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REDUCTION-IN-FORCE, RETIREMENT, AND FRINGE BENEFIT LEGISLATION

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON RETIREMENT, INSURANCE,
AND HEALTH BENEFITS

OF THE

COMMITTEE ON

OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

ON

H.R. 14960

A BILL TO CHANGE CERTAIN PROVISIONS OF TITLE 5, UNITED STATES CODE, TO BRING CERTAIN CLASSES OF TEMPORARY AND OTHER SHORT-TERM EMPLOYEES WITHIN THE PURVIEW OF THE CIVIL SERVICE RETIREMENT SYSTEM AND THE FEDERAL LIFE AND HEALTH INSURANCE PROGRAMS

MAY 25, JULY 21, 1972

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REDUCTION-IN-FORCE, RETIREMENT, AND FRINGE BENEFIT LEGISLATION

THURSDAY, MAY 25, 1972

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

The subcommittee met at 9:30 a.m. in the Modular Building, courtroom B-1, 325 West F Street, San Diego, Calif., Hon. Jerome R. Waldie (chairman of the subcommittee) presiding.

Mr. WALDIE. The subcommittee will please come to order.

We have with us today on the subcommittee, myself, I am Jerry Waldie, Congressman from Contra Costa County; Mr. John Rousselot, to my right, Congressman from San Marino; and Congressman Van Deerlin from San Diego.

The Subcommittee on Retirement, Insurance, and Health Benefits holds its first hearing today outside of Washington.

We have chosen to bring the subcommittee to the west coast because of the need to confront, in person, a problem that is having direct economic effect on thousands of families in Washington, Oregon, and California.

That problem, we all know, is how we can best cope with the hardships being brought about by the reductions-in-force at military installations.

Since January of 1972, the Department of Defense has announced 27 reductions-in-force at military installations in California. These 27 actions have resulted in the elimination of approximately 4,390 civilian jobs in this State. This reduction represents some 10 percent of the total 41,000 civilian positions to be eliminated across the Nation by the end of fiscal year 1972.

I don't have to emphasize that California is bearing the brunt of the Department of Defense reductions.

Today's hearing is primarily investigative in nature. We are determined to find out more about the nature of the reductions-in-force, the Department of Defense, and individual base policies, and how we can best work for the benefit of employees and employer by enactment of indicated legislation.

Presently, this subcommittee is considering legislation providing early retirement, without loss of benefits, to certain employees who lose their jobs because of major reductions-in-force. This bill, H.R. 11255, has been sent to the Post Office and Civil Service Committee by this subcommittee with a recommendation that it be favorably reported to the House of Representatives.

Besides the RIF early retirement provision, the bill will also enable Federal employees to retire upon reaching a combination of 80 years in service and age. For example, an employee who began his Federal Service at age 30 could retire with full annuity at the age of 55 after serving for 25 years.

The subcommittee also has bills pending before it dealing with early retirement and insurance benefits for those employees who are involuntarily separated from their jobs.

Additionally, because a large number of RIF'd personnel may be rehired on a part-time or temporary situation, I am concerned that these employees will be allowed the protection given full-time employees with regard to health and life insurance. For this reason, I have introduced H.R. 14960 which will provide these temporary and part-time Federal employees with health and life insurance coverage.

(The bill, H.R. 14960, referred to follows:)

[H. R. 14960, 92d Cong., second sess.]

(By Mr. Waldie)

A BILL To change certain provisions of title 5, United States Code, to bring certain classes of temporary and other short-term employees within the purview of the civil service retirement system and the Federal life and health insurance programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8347(g) of title 5, United States Code, authorizing the Civil Service Commission to exclude from the civil service retirement system employees engaged in temporary or intermittent employment, is repealed.

(b) The second sentence of section 8716(b) of title 5, United States Code, authorizing the Civil Service Commission to exclude from the Federal life insurance program employees engaged in seasonal, intermittent, and other like employment, is repealed.

(c) The second sentence of section 8913(b) of title 5, United States Code, authorizing the Civil Service Commission to exclude from the Federal health insurance program employees engaged in seasonal, intermittent, and other like employment, is repealed.

SEC. 2. The Civil Service Commission shall establish procedures by which employees within the classes of employees excluded, prior to the enactment of this Act, from the civil service retirement system and the Federal life and health insurance programs by the provisions of law repealed or amended by the first section of this Act, will be afforded opportunities, from time to time, to be covered, at their option, by the civil service retirement system and the Federal life and health insurance programs.

In the face of the massive RIF's throughout the Nation—and especially here in California—the subcommittee has given full priority to these bills, and I am hopeful that these hearings will be productive and result in swift action by the subcommittee, the full Post Office and Civil Service Committee, and the Congress itself.

The members of the subcommittee are concerned not only with the need to provide essential help to RIF'd employees and their families, but also to investigate the manner in which they have been terminated and retired.

Several weeks ago, I chaired a hearing in Washington which dealt with the manner in which reductions in force were carried out by the Postal Service.

We were deeply concerned at the manner in which selected employees were forced to retire under extremely questionable procedures and conditions.

In the wake of those hearings, we are now most interested to hear how the reductions in military installations have been carried out. I am interested in the resultant impact on the employee's ability to earn a living or retire at a decent annuity payment. We are interested in learning how RIF'd employees will be rehired as temporaries; and whether they will, in fact, be doing the same job, but with loss of retirement, health, and insurance benefits—to say nothing of loss of income.

We are eager to find out if functions performed by RIF'd employees will be absorbed by the remaining work force—or contracted out. Although this area is under the direct responsibility of the Manpower Subcommittee, its impact on retirement is profound and should be a part of the record of this legislation before the subcommittee.

Today's witnesses include the representatives of the Department of Defense and representatives of employees who are undergoing involuntary separation and retirement at this time.

While it would be impossible for the subcommittee to hear from everyone affected by these reductions and the legislation before us, we have tried to provide a representative sampling from installations throughout the State and the west coast to give us a description of how these actions are being conducted.

I would like to say that everyone may feel free to submit statements for inclusion in the record of these proceedings, even though we may not have the opportunity to get to every person who desires to testify.

Gentlemen, Mr. Rousselot and Mr. Van Deerlin. Starting with Mr. Van Deerlin, do you have any comments you would like to make introductory to the hearing?

Mr. VAN DEERLIN. Thank you, Mr. Waldie.

You were nice enough not to explain that my white nameplate has contrasted with yours; and Mr. Rousselot's does not indicate that I am the good guy here today, but rather that I am not actually a member of the Post Office and Civil Service Committee, but have been invited to attend because I represent a district that has been hard hit by the reductions in force.

I am delighted that we have you in a position to do something about this. Sometimes we, in southern California, feel that northern Californians are not sufficiently sensitive to our special problems down here, but this apparently is one that has struck statewide. I am very happy that Mr. Rousselot is also able to join us and keep the southern California preponderance in effect.

We in San Diego are always immediately affected by decisions in personnel made 3,000 miles from San Diego. We have a very extensive dependence on the Federal dollar in employment locally. We can all remember a time when to be an employee of the U.S. Government meant that you were looked up to in your community. You were somebody. We wonder if in recent events and the manner in which they were brought about, suggests that some would now have Government employment looked upon as the last stop before skid row. We are determined that that shall not be the case; that Government employment shall once again be the—what it should be in the greatest Nation on earth.

I am simply delighted that the problems that now face so many of my constituents and other residents of San Diego are going to

have a very careful exposure and screening by a committee that is in a position to do something about it.

Thank you.

Mr. WALDIE. Thank you, Mr. Van Deerlin.

I might also add that one of the reasons the committee is here is because of the complaints that Mr. Van Deerlin has been receiving from this area concerning this problem and his bringing those complaints to the attention of the subcommittee.

Mr. Rousselot?

Mr. ROUSSELOT. Mr. Chairman, I, too am appreciative of the chance to be here. This whole issue here, that we are discussing today, has very much affected southern California and I think the chairman of the subcommittee is to be complimented for making sure that we did take this hearing outside of Washington to discuss this issue.

Mr. Waldie has been one of those very much concerned about this problem as well as Mr. Van Deerlin; also his colleague Bob Wilson, because we are very much affected in this area.

As one of the "Black Hats," I guess I am ready to proceed. [Laughter.]

Mr. WALDIE. Thank you, John.

I might also say that Mr. Rousselot, though not a member of the subcommittee, is a member of the full committee and particularly apt to be included in these hearings because of his interest in the problems affecting southern California.

The fourth gentleman seated at the table is Mr. Jim Mulholland, who is the committee counsel and who has put together much of the information upon which these hearings will be held.

Our first witness, then, is Mr. Norman Newcomb, director of the regional office of civilian manpower management in San Francisco.

Mr. Newcomb, would you come up to any one of those chairs?

Mr. Newcomb, if you have a statement, we would be pleased to include it in its entirety and you may read it if you desire. But, it is my understanding that you do not have a prepared statement.

Mr. NEWCOMB. No, sir. I might just make one or two comments.

Mr. WALDIE. You say anything that you care to until such time as we desire to start asking questions.

Mr. NEWCOMB. All right.

STATEMENT OF NORMAN NEWCOMB, DIRECTOR, REGIONAL OFFICE OF CIVILIAN MANPOWER MANAGEMENT, SAN FRANCISCO, CALIF.

Mr. NEWCOMB. Thank you, Mr. Chairman.

As you indicated, my name is Norman Newcomb. I am director of the Navy regional office of civilian manpower management in San Francisco. That region covers an area down to about San Luis Obispo County and up the west coast as far as Alaska. We have about a hundred Navy activities in that region.

Mr. Pautler is my counterpart here with the Navy regional office in San Diego, which includes the southern California area and parts of Arizona.

The role of the regional office is not—

Mr. WALDIE. May I interrupt you just a moment, Mr. Newcomb?

Mr. NEWCOMB. Yes.

Mr. WALDIE. I gather—you mentioned Mr. Pautler was the Navy regional office. Are you the Navy regional office in California in the north?

Mr. NEWCOMB. Yes in northern California and up through the State of Washington.

Mr. WALDIE. Are there counterparts holding your position for the Army and Air Force?

Mr. NEWCOMB. The Army and Air Force, Mr. Chairman, are not organized in exactly the same way as the Navy is.

Mr. WALDIE. So, your expertise and experience and responsibilities deal only with the Navy?

Mr. NEWCOMB. That is right. Although I think I can speak to some extent for the DOD.

Mr. WALDIE. Yes.

We will probably be directing most of our questions to the Navy installations. As I recall, this particular hearing only deals with Navy installations.

Mr. NEWCOMB. Yes.

About two-thirds of the 27 actions that you mentioned concerning the reduction of civilian personnel positions at military installations in California in the current fiscal year affect Navy installations.

Mr. WALDIE. Please continue on. I am sorry to have interrupted you.

Mr. NEWCOMB. The functions of our office are not operational or line, but mostly advisory in nature. Mr. Pautler is here and is more familiar with the particular problems of the San Diego area and immediately surrounding activities. We have with him also, Mr. Tom Davis, who is on his staff and who has familiarity with the DOD priority placement system. This is the system in the Department of Defense to help those career employees affected by reduction-in-force find other employment in DOD activities. Also present is Mr. Frank Kearney who is the employment superintendent of the Naval Air Station (NAS) and the Naval Air Rework Facility (NARF) at North Island. The NARF is one of the largest installations on the coast and has been affected by reduction-in-force.

Mr. WALDIE. That is going to be very helpful, to have the people from the local installations. Do we have similar counterparts from the northern installations affected?

Mr. NEWCOMB. No; we do not. I can try to speak for those.

Mr. WALDIE. All right. We hope you can. Please continue.

Mr. NEWCOMB. All right. Other than that, my purpose here this morning is to be as helpful to you in your investigation as I can. We are prepared to answer any questions or make any comments that would be helpful to you.

Mr. WALDIE. All right.

Gentlemen, if I may, then, I will start the questioning. Please feel free to interrupt me at any time during the questioning.

Mr. Newcomb, can you tell me why two-thirds of the 27 RIF actions affect the Navy installations, why the predominance or preponderance impact on the Navy rather than on the Army and Air Force in equal amounts?

Mr. NEWCOMB. No, sir. I really can't.

As I think the Congressman knows, the requirements for the reduction in personnel strength are made by the Department of Defense and subsequently the military departments based on the changes in function and mission, appropriations and the budget, and the changing of national priorities and workload. Once these are determined, and levied on local commanding officers, then the process of elimination of positions begins and ultimately where attrition, retirements, and other means does not accomplish the necessary elimination it is necessary to issue separation notices of reduction in force.

Mr. WALDIE. Now, in terms of a force, when we are talking about reduction in a force, will you describe the composition of the force that is subject to reduction; it is my understanding that force includes military slots, contracting out slots as well as civilian employee slots. Is that an incorrect assumption of the description of the force subject to the reduction?

Mr. NEWCOMB. From the Washington point of view, I believe that would be accurate. But, in terms of the terminology "reduction-in-force," as we are discussing it here it is a reduction in civilian personnel strength. We are talking here only of the civilian strength within the Department of Defense.

Mr. WALDIE. Well, when you get a directive from Washington requiring you to have a reduction-in-force, does that directive limit the impact of that reduction-in-force to the civilian components of the force?

Mr. NEWCOMB. Yes, sir.

Mr. WALDIE. The directive limits it to that?

Mr. NEWCOMB. The directive that we get from the DOD or the Secretary of Navy deals only with civilian personnel strength. There is a civilian ceiling assigned for each activity for the end of the fiscal year. Our effort is then applied, to the maximum extent possible, to reach that figure by attrition, retirements, or other than actual RIF procedures.

Mr. WALDIE. Before you get into that, is it true that no reduction-in-force has any application to military positions, nor does it have any application to the expenditures involved in contracting out?

