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WAGE BOARD PAY LEGISLATION

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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-SECOND CONGRESS

FIRST SESSION

ON

H.R. 2164

A BILL TO PROVIDE AN EQUITABLE SYSTEM FOR FIXING
AND ADJUSTING THE RATES OF PAY FOR PREVAILING RATE
EMPLOYEES OF THE GOVERNMENT, AND FOR OTHER
PURPOSES

APRIL 27, 28, MAY 11, 12, 18, 1971

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CONTENTS

Testimony of—	Page
Abbitt, Hon. Watkins M., a Representative in Congress from the State of Virginia.....	210
Broyhill, Hon. Joel T., a Representative in Congress from the State of Virginia.....	217
Byrne, Hon. James A., a Representative in Congress from the State of Pennsylvania.....	229
Daniels, Hon. Dominick V., a Representative in Congress from the State of New Jersey.....	232
Dickinson, Hon. William L., a Representative in Congress from the State of Alabama.....	234
Downing, Hon. Thomas N., a Representative in Congress from the State of Virginia.....	216
Eilberg, Hon. Joshua, a Representative in Congress from the State of Pennsylvania.....	221
Fascell, Hon. Dante B., a Representative in Congress from the State of Florida.....	234
Forsythe, Hon. Edwin B., a Representative in Congress from the State of New Jersey.....	231
Garmatz, Hon. Edward A., a Representative in Congress from the State of Maryland.....	220
Gonzalez, Hon. Henry, a Representative in Congress from the State of Texas.....	225
Griner, John F., national president, American Federation of Government Employees, accompanied by Clyde W. Webber, executive vice president, Carl Sadler, legislative director, Stephen A. Koczak, research director, and Douglas Kershaw, national secretary-treasurer.....	25
Hampton, Hon. Robert E., Chairman, Civil Service Commission, accompanied by Raymond Jacobson, Director, Bureau of Policies and Standards, and Raymond C. Weissenborn, Chief, Pay Policy Division.....	2
Helstoski, Hon. Henry, a Representative in Congress from the State of New Jersey.....	230
Hogan, Hon. Lawrence J., a Representative in Congress from the State of Maryland.....	239
Kelley, Hon. Roger T., Assistant Secretary of Defense for Manpower and Reserve Affairs, accompanied by Carl W. Clewlow, Deputy Assistant Secretary of Defense for Civilian Personnel Policy, Raymond J. Braitsch, Chief, Technical Staff, Defense Wage Fixing Authority, and William C. Valdes, Staff Director, Office of Civilian Personnel Policy.....	167
Lennon, Hon. Alton, a Representative in Congress from the State of North Carolina.....	219
McCart, John, operations director, Government Employees' Council, AFL-CIO.....	196
Matsunaga, Hon. Spark M., a Representative in Congress from the State of Hawaii.....	236
Mink, Hon. Patsy T., a Representative in Congress from the State of Hawaii.....	238
Mitchell, Hon. Parren J., a Representative in Congress from the State of Maryland.....	236
Nichols, Hon. Bill, a Representative in Congress from the State of Alabama.....	223

Testimony of—Continued

	Page
Paterno, Vincent J., president, Association of Civilian Technicians; accompanied by Waldo A. Duva, past vice president, wage board...	151
Ryan, William H., national coordinator of Government Employees Department, International Association of Machinists & Aerospace Workers, accompanied by Saul S. Stein, director, Federal employees, Division of Metal Trades Department, International Association of Machinists & Aerospace Workers.....	101
Sikes, Hon. Robert, a Representative in Congress from the State of Florida.....	228
Stratton, Hon. Samuel S., a Representative in Congress from the State of New York.....	224
Thompson, Hon. Fletcher, a Representative in Congress from the State of Georgia.....	220
Waggonner, Hon. Joe D., a Representative in Congress from the State of Louisiana.....	227
Whitehurst, Hon. G. William, a Representative in Congress from the State of Virginia.....	213
Whitney, Alan J., executive vice president, National Association of Government Employees, accompanied by Roger P. Kaplan, assistant general counsel.....	142
Wolkomir, N. T., president, National Federation of Federal Employees; accompanied by Irving Geller, general counsel, and Ben Hinden, legislative assistant.....	127
Communications received from—	
AFL-CIO committee members minority report addressed to the Chairman of the Civil Service Commission, letter dated December 22, 1970, and the Commission's reply dated March 29, 1971--	102, 106
Sullivan, David, general president, Service Employee International Union, letter dated May 6, 1971.....	206
Maginnis, Thomas O., president, National Association of Superintendents of U.S. Naval Shore Establishments, letter dated May 14, 1971.....	206
Additional material included—	
"Indices of comparative rates of pay increases for representative grades of pay schedules for 1945-71" (chart).....	9
"Survey job averages and payroll based on February 1971 wage survey for Chicago, Ill." (chart).....	11
Tabulation of Coordinated Federal Wage System Surveys in:	
Chicago, Ill.....	34
New York, N.Y.....	47
San Francisco, Calif.....	49
Washington, D.C.....	51
"Computing a Wage Trend Line," excerpted article from the Federal Personnel Manual Supplement 532-1.....	53
"Method of Least Squares," article from "Mathematician Dictionary".....	64
"Linear Type—Method of Least Squares," extract from "Analytic Geometry".....	65
Statement of John F. Griner before the:	
House Armed Services Committee on July 29, 1970.....	69
House Post Office and Civil Service Committee, June 24, 1969--	83
"Non-Appropriated Fund Workers," article from the Federal Times of May 5, 1971.....	113
Summary of major recommendations and actions of the DOD Non-appropriated Funds Personnel Study Group.....	177
Summary of nonappropriated fund wage survey conducted at Camp Lejeune, N.C., during the period September 30–November 19, 1970.....	179
Reports received on H.R. 2164 from—	
Department of Defense, letter dated April 30, 1971.....	240
Office of Management and Budget, letter dated April 29, 1971--	233
Reproductions of H.R. 2164 and H.R. 7691.....	244, 267

WAGE BOARD PAY LEGISLATION

TUESDAY, APRIL 27, 1971

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 9:30 a.m., in room 210, Cannon House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The meeting will come to order.

Today the Subcommittee on Manpower and Civil Service begins a series of public hearings on H.R. 2164, a bill providing for the establishment of the pay for the Nation's 750,000 wage board employees and related bills on the same subject.

In 1965, this subcommittee issued a report which spelled out inequities in the system prevailing at that time for establishing the pay of blue-collar employees. Shortly thereafter, President Johnson issued a directive to the Civil Service Commission to take the lead for a coordinated effort to eliminate various inequities in the system.

After exhaustive studies by the Commission, a new approach went into effect on July 1, 1968. This is known as the Coordinated Federal Wage System.

Prior to and since the inauguration of the new Coordinated Federal Wage System, there have been numerous complaints by many Federal employees, both individually and through their various organizations, indicating displeasure with differing aspects of this system. As a result of extensive public hearings in 1968 and 1969, this subcommittee recommended to the full committee and, in turn, to the House of Representatives, a bill which put into law the basic procedures of the Coordinated Federal Wage System. This was H.R. 17809.

H.R. 17809 provided for five pay steps, premium pay for second and third shift work, saved-pay for wage board employees who had to take lower paying Classification Act jobs, and brought into the Coordinated Federal Wage System over 100,000 nonappropriated fund employees. The House passed the bill last September by a large majority. Later a compromise version of H.R. 17809 was sent to the President, who vetoed it on January 1, 1971.

H.R. 2164, with a few minor technical changes, is similar to the bill passed by the House last fall.

The administration has now proposed legislation which was introduced by Chairman Thaddeus J. Dulski on April 22, 1971. This bill is H.R. 7691. However, it does not include nonappropriated fund employees and does not, as I understand, specify wage steps or premium pay.

We are very pleased to welcome the Chairman of the Civil Service Commission, Hon. Robert E. Hampton, as our first witness. I understand that Mr. Hampton has members of his staff with him. Mr. Chairman, before you introduce the staffers with you and proceed with your testimony, the Chair would like to yield to Mr. Gross, who is now the ranking member of our full committee.

Mr. GROSS. Thank you, Mr. Chairman. I don't know what I can contribute to this session this morning other than to say that I will listen attentively to the Chairman of the Civil Service Commission and his staff with regard to any proposals they may have.

Thank you, Mr. Chairman.

Mr. HENDERSON. Tomorrow we will hear from spokesmen of the employee organizations.

An inquiry has been made as to whether or not the subcommittee would hear from the Defense Department. Certainly in view of the interest they have in the proposal to cover the nonappropriated fund activities in the Defense Department, the staff will contact them and arrange for their appearance and that of any other interested witnesses.

Several Members of Congress have indicated an interest in testifying and they will be given an opportunity at a later date.

With that, Mr. Hampton, it is good to have you.

STATEMENT OF HON. ROBERT E. HAMPTON, CHAIRMAN, CIVIL SERVICE COMMISSION, ACCOMPANIED BY RAYMOND JACOBSON, DIRECTOR, BUREAU OF POLICIES AND STANDARDS, AND RAYMOND C. WEISSENBORN, CHIEF, PAY POLICY DIVISION

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

Mr. Chairman and members of this committee, we welcome this opportunity to present to you the administration's position on this very sensitive issue of blue-collar pay. We have always appreciated the willingness of this committee to listen to the other side of the coin; and on this issue there are certainly two sides—maybe three.

This is not in my statement, but I would like to express my appreciation for Chairman Dulski introducing my bill so we would get an opportunity for a hearing on it.

We are concerned because this issue today presents a problem the solution which, in the end, must reflect the interest of the employees, the executive branch, and the public—that is, the burden of cost borne by the taxpayer. We recognize that the latter point is of grave concern to the Congress as well as to the administration. It must be considered very seriously in deciding the answers to the very important pay questions now before us.

From a policy standpoint we want to assure that our employees are paid a fair and equitable wage that is truly the prevailing wage. But we do not want to exceed that principle for it has been a sound one for over a hundred years.

A few weeks ago the full Commission and its executive staff appeared before the House Post Office and Civil Service Committee to discuss the Commission's programs and goals, and our major legislative aims for 1971.

We indicated that one of our legislative goals was to establish under law a system governing blue-collar pay. It had been the general view

that the Commission was opposed to pay legislation in this area, and that we preferred to work with a system that was established by Executive action. This is not the case.

We have objected to certain features of proposed bills in the past because we felt they were contrary to proven practices in private industry. Also, we believed at the time that the coordinated Federal wage system then relatively new, was entitled to a "shake down" period before it was replaced by law.

We have now logged two and a half years of valuable operating experience with the coordinated system, and we believe that the time is right for appropriate legislation.

Today we are honored to present the administration's views on blue-collar wage legislation, and to discuss the administration's proposal for a Federal wage system.

In essence, the administration asks Congress to enact a system which is fair and equitable to the principal parties concerned—the Federal blue-collar wage earner, Federal management officials and the taxpayer they both serve.

We ask you to enact a system that is flexible and adaptable to change—not one that is inflexible and would require continual amendments to meet changing conditions of employment. What we seek is wage legislation that provides a broad general framework of sound policies and principles, but leaves operating details open to the people responsible for operating the system—namely the executive branch and its employees through their duly selected representatives.

For a major law, the administration's proposal has few technical points spelled out, and this is intentional. We will discuss the elements of the proposal in turn, but first we would like to establish the magnitude and the scope of the issues at stake:

In human terms, we are talking about the livelihoods of more than a half-million American wage earners. There is no question that we are agreed in our mutual desire to see that they are fairly and adequately paid.

In fiscal terms, we are talking about an enormous public investment. By the latest data available, Federal blue-collar wages at present amount to about four and a half billion dollars per year. We want to be certain that this vast sum of public money is administered with utmost prudence.

Let me stress one point—we do not oppose the inclusion of features in the system simply because they may result in increased costs. If warranted we will support them. But we do object strongly to unwarranted costs flowing from proposals such as broad rate ranges that are clearly out of step with accepted private industry practices, particularly when the basic principle we operate under is the one of local prevailing rates. It is this kind of unwarranted spending that serves to "feed" inflation, and is grossly unfair to the taxpayer.

We are talking about a system that has evolved over the years, and one that, by and large, has evolved in the right direction. To use one example, and we make no attempt to be melodramatic when we say this, most blue-collar workers in the Federal service have had pay comparability for 100 years, whereas the concept was not even embraced for white-collar workers until 1962—and was not achieved until the last 3 or 4 years.

The point we are stressing here is that in our zeal for change, we should be careful not to throw the baby out with the bath water, for much of what has evolved over the years is still sound.

It seems somewhat incongruous that the blue-collar pay system which has been left almost completely to the discretion of the executive branch for a century should be spelled out in detail in legislation at this time, when congressional action on the white-collar system is moving in the opposite direction.

Finally, we are talking about a system that will provide balance between the Government's responsibilities to its employees and its responsibilities to the public.

It is against this backdrop that we would like to enumerate the key elements of the administration's proposal. We will then discuss several features of the proposal and share with you the administration's views on some features of other legislative proposals in the wage area.

The administration's proposal provides that:

Rates of pay be fixed and adjusted in accordance with prevailing rates in the area.

Responsibility for the wage system be vested in the President of the United States.

An agent to be designated by the President to execute these responsibilities. It is expected that the President would designate the Chairman of the Civil Service Commission as his agent.

Maximum delegation of authority to allow the establishment and administration of a program keyed as closely as possible to private industry practices.

Such matters as the number of steps within a grade, hazard pay, and night differentials be left open to administrative decision, and thereby made subject to adjustment as needed.

Wage surveys be conducted by the Bureau of Labor Statistics.

A Federal Wage System Advisory Council be established to advise the President's agent.

The law would become effective 180 days after enactment, to allow time for conversion to the system on an area-by-area basis.

Several of these elements already exist under the coordinated Federal wage system, so they are already familiar to this committee. Others we shall discuss in some detail; either because they represent change or because they differ substantially with features of other proposals in the wage area.

1. FEDERAL WAGE SYSTEM ADVISORY COUNCIL

The administration proposes an advisory Council composed equally of management and labor union representatives, whose purpose is to advise the President's agent on basic policy matters.

Basically this Council would be similar to what we now have under the coordinated system. We have been impressed with the way the present committee has worked and have confidence in it. Literally hundreds of issues have been brought before this committee over the past two and a half years and in most instances agreement has been reached by consensus.

We think that this is the way it should be. The Council is not an arbitration panel. It is not even important that they vote on issues.

What is important is that they explore all sides of an issue. When there is a consensus view that is fine. But when there is disagreement, it is more important to the President's agent to know the views and rationales of the parties, than it is to add the votes and see which side has a majority.

The Chairman of this Council should be an outstanding expert on the total Federal personnel system. He should be intimate with the system on a day-to-day basis. His most important job is to see that each policy issue is carefully and fully explored.

Some hold the view that he should be selected by the President from outside the Government to insure his impartiality.

No one can maintain the cloak of impartiality once he begins to make decisions. After two or three decisions a pattern must appear and the individual is labeled—whether promanagement or pronoun. We do not need a part-time outsider for this job. We need a carefully selected expert who understands the Government's problems and who can bring to the President's agent all the facts needed to make a good decision.

Let me depart from the text, Mr. Chairman, to say if this bill is passed, it would be my intention to have Mr. Jacobson serve as my designee on this particular Council. I think the question here is whether there is available outside of Government an individual who can come in on a part-time basis and provide an independent expertise in this matter. I do not feel that such a thing is practical. The man would be appointed by the President but he would report to me. In our search for individuals to staff the task force on job evaluation we looked at many pay experts outside of the Federal Government and the ones I felt had similar qualifications to the ones we had in the Government were receiving pay anywhere from \$50,000 to \$60,000 a year. I certainly think this is something to consider.

It is a key issue as far as I am concerned, because I don't think it is one that is practical to achieve. The question of a third party here who is supposedly impartial should not be the issue. I want a man in the position who bears the full responsibility and accountability of that position and cannot walk away from it.

Mr. HENDERSON. On that point, Mr. Chairman, I would ask this question: Would it be your intention that Mr. Jacobson here provide his full time to this position, or will he have other responsibilities?

Mr. HAMPTON. He will not provide full time to the Council. I don't think the position warrants an individual on a full-time basis. Mr. Jacobson has been serving in this position with the present committee for at least the last year and three-quarters. He is also the Director of our Bureau of Policies and Standards. I realize this puts a tremendous burden on him as an individual, but I feel that he has performed very well and certainly as we have discussed this, we do not feel it is a full-time position.

Mr. HENDERSON. One other question that I have on this point—would you envision that he would have a vote on the issues inasmuch as you provide equal representation on the two sides, so to speak, of promanagement and prolabor?

Mr. HAMPTON. No, sir, we would have no votes in the Council.

Mr. HENDERSON. It would be their responsibility to propose both sides of an issue unless there was a consensus or unanimous agreement.

Mr. HAMPTON. I think the Chairman would be the catalyst in getting the various sides of an issue brought out. The final decision rests with the Chairman of the Commission. I have not paid any attention as to who voted for what in making my decisions. I make those decisions based upon the merits of the issue and I have reversed the majority—management in some cases, labor in other cases—recognizing that I have to be fully accountable for how the system works.

I did want to get that on the record.

Mr. HENDERSON. I think it is appropriate that you do, sir.

Mr. HAMPTON. We have indicated that the administration's proposal calls for Congress to approve broad policies, but that technical matters be left open to the administration's discretion, within the framework of responsible broad policy. Other proposals would tie down in law such matters as step rates within a grade, shift differentials, and so forth. Since this is an area of crucial importance, we would like to speak to this point at some length.

Step rates

Proposals have been made to establish a four-step system, a five-step system, a 10-step system, and so on.

Advocates of a 10-step system say the wage system should have the same number of rates as the General Schedule system for white-collar workers.

Others say broad rate ranges are warranted on the basis of a wide band of wage rates found in surveys of private industry pay.

And then there are those who look upon additional steps as wage increases.

There are several important reasons why we propose that the number of step rates for the Federal wage system not be enacted specifically into law.

We firmly believe that the rate structure should be established on an administrative basis and that the legislation should provide the flexibility for adjusting the rate structure as necessary to reflect private industry practice.

The current three-step rate structure adopted for the coordinated system was established in recognition of agency practices and industry practices that existed when the system was adopted. BLS studies available at the time showed that the predominant practice among companies surveyed was to pay a single rate rather than multiple rates. On the other hand, most employing agencies were operating under a three-step rate plan. Although single rate plans predominated in industry, there was a considerable showing of multirate practices. So we adopted the existing practice of agencies.

We propose a continuation of the present three-step rate structure until further adjustments are indicated as being warranted on the basis of private industry practices.

BLS is currently updating its study of rate range practices in private industry and we understand the results will be available soon. We propose to supplement their findings with studies of practices which we find during our surveys under the new Federal wage system.

Such studies were made by the Civil Service Commission in 1968 when we were establishing a supervisory pay plan, and these studies identified the need for broader rate ranges so we established a five-

step rate plan for supervisory employees based on this industry pattern.

We see absolutely no basis for moving to a 10-step plan for wage employees in order to parallel the General Schedule system. To say that GS and wage employees should be treated alike in this respect would fail to recognize that we have two different systems, each of which should be patterned after its own counterpart prevailing industrial pattern.

We would also like to set the record straight on another point. It has been indicated that the rate range for blue-collar workers in private industry supports the establishment of a 10-step rate system for wage employees because the ranges generally exceed 30 percent.

In support of this concept, data reflecting the spread of rates paid by all companies in an area is used—that is, from the lowest rates paid by one company to the highest rates paid by another company.

This is not a valid basis for determining rate structure practices of establishments in private industry.

The band of rates found among all employers in an area has no significance for step-rate purposes. What is important is the range of rates paid by the individual employer. It is the prevalence and extent of rate range practices of individual employers that BLS is now studying and that we would supplement with our own survey data to determine if changes are needed. This is a separate issue. Certainly you cannot compensate fairly for high and low averages of individual job rates found in a local survey by increasing the number of steps that you pay to Federal workers.

One more thought on step rates: One extra step for Federal wage employees would add about \$109 million annually in unwarranted costs to existing payrolls. A 10-step plan would cost \$425 million per year.

Night shift differentials

Proposed night shift differentials of 7½ percent for the second shift and 10 percent for the third shift would more than double the current annual shift-differential cost of \$6.3 million. Additionally, adoption of uniform night shift differentials, like the use of broad rate ranges, would be a departure from prevailing practice.

Therefore, in the interest of (a) following industry practice and (b) leaving such matters as step rates and night differentials open to administrative decision, we strongly recommend that these “nuts and bolts” not be enacted into hard and fast law.

Wage surveys by BLS

At present area wage surveys are conducted by a “lead” agency—that is, the agency with the largest number of blue-collar workers in the survey area—with employee unions participating in the survey.

The administration proposes that this important responsibility be turned over to the Bureau of Labor Statistics. Unions and management would still participate in planning the detailed coverage of local surveys.

BLS presently conducts the national survey which serves as the basis for white-collar Federal workers’ pay adjustments. BLS also conducts area wage surveys in many of the wage system areas. Additionally it surveys wage occupations for many other areas under the McNamara-

O'Hara Service Contract Act. These latter findings are used to establish minimum rates for employees of companies providing contract services for Federal establishments.

Thus, by giving wage system survey responsibility to BLS we would unify wage survey activities of the Federal Government.

This would eliminate a substantial element of duplication which exists at present, since BLS and agencies are collecting similar wage information in the same wage areas. This duplication in many instances has inconvenienced the private establishments who have supplied wage data.

Wage surveys are needed to establish the facts about levels of rates being paid by industrial employers, and we feel that such factfinding would best be accomplished by an impartial, objective, and thoroughly experienced body that will not be affected by the outcome. The professional competence of BLS is well established.

Equity

Finally, we wish to address the subject of pay equity.

It has been alleged that the blue-collar worker in Government is the "forgotten man." This is simply not true.

In matters of pay equity the blue-collar worker in Government, rather than being a "second-class citizen" is, in reality, the "first born" among Government employees.

The blue-collar worker was the first to be paid on the basis of "prevailing rates." He was the first to benefit from wage surveys which were made each year to keep his pay in line with the averages paid in his community.

He was, by almost a century, the first to achieve comparability.

Since 1945 annual wage surveys have resulted in a steady growth in the pay of the Federal blue-collar worker. Using the year 1945 as a base of 100, his pay index now stands at 403.3.

The postal workers and the General Schedule workers have not been so fortunate, for their pay schedules have been adjusted less frequently.

It was not until the Salary Reform Act of 1962 that the Government even recognized the "comparability" principle for the rest of its employees. Further, recognition of the principle did not result in an automatic application of "prevailing rates." Prevailing rates became a reality for these employees only in the last 3 years.

These were "catchup" increases, and if you compare only these increases with current blue-collar increases, it would appear that the blue-collar worker had not fared as well.

But the facts are that the General Schedule workers and the Postal Field Service workers are still behind the blue-collar workers in percentages of pay increases.

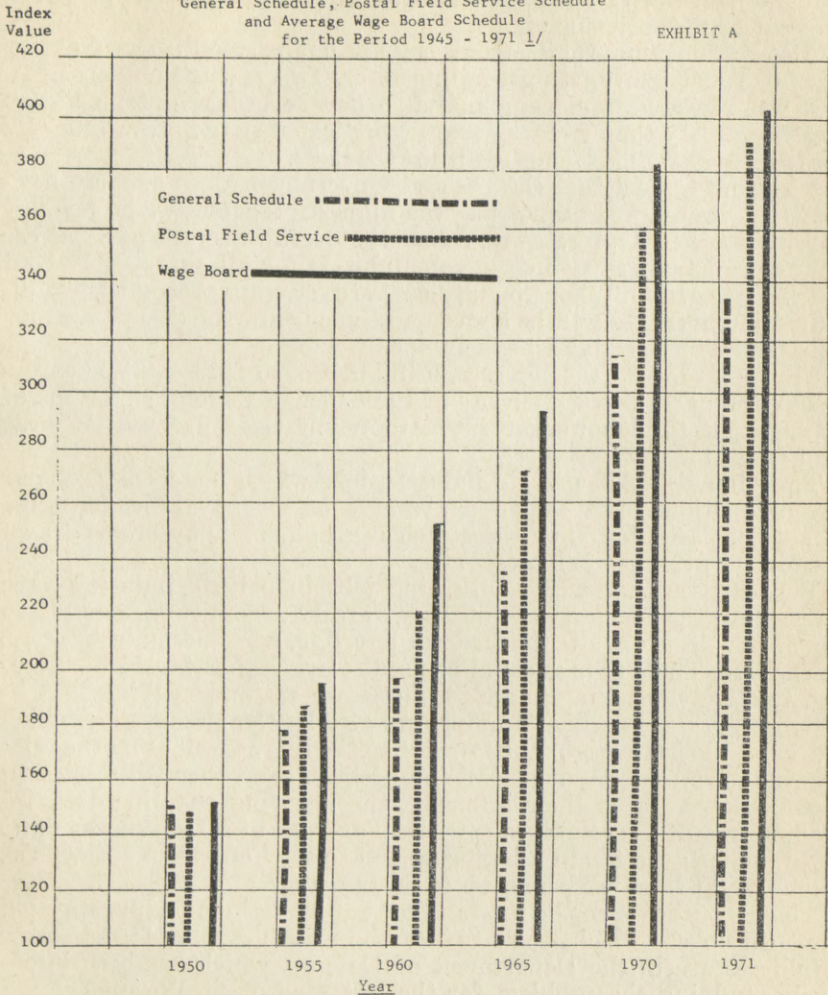
Using the same year of 1945 with the base of 100, the General Schedule workers' index is now 331.8 and the PFS workers' index is 388.9. This compares to an index of 403.3 for the blue-collar worker.

Let me correct another misconception.

Some have suggested that the nationwide average blue collar increases of 9.2 percent in fiscal year 1969 and 8 percent in fiscal 1970 were so large because these percentages included the benefits of eliminating laundry, food service, and custodial schedules. This is not the case.

Indices of Comparative Rates of Pay Increases
for Representative Grades of the
General Schedule, Postal Field Service Schedule
and Average Wage Board Schedule
for the Period 1945 - 1971 ^{1/}

EXHIBIT A



^{1/} Based on rates generally in effect as of June 30 of each year except the 1971 rates. The 1971 rates are those in effect as of January 3, 1971 (1945 = 100)

For example, grade 3 laundry workers in the Chicago area, in addition to receiving increases under the regular wage schedule, also received increases of more than \$1 per hour due to the change in systems. These increases were not counted as part of the increases for the regular wage worker, and are not included in the average 9.2 percent figure.

On the same basis, the percentages do not include increases which came to workers by consolidation of rural wage areas from former agency systems to the coordinated system. Increases from retroactive application of the Monroney amendment also were not included except in a few cases which occurred concurrently with the insurance of a regular wage schedule adjustment.

Mr. Chairman, I would like to add in here that the Department of Defense has some rather specific statistical data to support, in general, the statement of it just made.

Also on this point, there is some suggestion that the Federal Government does not really pay prevailing rates. This is sheer nonsense.

It was reported, for example, that Federal truckdrivers in Chicago receive less pay than our wage survey indicated as the prevailing rate for truckdrivers. This tends to distort the facts.

It is well known that the Federal Government does not pay individual job rates. We do not pay the highest rates and we do not pay the lowest rates. Our rates represent the overall average of what the private companies pay in the communities for all survey jobs considered as a group. When you use such an averaging process some individual job averages will be above and some below the overall average represented by the established pay line.

This point is easy to illustrate. Exhibit B of my presentation covers the February 1971 wage survey of the Chicago wage area. Teams of management and labor organization representatives surveyed 349 firms employing 437,000 workers.

They found 94,313 private industry jobs which matched 27 of our key occupations. The weighted averages of the pay rates for these 27 key jobs are plotted on the attached graph. The pay line is drawn to show the average of all these rates.

You can see that while only nine jobs in private industry have rates above the Federal pay line, there are 17 jobs in private industry which have rates below the Federal pay line, and one job average is on the line. These figures could be used to argue that we are overpaying, relatively speaking, more jobs than we are underpaying.

However, the pay line is influenced also by the amounts by which individual jobs are higher or lower than the line as well as by the relative industrial employments in those jobs. Thus, when all statistical factors have exerted their influence, the resulting pay line does, indeed, represent the combined statistical average of all the survey data.

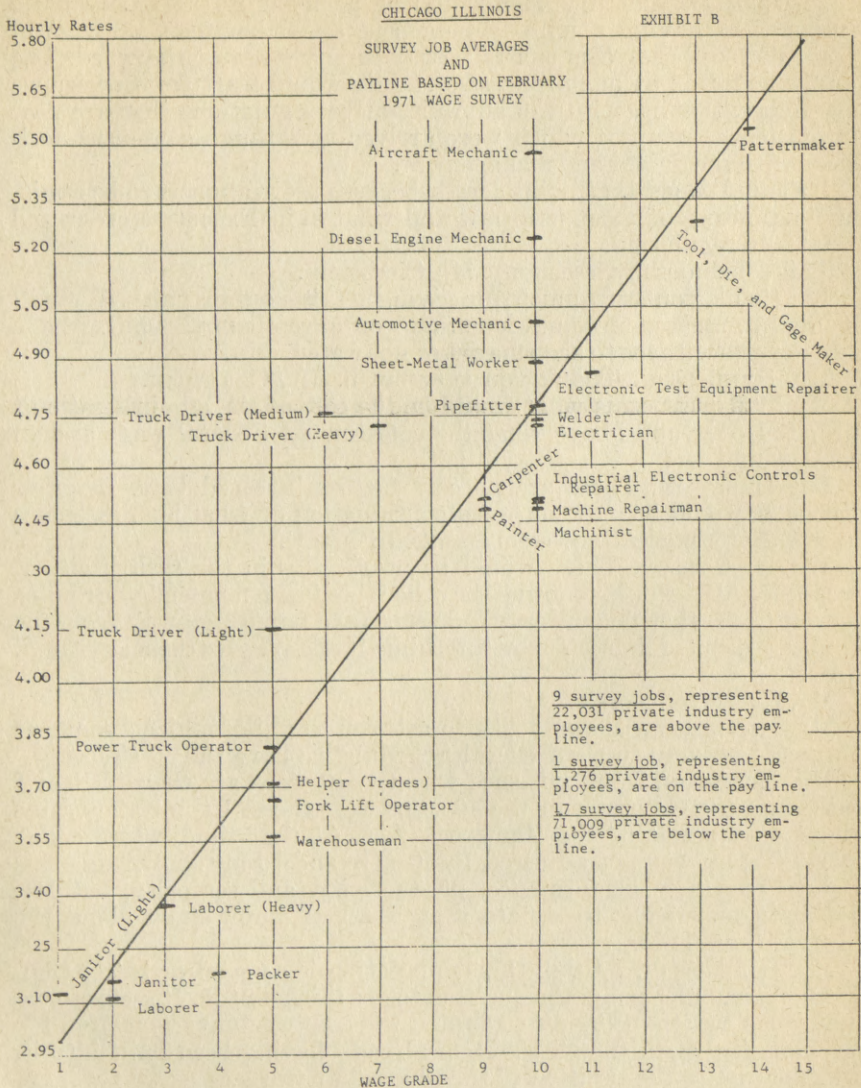
No one has yet found a better system to set Federal pay that is as fair to the Federal worker as it is to the taxpayer.

I have not discussed the pros and cons of including nonappropriated fund employees within the scope of the wage system. Most of these employees are in the Department of Defense, which has been intensively studying the problem for the last year or so. We understand that Defense has completed its study and is about to announce a plan for these employees. It would, of course, be most appropriate for the Department to present and explain their plans.

This covers, in brief, the administration's views with respect to Federal wage legislation. We think that the administration offers a good bill—one which will provide the basis for fair and equitable treatment of wage employees.

It is consistent with the prevailing rate concept. It provides the means for management and labor to discuss and resolve issues directly, with each having a voice in the decision.

Most importantly, it vests in the Congress the awesome responsibility for determining broad, basic policy, but it empowers the Chief Executive to make sound administrative choices within the framework of broad policy. It is a law which can help us to change with the times.



We respectfully urge you to give serious consideration to the administration's view and to the administration's proposal for legislation.

I have noticed publicity in newspaper stories that gave the appearance that our proposal was taking something away from employees that they now have. I think this was somewhat of a distortion in that if we look at exactly what we have today, we have very little in statute about blue collar wages, the whole wage system is established by regulation of the Civil Service Commission, the basis of which is a Presidential memorandum. It is not even of the status of an Executive order.

Our proposal in no way takes anything away from the employees in the Federal wage system. The only change that I see at the present

time would be that the BLS would be performing the wage survey rather than having a joint management and labor team do it. And I am not sure that this is a takeaway in any sense of the word. The implementation of our proposal certainly would start from where we are today, that is, with the administrative regulations that are now in existence, many of which were arrived at through consensus decisions with the unions and management.

I wanted to get that point across, because there appears to be a misunderstanding of what is in law and what is in Executive order and what is in regulation.

This concludes my testimony, Mr. Chairman.

We thank you very much for giving us this opportunity. We will be glad to answer any questions that you have about this bill. I have two experts with me to keep me out of hot water.

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

My first question is what would be the cost of the administration's proposal over and above what the coordinated Federal wage system costs would be?

Mr. HAMPTON. There are no cost factors involved here. In other words, it would be more or less a continuation of what is in existence except that it places the system essentially in law.

Mr. HENDERSON. There would be no savings in the system either, would there? I think, to argue the other side just a moment, your point is well taken that your proposal doesn't take anything away from the employees, but if it doesn't cost anything, it doesn't give them anything, does it?

Mr. HAMPTON. No, sir.

Mr. HENDERSON. I would like to ask you to philosophize a moment and ask you why in the General Schedule we have the 10 steps?

Mr. HAMPTON. I am not sure why the 10 steps are there. When I came into the Government the 10 steps were there. I think they came about as a result of the Ramspeck Act. At that time, white collar workers' pay was not adjusted frequently and to my knowledge this was to recognize performance, productivity, and seniority, but Mr. Jacobson may want to add to that. He may know more about the history than I do.

Mr. HENDERSON. I think this explanation is as good or better than I can make, but I posed the question to get this point in. It seems to me that when we, the Congress, adopted the comparability principle for the classified with the step system already having been built into it, we gave rise to the position of the blue collar workers, as we now give the classified comparable pay plus step increases. They, having had it all of the years, do agree with the position. They have had prevailing wages or comparable pay all these years. The wage board employees compare themselves with General Schedule employees. They both have comparability or prevailing wages, but they do not have the step increases and I think that is the reason why they are proposing that Congress treat them more nearly alike.

Mr. HAMPTON. Mr. Jacobson is trying to get at the microphone.

Mr. HENDERSON. We will be delighted.

Mr. JACOBSON. At the time the act of 1962 was enacted there was a great deal of debate about the number of steps, and the intervals between the steps. There have been studies made prior to 1962, mainly

by BLS, which clearly showed that industry practice in the white collar pay area was quite different than industry practice in the blue collar pay area. The prevailing practice for white collar pay in private enterprise was for a rather wide range of rates within a particular company.

I do not have the data at hand. We will be glad to furnish them. It shows a 30 percent range from the minimum to the maximum of a grade, or equivalent of a grade in the private enterprise sector, was quite usual. In fact, it was often larger than that. Thirty percent was actually a modest range, especially in the higher grades where private enterprise would provide a 50 percent minimum to maximum. Therefore the adoption of the 30 percent range with $3\frac{1}{3}$ percent steps was based on a specific study which established this was industry practice. Whereas in the blue collar system, as the Chairman's testimony indicated, there have been similar studies which show that the most prevalent practice in private enterprise is a single rate for a job, not multiple rates.

This is the study we hope to duplicate because it is a little old. It might well point to the need for change. But we feel that change ought to come as part of the administrative flexibility.

Mr. HENDERSON. It seems to me, as to what you in the executive have done to bring greater pressures on the Congress to react for the ordinary wage board employee, on page 7 you say you have put into action the five-step rate for supervisors. I think we are hearing more of the argument from the blue collar worker, that if this is justified for the supervisor, it surely ought to be justified for the worker.

If you take these two points, their position is, as I understand it, that we ask the blue collar employees to wait until you can look and see what the conditions are in the private sector. Of course, if you find that in private industry there is justification for a step increase, grant them the step increase.

The bill that passed last year, and the bill that several others have introduced this year, as opposed to the administration bill, would provide the several steps regardless of the prevailing practice in the industry. Is that true?

Mr. HAMPTON. That is absolutely true, Mr. Chairman. It puts it into the system forever, in a sense, until it could be amended, if necessary, and I wouldn't see amendments coming easily to statutes. It is very difficult to achieve any kind of repeal, a step that is not present among the employers, that we use as a basis for setting our rates. It is a matter of principle. If we pay a local prevailing rate, we feel this is the rate we should pay, and we should parallel in this particular set of jobs, the local practices. The same goes for the nighttime differentials, because if this is what is going on in the area in pay, we want to be comparable.

We want to see our employees paid a prevailing rate, and we want to see that their differentials and other things parallel those with the employees that we use for comparison basis.

I think that in the proposed system we have the opportunity, through the Policy Advisory Committee, to have these issues brought up between management and the employees, to be fully and objectively aired and decisions made.

It may be that private practice will change. I have talked to many rank and file employees. I have met with them. I just returned from

a trip to Salt Lake City, and I talked to about 100 individual employees for 10 and 15 minutes at a time. I spent two very, very full days out there, and I understand their argument very much.

They are very, very upset that supervisors have five rates, and they only have three rates. And I also am very much aware that a younger employee can go into one of these particular occupations and that in a few years he is as far as he is going to go in this particular job, and that older employees look and see a younger employee who is there making the same money that they are.

There are promotional opportunities and I think the Defense Department has statistics in their testimony that highlights this. But, it is a very sensitive issue.

Mr. HENDERSON. I am certainly glad you recognize it is, because it is the one that I think this committee and Members of Congress will have great difficulty coping with as we consider this legislation, especially as we handle the proposal of the administration and others.

Mr. HAMPTON. Mr. Chairman, may I inject here. I am not sure of our ground here. I don't know whether there is a way to get at this problem outside of traditional step rates. But there may be, and it may be something that we can explore, a language which might achieve the purpose, but yet does not set it in the law where it cannot be changed without repeal.

I would be willing to listen to any suggestions.

Mr. HENDERSON. The next point I would want to make here is that, if we were to enact the administration's bill, could we assume that very shortly the employees would be given step increases or something similar because of the prevailing practice in industry? You make this point on page 9. Surveys by BLS indicate that BLS findings are being used as minimum rates for the employees of companies providing contract service for Federal establishments.

I am sure you do recognize this. Our Federal employees are expressing concern at this time with this proposal even on the assumption they might be granted some benefits because of the recent Presidential action for a short period of time in suspending the Davis-Bacon Act. This illustrates, even though it is in the law, the President took action to suspend the Davis-Bacon provision. Certainly he could suspend the Federal coordinated system as proposed under your system much more easily than he could suspend the steps as written into our law.

I think this is one of the things we have to keep in mind at the present time.

The employee is saying to the Members of Congress, if we are going to get anything, you have to write it into the law. And I think I want to make that point and afford you an opportunity to comment, of course, if you like to, Mr. Chairman.

Mr. HAMPTON. In my conversations with the union about our proposed law versus others, one of the points they bring up, and I can understand their point of view, is if you don't spell it out, there is no guarantee we will have it.

One, I think they underestimate their own strength and influence in saying we have to have it spelled out in law, because the system they have now is not even by Executive order, but by regulation.

Mr. HENDERSON. I might comment, Mr. Chairman, without asking you to, they could decide whether or not they have the strength and

muscle that the building trades recently had to get the suspension of Davis-Bacon Act withdrawn.

Let me yield to Mr. Rousselot.

Mr. ROUSSELOT. Nice to see you here, Mr. Hampton. I have just returned to this committee, so I really have not had the benefit of the previous year's review of this law.

How soon do you think the Bureau of Labor Statistics' survey will be done? You said soon. How soon?

Mr. JACOBSON. We understand we will have the data from them by the end of May. It won't be published, but will be available at the end of May or the first week in June.

Mr. HAMPTON. We have the July 1964 study, the statistics by industry, as to what are their practices. We will be glad to provide that to the committee to look at. I think it is 7 years old, and we found in the personnel business today, that 7 years is a long time. But it might serve as some basis.

Mr. HENDERSON. If you will submit that to us, it will be helpful.

Mr. ROUSSELOT. I assume by mentioning this, you were suggesting that maybe we should not take any action on this bill until this study is completed?

Mr. HAMPTON. I am not trying to guide Congress in terms of how it would take action.

I wanted to bring it up because I thought before there is any final markup on a bill, it might be well to review that bill in light of the 1971 data.

Mr. ROUSSELOT. I noticed by your testimony that you stated that really all Civil Service people have not done too badly in obtaining needed increases.

In taking into account the prevailing wage employees, do you include in your wage figures all fringe benefits?

Mr. HAMPTON. These are salary costs. We do have figures on fringe benefits showing general comparisons between industry and Government.

Mr. ROUSSELOT. In the past, how did the prevailing rate employees do as far as fringe benefits are concerned?

Mr. HAMPTON. I think the prevailing rate employees in the Government are better off than in industry.

Mr. ROUSSELOT. Do your studies show that?

Mr. HAMPTON. The studies are not broken down by blue collar and white collar. They are lumped together and, therefore, I think you would get a distortion in them.

The blue collar in industry does less well in fringe benefits, I think, than the white collar. And when you lump the two together, it has a tendency to bring them both up.

In the Government sector, blue-collar workers, in terms of sick leave, life insurance, annual leave, health insurance benefits, and retirement, are treated the same as white-collar workers.

Mr. ROUSSELOT. So, on a comparative basis with private industry, the blue-collarers do much better in the Federal Government?

Mr. HAMPTON. In some areas you will find our workers do not do as well as industry workers. In other areas, they do better. On an average, I would say our workers do slightly better.

Mr. ROUSSELOT. I want to make the committee aware, Mr. Chairman that—this is in no way a reflection against Federal employees—there is a feeling, at least among my constituents and the public I run up against today, that Government employees have not greatly suffered through the years, especially in recent years.

I can agree with Mr. Hampton, when he says in his statement, it is hard to see where Government workers have really suffered adversely, especially when it comes to fringe benefits. So, I think your testimony points us in the right direction.

Mr. HENDERSON. Thank you.

Mr. Bevill?

Mr. BEVILL. Mr. Hampton, how would the administration bill affect the supervisory pay schedules?

Mr. HAMPTON. It would have no effect on the supervisory schedule.

Mr. BEVILL. Checking the administration bill, I can't see how the employees' unions would participate in the wage fixing. I understand they do that in the present setup. But there is nothing in this bill that would assure them they would participate in wage fixing, is that correct?

Mr. HAMPTON. No.

The employees at the present time, through the unions represented at the local wage committee, participate in gathering the statistical data. Under our proposal they would not, and neither would management. It would be done by the BLS.

But, the nature of the survey and the guidelines for the performance of that survey, would be determined jointly by management and the union at the local level. That is in the law—it is generally stated:

The agent for the President may prescribe regulations necessary for the administration of the Federal wage system. The regulations shall provide opportunity for agency management and labor organization involvement in operations under this section.

The present regulations in effect in the coordinated wage system would be reissued. I think many of the issues in the implementation of our proposal would require the Advisory Council to convene immediately to consider the drafting of new regulations under this law. And, there are a number of issues that have resulted from the last two and a half years of operations that are now before the National Wage Policy Committee. The committee should continue to study these issues. The members are experienced in these problems. If corrections are needed they should be effected within the new system. So, there will be full union participation in setting the procedures for the new system. The law requires that the unions participate.

The regulations, of course, would be flexible. But they would participate in the drafting of these regulations, because they are on the policy committee that does it.

Mr. BEVILL. Labor would be represented on the policy committee?

Mr. HAMPTON. Yes, sir; equally.

Mr. BEVILL. At the present time you have three steps, I believe, is that correct?

Mr. HAMPTON. Yes.

Mr. BEVILL. Is it at this phase you have more or less steps, or continue at the three-step level?

Mr. HAMPTON. We would not anticipate any change in the number of steps. But, I am not saying that in the future as industrial practices

change—and they do change—that in order to accommodate to that change we would not have more than three steps.

One of the suggestions I made earlier is that steps may not be the way to solve the problems that exist. There may be another way of getting at the problem.

I have problems with just the arbitrary assignment of steps, unless there is some justification in principle for this. There may be another way we haven't really explored to get at the pay problem.

Once you put a step increase down in law it is there and always there, and you just automatically move into it regardless of what practices may be prevailing in the industry.

Mr. BEVILL. From time to time we hear the cry that the Federal Government's blue-collar employees may be running the risk of pricing themselves completely out of the market.

Do you have any comment on that?

Mr. HAMPTON. One of the real problems that we had last year in the consideration of the wage board bill, was that the Department of Defense was under a very stringent budget requirement and that had a fourth step been put into effect, it would have triggered a considerable reduction in force. So, in a sense they were being priced out of the market in that the resources available for salary expenses could not accommodate the pay increases.

The Department of Defense budget decrease for this fiscal year, has been changed and the reduction in force will not be as severe as anticipated.

Even that is subject to congressional action. Should there be any reduction in the administration request for salaries and expenses for defense, it would trigger further reductions in force, and any pay increases on top of that would certainly put us in that position.

One other measure, of course, as to whether or not you are paying a good wage, is the number of people applying for jobs in the Federal sector. We find no shortages of skilled people anywhere in the country on our registers to fill blue-collar jobs.

Mr. BEVILL. If H.R. 2164 is passed by Congress, do you anticipate the President will veto it?

Mr. HAMPTON. I have not put the issue before the President in terms of a predetermination at this point. Our objective at this point is to try to work out a bill with Congress that will be signed into law.

Mr. BEVILL. In your statement—just one more question—page 3, you say, "It is this kind of unwarranted spending that serves to feed inflation and is grossly unfair to the taxpayer."

You know the President 2 years ago talked about how you just cannot spend more than is coming in, that is deficit spending. And 6 months ago the administration says now we are sending you a full employment budget, which, of course, when you blow all of the smoke away you see it is a deficit spending budget. They said this is going to help the economy out, having deficit spending. Then you come along and say this is going to be inflation.

Now, is deficit spending good or is it bad? We are jumping from one side to the other. You can give it all kinds of names, but it is still deficit spending. In your judgment, if wages are raised, is it feeding inflation?

Mr. HAMPTON. Not exactly, sir. Wage increases are part of our economy that occur every year and not all necessarily inflationary. I think an additional step increase would be an unwarranted cost, that is, a cost that you do not have a reason to incur and that could be considered inflationary. Increases in both white-collar and blue-collar pay that we have had were not, in my opinion, inflationary, even though we had 9-percent and 8-percent increases in blue-collar pay in the last 2 fiscal years.

This is what is happening in the private sector and is a prevailing rate and that is the principle we operate under. I think to exceed that and create an unwarranted cost could be considered inflation.

Mr. BEVILL. That is all I have.

Mr. HENDERSON. The gentleman from Florida, Mr. Chappell.

Mr. CHAPPELL. Mr. Chairman, I do not see any reference to the part Congress would or should play in this matter. Does this mean then by your proposal you are taking Congress completely out of the wage business.

Mr. HAMPTON. No, sir. I think that should be amended to include a yearly report to the Congress and I think this committee should exercise oversight review on our administration of this program to assure that the policies of the prevailing rates are carried out and that our administration is fair and equitable. I think that is a very proper observation and an oversight on our part. I would like to apologize for it. It appeared from what you said that that could be true and that is not the case.

Mr. CHAPPELL. There are several thousand wage board employees who had special pay procedures that did not fit into the federal coordinated system. I understand these people—have you made any progress in settling these people's pay?

Mr. HAMPTON. I would like for Mr. Jacobson to answer this.

Mr. JACOBSON. We have actually a total of some 27 categories of employees who are in what we call set-aside groups; the planners, estimators, quality control inspectors, are among the more populated of these groups. We are in the middle of a study now. We just received the Office of Management and Budget approval on the survey forms and we are just beginning the actual field contacts of private enterprise to find out about private enterprise practices for paying these jobs. We hope to complete that study as rapidly as possible. We hope to have decisions and recommendations on this about the middle or the end of the summer, and are looking forward to the resolution of this issue fairly soon.

I should, however, emphasize that in the period during which these studies have been planned and are being conducted that the particular employees involved have not been barred from increases. They have remained under an agency wage system and they have received annual increases just as they were receiving before. So it is not as though they are completely out of the mainstream. They are not yet part of the coordinated Federal wage system because we have not yet arrived at an agreement as to how to handle them within that system. They do remain under agency wage steps and are receiving regular adjustments which are comparable to those granted to employers under the coordinated system.

Mr. CHAPPELL. You are working to get this settled by the earliest moment?

Mr. JACOBSON. The group we plan to have settled by the end of the summer is not all of the set-aside group, but it is the most populous. We are working very diligently on the others. We have a schedule of the order in which we hope to take these up and hope to resolve these as rapidly as we can.

Mr. CHAPPELL. I notice section 5346 of the administration bill. I believe that is the section which deals with the advisory committee. How does this differ from the advisory committee set up by administrative action?

Mr. HAMPTON. It differs very little in terms of its composition. At the present time there are 5 representatives of agencies and 5 of labor organizations and their functions would be very similar to this. It just places into law this particular body as a council rather than the committee that it now is. We would not anticipate it will be a voting or adversary situation as is the present one. The President's agent would be designated as the chairman of the council and as the spokesman for the executive branch. The chairing of the meetings would be carried out by someone that I would designate.

This differs from the proposals and other legislation where the chairman would be appointed by the President, and would be someone from outside of the Government who has no other responsibility in Government. I do not feel an outside individual, who is not familiar with this very technical subject, would be the appropriate type of representative to have as a Presidential appointee within the Civil Service Commission reporting to me, where the final decision would rest.

My thinking in terms of the question of voting is that many times there has been placed in the record at various hearings that we have these meetings and that it be chaired by the Civil Service Commission staff and that the votes come out 6 to 5. What many people do not recognize is that a 6 to 5 vote in the first place comes to me for a decision and I do not make the decision on the basis of the weighing of these votes, that I go into the text of the discussion. I try to get at the merits of the issue.

I think the record will show that I have reversed decisions on 6 to 5 that have gone in favor of unions, I have reversed decisions 6 to 5 that have gone in favor of management. The function of this council should be getting the facts on the table and getting the rationale behind the thinking, and you can only make decisions on the basis of the merits.

Mr. CHAPPELL. The administration bill is not clear as to how members of the advisory committee would be selected.

Mr. HAMPTON. We would designate the representatives of the organizations which employ a substantial number of employees. We would use the same formulation that is used in the regulation now.

Mr. CHAPPELL. Do you think this bill in that area ought to be amended to make it clearer?

Mr. HAMPTON. I would have no objection to that being amended to reflect clearly that policy.

Mr. CHAPPELL. How often does the Commission plan to have the Bureau of Labor Statistics perform these wage services?

Mr. HAMPTON. They would be made on an annual basis in each area. There are 140 wage areas.

Mr. CHAPPELL. Thank you, Mr. Chairman.

Mr. HENDERSON. Mr. Chairman, I think in light of the legislative history last year, certainly the record ought to be made clear today that the administration is recommending to the Congress that we keep the so-called Monroney Act in effect. What is the estimated annual cost to the Government of the Monroney Act in those areas where it has been implemented?

Mr. HAMPTON. When it is fully implemented we estimate the annual cost will be \$75 million. I feel the reason we did not recommend in our legislative repeal is that that is a bullet we have already bitten. I did not feel the Congress would be willing to repeal it, although I feel personally it is not good practice. Once you have made your initial adjustments, subsequent adjustments will reflect the labor market in those areas. I do not think it would be as significant as might have been anticipated.

Mr. HENDERSON. I am appreciative of your response, and I think you have been helpful to us as we proposed this legislation. I have been forewarned this was going to be one of the main contentions coming from some of the members of our subcommittee, and I think it will buttress our position as we have the administration position on this. How many current labor market areas are affected by the Monroney Act?

Mr. JACOBSON. Our records show that we have this in effect in 21 areas, which affects approximately 140,000 wage employees. That is, there are 21 areas in which the Monroney determination has resulted in a special schedule adjustment. Actually the determinations were made in almost all of the areas; however, a great majority of the areas did not meet the terms of the law. So it's 21 areas, 140,000 people.

Mr. HAMPTON. As of April 16, 1961, among the 141 areas, the number of areas with revised schedules is 21. The number of areas that qualified with adequate data within the areas is eight and the number of areas not qualifying because of lack of predominant industries is 76. The number of qualifying areas, with no impact, were two. The number of areas requiring information is three.

Mr. HENDERSON. Mr. Chairman, not to put you on the spot, because you were very responsive on my first question on this subject, but is any consideration given to the possibility of recommending the repeal of the Monroney Act, with its cost going to \$75 million, and substituting at least a one-step increase for all of the wage board employees, which on page 8 you pointed out would cost \$109 million annually. Did you give any thought to that possibility?

Mr. HAMPTON. No, sir; it really hadn't come up before. But it sounds like an attractive swap.

Mr. HENDERSON. Speaking for those who are the proponents of the repeal of the Monroney amendment, I think they would probably suggest to you this was a place where you could have saved money. Inasmuch as you were trying to devise a bill that wouldn't cost much, it was at least intriguing to me that at the height of the history of last year, this might have been the recommendation. Speaking personally, I am most appreciative that you now take the position that the Monroney Act being law and being fully implemented should be continued.

Mr. HAMPTON. One of the things behind the philosophy in our legislative proposal, and the reason cost figures were not significant in our

thinking, is that we were interested in what appeared to be the interest of Congress and the interest of employees in placing a system to handle blue-collar pay in the law. We wanted to keep this in terms of policy and principles to serve as the guidelines for how the system should operate and leave the details of how it should operate to determinations between the employer and employee, subject to what Mr. Chappell brought up, the oversight of Congress. You can always legislate in this area, if we are not carrying out that policy or adding to it.

Mr. HENDERSON. There are a couple of other areas, I can think of one that is perhaps of less importance in connection with this legislation. Why did the administration's proposal fail to provide saved pay for the wage board employees? I think we had it in our bill last year, and it's in the bill introduced this year.

I would like to have your thinking on that point, or at least the reasons why it was not included in the bill or your views as to why it should not be included in the legislation.

Mr. JACOBSON. My assumption is that we did provide for saved pay.

Mr. WEISSENBORN. I think the important thing here is that there is not now any statutory paysaving provisions for wage employees. We have provided saved pay provisions equal to or better than those enacted in the statute for general schedule employees, and it's part of our present system. In that respect we felt this was part of the general administration of the system.

Mr. HENDERSON. We do have saved pay enacted into law for classified going to classified, classified going to wage board, wage board going to wage board, but we don't have a law covering wage board going to classified.

Mr. WEISSENBORN. I think my response on that would be to the effect that we were proposing here legislation for the administration of pay for wage employees. The situation you are speaking of is one in which a wage employee has been transferred to and has become by that transfer a general schedule employee and therefore any salary retention for that situation would be properly considered as part of general schedule pay administration rules.

Mr. HENDERSON. Your point is well made. It could be done in separate legislation.

What would be your position on a separate bill that provided this?

Mr. HAMPTON. I have no objection to that. We felt it could be handled administratively under the circumstances. But it is not a major breaking point.

Mr. HENDERSON. I am trying to make the point, again, Mr. Chairman, and I think as we look at your administration's proposal, we first agreed that it does not give the employees anything because it does not cost anything. This will cost a little money, but very little money, and is something we could give them as a specific benefit in this legislation, and I'm appreciative of your response.

With regard to night differential, getting away for a moment on the question of whether it should be done in this legislation or not, what is your thinking with regards to uniform night differential throughout the Federal wage board system?

Mr. HAMPTON. It's one of the issues in which practices in industry vary throughout the country and among the various wage areas. If we are going to follow the prevailing rate principle and practices,

that gives us this foundation, I think we should follow the practices of nighttime differentials as we find them. In some cases, incidentally, you may find that the rates that are expressed here as local prevailing practices exceed $7\frac{1}{2}$ to 10 percent.

Mr. HENDERSON. Can you assure the committee, under the present system, that in the Federal coordinated wage board system, we are following the prevailing wage system on night differentials in the survey area?

Mr. HAMPTON. Yes.

Mr. HENDERSON. And therefore the issue before us now is whether or not we continue that night differential or have a nationwide differential for the night, is that right?

Mr. HAMPTON. Yes, sir.

Mr. HENDERSON. Your point is well made that there is the problem if we adopt a uniform rate there are some areas of the Nation under the present system—I think there is just one—which exceeds the uniform percentage that we would have adopted. I think it's also important, Mr. Chairman, for me to express to you my personal regret that the nonappropriated fund activities were not covered by the administration bill. I am certainly cognizant of the problem, and you mentioned this is primarily a Defense Department proposition, and we will, and hope to test this. I would be very surprised if they were able to, at the time, give us the conclusions they have reached in this very detailed study they have undertaken since they have seen the real trend of law. Speaking for one member, if they can show us they have adopted a fair and equitable system for the nonappropriated complement, at the time they do testify before our subcommittee, I think we can give serious consideration to exactly what we are attempting to do with the Federal coordinated system. That is, take their fair and equitable system and write it into law so that nonappropriated fund employees will not only know they have been the recipients of fair action, but they will have it written into the statutes.

I don't say this so much as addressing my remarks to you, as to perhaps Secretary Kelley or whoever may testify on behalf of the Defense Department.

Mr. HAMPTON. Mr. Chairman, as you know, your committee for the last 4 years, that I know of, has pressed the Defense Department, and quite properly so, to study the conditions of employment of nonappropriated fund employees. It was inevitable that when those employees were brought under Executive Orders 10988 and 11491, that eventually this problem would come to the surface. I have had an opportunity to review their proposal in a cursory fashion, and those findings and recommendations that I have reviewed indicate on their part a desire to be responsive. I would prefer, as you have mentioned yourself, for them to present this problem.

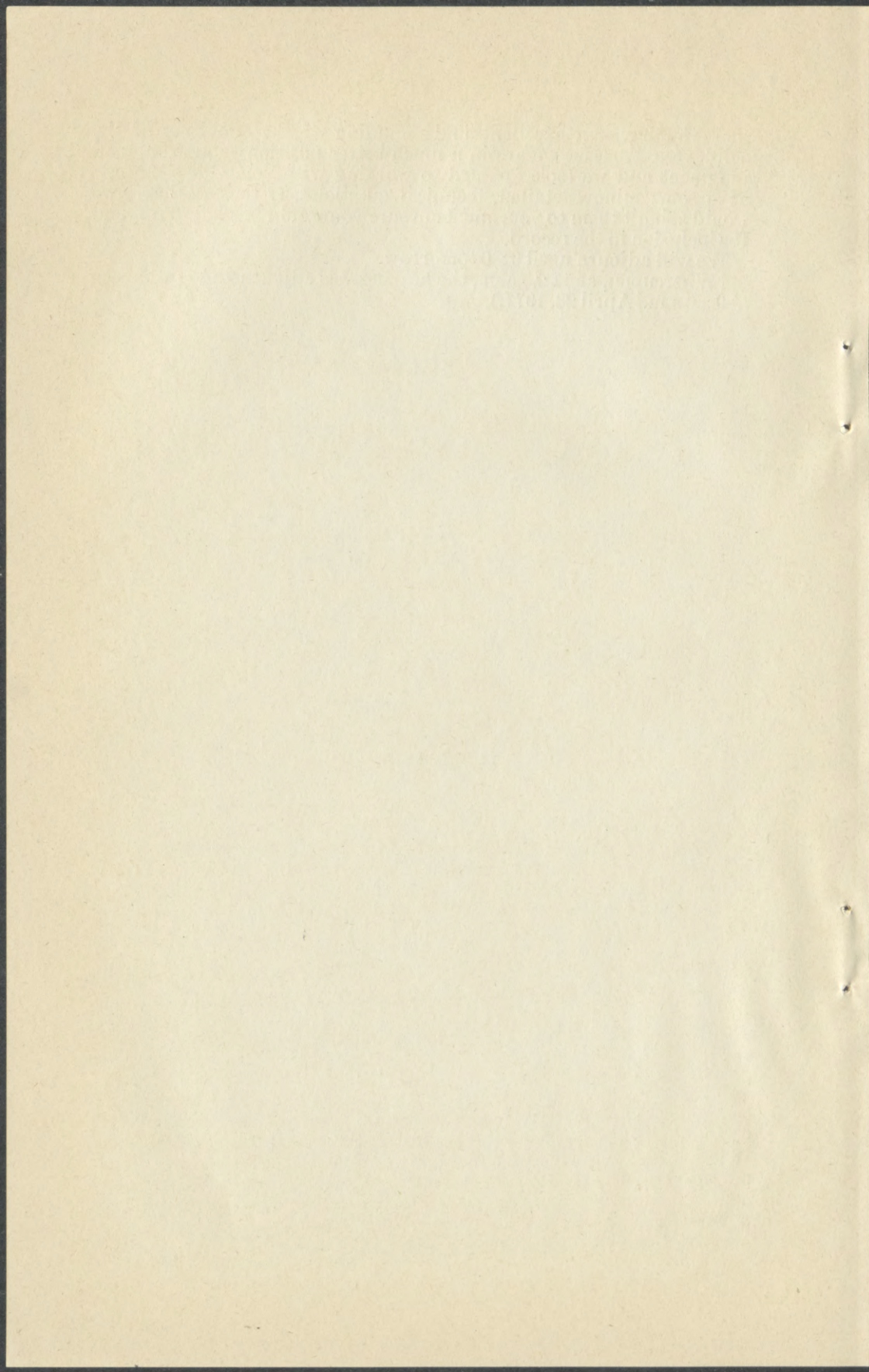
Mr. HENDERSON. We certainly will afford them every opportunity to do that. I would like to announce at this point, we will meet tomorrow morning in this room at 9:30 to hear Mr. Griner, American Federation of Government Employees and Mr. William Ryan, Federal Coordinator, IAM Aerospace Workers.

Chairman Hampton, on behalf of all of the members of the subcommittee, I thank you for your presentation this morning and for what I think is a very fine response. I think you have again shown

that you have an excellent understanding of the problems of the employees. At least we are in a much better position to make a good judgment and we look forward to working with you. Our staff may have some minor detailed, technical questions. If they do have, we would submit them to you, and I am sure you would be glad to respond for inclusion in the record.

We will adjourn until 9:30 tomorrow.

(Whereupon, at 11:15 a.m., the hearing was adjourned, to reconvene at 9:30 a.m., April 28, 1971.)



WAGE BOARD PAY LEGISLATION

WEDNESDAY, APRIL 28, 1971

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 9:40 a.m., in room 210, Cannon House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. The subcommittee will come to order.

We are continuing today hearings relating to the pay procedures for 750,000 wage board employees of the Federal Government.

Yesterday, we heard from the Chairman of the Civil Service Commission, Hon. Robert E. Hampton. He outlined the basic features of the administration's bill, H.R. 7691, which does not provide for specific pay steps, or saved pay, or premium pay for second- and third-shift work. In fact, nonappropriated fund employees are not included in the administration's proposal.

The subcommittee has for consideration over 30 different wage board bills. Included is H.R. 2164, which is identical to the bill that passed the House of Representatives last September by a large majority.

H.R. 2164 provides for five pay steps, saved-pay for blue-collar employees, premium pay for night shift work, and also covers 150,000 nonappropriated fund employees.

We are happy to have as our witnesses today the national president of the American Federation of Government Employees, Mr. John F. Griner, and Mr. William Ryan, national coordinator and legislative representative of the Government Employees Department, International Association of Machinists & Aerospace Workers, AFL-CIO.

It's always a pleasure to have you gentlemen before the committee. You may proceed.

STATEMENT OF JOHN F. GRINER, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Mr. GRINER. Thank you, Mr. Chairman. My name is John F. Griner, and I am president of the American Federation of Government Employees, and for the record, to my far left is Mr. Douglas Kershaw, national secretary-treasurer of this organization; Mr. Carl Sadler, legislative director; Mr. Stephen Koczak, research director; and Mr. Clyde Webber, executive vice president. And then on my right, Mr. W. H. Ryan, who is the national coordinator of the Government employees department, but is representing the Metal Trades Department here this morning, and Mr. Saul Stein, director of the Federal Employees Division of the Metal Trades Department.

I would like for you to note this morning, Mr. Chairman, that in the past there has been some difference of opinion between the AFL-CIO organizations as to the wage board legislation; but it is clearly indicative, at least to me and I hope it is to you and the other members of this committee, that we are now together, that we are unified now on the proposition that legislation is an absolute necessity.

I appear before you today, as I have many times during the past 5 years, to ask equity and justice for the 675,000 wage grade employees employed by the Federal Government and for a measure of relief for the nonappropriated fund employees working in the Department of Defense and the Veterans' Administration.

You will recall that during the last session when there were still almost 750,000 wage grade employees, the Congress enacted H.R. 17809, which was a compromise reached in conference between the House and Senate versions. Unfortunately, the President vetoed the bill. His veto only continued or made more grave the inequity and injustice on those employees covered by this legislation.

You will further recall that neither bill originally passed in the House or in the Senate gave full equity to the wage grade and non-appropriated fund employees. The compromise conference bill which was sent to the President was thus a mere skeleton, the "bare bones" of the original blue-collar bill, H.R. 8764, which we had endorsed.

Under the conditions which existed when H.R. 17809 was sent to the President in December 1970, we had no alternative other than to accept it, had the President signed that legislation.

In vetoing the bill, the President used three arguments. First, that a wage grade system already existed; secondly, that two-thirds of Federal blue-collar employees were already receiving pay 4 percent above the prevailing wages. Third, the President said, H.R. 17809 would have "fueled" the "fires of inflation."

Fueling the fires of inflation

In elaboration as to how H.R. 17809 would "fuel the fires of inflation," a White House spokesman alleged that the bill would have cost \$130 million annually for 750,000 Federal employees. This is, of course, less than \$175 per year per employee. Actually, as I stated at that time, the bill would have cost about \$110 million annually, including fringe benefits, or an average of \$140 per person per year.

I would like to say at this point that since then the Civil Service Commission itself verified the fact that our figure was more nearly correct than the figure of \$130 million.

I should like to comment first of all on the validity of the views of the President regarding inflation which he stated on New Year's Day.

Seven days after vetoing H.R. 17809, the President issued an Executive order increasing the pay of all military uniformed personnel—numbering more than 3 million persons—and all white-collar employees, numbering an additional 1.5 million men and women. The increase averaged 6 percent. The cost was \$2.5 billion, or 20 times the alleged inflationary increases of the wage grade bill.

The average increase for these 4.5 million military and civilian personnel was \$555 annually. The lowest increase for civilians, at GS-1, step 1, was \$201 per year; at the GS-17, step 4, level the salary rate went from \$33,786 to \$35,801, or a total annual increase of \$2,015 per

annum. Yet such increases apparently were not inflationary in the President's view for white collar and uniformed personnel.

Just 10 days after fighting inflation on January 1, on the battlefield of blue-collar employees' earnings, the President also permitted, by Executive decision, a "depreciation allowance" on machinery held by great industrial enterprises costing the Federal Government over \$2 billion annually.

These two actions alone, costing the Federal Government \$4.5 billion annually, or nearly 43 times the alleged additional cost of \$130 million for blue-collar employees—apparently were not inflationary.

These two increases in annual costs, totaling \$4.5 billion, are in fact \$500 million more than the entire annual Federal blue-collar budget of \$4 billion.

The real reason is not cost

The history of the fiscal actions of the administration concurrent with the veto of H.R. 17809 reveals clearly that the alleged cost of the bill was not the real reason for the veto.

The real reason, I believe, is that the administration did not then, and does not now, want any binding statute which clearly defines the rights of blue-collar employees to participate by law at all appropriate levels in the wage-fixing process. And I think that was clearly shown yesterday by the statements of the Chairman of the Civil Service Commission.

Even more, the administration does not want any binding statute, enforceable in the courts, which establishes a self-enforcing appeals mechanism which employee unions can invoke to safeguard the interests of blue-collar employees. H.R. 17809 contained several such self-enforcing provisions. Had it been passed, these provisions could have been invoked administratively by employee unions and would have been sustained legally by the courts.

I am convinced that it was the existence of these clear statutory provisions regarding employee rights which made H.R. 17809 unacceptable to the administration.

I should like to comment particularly on the President's assertion in his veto message that in the last 2 years under the coordinated Federal wage system wage rates have gone up approximately 17.6 percent; that is 9.5 percent in fiscal year 1969 and 8.1 percent in fiscal year 1970. Speaking in generalities, these figures are not inaccurate. But they are misleading.

The main reason they are misleading is that they do not show why and how these increases took place. They conceal the fact that almost half these increases are not genuine pay increases in the normal sense, but are really only one-time corrections of past pay injustices. Moreover, the figures obscure the fact that all these one-time pay corrections have had little to do, of course, with management initiative or attitudes.

