.

Mr. HENDERSON. Will the gentleman yield for one question on that point?

Mr. HAMILTON. Surely.

Mr. HENDERSON. Do you have any employees in what we would normally refer to as in the nonappropriated fund category?

Mr. JOHNSON. No, we have no nonappropriated fund employees in GSA, who are under a separate pay system.

Mr. HENDERSON. So all your employees are either the classified or wage board?

Mr. JOHNSON. That is right. And these generally fall under appropriated funds or revolving funds.

Mr. HAMILTON. I want to be sure I understand you correctly. You say you have no complaints of any kind pending from employee groups for GSA with regard to the operation of this system?

Mr. JOHNSON. On the application of this system.

Mr. HAMILTON. None at all?

Mr. JOHNSON. No, sir.

Mr. HARDGROVE. Let me add to that. At Mr. Johnson's level we have had none. In our personnel office we have received questions concerning the interpretations of matters, such as the application of night differential rates, from local union organizations and employees, and these we have been able to answer. But these have never become the adverse type of problem which had to be resolved up the line.

Mr. HAMILTON. How many complaints do you have down below the appellate level?

Mr. HARDGROVE. Perhaps half a dozen questions in the interpretation area.

Mr. COOK. We usually average two or three inquiries a month from either employees or employee organizations. These have been related principally to matters of interpretation of the application of various aspects of the system to individual situations. These inquiries have related as much to the transitional actions we have taken to liquidate our separate custodial rates faster than the coordinated system is being implemented as to the implementation of the coordinated system itself. An example is the several questions we have had on the application of the new supervisory rates. It is principally this kind of thing.

Mr. HAMILTON. So it is your impression the system is working well, not only from the management of GSA's point of view, but also from the employee groups?

Mr. COOK. The employee groups associated with our agency.

Mr. JOHNSON. I think it is fair to say that we have had not more inquiries on the transition to the coordinated wage rates than we generally have from employees when we place new general schedule pay rates in effect.

Mr. HENDERSON. Would you yield to me again? I had a question I was going to ask to follow right on this point.

Mr. HAMILTON. Surely.

Mr. HENDERSON. My recollection, gentlemen, is that as we studied some 3 or 4 years ago this problem, we noted what we considered to be a basic fallacy and problem of the system before the coordinated system was implemented, revised and implemented. We looked at the basic problem of the disparity between wage rates for the same job within a given area. You mentioned that you have been covered in the Washington area. My recollection is—without going back and reviewing our hearings and the record we had—that in the Washington area, for example, with the Army, Air Force, and Navy system, GSA, VA and St. Elizabeths Hospital, that generally the GSA pay rates were lower.

So would we not conclude that from the implementation of the coordinated wage system you have had substantial increases for your employees? And this could be the obvious answer to the fact that at the present time, Mr. Hamilton, the employees are generally satisfied with the implementation of the coordinated wage system.

Mr. JOHNSON. Mr. Chairman, you are right. But from a management standpoint the advantages have been that where you had employees job shopping among Federal agencies in the same area, this has stopped.

Mr. HENDERSON. And you have got more continuity in your employment?

Mr. JOHNSON. Yes, in our work force.

Mr. HENDERSON. Have you reduced your turnover?

Mr. JOHNSON. Yes, we have. Now, I cannot say, in all fairness, that turnover has been reduced by this and this alone. The personnel ceilings we had last year where we were filling three of our every four vacancies also had an impact. Because GSA's rates were lower than most other agencies before the institution of the new system we provided a training ground for people so that they could later transfer somewhere else. This situation has improved because we now have an equal pay principle in the geographic area, and it no longer makes sense to job shop among Federal agencies because the pay is the same for the same levels and kinds of work.

Mr. HENDERSON. This was certainly the major objective of our subcommittee members in urging and supporting the implementation of the coordinated Federal wage system.

Now, if Mr. Hamilton would permit me—we have plenty of time this morning—I think it would be well for you to touch on the budget implications. What is the cost here? You mentioned you also have that responsibility, and I think it would be helpful for us to have you tell us in a general way what this has done.

Mr. JOHNSON. As you would imagine, with its public buildings responsibility, GSA has a considerable number of maintenance workers in the wage board area. With 50 percent of its employees under wage

board, any dramatic increase in the rates requires considerable resources. To give you an idea: In the city of Washington, when we went to the coordinated wage rates, the average increase for our grade 1 custodial employees was 49 cents per hour. This was a 28.6-percent increase in our payroll cost for these employees. This varies, of course, because next we have Montgomery, Ala., where we had an 11-cent increase per hour for these employees, which only amounted to a 6.5-percent increase in our payroll cost. And so they vary, San Francisco was 34 cents an hour, an average increase of 12.6 percent, San Diego was 66 cents an hour for an average increase in our payroll cost for this category of employees of 29.4 percent, Philadelphia at 47 cents an hour was an increase of 22.2 percent, Denver 54 cents an hour and 25.9 percent, Utah 82 cents per hour with an increase of 44 percent in our payroll cost, New York 48 cents per hour for an average 20-percent increase, and Louisville, Ky., 77 cents an hour with a 38-percent increase.

Mr. HENDERSON. Mr. Johnson, I think the figures you have given are very helpful to us, and I would suggest that if you have this prepared in full detail, that you might furnish it to the staff for inclusion in the record at this time.

Mr. JOHNSON. We would be glad to.

Mr. HENDERSON. Mr. Hamilton, if you would yield?

Mr. HAMILTON. Certainly.

(The information follows:)

AREAS CONVERTED TO THE COORDINATED FEDERAL WAGE SYSTEM AS OF SEPT. 9, 1969

Locality	Average increase (cents per hour)		Average increase (percentage)	
	Custodial grade 1	Overall	Custodial grade 1	Overall
Mobile, Ala.	\$0.57	\$0.18	33.9	7.0
Montgomery, Ala.	.11	.12	6.5	5.1
Biloxi, Miss.	.56	.24	33.3	9.2
Southwest Oregon	.62	.28	29.3	9.7
Alaska	.73	.51	25.0	12.3
Gainesville, Fla.	.35	.20	20.8	8.0
Brunswick, Ga.	.66	.19	39.2	7.0
Oklahoma City, Okla.	.48	.23	28.5	9.1
Southwestern Oklahoma	.51	.21	30.3	8.6
Tampa-St. Petersburg, Fla.	.41	.14	24.4	5.6
Washington, D.C.	.49	.20	28.6	7.2
Charleston, S.C.	.20	.15	11.9	5.9
Pensacola, Fla.	.34	.17	20.2	6.3
Cocoa Beach-Melbourne, Fla.	.98	.49	57.9	17.3
Fort Wayne-Marion, Ind.	.52	.32	24.7	10.8
San Francisco, Calif.	.34	.37	12.6	11.4
Champaign-Urbana, Ill.	.57	.51	26.1	17.1
Davenport-Rock Island-Moline, Iowa-Ill.	.46	.32	20.5	10.4
Burlington, Iowa	.56	.26	28.8	9.4
Dubuque, Iowa	.63	.43	31.1	14.8
Roanoke, Va.	.23	.31	12.8	12.6
San Diego, Calif.	.66	.30	29.4	9.5
Philadelphia, Pa.	.47	.24	22.2	8.1
Cedar Rapids-Iowa City, Iowa	.50	.31	24.2	13.2
Des Moines, Iowa	.54	.29	26.0	9.9
Topeka, Kans.	.55	.38	27.5	14.1
Wichita, Kan.	.44	.32	22.7	12.0
Wilmington, Del.	.20	.23	9.0	7.9
Richmond, Va.	.37	.21	21.6	8.0
Denver, Colo.	.54	.35	25.9	12.4
Southern and western Colorado	.36	.42	17.4	15.9
Pittsburgh, Pa.	.40	.30	18.3	10.4
Utah	.82	.17	44.5	8.8
Wyoming	.66	.34	32.6	12.0
Portland, Maine	.35	.19	18.6	7.6
Hagerstown, Md.-Martinsburg, W.Va.-Chambersburg, Pa.	.37	.24	18.6	8.9
Minneapolis-St. Paul, Minn.	.41	.38	18.0	12.6
New York, N.Y.	.48	.23	20.7	7.5
Harrisburg, Pa.	.44	.20	21.8	7.1

AREAS CONVERTED TO THE COORDINATED FEDERAL WAGE SYSTEM AS OF SEPT. 9, 1969—Continued

Locality	Average increase (cents per hour)		Average increase (percentage)	
	Custodial grade 1	Overall	Custodial grade 1	Overall
Milwaukee, Wis.	\$0.49	\$0.28	21.7	8.9
Lexington, Ky.	.33	.29	18.4	11.2
Louisville, Ky.	.77	.28	38.3	9.4
Charlotte, N.C.	.25	.27	14.3	11.4
Memphis, Tenn.	.33	.25	18.7	9.7
Nashville, Tenn.	.50	.17	27.7	6.6
Eastern Tenn.	.43	.18	23.7	7.2
Eastern N. Dak.	.50	.30	23.6	10.7
Western N. Dak.	.53	.30	25.0	10.3
Northeastern Ariz.	.58	.41	30.2	14.4
Tucson, Ariz.	.72	.35	34.9	11.9
Reno, Nev.	.60	.41	26.0	13.5
West Virginia	.60	.35	30.7	12.5
Lake Charles-Alexandria, La.	.29	.51	17.2	21.2
Shreveport, La.	.25	.30	14.8	12.5
Texarkana, Tex.	.41	.40	24.4	16.4
New Haven, Conn.	.26	.30	11.3	10.9
Rochester, N.Y.	.48	.26	22.8	8.5
Augusta, Maine	.32	.24	15.7	9.4
Cleveland, Ohio	.41	.21	17.3	6.4
Albuquerque, N. Mex.	.21	.17	10.2	6.1
Southern New Mexico	.52	.39	30.0	14.7
El Paso, Tex.	.35	.32	20.8	12.4
Augusta, Ga.	.12	.31	7.1	13.3
Savannah, Ga.	.44	.28	26.0	10.4
Amarillo, Tex.	.62	.19	32.9	6.6
Lubbock, Tex.	.39	.14	23.2	5.5
Waco, Tex.	.42	.16	23.5	5.9

Mr. HENDERSON. Do you not believe that if you were to ask your wage board employees now, with the experience they have had under the coordinated wage system, that they would be very anxious to see this new system written into basic law so that they would feel that these decided advantages that they have gotten in the last 2 years, or those they anticipate getting would continue? Would they not be most anxious to see that this was enacted by Congress so that they would feel that it could not be taken away from them without congressional action?