Mr. NEWCOMB. I don't believe that I am qualified, sir, to answer that in terms of a total reduction-in-force as it may be envisioned at the DOD or Navy Department level.

Mr. WALDIE. What is the purpose of a reduction-in-force? Is it to bring the expenditures for personnel within a certain ceiling?

Mr. NEWCOMB. Normally this could be so. It may be due to a curtailment of funds or ceiling or perhaps due to workload changes or changes of mission—things of that nature.

Mr. WALDIE. In the 27 actions to which you have reference, what was the primary purpose of the reduction-in-force, was it to bring the cost of personnel to a ceiling figure?

Mr. NEWCOMB. Partly. This was a result of DOD ceiling and program changes which in turn were required by changes in and limitations of the budget.

Mr. WALDIE. The correspondence we have from the Navy is that the reductions-in-force were occasioned because of a cutback in appropriations the Congress required. Is that an overly simplified description of the necessity for the 27 reduction-in-forces?

Mr. NEWCOMB. I am not certain, sir, that I am qualified to answer that question. From the understanding that I have, the present additional civilian curtailments in the Department of Defense—the 41,000 positions additional to those that had been anticipated for this fiscal year—were required by the impact of congressional budget limitations. This was determined necessary in January. These cuts required an additional reduction of 41,000 positions during the remainder of the fiscal year from January to June 30. The original figure to be eliminated was 12,000. The analysis of the congressional appropriation action caused the Department of Defense to have to reduce its civilian ceiling as of June 30, 1972 by 41,000 additional positions.

Mr. WALDIE. Well, let me, just to clear up this point, what I am trying to establish is are these reduction-in-force occasioned by a desire to come within a budgetary appropriation limit or are they occasioned by the change in the mission of the particular bases on which the reduction-in-force occurs or are they occasioned by some other motivation. Until the committee understands the motivation, it is difficult to inquire as to whether or not there might be a better means of obtaining that motivation. With those three choices, can you tell us what in your view seems to be the most predominant motivation for the reduction-in-force?

Mr. NEWCOMB. I am not in a position, Mr. Chairman, to answer that question. It is my assumption that it is the reduction in funds which occasioned the necessity for curtailment of positions.

Mr. WALDIE. I believe that that is probably a correct assumption. I have with me here, and I will introduce it at this time in the record, without objection from any member of the committee, a letter dated May 15, 1972, from the office of the Assistant Secretary of Defense, signed by Mr. Edward J. Sheridan, Deputy Assistant Secretary of Defense.

(The letter referred to follows:)

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
INSTALLATIONS AND LOGISTICS,
Washington, D.C., May 15, 1972.

HON. JEROME R. WALDIE,
Chairman, Subcommittee on Retirement, Insurance, and Health Benefits, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In our letter of March 31, 1972, we indicated that we were developing the information on the reduction of civilian personnel positions at military installations in California which you requested. We have now completed our review of this matter and have prepared for your information the attached list of installation and activity reduction and realignment actions affecting civilian employment in California.

The attached list (enclosure 1) has been prepared on the basis of all installation and activity realignment, relocation, reduction, disestablishment and closure actions which affect Department of Defense (DoD) civilian employment in California, as chronologically announced to the Congress by the Military Departments since July 1971. Not included are certain minor personnel reductions within the responsibility of the local commander. The number of such actions, however, are considered to be minimal. In accordance with your request, we have indicated for each installation and activity listed, the number of jobs eliminated where available and the number of civilian personnel expected to be reduced. The difference between the two figures, of course, comprises the release of temporary employees and the expected personnel attrition due to quits, retirements, etc.

Of the 41 actions listed, the last 27 have been announced since January 1972. These 27 actions involve about 86 percent of the jobs announced for elimination during the period and 81 percent of the personnel reduced. The reason for the

increase during the period, as the DoD announced in early January, was the completion of the final evaluation of the impact of Congressional budget reductions in the Fiscal Year 1972 budget on the level of civilian employment which indicated that Defense would have to reduce an additional 41,000 employees from January 1972, to June 30, 1972, than had earlier been planned. A copy of the announcement made at the time is attached as enclosure 2 for your information. These 27 actions eliminated approximately 4,390 civilian jobs in California, which has about 15 percent of the total DoD civilian employment in the United States. This reduction represents approximately 10.0 percent of the total 41,000 civilian personnel to be reduced, by the end of the fiscal year. The associated personnel reductions amount to 2,390 and equate to 5.8 percent of the 41,000 reduction.

Overall, for the fiscal year to date, we have announced the elimination of approximately 5,100 civilian jobs in California, which is equal to a reduction in employment in California of about 3.3 percent based upon the DoD civilian employment in California on June 30, 1971. The personnel reduction during this period amounts to about 2,900 and represents 1.9 percent of that population.

As you know, it takes a minimum of about 14 weeks to reduce personnel from the time decisions are made and the reduction/realignment action is announced. This includes time for the local commander to make his determination on how the reduction will be implemented, to establish the reduction-in-force list, issue the necessary separation notices and still allow the affected personnel the normal 60-day notice period before being separated. In view of this, you can appreciate that basically all reduction/realignment actions required to be implemented because of the above indicated 41,000 reduction have already been announced and we do not plan to make any additional such announcements based upon the FY 1972 and FY 1973 Defense budget as currently constituted. Since the bulk of the recent reductions in California were announced in February and March, the affected personnel at those installations are currently undergoing reduction-in-force procedures. For your information, however, we have marked with an asterisk on enclosure 1 all those installations and activities which have had realignment actions implemented since January 1972, and could still be undergoing reductions-in-force. Should you desire to contact any of the installations and activities listed on enclosure 1 to obtain additional information, we have provided the names of the commanding officers on enclosure 3 in accordance with your request.

The Secretary of Defense has directed that attrition is to be used to the maximum extent possible to effect the required civilian reductions. While attrition is currently averaging about one percent per month of the DOD civilian population, it is not always possible to take advantage of attrition at the activities to be reduced. In addition, while use of attrition will reduce employment, it can also require that personnel reductions be made in order to balance work skills especially in such activities as shipyards. It is also because we are using attrition to the maximum extent possible that while we do not expect to announce any further significant reduction actions, it may still be possible that some minor additional reduction actions to balance work skills at some installations may become necessary at some time during the rest of the calendar year.

The Military Departments are responsible for determining in what functional areas and at what installations and activities reductions are to be made. Unless otherwise specifically directed, such as by Congressional action, these decisions normally are made on the basis of various factors which affect the Service budget plans, such as available funds, priority of requirement, workload, etc. On the basis of such factors, each Military Department determines where its reduction should be made in order to have the least impact on their mission requirements. In general, after the decisions are made by the Military Departments on the activities to be reduced, the local commander is advised and it is his responsibility to determine how to implement the reduction. He determines which of his functional areas are to be reduced or what action is to be taken to comply with the directive. In a reduction action, his determination normally will result in the elimination of personnel positions. This institutes reduction-in-force procedures, which will ultimately result in personnel being separated to the extent those positions are not otherwise vacated. As to the individuals to be separated, this will depend upon the status, seniority, qualifications, etc. of the individuals involved.

You also asked if "contracting out" of projects is utilized to perform those jobs previously done by civilian employees at military installations. It is possible that studies, which are constantly being carried out by the DoD, will indicate that it is more cost effective to have certain functions, particularly service-type

functions, performed by contract so that within existing directives, a decision is made to convert from in-house operation of the function to contractor operation. This is not considered unusual, but by the same token it is not considered to be extensively involved in any of the recent reduction actions in California, which have had to be implemented for the reasons stated above.

As regards the impact of Defense reductions on the local economy and the unemployment situation, we are certain you are aware that Secretary Laird has expressed his concern on this matter a number of times in the recent past, even before the announcement of the 41,000-man additional reduction discussed above. Secretary Laird has indicated that all the reduction actions taken by Defense in the past three years, as we move from war to peace, have had a tremendous impact on employment in the United States. He has indicated that in total the DoD has affected over 2.7 million jobs and there are some people that feel we have moved too fast, too rapidly in the area of cutting down Defense-related employment be it in the civilian, military or Civil Service sector. Be assured, therefore, that we in the DoD are concerned with the local unemployment situation when reductions must be made. However, it is not always possible to keep from increasing an already unsatisfactory situation when personnel reductions must be made such as discussed above. This is especially true when functional areas must be reduced, such as the recent shipyard reduction, which affected every Naval Shipyard in the United States.

We also sincerely appreciate the hardships that installation reductions or realignments have on the affected personnel and their families. For this reason, every effort is being made to minimize the adverse effects of reductions-in-force on individual employees. We have within the DoD a comprehensive program to assist employees who may be affected by civilian manpower reductions. We recently made major improvements in this program and provided training to civilian personnel staffs at Defense installations throughout the country to assure that our career employees are given all possible assistance in obtaining other employment if they are subject to reduction-in-force displacement. In addition, we have implemented a special effort in Southern California, as indicated in Assistant Secretary Moot's letter dated April 25, 1972, to you on the subject.

We trust that you will find the above information helpful. Your interest in this matter is appreciated. We regret if the delay in providing you with this information has caused you any inconvenience.

Sincerely yours,

EDWARD J. SHERIDAN,
Deputy Assistant Secretary of Defense.

DEPARTMENT OF DEFENSE—ANNOUNCED INSTALLATION AND ACTIVITY REDUCTION, REALIGNMENT AND CLOSURE ACTIONS IN CALIFORNIA AFFECTING CIVILIAN PERSONNEL JULY 1971 TO MAY 1972 (FISCAL YEAR 1972)
CHRONOLOGICAL ANNOUNCEMENTS

Installation/activity/location	Estimated number of civilian jobs eliminated	Estimated number of personnel reduced	Type of action
Naval Shipyard, Mare Island	23	23	Realignment.
Naval Shipyard, Long Beach	5	5	Do.
Naval Shipyard, Hunters Point, San Francisco	84	84	Reduction.
Naval Air Station, Alameda	143	93	Do.
Norton Air Force Base, San Bernardino	1 (71)	1 (71)	Realignment.
March Air Force Base, Riverside	1147	1147	Do.
Los Angeles Air Force Station, Los Angeles	(95)	(95)	Do.
Hamilton Air Force Base, Novato	1 (24)	1 (24)	Do.
Naval Air Rework Facility, Alameda	49	49	Reduction.
Navy Mine Warfare Training Center, Pacific, Long Beach	2	2	Disestablishment.
Oakland Army Base, Oakland	(31)	(31)	Realignment. relocation.
Sixth Army Stock Control Center, Presidio of San Francisco, San Francisco	141	63	Disestablishment.
Naval Supply Center, Oakland	275	215	Reduction.
March Air Force Base, Riverside	1 90	1 90	Realignment.
Naval Auxiliary Landing Field, Monterey	38	34	Closure. ³
Naval Supply Center, Long Beach	92	69	Reduction. ³
Air Force contract management division, Los Angeles	330	75	Realignment/ relocation. ³
Defense contract administration services region field office, Anaheim	11	11	Reduction. ³
Defense contract administration services region field office, Los Angeles	9	9	Do. ³

DEPARTMENT OF DEFENSE—ANNOUNCED INSTALLATION AND ACTIVITY REDUCTION, REALIGNMENT AND CLOSURE ACTIONS IN CALIFORNIA AFFECTING CIVILIAN PERSONNEL JULY 1971 TO MAY 1972 (FISCAL YEAR 1972)—Continued

CHRONOLOGICAL ANNOUNCEMENTS

Installation/activity/location	Estimated number of civilian jobs eliminated	Estimated number of personnel reduced	Type of action
Defense contract administration services region field office, Pasadena	3	3	Do. ³
Defense contract administration services region field office, Van Nuys	3	3	Do. ³
Defense contract administration services region field office, Burlingame	4	4	Do. ³
Defense contract administration services region field office, Palo Alto	1	1	Do. ³
Defense contract administration services region field offices, Concord	1	1	Do. ³
Defense contract administration services region field office, Stockton	1	1	Do. ³
Naval air rework facility, Alameda	361	160	Do. ³
Naval Shipyard, Long Beach	1,000	395	Do. ³
Naval Shipyard, Hunters Point, San Francisco	530	134	Do. ²
Naval Shipyard, Mare Island, Vallejo	632	500	Do. ³
Commander, Western Sea Frontier, Treasure Island	17	17	Disestablishment.
Naval air rework facility, North Island, San Diego	525	266	Reduction. ³
Naval Construction Battalion Center, Port Hueneme	166	118	Do. ³
Edwards Air Force Base, Rosamond	² 100	100	Do. ³
Los Angeles Air Force Station, Los Angeles	² 65	65	Do. ³
Worton Air Force Base, San Bernardino	² 222	222	Do. ³
Travis Air Force Base, Fairfield	² 80	80	Do. ³
Vandenberg Air Force Base, Lompoc	² 92	92	Do. ³
Hamilton Air Force Base, Novato	¹ (19)	¹ (19)	Realignment. ³
McClellan Air Force Base, Sacramento	(5)	(5)	Do. ³
Fort Ord, Monterey	10		Do. ³
U.S. Army San Francisco Procurement Agency, Oakland	116	47	Disestablishment.
Grand total	5,123	2,933	

¹ Includes Air Force Reserve technicians.

² Actual number of positions eliminated not available.

³ Announced since January 1972.

Note: Parentheses indicate positions added.

MEMORANDUM FOR CORRESPONDENTS

JANUARY 7, 1972.

The following statement was issued by Mr. Jerry W. Friedheim at 11:00 today:

In completing our work on the FY 1973 budget, final determinations have been made with regard to the impact of Congressional budget cuts in the FY 1972 budget on the level of civilian employment in the Department of Defense as of the end of the current fiscal year.

This analysis of the Congressional action shows that the Department will have to reduce its previously planned civilian personnel employment as of June 30, 1972 from 1,082,000 to 1,041,000, for an additional reduction of 41,000 personnel. The Department had previously planned to reduce 12,000 personnel during the current fiscal year. It must now reduce 53,000 civilian personnel as a result of Congressional action for an additional reduction of 41,000.