These pay corrections are almost exclusively the result of our union's expert and active participation at all levels in wage-setting activities—at the top on the National Wage Policy Committee; at the lead agency level; and in the local wage survey committees.

At the top, our main role has been to develop consistent and universal principles. We insisted successfully, for example, on the abolition of the special and separate administrative schedules previously in

existence for employees of laundries, food service facilities, and janitorial units.

On the insistence of unions, these employees' wage schedules were integrated into the regular wage grade schedules. This took place during the first 2-year cycle of the surveys under the coordinated system, which ended in June 1970. The pay increases which resulted from this transformation constitute the greatest single part of the 17.6 percent the administration cites. We believe that if these so-called increases are excluded, the overall percentage would drop by about a third, or approximately 6 percent.

Prior to this first cycle, employees of laundries, food service facilities, and janitorial services were, of course, nominally given wage grade titles, but they were paid, in fact, on separate schedules determined administratively or by segregating or restricting the surveys in a manner not consistent with the scope, industrial coverage and procedures of the prevailing wage grade system.

In fact, management largely disregarded its own regulations requiring prevailing rate pay, and set the Federal rates just as low as the market would bear.

As your subcommittee will recall, the only reason legal minimum wages were being paid after 1966 was that, at our request, Congress specifically incorporated Federal employees under section 306 of Public Law 89-601, "The Fair Labor Standards Amendment of 1966."

Therefore, thousands of these employees lost untold millions of dollars in pay before the first cycle of surveys was carried out. Even today, they are underpaid, but at least their pay is nearer to private enterprise prevailing rates.

I believe that it is most misleading to portray a correction of pay made necessary by a disregard of previous regulations as part of normal pay increase table based on proper regulations. Yet that is what the administration statisticians are doing when they present their charts to you.

Our second active and expert contribution producing pay corrections as well as pay increases took place at the lead agency level. There our union representatives insisted on examining the principles used in applying the wage survey data in setting the pay line.

We found many errors of application, and I must state frankly we had to object and to insist that the regulations issued at the Civil Service Commission level be observed.

Thirdly, at the local level, we nominated blue-collar employees to participate in the local private enterprise wage surveys. Because of their expertise, we rapidly found and corrected many improper job matches allowed in the past by management, which had previously often used white-collar employees to participate in the surveys.

These white-collar employees didn't know the difference between a machinist and a janitor, I might point out.

As a result, today even management has begun to designate participants who have blue-collar backgrounds and expertise and who know how to identify proper job matches.

For this reason, the local surveys conducted today by the Coordinated Federal Wage Grade System are far more objective and accurate than those conducted in the same areas by the Bureau of Labor Statistics.

A final factor concealed in the alleged 17.6 percent pay increase over the last 2 years is the operation of the Monroney amendment.

This amendment corrected serious pay injustices suffered by blue-collar employees. It required explicit congressional action to provide a measure of relief. And even after the law was passed, the executive branch resorted to every stalling practice imaginable to delay its implementation. Certainly, the pay increases under the Monroney amendment do not reflect administration initiative and management deserves no credit for them.

I might point out, as stated here yesterday, there are many, many areas where the Monroney amendment should apply, but they just haven't gotten around to it. Regardless of the pressure that the unions have tried to place upon management to get these adjustments made, we are facing all kinds of excuses and I will predict that unless something is done, it will take another year in order for the administration, that is, administration staff who have this under their jurisdiction, to pay the adjustments that will be necessary under the Monroney amendment.

In summary, I should like to stress that the 17.6 percent cited by the administration is misleading because it contains several pay increases resulting from one-time corrections of past injustices which will not occur again. These are, therefore, improperly listed as pay increases. When one subtracts them from the total claimed, it is obvious that the normal wage grade pay increases in the last 2 years have averaged closer to 5 percent a year, or less than the concurrent rise in the cost of living.

Just a week ago, the administration delivered to the House a letter transmitting its own proposed bill for wage-grade employees, which is H.R. 7691. That bill is truly indicative of the absolute disregard of both the rights and the interests of blue-collar employees. So far as employee rights go, that bill would create a chaotic and demoralizing situation which neither my own organization, nor any other employee organization, would be able to control. So far as employee interests are concerned, that bill could in fact result in a cut in wages for thousands of blue-collar employees, perhaps for all of them.

H.R. 7691 is at least a decade behind the times. It disregards the entire trend of events during the last three administrations. In fact, though it pretends to take the outward form of legislation, it is nothing more than an "enabling act" authorizing the administration to wipe out all achievements of the past and to deal with blue-collar workers any way it wishes.

I want to say at this point that I have a great deal of confidence in Bob Hampton. I have made the statement many, many times that Bob Hampton is the best Chairman of the Civil Service Commission that we have had in my time as a national officer of this federation, which has been for 25 years. But we may not have Bob Hampton there all the time. With a change of administration there is usually a change in the chairmanship of the Civil Service Commission. We don't know who we will get there next.

And certainly, regardless of all the good faith that Bob Hampton has, I still will not agree that we should leave it in the hands of the Civil Service Commission to do justice to the employees whom we term wage-grade employees.

H.R. 7691 is even worse than that. Whereas in the past the administration took advantage of blue-collar employees in the absence of

positive legislation, under this bill the executive branch could take even greater advantage of them and would be able to claim that it was acting by authority of a statute enacted by Congress.

First of all, the bill would totally destroy employee participation in local wage surveys and would restrict these exclusively to the Bureau of Labor Statistics. And I might say, we have had a taste of that and we don't like it.

I have already shown to you that the system used by the coordinated Federal wage system today is superior to the one used by the Bureau of Labor Statistics.

Secondly, it would exclude nonappropriated-fund employees by statute from the benefits of Federal blue-collar wage schedules. In effect, this bill would place Congress itself on record as approving present injustices and inequities.

Third, it would permit the executive branch to abolish even the present inadequate and inequitable three-step within-grade pay system. The executive branch could set up a single step—in fact, I am informed, many persons in the present administration are advocating precisely that.

Fourth, it would make impossible any kind of meaningful appeal of blue-collar job classifications. The present system is itself inadequate. Under this bill, it would become chaotic.

Fifth, it would dismantle all the existing machinery which makes the present coordinated Federal wage system at least meaningful as a first step to a single, articulated, and coordinated approach to blue-collar pay setting. Today, at the top of the system there is a National Wage Policy Committee dealing on policy matters and reaching its decisions through a system of recorded votes. Although the labor representatives are at a disadvantage because the controlling vote of the chairman is almost invariably cast for management to break tie votes, nevertheless the principle of recorded votes is maintained.

Under H.R. 7691, there would be no voting procedure whatsoever. Only the Chairman, acting alone, would be the spokesman for the executive branch.

Even the five so-called management representatives would have only a consultative role. Worse still, the bill provides that the President's agent is required merely "to meet with the Council to discuss and consider the views, recommendations, and advice of each member of the Council on existing and proposed policies applicable to employees under the Federal wage system."

So far as legal right goes, therefore, the chairman could disregard even the unanimous opinion of all 10 Council members, management and labor combined, so long as he went through the motions of giving "due consideration" to their "individual" views and recommendations.

In other words, that is typical of consultation as we know it today. Management philosophy is the following: "You consult after you make up your mind, and then you go and do as you please."

Sixth, H.R. 7691 gives the Council no appellate jurisdiction whatsoever over actual disputes and disagreements on wage-grade issues that might originate, or already exist, in the various agencies. At least today decisions taken at lead agency levels can be reviewed by the Na-

tional Wage Policy Committee. Under H.R. 7691, this could not realistically be done, in the absence of a proper voting procedure.

Seventh, H.R. 7691 leaves entirely to the executive branch the question of shift-differential pay, as well as hazardous-duty pay and travel-time pay.

From the foregoing, it is evident that the administration wants a law under which blue-collar employees will have even less than they have now. Legally, the administration bill could confiscate even the very little squatters rights blue-collar employees now have.

Now that the real motives of the administration have become ever more clear, I very much fear that we might be headed toward a serious crisis in blue-collar employee morale. This morale has been severely tested already. Federal blue-collar employees, both those on appropriated and those on nonappropriated fund rosters, have long felt legally aggrieved because they have no basic law to define their rights.

They feel today even more aggrieved because they are still seriously underpaid. They suffer first and most from reductions-in-force, from contracting out, and from management manipulation of their conditions of work.

I believe that I can state here without fear of contradiction that our organization, the American Federation of Government Employees, has always sought the rule of equity and justice under law, as the greatest protection of Federal employees. I emphasize the words under law. You know that there are others who have and will seek what they call equity and justice, through some process other than under law.

As affairs now stand in the country, I feel that it is my deepest duty to remind you, as the lawmakers of our country, as well as to state to the administration and to our own union members, that human events are not necessarily fated to stay under law, if those in responsible office tarry and disregard the forces at work in society.

Believe me, it is with the deepest earnestness that I ask you, not only as the spokesman for blue-collar employees, but as a man who loves, honors, and wants to uphold our country's institutions—do not tarry. Give us equity and justice now—under law.

The Government's own statistics prove my contention that blue-collar employees fare much worse than white-collar employees both in job security and job pay.

Let's look first at the record of the rise and fall of types of jobs as reported in the the official statistics of the Civil Service Commission.

In July 1969, there were 745,735 blue-collar employees of the United States. One year later, in July 1970, there were only 674,250. In one short fiscal year, there was a decline of 71,485 blue-collar employees, or almost 1 in every 10. In the same period, total Federal civilian employment of all types, according to the Civil Service Commission, declined from 2,879,483 to 2,806,469, or a net total of 73,014, of whom 71,485 were blue-collar employees.

All other groups combined, therefore, showed a net decline in that year of 1,629 for a net rate of decrease of one in 1,500.

This means that the attrition rate of Federal blue-collar employees in that 1 year had been 150 times as great as the reduction rate of all

other types of Federal employees. A lot of this attrition went to contractors of personnel services.

As for Federal pay policy, blue-collar employees receive similarly inequitable treatment when compared to white-collar employees. In pay policy, two different elements, when combined, work to the special disadvantage of blue-collar employees. Together they deprive Federal blue-collar employees of true comparability with employees of private enterprise.

These two elements are, first, the so-called prevailing rate, and, second, the three-step within grade pay system. In combination, they keep about one-third of all Federal blue-collar employees at or below the poverty standard of living.

The unpublished but available statistics at the Civil Service Commission show that on July 1, 1970, the United States employed 674,250 blue-collar employees. Excluding the approximately 130,000 employed overseas, there were 545,373 employed in the United States on appropriated funds.

Of these, the Civil Service Commission knows that 4,529 earned less than \$4,300 annually, or less than step 1 of GS-1. A further 11,318 earned less than \$4,800, or less than step 1 of GS-2. A further 43,080 earned less than \$6,000, or less than step 1 of GS-4.

Altogether, 154,900 American blue-collar Federal employees working under appropriated funds in the United States, their homeland, earned less than \$6,900 in 1970, or less than a step 1 of a GS-5. When one adds the 70,000 American nonappropriated fund employees in the United States, of whom about 56,000 are paid less than \$6,000 a year, it is clear that about 210,000, almost 35 percent of all blue-collar workers in the United States, are paid at or below the poverty level.

I might add at this point that our organization has gone on record as favoring a \$6,000 minimum for all Federal employees, including nonappropriated fund employees, because we sincerely and honestly believe that no man with a family can live decently on less than that amount.

When vetoing H.R. 17809, President Nixon said also the following:

Under the present system, most Federal blue-collar workers are already paid 4 percent more than prevailing rates. This bill will mean that about two-thirds of these workers would be paid rates 8 percent above prevailing rates.

Literally the opposite is true. To prove my point decisively, I would like to analyze what the term "prevailing rate" means as it is used technically by Federal statisticians.

First, however, I should like to review with you the actual data tabulation sheets of private enterprise rates which are used to establish the technical prevailing rate.

Attached to my statement, for the committee's use is a set of official Federal pay schedules based on the tabulation and graphing of an actual recent survey of private enterprise blue-collar rates.

Annex I is a table of the actual survey data of private enterprise rates of 437,843 blue-collar workers in Chicago, Ill., gathered in February 1970.

Annex II is an official graph based on that actual survey constructed by means of the method of least squares, to establish the

blue-collar Federal prevailing rate pay line with a constant inter-grade differential.

Annex III is the actual table of dollar and cent rates paid to Federal blue-collar employees on the basis of the survey and the graph.

(Annex II and III referred to above was retained in the files of the committee. Annex I referred to follows:)

COORDINATED FEDERAL WAGE SYSTEM, CHICAGO, ILLINOIS, FEBRUARY 1970

Occupation	Total firms	Number of employees	Weighted average, all firms	Distribution of plants by hourly rates for key jobs															\$4.20-\$4.39
				\$1.80-\$1.99	\$2.00-\$2.19	\$2.20-\$2.39	\$2.40-\$2.59	\$2.60-\$2.79	\$2.80-\$2.99	\$3.00-\$3.19	\$3.20-\$3.39	\$3.40-\$3.50	\$3.60-\$3.79	\$3.80-\$3.99	\$4.00-\$4.19				
Janitor (light).....	1,123	4,439	\$2.82	---	158	150	156	216	97	113	115	57	61	12	1				
Janitor.....	1,009	7,214	2.94	27	14	61	164	202	198	172	24	77	57	12	1				
Laborer.....	891	13,720	2.91	60	57	29	220	115	74	144	59	8	21	34	50				
Laborer (heavy).....	395	8,245	3.04	---	27	28	63	128	40	4	35	47	22	1					
Packer.....	587	3,382	2.93	27	38	22	61	54	93	90	92	77	18	5	10				
Helper (trades).....	310	1,655	3.43	---	---	---	1	17	47	88	8	46	54	48	1				
Warehouseman.....	834	6,615	3.28	---	---	---	57	60	74	127	158	218	65	57	13	1			
Forklift operator.....	945	7,517	3.36	17	---	4	77	157	175	181	74	85	53	61	61				
Power truck operator.....	97	1,090	3.52	---	---	---	2	---	---	46	7	10	10	20	---				
Truckdriver (light).....	217	578	3.66	---	---	---	---	---	---	6	34	16	---	60	36	1			
Truckdriver (medium).....	391	4,685	4.00	---	---	---	---	---	17	15	18	29	3	135	131	42			
Truckdriver (heavy).....	372	5,391	4.15	---	---	---	---	---	---	2	13	30	21	248	51	15			
Carpenter.....	221	734	4.11	---	---	---	---	---	---	---	32	10	6	55	56	6			
Painter.....	701	2,854	4.06	---	---	---	30	8	---	---	6	33	28	26	6	33			
Electrician.....	521	2,854	4.43	---	---	---	---	---	---	4	30	9	36	61	92	98			
Automotive mechanic.....	296	1,969	4.45	---	---	---	---	---	---	---	1	4	3	45	26	31			
Diesel engine mechanic.....	72	727	4.75	---	---	---	---	---	---	---	---	---	---	---	---	---			
Sheetmetal worker.....	104	2,324	4.39	---	---	---	---	---	---	---	---	---	---	---	---	---			
Pipefitter.....	119	1,276	4.46	---	---	---	---	---	---	8	---	---	---	---	---	---			
Welder.....	201	1,151	4.41	---	---	---	---	---	---	---	---	---	---	---	---	---			
Machinist.....	602	6,324	4.24	---	---	---	---	---	---	---	---	---	---	---	---	---			
Tool, die, and gage maker.....	662	7,153	4.92	---	---	---	---	---	---	---	---	---	---	---	---	---			
Patternmaker.....	24	289	5.20	---	---	---	---	---	---	---	---	---	---	---	---	---			
Aircraft mechanic.....	13	828	5.22	---	---	---	---	---	---	---	---	---	---	---	---	---			
Industrial electronic controls repairer.....	45	281	4.29	---	---	---	---	---	---	---	---	---	---	---	---	---			
Electronic test equipment repairer.....	82	413	4.61	---	---	---	---	---	---	---	---	---	---	---	---	---			
Machine repairman.....	523	2,761	4.23	---	---	---	---	---	---	---	---	---	---	---	---	---			

Occupation	Total firms	Number of employees	Weighted average, all firms	Distribution of plants by hourly rates for key jobs													
				\$4.40-\$4.59	\$4.60-\$4.79	\$4.80-\$4.99	\$5.00-\$5.19	\$5.20-\$5.39	\$5.40-\$5.59	\$5.60-\$5.79	\$5.80-\$5.99	\$6.00-\$6.19	\$6.20-\$6.39	\$6.40-\$6.59	\$6.60-\$6.79	\$6.80-\$6.99	
Janitor (light).....	1,123	4,439	\$2.82														
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Truckdriver (light).....	391	4,685	4.00														
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Truckdriver (heavy).....	221	5,734	4.11	13	7	14											
Carpenter.....	211	701	4.06	11	11	5											
Painter.....	521	2,854	4.43	71	41	18											
Electrician.....	296	1,969	4.45	123	59	2											
Automotive mechanic.....	72	727	4.75	3													
Diesel engine mechanic.....	104	2,324	4.29	39	2	10											
Sheetmetal worker.....	119	1,276	4.46	8	6	11											
Pipefitter.....	201	1,151	4.41	40	3	45											
Welder.....	602	6,324	4.24	44	71	25											
Machinist.....	662	7,153	4.93	95	104	69											
Tool, die, and gage maker.....	24	289	5.20		3												
Patternmaker.....	13	823	5.22			2											
Aircraft mechanic.....	45	281	4.29	10	2	4											
Industrial electronic controls repairer.....	82	413	4.61	9	3	4											
Electronic test equipment repairer.....	523	2,761	4.23	79	27	10											

Note: Number of establishments (all divisions): Within scope of survey, 3,084; Surveyed, 349. Workers in establishments (all divisions): Within scope of Survey, 1,051, 769; Surveyed, 437,843.

MR. GRINER. Now let's analyze that data. I would like particularly to call your attention to the graph identified as annex III.

There is a total of 210 percent differential between the top line and the lower line. The middle line is supposed to be the average.

Now you will notice that there are many rates above the middle line as well as below the middle line. You will also note that this differential in the upper grades is revealed by the spread between those lines, and some rates fall even outside of those lines. These rates are greater than what they are in the lower grades, where the lower pay is.

This the what we call a teeter-totter situation. In other words, in applying the rule, the normal result has been that the upper grades get a large percentage increase than the lower grades, because they outweigh the lower grades.

Frankly, Mr. Chairman, the lower grades are the people who are barely making a living wage, or in a lot of cases are not making a living wage, and they are the people that are actually in need, and they are the ones suffering by this situation.

Later in my statement I shall call your attention to the fact that this organization has gone along with the other unions represented at this table this morning, and attempted to get a minimum or a floor based upon the increased cost of living nationally during the past year, in order to assist these lower grades in getting some measure of relief. This was turned down.

In other words, the Wage Policy Committee, by a majority vote, adopted the pay increase floor, but the Chairman of the Civil Service Commission reversed the Wage Policy Committee. The net result of that has been that in many cases, while the average may have been 12, 14, 16, or 18 cents, or 6 or 7 percent, the lower grades have gotten 2, 4, 6 cents, or 3 or 4 percent, which is not justice. It is not equity.

They asked us if we could apply the 5.9 percent, for instance. It's been the overall average during the past year. Most of the lower grades would have gotten a minimum of something like 11 or 12 cents if that percentage had been applied.

So I am not going to take up your time to go into each and every one of these charts. I hope that they are self-explanatory. If there is any question about them, I will try my best to answer them.

But I would like to point out to you the overwhelming fact that emerges is that the table of the actual surveys of private enterprise rates show that for all three levels—we are talking about truckdrivers on page 13, and that is actually taken from a survey made in Chicago, Ill.—there is a wide range of rates in private enterprise—and this is only a sample now—I can pick out others. We picked these because they were along in the middle grades. We can take machinists or any other journeyman classification and do the same thing with them.

You take a truckdriver, light, the actual range of rates as found in that survey was \$2.80 to \$4.39. There is a rate spread of \$1.59 an hour, and yet we come up with a weighted average of \$3.66.

Truckdriver, medium, you had from \$2.80 to \$4.99, or a rate spread of \$2.19 an hour, or weighted average of \$4.00.

Truckdriver, heavy, \$3 to \$4.59, rate spread of \$1.59 an hour, and weighted average of \$4.15.

Converting these into percentages, the spread of the range of rates in the community from the bottom to the top was as follows:

Truckdriver, light, 57 percent range, and with the 10-step system and applying the same system as you have to the classified, you would only have a 30 percent.

And I might point out here, this system that I am trying to explain to you this morning is the exact same system that is used in arriving at the rates for classified employees.

Now if it's good for classified, why isn't it good for blue-collar workers?

I want you to note that the medium is 78-percent range, and for the heavy, 53-percent.

And you will find this is true in most any industrial center throughout the country, not Chicago alone. It just so happened we just a few days ago reviewed the Chicago pay line.

We thus see the spread in pay for private enterprise truck drivers exceeds the spread of the 10-step, within-grade statutory pay systems, which have a range of only 30 percent. This is the first overwhelming fact.

As the second extraordinary fact, we should note that the top rates in private enterprise exceed the private enterprise weighted average, or prevailing rate, by 20 percent for light truck drivers, 25 percent for medium, and 10 percent for heavy. This relation in the private enterprise community of top pay to the average prevailing rate duplicates almost precisely the 20-percent range in the white-collar statutory systems of the top step over the pay line.

And you know the pay line in the white-collar system is at step four, while at the present time, with the three-step system, the pay line is step two for blue-collar workers.

It is quite clear, therefore, that there is no factual basis whatsoever for the repeated contention by administration officials that the rates of private enterprise blue-collar employees do not have a spread similar to the range of pay rates of white-collar private enterprise employees.

In fact, as more and more surveys are taken, the data show that in the private enterprise community the ranges of rates paid blue-collar employees show precisely that the same kind of spread as the ranges of rates paid white-collar employees.

The facts we have uncovered in Chicago are universally true throughout the country. The Federal Government has consistently received data during the last 4 years showing that the spread of the range of rates exceeds 30 percent. Moreover, this consistent spread holds true for the lowest, the intermediate and the highest levels of blue-collar pay.

I request permission to furnish the committee, as annex IV, the record of additional surveys of private enterprise rates for New York, N.Y.; San Francisco, Calif.; and for Washington, D.C. These all show the same results regarding private enterprise blue collar ranges of rates. In every wage grade classification surveyed, they exceed 30 percent.

(See pp. 47-52.)

For the sake of convenient review, I have chosen from these three surveys in annex IV the range of rates for WG-1; WG-5; WG-10;

and WG-13. I have listed hereunder these results alongside the range of rates in those grades in Chicago. They follow :

Grade	Chicago		New York		San Francisco		Washington, D.C.	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
WG-1-----	\$2.00-\$3.79	90	\$1.60-\$3.19	99	\$2.50-\$4.69	88	\$1.80-\$3.19	77
WG-5-----	2.20- 4.79	115	1.80- 4.89	172	2.90- 5.79	100	2.20- 4.79	118
WG-10-----	2.80- 6.59	135	2.80- 6.29	125	3.50- 8.00	129	3.00- 5.79	93
WG-13-----	3.40- 5.99	75	3.40- 5.09	50	4.40- 6.49	48	(Confidential data)	

The vast array of data about the private enterprise communities from all over the country proves consistently and invariably that the spread in every blue-collar grade shows a range of rates greater by far than the 30 percent we are proposing in a 10-step system.

Moreover, survey after survey, fact upon fact, prove that private enterprise communities pay blue-collar workers precisely in the same pattern as they pay white-collar employees and the actual ranges of rates exceed 30 percent from bottom to top.

Although individual firms often do not have this full spread either for their blue-collar or white-collar employees, nevertheless, the private enterprise communities as wholes do.

We know the facts. Now let us deal with the myths and the fables, the misunderstandings that have arisen when these facts are changed into graphs.

As the graph for Chicago shows, the private enterprise rates are scattered all over, resembling a pattern of a statistical serpent weaving its path across the chart. There is really no consistent clear trend in them from any one grade to another grade. But the Federal statistician is required by the administration to derive a central inter-grade trend which will fix the relationships of all blue-collar grades, WG-1 through WG-15, to each other.

To fix this trend, the statistician must therefore straighten the statistical serpent.

I might point out, when we first began to sit on the wage committees, we found a number of things we never knew before, because the working of the wage system in the Department of Defense, especially, was the deepest, darkest hidden system that could possible be carried on in the Federal Government.

It was impossible for this or any other union to actually see the results of a wage survey, and we found that in many cases the wage line looked like an old time rail fence that you and I know about, zig-zagging in and out.

And the principal reason for that was that in places where it was hard to get laborers, they paid them a higher cost, a higher rate. If it was hard to get a machinist, they paid him a higher rate. So your lines go along and then all of a sudden it would dip, sometimes as much as 75 or 80 cents an hour.

To straighten that line out, it has caused a lot of embarrassment and harassment among our membership. They still don't want us to see it. They would rather for us not to see it. But we have been able to see it. We have been able to, let's say, embarrass them in some cases.

It is not generally known, but for both statutory and blue-collar systems, the statisticians have selected largely similar uniform line

formulas to establish intergrade central trends. This formula has been modified, of course for white-collar workers because of the statutory limit on the top pay, at GS-18. Nevertheless, theoretically, the white-collar line is still relatively uniform even if it is not literally straight.

That is why I say, if it's good for the white collar, why isn't it good for the blue collar?

In the case of blue collar workers, the method that is being used to draw the trend or pay line is known as the method of least squares. That method is a very complex one, and I am going to be frank with you—I don't understand it. But my advisers tell me that that is about as good as we can come up with. So I am therefore asking permission to incorporate all the relevant material on this method as annex V to my statement. (See p. 53.)

In that annex, I have included material excerpted from the Federal Personnel Manual, from a booklet on the white collar Federal Salary Comparability Process issued by the Office of Management and Budget and the Civil Service Commission in January 1971, from the Mathematics Dictionary of James and James, and from Analytic Geometry, a textbook by Ross R. Middlemiss. I never understood that while I was in school; I don't know how I'm going to understand it now.

Let me summarize in simple terms the conclusions which one reaches about this complex method. As we all know, a straight line by definition does not exist in reality because it cannot have any spread—it has only length and direction. Consequently, whenever one draws any straight line, including the trend or pay line of Federal workers, one has to leave out the thickness or the range of rates which exists.

The rules of drawing a straight line simply make one do this. It is this omission of spread which distorts any reality reduced to any straight line. It is this omission of spread which has distorted the facts about private enterprise blue collar pay in existing real communities.

Let me take an example from life. Something maybe I can understand. We all use road maps when we go on a trip. If one uses pocket road maps, like I do, the lines on those maps are all the same thickness and all are printed in black. These lines show only direction between localities, which is the same as the trend of the pay line, and they show distance, which is the same as the differences in wage grades. But by looking at the pocket road map, I can't tell whether the roads are two-lane, three-lane, five-lane, or even 10-lane.

In the same way, the graph line based on the method of least squares is like a pocket map. It shows only direction—intergrade trends—and distance—wage grade levels. But it can't tell me one single bit of information about whether there exists in private enterprise a three-lane, five-lane, or even a 10-lane range of rates.

If I have only a pocket map, I have to go out to the actual facts of the road to tell how many lanes are on it. In the same way, under the system of least squares, I have to go back to actual private enterprise pay rates within a community to tell how many pay lanes, or ranges of pay, there are and how wide they are. And I have already shown you over and over again that their range is greater than the 30 percent of the 10-step statutory systems.

I want to make it clear that we accept this system of least squares as a useful abstract statistical tool. I admit, I myself don't know of a

better abstract tool. But I want to make it even more plain that our organization will not accept it any longer as a magician's wand to cause the reality of the actual marketplace to disappear.

We want the tool to be applied on the basis of the reality of the actual surveys. And those actual surveys consistently show ranges of pay in the blue collar private enterprise community greater than the range of 30 percent that already exists in the statutory white collar pay systems.

Let us then keep the system of least squares as the best system for setting the trend line, or pay line, of intergrade differentials. But let us flesh out that line by the reality of everyday life. That reality requires a 10-step within grade system now.

I have previously established the factual basis in private enterprise practices for a 10-step system for Federal blue collar employees. As to legal precedent in Federal practice, I should like to recall here that in the summer of 1941 during the hearings which led to the enactment of Public Law 200 of the 77th Congress, establishing the 10-step within grade system for classified employees, not a single one of the witnesses from the Civil Service Commission or the Bureau of the Budget opposed such a system. In fact, the hearings record shows that Mr. Ismar Baruch, the Chief of the Personnel Classification Division of the Civil Service Commission, officially endorsed such action, stating—and I might say Mr. Baruch was testifying in behalf of the Commission—stating as follows:

In the first place, of course, quite generally, we are interested in any legislation which improved the orderliness of personnel administration or salary administration and which would tend to increase the effectiveness or morale of government employees * * * The Commission favors this bill because it believes it to be a necessary supplement or complement to the Classification Act of 1923 * * *

Now if it's good for the white collar workers, why isn't it good for the blue collar workers?

In the same way, using the same words, I request that your subcommittee incorporate the 10-step system into legislation for the wage board employees. This would be an action "which improves the orderliness of personnel administration or salary administration and which would tend to increase the effectiveness or morale of government employees."

I know also that today 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 2 years of satisfactory service.

Are they then supposed to stay there all the rest of their lives, never moving higher? This is not a rational approach to developing incentive; this is not good personnel administration of a career system.

Let me point out here, and I think your able assistant knows personally of this case, of a welder, and I believe it is in Portsmouth Naval Shipyard, with 21 years of service, who has been at the top of his grade for 19 of those 21 years. Yet he gets just as much money as the man who came off the street and worked for a period of 2 years.

This man is so expert in his job that only he, of all the welders that they have there at the Portsmouth Naval Shipyard, is qualified to work on an atomic submarine.

Is that right? Is that fair? Is that equitable?

We know that a good secretary, for instance, gets better with time. She learns how you want your work done. It takes years. Shouldn't we give some incentive to that secretary, or should we keep her at the same salary year in and year out?

That's what we are doing to the blue collar workers today. It's not right. That is only one of the inequities.

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 30 percent; and in the 12-step system of the postal field service, it is 36 $\frac{2}{3}$ percent. But the range of pay in the three-step system of the wage board, between the bottom and the top, is only 8 percent. I say to you that this is rank discrimination.

Furthermore, I say to you that had the representatives for the wage board employees come in in 1941 and asked for the same consideration for wage board employees as they did the white collar employees, in all probability the Congress of the United States would have given it to them. Because I believe that the Congress of the United States wants justice and equity to all of its employees.

And I'd like to add one more comparison. Today, the wage board supervisory grades have five steps and not three. Moreover, the range of pay between the lowest and the highest of those averages to 15 percent and not 8 percent.

Here then we find that the present state of affairs discriminates not only between the statutory pay employees, 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.

I think this is the most abysmal kind of discrimination, and should be ended at once. Remarkably, none of the economizers and budget experts objected when the five-step system for supervisors was installed.

Mr. Chairman, I heard a representative of the Commission say yesterday that this was done after a study. Let me say, I was on the Wage Policy Committee when this was done, and it did not even come before the Wage Policy Committee. I think this organization represented more supervisors at that time than all of the balance of the organizations combined, and yet we were never consulted.

This was done behind closed doors. I have asked time and time again for the back-up material that would justify the five-step increases for supervisors. For any kind of survey that had been made. And as of this date I have not been furnished the first scratches of the pen.

Frankly, I think they got it out of thin air. And I think the statement made here yesterday that it was based upon a survey is erroneous.

I have already gone through the teeter-totter system, showing you how the upper grades outweigh the lower grades, which results in less increase for the lower graded people who actually are in more need than the higher grade people. So I don't need to go over that again for you.

Last year, our organization had proposed to the National Wage Policy Committee that, to overcome this teeter-totter during the next full cycle of surveys, the Federal Government agree that when rates of blue collar pay are adjusted, the minimal increase which will take place in any grade will equal the national cost of living increase in the interval between the last rate and the new rate.

As we explained, we would have been most willing to accept the local area cost-of-living increase instead of the national one, but the difficulty we encountered with local statistics was that they were not readily available, and even when available, were noncongruent geographically with the actual wage survey area.

We have certain areas such as New York, Philadelphia, and some of the other large centers, where the cost of living is far exceeding the national average, and certainly there should be some consideration taken for those groups.

That can be done by adjustments. That would have helped, would have gone a long way.

And although the National Wage Policy Committee accepted our recommendation, by a 6 to 5 vote, the Civil Service Commission nevertheless did not agree to implement it. Therefore, I am urgently asking you to incorporate in legislation an amendment requiring the Federal Government to increase blue collar rates of pay, on a grade by grade and not a pay line basis, by at least the percentage increase in the cost-of-living index since the last adjustment. By this means, the real incomes of lower wage grade employees will be safeguarded against the blows of both teeter-totter and rampant inflation.

Mr. Chairman, I would be most happy to prepare such an amendment if this committee so desires, and present it to you for your consideration.

Now let's talk about nonappropriated fund employees. Since the issue of nonappropriated fund employees is a crucial one, I should greatly appreciate the record incorporating also my remarks made on July 29, 1970, a copy of which is attached to my statement, before the Special Subcommittee on Exchanges and Commissaries of the House Armed Services Committee. This statement appears as annex VII to my present testimony, and I should like to have your permission to have it printed in full in the record of hearings of your own committee. (See p. 69.)

I believe it is important nevertheless to emphasize that the first major obstacle to safeguarding the interests of the nonappropriated fund employees is their ambiguous legal status.

They are treated simultaneously as being Federal employees and not being Federal employees. So far as their duties and obligations are concerned, they are subjected to just about all the burdens of other Federal employees. So far as their rights go, they are treated as not being Federal employees.

These employees pay Federal income taxes, even when stationed abroad. They are fully subject to all military and civilian laws governing appropriated fund employees, but do not have any of these rights.

Their rights to organize and to bargain are controlled and limited by the same conditions as appropriated fund employees. For example, just as in the case of appropriated fund employees, they may not

legally strike. They do not have even the right of appeal to the Civil Service Commission or to other Federal authorities for redress. They do not participate in the civil service retirement program, nor in the Federal health benefit program, even though many of them have been working alongside other Federal employees for as many as 10 to 15 years. Such pension plans and other fringe benefits as they have fall far below the levels of those provided other Federal employees paid from appropriations by Congress such as employees in commissaries.

In short, employees of nonappropriated funds work in the world of the double standard.

I am most pleased therefore, that all realistic bills before your committee—excluding of course the administration's bill H.R. 7691—contain language which will remove this legal ambiguity so far as the setting of their pay is concerned.

Although nonappropriated fund employees will still remain second-class employees so far as retirement and health benefits go, at least they will be paid the same rate of pay as other Federal blue collar employees working at the same kind of jobs in the same localities.

There are, of course, other sharp practices used against nonappropriated fund employees which should no longer be condoned. One of these is the use of the 4-day workweek.

The files of our union—and I will be happy to present them to you—are filled with accounts of some managers using the 4-day week as a device to hire them as part-time employees which denies these employees even the meager employment benefits received by so-called regular full-time employees. Such employees work for years on a 34-hour workweek, which falls 1 hour short of the 35-hour workweek qualifying an employee as a full-time worker.

They thus receive lower weekly wages and are denied all fringe benefits and even in many cases the right of labor union representation.

The abuse of—and I mean abuse—of the rights of nonappropriated fund employees is universal. I'd like to point out that the Navy and the Marines are not as bad as the Army and the Air Force.

But let me say they are not perfect by a long shot. The Army and Air Force nonappropriated and exchange system is the rottenest system that I know of anyplace in this country. It's a disgrace to the Federal Government. And I can prove those facts.

Let me give you an example. The Marine Corps exchange in Jacksonville, N.C. is a case in point. Maybe I picked this out, Mr. Chairman, because it's in your district. But I have other cases.

There, employees' schedules have been repeatedly rearranged so that most cannot work a full 40-hour week, even with a Monday through Saturday workweek. There, too, as with the other exchanges, new employees are hired on a temporary status, and must work 1,040 hours before being converted to permanent status.

Just about the time an employee has worked long enough to approach this limit prescribed by regulation, he is terminated at the Marine Corps exchange in Jacksonville, N.C., and his employment file marked "closed."

And at the same time, he is given a new employment application to fill out and bring back a few weeks later when he is again hired as a temporary employee.

Sharp practice? That is only an example.

Gentlemen, there are really two realistic basic bills before the committee at this time. The third bill, H.R. 7691, the administration's bill, I regret to say is nothing more than a request to Congress to abdicate its legislative powers. I can scarcely believe that the subcommittee would be a party to such an exercise.

One of the meaningful, realistic bills is H.R. 2164, introduced by the distinguished chairman of this subcommittee. It is similar to the bill the House passed last year.

H.R. 2164 contains very many fine features, and I wish to express to the chairman our appreciation for his remarkable work last year in bringing about its passage by the House. We have no criticism of this bill regarding its spirit and regarding most of its provisions.

Though there are a few lesser ones, our main reservation regarding it is that it provides only five within-grade steps when we have demonstrated that the private enterprise blue collar rates justify a 10-step system.

In other words, Mr. Chairman, I believe your bill can be improved this year.

Mr. HENDERSON. It's a little better than the administration's bill, though, isn't it?

Mr. GRINER. Without a doubt. I don't consider the administration's bill as being a real piece of legislation, that they ever expected to be enacted. I think they have it only for a token.

The second realistic bill appears before you under several numbers and has been introduced by several sponsors, among whom are the following members of the full committee:

Congressmen Brasco (H.R. 4200), Corbett (H.R. 4821), Daniels (H.R. 3358), Hamilton (H.R. 3816), Hanley (H.R. 5356), Hogan (H.R. 2481), Nix (H.R. 4386), Purcell (H.R. 3577), Udall (H.R. 3358), Waldie (H.R. 3868), and Wilson (H.R. 3366).

At this point, Mr. Chairman, I would like to pay this organization's respect to former Congressman Corbett. I think that his loss certainly is a loss to this organization, and the Federal employees, and I believe his loss is a loss to the people of the United States as a whole.

I felt that he was a great Congressman, and he is certain to be missed in many, many places.

I might say that this is only a few of the bills. I think there are something between 40 and 50 bills introduced, and we had a request from the place that prepared the bills not to have any further ones introduced, they thought we had plenty. So we heeded that request.

Of course, we prefer these latter bills because they are a lot more comprehensive than your bill originally was. Of course we expect your bill to cover a great deal more after these hearings.

They do provide for the 10 grade steps to be achieved over a period of $17\frac{1}{2}$ years of service. This is identical with the 10-step system used for the statutory pay systems, including the general schedule, the foreign Service Staff Corps, and the Department of Medicine and Surgery of the Veterans' Administration.

In addition, they provide for a $7\frac{1}{2}$ percent differential for regularly scheduled nonovertime work, a majority of the hours of which occur between 3 p.m. and midnight, and a 10 percent differential for regularly scheduled nonovertime work a majority of the hours of which occur between 11 p.m. and 8 a.m.

Certainly we think this should be left in your bill, Mr. Chairman, if for no other reason than to take care of those cases where there is no extra industry within an area that works a second or third shift. Even though our people might be working on a second or third shift, why, there is nothing to compare them with. Consequently, they don't get any shift differential.

And we have many, many areas of this nature. That certainly is not fair, nor is it equitable.

Of course I endorse these associated bills without reservation. Because I have previously on other occasions fully stated our organization's position on wage grade legislation, I do not wish to repeat most of those arguments orally. However, to keep the record of the hearings of the current legislative session intact, I should greatly appreciate your committee's consulting the record of my comments on H.R. 8764 to your committee on June 24, 1969, during the 91st Congress, first session. With your permission, I should like to insert this as annex VI to my statement. (See p. 83.)

I should like to call your attention to an unusual condition. Just a few days ago I returned from an extensive trip to Alaska during which I tried to isolate the special problems which affect all employees there, private enterprise as well as Federal, State, and local government.

One fact is clear. There are so few large private enterprises employing 300 or more workers that the provision in H.R. 12481 and associated bills limiting wage surveys to private establishments with three hundred or more employees cannot be effectively carried out in Alaska.

I therefore recommend that the State of Alaska be specifically exempted from the provisions of subparagraph (e) (4) of section 5343 of the associated bills.

I might say, I have full concurrence from both Senators and at least one Congressman—or the one Congressman, I believe we have only one Congressman up there.

As I have demonstrated repeatedly in my testimony, blue collar employees desperately need legislation, providing an impartial neutral chairman at the top and establishing a legal mechanism which can be invoked automatically to resolve differences of honest judgment as well as eliminate factual errors.

The great merit of the wage board bills before you is that they will bring equity to wage board and nonappropriated fund employees in an orderly, constructive manner, relying on the positive experiences of the past. These bills definitely are not going to introduce radical or untried concepts into the Federal service.

Proof of this lies in comparing the provisions of these bills with the provisions of chapter 532-1 of the Federal Personnel Manual of January 10, 1968, which governs wage board employees. Basically a good many of the same kinds of techniques, procedures and modalities of interagency cooperation envisaged in these bills already exist in current regulations.

Where then do the main differences exist? And what are they?

Besides the fact that these bills give a statutory basis for fixing and adjusting the rates of compensation of wage board employees, the main specific differences concern the following:

1. The composition and role of the Federal Prevailing Rate Advisory Committee, with a neutral chairman;
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 travel time pay;
6. The provision of a 5-day workweek with two consecutive days off.

These differences summarized under those six clauses, contain the gage and measure between a modern, equitable wage grade system and the one we have today.

I would like to point out one other thing. I have just returned from an overseas trip to Okinawa and Guam, and I have found literally hundreds of people who have been working for the Federal Government for periods of from 3 to 23 years, who have never been given civil service status.

I know at one time we considered bringing in these overseas limited appointments into Federal Civil Service, the same as we did the TAPER employees. For some reason, it was eliminated at the last minute.

I would like to ask this committee to take another good, hard look at the problems of the overseas limited employees, especially those with long periods of service, both blue collar and white collar, and take care of that matter. And it can be done in this piece of legislation.

I sincerely hope that you give consideration to that matter.

Now, again, Mr. Chairman, I have taken up a lot of your time. I appreciate your patience. And I appreciate the opportunity of appearing before this committee on behalf of the almost 700,000 forgotten—and I say it again—forgotten employees of the Federal Government.

Thank you very much.

Mr. HENDERSON. Thank you, Mr. Griner.

(The items which follow were annexed to the statement of Mr. Griner.)

[illegible]

Survey in Washington, D.C.--Continued

JOB TITLE	TOTAL NO. OF ESTAB (WTD)	NO. OF EMPIS		DISTRIBUTION OF ESTAB BY HOURLY RATES FOR KEY JOBS											
		UNWTD	WTD	WTD AVG	420	440	460	480	500	520	540	560	580	600	620
Janitor (light)	48	138	210	2.37											
Janitor	86	500	847	3.05											
Laborer	29	161	627	2.80											
Laborer (Heavy)	77	507	1297	3.11	1										
Packer	14	24	45	2.95											
Palmer (Trades)	24	245	316	3.32	4										
Warehouseman	42	109	178	3.58	1	3									
Fork Lift Operator	50	45	170	2.99	1										
Truck Driver (Light)	52	97	433	3.08											
Truck Driver (Medium)	51	183	631	3.29	2										
Truck Driver (Heavy)	64	255	1049	3.45											
Carpenter	16	21	29	4.23				2							
Painter	16	26	45	4.48			1	1							1
Electrician	22	65	84	4.37	1	14	1				2				
Automotive Mechanic	50	307	715	4.29	3	7	6	5							
Diesel Engine Mechanic	4	24	31	4.45		2		1							
Sheetmetal Worker	36	41	105	4.22	22					5					
Plumber	3	11	11	4.28	1		1								
Welder	14	14	32	4.17				3		1					
Machinist	47	135	279	4.15	8			2	5						1
Aircraft Mechanic	12	221	376	5.45						4	8				
Electrical Engineer	6	53	82	4.72	5			1							
El. Test Equip. Repairer	6	24	31	4.63	2			1	3						
El. Equip. Mechanic	10	143	461	4.11				5							
Model Maker (Machining)	16	33	61	4.64	2	7	2		5						

Appendix G. Computing A Wage Trend Line

A wage trend line passes through an array of wage data so that the data above the line and the data below the line are in balance.

A mathematical equation for a trend line allows the trend of a series of data to be shown, and also provides a concise definition of that trend. Such an equation is used in the "least squares" method, accepted by statisticians as a sound, convenient device for obtaining an objective fit of a trend line.

In fitting a trend line to wage survey findings, the first trend lines used are straight lines fitted to the data by the "least squares" method.

Consistent with the name "least squares", the sum of the squares of the deviations of all the data, both above and below the fitted line, is less than the sum of the squares of the deviations of the data from any other straight line. Another characteristic of this is that the sum of the deviations of the data above the line exactly balances the sum of the deviations below.

The first step in computing the line is to plot the weighted average for each survey job on a scatter diagram (chart 1). This shows graphically the general pattern of the industrial rate structure for the area.

The data from which the scatter diagram is plotted is shown in columns 2 and 3 of the sample computation sheet, exhibit 1. Other computations and data necessary in the solution of the formulas are shown in columns 1, 4, and 5. Columns 6 through 10 are used in computing the frequency line.

In computing the trend line two methods are used: (1) The so-called unit line approach which gives equal weight to each survey job weighted average and (2) the so-called frequency line which weights each survey job average by the number of employees matched to the job in the survey.

The formula for a straight line is $Y = a + bx$

Y = computed value of trend

a = the value of the line at its origin

b = intergrade differential

x = any grade level

In order to compute a unit trend line under the "least squares" formula the values of the unknown " a " and " b " are derived through use of the following equations:

$$a = \frac{(Ex^2)(Ey) - (Ex)(Exy)}{(N)(Ex^2) - (Ex)^2}$$

By substituting the appropriate column totals from columns (1) through (5) from the sample computation sheet we get the following:

$$a = \frac{(1198)(51.74) - (132)(410.02)}{(18)(1198) - (132)^2}$$

$$a = \frac{61,984.52 - 54,122.64}{21,564 - 17,424}$$

$$a = 1.89900$$

$$b = \frac{(N)(Exy) - (Ex)(Ey)}{(N)(Ex^2) - (Ex)^2}$$

(This divisor is identical to that used in the arithmetic computation shown for solving the unknown value of " a " above.)

$$b = \frac{(18)(410.02) - (132)(51.74)}{(18)(1198) - (132)^2}$$

$$b = \frac{7,380.36 - 6,829.68}{21,564 - 17,424}$$

$$b = 550.68$$

$$4140$$

$$b = 0.13301$$

To determine the wage rate for any given grade level the values for " a " and " b " are substituted in the original formula of $Y = a + bx$.

Inserted in the place of x is the grade to be computed. For example, for grade 1:

$$Y = a + bx = 1.89900 + (.13301)(1) = 2.0320 \text{ (2.03)}$$

$$\text{grade 5: } Y = a + bx = 1.89900 + (.13301)(5) = 2.5640 \text{ (2.56)}$$

$$\text{grade 10: } Y = a + bx = 1.89900 + (.13301)(10) = 3.2291 \text{ (3.23)}$$

In computing a frequency trend line under the "least squares" formula the following equations are used:

$$a = \frac{(Efx^2)(Efy) - (Efx)(Efx^2)}{(f)(Efx^2) - (Efx)^2}$$

$$b = \frac{(Ef)(Efx^2) - (Efx)(Ef)}{\text{same as for "a" above}}$$

The equations are solved by substituting the appropriate column totals from columns (6) through (10) as shown in the sample computation sheet. To determine the wage rate for any given level the same procedures used for the unit line are followed.

Exhibit 1. Computation Sheet

Unit line					Frequency line				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Example Survey Job	Survey Job Grade	Weighted Average	(2)x(3)	(2) squared	Number of Survey Job Matches	(6)x(2)	(6)x(3)	(6)x(4)	(6)x(5)
n	x	y	xy	x ²	f	fx	fy	fx ²	fx ³
A	1	2.06	2.06	1	894				
B	2	2.27	4.54	4	34				
C	3	2.38	7.14	9	214				
D	4	2.24	8.96	16	36				
E	5	2.56	12.80	25	229				
F	5	2.62	13.10	25	199				
G	5	2.35	11.75	25	35				
H	6	2.51	15.06	36	235				
I	6	2.96	17.76	36	224				
J	9	3.18	28.62	81	97				
K	9	3.08	27.72	81	102				
L	10	3.23	32.30	100	254				
M	10	3.30	33.00	100	222				
N	10	3.13	31.30	100	289				
O	10	3.20	32.00	100	56				
P	11	3.40	37.40	121	342				
Q	13	3.52	45.76	169	347				
R	13	3.75	48.75	169	41				
E— 18	132	851.74	8410.02	1198	3,450	25,624	10,748.94	79,952.96	236,804

n=number of survey jobs
x=grade
y=weighted average

f=number of survey job matches
E=summation

HOURLY RATES

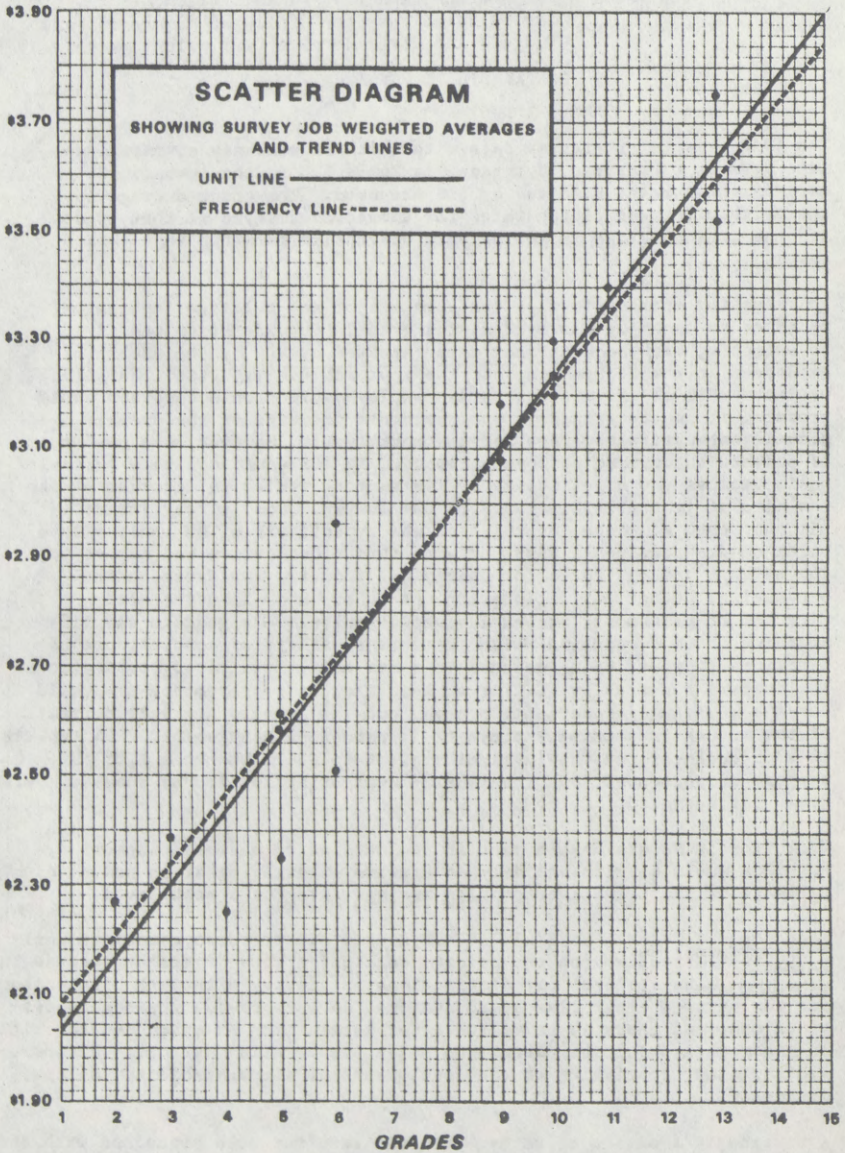


Exhibit 2. Scatter Diagram

Excerpted from: "THE FEDERAL SALARY COMPARABILITY PROCESS"
 issued jointly by the Office of Management and
 Budget; and Civil Service Commission January 1971

COMPARABILITY PAYLINE:

The 1970 private enterprise data with which Federal pay comparisons were made is summarized, by grade, in Table 5. In the summary the national mean rates reported by BLS are used. The grade average is the arithmetic mean of the rates for the jobs surveyed at that grade, and the grade average is the private enterprise rate for that work level.

In using the arithmetic mean the same weight and relative importance is given to each job surveyed at the grade. Consideration was given to weighting each occupational rate reported by BLS by the number of employees in the occupation, but the approach was rejected. Weighting by the number of private enterprise employees in each occupation would produce, it can be argued, a more accurate estimate of the average private enterprise pay rate for the work level. However, the number of private enterprise employees reported by BLS would not be a suitable basis because the significance of the numbers varies in accordance with the kind of job definition used in the survey. Some survey job definitions, such as those for engineer and typist, are of an omnibus type which covers nearly all kinds of work in the occupation and gather up job matches and pay rates for nearly all industry employees in the occupation. Other definitions, on the other hand, like that for director of personnel, are exclusive stereotypes designed to simplify matching in an occupation which presents a variety of combinations of functions by restricting matches to a few easily evaluated combinations. The numbers reported by BLS for such an exclusive stereotype are valid for the limiting job definition used, but the numbers are only a fraction of the actual industrial employment in personnel management. BLS reports 114,365 engineers at the level equivalent to GS-11 and only 1,057 directors of personnel, but the 100-to-1 weighting implied by those numbers would not be valid.

Weighting by Federal employment in the occupation has been suggested, but this would have no validity as a means of arriving at an accurate estimate of the private enterprise average rate for a work level.

Need for a payline A Federal schedule of comparable salary rates cannot be built directly upon the private enterprise grade averages because the law requires pay distinctions in keeping with work distinctions and the private enterprise grade averages do not provide reasonable distinctions, and there is no valid way of determining at which Federal within-grade rate should be placed the private enterprise average. An intermediate step, consisting of the development of a comparability payline, is needed.

A payline is a series of rates, with one rate for each grade and with the rates having approximately the same meaning at all grades. The entry rates

Table 5
1970 Private Enterprise Rates

Grade	Occupation	Rate
GS-1	File clerk I	\$ 4,119
	Office boy or girl	<u>4,548</u>
	Average	4,334
GS-2	File clerk II	4,571
	Key punch operator I	5,114
	Typist I	<u>4,721</u>
	Average	4,802
GS-3	Engineering technician I	6,298
	Key punch supervisor I	6,883
	Draftsman - tracer	5,675
	Accounting clerk I	5,268
	File clerk III	5,508
	Key punch operator II	5,680
	Stenographer, general	5,498
	Typist II	<u>5,471</u>
	Average	5,800
GS-4	Engineering technician II	7,580
	Key punch supervisor II	7,763
	Draftsman I	6,805
	Accounting clerk II	6,815
	Secretary I	6,299
	Stenographer, senior	<u>6,247</u>
	Average	6,902
GS-5	Accountant I	8,503
	Auditor I	8,894
	Buyer I	8,512
	Job analyst I	8,938
	Chemist I	9,164
	Engineer I	10,209
	Engineering technician III	8,541
	Key punch supervisor III	8,297
	Draftsman II	8,364
	Secretary II	<u>6,979</u>
	Average	8,640
GS-6	Key punch supervisor IV	9,894
	Secretary III	<u>7,286</u>
	Average	8,700
GS-7	Accountant II	9,609
	Auditor II	9,955
	Buyer II	9,759
	Job analyst II	11,571
	Chemist II	10,233
	Engineer II	11,077
	Engineering technician IV	9,837
	Draftsman III	10,204
	Secretary IV	<u>8,147</u>

Table 5--Continued

Grade	Occupation	Rate
GS-9	Accountant III	\$ 10,686
	Auditor III	11,875
	Attorney I	11,859
	Buyer III	11,665
	Job analyst III	11,183
	Chemist III	11,737
	Engineer III	12,350
	Engineering technician V	<u>11,063</u>
	Average	11,580
GS-11	Accountant IV	12,755
	Auditor IV	14,044
	Chief accountant I	13,917
	Attorney II	13,585
	Buyer IV	13,895
	Job analyst IV	13,035
	Director of personnel	12,593
	Chemist IV	14,214
	Engineer IV	<u>12,682</u>
	Average	13,637
GS-12	Accountant V	15,87
	Chief accountant II	15,64
	Attorney III	16,884
	Director of personnel II	16,832
	Chemist V	17,066
	Engineer V	<u>17,004</u>
	Average	16,452
GS-13	Chief accountant III	18,780
	Attorney IV	20,304
	Director of personnel III	18,419
	Chemist VI	19,700
	Engineer VI	<u>19,571</u>
	Average	19,335
GS-14	Chief accountant IV	23,133
	Attorney V	25,394
	Director of personnel IV	21,980
	Chemist VII	26,957
	Engineer VII	<u>22,382</u>
	Average	23,142
GS-15	Attorney VI	33,032
	Chemist VIII	27,731
	Engineer VIII	<u>25,381</u>
	Average	28,719

for the grades, for instance, would constitute a payline. The main purpose of the payline is to define the pay distinctions between grades, expressed as intergrade differentials. It is also a succinct form for expressing pay facts, pay findings and pay proposals, and for making pay comparisons.

The comparability payline applies and reconciles the principles of comparability and of pay distinctions in keeping with work distinctions. To satisfy the comparability principle the payline reflects the central tendency of private enterprise rates. Pay distinctions in keeping with work distinctions require the payline to provide intergrade differentials in keeping with the graded work intervals into which the position classification plan divides the total work span, from messenger to bureau chief, covered by the pay system.

Uniform payline A General Schedule payline which provides pay distinctions in keeping with work distinctions is one which has a uniform percentage differential between adjacent grades in the following series: GS-1, 3, 5, 7, 9, 11, 12, 13, 14, 15, 16, 17, and 18. This is because the work intervals covered by each of the clerical and technician grades from GS-1 through GS-10 are designed by the position classification plan to be approximately equal, while professional grade work intervals, which begin at GS-5, are designed each to be double the size of the clerical grade work coverage. Thus, the GS-7 professional grade, for instance, covers a range of work equivalent to that of clerical GS-7 and GS-8 combined; and professional employee movement is from GS-5 to GS-7 to GS-9 and GS-11. From GS-11 upwards all grades cover the double-sized professional work interval. The design dates back to the original Classification Act of 1923 with its clerical-administrative-fiscal (CAF) and professional (P) services.

A line with the relationships described, called the Uniform Line, is derived from the private enterprise average rates by use of the formula, $y = ab^x$, where "y" is the salary to be derived for each grade, "a" is the salary rate to be derived for a base grade, "b" is one plus the intergrade differential, and "x" is the number of work intervals between the base grade and the grade for which the salary rate is to be derived.

Applied to the 1970 private enterprise grade averages the formula produced the payline shown in Table 6. The payline carries out fully both of the principles to be served. It reflects the central tendency of the private enterprise grade averages, as required by the comparability principle, and its uniform sized intergrade differentials provides pay distinctions in keeping with intergrade work distinctions. However, the line has grave practical disadvantages. It cuts 24 percent below the average of the several professional and administrative occupations surveyed at GS-5, so that a pay schedule derived from the payline would be too great a handicap in Federal hiring of college graduates. In addition it produces rates at GS-16, GS-17, and GS-18 which, however reasonable from the comparability standpoint, are too high to be accommodated in the Federal Service unless there were a radical change in philosophy relative to salaries of Congressmen and political executives.

TABLE 6

Uniform LineFormula: $y = ab^x$

<u>1970 Private Enterprise Averages</u>	<u>Grade</u>	<u>Payline Differentials</u>	<u>Rates</u>
\$ 4,334	GS- 1		\$ 4,934
4,801	2		5,451
5,800	3	22.1%	6,023
6,902	4		6,655
8,640	5	22.1	7,354
8,700	6		8,125
9,821	7	22.1	8,978
	8		9,920
11,500	9	22.1	10,961
	10		12,111
13,637	11	22.1	13,381
16,152	12	22.1	16,337
19,335	13	22.1	19,944
23,142	14	22.1	24,348
28,719	15	22.1	29,725
	16	22.1	36,290
	17	22.1	44,304
	18	22.1	49,170 <u>1/</u>

1/ Single (entry) rate. Payline rate is \$54,087.

The difficulty at the three highest grades can be ameliorated to a considerable extent, and that at GS-5 in some degree, if compromise is made with the principle of pay distinctions in keeping with work distinctions by using larger intergrade differentials among the lower grades with the size of the differentials gradually diminishing as the line moves upward through the grades. Such a line can be produced by modifying the formula of the Uniform Line to read $y = abx^k$, where "k" is a fractional exponent. Not until the fractional exponent is dropped to .7 is there a sufficiently large effect on the GS-16, 17, and 18 rates produced. The line, called the Nassimbene Line for the man who produced it, is shown in Table 7.

The Nassimbene .7 Line produces a GS-18 rate, \$38,453, which is 22 percent lower than the \$49,170 rate produced by the Uniform Line. It reduces a little the difference at GS-5 between the payline rate and the private enterprise rates for the professional entry level. However, the line involves too great a sacrifice of the principle of pay distinctions in keeping with work distinctions. Instead of the uniform-sized intergrade differentials required by that principle there is a difference of more than 8 percent between the GS-1/GS-3 and GS-3/GS-5 differentials, and the GS-1/GS-3 differential is more than double the size of differentials above GS-13. While some compromise in pay distinctions appears to be needed differences of this degree amount to a departure from, rather than a compromise of, the principle.

The Official payline, from which was constructed the salary schedules promulgated by the President since 1967, is a variation on the Nassimbene approach. The line, applied to 1970 private enterprise data, appears in Table 8.

Like the Nassimbene line, the Official line begins with larger intergrade differentials among the lower grades with the size of the differentials gradually diminishing as the line moves upward through the grades. However, the maximum difference between adjacent differentials is the 2.1 percent difference between the GS-1/GS-3 and GS-3/GS-5 differentials, and the difference decreases two-tenths of one percent with each succeeding differential. It produces a GS-18 rate of \$37,624 which is lower than the GS-18 rate produced by the Nassimbene Line. The Official line's rate at GS-5 still leaves a major problem, as do all paylines tested, with the private enterprise average for the professional and management jobs surveyed at that level some 20 percent above the payline rate. This problem is insoluble unless GS-7 is established as the entry level to professional and management occupations.

The slope, or pitch, of the Official line can be steepened or flattened by raising or lowering the size of the differential between GS-1 and GS-3 while keeping constant the pattern of diminishing differences between successive intergrade differentials. This flexibility was used to flatten the line a couple of years ago to accommodate to three successive years in which percentage increases in private enterprise rates

in the lower grades were larger than the percentage increases in the higher grades. It may again be used if a sustained trend in private enterprise pay movement changes the general pattern of private enterprise rates, but it would be inadvisable to let the pitch vacillate with each slight annual change in pattern. A slightly steeper line, for instance, with a differential of 28 instead of 27.7 percent between GS-1 and GS-3 would better fit the pattern of the 1970 private enterprise rates, but this slight change in pattern actually occurred in 1969 and the change was arrested in the 1970 findings.

TABLE 7

Massimbene LineFormula: $y=abx^{.7}$

1970 Private Enterprise Averages	Grade	<u>Payline</u>	
		<u>Differentials</u>	<u>Rates</u>
\$ 4,334	GS- 1		\$ 4,363
4,801	2		5,160
5,800	3	36.5%	5,954
6,902	4		6,776
8,640	5	28.3	7,638
8,700	6		8,550
9,821	7	24.6	9,518
	8		10,551
11,500	9	22.4	11,646
	10		12,816
13,637	11	20.8	14,063
16,152	12	19.5	16,810
19,335	13	18.6	19,933
23,142	14	17.8	23,479
28,719	15	17.1	27,497
	16	16.5	32,046
	17	16.0	37,186
	18	15.6	38,453 <u>1/</u>

1/ Single (entry) rate. Payline rate is \$42,985.

TABLE 8
Official Line

<u>1970 Private Enterprise Averages</u>	<u>Grade</u>	<u>Payline Differentials</u>	<u>Rates</u>
\$ 4,334	GS- 1		\$ 4,758
4,801	2		5,386
5,800	3	27.7%	6,076
6,902	4		6,823
8,640	5	25.6	7,631
8,700	6		8,501
9,821	7	23.7	9,440
	8		10,441
11,500	9	22.0	11,517
	10		12,669
13,637	11	20.5	13,878
16,152	12	19.2	16,543
19,335	13	18.1	19,537
23,142	14	17.2	22,897
28,719	15	16.5	26,675
	16	16.0	30,943
	17	15.7	35,801
	18	15.6	37,624 <u>1/</u>

1/ Single (entry) rate. Payline rate is \$41,386.

METHOD OF LEAST SQUARES

(Extracted From Mathematics Dictionary edited by Glenn James and Robert C. James)

METHOD OF LEAST SQUARES. A method based upon the principle that the best value of a quantity that can be deduced from a set of measurements or observations is that for which the sum of the squares of the deviations of the observed values (from it) is a minimum. In the case of a single set of measurements this principle gives the arithmetic mean of the several measurements as the best value. The method of least squares consists in using this principle to determine the arbitrary constants in the equation of a curve which has been assumed to be the type that best fits a given set of data. Suppose $y=mx$ is such a type and that for $x=1, 2, 3, 4$ the observed values of y are 2, 4, 7, 6. Then the method of least squares would take for m that value which makes

$(m-2)^2 + (2m-4)^2 + (3m-7)^2 + (4m-6)^2$ a minimum. This value is 1.8 and the straight line through the origin whose graph best fits the points (1,2), (2,4), (3,7), (4,6) is $y=1.8x$. Tech. Let y be a function of x such that, for fixed values of x , the mean value of y is given by a linear function of x , and the variances of y around the mean values are constant. Then the minimum variance unbiased estimates of the parameters of the linear function of x are obtained by determining those values of the parameters which minimize the sum of squares of the observed y around the estimated y (based on estimated parameters).

Specifically, the quantity

$$\sum_{i=1}^n (y_i - \sum_{j=1}^p a_j x_{i,j})^2$$

is minimized with respect to the parameters a_j . This does not exclude the use of polynomial functions of x of degree greater than one, since the polynomials in x may be considered the new variables which are linearly related in the function.

(Extracted From Analytic Geometry by Ross R. Middlemiss)

14-8. Linear type. Method of least squares. It has been pointed out in previous sections that when one fits a straight line to a given set of data by the method of average points he obtains a line for which the algebraic sum of the residuals is zero. There are indefinitely many such lines; some of them give a good fit, and some do not. In accordance with the discussion on page 220, one may calculate the sum of the *squares* of the residuals and use the magnitude of this quantity as an indication of the goodness of fit.

The method of least squares gives the line for which *the sum of the squares of the residuals is a minimum*. There is only one such line for a given set of points, so the result does not depend upon any choice of groups. In this section we shall show how the equations for determining the constants are set up, reserving the proof for a later section. We shall use in this illustration the data from the example on page 218 in order that we may be able to compare the results. The data are as follows:

x	1	2	3	4	5	6	7	8	9	10
y	1.48	1.76	2.78	3.82	3.86	4.15	4.75	5.66	6.18	6.86

Assuming that $y = mx + b$, we write down two sets of equations: The first set, shown on the left below, is obtained by substituting the given coordinates for x and y in $y = mx + b$; the equations of the second set, shown on the right, are formed by multiplying both sides of each equation of the first set by the coefficient of m in it.

$1.48 = m + b$	$1.48 = m + b$
$1.76 = 2m + b$	$3.52 = 4m + 2b$
$2.78 = 3m + b$	$8.34 = 9m + 3b$
$3.32 = 4m + b$	$13.28 = 16m + 4b$
$3.86 = 5m + b$	$19.30 = 25m + 5b$
$4.15 = 6m + b$	$24.90 = 36m + 6b$
$4.75 = 7m + b$	$33.25 = 49m + 7b$
$5.66 = 8m + b$	$45.28 = 64m + 8b$
$6.18 = 9m + b$	$55.62 = 81m + 9b$
$6.86 = 10m + b$	$68.60 = 100m + 10b$
$40.80 = 55m + 10b$	$273.57 = 385m + 55b$
$40.80 = 55m + 10b$	
$273.57 = 385m + 55b$	

$$\left. \begin{array}{l} 40.80 = 55m + 10b \\ 273.57 = 385m + 55b \end{array} \right\} m = 0.596, \quad b = 0.802.$$

We then add the two sets of equations, as indicated above, and solve the resulting two equations for m and b . In this case the best fitting line has the equation

$$y = 0.596x + 0.802.$$

If we divide both sides of the equation $40.80 = 55m + 10b$ (which was obtained by adding the group on the left above) by 10, we get

$$4.08 = 5.5m + b.$$

The average point of the given set is of course $(5.5, 4.08)$, and this equation states the condition that the line $y = mx + b$ pass through this point. It follows that the line $y = 0.596x + 0.802$, which we have called the *best fitting line*, is one of the many lines for which the algebraic sum of the residuals is zero—it is the one for which, at the same time, the sum of the squares of the residuals is as small as possible. The student should plot the given points, draw this line, and compare the result with Fig. 14-2, which was obtained for the same data by the method of average points.