What I am trying to get at here is that I believe that one of the great motivations of the employee organizations and the individual employees in urging us to enact legislation is just for this reason.

Mr. JOHNSON. You are asking for a personal opinion, and I personally would have to say that this is a human reaction for this group of employees because of their inherent mistrust of management.

Mr. HENDERSON. I have asked the staff to bring up the present basic law under which the coordinated wage system is being operated because I thought it would be well to include it in the record this morning. It is only about one paragraph covering a fourth of a page in the code; whereas we are considering legislation that certainly is far more in detail and in depth, which brings about your objection to the legislation because of the anticipated rigidity. But you would have no objection, I would assume, if we could write into it at the present time general principles and the underlying philosophy of the present coordinated wage system, if such legislation did not affect the flexibility and the management prerogatives that you feel you now have?

Mr. JOHNSON. That is correct Mr. Chairman. A pronouncement of general principles and objectives by the Congress without the rigidity

of prescribed methods and procedures for carrying them out would be a compromise for both positions on this legislation.

Mr. HENDERSON. Without implicating any responsibility on an agency, for example, such as GSA, I would say that perhaps I should address this comment to the Civil Service Commission, and perhaps we may want to bring them back for this purpose.

This was basically their proposal, but the Civil Service Commission or the administration have not proposed that type of general legislation to the Congress.

Mr. JOHNSON. Mr. Chairman, I believe that question would more appropriately be asked of Chairman Hampton of the Civil Service Commission.

Mr. HENDERSON. Subchapter 4, entitled "Prevailing Rate Systems," section 5341, entitled "Trades and Crafts." It is very brief. Subparagraph (A) reads:

The pay of employees excepted from Chapter 51 of this title by section 5102(c) (7) of this title shall be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates. Subject to Section 213(f) of Title 29, the rates may not be less than the appropriate rates provided by section 206(a) (1) of Title 29.

(B) When the Civil Service Commission concurs in a finding by the employing agency that in a given area the number of employees to whom this section applies is so few as to make prevailing rate determinations impractical, these employees are subject to the provisions of subchapter III of this chapter and chapter 51 of this title, which are applicable to positions of equivalent difficulty or responsibility.

And then there are cited various public laws.

I believe subsection (B) is the so-called Monroney law that you recommended be repealed this morning.

So actually you have very simple language in the Code enacted by Congress, giving the basis for paying of these 800,000 wage board employees. It says:

The pay shall be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates.

So, Mr. Nix, it is quite obvious with such a short and general underlying basis for operation that the management feels they have got all of the flexibility and authority in interpreting what are prevailing rates and so on.

I think your arguments in that context were well presented this morning.

Thank you, Mr. Hamilton.

Mr. HAMILTON. Certainly, Mr. Chairman.

Mr. JOHNSON, I noticed on page 6 of your statement that you do not want to include the construction industry workers at all to form a basis for establishing wage board wages. GSA does a lot of construction work. Why do you oppose the inclusion of these people?

You say in your statement that you think it is inappropriate to include workers engaged primarily in production and maintenance work. But if you are doing the same kind of work in maintenance that you are in construction, why should you not include the men? A carpenter is a carpenter.

Mr. JOHNSON. I would like Mr. Hardgrove to address himself to this question.

Mr. HARDGROVE. The so-called Davis-Bacon Act prevailing rates for various areas show that people in industry who do construction work and generally work on a seasonal basis receive higher hourly rates than maintenance workers in industry. Therefore, we believe it is inappropriate to compare our work with construction workers in a given area. GSA's work is not seasonal, it is performed 12 months out of the year.

Mr. HAMILTON. Do you not have any construction workers?

Mr. HARDGROVE. No. We contract out the construction of buildings.

Mr. JOHNSON. In other words, the difference in GSA is that if we build a building like the Rayburn Building it would be by contract. We do not use what is called "force account" employees on large construction projects.

Mr. HAMILTON. Are you telling me in the private sector a carpenter doing construction work is paid at a different level?

Mr. HARDGROVE. The Davis-Bacon Act is the governing law on construction rates paid by private contractors on Government construction projects and is administered by the Labor Department.

Mr. JOHNSON. There is a reason for that. A carpenter working for us, who is doing maintenance work on a full-year basis and who works inside, is going to work regardless of weather conditions. But a construction carpenter cannot work on an outside job because of weather conditions in certain parts of the country. It just can't be done.

Mr. HARDGROVE. To sharpen up the point we are making, industry pays two different rates for carpenters depending on whether they are engaged in maintenance work or construction work.

Mr. HAMILTON. I notice in your statement that you refer to the decisionmaking aspects of this bill. For example, on page 2 you refer to the bill "which mandates both procedure and result;" and on page 4 you talk about the two sections there, 5346 and 5347, as giving "authority for action and decision to the National Wage Policy Committee."

I would like you to elaborate on that, if you would, please. The powers of the committee are powers to recommend; and yet I do see, as I think you see, some inconsistencies in the language of the bill.

Mr. JOHNSON. That, I think, is what we are trying to point out.

Mr. HAMILTON. I would like you to spell that out for us.

Mr. COOK. Mr. Hamilton, representative of those things we have in mind is the provision in section 5346 on page 15, line 9 which states, "the Policy Committee shall determine." On page 16—

Mr. HAMILTON. Let me pursue that a little bit. The language of that is that "the committee shall determine the grades of difficulty and responsibility." The wage rate itself is not determined by the policy committee. Is that the way you read that language? Do you have a copy of the bill before you?

Mr. JOHNSON. Yes; that is what he is looking at.

Mr. HAMILTON. My point is: The language to me says there shall be established a basic wage rate. But it does not say the policy committee shall determine the wage rate. It says the policy committee shall determine the grades of difficulty and responsibility.

Mr. JOHNSON. But it does not say who does.

Mr. HAMILTON. That is right.

Mr. COOK. In this particular case, the determination of the number of levels of difficulty.

Mr. HAMILTON. Will control the setting of the rate?

Mr. COOK. Or control the fixing of rates for different kinds and levels of jobs.

Mr. JOHNSON. I think part of the point is that this provision is not entirely clear and is subject to more than one interpretation.

Mr. COOK. As another example, take the next page, page 16, lines 3 and 4, which provide for regulations to be issued by the Policy Committee. If we are interpreting this correctly, it gives authority to the Policy Committee to issue regulations covering the operation of the system rather than to serve in a policy role.

Mr. HAMILTON. Mr. Chairman, there is probably no point in pursuing this line by line through the bill. Perhaps we could request that they submit to us those areas of the bill where they find difficulty, and that would be satisfactory. We are in agreement on the basic point of confusion in the bill.

Mr. JOHNSON. We would be glad to provide that.

Mr. HENDERSON. It would be most helpful if you would do that.
(The information follows:)

PROVISIONS IN H.R. 8764 WHICH APPEAR TO VEST AUTHORITY FOR ACTION AND DECISION IN THE NATIONAL WAGE POLICY COMMITTEE, AGENCY WAGE COMMITTEES, AND LOCAL WAGE SURVEY COMMITTEES

1. Section 5342, page 7, lines 6 and 7 and lines 14 through 16:
 "... a specific wage area selected by the Policy Committee . . ."
 "(13) 'lead agency' is any Federal department or independent agency designated by the Policy Committee to conduct a wage survey in a wage area . . ."
2. Section 5345, page 13, lines 22 and 23: "... each host activity designated as such by an agency wage committee . . ."
3. Section 5345, page 15, lines 1 through 4: "... the agency wage committee having jurisdiction, with the prior approval of the Policy Committee, shall issue appropriate regulations to establish a local wage survey committee."
4. Section 5346, page 15, line 9: "... Policy Committee shall determine . . ."
5. Section 5346, page 16, lines 3 and 4: "... regulations issued by the Policy Committee . . ."
6. Section 5347, page 16, lines 17 through 20: "... agency wage committees shall have responsibility for . . . establishing wage schedules . . ."
7. Section 5347, page 17 line 3 and lines 6 and 7:
 "... developing a schedule of wage surveys . . ."
 "... development of wage rates schedules for which it is responsible."
8. Section 5347, page 19, lines 18 through 22: "The local wage survey committee shall rule on all areas of disagreement involving interpretation of regulations and interpretation of instructions manuals issued by the Policy Committee with regard to the conduct of a wage survey."
9. Section 5347, page 20, lines 20 through 22: "The agency wage committee shall . . . issue approved wage schedules . . ."
10. Section 5347, page 21, lines 7 and 8, lines 8 through 10, and lines 14 and 15:
 "... prior approval of the Policy Committee . . ."
 "... agency wage committee . . . to approve and implement wage rate schedules."
 "A separate wage schedule shall be established by the agency wage committee . . ."

Mr. HENDERSON. Mr. Lukens?