The latest statistics, as of the beginning of December, show that the current civilian personnel strength is 1,093,000.

This means that from the beginning of December 1971 until the end of June 1972, we must reduce approximately 52,000 employees.

It is hoped that most of these reductions can be achieved through attrition.

Secretary Laird has instructed the Services that in making these additional reductions, in response to Congressional decisions, no reductions in excess of 1,000 will be made at any one location.

The additional civilian personnel reductions will mean at least a 2.5% cut in Defense Department civilian employees in the Washington, D.C. metropolitan area. This is about 2,000 more than what was previously planned.

This reduction is in addition to the cuts of approximately 2,500 civilian employees in the Washington area previously planned.

ARMY

- Major General Harold Moore, Commanding General, Fort Ord, Monterey, California 93941.
 Brigadier General Henry R. Del Mar, Commanding General, Oakland Army Base, Oakland, California 94626.
 Colonel U. G. Jones, Jr., Commanding Officer, Presidio of San Francisco, San Francisco, California 94129.
 Colonel Dwight D. Langham, Commanding Officer, U.S. Army San Francisco, Procurement Agency, Oakland, California 94626.

NAVY

- Captain W. H. Fells, Commanding Officer, Naval Air Station, Alameda, Alameda, California 94501.
 Captain W. L. Hinkle, Commanding Officer, Naval Air Rework Facility, Alameda, California 94501.
 Captain G. B. Jones, Commander, Naval Shipyard, Hunters Point, San Francisco, California 94135.
 Captain R. C. Fay, Commander, Naval Shipyard, Long Beach, California 90801.
 Captain W. C. Barnes, Commander, Naval Shipyard, Mare Island, California 94692.
 Navy Mine Warfare Training Center, Pacific, Long Beach, California 90801. (Disestablished--no Commanding Officer).
 Rear Admiral C. J. Van Arsdall, Commander, Western Sea Frontier, Treasure Island, California 94130.
 Captain W. D. Hawkins, Commanding Officer, Naval Air Rework Facility, North Island, San Diego, California 92135.
 Captain E. R. Stacy, Commanding Officer, Naval Construction Battalion Center, Port Hueneme, California 94303.
 Rear Admiral W. R. Dowd, Commanding Officer, Naval Supply Center, Oakland, California 94625.
 Naval Auxiliary Landing Field, Monterey, California, (Disestablished--no Commanding Officer).
 Captain D. W. Whelan, Commanding Officer, Naval Supply Center, Long Beach, California 90881.

AIR FORCE

- Colonel Hobart T. Chard, Base Commander, Edwards Air Force Base, Rosamond, California 93523.
 Colonel Vermont Garrison, Base Commander, Hamilton Air Force Base, Novato, California 94934.
 Colonel Roy E. Guy, Base Commander, Los Angeles Air Force Station, Los Angeles, California 90045.
 Colonel Robert J. Yentz, Base Commander, March Air Force Base, Riverside, California 92508.
 Colonel Averill F. Holman, Base Commander, McClellan Air Force Base, Sacramento, California 95652.
 Colonel Ralph W. Mistrot, Base Commander, Norton Air Force Base, San Bernardino, California 92409.
 Colonel John E. Blake, Base Commander, Travis Air Force Base, Fairfield, California 94535.
 Colonel Ralph H. Dowell, Base Commander, Vandenberg Air Force Base, Lompoc, California 93437.
 Brigadier General Donald G. Nunn, Commanding Officer, Air Force Contract Management Division, Los Angeles Air Force Station, Air Force Unit, P.O., Los Angeles, California 90045.

DEFENSE CONTRACT ADMINISTRATION SERVICES

- Brigadier General John Chandler, USAF, DCASR Los Angeles, 11099 South LaCienega Boulevard, Los Angeles, California 90045.
 Captain John E. Morrissey USN(SC), DCASR San Francisco, Burlingame, California 94010.

Mr. WALDIE. In that letter there is this paragraph:

These 27 actions involve about 86 percent of the jobs announced for elimination during the period and 81 percent of the personnel reduced. The reason for the increase during the period, as the DOD announced in early January, was the completion of the final evaluation of the impact of congressional budget reductions in the fiscal year 1972 budget on the level of civilian employment, which indicated that Defense would have to reduce an additional 41,000 employees from January 1972 to June 30, 1972, than had earlier been planned.

That would seem to confirm your belief that it was an effort to stay within the ceiling of appropriations.

Mr. NEWCOMB. Yes, sir.

Mr. WALDIE. Now, can you answer this question: Is that the only means by which they could have stayed within the ceiling of appropriations? Could they have reduced military personnel strength or could they have reduced the appropriation expenses of contracting out as to other alternatives to stay within the appropriation ceiling?

Mr. NEWCOMB. I am not in a position to answer that question.

Mr. WALDIE. We will ask that question of the Secretary of Defense.

Can you tell me, then, during the period in which the RIF's have occurred, has there been an increase in the numbers of military personnel on these bases?

Mr. NEWCOMB. I cannot answer that question, sir.

Mr. WALDIE. Can you tell me, during the period in which the RIF's have occurred, has there been an increase in the amount of contracting out that has occurred?

Mr. NEWCOMB. I cannot answer that question either, Mr. Chairman.

Mr. WALDIE. Well, perhaps you can tell us to whom we can turn to get answers to those questions. Do you have that information available to you in the regional office?

Mr. NEWCOMB. No, sir.

Mr. WALDIE. Where do we turn to get that information?

Mr. NEWCOMB. I would assume from the Secretary of Defense, as in the previous—

Mr. WALDIE. Well, would not the personnel officer of a particular base have that information?

Mr. NEWCOMB. A military personnel officer might, or a commanding officer might, but the civilian personnel officer would not normally have it.

Mr. WALDIE. Would any of the gentlemen that are here in the hearing room that you identified earlier, be able to tell us anything on those?

Mr. NEWCOMB. I don't think so.

Mr. WALDIE. They would not be able to tell us the extent of contracting out activities that occurred during that period?

Mr. NEWCOMB. No, sir.

Mr. VAN DEERLIN. Mr. Chairman, a base commander would be able to tell us.

Mr. NEWCOMB. Yes, a base commander or military head of activity might.

Mr. WALDIE. Well, I wonder—

Mr. ROUSSELOT. I hope that the Secretary of the Navy can tell us.

Mr. WALDIE. Well, I would hope so, too, Mr. Roussetot.

What concerns me, very frankly, is that one of the thrusts of the hearing is to determine whether the decision to take up the slack that

was made—that is, to make all of the impact fall heavily or exclusively on the civilian—in employee workforce was a correct conclusion, and that a further assumption that deserves rebuttal, if in fact rebuttal is possible, is that as they took up the slack in civilian employee workforce, they simply turned around and sent money on another project for either additional military personnel or additional contracting-out activities. Unless the subcommittee has information on those two aspects, it is going to be very difficult to pass judgment on some of these matters. The base commander, you say, would have some information on this thing?

Mr. NEWCOMB. Yes, possibly.

Will you please, Mr. Neuman—Mr. Neuman is on the subcommittee staff also—attempt to contact the base commander at North Island, inform him of the desire of the subcommittee to have information on those two points, and ask him if he will provide that information through an emissary to the committee this afternoon?

Permit me now, at this point, to yield to Mr. Rousselot or Mr. Van Deerlin on this particular issue. Do either of you desire to question or comment on it?

Mr. ROUSSELOT. Yes.

Mr. Newcomb, when you get an order such as you have described to us for a reduction-in-force, what basic criteria do you use, in simple terms, to select who gets the ax?

Mr. NEWCOMB. As I indicated earlier, Mr. Rousselot, when the decisions are made at the Washington level, and subsequently within the military components of DOD, based on curtailment of funds, or whatever the reason, then the various system commands and subordinate echelons of the major components, Army, Navy, Air Force pass this requirement for reduction in strength down to the local commanding officer. He is given a new ceiling to live within. It is largely his judgment as to how he is going to live within that—how to reorganize his work force to meet his objectives within available resources.

Mr. ROUSSELOT. You mean that it is the base commander, then, as opposed to your office?

Mr. NEWCOMB. Yes.

Mr. ROUSSELOT. Are you allowed any judgment in this at all, as to how the reduction is to be made?

Mr. NEWCOMB. No. This is a command decision. Once the decision to reduce civilian personnel strength comes down through the chain of command it is the local command decision as to how the commanding officer meets the requirement of reaching the new civilian complement.

Mr. ROUSSELOT. Well, is it your information that he would normally take what he would consider to be the least necessary jobs, or is that the major criteria?

Mr. NEWCOMB. It depends on a number of factors. He takes very careful evaluation of mission and budgetary requirements and all of the other limitations he has to live with. Under direction of the Secretary of Defense, and Secretary of Navy or Army or Air Force, he does everything within his power to try and reach the new lower figure by normal means, by attrition, by planning carefully for employment freezes, by increased retirements that may occur.

For example, right now there is a 4.8 percent cost of living increase that may affect retirements. We have in Navy an aging work force in many of our activities. Many of our people came to Navy in World War II. While we are unfortunate in continuing to lose an experienced work force, at the moment this is helping greatly to reduce the impact of the reduction in force. The commanding officer considers all of these things. At the same time he must maintain a balance of skills and talents in the work force to carry out the mission that he has been assigned. He cannot always reach his new ceiling figures by attrition and other normal methods. For that reason, in determining where he has to make cuts and still accommodate the mission of the activity, he will require the civilian personnel office to institute reduction-in-force procedures.

Mr. ROUSSELOT. Is there some kind of a general uniformity in how this decision is made, or is just left up to the base commander? Is there no set of criteria at all that you know of?

Mr. NEWCOMB. Once you go into a formal reduction-in-force procedure, the system is uniform. But, to that point it is a management decision as to what functions and areas within the base and what kind of positions will be affected.

Mr. ROUSSELOT. So, your office really doesn't participate in any way—even though you are charged with manpower management—and have no decisionmaking authority or participation at all in how these decisions are arrived at?

Mr. NEWCOMB. These are primarily decisions of the commanding officers who determine how to reach their mission requirements.

Mr. ROUSSELOT. You have no input at all on it?

Mr. NEWCOMB. There is an advisory and consulting input. I think that most commanding officers are very alert and sensitive to the input from their civilian personnel offices and advisors in this area and from all of the other department heads who have a stake and an interest in the employees as well as the mission of the organization.

Mr. ROUSSELOT. Are you familiar with the bill that is before our committee?

Mr. NEWCOMB. Only in reading of it in the Congressional Record.

Mr. ROUSSELOT. Do you think that bill will be helpful in giving each base commander greater latitude in how decisions are made and who should be RIF'd?

Mr. NEWCOMB. I am not prepared to say on that point.

Mr. ROUSSELOT. Could you look at it more carefully and let us know in writing?

Mr. NEWCOMB. Yes.

Mr. ROUSSELOT. That will be helpful.

Mr. WALDIE. Mr. Van Deerlin?

Mr. VAN DEERLIN. Mr. Newcomb, when you say that two-thirds of the actions on reductions in force have affected the Navy, are you referring to the number of installations, or the total number of employees affected?

Mr. NEWCOMB. No, sir; to the number of employees.

Of the 4,390 positions that the chairman mentioned earlier and of the something over 5,000 civilian positions that are to be eliminated in DOD installations in California this fiscal year, Navy activities have 3,461 or about two-thirds of the total number or positions eliminated.

Mr. VAN DEERLIN. Would your knowledge lead you to believe that the Navy represents about two-thirds of the total manpower employed in California?

Mr. NEWCOMB. I could not really speak to that, sir. In the San Francisco Bay area, at least, we are the largest employer. We are quite a bit larger than the Army and Air Force installations. We are an industrial employer. These reasons may account, for the action affecting Navy.

Mr. VAN DEERLIN. Have there been any recent studies, Mr. Newcomb, to ascertain how many jobs are being done by uniform personnel that could or perhaps should be done by civilians?

Mr. NEWCOMB. I am really not prepared to comment on it, sir. I can only say this; that from the point of view of having been around military installations during the reductions-in-force of the last 2 or 3 years, it would certainly be my belief that they are experiencing very heavy cuts on the military side as well as the civilian side.

Mr. VAN DEERLIN. Have there been any studies on the contracting out? You surely know how many Government employees may have been terminated as a result of jobs that were absorbed by contracts to independent firms to do, particularly janitorial services.

Mr. NEWCOMB. I really don't know, Mr. Congressman. But, again, I would not assume that to be a large number.

Mr. VAN DEERLIN. You would not?

Mr. NEWCOMB. No, sir.

Mr. VAN DEERLIN. I see.

Mr. NEWCOMB. But, I am not really prepared to make a comment.

Mr. VAN DEERLIN. I would have the same question of Mr. Pautler, because I have had considerable mail on it.

Now, what about the transformation of regular employees into temporary status often performing the same tasks as they performed before their jobs were terminated and they were rehired as temporaries. What can you show the subcommittee on that subject?

Mr. NEWCOMB. It might be appropriate to call Mr. Pautler to assist me on this.

Mr. WALDIE. Mr. Pautler, would you come up here?

Mr. NEWCOMB. And Mr. Davis and Mr. Kearney.

Mr. WALDIE. Why don't you all come up and, for the record, identify yourselves and we will continue from that point.

Mr. PAUTLER. I am Larry Pautler and I am the head of the local regional office of civilian manpower for the Navy which relates to the 11th Naval District, roughly, southern California.

Mr. WALDIE. Would the gentleman to your right identify himself?

Mr. DAVIS. I am Tom Davis, from the Navy Regional Office of Civilian Manpower Management, San Diego, and I am a staffing specialist.