14-9. The symbol Σ . In order to simplify the equations of the next section, we introduce the following notation: Given a set of data $(x_1, y_1), (x_2, y_2), \dots, (x_n, y_n)$, we shall denote the sum of all the x 's by Σx and the sum of all the y 's by Σy ; that is,

$$\begin{aligned} \Sigma x &= x_1 + x_2 + \dots + x_n, \\ \Sigma y &= y_1 + y_2 + \dots + y_n. \end{aligned}$$

Using this convenient notation, we may write the coordinates of the average point of the set as $(\Sigma x/n, \Sigma y/n)$.

Similarly, we shall denote the sum of the squares of the abscissas by Σx^2 , the sum of the products of the abscissas by the corresponding ordinates by Σxy , etc.

14-10. Derivation of equations for method of least squares. If the points $(x_1, y_1), (x_2, y_2), \dots, (x_n, y_n)$ are fitted by the line $y = mx + b$, the residuals are

$$r_1 = y_1 - (mx_1 + b)$$

$$r_2 = y_2 - (mx_2 + b)$$

$$\dots \dots \dots$$

$$r_n = y_n - (mx_n + b).$$

The squares of the residuals are

$$r_1^2 = y_1^2 - 2my_1x_1 - 2y_1b + m^2x_1^2 + 2mx_1b + b^2$$

$$r_2^2 = y_2^2 - 2my_2x_2 - 2y_2b + m^2x_2^2 + 2mx_2b + b^2$$

$$\dots \dots \dots$$

$$r_n^2 = y_n^2 - 2my_nx_n - 2y_nb + m^2x_n^2 + 2mx_nb + b^2.$$

Adding these, and arranging the right-hand member in the form of a quadratic expression in b , we have

$$\Sigma r^2 = nb^2 + 2(m\Sigma x - \Sigma y)b + (m^2\Sigma x^2 - 2m\Sigma xy + \Sigma y^2).$$

If we should plot Σr^2 against b , the graph would be a parabola lying entirely above the b -axis (since Σr^2 is certainly positive); the parabola would open upward since the coefficient of b^2 is positive, and its minimum point would be at

$$b = -\frac{m\Sigma x - \Sigma y}{n}.$$

This implies that b and m must satisfy the relation

$$(1) \quad \Sigma y = m\Sigma x + nb$$

in order that the sum of the squares of the residuals may be a minimum. Observe that this is precisely the equation obtained on page 231 by adding the equations in the left-hand column.

* The graph of the equation $y = Ax^2 + Bx + C$ is a parabola with its axis parallel to the y -axis. If $A > 0$, it opens upward and has a minimum point (the vertex) at $x = -B/2A$.

Observe also that upon dividing both sides of the above equation by n we have

$$\frac{\Sigma y}{n} = m \frac{\Sigma x}{n} + b,$$

which is the condition that the average point of the group $(\Sigma x/n, \Sigma y/n)$ be on the line.

If we arrange the expression for the sum of the squares of the residuals in the form of a quadratic in m , we have

$$\Sigma r^2 = (\Sigma x^2)m^2 + 2(b\Sigma x - \Sigma xy)m + (\Sigma y^2 - 2b\Sigma y + nb^2).$$

For a minimum value of Σr^2 we must have

$$m = - \frac{b\Sigma x - \Sigma xy}{\Sigma x^2},$$

which implies that m and b must also satisfy the relation

$$(2) \quad \Sigma xy = m\Sigma x^2 + b\Sigma x.$$

This is the equation obtained by adding the right-hand column on page 231. The two equations (1) and (2) determine uniquely the values of m and b in the equation $y = mx + b$ in order that Σr^2 shall be a minimum.

(The statement which follows was given before the House Armed Services Committee on July 29, 1970, by Mr. John F. Griner, National President, American Federation of Government Employees.)

I appear before you, distinguished members of the Special Subcommittee on Exchanges and Commissaries, with a sense of deep appreciation for the opportunity you have given me to speak to you on behalf of the thousands of employees of military post and base exchanges and naval stores who are paid from nonappropriated funds.

Our organization represents more than 650,000 employees of the Federal Government who are organized into exclusive recognition units all over the world. We have a dues-paying membership of approximately 325,000. Our members include Federal officials and Federal employees in every Federal department and agency, including diplomats, executives, lawyers, custom officials, barbers, clerks, automobile mechanics, and food inspectors. Our members also work in base and post exchanges and in commissaries, here in the United States, in our territories and in foreign lands. Our union won the first exclusive recognition unit for exchange employees back in 1964, and today we represent the largest number of these employees. Consequently, we know intimately the vast diversity of conditions of toil of employees working for Federal agencies and instrumentalities, whatever the source of the appropriations or of the non-appropriated funds that generate their pay.

And with all this knowledge and background, I can say to you in full candor without any reservation that the worst conditions of Federal employment and pay are experienced by the employees of nonappropriated funds activities, including not only those who work at the various military exchanges but also such other military instrumentalities as the Stars and Stripes, and officers and noncommissioned officers clubs and open messes.

We all know from press reports the nature of the allegations which preceded the opening of hearings by your special subcommittee. These do not need particular repetition and I shall not refer to them.

We all know that the hearings you are conducting are designed to produce the necessary salutary reforms to correct these alleged abuses and to result in corrective changes. They are designed to provide the basis for better legal safeguards of the interests of the public, the military services and the beneficiaries of nonappropriated funds.

What is not known, however, because it has not been reported adequately in the press, are the abominable conditions of employment of the people working for nonappropriated fund installations. I am gratified for your subcommittee's decision to investigate these conditions also and, therefore, I shall devote my comments primarily to the reforms needed in that area.

THE LEGAL STATUS OF NONAPPROPRIATED FUND EMPLOYEES

The first major obstacle in safeguarding the interests of the employees of nonappropriated funds is their ambiguous legal status. They

are treated simultaneously both as being Federal employees and not being Federal employees. So far as their duties and obligations are concerned, we find that they are subjected to just about all the burdens of other Federal employees. So far as their rights and perquisites are concerned, they are treated as not being Federal employees at all.

Thus, we find that whether or not these employees are recognized as Federal employees seems to depend upon the authority interpreting the Federal law and whether or not it is administratively convenient to apply that law to these employees.

These employees pay Federal income taxes, even when stationed abroad. They are fully subject to all military and civilian laws governing appropriated fund employees, but do not have any of these rights. Their rights to organize and to bargain are controlled and limited by the same conditions as appropriated fund employees. For example, just as in the case of appropriated fund employees, they may not legally strike. They do not have even the right of appeal to the Civil Service Commission or to other Federal authorities for redress. They do not participate in the civil service retirement program, nor in the Federal health benefit program, even though many of them have been working alongside other Federal employees for as many as 10 to 15 years. Such pension plans and other fringe benefits as they have fall far below the levels of those provided other Federal employees paid from appropriations by Congress such as employees in Commissaries.

In short, employees of nonappropriated funds work in the world of the double standard.

The justification, or pretext, for this discrimination and double standard derives from the word "nonappropriated." It was held by the executive branch that the source of their revenue, coming from funds not appropriated by Congress, excluded these employees from the status of Federal employees, including the setting of pay for wage grade employees according to surveys for appropriated fund employees. It was held in the next breath that even though they are not Federal employees so far as right to wages are concerned the fact that they work for Federal instrumentalities imposes on them all the legal obligations of Federal employees, including the denial of their right to strike for wages equal to that of other wage grade employees of appropriated funds.

I believe these are improper determinations. I do not wish to indulge in legal abstractions. But I do want to point to concrete facts resulting from these determinations inflicting daily injustice and inhumanity on these thousands of nonappropriated fund employees.

As a result, they are being deprived not only of their rights—they are being deprived of money morally due to them; they are being foreclosed the opportunity of sharing in the benefits of Federal employment enjoyed by other men and women working on the same bases and installations as they are, often in the very same building and sometimes in the same room.

NONAPPROPRIATED FUND EMPLOYEES ARE GENERALLY WAGE GRADE EMPLOYEES

Excepting for the legal protections which they lack and which they should have, the circumstances of employment of the majority of non-

appropriated fund employees are the same as that of wage grade employees. Although a minority, mainly in administrative, supervisory and secretarial jobs, are employed in grades and paid salaries based on the classified service, the overwhelming majority are paid so-called prevailing wages. For this reason, we contend that their rates of pay; their right to fair labor-management relations; their right to health and hospitalization benefits; their right to a career relationship including Federal retirement annuities should be equivalent to the status of other wage grade or prevailing rate employees. In fact, I believe that, if we are to deal with these employees justly and equitably, we should finally enact legislation requiring their status be converted to that of a classified service employee, a wage grade employee, an employee of the Department of Medicine and Surgery, or even to a Foreign Service employee, with full legal credit for the years they have spent as employees of nonappropriated funds. In brief, all nonappropriated fund employees should be given a status of a Federal employee, with full rights of conversion to other established Federal employee systems.

PENDING LEGISLATION BEFORE CONGRESS

I fervently believe that the time is near when such enlightened legislation for employees of nonappropriated funds will be enacted. There are many signs already before us which show that this trend is with us. For example, when President Kennedy issued his Executive Order 10988 on Employee-Management Cooperation in the Federal Service, he did not include employees of nonappropriated funds in its provisions. Instead, the AAFES administratively issued a similar regulation for its staff. However, when President Nixon issued Executive Order 11491, on Labor-Management Relations in the Federal Service, he specifically included these employees. Section 2(b) of that order states as follows:

Employee means an employee of an agency and an employee of nonappropriated fund instrumentality of the United States. * * *

It in itself is a great improvement in the attitude of the executive branch.

I am also most gratified to be able to state to your special subcommittee that the House Post Office and Civil Service Committee has reported out a prevailing rate or wage employee bill, H.R. 17809, which would establish for the first time in American history a comprehensive statutory basis for setting the rates of pay of wage grade, or prevailing rate, employees. This bill is now before the Rules Committee and will come to the floor of the House shortly for a vote. I request your support for this bill in general. But I should like to point out that H.R. 17809 itself, still discriminates somewhat against nonappropriated fund employees. Fortunately, the bills in the Senate do not and in this sense are superior legislation in our opinion.

The Senate Subcommittee on Civil Service has held hearings on S. 1958, S. 2371, and S. 2990, also designed to provide an equitable system for fixing and adjusting the rates of compensation of wage grade employees. These Senate bills provide explicitly that the employees of nonappropriated funds would receive wages identical with wage grade employees paid from appropriated funds.

With your approval, I should like to annex to my statement for inclusion in the record a copy of a letter which I addressed on June 23,

1970, to the members of the Senate Subcommittee on Civil Service commenting on these bills. In this letter, I addressed specifically also the issue of the status of employees of nonappropriated funds, and I believe you will find my comments germane to your own hearings.

WHO ARE THE EMPLOYEES OF NONAPPROPRIATED FUNDS?

If the wage grade employees of the Federal Government have been its "forgotten men," then certainly the nonappropriated fund employees, numbering more than 75,000 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 and 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. The vast majority 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 to make ends meet. Their wages are substandard by any criterion which is applied to other employees in Federal installations.

Until 1966, their wages were so low and the nonappropriated fund managers so indifferent to their pleas for equity that our organization, the AFGE, finally had no other recourse but to request the Congress to include these employees explicitly in Public Law 89-601, The Fair Labor Standards Amendment of 1966. Their inclusion under the Federal minimum wage standards appears as section 306 of that law.

I wish to emphasize, it required their inclusion in those amendments merely to bring them up to the minimum wages paid in private enterprise. The actual wages they receive are still much, much below the going wage paid for the same work being done in private enterprise or to wage grade 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 not taken 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. I understand that General Hardin has been succeeded by Brigadier General McCord in the interval, but the other facts still stand. The quotations follow:

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 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 to 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. It even offers mutual funds 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 BXs must generate their own operating revenues, from their own operating activity, 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.

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. Gen. 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 the 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. . . .

What this article omits, of course, is that a good part of the huge profits pumped in golf courses, bowling alleys, and other recreational activities comes directly from the sweat and the poverty of the employees of the AAFES who are not paid a decent wage. As we have stated over and over again, we in the AFGE believe in providing recreation for everyone in the military services. Certainly they deserve it as much as anyone else. They might deserve it more. But it should not be at the cost of the health, the hunger, and the literal poverty of thousands of other American citizens.

To show that this is literal actual poverty, I should like to read to you a letter I received from one of our AFGE 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 you a copy for your files if you consider that you need it. Excerpts from this letter follow:

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 bang 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, 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 Stars and Stripes out of nonappropriated funds that he is considered to be impoverished by the German Government. Certainly such a situation 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 the provisions in the Senate bills to pay wage grade employees of nonappropriated funds at rates of pay comparable to those of other wage grade employees. Sheer human decency and justice requires this. And I ask your support for an amendment to H.R. 17809 to this effect.

OTHER EXAMPLES OF DISCRIMINATION AGAINST EXCHANGES' EMPLOYEES

One result of this legal double standard is that exchange managers, even when humane, are forced to apply it to show maximum profits. If they don't someone else will.

The files of our union are filled with accounts of sharp practices to which the managers of the various Army and Air Force Exchange Services resort to increase profits by circumventing the most elementary rights of their employees. One of the worst practices carried out by some managers is the practice of hiring employees as "part-time" employees, which denies these employees even the meager employment benefits received by so-called regular full-time employees. Such employees work for years on a 34-hour workweek which falls 1 hour short of the 35-hour week qualifying an employee as a full-time worker.

The abuse of the rights of nonappropriated fund employees is universal. The Naval stores and the Marine Corps exchanges are just as bad as the AAFES. The Marine Corps Exchange in Jacksonville, N.C., is a case in point. There, employees' schedules have been repeatedly rearranged so that most cannot work a full 40-hour week, even with a Monday through Saturday workweek. There too, as with the other exchanges, new employees are hired on a "temporary status," and must work 1,040 hours before being converted to permanent status. Just about the time an employee has worked long enough to approach this limit prescribed by regulation, he is terminated at the Marine Corps Exchange in Jacksonville, N.C., and his employment file "closed". And at the same time, he is given a new employment application to fill out and bring back a few weeks later when he is again hired as a "temporary employee."

AAFES OPERATIONS UNDER EXECUTIVE ORDER 11491

One of the classic mechanisms to deny employees their rights is to frustrate their representation through labor unions. As I mentioned earlier, President Nixon's Executive Order 11491 on labor management relations in the Federal service specifically includes employees of nonappropriated funds. Nevertheless, despite this clear language, AAFES and the other exchanges and stores refuse to accept the changes in practices required by the order. AAFES, especially, operates as if it does not have any obligations under the Executive order to "meet at reasonable times and confer in good faith with respect to personnel policies and practices and matters affecting working conditions * * *," although this is explicitly required by section 11 of that order.

To begin with, AAFES has consistently refused to negotiate ground rules prior to beginning contract negotiations. Yet, section 11 also specifically provides for the execution of a memorandum of understanding which has become the accepted procedure throughout the entire

Federal Government. AAFES objects to ground rules apparently because they are afraid of a regular schedule of negotiations which would result in a speedy negotiation of a labor-management agreement.

At Fort Jackson, S.C., we have filed unfair labor practice charges because the post exchange insisted that the local union provide a proposed collective bargaining agreement as a precondition to negotiating ground rules. A hearing will be scheduled by the Department of Labor in the near future to rule on management's refusal to negotiate.

An even more fundamental question has been raised in this case as to who has authority to represent management. The general manager of the post exchange took the position that everything would have to be cleared through AAFES headquarters in Dallas. However, AAFES' own regulations (AR 60-20/AFR 147-14) provide in chapter 2-4 that the installation has authority to accord recognition to an employee organization. Moreover, chapter 2-6 delegates responsibility for collective bargaining to the installation commander with only "technical and professional assistance from the chief, AAFES * * *."

AAFES' standard procedure in contract negotiations is to send a representative from Dallas to the bargaining table all over the country, but to give him little authority to conclude the agreement. At Keesler Air Force Base, Miss., the AAFES representative often stated that he was under orders as to what he could and could not do and that he did not intend to be without a job for not following those orders. Those "orders" have resulted in another unfair labor practice charge since management refused to negotiate over promotion policy, hours of duty, grievance procedure and arbitration.

The important area of grievance procedure and arbitration have long been a sore point with AFGE since AAFES has always insisted on their own restrictive procedures which give final decisionmaking authority on employees' grievances to the installation commander. AAFES has never agreed to impartial arbitration in any contract, always claiming that they do not have sufficient funds despite the huge profits documented in this testimony. Without a negotiated grievance procedure culminating in arbitration, it is impossible to protect employee rights under a collective bargaining agreement.

Apparently because of the above unfair labor practice charges, AAFES is now retaliating at Homestead Air Force Base, Fla., by refusing to allow dues withholding which is covered by section 21 of the order. At the base management is insisting on including dues withholding in an eventual negotiated contract although it is commonly handled in a separate dues withholding agreement. In summary, AAFES is operating under Executive Order 11491 as if it still retains unlimited "divine rights."

However, AAFES is not the only nonappropriated fund instrumentally in which collective bargaining operates in the dark ages. At Eglin Air Force Base, Fla., the local union filed a petition for a bargaining unit of NAF (nonappropriated fund) employees. Management then countered by distributing restrictive individual contracts, including a provision that women must retire at age 62 and men at age 65.

The Air Force Civilian Welfare Board has often promised that regulations would be issued banning all individual contracts. To this date, we have yet to see those regulations; and in the meanwhile, all

Air Force employees coming under the board's jurisdiction are at the mercy of the installation commanders. In the private sector, the Norris-LaGuardia Act in 1932 declared "yellow-dog" contracts to be against public policy and made such contracts unenforceable in Federal courts. Furthermore, the U.S. Supreme Court in *J.I. Case v. NLRB*, 321 U.S. 322 (1944) stated that, "Individual contracts may not be used to sustain bargaining or to limit or condition the terms of the collective agreement * * *."

Finally, NAF employees at Eglin have been required to take leave when meeting with management to resolve unfair labor practices and discrimination cases or to otherwise represent NAF employees. Even employee witnesses at a formal hearing on the appeal of a NAF employee's termination were not allowed to appear in a duty status.

In short, the NAF employee is not even receiving the minimum protection afforded other Federal employees in regard to the conditions of their employment.

OTHER ANTIUNION ACTIVITIES OF MILITARY EXCHANGES AND NAVAL STORES

In addition to avoiding compliance with Executive Order No. 11491 in the matter of collective bargaining, the AAFES and other exchanges and stores have resorted to other subterfuges to carry out their antiemployee and antiunion activity. I shall cite as typical the example of then nonappropriated fund activities of the Marine Corps Recruit Depot in San Diego, Calif.

After the employees of the barber shop operated by the Marine Corps Exchange, Marine Corps Recruit Depot, San Diego, won exclusive recognition as AFGE Local 1085, the exchange management decided that it would "contract out" the running of the barber shop to a nonunion firm. This had the effect of destroying the barber shop as a direct nonappropriated fund instrumentality operated by the Marine Corps exchange. It also had the effect of destroying the AFGE local by placing it outside the provisions of President Kennedy's Executive Order No. 10988, as it had been administratively extended by the Marine Corps Exchange System and now of Executive Order No. 11491.

When the barber shop was leased to the private contractor, the employees were given to understand the contractor would abide by the provisions of the labor-management agreement then in effect between the exchange and AFGE Local 1085. In addition, during the 90-day transition period, the employees were offered the option of staying on with the contractors as barbers or receiving other employment with the exchange.

For 90 days the contractor observed the terms of the labor-management agreement in force during the operation of the shop by the exchange. After the 90-day period, however, he harassed the former employees who were union members and eventually fired them all.

Our organization first appealed this case to the U.S. Marine Corps as an unfair labor practices charge. The hearing was held by a panel of three officers, one of whom was a Marine Corps officer; one a naval officer, and one a civilian, Mr. Bernard A. Burke who is the Director, Civilian Personnel Department of the Naval Supply Center in Oakland, Calif. The two uniformed services officers voted to uphold management while Mr. Burke voted to uphold the union. Thus we lost 2 to 1.

Our organization has now appealed this violation of labor-management agreements to the National Labor Relations Board. We are awaiting a new hearing and look forward to vindication.

The point at issue, which I wish to stress is that the Marine Corps exchange resorted to "contracting out" as soon as employees of non-appropriated funds had organized themselves into a union able to represent their interests.

An almost identical situation arose in the case of the photo lab at the same installation. As soon as our local had won exclusive recognition and was in a position to represent the interests of employees effectively, the Marine Corps exchange "contracted out" the work to a non-union firm.

BOTTOM OF THE TOTEM POLE IN A CASTE SYSTEM

As I stated earlier, supervisory employees of the AAFES are not paid on the prevailing rate system and are theoretically accorded the rights and pay of the classified service. These civilian employees thus belong "on paper" to the "elite" of the nonappropriated fund employees. Yet even as an "elite," even as administrative and supervisory personnel or their secretaries they sink to the bottom of the totem pole whenever they seek to assert their rights as American citizens, even in such matters as their receiving treatment equivalent to that of employees of appropriated funds of the military departments. The main reason for this consistent "sinking to the bottom" is that they have no statutory rights, no appeals procedures outside the agency, no legal recourse against arbitrary action. They too are the objects of arbitrary action resulting from the double standard.

AN EXAMPLE FROM GERMANY

The nature of the arbitrary action to which nonappropriated fund employees are subjected can be documented, not only by statements of critics of the system but by communications written by its very own administrators. I refer particularly to the recent experiences of employees of the AAFES during the transfer of the European Headquarters of the European Exchange from Nuremberg to Munich, Germany. The arbitrary actions can be found documented in the extensive exchange of communications between the Headquarters of the AAFES in Dallas, Tex., the Headquarters of the United States Army in Europe, USAREUR, located in Heidelberg, Germany.

A reading of these official communications reveals the wanton disregard of the rights of these employees by top military headquarters and the indifference to their plight by the senior officers in the Department of Defense.

I do not wish to impose on the time of this special subcommittee by recounting fully here the incredible facts documented in that case. I understand moreover that these facts have been transmitted already directly to the chairman of the House Committee on Armed Services, the Honorable L. Mendel Rivers by letter dated December 5, 1969 and signed by the officers and members of our AFGE Local 2468.

I believe that that letter, with its enclosures of official communications, shows beyond any doubt the caste system which places these employees, even if they are the highest ranking and best paid, at the bottom of the Federal bureaucratic totem pole.

Let me quote just one excerpt from that letter itself. It follows:
On page 51—

It is clearly evident now that USAREUR Hq. will not hesitate in unilaterally abrogating its promises and require EES employees to move if a need arises for these quarters for other civilian employees of the government.

Let me quote you the words written by Brig. Gen. Earl F. Cole, the commanding officer of the headquarters of the European exchange system. They follow:

I am very concerned about the fact that USAREUR Reg 210-50 Annex C, dated 16 December 1968, establishes a situation which places EES management personnel in an unfavorable position with respect to their relative ranking with other civilians and military personnel.

As a final quotation, I should like to excerpt choice language from a "Dear George" letter sent by Brigadier General Cole to Brig. Gen. George E. McCord, then and now the chief of the Army and Air Force exchange service in Dallas, Tex. The quotations follow:

On May 9 May 1969, USAREUR sent a message to CG, USTASCOMEUR providing "guidance" on housing in Munich . . . you will note from the contents that in most cases EES personnel are given the lowest priority . . . Mr. Almy had accepted a "requisitioned" house which was in keeping with his position. The incumbent, who appeared to be a civil service employee with a GS-12 rating, was to be evicted. However, it now turns out that the occupant was a "spook", and we have lost this one . . . I would appreciate your reaction to these suggestions, and in the meantime, please be assured that I am continuing to do everything possible to provide equitable treatment for our civilian employees. I'm sore as hell but the problem was created by personnel (USAREUR's and EES's) who didn't do their homework before making promises . . .

The problem was created by "personnel," but the suffering is borne by these employees who cannot invoke even the grievance and appeals procedures every other Federal employee has by law.

AN EXAMPLE FROM OKINAWA

Whereas the situation I cited in Germany involved the "top elite" of the civilian employees of the nonappropriated funds of AAFES, we find the same history all over the world. I should like to cite you another example, this one from Okinawa involving middle-level supervisory personnel.

I realize that the problem in Okinawa is somewhat peculiar, perhaps unique, because the United States has agreed to return the island to Japan. Nevertheless, this fact of diplomatic history has basically no special bearing on the harsh treatment inflicted on these American employees.

The problem in the AAFES exchanges at Okinawa reached a critical level with a decision in 1968 to displace 17 supervisory American civilians with local personnel. Allegedly, the decision was based on a survey which supposedly showed that the exchanges were doing a lower volume of business. Thus, allegedly, in order to maintain the same dollar amount of profit, the American personnel were being fired and replaced by other lower-paid Americans or, in many instances, by Ryukyuan nationals. Although this latter situation created severe problems of fiscal accountability, especially if moneys disappeared, the pressure to make profits was so great that the AAFES accepted even this risk.

During a conference of AFGE representatives in Honolulu with Colonel Thomas, who had initiated the RIFs, our union representa-

tives requested a copy of the survey so as to be able to comment intelligently. The request was promptly denied by Colonel Thomas on the excuse that the survey was not available.

In the interval, I received correspondence showing that the reduction in sales was not the result of any failures on the part of the civilian employees of the Okinawa exchanges but solely the consequence of the failure by the AAFES to deliver merchandise to the local outlets. Numerous high-dollar value items were out of stock for as much as 6 to 8 months at a time, because of the diversion by AAFES of these items to other areas. Even so, during the last 3 fiscal years, though sales declined by approximately \$1 million a year, from \$38,863,336 in 1967 to \$37,853,354 in 1969, gross profit declined by only \$221,654, from \$7,735,773 in 1967 to \$7,514,119 in 1969.

Despite all these facts, my files are filled with reports of arbitrary actions taken by exchange managers against their civilian employees. These include the withdrawal of housing allowances; the forced signing of so-called mobility availability forms permitting the AAFES to transfer these employees at will; the abolition of job positions on the grounds they were to be filled by local personnel; and all the diverse harassments which an arbitrary management can devise to break the spirit of an employee and cause him to give up in despair.

SUMMARY AND CONCLUSION

In summarizing my statement, I should like to emphasize that there is only one way in which employees of nonappropriated fund instrumentalities will finally get equity—and that one way is by being really equal.

And they certainly are not equal today, unless one uses that term in the peculiar form used by the author of "Animal Farm," who pointed out that in that arbitrary system some animals were "more equal" than others.

But our organization does not believe in the precepts of "Animal Farm" and we hope that the day is very near when employees of nonappropriated funds will be accorded the same rights and privileges as employees of appropriated funds. If pending wage board legislation is enacted, especially as formulated in Senate bills S. 1958, S. 2371, and S. 2990, a major obstacle to the enjoyment of Federal employees rights by employees of nonappropriated funds will have been removed. I hope the day of their liberation from the status of second-class, or perhaps third-class, citizens is near at hand.

I wish once again to express my gratitude to your subcommittee for permitting me to testify today on the issues which cause so much concern to employees of nonappropriated funds, including the AAFES and other military exchange systems.

I appreciate especially the hospitality and generosity you have shown me by allowing me to present my testimony in such an extensive and comprehensive form and to submit the attached annex for the record. And finally I ask your help in the passage of legislation this year for wage board employees drafted in such a way as to include all nonappropriated fund employees in its pay provisions on the same legal and economic basis as employees of nonappropriated funds.

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,
Washington, D.C., June 23, 1970.

Re Annex to Statement on Exchanges and Commissaries, July 29, 1970.

SENATE SUBCOMMITTEE ON CIVIL SERVICE,
U.S. Senate,
Washington, D.C.

GENTLEMEN: During the Hearing on June 17, 1970 before the Senate Subcommittee on Civil Service on S. 1958, S. 2371 and S. 2990, it was requested that I supply additional comments on H.R. 17809, comparing it with the Senate Bills.

I should like my first comment to be the observation that it is already late in the legislative session and for that reason I earnestly request that you accept H.R. 17809 as the basic wage board draft with which to proceed. My additional comments are drafted on this prediction.

In my opinion, there are seven areas which are of special importance. They are:

1. Annual Reports
2. "Non-appropriated Fund" Employees
3. "Effective Date"
4. "Within-Grade Steps"
5. "Conversion" of Current Employees to New Schedules
6. "Saved Pay"
7. "The Outside Survey Area"—Monroney Amendment

Of these, the first five would require specific action by your Subcommittee, while the last two need only your concurrence in the language of H.R. 17809. For this reason, I am attaching hereto my comments on the first five items in a separate memorandum.

Regarding "saved pay", the Senate Bills are silent on this subject. I request that you acquiesce in the language of H.R. 17809 whose purpose is to apply to wage board employees rules identical to those already in force by law for classified employees.

I have already addressed the matter of the "outside survey area" in my formal testimony when I requested your Subcommittee to accept the version in H.R. 17809. One main reason I should like to see the H.R. 17809 version retained is that some persons have argued that the Monroney Amendment would be automatically repealed by the new wage board legislation unless its language was repeated or re-affirmed in the new Act. For this reason alone, it appears prudent to repeat the language. However, the original language needs to be "modified", as it has been done in H.R. 17809, so that it clarifies the confusion that has existed until recently as to how it was to be applied. The Civil Service Commission has now agreed with our interpretation and, I am told, a new regulation will be issued in the near future identical with the version appearing in H.R. 17809.

I am attaching a memorandum hereto containing my detailed comments on the following items: (1) annual reports; (2) non-appropriated fund employees; (3) effective date; (4) within-grade steps; (5) "conversion" formula; and (6) costs of the legislation.

Here I should like especially to invite your attention to the fact that I am also requesting in this attached memorandum that you consider amending H.R. 17809 to provide a *six-step* career wage board system instead of the five-step one provided in that Bill. I estimate the six-step system would cost annually only \$45 million more than the five-step system.

In closing, I wish once again to express my appreciation for the consideration you have shown wage board employees in holding Hearings on these Bills. I shall be pleased, as ever, to cooperate with your Committee in every way for the enactment of an equitable wage board law.

Sincerely,

JOHN F. GRINER,
National President.

[Enclosure to letter of June 23, 1970]

COMMENTS—SUPPLEMENTAL TO LETTER AND TO STATEMENT OF JOHN F. GRINER
NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

ANNUAL REPORTS

H.R. 17809 is silent on the subject of "annual reports" while the Senate Bills are most explicit on page 12 in line 5 through 12, under paragraph (7).

I believe that a statutory requirement for annual reports is an essential element in this wage board legislation enabling Congress to keep current with future developments. It is therefore in the interest of Congress itself as well as the wage board employees that such a requirement be placed by law on the Executive Branch.

NONAPPROPRIATED FUNDS

The Senate Bills state that the same pay schedules would apply to employees of nonappropriated funds as to other wage board employees in the same area doing the same work. No pay discrimination is made between the two categories of employees. On page 21 of the Senate Bills, beginning on line 14, the language states explicitly as follows:

"(i) A separate wage schedule shall be established by the agency wage committee for each wage area. The wage schedules so established shall apply equally to employees paid from nonappropriated funds as well as those paid from regular appropriations of the United States. As circumstances may require, separate wage rate schedules, with the approval of the National Wage Policy Committee, shall be maintained for positions which reflect conditions peculiar to certain industries."

This is fair and non-discriminatory.

Unfortunately, H.R. 17809 makes a major, discriminatory distinction between employees of nonappropriated funds and other wage board employees. The rate of pay of nonappropriated fund employees is *NOT* set by the same schedules as other wage board employees doing the same work. Instead according to H.R. 17809, Section 5343, page 4, lines 7 through 20 inclusive, their pay should be set according to a *special survey limited only to retail and wholesale establishments in their local areas*.

There is no justification whatsoever for such a discrimination. All the precedents are against it. You will recall that a similar question was raised within the Coordinated Federal Wage System itself regarding the inclusion of laundry, cafeteria and custodial employees. Some management officials then argued for *special schedules* for those three classes of employees based on special surveys. This argument was *rejected* and today everyone agrees that the decision to reject that argument was sound.

Basing my judgment on these precedents, I can foresee only trouble for everyone, including not only management and employees but also the National Wage Policy Committee, the Civil Service Commission and ultimately the Congress itself, if we were to have *two wage board systems* containing such a discriminatory and unfair distinction between employees on Federal premises doing the same kind of work. For this reason, I urge you to retain the Senate version and substitute it for the language in H.R. 17809.

EFFECTIVE DATE

I am most disappointed that H.R. 17809 allows a delay in the implementation of the Act up to as many as 180 days. There is no administrative need for such a delay. I trust that wage board employees will not have to wait one minute longer than necessary after their law has been enacted. I fully endorse the passage in these Bills before you, appearing as Section 9 on page 26 stating that "This Act shall take effect ninety days after the date of enactment."

WITHIN-GRADE STEPS—AT LEAST SIX STEPS

H.R. 17809 provides for a five-step system, with a uniform difference of four percent between each step. The lowest step would be 96 percent of the prevailing rate and the highest would be 112 percent, providing a range of 16 percent.

In my formal testimony, I pointed out that the classified service has a 30 percent differential and the postal field service a 36 $\frac{2}{3}$ percent differential between top and bottom steps. Moreover, the top classified step is 20 percent above the pay line and the top PFS step is 26 $\frac{2}{3}$ percent higher.

I believe that equity suggests that in providing a career system for wage board employees *there should be at least one more step, Step 6, added to the five steps stated in H.R. 17809. Such a sixth step would bring the top rate, Step 6, to 116 percent of the pay line of Step 2 which would be the prevailing rate.*

I should like to point out that even if the sixth step were added, career wage board employees would still be earning in their top rate $\frac{4}{100}$ percent less than similar career classified service employees and $\frac{10}{100}$ percent less than career postal field service employees.

CONVERSION OF CURRENT EMPLOYEES TO NEW SCHEDULES

H.R. 17809 does not provide any statutory formula for converting current wage board employees to the new system. This could result in serious inequity and demoralization. For this reason, I request the *addition of the following language to H.R. 17809*, designed to convert current employees under terms consistent with their length of service in the third rate:

(Section 5343, 5(C), to follow on line 12 of page 8 of the May 26 print of H.R. 17809)

"(C) Upon the original implementation of this Act, an employee in the third rate of the wage board or non-appropriated fund system shall be converted to the sixth step if he has six or more years of service in the third rate; and he shall be converted to the fifth step if he has had four or more years of service, provided that an employee advanced to the fifth step will retain as credit toward advancement to the sixth step all time served in the third rate which is in excess of four years; and he shall be converted to the fourth step if he has had at least two years of service in the third rate, provided that any employee advanced to the fourth step will retain as credit toward advancement to the fifth step all time served in the third rate which is in excess of two years."

THE ADDITIONAL COST OF WAGE BOARD LEGISLATION

In response to your request for our estimates of the cost of wage board legislation, I understand that the Executive Branch has already informed the House Committee on Post Office and Civil Service that H.R. 17809 would increase costs as follows:

Item	Millions of dollars annually
1. Introduction of career 5-step in place of present 3-step system-----	\$190
2. Shift differentials ($7\frac{1}{2}$ percent swing and 10 percent night)-----	40
Total -----	230

If the *sixth step*, at 116 percent of the prevailing rate (Step 2), were added to H.R. 17809, I estimate that approximately forty percent of the wage board employees would be in that step. *This would result in an additional annual cost of forty-five million dollars.* Under a *six-step* career system the costs would be as follows:

Item	Millions of dollars annually
1. Introduction of a career 6-step system in place of present 3-step system--	\$235
2. Shift differentials ($7\frac{1}{2}$ percent swing and 10 percent night)-----	40
Total -----	275

I am also informed that the Executive Branch supplied further figures to the House Committee alleging that the Monroney Amendment would cost \$109 million additional annually. That estimate is irrelevant and improper, so far as H.R. 17809 goes, in as much as those costs can be ascribed properly only to Public Law 90-560 of October 12, 1968 and *Not to any new legislation for prevailing rate employees, such as H.R. 17809.*

(The following statement was given before the subcommittee June 24, 1969, during the wage board hearing, 91st Congress.)

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.

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 uncoordinated 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 nonappropriated 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 1½ 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 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.

Mr. HENDERSON. The committee will hear from Mr. Ryan before we begin questioning.

STATEMENT OF MR. WILLIAM H. RYAN, NATIONAL COORDINATOR AND LEGISLATIVE REPRESENTATIVE OF THE GOVERNMENT EMPLOYEES DEPARTMENT OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO, ON BEHALF OF THE METAL TRADES DEPARTMENT, AFL-CIO

Mr. RYAN. Thank you, Mr. Chairman. My name is William H. Ryan, and I am national coordinator and legislative representative of the Government Employees Department of the International Association of Machinists & Aerospace Workers, AFL-CIO, and I am authorized by President Maywood Boggs of the Metal Trades Department, AFL-CIO to testify for and in behalf of the Department and its 22 affiliated national and international unions on this very important legislative proposal to bring some sense and equity to the wage-fixing procedures for prevailing rate employees of the Government.

I am accompanied by Mr. Saul Stein, general representative of the Metal Trades Department, AFL-CIO.

President Boggs of the Metal Trades Department has asked me to convey the appreciation of our affiliated unions to the members of this committee who have introduced bills similar to H.R. 3358, and also the chairman for the scheduling of hearings on this subject.

All of the 22 affiliated unions of the Metal Trades Department wholeheartedly support the objectives of H.R. 3358 with minor clarifications, for which we urge your consideration, to insure that the intent of the legislation is objectively clear in bringing about much needed reforms in the wage-fixing processes for prevailing rate employees of the Government.

The main objectives of the bill are to bring about a 10-step pay progression (automatic) in each labor grade, similar to the pay progression set by law for Classification Act (white collar) employees. Equity and pay justice dictate that blue-collar employees be treated equally to the treatment of white-collar employees. Under the present administratively controlled Coordinated Federal Wage System, the prevailing rate employees are severely limited to wage progression beyond step 2 of their wage grade. On the other hand, Classification Act employees can progress to step 10, which provides over 18 percent in longevity increases beyond their 4th step, which is considered comparable to the wage board employees' 2d pay step.

Another objective of the legislation which we support is a uniform night differential of 7½ percent and 10 percent for the second and third shifts respectively.

We also support the provision which would establish a Federal Prevailing Rate Advisory Committee, composed of 10 persons, as indicated in the bill, with the Presidential appointment of a chairman not holding any other position in the Government and/or the District of Columbia. Our experience under the CFWS with a chairman designated by the Chairman of the Civil Service Commission has been, to say the very least, very frustrating. The weight of logic and merit of

our presentations fall on deaf ears, and we are continually faced with 6 to 5 votes against any realistic proposal we set forth in the National Wage Policy Committee. We believe that a chairman with no ties to any Government agency will provide the advisory committee with a more objective approach in reaching decisions.

As an example of the frustration the labor members of the current National Wage Policy Committee experiences, we recently were faced with a situation where the chairman of the committee declared a motion made and seconded by labor members as out of order. He made such ruling after allowing the committee to debate and consider the problem to a considerable degree.

Mr. Chairman, I would like at at this point to request that the minority report of the AFL-CIO committee members addressed to the Chairman of the Civil Service Commission dated December 22, 1970, and the Chairman's reply dated March 29, 1971, on the entire matter be made a part of the record so that the Members of Congress can see the conditions we face by operating in a committee that is stacked against us, and also under a system where the decision authority backs up an unreasonable position taken by the Chairman of the National Wage Policy Committee.

(The letters referred to follow :)

AMERICAN FEDERATION OF LABOR AND CONGRESS,
OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., December 22, 1970.

Hon. ROBERT E. HAMPTON,
Commissioner, Civil Service Commission,
Washington, D.C.

DEAR CHAIRMAN HAMPTON: This is a minority report on the action of the National Wage Policy Committee holding that the Chairman of the Committee was incorrect in ruling the following motion out-of-order :

"That the National Wage Policy Committee recommend to Chairman Hampton that the proposed FPM Bulletin (attachment 1 to Mr. Weissenborn's Memorandum of 11/24/70 To: Members—National Wage Policy Committee) not be issued and that no attempts be made to impede the proper processing under existing regulation and law of employee adverse action appeals on downgrading resulting from the application of the environmental differential regulations."

The above motion was made and seconded at the 107th meeting of the National Wage Policy Committee on December 3, 1970 and was still before the Committee at the 108th meeting of the National Wage Policy Committee, December 17, 1970. At that meeting the Chairman ruled that the motion was out-of-order as it was not appropriate for consideration by the National Wage Policy Committee. On basis of the Rules of Procedure of the National Wage Policy Committee, that "The Committee will decide on any question of what is an appropriate matter for Committee action," it was moved and seconded that,

"Consideration of the motion is in order contrary to the Committee Chairman's ruling and that the Committee overrule the decision of the Chair."

The vote on this motion was 5-to-5 and therefore the Chair's decision was upheld.

It is our understanding that the Chair's ruling was based on two major points:

1. Decisions made on the Veterans Preference Act are made en banc by the Civil Service Commissioners and therefore a recommendation by the National Wage Policy Committee to the Chairman concerning the Veterans Preference Act was out-of-order.

2. Matters concerning adverse actions were not within the purview of the committee.

In basing his ruling on the relation of the motion to the Veterans Preference Act the NWPC Chairman overlooked the fact that there were three reasons for making the motion and the relation to the Veterans Preference Act was involved in only one of these. They were that the proposed FPM Bulletin is:

1. Counter to the intent of the National Wage Policy Committee.
2. Not consistent with the provisions of FPM Supplement 532-1, and
3. It revises the Veterans Preference Act.

These reasons will be discussed in more detail later.

The second point made by the Committee Chairman, that matters concerning adverse actions are not within the purview of the National Wage Policy Committee, is new and is not consistent with past practice. A review of FPM Supplement 532-1 shows at least two direct references to part 752B of the Commission's regulations. Subchapter 10-6a(3) specifically provides that mechanical conversion actions are not subject to the procedures of part 752B. Subchapter 10-13c provides that if the application of the Commission job-grading standard, results in a lower grade or a reduction in rank, the adverse action procedures under part 752B of the Commission's regulations are applicable when the employee has coverage under that part.

The National Wage Policy Committee is charged with making recommendations to the Chairman of the Civil Service Commission on wage policy as incorporated in FPM 532. In the past when recommended wage actions involved adverse actions Committee recommendations on adverse actions were not considered out-of-order. In this case the proposed Bulletin dealing with adverse actions stems directly from Subchapter 8-7 of FPM Supplement 532-1. This subchapter was developed by the National Wage Policy Committee and recommended to you and you approved the Subchapter as recommended. In view of this we cannot see why a motion concerning a recommendation to you on adverse actions concerning Subchapter 8-7 should be out-of-order when recommendations concerning adverse actions in Subchapter 10 were not out-of-order. Further, as we will show below, discussion of adverse action appeals by the National Wage Policy Committee was not considered out-of-order during Committee meetings when Subchapter 8-7 was being developed.

In fact, such arbitrary and inconsistent action on what motions are in order and what motions are out of order strikes at the efficacy of the National Wage Policy Committee and raises serious questions as to whether the Committee is to be allowed to fulfill its function. That is to recommend wage policy to you as Chairman of the Civil Service Commission. So long as a motion is not clearly frivolous and relates to wage Policy, as this motion directly related to Subchapter 8-7, it should be considered in order. Otherwise, when a subject can be considered proper for Committee consideration at one time and not at another the out-numbered Labor Members cannot fulfill their obligation to the employees they represent and their role on the National Wage Policy Committee will rapidly deteriorate to that of serving as a facade behind which the Commission and other management agencies can claim labor concurrence with unilateral management actions.

In relation to the Committee Chairman's first point concerning the Veterans Preference Act we said that the Act was involved in only one of the three reasons given for making the motion and these reasons would be discussed in more detail later.

The first of the three reasons for making the motion, which was ruled out of order, was that the proposed FPM Bulletin was counter to the intent of the National Wage Policy Committee. The proposed FPM Bulletin considers downgradings resulting from the application of Subchapter 8-7i(5) to be systems changes and not adverse actions. During the meetings of the National Wage Policy Committee, when Subchapter 8-7i(5) was being prepared for recommendation to you, downgradings resulting from application of Subchapter 8-7i(5) were considered as adverse actions—not the results of a systems change.

It was on this basis that the Committee completed its work on Subchapter 8-7 at the 89th meeting of the National Wage Policy Committee, June 15, 1970 and recommended to you the document which you approved as Subchapter 8-7. It was not until the 104th meeting of the Committee on October 30, 1970 that the Commission brought in the concept that downgradings resulting from the application of Subchapter 8-7i(5) were to be treated as resulting from a system change rather than as adverse actions.

The wording of Subchapter 8-7i(5) clearly shows the intent of the National Wage Policy Committee to have it applied on an individual basis with an individual's right to an adverse action appeal rather than as systems change. Subchapter 8-7i(5) states in the first line, "When the pay grade of an employee's position is reduced * * *" and in the last line, "the employee's rate of pay." A review of the minutes of the National Wage Policy Committee and subsequent agency action shows that the National Wage Policy Committee, in recommend-

ing the draft of Subchapter 8-7 to you, which you approved, considered downgradings resulting from Subchapter 8-7i(5) to be individual actions subject to adverse action appeals and not unappealable Systems change actions. Some of these are:

1. The following statement, on page 3 of the minutes of the 83rd meeting, was made in connection with the agency position that a minimum of 180 days was needed to put the plan into effect:

"The over-riding problem, however, was the need to look at thousands of positions to determine what effect the elimination of the hazard factor from the job evaluation process would have on the grade of these positions."

2. Page 3 of the 84th meeting of the National Wage Policy Committee shows: "Union representatives expressed concern that agencies which had not paid hazard differentials before would now engage in a wholesale regrading process which would lower grades in many cases, lead to adverse actions and prove detrimental to employee morale."

"An agency representative stated that he assumed all agency job-grading actions would be handled conscientiously by responsible officials, and that employees had recourse to the appeals process if they considered the grading action inappropriate."

3. Page 3 of the 84th minutes of the National Wage Policy Committee shows: "In response to a union inquiry, the Chairman stated that he did not anticipate mass regradings and mass appeals when the new standards, without the hazard factor, were applied to individual positions." . . . "Regrading could be taken care of under appropriate classification and grievance procedures."

4. The Navy Department, while not sitting on the National Wage Policy Committee during the final development of Subchapter 8-7, had an observer present throughout the discussions. The Department of the Navy understood the intent of the National Wage Policy Committee to be that downgrading actions resulting from Subchapter 8-7 would be individual actions subject to adverse action appeal procedures. Paragraph 4b(3) of OCMMNOTE 12531 of August 19, 1970, which directed mass downgradings based on Subchapter 8-7 states, "Adverse action procedures under part 752 B of the Commission's regulations are applicable when the employee has coverage under that part."

The second of the three reasons for making the motion, which was ruled out-of-order, was that the proposed FPM Bulletin was not consistent with the provisions of FPM Supplement 532-1.

1. The entire Coordinated Federal Wage System is a Systems Change. The proposed FPM Bulletin denies employees the right to an adverse action appeal on the basis that actions taken under Subchapter 8-7 are Systems Changes. Yet in the total Systems Change, that is, the change to the Coordinated Federal Wage System as set forth in FPM Supplement 532-1, the employee is denied appeal rights under part 752 in only one instance. This is done in Subchapter 10-6a(3) in connection with mechanical conversion. Exclusion of access to adverse action appeal rights in one downgrading situation clearly indicates that employees have access to adverse action appeal rights in other downgrading actions involved in the Systems Change to the Coordinated Federal Wage System unless FPM Supplement 532-1 clearly denies them such rights.

2. The fifth paragraph of the proposed FPM Bulletin states these actions are not appealable to the agency under part 771 or to the Commission under part 772.

The seventh paragraph of the proposed FPM Bulletin provides, "Such appeals should be processed under the rules in Subchapter 7 of FPM Supplement 532-1, Coordinated Federal Wage System." Yet Subchapter 7-3a(4) in connection with appeals provides, "When an employee's application involves a downgrading or other job grading action which results in a loss of pay or deduction in grade, it must be filed in accordance with the appeals system established under Part 771 of the Commission's regulations, * * *"

3. At the 106th meeting of the National Wage Policy Committee the Committee Chairman indicated that downgrading actions under Subchapter 8-7i(5) were Commission-directed actions and therefore not subject to appeal. Subchapter 8-7i(5) directed the reduction of an employee's grade when "* * * it is clearly established that such a consideration directly resulted in at least one additional grade, * * *" This is a general directive similar to the issuance of a new job standard where an employee has full appeal rights of the application of the job standard if the application of the job standard results in a downgrading. It is not similar to a downgrading following the Commission's audit of an employee's position.

The third of the three reasons for making the motion concerned the Veterans Preference Act and Executive Order 10987. This was the only one of three reasons given for making the contested motion that the Chairman of the National Wage Policy Committee addressed himself to in ruling that the motion was out-of-order. The point made in connection with the motion was that the proposed FPM Bulletin revised the Veterans Preference Act definition of an adverse action and that the benefits of the Veterans Preference Act were extended to non-veterans by Executive Order 10987.

We request that you over-rule the decision that the motion, "That the National Wage Policy Committee recommend to Chairman Hampton that the proposed FPM Bulletin (attachment 1 to Mr. Weissenborn's Memorandum of 11/24/70 TO: Members—National Wage Policy Committee) not be issued and that no attempts be made to impede the proper processing under existing regulation and law of employee adverse action appeals on downgrading resulting from the application of environmental differential regulations," was out-of-order.

A summary of the reasons, given above, for making this request are:

1. The Chairman of the National Wage Policy Committee, in explaining his ruling, addressed himself to only one of the three reasons given for making the motion, this is, the reference to the Veterans Preference Act. He did not address himself to the points that (1) the proposed FPM Bulletin was counter to the intent of the National Wage Policy Committee and (2) was not consistent with FPM Supplement 532-1.

2. In basing his ruling on adverse actions not being within the purview of the National Wage Policy Committee, the Chairman of the Committee was arbitrary and capricious in that his action was inconsistent with past action of the National Wage Policy Committee. Adverse actions, when they are directly related to wage policy as was the case in the present instance to Subchapter 8-7 of FPM Supplement 532-1, have been considered within the purview of the National Wage Policy Committee. This is reflected in the minutes of the Committee and also in the fact that FPM Supplement 532-1, a document recommended to you by the National Wage Policy Committee and approved by you contains at least two references to Part 752 of the Commission's regulations. It should not be overlooked that the proposed FPM Bulletin was on the agenda of the National Wage Policy Committee.

As was stated above, when a subject can be considered appropriate for Committee consideration at one time and not at another it means that the National Wage Policy Committee will degenerate to the point where Labor membership serves only as a facade behind which management can claim Labor concurrence with unilateral management actions. Under such circumstances Labor members cannot continue on the National Wage Policy Committee and honestly serve the employees they represent.

We also specifically request that you direct that the proposed FPM Bulletin not be issued and that employees not be denied their full appeal rights on downgrading actions taken under Subchapter 8-7 of FPM Supplement 532-1. In summary, the reasons for this second request are that the proposed FPM Bulletin is:

1. Counter to the intent of the National Wage Policy Committee;
2. Not consistent with the provisions of FPM Supplement 532-1, and
3. It revises the Veterans Preference Act.

Sincerely,

MAYWOOD BOGGS,

President,

Metal Trades Department, AFL-CIO.

J. F. GRINER,

National President,

American Federation of Government Employees.

GEORGE KNALY,

Director, Government Operations,

International Brotherhood of Electrical Workers.

THEODORE A. VANDERZYDE,

for William Ryan,

GLR, International Association of Machinists.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., March 29, 1971.

Mr. MAYWOOD BOGGS,
President, Metal Trades Department/AFL-CIO,
Washington, D.C.

DEAR Mr. BOGGS: This is in response to your letter dated December 22, 1970, containing a minority report on the actions of the National Wage Policy Committee at the 107th and 108th meetings. Your recommended over-ruling of the decision of the Chairman of the Committee which held that a motion made and seconded by union members of the Committee was not in order. This motion stated:

"That the National Wage Policy Committee recommend to Chairman Hampton that the proposed FPM Bulletin (attachment 1 to Mr. Weissenborn's Memorandum of 11/24/70 TO: Members—National Wage Policy Committee) not be issued and that no attempts be made to impede the proper processing under existing regulations and law of employee adverse action appeals on downgrading resulting from the application of the environmental differential regulations."

You also recommended that the proposed FPM Bulletin not be issued and that employees not be denied their full appeal rights on downgrading actions taken under Subchapter 8-7 of FPM Supplement 532-1. As you know it has been determined that the downgradings resulting from elimination of consideration of exposure to specific environmental conditions in the grade evaluation process will be treated as adverse actions. This letter, therefore, deals only with the recommendation to over-rule the above-mentioned decision of the Chairman of the Committee.

I have reviewed the minutes of the 107th and 108th meetings of the Committee and the reasons outlined in your minority report and have decided against any revision of the Chairman's decision. My principal reason for this conclusion is that I do not consider that the subject matter of this area of disagreement involves a CFWS policy. I consider it to be a matter properly handled as part of other CSC personnel policy and therefore outside the purview of the Committee's functions. The issue involves an interpretation of the Commission's regulations as well as existing statutes and executive orders. As pointed out by the Chairman of the Committee, the Bulletin proposed by the Commission staff required complete internal staffing with several functional areas, including full legal consideration. The Chairman also gave assurances that opinions expressed by Committee members would be brought to the attention of the Commission and invited the submission of any additional written material that any member wished to be considered. After full review of all legal and regulatory aspects of the question it was determined that the downgradings should be treated as adverse actions.

I note your comment that the motion submitted was based on the rules of procedure of the Committee, that "The Committee will decide on any question of what is an appropriate matter for Committee action." This rule is, of course, established within the charter of the Committee to advise on matters of wage policy as opposed to other personnel actions. I also note that the Committee did not determine that this motion was an appropriate matter for Committee action and by a five to five vote supported the opinion of the Chairman.

Concerning the viewpoint that adverse actions previously had been discussed by the Committee in connection with wage policy matters and therefore were within the purview of the National Wage Policy Committee, it should be pointed out that completed instructions issued by the Commission to agencies contain both basic policy relating to wage systems and procedures relating to individual personnel actions. Guidance on individual personnel action stems from laws, executive orders, and a wide range of Commission regulations affecting such things as promotion, conversion, downgrading, etc. The interpretation of laws, orders and regulations is considered to be primarily a legal matter as opposed to a wage policy matter. The insertion of cross references to other CSC regulations or instructions, and the fact that they were discussed in NWPC meetings in conjunction with wage policy matters do not alter this concept.

My decision in this matter does not imply that strict rules of procedure should be followed in Committee actions which provide advice on basic wage policy. I intend to maintain open channels of communication such as were utilized in this case. You have my assurance that at any time you wish to submit minority views which are contrary to actions taken by the Committee, such views will receive my full consideration.

Sincerely yours,

ROBERT E. HAMPTON,
Chairman.

Mr. RYAN. On this particular issue, we eventually won our position; but the Chairman of the National Wage Policy Committee and also apparently the Chairman of the Civil Service Commission did not want the record to reflect that our position was secured in the deliberations of the National Wage Policy Committee.

We very strongly endorse the language on lines 19 through 24 on page 2 of the bill, which would require firms under contract with the Government for providing services or goods to be responsive to furnishing wage data to the wage fixing system. Under the mistaken belief that such data is released publicly, many firms and associations of industries have refused to furnish wage data in usable form to accomplish the establishment of comparable area rates for Government prevailing rate employees. The refusal to furnish such wage rates has worked against the objective of establishing comparable area wage rates, and we urge the Congress to retain this necessary provision of the bill.

We also support the inclusion of nonappropriated fund employees and other groups proposed by the bill.

We, however, urge inclusion of language which would make it clear that the Congress supports the principle of negotiated wage rates via union contractual relations where such relations now exist and that it is not the intent of Congress to bring such negotiated rates under the provision of the legislation unless the majority of employees in each unit under a negotiated wage schedule vote for inclusion under the system established by the law.

We also recommend that language be added to the legislation which would make it clear that all time spent in a given labor grade be counted toward entitlement to pay step increments upon the effective date of the law. Equity and fairness dictate that prevailing rate employees be credited for all time spent in their current labor grade. Classification Act employees have been enjoying the benefits of these additional pay increments for many years where, on the other hand, prevailing rate employees have been denied these progressional wage increases based upon job performance of "satisfactory" and length of service within grade.

Under the current Coordinated Federal Wage System procedures, construction pay rates are not used from the private employment sector to construct a wage pay line for prevailing rate employees, despite the fact that in my instances private contractor employees performing maintenance functions on military bases work side by side with Government prevailing rate employees. The contractor employees are paid the area construction rates for such work, and the Government employee receives considerably less hourly wages. We strongly urge the Congress to adopt legislation which would, at the very least, require the collection of wage data from contractors engaged in construction and/or maintenance functions where the area construction wage rate is paid for work comparable to that work being performed by Government prevailing rates employees. We submit that it is unreasonable and unfair to expect Government employees to work side by side with contractor employees on comparable jobs and receive lower hourly rates of pay.

We have experienced situations where area surveys of private industry in a given wage area would not provide data sufficiently high

to provide wage increases for prevailing rate employees that would equal the rise in the BLS Consumer Price Index (CPI). This condition occurs when certain large industry samples are secured from a depressed economic area or from an industry which is going through an economic depression period. It is unfair to saddle prevailing rate employees of the Government with the adverse effect of depressed economics over which they have no control, and at the same time deny wage adjustments which would, at the very least, keep them abreast of the upward spiral of the CPI. We urge the utilization of BLS-CPI as a reference for establishing minimum increase provisions for prevailing rate employees.

Prior to the issuance of a local prevailing rate wage schedule, a determination should be made of the amount of percentage increase by which the national CPI for the wage survey order date month exceeds the national CPI for the month in which the preceding wage survey was ordered. After that determination is made, then use a formula for translating CPI increases to a flat cents-per-hour minimum increase.

We proposed the following conversion formula: A cents-per-hour increase for each 1.0 percent increase in the CPI (rounded to the nearest percent) times the rate for wage grade 7, step 2, on the schedule for the wage area. The actual cents-per-hour which would be used in the formula would be determined by the recommendation of the Federal Prevailing Rate Advisory Committee which would be established by section 5347 of the bill.

We contend that such a cost-of-living increment as a wage increase minimum is fair and proper to relieve employees from suffering the adverse economic impact of depressed industry and depressed area influence in the establishment of their wage rates.

I would like at this time to speak extemporaneously about the administration's bill, and testimony presented in support of that bill, before this subcommittee yesterday.

The testimony stated that the administration, from a policy standpoint, wants to assure that our employees are paid a fair and equitable wage that is truly a prevailing wage.

Mr. Chairman, I have been involved in wage setting practices for wage board employees for approximately 19—a little over 19—years. And there hasn't been the payment of any truly prevailing wage for wage board employees.

The gimmicks that they use in excluding certain types of private industry data prevent the payment of a true prevailing wage.

They do not use construction job shops. They are limited in the job shop rates they will use. They will not use sample from public utilities that are comparable to job samples or rather to job duties that are performed in Government installations.

They will not use linemen, for instance. Yet we have just thousands of people working for the Federal Government, particularly in ship yards, that are performing exactly the same kind of work that linemen perform in utility work.

In addition to that, the surveys are loaded with firms that don't represent in any one's imagination the kinds of work and the kinds of skill that the Government employees perform. For instance, the wage data is colored by data from bakeries, data from—if you please—brassiere manufacturers, wheelbarrow manufacturers.

And the Government isn't in the kind of work and these kinds of jobs are normally low paying jobs, and the influence of these kinds of firms in the data collection process has a downward pull of the wage line.

So I submit to this committee that the Government is not now paying a truly prevailing wage for the type of work that the Government requires of its employees in practically all instances.

The administration testified that they wanted the Congress to enact a system which is fair and equitable to the principal parties concerned; the Federal blue collar wage earner, Federal management officials, and the taxpayers that they both serve.

We certainly agree and subscribe to that viewpoint. But, Mr. Chairman, and the members of this subcommittee, the wage board employees should not be cheated any longer in the establishment of their rates of pay.

Testimony was further furnished that what we seek is a wage legislation that provides a broad general framework of sound policies and principles but leaves the operating details open to the people responsible for operating the system, namely, the executive branch and its employees through their selected representatives.

Mr. Chairman, and members of this subcommittee, I have served on the National Wage Policy Committee since its inception and we have tried time and time again to get meaningful and warranted changes in the wage fixing procedures, and policies. We are continually voted down by a six to five vote.

I might recall to your attention that in response to a question yesterday, it was revealed that there were over some 20 major areas which were still pending before this committee that had not been resolved.

Mr. Chairman, the work on this committee is extremely frustrating. It's gotten to the point now where we have been battered down with so many six to five votes that we dares not make a motion because we know we are going to lose.

So we sit there and we continue to argue our point, trying to persuade them to come over to our side. And very rarely do they venture to set forth any reasoning as to why they disagree with our point of view. They sit there very smugly, Mr. Chairman. They know they have the six votes, and they will just try to wear us down.

This is why they have a large backlog of problems before that committee, because work is not being done. It almost seems at times as though someone was trying to sabotage the committee and would like to see us walk out of the committee so they could do away with it.

We are not about to walk out of that committee. We are going to stay there and fight, and we are going to persuade and argue as long as we can for justice and equity for the wage board employees.

The administration testified that they do not oppose the inclusion of features in the system simply because they may result in increased cost. And if warranted they would support them.

Well, Mr. Chairman, just to give you one example, the committee has been dealing for several months now with the application of hazard pay for wage board employees. And much of the application of hazard pay that the labor members on the committee have been supporting is something that is already a matter of application for Classification Act employees, where in many instances the Classification Act employees get 25 percent differential for stated hazard type of work.

We find that we cannot get the same treatment as the Class Act employees for hazardous differentials. Even to this day there have been hazard differentials approved by a six to five vote that are far below those hazard differentials that are paid to a person because he has a white collar on and not a blue collar.

And I submit to you, this is extremely unfair, and unrealistic thinking.

They further testified that they strongly object to the unwarranted cost flowing from proposals such as broad ranges that are clearly out of step with accepted private industry practice.

Mr. Chairman, members of this subcommittee, when wage surveys are conducted locally, all of the rate ranges that they find in industry are used except those that can be clearly identified as trainee rates or trainee steps within a rate range.

Therefore, when we review the data at the Department of Defense wage committee, we find many firms with a rate range, some of them have 10 or 15, some four, five, or six. Yet all of these rates of pay in all of these steps are used to compute the wage line.

Now if a company is hiring in, has had an expansion in its work, quite naturally if it has a progression rate, more employees are in the lower steps within that pay grade. So therefore if a large firm in an area, or several large firms in an area, expand their employment significantly, then the Federal blue collar worker hurts because of that expansion, because the rates of pay are below the rate of pay that is normally paid to the person that is experienced in his job.

The statement was also made that most blue collar workers in the Federal service have had pay comparability for a hundred years.

Well, Mr. Chairman, the Federal blue collar workers have not had pay comparability for a hundred years. The opportunity has been there, but it has not been realistically applied.

They point out to the committee—and they stress—that in their zeal for change, or in the committee's zeal for change, we should be careful not to throw the baby out with the bath water.

Well, we will agree with that, but, Mr. Chairman, and members of this subcommittee, the water is getting kind of dirty and the baby is grown up and would like to see some modern plumbing.

They further testified that, finally, that they were talking about a system that will provide balance between the Government's responsibilities to its employees, and its responsibilities to the public. This is quite right.

But this balance, Mr. Chairman, and members of this subcommittee, I submit does not give anyone the right to expect Government employees to subsidize the operations of the Federal Government and all of its services to an extent beyond that that is required from any other taxpayer.

They maintained that their administration's proposal would provide for rates of pay to be fixed and adjusted in accordance with prevailing rates in the area.

I noted with a great deal of significance that the word for comparable skills and responsibilities was not mentioned. And this is the key. This is the problem we are having today under the present system.

They want the BLS to conduct surveys. BLS has never been concerned about the comparability of matching jobs. They will go into

a firm and if a firm calls a particular job a machinist's job or an electrician's job, irrespective of whether or not the degree of responsibility and skill might be extremely different from that required of the Federal Government, those kinds of rates are picked up.

So there is no attempt to compare skills and responsibilities. This is the reason why the labor unions want participation in these wage fixing procedures at the local level. It gives the local data collectors an opportunity to make some judgments as to the comparability of this work.

And we have found, and I have found in my over-19 years of experience, that BLS is not qualified to do this. In fact, I feel that they don't even consider it as one of their major requirements in picking up data. They pick up data in most instances for an entirely different matter not so closely associated with comparability.

The administration's bill would set up a Federal Wage System Advisory Committee, equally divided, five to five, between qualifying labor organizations and the major agencies employing blue collar workers.

The Chairman of the Commission would really make all of the decisions. And I would like the committee to note that in my prepared text, I submitted a copy of two letters, one dated December 22, 1970, which was a minority report on an action of the National Wage Policy Committee, and we received a reply from the Chairman, March 29, 1971, 3 months later.

Now if that is the kind of operation that he would like, then he really wants to slow this thing down.

The administration testified that the current three-step structure adopted for the coordinated system was established in recognition of agency practices and industry practices. And that existed when the system was adopted.

Mr. Chairman, the three-step rate structure was rammed down our throats. I was involved in some of the ground discussions on the regulations that came into being under the coordinated Federal wage system before the National Wage Policy Committee became an instrument. And I can recall very vividly President Gritta at that time who was President of the Metal Trades Department, now retired, and I, both argued at great length that we could have a one rate system or we could possibly have a two rate system in each grade.

We could have a starting rate, that would be a probationary rate. And when the employee cuts mustard for, say, 4 or 6 months, then he would go into the rate for the job.

But in order to have a true prevailing rate for a job, we must change some of the survey procedures so that we get these gimmicks out of them so we don't overload the survey results with inferior wage data which has a depressing effect on the entire wage line.

They place heavy reliance on BLS capability. I have addressed myself to that a moment ago. Any my notes here reflect that I have never known BLS to make any effort to determine what are actually learner rates in any classification.

They support the current setup in their bill, apparently because they would like to turn over this function to the BLS, and yet I recall not too many months ago where some of the members of the National Wage Policy Committee on the other side of the table, and including

the Chairman of the National Wage Policy Committee, were concerned about the company universe that the BLS uses, that the company universe they submit to be surveyed—this is a grouping of companies that BLS says provides a statistically sound grouping of companies and firms to be surveyed.

But it's in this company universe that you find the brassiere factory and the bakery and all of these kinds of firms that have no relationship to the kinds of skills that the Government needs.

Now here again they would perpetuate this type of a deal, and this is one of the reasons why we are sitting at this table today. There has got to be realistic changes made, and apparently we are not going to get them with the consent of the administration.

They are opposing a standard shift differential, night shift differential for second and third shifts. They failed to explain to this committee how these shift differentials are arrived at.

In order to keep the principle of paying the prevailing rates in an area, they go out and they survey those firms that have a second shift and those firms that have a third shift. The number of firms in each area has impact on what the night shift differential will be. The number of employees employed on the second and third shift in any private industry also has an impact on the amount of second and third shift that is authorized.

Now I submit to you, is there any justice in having the blue collar Federal employees' shift differential influenced by the rise or fall of people working on second and third shifts in industry?

Lo and behold, I don't know what they have in store for the non-appropriated fund employee. They want to study it some more. And I wonder what kind of a baby the nonappropriated employee is, and what kind of a wash pan they have got him sitting in.

I will submit, Mr. Chairman, I am being very frank with the members of this subcommittee. It's a national disgrace the way these non-appropriated fund employees are being treated. In order to support a 35- or 40-cent drink of booze at some of these exchanges, when they ought to be charging the rate that represents a mode of business for paying a decent wage.

And I don't think that there is any justice at all in allowing this condition to continue any longer.

In their testimony, they said that in matters of pay equity the blue collar worker in Government, rather than being a second-class citizen, is in reality the first born among Government employees.

Yes, Mr. Chairman, but as they grow up, they are getting smarter, and they are tired of supporting the second, third, fourth and fifth and sixth born.

A great deal of testimony was submitted yesterday to show the percentage difference of progression and rates from 1945 which they used as a base of 100, on up through the past years. And this progression, these percentage increases showed that—if they are accurate, and I haven't checked them—show that the blue collar worker, according to their figures, fared better than the general schedule workers and fared better than the Postal Field Service workers.