Mr. LUKENS. I must say, Mr. Johnson, from what I have heard of your testimony thus far this morning and from my own research, I would tend to agree with your criticism of the apparent rigidity of the bill. I have a couple other questions, however.

On page 3 of your testimony you make a statement here in the first paragraph about ease of adjustment not existing under the proposed legislation. I wonder if you could go over that one more time? You are basically stating that the system we already have easily adjusts to the vicissitudes and the differences in the demands for wage compensation. I wonder if you could explain why the ease of adjustment would not exist under this new proposed legislation?

Mr. JOHNSON. That is a good question. Mr. Cook, what about that?

Mr. COOK. What we have found, and continue to find, in working with the new system, is that we are searching for new means in order to come up with a compromise system which will fit all the needs. No matter how carefully you work up the procedures and methods, as the new system evolves there is a need to make quick changes in order to accommodate to new conditions or problems. Under the present system, for example, one of the problems encountered early in establishing rates under the coordinated system was certain inconsistencies with past pay patterns because of changes in the industrial coverage of the surveys. Under the present system we were able to make adjustments in the system quickly and develop wage data and paylines that were responsive to those needs.

Mr. LUKENS. At the risk of being abrupt, let me just ask this direct question. In line with my original question, what then prevents this adjustment capability in the proposed legislation?

Mr. COOK. Because the proposed legislation spells out in some detail the operating methods and procedures.

Mr. LUKENS. Would you say it is overly precise in spelling out the steps?

Mr. COOK. That is correct.

Mr. LUKENS. You are hinging your argument on that particular point. Is there anything else in addition to that?

Mr. COOK. No.

Mr. LUKENS. That is the basic thrust.

Second, you also make the statement, on the same page, at the bottom:

The bill contains other provisions which would effectively separate the responsibility for administration of central policy from the authority to make that policy.

We are fighting this out in the Post Office reorganization proposals right now. I wonder, in what way do you think the responsibility is really separated from the authority?

Mr. JOHNSON. That was a question I think we answered for Mr. Hamilton a minute ago. Because, as we see it, the bill is not clear as to who has the authority for what actions.

Mr. LUKENS. Thank you. That is what I wondered.

At page 5 of your testimony you make a comment in the second paragraph that:

The wage survey areas included therein would be "regional" rather than "local" in scope.

Has there ever been any thought given to the possibility of making the wages determined upon a regional basis? And if not, what would be the precise disadvantage or criticism against having a regional rather than a local concept?

It seems to me it would save a lot of time and be just as equitable in the long run.

Mr. JOHNSON. Let me see if I can answer that question this way. We have extreme difficulty right now in the city of New York in hiring general schedule, not wage board, employees, because we have a national rate. We also find it difficult to get these employees in the cities of Washington, Chicago and Los Angeles at the same pay levels that they will accept in Fort Worth, Kansas City, and Des Moines. Why? Because of the differential in the cost of living among these particular areas. The same would be true if we had regional rates. If you had regional rates and New York City, for example, was in the region which encompassed the rural areas of New England and Pennsylvania, the prevailing rates appropriate for the whole region might not be competitive in the metropolitan area of New York and you would not be able to compete in that labor market for good people.

Mr. LUKENS. If I can just draw attention to the chart that was given the members this morning, I notice with some interest—and perhaps I have misinterpreted this—in the Boston and New York areas for a carpenter, the range is \$3.63 to \$3.71. So we are talking about \$3.50 to \$4 an hour under the NLS rate. Yet in Seattle and San Francisco, where I would assume the cost of living would not be as high, they are making over \$4 in that area under the same category of a carpenter.

Mr. JOHNSON. You see, they are both pegged to the prevailing industrial wages in the areas.

Mr. LUKENS. I know I am begging the issue for the moment, but it seems to me the cost would be higher in New York City than San Francisco.

Mr. JOHNSON. I don't think you can deal specifically with the cost of living in making these comparisons. The comparability may be tied to strong unionization in one area versus another. Or it may be because of intangible items that are not evident on the surface in this kind of comparison. Each time we have looked at comparisons of pay rates in different localities, we have found that there have been valid reasons for the differences. The key point we are trying to make—and we believe the committee has been pushing the executive branch on this for some time—is that there should be equal pay for equal work in an area. It can be argued whether this area should be the city of New York, the metropolitan area of New York, or the State of New York, or whether it should be within a regional boundary. But at least it should be within a boundary established in some logical manner.

Mr. LUKENS. Let me say in all candor, Mr. Johnson, I am not yet convinced that local as opposed to regional rate setting is a superior system. I will take your word at this time because I have a lot of background to fill in before I can ask really informed questions.

Can you give me an idea of the disparity, or the specifics of disparities like between the lowest going rate and the highest going rate in these areas that would exist? New York and San Francisco seem to have the highest rate of living costs and the highest rates.

Mr. JOHNSON. In the statistics we gave before, where the lowest increase for our custodial grade 1 employees in Montgomery, Ala. was 11 cents per hour upon conversion to the coordinated federal wage system versus 82 cents in Utah.

Mr. LUKENS. Pardon me a moment. Rather than the cent increase or the percent increase, could you give me the going salary per hour?

Mr. JOHNSON. We can provide that for the record. I can give you the highest and lowest going salary by geographic area for these wage areas we have already done.

Mr. LUKENS. I would like that.

Mr. Chairman, that is all I have.

(The information follows:)

RANGE OF HOURLY RATES (GRADE 1, STEP 2) AMONG WAGE AREAS UNDER THE COORDINATED FEDERAL WAGE SYSTEM WITHIN THE 48 CONTIGUOUS STATES AND BY MAJOR GEOGRAPHIC AREA

Area	Location	Rate
Nationwide	Montgomery, Ala. (lowest) San Francisco, Calif. (highest)	1.79
Northeast	Portland, Maine (lowest) New York, N.Y. (highest)	2.23
Mid-Atlantic	Roanoke, Va. (lowest) West Virginia (highest)	2.02
Nationwide	Montgomery, Ala. (lowest)	1.79
	San Francisco, Calif. (highest)	3.03
Northeast	Portland, Maine (lowest)	2.23
	New York, N.Y. (highest)	2.79
Mid-Atlantic	Roanoke, Va. (lowest)	2.02
	West Virginia (highest)	2.55
Southeast	Montgomery, Ala. (lowest)	1.79
	Cocoa Beach-Melbourne, Fla. (highest)	2.67
Central	Lexington, Ky. (lowest)	2.12
	Louisville, Ky. (highest)	2.78
Midwest	Wichita, Kans. (lowest)	2.37
	Minneapolis-St. Paul, Minn. (highest)	2.68
Southwest	Shreveport, La. (lowest)	1.93
	Amarillo, Tex. (highest)	2.50
West	Southwest Oregon (lowest)	2.73
	San Francisco, Calif. (highest)	3.03

Mr. HENDERSON. Mr. Nix?

Mr. NIX. Thank you, Mr. Chairman.

Mr. Johnson, I have one last question. Recognizing and appreciating your approval of the present flexibility in the operations of the National Labor Policy Committee, I want to call your attention to the fact that the employee leaders testifying on this point felt that management held a controlling hand by the 6-to-5 vote. In the event legislation is written, what is your view as to changing that?

Mr. JOHNSON. Sir, I think that is a question that would be properly asked of the Chairman of the Civil Service Commission. My personal view is that this is an age-old question between management and labor. I ran into the same question in my early career in industry, where you had both unions and management arguing that the other had the balance of power, which is really what the question is about.

Mr. NIX. This is the decade in which all age-old questions are being solved.

Mr. JOHNSON. That is correct.

Mr. NIX. Thank you, Mr. Johnson.

Thank you, Mr. Chairman.

Mr. HENDERSON. Thank you very much, Mr. Johnson. You and your assistants have been very responsive this morning. We are appreciative of your appearance.

Our next witness is William H. Ryan, National Coordinator of the International Association of Machinists and Aerospace Workers, and also speaking for the Metal Trades Department of the AFL-CIO.

Mr. Ryan, we are delighted you could arrange to be here this morning, and we understood you have a very tight schedule. I understand you are scheduled to leave the city, but I think within the next hour we can complete your testimony and our questions on it.

**TESTIMONY OF WILLIAM H. RYAN, NATIONAL COORDINATOR OF
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE
WORKERS AND REPRESENTATIVE OF THE METAL TRADES
DEPARTMENT OF THE AFL-CIO**

Mr. RYAN. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, my name is William H. Ryan, and I am authorized by President Maywood Boggs of the Metal Trades Department, AFL-CIO, to present the position of the department and its affiliated unions to this subcommittee relative to H.R. 8764.

The Metal Trades Department is composed of 23 affiliated national and international unions, most of which represent Federal employees who would be subject to the provisions of this bill if it were enacted into law.

The Metal Trades Department has had a long history of involvement in the wage board pay rate-setting processes in the Federal Government. For many years prior to the administrative establishment of the coordinated Federal wage system, the department and one of its affiliates held appointive positions on the Navy Department's wage board which was composed of five representatives, two from labor, and three from the Navy Department.

Mr. Chairman, for the record I would like to note that I was one of the labor members of that Navy Department committee for about 15 years.

The Metal Trades Department, through the recommendation of the president of the AFL-CIO and by appointment of the Chairman of the U.S. Civil Service Commission, also was involved in the mechanics of establishing the ground rules of the coordinated Federal wage system. Needless to say, we did not manage to develop a new system which was completely to our liking because of the fact that the Civil Service Commission maintained strong rein over the final approval of any ground rules which would have administered the new system.

However, President Meany of the AFL-CIO upon the issuance of the final draft of the regulations governing the coordinated Federal wage system, hailed labor's participation, and the results of such participation as a long step forward in union-management relations in the Federal service.