Mr. WALDIE. And the gentleman to your left, second removed? Would you identify yourself?

Mr. KEARNEY. I am Frank Kearney, the employment superintendent at the Naval Air Station, North Island. Our civilian personnel office services the Naval Air Station and the Naval Air Rework Facility and eight other smaller naval activities located at North Island.

Mr. WALDIE. All right.

Mr. NEWCOMB. In my impression, Mr. Van Deerlin, the number of career employees who are terminated through reduction-in-force and then reemployed as temporaries is very small. We made a survey in the San Francisco Bay area before I came down yesterday and I checked with our larger activities who were on the list for the DOD 27 actions you mentioned earlier, for reductions in civilian ceiling for this fiscal year. We found 54 employees who had been career employees reduced-in-force and subsequently reemployed as temporaries.

Mr. WALDIE. Excuse me just a moment. Will you put that statistic in a better frame of reference; 54 out of how many?

Mr. NEWCOMB. This was out of roughly 560—full-time career employees who had actually lost their positions by reduction-in-force procedures. Losses by attrition, retirement, etc. accounted for the majority of positions eliminated.

Mr. WALDIE. All right. Please continue.

Mr. NEWCOMB. And of that 54, all but about 13 or 14 had been reemployed as temporaries within 3 days or without a break in service. Their retirement and other benefits continued.

Mr. VAN DEERLIN. May I inquire as to the purpose of reclassifying them and I am sure that there is an obvious and good answer.

Mr. NEWCOMB. Yes, sir. As you know, it takes some weeks or months to reach a new lower ceiling figure and to reduce personnel. It is not easy to do. As mentioned to Congressman Rousselot, there is a great deal of planning that the command has to go through to reach this new figure. It is necessary to determine how the reduction will be implemented, to establish the reduction-in-force list, issue the necessary separation notices and still allow affected persons the normal 60 day notice period before being separated. Often reduction-in-force notices are issued because command is concerned that other means (that is retirement, transfers, other attrition) will not reach the new ceiling figure. Where possible, reduction separation notices are canceled during the interim period. Let's say that it takes about 3 months to go through this entire cycle. Most of the people being reduced or retiring are experiencing the result of action started in January or February or no later than March when notices of separation were issued.

Mr. VAN DEERLIN. But, if they are rehired almost immediately, what we are talking about is obviously a bookkeeping device. Is that right?

Mr. NEWCOMB. This is possibly so, but the Command, at the time that the action is initiated and in terms of its ability to fund the number of positions authorized has to proceed with reduction-in-force notices to the extent that the required number of positions are not otherwise vacated.

Mr. VAN DEERLIN. Are they usually rehired at less money?

Mr. NEWCOMB. They may be hired in any number of positions for which they can qualify. Part of the problem is that an activity—for example, a shipyard—is assigned a new lower ceiling. At the time the planning for the reduction took place, it would appear that a certain level or kind of workload would exist. Then, a new unexpected temporary requirement is placed on the activity. For example, the Naval Weapons Station, Concord, experiences very erratic requirements at times, primarily because of the Southeast Asia situation. It services Air Force and Army as well as Navy. Within a short period, perhaps,

300 or 400 temporaries might be employed. This is not a part of their permanent ceiling. The NARF experiences the same sort of thing. Some new temporary mission requirement might be assigned which would, for the long-range interest of the command, require not permanent but temporary positions.

Mr. WALDIE. Would the gentleman yield?

Mr. VAN DEERLIN. Yes.

Mr. WALDIE. Do I understand that when you are trying to reach the ceilings that are imposed upon you from Washington, temporaries are not counted toward that ceiling?

Mr. PAUTLER. They are.

Mr. DAVIS. They are.

Mr. NEWCOMB. They are counted.

Mr. KEARNEY. Yes; they are counted.

Mr. WALDIE. They are counted?

Mr. NEWCOMB. Yes.

Mr. WALDIE. So that when the 54 careers that are RIF'd, all but three or four were rehired as temporaries, you made no progress toward reaching that objective?

Mr. NEWCOMB. Well, all of the ceiling reduction has to take into account the various methods that a command may use to reach it.

Mr. WALDIE. I understand that. But what I am really trying to find out is when you RIF 54 career people and hire back 51 of them as temporaries within a 3- or 4-day period, I would assume that you have not, in any way, impacted except to the point of three positions, your objective of reducing your ceiling. Is that a correct conclusion?

Mr. NEWCOMB. It may be true, if it is looked at only in that perspective. But these career people and other forces, such as retirements, resignations, deaths, and other factors are working to reduce toward the new permanent ceiling.

Mr. WALDIE. Well, when all of those other factors come into play, why aren't those people rehired as carrer employees again; why are they hired as temporaries?

Mr. NEWCOMB. Vacanies do not alway occur in the same occupational areas where the reductions occurred. Those reduced in force may qualify for positions other than those previously held. Activities may not have permanent need, in terms of the balance of skills required to fulfill its mission.

Mr. WALDIE. Well, your feelings are, within a particular category of positions, then?

Mr. NEWCOMB. No——

Mr. WALDIE. Well, forgive my obtuseness here, forgive my stupidity. [Laughter]. You have r.i.f.'d 54 career people.

Mr. VAN DEERLIN. 560.

Mr. WALDIE. I beg your pardon.

Mr. NEWCOMB. 550 were r.i.f.'d.

Mr. WALDIE. But, within 3 days you rehired 54 of those. They are no longer career employees, they are called temporaries. Have they lost anything by being rehired as temporaries?

Mr. NEWCOMB. With no break in service, they have retained all of their retirement and other benefits.

Mr. WALDIE. Did they lose money?

Mr. NEWCOMB. They retain pay, under certain circumstances.

Mr. WALDIE. They have lost some rights, obviously, have they not?

Mr. NEWCOMB. Career status is not affected. However, they are placed in a lower tenure sub-group.

Mr. WALDIE. Why did you not rehire them as career status since they count toward your numerical objective of reducing your work load, why would you rehire them as temporaries; why not put them back where they were when you fired them?

Mr. PAUTLER. Could I take a crack at that?

Mr. WALDIE. I wish you would.

Mr. PAUTLER. I was just talking with Captain Harkins the day before yesterday, who is commanding officer NARF, Naval Air Re-work Facility, and he told me that he has a permanent ceiling of about 6,400. I don't remember the exact number.

OK. Now, he has a temporary workload that has been given to him, which he anticipates will take until about September to clean up. So, instead of adding permanent people to his work force, he is adding temporary people because the work is temporary.

Mr. WALDIE. In other words, it is easier to get rid of them when he wants to get rid of them than it is to RIF people. Is that the essence of it?

Mr. PAUTLER. Well, one could draw that assumption.

Mr. WALDIE. It would be awfully hard to draw any other assumption, wouldn't it?

Mr. ROUSSELOT. Is there another assumption we can come to?

Mr. PAUTLER. I think the other conclusion we could come to is that you have a 30-day job or a 60-day job and it fits the need. That is right.

Mr. VAN DEERLIN. There might be one-third conclusion, Mr. Chairman. If one were a part of a management team and could rehire temporaries at less money through the route of reclassification, might it be possible that a man who had been employed as an aircraft mechanic, say, could be reemployed at something paying a lesser grade and somehow find himself doing what he was doing before?

Mr. PAUTLER. You generally don't hire them at less money, sir, unless it is in a lower occupational area.

Mr. VAN DEERLIN. Well, is it possible and the words stick in my throat, because it would be such an unworthy motive, but is it possible that a man might be laid off from career status as an aircraft mechanic and find himself rehired, say, as a sweeper and be making less hourly rate of pay, but somehow finding himself very close to the job he was doing before?

Mr. PAUTLER. Well, you mean—he should not be working as an aircraft worker, because he was hired back as a sweeper.

Mr. VAN DEERLIN. I know on the books he shouldn't be and I am sure that the recordkeeping is immaculate. But, is it possible that down there at the level where the work is being done, that this could happen?

Mr. PAUTLER. I think it could happen and he would file a grievance. He would have every right to.

Mr. VAN DEERLIN. As a temporary employee, the grievance procedure is just as stiff and open to him as is a career employee?

Mr. PAUTLER. The grievance procedure would be applicable; not all of his other—

Mr. VAN DEERLIN. Who would he file that with, Civil Service Commission or what? Mr. PAUTLER. With his activity or write to his Congressman. [Laughter.]

Mr. WALDIE. Along that same point, extended one more step, you got rid of a career employee who was an aircraft maintenance man and you are going to rehire a temporary. A temporary is hired at a lesser figure, is he not, than your career man would be?

Mr. PAUTLER. I think, Congressman, our most recent experience has been at the NARF and Mr. Kearney, who has been real close to that may be able to help.

Mr. KEARNEY. The wage rates for a given occupation are the same whether the employee is a career employee or a temporary.

Mr. WALDIE. Well, is there not a differential in terms of the length of time a man has been in the governmental service?

Mr. KEARNEY. No.

If we hire an individual in a temporary position, and he had previous Government service—

Mr. WALDIE. Assume that you have a career man who is an aircraft maintenance man. You RIF him out and then you screen your temporaries and find a man with aircraft experience and you hire that temporary and he then performs that job. Does that ever occur?

Mr. KEARNEY. I don't know of it ever having occurred.

Mr. WALDIE. Has it ever come to your attention that that has occurred?

Mr. KEARNEY. No, sir.

Mr. WALDIE. Have you ever been aware of complaints that it does occur?

Mr. KEARNEY. No.

Mr. WALDIE. If it did occur, would that be illegal and improper?

Mr. KEARNEY. As you described the hypothetical example, it sounds like what we term a misassignment. A misassignment is employing an individual in one occupation and assigning him duties in a different one. These assignments are in violation of the Civil Service regulations.

Mr. WALDIE. So that when we come across a misassignment, and call it to your attention, it will be corrected?

Mr. KEARNEY. Yes, sir.

Mr. PAUTLER. Yes, sir.

Mr. NEWCOMB. Yes, sir.

Mr. WALDIE. All right.

Mr. Van Deerlin?

Mr. VAN DEERLIN. Well, my final question was about the steps that have been taken among completely legitimate reductions-in-force where it has been forced upon you in the personnel divisions in the matter of making available other jobs to them within the Federal Establishment, where there are comparable opportunities open and available.

Mr. NEWCOMB. Yes, sir.

As you know, once it is necessary to resort to reduction-in-force procedures to meet the new ceiling, then the Civil Service Commission Regulations are followed. If these are violated, as in the previous instance, then there is the right to appeal to the Civil Service Commission. These regulations are carefully followed. They are based on tenure group, including veterans preference, length of service and performance rating within competitive areas which are the commands, normally, and within competitive levels, where positions require the same types of skills, qualifications and duties. If a person, through this system, is actually separated by reduction-in-force then we are very

concerned with trying to help him find another position. The Department of Defense, in particular, has for several years had a priority placement system. It is Department of Defense wide. Career people who involuntarily lose their position in this manner—

Mr. VAN DEERLIN. Are you satisfied that the system is working efficiently and effectively?

Mr. NEWCOMB. Yes, sir. It does not resolve all of our problems. It does not get everybody a job, but it does help greatly and the number of placements is impressive. If a person registers in the system and is willing to move to another activity where there is a position for which he can qualify—

Mr. WALDIE. I wonder if the gentleman would yield? Could we hold that subject for a later comment?

Mr. VAN DEERLIN. Yes.

Mr. WALDIE. Mr. Rousselot?

Mr. ROUSSELOT. Yes. Maybe this was described and I just didn't understand it. Do you keep two different ceilings, one for temporary employees and one for permanent?

Mr. KEARNEY. Sir, if I may try that one.

Some commanding officers or some headquarters higher in the Government will, at times, allocate the overall ceiling to temporary and permanent employment. It is not an across-the-board situation. It does not occur everywhere or at all times. It happens usually when additional temporary workload has been assigned and when there is a need to employ more people to do this work. But, where the basic level of work of the mission of the activity has not changed, these are the situations in which temporary ceilings are assigned.

For example, at the NARF, North Island, we have just recently been assigned a workload, as Mr. Pautler mentioned, which will run through the end of September, as we see it. This will cause us to increase our temporary ceiling by 800, which, you see, is a sizable increase. In looking down the road, this will end about September and when that ends, as far as we know, we will go back to our permanent workforce.

Mr. ROUSSELOT. So, when the RIF orders came from DOD in January of this year—and we speak of the 27 RIF's that have occurred in the military installations, two-thirds of which are Navy—did they assign reductions to both temporary and permanent status?

Mr. KEARNEY. No. These are the permanents.

Mr. ROUSSELOT. Just the permanents?

Mr. KEARNEY. Yes.

Mr. ROUSSELOT. So that you could possibly pick up the slack, then, in the temporary area?

Mr. DAVIS. I might say that in the case of the Navy Department, the various systems commands have been given ceilings by the Office of Civilian Manpower Management, one for permanent and one for temporary. It is the absolute responsibility of the commanding officers to stay within these ceilings.

If ceilings are lowered as allocated, for example, by the systems command to the Naval Air Station the commanding officer has no choice but to lower both the permanent and temporary ceilings.

Mr. ROUSSELOT. What happened in January? Were these reductions-in-force both for temporary and permanent?

Mr. DAVIS. I can't speak to that.

Mr. KEARNEY. I will answer that. It is more confusing than that, even.

Mr. ROUSSELOT. I wonder if it is confusing or just another way to go?

Mr. KEARNEY. Back in 1971 we did not have ceiling as such in the Department of Defense—in the Navy we did not. We were granted an exception by the Office of Management Budget for a 1-year period, for fiscal 1972, to operate the Navy without formal ceiling control. In lieu of that, the employment levels were computed on the average cost of hiring employees. These employee levels were used administratively in lieu of ceiling. Back in the fall of last year, when it was necessary to draw down the size of the workforce a partial freeze was imposed on the hiring Navywide and then in January of this year, when that was ended, the ceiling was reimposed. So, we had not had any ceiling in the previous 6 months or 8 months. When it was reimposed, we then got it in two sectors, or sections. One for permanent and one for temporary.