But, Mr. Chairman, there is a reason for this. The reason for it is that the kinds of people who are in the blue collar category are the kinds of people who in private industry you will find more labor

organizations among them. There is much more labor organization among the blue collar people than there is with the white collar people, and of course the Postal Field Service is something special by itself.

Now this naturally would tend to cause some increase, advantage, over the other types of people. And maybe some day the white collar people will wake up to that fact.

The administration testified that no one has yet found a better system to set Federal pay that is fair to the Federal worker as it is to the Federal taxpayer. Well, Mr. Chairman, members of this subcommittee, we have one. And the one that we have is the one that public policy has dictated shall be used in the private sector—negotiation of wage rates.

Mr. Chairman, that concludes my testimony. I don't want to take up any more time of the committee, but I would be very happy to answer any questions that this committee poses.

And I want to place the Metal Trades Department and its 22 affiliated national and international unions on record as unalterably opposed to H.R. 7691, and we urge this subcommittee to report out favorably H.R. 3358 with the changes we have recommended.

Thank you, Mr. Chairman.

Mr. HENDERSON. Thank you, Mr. Ryan, and thank you, Mr. Griner.

I just want to take a minute. I think rather than to ask a number of questions that I do have, following the comments of both of you on the nonappropriated fund activities and their employees, and anticipating the appearance of the Defense Department, since I came in this morning I was handed a May 5 copy of the Federal Times, and their lead editorial—I will ask unanimous consent to have it inserted in the record—is to this effect:

Employees of non-appropriated fund activities have been the stepchildren of the Federal service almost since the beginning of the system. It's time for a change. . . . We believe it's time they be made a part of the civil service family."

Apparently the Defense Department shares this feeling since it is about to implement new procedures which should remedy the situation. I am sure that both of you and your associates and members who are here today will hold their breath until they come before us on May 13, I believe it is. Surely by that time they will have the new system fully implemented, or at least announced, that nonappropriated fund employees are going to be in the ball game.

(The excerpt from the Federal Times follows:)

[From the Federal Times, May 5, 1971]

NAF WORKERS

EMPLOYEES of non-appropriated fund activities have been the step-children of the federal service almost since the beginning of the system. It is time for a change.

These workers are the people who man the base clubs, the exchanges, the bowling alleys, the golf courses, the snack bars, and do the chores at the officer quarters.

Often they work for salaries below the minimum level. They do this in part because management apparently feels it is necessary to keep the low rates in order to be able to provide bargain prices in the exchanges and at other non-appropriated fund facilities.

The system dates back to a time when the low pay of the military made it necessary to grant these special concessions. Now, military pay has risen to a

respectable level—still the inequities toward the NAF workers go on. This is both unfair and unnecessary.

We do not ask for a reduction in military benefits. The serviceman makes many sacrifices and there are demands on him which are not imposed on those in the civilian economy.

However, it is both possible and equitable to provide decent working conditions for the non-appropriated fund workers without placing a heavy burden on the servicemen who profit by the efforts of these workers.

The fund workers should have a retirement program, insurance, working conditions, and a pay system comparable to that afforded blue collar workers in the government.

While we realize that it would not be practical to apply the same ground rules to both groups, we feel that a plan providing improved benefits for the NAF workers is needed, and needed now.

There are some 73,000 workers in non-appropriated fund activities. We believe it is time they were made part of the civil service family. Apparently the Defense Department shares this feeling since it is about to implement new procedures which should remedy the situation.

It is not valid to assume that one sector of the economy can benefit only at the expense of another sector. Yet, this seems to be the feeling in dealing with workers in the non-appropriated fund field.

We hope the current hearings will serve not only to highlight the inequities, but also to correct them.

Mr. HENDERSON. Mr. Griner, in your statement you mentioned the situation of the Marine facility at Jacksonville, N.C. It is in my district. It prompted me to send down to my office and get a file that I have been developing. I think that you would be interested in it and the record should contain that in a letter of March 5, addressed to me from Gen. Wallace H. Robinson, Quartermaster General of the Marine Corps, he said this:

The exchange profit for the accounting year ending 24 January 1971 amounted to \$2,527,122.77, which was 9.18 percent of the sales.

He went on say in the next paragraph,

That the area non-appropriated fund activities at Camp LeJeune, that is, the club, messes, special services, and the Exchange, had \$4,605,346.56 on deposit as of 1 January 1971.

I think that with those kinds of profits and on-hand funds, some consideration might be given to a fair pay for the employees there. And you and I have been aware for some time that approximately two-thirds of these employees are dependents of the military.

Again that comes back to the Federal Times editorial, which points out the fact that historically the wages have been depressed because—often they work for salaries below the minimum level. They do this in part because management apparently feels it is necessary to keep the low rates in order to be able to provide bargain prices in the exchange and at other nonappropriated fund activities.

The system dates back to a time when the low pay of the military made it necessary to grant these special concessions. Now military pay has risen to a respectable level. Still, the inequities for the nonappropriated fund workers goes on. This is both unfair and unnecessary.

It's very timely, I think, that the Federal Times would have this editorial. I am sure that I don't have to tell you of my long-time and special interest. Again I will say that I am not going to vote for any legislation that doesn't cover these employees, and if their inclusion in this legislation is not successfully concluded, then I certainly would introduce and work for separate legislation that would make them full-time civil service employees.

The gentlemen from California?

Mr. ROUSSELOT. Thank you, Mr. Chairman.

Though I myself have been a civil servant, at one time, I must say that I have just recently returned to Congress, so maybe some of these questions will be repetitive for you.

First of all, Mr. Griner, I want to compliment you on the job that you do in your effort to represent your people, because I know some of my union leaders that live in my district feel that you are ahead of them in some of the areas. They constantly hold up the wage advantage that they feel that some of the people you represent have.

And of course I know I don't have to tell you about the problems of my aerospace workers in California, and the problems they are going through now.

So I think that you are to be complimented on the very aggressive legislative job you do on behalf of your people.

Mr. GRINER. Thank you, sir.

Mr. ROUSSELOT. Number two, I think that we both agree as to the competence of Bob Hampton and his ability to try to be fair in the job that he does, and I appreciate your mentioning that, because I think that he really does try to do a competent job in his efforts.

In his testimony yesterday, as has already been mentioned of course, maybe you would like to comment on this further—he says that in essence the administration asked Congress to enact a system which is fair and equitable to the principal parties concerned, the Federal blue collar wage earner, the Federal management officials, and the taxpayer they both serve.

This seems to be pretty much in conflict with what you have said to us today, and of course you are to be complimented for giving us a statement that is so detailed in explaining where you think these differences are.

But those of us who serve in Congress also constantly get hit by our taxpayers who are on lesser wages, and they say they are paying taxes and they feel that in some cases the Federal blue collar worker sometimes has a better advantage because of the additional security of the job that he sometimes has. And sometimes the additional fringe benefits that they have that they don't have always in the private sector.

Could you comment on that?

Mr. GRINER. Yes, sir. To begin with, I think the most insecure group of people that I know of is the blue collar worker.

As shown in my statement here today, we have decreased the number of blue collar workers in one fiscal year by approximately 75,000, or 10 percent. And frankly, Mr. Congressman, I think we are bound to see further decreases unless there is a change in the method of doing business by certain agencies and departments of Government.

Mr. ROUSSELOT. Of course, that has also occurred in the private sector, too.

Mr. GRINER. Not as great, I don't believe. It certainly has occurred, yes, but the question of stability or job security is not outstanding in the Federal Government.

Mr. ROUSSELOT. I think they were speaking in a comparative sense.

Mr. GRINER. That's right. Now what we are saying is that there are more and more cases where the work of the blue collar worker is

being turned over to private contractors, and your aerospace is the worst of the whole group.

Now we have at the present time the Army, Navy, and the Air Force that is making it a policy to contract out all janitorial services, custodial services. Thousands of Federal employees who will be thrown out of jobs, and they will take less money with the private contractor than what they are getting at the present time because it's either that or nothing.

In other words, it appears to me that on the one hand the Federal Government is trying to keep up a decent standard of living for the employees in the private industry, and on the other hand is cutting the throats of their own employees by contracting this work out to be done at a lesser cost.

And the contractor takes the difference and puts it in his pocket. And we know of that in case after case after case.

And so there is less job security in the Federal service than in private service.

Now with respect to the fringe benefits, of course, there are places where the fringe benefits of the Federal employee are greater than the fringe benefits for the private industry. I mean as an average.

But there are other places, just as many other places where the fringe benefits for the people in the private industry are far greater than those of the Federal employees. And let me point out some of them to you.

Mr. ROUSSELOT. But as an average the fringe benefits for the blue collar workers is an add on cost of about 25 percent.

Mr. GRINER. That is the same thing as it is now in private industry. Both of them are balanced off.

Mr. ROUSSELOT. And in some cases, especially in like jobs, those fringe benefits are in fact better, is that not correct?

Mr. GRINER. No, I think the record will show at the present time that in private industry, as an average, it's about 25-percent. The same as in the Federal service.

Mr. ROUSSELOT. For like jobs?

Mr. GRINER. For all type jobs. All types.

Mr. ROUSSELOT. We have different statistics I guess. Maybe that is the same problem. They come from the Department of Labor. I guess maybe they aren't reliable according to the other gentleman.

Mr. GRINER. For instance, you have most of the major employers throughout this country that are paying 100 percent of the health benefits. One hundred percent of life insurance, 100 percent of retirement.

Mr. ROUSSELOT. But those are unusual cases.

Mr. GRINER. I said the major employers. General Motors, General Electric. That is the trend at the present time.

Mr. ROUSSELOT. Yes, I understand it is the trend at the present time. But it isn't for all jobs. And we have been talking today too of the inequality of the lower grade levels and that for comparable jobs in private business they aren't always a hundred percent.

Mr. GRINER. No, I will agree with you there.

Mr. HENDERSON. The time has expired. We will come back if we have sufficient time before the call of the House. Mr. White?

Mr. WHITE. Thank you, Mr. Chairman. Mr. Griner, I want to compliment you for your comprehensive testimony, and the gentleman here for analyzing the testimony presented previously.

In the interest of time, as the chairman said, I would like to get down to one of the major questions.

This committee did pass out a bill last year, and as I understand, this is a reintroduced bill of the chairman, Mr. Henderson, which is identical to the bill passed last year, including a provision I have been able to engraft on the bill relating to bona fide residents having first choice of positions.

Now this bill, after action by the Senate, went to the President. The President vetoed the bill.

Here we are again trying to pass another bill. Now assuming the President is inflexible in his position, what do you feel would be a position that this committee could take to modify the bill that would be acceptable to the President?

Mr. GRINER. We need a much stronger bill, Mr. White, than was passed last year.

Mr. WHITE. I am talking about the realities, sir.

Mr. GRINER. I am talking about the realities. The President got bad advice. I don't blame this so much on the President as I do his advisers. And that was principally the Office of Management and Budget.

He took that advice, vetoed the bill, and I believe that if he had the same opportunity that he had last year, he would sign that bill. But I don't know that.

Mr. WHITE. What evidence do you have?

Mr. GRINER. I don't have evidence, but——

Mr. WHITE. Are the same advisers there?

Mr. GRINER. Well, the same advisers are not as rough as they were. And I was talking to the President on January 15, and I said to him at that time that I was very disappointed that he vetoed the bill, and that we expected to have another bill much stronger before him this year.

His only statement to me was that: "I expected that." But he did not say he would veto it or approve it. But I think this, I think we have got the votes to override the veto in both the House and Senate if necessary, and I think he knows it.

Mr. WHITE. Are you willing to take the chance for a stronger bill?

Mr. GRINER. Yes, sir.

Mr. WHITE. And the chance that you might get no bill?

Mr. GRINER. Yes, sir.

Mr. WHITE. And is this the position of all the unions at the local level?

Mr. RYAN. It is.

Mr. GRINER. We represent 85 percent of all the blue collar workers right here.

Mr. WHITE. What happens if we can't override the veto?

Mr. GRINER. If not, we will come back again. We will never quit.

Mr. WHITE. Of course, the trouble is that the Congress is faced with realities and we want to get something that is fair to rectify some past errors and inequities. And I think that the Congress is looking for solutions.

I do appreciate your comments. Thank you very much.

Mr. GRINER. Mr. Chairman, may I make just one little statement to add to what Bill Ryan said, which was just called to my attention?

In Mr. Hampton's presentation yesterday, he mentioned the advisory committee composed of five labor members. Now as I said, this table represents 85 percent of all the blue collar workers that are now under exclusive recognition. More than four-fifths of them.

We certainly would hate to see a condition where some of these other organizations that are representing only a small fraction of blue collar workers would have the same rights and the same voice as the AFL-CIO groups have.

And so I ask you again to insert in your bill about the same language that you had in last year, where it would be in proportion to the number of people represented.

Mr. HENDERSON. You'd be satisfied with the bill I have introduced, and I assume any other members, on this one point, organization of the council?

Mr. GRINER. To the best of my recollection, it does cover it.

Mr. HENDERSON. Well, if you aren't, of course, your position is clear. We understand that.

The gentleman from Florida?

Mr. CHAPPELL. You made the point, Mr. Ryan, that the vote on the committee was always 6 to 5. Do you propose in your bill, section 5247, a Federal prevailing rate advisory committee be structured five, five and the chairman appointed by the President?

Mr. RYAN. That is correct.

Mr. CHAPPELL. If you got a 5 to 6 vote, how is the fact that you have five from labor and five from management, so to speak, and the chairman appointed by the President—how does that overcome that problem?

Mr. RYAN. Well, we have felt that the present chairman of the National Wage Policy Committee is influenced a great deal by economic pressures put on him from the other agencies that sit at the table.

Mr. CHAPPELL. Would this change that?

Mr. RYAN. We would hope it would at least give us a fairer break.

Mr. CHAPPELL. How would this come about?

Mr. RYAN. Because we are asking that this individual have no ties with the Federal Government or with the District government. And that he be naturally a qualified person.

This job as chairman is not as difficult as was set forth here yesterday by the administration. All it needs is an intelligent person sitting there. And with a good conscience, that's all.

Mr. CHAPPELL. Are you saying you don't have that now?

Mr. RYAN. We have a biased approach to everything that we submit there.

Mr. CHAPPELL. You see, what I am trying to get at, you are still dealing with the selection by the President or the selection of one to be chairman. And I am wondering why you think this would improve that. I am not quarreling with you, I'm just trying to understand.

Mr. RYAN. Well, we took that position because we didn't have anything that we thought that this committee or the Congress would accept. We could have come up here and proposed an entirely independent setup, but we didn't think that you folks would accept that.

Mr. CHAPPELL. Under the provision there, you essentially would have exactly what you have now.

Mr. RYAN. If we did, it's true, it's a possibility, I will admit that. But if it happens that way, we will be back again looking for another change.

Mr. CHAPPELL. Thank you very much.

Mr. ROUSSELOT. Will the gentleman yield?

Mr. CHAPPELL. Yes.

Mr. ROUSSELOT. Of course, this one swing vote, if it went your way then it would be a good group, is that right?

Mr. RYAN. If it only happens once in a while, we'd be satisfied. We wouldn't plaster the guy with paint if he voted on the other side. We are realistic people, and we recognize a realistic person when we are doing business with him.

Mr. ROUSSELOT. We understand your point of view on this side, because sometimes we are a minority too. It's not a comfortable position.

Mr. CHAPPELL. It's always true that you feel more kindly for a person who lets you express your views a little more openly.

Let me ask Mr. Griner two or three questions. First of all, I notice that you have talked about, on page 5, top of page 6, talked about the general schedule or rather the coordinated Federal wage rate system.

Isn't it true that in determining the general schedule rates that the Bureau of Labor Statistics surveys are used?

Mr. GRINER. Yes, sir.

Mr. CHAPPELL. Do you feel that there is a better way even for the general schedule to approach the problem, or better statistics upon which to base the general schedule?

Mr. GRINER. I think that is possible, yes, sir. In other words, at the present time the committee setup under the pay bill that was passed in the latter part of the last Congress—I am a member of that committee, and so is Mr. Webber here, and we are making a study in depth.

Mr. CHAPPELL. The reason I ask the question, you seem to imply that the information received from the Bureau of Labor Statistics and their survey is not accurate. Do you intend to say that, or simply that it is a better way to do it?

Mr. GRINER. I don't intend to say—let's say that in some cases it is not accurate for this purpose.

Mr. CHAPPELL. Would it be adequate for the general schedule rates?

Mr. GRINER. No, we don't feel that it is adequate at the present time.

Mr. CHAPPELL. What you are advocating, I assume, all the way through here is that there should be more consideration of the expertise which we would find with the blue collar group?

Mr. GRINER. That's right, sir. In other words, let me give you one example, Mr. Chappell. I know of a case—and this is only an example, understand—where during the course of a survey made by a group of white collar people—and all of these BLS people are white collar people—they received the rates for electricians. Let's say the normal rate within that town was \$4 an hour. But in this particular installation, they came up with a rate of \$2.25 an hour.

Certainly there was something wrong with it. In other words, maybe there might be a little differential, but not \$1.75 an hour.

Mr. CHAPPELL. What you are saying is that somehow or another, they didn't know how the structure was affecting the electrical contractor and so forth?

Mr. GRINER. And we went back and checked it out and found out this man getting \$2.25 an hour merely went around putting in light bulbs or plugs in the wall. He was not really an electrician.

Mr. CHAPPELL. I see your point.

Mr. HENDERSON. Your time is up, Mr. Chappell. We will come back as time permits, Mr. Rousselot?

Mr. ROUSSELOT. Mr. Griner, I noticed that you mentioned, and I think probably correctly so, that in many cases there is not a consciousness of the actual marketplace as it relates to prevailing wages, and on a comparative basis it is not the real situation.

In many cases when unions in the private sector are negotiating for a contract, one thing that must be taken into account is productivity increases. Are you willing for those kinds of standards to be also applied?

Mr. GRINER. Productivity has a large part to do in these step increases that I am talking about. In other words, work has to be satisfactory. What is satisfactory to one supervisor might be something different to another supervisor.

Mr. ROUSSELOT. Well, the standards that are maintained in the private sector.

Mr. GRINER. And I think productivity is one of the things that we are going to definitely have to consider more and give more weight to in the future. I don't think there is any question about that.

Mr. ROUSSELOT. You would be willing if we somehow build that into the legislation?

Mr. GRINER. I think that would have to come about through negotiation.

Mr. ROUSSELOT. You mentioned that the five-step differential is really not adequate. What is sacred about a 10-step? Can you tell us about that? I know you elaborated somewhat.

Mr. GRINER. Maybe I reached up in the air and picked it out, but maybe I didn't. In other words, we have a 10-step system for the classified employees, and as I pointed out, it is based on the exact same formula as your three-step system is at the present time.

In other words, there is room between the lower and the higher pay for the same job, for a real 10-step system.

But I am trying to make it as uniform as I can with the classified people. I want to cut out this discrimination and put them all on the same level.

Mr. ROUSSELOT. You mentioned, when you were commenting on Bob Hampton, that he might not be there very long because there is apt to be a change in the administration. Do you know something I don't know?

Mr. GRINER. I didn't mean that. In other words, when there's a change in the administration, there are other changes.

Mr. ROUSSELOT. Those of us in Congress understand that very clearly.

Mr. GRINER. Well, John Griner may not be there next August, either. There is always that possibility. And you know, a good man like Bob Hampton, he could be moved into a better job.

Mr. ROUSSELOT. He also might be kept there because he has done a good job.

Mr. GRINER. It's altogether possible, but it's not the usual.

Mr. ROUSSELOT. I just wondered if you knew something we didn't know.

Mr. GRINER. No, sir. Let me say this, I get along very well with this administration.

Mr. ROUSSELOT. I'm glad to hear that.

Mr. GRINER. I get along with anybody that is favorable to the Federal employee.

Mr. HENDERSON. That causes me to comment, Mr. Griner, that I expect you and Mr. Ryan were duly elated yesterday, or earlier when you got the administration's bill, with the fact that it didn't take anything away from the Federal employees, weren't you?

Mr. GRINER. No, I can't say it wouldn't take anything away from them. It gives all the authority in the world to do it, and I think it's altogether possible that they would do it.

Mr. HENDERSON. Seriously, on this point of the 10 steps or five steps, I think it's only fair to the wage board employees to point out to them that those of us who have studied this entire situation very deeply can see their problems. I can't answer their questions of how the supervisor can have five steps and they only have three.

But in response to the argument, and you made your position very clear with regard to the 10 steps, a most compelling argument is that the classified have 10 steps; but we look at the history of the classified, they had 10 steps developed into law before we adopted comparability. And that's been a tough one, as you know.

And you newer members of the committee couldn't possibly appreciate what we wrestled with over the last 5 or 6 years on getting comparability for the classified, and you made the point well.

Even last year we had a new pay bill, and I think the administration should be commended for the strong leadership they took last year on the new pay bill in trying to get comparability.

But if you have true comparability, and then you build on top of that steps for longevity, Congress needs to relook at what its national pay policy is.

What I am trying to say, if we want to continue to give your workers comparability, and then give them additional pay if they stay on the job long periods of time, then your argument is well made that the blue collars ought to have the same policy for them that the classifieds have.

But I could also make the argument the other way, that if and when we do arrive at true comparability without inordinate lag, then maybe we ought to cut back on that 10 steps to five steps for the classified and bring them in equity with the proposal that I made for the blue collar.

And of course in your position, you couldn't agree with that, or propose it. It might cost me a lot of votes down home if I even talk about it. But this highlights the kind of problem we do have.

You can't always be equitable with the taxpayers by taking an inequitable situation and saying, well, we are going to be equitable because we are going to treat everybody unfairly, as far as the taxpayer is concerned.

But I think that the issues here are pretty clear issues now. I think you have made your point well on the need for the council.

In the bill that passed the House last year, we provided for the council to be composed of 11 members, five from management and five from employee organizations. That bill required one of the 11 members to be Chairman and provided that:

"The Chairman, who shall not hold any other position in the Government of the United States or the District of Columbia, should be appointed by the President for a 4-year term at the maximum rate * * *"

You see how that conflicts with Chairman Hampton's testimony that the position of chairman should not be full time.

We have frequently held that the best thing we could do is give the person in this position full pay for doing this job and none other. He would have no other loyalties. Under this language, we have felt that the President would appoint a Chairman who would call the shots fairly.

The experience of the members of the council, as they have testified, is that they have not had any votes where they have been tie votes in their favor on major issues. I think that is a fair summation of their position.

They were willing last year, and I think they are this year, to say they think this is better because it will clearly spell out the responsibility.

The gentleman from Florida?

Mr. CHAPPELL. Mr. Griner, I wanted to refer to your page 11, I think it is, where you make a very strong point with reference to minimum pay. Do you advocate a minimum pay for Federal employees?

Mr. GRINER. Yes, sir.

Mr. CHAPPELL. Do you advocate that to be \$6,000?

Mr. GRINER. Yes.

Mr. CHAPPELL. Per year, minimum?

Mr. GRINER. Yes, sir.

Mr. CHAPPELL. Do you know what the maximum pay is today?

Mr. GRINER. Just over \$35,000 for the scheduled.

Mr. CHAPPELL. Concerning what the chairman talked about with steps a moment ago, do you find that the steps are essentially equivalent to those, or could be essentially equivalent to those in the white collar area?

Mr. GRINER. Yes, sir, I think they can be on the same formula.

Mr. CHAPPELL. So you are saying that a minimum of \$6,000 and a maximum would be \$35,000, with comparable employees and comparable stages?

Mr. GRINER. That's right.

Mr. CHAPPELL. That would enable you to work this out within the same number of steps?

Mr. GRINER. That's right.

Mr. CHAPPELL. Speaking of the 4-day workweek, for nonappropriated fund employees, what is the practice in the Defense Department at the present time as to compensating these employees for Sundays and holiday work?

Mr. GRINER. There is no overtime.

Mr. CHAPPELL. No overtime?

Mr. GRINER. No overtime now. The normal workweek for the full-time employees is 6 days. In other words, not five 8-hour days. They are subject to call at any time. I am giving you the general situation.

Every installation, for instance, has its own rules and its own regulations. There is no uniformity about it.

Mr. CHAPPELL. These sharp practices you are talking about? Do you think those are general rather than just isolated?

Mr. GRINER. Yes, sir.

Mr. CHAPPELL. To what extent, if any, do the nonappropriated fund employees participate in their surveys?

Mr. GRINER. None. In the Department of the Navy, we do have a few cases.

Mr. HENDERSON. On that point, I believe the last survey, at the insistence of this subcommittee, they have put some one or two nonappropriated fund employees on some local surveys.

Mr. GRINER. In the Department of the Navy, especially, they have done that. But I can't recall any situation in the Army or Air Force. Now there may have been some, but it has not come to my attention.

Mr. CHAPPELL. Getting back to comparability for a moment, we hear a lot of talk, read in the newspapers, about private industry actually having a one-step pay. Do you actually know whether or not private industry has several steps or whether they use comparability or something else?

Mr. GRINER. I wonder if I can let Mr. Ryan answer that because it is more dealing with his organization, in connection with private industry.

Mr. RYAN. We understand that in the private sector, some of the larger firms, like in the aerospace industry, and some of the real large firms have a progression step system for paying their people in each labor grade. Progression by union contract is usually automatic, a given amount of time in each step.

So that in a very short time they progress to the top step in a negotiated skill.

We have some other firms that insist on having a starting rate and a going rate. In other words, a probationary rate and then when it is determined after a given specified time that person is cutting the mustard, so to speak, he or she is automatically put into the rate that is negotiated for the job.

Mr. CHAPPELL. So you are saying there are steps?

Mr. RYAN. There are steps in some, yes. In other private sector plants, they have just the two, the starting and the going rate.

Mr. GRINER. I might also point out, Mr. Chappell, that in private industry, you have more grades, in other words, they can go up the grade rather than the step.

Mr. CHAPPELL. Explain to me what the difference is between the step and the grade.

Mr. RYAN. A labor grade is assigned to a given job. In other words, say a machinist classification, there is determined a grade and within that grade there are steps of pay that you progress through, depending upon the local conditions, either automatically by virtue of spending a certain amount of time in the lower rate and then automatically after a certain amount of time going to the second and third and so on.

Mr. CHAPPELL. In other words, your grade is set by job classification, and it's based on factors like longevity and quality in grade, is that right?

Mr. RYAN. That's correct.

Mr. CHAPPELL. It's a concern to me for some time. I'm not sure if we ever get to the point where in industry we are going to set our pay comparable to the Federal, and the Federal is saying we are going to set our pay comparable to the private sector. How are we going to do that? How close are we to that kind of a situation now?

Mr. RYAN. Well, we are not very close to it as far as blue-collar people are concerned, and I have been involved in this for over 19 years.

The reason why we are not close to it, the principle we are working under should bring that about, but the mechanics to reach the objective are loaded with all kinds of gimmicks to keep the Federal employee from ever realizing comparable pay for comparable skills in work performed to his counterpart in industry.

This is what we are here for, to try to get a system whereby this will be realistically realized, not just on paper.

Mr. CHAPPELL. So philosophically you are saying it ought to be set by industry and Government should follow the industry standard?

Mr. RYAN. This is the philosophy that our Government is working under now. In other words, the Government says we should be the follower rather than the leader.

I don't necessarily subscribe to that, but that is the philosophy that exists now under our system of operation.

Years ago the Government used to be the leader. In other words, a civil service job was something that everyone shopped for. When I was a little boy, I know any person that had a civil service job in my neighborhood, they had status, they had tenure, they had security.

Today that is all shot out the window because we are gradually falling back.

Mr. CHAPPELL. It's based a lot on the economy, really, isn't it?

Mr. RYAN. Well, it's based, I guess, more on the philosophy of our times as to how the Government should operate, whether it should be a leader or a follower.

Mr. CHAPPELL. Thank you for the time, Mr. Chairman. I am a new member, trying to learn here. Thank you.

Mr. HENDERSON. I want to thank the members of the committee for their very close attention this morning and for staying here, because this is an important piece of legislation for the employees.

Mr. ROUSSELOT. I will not take a lot of time, but I was interested in Mr. Ryan's comments that the Bureau of Labor Statistics is not qualified. Your statement had heavy impact, I thought.

I know you have some of that in your testimony. But could you give us something—submit to us something that would be better?

I know a lot of decisions are based on that.

Mr. RYAN. What we are seeking is to have participation at the local level so that our members who are affected by these wage schedules have some input so that they can see for themselves; in other words, they participate in the collection of this data, and they see for themselves whether or not comparability is being met, whether it is an important factor.

And they need this input locally because I submit that if you have a system whereby the employees affected by it can accept it, then you are on the road to the goal.

But when you have a system whereby the employee is held out of it, he has no input, he doesn't know what is going on, its just naturally human nature to be suspect.

Mr. ROUSSELOT. You are saying that the present system at the Bureau of Labor Statistics does not include that input?

Mr. RYAN. No, it does not, and we have it now under the coordinated system, because when the local unions, qualifying unions, have two men on a collection team, one is a management representative and one is nominated by labor, the local labor organization; they go together. If they have any differences of opinion, they try to—on comparability—try to iron them out between themselves. If they cannot, they submit their minority viewpoints that go to the local committee for consideration. Ultimately, if not settled there, they go to the Department of Defense Wage Committee.

Mr. ROUSSELOT. The reason I bring it up is because Congress and a lot of other Government agencies depend a lot on the Bureau of Labor Statistics, and if they are not qualified in this area, then—

Mr. RYAN. The area they lack in qualification is in determining comparability of jobs.

If I can perhaps cite this simple example: A fellow who was a machinist—that is my trade—who works in a wheelbarrow plant making wheelbarrows, does not have to have the knowledge and skills and expertise that the machinist has to have in a Government ordnance plant working on very intricate and exotic equipment.

Mr. ROUSSELOT. That's a good example. Well, if you could submit for us how we could do this, I think that would be fine—how this could be achieved.

Mr. RYAN. If you pass the bill with the amendments that we suggest, and then give us an opportunity to get a fair shake at the table.

Mr. ROUSSELOT. Don't give us a sweeping statement. I am on the Banking and Currency Committee, and we just had several professors come in and tell us this sweeping bill—they were all for it—but when you start picking it down—I was talking about a specific. Now let's talk about that specific.

Mr. RYAN. Well, you have to have a system whereby there is proper input.

Mr. ROUSSELOT. Participation by the people that are affected.

Mr. RYAN. Locally and nationally, and the system has got to be devised and operated so that it has the trust and confidence of the people that are affected by it.

Mr. ROUSSELOT. This is the problem with bureaucracy all the time in Washington. It doesn't all keep in touch with local people. I think you are absolutely correct.

Mr. RYAN. I'd be very happy to send to this committee a detailed plan.

Mr. ROUSSELOT. Fine.

Mr. RYAN. Very happy to do it. In other words, this would be the kind of plan that we would try to get in operation under this bill if it were passed.

Mr. HENDERSON. I want to commend the witnesses and those of you who came with them this morning. I think we have a good record here. We do have a call. Before we adjourn, there is one area that has not been touched on, it seems to me, in any of the testimony of Mr.

Hampton and you, and that is, assuming that we get the legislation and the consolidated wage board system surveys to continue, don't you agree that very careful attention needs to be given, even without the legislation, toward the areas that are being surveyed?

I know that our staff has said from time to time they think we have too many areas being surveyed. Is this the sort of question that you envision that the Wage Policy Council or the committee should be giving more attention to?

Mr. RYAN. That's correct. Mr. Chairman, we have the labor members on the committee consistently supporting a premise that the vast number of wage surveys that are now surveyed should be reduced. It seems like an unwarranted expenditure of public funds.

They were reduced from the former system under the coordinated Federal wage system. They were significantly reduced in numbers. We maintain they can still be significantly reduced, and you could set out larger geographic boundaries for an area of application and use the largest metropolitan area within that enlarged area of application for survey purposes.

Mr. HENDERSON. The committee will stand adjourned until May 11, at 9:30 a.m.

(Whereupon, at 12:20 p.m., the committee was adjourned, to be reconvened at 9:30 a.m. on May 11, 1971.)

WAGE BOARD PAY LEGISLATION

TUESDAY, MAY 11, 1971

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

The subcommittee met at 9:40 a.m., in room 210, Canon 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 hearings on the policies, procedures and problems of establishing hourly rates of pay for the Federal Government's 750,000 wage board employees.

Today, the subcommittee will hear from the national officers of three independent employee organizations—the National Federation of Federal Employees, the National Association of Government Employees, and the Association of Civilian Technicians.

As our first witness we welcome the national president of NFFE, Dr. Nate Wolkomir. Dr. Wolkomir, we are glad to have you. Will you please introduce your assistants and proceed.

STATEMENT OF N. T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, ACCOMPANIED BY IRVING GELLER, GENERAL COUNSEL, AND BEN HINDEN

Mr. WOLKOMIR. Thank you, Mr. Chairman. I am Nathan T. Wolkomir, president of the National Federation of Federal Employees. To my right is our general counsel, Mr. Irving Geller, and Mr. Ben Hinden to my left.

NFFE is an independent responsible union of Federal employees that for over 50 years has been promoting the welfare of Federal employees and the public interest. Our organization is the first and largest of all independent general unions of Federal employees.

Mr. Chairman, of course, I am glad to appear here today to give the views of the National Federation of Federal Employees on H.R. 2164 and H.R. 7196 introduced by Chairman Henderson and similar bills introduced in the House of Representatives. Bills have also been introduced in the U.S. Senate including S. 315 and S. 1636 introduced by Senator Gale W. McGee, chairman of the Senate Post Office and Civil Service Committee, relating to wage grade employees in the Federal service.

We are pleased to see that more and more of the Congress have shown their concern for wage grade employees in terms of the need for additional steps and we are equally pleased that other employee

organizations have adopted our proposal for a 10-step increase; a true prevailing rate system; a \$6,000 annual minimum wage; and a built-in cost-of-living minimum wage increase for all survey areas. If you recall, these have been the things that we have been pressing for in the past 2 or 3 years. We hope that there will be greater concern for a more workable Federal prevailing rate advisory committee than now proposed in the several bills. The current National Wage Policy Committee has demonstrated many weaknesses which should not be continued under the statutory committee as provided in the legislation.

At the outset, our organization wishes to make clear that the so-called prevailing rate system, now in effect, as well as the language in the proposed bills fail to establish guidelines or adequate definitions to permit the committee to implement the concept of a true prevailing rate.

"Prevailing rate" as commonly used in private industry and State, county or municipal governments, is the effort to pay employees in private industry, for a particular wage locality area. This does not exist under the present system, nor have the bills incorporated sufficient language to achieve the true prevailing rate system.

For these reasons, we urge that the prevailing rate term be clearly defined so that the proposed prevailing rate committee have for its implementation a standard which the Congress and the employees of the Federal Government clearly understand. At the present time any comparison between the Federal employees rate of pay in a particular job classification and that of a comparable employee in private industry results in the conclusions that there is no adequate relationship. A more precise definition will assist in achieving a true prevailing rate system.

It is therefore, encouraged that the bill be amended to provide that the committee expend every effort to devise and revise the pay fixing system so as to result in pay rates for Federal employees that are reasonably related to the pay rates found in private industry.

The following definition is offered—

Prevailing rate means that rate of pay which will, as nearly as possible, coincide with the rate of pay paid to an employee in private industry for a comparable position. Wherever practical, the rate of pay for a position in private industry should be the rate of pay paid to the Federal employee.

Realizing the difficulties involved in a nationwide prevailing rate system the bill should be amended to provide that any wage increase resulting from a locality survey, should as a minimum, reflect a percentage increase no less than the National Consumer Price Index rise over the preceding year. A comparable recommendation was the subject of intensive discussions by the established National Wage Policy Committee which now makes recommendations to the Chairman of the Civil Service Commission. The committee adopted this proposal and the Chairman of the Civil Service Commission rejected it. In our view the rejection of the National Wage Policy Committee's strong recommendation on this issue by the Chairman of the Civil Service Commission was arbitrary and the reasoning specious. I may add here parenthetically that the rejection of this reasonable proposal, by the Chairman, after a long and unwarranted delay in reaching a decision, reflects in microcosm the woeful inadequacy of the present wage system as a whole.

Our organization finds that the adoption of this plan would assure that surveys would not result in the ludicrous increases of 4 and 5 cents an hour which has been the practice in the past. Employees in cities such as Chicago, Ill., Montgomery, Ala., and New Orleans, La., actually received increases as low as 4 and 5 cents an hour during the past year. Not only is the amount incredibly small but this paltry rise when coupled with the realization that the cost of living rose approximately 6 percent makes it evident that those employees in fact suffered a deep reduction in real wages.

The Civil Service Commission, in responding to this harsh fact, blithely proclaims that substantial number of employees received increases above the cost of living factor. This is as it should be since the cost of living is not meant to be the standard but rather a minimum.

This minimum cost of living increase concept has proven to be the most understandable recommendation put forth by the committee. Understandable, in that it is something that the employees and the Congress should accept as a reasonable concept.

I am sure that the Congress and the President do not want to cause employees in the Federal Government to suffer because the prevailing rate system does not produce a wage rise consistent with cost of living advances.

The Chairman of the Commission states that this minimum cost of living minimum concept is inconsistent with the prevailing rate system. As previously described, no true prevailing system exists in the Federal Government. This is an illustration of the failure of the Civil Service Commission dominated wage system to adopt realistic proposals.

The bill should also provide for a 10-step system, the first step at 96 percent of the prevailing rate, the second step at 100 percent of the prevailing rate and the third step at 104 percent of the prevailing rate, the fifth step at 112 percent of the prevailing rate.

There will be additional steps up to and including a 10th step with a progressive 4-percent increment. All employees now occupying the third step would automatically advance to the fourth step and all employees now occupying the second step would automatically advance to the third step.

For each successive step, beyond the third step, a waiting period of 52 calendar weeks should be established. This 10-step schedule would then conform with the 10-step schedule now provided to those employees falling within the General Schedule and other pay scales established for Federal employees.

Greater coordination with the General Schedule can be provided to wage-grade employees by assigning a uniform night differential at the 10-percent rate, now paid to General Schedule employees, thereby providing appropriate incentive for blue-collar workers to work the less desirable shifts. In this connection, we find that wage-grade employees are receiving a percentage for hazardous pay which is substantially less than that paid to General Schedule employees. This bill should be amended to provide that hazardous or environmental pay to wage-grade employees should be no less than that prescribed for General Schedule or white-collar employees.

Returning to the question of the prevailing rate concept, the bill should provide that whenever the committee finds it feasible to adopt a true prevailing rate concept—that is, one where the Government pays

substantially the same rate as that found in private industry—then such prevailing rate concept should be adopted. This is especially true in job classifications and functions that are virtually identical as between the Federal Government and private industry.

The National Federation of Federal Employees recommends that the Prevailing Rate Advisory Committee be composed of six representatives of employee organizations and an equal number of representatives appointed by the agency and the Civil Service Commission and that the selection of the chairman be designated and appointed as prescribed in S. 315.

Each organization representing 10,000 or more wage grade employees should be entitled to a representative on the Federal Prevailing Rate Advisory Committee.

We question the equity and fairness of establishing committee representatives on the basis of proportional representation. Something like this has been utilized in the present National Wage Policy Committee and it works to the disadvantage of organizations having a substantial interest in wage board employees. The exclusion of any organization having such interest shuts off the presentation of useful views.

We find that the bill is severely inadequate in this regard and discriminatory. Placing four representatives of a single mind and affiliation on a committee of five creates serious problems and has created such problems during the history of the current National Wage Policy Committee. It will also permit greater agency participation now precluded by the limiting number of agency representatives.

The National Federation of Federal Employees believes that there should be a recognition within the bill of the corresponding system established for General Schedule employees and of the importance of coordination of the two systems.

Frequently, General Schedule and wage grade employees work side by side under the same conditions of employment having different fringe benefits, such as night differential, hazardous pay, overtime, et cetera. Further, the inevitable improvement in technology will accelerate the changeover of positions from wage grade to the General Schedule. Coordination of the two methods of payment are more significant than heretofore.

Further, the National Federation of Federal Employees recommends that the Federal Prevailing Rate Advisory Committee should concern itself with the long-range needs of the Federal pay system and the trend perhaps toward a national rate. Continuing review should be made by the committee to ascertain whether the difference in rates in the various locality areas of the country are sufficiently disparate to continue the large number of wage locality areas. It is apparent to us that there is a continuing trend toward a single rate for blue-collar employees in a variety of industries. This is especially true in the aircraft mechanic and automobile production industries.

Mr. Chairman, there are in round figures about 75,000 full-time or part-time non-appropriated-fund employees in the Department of Defense and Veterans' Administration who should be under the coordinated Federal wage system. These employees perform work on Government installations and do not presently come within an organized statutory system for classified employees. We recommend that they be brought under the coordinated Federal wage system.

The injustice of the method of payment and conditions of employment particularly within the Department of Defense represents a shocking indictment of the failure on the part of the Government to deal with post exchange employees in a fair and responsible fashion. Their inclusion under the system would constitute a major step toward eliminating employees from the poverty pay level.

It is essential that employees occupying positions at the lower scale levels be paid at a minimum rate at no lower than the \$6,000 annual scale. This figure was established by the Bureau of Labor Statistics last year as the minimum income required for a family of four.

We realize that this is an inadequate sum; however, we are aware that many private firms fail to pay a rate comparable to that figure and in this important respect we disagree with the concept of a prevailing rate system. It is felt that employees at the lower scale levels should receive model employment pay treatment and thus lead industries to emulate the Federal Government in this significant respect.

For these reasons, we would like to see the bills expanded to include the significant policy points in the position of the National Federation of Federal Employees on the subject of wage setting in the Federal service herein indicated.

To summarize, we present them as follows:

1. The establishment of a within-grade increase and longevity system for wage-board employees having a 10-step plan comparable to the Classification Act system.

2. The establishment of a 10-percent night differential for regularly scheduled nonovertime work so that the night differential rate will be more comparable with the night differentials paid to Classification Act employees.

3. The establishment of a minimum wage of \$6,000 annually.

4. The establishment of a Federal Prevailing Rate Advisory Committee for wage-grade employees comprised of an equal number—six—of agency representatives and union representatives and a full-time voting chairman selected by the President and confirmed by the Senate with a full-time staff. Employee organizations representatives shall be established on the basis of one each, representing a minimum 10,000 wage grade employees.

5. The application of a true prevailing rate concept for wage grade employees; that is, equal rates of pay for the same work in the same local wage area.

6. Proper differentials for duty involving unusually severe working conditions or hazards established at a rate no less than that established for general schedule employees.

7. Coordination of Classification Act and wage-board pay systems including hazardous and night differential pay provisions.

8. The bringing of non-appropriated-fund employees with VA canteen employees under the coordinated Federal wage system.

9. The inclusion of wage and salaried employees under one overall salary and wage committee with representatives on the Board of all agencies and employee organizations having substantial interest in wage or salary programs, with a minimum of six members representing the employee organizations and six representing the agencies with an impartial chairman.

And finally, 10. A continuing review of all wage rates to determine the appropriateness of the adoption of a national rate concept.

We realize that these matters are large and require close and careful study. If we can secure the enactment of legislation designed to meet these problems more effectively than presently, the Congress will have earned the gratitude not only of all wage board employees but of all whom they serve.

In this connection may I say that insofar as the NFFE is concerned—and I know that to be the view of the members of your committee—the issue of overriding importance is to get prompt and constructive action in this immensely important area.

Over the years we have done a patch and repair job on what by any fair appraisal is an inadequate jerry-built structure which has come close to breaking down under severe stresses and strains which were not contemplated in the past. The time for a substantive step forward is indeed long overdue. For that reason we strongly urge favorable action by this committee now.

There are many features of H.R. 7691 which the NFFE supports wholeheartedly. The composition of the Federal Wage System Advisory Council is stated in a reasonable and meaningful way. The designation of representatives is identified as those who represent substantial numbers of employees under the Federal wage system. There is no logical reason for establishing the Council on a proportional basis. However, in order to give adequate representation to both agencies and labor organizations alike, it would be practical to enlarge the representation to six representatives for each side.

For example, the Department of the Interior, employing substantial numbers of wage grade employees, was denied representation on the original committee and when their turn came to ascend to the committee the General Services Administration, which employs substantial numbers of wage grade employees, was required to move off the committee.

The independent organizations were treated on a rotational basis, to their disadvantage and more importantly to the disadvantage of the public interest, in that many errors were made by the present committee due to the lack of information.

We believe that greater emphasis and authority should be given to the Council and less authority should be given to the Civil Service Commission.

The authority granted to the agent of the President under H.R. 7691 to negotiate with the head of each agency for the purpose of bringing the wage system-type employees under the Federal wage system should be qualified to the extent that such negotiations could result in a determination that the wage system in effect for the agency should continue indefinitely based on the success of that system.

The retained rate of pay provisions in H.R. 2164 should be amended to provide that a wage-grade employee is entitled to a saved grade for an indefinite period, when there is no change in duties or responsibilities. Greater hardship results from the present coordinated Federal wage system which permitted thousands of wage-grade employees to suffer reduction in grade and the effort to retain their rates of pay caused them to suffer substantial loss in pay and prestige.

Neither of the bills emphasize the importance of coordination as between the wage grade and the general schedule systems. As indicated, the fringe benefit aspects of both systems should be substan-

tially in accord so that white-collar and blue-collar employees working side by side may at least enjoy the same fringe benefits.

This is especially significant in that an employee who performs the same duties one day as a blue-collar employee may become a white-collar employee the next day due to administrative determination or technological change.

The Congress could win the eternal gratitude of wage-board employees by including within his act a provision which would prohibit the agencies and the Civil Service Commission from establishing new standards that would affect employee's grade without a corresponding change in duties and responsibilities.

Specifically, the current National Wage Policy Committee's policies have caused a downgrading of approximately 10,000 jobs without any change in duties and responsibilities. Additionally, the Civil Service Commission has changed its standards so that many wage-grade employees are suffering reduction in grade without any reduction in duties and responsibilities. The final bill should include a prohibition on system changes which result in downgrades.

The NFFE has been addressing itself to these problems from day to day for more than 53 years, and the recommendations which we have made to this committee today are based upon practical experience and represent our best and most mature judgment as to a sound and proper course of action.

If I may, Mr. Chairman, with your permission we would like to highlight our addendum. We believe it essential to make some brief and highly critical remarks concerning the administration proposal pertaining to wage-grade employees. As we interpret the administration policy, the bill does not mention nonappropriated fund employees.

They did, incidentally, in their testimony and off the record, indicate they were waiting for DOD to come out with their proposal. We saw the DOD proposal and we saw no movement to place the nonappropriated fund employees under the system.

We find this failure to recognize a significant group of employees of the Federal Government as an illustration of the CSC's lack of concern for a poorly paid and badly treated group of employees who share few of the benefits that other Federal employees enjoy.

There is no question but that the employees badly need legislative protection. The failure to recognize this is an indication of the significant necessity for Congress to retain its power in legislating benefits to Federal employees.

Based on our knowledge of the operations of the CSC generally and particularly the activities of the National Wage Policy Committee, we are convinced that the administration of any program concerning Federal employees, by the CSC, requires the establishment of specific standards and guidelines to make sure that the Commission follows the policies established in legislation affecting Federal employees. For example, the failure to include in the administration proposal a concept for night differential, environmental and hazardous duty pay, a progressive step system for wage-grade employees and in general the establishment of fair and appropriate guidelines for wage-grade administration, all reflect the CSC's negative policy toward wage-grade employees.

These important systems and concepts should be clearly defined in the legislation to assure that wage-grade employees receive fair and equitable treatment in the administration of a wage-grade pay plan, whether it be under the aegis of the CSC or a legislative committee.

Under the administration bill the council would consist of labor and management representatives without voting rights. The chairman would have the sole authority to make decisions after considering the views and recommendations of the council members.

Participation on a council without the appropriate voting privilege reduces the effectiveness of such council. For these reasons, we urge that council members have proper authority and responsibility in voting the interest of their organization.

We believe that S. 315 and H.R. 2164 are far superior to the bills introduced by the administration and urge that the committee give careful consideration to those bills and reject the administration pay plan. The afore-cited bills incorporate much of the thinking of the NFFE with the important exception that the council or committee should be enlarged to provide for six members representing the employee organization and six members of the agencies having the largest number of wage-grade employees, with an independent chairman casting the deciding vote. Now that time has permitted analysis of the CSC and administration proposal on similar legislation and in the light of our criticism, we ask the committee to study the administration rationale on such key issues as the following:

(a) Why the administrations' deliberate neglect of nonappropriated fund employees in their proposal?

(b) Why does the administration speak ethereally of "local prevailing rates, and then recommend jurisdiction via a national pay council with no vote, jurisdiction via an alliance with CSC and Bureau of Labor Statistics?"

(c) Again, the administration states that, "we do not want to exceed that principle"—that our employees are paid a fair and equitable wage that is truly the prevailing wage—"for it has been a sound one for over 100 years." The principle may be true for a century but the results certainly have not been.

(d) The administration "leaves operating details open to the people responsible for operating the system" and then requests more of the "open door" policy for itself by removing a voting privilege for Council Union representatives. Experience has indicated that we need more and not less control by the executive branch, especially control of the CSC.

(e) The administration needs a check on its control in downgrading employees by classification actions whenever wage schedules seem to attain a semblance of prevailing rates.

(f) The administration's proposal provides no reporting to Congress under its concept. Is this a further abrogation of the legislation power?

These are but a few of the questions and issues raised which require a careful description in the bill so that the Commission or Council or Committee may work within a proper framework of legislative guides and standards.

Again, Mr. Chairman, on behalf of NFFE, myself, we express to you and members of the committee our appreciation for your interest and your particular action on this subject.

Thank you very much.

Mr. HENDERSON. Thank you, Dr. Wolkomir. On your point with regard to the steps, would you speak with regard to what your understanding of the private industry practice is with regard to step 4 there? The blue-collar types, as we refer to them.

Mr. GELLER. Congressman, may I speak to that question?

Mr. HENDERSON. Of course.

Mr. GELLER. It is true that the large majority of industry does not have a comparable expanded step system. However, there are some large employers who do follow an expanded step system such as Grumman Aircraft. It is not uncommon.

I think the point is, though, that the comparison should be made with the classified employees, the white-collar employees, rather than with the private sector.

Step system is meant to be an insensitive system. And I think we should subscribe to any concept that permits employees to move up in rate based on good performance and receive appropriate increases.

This has proven successful in private industry and I expect in the classified system within the Federal Government. It has continued for many years.

Mr. WOLKOMIR. Also, in the private sector we allude to an apprentice level with seniority clauses involved in each one of them, normally, and even those who have run surveys find it difficult to differentiate in terms of what are the steps for an apprentice, and so on.

So when they speak of a prevailing rate in actuality, we go into the keyline factor to find it in a step 3. It is very hard to correlate and interpolate from what they have in the private sector.

In the Government, if we try to differentiate the distinctions between journeymen versus apprentice versus a full mechanic because the descriptions are not cut out to this breakdown. They are so much related in other duties that they are performing.

Mr. HENDERSON. I wonder if you would speak to the recommendations of the administration in its promise of having the Bureau of Labor Statistics conduct the area wage surveys as opposed to the present system or the system that would be envisioned under the legislation.

Mr. WOLKOMIR. We certainly would be glad to.

Using the BLS, we find that BLS is operating because there is that system that they have used through the years. For example, we have found that because of this system, they are looking for industries to survey that have been the front for years, not even in being. BLS, in our mind, is attempting to build up another empire in BLS for purposes of increasing their responsibility in the surveys and doing it on their own. We have found that their findings are actually invalid in many cases, that the statistics that they use, being means of means and averages of averages, but it is not in the true prevailing rate concept.

We have on record where our union has participated in the surveys indicating the fact that we have to pull out industries for them to survey because they are bogged down in their system of operation.

And if we give them further control, we will see them operating in a system for system's sake, rather than looking for a true prevailing rate.

Mr. HENDERSON. In his testimony before the subcommittee, Chairman Hampton expressed the view that the advisory committee was not intended to act as an arbitration panel, and it was not important that they vote on the issues.

From your testimony I can conclude that you take exception to the position on that point, that the members should decide issues and should have the right to vote.

Mr. WOLKOMIR. Under the present time, the members have a vote. We have a right to voice a minority opinion, all of which is held in confidence. As a member of the committee, we are not supposed to reveal the actions taken by the committee.

It is true, though, we have a vote. We at least have a voice, a minority means of reporting if we are contrary to what the Commissioner finally decides on his own.

I think he has found this to be an instrument that is impairing his control of such a council and, consequently, the easiest way is to do away with this right to have a voice and then a dissenting voice by wiping it away. He can make a unilateral-type decision in these matters without any problem. I think they should be given a vote and that the determination of the council should be the final determination.

By recommending a chairman who would be impartial, we would remove the administration's influence upon it.

Mr. HENDERSON. You support the theory of an independent chairman who does have a vote and in crucial issues would be the deciding vote. I am sure you are aware that Chairman Hampton expressed his view that the chairman of the advisory committee, as proposed by the administration, should be an outstanding expert from within the Government who understands the Government problems in the area of wage board employees.

Do you agree with that position?

Mr. WOLKOMIR. With due respects to the gentleman who he named in his testimony as the one he was going to recommend, may I state that our experience with this gentleman representing the chairman, may I state at the council meetings, we feel that inevitably it is going to be a Commission stand. It is still going to be the Chairman of the Civil Service Commission who is going to speak and not this particular individual. All the more reason why we feel we should remove ourselves completely from the control of the Commission.

Mr. HENDERSON. You recall he also said the chairman would not be a full-time position and you feel that this responsibility warrants a full-time chairman?

Mr. WOLKOMIR. It certainly does, considering the number of employees that are involved, Mr. Chairman, speaking of a million employees, seven hundred some odd thousand employees. This same gentleman is now serving with us on four other committees besides the wage policy committee. This is a full-time job.

Our employees don't understand the system of pay under which they are operating under the Federal Coordinated Wage Board System. You cannot be an expert on all matters and this particular gentleman is attempting to be an expert on four different committees related to Federal employees. It just can't be done.

Mr. HENDERSON. Do you think that we could get someone from outside of Government, an impartial chairman who would represent the interests of the management, the employees, and the public generally?

Mr. WOLKOMIR. I believe we have many, and if you want a recommendation, we can send you a lot of names.

Mr. HENDERSON. Let's leave aside for the moment the number of steps as recommended by you or other spokesmen for the employees, and other provisions of the several bills. I want to ask you, what your thinking is with regards to the provision that whatever steps the Congress thinks to be the proper number be provided by law. What do you think about the basic feeling of the wage board employees that their steps ought to be guaranteed by law, that the steps ought to be provided by the legislative act establishing the wage board system?

Mr. WOLKOMIR. I believe this has been indicated, Mr. Chairman, by the number of petitions and letters received and mailed to you, for example, as well as other members of the committee. That clearly indicates the fact they will rather see it legislated than the way it is operating now.

Mr. HENDERSON. Do you think a policy ought to be established by the legislation as to the number of steps for the employees?

Mr. WOLKOMIR. That's right. In fact, the testimony in the Senate, the question came up of the philosophical aspects of the pay. Is it time for the U.S. Government, the Congress to actually set a precedent for industry to follow rather than our following industrial concepts?

For too long, we have been attempting to work up systems that would involve a prevailing rate concept. There is talk of going this route with the GS employees by another committee and another panel on which we participate.

The system itself has indicated its cumbersomeness. Consequently, philosophically, we feel the Congress should set the step system, set the policies under which all employees would be operating. And that the system under which it operates would be the instrumentation provided by law rather than passing the buck back to the commission to constantly set up the system and carry out policies.

Mr. HENDERSON. Finally, I think that the problem that gives me the greatest trouble—considering the basic philosophy of prevailing wages, the attempt to have wage step increases, and the cost of living increases—is the possibility we might price ourselves out of the market. Will we make it possible for the agencies to contract out?

I think we have seen some evidence of this in the custodial area and I wondered just what concern you have in this regard.

Mr. WOLKOMIR. In actuality, we are speaking of a comparison between the determination survey-wise of a prevailing rate in a particular locale. And if, in this prevailing rate locale, we come up with a general average of, let's say, 10 cents an hour increase, because this is what the surveys have indicated, and we find that the cost of living has indicated that the actual rise was 11 cents, we are saying take the 11 cents route rather than 10. However, if the 10 comes out higher than the 9 cents, if the cost of living indicated this, then keep the survey rate, and I don't see how we are competing with the private sector in this respect.

It is a comparison of one against the other.

Mr. GELLER. There may be some confusion. That cost-of-living concept that we have advanced is not meant to be in addition to a wage survey, but rather a base.

Mr. HENDERSON. Don't you agree with me that if you agree on the basic philosophy that prevailing wages are those wages paid in industry with a geographical sector of our country, whatever that may be, that we do, when we adopt the national cost of living, we get away from the basic philosophy of the geographical area?

Mr. GELLER. Well, I agree that we do, but it—I think a prevailing rate system is based on the concept that the Government does really pay the prevailing rate. It does not. That's why the—

Mr. HENDERSON. If we assume that in this legislation we are trying to correct that problem as a basic problem, would you agree with me that if it were possible to take your suggestion of a cost of living increase and restrict that cost of living provision to the same area of the prevailing wage survey area, wouldn't we be keeping the principle of the prevailing area a lot more than we would, using the national cost?

I realize we don't have a wage cost of living.

Mr. GELLER. Actually, Congressman, in the refined suggestion to the Chairman of the Civil Service Commission, that concept was identified and particularized, so we weren't getting away from the prevailing rate concept. What we were trying to do is to show that the system was inadequate. If you came up in the city of Chicago with the 4 cents an hour increase, it was obvious to everybody that the system was not working, that it had been done—it is an unscientific system at best.

And this was true in Montgomery, New Orleans, and true in a number of major cities throughout the country and we offered this cost of living, not as an addition, but as a minimum to eliminate these errors, to at least give those employees a raise equal to the cost of living so they don't suffer a reduction in wages.

Mr. HENDERSON. It seems to me you want the best of two worlds. You take a national cost of living increase. It may be, let's assume for a minute it is 10 percent in a metropolitan area like New York City; while the cost of living may be 2 percent in a rural area like Fayetteville, N.C. If you use those two figures, you come up with a 6 percent national cost of living increase.

Mr. GELLER. Actually, Congressman—

Mr. HENDERSON. What I am going to say, if we put a cost of living increase to meet the problem of the worker, we take the 10 percent in the geographical area of New York, or the wage survey area there, your 2 percent in the Fort Bragg-Fayetteville area, and we will probably not build anything into the system. So it seems to me we have something of a dilemma here as to what—how we use cost of living, coupled with the prevailing wages.

Mr. WOLKOMIR. You would use the 6 percent at Fort Bragg. You would not use the 6 percent in New York because the cost of living, 10 percent includes that factor. You would use the 6 percent instead of 2 percent.

Mr. GELLER. Actually, Congressman, the cost of living index did not differ that significantly throughout the country, whether it be rural or metropolitan area.

Mr. HENDERSON. My example may have been a bit out of line.

Mr. GELLER. Actually, the 6 percent figure for a year, the rise in the cost of living, was reasonably accurate and it might have been 5.8 in some parts of the country or 5.7 or 6.1.

Mr. HENDERSON. Let me make it another way. You say as I understand you, that we ought to have a cost of living because the prevailing wage system is imperfect. But let me give you an assumption that we arrive at one time per survey and we get the blue collar Government employees' pay established correctly with industry in an area; wouldn't it be simple to say thereafter that we now have the base established and we will increase only those by the cost of living percent, nationwide cost of living percent.

I really don't think that that suggestion is in keeping with our philosophy of prevailing wage.

Mr. GELLER. Mr. Chairman, these thoughts and arguments were discussed at committee meetings. And it was meant that the cost of living concept would work itself out or there would be no need for it. There was a 2-year limitation on it, on the premise that the prevailing system would be improved. But I think that the overriding consideration is that—I don't think the Congress wants to see a significant number of its employees actually suffer a reduction in wages because the system is imperfect.

And this concept was offered as a way of patching up the system and making it work until the system was so refined that it truly reflected prevailing rates.

Mr. HINDEN. May I add something to this little discussion here?

Mr. HENDERSON. Yes.

Mr. HINDEN. There has been quite a bit of interest on the part of both the classified and the blue collar employees to have cost-of-living increases. And I am an alternate on the Federal Pay Council on the classified. And in getting into some of these surveys that are made by it, in that instance by the Bureau of Labor Statistics, we find that the salaries they come up with are, of course, general average salaries, because they involve a complete segment of an industry.

And so, actually, the particular person that's working on a certain job, for instance, a person that, say, is a cashier in a bank, they may not be getting the same salary as the person in the Government doing that kind of work as a cashier. Not the same as a bank cashier, because their comparability is figured on an average.

There are many instances where these employees, for instance—for example, this cashier—when they do get a so-called comparability increase, it is less than what they are receiving in the private sector. I am talking about the Government employee.

Therefore, to add to it a very small percentage as a cost-of-living increase, might just bring that employee's pay up to what it should be—what that employee might be receiving from the private sector standpoint.

Mr. HENDERSON. Basically, I think what we, in the committee, are having problems with is whether or not we are going to keep here for the wage board employees the traditional prevailing wage system, but make it truly one that gives a Federal employee what we understand is meant by the prevailing wage.

And I think that personally it gives me some problem to conceive of putting other factors into it. I am very much impressed with the

points that you make concerning what we have come to is a patchwork-type of arrangement. We had hoped that the consolidated system would improve and that writing basically that system into law would preserve for all time for the Federal employee, by guaranteeing to them the traditional prevailing wage. That would be fair.

Mr. WOLKOMIR. May I indicate a certain contamination in this so-called prevailing rate determination. Using Chicago as an example, during the time, we were the lead union in Chicago, that the survey was conducted last year, negotiations for a new contract in the private sector were going on in the transportation field.

We asked BLS at that time why we couldn't wait for that contract to be incorporated to put that in the survey because we knew that contract would call for a substantial increase. They refused to do it because of the time sequence. This was the time for the survey and regardless of what was happening around us—well, the contract was signed a couple days later. This would have affected the whole picture. They refused to consider this. Consequently, the wage board employee in the area has to wait for another survey to come up.

This sort of a cost of living thing would take care of that year in which they are going home with less real wages than they should have. It is this sort of a thing that we intend to use the cost of living for.

And there are many other contaminations of a similar nature occurring in the field where BLS operates under such a system.

This is the time; this is the way we do it. We have a list. If we scratch some, we get arguments because they should be included.

Well, you don't live with pieces of paper and you are dealing with people and real wages.

This is one of the reasons for our cost of living recommendation.

Mr. HENDERSON. Finally, you might want to comment on your views of how the system could be improved by lessening the number of wage survey areas we have over the country. What do you think of that?

Mr. GELLER. Well, frankly, we see in the future, and I think this is what the committee or council should be directing its look toward, is whether these locality areas are not artificial and that whether the country is really moving towards the national rate concept. There should be a broadening of the locality areas. The megalopolis concept is upon us.

And the whole—virtually the whole east coast, at least, from Boston to parts of Virginia, are just one concentration of population. And this is what we think should be looked upon. Certainly a broadening of the areas. The Monroney amendment concept, that did improve rates, but it caused terrible problems as to why one group is within its purview and one is not.

So that I think we should be looking not to the differences in the localities, but rather to the fact that large industry is paying the same rates throughout the country, rather than this concept of paying one rate on one side of the river and another rate on the other side.

This is one of the most difficult problems we face. And that's where the emphasis should be, we think.

Mr. WOLKOMIR. We are spending a lot of time in committee on determining criteria for what are the proper industries, determining the population and what skills and how large an industry, so on. This is a lot of nit-picking work and detail.

Then you have the dissents and disagreements with also, invariably, management on one side and labor on the other. This can only lead to further troublesome considerations. I think we would solve a lot of disagreements and problems with a national rate. There are many other contaminations.

We are now serving on so many committees concerning with pay and evaluations of people on the job and how they should be paid and evaluated, and there is little coordination between all these task forces and committees.

But when I get the arguments from the key people involved in chairing these committees that we have so much money invested in the system that we have to maintain the system, I say that's what has to be examined. Maybe we have too much money in the system and maybe we ought to change it rather than defend the system just because the system is in being, and supply ways because we have the machinery going, and so on.

Maybe we need a revolutionary change.

Mr. HENDERSON. Mr. Chappell, do you have any questions?

Mr. CHAPPELL. I don't believe I do, Mr. Chairman.

Mr. HENDERSON. I certainly want to commend you gentlemen because your views are considered by all of us as being based on your great service to Federal employees, and we have always found that you articulate their position and understanding of the problems that the Members of Congress have and I certainly want to thank you for your appearance this morning.

Mr. WOLKOMIR. Thank you.

Mr. CHAPPELL. I did have one question I would like to ask.

Mr. HENDERSON. Yes.

Mr. CHAPPELL. I came in late and I apologize for that, but did I understand you to say that what the bill needed was an automatic cost-of-living increase written into it?

Mr. GELLER. Yes, the cost of living is qualified to this extent. That where the survey does not produce a raise or an increase, that at least is the equivalent of the rise in the national Consumer Price Index, that then the cost-of-living figure should be utilized. And this is premised on the fact that the survey system is not adequate. It is proven to be inadequate in that some of the illustrations we offered showed that employees in four or five different cities of the country received increases such as 4 cents an hour.

Mr. CHAPPELL. This would also relate to a decrease in the cost of living.

Mr. GELLER. Theoretically it would, but that prospect doesn't alarm us, in that we don't expect the cost of living to go down.

Mr. CHAPPELL. But if it does, then, of course, you would want that included in it?

Mr. GELLER. It wouldn't work, you see. We would expect—we want the prevailing system to work. The prevailing system should produce an adequate rise. Many times it does not work and that's why we are asking for the cost of living. If the cost of living went down and the survey produced a rise, of course we would use the survey figure.

Mr. CHAPPELL. Suppose both went down?

Mr. GELLER. Well, it hasn't happened in perhaps—

Mr. CHAPPELL. I am not talking about that. I say suppose it does.

Mr. WOLKOMIR. Under the prevailing rate system, if it does go down and the prevailing rate does go down, then the employees are supposed to get a reduction. They get what is the rate.

Mr. CHAPPELL. All right, now what I am saying is that you intend for your suggested amendment to apply to an increase or decrease in the cost of living?

Mr. GELLER. Let me make it as clear as possible. We urge a comparability system and in most instances, in many instances, it produces an adequate rate. But if it fails, as it frequently does, then the cost of living would be the bottom, so that the combination of the survey producing, the wage survey producing a lowering of the rate, plus a lowering of the Consumer Price Index, is so unbelievable that I think we are talking academically.

Mr. CHAPPELL. We might be, but we might not be, either.

Mr. GELLER. Well, in the 30 years or so of experience I have had in the system, it hasn't happened and in the foreseeable future, I can't imagine it happening.

Mr. CHAPPELL. What you are saying is that the chances are so small that you don't think a decrease ought to be considered in it at all; only the increase?

Mr. GELLER. The point is that the two happening at the same time makes the question remote, and we would not tolerate—so I can answer your question, in an academic fashion—a reduction in wages—

Mr. CHAPPELL. Again, what you are saying is: you want it to apply to an increase, but not to a decrease in the cost of living?

Mr. GELLER. That's correct.

Mr. HENDERSON. Thank you very much.

Mr. GELLER. Thank you very much, sir.

Mr. HENDERSON. Our next witness is Mr. Alan J. Whitney.

**STATEMENT OF ALAN J. WHITNEY, EXECUTIVE VICE PRESIDENT,
NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES, ACCOMPANIED BY ROGER P. KAPLAN, ASSISTANT GENERAL COUNSEL**

Mr. WHITNEY. At the outset I would like to apologize for Mr. Lyons' inability to be present with us.

Mr. Chairman and members of the subcommittee, I consider it a privilege to appear before you today in behalf of those members of the National Association of Government Employees who occupy wage board positions in the Federal service, both in appropriated and non-appropriated fund activities.

Extensive testimony by numerous groups in the last session of Congress served to highlight and emphasize the special plight of the Government's nearly 700,000 wage board, or blue collar, employees. It appears today that there is general recognition in both the House and the Senate of the need for corrective legislation. Indeed, the leadership displayed by the chairman and members of this subcommittee provided much of the impetus leading up to congressional approval of wage board legislation last year.

All outward signs indicate that the sense of urgency surrounding this topic in the Congress has not abated. We are further heartened by indications that the administration's position with regard to legislation in this area may be more flexible now than in the past.

From the standpoint of the NAGE, any legislation offered up to Mr. Nixon must, as a matter of equity, incorporate six basic provisions as a minimum:

1. It must establish a 10-step per grade pay schedule for wage board workers paralleling the Government's statutory pay systems;

2. It must include employees of nonappropriated fund activities within the scope of its coverage;

3. It must establish uniform and fair premium payments for overtime work, second and third shift tours, and travel time;

4. It must provide for broadened and more meaningful participation in the system by recognized employee unions at the national, agency, and local levels;

5. It must establish a legal requirement that before any Government agency may elect to have a wage board function provided by a private contractor, it must document and prove that a savings will result in both direct and indirect costs to the Government; and, further, that the function involved will not be derogated; and

6. It must provide for retroactivity to a least January 1 of this year.

These points, in our opinion, reflect the essential elements of a progressive and efficient wage board program.