I do not intend to burden this subcommittee with the minute details of the administratively established coordinated Federal wage system, because I am certain that the chairman and members of the subcommittee are familiar with the system through testimony from previous witnesses.

H.R. 8764, in our opinion, is an attempt to legalize the system into law, and at the same time, correct inequities and/or omissions, and make improvements in the system which are in the judgment of the framers of the bill needed to bring the system into maturity.

Some of the changes proposed by H.R. 8764 in our judgment are urgently needed, but some omissions should be corrected and other changes made before the Metal Trades Department and its affiliated unions can endorse and urge the enactment of this proposed legislation.

I will at this point attempt to identify those portions of the bill which we urge this subcommittee to change.

On page 2, commencing with line 20, it is proposed to be the declared policy of the Congress that the wage system "Provide for the maintenance of a level of rates of pay in line with prevailing levels for comparable work within a wage area . . .".

Under existing law, Public Law 90-560, section 4, approved October 12, 1968, if comparable industry job samples cannot be found within a wage area, then the survey process can be expanded into adjacent areas until such comparable job samples can be found in industry to fix rates for principal type positions in the Federal service which are identified with the principal mission or function of a local Federal establishment.

Under present Civil Service Commission interpretation of Public Law 90-560, such "outside survey area" rates stand on their own influence on the local area wage schedule, and these rates standing alone will distort historically accepted and recognized pay differentials and relationships. We urge that the committee retain the provision of the bill commencing in the middle of line 10 and through line 13 on page 7.

We also urge that the following 13 additions be added to the excluded Federal establishments:

1. Officers and members of crews of vessels.
2. Vessel employees of the Panama Canal Co.
3. Panama Canal Co.
4. Lighthouse keepers of the Coast Guard.
5. U.S. employees stationed in the Republic of Panama and Canal Zone.
6. Northwest and Southwest power.
7. Special schedules with differentials for remote areas, et cetera.
8. Printing and lithographic schedules.
9. Motion picture production schedules.
10. Hydro powerplants.
11. Radio broadcasting.
12. Construction work performed by Federal employees.
13. Craft schedules based upon administrative determination at the Bureau of Engraving and Printing.

These additional exclusions are currently excluded from the coordinated Federal wage system because they have a long history of pay relationship to an identified craft or industry, or they are covered by special legislation which the Metal Trades Department and its affiliates does not desire to disturb. Many of these pay systems are mutually agreeable labor-management pay fixing policies which have worked well over the years.

We recommend a change in the definition of a "wage survey area" which is defined commencing on line 23, page 5, through line 9 on page 6. We do not think it is important that the survey area should mandatorily contain at least one standard metropolitan statistical area as defined by the Bureau of Census. We therefore recommend the deletion of the last three words on line 2, and all of line 3, and the first 8 words on line 4 of page 6. We believe that the geographic size of the survey area should be left to the determination of the National Wage Policy Committee provided for in section 5343 of the bill.

Commencing on line 5 on page 10, the chairman of the National Wage Policy Committee may designate an alternate from within the Policy Committee to act for him in his absence. We respectfully submit

that this portion of the bill should be clarified to provide that the chairman must at all times cast his vote to break tie votes of the Policy Committee.

Under the present coordinated Federal wage system, the National Wage Policy Committee is composed of 11 members, as follows:

Chairman, appointed by the Chairman of the U.S. Civil Service Commission.

Five agency members appointed by the Chairman of the U.S. Civil Service Commission.

Five employee union representatives, four nominated by the president of the AFL-CIO, and one nominated by an independent union.

The independent union position is rotated amongst the independent unions holding significant membership under exclusive recognition amongst wage board employees in the Federal service.

We recommend that the current method of designating employee union representatives on the National Wage Policy Committee be not changed or disturbed. The current system of employee representation distribution was recognized as the most representative distribution, and was approved by the Chairman of the U.S. Civil Service Commission and we strongly recommend its continuance.

Section 5344 of H.R. 8764 established a five-member agency Wage Committee in each agency or department which is designated as a lead agency by the Policy Committee.

We take strong issue with the construction of the membership of the proposed agency Wage Committee.

First, we recommend that the chairman of the agency Wage Committee be a person employed by the lead agency who is mutually acceptable to the other four members of the committee. Our experience under the present coordinated Federal wage system lead agency Wage Committee has been anything but harmonious and constructive. Agency appointed chairmen consistently vote with the agency members and support the recommendations of the agency wage technicians irrespective of the merit and logic of the opposition's viewpoint. It is a foregone conclusion that the union members of the agency Wage Committees are going to lose motions by a 3-to-2 vote, irrespective of the merit of their position. Minority position papers are an exercise in futility because in all instances the approving authority backs the position of the majority. Thus, the minority needs some leverage in the selection of the swing-vote on the agency Wage Committees.

We are also strongly opposed to the construction of the employee-union representation on the agency Wage Committee. We recommend that the President of the AFL-CIO appoint one member, and that the head of the union having the largest number of employees subject to the act covered by exclusive recognition, in the lead agency, appoint the second employee union member. The member appointed by the President of the AFL-CIO would thus be charged with protecting the interests of all affiliates, and the second position would go to whichever union qualified; be it an affiliate or a nonaffiliate.

We recommend a change in language in lines 5 and 6 on page 14 to provide that the local wage survey committee member appointed by the qualifying union come from the union having the largest number of employees subject to the provisions of the act under exclusive recognition in the area of application of the wage schedule, rather than the area to be surveyed.

Section 5346 of the bill establishes a 10-step pay system in each labor grade; each pay step to be 3 percent higher than the preceding step rate. This is an effort to introduce the type of system that the Congress has recognized in the Classification Act pay system.

Under the coordinated Federal wage system, we have a three-step pay rate in each pay grade. The first step is 4 percent less than the second step, and the third step is 4 percent higher than the second step. The second step theoretically represents a statistical evaluation of the weighted average rate in industry for a job of comparable nature in the Federal service. H.R. 8764 does not specify at which step of the 10 steps the statistically arrived at area going rate for a given grade would be pegged. We strongly recommend that the area going rate be not established above step 2 in a 10-step pay system. If it were established at step 2, then the starting rate of the in-hire rate would be 3 percent lower than the area going rate in lieu of the present 4 percent. To establish the area going rate at any higher step in the 10-step system would jeopardize the recruitment potential of the Federal service. If, for instance, it was unilaterally determined to establish the area going rate at step 4 in the proposed 10-step system, then the in-hiring rate would be 9½ percent under the industry going rate, and thus seriously hamper recruitment because the employee would have to work one and one-half years before he could attain the area going rate.

Under the provisions of the bill, it would take 17½ years to reach pay step 10 in any single grade. This longevity principle is recognized by the Congress in both the Classification Act and the Postal Pay Act systems, and we strongly urge its extension to the wage board pay system.

Section 5347 of the bill in line 20 through 23 on page 16 authorizes each agency to determine the class, position, grade and title of jobs in its agency which are subject to the provisions of the act. We strongly object to this wide grant of authority to each agency, and respectfully call to your attention that it would lead to the very condition that the coordinated Federal wage system was established to correct; as an example, the payment of widely varying rates of pay for similar job duties between agencies within a given wage area. We strongly recommend that this authority be delegated to the Civil Service Commission upon recommendation of the National Wage Policy Committee.

This same section of the bill on line 8 through 11 on page 17 authorizes wage surveys only once in every 2 years. Under the present coordinated Federal wage system, a full-scale collection of industry comparable wage data is conducted every second year, but, change in industry wage data is collected via phone in alternating years to assure a closer continuancy of industry wage comparability. We urge that the bill be amended to provide for alternating year wage change adjustments, as has been the practice in the past.

We would like to address ourselves to the contents of subparagraph (c) on page 17, which places the responsibility of determining the type of industry to be surveyed in the Civil Service Commission.

We recommend that this responsibility be placed within the National Wage Policy Committee. Under the present coordinated Federal wage system, the agencies must survey a large list of industries supplied by the Bureau of Labor Statistics. Many of these industries do not employ workers engaged in job responsibilities similar to Federal employees in the area. We urge the Congress to place the selection

of the types of firms and industries to be surveyed within the responsibility of the National Wage Policy Committee with instructions that surveyed firms and industries should employ skills of comparable nature to those being utilized by the lead agency in each area of application.

We have several changes to recommend on page 19 of the bill.

We recommend that subparagraph (f) be reworded as follows for clarity:

"(f) The number of data collectors needed for a wage survey shall be determined by the local wage survey committee and such committee shall provide training and supervision to such data collectors. The local wage survey committee shall also conduct hearings for interested parties desiring to submit information or recommendations; one-half of the data collectors for a wage survey shall be selected from Federal employees recommended by the employee union having the largest number of employees subject to the act covered by exclusive recognition within the area of application, and one-half shall be selected from Federal employees recommended by the host activity in the area. Each wage survey team shall be composed of two data collectors, one selected from union nominees, and one nominated by the host activity. When a special schedule is involved, data collectors shall be selected from government activities subject to the special schedule. In all cases, union nominated data collectors must be subject to the wage schedule involved. The local wage survey committee shall initially rule on all areas of disagreement involving interpretation of regulations and instruction manuals issued by the policy committee with regard to the conduct of a wage survey, subject to the right of appeal, to the Agency Wage Committee and the National Wage Policy Committee."

We call your attention to what appears to be a technical error in line 23 of page 23. We submit that the word "increase" should be substituted for the word "rate" in line 23.

In order to be consistent in the allocation of responsibility under the act, we recommend that section 8 on page 26 be amended to recognize that the National Wage Policy Committee should recommend such rules and regulations to the Civil Service Commission for carrying out the provisions of the act.