Mr. ROUSSELOT. Were they both reduction-in-force?

Mr. KEARNEY. Yes, sir. In comparison with the number of employees, we were able to hire the previous summer, they were reductions. But, the previous summer there was no distinction between temporary and permanent ceiling. Now, when the ceiling was issued in January of this year, the terms temporary and permanent applied to the positions, not to the appointment of the individuals. You may have permanent positions or temporary positions. The commanding officer is relatively free to appoint either temporary or permanent employees to fill these positions.

Mr. WALDIE. May I interrupt at this point?

Mr. ROUSSELOT. Yes.

Mr. WALDIE. I presume that if we make the request to the right person, whoever that might be, we will find that in those bases at which a RIF has occurred, that there has therefore been a reduction in the career employees, that we will find that at least no increase in temporary employees. Is that a fair assumption?

Mr. KEARNEY. I don't know, sir. I could not say.

Mr. WALDIE. I am not asking you if it is a fact. I am asking you if it is a fair assumption that you are reducing the career employees because you have got too many. You would not be increasing the temporary employees unless you are replacing the career employees with the temporary employees, which you, obviously, should not be doing. Am I way off base on all of those "logical-to-me assumptions?"

Mr. KEARNEY. Well, at North Island right now, we are doing just that thing. We are hiring temporary employees and we are reducing permanent employees at the same time.

Mr. WALDIE. All right. Am I clear at North Island—let's take North Island, which is within your purview; will the statistics show that since the reductions in force at North Island have been implemented a reduction first in the number of career employees—will it show that?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. Will it also show a reduction in the number or a stable work force of temporary employees, or increase? Which of the three will it show?

Mr. KEARNEY. It depends on the target date you examine.

Mr. WALDIE. Well, you tell me the difference dates where I will get different answers.

Mr. KEARNEY. All right. The reduction-in-force has not happened yet. It will happen tomorrow, May 26. Up until about a month ago we had planned to separate, tomorrow, May 26, some career employees and also to terminate a number of temporary employees. This was because of the lower ceiling that would become effective on June 30. But, because of the additional workload, which is now levied upon the command, which will carry through the end of September, we need to increase the number of employees in certain trade areas in order to accommodate that workload.

Mr. ROUSSELOT. Excuse me.

Mr. KEARNEY. Yes.

Mr. ROUSSELOT. Temporaries or permanents?

Mr. KEARNEY. Temporaries.

Mr. WALDIE. So, your conclusion, at least in this reduction in force is that you will have an increase in temporaries and a reduction in careers?

Mr. KEARNEY. Yes.

Mr. WALDIE. Why the increase in your workload?

Mr. KEARNEY. I don't know, really, where it came from. The aircraft need to be worked, but where they come from, I cannot say.

Mr. ROUSSELOT. Are they war related?

Mr. KEARNEY. All of the aircraft we have are; yes, sir.

Mr. WALDIE. Is there a time reference to this increased workload that suggests you should fill it with temporaries?

Mr. KEARNEY. As I understand it, it is to be filled only with temporaries because it is temporary.

Mr. WALDIE. Well, what is the nature of the temporary workload? What is it, September or August?

Mr. KEARNEY. The date I have been told is the 30th of September when they anticipate it will end.

Mr. WALDIE. That is an interesting statistic. In September we will have some massive pronouncement.

Mr. KEARNEY. If nothing else, that is the end of the fiscal quarter.

Mr. WALDIE. So that if this hoped-for reduction of work does not occur in September, those temporaries will still be continuing beyond September?

Mr. KEARNEY. Yes; they continue.

Mr. WALDIE. When do you decide that they are no longer temporary and that you should get your career people back?

Mr. KEARNEY. That is hard to answer.

Mr. WALDIE. I know.

Mr. KEARNEY. If I may go back a bit on some of the matters Mr. Newcomb covered.

Mr. WALDIE. Let me fill you in the reason for the question.

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. The committee expects testimony from one installation that temporaries have been in that position as long as 20 years and some as long as from 5 to 10 years. Now, you are nodding on that one and shaking on the 20.

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. Is 5 to 10 years a reasonable length of time for a temporary to be a temporary?

Mr. KEARNEY. No, sir. Not in my opinion.

Mr. WALDIE. If he is there for 5 or 10 years, has there been a violation on the regulations?

Mr. KEARNEY. Probably not. I say "probably" because the control of the length of temporary employment rests with the Civil Service Commission. In these kinds of positions which are limited to 1 year, the type we are using, the Civil Service Commission in the normal course of events has to approve an extension on a year-to-year basis.

Mr. WALDIE. We understand that there will be testimony presented to the committee that what happens is that the man is employed for 364 days and on the 365th he is fired and he is rehired on the first day of the next year. Would that be an improper practice if that could be demonstrated to the committee?

Mr. KEARNEY. Yes. Not only is it improper, but probably impossible under the present rules.

Mr. WALDIE. I see. Well, that is helpful. What are those rules, Civil Service regulations?

Mr. KEARNEY. Yes, Civil Service regulations.

Mr. WALDIE. All right. What could be the maximum time that a man could be employed as a temporary and never obtain career status?

Mr. KEARNEY. This is up to the Civil Service Commission office having jurisdiction of the activity where he is employed. It is on a year-to-year basis.

Mr. WALDIE. In your installation, what is the oldest temporary that you have working there?

Mr. KEARNEY. I don't really know. I would hazard a guess and that is all it is, that there are some there in their third year.

Mr. WALDIE. How could a man be a temporary employee for 3 years?

Mr. KEARNEY. Well, because of the occupation he is in, because of the changes in workload in that occupation.

Mr. WALDIE. They have not changed for 3 years, have they?

Mr. KEARNEY. Well, yes. They change all of the time.

Mr. WALDIE. But, for this fellow, he would have been no longer employed, if his occupation had changed over the 3 years.

Mr. KEARNEY. I don't understand the question.

Mr. WALDIE. Well, you have people that have been there for 3 years. I gather that nothing has changed in their occupation to cause you to take them out of that status.

Mr. KEARNEY. That is reasonable.

Mr. WALDIE. Well, that is a reasonable conclusion. But, is it a reasonable policy? Should a man be a temporary employee for 3 years?

Mr. KEARNEY. Not if you can make them permanent. Sometimes there are employees that we cannot make permanent.

Mr. WALDIE. Why?

Mr. KEARNEY. Because they are not within reach of the Civil Service Commission Register. Unless a person is in reach of our Civil Service Commission Register for permanent employment, we cannot employ him permanently.

Mr. WALDIE. So, you do not permit those who are in reach, on the register, to have a job, you keep the man that has the temporary?

Mr. KEARNEY. Sometimes; yes.

Mr. ROUSSELOT. What do you mean, why can't you reach him?

Mr. KEARNEY. Well, the Civil Service Commission procedure requires that we take one of the top three people on their register. The people are on that register in terms of the score they earned in the examination. Now, people are on the register with the Civil Service Commission, if they wish, in a dual capacity.

Mr. ROUSSELOT. Yes.

Mr. KEARNEY. Some of them will only take permanent employment. Others will take temporary employment.

Mr. ROUSSELOT. It is their choice?

Mr. KEARNEY. Yes. That is the applicant's choice.

If the applicant accepts temporary employment with a Federal employer, he does not lose his standing on the register for permanent employment should it come up. That means that if there are a number of applicants on the Civil Service Commission Register, who will not take temporary employment, we are allowed to go down that list until we find someone who will take temporary employment. But, he may be far out of reach for permanent selection, but he is one of those that will take a temporary job.

Let's say that there are 30 people on the list and we can only take the top three for permanent employment. We are not looking for anyone permanently at the time it starts because we have a temporary workload. Perhaps of the top 10 of these 30, none of them will take a temporary job.

Mr. ROUSSELOT. Yes.

Mr. KEARNEY. They will only take a permanent. That is their choice as individuals. Then, we have to go to number 11. Perhaps he will take a temporary job. But, if those top 10 don't move, or if enough of them don't move over a period of time, then we cannot convert this man that we have hired temporarily into permanent. He is a good worker and wants to stay with us, so it is our policy to keep him temporary until he can get within reach.

Mr. ROUSSELOT. So, part of the reason that maybe you couldn't reach him, the man that is temporarily employed, for a permanent position, when he has been with you for 3 years, might be his own choice?

Mr. KEARNEY. Yes.

Mr. ROUSSELOT. The second reason is that you might not be able to reach him on the list because there are too many permanent people ahead of him in seniority or whatever?

Mr. KEARNEY. Yes.

Mr. WALDIE. Who determines when your workload becomes permanent?

Mr. KEARNEY. That is the production planning specialist.

Mr. WALDIE. On base?

Mr. KEARNEY. Yes. Well, both places. The base has some and there are also some in Washington that do the planning nationwide and there are local specialists who do the planning for each base.

Mr. ROUSSELOT. Are those civilian employees or military?

Mr. KEARNEY. Civilian.

Mr. WALDIE. Am I unfair in assuming that the incentives are to keep the workload temporary?

Mr. KEARNEY. I have no way of knowing, sir.

Mr. WALDIE. Well, it is easier to handle a temporary employee than a career employee, isn't it?

Mr. KEARNEY. No, not always.

Mr. WALDIE. Well, in what instance is it more difficult?

Mr. KEARNEY. Well, temporary employees tend to be more unstable, as a group. They are looking for permanent work, and if you don't have it one place, then they go elsewhere. Those who have qualifications in higher paying occupations may take temporary employment in a higher pay occupation if they can get it.

Mr. WALDIE. Let me ask Mr. Newcomb a question on this same thing, because he represents the North.

Are you familiar, Mr. Newcomb, with any situation in the North with temporary employees where they have been in that status for any period of time in excess of 2 years even?

Mr. NEWCOMB. No, sir. There could be, but I am certain that it would be a small number.

Mr. WALDIE. If we were able to impress you or convince you that, in fact, one base in the North has had temporary employees for as long as 5 to 10 years, would that seem to you to be worthy of stopping that practice?

Mr. NEWCOMB. It would certainly be investigated.

Mr. WALDIE. What sort of control do you have on the bases in terms of their utilization of temporary employees? Do they report to you how many people they have in temporary and how long they have been in that status?

Mr. NEWCOMB. They report—the Civil Service Commission really has the control.

Mr. WALDIE. Not the regional office?

Mr. NEWCOMB. No, not the Navy regional office.

Mr. WALDIE. And so, the Civil Service Commission in Washington is the area that has control over this field?

Mr. NEWCOMB. Yes, their regional offices.

Mr. DAVIS. I think we have a large number of temporary employees, which is unusual in Government, as a result of the Vietnam situation, and the Civil Service Commission has permitted extensions year after year, hopefully until the war is over. It is not over and many of the temporary jobs initially allocated by the Federal Government and the Navy were created because of Southeast Asia. I think that accounts for the tremendous number of temporary jobs in Navy that in normal times would not exist.

Mr. WALDIE. That could very well be. In other words, the person that makes the decision as to when a job is no longer temporary is still hung up on the fact that Vietnam may be over tomorrow?

Mr. NEWCOMB. Yes.

Mr. DAVIS. It is directly related to Vietnam.

Mr. WALDIE. It could be hung up on that for 10 years.

Mr. DAVIS. Yes.

Mr. NEWCOMB. Yes.

Mr. WALDIE. Mr. Newcomb, one other question before I turn back to my colleagues, I have in my hand, and I have asked Mr. Newman to show it to you, a notice advertising for aircraft mechanics at \$4.11 to \$5.01 an hour that was put out by the Civil Service Commission. The announcement was opened April 19, 1972 and closed

May 17, 1972. They sought aircraft mechanics for the following positions. Most of the positions are located at large DOD establishments such as Fort Ord, Travis, U.S. Naval Air Station, Alameda. Occasionally there may be vacancies in other agencies located in the counties covered by the San Francisco area office and listed under area of publicity.

At the very time you were advertising for aircraft mechanics, you were RIFing aircraft mechanics. Is that an inconsistency?

Mr. NEWCOMB. Possibly.

Mr. WALDIE. If it is only possibly—

Mr. NEWCOMB. This could be different bases being affected by reduction-in-force, as opposed to these activities listed in the announcements?

Mr. WALDIE. Well, if it is different bases being affected by reductions-in-force of aircraft mechanics, would they not have the opportunity to seek work in other bases?

Mr. NEWCOMB. Yes. That would be the first place the bases would look in filling the positions.

Mr. WALDIE. What are the circumstances, then, would, say, that it is logical to advertise for aircraft mechanics for bases in the northern part of the State at the time that aircraft mechanics are being RIF'd at those bases? Are there any circumstances that would say that that is logical?

Mr. NEWCOMB. Unless the assumption was that they would not be able to get a sufficient number from bases experiencing RIF's.

Mr. DAVIS. Yes. I think that could better be answered by the U.S. Civil Service Commission. The Commission issues examination announcements on a periodic basis.

Mr. WALDIE. Without regard to the need?

Mr. DAVIS. Well sometimes they are requested by certain activities to make announcements so that there will be adequate registers to provide for future needs. A mere announcement does not indicate that there are jobs right now; that is a Civil Service Commission matter.

Mr. ROUSSELOT. Well, that is certainly misleading to the people in that area.

Mr. DAVIS. I think so.

Mr. WALDIE. That is enormously misleading.

Mr. DAVIS. I think the examination and announcement system is misleading to many people.

Mr. WALDIE. But that is not within the control of the bases seeking these positions?

Mr. NEWCOMB. No, sir.

Mr. WALDIE. That is the Civil Service Commission.