In, perhaps, no other single instance is the disparity between the treatment accorded wage board workers and other categories of Federal employees more obvious and more damaging to morale than the existence of only three steps in each grade of the wage board schedule.

This untenable arrangement confronts each employee with a "dead end" within a relatively short time after joining the workforce. He may look forward to a planned career of perhaps 30 years confined to the same grade level and with no opportunity to advance within that level. He then watches in alarm as a neighbor and coworkers, occupying a general schedule position at the same activity, steadily progresses through the additional pay levels afforded by his pay system.

An employee need not master the "new math" to readily determine that the 30-percent span of a general schedule grade level, from step 1 through step 10, means substantially more income over a career than the 8-percent scope of a wage board grade's three steps.

This discriminatory treatment must be eliminated if we are to restore the faith of the blue collar worker in his employer, and assure him of equal treatment with his brethren in the other Federal pay systems.

Regarding the need for including nonappropriated fund employees in the Government's wage board system, it would be hard to find a more mistreated category of Federal workers. Our experience with these employees is principally confined to the Army and Air Force exchange system, and I do not balk at asserting that the pay and personnel practices of this agency can best be described as "stone age."

One need only examine the unbelievable turnover rates among Army and Air Force exchange service units to arrive at the inescapable conclusion that something is drastically wrong. The NAGE represents such units where turnover runs between 30 and 40 percent annually. The employees leave for the simple and rational expedient of escaping from poverty.

Administration shortsightedness in opposing wage board coverage for these workers is borne out by the long-term savings that would

arise from greatly lessened recruitment and training expenses if a brake were applied to the drastic problem of runaway turnover.

Among the basic ills of the present system which can be cured by expanding the unions' role and establishing a truly objective policy panel to oversee the system is the executive branch's determination to establish Federal wages for blue collar workers by fitting a straight line to graphs of wages paid in private enterprise. That this choice was made for aesthetic reasons is clear, for it produces pay scales which are neither consistent with economic fact nor fair to those whose livelihoods depend on them.

Our major objection to the straight line method is that changes in average wages at one pay grade may unduly affect values given by a payline at other grades. Although these effects may be beneficial, the following hypothetical situation will demonstrate that they can also be unfairly adverse.

Suppose that a payline is to be constructed for three job classifications, and that the average private enterprise wage for job No. 1 is \$3, for job No. 2 it is \$4, and for job No. 3 it is \$5. Using the Government's straight line method, we get, as expected, a payline which passes directly through these three points. In other words, the Federal Government will pay exactly the same wages (all other factors being equal) as the averages for private enterprise.

Now suppose that a year later, a new survey, for the purpose of constructing a current payline, is conducted; and suppose that the private enterprise averages for jobs No. 1 and No. 2 have remained unchanged at \$3 and \$4 respectively, but that the average for job No. 3 has increased to \$6.

Surprisingly, the new payline will provide only about \$2.83 for job No. 1, a reduction of 6 percent from the unchanged private enterprise rate of \$3. The same payline will provide about \$5.83 for job No. 3, a difference of only 3 percent from the average for private enterprise.

This phenomenon of those in the lower grades paying for the wage increases of those in the higher grades persists into the more complicated situations actually encountered by the Federal Government, and demands immediate correction.

The NAGE, of course, concurs with the proposal to set uniform premium pay rates of 7½ percent and 10 percent, respectively, for work performed by wage board employees assigned to second and third shifts.

Pending legislative proposals, in our opinion, err in one vital respect: they would establish the policy body to oversee the wage board pay system as merely advisory in nature. We think it important, for the purpose of credibility if for no other reason, that any "National Wage Policy Committee" established by law be empowered to administer the system it oversees.

It is important, in terms of employee confidence in the system, that they be assured of an effective voice through their elected union representatives. Relegating the National Wage Policy Committee to an advisory status would seriously undermine the spirit of bilateralism which should prevail.

The NAGE also urges that provisions be included in the legislation which would (1) incorporate wage data derived from the construction industries, and (2) where possible, require that at least 50 percent of

the private industry establishments surveyed be those where wage rates are fixed by collective bargaining agreements.

Under the present rules of the coordinated Federal wage system, data collectors are restricted from gathering statistics from construction trades or establishments. The NAGE has raised this issue many times in recent years, and the typical response from the executive branch has been that wage data of this type is unacceptable because construction work is seasonal in nature.

While this was the case some years ago in some areas of the country, anyone familiar with the industry knows that numerous technological advances in the construction trades have drastically altered the situation. New chemicals and new work processes have been introduced in the mixing of mortars and cements, and new building materials have been developed, which now make it possible to continue construction work under the most extreme temperatures and under the most adverse weather conditions.

Finally, we urge you to consider establishing as a matter of law that no wage change may be of a lesser percentage amount than the most recent increase in the Bureau of Labor Statistics' consumer price index. Such a measure is sorely needed to protect those most at the mercy of inflation and rising living costs.

I would like to reiterate a position first advanced by the NAGE in 1969 regarding the long-term prospects of the prevailing rate concept.

We argued at that time, and buttressed our contention with analyses by the Bureau of Labor Statistics, that the process of determining prevailing rates on a locality-by-locality basis was slowly but surely losing its validity. Our basic rationale in advancing this position was 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.

We noted that intrawork force mobility has increased to a level inconceivable only a few decades ago, and that as the Nation's transportation facilities continue to shrink both time and distance, this mobility will intensify.

This movement has been substantially abetted by the trend toward increased numbers of national or multiunit negotiated contracts, covering vast numbers of workers from coast to coast, and by the establishment of new plants in low-wage areas by large national manufacturers, bringing into these areas formal wage structures in excess of existing wage rates. Such industrial expansion, we noted, 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.

All of the data examined was best summarized in a statement from bulletin No. 1530-87, part II, of the Bureau of Labor Statistics regarding trends in wages and related benefits in metropolitan areas of the United States. According to the Bureau:

In this six-year period (1961-1967), 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.

All this is by way of suggesting that an intensive study is needed to determine if sufficient differences in wage rates from area to area presently exist to justify the continued use of the locality prevailing rate technique. It is our firm belief that there is a distinct, readily identifiable and advanced trend toward parity of private sector blue-collar wages among the cores of employment in the Nation. There is no doubt in our mind that this trend will continue.

Such a study would answer with authority the question we raised in 1969: Should not the Federal Government extend the prevailing rate concept from its present limited scope to its logical conclusion, a nationwide survey and a nationwide wage schedule?

We do not, of course, suggest that the improvements we discussed earlier be held in abeyance pending completion of such a study. But we do believe that the potential long-term cost benefits to the Government which would result from the adoption of such a system justify a close examination. We also 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.

SUMMARY

In advancing the recommendations set forth by Mr. Hampton of the Civil Service Commission, the administration is making a not very subtle attempt to evade the necessity of making any substantive improvements in the Federal Government's wage system. To the contrary, its proposals represent, in large measure, a regression from current practice.

This is most obvious in the proposed structure and authority of the Federal Wage System Advisory Council. This body, as defined by Mr. Hampton, would be totally lacking in substance, playing no effective role in the administration of the system or the development of policies governing the system.

As the administration's statement makes plain: "This would not be a decisionmaking body." Instead, again using Mr. Hampton's own words, the Council would do no more than provide an opportunity for "the views of management and labor (to be) expressed in the review of existing and proposed policies applicable to employees subject to this act."

Mr. Chairman, we and the other recognized labor organizations do not need the forum of an advisory council to express our views. We promise that the administration will be well aware of our views on any matters relating to the welfare of our members. But we strongly resent this baldfaced attempt to deprive wage board workers of the right to have their elected representatives play a meaningful role in the administration of their pay system.

The administration would further restrict labor organization participation in the wage setting process by turning the entire survey function over to the Bureau of Labor Statistics. While we agree with such a change in principle, provision must be made for union input at the local level in the determination of specific industrial establishments to be surveyed.

It appears obvious to us, based on the two points I have just discussed, that the administration has no appreciation whatsoever for one of the most critical and essential elements of any pay-setting sys-

tem: The necessity for the employee confidence in the integrity and impartiality of the process. Those responsible for drafting the administration's legislative proposals evidently have no conception of the widespread sentiment among Federal workers that the executive branch's guiding light is economy of operation, and not fair and adequate wages.

The adamant refusal of the executive branch to recognize and cope with this fact of life only heightens the dissatisfaction generated by the disparate treatment given employees of the Federal Government. The Wage Board employee is well aware that organizations representing postal workers are negotiating wages and other substantive benefits. It is difficult to argue with their logic when they ask, "Why not us?"

It must be obvious to all concerned that circumstances dictate something more than tokenism; yet, this is what the administration offers. We are confident that this committee, and its counterpart in the Senate will demonstrate a realistic and equitable approach to this serious problem that is so sorely lacking in the administration's recommendations.

In inviting us to appear today, the chairman asked us to address ourselves specifically to two pending wage board bills—H.R. 2164 and H.R. 7691. In our opinion, there is no contest. While H.R. 2164 does not provide for all the improvements we believe are justified, it is far superior to H.R. 7691.

It may well be that H.R. 2164 is the best that can be expected to receive congressional approval this year. If so, then we support it on the basis that it represents substantial improvement rather than a weakening of the rights of wage board employees, as the administration proposes.

That constitutes the total of our remarks, Mr. Chairman. If you have any question, we will answer them, if we may.

Mr. HENDERSON. I commend you for the attention that you have given to this problem of the wage board employees of the Federal Government.

I don't know that I have any specific questions to ask because they would be quite repetitious and I think your statement very clearly supports the position that the other employee organizations have presented to us earlier and I want to thank you and ask you to thank Mr. Lyons for his response to our invitation.

Mr. Chappell, do you have questions of Mr. Whitney?

Mr. CHAPPELL. Mr. Whitney, I believe Chairman Hampton in his testimony stated that the Federal workers have better benefits than most employees of private industry.

First of all, do you concur with that statement?

Mr. WHITNEY. No, sir, we do not.

Mr. CHAPPELL. If it were true there would be no need for changes in this system, would there?

Mr. WHITNEY. If it were true that the existing system provides true comparability in the pay process I guess we wouldn't be here today, that is true.

Mr. CHAPPELL. So you would disagree with that statement made by Chairman Hampton.

Mr. WHITNEY. Yes, sir, I disagree.

Mr. CHAPPELL. We hear at times the cry that the Federal Government's blue collar workers may be running the risk of pricing themselves out of jobs. Could you comment on that?

Mr. WHITNEY. I guess I have heard that same observation. The only source I can identify as issuing forth such an observation is an outfit called the National Council of Technical Service Industries, I believe and of course they have a vested interest in that the various Federal functions which are at issue in this particular realm are functions which they feel should or could better be provided by private contractors supplying the employees to carry out these functions. Of course, we sit on the other side of the fence. We believe that GAO studies, OMB studies, and our own, have proven that these Federal functions which have in the past been successfully performed by Federal civil servants can be more economically performed by Government employees.

There is a very bona fide difference of opinion. They are simply, I am sure, serving their own constituents in advancing that opinion but we don't concur with it.

Mr. CHAPPELL. I believe you heard the statement by Mr. Wolkomir with regard to offering an amendment to the bill which would provide an automatic cost of living increase, tacked only to an increase in cost of living.

Do you agree it should relate to an increase but not to a decrease if that decrease should occur?

Mr. WHITNEY. In our prepared statement we advance a similar proposal in that we believe in those situations where the wage surveys result in increases which are less than the increases over the same period in the cost of living, that the increase in the cost of living as measured by the consumer's price index should be used as a minimum.

I was listening closely to the discussion on that point and I do have to say in all frankness that I think the prospect of a decrease in the cost of living is about as likely as the Washington Senators winning the pennant.

Mr. CHAPPELL. There would be nothing harmful in writing it into the bill, would there, if it is that improbable?

Mr. WHITNEY. We would be willing to take our chance on that score; yes, sir.

Mr. CHAPPELL. Fine. Then I suppose that what you are after, of course, and what we want, is comparability. Are we talking about comparability both ways, too?

Suppose in the private sector they take into account the situation with reference to the cost-of-living decrease, but they did not take into account the total cost-of-living decrease. You would be willing to take on the higher of the two in the event that should occur?

Mr. WHITNEY. If this clarifies my answer to the total question at all, I would not suggest if there were a rise in private sector wages at the same time there was a decrease in the cost of living, as measured by the CPI, that we should establish or set Federal wages only on the basis of the decrease in the cost of living. In other words—

Mr. CHAPPELL. What you are saying is that you want it to work both ways. For example, if the deal with an increase in the cost of living—I mean in the private sector—but they had not raised it enough to raise the cost of living, you would want the cost of living to apply?

Mr. WHITNEY. Yes, sir.

Mr. CHAPPELL. But if you deal with a decrease, and the decrease in the cost of living was in excess of the decrease in the amount of the pay in the private sector, you would not want the cost of living to apply in that instance. You would want the higher of the two to apply; is that what you are saying?

Mr. WHITNEY. Yes, sir, for the simple reason that what we are dealing with basically is a wage-setting system, and a basic premise in establishment of Federal wages is a comparison between the Federal wages and level of wages in the private sector.

Mr. CHAPPELL. That is what I am saying. You are after comparability, but you get it in the one sector but not necessarily in the second. You are guaranteed to get at least comparability if you talk about decrease, but you are talking about more than comparability if you are talking about an increase; am I not correct?

Mr. WHITNEY. If I follow what you are suggesting, we are getting—

Mr. CHAPPELL. This is what I want to get through my own mind, and I am not being argumentative. I am simply trying to learn. If you are going for comparability—and you are talking about getting to the level where the private sector is—why tie it to the cost-of-living index?

Mr. WHITNEY. I guess because we know or recognize that comparability is a very intangible thing. It is a sometime thing. We have been moving—trying to move in that direction for a good many years without having attained it.

I think the basic reason why various organizations propose that the increases be no less than the increases in the cost of living is that we recognize the imperfections in the system, and we know they will not disappear overnight. For example we have been fighting for any number of years now for provisions in the Government wage-setting system which would require that surveys conducted in the private sector take into account wages paid in the construction and building trades.

We think there is ample evidence that this is fully justified. But we have not been successful in achieving that.

There are other areas of a similar nature where we have been working for certain improvements in the basic system, but we have not been successful in winning there.

Mr. CHAPPELL. You are getting to the point that I am concerned with. If you are going for true comparability, it seems we ought to set the rules so you will get that. And if you get into true comparability—and that is what you are seeking—then to tie it to the cost-of-living index doesn't fit because that is not comparability.

Mr. WHITNEY. Well, in a certain sense it is because I think in most situations where this occurs we find that—for example, if a survey results in a pay line for blue-collar workers of the Federal Government which is less than the cost-of-living increase—that had true comparability practices been used that the increases would have been higher than the employees actually realized.

So what we are trying to do, I guess, is provide that whatever steps are decided upon in trying to get to that comparability level, that we have to deal with practicalities—because our members are confronted with the economic facts of life. As Mr. Wolkomir pointed out, they could care less about papers being shuffled and surveys; all they care about is that paycheck.

Mr. CHAPPELL. We are trying to get to a system where you have comparability. Now, assume you had true comparability, are you still maintaining that you ought to have tied to it the cost-of-living index?

Mr. WHITNEY. No, I think if we had true comparability, there would not be a need for anybody to propose the inclusion of a cost-of-living factor.

Mr. CHAPPELL. That is my point. To devise a way to get true comparability is really what all of us ought to be searching for rather than trying to tie it to something that may be artificial. I can understand that approach better than trying to get two systems, one modifying the other.

Mr. WHITNEY. I think the cost-of-living factor would be a weighting factor because the difficulty confronting any pay administration system is amply and concisely exemplified when we consider that the employee really in essence is concerned not just with pay; he is concerned with his basic pay, the overtime practices that prevail, the cost of—pay differentials that apply to shift work. He is also concerned with the level of his retirement benefits, life insurance, health benefits, and so forth.

Now, for the general schedule employee, all of these elements fall within the purview of the Congress. When we deal with the wage-board worker, the blue collar, his pay is not controlled by Congress, his annual increases do not depend on congressional action. Frankly, I think Congress has not had an adequate opportunity or ability to oversee what has been happening at the local level in the area of wage-board pay.

But on the other hand, at the same time that wages are being set, based on often faulty, low quality wage surveys, his other benefits are coming along tied in, so to speak, with the benefits that are being granted to all Government employees. They are subject to the various acts and so forth. So you have a terrible mixture.

Mr. CHAPPELL. I am sorry I am taking so much time, Mr. Chairman, but I would like to pursue this.

Mr. HENDERSON. Certainly.

Mr. CHAPPELL. I see the point you are making. But again, getting back to this item of true comparability, what we are trying to do here is to have the governmental structure follow the private sector, to keep alined with it. However, if you tie this alinement to comparability, then we ought to constantly work to get it so it is tied to true comparability and not put it in a position where you have comparability plus. Because, then you would have Government leading the private sector.

Mr. WHITNEY. If that would be the effect of inserting the cost-of-living factor, I would agree, but I do not think it is the case.

Mr. CHAPPELL. But it could very well be. If you found the survey showed that in a particular area the increase was less than the cost-of-living increase and so therefore you apply the cost of living to the Federal employee, then you have him leading the wage scale and not being just comparable with private industry. So then you would have the Government taking the lead in wage scales.

I think the private sector needs to take the lead. I think that is the best way to establish comparability. We ought to try to find those methods by which we can reach true or reasonable comparability. I

think it would be self-defeating to put this in, particularly if you do not tie it in the same way to the decrease in the cost of living. You would have Government in the lead rather than the private industry in the lead in establishing your wage scale.

Mr. WHITNEY. I suspect very strongly that it is—that that particular observation is where our paths diverge. It seems to me the premise you state is based on the assumption that if there were a decrease in the wage survey data at the same time that there was a decrease in the cost of living, that would be because of actual comparability processes resulting in these decreases. That is an assumption that I do not think is borne out.

Just because there is a lesser increase or a decrease does not mean that it was triggered by comparable decreases in the private sector. There may have been increases occurring which were not measured by the survey.

Mr. CHAPPELL. True, but you are getting into a factual situation. We are trying to legislate so as to find the way to keep wages comparable. It seems to me you defeat the purpose that you seek—and the purpose we are all seeking—which is a good, firm, concrete updating procedure by and through which you get comparability.

Mr. WHITNEY. There is no argument that we agree on the goal we are trying to achieve. If I could refer you to the text of our statement, we go into detail as to why we seek the changes.

Mr. CHAPPELL. That is very well done and I commend you.

Mr. HENDERSON. Thank you.

Our next witness is Mr. Vincent J. Paterno, president of the Association of Civilian Technicians, and we welcome you.

STATEMENT OF VINCENT J. PATERNO, PRESIDENT, ASSOCIATION OF CIVILIAN TECHNICIANS, ACCOMPANIED BY WALDO A. DUVA, PAST VICE PRESIDENT, WAGE BOARD

Mr. PATERNO. It is my pleasure to introduce to you Mr. Waldo Duva, past president for wage board matters of our association.

Mr. HENDERSON. It is my pleasure to welcome you, sir.

Mr. PATERNO. Mr. Chairman and members of the committee, the Association of Civilian Technicians, representing close to 4,000 National Guard wage grade employees in 18 States, and with reasonable assurance through contact and experience that it can adequately speak for many others, welcomes this opportunity to present its views on wage grade legislation.

The National Guard employee, though only officially accepted into the Federal family of public employees in January of 1969, has lived under general schedule and prevailing rate wage setting procedures for better than two decades.

A necessary emphasis on the maintenance of highly technical aircraft, electronics, and combat vehicles, has placed almost half of the 42,000 employee strength of the National Guard in the prevailing rate system.

This force, by its geographic distribution between 50 States, District of Columbia, and Puerto Rico, inhabits most of the survey areas in the Nation with groups from a few to some hundred. The principles, requirements, and administration of past and future legislation are of prime interest to these employees.

These civil servants, unique in their employment, sparse in their population as measured against the sophistication of technical requirements and density of equipment, and dedicated beyond any norm of measurement, require the specificity of our representation and attention to their needs.

This association strongly supports those legislative proposals, that offer a 10-step potential to the Federal craft employee. We consider it only fair that all public servants of this Nation be measured by the same devices of reward for long service, dedication, expertise, and merit.

We also find it consistent with economic fact in the private working environment. Well-experienced craftsmen in industrial sectors move to employers who regard them with high-range pay while those employers who consistently pay in the low or average operate in the transient or hiring hall purview.

The Government, if it means to keep its employees in the civil career field, should operate to reward and retain those of superior skill and experience.

Too, the Federal service moves its employees back and forth between the general schedule and wage grade systems and needs compatability. An employe with 18 years of skilled experience is most surely worth more than an employee with only 18 months' service.

Another, and vastly important, reason for accepting the logic behind a 10-step system is contained in the rationale of Government service.

Can we accept the practice of making, or continuing, public servants as labor commodities? Are we willing to accept the private sector practice of negotiated wage agreements at this time? If we are not, it would seem less than feasible to promulgate a wage system that hinges upon it.

The 10-step system could serve to provide present and future rewards for longevity and service that would mitigate mass demands for singular across-the-board wage hikes. A pattern of survey increases enhanced by appropriate rewards for long-term service could establish stability within present structures.

Present administration proposals are sterile and reveal little foresight in the labor-mangement area. Without parallel concrete proposals for collective bargaining alternatives present administration proposals can only lead us to the blank wall of confrontation and hasty compromises.

Give the wage grade employees the proper surveys to procure equity and the 10 steps to reward loyalty and service. The dignity of Federal employment will be enhanced and the continuity of effective public service insured.

One specific problem for National Guard employees that we hope to see changed by inclusion in the current legislative proposals is that of overtime pay.

There can be no equity for wage grade employees if some are not allowed to be paid for overtime worked. That is the case of National Guard employees.

Public Law 90-486, "The National Guard Technician Act of 1968," for some imponderable reason, was passed with the proviso that this particular category of employee be denied pay for overtime but be restricted to hour-for-hour compensatory time off.

This, while not only being discriminatory, has provided the National Guard program with ineffective managerial options and has added to poor managerial discipline.

Budgetary restrictions to the use of overtime pay have the redeeming quality of requiring that overtime work be justified by work demands. Under the system that now prevails the manager has no such restriction and can schedule work at one time to relieve himself or the system of the necessity of a balanced work schedule for simple convenience or personal reasons. It is an extremely negative and morale-destroying approach to fair compensation.

An offshoot of this ridiculous situation has resulted in employees working overtime in hazardous or premium pay covered work and being denied even premium pay because they were in a non-paid status at the time.

The hazard was not removed—only the pay denied. Insure that this is remedied if real equity is to result. Pay National Guard employees overtime pay as you do all others.

The recent and delayed downgradings of National Guard employees exhibited inconsistencies in the administration of the wage survey and job classification procedures that should not go by without the scrutiny of this committee. There can be a complete prostitution of the results of an adequately conducted wage survey if the pay line is thwarted by improper job classification.

Aircraft mechanics are classified by the Civil Service Commission as WG-10 but are commonly paid by survey results in industrial weighted averages that would pay them in a WG-13 or 14 category were they properly classified.

If the job classification does not meet honest pay survey results, then the rest of the country must be wrong and the civil service job classifiers right. The fact is that government employed aircraft mechanics are paid an average 80 cents an hour less as WG-10 than their industrial counterparts.

In this day of the computer it would seem that a more consistent job-to-job pay survey and analysis is available. If we are to be under prevailing rates as a legislative requirement the results must not be forced by inadequate procedures.

In the survey area itself there are administrative deficiencies that are apparent. Far too many areas. Untrained survey teams. One-union domination. Reluctance of industries to provide wage data to private sector affiliated unions. Lead agency domination and survey procedures relative to their employment specialties. Personnel chiefs taken from their usual work to chair survey boards. Large wage differences in the same commuting areas. Shadowy effects of budgetary restrictions on accumulated data. A general hodgepodge that does not deserve the name "system."

We propose fewer areas, possibly homing in on 15 or 20 major cities with trained full-time personnel, meaning survey field offices and conducting annual hearings not dominated by one agency or union and interested in the whole area of job survey.

Formal records and transcripts should be kept of the hearings, survey data, areas of determination, all of which should be accumulated into printed annual reports, protecting only the names of industries requesting such treatment.

Congress, agencies, and all unions representing employees in the area should receive these annual reports.

Construction industry wage data should be included in the survey with an interpretation made on annual earnings basis if this is found essential. Subjective exclusion of pertinent data should be prohibited. Parity requires full economic data range.

Multiskill employee requirements should provide for additive compensation rates. Job classification procedures should adequately reimburse unique or special government training and skill employment demands.

Fewer areas within the scope previously described would serve to eliminate the much debated application of out-of-the-area wage surveys. Equal pay for equal work and prevailing rate doctrines would be more adequately balanced. Large pay differences between geographically adjacent areas would be reduced. Mobility of employment skills would be more tolerable.

Employee morale, presently disgruntled when the same agency workers of similar skills receive different pay in close proximity, would be improved.

A national wage policy board should be provided. It should be independent of agency control and be employed with full-time staff.

For the first time Congress should participate by nomination of a member, the President should name the voting chairman, and the President should select the third member from nominations made by national unions representing Federal wage grade employees in certified units.

These members should have no other employment and should serve to administer the survey teams in the field. They should conduct regular hearings and make their reports to both the President and the Congress. The President should administer the program based on these reports and the Congress should annually review the results with the possibility of legislative requirements.

Other possible inclusions that we would suggest intrude into the area of premium pay. We would like to see premium differentials of 25 percent for overseas temporary tours of duty, 10 percent differentials for TDY within the continental United States.

These tours of duty do serve to separate the employee from his family, add to his living costs, and inconvenience him greatly. It would be little reward for the hours away from home, but would signify recognition of extra service.

We have on our Army air defense sites employees who are regularly required to work 24 hour shifts. Frequently these sites are isolated and they are not permitted to leave for the whole period. During this period they have no access to meals except as they bring them with them.

Despite the fact that these employees are not in a travel status, the condition of their work is similar to being away from home.

We propose that any employee being employed for 12 or more consecutive hours be provided with hot meals at the expense of the Government. Employees in travel status, on board ships, and others get this and should.

I have often heard it said that negotiations within the wage area must come. I doubt, however, that the Congress sees it near. I doubt

that the administration can soon approach it. I even doubt that Federal employee unions are ready for it.

I can only conclude that legislation is the answer. Detailed legislation is often avoided to provide administrative flexibility. However, I think this committee should consider the possible alternative of administrative decision and carefully weigh the extent to which it wants the specifics of change.

No pay legislation can be considered without its effects being felt strongly in the labor-management relations area. If legislation resulting from determinations made here can advance the dignity of Federal employment by adequate approaches to career rewards and fair treatment, the Government would be well served.

I have, in addition to this statement, a statement on the wage board reform bills by our vice president for wage board from Montana which goes into more specifics in detail.

Mr. HENDERSON. Without objection, it will be entered in the record at the end of your testimony.

Let me depart for a moment from the wage board bills and ask you to comment on why the military uses the civilian technicians rather than the military men in positions for those which your members as civilian technicians are employed?

Mr. PATERNO. Primarily it is my understanding in the study of the history of the legislation, and how the program developed, that the decision was made at near the end of World War II that we were going to need a large Reserve force. It was debated by a Reserve policy board as to whether or not these people should be full-time military people or civilian personnel. As best as I can determine, because I have not reviewed any records of that committee, it was determined that the jobs were primarily administrative and in the maintenance area, and since it would provide a stability and nonrotation of force, to have them as civilian employees. This was basically the determination.

When we were actively attempting to get legislation passed to make us Federal employees, the question came up again, and a submission was made to the Senate Armed Services Committee by the Defense Department of a proposal that would put these people in a military status. It was presented in closed session. I was not a party to the conversations, but I gather it was felt that this particular program we have tends to more appropriateness.

A good sampling of the military circumstances being developed is in the Army air defense Nike sites. We have a stability of working force that provides us with Army air defense sites with a for greater efficiency rating in firing and performance and everything else.

I hate to point this out as indicative of the rest of the program, because this one, employing some 4,000-5,000 people is basically a a military mission. It does have a firing potential, is it a combat mission in-place. I think that the decision in that particular instance was one made for the convenience of the Government to enable them to have a stable work force in that particular mission.

As far as all of the others go, the other 37,000 employees, the principal jobs in almost every instance are administrative, supply, clerical, support jobs to the maintenance of the force. I think they are primarily better served in the civilian status.

Mr. HENDERSON. Does your association represent the employees at those Army missile sites?

Mr. PATERNO. In some instances.

Mr. HENDERSON. Therefore, your association is to that extent broader than just representing the National Guard, civilian technicians as we know them.

Mr. PATERNO. These are National Guard technicians covered by the act of 1968 that I talk about.

Mr. HENDERSON. Employed at the missile sites?

Mr. PATERNO. Yes.

Mr. HENDERSON. They are full-time employees?

Mr. PATERNO. They are full-time employees. A number of these, too, are administrative and maintenance people. It is not purely military. But the people that I talk about are site people. They are concerned particularly with the weapon.

Mr. HENDERSON. All of these employees are subject to being ordered to active duty and must be proficient, that is to—they are qualified to become military just upon the orders activating the National Guards as such, aren't they?

Mr. PATERNO. Ninety-five percent. There are jobs excluded from requiring you to have military membership.

Mr. HENDERSON. What would those exclusions be?

Mr. PATERNO. It is changing. Predominantly it is women. But there are exclusions built into the program as the demand comes for certain jobs.

Mr. HENDERSON. This is educational for me and I am sure Mr. Chappell will be, and it will be to other members of our committee. I think I must hasten to say that there is at least doubt in my mind without making the categorical statement, as to whether or not our committee would have the jurisdiction and authority to act on the overtime pay proposal that you suggest to us. I say that in that the National Guard Technician Act was within the jurisdiction of the House Armed Services Committee and so in the course of our consideration of this legislation, I feel sure that we would defer to their jurisdiction on this point. Of course your case is an interesting one and one I feel sure you would best pursue with the Armed Services Committees in both Houses of Congress.

At the moment I don't believe I have further questions.

Mr. Chappell?

Mr. CHAPPELL. Mr. Paterno, is your position most nearly that of H.R. 2164 or H.R. 1338 or H.R. 7691?

Mr. PATERNO. I didn't bring the bills with me.

Mr. CHAPPELL. Let me identify them. One is the administration proposal. Would you state yourself as a proponent or opponent with reference to that one?

Mr. PATERNO. I am not for H.R. 7691.

Mr. CHAPPELL. So we can list you as an opponent to that.

How about Mr. Henderson's bill, bill H.R. 2164?

Mr. PATERNO. In equity to my people I have to be a proponent of a bill that gives them more steps than they have.

Mr. CHAPPELL. How about H.R. 1338? Are you a proponent of that?

Mr. HENDERSON. That is the 10-step bill.

Mr. PATERNO. Only to the—I have read these and I don't have them for determination at the moment but I feel the 10-step system should apply equally to the general schedule and wage grade people.

There are different variances I have seen in many of the pieces of legislation. One of the pieces of legislation for instance—

Mr. CHAPPELL. May I interrupt you for just a minute—I don't want to cut you off—but could we take one of these and work from it? Take Mr. Henderson's bill. In what way would you agree with it and in what way would you disagree or offer amendments to it?

Mr. PATERNO. Well, I did specify in my testimony that I am not satisfied with the way its policy board is constructed.

Mr. CHAPPELL. Do you have a proposed amendment on how that should be or if not would you furnish one?

Mr. PATERNO. I don't have one, I have been talking with one congressional office about putting it into a legislative format. I am very primarily interested in this legislation and how it affects labor-management area. I feel there are lessons to be learned in other countries. In England they have a council that brings the Parliament in on consideration of wage increases. I think —

Mr. CHAPPELL. Without the explanation, how would you amend H.R. 2164? First of all, you would amend it with reference to the construction of the board, right?

Mr. PATERNO. Yes.

Mr. CHAPPELL. How would you do that?

Mr. PATERNO. I would have the National Wage Policy Board be an effective separate, full-time policy board. This is a very difficult thing for me to come up and be sophisticated enough to tell Congress how it would nominate a person. But I think it is time for the Congress to have someone full time on one of these boards. A member it selects and nominates. I think the President is entitled to have the Chairman of the Board picked by himself. I think that there is enough union representation now amongst the Federal employees that they deserve the right to nominate, various individuals and have the President select the nominee.

Mr. HENDERSON. Will the gentleman yield to me at that point?

Mr. CHAPPELL. Yes.

Mr. HENDERSON. In your deliberations on this, did you give any thought to the fact that the President, as the Executive, represents the management side of the picture and the employees as they are represented by organizations or sort of collectively are on the other side? Did you give any thought to the Congress nominating the Chairman of the Board in order to accomplish the objective that many have talked about of having someone that is not promanagement, pro-President, pro-civil service or not pro-labor or the employees' organizations?

Mr. PATERNO. I would like to say I have, but I haven't. It would be one way. The primary thing I deliberated on and I am interested in having happen, is to have the Congress work on it, the body that has the problem of appropriating the money.

Mr. HENDERSON. Let me say, I don't mind saying it on the record if the gentleman would yield for another point, I deliberated this and our staff did, and we gave very serious consideration to the congressional nominee approach for the chairmanship. Very honestly we then decided as a practical matter as to who makes the decision of who is appointed and it would come to certain committees, perhaps this committee, to make the nomination and recommendation to the full House. You really come back to the problem of who has the most weight in

the Congress, the employee organizations or the management. Even though we theoretically have our greater duty to the taxpayers to be impartial, I think, I felt as perhaps you did, that the reason the President ought to have this is that traditionally wage fixing has been the responsibility of the President. If things were going to go bad he ought to be responsible for it. Congress would not just buy this device, insure impartiality, and the type of performance that we ought to have.

I thank the gentleman for yielding.

Mr. CHAPPELL. Mr. Paterno, let me commend you on a very fine statement. It appears you have done some real study on this subject. That is the reason I wanted to pursue specifics with you and come to specifics by way of amendment so I could see where there amendments should be offered and tested.

Now I think you have explained that particular amendment. How would you further amend H.R. 2164 as a vehicle to accomplish the things which you suggest?

Mr. PATERNO. Well I am primarily interested in the 10-step area. One thing bothered me when I testified before the Senate committee was on Chairman Hampton's testimony, and I got assured all the time that—and it was the Civil Service's good intentions—as I testified before, before the committee, we all know which road is paved with good intentions and where it goes. But he used the Chicago area wage-line determination. I cannot really fit into the legislation at this point in time what is needed to adjust the whole working of the survey system. But an aircraft mechanic in the Chicago area is paid just under \$5.50 an hour.

The wage line falls at approximately \$4.70, or \$4.80 for the sake of trying to read the graph. Automotive mechanics, sheet metal workers, diesel engine mechanics, aircraft mechanics, are all classified WG-10 by the Civil Service Commission. However if you extend their pay across the chart you would find that actually the pay level of an aircraft mechanics falls in the WG-13 or WG-14 line. The diesel engine mechanic would fall into the WG-13 line or thereabouts, 12½.

By actually using the wrong job classifications what they have succeeded in doing is establishing a great deal of impropriety in prevailing rate systems.

Mr. CHAPPELL. I think I understand.

Mr. PATERNO. The Chairman himself admits that the weighted effort is not the high nor the low, it is an average. There are people in industry—we get an automotive mechanic. He will go to work for an auto shop. I know some who make \$15,000 to \$18,000 a year. They become good at it. They go to work for an automobile dealer and he pays piecework. But he gets paid sometimes 3 hours of work for a job he sometimes completes in 1 hour.

There are ways we reward senior employees in industry. He moves from one to another employer who pays better.

Mr. HENDERSON. Would the gentleman yield?

Mr. CHAPPELL. Yes.

Mr. HENDERSON. You touched on something we give little thought to in Government on this point, and what you are saying really with the skilled automotive mechanic—he is paid on piece rate—he really is paid for his productivity; isn't he?

Mr. PATERNO. Yes.

Mr. HENDERSON. If anybody in the world can come up with a system to pay these Federal employees on a piece rate or basis of productivity the finest thing would be done for the American public that could ever be done. I have to admit that the present systems both in classified and wage board totally disregard productivity of the employee.

I do not know how we could do it. I realize that there are far more auto mechanics that do not make \$15 an hour because they are not so skilled, but if we could ever get this throughout the Federal Government the American system would be entirely different than what it is.

Mr. CHAPPELL. I concur with the gentleman on that.

Mr. HENDERSON. Let me make one final statement here. This brings me to my point and I am going to keep quiet from here on because the line you are pursuing is most helpful. I think that Mr. Paterno has given us an insight that is very interesting. He has done something that is not so stereotyped as some other witnesses we have had before us. Thank you.

Mr. CHAPPELL. That is one of the reasons I wanted to pursue this a bit. Now, on the specifics on the 10-step that you would propose, again not the "why's," because I think we understand that. What I am getting at is right down to something we can use as a product in the processing of an amendment, the wording of an amendment.

Mr. PATERNO. I have in my office a copy of one of the 10-step bills that I have annotated completely, and with the indulgence of the Congressman I would like to have the opportunity to go to my office and write this up and give it to you, if you would be interested.

Mr. CHAPPELL. Mr. Chairman, I would like to ask that the gentleman be permitted to supplement his remarks by introduction of this document that he is talking about. I think it could be very helpful to us.

Mr. HENDERSON. I agree with you.

Mr. PATERNO. Many of these were ideas. I did not know whether there would be an interest in them. I did not want to confuse my testimony with too much volume.

Mr. CHAPPELL. In the drafting of legislation, I am one who likes to see the specific amendment to do what the advocate of that change is proposing to do. I think it not only gives us an input that may be a little different, but it gives us an opportunity to test more readily the thinking behind that particular amendment. What other area would you contemplate amending?

Mr. PATERNO. In the last part of my testimony, I stated, I have discussed this with Mr. Bray, it is very difficult for legislation to be so completely detailed that you tie up the administrative capacity to operate. And I am pondering how you could, by legislation, force them to have a better job classifications system, which I think is a primary area of concern.

Mr. HENDERSON. Let me respond. That problem has been recognized by the full committee, and the Classification Subcommittee we had in the last Congress got an undertaking there with the organization of the committee this year.

That committee's jurisdiction is changed a little bit, but they are still pursuing that and this is a problem that is somewhat separated from the specific legislation that we are working on.

Mr. PATERNO. I am on one of the advisory committees to that task force, Congressman. On Phil Oliver's task force. But we are not entering an area of the wage grade employees.

Mr. HENDERSON. This is true. Of course, one of the reasons we are not, you mention the aircraft mechanics, a WG-10. WG-10, for example, aircraft mechanics at Cherry Point, N.C., will make approximately a dollar an hour less than WG-10 at Alameda, Calif.

So, within the prevailing wage system, the classifications are not as determinative of the pay that the man gets as it is in the classified system, because that is a nationwide pay system.

Mr. PATERNO. The problem that you incur here is you have a predominant number of aircraft mechanics working on the national airline contracts. When you break this into survey areas, you are unrealistic.

A WG-10 in Las Vegas, Nev., makes 79 dollars more a week than a WG-10 does in Portland, Maine.

Mr. HENDERSON. This is the impetus behind the so-called Monroney Act.

Mr. PATERNO. That is a joke.

I have with me a bunch of letters given to me on the number of places and the number of times they have been turned down. These are all turndowns.

Now, this is a slap in the face to a craftsman who is told, "You will go outside the area and find the wages if there is no craft in that place you are at."

They have come up with arbitrary decisions. In my vice president's testimony, he points out in Great Falls, Mont. they took the survey at a particular time of the year when there were temporary employees on board working for Forestry Service and others. When there isn't 25 percent of the total, they don't apply the Monroney rider.

When he protested, that they did have 25 percent of the permanent people for an industrial complex, they rejected it.

There isn't any interest in applying the Monroney rider. They avoid it—a law passed by the Congress of the United States.

Mr. CHAPPELL. Now, is there another amendment that you would offer?

Mr. PATERNO. I believe if we went into fewer areas, in other words, I am talking about 15, 20, 30 areas in the country, there would not be a necessity for having a Monroney rider and this would improve the circumstance.

Mr. CHAPPELL. How many, generally? I believe you mention 15 or 16.

Mr. PATERNO. I was trying to work out on a major city basis. You will have to carefully select your major city base of operation in order to equate to the population of both industry and of Government employment.

Mr. CHAPPELL. With the suggested changes that you have made, would you be a proponent of H.R. 2164?

Mr. PATERNO. Basically, sir.

Mr. CHAPPELL. Are there exclusions from the bill which you would suggest?

Mr. PATERNO. I think in all rights, I should have made a whole legislative presentation itself. But I didn't have that audacity because

it is the first time I have been in this area. I have done it in other areas, but not here.

I am not trying to beg the question, but I didn't appreciate whether I would gain the interest in some of the ideas I proposed. They are not stereotyped. They are not the ideas of people who have been on these boards, nor have I referred to those people for ideas.

We have come into this—I became interested in the downgrading of these technicians. I have been only a general schedule employee myself, and a full-time union president for a year and a half.

But I became interested in this area relative to a specific problem, and I wanted to find out how they paid them and what the classification system was and everything else.

What I found out revealed to me that we don't have a system. What we have is a patchwork quilt built up over the years. That does not deserve the name system.

It is very difficult to explain to one Federal employee why he is treated differently than another Federal employee.

I will make the annotations and specifically indicate for the committee and for yourself, sir.

Mr. CHAPPELL. Thank you, sir.

Mr. HENDERSON. Now to continue the colloquy just a moment. One of the most important contributions you have made—to stimulate at least two of us that heard this—is your suggestion of equal pay for work performed. I refer to it as productivity.

Basically, our wage board system attempts to pay workers, within an area, what they are paid in industry. The witness for the National Association of Government Employees suggested that we ought to have a uniform national wage scale. So that you would—for example on the problem you mentioned of aircraft mechanics—you would determine the national average.

I remember in 1969, when he raised that, he used an illustration of pay in Alaska. If you establish a national average for the aircraft mechanic, how do you get them in Alaska or in Hawaii if you don't take the very highest? And, if you take the very highest, the pay of aircraft mechanics in Florida or in North Carolina would have to be increased very arbitrarily, it seems to me, to a much higher scale than they are now working for.

But nowhere through our Federal system do I know that pay is any way related to the productivity.

So what we have here is, in a sense, an imperfect system, but one that has worked a long time with a great deal of problems and imperfections in it.

I want to commend the gentleman from Florida. It was so obvious to me, in his colloquy, that he sees that if, on top of the so-called imperfect system we have now, that you put the cost of living recommended to us this morning, or even the 10 steps that have been recommended, that you are providing something over and above the basic philosophy of the prevailing system.

As I commented earlier to one of the witnesses, it seems to me they are asking for the best of all of the systems.

So, it won't be long before the classifieds will be saying, give us our basic pay and our 10 steps, but now that the prevailing wages have gone up in certain areas, we ought to have a system that will pass that way.

So, you have to be careful in departing from your basic philosophy.

I must admit that in the drafting of the bill that passed the House last year that provided the two additional steps, I was certainly departing basically from the three-step provisions of the prevailing wage system in at least attempting to recognize that some reward ought to be given to the employee in the wage board category that stays with the Government job.

In my opinion—once Congress said we are going to have comparability, and continued to maintain a 10-step premium on top of comparability—the Government has gotten that side out of kilter and that the 10 steps ought to be somewhat reduced.

I feel like talking in theory that once you pay the Federal employees comparability, comparing them to what the private sector pays, that the 10 steps for longevity is too much of a premium to pay for them to stay on the job. And I realize that when you start to take anything away from a Federal employee, you begin to get into at least political trouble, if nothing else.

So you can see that it is very easy for the employee organizations to propose the 10 steps in the prevailing system. I think that we not only have to be careful about what our own philosophy is, but we have to be careful about the budgetary impacts, and what the President would do to a bill that had the 10 steps in it, because of the cost.

Mr. CHAPPELL. Mr. Chairman, I just think the best place to test that which is right and proper on the price of commodities or labor, or what-have-you, is in the free marketplace.

Lots of times, as all of us know, it is not quite as free as it looks. We don't have the true principles of supply and demand always working like they should work. But somehow we have to keep plugging away at the laws and legislation to keep that marketplace free and the competition there.

The comparability concept takes a good balance, and that was the area I was trying to explore a little bit.

Thank you.

Mr. HENDERSON. The subcommittee stands adjourned until tomorrow morning at 9:30, when we hear from the Assistant Secretary of Defense, Roger Kelley.

(Whereupon, at 11:50 a.m., the subcommittee was adjourned to reconvene at 9:30 a.m. the following day, Wednesday, May 12, 1971.)

(The statement which follows was submitted for the record by Mr. Paterno:)

STATEMENT BY JACK H. REAGOR, VICE PRESIDENT, WAGE BOARD OF THE
ASSOCIATION OF CIVILIAN TECHNICIANS

This Association believes more or additional step increases for Coordinated Federal Wage System (CFWS) employees is a realistic request. We support the 10 steps in 4% increments. This will provide the wage employees with the same degree of equity as is now given the General Schedule employee. Military and postal people have 12 steps. Private industry such as airlines has more than the present three steps offered the wage employee. Loyalty and experience are a valuable asset to any employer. I work with aircraft mechanics that have been the same grade and step for 16 years. These people are highly qualified and should be advanced but there are not advancement openings for every one. The addition of steps to the grade will show that the employer is interested in continued service by the employee.

This Association supports a percentage of shift differential that is of a National Standard rather than a variance throughout the wage areas. Present

figures of shift differential vary from six cents per hour in Albany, Georgia, to 64 cents at Biloxi, Mississippi. Often an area bordering another area will be completely out of any reasonable comparison. Biloxi, Mississippi as compared to other Mississippi areas of 12-15 cents is an example. Seattle, Washington with a shift differential of 54 cents per hour as compared with Spokane, Washington at 12 cents per hour is an example. We ask for a standard of 10% for the hours of 6:00 p.m. until 6:00 a.m. as is now the procedure for governmental general schedule employees.

This Association emphatically agrees that reaffirmation of The Monroney Amendment is in order. We are hopeful that this committee will add, into law, some guidelines and clarification of area qualification for application of Section 4 of PL 90-560. The Comptroller General's decision is for an area to qualify for application of the out of area survey there must be 1,000 persons working in one dominant industry that is not surveyable in the area or 25% of the entire CFWS employees working in the area must work in one dominant industry not surveyed within the area. I feel, however, this was not the full intent of the law. It helps the large area but ignores small areas. We have learned that part time and temporary employees are also included either for or against the area, depending on what fields they are employed. In Montana a count was made of CFWS employees.

Thirty-six percent were part time or temporary workers. It becomes impossible to find a remainder in one dominant industry. It is also possible to have 45% of the CFWS employees in two dominant industries (aircraft and missile) and yet not qualify to go out of the area. A few areas have qualified and have done well such as Oklahoma City, Macon, Georgia, and Utah. These are large areas of over 1,000 employees working in aircraft as a dominant industry so they qualify but the smaller areas by a vast majority do not qualify. So far none in the northwestern part of the United States has made it and yet the workers are compared with smelter workers, trailer manufacturers and menial jobs that in no way compare to their actual job assignment. This Association asks that new guidelines be laid down which will be fair to CFWS employees. The National Wage Policy Committee could make such a recommendation but will not. This is why we need a law. One solution would be to state what constitutes significant employment in terms of numbers, i.e., if there are 50 employees in that dominant industry and it is not surveyable within the area, that dominant industry will qualify and out of area rates established for all persons employed in that dominant industry within the given area. Another possible solution will be discussed later.

This Association requests another addition to any wage reform bill that passes this committee. This is a standardization of over time pay for CFWS employees. National Guard Technicians are excluded from overtime pay by PL 90-486. I believe there are a few other groups of CFWS employees that are in such a status. We cannot concur with this when other DOD employees including our counterpart, The Reserve Technicians are authorized this benefit. Wage board pay scales are supposedly equitable for all CFWS employees but if overtime pay is not allowed to some, the system is not equal. Also the employee that is granted compensatory time rather than overtime is not drawing shift differential and may therefore not even be compensated as well as during regular working hours. DOD wage people have mentioned that area pay scales take such benefits into consideration to some degree. This is a simple inequity that should be rectified.

Recently the National Guard Bureau sent a TWX message to ADC field units that permitted management to authorize the expenditure of additional man-hours in an overtime status at the same rate of hourly pay that is paid during the normal work week. To my knowledge this is not authorized in law but whether it is or not, those technicians that do work 50 or 60 hours per week are losing because they do not accumulate additional sick leave or annual leave for the additional time worked. If it is not within your prerogative to add the National Guard employee to the list of other DOD employees receiving overtime pay, this Association would then ask that the compensatory time now authorized in PL 90-486 be at a rate of 1½ hours off for each hour worked in overtime status.

While this Association agrees that additional step increases, standardized shift differential and reaffirmation, with clarification of the Monroney Amendment are of an immediate need to CFWS employees. We believe that the main issue is being evaded. The problem is this, "we are not receiving proper surveys in many areas". There are approximately 140 wage areas, each of which, conducts some sort of survey annually. A complete thorough one is required every

other year now as a full scale survey. Personnel assigned the duty to perform and conduct these surveys do it as an additional duty, not as full time wage survey experts.

In many areas it is time consuming and either the individuals neglect their full time jobs or the survey duties. The end results may be proven by a look at the various wage area pay scales. For example: A machinist at Orlando, Florida earns \$37.60 per week (94 cents an hour) less than an equal graded machinist 30 miles away at Cocoa Beach, Florida. These two areas touch each other and are separated by a county line. The extremes become more evident with distance. The machinist in Las Vegas, Nevada earns \$72.00 per week (1.80 per hour) more than an equal graded machinist at Portland, Maine. We are comparing like type work but what about retirement and insurance, GS or military do not have this variance. Alaska to Puerto Rico are absolute extremes but not a realistic comparison. Is this equal pay for equal work? This would be somewhat understandable if you could equate these, and other area scales with the area cost of living index. But you cannot. Figures, for the most part are based on "what do we have to pay to keep the CFWS employee in this area". Consequently the area having industry and much union pressure will be the one with the high pay scale. How can such problems be resolved? This Association believes that a true reform bill would reform the present unfair system to a realistic pay system. The following changes would be a start—

(a) Reduction of the number of wage areas from the present figure to a maximum of 15. This will prove to be economical by reduction of 140 surveys to 15 per year. It will relieve lead agency personnel to perform their full time assigned duties. We believe management would find this recommendation quite acceptable. How to divide the country into 15 areas would pose little problem. One solution that may be considered would be the Civil Service regions with the addition of certain special areas such as Mt. Charleston, Nevada. Presently, Florida has eight different wage areas. Is this reasonable?

(b) An office should be established in each of the areas having full time employees for the purpose of conducting the area survey, keeping track of CFWS employees within the area as to number and duty assignment and to serve as experts in wage questions and problems. This would be an expense, but a justifiable expenditure. We believe it would give both management and labor a centralized location to consider wage problems of the area. We know that it would be proper to have the various associations and unions of the area assist and coordinate in the accomplishment of the area survey and ask that this be included.

(c) Establish the criteria of "jobs to be surveyed" on those performed by the CFWS employed in the area. Present procedures are to survey a representative group of occupations which include: Janitor (light), Janitor, Labor, Labor (heavy), Packer, Helper (trades), Warehouseman, Fork Lift Operator, Truck Driver (light), Truck Driver (medium), Truck Driver (heavy), Carpenter, Painter, Electrician, Auto Mechanic, Diesel Mechanic, Sheet Metal Worker, Pipefitter, Welder, Machinist, Tool and Die and Gage, and Pattern Maker.

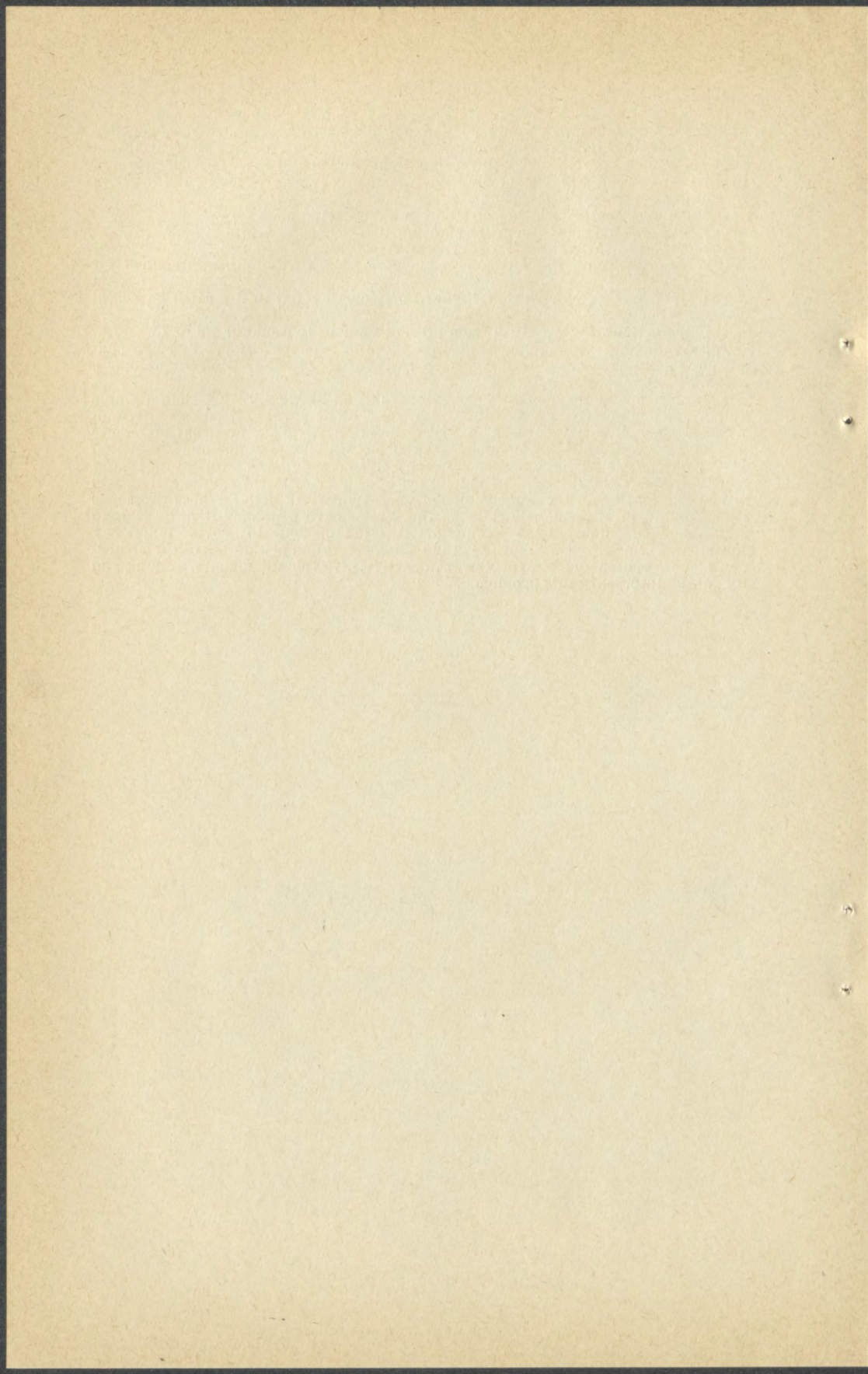
These are the occupations that are normally surveyed. (Unless there are not any within the area in private sectors.) The Monroney Rider was supposed to take care of the problem of additional job categories not covered in the above list. Criteria established by the Civil Service Commission based on the Comptroller General's decision, has for all practical purposes ruled out any consideration to well over 50% of the nation for consideration of going out of the area. A few additional occupations may be surveyed if there are significant CFWS employees in that work. The word significant has not been defined in terms of numbers or percentage. The above list in no way includes aircraft, missiles, weapons, electronics or radar technicians. Further the industries surveyed in many areas are not involved in these particular types of work, nor is the CFWS worker. How many areas have pattern makers in large number. However, the CFWS workers are compared with the above list of jobs.

The fallacy of this system may be seen by study of the aircraft field. A check of largest airline contracts show that an average A&P airline mechanic earns \$5.28 per hour. A WG 10, step 3, is the comparable CFWS employee by grade and experience. The average of all areas in the United States including Alaska (\$7.00 plus per hour) and Puerto Rico (\$2.77 per hour) for the WG 10-3 is \$4.41 per hour. This is over \$1,600 per year less. Other trades are even more ridiculous but Civil Service policy forbids surveying contracts because they are part time workers. This does not make sense because they use the part time government employees in their count against an area qualifying for out of area survey. In

this day of computers it would not be too difficult to survey every occupation. If the dominant industry positions of the CFWS employees were surveyed and pay scales derived from that information, I sincerely believe you gentlemen would receive fewer complaints from the CFWS people that you represent if the above recommendations were implemented.

In summary the Association of Civilian Technicians asks for—

- (a) Increase of the within grade steps to 10.
- (b) Standardization of shift differential to 10%.
- (c) Reaffirmation of the Monroney Amendment with definite guide lines for application.
- (d) Overtime pay for National Guard employees equal to the rates now paid other DOD employees.
- (e) Reduction of wage areas from present number to a maximum of 15.
- (f) Establishment of a full time wage office in each area that will be responsible to make area wage surveys, keep track of numbers of CFWS employees, and answer area wage problems.
- (g) Assure that surveys are based on actual job likeness, rather than a single list of representative jobs for all employees. Too often unions do not agree on what is needed or we move in different directions with an eventual stalemate leaving the workers that we represent with nothing. This is not our intent and if a transition as we have proposed is too extreme, we do not want to delay any benefit to the deserving CFWS employees of this country. We do ask that you give consideration to these recommendations. I sincerely believe these proposals would establish effective solutions to the wage board problems such as how to administer The Monroney Amendment, what can be done to provide equal pay for equal work, why has the wage grade employee fallen behind his other government counterparts and what would it take to resolve this dilemma. We thank you for taking interest in this problem.



WAGE BOARD PAY LEGISLATION

WEDNESDAY, MAY 12, 1971

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

The subcommittee met at 9:50 a.m., in room 210, Cannon 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 consideration of legislation for the Federal Government's 750,000 wage board employees. In the past several days we have heard from the Chairman of the Civil Service Commission and the heads of several employee organizations.

Today I am happy to welcome the Assistant Secretary of Defense for Manpower, Hon. Roger T. Kelley, and members of his staff. Secretary Kelley will be followed by Mr. John McCart, operations director, Government Employees Council, AFL-CIO.

Mr. Secretary, we are glad to have you this morning, and you go right ahead and introduce your associates and proceed as you like.

STATEMENT OF HON. ROGER T. KELLEY, ASSISTANT SECRETARY OF DEFENSE (MANPOWER AND RESERVE AFFAIRS)

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

With me, on my right Mr. Carl Clewlow, who is Deputy Assistant Secretary of Defense for Civilian Personnel Policy; next to him, Mr. William Valdes, Staff Director, Office of Civilian Personnel Policy; and on my left, Mr. Raymond Braitsch, who is Chief, Technical Staff, Department of Defense Wage Fixing Authority.

Mr. HENDERSON. I welcome you, gentlemen.

Mr. KELLY. Mr. Chairman, gentlemen, I appreciate the opportunity to appear before this committee to present the views of the Department of Defense on H.R. 2164, H.R. 7691, and related matters. The Department of Defense has over 400,000 U.S. citizen wage employees paid from appropriated funds, approximately 80 percent of the Federal Government's blue-collar 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 \$3.5 billion. Any legislation affecting this large and important segment of our civilian workforce is necessarily a matter of major concern to us.

Chairman Hampton has provided comprehensive testimony to this committee on the Civil Service Commission's view on blue-collar wage legislation. We wish to align the Department of Defense with the type of wage program he has proposed for this committee's consideration in H.R. 7691.

Many negative things have been alleged to the Department of Defense about its views on the several wage bills considered by the 91st Congress. Let me set the record straight. The Department of Defense favors appropriate pay raises for all of its members, including, of course, blue-collar employees. Further, the record is that blue-collar employees have not been neglected in respect to pay raises.

Every week of the year we are approving appropriate, and in many cases, large increases in pay for these employees through the operation of the coordinated Federal wage system. The average increase was 9.2 percent in fiscal year 1969; 8.0 percent in fiscal year 1970; and through December 1970, the rates advanced at the projected annual average of 8.0 percent. These increases reflect the general advance of industrial wages in the overall number of coordinated Federal wage system wage areas as well as the influence of different survey specifications and changes in the treatment of statistical data under the coordinated Federal wage system. Except for the influence of the "Monroney amendment" in the several areas involved, we consider that these rate advancements are fully warranted and properly reflect prevailing rates.

U.S. industry wage gains have generally advanced faster than the Consumer Price Index (CPI). The coordinated Federal wage system results to date reflect this in that the cumulative average increases of 25 percent have almost been double the CPI advance of 13½ percent from July 1968 through December 1970. "All-industry" wage gains reported by the Bureau of National Affairs (BNA) for calendar year 1970, based on over 2,800 labor agreement settlements, averaged 27.7 cents an hour. The coordinated Federal wage system increases for the same period averaged approximately 30 cents an hour. This gain for Federal blue-collar employees is all the more favorable when you consider that the all-industry figure includes construction and printing and publishing industry groupings which are excluded from the coordinated Federal wage system surveys and which individually reported higher average increases than the all-industry amount.

Substantial wage increases, not included in the percentage increases for these 3 fiscal years, were received by certain groups of wage employees. Laundry, food service, and custodial employees, previously paid rates oriented to these industries, were placed on the regular wage schedules by special authorizations associated with the coordinated Federal wage system. Employees in Chicago, for example, who had been paid from laundry schedules received an average increase of 83.8 cents per hour, or 38.7 percent. Many employees received increases over \$1 per hour. Another example of extra wage gains resulted from the elimination of smaller wage areas because of the fewer number of areas under the coordinated Federal wage system. Almost 200 wage employees of Whiteman Air Force Base were placed on the Kansas City wage area schedule when the coordinated Federal wage system was implemented in 1970 and the former Warrensburg-Sedalia, Mo., wage area was abolished. The average increase accruing to these Air

Force employees in this single action was 25.5 percent, 83 cents an hour. Employees in Kansas City proper got a 15-percent increase. Similar adjustments occurred from other area changes.

In certain areas there have been dramatic increases. From July 1968 through December 1970, significant increases resulted for the following areas:

Area	Percentage	Cents per hour
Champaign-Urbana, Ill.....	39	\$1.44
San Francisco, Calif.....	25	.97
Topeka, Kans.....	38	.93
Cocoa Beach, Fla.....	30	1.19

Even the lowest paying areas received fair adjustments—Montgomery, Ala., received increases totaling 16 percent, \$1.46 per hour; and Orlando, Fla., received a 20 percent average increase, \$1.63, through the 2½-year period. None of these six areas qualified for the so-called “Monroney” rates which import wage data gathered from outside the basic wage area in disregard of the prevailing rate principle.

H.R. 2164 has certain principles with which we are in accord. We agree that there should be equal pay for substantially equal work; that the system should provide relative differences in pay when there are recognizable differences in duties, responsibilities, and qualification requirements among positions; that the level of nonsupervisory rates of pay should be maintained in line with prevailing levels of comparable work; and that the level of rates of pay should be maintained to attract and retain qualified employees. These same principles are the basis for the coordinated Federal wage system now in effect.

There are however, a number of provisions which we believe to be contrary to acceptable wage administration practices or which are in conflict with the prevailing rate principle.

First, the bill provides for two additional step rates for each grade of the wage schedule. We object to this proposal because it would have the effect of escalating rates well above the appropriate local prevailing rates. I call your attention to the following extract from Bureau of Labor Statistics Bulletin 1660.91 (1969-70) which shows the extent of single rate pay plans in industry:

[In percent]

Labor market area	Based on number of employees in firms with formal rate policies paying single rates	
	All industries	Manufacturing ¹
Philadelphia, Pa.....	55	57
Pittsburgh, Pa.....	68	83
Louisville, Ky.....	69	73
Memphis, Tenn.....	80	93
Richmond, Va.....	72	86
Savannah, Ga.....	79	88
Minneapolis-St. Paul, Minn.....	66	69
Portland, Oreg.....	70	74
San Francisco-Oakland, Calif.....	82	94
Spokane, Wash.....	90	96

¹ Separate data for other individual industries not available.

You will note from this table that the prevailing practice is to pay nonsupervisory trade and craft employees single rates. Add to these single rate data the firms paying two or three rates, and it is clear by any measurement that the present three-step plan of the Federal Government is on the liberal side of industry practice.

The number of step rates and the amounts of the increment between step rates established for the coordinated Federal wage system are a reasonable reflection of these findings on industrial pay practices. The majority of Federal blue-collar employees (76 percent) have advanced to the third or top step of the grade they occupy, which places them 4 percent above the second-step rate established in the coordinated Federal wage system as the prevailing rate. The proposed five-step plan similarly designates the second step as the prevailing rate. This means that those in these proposed higher rates would be paid above the prevailing rate—the greater the number of wage steps, the greater the difference between the prevailing rate and the rate paid. Some industries have rate ranges, but our surveys reveal that employees don't cluster around the central point of the ranges. Rather, over a period of time, they tend to ascend to the top step. This results in these top rates being used to develop the prevailing or second-step rate in the Government's step plan. **It is clear, therefore, that the present pay system is generous, and any extra steps would raise Government rates substantially above prevailing industry rates.**

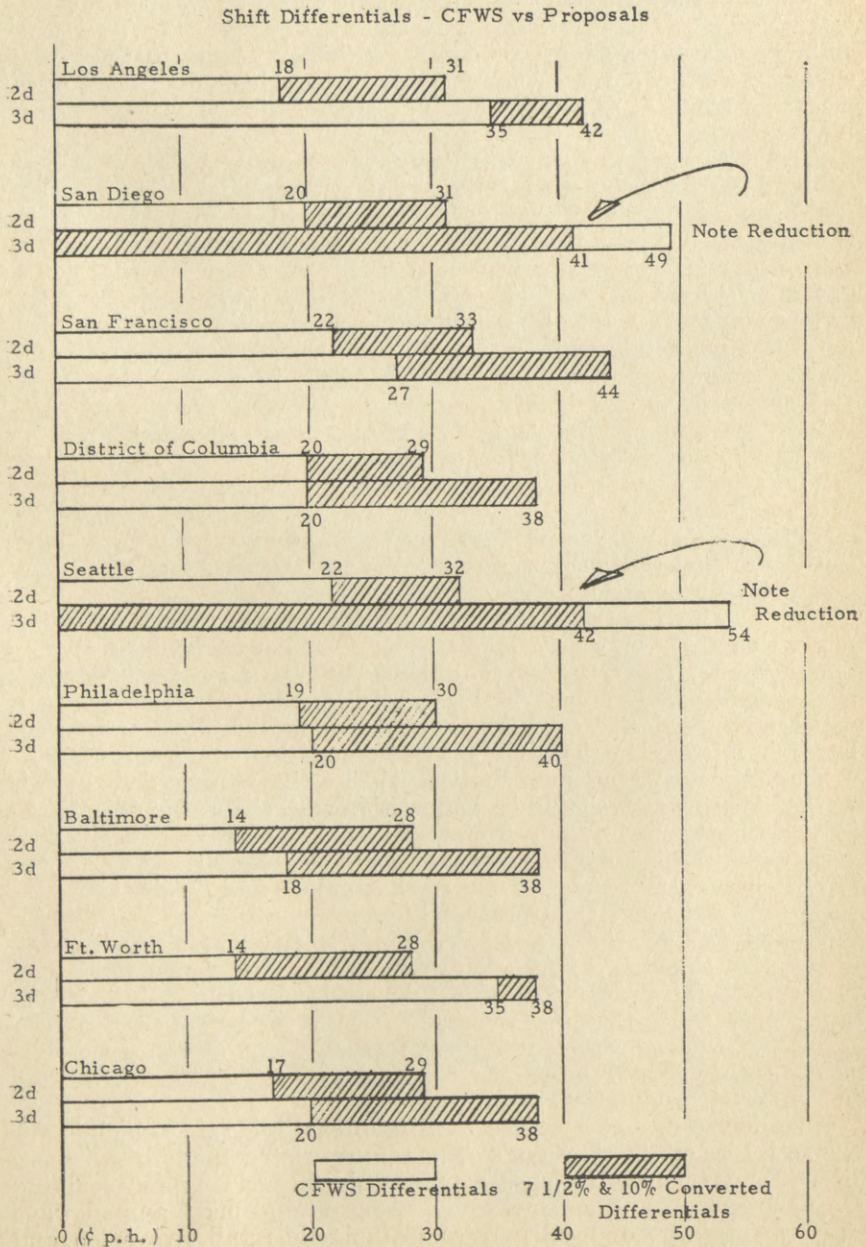
In summary, the bill would have the effect of paying the majority of wage employees at 12 percent above prevailing rates. These higher rates would be added to the increases above locally prevailing rates now required by the so-called Monroney amendment. As you know, this statutory provision requires that a Federal activity go outside its locality, sometimes as far as a thousand miles, to pick up higher wage rates for certain jobs even though there are adequate wage data available in the area. The Monroney amendment has no fundamental support in industry practice and has proved to be extremely difficult to apply and administer. Its annual cost of over \$60 million is unwarranted. There is absolutely no proper basis to add to this the cost of additional step rates not reflective of industry practice.