Mr. Chairman and members of the subcommittee, I would like to address myself to some of the remarks made by the agency witnesses that have testified on this bill.

It seems that as a group they have all been in tune with the principles and objectives of the bill; and yet they make a great deal about the nonflexibility, the alleged nonflexibility of this legislation. I take strong issue with that position.

I think that the only thing that they are concerned about is that they will lose the rigidity of insuring that they have that swing vote all the time, and this is really what the guts of this whole issue is.

I have been serving on this committee for quite some time now, and it is the most frustrating experience I have ever had in my history as a labor union representative there, to know no matter how much logic you have in an argument or a position, how much weight you recognize it carries over and above the other, to know that you are going to end up by being voted down.

There is some reluctance on their part to consider the use of construction rates. I submit that in this day and age the construction people are not working the part time as it has been testified to here. A most recent study of the Bureau of Labor Statistics indicates that construction workers as a whole work on an average of 37½ hours a week; and I submit that is awfully close to the normal 40-hour week.

Mr. Chairman, and members of the subcommittee, in behalf of President Maywood Boggs of the Metal Trades Department and its affiliated international and national unions of the AFL-CIO, I want to express appreciation for the opportunity to present this testimony on this important piece of proposed legislation.

I will be most happy to answer any question posed by the committee for which I am qualified to respond to.

Thank you.

Mr. HENDERSON. Thank you very much, Mr. Ryan. Certainly your statement speaks for itself that you have given great study to the provisions of the bill. It is obvious to me that the members of the subcommittee are going to want to look closely at your testimony with respect to recommended changes. You found one technical error with which I can agree by just reading the language there.

On page 3 of your statement, you urged 13 additions to be added to the excluded Federal establishments. Are these 13 now covered under the coordinated Federal wage system?

Mr. RYAN. No, sir, they are not. They have been set aside temporarily with the thought that the National Wage Policy Committee would consider them each on their own merit.

Some of these, however, are covered by other legislation and cannot be brought under the system unless the basic law is changed. But some of them are purposely set aside by the National Wage Policy Committee because of the reasons I have stated in my testimony.

Mr. HENDERSON. These 13 that you suggest are in addition to those enumerated in section 5342 of the bill?

Mr. RYAN. This is correct, sir.

Mr. HENDERSON. We would conclude that you do agree that those enumerated in the bill should be excepted, and in addition thereto, the 13 that you recommend?

Mr. RYAN. That is right, yes, sir.

Mr. HENDERSON. Of those 13, I only see one that I think I would have a question on. No. 12, the construction work performed by Federal employees. Is the reason that you recommend that this be excluded because you would say that is intermittent, or just a special project and not subject to the provisions?

Mr. RYAN. Normally full-fledged construction work over a certain amount, performed by Federal employees, is paid for under another law, the Bacon-Davis Act.

Mr. HENDERSON. Just as industry is covered under that?

Mr. RYAN. This is right, yes, sir.

Mr. HENDERSON. For that reason you do not feel that the legislation should affect that particular segment?

Mr. RYAN. No, sir, not unless you bring the construction rates under consideration.

Mr. HENDERSON. Well, actually the effect of Davis-Bacon is a more direct way of insuring—

Mr. RYAN. Right. It directs it right to the industry, yes.

Mr. HENDERSON. I believe that is all I have at the moment.

Mr. Nix?

Mr. NIX. Thank you, Mr. Chairman.

Mr. Ryan, I share the chairman's opinion on your testimony. I think it leaves no room for doubt as to where you stand. There is only one point that I would like to have clarified.

Am I correct in saying that on page 5 you recommend the continuation of the presently constituted National Wage Policy Committee? Is that correct?

Mr. RYAN. Yes, sir; I do. Yes, sir.

Mr. NIX. The question that arises in my mind is why your opinion is at variance with that expressed by other employee union leaders who have appeared before the subcommittee and who took the opposite view.

Mr. RYAN. Well, I must confess, Mr. Nix, that I have not read the testimony of other employee witnesses. When this subject first became a matter of hearings before this subcommittee I was out of the city on an extended trip. I was invited to testify but was unable to because of that reason. So I really do not know the thrust of their position on it.

Mr. NIX. In substance, I understand they considered a change in the membership of the committee as most necessary. At one part of your testimony you did dwell on the fact that whatever the merit of your argument under certain circumstances, the verdict is already arrived at.

It would seem to me that the same thing would happen in the situation of 6-5.

Mr. RYAN. Well, what I am proposing is that the labor people have some leverage in the selection of swing votes on the agency committee. And of course, the bill provides for the President nominating or, rather, selecting the swing vote on the National Wage Policy Committee.

Mr. NIX. Thank you, Mr. Chairman.

Mr. HENDERSON. Thank you, Mr. Nix.

Mr. Ryan, on page 6, your statement with regards to what the bill should do with regards to step increases is a very clear statement. But basically I have always been somewhat confused, and I know that with your long experience in this you could perhaps in a moment give me a better understanding of why we have had the differential of 4 percent below and 4 percent above what really we all agree is the rate that should be paid. How did this get into practice? And I am sure it has been pretty well accepted through the years by the Federal employees that you have represented so long.

Mr. RYAN. For a number of years, Mr. Chairman, it has been accepted by the employees. Before we had the coordinated system, the Army and Air Force, for instance, had 5 percent below the second, and 5 percent above; and then it was changed to 4 percent below and 4 percent above. And you are quite right that for many, many years our people seemed to be satisfied with this kind of an arrangement. The 4 percent below or formerly the 5 percent represented the starting rate of pay. This is when you brought a person in for a 6-month period to determine whether he could cut the mustard or not; and then he automatically progressed up based upon amount of time in service until he got to the third step.

However, over recent years, the wage board employees have been looking at the long step range that is provided for in the Postal and Classification Act pay bills, and they do not understand why they cannot be considered in the same light inasmuch as their jobs are—a great many of them—deadend jobs. There is not that much room for advancement so they can get into other grades. And they do accumulate a tremendous amount of experience, particularly in the skilled crafts, while they are working for the Government; and there does not seem to them to be any compensation for this continual buildup and this ability to adjust their skills to the rapid changes in technology and so forth.

Mr. HENDERSON. The argument has been made that if we adopt the basic philosophy, that what we are attempting to do here is set rates within the prevailing rates in a given area and that industry does not have automatic step increases for longevity. And I am sure that you represent a large number of employees in private industry. What has been your experience with regards to negotiating or suggesting this for industry? Is there a movement in the private industry of America in this direction?

Mr. RYAN. Mr. Chairman, in some of the larger industries that our organization is privileged to represent—for instance, the airframe industry and the missile industry—they have varying rates of pay in each labor grade, some four, five, six, seven rates of pay in each classification; and this was borne out when we reviewed the data collection sheets that were submitted by the data collectors to our committee.

Mr. HENDERSON. Are these varying rates primarily established on the basis of the longevity of the employee?

Mr. RYAN. That would vary. In most cases, yes. In most cases it is a longevity system. In some few cases it is—well, I will say this with tongue in cheek—a merit system. In other words, the fair-haired boy gets the next rate.

Mr. HENDERSON. Would that not bring about a lot of complications if we tried that? We hear a lot about that.

Mr. RYAN. I am not advocating it be on the alleged merit basis. I am advocating it be on a strict longevity basis.

Mr. HENDERSON. I had an opportunity to understand that one industry in my State had a unique pay system, and perhaps it was oversimplified to me, or perhaps I will oversimplify it to you. It was an industry in which I understood that their pay system was designed to reward the employee for learning or knowing more than the one basic process. It was a fairly simple industry as it was explained to me. They had a starting rate; and once the employee became thoroughly familiar with or had been on the job long enough to become a permanent employee and knew that process, if he learned a second process, he got an additional amount. Obviously he could only be doing one of the processes at a time. This to me was so unusual.

Mr. RYAN. This is a system that is used in many firms where they will have a step rate system within one grade, and it is a system of rewarding the employee for learning more portions of his overall job. In other words, it is a training rate in lieu of an apprenticeship program, a bona fide apprenticeship program, to bring in the employee at the bottom rate and have various increments up until he reaches the craft rate of pay.

Mr. HENDERSON. I would imagine that this would be somewhat difficult to put into our coordinated system, too, would it not?

Mr. RYAN. Under the system as we are working it now, we attempt to identify these kinds of systems, these training systems, and where we can identify them as such we use the top rate because we are looking for the rate of pay for the comparable job. We are not looking for a training rate.

Sometimes it is difficult to identify it, but where we can we treat them that way.

Mr. HENDERSON. Do you know of examples in industry, as it affects your trades, where they have gotten productivity increases? Again, we may be coming back to what you mentioned as the merit system and it could be very difficult to deal with the fair-haired boy type of thing.

Mr. RYAN. You would be amazed at the number of incentive systems there are in the industries that we represent.

Mr. HENDERSON. But very few in Government?

Mr. RYAN. Very few. To my recollection, I only know of one right offhand. It is a clothing plant.

We are not in sympathy with those kinds of systems at all. We see no reason for lowering the dignity of an individual to the status of a cog on a gear. Today I might not feel so good and I do not produce as well today as I might 2 days from now.

Mr. HENDERSON. Those really are systems that are specifically tied to production, and it is very much like the piece rate, is it not, in some of the old industries?

Mr. RYAN. This is right, yes, sir.

Mr. HENDERSON. Mr. Nix, do you have any other questions?

Mr. NIX. The thought just occurred to me that that is a horrible system, this incentive system. Who would judge? What individual would judge the efficiency of this person against another person? If not one person, then a group of people, which would increase the cost of production. And I do not see how it possibly could work with any degree of equity.

Mr. RYAN. It reminds me of a time when our people were opposed to a system they were instituting in a Naval Air Station and the Navy Department had hired one of these Madison Avenue efficiency firms to put the system in. So I was called to the scene because there was a small revolution going on.