Mr. NEWCOMB. Yes. As you indicated, Mr. Chairman, the first source of recruitment would be from the activities' own reemployment priority list, or from the DOD priority placement list, which in effect becomes a stopper list; that is, people who are in the same kinds of occupations would be referred to these activities.

Mr. WALDIE. Well, would the Civil Service Commission pay any attention to these priority placement lists you are talking about?

Mr. NEWCOMB. Yes.

Mr. WALDIE. Wouldn't they know about them?

Mr. NEWCOMB. Yes.

Mr. WALDIE. Well, why are they advertising?

Mr. KEARNEY. I might speak to this.

An individual, when he is reduced in force, is contacted through the personnel office and he registers for both the Department of Defense priority placement program, and that is that computer back in Dayton that puts out what we call locally stopper lists. At the same time that he registers at that point, he registers with the Civil Service Commission as a displaced employee. Under the Commission's displaced employee program the Commission has the responsibility when there are openings for aircraft engine mechanics, in our hypothetical case, to satisfy those needs first over the people who are on the existing registers. The Department of Defense, at the same time, issues what we call a stopper list. That stopper list, when there is an aircraft engine mechanic who is registered for the activity at North Island, he prevents that activity from employing anyone else. It cannot select anybody except that man and the activity contacts the personnel office of the base where the man is losing his job. His present employer contacts that man and makes arrangements for his placement at the other activity. That is the way it generally works.

Mr. WALDIE. I would assume, again, and I will ask these questions of those that can give me the accurate answers, but I ask for your confirmation of my assumption or denial of it; as you are RIF'ing, there will be no increase in overtime of the permanent work force that you are not filling the gap that is caused by the RIF by employing your remaining force for overtime periods. Is that a fair assumption?

Mr. KEARNEY. I will try that one.

Mr. WALDIE. Well, in fact, you don't have to give us an assumption, do you? You can tell us.

Mr. KEARNEY. Yes, sir. We are doing it. We are doing it because of a couple of things.

Mr. WALDIE. You are doing what?

Mr. KEARNEY. Because of the long leadtime—

Mr. WALDIE. Wait a minute. You are doing what?

Mr. KEARNEY. I am sorry. We have people working overtime at the same time we are planning a reduction in force.

Mr. WALDIE. Now, just on that point, may I ask you if the amount of overtime has been increased since you have engaged in the reduction of force?

Mr. KEARNEY. I don't know, of my own knowledge.

Mr. WALDIE. Can you provide the committee with those statistics?

Mr. KEARNEY. I don't have those statistics. I do not handle overtime.

Mr. WALDIE. Well, someone on your base does.

Mr. KEARNEY. Yes.

Mr. WALDIE. Will you ask them to give that to us?

Mr. KEARNEY. Yes.

Mr. WALDIE. That is a premium pay, isn't it?

Mr. KEARNEY. Yes; time and a half.

Mr. WALDIE. I gather from what you have said that, in fact, at your base, you are employing people overtime at the same time that you are reducing your force.

Mr. KEARNEY. Yes, sir. As I was saying, one reason this kind of thing happens is this long leadtime we have these days in reductions in force. The Civil Service Commission requires that an employee

be given a minimum of 30 days before his reduction in force is effective. The Department of Defense policy is to use a minimum of 60 days. The actual planning that is required before an actual reduction in force can be started is another 3 or 4 weeks. Usually, in a major reduction in force you have to look down the workload trail some distance to make that first decision as to which occupations are going to be involved.

Now, the term "reduction in force," is a little misleading. A reduction in force is only part of the process of adjusting the work force and the number of people in the occupations. You take this current experience we are having now with the RIF's, when that started the overall ceiling was reduced. We had to come down in numbers of employees. We also found—

Mr. WALDIE. May I interrupt you?

Mr. KEARNEY. Yes.

Mr. WALDIE. The number of civilian employees—there was no reduction in the ceiling of military or in contracting out?

Mr. KEARNEY. At North Island, military personnel is under a completely separate office and I don't know what they have done. The contracting out is under yet another office.

Mr. WALDIE. So, you don't know what they are doing?

Mr. KEARNEY. No.

Mr. WALDIE. All you know is what has been done in your office?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. You have no contact with what they are doing?

Mr. KEARNEY. No.

Mr. ROUSSELOT. Wait a minute. You mean you have no idea?

Mr. KEARNEY. No, sir. I have no idea.

Mr. ROUSSELOT. I can understand in the military, but in contracting out you don't?

Mr. KEARNEY. No, sir. We do not have, to my knowledge, any contractors working at NARF, North Island.

Mr. ROUSSELOT. But, it is all on the same base?

Mr. KEARNEY. Yes. All of the employees I am aware of at North Island are civil service employees working in aircraft rework.

Mr. ROUSSELOT. Well, do I understand that you have no concept?

Mr. KEARNEY. No, sir. I am a specialist.

Mr. WALDIE. Please don't imply that our questions of you are critical of you. We may very well be critical of the system which puts you people in the position that your responses to the committee are such as they are. But, there is no intent at all to imply any criticism of any member of your group.

Mr. KEARNEY. Therefore, in planning the new work force, which will have fewer employees and some different numbers in occupations, the workload planners then look toward which occupations in which we will need to reduce numbers of employees.

The reduction can take place in several ways; through attrition, through known departures, and retirements, through transfers, people moving to other stations to work. We can take estimates on this. That is all they are; estimates. Even deaths—we have a certain number of deaths every year.

Because of the nature of the reduction-in-force regulations, you have to take a pessimistic view. That is, you have to plan for the

worst cutback. We may get lucky, and we frequently do, through retirements and other things.

Mr. WALDIE. I am thinking of the seniority system in Congress—which has a certain parallel.

Mr. KEARNEY. Seniority is an important part of our system.

Reduction in force is a competition. Employees compete with each other on the basis of the various qualities they have as individuals, such as their tenure, their career, or career-conditional status, their length of service, their current performance rating, this kind of thing. The competition takes place to see which of the employees now on the work force will remain, who goes, and who stays.

Once the reduction in force starts, once the employee is involved, he may not be separated; that is, discharged at the end of the line. He may be reassigned to another job at the same pay, or he may be assigned to a job at a lower pay rate, depending upon his qualifications and his tenure. So, the term "reduction in force" really means this overall competition. In our case, we have had to make decisions in the personnel office, or only could make them once the production planners had told us what occupations they would need to have on June 30 and how many in each occupation.

Then we start the mechanics for the reduction-in-force process. This had to be started and completed by March 23 and it was. Then, notices were issued to the individual employees affected. Since that time, apparently, some changes in the workload needs of the shops have occurred. It has been 2 months ago. This overtime, I have been told, is because of changes in that workload.

The workload needs to get out and the reduction-in-force process, of course, has been moving along. We have, therefore, the apparent inconsistency of the reduction in force in progress and also overtime.

Mr. ROUSSELOT. May I interrupt?

Mr. WALDIE. Surely.

Mr. ROUSSELOT. Is much of your work at North Island war related?

Mr. KEARNEY. Yes.

Mr. ROUSSELOT. Would you say 90 percent?

Mr. KEARNEY. That is hard to answer.

Mr. ROUSSELOT. Is it due to the increase in activity in Vietnam?

Mr. KEARNEY. I don't know where it comes from. We overhaul certain kinds of aircraft. Where they come from, I don't know.

Mr. ROUSSELOT. What do you mean you don't know where it comes from; if you say it is war related, do we have wars anywhere else?

Mr. KEARNEY. Maybe I don't understand what is going on.

Mr. ROUSSELOT. Do we have wars going on anywhere else, except Vietnam? If they are war related—

Mr. KEARNEY. Not that I know of.

Mr. ROUSSELOT. If it is war related, it has got to be Vietnam.

Mr. KEARNEY. Well, since probably neither of us are experts in aircraft—I am not—I must say that the F-4, which is probably our major program, is a fighter aircraft.

Mr. ROUSSELOT. Yes.

Mr. KEARNEY. It has no use, to my knowledge, other than war.

Mr. ROUSSELOT. So, if it comes back with bullet holes in the side, that is war related, wouldn't you say?

Mr. KEARNEY. Yes.

Mr. WALDIE. Back to the north, if I may?

Mr. NEWCOMB. Yes?

Mr. WALDIE. Can you tell me how many—do you know anything about contracting out in the north?

Mr. NEWCOMB. Not really, Mr. Chairman.

Mr. WALDIE. Who knows anything about contracting out in the north in the regional office of Manpower Management?

Mr. NEWCOMB. Maybe the area audit office might be able to assist there.

Mr. WALDIE. So, any questions I might ask you on contracting out in the installations under your command, or under your responsibility, would be useless questions?

Mr. NEWCOMB. Yes.

Mr. WALDIE. Are you familiar with the practice?

Mr. NEWCOMB. No, sir.

Mr. WALDIE. Does it occur in the north?

Mr. NEWCOMB. To some extent, normally in some service-related functions; janitorial functions, for example.

Mr. WALDIE. For example, we have testimony which will be presented to the committee, I understand, that disabled veterans were holding special jobs such as janitors in both Oakland and Mare Island installations and those jobs were contracted out or given to temporaries and the disabled veterans were removed. Is that of any information to you, do you know anything about that practice?

Mr. NEWCOMB. No, sir. I have not heard about that.

Mr. WALDIE. And, if I understand, Mr. Kearney, it is your understanding that there is no contracting out that takes place on North Island, at all?

Mr. KEARNEY. No. I was speaking of the aircraft production shops.

Mr. WALDIE. I am speaking of all work.

Mr. KEARNEY. Oh, no. The janitorial work was contracted out at North Island, much of it.

Mr. WALDIE. And has that been of long standing, or has that been a recent decision?

Mr. KEARNEY. About 4 years ago, as I remember.

Mr. WALDIE. About 4 years ago they commenced contracting it out?

Mr. KEARNEY. Janitorial services; yes.

Mr. WALDIE. None of the reductions in force, then, involved janitorial positions?

Mr. KEARNEY. At this time, no, sir.

Mr. WALDIE. Well, since the 27 RIF's occurred?

Mr. KEARNEY. No, I don't believe they did, as I recall. We have very few civil service janitorial positions left, and I don't think the NARF, North Island, has any that I remember.

Mr. WALDIE. Now, during that 4-year period, did RIF's occur that included janitorial positions?

Mr. KEARNEY. Yes, sir. At the time that the changeover was made from civil service janitorial service to contracted janitorial service, our civil service work force was reduced considerably from somewhere around 90 to 15; something on that order.

Mr. WALDIE. Because of the policy decision to go to contracting out, or because of the decision to reduce work force?

Mr. KEARNEY. As I understand it, the reason was that the work had been changed from civil service to contractor. Now, where the policy falls in that picture, I don't know.

Mr. WALDIE. Now, can you tell me, does it cost the Government less to contract out janitorial services than it did when it was being performed by civil service employees?

Mr. KEARNEY. I don't know.

Mr. WALDIE. Where can we find out that information?

Mr. KEARNEY. Probably the office that administers the contracts. I am not certain who that is.

Mr. WALDIE. Would there be any such office on North Island?

Mr. KEARNEY. The North Island Naval Air Station Public Works Department might have that information. I don't know.

Mr. WALDIE. I wonder if you would do this favor for me; I and the other members of the committee that desire, are scheduled to tour North Island tomorrow. I just received information that a Captain Pace at North Island said that all decisions relating to military personnel and the contracting out are made in Washington; and he cannot comment, neither can he delegate anyone to come before this committee. Will you inform Captain Pace, or whomever, that when I visit North Island tomorrow, I would like to have records and information concerning contract-out activities. I am not asking him for comment on it, nor am I asking him to delegate anyone. I am asking him for information on that matter, the information that is possessed on the base, and I presume that somebody on that base has some information as to what activities are being performed by contracting out. Is that a fair assumption?

Mr. KEARNEY. Yes, sir. I doubt if Captain Pace would know, because he is in the aircraft rework chain of command, and the janitorial service comes under the Naval Air Station.

Mr. WALDIE. Well, I do not want to limit my inquiry to janitorial service. My inquiry involves janitorial service, but it involves all contracting out activities, and I would appreciate your informing those who have that information that I will be asking them questions as to the extent of the contracting out that occurs on North Island, the cost of it, and the cost of the equivalent service being performed by civil service employees.

Mr. KEARNEY. Yes, sir. Can do.

Mr. WALDIE. Mr. Rousselot?

Mr. ROUSSELOT. What other areas do you contract out that you know of besides janitors?

Mr. KEARNEY. We have a contract for refueling of aircraft on the airfield. That contract goes back to the 1950's, late 1950's.

Mr. ROUSSELOT. Is this the energy people or whom?

Mr. KEARNEY. Maytag is the name of the contractor.

Mr. ROUSSELOT. Well, what else?

Mr. KEARNEY. That is all that I know of. There may be some other services, but these would be the two that I know of.

Mr. ROUSSELOT. Thank you.

Mr. WALDIE. Just one final question on contracting out.

If the base command decided that contracting out, in fact, was not efficient for whatever reason, would they be able, at that level of command, to determine that they would perform that function with a civil service work force?

Mr. KEARNEY. I don't believe so, sir.

Mr. WALDIE. They would have to go to Washington to make that decision or get that decision made?

Mr. KEARNEY. I don't know either way.

Mr. WALDIE. Where can I find the answer to that question?

Mr. KEARNEY. I would think that the comptroller at the Naval Air Station should know.

Mr. WALDIE. Would you please inform him that that is another question that I would like to have answered?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. Can you tell me how many men will receive their notices tomorrow, men and women, that are being RIF'd?

Mr. KEARNEY. Yes, sir. There will be three kinds of notices. One to employees being reassigned—that is, a different job at the same pay rate; and the second to employees being changed to a different job under a lower pay grade; and last, employees being separated from the rolls.

Mr. WALDIE. Please give the numbers in each category.