Second, the bill proposes payment of nationwide percentage differentials for nightwork: 7½ percent for the second shift and 10 percent for the third shift. This is a departure from practices prevailing in industry for trades, crafts, and laboring occupations, and we oppose it for that reason. The prevailing practice is to pay a flat cents per hour rather than a percentage amount as a shift differential. General Accounting Office rulings have decreed that shift differentials, when paid under the wage system, are a part of basic pay and serve to establish overtime payments, influence life insurance coverage for appropriate periods, and are the basis for retirement deductions. Because of these fundamental relationships with basic pay, differentials should be determined within each wage area according to the practices of the industries that supply basic rate data.

The following listing of several wage areas identifies the shift differentials established by the coordinated Federal wage system survey method. For ease of comparison, 7½-percent and 10-percent differential amounts have been calculated based on the coordinated Federal wage system grade 7, step 2, rate for the respective areas. This presen-

tation clearly shows the distortion that would result from a disregard of private industry practices in these areas.

Mr. Chairman and gentlemen, the exhibit shows in the shaded portion the result if the $7\frac{1}{2}$ -percent and 10-percent shift differential equation was used; and unshaded, the result if there was a continuance of



the present equation of the coordinated Federal wage system. You will note that in the majority of cases, the 7½- and 10-percent formula would result in higher shift differentials. However, in two cases, San Diego and Seattle, it would result in a reduction. In other words, less than the prevailing practice for shift differentials in those areas.

Let me address briefly two of the charges made against the existing coordinated Federal wage system. First, it has been claimed that the wage employees have suffered by comparison with general schedule employees in pay matters. Chairman Hampton's testimony gave clear evidence that the wage index advance for blue-collar employees, measured from the mid-1940's has been greater than for general schedule employees.

Second, the status of wage employees is sometimes described as dead end and lacking promotional opportunity. However, a large percentage of the nonsupervisors can reach the top levels of the 15-grade position structure. A total of 41 percent of the Department of Defense wage-grade employees are in grades WG-10 through WG-15, which pay, on the average, is \$9,000 to \$11,000. Advancement opportunities are provided too, by the separate leader and supervisor position categories, which total 46,000 employees, 12 percent of the coordinated Federal wage system wage employee strength. Salary levels for these two categories progress to approximately \$21,000. Many wage employees are promoted to general schedule positions which draw on their trade and craft knowledges.

I now wish to address the subject of the wage system for employees of nonappropriated fund activities. These activities, at the direction of Congress, must be largely sustained by their own revenues, and have as their purpose the provision of morale, welfare, and recreation programs for the Armed Forces.

The requirement that these funds be essentially self-sustaining places them in a different category from other governmental activities that are paid from funds appropriated by the Congress. Congress recognized this difference in title 5, United States Code, 2105(c), which exempted these nonappropriated funds employees from all laws administered by the Civil Service Commission.

Employees working in activities paid by these funds deserve fair wages. Those wages should be competitive with the wages paid in the private sector for comparable work, such as in retail stores or restaurants. This wage principle is fair to the employees and fair to the servicemen who pay the cost of these goods and services.

H.R. 2164, under consideration by this committee, would require these activities of nonappropriated funds to pay wages considerably in excess of those paid in the private sector. This neither is warranted in terms of fair wages for the employees involved, nor is it fair to servicemen. Since Congress requires the activities supported by these funds to be largely self-sustaining, it should not at the same time saddle them with a requirement to pay wages above those prevailing in counterpart industries.

In order to systematize the locality prevailing rate principle for the activities of the thousands of nonappropriated funds in existence in the Department of Defense, we are establishing a single wage fixing authority which will conduct annual surveys and make annual wage adjustments based on locality rates in wholesale, retail, recreation, and service activities. Legislation is not needed for this to happen.

If Congress feels it is necessary to address this subject, I recommend that it do so by enacting legislation which will require the Secretary of Defense and the Administrator of the Veterans' Administration to maintain rates of pay for fund activities that are based on rates paid for comparable positions in retail, wholesale, recreational, and service activities in the locality in the private sector. However, it would be neither necessary nor helpful to include the implementing procedures in the law.

According to the preliminary estimates of the effect of the wage adjustments that would result from the bill pending before this committee, it would be necessary to increase prices in all revenue-producing activities from 7 to 10 percent to pay for the increased wages. While justified price increases are unavoidable, it is not fair to servicemen to require these price increases in order to fund unwarranted pay increases. If this bill was to be enacted, the military serviceman would bear the burden of the cost of higher-than-market wages.

In summary, Mr. Chairman and gentlemen, there is in operation today an effective and fair system of pay administration for the wage employees of the Government:

They are not the "forgotten employees of Government and they have been receiving regular annual pay increases. Wage employees received annual pay adjustments for many years before provisions for annual adjustments were made for employees paid under the Classification Act, and, in fact, the wage index gain for blue-collar employees has been greater than for general schedule employees.

Their pay increases have far exceeded the rise in the Consumer Price Index and average increases in private industry. During the past 2 fiscal years, and so far in fiscal year 1971, wage employees covered by schedules issued by the Coordinated Federal Wage System have received average pay increases totaling approximately 25 percent.

They receive nightwork differentials in all wage areas and these differentials are based on industry practice in their respective areas. The proposal to establish in law standard percentage differentials departs from the principle of locality prevailing rates and distorts wages.

The three-step pay plan under which Federal wage employees are now paid conforms with or exceeds prevailing industry practice with regard to the number of step rates. The proposal to add additional steps is unwarranted, costly, and inflationary.

Pay rates for blue-collar employees are based upon a broadly representative sampling of private industry wages.

Proposals that would require nonappropriated fund activities, which Congress has required to be self-sustaining, to pay rates to their employees in excess of rates paid by counterpart activities in the private sector are unsound and unfair to the servicemen who must pay the bills.

In light of these facts, it is apparent that many of the features of the bill under consideration by this committee are destructive of the sound principle of paying wage employees locality prevailing rates. Such a system, based on locality prevailing rates, is fair to the employee, to the employer, and to the taxpayer.

The Chairman of the Civil Service Commission has offered for this committee's consideration a bill which would clearly express legislative policy and provide a broad framework of sound pay policies and

principles for administration of a locality prevailing rate system. We support this legislation as a reasonable statutory base for the system although we regret that it would continue the current Monroney amendment provisions.

As the Government's largest employer of blue-collar employees, we have an important stake in paying fair, competitive wages to our over 400,000 blue-collar employees. We need to do this in order to attract and retain competent employees and to be fair to our employees. We should not, however, operate under a wage system which would force the Department of Defense to pay rates above those prevailing in private industry, and thus cause a wage-push inflation in the communities in which we are substantial employers.

I hope that Congress will enact legislation that is based upon the sound principle of prevailing rates and that will provide a workable set of wage policies that are fair to employees and to the public.

I appreciate the opportunity the committee has provided me to present the views of the Department of Defense on this important legislation and I will be glad to answer any questions you may have concerning our position on the issues involved.

Mr. HENDERSON. Thank you very much, Mr. Secretary.

I want to take the opportunity first to acknowledge for the record that, in my opinion, and from our experience working together, you are performing in your position in a fine manner. Certainly the cooperation that we received from you and your associates, some of whom are here today, is just the best that I have experienced in my 11 years in the Congress, and I commend you and your associates for the very fine cooperation that you have accorded to us, and especially to our subcommittee staff.

There is one point in your statement that gives me a great deal of concern because I am afraid that there is some misunderstanding, and I refer to page 11 and the top of page 12. In the beginning of the second full paragraph, or perhaps the third paragraph on that page, when you say H.R. 2164 would require these activities of nonappropriated funds to pay wages considerably in excess of those paid in the private sector. The bill referred to is the bill I introduced this year and which was identical to the bill that passed the House last year and provides for what we refer to as the local area survey for nonappropriated fund activities.

Now the other bills that have been introduced and the bill that passed the Senate and House last year had a wider survey area requirement, and I believe that your statement with regard to those bills would be a proper one. But I wanted to be sure that either my understanding or your understanding, that we are on point here. You may want to consult with your associates on this point.

Mr. KELLEY. Mr. Chairman, I think your point is well taken, and I think the record should show that our statement in the last complete paragraph on page 11 is an overstatement viewed in the context of H.R. 2164.

What I wish to convey with respect to that point is that wages paid to employees of nonappropriated fund activities should be based upon job and rate comparisons made in localities so that like jobs are compared with like jobs. And I am not at all sure that there is anything implied in your bill which contains that disability, and therefore we stand corrected.

Mr. HENDERSON. Yes, this was my intent, and as I understood it, the intent of the legislation on this point last year. I would point out, in our conference report, paragraph 6 of the conference substitute is intended to authorize the establishment of a special wage schedule for nonappropriated fund employees, and if appropriate, to permit such special schedules to be based on special survey of rates paid to employees in retail, wholesale, service, and recreational establishments. They would not have been included in the regular wage board survey larger area.

And, specifically referring to the bill H.R. 2164, on page 8, in line 3, subsection 6, the language is for special rates and schedules including, but not limited to, supervisory schedules and industry oriented schedules, as appropriate, and, in the following paragraph 7, for equal rates of pay for the same work in the same local wage area.

So I think that you want to make the record clear, and I am very appreciative of your response on that point.

Mr. KELLEY. Mr. Chairman, on the same point we have prepared language anticipating the possibility of a question about the type of language we recommend for fixing of wage rates for employees of nonappropriated fund activities.

Mr. HENDERSON. This would be most helpful, Mr. Secretary.

Mr. KELLEY. May I read that language into the record?

Mr. HENDERSON. I would be delighted, sir.

Mr. KELLEY. All right, sir. I would suggest the following language:

After the semicolon at the end of section 5342(a)(2)(A), add "or";

After the semicolon at the end of section 5342(a)(2)(B), add "but not";

After the semicolon at the end of section 5342(a)(2)(C), delete "and" and add "or";

After section 5348 add a new section which would read as follows:

§ 5349. Employees of nonappropriated fund instrumentalities of armed forces and the Veterans' Administration Canteen Service

The pay of an employee of a nonappropriated fund instrumentality under the jurisdiction of the armed forces as defined in section 5342(a)(2)(C) of this title, when the instrumentality is located within the several States or the District of Columbia, and the pay of an employee of the Canteen Service, Veterans' Administration, as defined in section 5342(a)(2)(D) of this title, shall be fixed and adjusted by the Secretary of Defense or the Administrator of the Veterans' Administration for their respective employees, from time to time as nearly as is consistent with the public interest in accordance with prevailing rates determined by a survey of wages paid to employees in a representative number of retail, wholesale, service, and recreational establishments in the local area engaged in activities similar to those of the instrumentality or Canteen Service for which the survey is made.

Mr. HENDERSON. Thank you very much, sir. My reaction to that is it is a little more explicit, but has the same general intent of the bill that I introduced. I assure you we will very carefully consider the language if our basic decision is to stay on that point.

Now I would like to just take one other minute on the point that you made on page 12 where it will be necessary to increase prices in all revenue-producing activities from 7 to 10 percent to pay for the increased wages. It seems to me that I can make the argument that the increased pay could be deducted from the profits of a nonappropriated activity. In a certain way they are profits, and in most cases, if not

all, there are profits. But also, in fairness, I would hasten to point out that there could be a combination of price increases and a reduction of profits as a third alternative to the one you presented.

We are informed that at Fort Bragg, N.C., the post exchange, for fiscal year 1970, had net sales of \$29,777,226. The gross profits were \$7,016,489. The direct personnel costs were \$3,098,830, with other expenses of \$788,899, for a direct operating profit of \$3,128,760.

Now for a moment assume a 10-percent increase in labor cost as a result of legislation or an ordinary wage survey for the nonappropriated employees there. This 10 percent increase based on the direct personnel cost of that fiscal year would amount to \$309,883, which, if deducted from the profits of \$3,128,760, would leave a net profit of \$2,818,877. This is a case that was brought to our attention that I think would graphically substantiate the argument that I made that it all could be taken out of profits. And I might add that from my own study at Camp Lejeune, in my district, I think this would be possible.

So I just wanted to take exception with you on the statement that you made that it would be necessary—I can see that it would be necessary if your objective was to maintain the same profit levels as you have had, but it seems that that side of the coin is not too bad in your larger post exchange operations. And, of course, we are aware that you have many break-even operations, and you have many that are really on the spending side and are not tied with the profitmaking operation.

Mr. KELLEY. Well, Mr. Chairman, on that point there is no question that those nonappropriated fund activities which turn a good profit could reduce their profit by the amount of the increased cost of higher wages. To whatever extent this is done it, of course, reduces the capacity of nonappropriated fund activities to provide morale, welfare, and recreation programs for the men and women in our Armed Forces. This is the primary purpose of the nonappropriated fund activities, and I should not think, given the objectives of our time, that we would want to erode the capability of nonappropriated funds insofar as providing these activities are concerned.

Mr. HENDERSON. Well, let me say that I think your argument would be very applicable to those nonappropriated activities which are operated on a break-even basis. That is, that you attempt to not make a profit, but you do attempt to adjust the cost of the serviceman to offset the cost of the operation.

At this point, Mr. Secretary, I want to recognize that the briefing that you arranged for the subcommittee members earlier this week was most helpful to us. I doubt that there is anyone in the Nation that is now as aware of many facets and problems of your nonappropriated system in the Department of Defense as are you and your associates who have been so involved in this study in the last year.

My reaction to the briefing the other day was that it perhaps should have been on the record so that all of the Members of Congress could have the benefit of your study, and what you are attempting to do. It was most enlightening to me to see that there are many other problems in this area not related to pay which I feel will get attention as a result of the survey which was primarily made because of the pay problems that had been existing.

I would like to invite you and your associates before we close the record to present for inclusion in the record any paper that you would

like to present to us that was the basis of your briefing or that would clearly lay out the facets, not only as relate to pay, but by your own decision for other related problems. I think that the Congress would profit by a better understanding of this entire nonappropriated fund activity of the Defense Department.

Mr. KELLEY. Well, Mr. Chairman, we would very much like to present for the record such a written presentation.

(The following summary was submitted for the record:)

SUMMARY OF MAJOR RECOMMENDATIONS AND ACTIONS OF THE DoD
NONAPPROPRIATED FUNDS PERSONNEL STUDY GROUP

The Department of Defense Nonappropriated Funds Personnel Study Group, established by the direction of the Deputy Secretary of Defense and composed of representatives from each of the Services, the Office of the Secretary of Defense and the Army/Air Force Exchange Service, is in the process of completing its comprehensive analysis of compensation policies, and employment practices for nonappropriated fund employees. There are approximately 300,000 such employees, including dependents of U.S. military (active and retired), other U.S. citizens, foreign nationals and off-duty military, who are administered under 14 major separate and independent offices at the departmental level. Accordingly, there is a lack of uniformity in compensation and benefits provided NAF employees, and coordination of policies and procedures among these NAF administrators has been limited.

The members of the Study Group have consulted with each of the major NAF administrators, visited field installations of all Services, briefed commanders at the installation level on the mission of the group, field tested data collection instruments, reviewed findings with key personnel at the Secretarial level, and briefed major policy-making executive personnel at the departmental level. The recommendations of the Study Group are presently being staffed at the Secretarial levels of the military departments in the form of draft DoD Directives and a draft DoD NAF Personnel Policy Manual. If and when these recommendations are approved by the Secretary of Defense, then—

(a) The authority and responsibility for NAF personnel policy administration will be formally placed with the Assistant Secretary of Defense for Manpower and Reserve Affairs.

(b) A personnel system for all NAF employees will be established which, in many ways, will be comparable to the Civil Service system.

(c) A DoD NAF Salary and Wage Fixing Authority will be established directly under ASD(M&RA) to fix and adjust the compensation for NAF employees. Labor organizations will participate in data collection operations conducted at the locality level and will also participate in the review of wage schedules and other pertinent policy issues at the Office of the Secretary of Defense level.

(d) All nonappropriated fund employees will be placed into five standard employee categories, namely, regular full-time, regular part-time, temporary full-time, temporary part-time and intermittent employees.

(e) The so-called "fringe benefits" for regular full-time and regular part-time nonappropriated fund employees will be significantly improved. The provisions of selected Public Laws, Executive Orders and Departmental Directives pertaining specifically to Civil Service employees will be administratively extended to apply to NAF employees.

(f) A DoD NAF Personnel Policy Manual will be provided to the heads of DoD components to govern the administration and management of the NAF employees. This manual will include policies and selected procedures in the areas of employment; recruitment, selection, and placement; salary and wages; attendance and leave; employee-management relations; labor-management relations; personal services; retirement, insurance; and employment of NAF personnel in foreign areas.

During the course of its research and proceedings in order to establish and promote a viable personnel management system for NAF employees in the Department of Defense, the Study Group has taken a world-wide census of NAFs. This first world-wide census (except for the Republic of Viet Nam) discloses—the name of the fund; the type of fund (exchange, club, mess, special service, or miscellaneous/sundry); location and major command; characteristics of the work force; activities in which employees work; hourly wage rates; employee

eligibility for and participation in benefit programs; employee separations; financial data indicating the financial condition of each fund, i.e., income and expense data, net gain (loss) from operations and total sales of contractor-concessionaires; individual NAF employee data indicating personal data, employment status and eligibility-participation in certain benefit programs; and the number of private associations which operate on military installations which are not Federal instrumentalities (as are nonappropriated funds).

In addition, the Study Group has provided the ASD (M&RA) with a broad outline of the program needed to implement the DoD NAF Salary and Wage Fixing Authority and a general plan required to install the DoD NAF Personnel Management System. This latter includes the development of a reporting system, the standardization of NAF personnel forms, the establishment of a career development program and the institution of a DoD NAF ad hoc committee on Retirement and Insurance.

May I add to your comments this? In my initial appearance before your subcommittee in the fall of 1969 you certainly increased my consciousness to the seriousness of the problem related to nonappropriated fund activities, both with respect to wage administration and personnel practices, generally.

I told you at that time that we would undertake a study to, first of all, identify what these problems were, and use that study as a basis for restructuring our wage determination practices and our personnel practices within nonappropriated fund activities. Your subcommittee can take primary credit for giving us the incentive, if you please, needed to get this subject off the ground.

Looking back on the record, there is no question that this is an important area that has too long been neglected. The nonappropriated fund program, as you know, involves several billion dollars and encompasses more than 7,000 separate activities both in this country and outside. Developing a practical personnel program, establishing viable personnel policies for activities as widely proliferated as these are is a difficult task.

We feel that chronologically the first thing we should do is get these wage anomalies into line because there is no justification for variances in pay practices such as you illustrated to us almost 2 years ago.

So we are appreciative of the encouragement received from your committee, and because of it we have made at least the first important step toward getting these problems within our grasp.

Mr. HENDERSON. Well, let me say that one of the most impressive things about the briefing was the very obvious concern and attention that you had given to the broad subject of personnel practices in nonappropriated fund activities, as well as the more narrow problem of pay. At the moment we are in this legislation just considering the pay problem, and I am sure that this is what motivated our subcommittee in the first instance; but it is quite obvious that you have discovered, through the study, a very definite need for improvement in personnel practices throughout nonappropriated fund activities, I think the employees themselves will find that implementation of the very obvious from your study will mean a great deal to them in addition to wages. And, of course, as we speak of benefits for them, I was impressed that certainly the fringe benefit area for nonappropriated fund activities merits attention, and I think it is very obvious that it will receive attention from you.

I would like to not only commend you for the efforts that you took personally to get the authority and the necessary money to make this study, but I would ask that you, at the first opportunity, pass

along our appreciation to Secretary Packard, who authorized this study. I am sure that when you have an opportunity to brief him on what the study has revealed he will recognize it was a very wise decision on his part.

You touched on one point that I want to just take a moment on, if the other members will bear with me. Referring to a summary as we have it of the nonappropriated fund wage survey conducted at Camp Lejeune, N.C. during the period September 30 to November 19, 1970, last year, I will ask unanimous consent that the subcommittee's brief be inserted in the record in full.

(The summary follows:)

SUMMARY OF NONAPPROPRIATED FUND WAGE SURVEY CONDUCTED AT CAMP LEJEUNE, NORTH CAROLINA DURING THE PERIOD SEPTEMBER 30-NOVEMBER 19, 1970

1. A 23 man committee was appointed on 30 September 1970 to conduct an area wage survey to provide a basis for the establishment/adjustment of a positional wage and salary schedule for nonappropriated fund employees at MCB, Camp Lejeune, and MCAS, New River, which would ensure that wages paid these employees conform, as nearly as is consistent with the public interest, with those of private establishments in the immediate vicinity. The last wage adjustment as a result of such survey was effective in January 1969.

2. The committee was headed by a colonel. It included representatives of the advisory groups and of the employees of nonappropriated fund activities at Camp Lejeune and New River, plus three Union observers.

3. The committee collected data on 54 jobs selected to represent a cross section of all the jobs existing within the nonappropriated fund activities. Eight of the bench mark jobs were receiving wages which were less than averages of similar community jobs. Survey of 93 local organizations disclosed that no jobs comparable to nonappropriated fund activity jobs existed in the local area for 17 of the 54 bench mark jobs. Wages paid nonappropriated fund employees averaged 17¢ per hour higher than the local community. Based on the foregoing information, the Executive Committee directly adjusted pay on the 8 jobs receiving less than the community average for those jobs. All schedules of wages were examined by the Executive Committee, a common positional salary and wage schedule was evolved, and adjustment within that schedule was made based upon the total findings of the committee. The total cost represented by adoption of the common schedules will be:

Marine Corps base:	Yearly increase ¹
Marine Corps exchange-----	\$7, 896
Special services-----	3, 924
COM (open)-----	9, 696
Staff NCO Club-----	13, 344
NCO Club-----	10, 020
Total Marine Corps base-----	44, 880
Marine Corps air station:	
Marine Corps exchange-----	84
Special services-----	2, 964
COM (open)-----	
Total, Marine Corps air station-----	3, 048

¹ Figures rounded.

4. The procedures used for this survey were approximately as follows:

(a) The committee concluded that the survey would be restricted to the Jacksonville, North Carolina, area (Onslow County) unless dictates of adequate job survey coverage predicated inclusion of jobs/organizations out to a 50-mile radius of Camp Lejeune.

(b) A letter signed by the Senior Member was mailed to 104 organizations on 6 October 1970, requesting their participation in the survey. The list of prospective organizations had been compiled by an executive committee. On 12 and

13 October 1970 telephone calls were made to the same organizations to determine those which would agree to participate and establish appointments for a meeting with data collectors.

(c) Data collection was accomplished between 14 October and 4 November 1970. During the same period and an executive committee worked at compiling data and common ground rules which would be applied to arrive at conclusions. This included assignment of codes to participating organizations, determination of common job titles, computation of weighted averages for bench mark jobs and for all nonappropriated fund activity jobs to be used as working documents in the final adjustment of wages.

(d) Upon completion of the survey on 19 November 1970, the Senior Member submitted a formal report with recommendations to the Commanding General. On 25 November 1970, the Commanding General approved the recommendations which will cause pay adjustments in amounts totalling those indicated in paragraph 3 above.

Mr. HENDERSON. Without taking too much time, I want to read from the third paragraph, Mr. Secretary. It says:

The committee collected data on 54 jobs selected to represent a cross section of all the jobs existing within the nonappropriated fund activities. Eight of the bench mark jobs were receiving wages which were less than averages of similar community jobs. Survey of 93 local organizations disclosed that no jobs comparable to nonappropriated fund activity jobs existed in the local area for 17 of the 54 bench mark jobs. Wages paid nonappropriated fund employees averaged 17 cents per hour higher than the local community. Based on the foregoing information the Executive Committee directly adjusted pay on the 8 jobs receiving less than the community average for those jobs. All schedules of wages were examined by the Executive Committee, a common positional salary and wage schedule was evolved, and adjustment within that schedule was made based upon the total findings of the committee.

Then it goes on to give the yearly increase both to the Marine Corps Base and the Marine Corps Air Station which were surveyed.

Then, under paragraph 4 where it says "The procedures used for this survey were approximately as follows," I would want to read just subparagraph (a):

The committee concluded that the survey would be restricted to the Jacksonville, North Carolina area (Onslow County) unless dictates of adequate job survey coverage predicated inclusion of jobs/organizations out to a 50-mile radius of Camp Lejeune.

This makes a point that it was a local area survey.

Most interesting to me was that very clearly eight of the bench mark jobs which were receiving wages less were brought up to the prevailing wages. Also, I would note, that there were generally wages averaging 17 cents an hour higher than the local community. I would assume with the operation of the system that, in time, we would have both the adjustment downward of those found above, and clearly by the statement here those below were brought up. And the yearly increases in the Marine Corps base and the exchange, special services, the clubs and messes, et cetera, are identified, but, of course, we don't have identified any savings that might result in determination that the wages were above the community.

But I think it is well to point out that if a survey worked as we all envision it, irrespective of the question about the area, that it would work both ways in that it would bring those that are not being paid prevailing rates up to the prevailing rates, and certainly, as responsible Members of Congress to the taxpayers, if we believe in that system we have got to admit in those cases where the pay exceeds the local area that there will be adjustments. And, it is our understanding that where

those adjustments are required that some softening of the impact is done through the system, which is commendable, it seems to me.

I just wanted to cite one other instance, Mr. Secretary, that has come to the subcommittee's attention recently. That is the problem at Fort Lee of the blue-collar workers in the nonappropriated pay schedules. We have the example of a journeyman refrigeration mechanic in the nonappropriated funds receiving \$3.01 to \$3.42 per hour, while at Fort Lee an appropriated employee refrigeration mechanic received \$3.72 to \$4.04, with another locality wage survey currently in process for the latter group.

This is cited to illustrate that here you have refrigeration mechanics, pretty identifiable skills and job, and you compare in the nonappropriated fund activity with what is being paid on the same base to the appropriated employees. I make this point, because it seems to me, that we do have a problem with the separate wage schedules if we continue to have the same job, same responsibility, same skills, between the appropriated and nonappropriated by using the separate wage schedules, which, as I pointed out, clearly is my intent and the intent of the bill that I introduced.

Mr. KELLEY. I just comment, Mr. Chairman, that while in this particular case the content of those two jobs may be substantially identical, just as the job titles are identical, the fact of job titles being identical does not always mean that the jobs are the same.

Mr. HENDERSON. I would like for you to consider, irrespective of the outcome of this legislation, that if we really say that the nonappropriated fund employee is going to be paid fairly, the same pay for the same work; that if we can identify in one installation the exact job being done, same skill, assume that everything is equal, that rather than let the separate systems or the separate surveys operate, perhaps some consideration ought to be given to some adjustment. I don't know how we really can answer to the nonappropriated fund employee who makes the contention, and who we find is doing exactly the same job that he—this brings me back to my tractor, lawnmower example that I used earlier that you remember.

Mr. KELLEY. Yes, Mr. Chairman. I think we should be responsive on an ad hoc basis as quickly as it is practical to be responsive. However, I should not like to reach into the job bag of a nonappropriated fund activity and correct, presumably increase, the rate of one job because of a finding that it is identical to a job in appropriated funds in that same area which pays more without at the same time doing something about the pay relationship between that job so identified and the other nonappropriated fund activities jobs.

I think we we have to be concerned about internal relationships within a given nonappropriated fund activity as well as be concerned about the external pay relationships in the locality.

Mr. HENDERSON. Your point is well made, and if you just jump on one and don't take the others into account you can get into difficulty.

And finally, at Fort Campbell we found that cashiers in the post exchange were paid \$1.78 per hour, in the commissary the cashiers were paid \$2.72 per hour. My reaction to this was really that some way it seems to me that I would guess that the cashier in a commissary at \$2.72 per hour is overpaid if the survey were made in Clarksville, Tenn., and Hopkinsville, Ky. But I might be wrong about that. But

I put this in the record to show you something of the problems that we have when the employees bring us their contentions.

Thank you.

Mr. White.

Mr. WHITE. Mr. Secretary, I think we committee members, except Mr. Henderson who has great expertise in this area, are groping our way forward trying to decide as legislators what type of bill, if any, that we should enact, and whether or not there is supposed to be a bill. So I am just going to ask some rather elementary questions, if I may.

Primarily, as I understand, wage board programs and treatment of employees is now by Executive order?

Mr. KELLEY. Yes, sir.

Mr. WHITE. And, of course, an Executive order can take that away just as easily, as I understand.

Mr. KELLEY. Yes, sir.

Mr. WHITE. So therefore in order to protect employees in the future and perhaps to bring a certain order into treatment of employees, then it might be well to consider legislation to codify fair practices for both sides; is this not true, sir?

Mr. KELLEY. Yes, I think that in essence was Chairman Hampton's recommendation on behalf of the administration. We, of course, support it.

Mr. WHITE. Chairman Dulski has introduced a bill I think was referred to in your testimony as H.R. 7691. Does this embody the present practices or the ideal practices or the desired practices of the executive department?

Mr. KELLEY. It embodies certain of the principles with which we are in agreement. It contains certain other provisions with which we disagree, and I described some of these points of disagreement in my testimony.

Mr. WHITE. You mean the one introduced by Chairman Dulski?

Mr. KELLEY. Excuse me just a moment. I'm sorry, Mr. White. The Dulski bill embodies all but one of the principles which we think are sound. The one with which we in the Department of Defense disagree is the extension or continuance of the Monroney amendment. And we have commented in our statement that our experience with this has not been satisfactory. With that exception, the Dulski bill incorporates what we regard as sound principles.

Mr. WHITE. Has your staff made an analysis of the Dulski bill and the Henderson bill, comparison between the two at all? Have you done this, sir?

Mr. KELLEY. Yes, we have a step-by-step comparison of all the bills that have been introduced, including those two.

Mr. WHITE. I was just handed the comparative study. That's fine. Thank you very much.

Now I want to ask you your present policy on hiring of noncitizens in wage board positions and in nonappropriated fund positions.

Mr. KELLEY. Well, our policy is not to discriminate with respect to the hiring of American citizens or U.S. citizens as employees in non-appropriated fund activities outside of the United States.

Mr. WHITE. You mean, in other words, they have equal employment?

Mr. KELLEY. Well, I will elaborate. This, however, does not preclude the hiring of a local national over a U.S. citizen if the prevailing

rate for local nationals is significantly less than the rates which normally would be paid to U.S. citizens for the same job.

Mr. WHITE. Outside the continental United States, are the wages paid to noncitizens and local residents different than those paid to citizens, say the wife of a serviceman who might be working in a position in a PX?

Mr. KELLEY. Often, yes.

Mr. WHITE. And is this standard policy?

Mr. KELLEY. Well, it is standard policy to pay rates to local nationals which are in accordance with the practice of the locality. And to the extent the practice of the locality results in a lower pay level than would be rates paid to a U.S. citizen, that employee—

Mr. WHITE. So the results are that the policy would be to hire non-Americans for positions overseas in order to increase the differential between your profits and your costs?

Mr. KELLEY. That is not the policy. That may be the effect in a given area. That would be the effect in a given area where the prevailing rates are lower than U.S. rates.

Mr. WHITE. Which would be almost anywhere in the world, wouldn't it?

Mr. KELLEY. Which would be most places outside of the United States.

Mr. WHITE. Is there any record in your department to indicate the percentage of American nationals that are hired as compared to local citizens, local residents?

Mr. KELLEY. I don't have it from memory, but we would try to furnish that information.

Mr. HENDERSON. Would the gentleman yield?

Mr. WHITE. Yes.

Mr. HENDERSON. Are you speaking about in overseas activities?

Mr. WHITE. Overseas activities.

Mr. HENDERSON. My recollection is, in your briefing the other day, you had a fairly good breakdown on this, Mr. Secretary.

Mr. KELLEY. We do have that information. I don't recall the figures.

Mr. HENDERSON. You can furnish it to the committee.

Mr. CLEWLOW. I would say if the question is addressed to non-appropriated funds—was this the intent of the question, sir?

Mr. WHITE. Nonappropriated, in PX's, of course, nonappropriated, but wage board also.

Mr. CLEWLOW. Mr. Sompayrac may have some figures on this.

Mr. SOMPAYRAC. We have the data which has been collected. We have not compiled it yet. We hope to have it within a week or two. I would rather hold off on trying to answer the question until we have the figures.

(The following statement was furnished:)

Approximately 12 to 15 percent of the employees in foreign areas paid from nonappropriated funds are U.S. citizens.

Mr. WHITE. Well, it was pointed out by the counsel as one illustration of some disparity that on Guam the Air Force in their PX's pay U.S. citizens \$1.78 an hour, but pay Filipinos, citizens of the Philippines, \$2.19 an hour, which would be a greater amount than the American citizens.

Mr. SOMPAYRAC. Guam is a very unusual situation. We do employ a number of Filipinos there under what we call the Philippine offshore labor agreement, which provides that we will give the Filipinos rates no less than the minimums established by law, and that in addition to that—

Mr. WHITE. Established by what law, sir?

Mr. SOMPAYRAC. By U.S. Federal law, which is the Fair Labor Standards Act which applies on Guam, and this requires a minimum of \$1.60 an hour.

Mr. WHITE. Well, \$1.60 is a lot different than \$2.19, sir.

Mr. SOMPAYRAC. Well, in addition to that the offshore labor agreement provides that these people for having been taken away from their homeland will be given certain housing benefits, certain food, transportation, medical care, and it is the addition of these benefits that bring them up to the higher figure.

Mr. WHITE. Well, may I pursue that a little bit? You mean the U.S. Government or the PX department goes to the Philippines to bring Philippine citizens to Guam when there are so many American citizens living on Guam that don't have jobs?

Mr. SOMPAYRAC. Sir, the contention has been that they have been unable to secure U.S. citizens to perform these positions. However, we have a project underway at the present time to return the Filipinos to the Philippines and to replace them, and we have put a requirement upon the command to make a very intensive effort to do this. We believe that it can be done and should be done.

Mr. WHITE. When was this started?

Mr. SOMPAYRAC. This was started approximately 4 months ago, although there was been a continuing program for some time to try to train Guamanians who are U.S. citizens for positions.

Mr. WHITE. Well, my comment would be first, before I go to other matters, that it seems to me that with American servicemen overseas trying to make ends meet with the scale of pay that the United States is paying them that it would behoove the U.S. Government to hire first American citizens, to give them the opportunity to supplement their salaries, their own incomes, in all overseas bases.

Mr. SOMPAYRAC. We agree with you, sir, and since 1961 there has been a published policy requiring that U.S. dependents be given preference in employment in nonappropriated fund activities in foreign areas.

Mr. WHITE. But I have been over to the PX's in a number of countries and most of the people who have waited on me were nationals of that country, sir, and it is hard for me to believe that there aren't enough American nationals there that would take those positions. So how firm are you in your pursuit of this policy?

Mr. SOMPAYRAC. We have had a published policy for some time. Our information is in most areas it has been followed. We also have some information in one or two areas there may have been carelessness.

We are trying to tighten up.

Mr. WHITE. We visited a number of countries and that was not the case, and I think it would behoove the Department to go out there and look at it because I don't think they are doing it.

Mr. KELLEY. Mr. White, do you have the impression that we would hire U.S. citizens over local nationals even if U.S. citizens cost more?

Mr. WHITE. This is what I think would be a better policy, sir.

Mr. KELLEY. Well, that is not our policy.

Mr. WHITE. That is precisely what I was trying to get at. That is not your policy?

Mr. KELLEY. No, it is not.

Mr. WHITE. And why is it not your policy?

Mr. KELLEY. Well, it is not our policy because we think we have a responsibility to provide nonappropriated fund services at as low a cost as is reasonable with good personnel and wage practices, and we think it is a sound wage practice when we are operating outside the United States to employ local nationals at rates which are prevailing in their locality and also to employ U.S. citizens at rates which are competitive in the U.S. economy.

Mr. WHITE. Well, in substance practice would actually be that virtually all employees except the supervisors will be from the local national economy, am I correct on that?

Mr. KELLEY. Well, not necessarily, because in a number of cases U.S. citizens would have job skills not possessed by available local nationals.

Mr. HENDERSON. Will the gentleman yield?

Mr. WHITE. Yes.

Mr. HENDERSON. It is my understanding in Germany the situation is turned around. The situation that you described was typical over there up until 4 or 5 years ago. Generally speaking, you can hire local nationals cheaper than you could the American citizens; but with their economy and the moving of industries, we got into a competitive situation where we had to start hiring American dependents because the local nationals were leaving us for better paying jobs off base. This is generally speaking about Wage Board as well as the nonappropriated fund activities. So it is a fluid situation that can change with economic conditions.

But I think, Mr. Secretary, what you are saying, that basically your decision is that in the overseas operation if you can hire local nationals cheaper or American citizens cheaper than that that is a primary consideration in the profitmaking operation.

Mr. KELLEY. Yes; without in either case doing violence to our own wage policy principles.

Mr. WHITE. Well, I just merely want to point our further on this point that in most countries, perhaps all of them, American nationals cannot go out and work in the economy because they have to have certain conditions satisfied before a person can work in the local economy. So probably one of the few opportunities for positions would be on military bases or installations run by the U.S. Government, and I just think that perhaps this needs to be looked at.

Mr. KELLEY. Well, what do you suggest we should do about it?

Mr. WHITE. I think perhaps the policy should be to hire American nationals first, sir, and then if you can't get them, to hire local economy people.

Mr. KELLEY. Without regard to the resulting cost?

Mr. WHITE. I think you pay them comparable to the United States, yes. I don't think the PX's are intended to make a big profit as such. I think there is a convenience to the local servicemen or whatever the installation happens to be, but that also means helping the American serviceman there, his family. They are there on a low income, they are having a tough haul. Let's go to the U.S. citizen first as the policy of this country.

Mr. KELLEY. Well, before you leave overseas, Mr. White, bear in mind that that serviceman whom you wish to protect is going to be the victim of the higher prices that result from the higher cost imposed upon the system.

Mr. WHITE. If his wife could get better wages they could pay those costs.

Mr. KELLEY. Of course, in very, very many cases, the majority of cases, the servicemen customers of nonappropriated fund activities overseas are unaccompanied by their families. So if you establish a policy which requires the preferential hiring of U.S. citizens over local nationals without regard to the cost impact the effect upon most servicemen will be higher prices and higher costs, and the effect in a very much lesser number of cases will be benefits to the military family in the form of employment provided for a wife or one of the other dependent members.

Mr. WHITE. I think it needs to be looked at anyway because I think you may be doing an injustice. I noticed this at the time when we were in a number of these PX's, why, we couldn't find American citizens waiting on us at all; everybody had an accent. I am not against an accent. I live on the border where they have plenty of accents. But at the same time I also live on the border where we see the problem of hiring people from other countries at the expense of our own particular nationals.

So that brings me to the next point, sir. What is your policy on hiring in this country for nonappropriated fund employees, on nationals and nonnationals?

Mr. KELLEY. Well, the only foreign nationals hired in this country—I am speaking now of policy—the policy is to provide for a certain number of nonnationals hired under work permit arrangements, and to the extent employed they are paid prevailing U.S. local rates for the jobs to which they are assigned.

Mr. WHITE. What is the predicate before you hire the nationals of another country?

Mr. KELLEY. Generally unavailable supply of U.S. citizens.

Mr. WHITE. What is the control?

Mr. KELLEY. I am not sure I understand that question.

Mr. WHITE. Well, how do you determine that? Who passes judgment on whether—

Mr. KELLEY. It is a local determination.

Mr. WHITE. Well, if you have a local determination, sir, what they are going to do is hire the cheapest labor they can find.

Mr. KELLEY. No, it doesn't result in hiring cheaper labor because the foreign nationals who are employed under work permits are paid the same for the work they do as if a U.S. citizen was employed on the same job.

Mr. WHITE. Let me tell you another practice that we have to face on the border, too. Many times the U.S. Government will contract out these services to individuals who then go and get all their labor at lower than prevailing cost from Mexico. Consequently they are depressing the economy of the border counties; they are losing jobs for American residents—I am not saying citizens, I am saying residents, bona fide residents of the United States. And I think this has been perhaps unintentional, but certainly a conscious practice on the part of the U.S. Government.

And I think I should go on record that I think that any time the U.S. Government contracts for any services to a governmental installation part of that contract should provide that the labor shall be bona fide residents of the United States. The reverse has been a practice of the U.S. Government that has hurt its own citizens, hurt its own residents, who are supposed to be paying the taxes to support this Government.

Mr. KELLEY. Mr. White, may I comment briefly?

Mr. WHITE. Yes.

Mr. KELLEY. I think the concern that you express is a legitimate concern, and so is the effect of this practice of debilitating upon local areas, particularly border areas such as the one with which you are familiar. However, I would question that the remedy, the proper remedy is to require that in all contracting arrangements the Government require the employment only of U.S. citizens because if that requirement were laid on all contracts it would result in the inability of the contractor to deliver in a number of cases, simply because U.S. citizens were not available.

Mr. WHITE. I said residents the last time.

Mr. KELLEY. Excuse me, residents—I stand corrected. I think the point still maintains.

Mr. WHITE. Well, why do we have poverty programs, because many of these people are living below poverty, they don't have jobs.

Mr. KELLEY. No, sir, I am not disagreeing with your central point. I am only suggesting that in solving that problem we should not preclude the employment of foreign nationals in cases where U.S. residents aren't available to do the work.

Mr. WHITE. Have you read Mr. Henderson's bill, the phrase in the section involved that—incidentally, I sponsored, I authored this point—requiring the Secretary of Labor to first make the determination that there is no labor available prior to hiring of any nonresident?

Mr. KELLEY. Yes.

Mr. WHITE. Page 4.

Mr. KELLEY. That is different from what I understood you to have said.

Mr. WHITE. Do you approve of that section?

Mr. KELLEY. Well, I frankly must say that I haven't examined that section or considered that section and the implications of it, so I would prefer not to comment. I would be happy to for the record.

(The following was furnished:)

Nonappropriated fund activities in the United States are not restricted to the employment of U.S. citizens or U.S. residents. Noncitizen applicants for positions must be resident or admitted to the United States with the entitlement to work in the United States under the provisions of the immigration and naturalization laws.

In view of the controls presently exercised over the employment of nonresidents through the immigration and naturalization laws, we do believe that the provisions contained in subchapter 4, 5342(b) of H.R. 2164, are necessary.

Mr. WHITE. Just a few more just for the record, if I may, Mr. Chairman. Now we have five pay steps for wage-board supervisors at present, is that correct?

Mr. KELLEY. Three. Excuse me—five. I'm sorry. For supervisors.

Mr. WHITE. Would you object to five for blue collar workers?

Mr. KELLEY. Yes, sir.

Mr. WHITE. Would that be a little bit inconsistent to have five for the supervisors and only three for the wage board—blue collar workers?

Mr. KELLEY. No, I don't think so, because the range of rates for supervisory, technical and managerial positions is typically a broader range than is the case with blue collar employees, and our objective here is to pay rates which are in line with prevailing local practices.

Mr. WHITE. But don't you have apprentices and journeymen, and so forth, sort of a striation in the working field in those who are wage earners, aren't there gradations even among the—

Mr. KELLEY. Yes, but particularly in apprenticeship programs the step rates are associated with the completion, the satisfactory completion of a time period during, for example, a 4-year apprenticeship.

Mr. WHITE. How many levels of wages normally do you find in industry among a certain skill working?

Mr. KELLEY. Blue collar?

Mr. WHITE. Yes.

Mr. KELLEY. Well, as we demonstrated here in our exhibit, more than half are now on single rates, and if you add to those the number who are on two and three step schedules it would constitute a substantial majority who have three steps or fewer than three steps.

Mr. WHITE. What about supervisor, sir? How many steps are there in private industry?

Mr. KELLEY. Well, as I say, they tend to be a broader range than is the case with blue collar, and in some cases those are simply stated ranges minimum to maximum, and in some cases there are standard steps between the minimum and maximum rates.

Mr. WHITE. You gave percentages on blue collar. How many would you say have steps in the supervisory field?

Mr. KELLEY. Well, I don't know because I haven't seen a recent survey. But I would say that the typical range of rates for supervisory jobs would run between 30 percent to 50 percent from the minimum to the maximum.

Mr. WHITE. Mr. Secretary, on page 10 of your statement you stated that 41 percent of the Department of Defense wage-grade employees are in grades WG-10 through WG-15, their average pay was \$9,000 to \$11,000. What percentage are below \$6,000 per year?

Mr. KELLEY. I don't have it handy, but we will furnish that for the record.

(The following was furnished:)

Employee distribution by \$500 annual pay increments is developed annually by the Civil Service Commission. The latest data available report this information for the year ending June 30, 1970. On that date, 9.6 percent of the U.S. citizen wage employees of the Department of Defense were receiving less than \$6,000 per annum. Wage schedule issuances since June 30, 1970, have brought about a reduction in this percentage.

Mr. WHITE. That would be the poverty level?

Mr. KELLEY. That has been defined as poverty level, yes.

Mr. HENDERSON. Mr. White, I would like to ask you to take the Chair and continue your line of questioning. I must leave for a few minutes to meet an appointment. Mr. Secretary, thank you very much, sir.

Mr. KELLEY. Yes, sir, Mr. Chairman, Thank you.

Mr. WHITE. Well, Mr. Secretary, I think I will end my questions right here and ask Mr. Chappell of Florida if he would like to ask some questions.

Mr. CHAPPELL. As I understand your position with reference to the various proposed pieces of legislation, you support H.R. 7691 with the exception of the Monroney provision, is that right? In other words, if you had your preference you would amend H.R. 7691 by removing the Monroney amendment and passing the bill otherwise intact, is that correct?

Mr. KELLEY. Yes, sir; that is correct.

Mr. CHAPPELL. Would you offer anything in the place of the Monroney amendment or do you think the bill, with that provision repealed, would be the best position?

Mr. KELLEY. I think we should furnish for the record the alternative procedure to the Monroney amendment, but the sufficiency of wage data in the local area compels us to believe that even in the case of an individual job where statistical data for comparison purposes was not available in the area an appropriate rate for that job could be related to the data available for all other jobs in the area and jobs that are similar to that job in the area even though not identical to it.

Mr. CHAPPELL. What you are saying is if administered it does not really solve the problem?

Mr. KELLEY. It doesn't solve the problem because any experienced wage administrator would recognize that there are two forces which are mutually compelling in terms of paying fair wages. One is paying a rate which is competitive in the area, and the other is paying a rate which bears a reasonable relationship to other rates of pay within the same organization. The Monroney amendment forces the transplanting of rates from areas which are contiguous but in many cases far away from the local area where the economic and social forces may be quite foreign to the area into which that rate is being transplanted. It causes serious distortions.

Mr. CHAPPELL. Would you offer for the record a proposed wording that you think would improve that?

Mr. KELLEY. Yes, sir; we would be happy to do so.

(The following was furnished:)

We wish to clarify our responses with regard to the Monroney amendment. We firmly believe that the amendment should be repealed. Our intention, in respect to the use of the term "alternate procedure," was to restate and re-emphasize adherence to the principle of local prevailing rates. It is not necessary to find matches for every Federal occupation in a wage area in order to establish a 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 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.

Mr. CHAPPELL. Now if I understand it correctly, from your testimony, or maybe I got it from some other source, there are probably only 25 percent of the blue collar employees that are affected really, are now reaping the benefits, whatever they are, of this Monroney amendment anyway. Am I correct?

Mr. KELLEY. May I ask Mr. Braitsch to talk to that? I don't have those figures.

Mr. BRAITTSCH. We are within 22 schedules now of having applied the Monroney amendment to all areas, and it—

Mr. CHAPPELL. What does that mean?

Mr. BRAITTSCH. Well, we have about 126 areas that Defense was responsible for. We are down to—we have looked at—let's put it that way, about 104. It appears that there will be application of the Monroney amendment in about one-third of the areas.

Mr. CHAPPELL. Does that mean about a third of your blue collar employees?

Mr. BRAITTSCH. I am not sure of that, but my guess is it would mean that because it has been applicable to many areas in which there are very significant numbers of employees, such as Macon, Jacksonville, Oklahoma City.

Mr. CHAPPELL. But, presently, is the 25-percent figure accurate?

Mr. BRAITTSCH. No; I say about a third, 33 percent.

Mr. CHAPPELL. Mr. Secretary, in your testimony you said you had in excess of 400,000 employees in the Department of Defense. Can you be more specific on the number? Are we talking about 500,000 or what are we talking about?

Mr. KELLEY. Wage Board employees, not just total employees. The Wage Board employment of the Department of Defense is slightly more than 400,000, and I will furnish the exact figure for the record, Mr. Chairman.

(The following was furnished:)

On February 28, 1971, the Department of Defense had 1,142,568 direct hire employees. Of this number, 509,769 are identified with the broad "wage system" category; however, 108,331 of these are foreign nationals whose rates of pay would not be determined under this legislative proposal. The net U.S. citizen wage employee figure is 401,438.

Mr. CHAPPELL. Is that significantly different from the level of employment, say, 10 years ago?

Mr. KELLEY. Ten years ago, I don't know. I can relate it to the employment of 2 years ago, 2½ years ago. The civilian employment of the Department of Defense was at that time 1.3 million. This includes all civilian employees. Today the civilian employment of the Department is about 1.1 million. And in that reduction of 200,000 the reduction of blue-collar employees was slightly more relatively than the reduction of supervisory, professional, and white-collar GS employees.

Mr. CHAPPELL. The reason I asked the question, I just wondered what the differences might be over the last decade.

Mr. KELLEY. This is somewhat self-serving of the Department, Mr. Chappell, but I would say that the number of employees in the Department of Defense, both military members and civilian employees, represents the lowest percent of the U.S. labor force at any time since World War II, and also the lowest percent of U.S. public employment at any time since World War II.

Mr. CHAPPELL. Well, let me say I was not trying to be critical one way or the other. I was simply trying to get a comparison.

Now since you feel that H.R. 7691 is the better approach or is the satisfactory approach, let me ask you a question, if I might, about section 5343. In that section you provide that the surveys will be performed by the Bureau of Labor Statistics. Now is there any particular reason why you favor it being done that way as compared to the suggestions of the other two bills?

Mr. KELLEY. There is a basic reason, Mr. Chappell. The Bureau of Labor Statistics has over the years earned national credibility with employers, with labor unions, with the public generally. We have encountered in the last 2 years an increasing number of employers who are reluctant to participate in our local wage surveys because of the knowledge that the rates which they pay their employees will be shared with labor union officials. And it has taken a great deal of personal persuasion on Mr. Clewlow's part, and my part in many cases, to obtain the participation of these employers. In several cases the noncooperation of employers threaten to invalidate a wage survey because we wouldn't have had sufficient wage data in an area.

We think using the Bureau of Labor Statistics as the wage collector is really the more practical course to follow, and one that would insure a continuance of this administration under an agency that has certainly established itself as competent in this field.

Mr. Braitsch just made the point, Mr. Chappell, that an increasing number of companies continue to make the point that they are having to provide duplicate data to ourselves and BLS, both of whom are in the business of wage collection, and they say to us very simply you people in government ought to get together and collect your wage data through one agency, and since BLS was set up for this purpose, why not use it.

Mr. CHAPPELL. I think it makes sense. How basically would the operation differ between handling, say, by the Bureau of Labor Statistics and the lead agency other than the commission that is proposed by the other bills? How would this differ?

Mr. KELLEY. Mr. Braitsch I think can talk to that, because Mr. Braitsch is in charge of wage data collection in DOD.

Mr. BRAITSCH. Well, in many, many instances the kind of information collected by the Bureau of Labor Statistics is identical to the information collected under the coordinated Federal wage system. We collect information from the same employers, and in most instances on the same jobs. The surveys are made in both cases annually. The first year it is a survey where the firms are actually visited and job comparability is established. The second year is a follow-up survey where the data collectors obtained information on increases granted since the previous survey.

The Bureau of Labor Statistics has full-time data collectors who are professionals that go into the firms and get the information. In the case of the coordinated wage system the data collection is by teams of local employees. In each instance one member of the team is a union representative and the other member is a management representative. The DOD Wage Fixing Authority from a central location, sends people out to provide training for these data collectors over a period of a day or two. These collectors then go out and get the information and bring it back to a local wage survey committee which examines the data, makes recommendations with regard to its acceptability, and forwards the data to the Department of Defense Wage Fixing Authority for analysis and determination of a schedule.

Mr. CHAPPELL. How does the representation on this team differ?

Mr. BRAITSCH. There is no representation on the part of labor in the Bureau of Labor Statistics survey.

Mr. CHAPPELL. Mr. Secretary, why does this appear to be a fair procedure? I assume you say it is a better procedure to have the Bureau of Labor Statistics do it.

Mr. KELLEY. Because, Mr. Chappell, the Bureau of Labor Statistics represents no special interests. It represents the U.S. Government in this case in a wage collection capacity. There have been several instances in which wage data collected has been shared with people who were outside of the system—I am speaking now of the DOD program—and the fact of these indiscreet disclosures become known to employers. Without any question this has exasperated the problem and caused them to be even more suspicious of the underlying integrity of the system and the manner in which the wage data was being used.

Mr. CHAPPELL. What you are saying is you get a more unbiased report from the Bureau of Labor Statistics, assuming you have the same qualifications of those who bring in the information, am I correct in that?

Mr. KELLEY. I am completely satisfied with the integrity and the honesty of the result produced under the Coordinated Federal Wage System. However, it suffers from the disability of many employers believing that the wage data they submit will be shared by labor union representatives with their constituents in a manner that does not serve the interests of those employers. And because there is this underlying suspicion and because that underlying suspicion would be totally absent in the case of the Bureau of Labor Statistics we would favor the latter as the wage collection agency.

Mr. CHAPPELL. Also would it follow that the BLS representatives know and understand the kinds and types of jobs as compared to these lead agency people?

Mr. KELLEY. Yes; I think it is fair to say that they would because most of the jobs are the same.

Mr. CHAPPELL. The administration bill, H.R. 7691, does not state how often the surveys are to be made. The other two bills provide that the commission survey every 2 years with an interim survey every other year and more frequent surveys when conditions so suggest. Do you have any feeling that the bill ought to state how often these surveys are to be made? Would you still leave the bill void on that point or was it just overlooked?

Mr. KELLEY. No, sir; I don't believe it was overlooked. I am not able to explain to you now why there was not a time limit requirement specified.

Mr. CHAPPELL. Do you have any feelings on it? Do you think it is necessary, and if so, how often should the surveys be made?

Mr. KELLEY. My personal feeling is that it is not necessary to specify a time interval within which local surveys should be required. There are some localities in which wage surveys need to be made even more often than annually because of the volatility of the labor market and the fact that wages are increasing or depressing at a rather rapid rate. Conversely, there are other areas in which there is a relatively high degree of stability, and in those areas where there is no evidence of a supply and demand problem or wage inequity problems I shouldn't think that annual surveys are indicated.

Mr. CHAPPELL. I thought it had to do with the fact that the Bureau of Labor Statistics might have had a procedure whereby they keep their information updated anyway.

Mr. KELLEY. I think the Bureau of Labor Statistics updates their surveys in the major metropolitan areas annually. They used to, and I suppose they still do.

Mr. CHAPPELL. What you are saying is there is no necessity for writing a periodic requirement into the bill?

Mr. KELLEY. I am reasonably assured that the BLS standard operating procedures would provide for updated wage data based on surveys at least as often as the other bills provide through their annual requirements.

Mr. CHAPPELL. We have heard some testimony here over the last several days that indicates a preference on the part of some that there be written into the bill by way of amendment a requirement to take into account the cost of living increases from time to time. Now I assume that all of us agree that the first thing we are after is comparability. We are trying to bring Government employees to the standard of those in the private sector. Now if that be true, what effect would writing in a cost of living requirement such that in the event the private sector increased, but did not increase as much as the cost of living had increased, that the Government would be required to pay the cost of living increase? Now how would that affect comparability?

Mr. KELLEY. Well, it would be a departure from the comparability or local prevailing rate principle. It in effect would say you pay whichever is higher, the local prevailing rate or the formula change which has occurred in the consumer price index. That is not the local prevailing principle. If we believe in the local prevailing principle then we ought to live by it. And that, incidentally, is the basis for our objection to the Monroney amendment. It is a departure from the local prevailing rate principle.

Mr. CHAPPELL. What you would have then is Government—instead of following the private sector—leading. Am I not correct?

Mr. KELLEY. Yes, sir, and I couldn't overstate the importance of the point you have just made. Time after time as I discuss survey practices with industrial leaders in the labor market areas where we conduct surveys now I find resentment to any practice which has the effect of government setting the pace in the community rather than conforming to local prevailing practices as established through industry.

Mr. CHAPPELL. Well, I completely concur with you on that. I think we must let the private sector set the rate of pay and then bring our people in line with that rate.

Whatever is wrong with the present system—if there are wrongs in it, and presumably there are—should be corrected to conform to the philosophy that we have Government employees paid in comparability with the private sector employees.

Mr. KELLEY. May I say further with respect to the consumer price index being used as a measure of wage adjustments, if that were to be used then that only should be used. In other words, wage adjustments should be geared to changes in the consumer price index only.

Now if they had done that over a period of years the wage levels of blue-collar employees in Government would have been substantially less than they have been. In the early part of my testimony I make comparisons between rises in the consumer price index and rises in blue-collar employee wages. The latter have been much higher than the CPI increases.

Mr. CHAPPELL. Wouldn't it logically follow, too—if you tied the cost of living index into the law as a requirement without taking into account any decreases in cost of living—that you would push it even more out of kilter when those things occur?

Mr. KELLEY. Yes; no question about that.

Mr. CHAPPELL. I notice the administration bill does not take into account the nonappropriated fund employees. They are excluded from the bill. Would you comment on that? Is there any particular reason why they are not included?

Mr. KELLEY. Yes; I would be happy to. In my statement I have described the intention of the Department of Defense to establish within my office a wage fixing authority which would require the taking of surveys as a basis for establishing wages within the nonappropriated fund activities which are competitive with wages paid in the local area for similar work. In other words, extending to nonappropriated funds and their employees the assurance of the prevailing rate principle, local prevailing rate principle used under the coordinated Federal wage system minus the Monroney amendment.

This is a complicated business. It is an area that is long overdue the attention it deserves.

As I commented to the chairman earlier, we have moved out in this area because of the admonition received from this subcommittee in part, and we think that we have the knowledge and the expertise to get this problem under control. There is no legislation required for us to do it, and we intend to move out.

Mr. CHAPPELL. Thank you, sir. I would like, Mr. Chairman, if I might, to try to understand a little bit more about these nonappropriated fund employees in areas like Guam, for example. Do I understand that the American citizen has the opportunity to compete with the local person in these job opportunities?

Mr. KELLEY. Yes, sir; he does.

Mr. CHAPPELL. So that if he is willing to work for the same price that the local resident is willing to work for he has the same opportunity of employment? Or, does he have a preference?

Mr. KELLEY. He has the same opportunity for employment, and given the assumption that he is a better qualified candidate he would have the nod for the job.

Mr. CHAPPELL. So it is not that he has to be price competitive with those in the United States, he only has to be competitive with the natives, in other words?

Mr. KELLEY. Yes, sir.

Mr. CHAPPELL. I personally can't see any fault with that.

Mr. WHITE. Would the gentleman yield a second?

Mr. CHAPPELL. Yes.

Mr. WHITE. As I understand, though, in some of these areas the wages are rather low, aren't they? What are they in Okinawa, for instance? What would they be in Thailand?

Mr. KELLEY. Mr. Sompayrac will reply to that because I am not familiar on an area basis.

Mr. SOMPAYRAC. We are speaking of nonappropriated fund activities. The sales clerk on Okinawa, an Okinawan, would probably receive 80 to 90 cents an hour including all fringe benefits. However, that is one of the areas where if we do employ U.S. citizens they are paid a higher rate than that. There is an adjusted rate.

Mr. WHITE. But the tendency is to buy the local labor, which also, incidentally, recently protested and held a demonstration at the American bases.

Mr. SOMPAYRAC. I think there would be a tendency to try to use the cheaper labor.

Mr. KELLEY. I think the record should show, though, that these demonstrations of local nationals at overseas locations are not necessarily inspired by wage levels standing by themselves. There are sometimes political factors involved.

Mr. CHAPPELL. What about the cost of living in those areas? Is there a great differential?

Mr. SOMPAYRAC. Cost of living for U.S. citizens?

Mr. CHAPPELL. No; I am talking about the differential in the cost of living there as compared to stateside.

Mr. SOMPAYRAC. The best information we have for a U.S. citizen—the cost of living is approximately the same that it is in the United States. The U.S. citizens do buy and shop in the commissaries and the exchanges, but the prices are about the same for basic living essentials as they are in the United States.

Mr. CHAPPELL. Well, then the American citizen does have a real problem when he is in that kind of situation.

Mr. SOMPAYRAC. Perhaps it would help if I take just a minute to explain the setup. We do employ some U.S. citizens from the United States in managerial, technical positions who are paid from nonappropriated funds. These people are generally paid rates equivalent to what they would receive if they were employed in the United States. In addition to that, they receive whatever overseas differentials and allowances are provided by law to civil service employees.

The category, however, we have been speaking about I believe is those persons who are employed locally, for the most part they are dependents who are employed in the relatively low-skill jobs. I believe this is the group about which you were speaking. Most of them are dependents.

Mr. CHAPPELL. Yes; and I assume that is a relatively small group compared to the whole.

Mr. SOMPAYRAC. Compared to the total employment?

Mr. CHAPPELL. Yes.

Mr. SOMPAYRAC. Yes, sir. However, as I mentioned earlier, since 1961, there has been a requirement that in nonappropriated fund activities U.S. citizens be given preference, dependents be given preference in employment for the nonappropriated fund activities. Now this is a little easier said than done. We have employed, over a period of time, a number of the locals. The agreements under which we operate bases provide that we can employ local nationals. We have employed them. It is rather hard to get rid of them, to replace them with U.S. citizens. But our tendency has been to try to do this.

Mr. WHITE. Pardon me. Would the gentleman yield?

I understood from the Secretary's statement it was not a policy to hire American citizens first. Then that was the policy. You seem to be at odds.

Mr. SOMPAYRAC. This is in the nonappropriated fund activities, since 1961. But again the program manager must have some leeway for judgment, and while we hope that they will concentrate upon the employment of dependents we know that they are also more or less obligated under certain circumstances to fill certain kinds of jobs with the local nationals.

Mr. WHITE. Clerks?

Mr. SOMPAYRAC. Probably in some cases, clerks. In other cases, for example, where they may be operating a food service activity, might be some question about assigning a dependent to operate in a scullery with the local nationals. Language problems, various considerations might enter into it.

Mr. WHITE. If I may say this, I think, perhaps what you think is going on and what is actually going on are two different things. And I think it would be well to send a survey team out there to see what is going on in the PX's, because some of those clerks couldn't have been there 6 years or 10 years. They are just recently hired, and most of the clerks are local nationals, and they are not paying income tax like the American citizens.

Thank you, very much.

Mr. KELLEY. May I just say for the record, in the case of Mr. Sompayrac, he is not relying on reports furnished him by others. He has visited a number of oversea locations, including Okinawa, which he reported on briefly.

Mr. HENDERSON. Thank you very much, Mr. Secretary. You have been most responsive and most helpful.

Mr. HENDERSON. The next witness is John McCart, operations director, Government Employees' Council of the AFL-CIO. Let me say it is my pleasure to welcome you before our subcommittee.

I have had a chance to look at your statement and you have done your usually fine job.

Mr. MCCART. Thank you.

STATEMENT OF JOHN MCCART, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES' COUNCIL, AFL-CIO

Mr. HENDERSON. You may proceed.

Mr. MCCART. Mr. Chairman and members of the subcommittee, the Government Employees Council and its 34 AFL-CIO unions representing more than 1 million Federal employees are happy to offer their views on the need for a new statute revising substantially the wage system affecting approximately 675,000 regular wage board workers and 70,000 employees of nonappropriated fund activities in the Defense Department and Veterans' Administration Canteen Service. They are currently experiencing severe inequities in the establishment of their rates of pay.

The council is indebted to the members of the subcommittee and the House and Senate, who extended their support to final congressional approval of H.R. 17809 in 1970. GEC unions were willing to accept that bill as the broad legal basis for changes we had sought since 1967, even though it did not meet all of our objectives. This hope was dashed with President Nixon's veto of H.R. 17809 on January 2, 1971.

Thus, it becomes necessary to renew our plea to Congress to act again on revisions of the wage board plan.

To date in the 92d Congress, 51 Members of the House of Representatives have introduced bills advocating statutory reform of the wage board system. Among the sponsors are 11 members of the House Committee on Post Office and Civil Service. From these facts, it is clear that interest in enacting wage board legislation is widespread among the Members of the House of Representatives.

The record of the 91st Congress is replete with evidence of the justification for legislation to undergird the Coordinated Federal Wage System. There is little need to dwell at length on the reasons for reconstituting the National Wage Policy Committee, extending coverage to employees of nonappropriated fund facilities, enlarging the present number of steps in wage grades, providing percentage differentials for night work, and "saving" the pay of downgraded employees. The fact that this subcommittee and the House responded positively on these matters by approving H.R. 17809, proves the point. We are grateful for the positive action of House Members, who worked so diligently to solve these problems in the 91st Congress only to experience temporary failure at the conclusion of the legislative process.

With the expectation of the administration bill, all the pending measures bear some resemblance. They increase the number of wage steps, include nonappropriated fund workers, create an impartial Federal prevailing rate advisory committee, require statutory percentage rates for nightshifts, and retain the pay of employees whose jobs are reclassified downward.

The principal difference relates to the number of steps to be included in wage grades.

In your invitation to me to appear, Mr. Chairman, you suggested that the Council address itself to your bill, H.R. 2164, and to the administration's bill, H.R. 7691. I would like to turn first to the administration's proposal.

A comparison of the current bills now in the hands of the subcommittee is very useful in pointing up the total deficiency of the administration's recommendations. There is no provision for including nonappropriated fund activity workers in the general wage structure. The administration's bill appears to advocate including under the general wage system plans that have been negotiated over a period of as long as 30 years.

The administration's proposal eliminates the participation of employees in the collection of wage data because this function will be transferred to the Bureau of Labor Statistics. In that connection, Mr. Chairman, I would like to invite your attention to another difference between your bill and the administration's recommendation relative to the effective dates of wage surveys. As you know, the present situation provides that wage adjustments will take effect within 45 working days after a survey is ordered. Under H.R. 7691 the effective dates of wage adjustments would be 20 working days after the wage fixing authority receives the results of the Bureau of Labor Statistics survey. We are much concerned that this could lead to a delay such as we experienced 8 or 10 years ago in the receipt of justified increases by wage-board employees. The present 45-day limitation has acted as a sound control over the period for making surveys and has proved most effective. To my recollection it has never been necessary under the present system to provide a retroactive increase because of that time limitation.

There is no provision for additional step rates in the administration's bill. There is no provision for percentage night differentials. The composition of the National Wage Policy Committee would remain precisely as it is now. And furthermore, the labor members of that committee would not be able to exercise a vote as they do today.

In summary then, Mr. Chairman, the administration proposal contains no improvements over present practices, remedies none of the existing deficiencies, and denies employees and their unions their current right to take part in gathering private industry wage information and exercising a franchise on the advisory council. We urge strongly that the subcommittee ignore these legislative proposals as totally inadequate.

Now, Mr. Chairman, part of the testimony that you have received today deals with a particular segment of these wage-board workers, those who work in non-appropriated-fund instrumentalities. The subcommittee has heard a description of the plan that the Department of Defense proposes for correcting these deficiencies. We respectfully suggest, Mr. Chairman, that these recommendations receive exactly the same consideration as the administration's recommendations for the general wage system, and that is that they be ignored.

Let me be a little more specific. In the first place—

Mr. HENDERSON. May I break in there? Basically it is your position, as it is of the other employee organizations that have testified, that there is a real need for legislation, at this time, as there has been for some years, to put in the law the system that Congress intends to be used to pay the wage-board employees, and more specific detail than we have at the present time, in order to guarantee to the employees a workable system and one that we can understand and they would be expected to understand?

Mr. McCART. I think you have analyzed the situation quite well, Mr. Chairman. The decision facing this committee—

Mr. HENDERSON. This covers the nonappropriated fund employees even though the implementation of the Department of Defense in some respects, and I anticipate especially in personnel practices, would be even broader than the requirements of this bill.