In an effort to sell me the system, they showed a beautiful colored film that they had taken—and incidentally, at Government expense—and it showed a person at a bench assembling a solenoid valve under rather antiquated conditions. He had on his bench a whole series of little boxes and he would have to reach over here to get a part. He put the body of the valve in a hand crank vise and then he had open end wrenches that, from long use, the ends were spread and he would try to tighten it up, and the wrench would slip off the nut.

So then they showed the thing all systemized and they had this great bin here with a lot of slots in it, and they had a part in each slot and a typewriter keyboard, and the fellow reached up there and he hit a button and that part came right down to the vise. He had an air-operated vise he used his foot on so he did not have to crank anything. He had air impact wrenches. And would you believe it, sir, to make

their point, the fellow who was doing the automated job was deaf, dumb, and blind. He had nothing that could distract him, absolutely nothing that could distract him. And they had the unmitigated gall to use that kind of an example. That is what they wanted to make our people like.

Mr. HENDERSON. Were they suggesting that the automated worker ought to be paid greater wages, better wages?

Mr. RYAN. Well, the thing was, I had a suggestion for them. If that blind gentleman got up and had to go somewhere, when nature called, they forgot to put a broom somewhere so he could have swept the floor.

Mr. HENDERSON. I think that your experiences in this area can be very helpful to us.

Do you represent employees in the nonappropriated fund activities?

Mr. RYAN. Yes, sir, we do.

Mr. HENDERSON. This is because of your recent representation in a broader area than just the metal trades, I presume?

Mr. RYAN. I presume this is correct.

Mr. HENDERSON. Such as at Cherry Point, N.C., where you have the exclusive for the installation. You did not touch on it, but I am sure you would be interested in the provisions of the bill as it would affect them?

Mr. RYAN. We are very much in favor of the nonappropriated fund employees being covered by this bill. Here are a group of employees that have been in, well, for lack of a better term, a land of limbo. They are not under the private sector laws governing labor-management relations. Neither are they civil service employees. And in most instances they are getting only the minimum wage, which is far below the standard necessary to maintain a decent subsistence.

I was shocked at the last hearing to hear a representative of the Defense Department raise the point that if they had to pay the nonappropriated fund employees more money, that it might affect the morale of the servicemen because they would have to pay more for their services that are provided by nonappropriated fund employees.

I submit, Mr. Chairman, I do not think there is any serviceman who wants to subsidize poverty for services.

Mr. HENDERSON. And our study of this has indicated that the serviceman's dependents are often those nonappropriated employees, and they are really incensed about that, we find, rather than to be on the side suggested by the witness.

Mr. Ryan, I think your appearance has been most helpful to us. We understood that you could not be with us earlier because you were out of the city, and I am delighted you could be here today. Obviously we have some unresolved questions in the legislation, but your testimony certainly clearly presents your position and will be most helpful to us.

Thank you very much for your appearance, sir.

Mr. RYAN. Thank you.

Mr. HENDERSON. The subcommittee will stand adjourned.

(Whereupon, at 11:40 a.m., the subcommittee was adjourned.)

(The letter which follows was received for inclusion in the record, transmitting information which was requested from the Civil Service Commission during the hearing on September 9.)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., October 1, 1969.

Hon. DAVID N. HENDERSON,
Chairman, Subcommittee on Manpower and Civil Service,
Committee on Post Office and Civil Service,
House of Representatives,
Washington, D.C.

DEAR MR. HENDERSON: During the hearings on September 9, 1969, before the Subcommittee on Manpower and Civil Service on H.R. 7918 and H.R. 8764, it was requested that additional information be provided on a number of subjects.

Separate papers on each of these matters are enclosed as follows:

A status report on installation of the Coordinated Federal Wage System.

Effect of using 10 step rates for each wage grade.

Why nonappropriated fund employees are not included under the coverage of the Coordinated Federal Wage System.

Difficulties experienced in implementing Public Law 90-560 (Monroney Law).

Provisions of H.R. 7918 which give various committees decision-making and action-taking authority and proposed changes.

Legal opinion concerning application of the minimum wage provisions of the Fair Labor Standards Act to nonappropriated fund employees in overseas areas.

Please let us know if we can be of any further assistance.

Sincerely yours,

ROBERT E. HAMPTON,
Chairman.

Enclosures.

Installation of coordinated Federal wage system

(Status as of September 5, 1969)

Total number of wage areas in system-----	150
Surveyed in fiscal year 1969-----	78
Scheduled for survey in fiscal year 1970-----	72
Progress July 1, 1968—September 5, 1969:	
Wage surveys started-----	95
Wage schedules issued-----	78
Approximate number of employees covered by schedules issued-----	275,000
Additional employees to be covered by October 1970-----	280,000
Job grading standards:	
Job grading standards completed-----	23
Approximate number of employees covered by job grading standards issued-----	232,000
Approximate number of job grading standards to be completed by end of fiscal year 1970-----	54
Approximate number of employees covered by job grading standards issued by end of fiscal year 1970-----	377,000

EFFECT OF 10 STEP RATES FOR EACH CFWS WAGE GRADE

A BLS, July 1961–June 1963, study¹ on "Wage Payment Plans in Metropolitan Areas"² shows that a larger proportion of plant workers, under a formal rate policy, are paid from single rate plans than from range of rate plans. Under a single rate structure the same rate is paid to all experienced workers in the same job classification. A range-of-rate plan specifies the minimum and/or maximum

¹ Latest available nationwide information.

² "Wage Payment Plans in Metropolitan Areas," July 1961–June 1963, Monthly Labor Review, July 1964, pp. 794–796.

rate paid experienced workers for the same job. Under this plan progression within the range of rates is based on automatic advancement according to length of service or on merit review. Currently BLS is conducting a similar study for the July 1968-June 1970 period.

The BLS study provided the following information:

Plantworkers within the scope of study paid under formal rate structure-----	7, 010, 900
Plantworkers paid from single rate plans (57 percent)-----	3, 990, 820
Plantworkers paid from range of rate plans (43 percent)-----	3, 020, 080

The present CFWS non-supervisory 3 step-rate plan provides an 8 percent spread for each grade with 4 percent intervals between grades. The entrance rate being 4 percent below the prevailing pay line and the third step 4 percent above.

Following are some effects of the proposed 10 step-rate plan:

The proposed 10 step-rate plan provides a 27 percent grade spread with 3 percent intervals between rates. The use of the plan would result in the recruitment rate or top rates or both being well out of line with those prevailing in each wage area.

The pay line rate would have to be keyed to one of the rates within the rate range. There are several possibilities: one of the lower rates, one of the upper rates, or a middle rate.

Keying the pay line to the first rate of the proposed plan would result in employees being paid up to 27 percent above the prevailing rates. Experience shows that wage employees tend to be in the upper part of their rate range. For example we estimate that about 70 percent of all wage employees are now in the third rate of their grade. Projecting this experience to the future it could be expected that the average in a relatively few years would be about the 7th rate. This would mean that the average employee in future years would be paid 18 percent above the area prevailing rate. This would raise payroll costs some 14-15 percent above the cost of the coordinated system. Additionally there is no doubt about what the reaction of private employers would be. Many would refuse to provide rate information in the knowledge that the resulting Federal average would bear no reasonable relationship to the industry average, which would be used only as a take-off point for unwarrantedly high Federal rates.

On the other hand, based on the expectation that the Federal average will be the 7th rate, there would be solid arguments for relating the pay line to that rate. This, however, would have the opposite impact. Since wage employees are hired at the first rate of their grade, government activities would be trying to recruit at a rate that is 18 percent below the prevailing rate. Needless to say, few employees would be willing to work for the government at a rate so far below rates being paid by other employers in the same community. This reaction would be worsened by the knowledge that it would take 8½ years to reach the going level.

Keying the pay line to a middle rate does not overcome the problem except in degree. Using the 5th rate as the pay line rate would improve the hiring position, but not enough to overcome the problem. By the same token the average Federal rate would be lower, but still considerably above local employer rates.

In the final analysis there is one overriding sound principle that provides good guidance for this as well as other features of the program. That is, pay practices as well as pay rates must be based on those in private industry to the maximum extent practicable. The predominant practice is to pay a single rate, but a significant number of employers pay more than one rate. The three rates of the coordinated system are a reasonable reflection of this practice. They provide for higher pay based on job seniority. However, both the hiring rate and the average employee rate are kept in reasonable relationship to the industry average for the wage area.

WHY NONAPPROPRIATED FUND EMPLOYEES ARE NOT INCLUDED UNDER THE COVERAGE OF THE COORDINATED FEDERAL WAGE SYSTEM

Section 2105(c) of title 5, U.S.C. provides that an employee paid from non-appropriated funds of the armed forces is not an employee for purposes of laws administered by the Civil Service Commission. Nonappropriated fund employees are covered by laws not administered by the Civil Service Commission such as compensation for work injuries or death and disability compensation. (Section 8171-8173 of title 5, U.S.C.)

To apply pay-fixing features of the Coordinated Federal Wage System to non-appropriated fund employees without bringing them under the coverage of laws administered by the Civil Service Commission would be illogical. For example, all pay fixing provisions for Coordinated Federal Wage System employees could not be applied to nonappropriated fund employees i.e. retroactive features of section 5344 of title 5, U.S.C., which provide for retroactive pay for employees covered by wage schedules that do not go into effect within the specified time period.

Placing nonappropriated fund employees under the system would result in the inclusion of a wide range of jobs, clerical and administrative, in addition to the wage type jobs. Excluding the non-wage type from the system without also placing them under another national uniform system, would be illogical.