Mr. KEARNEY. Yes, sir. These are approximate. They may have changed by a few in the last day or two. I picked them up most recently, 30 reassignments, 201 changes to a lower grade, and 41 separations. I know that the 41 figure has already been reduced to 38, and may have gone down lower this morning.

Mr. WALDIE. Now, will that bring you, then, to the ceilings that someone has imposed upon your installation?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. In the change of different jobs, the 201, will they be performing a different job at a lower pay grade?

Mr. KEARNEY. Yes.

Mr. WALDIE. There will be no such thing as a higher pay rate for the different job? In other words, these are reductions in force; and for the employee it is a reduction in income.

Mr. KEARNEY. I think you are talking about the misassignments that were talked about earlier. Those are illegal.

Mr. WALDIE. No. I am not talking about the misassignments yet. We may get to those, but I am talking about the 201 people that are going to a job today and tomorrow will be notified that they will be doing a different job of lesser capacity providing less income.

Mr. VAN DEERLIN. For clarity sake, Mr. Chairman, are these 201 all career employees today and next week will become temporary employees?

Mr. KEARNEY. They will remain career employees next week.

Mr. PAUTLER. Mr. Chairman?

Mr. WALDIE. Yes?

Mr. PAUTLER. Frank, getting back to your comment, these 201 that are being demoted, are they really going to be drawing less pay, or are they going to be getting the benefits of retained pay?

Mr. KEARNEY. Some will and some won't.

Mr. WALDIE. Well, explain that.

Mr. KEARNEY. These are all career employees. If they have worked 2 years or longer consecutively at their present rate and then are affected by a reduction in force to change to a lower grade as these 201 are, they continue to receive the pay at the grade they are leaving for a 2-year period.

There is one exception to that; that is if an ungraded employee, wage board, goes to a GS position, he does not get that 2 years of savings in pay, but all others do.

Mr. WALDIE. How many of those 201 fit into each of those categories?

Mr. KEARNEY. I would have to estimate.

Of the people going from ungraded to graded, who do not qualify because of that transaction—that would be from 25 to 30, somewhere in that neighborhood. Of the people who would qualify, except that they do not have the 2 years at the grade, once again, the estimate is maybe 15 percent, or something like that.

Mr. WALDIE. And all the rest will receive the 2 years?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. Now, do I understand that in this transfer of these 201 people to lesser positions, that those positions have been vacant and require filling?

Mr. KEARNEY. No, sir.

Mr. WALDIE. What does it mean, then. Are you creating new positions for the 201?

Mr. KEARNEY. No. They are displacing other employees. Included in this 201, there could be a chain reaction through three different positions. For example, "a" bumps "b," "b" bumps "c," "c" bumps "d"——

Mr. WALDIE. Will they all get their notices tomorrow?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. And what happens to those people?

Mr. KEARNEY. They are included in this 201.

Mr. WALDIE. It is not all 201 from one position?

Mr. KEARNEY. Oh, no sir.

Mr. WALDIE. It is a chain reaction, but 201 of those that are working—well, wait a minute—doesn't this involve 201 individual people?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. But, as I understand it, to meet your level of this figure of 272 people, only 41 go into the formulation of meeting your force reduction?

Mr. KEARNEY. Only 41 leave the civil service roles as career employees.

Mr. WALDIE. That is what we are talking about.

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. 271 people are being repositioned to reduce your force load by 41 positions. Is that fair?

Mr. KEARNEY. That is correct. In the reduction in force, we are achieving two things. We are coming down to a ceiling and second we are adjusting the work force, the numbers of employees in different occupations.

Mr. WALDIE. Do you have to reassign and change to different jobs, in order to discharge 41 people?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. Or, are you doing that as an added benefit of the order to reduce in force?

Mr. KEARNEY. It is all part of the same process, the reduction in force——

Mr. WALDIE. Now, tell me, the 41 that are being discharged, what is the profile of those unfortunates?

Mr. KEARNEY. It is now down to 38, I think, We are working up to a deadline to save as many as we can, as people retire or die, or leave. We have a breakdown of those. Fifteen of them, for example, are in the production planning department, the planners themselves. They did not spare themselves.

Mr. ROUSSELOT. You mean they planned themselves out of a job?

Mr. WALDIE. That is service above and beyond the call of duty.

Mr. ROUSSELOT. Maybe we can get some Congressmen to do that.

Mr. KEARNEY. Six of them are in the production engineering department, also support personnel, different functions. Let's see—it looks like about 20 of them are in the production shop.

Mr. WALDIE. Production shop?

Mr. KEARNEY. Yes, sir. The predominant trade there is aircraft engine mechanic. This is a trade in which the work load has been dropping for several years. I don't know why, but it has. We have not hired any for a long time and the workload keeps dropping.

Mr. WALDIE. What are the length of times we are talking about in terms of employment of these people?

Mr. KEARNEY. Well, it varies considerably. We have some that have been there for 40 years, a few, some perhaps a year or 2 years. Generally speaking, the people that are leaving are either in a low tenure group, that is nonveterans, or they have little seniority or little service, one or the other.

Mr. WALDIE. Within this group, are there any apprentice journeymen in the 4-year program of creating journeymen?

Mr. KEARNEY. I don't know. It is possible that a few of those engine mechanics might be.

Mr. WALDIE. For the information of my colleagues on the committee who may not be aware of that program, it is a program that employs young people to give them a 4-year apprentice program and then they, at the end of that 4-years, become journeymen. We will have testimony before the committee that frequently we have a man in his fourth year of that program that is RIF'd and that training, therefore, has been lost. It seems to me an improper decision if that is being made.

Mr. KEARNEY. Yes, sir. In our case at North Island, we did not have any reductions within the apprentice class. We might have had some people who had graduated from apprenticeship and were among the journeymen in the production shops that were involved.

Mr. WALDIE. Again, so that I will have it clear in my dense mind, in order to get rid of 41 people, it was necessary to reassign 30 and change to different jobs 201. That was the sole reason for those circumlocuted decisions?

Mr. KEARNEY. No, sir; not really.

Mr. WALDIE. What other reasons could exist?

Mr. KEARNEY. Let's say we had set out in the beginning and the only goal was to get rid of 41 people.

Mr. WALDIE. Right.

Mr. KEARNEY. Regardless of occupation or workload or needs of the work force, or anything else. We could have just gone to the lowest 41

employees in the lowest paying occupations and had them separated and that would have been the end of it, if that was what was to be done. It was not, of course.

What happened was that we needed to adjust the work force both in numbers and in occupations. In doing that——

Mr. WALDIE. But, you needed to do that in order to get rid of the 41 people?

Mr. KEARNEY. No. Actually, we came down considerably more than 41 people in terms of the number of people we got rid of.

Mr. WALDIE. But, your objective in doing anything, was it not to reach the force level that was mandated upon you?

Mr. KEARNEY. Yes, sir.

Mr. WALDIE. So, in pursuing that objective, all of these categories of reassignment and change to different jobs were attempts to reach that objective?

Mr. KEARNEY. No. They were attempts to get the required number of people in each occupation. The total of people in all occupations resulted in the total size in work force we are allowed to have.

Mr. WALDIE. Had you not been mandated to reduce your force level would you have had any reassignment of employees or any changes to different jobs as of tomorrow?

Mr. KEARNEY. We might have; yes, sir. Sometimes you have reduction in force when no one leaves.

Mr. WALDIE. I am not asking what you could have. I am asking you what you would have. Would you have done that had you not been mandated to reduce your force?

Mr. KEARNEY. I don't know. The manpower planners would have made that decision where they need to adjust the numbers in each occupation.

Mr. WALDIE. These people that are being reassigned, or changed to different jobs, were they informed that their change in position was because of the necessity of reaching new force levels?

Mr. KEARNEY. Yes. The reason we specified to each one——

Mr. WALDIE. If they are being told that, that must be the reason.

Mr. KEARNEY. Yes. The reason given is a dual reason.

Mr. WALDIE. Well, did you give them a dual reason?

Mr. KEARNEY. Yes.

Mr. WALDIE. What is the dual reason?

Mr. KEARNEY. I will have to recall from memory. I did not bring it with me. It is to adjust the employment level and the occupational distribution or words to that effect.

Mr. WALDIE. One other thread that runs through this committee hearing, based upon complaints that we have received is that you have used the reduction-in-force level requirement as a means of downgrading employees to get them in lesser paying positions. Your statistics would give some credibility to that, when 201 out of 271 are going to find themselves now receiving less money than they did yesterday. But, your answer to that is that is simply not so. It is simply a matter of first trying to find a place to reduce 41 employees and make the force more efficient.

Now, if it is the latter, to make the force more efficient, I would assume that the force has been pretty inefficient if it was necessary to reduce 201 people. Is that an unfair conclusion?

Mr. KEARNEY. Somewhat. Let me explain, if I may.

Mr. WALDIE. Please do.

Mr. KEARNEY. To begin with, we are dropping down by many more than 41. This 41 is a misnomer. We have, for example, 124 retirements that have been generated during this period and it is by virtue of the discontinued service requirement regulations that become effective during r.i.f. We have had 61 optional retirements since January. This is projected through June 30, but not taking into account the 4.8-percent bonus that was announced the other day.

Mr. WALDIE. Is it fair to conclude that most of those retirements were precipitated because of the fear of being r.i.f.'d?

Mr. KEARNEY. I don't know what caused it. They had the eligibility in a r.i.f. to elect this retirement. Now, people did it for a number of reasons, I am sure.

Mr. WALDIE. Do you feel that there was pressure put upon them to select optional retirement rather than risk r.i.f.?

Mr. KEARNEY. No, sir.

Mr. WALDIE. No one from the base management suggested to them that they may be subject to loss of job, so they had best retire?

Mr. VAN DEERLIN. Now, wait a minute. I see heads shaking both ways on that.

Mr. WALDIE. But not at the table.

Mr. VAN DEERLIN. No, not at the table.

Mr. WALDIE. That is a different group.

Mr. VAN DEERLIN. Yes; I understand.

Mr. WALDIE. But, your belief is that these men were not motivated by any fear of being r.i.f.'d in their opting for early retirement?

Mr. KEARNEY. Yes; that is my belief.

Mr. WALDIE. Well, I suppose your belief has some foundation. Is there a significant number of early retirees at this particular moment in the history of the base?

Mr. KEARNEY. Yes. We have a hundred and twenty-four people electing this discontinued retirement, which is available only during r.i.f. Two and a half years ago we had a larger r.i.f. than this one, on the order of two or three magnitudes larger. But, we had relatively few retirements then on this same process. We don't know why this difference except one thing we do know; the work force is older and therefore more people are eligible. You see, to be eligible for this discontinued service retirement, you have to have 25 years service or 20 years service and 50 years of age.

A lot of people—I don't know how many, but some number certainly had become eligible in these 2 years before that that were not eligible previously or now. Other than that, I don't know why we have had so many retirements. This has been beneficial to other employees. We would have had a much larger list than 41 today if we had not had these retirements.

Mr. WALDIE. When you change to different jobs, can you tell me the scale we are working on in terms of reduction of positions and income, what is—give us a picture of that, will you?

Mr. KEARNEY. It varies quite a bit. A typical transaction, for example, would be from a journeyman to a worker level in a given trade. Now, in that kind of transaction, a nonsupervisory employee involved there would go from say \$5.02 an hour to \$4.66 an hour. Most of them would have the \$5.02 saved for 2 years. Now, if they did not have that protection, or when 2 years were up, that is the extent to which they would drop.

Mr. WALDIE. They would not be doing the same work, after this, that they were doing before?

Mr. KEARNEY. No.

Mr. VAN DEERLIN. Mr. Chairman, I wonder if Mr. Kearney could provide a total figure on the savings that will be represented in the pay cuts administered to the 201.

Mr. KEARNEY. No, sir. I am sorry. I cannot.

Mr. VAN DEERLIN. Could you give us an average pay cut?

Mr. KEARNEY. No.

Mr. WALDIE. That would be very easy to provide the committee at a subsequent time, however, would it not?

Mr. KEARNEY. I am sure it could be obtained from the financial planning office at NARF.

Mr. WALDIE. I will make such a request on behalf of the committee.

Mr. VAN DEERLIN. I wonder if it would be likely that any of these 201 will find themselves working overtime at the new reduced rate?

Mr. KEARNEY. I would not hazard a guess. I don't know.

Mr. WALDIE. Well, in light of Mr. Van Deerlin's question, the thing that troubles me is that these fellows are being reduced from journeymen to workers. That would imply to me that they will be doing the very same job as before.

Mr. KEARNEY. No.

Mr. NEWCOMB. No, sir.

Mr. DAVIS. No, sir.

Mr. PAUTLER. No, sir.

Mr. WALDIE. They will not?

Mr. KEARNEY. No, sir. These are two different levels of performance. Differences in levels of responsibility. For example, in the variety of trade applications that are made.

Mr. WALDIE. Would they be working in different shops?

Mr. KEARNEY. If it is a change only from journeyman to worker in the same trade, they would normally be in the same shop.

Mr. WALDIE. Would they normally report to the same supervisor.

Mr. KEARNEY. It would vary. Some would and some would not.

Mr. WALDIE. Would they carry the same tools?

Mr. KEARNEY. Yes.

Mr. WALDIE. Would they work on the same airplanes?

Mr. KEARNEY. Oh, yes. All levels work on the same airplanes.

Mr. WALDIE. But, your view is that they would now be doing different things on those airplanes, because they are not now as qualified?

Mr. KEARNEY. Yes.

Mr. VAN DEERLIN. Well, Mr. Chairman, if there is one thing that I detest, it is a situation than encourages workers to say, "That is not in my job description." And tell the foreman that he cannot do it. At the same time, I would be very reluctant to see a situation encouraged where a man is doing essentially the same work for reduced pay.

Mr. ROUSSELOT. But, in some cases it is not reduced pay. He could continue for 2 years at the old level, is that correct?