Mr. McCART. I don't know, Mr. Chairman. I can't speak to that point without examining the Defense Department's proposal in much greater detail than I have been able to.

Mr. HENDERSON. If I may interrupt just for another moment, as we were led to understand, just about this time their proposal is being furnished to the employee organizations for their comments and views, and so forth, and I would not be surprised that they would not be too happy with the wage provisions, but I would like to invite you and all of them to let us know specifically what their feelings are with regard to the proposed personnel practices within the nonappropriated fund activities, because this is a broader subject than we are specifically considering in this legislation, but of course, as you know, is one that this subcommittee has jurisdiction over and is vitally interested in.

Mr. McCART. We have not been invited to comment on either aspects of these policies, either the wage policy or the fringe benefit policy, Mr. Chairman, and my knowledge is based on newspaper accounts. But I am sure the unions affected will do a very effective job in that connection.

The plight of those who work for Government instrumentalities for which no appropriations are made is sad, indeed.

In effect, the facilities themselves have the unquestioned right to establish and adjust the rates of pay of the employees. Only the national or State minimum wage applicable to other workers is required.

With all of its defects, the present coordinated Federal wage system provides a modicum of union involvement in the wage machinery. Nonappropriated fund employees do not have even this small element of participation in the system for fixing their rates. In short, basic decisions on collecting and computing wage data and devising new pay schedules are in the hands of management alone.

As an example, the national minimum wage to which they are entitled may include tips at the discretion of management. And the value of these tips as part of the minimum wage is decided administratively.

If these individuals are to harbor any hope of equity on wages, they must be included in the program applicable to wage board employees of Federal agencies generally.

Recent publicity indicates that the Department of Defense is currently considering a new method of establishing rates of pay for those who work for nonappropriated fund agencies.

Earlier in this statement the GEC recommended that the proposals of the administration on the general wage system embodied in H.R. 7691 be ignored by the subcommittee. The DOD plan for nonappropriated fund workers deserves exactly the same consideration. It should be discarded by your subcommittee.

We find anomalous a situation where the Civil Service Commission, on the one hand, is advocating one all embracing wage program, while DOD is recommending, on the other, a separate plan for those working in nonappropriated fund facilities.

Moreover, the DOD proposals arrive rather late in the day. For more than 4 years, unions identified with the GEC have attempted to secure some measure of justice for these workers through discussions with officials in the executive branch without result.

The council recommends that the employees in question be part of the general wage system contemplated in H.R. 2164 and similar bills, and that their rates of pay and grades for their positions be allocated under the same standards applicable to other wage board workers.

Part of the DOD plan envisions a Department of Defense NAF Salary and Wage Committee comprised of a chairman (Deputy Assistant Secretary of Defense), five management members, and two union representatives. Decisions would be reached by majority vote, and would be subject to approval by an Assistant Secretary of Defense.

With the totally unsatisfactory experience of the five members of the National Wage Policy Committee, under the Coordinated Federal Wage System, where a 6 to 5 management labor ratio exists, can you imagine the influence two union officials would have on the six management members of the group?

Just when a new day will dawn for the wage board workers affected is problematical. Action to implement the plan is to be taken "at the earliest practicable date." Then the Assistant Secretary of Defense is authorized to fix "target dates" for putting the plan into operation.

These are only three of the more serious objections we find to the plan.

Because it is totally inadequate to meet the needs of both employees and the activities involved, we recommend that the subcommittee disregard the DOD recommendations.

There is one amendment we believe should be added to the pending legislation.

This is to guarantee to wage board workers at least the changes in cost of living occurring between wage surveys.

During hearings last year and this, union officials with experience on the National Wage Policy Committee informed congressional committees of repeated occurrence of 6 to 5 votes favoring the position of management in Policy Committee deliberations. With justification, they emphasized that these votes demonstrated the desirability of having an impartial chairman appointed by the President.

Late in 1970, however, there was a rare reversal of the pattern. By a 6 to 5 margin the Policy Committee agreed to recommend cost of living adjustments, based on changes in the Consumer Price Index, as a floor for adjusting pay of wage board workers. Unfortunately, the recommendation was rejected by the Civil Service Commission.

We are not offering a totally new concept. On July 19, 1969, the council presented a similar recommendation to the House Subcommittee on Compensation in connection with the comparability pay system for classified, postal and other workers paid under statutory programs.

Mr. Chairman, I will dwell just briefly on several other matters with which you are somewhat familiar. One, the need for increasing the number of steps in the grades. As we compare the two types of bills that are before the subcommittee we find that they differ in one basic respect. That is the number of steps in grade. H.R. 2164 proposes increasing the steps from three to five. Other types of bills recommend a 10-step system.

Members of the subcommittee are aware that more than 90 percent of wage board employees have attained the maximum progression in their grades—step three. They achieve the highest rate after 1½ years of satisfactory work in the lower steps. Contrast this practice with the experience of Federal classified employees, who may advance through 10 steps over a period of 17½ years. Postal workers, on the other hand, can progress through 12 steps in 8 years under a national agreement negotiated last year.

Put another way, the pay range for a career worker is 8 percent for wage board employees, 30 percent for classified workers, and 37 percent for those in the Post Office Department.

We submit that attainment of maximum progression in 18 months, with little possibility of exceeding the 8 percent pay range for three steps, stifles career development for Federal workers in manual occupations who devote a working lifetime to Federal service.

Thus, our contention that the 10-step system now applicable to classified employees be utilized for wage board workers is valid.

In the bills introduced by the chairman of the subcommittee and others, shift differentials for night work would be computed at 7½ percent for the 4 to 12 shift and 10 percent for the 12 to 8 shift.

This proposal can be substantiated on several grounds.

Compensation for night work for Federal classified and postal workers is fixed on a national scale.

In large private industries, it is not uncommon to find an identical percentage differential applicable to all plants. American Motors, American Tobacco, General Motors, McDonnell Douglas Aircraft, and Western Union are examples.

Collection by Coordinated Federal Wage System representatives of useful data on night differentials from private firms in a given locality is sometimes difficult. The principal reason is that companies

may not have night shift operations for the occupations comparable to Federal wage board jobs.

Establishment of common differentials for all Federal facilities employing wage board personnel will simplify administration. No longer will it be necessary for local installations to gather such data and compute separate rates for various localities.

For these reasons, we urge the subcommittee to approve the percentage differentials contained in H.R. 2164 and related bills.

While some of the bills under consideration contain language safeguarding negotiated agreements on wages now in effect in Federal agencies, we believe the point deserves emphasis.

The current regulations recognize the validity of these agreements by not permitting their discontinuation until any proposed change is referred to the advisory body, the National Wage Policy Committee. However, the bill does not prevent the Civil Service Commission from deciding to terminate or modify such arrangements.

The wage board bill we hope the subcommittee will approve should contain a positive statement authorizing the existence of these agreements and their renewal. It should make clear that employees in these units are outside the scope of the application of this act.

Mr. CHAPPELL. May I ask a question at that point? Which bill are you talking about?

Mr. McCART. I am talking about all three types of bills.

Mr. CHAPPELL. You said in the bill.

Mr. McCART. I'm sorry.

Mr. CHAPPELL. I thought you meant one as opposed to the other.

Mr. McCART. No, the three types of bills, the bill introduced by the chairman, the bill introduced by Mr. Helstoski and others, and the bill recommended by the Civil Service Commission, do recognize the existence of negotiated agreements in certain areas on wages. We are simply suggesting that they be strengthened so there will be no misunderstanding about the effect of those agreements and their renewal in the future. Also they should not be included under the general wage system because a bargaining pattern has been developed over a long period of years in many of these activities.

Just one word, if I may, Mr. Chairman, with respect to the Monroney amendment. I know that you are thoroughly familiar with this matter because you were very intimately involved in the enactment of the Monroney amendment in the first instance. You are also aware of the great difficulty experienced by the unions in securing proper administration of this proposal. You know also of the persistent efforts made by the administration to repeal it.

It would, in our view, be most unwise to repeal or modify that amendment, which is only now commencing to work. We suggest strongly that the Monroney amendment be retained as proposed in the administration's bill.

Mr. Chairman, the basic statutory authority for the entire wage system in the Federal service is more than a century old. We have now come to a point where the committee and the Congress has another opportunity after its action of last year to reaffirm its insistence that there be general statutory guidelines for administering the wage program. We earnestly trust that the President, after careful thought, will understand the necessity for this, and that we will be able to see the enactment of a statute in the current Congress.

Mr. HENDERSON. Thank you, Mr. McCart. You are to be commended for your written statement and your oral statement in support thereof. I don't believe I have any questions of Mr. McCart.

Mr. White.

Mr. WHITE. Well, only one question. If you pay a night differential, say, for bartenders and waiters and waitresses, will this cause some problems as to the prevailing rate in that area?

Mr. McCART. The question you raise is where a night differential does not exist?

Mr. WHITE. Yes.

Mr. McCART. I don't believe so, Mr. White. I think you will find that the rates of pay, basic rates of pay generally for occupations of that kind will include consideration of nightwork so that there is most likely to be an offset rather than upsetting the basic wage pattern.

Mr. WHITE. You feel that then the survey board could make this distinction so there wouldn't be a layer on top of a layer?

Mr. McCART. Well, where no night differential exists in the community then the night differential would not be applicable to the Federal employees. But where a night differential is applicable because it exists in the surrounding community then it would be on a statutory percentage basis.

Mr. HENDERSON. Would the gentleman yield?

Mr. WHITE. Yes.

Mr. HENDERSON. I believe under the bill, night differential would be required everywhere.

Mr. McCART. Well, I defer, Mr. Chairman, to your interpretation of the bill because you are the author of it.

Mr. HENDERSON. The administration bill has no provision for—

Mr. McCART. Percentage differential.

Mr. HENDERSON. Percentage differential, an hourly rate difference where it is done in the prevailing area. But the bills all require a percentage differential.

Mr. McCART. And in fact, the administration's proposal retains the present system and dilutes several aspects of it as far as we are concerned, Mr. Chairman.

Mr. HENDERSON. Mr. Chappell?

Mr. CHAPPELL. Mr. McCart, I want to commend you on a very clear and precise statement.

Mr. McCART. Thank you.

Mr. CHAPPELL. If I understand your position, if you had your preference as to which one of these bills would be the vehicle upon which we would operate, you would choose H.R. 1338.

Mr. McCART. That is correct. Or to put it another way, we would be happy to use Mr. Henderson's bill as a vehicle with the addition of five steps or a total of 10.

Mr. CHAPPELL. With a few amendments.

Mr. McCART. Just one, I think; one basic amendment.

Mr. CHAPPELL. All right, let's talk about with reference to H.R. 2164. I assume, first of all, you would want an amendment to 10 steps.

Mr. McCART. Yes, sir.

Mr. CHAPPELL. And secondly, you would want the cost-of-living amendment put in as has not been suggested by any bill.

Mr. McCART. That is correct.

Mr. CHAPPELL. Are there any other essential areas where you would amend H.R. 2164 other than those two?

Mr. McCART. Those are the two basic amendments that I recall.

Mr. CHAPPELL. All right, now would you comment a bit more about this 10-step position? I am a little confused, Mr. Chairman, on the step situation. Do we have anything comparable to it in the private sector?

Mr. McCART. Well, I think generally speaking there is something comparable in private industry.

Mr. CHAPPELL. How do they go about it?

Mr. McCART. In some cases it is a matter of a negotiated agreement where there is a union-management relationship. In other cases it is a matter of the management unilaterally determining that there shall be a number of progression rates. The existence of the step system in the private sector is generally recognized. The number of steps varies from company to company.

Mr. CHAPPELL. Does the step have primarily to do with the price, or does it operate also with respect to responsibility in the job?

Mr. McCART. There are certain companies, Mr. Chappell, where there is only a single rate. There are companies, I imagine, where there is no stated step rate progression, but an individual worker may progress within his wage grade upon the determination of the boss that he merits it.

Mr. CHAPPELL. Where union contracts prevail, they would set up the grades and the steps in the contract, would they not?

Mr. McCART. That is correct.

Mr. CHAPPELL. How many steps normally are considered in those private sector cases?

Mr. McCART. I don't think that we have any firm figures on this, Mr. Chappell. The Bureau of Labor Statistics I understand is currently undertaking a study of the practices in private industry in this particular respect. But the existence of at least three steps was found in the private industry some years ago because the Federal agencies have studied this from time to time, as is the five-step system now for supervisors based on the prevailing practice that the Department of Defense found in the private sphere.

Mr. CHAPPELL. Now, assume you had three steps in the supervisory area. Would this affect your thinking with reference to the number of steps necessary for the blue collar worker?

Mr. McCART. Not particularly. It does affect our thinking with respect to the fact that the supervisors now have five steps. You may not be aware of the fact, this change was made relatively recently for the supervisors and was based on some kind of studies that the Federal agencies undertook.

The thrust of our point with respect to the steps is the comparison with the other Federal workers and the fact that at the end of 18 months, with the exception of the 15 percent who may become supervisors, a blue collar worker can very well find himself at a dead end. He can work for 25 years and not be able to progress within his grade level beyond his base pay increases.

Mr. CHAPPELL. But in all of life isn't this essentially true—in all of business, all of labor, everything we do—that someplace you can't make a grade and a step that allows for progression necessarily in money or even responsibility?

Mr. McCART. I would certainly agree with the basic premise that you project, but in the case of the wage board workers it is a matter of not even keeping abreast of their fellow employees in the Federal service and a large number of their fellow workers outside.

Mr. CHAPPELL. Well, what you are really interested in is being comparable with counterparts in the Federal service and in the private sector.

Mr. McCART. Yes.

Mr. CHAPPELL. For example, I operate an electrical contracting business. I am constantly trying to set my wage agreements with my people. I recognize that with electricians there are certain areas when they get to a certain point there isn't any other place for them to go unless they move to management, unless they go out and set up their own business. Somewhere there has to be a level, and that is what I am trying to understand in the step procedure. There can't always be another step up without going up into another category.

Mr. McCART. I can't disagree with your thinking. The basic question here is what is that level so far as the wage board workers are concerned.

Mr. CHAPPELL. And you are thinking three steps won't do it, or five. You think you have to go into 10 in order to make the proper differential.

One final question, Mr. Chairman. If I understand the system correctly, the first step is a step below the prevailing rate?

Mr. McCART. Yes, sir.

Mr. CHAPPELL. The second step is dead center with the prevailing rate. Step three is above it.

Mr. McCART. Yes.

Mr. CHAPPELL. Now I get lost if from there you go to 10 steps. Do you have more steps below and more dead center and more above, or do you have the additional seven steps above?

Mr. McCART. We move the median to the fourth step instead of the second step for prevailing wage purposes.

Mr. HENDERSON. Would the gentleman yield? Look at page 7 of the bill, if you have the bill there before you. If you don't I can give you this copy.

Mr. CHAPPELL. H.R. 2164?

Mr. HENDERSON. Yes. This, of course, only contains the five steps, but you will see the first step is at 96 percent of prevailing rate, second step, 100 percent, third is 104, fourth is 108, fifth is 112. If you went to six, seven, on up to the 10, as recommended, you would still maintain the 4 percent in each step. Then if you look at the next paragraph you find the time it requires to move from first step—you have to stay 26 calendar weeks in the first step, 78 calendar weeks continued service in the second step, 104 calendar weeks in the third, fourth step. It is my understanding as you progress on up to the proposed 10 steps you would remain for 2 years or 104 calendar weeks in each of the steps.

Mr. CHAPPELL. So you go up to a total of about 132 percent over prevailing rate, but you would have to have approximately 10 or 12 years in the process above the prevailing rate.

Mr. HENDERSON. Approximately 16 years.

Mr. McCART. Yes, sir. In effect it is a service or seniority arrangement.

Mr. CHAPPELL. It is designed to take into account seniority more than necessarily an increase in qualification or ability?

Mr. McCART. No. The other point I want to add is that workers' proficiency normally increases as his years of service increase. So we believe that should be recognized as well.

Mr. HENDERSON. Would the gentleman yield for one more comment on this? I call to his attention, and Mr. McCart did it in his statement, that we understand that 90 percent of all blue-collar employees in the Government are in the third step at the present time. So if we enacted my bill with the fifth step probably that 90 percent would move up into the fourth step. Of course, if you had 10 steps you break them all the way down. But we can say that at the present time 90 percent of them have reached the top step presently authorized.

Mr. CHAPPELL. Mr. Chairman, what at that point does this do to comparability? Do we have that same step in the private sector or not?

Mr. McCART. This is a rather fundamental question. We subscribe to comparability for white-collar workers, those under the Postal Reform Act and the blue-collar workers under the wage board system. However, we don't believe that this should be the sole criterion.

For example, there are now substantial numbers of Federal blue-collar workers who are being paid less than the rate necessary to maintain them above the poverty level. The concept of comparability should not be used by the Federal Government as an employer to keep these workers below the poverty level. So, while the theory of comparability is generally acceptable, there should be departures from it when it is a matter of social justice or equity to employees. This is involved in the question of the step rates also.

It isn't solely, in our view, a question of precise comparability. It is also a question of what happens with respect to a Federal career. Does not the Federal worker have some entitlement to economic progression because he is a Federal worker and the Federal Government portrays itself as a good employer. The question of prevailing rates and comparability must be applied with reason, rather than just a total acceptance of it as the sole criterion for establishing rates, and other benefits, for that matter.

Mr. CHAPPELL. Well, I want to assure the gentleman that I personally want to try to do everything I can to help get the Government employee comparable to his counterpart in the private sector. I recognize whether it is in the private sector or in government we always want to get the employee to stay with us, whether it is in business or government. Certainly like any other employer, the Government ought to take that into account. I think it has to be on the basis of what is right and fair. The wages paid by the Government must not lead the private sector. I think you ought to be comparable to it, but not lead it.

Mr. McCART. On the question of the poverty level that I referred to it could very well be that the Federal Government can exert a very healthy influence on the private sector in eliminating the poverty that we are all so concerned with.

Mr. HENDERSON. Thank you very much, Mr. McCart.

The subcommittee will stand adjourned until next Tuesday, May 18, for further consideration of the wage board pay procedures.

(Whereupon, at 12:20 p.m., the subcommittee recessed, to reconvene on Tuesday, May 18, 1971.)

(The letters which follow were received by the subcommittee for inclusion in the record:)

SERVICE EMPLOYEES INTERNATIONAL UNION,
Washington, D.C., May 6, 1971.

HON. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service, House of Representatives,
Washington, D.C.

DEAR MR. DULSKI: H.R. 3358, the Wage Board Bill, is strongly supported by Service Employees International Union, AFL-CIO. We are particularly pleased to see that non-appropriated fund employees are covered in this bill, as they were in the bill passed in the 91st session.

These employees and the employees of the VA Canteen service have not been able to be paid at rates comparable to other blue collar employees because they have been kept out of the Coordinated Wage System. They will benefit by coverage of this system and we request that they be kept in this bill.

Our local unions have had a very difficult time in trying to secure proper wages for those members in non-appropriated fund activities. We hope that you will soon report this bill which includes coverage for these employees.

We respectfully ask that you include this letter as part of the official record of hearings on the wage board bills.

Sincerely,

DAVID SULLIVAN,
General President.

NATIONAL ASSOCIATION OF SUPERINTENDENTS OF
U.S. NAVAL SHORE ESTABLISHMENTS,
May 14, 1971.

HON. DAVID N. HENDERSON,
Chairman, Subcommittee on Manpower and Civil Service,
Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for sending me the copy of Mr. Hampton's testimony before the Committee during hearings on Mr. Henderson's bill for fixing the rates of pay for prevailing rate employees. We also appreciate the opportunity to make a statement, for the record, of our views on the pending legislation.

The National Association of Superintendents of the U.S. Naval Shore Establishments supports passage of H.R. 2164. We believe very strongly in the principle inherent in the proposed legislation, that there should be equal pay for substantially equal work. This principle has stood the test of time, serving as it has since 1862 as the controlling principle used for setting wages for people we supervise.

We entertain some misgivings, however, concerning the grant of carte-blanche to the Civil Service Commission in establishing, administering and controlling the system. Perhaps you are aware of our efforts during the past several years to arrive at acceptable agreements with the Commission on the Supervisory pay plan. We trust that passage of the Henderson Bill will eliminate the unsatisfactory features of the Consolidated Federal Wage System with its parabolic curve and tie-in to the 1st step of GS-14 which we find so unacceptable. When we questioned representatives of the Commission on this point at a meeting on 14 April, they indicated no change in their system would result from passage of H.R. 2164.

We have read with considerable interest, Mr. Hampton's testimony offering, as an alternative to H.R. 2164, the Commission's proposal. They are to be congratulated for the plausible sounding presentation they made. You must admit that when you are sorely troubled concerning as difficult and controversial matters as employee's pay systems, it is a relief when someone offers to relieve you of the headaches as the Civil Service Commission has done. However from my observations there have been more problems with the ungraded pay structure in the last five years, since the Commission has been managing the system, than in the one hundred plus years preceding their involvement. We do not support the Civil Service Commission's offered alternative to H.R. 2164.

We have observed with considerable interest that a very large number of separate bills have been introduced in both Houses concerning the subject of Trade Craft pay systems. Of these, we prefer H.R. 2164 to the ten step version. We recognize that the primary motivation of the latter form may be to provide some measure of equity between the two systems which is sorely needed. One particular deficiency which troubles our members is that there is no opportunity for a Quality Salary Increase in the pay system for ungraded employees.

One other point deserving of mention at this time is that dealing with the effective date of increases. Mr. Hampton said in his testimony before your Committee on 27 April,

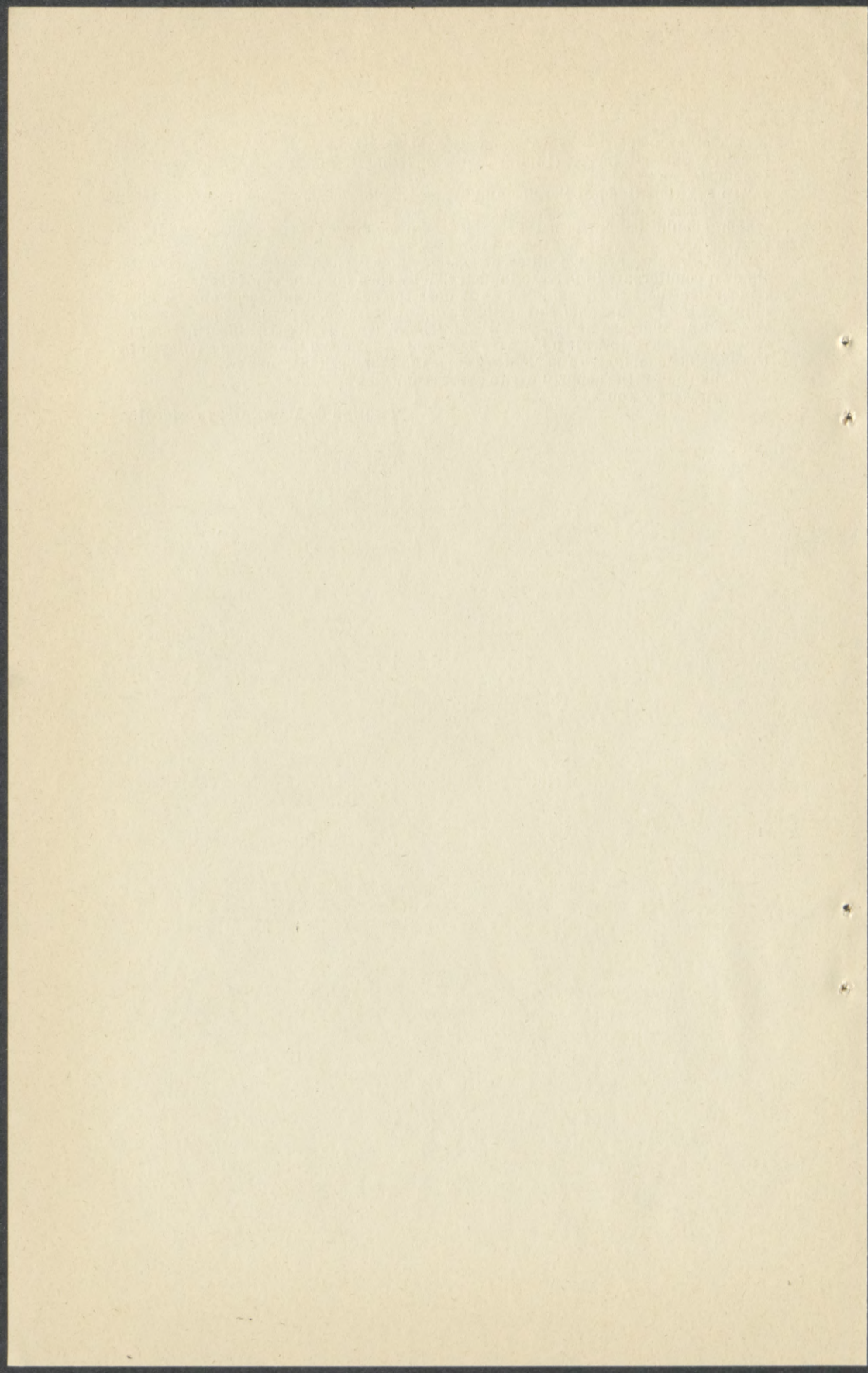
"To say that General Service and Wage Employees should be treated alike in this respect, would fail to recognize that we have two different systems each of which should be patterned after its own counterpart prevailing industrial practice".

Granted, there are two different systems and each should be patterned after its own counterpart in private industry. Why then does the supervisory pay system bridge the two, redounding as it does to the disadvantage of our membership? At the Philadelphia Naval Shipyard, for example, every person, except five, received an increase at the year's end. Those five, the WS-19 Superintendents, will merely have to wait until next December to receive the increase enjoyed by the classified employees and Military since the first week in January.

Thank you for the opportunity to express our views.

Sincerely yours,

THOMAS O. MAGINNIS, *President.*



WAGE BOARD PAY LEGISLATION

TUESDAY, MAY 18, 1971

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

The subcommittee met at 9:30 a.m., in room 219, Cannon House Office Building, Hon. David N. Henderson (chairman of the subcommittee) presiding.

Mr. HENDERSON. Let me make one brief statement as I call the subcommittee to order.

During the past several days we have taken testimony from the Chairman of the Civil Service Commission, the Assistant Secretary of Defense for Manpower, and officers of six Government employee organizations.

Administration spokesmen supported H.R. 7691, which would not specify wage pay steps or premium pay. Chairman Hampton supported a continuation of the Monroney amendment. Secretary Kelley indicated to the members that the Monroney amendment was unwarranted.

The several employee organization leaders urged specific wage steps, premium pay for overtime, saved pay, and the inclusion of nonappropriated fund employees in the Federal coordinated wage system.

Today we are happy to receive testimony from our colleagues in the House. Several Members, in fact some 23, have indicated to me their desire to appear in person or submit statements in support of some form of legislation for the 750,000 wage board employees and the more than 100,000 nonappropriated fund personnel.

Our first witness this morning is our colleague from the Fourth District of Virginia, Hon. Watkins Abbitt.

I am advised that we have a large number of statements that have already been submitted to the subcommittee.

I am happy to welcome our first witness this morning, Congressman Abbitt of Virginia, and I especially want the record to show that he and others who will testify this morning have been staunch supporters of legislation that would improve the pay and benefits of the wage board employees. I am delighted to welcome you.

STATEMENT OF HON. W. M. ABBITT, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF VIRGINIA

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

I have a prepared statement that I am not going to read, but I would like to have the privilege of having it inserted in the record along with the testimony, and I would like to have the privilege of just saying a few words briefly.

Mr. HENDERSON. Your statement will appear as presented in full after any comments you may wish to make.

Mr. ABBITT. Thank you so much.

Mr. Chairman, I do appreciate the good work that you and the committee have done and are doing for our blue collar workers, and particularly you, as the chairman. You have been a champion of the blue collar worker and other civil service employees, and I commend you highly for it. I appreciate particularly the way you have cooperated with the other members and given us an opportunity to be heard so as to represent properly our constituents.

I wholeheartedly support the Henderson bill, and as a matter of fact, the bills by the various Members along the same line. I am not talking about the administration policies. I do not agree with them.

I think, frankly, if we left it up to the administration, the blue collar workers would not be adequately protected nor compensated. I feel it is going to be necessary for the Congress to pass the proper legislation if we are to accomplish what needs to be accomplished to protect the blue collar worker.

As you will recall, many of our workers would like to go much further than the Henderson bill. But I feel that now is the time for this committee to try to report out a realistic bill, one that we can get adopted in the House and the Senate, and one that the administration will accept or we can pass it over veto.

What our blue collar workers need is relief now, and a bill that would satisfy everybody in the working fraternity couldn't be enacted, and this wouldn't put any money in anybody's pocket. So I urge this committee to report out a realistic bill as expeditiously as possible. I know that the chairman has intentions of doing his very best possible for our workers, and I want to again commend this committee for the fine work they have done.

I might point out that the white collar workers and the military have in the last 5 years had legislation passed that gave them seven raises. But my recollection is the blue collar workers have only been rewarded by legislation once in the last 5 years, and even though this was just a mild approach, even though it just went part of the way, it was vetoed by the President.

I don't believe the present administration is going to do anything worthwhile so I hope this committee will report a realistic bill expeditiously. I appreciate so much the opportunity of being here and having the opportunity of presenting my statement.

Mr. HENDERSON. Well, I want to thank you for your statement. You are a long-time supporter of the legislation, and I say that I especially appreciate what I consider the very practical approach that you take in your testimony of trying to get a bill that will be meaningful to the employees in getting the system established, and will give them the specific pay and benefits that we think we can get enacted in view of

the history of the legislation in the last Congress, as well as the Presidential veto. I think we have to realize that if we go as far as some of the witnesses have urged us to go that we do run the risk of another veto.

I think we have some reason for hope that if we pass a bill that is close to the bill that was passed last year by the House and which I reintroduced this year, we have a fair chance of the President not vetoing it. Certainly, once we have made that mark, for the benefit of the employees, as you say now, put pay in their pockets, Congress will still be in business and we can take another look after this becomes effective.

Mr. ABBITT. I share that view wholeheartedly.

Mr. HENDERSON. I thank you very much for your appearance this morning, and we will be calling on you for your advice and assistance as we move along.

I wonder if Mr. White has any questions of our colleague, Mr. Abbitt.

Mr. WHITE. No, I don't, Mr. Chairman. I am well acquainted with Mr. Abbitt. He is certainly very economic minded and fair, and is generally known to be reasonably conservative. I would judge that if he finds some adjustment is needed in the wage scale, then that is a fine recommendation.

Mr. HENDERSON. Thank you very much.

Mr. Bevell?

Mr. BEVILL. I just wish to express my appreciation for Congressman Abbitt appearing here and expressing his interest in this legislation, and certainly to me this means a lot to us on this committee to have Members such as yourself to appear and let us know of your support and interest.

Mr. ABBITT. Thank you so much.

Mr. HENDERSON. Thank you for your time. I appreciate it.

Your prepared statement will be made a part of the record at this point, in its entirety.

PREPARED STATEMENT OF HON. W. M. ABBITT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. ABBITT. It is perfectly apparent that the present administration is not willing to adequately compensate the blue collar workers for the services they are rendering. It is also abundantly clear that this administration is not willing for the Congress to enact the necessary legislation to protect our blue collar workers as well as to sufficiently compensate them. The testimony of an administration witness before this subcommittee recently demonstrates this beyond a doubt.

It is vitally necessary that this subcommittee report out a bill that will protect our blue collar workers and compensate them for the services they are rendering. I support wholeheartedly the principles asserted by the various bills before this committee.

I know and believe, and I want to say here and now, that our blue collar workers have been discriminated against and have not been paid adequately nor have they been properly treated by their Government. The legislation passed by the Congress last year and later vetoed by the President did not go far enough but a number of us felt that it was a real start and that, if enacted into law, it would be a great

first step in bringing our blue collar workers up to a standard where they should have been all along.

I favor the 10-step legislation before this committee. However, I think we must be realistic and I urge this committee to report a realistic bill, one that we can pass in the House, enact in the Senate and then if it is vetoed by the President, override the veto. Now is the time, in fact the time has long passed, that we should take the necessary action to assure our blue collar workers that they are going to be treated right and proper by their Government.

I urge this subcommittee to act expeditiously in reporting out the necessary legislation. I commend the chairman and all the members of the committee for the job they are doing, for the interest that they have in the working people and for their determination to right the wrong which now plagues our people.

I favor at this time the enactment and reporting out of the Henderson bill. It goes a long way toward righting the wrongs. It will be a great step. I feel it is a bill we can pass and, if necessary, override a veto. This is the important thing. Our people need assistance now. We need the legislation corrected as soon as possible. A proper raise, a proper wage scale is necessary.

I realize that the Henderson bill does not go as far as we should go but it would be useless for this committee to report out a bill that has no chance of becoming law. The bill as reported out by this committee should be one that is fair, one that we can sustain. It wouldn't do any good to report out a bill, no matter how meritorious it might be, if it is impossible to get it enacted into law.

Both Mr. Henderson's bill and my bill provide for five pay steps in each grade, instead of the three pay steps at present. They provide for uniform premium pay for second and third shift work. The bills also provide for saved pay for wage board employees who are reduced in grade and moved to the general schedule.

These three benefits, more pay steps, uniform premium pay, and saved pay, are sorely needed and well deserved by our wage board employees.

Further, both H.R. 2164 and H.R. 3798, provide for more equitable treatment in the pay fixing for nonappropriated fund employees. These people are not on the Federal payroll but work for quasi-Government instrumentalities such as the post exchange and officers clubs. Their wages are paid from the profits generated by these activities.

Many of these employees are dependents of military personnel and in many cases they are paid the bare minimum wage or slightly above it. Our proposed legislation provides for the pay of these employees to be determined on the basis of local prevailing wages, the same as for the Federal wage board employees.

The Government's blue collar employees have often been called the "forgotten employees" and a brief review of the legislative history over the past 5 years will reveal seven pay raises for white collar employees and seven for the military, while during this same period only once has congressional action been taken in the way of legislation for the benefit of wage board employees, and this even though it only brought partial relief, was vetoed by the President.

Mr. Chairman, I commend you and the other members of this subcommittee for moving right ahead on this issue. I trust we will have an

opportunity shortly to take positive action in the House to consider and to pass this long-overdue and well-deserved legislation.

Mr. HENDERSON. The next witness is the Honorable William Whitehurst of Virginia, and I took recognition that you have been as faithful and as vigorous in your support as any Member that I know of in the Congress. We are appreciative of your appearance this morning. Your statement will be inserted in the record after any comments you may wish to make at this time.

STATEMENT ON HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. WHITEHURST. Thank you, Mr. Chairman.

I first of all would like to identify myself with the remarks of my colleague, the dean of the Virginia delegation, Mr. Abbitt, who so eloquently expressed my feelings, and I feel those of the rest of us who have some blue-collar employees in our districts.

Mr. Chairman, I do appreciate your allowing me to appear here today to testify in support of your bill, H.R. 2164, which I have co-sponsored by introducing H.R. 4539.

I do have prepared testimony, as you noted, and I would like it to be inserted in the record following these very brief remarks.

I think that this legislation gives us the opportunity to eliminate many of the doubts the production employees have built up over the years, and particularly to eliminate the confusion that has developed since the implementation of the new federally coordinated wage system.

But most of all, I think it will update their pay systems by providing a full five steps at each grade level, a safe pay provision for all the Government employees, and also language guaranteeing that supervisors get equally equitable treatment.

Mr. Chairman, I think anything else I would say would be superfluous to the statement I have prepared for submission. I do wholeheartedly support H.R. 2164, and I hope this committee will act swiftly and favorably.

Mr. HENDERSON. I think that the point you make that the very brief law that is on the books now was first enacted in 1840 shows that it is timely that we write into the law the basis for the blue-collar pay system and the protection for the employees that they are entitled to, and I am most appreciative of your entire statement.

I know that you will be helpful to us as we attempt to move the legislation, and we will do our best to keep you informed and call on you for your very sound advice.

Mr. WHITEHURST. You can count on my support of this bill.

Mr. HENDERSON. We appreciate that very much.

Mr. White?

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

I am acquainted with Mr. Whitehurst from our service on the Armed Services Committee. I have great respect for his judgment. There must be a lot of blue collar and a lot of appropriated fund employees in Virginia.

Mr. WHITEHURST. About 24,000 in our area.

Mr. WHITE. I have been impressed with your testimony and we certainly are in favor of adjustment and improvement in regulations.

Mr. WHITEHURST. I thank you very much.

Mr. HENDERSON. Mr. Bevill?

Mr. BEVILL. I just appreciate getting the benefit of Congressman Whitehurst's testimony. I have no questions.

Mr. WHITEHURST. Thank you, Mr. Chairman.

Mr. HENDERSON. The statement of Mr. Whitehurst will appear in the record at this point, as though presented in full.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. WHITEHURST. Mr. Chairman, for the past few weeks, your subcommittee has been considering numerous pieces of legislation concerning wage board (prevailing rate) employees. One such bill is H.R. 5649, which I have introduced and which is identical to your bill, Mr. Chairman.

The purpose of these bills is to bring equity and stability to the pay system of prevailing rate employees. For too many years, these employees, who make up the crafts, trades, and labor forces in the Federal Government, have been under a pay system that at best has been unresponsive and subject to administrative inclination. This situation has been going on for more than 140 years, when in 1830 Naval production workers led the fight to obtain a 10-hour work day for Federal production workers. This had long been available to employees in the private sector of the economy.

In 1840 President Van Buren signed an Executive order establishing this measure for Government production workers. This was the first Executive order ever signed for wage board employees.

It was to be another 20 years before Congress would act on behalf of the wage board employee. In 1861 Congress passed a law calling for the employees of navy yards to receive pay equivalent to that received by their counterparts in the private sector of the economy located in the immediate vicinity of the respective yards, and their pay was to be determined by commandants of the respective yards. This, then, is the genesis of the complex and seemingly capricious procedures and regulations that comprise the current wage board compensation system.

Many inequities have arisen since that first congressional action. Some have been corrected, but more often that not, each alteration or survey has uncovered additional difficulties and new problems to be resolved. Each crisis is accompanied by a loss of time and money which can not be recovered, thus creating greater misunderstanding and even frustration. This is not a healthy atmosphere and must be corrected.

I am reminded of the story of the employee in the Norfolk Naval Shipyard during the war. He was being given an award for a record number of consecutive welds. The award was ostensibly for his welding, but obviously it was a testimonial to his many years of experience and hard work, and the effort it took for him to reach such a high level of proficiency. During the ceremony, he remarked that the award was appreciated and gratefully received, but that wage equity would be more in order. He proceeded to point out how a young man, standing not too far away, had been employed in the yard for about 3 years and was already receiving the same income as the recipient of the award. This story may represent an extreme situation, but is

one that takes place all too often, and it points up one of the greater inequities existing in the current wage board system.

In addition to this kind of inequity were those existing between the various Federal agencies in the same locality, as well as between Federal employees and their counterparts in private industry. In an attempt to bring some sort of order to this chaotic situation, President Johnson issued a memorandum on November 16, 1965, calling for coordination of all wage board systems. This coordinated Federal wage system has solved some of the inter- and intra-agency inequities, but it has made little progress toward establishing wage comparability between the Federal worker and his counterpart in private industry. As a matter of fact, the new system has pointed out just how outdated the current wage board system really is.

In recognition of these difficulties, and in an attempt to bring this 108-year-old system into tune with the complex legal and economic society in which we live today, the House of Representatives last year passed H.R. 17809. This would have provided wage equity, and would have added stability to an outdated system. Unfortunately, the legislation met a rocky road after it passed the House, and we are now debating an almost identical bill.

Mr. Chairman, the time has come for the almost 800,000 forgotten men and women comprising the wage-board employees of the Federal Government to receive comparability with those doing the same work in the private sector of the economy. We have been debating this point, not just for a few weeks, but for many years. It is time to act.

Mr. Chairman, I offer my support for your legislation, H.R. 2164, and it is my earnest hope that the committee will report this bill favorably in the near future.

Thank you, Mr. Chairman.

Mr. HENDERSON. Our next witness is Representative Downing of the great tidewater area, who, like the previous witnesses, has vigorously supported us in this legislation, and it is my pleasure to welcome my good friend, Tom Downing.

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

I appreciate this opportunity to appear before you, and I won't take up your time because we have been over this many times before.

There are 750,000 blue-collar governmental employees who have really been discriminated against in the Federal wage system. During the 91st Congress I strongly supported the bill of your subcommittee, and, as many of us were, I was quite disappointed that the President vetoed an amended version of the House-passed bill.

I have introduced a bill, H.R. 439, which is identical, Mr. Chairman, with your bill, H.R. 2164. I feel very strongly about this legislation, and assure you and the committee that if it is passed by this committee, that it will have my strongest support, and I thank you for this opportunity.

Mr. HENDERSON. We certainly thank you. I think it is significant that so many of the Members who do have blue-collar workers within their own district, or in adjoining areas, such as I am sure is the situation in the Norfolk area, and the Portsmouth area, are supporting this legislation, and we are most appreciative of your taking your time, coming over and going on the record this morning and affording us the opportunity to hear from you.

Thank you very much.

Mr. White?

Mr. WHITE. Thank you very much, Mr. Chairman. I have great respect for this Virginia delegation.

Do you have any idea how many blue-collar workers are located in your area?

Mr. DOWNING. Approximately 24,000 in the tidewater area. That doesn't include this area up here. I would imagine we have the bulk of that type of Federal employee.

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

Mr. HENDERSON. Mr. Bevill?

Mr. BEVILL. I want to thank my good friend, Tom Downing, for his testimony here this morning.

Mr. DOWNING. Thank you very much.

Mr. HENDERSON. Mr. Downing's statement will appear in the record at this point, in its entirety.

STATEMENT OF HON. THOMAS N. DOWNING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. DOWNING. Mr. Chairman, and members of the subcommittee, first I want to express my appreciation to you for the timely action on this much-needed legislation; namely, an expression of congressional policy and active interest in establishing the pay for the Federal Government's 750,000 blue-collar employees. And, I am most happy to note that you have not forgotten our more than 100,000 nonappropriated fund employees.

During the 91st Congress I strongly supported the bill of your subcommittee, H.R. 17809, and was quite disappointed that the President vetoed an amended version of the House-passed bill.

I have introduced a bill, H.R. 4539, which is identical, Mr. Chairman, to your bill, H.R. 2164. I feel that your approach is not only sound but certainly quite realistic. Your bill and mine are identical to the one passed by the House last September. The employees want some kind of a guarantee that they will not lose pay steps. They want some kind of guaranteed machinery to preserve the basic features of the coordinated wage system.

Your bill provides the five pay steps. It provides premium pay nationwide for second and third shift work.

Your bill takes care of a much needed omission in our present legislation; namely, saved pay for the wage-board employee who is demoted to a class-act job. H.R. 2164 creates a committee with a chairman appointed by the President that can rule on the various problems that might arise relating to this rather complex subject.

Mr. Chairman, probably the most significant item in all of this proposed legislation is the fact that for the first time in many years the Congress will be revealing to our thousands of Federal employees in the blue-collar ranks our congressional concern as to their pay.

Mr. Chairman, I whole heartedly support H.R. 2164.

Mr. HENDERSON. The next witness is Hon. Joel Broyhill of—not the Tidewater area of Virginia, but the great Capitol area—a former member of our committee who certainly went on record in support of not only the wage board employees, but all Federal employees. We

know of your continuing interest, and it is our good pleasure to welcome you this morning.

STATEMENT OF HON. JOEL T. BROYHILL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. BROYHILL. Thank you very much, Mr. Chairman. It is a pleasure to appear before the committee today in support of H.R. 5810, my own bill, and other legislation designed to provide an equitable system for fixing and adjusting the rates of pay for the several hundred thousand Federal employees serving in wage-board or blue-collar positions.

After years of recognition on the part of most of us here today that this type of legislation was needed, we finally succeeded last year in reaching a barely acceptable compromise measure with our colleagues in the Senate only to have the President veto the bill, partly, I believe, because he was poorly advised as to the inequities facing these employees over the years.

I supported the bill as it passed the House last September, even though I felt it might have been more fair had we allowed for more in-grade step increases as are provided for in H.R. 5810. By the time the bill reached the President, these promotions had been reduced still further, but the main thrust of the legislation, the statutory establishment of and equitable pay system, would have been accomplished had he not vetoed the compromise bill.

Mr. Chairman, there are many instances in which the system now in operation, that of determining the pay of wage-board workers by attempting to set salaries comparable to those paid by private industry for similar work in a labor market area, have proven most inequitable. I have had cases in my office where employees doing identical jobs in different agencies have received different pay. While the effort to create a coordinated wage system to insure like pay for like work in the same labor market areas has been underway for some time, it is far from perfect, and a large number of employees of support services for the Armed Forces are not even included in the system.

I also urge the committee to consider the equity in treating our wage-board employees as we have their white-collar contemporaries by providing for a 10-step in-grade increase over a period of 17½ years service. As the committee knows, promotions within the ranks of laborers, craftsmen, and tradesmen are far too few to force loyal and capable employees to wait for grade promotions for any advancement. And I also believe the large number of these employees who are assigned regularly scheduled non-overtime work a majority of the hours of which occur between 3 p.m. and midnight, and between 11 p.m. and 8 a.m. are deserving of the 7½ percent and 10 percent differential proposed for them in this legislation. While recognition is given to those who work less desirable hours in some labor market areas, this is not true nationwide as I believe it should be. Even more important is the provision for "saved pay" for 2 years for employees reduced in grade. We have provided this for classified employees for some time, and it is high time we provided wage-board employees the same benefit.

Finally, we will, with enactment of this legislation, include within the system we create a large number of workers who, while employed by the Federal Government, have never been covered under the laws

relating either to classified or wage-board employees. These so-called nonappropriated fund employees, mostly working for the armed services in supply depots, post exchanges and clubs operated for service personnel, have in many cases suffered grave inequities with regard to compensation and benefits. While the Civil Service Commission has long acknowledged concern about the manner in which their pay is fixed and administered, and the extent of differences between their pay and that of other employees doing similar work, there has yet to be a recommendation from the Commission for guaranteeing them the employment rights of other Federal employees. I believe they should be guaranteed these rights without delay.

Mr. Chairman, I believe this legislation is urgently needed, and I therefore urge it be reported favorably by the committee.

There is strong support from the Virginia congressional delegation for this legislation, and I make no apologies, Mr. Chairman. I represent a large Federal employee district, and I support it. This is the way representative government should be, but also I would like to point out—

Mr. HENDERSON. I would like to make the point that you fellows know what the problem is, too, because the workers are educated.

Mr. BROYHILL. I do not apologize for my prejudice. But I should also like to point out I support the legislation on its merits, too. I have said on many occasions during debate on other proposals to increase benefits for Federal employees, that as a former employer I feel it is in the best interest of good, efficient, economical management to have good personnel relations and to attract the best people to work for your industry. And I believe that by upgrading this wage-board setup we will attract and maintain more capable and efficient employees for the Federal Government.

Mr. Chairman, I should also like to suggest that some of the other committees of the Congress, the Banking and Currency Committee, the Ways and Means Committee, now the District of Columbia Committee, find it necessary to put several bills into one package containing some of the things that the executive branch desires, to insulate the bill from a veto. The Ways and Means and Banking and Currency Committees have done this for years. I wouldn't suggest how this committee handle things, but if an important bill like this runs into another veto, I might suggest it for the future. There are a lot of things that the executive branch has to have, and I think they can take them with this tacked onto it.

Mr. HENDERSON. Your suggestion is well received. We will do our best to get this legislation enacted, I assure you of that.

We appreciate your support and also appreciate your appearance this morning.

Mr. White?

Mr. WHITE. Thank you, Mr. Chairman.

Maybe not now, but at some future time perhaps the gentleman would like to enlighten us—as a member of the party occupying the White House—as to what legislation in particular the administration might favor.

Mr. BROYHILL. Mr. White, I have long since ceased to attempt to speak for this administration. They haven't been completely satisfactory to me, either, and I do not agree with them on the veto of this legislation last year.

Mr. WHITE. Thank you.

Mr. HENDERSON. Mr. Bevill?

Mr. BEVILL. I would like to thank Congressman Broyhill for appearing here. He has much influence on me. After all, he is my congressman. I live in his district.

Mr. HENDERSON. Mr. Broyhill, I don't want to delay you, but I think you would be interested, as all of us will be, at the number of members, and their widespread representation over the country, that have indicated their strong support of the legislation, of course, in various forms and various degrees, and we thank those of you from Virginia who have appeared this morning, and others may want to appear in person, but Congressman Lennon, Congressman Garmatz, Congressman Thompson of Georgia, Eilberg of Pennsylvania, Dickinson of Alabama, Nichols of Alabama, Stratton of New York, Gonzalez of Texas, Waggoner of Louisiana, Mrs. Mink of Hawaii, Sikes of Florida, Byrne of Pennsylvania, Helstoski of New Jersey, Matsunaga of Hawaii, Mitchell of Maryland, Forsythe of New Jersey, Daniels of New Jersey, and Fascell of Florida already have responded to our invitation and submitted strong statements in support of the legislation. I feel that in view of this widespread support that our chances are quite excellent in the House, and I feel sure that the subcommittee members are determined to bring this legislation to the floor as fast as we can.

Thank you very much, Mr. Broyhill. You do a good job of taking care of our colleagues as their Congressman, too.

Mr. BROYHILL. Don't you think they don't call on me occasionally, Mr. Chairman—they never hesitate—and I take care of them, too.

Mr. HENDERSON. I know you do.

The Chair would like to announce, without objection, that the statements before the subcommittee from the several Members who were not able to be present this morning will be made a part of the record as though presented in full.

The first statement before the committee is that of Hon. Alton Lennon. It will be received for the record at this point, followed by those of other Members.

STATEMENT OF HON. ALTON LENNON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. LENNON. Mr. Chairman and subcommittee members, it is my strong feeling that our wage board Federal employees are entitled to fairer compensation schedules.

For this reason, I introduced H.R. 4732, which is identical to the bill adopted by the House last fall.

This bill will effectively provide grade advancement and pay incentive, through additional steps in the wage schedule, for blue-collar workers who loyally and satisfactorily serve the Federal Government.

Mr. Chairman, your committee recommended legislation last session designed to promote uniformity and equity for wage employees.

I am pleased to join in your continuing effort to effect policies to improve the prevailing rate pay system, and I would urge that such vital legislation be promptly reported to the House for enactment.

**STATEMENT OF HON. EDWARD A. GARMATZ, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MARYLAND**

Mr. GARMATZ. It is a privilege for me to render my support for giving some needed relief to the Federal Government's 750,000 Wage Board, or blue-collar employees. These are this Government's laborers, truck drivers, mechanics, carpenters, plumbers, electricians, and so on.

Effective in January of this year, the pay of the Government's white-collar employees, and our uniformed military personnel, was increased by about 6 percent—at an annual cost of approximately \$2.5 billion.

On the other hand, our blue-collar workers were denied a modest wage increase. In the closing hours of the 91st Congress the President vetoed a bill that would have given these employees a modicum of relief at an estimated annual cost of only \$130 million—about 5 percent of the cost of the pay raise for the white-collar and uniformed personnel. Relief for these workers is long past due. Certainly they deserve equity with their fellow white-collar employees and the members of the Armed Forces. More than 40 bills have already been introduced in this Congress to grant some relief to this overlooked group of employees.

I have introduced H.R. 4549. My bill, along with many similar bills introduced by my colleagues, would come close to establishing equity for the blue-collar workers with their fellow Federal employees.

The white-collar workers, namely the clerks, typists, accountants, lawyers, executives, desk workers in general, have 10 pay steps in each salary grade. These 10 steps are based on longevity in a particular salary grade. The blue-collar worker on the other hand, has only three pay steps in each grade. I can see no reason why they should not also have 10 pay steps, the same as the white-collar employees. My bill would provide this.

Further, there is another large, almost forgotten, group of employees. Some 110,000 persons in the 50 States and the District of Columbia are employed by nonappropriated fund activities. Some 80 percent of these are employed at Department of Defense activities. They include employees of the various post exchanges, officers clubs, and so forth. Many of them are employed by the Veterans' Canteen Service. These employees are not paid from appropriated funds but, rather, from the proceeds generated by the hiring instrumentality. My bill would bring these employees under the pay-fixing authority of the Federal Government but at no cost to the Government.

**STATEMENT OF HON. FLETCHER THOMPSON, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF GEORGIA**

Mr. THOMPSON. Mr. Chairman, thank you for giving me the opportunity to submit to your subcommittee my position on H.R. 4629 and other measures designed to provide Federal blue-collar workers an equitable salary adjustment system similar to that now available to classified white-collar employees.

Blue-collar workers deserve the same kind of equitable system for adjusting their pay, as classified employees in the Federal service now have. Likewise, there can be no justification for denying similar wage

adjustment coverage to employees classified under the nonappropriated fund categories. These employees deserve to be treated as equals to other Federal employees and to deny them this is pure discrimination. This is basic to employee rights and one of the most valid reasons for the passage of H.R. 4629.

Last year the hopes of these employees of achieving an equitable system were delayed by the Presidential veto of H.R. 17809. This was another blow to the morale of these employees. Passage of H.R. 4629 will be a good aid to blue-collar Federal employees.

This bill establishes an 11-member Federal Prevailing Rate Advisory Committee which would make recommendations on salary adjustments for employees covered under the legislation. It provides an immediate increase of 7½-percent night differential on the swing shift (3 p.m. to 11 p.m.) and 10 percent on the graveyard shift (11 p.m. to 8 a.m.). White-collar workers now receive a flat 10-percent differential on these shifts.

We here in Congress must honor and give real meaning to the legislative commitment of full comparability. Congress made the promise of real comparability and I intend to live up to this promise as a matter of fairness to all concerned. We have enacted legislation to live up to this commitment for Federal employees classified under the general schedule and I see no reason why Congress cannot enact legislation to give equal pay for equal work to employees classified as wage board and nonappropriated fund workers. The employee who dedicates his life's work in the service of his Government should certainly not be an exception to the rule that calls for just compensation for a job well done.

I therefore urge your full consideration toward the enactment of this legislation. Thank you.

STATEMENT OF HON. JOSHUA EILBERG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. EILBERG. Mr. Chairman, I appreciate the opportunity to speak in support of H.R. 3556, which I have introduced and which would provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government.

The wage board employees have been receiving the short end of the stick for some time and it is the responsibility of this Congress to enact substantive legislation for their relief.

The bill which I have introduced and other similar bills are alike in several respects. They provide for a statutory basis for the prevailing rate system. They provide for a 10-step within-grade system. They bring nonappropriated fund employees under the system. They also provide the employee unions with representation on a Federal Prevailing Rate Advisory Committee. These are the primary points to which I wish to address myself today.

The general schedule employees and Postal Field Service employees have long been under a statutory pay system. With the 1970 Postal Reorganization Act, the Postal Field Service has been granted the opportunity to bargain for wages, with certain restrictions. Somewhere between the general schedule, with its statutory base, and the Postal Field Service with its limited negotiation basis lies the coordinated Federal wage system. The coordinated Federal wage system is

strictly an administrative program. Congress has no control whatsoever as to how the program is administered or as to what changes are made in the salary setting process. The unions themselves have little or no voice in this salary-setting process.

Since the administrators of the coordinated Federal wage system must, for all practical purposes, answer to no one for their operations and maneuvering, a binding statute is imperative. It is necessary to have a binding statute which clearly defines the rights of wage board employees to participate by law at all appropriate levels in the wage-fixing process. It is imperative that there be a binding statute, enforceable in the courts, which establishes a self-enforcing appeals mechanism which employee unions can invoke to safeguard the interest of blue-collar employees.

There are several arguments for a 10-step within-grade system. A prominent reason is that the white-collar workers in the general schedule already have a 10-step system. This system was enacted under Public Law 77-200. Mr. John Griner, president of the American Federation of Government Employees, has often harkened back to testimony prior to that enactment which describes the system as something to improve the orderliness of personnel administration or salary administration and * * * to increase the effectiveness of morale of Government employees.

At the present time more than 90 percent of all wage board employees have reached the top of their grades—that is to say they are in the third and last step of the grade. When it is considered that most of them reach that level after 2 years of satisfactory service and that they must remain at this level and grade for the rest of their careers, the inherent unfairness of the present system becomes readily apparent. Ask any employee in the white-collar network about the positive effect on his morale when he knows that after a certain period of time he will receive an increase in salary regardless of action on across-the-board raises and agency promotion policy. Several steps within a grade boost morale and reflect sound personnel administration policy.

There are severe pay policy discrepancies, not only between wage board employees and the general schedule, with 10 steps, and the Postal Field Service, with 12 steps; but also between the blue-collar rank and file and the wage board supervisory levels. The supervisory grades have, at present, five steps as opposed to the current three steps in the nonsupervisory grades. I have yet to hear a satisfactory justification of this discrepancy.

There are a group of employees who urgently need to be included under a statutory wage-fixing system. These, of course, are employees paid through nonappropriated funds. Their situation is totally ambiguous—they are treated in some respects as being Federal employees and in others as not being Federal employees. They are similar to Federal employees in the following manners: they pay Federal income tax, even when stationed abroad; they are subject to all military and civilian laws governing appropriated funds employees; their rights to organize and to bargain are controlled and limited by the same conditions as appropriated funds employees; and they may not legally strike. However, they have no rights of appeal to the Civil Service Commission or other Federal authorities for redress. They have no means by which they may participate in the Civil Service retirement program or in the Federal health benefits programs. This

is true even though they have worked alongside Federal employees, who do participate, for most of their careers. The pension plans and other fringe benefits in which they may participate fall far short of the standards for those set up for Federal employees under appropriated funds.

The legislation now before the committee will serve as the first step to lighten the burden of the double standard which the nonappropriated funds employees are bearing. It will remove the legal ambiguity as far as the salary-setting process is concerned. Although they will not yet be participating completely in the Federal system, with regard to pensions and health benefits programs, they will be paid the same rate of pay as other Federal blue collar employees working at the same kind of jobs in the same localities.

The fourth issue of interest in this pending legislation, which I outlined at the outset, is the creation of the Federal Prevailing Rate Advisory Committee. The committee's membership would be a composite of a nongovernmental member serving as chairman, top people in the four agencies employing the greatest number of blue-collar personnel, a Civil Service Commission representative and five representatives from among labor organizations representing the largest number of Federal prevailing wage employees under exclusive recognition. The committee would be charged with a continuing study of the prevailing rate system and other matters pertinent to that system. The membership would advise the Civil Service Commission and report to the Commission and the President and to Congress.

The Congress, last year, determined that the need was sufficiently acute for some action on behalf of prevailing rate employees that we accepted a modified version of the wage board legislation. This Congress must accept its responsibility and enact strong comprehensive legislation which will be equitable and worthwhile. It will do no credit to the Congress nor will it be of much benefit to wage board employees, if we allow a watered-down version of a valuable piece of legislation to pass.

Congress enjoys its reputation of caring for the needs of Federal employees. We, therefore, must live up to the responsibility that reputation implies. That responsibility extends in no small degree to the some 800,000 employees who will be affected by this legislation.

Again, I thank the committee and especially you, Mr. Chairman, for the courtesy you have extended to me today.

STATEMENT OF HON. BILL NICHOLS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Mr. NICHOLS. Mr. Chairman, I come before you and your fine subcommittee today in behalf of the 750,000 wage board employees and their well being.

Mr. Chairman, as you well know, the President vetoed language passed by the 91st Congress and I understand the primary reason for this veto was that it was claimed too inflationary. It is important to know the fact that almost every other segment of the economy has been raised to some extent in pay. From the Post Office employees, to military employees, to Members of Congress, this has been the case.

Our blue-collar workers are very dedicated Americans, who work hard in thir field and who are very able citizens of our society. Their

service denotes a certain type of devotion to their particular trait therefore it is just not fair to single out these citizens and neglect them particularly in this time of rising prices. Every American family is having to contend with the rise in prices of bacon, eggs, milk, and butter and all have to some way feed their families no matter what job they may have.

This wage board bill offers our wage board employees many benefits which they so duly deserve and I would hope that your fine subcommittee might see fit to give it favorable consideration in behalf of these forgotten men and women of the Federal service.

STATEMENT OF HON. SAMUEL S. STRATTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

MR. STRATTON. Mr. Chairman, I am pleased to have this opportunity to say a few words in behalf of my bill, H.R. 6189, to improve the status of 675,000 wage grade employees and 100,000 nonappropriated employees of the Federal Government, and I welcome this chance to try to correct an inequity of long standing in our Government's treatment of our employees.

I supported H.R. 17809 when it passed the House last session and was disappointed, as I know many members of this committee were, when the President vetoed the bill. However, we may view the veto with mixed feelings, since I do feel that H.R. 6189 and its companion bills are superior in many respects to H.R. 17809.

For reasons that are not entirely clear, the Federal Government has continued to treat pay for wage grade employees in a fashion almost completely different from the pay practices set for general schedule employees. Our objective, especially in recent years, has been to make Federal pay comparable to that paid by private employers for the same sort of work; however, the present practice which applies completely different parameters to the two types of workers serves to defeat our purpose. When we examine the basic pay situations of blue-collar and white-collar workers in private industry, the similarities are so striking that one wonders why we haven't taken steps before this to bring the two pay systems in the Government more nearly in line.

I believe President John Griner of the American Federation of Government Employees has pointed out in testimony before this committee that in industry the range of pay for both white-collar and blue-collar workers is nearly the same—about 30 percent. However, in Government, because we have stuck to an old and inequitable system, the range between the highest paid and lowest paid general schedule employee is 30 percent, whereas for the wage board employee it is only 8 percent.

When over 90 percent of all wage broad employees are now serving in the third and last step of each grade, and most of these reach that level after 2 years of satisfactory service, it is clear that something is drastically wrong. Obviously a system that provides little or no opportunity for advancement or increase in pay over a lifetime of work is unfair. Certainly this alone provides justification for the 10 pay steps provided for in my bill.

Without discussing the remainder of the bill in detail, I would like to mention several sections which I feel are of great importance. First, it is time that we stop treating some 100,000 nonappropriated employees as nonpersons. They are Federal employees in fact, and it is high time we make them Federal employees by law.

I am also convinced that in all fairness to both the employer and employee, we need the sort of prevailing rate advisory committee established by this bill to oversee the wage board program. The equal representation of management and labor with an impartial chairman should provide the full representation necessary for a fair and equitable pay system.

Finally, the existing coordinated Federal wage system has made steps in the right direction, but the fact remains that its operation is still discretionary and depends upon arbitrary administrative decisions. The procedures for setting wage board pay must be codified. Fair pay, comparable to that paid in private industry, is the right of the Federal wage board employee and we must insure by law that he gets it.

STATEMENT OF HON. HENRY B. GONZALEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. GONZALEZ. Mr. Chairman, I am here to support my own bill, H.R. 5211 and similar bills that would provide for the first time systematic legislation governing the pay rates of the 800,000 or more Federal employees who are paid on an hourly basis—the so-called wage board or blue collar employees.

There are in my district perhaps 20,000 people who would be directly affected by this legislation. These workers range from skilled aircraft technicians to warehouse employees and store clerks; they work on machines as complex as the mind of man has ever devised, and they also perform simple, hard labor—and carry out every kind of task in between. There are all kinds of workers who would be affected by this bill, but they all have a common grievance and a common need, and they all need this legislation.

All employees of the Government, save wage board workers, have salary schedules that are set by statute, by Congress. These employees—soldiers, clerks, managers, technicians—all know that their pay is set by systematic legislation. But the wage board employees have no such legislation. They are paid through a system that has been entirely the creation of the executive branch; the rules of pay are, for these employees, anything but systematic and anything but set in law.

This bill proposes in the first place to give wage grade employees the same kind of systematic law governing pay and benefits that covers every other Federal employee. This is only right.

I realize that the administration feels that this legislation would take some of its powers away. That may be true, but it offers no reason for excluding these employees from the same kind of statutory pay legislation that governs every other Federal employee.

The administration vetoed a bill similar to this one last year, saying that it was inflationary. But the same President who vetoed this legislation last year signed a far more costly pay raise for general schedule

workers only a few days earlier. I believe it is incumbent on us to demand of the administration a clear explanation of their desires—either they do not want legislation establishing hourly wage pay systems, or they want no pay raises, or they want something else. But we must demand that the administration for once decide what it wants.

Aside from the desirability of establishing a sound legal framework for wage board employees, this bill would provide for a number of other changes and benefits from the present system.

First of all, the bill would establish a national advisory council that would assist in establishing policy. This council would be composed of management and employee representatives alike, and would for the first time have clearly defined duties.

Second, the bill provides for an enlarged system of steps within pay grade, with automatic increases after stipulated lengths of satisfactory service. This enlarged structure of steps within each grade would greatly enhance the possibility for wage advancement for all workers, but especially for those in the lower ends of the wage scale. This increased number of steps would give all workers incentives for better performance; it would ease the feeling that too many employees now have, of being “dead-ended”.

Third, the bill provides defined pay differentials for various shifts. This would establish a uniform system for shift differentials across the country—something that is badly needed.

Fourth, the bill would provide the same kind of “saved pay” protection for hourly workers that is now given to General Schedule employees who are forced to take a reduction in grade due to cutbacks in the personnel force.

Fifth, the bill clarifies and makes permanent the provisions of the Monroney amendment.

This is especially important to employees in my district. Before the enactment of the Monroney amendment, it was not unusual for me to find an extremely skilled craftsman performing work at wages far below anything that resembled fair rates, for the simple reason that the local industry surveys could not locate jobs in private industry that were similar. With the Monroney amendment, the wage-board surveys can be made outside the local areas, so that comparable jobs are actually used to determine what the pay rate actually should be.

I might digress here to say that the wage-board system in general creates serious inequities for workers in my district.

Those who established the wage-board system probably believed that most workers would be engaged in jobs that are similar to jobs performed in the local private market. But in fact this is not always so.

In the case of the biggest wage-board employer in my district, Kelly Air Force Base, we have a very large industrial type operation. But the San Antonio economic structure is not that of a large industrial area; it is dominated by retail and service type industries. In fact, San Antonio manufacturing employees only make up about 16 percent of the whole local work force—about 10 percent less than you would find in most cities of similar size. So the area wage system in San Antonio is attempting to find industrial pay rates in an economy where industry is abnormally low in size. The result is that a wage-board worker in San Antonio may make about 20 or even 30 percent less than the same kind of wage-board worker in the town of Corpus Christi, only

150 miles distant. The reason is that in Corpus Christi there are industries to be surveyed that do offer higher pay. Ironically, though, the overall economic structure in that city, in terms of unemployment and median income, is not significantly different from that of San Antonio.

This is an injustice that may be inevitable as long as we have a pay system that is governed by local labor market rates. It is a problem that the committee should study. The very least that Congress can do about this situation is to insure that the Monroney amendment is made part of the basic wage-board legislation, because that measure has done more than anything else to bring about equity.

Finally, this bill will bring into the wage system the non-appropriated fund employees, who now number about 143,000 persons.

A good number of non-appropriated fund activity employees live and work in my district. I have found that in many cases they are vastly underpaid, even though the exchange service—which employs most of them—claims that these persons are paid on a comparable level with people having similar jobs in private industry. Under existing circumstances, it is possible in my district for two people driving a forklift truck in virtually the same warehouse to have a pay differential of \$1 or more per hour—and the nonappropriated fund employee is right when he can't understand why it is that his work earns him so much less than a wage-board employee gets for the identical task. I cannot understand this kind of inequity either.

Just as Congress insisted on coordinated wage-board rates, so that a GSA janitor and a Defense janitor in the same town now get the same pay—so should we insist that non-appropriated fund employees enjoy the same kind of coordinated pay. That is what would result from this provision of the bill. It is just, it is right, and it is needed. I urge the committee to support this concept.

The bill that the committee reports will no doubt differ in many respects from the one that I have introduced. But I believe that we are agreed on the basic concepts that wage-board legislation should contain, and I am confident that the general principles in my bill would be endorsed by the committee.

Mr. Chairman, this wage legislation is urgently needed, more so now than a year ago. I am grateful for the opportunity to appear here, and I am grateful for the thorough and diligent efforts that you and your committee have undertaken on this legislation in the past. I know that you will act promptly on this bill, because I know that you agree with me that justice delayed is justice denied—and this legislation is only simple justice.

STATEMENT OF HON. JOE D. WAGGONNER, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. WAGGONNER. Mr. Chairman, and members of the Subcommittee on Manpower and Civil Service, it is my pleasure to issue this statement in favor of H.R. 2164, which was introduced by the chairman. I introduced H.R. 5284, which is similar to the chairman's bill.

I want to go on record as being strongly in favor of this proposed legislation to provide an equitable system for fixing and adjusting the rates of compensation of prevailing rate or wage board employees. Similar legislation was passed by the 91st Congress, only to suffer a Presidential veto.

H.R. 2164, and my bill, are almost identical with the bill that passed the House last year. It provides for five pay steps in each wage grade instead of the existing three steps. It provides for standardized premium pay for second- and third-shift work, and saved-pay for wage board employees who are required to take lower paying jobs under the general schedule.