Rates of pay for nonappropriated fund employees are administratively set by the employing agencies. Rates of pay for these employees are generally fixed on the basis of practices in private industry for directly related types of operations. Placing these employees under regular schedules of the new system would result in their rates being above those received by employees in similar industries in the private sector. Additionally operating costs of the individual programs would be raised unnecessarily.

DIFFICULTIES EXPERIENCED IN IMPLEMENTING PUBLIC LAW 90-560, MONRONEY LAW

The following is submitted in response to the Subcommittee's request for a broader statement on the difficulties experienced by the Civil Service Commission in implementing the provisions of the Monroney Law.

Section 5341 of title 5 United States Code, as amended by Public Law 90-560, October 12, 1968, requires that when a wage survey is made for the purpose of establishing wage schedules for trade, craft, and laboring employees, the agency or agencies making the survey must determine whether there exists in the wage survey area a sufficient number of comparable positions in private industry to establish wage schedules for the principal types of Federal positions for which the survey is made. The determination has to be in writing and must take into consideration all relevant evidence, including evidence submitted by employee organizations recognized as representative of employees in the area.

When it is determined that there is an insufficient number of comparable positions in private industry to establish such wage schedules, the agency or agencies making the survey establishes rates for such positions in accordance with rates paid for positions in private industry in the nearest wage area which is determined to be most similar in the nature of its population, employment, manpower, and industry to the wage area for which the survey is being made.

Immediately following passage of the law the Commission began steps to implement it. This turned out to be a difficult and time consuming task because many of the provisions of the law were vague and subject to different interpretations by the agencies and the unions. Much time was required to reach agreement on specific criteria needed to guide agencies in determining, for example, what constitutes a principal type of position; how broadly (or narrowly) should a "comparable" position be interpreted; what categorizes an employee organization as one that is representative of employees in an area; what number (or proportion) constitutes a sufficient number of comparable positions; should out-of-area rate determinations apply to jobs below as well as at and above the journeyman level; should such determinations affect the entire pay schedule for an area or only the specific occupations involved; how should the nearest wage area be selected when it is not an immediately adjacent area; how should data be obtained in the other area and what should be the union role when different unions are involved in the two areas. The law was completely silent on the matter of applicability to employees paid from special schedules or negotiated schedules, and to the types of wage surveys to be covered, i.e. full-scale or agency wage change surveys, or both.

The National Wage Policy Committee spent many months in developing instructions which resolve these issues in a rational manner. The Commission's guidelines for the Coordinated Federal Wage System were issued on March 12, 1969. The surveying agencies then undertook development of procedures for conducting the necessary surveys and making individual detailed determinations. Additional questions were raised on the survey agencies procedures and additional meetings of the policy committee were needed to resolve these issues. It is only within the past month that the surveying agencies have been in a position to start making surveys in those areas where the law may apply.

The provisions of the new law will be applied to any survey ordered or in process on or after October 12, 1968, including a survey ordered but for which resulting pay schedules had not been put into effect prior to that date. This will require making many such pay determinations on a retroactive basis. It is not possible to predict the effect the new law will have on any particular area.

The Monroney law directly contradicts the prevailing rate principle which is the foundation for the Federal wage system. The law causes rates to be imported from one area to another. The imported rates affect only the "principal" wage positions. These principal positions then receive higher pay than other positions doing work at the same level and in many cases of higher level. These differences constitute pay inequities and it is expected that they will cause serious unrest among the employees in the unfavored occupations. At the same time both the agencies and employee organizations are seriously concerned about maintaining equity in pay rates among employees in an area. Most of the difficulties faced by the policy committee arose from efforts of members to avoid creating differences in pay among employees in an area while trying to implement a law having the effect of requiring such pay differences even though contrary to the prevailing rate and equal pay concepts.

PROVISIONS OF H.R. 7918 WHICH GIVE VARIOUS COMMITTEES DECISION-MAKING AND ACTION-TAKING AUTHORITY AND PROPOSED CHANGES

The following provisions in H.R. 7918 give the various committees decision-making authority or action-taking authority that is not consistent with their purported role as advisory committees. It would be necessary to revise these provisions to clarify that the committee actions are advisory only, or are subject to review and final decision by the head of the Commission or of other agencies involved.

The provisions are stated here, with additions and deletions that would be necessary to overcome the deficiencies. Material to be deleted is shown in brackets and material to be added is in italic.

1. *Page 7, lines 1 through 6.*—" (12) 'outside survey area' means a wage survey area outside of a specified wage area selected by the [Policy Committee] *lead agency* in order to obtain wage data on positions in a major industry group or other principal type of position which is not represented within private industry in a wage area."

2. *Page 7, lines 10 through 12.*—" (13) 'lead agency' is any Federal department or independent agency designated by the [Policy Committee] *Civil Service Commission* to conduct a wage survey in a wage area ;"

3. *Page 12, lines 14 through 17.*—" (a) There is hereby established within each Federal Department or independent agency designated by the [Policy Committee] *Civil Service Commission* as a lead agency, an agency wage committee consisting of five members."

4. *Page 13, lines 21 through 24.*—" (a) There is hereby established within each host activity designated as such by [an agency wage committee] *the Lead Agency*, a local wage survey committee consisting of three members, all of whom shall be Federal employees."

5. *Page 14, line 25 and page 15, lines 1 through 5.*—" (d) In wage areas where there are no employees subject to the provisions of this Act covered by exclusive recognition, the [agency wage committee] *lead agency* having jurisdiction, with the prior approval of the [Policy Committee] *Civil Service Commission*, shall issue appropriate regulations to establish a local wage survey committee."

6. *Page 15, lines 7 through 10.*—" (a) There shall be established a basic wage rate schedule including supervisory rates, which shall be divided into as many grades of difficulty and responsibility as the [Policy Committee] *Civil Service Commission* shall determine."

7. *Page 16, lines 3 through 6.*—" Provided, That the employee has a current performance rating of 'satisfactory' or better; and that the benefit of successive step-increases shall be preserved, under regulations issued by the [Policy Committee] *Civil Service Commission*."

8. *Page 16, lines 18 through 21.*—" (a) With the advice and assistance of local wage survey committees, and *agency committees*, [agency wage committees] *the lead agencies* shall have the responsibility for planning and scheduling wage surveys, analyzing wage survey data, . . ."

9. Page 17, lines 3 through 5.—“The [agency wage committee] *lead agency* shall collaborate with the [National Wage Policy Committee] *Civil Service Commission* in developing a schedule of wage surveys.”

10. Page 19, lines 11 through 14.—“The local wage survey committee shall rule on all areas of disagreement involving interpretation of regulations and interpretation of instruction manuals issued by the [Policy Committee] *lead agency or Civil Service Commission* with regard to the conduct of a wage survey.”

11. Page 20, lines 3 through 7.—“(h) Upon completion of a wage survey, the local wage survey committee shall forward all wage data along with a narrative report of its activities, decisions, and recommendations for proposed wage rate schedules to [its agency wage committee] *the lead agency*.”

12. Page 20, lines 12 through 14.—“The [agency wage committee] *lead agency* shall analyze the report and recommendations of its local wage survey committee and *agency wage committee* and issue approved wage rate schedules, . . .”

13. Page 20, lines 20 through 25.—“Prevailing rate determinations shall be based on wage data obtained from within the wage area surveyed or from the approved outside survey area. [An agency wage committee] *A lead agency* may not make an exception to this principle without prior approval of the [Policy Committee] *Civil Service Commission*.”

14. Page 20, line 25 and page 21, lines 1 and 2.—[“A majority vote of the agency wage committee shall be required to approve and implement wage rate schedules.”]

15. Page 21, lines 2 through 5.—“Any member of the agency wage committee may file a minority report with the [Policy Committee] *lead agency* taking exception to the action of the agency wage committee.”

16. Page 21, lines 6 through 8.—“(i) A separate wage rate schedule shall be established by the [agency wage committee] *lead agency* for each wage area within its jurisdiction.”

17. Page 21, lines 8 through 10.—“With the approval of the [Policy Committee] *Civil Service Commission*, separate wage rate schedules shall be maintained for positions which reflect conditions peculiar to certain industries.”

LEGAL OPINION OF THE CIVIL SERVICE COMMISSION ON APPLICABILITY OF MINIMUM WAGE PROVISIONS OF FAIR LABOR STANDARDS ACT TO NONAPPROPRIATED FUND EMPLOYEES IN OVERSEAS AREAS

It is the opinion of the General Counsel of the Civil Service Commission that the minimum wage provisions of the Fair Labor Standards Act are not applicable to nonappropriated fund employees who work for Federal instrumentalities in foreign areas.

Section 306 of the Fair Labor Standards Amendments of 1966 (Public Law 89-601) added a new subsection (b) to section 18 of the Fair Labor Standards Act (29 U.S.C. 218) and brought certain Federal employees under the Act. The new subsection reads as follows (*italic supplied*):

“(b) Notwithstanding any other provisions of this Act (*other than section 13(f)*) or any other law, any employee—

“(1) described in paragraph (7) of section 202 of the Classification Act of 1949 (5 U.S.C. 1082 (7) whose compensation is required to be fixed and adjusted from time to time nearly as is consistent with the public interest in accordance with prevailing rates, and any Federal employee in the Canal Zone engaged in employment of the kind described in such paragraph (7), or

“(2) described in section 7474 of title 10, United States Code, whose rates of wages are established to conform, as nearly as is consistent with the public interest, with those of private establishments in the immediate vicinity, or

“(3) employed in a nonappropriated fund instrumentality under the jurisdiction of the Armed Forces,

shall have his basic compensation fixed or adjusted at a wage rate which is not less than the appropriate wage rate provided for in section 6 (a) (1) of this Act (except that the wage rate provided for in section 6 (b) shall apply to any employee who performed services during the workweek in a work place within the Canal Zone), and shall have his overtime compensation set at an hourly rate not less than the overtime rate provided for in section 7(a) (1) of this Act.”

Section 13(f) of the Act, as amended (29 U.S.C. 213), from which the coverage of the new subsection is specifically not excepted, reads as follows:

The provisions of section 6, 7, 11, and 12 shall not apply with respect to any employee whose services during the workweek are performed in a work place within a foreign country or within a territory under the jurisdiction of the United States other than the following: a State of the United States; the District of Columbia; Puerto Rico; the Virgin Islands; outer Continental Shelf Lands defined in the Outer Continental Shelf Lands Act; American Samoa; Guam, Wake Island; Eniwetok Atoll; Johnston Island; and the Canal Zone.

Section 6 of the Act (29 U.S.C. 206) prescribes the minimum wages. Therefore, the provision of section 13(f), limiting the operation of section 6 and other sections to nonforeign areas, excludes employees in foreign countries from the minimum wage provisions. It makes no difference whether the employees are paid from appropriated or nonappropriated funds.

(The following statement was received by the subcommittee for inclusion in the record.)

STATEMENT OF CLARENCE E. BOBBS, NATIONAL PRESIDENT, NATIONAL ASSOCIATION OF SUPERVISORS, FEDERAL GOVERNMENT

Mr. Chairman and members of the committee, it is my pleasure to issue this statement in behalf of the more than ten thousand members of the National Association of Supervisors Federal Government who are vitally interested in HR 8764 and related bills purporting "to provide an equitable system for fixing and adjusting the rates of compensation of wage board employees."

As you gentlemen are well aware, this Association was the motivating force behind the recent Civil Service Commission and Department of Defense study concerning supervisory and leader pay and grading practices in private industry. It was also, through efforts of this group, that an interim pay adjustment was negotiated which was instrumental in shortening, by one, the long years of pay inequity suffered by the wage board supervisor throughout the numerous federal agencies.

This Association is in full accord with the policy of Congress that there be "equal pay for substantially equal work." It is our opinion that the Presidential directive resulting in formulation of the Coordinated Federal Wage System was a necessary and logical step towards the achievement of that goal. Furthermore, numerous and continuing actions on the part of both the legislative and executive branches of government are proof, in the eyes of our membership, that the policy makers of this great nation are sincere in their desire to assure all Federal employees timely, equitable recompense for appropriate services rendered.

However, in our review of the bills currently under consideration by (1) a comparison to and consideration of recently legislated and/or directed policies and practices, (2) a comparison to and evaluation of currently known and comparable industrial practices, and (3) a comparison to and evaluation of the aforementioned Congressional policy of "equal pay for substantially equal work,"—certain salient points have emerged and are respectfully submitted for your consideration and appropriate attention.

Over the past several decades, industrial pay practices have evolved in establishing firm pay relationships, not only as they pertain to specific trades but also as they inter-relate between trades. Except for variances in hourly rates because of geographic separations, the pay relationships found within any industrially-oriented geographic area are reasonably consistent with and comparable to those found in any other industrially-oriented geographic area. Application of the Monroney Amendment will, in some instances, introduce a chaotic imbalance in these trade pay scale inter-relationships. It is the consensus of our members that as the Monroney Admendment is applied in any given locale, a simultaneous and immediate realignment of all trade pay scales must be exercised in order to maintain prevailing industrial practice trade relationships and thereby forestall what now appears to be tacit Congressional sanction of a pay adjustment program diametrically opposed to the oft repeated Congressional premise that there should be "equal pay for substantially equal work."

As supervisors and managers, we are vitally concerned that our wage board employees receive fair and equitable compensation for services rendered. We share equally this same concern for the wage board supervisor who, even under the Coordinated Federal Wage System, will not be fully compensated in terms of

"equal pay for substantially equal work," particularly as it pertains to the rate range at any given pay level.

Today, General Schedule employees enjoy a 30% rate range at each pay level. Data gathered during the recent Civil Service Commission and Department of Defense study of "supervisory pay practices in private industry" shows the width of range (maximum over minimum) as 40%. Despite this evidence, it was only through direct reclama between Mr. Macy, former Chairman of the Civil Service Commission, and the Executive Board of this Association, that a Commission-proposed 8% rate range for wage board supervisors was amended to the 20% rate range currently being implemented as part of the Coordinated Federal Wage System. Despite the improvement over the rate range originally proposed this Association, it is a far cry from equity in terms of current industrial practices.

As supervisors and managers, we are vitally concerned that appropriate pay relationships exist between General Schedule and Blue Collar pay systems. For example:

1. The time-in-grade computation for a Planner and Estimator, Foreman (Leadingman) (W-11 & F), Inspector (Ships Structures—Nuclear), Ship Surveyor and Senior Production Shop Planner under the pay system existent as of 13 June 1969 shows that the representative rate (2d step) is \$4.31 per hour (\$8964.80 per year). Step four of GS-9 is \$9308 per year which is greater than the representative rate for these positions. Step four of GS-8 is \$8470 per year. The representative rate for the wage board positions is greater than step four of GS-8, therefore, under present pay schedules, the time-in-grade equivalent is GS-8 and the Planner and Estimator, Foreman (Leadingman) (W-11 & F), Inspector (Ships Structures—Nuclear), Ship Surveyor and Senior Production Shop Planner may, under current pay schedules, be promoted to a GS-9 or GS-10 position. To be considered eligible for advancement beyond the GS-10 level, employees of these positions must have one year of federal civilian service in a position at or equivalent to a grade higher than GS-8. (Reference FPM Letter 300-13 published by the Civil Service Commission, February 26, 1969.)

2. A Planner and Estimator and incumbents of equivalent positions from various areas of the country apply for a Classification Act position on the West Coast in the San Francisco Bay Naval Shipyard. The rates compared for time-in-grade purposes are the representative rates where the vacancy exists, the San Francisco Bay Naval Shipyard. The representative rate for a Planner and Estimator and equivalent positions in the San Francisco Bay Naval Shipyard is \$5.31 per hour (\$11,044.80 per year) which is equivalent to GS-10 for time-in-grade purposes. A Norfolk Naval Shipyard Planner and Estimator applying for a Classification Act position in San Francisco will be considered equivalent to GS-10. Conversely, a San Francisco Planner and Estimator applying for a Classification Act position in Norfolk will be considered equivalent to GS-8.

Giving due consideration to the foregoing examples, one cannot help but question the equity involved when applying the time in grade principle to the wage board employee versus that of his General Schedule counterpart particularly when that application is interpreted differently. For example, when the principle is applied to the General Schedule employee "time in grade" means exactly what is implied—a person must serve in grade for one year before being eligible for promotion to the next highest sequentially designated grade. When the principle is applied to the Wageboard employee, the ground rules change. Money becomes the equating factor and geographic wage differences determine grade level qualifications.

It is the contention of this Association that grade levels in the Wageboard series are properly established on the basis of classification standards; that these standards, at least in theory, are applied uniformly across the federal employment spectrum regardless of locale; that incumbents for any given position must qualify under the classification standard for that given position regardless of geographic location; that hourly pay rates established for the position, despite geographic differences, have no bearing on the incumbents ability to qualify under the standard; and finally that an incumbent W-11 Planner and Estimator located in San Francisco is no better or no less qualified because of the money he earns than his counterpart of the same position and grade located in Norfolk, Virginia.

Gentlemen, it is not my intent to belabor you with endless examples of inequitable pay practices and relationships. The fact that this august body is conducting hearings on the subject is proof of the acute awareness of these or similar situations. Rather, through the examples given, I have attempted in small measure to indicate the Federal Supervisors concern at the perpetuation

of these kinds of negative influences which have a direct bearing on the cohesive productive objectives of our Federal workforce.

Although some differences are noted between HR 8764 and the Coordinated Federal Wage System, we are concerned that many of the major issues are not resolved but rather are left in limbo somewhere between the General Schedule and the Coordinated Federal Wage Systems. Because of this and our sincere desire to achieve a realistic and equitable pay relationship regardless of the "color of the collar," it is our recommendation that this committee cause to be made study of both the Class Act and Wage Board pay systems. That this study should have as an objective the enactment of legislation depicting an integral pay program incorporating the essential ingredients of both systems, establishing appropriate "collar difference" inter-relationships and retaining the integrity of industrial comparability. It appears that only through an effort such as the one here proposed can there finally evolve "equal pay for substantially equal work."

Mr. Chairman, in behalf of the National Association of Supervisors, Federal Government, I wish to extend my sincere appreciation for this opportunity to present our views on "providing an equitable system for fixing and adjusting the rates of compensation of Wage Board employees." Should further comment or elaboration be desired, I am at your service.



of these kinds of negative influences which have a direct bearing on the collective productive objectives of our Federal workers.

Although some differences are noted between H.R. 8764 and the Coordinated Federal Wage System, we are convinced that many of the major issues are not resolved but rather are left to their own devices. Therefore, between the General Schedule and the Coordinated Federal Wage System, there is at this and our sincere desire to achieve a realistic and equitable pay relationship, regardless of the color of the cloth. It is our recommendation that the committee cause to be made study of both the House and Senate bills. That this study should be an objective one, without any preconceived notions or bias, and that the committee should be kept advised of the progress of the study. It is our recommendation that the committee should be kept advised of the progress of the study. It is our recommendation that the committee should be kept advised of the progress of the study.

Mr. Chairman, in behalf of the National Association of Supervisors, Federal Government, I wish to extend my sincere appreciation for the opportunity to present our views on "providing an equitable system for rating and adjusting the rates of compensation of White House employees." Should further comment or collaboration be desired, I am at your service.