The proposed legislation also covers nonappropriated fund employees and assures that they too will be paid the prevailing wage paid for similar work in private industry.

Such legislation, to benefit both the wage board and the nonappropriated fund employees, is long overdue and I strongly urge the members to give it favorable consideration.

STATEMENT OF HON. BOB SIKES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. SIKES. Mr. Chairman, I am pleased to appear before this subcommittee on behalf of legislation for wage board employees of the Federal Government.

The intent of the Congress was clear during the last session, when the House, by a vote of 272 yeas to 89 nays, and the Senate by voice vote, approved a wage board bill for Government blue-collar workers.

Unfortunately, the measure was the victim of a Presidential veto and the result has been the continuation of a confusing morass of Executive orders and regulations.

The effect of this situation has been to prolong the unsatisfactory situation in which the Federal blue-collar worker finds himself.

Workers included in the nonappropriated fund list earn about 16 percent less annually than classified workers doing the same job. Prevailing rate employees make up 27 percent of those paid exclusively from appropriated funds and these wage grade workers likewise draw 16 percent less than their classified counterparts.

There is no logic to the continued discrimination against this huge group of workers. They have been loyal as have other workers. In fact, they have been called upon to be more patient with the system than have other workers and they have been patient.

The Congress again has the opportunity to rectify the situation by adopting the wage board bill directly aimed at assisting these 750,000 workers.

In the 91st Congress, our intent was made clear by the overwhelming margin by which the measure passed the House. The Presidential veto came too late in the session to attempt an override, although I am confident such an effort would have been successful.

This year, it is incumbent upon the Congress to again enact sound legislation in this field and, if necessary, to override a veto. Inequities in pay such as now exist must be abolished. There is no reason for further delay and every reason for speedy action on this measure.

Thank you, Mr. Chairman.

STATEMENT OF HON. JAMES A. BYRNE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. BYRNE. Mr. Chairman and colleagues; I appreciate the opportunity of appearing before you today and to discuss H.R. 4352, which I introduced and which you are considering for action.

While H.R. 4352 has been captioned "a bill to provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes," I like to think about it as a kind of bill of rights for blue-collar workers in the Federal employ.

Few people realize that some 750,000 workers fall within this category; and, if you will pardon me, I think they have been treated somewhat as stepchildren. Therefore, the purpose of my bill is to elevate them economically and psychologically to the position I think they are entitled.

Basically, my thinking on this matter can be summed up by the proposed amended language of subchapter IV of chapter 53 of title 5 of the United States Code, which would read:

"It is the policy of Congress that rates of pay of prevailing rate employees be uniformly fixed and adjusted and be based on principles that—

"(1) there will be equal pay of substantially equal work for all employees who are working under similar conditions of employment in all agencies with the same wage area;

"(2) there will be relative differences in pay within a wage area when there are substantial or recognizable differences in duties, responsibilities and qualification requirements among positions;

"(3) the level of rates of pay will be maintained in line with prevailing levels of comparable work within a wage area;

"(4) the level of rates of pay will be maintained so as to attract and retain qualified employees; and

"(5) Federal agencies and instrumentalities entering into contracts with private enterprises for the procurement of goods and services will incorporate the requirement that private enterprise shall furnish to the Federal authorities all data on rates of private pay requested to accomplish the purposes of this Act."

What will these requirements accomplish? First, it will insure that the workers themselves get a fair shake from the Government—their employer; it gives the Federal Government the opportunity to retain skilled and dedicated workers whom it might be losing to private industry through lack of parity of wages.

The bill requires that the Civil Service Commission draw the boundaries of the individual local wage areas and designate a lead agency in each local area which shall "conduct a wage survey within the local wage area, collect and analyze wage survey data, and develop and establish wage schedules."

Thereafter, each agency in the wage area employing prevailing rate workers will fix and adjust the rates in accordance with the wage schedules established by that area's lead agency.

The Civil Service Commission, under the act, will order full-scale wage surveys every second year and interim surveys in alternating years, in addition to directing more frequent surveys when conditions warrant.

Within each grade will be 10 wage steps, as outlined in the bill. The legislation also establishes night differentials for workers. Also included is appeal machinery that the worker may utilize if he thinks he has been treated unfairly.

To advise and help implement the intent of this bill, a Federal Prevailing Rate Advisory Committee will be established. All members of the committee will be unpaid with the exception of the chairman, who will be appointed by the President for a 4-year term.

Members of this committee will be the head (or his designee) of each of the four executive agencies and military departments designated by the Chairman of the Civil Service Commission as having the largest number of prevailing rate employees; an employee of the Commission; and five representatives of labor.

The labor representatives will be from those unions having the largest representation among prevailing rate employees of the Government.

The above, of course, are brief excerpts from my bill, H.R. 4352, but I think the essence is captured.

I believe this subcommittee and its parent committee would do a great service both to the Government and its blue-collar employees by taking favorable and early action on this measure. I believe such action is long overdue.

I commend H.R. 4352 to you for your earnest consideration.

Thank you.

STATEMENT OF HON. HENRY HELSTOSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. HELSTOSKI. Mr. Chairman and members of the subcommittee. I wish to thank you for the privilege of appearing before you today in support on my bill, H.R. 1338, on the subject of wage rates for the blue-collar workers and the method for setting these rates. I cannot stress too strongly the need for early and favorable consideration of this measure.

It would not have been necessary for this subcommittee to meet and discuss this measure if President Nixon had not vetoed H.R. 17809 which the Congress passed last year. By vetoing this bill, the President performed a grave injustice to the Government blue-collar workers. I am confident that if the veto had come earlier in the session, Congress would have overridden it, but the veto came so late that Congress had no opportunity to act.

I have long been an advocate and the protector of the dignity and worth of the working man. I am of the firm opinion that our blue-collar workers are entitled to wage increases right now and not at some later and vague date. They are on the lowest rung of the economic ladder and are the hardest hit victims of the Nixon inflation that almost daily sees increase in the prices of everyday necessities of life.

The blue-collar workers make up about 27 percent of the Federal workers paid exclusively from appropriated funds. Thousands of employees are included in the nonappropriated fund lists, and when these are added together the total number of blue-collar or prevailing rate employees in the Federal Government approaches about 800,000, who have suffered gross inequities and unfair treatment for many years.

My bill, H.R. 1338, intends to set up 10 steps in pay differential.

This will provide a sufficient range of pay rates to make Federal wage board employees more in line with similar employees in private industry. The bill also provides for pay differentials for hazardous duty and for shift work.

It also provides for a statutory foundation for improved procedures for Wage Board rate determinations. The principal instrumentality provided by the bill to assure that such a policy is pursued is a newly created standing committee known as the Federal Rate Advisory Committee. This 11 member committee would have five union representatives and a neutral chairman. Labor representatives would be chosen from unions which represent the majority of wage board workers under exclusive recognition.

A most important feature of this bill is the inclusion under its wage rate system of all employees who are now paid from the so-called nonappropriated funds. These employees will no longer be considered outsiders to the Wage Board or prevailing wage system. They will be assured equality and justice in the same manner as if they were receiving their pay from appropriated funds. This will remove the illogical distinction which results in variances in pay for an employee because he is paid from a different source of funds.

My bill and similar legislation which your subcommittee is presently considering, Mr. Chairman, will provide the first real pay reform in the blue-collar pay system since the Civil War. In 1965, President Johnson ordered an overhaul of the wage-board system. It was completed last October, 5 years later. The time for statutory reform is here. A 100 years without such a reform has been too long to wait. It is now for Congress to set policy.

Congress needs to set policy because the functions of all Federal activities end with the Congress. Should they cease to function, the American people will look to the Congress for a solution. The employee morale of the blue-collar worker is declining seriously. We must take action, I believe that this legislation will provide some of the answers to our difficult problems.

I appreciate most sincerely the opportunity and the privilege you have extended to me, Mr. Chairman, in permitting me to appear before you today. I thank all the subcommittee members for their courtesy and patience in listening to me on this legislation providing a modern, equitable wage-grade system. I earnestly ask you to report this bill to the House so that we may pass it early this year.

STATEMENT OF HON. EDWIN B. FORSYTHE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

MR. FORSYTHE. I would like to speak on behalf of H.R. 4358 and similar legislation, which would provide an equitable system for fixing and adjusting pay scales of the Federal Government's 750,000 blue-collar workers.

The bill I introduced, H.R. 4358, is similar in many ways to H.R. 2164, vetoed by the President on January 1. In addition to setting the pay for these wage-board employees, this legislation also covers some 150,000 people working in nonappropriated fund jobs on military bases.

I do not believe there is any question but that these nearly 1 million Government workers must be treated equitably and fairly. They must be compensated without discrimination and at a level that will attract and retain skilled and competent workers.

The question is how best to approach this problem. Clearly, there are some basic rights that must be preserved, as they are in H.R. 4358. These include:

The right of labor to participate in every phase of the rate-making system.

The provision of differentials, overtime and other recognized and accepted methods of compensation for unusual hours on the job.

A process for appeals by employees of wage-rate determinations.

In addition, H.R. 4358 preserves 10 steps of compensation over a period of 156 weeks, compared to only five steps over 104 weeks for H.R. 2164. This provision builds in added incentive for employees, and should be retained.

There are other factors, too, that should be included in any legislation that is approved for consideration by the full House.

Wage surveys must be established on a regular basis if they are to be meaningful and if the legislation we are considering is to be effective.

Both H.R. 4358 and H.R. 2164 would provide for these to be conducted at least every 2 years.

In addition, it is important just who conducts the surveys, and who should be included in the survey of prevailing wage rates in private industry.

These important details should not be left to be decided by a Government agency. They should be spelled out by legislation to assure that the employees who are immediately concerned will be represented in this important function.

The purpose of this legislation is to improve employment conditions for our Government's blue-collar workers, who comprise a vital link in our Nation's security and its Federal system.

I would hope the Congress will act, as it did last year, to accomplish this. And I would hope the legislation will be signed into law.

STATEMENT OF HON. DOMINICK V. DANIELS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. DANIELS. I thank you for this opportunity to appear on behalf of H.R. 3358, a bill which I have cosponsored with Congressman Udall, to provide an equitable and just system for fixing and adjusting the wages of 675,000 wage-grade employees of the Federal Government and relief for nonappropriated fund employees.

Because of a Presidential veto, blue-collar employees, unlike white-collar employees, are still not covered by any statute which governs the procedure for setting their base pay. For this reason they still suffer difficulties in obtaining their proper wages. This is especially unjust because they are the employees most subject to loss of their jobs through budget cuts as well as the Government practice of contracting out work. On top of these disadvantages the way the Government sets their pay, the prevailing-rate system, combined with the three-step-within-grade pay structure keeps many wage-grade employees at or below the poverty level. This deprives them of pay comparability

with private enterprise employees. Justice and equity are, indeed, long overdue for these men and women.

Last year we passed H.R. 17809. Although not providing as much as the bill I have introduced this year, H.R. 17809 was still undeniably a step in the right direction. However, H.R. 17809 met its demise in a Presidential veto. One of the reasons given for the veto was cost. The President said H.R. 17809 would have "fueled" the "fires of inflation." This argument was contradicted by administration actions within the weeks immediately following this veto. The President took actions increasing annual costs by \$5.5 billion, or \$1 billion more than the total blue-collar budget. The first action, costing \$2.5 billion, increased the pay of military and Federal white-collar personnel; the second, costing annually about \$3 billion, authorized a depreciation allowance on machinery by colossal industrial enterprises.

Cost obviously was not the excuse for denying wage-grade employees their due.

Because of the "three-step," blue-collar employees are the victims of an inequitable pay structure. The range of pay in their three-step system between the bottom and the top is only 8 percent. Federal white-collar workers have had a 10-step system since 1941. This 10-step system has a range of pay between bottom and top of 30 percent. Surveys show that ranges of pay in blue-collar private enterprise communities are even greater than 30 percent. Furthermore, today more than 90 percent of all wage-board employees are in the third and last step of each grade. It took many of them only 2 years of satisfactory service to reach this last step. In a three-step system there is no higher step for them to go. Thus a man with 20 years of service can be frozen into the same step and receive the same pay as a man with only 2 years of experience. This demoralizing and discriminatory situation must be changed.

I feel that in order to provide true equity and justice, we must pass a bill which includes at least three essential elements. First, it should provide for an orderly, legal means for blue-collar participation in the pay setting process. Through the 11 member Federal Prevailing Rate Advisory Committee of the Civil Service Commission labor representatives will have a voice in studying, advising, and recommending to the Civil Service Commission actions on the prevailing rate system and other matters pertinent to the establishment of prevailing rates. Second, there must be a 10 within-grade step system to give blue-collar employees the same career ladder that white-collar workers and private enterprise blue-collar workers have. Third, there should be a 7½ percent differential for second shift work and a 10 percent differential for third shift work. My bill includes detailed provisions for achieving these ends.

H.R. 3358 also ends the grave injustices still suffered by nonappropriated fund employees. They work in a world of a double standard. For the same work as other blue-collar employees they get less pay—often as much less as \$0.70 per hour. By bill would remove the legal ambiguity with regard to setting their pay. They would receive the same rate of pay as other Federal blue-collar employees holding the same kind of jobs in the same locations.

Our Federal blue-collar employees have had injustice and inequity imposed upon them long enough. They have been waiting for what is rightfully theirs—their proper wages—too long already. I believe that

my bill, H.R. 3358, is a great step in the right direction and a step we must take now.

STATEMENT OF HON. DANTE B. FASCELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FASCELL. Mr. Chairman and members of the subcommittee, last year in the late hours of the 91st Congress, the President vetoed legislation approved by the House and Senate which would have corrected inequities suffered by Federal prevailing rate employees. I cosponsored that measure in the last Congress, and I am proud to be a sponsor of similar legislation now before this distinguished subcommittee.

H.R. 4717, which is also known as the wage board bill, provides for 10 wage steps, with progress from the lowest grade to the top in 17½ years. With only three steps in their present pay scale, Federal prevailing rate employees lack incentive for advancement and rank far behind Federal workers in the classified category. In fact, wage grade workers earn an average of 16 percent less than classified workers or those in the postal field service.

Other features of this legislation include a 7½ to 10 percent differential pay for swing and night shifts and hazard pay differential. It would also establish an 11 member Federal Prevailing Rate Advisory Committee within the Civil Service Commission, with five members appointed from the labor unions representing the largest number of prevailing rate employees, and an impartial chairman.

In addition, surveys for the establishment of rates would, under this bill, include firms in the private sector employing 300 or more workers, and firms with Government contracts would be required to cooperate in providing wage data.

Finally, the bill would widen the appeals system for Federal prevailing rate employees and would include nonappropriated fund employees in the survey system.

Mr. Chairman, these are long overdue measures to correct the inequities in the present system. Prevailing rate employees have been discriminated against for too long.

In my own State of Florida, of the more than 70,000 Federal workers, approximately 20,000 are prevailing rate employees. We must protect these men and women from the vague and inconsistent economic policies of this administration. They have been hardest hit by the vicious combination of rising prices and inflation.

By early and favorable action on this important legislation, we can demonstrate that the Congress has a strong commitment to the fair treatment of Federal blue-collar and nonappropriated fund workers, even if the administration does not.

STATEMENT OF HON. WILLIAM L. DICKINSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Mr. DICKINSON. Mr. Chairman, members of this distinguished committee, it is a privilege to present this statement to you today, and I would like to thank the committee for the courtesies and cooperation extended in past appearances.

I appear before you today to voice my strong support for an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Federal Government. Blue-collar employees work under the prevailing wage concept and, this concept should be an equitable method of setting rates of pay, but it is not.

Mr. Chairman, as this committee knows, except for a few minor changes, the wage board compensation system which was passed in 1861 has had no legislative or statutory growth up to the present. Although the number of wage board employees has grown from only a few thousand in 1861 to 700,000 today, the only statutory basis for the fixing of compensation for these employees is 110 years old. The system may have worked fine some years ago, but today, it is archaic and completely outmoded.

Three main points justify the necessity for a change in the compensation system: First, the wage board employee is the only federally classified worker who has not received cost-of-living increases while other federally classified workers have continued to receive retroactive pay raises over the past couple of years; in fact, the Federal white-collar worker has received 21 percent in raises in the past 2 years, while the blue-collar worker has received none; second, the present system which is used to adjust salaries according to the prevailing wage in the area served by the wage board is uncoordinated, inequitable, and inefficient; third, the wage board employee in my district, that is the Montgomery area (as well as many other locations) is underpaid and gets less per hour than his counterparts doing identical work in several cities within the State of Alabama, although those cities may be only 100 miles away.

Mr. Chairman, even though we recognize there are different statistical methods of determining prevailing wage, I think you will surely agree that something is amiss when we find a great disparity in the pay of a worker in Montgomery, Ala., receives compared with what another worker receives for an identical job in an identical status in other Alabama cities where the cost of living is no higher than in the Montgomery area. Specific examples for Alabama show that Montgomery has the lowest wage grade schedule in the State. Using the wage grade 10, step 2 schedule as a basis of comparison, we find the following hourly rates:

Anniston-Gadsden	\$3.73
Birmingham	3.77
Dothan	3.59
Huntsville	4.20
Montgomery	3.52

Certainly, this disparity from \$4.20 in Huntsville to \$3.52 in Montgomery cannot be justified by a higher cost of living. As pointed out, the cost of living is no higher, at least, not measurably.

To take this comparison a step further, statistics show that Portland, Maine, and Montgomery, Ala., are the two lowest paid wage grade areas in the United States. Nationwide, the pay per hour for the wage grade 10, step 2 schedule averages \$4.25. This average is higher than the highest rate for any city in Alabama, and the \$3.52 per hour pay in Montgomery is \$0.73 below the national average.

Furthermore, Mr. Chairman, it is hard for me to believe that the formula now in use for determining the prevailing rate provides

any degree of comparability between the private sector and the public sector blue-collar rates of pay. I base this statement on information which shows there is really very little basis for comparison between private and public sector positions of this type. The legislation we are discussing today will make it possible to have a basis for comparison.

In support of the 10 in-grade steps provided by the bill that I have introduced, I would like to point out that the general schedule employees have 10 in-grade steps. Also, although the term "in-grade step" is not used by private industry, data collected shows that private industry rate ranges usually exceed the spread of the 10-step within-grade system proposed in my bill. In fact, private industry rate ranges run as high as 57 percent, whereas my bill proposed 33 percent.

In conclusion, Mr. Chairman, there is definitely a significant difference in the prevailing wage paid in different locations with no measurable difference in the cost of living. This situation is not equitable. It is not fair. The blue-collar worker is treated like a stepchild in the Federal family. These fine, dedicated workers certainly deserve better treatment than they have been receiving. My bill, H.R. 6228, has the support of the wage board employees in my district and I believe that it will take this or similar legislation to correct this deplorable situation.

Thank you, Mr. Chairman.

STATEMENT OF HON. PARREN J. MITCHELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. MITCHELL. Mr. Chairman and members of the subcommittee, I am sure you are aware of the many proposals to correct the inequities in wage fixing policies and procedures for Federal blue-collar employees.

I feel, however, that H.R. 6241, is superior to any of the wage board bills introduced thus far. The major thrust of the bill focuses on adjusting the rates of pay for Government blue-collar workers with similar rates paid to blue-collar employees in private industries.

To eliminate discrimination in wages a Federal prevailing rate advisory committee will be established to periodically examine rates and other matters pertinent to the establishment of prevailing rates under H.R. 6241, and make recommendations to the Civil Service Commission. In addition, this legislation provides for a fairer system for retained rates of pay on reduction in grades, a broader job-grading system, and would give nonappropriated fund workers the same benefits as wage grade workers.

To continue to ignore our faithful blue-collar employees I feel, could possibly result in grave consequences in the future.

I, therefore, respectfully urge you and your committee to favorably consider H.R. 6241.

STATEMENT OF HON. SPARK M. MATSUNAGA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mr. MATSUNAGA. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present my views with respect to my own bill, H.R. 5639, and other bills, all designed to provide a

statutory framework for fixing and adjusting the pay rates for blue-collar employees of the Federal Government, the so-called wage board or prevailing rate employees.

I would first like to congratulate the subcommittee for its expeditious scheduling of hearings on this legislation. As members of this subcommittee well know, the 91st Congress passed a compromise wage board measure, H.R. 17809, in the belief that the President would veto a more generous bill. Unfortunately, the President vetoed the compromise bill anyway, forcing the Congress to begin all over again.

There is universal agreement that some legislation is necessary. Even the administration has submitted a proposal, although it is sorely lacking in substance. There are about 675,000 blue-collar employees of the Federal Government, and their pay is determined by administrative regulation, subject to change when administrations change, or when a different bureaucrat succeeds to a particular job, or when an administration decides to change its policies. The basic thrust of my bill, H.R. 5639, and other bills before the subcommittee, is to enact into law the procedures used to determine and adjust wages for these workers.

This legislation would also extend a measure of equity to about 150,000 persons who now work for nonappropriated fund entities of the Federal Government, by including them for the first time in the definition of "prevailing rate" employees.

By this time, the subcommittee has undoubtedly heard lengthy explanations, defenses, and denunciations of all the bills now under consideration, including my own. I will not undertake to review all of those arguments and explanations.

I will mention, with the subcommittee's permission, a few of the major provisions of my bill. It is very similar to the bill passed by the House last year, which was later amended in conference and then vetoed by the President. Like the House bill last year, H.R. 5639 sets up a Federal prevailing wage advisory committee; provides a 7½ percent and 10 percent differential allowance to workers on the second and third shifts, respectively; and allows "saved pay" for 2 years for prevailing rate employees who are reduced in grade.

There are several minor differences between the House-passed bill and my own, but the most important one relates to the wage schedule within each grade.

At present, there are three wage steps within each nonsupervisory grade. The second step represents the "prevailing rate;" the first and third steps are pegged 4 percent below and above that line.

The bill passed by the House last year would have set up a five-step system for all wage board employees, the fourth step at 108 percent of the prevailing rate, the fifth at 112 percent. Under such a framework, a worker would progress normally from the first to the fifth step in 6 years.

Under my bill, there would be 10 within-grade steps, at 3 percent intervals, so that the wage range within each grade would be 27 percent. A normal progression through the steps would take 17½ years.

There are, then, two factors involved here. First, how many steps should there be, or, phrased differently, how large a range of wages should there be within each grade? Second, how long should a progression take within each grade, from the lowest step to the highest?

The administration's own wage surveys show that private enterprise, on which the entire "prevailing rate" machinery supposedly rests, pays wages with at least as much range, and in some cases greater range, than the 27 percent contained in H.R. 5639. Further, Federal classified employees now enjoy a 10-step system with a similar wage spread. The 12-step system for postal field service employees has a greater than 30 percent range. Clearly, there is sufficient justification for a 10-step, 27 percent range system for Federal blue-collar workers as well.

As to the time spent in each grade, it has been estimated that more than 90 percent of all wage board employees are in the third and last step of each grade. Most of them took just 2 years of satisfactory service to reach that point. Where is the incentive in such a system for a man or woman to continue performing regular duties, when the chances for advancement without a promotion in grade have been completely foreclosed?

Whatever the grade and step combination the subcommittee finally settles on, the present three-step, 8 percent range schedule is grossly inadequate. The administration tacitly admits this through its maintenance of a five-step system for wage board supervisors. The logic which allows such a system for supervisors, but condemns exactly the same system for rank-and-file workers, is seriously distorted.

For more than 100 years, Mr. Chairman and members of the subcommittee, Congress has recognized that the Federal Government's blue-collar employees should be paid wages comparable to those prevailing for employees in private industry in the regional labor market. Increasingly, governmental pay has not been comparable to that of private industry. The results have been both inequity to the employees involved, and a lack of competitiveness on the part of the Government in competing for skilled manpower. Both the employees and the Government need the protection of a statutory, realistic, and actually comparable system for setting and adjusting these wages. I submit that H.R. 5639 would provide such a system.

Thank you for your attention.

STATEMENT OF HON. PATSY T. MINK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mrs. MINK. Chairman Henderson and distinguished members of the subcommittee, I thank you for this opportunity to present my views in support of legislation to provide an equitable system to fix and adjust upwards the rates of pay for prevailing rate employees of the Federal Government.

I was among those voting for similar legislation in the 91st Congress. Unfortunately, the bill we passed was vetoed by the President. In the 92d Congress, I am cosponsoring H.R. 3816, one of a number of similar bills introduced on this matter.

It should be clear to the members of the subcommittee, who possess great expertise in this important area of Federal wages, that legislation to help our Federal blue-collar workers is far more necessary now than it was a year ago.

Since our last bill was considered, there has been a continuing upwards spiral of inflation, together with rising unemployment which has put a downward pressure on wages generally. To a great extent,

the average workers of our country are being forced to bear an undue part of the economic burden inflicted by the administration's injurious economic policies.

In my own State of Hawaii the Federal workers involved, many employed in U.S. naval shore establishments, have been falling ever further behind their private industry counterparts. They need the five-step, in-grade feature of H.R. 2164, sponsored by Chairman Henderson, to provide the parity and the incentives required for solvency, or provisions as contained in my bill on this subject.

The issue of equity for our "forgotten" Federal blue-collar workers was debated by the 91st Congress which approved legislation to give them a new wage system. I regret that this bill was vetoed, and urge that the subcommittee try again by approving a new bill in this field.

The legitimate needs of these workers should not be further denied.

STATEMENT OF HON. LAWRENCE J. HOGAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND

Mr. HOGAN. Mr. Chairman, members of the subcommittee, as the sponsor of H.R. 2481, one of the many wage board bills being considered by your subcommittee, I am pleased to have this opportunity to relate to you my views concerning this legislation.

Last year, after extensive public hearings and lengthy deliberation and approval by your subcommittee and the full committee, of which I am a member, the House voted to approve H.R. 17809, establishing a statutory policy for setting the pay of 850,000 prevailing rate employees of the Federal Government and the District of Columbia. Although this bill did not altogether reflect the desires of the Government employee unions and certainly did not meet the approval of the administration and the agencies involved, in my view, it was a desirable compromise between extreme positions in a matter which needs legislative attention. It was much to my regret that President Nixon vetoed this legislation at the close of the 91st Congress.

I introduced H.R. 2481 in the 92d Congress which I feel is preferable to the House-passed bill of last year from the employees' standpoint, and has several features to which I hope the subcommittee will give close attention.

Among these are a 10-step pay system achieved over a period of 17½ years of service; a 7½ percent differential rate for regularly scheduled nonovertime work primarily occurring between 3 p.m. and midnight, and a 10 percent differential rate for such work primarily occurring between 11 p.m. and 8 a.m. Also the bill provides for a clear, orderly legal mechanism for participation by blue-collar representatives in the paysetting process. These provisions are in addition to the primary thrust of the bill which is to establish an equitable and modernized pay rate system for these employees, the basic purpose with which most of us agree.

I realize that this bill goes beyond the provisions of the House-approved bill of last year. Also being aware of the need for the approval of legislation which will write into the statutes an equitable pay policy for these Government employees, I would like to express my hope to the members of the subcommittee that their efforts will produce a bill which provides this large segment of employees with an assurance of adequate and fair pay scales which they, as Government employees, deserve.

The vast differences between the administration's bill and the others being considered leave us with the distinct possibility that the President will disapprove the committee's recommendations. Yet, I urge the committee to proceed, keeping uppermost in mind the necessary for a decent and fair rate of pay for these workers.

The Congress last year approved an equitable pay system for General Schedule, or "white-collar," employees of the Federal Government, assuring them a proper wage. We can do no less for the wage board employees. Knowing that the subcommittee will act accordingly, I look forward to seeing the results of its work before the full committee in the near future, and I assure you that any bill of the nature we approved last year will again receive my support in committee and on the floor of the House.

Mr. HENDERSON. The subcommittee will stand adjourned.

(Whereupon, at 10 a.m., the hearing was adjourned, to reconvene at the call of the Chair.)

(The reports received from the Defense Department and the Office of Management and Budget on H.R. 2164 were ordered made a part of the record at this point, along with the bill H.R. 2164, by Mr. Henderson, and also the administration bill, H.R. 7691 by Mr. Dulski.)

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., April 30, 1971.

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. 2164, 92d Congress, a bill "to provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes."

It has been the position of the Department of Defense that legislation such as H.R. 2164 is unnecessary, at least until the Coordinated Federal Wage System is given full opportunity to become a functioning program. From our viewpoint, the Coordinated Federal Wage System has provided appropriate wage adjustments and has demonstrated its flexibility to respond to changing industrial practices. If, however, Congress determines that statutory coverage is desirable, it is recommended that the legislation enacted set forth only Congressional policy and general procedures for implementation, as proposed in H.R. 7691, the Civil Service Commission's proposal now pending before your Committee, and not the specific details of the wage system. H.R. 2164 does not confine itself in this manner, but contains a number of operating details, as well as other provisions to which we strongly object. Specifically, we object to the following:

The bill would define employees of a nonappropriated fund instrumentality described by Section 2105(c) of title 5, United States Code, who are employed in a recognized trade or craft or other skilled mechanical craft or in an unskilled, semi-skilled, or skilled manual labor occupation as a "prevailing rate employee." A number of employees engaged in unskilled essentially laboring occupations would be affected by this provision. The rates of pay for these employees now are determined on the basis of surveys in retail, wholesale, service and

recreational activities, not on the basis of rates prevailing in the area for industrial employees. If the rates for these employees were required to be established on the basis of industrial wage rates, the cost would be extensive. As an indication of the scope of the effect, the present minimum rate for nonappropriated fund employees is the minimum rate established by the Fair Labor Standards Act, \$1.60 per hour. The average minimum rate under the existing Coordinated Federal Wage System which is based upon industrial rates is approximately \$2.50 per hour. Wage schedules are scaled up from these minimums.

We firmly believe that while nonappropriated fund prevailing rate employees should be paid locality prevailing rates, the reference point for these wages should be wages paid for similar jobs in comparable industries in the private sector. Nonappropriated funds must support themselves through revenues they produce just as do commercial retail stores, food, and recreation activities in the private sector. These commercial activities, therefore, are the proper reference points for the pay concepts of "prevailing rates" and "equal pay for equal work," for nonappropriated fund employees. Rates fixed on this basis are fair to employees, to nonappropriated fund management, and to the servicemen who must pay the cost of the goods and services.

The basic requirements Congress has established, that nonappropriated fund activities provide goods and services at reasonable prices to servicemen and that these activities be self-sustaining, will be severely undercut if this bill is enacted. By requiring that rates of pay for these employees be established on the basis of industrial wage rates, price increases in the revenue-producing activities—the exchanges, clubs, messes, and certain recreational facilities—would be necessary to absorb the increased labor cost. Such increases for the purpose of paying nonappropriated fund employees' rates significantly in excess of those paid to their counterparts in the private sector of the economy will be recognized as further erosion of the compensation package and benefits of the serviceman. It would represent a reduction in real earnings for the serviceman, particularly those in the lower ranks.

The Department of Defense is currently in the process of completing an extensive study of the compensation and employment practices for nonappropriated fund employees. Final decisions have not been made, but it is expected that this study will result in the establishment within the next few months of a coordinated wage program for nonappropriated fund employees administered by one authority in the Department of Defense. We believe that a question of this importance and magnitude should be resolved as a result of this careful and thorough analysis.

H.R. 2164 would continue in law the provisions of the present Section 5341(c) of title 5, United States Code (commonly referred to as the Monroney Amendment), which requires that a lead agency go outside a local area to collect wage data for principal types of Federal positions when comparable positions in private industry are not found in the local area. The Department of Defense believes that this provision is contrary to the whole principle of establishing wage rates for wage employees on the basis of rates prevailing in private industry in the area. Going outside the local area as provided by the Monroney Amendment (and which would be continued under H.R. 2164) serves to distort pay in the local area. It is not necessary to find matches for every Federal occupation in a wage area in order to establish a 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 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. The importing of rates from one area to another has resulted in many pay inequities. Increased payroll costs associated with the Monroney Amendment are being developed as area-to-area applications are being made. It is estimated that additional annual payroll costs will total \$66,000,000.

The bill provides for each grade of a wage schedule to have 5 step rates with 4 percent increments between rates. The second rate is set as the payline rate. We strenuously object to this proposal. The predominant practices in industry are to pay non-supervisory employees 1 or 2 rates. The number of step rates and the amounts of the increment between step rates established for the Coordinated Federal Wage System are a reasonable reflection of these findings on industrial pay practices. Under the present system, most Federal blue collar employees are already paid 4 percent more than prevailing rates. This bill would mean that a significant number of these workers would be paid at rates 12 percent above prevailing rates. It is estimated that this would add \$170,000,000 in annual payroll costs within the Department of Defense based on June 30, 1970, personnel strength.

H.R. 2164 provides for payment of nation-wide percentage differentials for night work, the amounts being 7½ percent for the second shift and 10 percent for the third shift. This represents a complete departure from pay practices prevailing in industry for trades, crafts, and laboring occupations. In private industry the amount of the differential paid employees for night work will vary from firm to firm and from area to area. The predominant industry practice is to pay a flat cents per hour amount to all employees on a shift rather than a percentage basis. The flexibility and inherent fairness of the present system is reflected also in the recognition, in specific areas, of differentials more favorable than would be payable under the amounts proposed in the bill.

The bill proposes that the Chairman of the Federal Prevailing Rate Advisory Committee shall be appointed by the President but does not make it clear to whom he reports and is accountable to while so serving. We believe that the Chairman should be appointed by and report to the Chairman of the U.S. Civil Service Commission and that five representatives should be selected from among the Executive Branch agencies with due consideration of such factors as the relative numbers of Federal wage employees in such agencies.

For the above reasons the Department of Defense strongly recommends the enactment of H.R. 7691 in lieu of H.R. 2164.

The Office of Management and 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,

J. FRED BUZHARDT.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., April 29, 1971.

Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service, House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to the Committee's request for the views of this Office on H.R. 2164, "To provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes."

H.R. 7691, the Civil Service Commission's proposal, now pending before your Committee, reflects the Administration's approach to a statutory authorization for a wage system. The Administration's proposal sets forth the general policies and principles as a framework within which the system will function, instead of establishing inflexible statutory rules and specifications as proposed in H.R. 2164.

Accordingly, we strongly urge enactment of H.R. 7991 rather than H.R. 2164.

Sincerely,

WILFRED H. ROMMELL,
Assistant Director for Legislative Reference.

92D CONGRESS
1ST SESSION

H. R. 2164

IN THE HOUSE OF REPRESENTATIVES

JANUARY 25, 1971

Mr. HENDERSON 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 pay for prevailing rate employees of the Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That (a) subchapter IV of chapter 53 of title 5, United
4 States Code, is amended to read as follows:

5 “SUBCHAPTER IV—PREVAILING RATE SYSTEMS

6 “§ 5341. Policy

7 “It is the policy of Congress that rates of pay of pre-
8 vailing rate employees be uniformly fixed and adjusted and
9 be based on principles that—

1 “(1) there will be equal pay for substantially equal
2 work for all employees who are working under similar
3 conditions of employment in all agencies within the
4 same wage area;

5 “(2) there will be relative differences in pay within
6 a wage area when there are substantial or recog-
7 nizable differences in duties, responsibilities, and quali-
8 fication requirements among positions;

9 “(3) the level of rates of pay will be maintained
10 in line with prevailing levels of comparable work within
11 a wage area; and

12 “(4) the level of rates of pay will be maintained
13 so as to attract and retain qualified employees.

14 **“§ 5342. Definitions; application**

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

16 “(1) ‘agency’ has the meaning given it by section
17 5102 of this title;

18 “(2) ‘prevailing rate employee’ means—

19 “(A) an individual employed in or under an
20 agency in a recognized trade or craft, or other
21 skilled mechanical craft, or in an unskilled, semi-
22 skilled, or skilled manual labor occupation, and any
23 other individual, including a foreman and a super-
24 visor, in a position having trade, craft, or laboring

1 experience and knowledge as the paramount require-
2 ment;

3 “(B) an employee in the Bureau of Engraving
4 and Printing whose duties are to perform or direct
5 manual or machine operations requiring special skill
6 or experience, or to perform or direct the counting,
7 examining, sorting, or other verification of the
8 product of manual or machine operations;

9 “(C) an employee of a nonappropriated fund
10 instrumentality described by section 2105 (c) of
11 this title who is employed in a recognized trade or
12 craft, or other skilled mechanical craft, or in an
13 unskilled, semiskilled, or skilled manual labor occu-
14 pation, and any other individual, including a fore-
15 man and a supervisor, in a position having trade,
16 craft, or laboring experience and knowledge as the
17 paramount requirement; and

18 “(D) an employee of the Veterans’ Canteen
19 Service, Veterans’ Administration, excepted from
20 chapter 51 of this title by section 5102 (c) (14)
21 of this title who is employed in a recognized trade
22 or craft, or other skilled mechanical craft, or in
23 an unskilled, semiskilled, or skilled manual labor
24 occupation, and any other individual, including a

1 foreman and a supervisor, in a position having trade,
2 craft, or labor experience and knowledge as the
3 paramount requirement; and

4 “(3) ‘position’ means the work, consisting of duties
5 and responsibilities, assignable to a prevailing rate
6 employee.

7 “(b) This subchapter applies to all prevailing rate em-
8 ployees and positions in or under an agency. All such em-
9 ployees employed within the United States shall be bona
10 fide residents of the United States, unless the Secretary of
11 Labor certifies that no bona fide resident of the United States
12 is available to fill the particular position. This subchapter
13 does not apply to employees and positions described by
14 section 5102 (c) of this title other than by paragraphs (7),
15 (8), and (14) of that section.

16 **“§ 5343. Prevailing rate determinations; wage schedules**

17 “(a) The pay of prevailing rate employees shall be
18 fixed and adjusted from time to time as nearly as is con-
19 sistent with the public interest in accordance with prevailing
20 rates. Subject to section 213 (f) of title 29, the rates may not
21 be less than the appropriate rates provided by section
22 206 (a) (1) of title 29. To carry out this subsection—

23 “(1) the Civil Service Commission shall define
24 the boundaries of individual local wage areas and desig-
25 nate a lead agency for each local wage area;

1 “(2) a lead agency, on order of the Commission,
2 shall conduct a wage survey within the local wage area,
3 collect and analyze wage survey data, and develop
4 and establish wage schedules; and

5 “(3) the head of each agency having prevailing
6 rate employees in a local wage area shall fix and adjust
7 the rates of such employees in that area in accordance
8 with the wage schedules established by the lead agency
9 in that area.

10 “(b) The Commission shall order full-scale wage sur-
11 veys every second year with interim surveys in alternating
12 years, The Commission may order more frequent surveys
13 when conditions so suggest.

14 “(c) The Commission, by regulation, shall prescribe
15 practices and procedures for conducting wage surveys, ana-
16 lyzing wage survey data, and developing and establishing
17 wage schedules. The regulations shall provide—

18 “(1) that wages surveyed be those paid by private
19 employers in the local wage area for similar work per-
20 formed by regular full-time employees;

21 “(2) for participation at all levels by represent-
22 atives of employee organizations in every phase of
23 providing an equitable system for fixing and adjusting
24 the rates of pay for prevailing rate employees, includ-
25 ing the planning of the surveys, the drafting of specifi-

1 cations, the selection of data collectors, the collection
2 and the analysis of the data, and the submission of
3 recommendations to the head of the lead agency for
4 wage schedules and for special wage schedules where
5 appropriate;

6 “(3) for requirements for the accomplishment of
7 wage surveys and for the development of wage
8 schedules;

9 “(4) (A) that a lead agency, in making a wage
10 survey, shall determine whether there exists in the local
11 wage area a sufficient number of comparable positions
12 in private industry to establish wage schedules for
13 the principal types of positions for which the survey
14 is made, and that the determination shall be in writing
15 and shall take into consideration all relevant evidence
16 including evidence submitted by employee organizations
17 recognized as representative of employees in the area;
18 and

19 “(B) that, when it is determined that there is
20 an insufficient number of comparable positions in private
21 industry to establish the wage schedules, the lead
22 agency shall establish the wage schedules on the basis
23 of local private industry rates and rates paid for com-
24 parable positions in private industry in the nearest wage
25 area that it determines to be most similar in the nature

1 of its population, employment, manpower, and industry
2 to the wage area for which the wage survey is being
3 made;

4 “(5) (A) that each grade of a wage schedule have
5 5 steps, the first step at 96 percent of the prevailing
6 rate, the second step at 100 percent of the prevailing
7 rate, the third step at 104 percent of the prevailing
8 rate, the fourth step at 108 percent of the prevailing
9 rate, and the fifth step at 112 percent of the prevailing
10 rate;

11 “(B) that, with satisfactory work performance of
12 an acceptable level of competence as determined by the
13 head of the agency, an employee advance automatically
14 to the next higher step within the grade at the beginning
15 of the next pay period following the completion of—

16 “(i) 26 calendar weeks of continuous service
17 in step 1;

18 “(ii) 78 calendar weeks of continuous service
19 in step 2; and

20 “(iii) 104 calendar weeks of continuous service
21 in steps 3 and 4; and

22 “(C) that the benefit of successive step increases is
23 preserved for employees whose continuous service is
24 interrupted in the public interest by service with the
25 armed forces or by service in essential non-Government

1 civilian employment during a period of war or national
2 emergency;

3 “(6) for special rates and schedules including, but
4 not limited to, supervisory schedules and industry
5 oriented schedules, as appropriate;

6 “(7) for equal rates of pay for the same work in
7 the same local wage area;

8 “(8) for pay distinctions in keeping with work
9 distinctions, with proper differentials as determined by
10 the Commission for duty involving unusually severe
11 working conditions or unusually severe hazards;

12 “(9) rules governing the administration of pay for
13 individual employees on appointment, transfer, promo-
14 tion, demotion (including retention of pay rates as
15 appropriate), and other similar changes in employment
16 status;

17 “(10) for a continuing program of systems mainte-
18 nance and improvement designed to keep the prevailing
19 rate system fully abreast of changing conditions, prac-
20 tices, and techniques both in and out of the Government
21 of the United States;

22 “(11) for a $7\frac{1}{2}$ -percent differential for regularly
23 scheduled nonovertime work a majority of the hours
24 of which occur between 3 o'clock postmeridian, and
25 midnight; and

1 “(12) for a 10-percent differential for regularly
2 scheduled nonovertime work a majority of the hours
3 of which occur between 11 o'clock postmeridian, and
4 8 o'clock antemeridian.

5 **“§ 5344. Effective date of wage increase; retroactive pay**

6 “(a) Each increase in rates of basic pay granted, pur-
7 suant to a wage survey, to prevailing rate employees is
8 effective not later than the first day of the first pay period
9 which begins on or after the 45th day, excluding Saturdays
10 and Sundays, following the date the wage survey is ordered
11 to be made.

12 “(b) Retroactive pay is payable by reason of an in-
13 crease in rates of basic pay referred to in subsection (a)
14 of this section only when—

15 “(1) the individual is in the service of the Govern-
16 ment of the United States, including service in the
17 armed forces, or the government of the District of
18 Columbia on the date of the issuance of the order grant-
19 ing the increase; or

20 “(2) the individual retired or died during the
21 period beginning on the effective date of the increase
22 and ending on the date of issuance of the order granting
23 the increase, and only for services performed during
24 that period.

1 For the purpose of this subsection, service in the armed
2 forces includes the period provided by statute for the manda-
3 tory restoration of the individual to a position in or under
4 the Government of the United States or the government of
5 the District of Columbia after he is relieved from training
6 and service in the armed forces or discharged from hospitali-
7 zation following that training and service.

8 “(c) For purposes of determining the amount of insur-
9 ance for which an individual is eligible under chapter 87
10 of this title, an increase in the rate of basic pay referred to
11 in subsection (a) of this section is effective on the date
12 of the issuance of the order granting the increase. However,
13 for an employee who dies or retires during the period
14 beginning on the effective date of the increase and ending on
15 the date of the issuance of the order granting the increase,
16 the amount of the insurance is determined as if the increase
17 under this section were in effect for the employee during
18 that period.

19 **“§ 5345. Retained rate of pay on reduction in grade**

20 “(a) Under regulations prescribed by the Civil Service
21 Commission, and subject to the limitation in subsection (b)
22 of this section, a prevailing rate employee—

23 “(1) who is reduced in grade from a grade of a
24 wage schedule;

1 “(2) who holds a career or a career-conditional
2 appointment in the competitive service, or an appoint-
3 ment of equivalent tenure in the excepted service or in
4 the government of the District of Columbia;

5 “(3) whose reduction in grade is not (A) caused
6 by a demotion for personal cause, (B) at his request,
7 (C) effected in a reduction in force due to lack of funds
8 or curtailment of work, or (D) with respect to a tem-
9 porary promotion, a condition of the temporary promo-
10 tion to a higher grade;

11 “(4) who, for 2 continuous years immediately be-
12 fore the reduction in grade, served (A) in the same
13 agency, and (B) in a grade or grades higher than the
14 grade to which demoted; and

15 “(5) whose work performance during the 2-year
16 period is satisfactory or better;

17 is entitled to basic pay at the rate to which he was entitled
18 immediately before the reduction in grade (including each
19 increase in rate of basic pay granted pursuant to a wage sur-
20 vey) for a period of 2 years from the effective date of the
21 reduction in grade, so long as he—

22 “(A) continues in the same agency without a break
23 in service of 1 workday or more;

24 “(B) is not entitled to a higher rate of basic pay by
25 operation of this subchapter; and

1 “(C) is not demoted or reassigned (i) for personal
2 cause, (ii) at his request, or (iii) in a reduction in force
3 due to a lack of funds or curtailment of work.

4 “(b) The rate of basic pay to which a prevailing rate
5 employee is entitled under subsection (a) of this section with
6 respect to each reduction in grade to which that subsection
7 applies may not exceed the sum of—

8 “(1) the minimum rate of the grade to which he
9 is reduced under each reduction in grade to which that
10 subsection applies (including each increase in rate of
11 basic pay granted pursuant to a wage survey) ; and

12 “(2) the difference between his rate immediately
13 before the first reduction in grade to which that sub-
14 section applies (including each increase in rate of basic
15 pay granted pursuant to a wage survey) and the mini-
16 mum rate of that grade which is 3 grades lower than the
17 grade from which he was reduced under the first of the
18 reductions in grade (including each increase in the rate
19 of basic pay granted pursuant to a wage survey) .

20 “(c) Under regulations prescribed by the Commission
21 consistent with the provisions of subsections (a) and (b) of
22 this section, an employee who is reduced to a grade of a
23 wage schedule from a position not subject to this subchapter
24 is entitled to a retained rate of basic pay.

1 “(d) The Commission may prescribe regulations gov-
2 erning the retention of the rate of basic pay of an employee
3 who together with his position is brought under this sub-
4 chapter. If an employee so entitled to a retained rate under
5 these regulations is later demoted to a position under this
6 subchapter, his rate of basic pay is determined under sub-
7 sections (a) and (b) of this section. For the purpose of
8 those subsections, service in the position which was brought
9 under this subchapter is deemed service under this sub-
10 chapter.

11 **“§ 5346. Job grading system**

12 “(a) The Civil Service Commission, after consulting
13 with the agencies and with employee organizations, shall
14 establish and maintain a job grading system for positions to
15 which this subchapter applies. In carrying out this sub-
16 section, the Commission shall—

17 “(1) establish and define individual occupations
18 and the boundaries of each occupation;

19 “(2) establish job titles within occupations;

20 “(3) develop and publish job grading standards;

21 and

22 “(4) provide a method to assure consistency in
23 the application of job standards.

1 “(b) The Commission, from time to time, shall review
2 such numbers of positions in each agency as will enable the
3 Commission to determine whether the agency is placing
4 positions in occupations and grades in conformance with or
5 consistently with published job standards. When the Com-
6 mission finds that a position is not placed in its proper occu-
7 pation and grade in conformance with published standards
8 or that a position for which there is no published standards
9 is not placed in the occupation and grade consistently with
10 published standards, it shall, after consultation with appro-
11 priate officials of the agency concerned, place the position in
12 its appropriate occupation and grade and shall certify this
13 action to the agency. The agency shall act in accordance
14 with the certificate, and the certificate is binding on all
15 administrative, certifying, payroll, disbursing, and account-
16 ing officials.

17 “(c) On application, made in accordance with regula-
18 tions prescribed by the Commission, by a prevailing rate
19 employee for the review of the action of an employing
20 agency in placing his position in an occupation and grade
21 for pay purposes, the Commission shall—

22 “(1) ascertain currently the facts as to the duties,
23 responsibilities, and qualification requirements of the
24 position;

1 “(2) decide whether the position has been placed
2 in the proper occupation and grade; and

3 “(3) approve, disapprove, or modify, in accord-
4 ance with its decision, the action of the employing
5 agency in placing the position in an occupation and
6 grade.

7 The Commission shall certify to the agency concerned its
8 action under paragraph (3) of this subsection. The agency
9 shall act in accordance with the certificate, and the certificate
10 is binding on all administrative, certifying, payroll, disburs-
11 ing, and accounting officials.

12 **“§ 5347. Federal Prevailing Rate Advisory Committee**

13 “(a) There is established a Federal Prevailing Rate
14 Advisory Committee composed of—

15 “(1) the Chairman, who shall not hold any other
16 position in the Government of the United States or the
17 government of the District of Columbia, and who shall
18 be appointed by the President for a 4-year term at a
19 rate of pay equivalent to the maximum rate for the
20 General Schedule;

21 “(2) the head, or his designee, of each of the four
22 Executive agencies (other than the Civil Service Com-
23 mission), and military departments designated by the
24 Chairman of the Civil Service Commission from time to

1 time as having the largest number of prevailing rate
2 employees;

3 “(3) an employee of the Civil Service Commission,
4 appointed by the Chairman of the Civil Service Com-
5 mission; and

6 “(4) five representatives, appointed by the Chair-
7 man of the Civil Service Commission, from among the
8 employee organizations representing, under exclusive
9 recognition of the Government of the United States,
10 the largest numbers of prevailing rate employees in the
11 service of the Government of the United States.

12 “(b) In making appointments of representatives of
13 employee organizations under subsection (a) (4) of this
14 section, the Chairman of the Civil Service Commission shall
15 appoint, as nearly as practicable, a number of representa-
16 tives from a particular employee organization in the same
17 proportion as the number of prevailing rate employees repre-
18 sented by such organization is to the total number of prevail-
19 ing rate employees in the Government of the United States
20 and the government of the District of Columbia. However,
21 in any case there shall not be more than two represent-
22 atives from any one employee organization nor more than
23 four representatives from a single council, federation, alli-
24 ance, association or affiliation of employee organizations.

1 “(c) Every second year the Chairman of the Civil
2 Service Commission shall review employee organization
3 representation to determine adequate or proportional repre-
4 sentation under the guidelines of subsection (b) of this
5 section.

6 “(d) The representatives from the employee organiza-
7 tions serve at the pleasure of the Chairman of the Civil
8 Service Commission.

9 “(e) The Committee shall study the prevailing rate
10 system and other matters pertinent to the establishment of
11 prevailing rates under this subchapter and, from time to
12 time, advise the Civil Service Commission thereon. Conclu-
13 sions and recommendations of the Committee shall be formu-
14 lated by majority vote. The Committee shall make an annual
15 report to the Commission and the President for transmittal
16 to Congress, including recommendations and other matters
17 considered appropriate. Any member of the Committee may
18 include in the annual report recommendations and other
19 matters he considers appropriate.

20 “(f) The Committee shall meet at the call of its Chair-
21 man. However, a special meeting shall be called by the
22 Chairman if a majority of the members makes a written
23 request to the Chairman to call a special meeting to con-
24 sider matters within the purview of the Committee.

1 “(g) Members of the Committee (other than em-
2 ployee organization representatives and the Chairman)
3 serve without additional pay. Employee organization mem-
4 bers are not entitled to pay from the Government of the
5 United States for services rendered to the Committee.

6 “(h) The Civil Service Commission shall provide such
7 clerical and professional personnel as the Committee con-
8 siders appropriate and necessary to carry out its functions
9 under this subchapter. Such personnel shall be responsible
10 solely to the Committee.

11 **“§ 5348. Crews of vessels**

12 “(a) Except as provided by subsection (b) of this
13 section, the pay of officers and members of crews of vessels
14 excepted from chapter 51 of this title by section 5102
15 (c) (8) of this title shall be fixed and adjusted from time
16 to time as nearly as is consistent with the public interest
17 in accordance with prevailing rates and practices in the
18 maritime industry.

19 “(b) Vessel employees of the Panama Canal Company
20 may be paid in accordance with the wage practices of the
21 maritime industry.”.

22 (b) The analysis of subchapter IV of chapter 53 of
23 title 5, United States Code, is amended to read as follows:

“SUBCHAPTER IV—PREVAILING RATE SYSTEMS

“5341. Policy.

“5342. Definition; application.

“5343. Prevailing rate determinations; wage schedules.

“5344. Effective date of wage increase; retroactive pay.

“5345. Retained rate of pay on reduction in grade.

“5346. Job grading system.

“5347. Federal Prevailing Rate Advisory Committee.

“5348. Crews of vessels.”.

1 SEC. 2. Section 2105 (c) (1) of title 5, United States
2 Code, is amended by inserting “(other than subchapter IV
3 of chapter 53 and section 7154 of this title)” immediately
4 following “laws”.

5 SEC. 3. Section 5337 of title 5, United States Code, is
6 amended—

7 (1) by striking out the words “to which this sec-
8 tion applies” wherever they appear in subsection (b)
9 and inserting “to which that subsection applies” in place
10 thereof; and

11 (2) by adding at the end thereof:

12 “(c) Under regulations prescribed by the Civil Service
13 Commission consistent with the provisions of subsections (a)
14 and (b) of this section, an employee who is reduced to a
15 grade of the General Schedule from a position to which this
16 subchapter does not apply is entitled to a retained rate of
17 basic pay.”.

18 SEC. 4. Section 5541 (2) (xi) of title 5, United States
19 Code, is amended to read as follows:

1 “(xi) an employee whose pay is fixed and adjusted
2 from time to time in accordance with prevailing rates
3 under subchapter IV of chapter 53 of this title, or by
4 a wage board or similar Administrative authority serving
5 the same purpose, except as provided by section 5544
6 of this title;”.

7 SEC. 5. The first sentence of section 5544 (a) of title 5,
8 United States Code, is amended to read as follows: “An
9 employee whose pay is fixed and adjusted from time to time
10 in accordance with prevailing rates under section 5343 of
11 this title, or by a wage board or similar administrative au-
12 thority serving the same purpose, is entitled to overtime pay
13 for overtime work in excess of 8 hours a day or 40 hours
14 a week.”.

15 SEC. 6. Section 6101 (a) (1) of title 5, United States
16 Code, is amended by inserting “other than an employee
17 whose pay is fixed and adjusted from time to time in accord-
18 ance with prevailing rates under section 5343 of this title
19 or by a wage board or similar administrative authority
20 serving the same purpose” immediately preceding the period
21 at the end thereof.

22 SEC. 7. (a) Section 6102 of title 5, United States Code,
23 is repealed.

1 (b) The analysis of chapter 61 of title 5, United States
2 Code, is amended by striking out—

“6102. Eight-hour day; 40-hour workweek; wage-board employees.”.

3 SEC. 8. Section 7154 (b) of title 5, United States Code,
4 is amended by striking out “subchapter III of chapter 53”
5 and inserting “subchapters III and IV of chapter 53” in
6 place thereof.

7 SEC. 9. (a) An employee's initial rate of pay on con-
8 version to a wage schedule established pursuant to the amend-
9 ments made by this Act shall be determined under
10 conversion rules prescribed by the Civil Service Commission.
11 The amendments made by this Act shall not be construed
12 to decrease the existing rate of basic pay of any present
13 employee subject thereto.

14 (b) The amendments made by this Act shall not be
15 construed to affect agreements presently in effect as a re-
16 sult of negotiations between departments and agencies of
17 the Government of the United States, or subdivisions there-
18 of, and organized employees. It is the intent of this Act that
19 through negotiations between the Commission, the heads
20 of those agencies referred to in clauses (i)–(viii) of section
21 5102 (a) (1) of title 5, United States Code, and the or-
22 ganized employees, that, in due time, wherever feasible, all

1 prevailing rate employees be covered by the amendments
2 made by this Act.

3 SEC. 10. (a) Subchapter V of chapter 55 of title 5,
4 United States Code, relating to premium pay, is amended
5 by adding at the end thereof the following new section:

6 **"§ 5550. Pay for Sunday and holiday work; employees of**
7 **nonappropriated fund instrumentalities, Vet-**
8 **erans' Canteen Service**

9 "An employee of the Veterans' Canteen Service, Vet-
10 erans' Administration, or an employee paid from nonap-
11 propriated funds of the Army and Air Force Exchange
12 Service, Army and Air Force Motion Picture Service, Navy
13 Ship's Stores Ashore, Navy exchanges, Marine Corps ex-
14 changes, Coast Guard exchanges, or other instrumentalities
15 of the United States under the jurisdiction of the armed
16 forces conducted for the comfort, pleasure, contentment, and
17 mental and physical improvement of personnel of the armed
18 forces—

19 "(1) whose regular work schedule includes an 8-
20 hour period of service, a part of which is on Sunday, is
21 entitled to additional pay at the rate of 25 percent of
22 his hourly rate of basic pay for each hour of work per-
23 formed during that 8-hour period of service; or

1 “(2) who performs work on a holiday designated
2 by Federal statute or Executive Order, is entitled to pay
3 at the rate of his basic pay, plus premium pay at a rate
4 equal to the rate of his basic pay, for that holiday work
5 which is not in excess of 8 hours or overtime work for
6 such employee.”.

7 (b) The table of sections of subchapter V of chapter 55
8 of title 5, United States Code, is amended by adding at the
9 end thereof—

“§ 5550. Pay for Sunday and holiday work; employees of nonappropri-
ated fund instrumentalities, Veterans' Canteen Service.”.

10 SEC. 11. The provisions of sections 1-10 of this Act
11 are effective on the first day of the first pay period which
12 begins on or after 90 days after the date of enactment of
13 this Act except that, in the case of those employees referred
14 to in section 5342 (a) (2) (C) and (D) of title 5, United
15 States Code (as amended by the first section of this Act),
16 such provisions are effective on the first day of the first
17 pay period which begins on or after one hundred and
18 eighty days after such date of enactment or on such earlier
19 date (not earlier than ninety days after such date of enact-
20 ment) as the Civil Service Commission may prescribe.

92^D CONGRESS
1ST SESSION

H. R. 7691

IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 1971

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

A BILL

To establish a Federal Wage System for fixing and adjusting the pay of certain employees of the Government.

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 "Federal Wage System
4 Act of 1971".

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

7 "SUBCHAPTER IV—FEDERAL WAGE SYSTEM

8 "§ 5341. Policy

9 "It is the policy of Congress that the pay of employees
10 under the Federal Wage System shall be fixed and adjusted
11 from time to time as nearly as is consistent with the public in-

1 terest in accordance with prevailing rates. Subject to section
2 213 (f) of title 29, the rates may not be less than the appro-
3 priate rates provided for by section 206 (a) (1) of title 29.

4 **“§ 5342. Definitions**

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

6 “(1) ‘agency’ has the meaning given it by section
7 5102 of this title; however, subject to section 5343 (b)
8 of this title an agency referred to in section 5102 (a) (i)–
9 (viii) of this title may become an ‘agency’ for the pur-
10 pose of this subchapter; and

11 “(2) ‘employee under the Federal Wage System’
12 means—

13 “(A) an individual employed in or under an
14 agency in a recognized trade or craft, or other skilled
15 mechanical craft or in an unskilled, semiskilled, or
16 skilled manual labor occupation, and any other
17 individual, including a foreman and a supervisor, in
18 a position having trade, craft, or laboring experience
19 and knowledge as the paramount requirement; or

20 “(B) an employee in the Bureau of Engraving
21 and printing whose duties are to perform or direct
22 manual or machine operations requiring special skill
23 or experience, or to perform or direct the counting,
24 examining, sorting, or other verification of the prod-
25 uct of manual or machine operations;

1 “(b) This subchapter applies to all employees under
2 the Federal wage system in or under an agency. This sub-
3 chapter does not apply to employees and positions de-
4 scribed by section 5102 (c) of this title other than by para-
5 graphs (7) and (8) of that section.

6 **“§ 5343. Administration**

7 “(a) In order to carry out the policy stated in section
8 5341 of this title, the President shall direct an agent as he
9 considers appropriate, subject to rules as the President may
10 prescribe—

11 “(1) to fix and adjust the pay of employees under
12 the Federal wage system in accordance with the prin-
13 ciples stated in section 5341 of this title, after comparing
14 the pay of those employees with the prevailing rates
15 for the same levels of work as determined on the basis
16 of appropriate surveys that shall be conducted by the
17 Bureau of Labor Statistics;

18 “(2) (A) to determine, in each survey, whether
19 there exists in the wage area a sufficient number of com-
20 parable positions in private industry to establish wage
21 schedules for the principal types of positions for which
22 the survey is made, and to record the determination
23 in writing after taking into consideration all relevant
24 evidence including evidence submitted by labor orga-

1 nizations recognized as representative of employees in
2 the area; and

3 “(B) when it is determined that there is an insuffi-
4 cient number of comparable positions in private indus-
5 try in the wage area, to establish the wage schedules for
6 the wage area on the basis of local private industry rates
7 and rates paid for comparable positions in private in-
8 dustry in the nearest wage area that is determined to be
9 most similar in the nature of its population, employment,
10 manpower, and industry to the wage area for which the
11 wage survey is being made; and

12 “(3) to establish wage structures and pay prac-
13 tices, govern classification of positions under the system,
14 determine wage survey coverage, and administer the
15 Federal wage system.

16 “(b) The agent of the President shall negotiate with
17 the head of each agency referred to in section 5102 (a) (i) -
18 (viii) of this title and with such labor organizations as he
19 considers appropriate, for the purpose of bringing the wage-
20 system type employees of each of those agencies under the
21 Federal wage system established under this subchapter.
22 When the negotiations under this section result in an agree-
23 ment to cover employees under this subchapter, an agency
24 referred to in section 5102 (a) (i) - (viii) of this title becomes
25 an ‘agency’ as defined in section 5342 (a) (1) of this title.

1 “(c) The agent of the President may delegate the au-
2 thorities vested in him by the President under this section to
3 the head of an agency.

4 “(d) The agent for the President may prescribe regu-
5 lations necessary for the administration of the Federal wage
6 system. The regulations shall provide opportunity for agency
7 management and labor organization involvement in opera-
8 tions under this section.

9 **“§ 5344. Effective date of pay increase**

10 “An increase in pay granted, pursuant to a wage survey,
11 to employees whose pay is fixed and adjusted under section
12 5343 of this title is effective not later than the first day of the
13 first pay period which begins after the nineteenth day, ex-
14 cluding Saturdays and Sundays, following the date on which
15 the agent of the President or the head of an agency desig-
16 nated under section 5343 of this title received the data col-
17 lected in the appropriate survey by the Bureau of Labor
18 Statistics.

19 **“§ 5345. Retroactive pay**

20 “(a) Retroactive pay is payable by reason of an increase
21 in pay referred to in section 5344 of this title only when—

22 “(1) the individual is in the service of the United
23 States, including service in the Armed Forces, or the gov-
24 ernment of the District of Columbia on the date of the
25 issuance of the order granting the increase; or

1 “(2) the individual retired or died during the period
2 beginning on the effective date of the increase and ending
3 on the date of issuance of the order granting the increase,
4 and only for services performed during that period.

5 “(b) For the purpose of this section, service in the
6 Armed Forces includes the period provided by statute for the
7 mandatory restoration of the individual to a position in or
8 under the Government of the United States or the govern-
9 ment of the District of Columbia after he is relieved from
10 training and service in the Armed Forces or discharged from
11 hospitalization following that training and service.

12 **“§ 5346. Federal Wage System Advisory Council**

13 “In carrying out his functions under section 5343 of this
14 title, the agent of the President shall—

15 “(1) designate five representatives of agencies and
16 five representatives of labor organizations, which employ
17 or represent substantial numbers of employees under
18 the Federal Wage System, as members of a Federal wage
19 System Advisory Council. Representatives of labor or-
20 ganizations are not employees of the Government of
21 the United States and shall not receive pay from the
22 Government by reason of their designation as members
23 of, or service on, the Federal Wage System Advisory
24 Council;

25 “(2) meet with the Federal Wage System Ad-

1 visory Council or designate his representative to meet
2 with the Council to discuss and consider the views, re-
3 commendations, and advice of each member of the
4 Council on existing and proposed policies applicable to
5 employees under the Federal Wage System. The agent
6 of the President or his designated representative, as the
7 spokesman for the executive branch, will chair meetings
8 with the Council and will give due consideration to the
9 views and recommendations of the members in the dis-
10 charge of his responsibilities; and

11 “(3) make an annual report to the President on the
12 operation of the Federal Wage System. A member of
13 the Federal Wage System Advisory Council may submit
14 written views on the operation of the Federal Wage
15 System and any written views will be included with the
16 annual report to the President.

17 **“§ 5347. Crews of vessels**

18 “(a) Except as provided by subsections (b) and (c)
19 of this section, under regulations prescribed by the agent of
20 the President designated under section 5343 of this title the
21 pay of officers and members of crews of vessels excepted from
22 chapter 51 of this title by section 5102 (c) (8) of this title
23 shall be fixed and adjusted from time to time as nearly as is
24 consistent with the public interest in accordance with pre-
25 vailing rates and practices in the maritime industry.

1 “(b) Vessel employees of the Panama Canal Company
2 may be paid in accordance with the wage practices of the
3 maritime industry.

4 “(c) Vessel employees in an area where inadequate
5 maritime industry practice exists may be paid under section
6 5343 of this title.”.

7 (b) The analysis of subchapter IV of chapter 53 of title
8 5, United States Code, is amended to read as follows:

“SUBCHAPTER IV—FEDERAL WAGE SYSTEM

“Sec.

“5341. Policy.

“5342. Definitions.

“5343. Administration.

“5344. Effective date of pay increase.

“5345. Retroactive pay.

“5346. Federal Wage System Advisory Council.

“5347. Crews of vessels.”.

9 SEC. 3. (a) The initial rate of pay of an employee on
10 conversion to a wage schedule established pursuant to the
11 amendments made by this Act shall be determined under
12 conversion regulations prescribed by the agent of the Presi-
13 dent. The amendments made by this Act shall not be con-
14 strued to decrease the existing rate of pay of any present
15 employee subject thereto.

16 (b) If an employee is receiving a retained rate of pay
17 by virtue of law or agency policy immediately before the date
18 the first wage schedule applicable to him under this Act is
19 effective, he shall continue to retain that rate in accordance
20 with the specific regulations under which the retained rate of
21 pay was granted.

1 (c) The amendments made by this Act do not affect
2 agreements at present in effect as a result of negotiations be-
3 tween departments and agencies of the Government of the
4 United States, or subdivisions thereof, and labor organiza-
5 tions.

6 SEC. 4. Section 5541 (2) (xi) of title 5, United States
7 Code, is amended to read as follows:

8 “(xi) an employee whose pay is fixed and adjusted
9 from time to time in accordance with prevailing rates
10 under subchapter IV of chapter 53 of this title, or by
11 a wage board or similar administrative authority serv-
12 ing the same purpose, except as provided by section
13 5544 of this title;”.

14 SEC. 5. The first sentence of section 5544 (a) of title 5,
15 United States Code, is amended to read as follows: “An em-
16 ployee whose pay is fixed and adjusted under section 5343
17 of this title, or by a wage board or similar administrative au-
18 thority serving the same purpose, is entitled to overtime pay
19 for overtime work in excess of eight hours a day or forty
20 hours a week.”

21 SEC. 6. Section 7154 (b) of title 5, United States Code,
22 is amended by striking out “subchapter III of chapter 53”
23 and inserting “subchapters III and IV of chapter 53” in
24 place thereof.

25 SEC. 7. Section 8331 (3) of title 5, United States Code,

1 is amended by striking out "retroactive pay under section
2 5344 of this title" and inserting "retroactive pay under sec-
3 tion 5345 of this title" in place thereof.

4 SEC. 8. Section 8704 (d) (2) of title 5, United States
5 Code, is amended by striking out "section 5343 of this title"
6 and inserting "section 5344 of this title" in place thereof.

7 SEC. 9. All laws or parts of laws inconsistent with this
8 Act are hereby repealed to the extent of such inconsistency.

9 SEC. 10. (a) This Act is effective one hundred and
10 eighty days after the date of enactment. However, the appli-
11 cation of the Federal wage system will be effective in each
12 wage area on the effective date of the first wage schedule
13 issued for that area one hundred and eighty days after the
14 date of enactment.

15 (b) A wage survey conducted by an agency before the
16 effective date of this Act for a wage schedule which becomes
17 effective after the effective date of this Act is deemed to meet
18 the requirement in this Act for a survey by the Bureau of
19 Labor Statistics.

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