Mr. KEARNEY. Yes.

Mr. ROUSSELOT. And of the 201, how many are in that class?

Mr. KEARNEY. I made some estimates there just a few minutes ago. It is probably 85 percent of the people that are eligible, I think have it. That is a guess.

Mr. ROUSSELOT. Is it possible that before the 2 years is over, they will go back to the same level of pay?

Mr. KEARNEY. Some might, if we had openings. Our policy is to repromote those individuals who are demoted in RIF.

Mr. ROUSSELOT. That is a pretty good holding action.

Mr. WALDIE. Yes. It is. I must say to you that my questions have been critical and I intended them to be. But, that policy, I happen to think is a constructive policy.

I have a question, involving the bill that we are considering.

Temporaries, when hired—if they were career people and hired within the 3-day period—it is my understanding that the health benefits automatically continue, or must they sign up for them?

Mr. KEARNEY. Within the 3-day period, they may continue both health benefits, and life insurance but they must sign up for these.

Mr. WALDIE. They must sign up?

Mr. KEARNEY. Yes.

Mr. WALDIE. After the 3-day period, can they not get it?

Mr. KEARNEY. No.

Mr. WALDIE. So, the temporary employee that has been on for 4 years, for example, in your business, does not have access to the Federal health benefits program?

Mr. KEARNEY. That is correct.

Mr. WALDIE. Now, how are they informed during this 3-day period that unless they sign up again, they lose their Federal health benefits program, what do you have on your base to give them that information?

Mr. KEARNEY. Well, we have not faced this situation until this week, in that during the reduction-in-force we had 2½ years ago, there was no opportunity to offer anyone temporary employment right away. We did not have the temporary workload that we have now. It just was not there. This week we do face it. We have the possibility because of this temporary workload—

Mr. WALDIE. Let me stop you just one moment. Of the 41 that will get their notices tomorrow, how many will be informed that they have temporary work available for them?

Mr. KEARNEY. When I left the office yesterday, there were 14, we had so identified, and I hope it may go to 20. In the case of a small number, we are contacting each individual employee.

Mr. WALDIE. Will they be doing the same work that they were doing prior to this RIF?

Mr. KEARNEY. No, sir.

Mr. WALDIE. They will all be doing different work?

Mr. KEARNEY. Yes sir. The majority will be mechanics doing helpers work in most of the cases.

Mr. WALDIE. They were employed as mechanics and they will now be doing helpers work to mechanics?

Mr. KEARNEY. Yes, and in different trades too, in some instances.

Mr. WALDIE. And at a lower salary?

Mr. KEARNEY. The save-pay would obtain if they qualify for it; if they have had the 2 years, they keep the save-pay.

Mr. WALDIE. When they are hired as temporaries, they get this same pay?

Mr. KEARNEY. Without this break in service, yes.

Mr. WALDIE. If it is less than 3 days?

Mr. KEARNEY. Right.

Mr. WALDIE. Well, that is a good program too.

So, when are you planning to inform those people about the health benefits—the reason I ask that question is because we came across a situation where employees apparently were not aware that they were entitled to keep their health benefits going and we made an inquiry of

the Department of Defense and we don't know whether it was a result of that inquiry or not, but on the particular base in question—Oakland was the base in question—the next day there were notices throughout the base urging temporary employees to sign up for their health benefits.

Our concern is that temporary employees in this category are not notified that this is, in fact, an option open to them.

Mr. KEARNEY. If we had a large number, we would put some kind of a general notice out. But, with just 35 people or less than that even, we would talk to them individually.

Mr. WALDIE. All right. I would hope that you will inform them of that right.

Are there other questions from the committee members?

Mr. VAN DEERLIN. No, Mr. Chairman, except that I would be interested in knowing how long it is possible for a man to go on being a temporary employee.

Mr. WALDIE. Let's get that question out of the way. I will ask you, Mr. Newcomb, and you, Mr. Pautler, to provide the committee with a breakdown of the number of temporary employees that you have within your commands that have been in status as such for a period longer than a year. Now, I don't mean to suggest that if that status were interrupted for 3 days and rehired that I am not interested. I am interested. How long have they been temporary employees?

Mr. PAUTLER. How long they have been working continually as a temporary?

Mr. WALDIE. But, if there is a break of a couple of days, please don't construe that as not being continual employment.

Mr. PAUTLER. Right.

Mr. KEARNEY. Mr. Chairman, may I clarify one point on this break of a couple of days for temporaries?

Mr. WALDIE. Yes.

Mr. KEARNEY. If the temporary has worked more than 180 days during the last year, worked a half a year the last calendar year, and he then separates, either quits or he is terminated, we cannot hire them back by Civil Service Commission regulations unless he is within reach on the Civil Service Commission register.

Mr. ROUSSELOT. On a temporary role?

Mr. KEARNEY. Yes, on a temporary role.

There is one exception. If he were a former career employee, we could reinstate him. But, if he were not, we could not. So, I would not expect that there would be a widespread practice of being terminated and rehired a day or two later because of the safeguards that are built into the Civil Service Commission regulations.

Mr. WALDIE. Well, I would not expect it either, and I also hope that there be no examples of it.

Mr. VAN DEERLIN. I have no further questions, Mr. Chairman.

Mr. WALDIE. Mr. Roussetot?

Mr. ROUSSELOT. Yes. We have legislation before us, relating to retirement status. Are you familiar with it?

Mr. PAUTLER. Not really.

Mr. ROUSSELOT. Will you look at it and tell us what your thoughts would be as to whether it would be helpful in times of a reduction in

force? It permits optional retirement during a reduction in force. It makes retirement more beneficial to the employee who is contemplating that. Would you give us your comments on the bill H.R. 11255?

Mr. PAUTLER. Yes, we will read the bill you provided and give you a comment.

Mr. WALDIE. Just one final request for information. We still do not have much information on contracting out. Neither do we know to whom to turn. To whom should this committee turn to get information on contracting out in the installations in California?

Mr. PAUTLER. I am not exactly certain, Mr. Chairman, I think you could get help from the Western Division, Naval Facilities Engineering Command at San Bruno. We could help in checking with them.

Mr. WALDIE. All right.

Mr. NEWCOMB. Also, the Navy Regional Finance Center.

Mr. WALDIE. In terms of this question, would you each provide, each of you in your respective areas, the information as to whom we should turn to?

Mr. PAUTLER. They cover the entire west coast.

Mr. NEWCOMB. The Naval Facilities Engineering Command, Western Division, entire west coast.

Mr. WALDIE. If you will just drop us a note that these are the people in whose scope of responsibility this question lies, I will—

Mr. ROUSSELOT. I think it was mentioned before that the comptroller on each base many times knows.

Mr. NEWCOMB. The Regional Finance Center is one I mentioned.

Mr. WALDIE. Gentlemen, we very much appreciate your appearance here and your responses to our questions and you are excused though you may desire to listen to some of the specific complaints that the committee will be receiving.

(The letters which follow were received for the record subsequent to the appearance of the witnesses:)

DEPARTMENT OF THE NAVY,
OFFICE OF CIVILIAN MANPOWER MANAGEMENT,
San Diego, Calif., June 12, 1972.

HON. JEROME R. WALDIE,
Chairman, Subcommittee on Retirement, Insurance, and Health Benefits of the Committee on Post Office and Civil Service, Washington, D.C.

DEAR MR. WALDIE: Thank you for your very thoughtful note regarding my participation in the hearing which your committee recently held in San Diego. Both Mr. Newcomb and I have furnished the requested figures on number of temporary civilian employees in the Navy in California to Mr. A. G. Gross, Office of Civilian Manpower Management, Washington, D.C., telephone OX 4-5893, who will in turn provide you with a consolidated figure in the very near future.

My best information is that in the Navy Department the Office of the Assistant Secretary of the Navy (Installations and Logistics) would be in the best position to answer questions regarding contracting out. Questions regarding the substitution of military for civilians in the performance of Navy work should be addressed to the Assistant Secretary of the Navy (Manpower and Reserve Affairs).

I appreciate the opportunity which you afforded me to comment on your HR 11255. Inasmuch as this is a policy matter, I will provide my comments as a private citizen in separate correspondence.

Please accept my compliments on the excellent manner in which you conducted the recent hearing in San Diego.

Sincerely yours,

LARRY C. PAUTLER,
Director.

DEPARTMENT OF THE NAVY,
REGIONAL OFFICE OF CIVILIAN MANPOWER MANAGEMENT,
San Francisco, Calif., June 13, 1972.

HON. JEROME R. WALDIE,
*Chairman, Subcommittee on Retirement, Insurance, and Health Benefits of the
Committee on Post Office and Civil Service, U.S. House of Representatives,
Washington, D.C.*

DEAR MR. WALDIE: I appreciate your letter of 33 May regarding my participation in the hearing which your subcommittee held in San Diego on 25 May 1972. You requested that the Subcommittee be provided information concerning the number of temporary civilian employees on the rolls of our activities in California as well as those continuously employed for more than one year. Mr. Pautler and I have furnished this information to Mr. A. G. Gross, Head, Staffing Branch, Office of Civilian Manpower Management, Washington, D.C., telephone OX 4-5893. Mr. Gross will provide you with a consolidated figure in the near future.

You also desired that the Subcommittee be provided with information concerning DoD offices on the West Coast which are responsible for contracting out work. The best source of information for the Department of the Navy is probably the Assistant Secretary of the Navy (Installations and Logistics), and for the other installations of the Department of Defense, the Assistant Secretary of Defense (Installations and Logistics). Questions concerning possible substitution of military for civilians in performing Navy work should be addressed to the Assistant Secretary of the Navy (Manpower and Reserve Affairs), or for other DoD activities, to the Assistant Secretary of Defense (Manpower and Reserve Affairs).

I appreciate the opportunity which you have given me to comment on HR 11255. Since this is a policy matter my comment is being made as a private citizen under separate cover.

Thank you again for the opportunity to participate in the hearing and for the courtesy accorded each witness.

NORMAN J. NEWCOMB, *Director.*

REGIONAL OFFICE OF CIVILIAN MANPOWER MANAGEMENT,
DEPARTMENT OF THE NAVY,
San Francisco, Calif., June 22, 1972.

HON. JEROME R. WALDIE,
*Chairman, Subcommittee on Retirement, Insurance, and Health Benefits of the Com-
mittee on Post Office and Civil Service, U.S. House of Representatives, Washington,
D.C.*

DEAR MR. WALDIE: At the hearing which you conducted recently in San Diego you requested my views regarding H.R. 11255, specifically Section 3, Section 8336 of Title 5, United States Code, which would be amended to provide for an annuity when an employee is separated from the service after attaining an age plus service aggregating at least 80 years.

The proposed amendments has aroused considerable interest. It might be advantageous to those individuals who desire for various reasons to retire from the Federal Government at an earlier age and to agencies such as the Department of Defense which have been faced with reductions-in-force since it would permit voluntary retirements in greater numbers and thus lessen the impact of such reductions.

A review of retirement plans of a few representative organizations in San Francisco Bay Area would appear to indicate that these firms have retirement policies no more liberal than those of the Federal government. Retirement at age 55 with varying years of service is possible but often with less than full annuity benefits. For example the Lockheed Aircraft Company, Liberty Mutual Insurance Company, and Lawrence Livermore Laboratory (a member of the University of California retirement system) represent different types of organizations, and have minimum age requirements of 55 or older with varying length of service requirements. However, the annuity is reduced by various amounts if retirement is earlier than age 65. The Del Monte Corporation plan is similar to that of the Federal government with a minimum retirement for full annuity at age 55 and 30 years of service, although an employee may retire at 55 regardless of service with annuity reduction of 1/4% for each year under 30. The Pacific Telephone Company plan provides for retirement at age 55 with 20 years of service; at age 50 with 25 years of service but with deduction of .5% a month for every month under 55; or at any age with 30 years of service but with the same deduction for each month under 55.

My view is that the proposed legislation does not respond to a critical need at this time. The benefits to be obtained do not appear to outweigh the disadvantages to the government in terms of cost and losses of administrative, professional and skilled trades personnel at the point in their career when many could make their greatest contributions to the government in terms of experience, judgments and special knowledges. Activities have suffered continuing losses of such key personnel in recent years as a result of reductions-in-force, increased retirements due to an aging work force and other natural causes. More liberal retirement provisions would accentuate this problem.

I appreciate the opportunity which you have given me to express my personal views on this subject.

NORMAN J. NEWCOMB, *Director.*

Mr. WALDIE. Our next witness will be Mr. Larrie Ayers, president of the North Island Association, Inc., Naval Air Station, North Island, San Diego, Calif. He will be accompanied by Mr. Charles Omelina.

Mr. AYERS. Mr. Milne is not here.

Mr. WALDIE. Mr. Milne will not be here?

Mr. AYERS. No. He is out of town.

Mr. WALDIE. Please be seated, Mr. Ayers. Do you have any others that you would desire to have sit at the council table with you?

Mr. AYERS. No. I do not.

Mr. WALDIE. All right. Mr. Ayers, will you please proceed?

STATEMENT OF LARRIE AYERS, PRESIDENT, NORTH ISLAND ASSOCIATION, INC., NAVAL AIR STATION, NORTH ISLAND, SAN DIEGO, CALIF.; ACCOMPANIED BY CHARLES OMELINA, PRODUCTION SUPERINTENDENT, LINE MANAGER, NAVAL AIR REWORK FACILITY, NORTH ISLAND, SAN DIEGO, CALIF.

Mr. AYERS. I am Larrie Ayers, president of the North Island Association, Inc., Naval Air Station, North Island, San Diego, Calif.

Mr. OMELINA. I am Charlie Omelina. I am the production superintendent and line manager at the Naval Air Rework Facility, North Island.

Mr. AYERS. I think, Mr. Chairman, first, since we are neither a labor nor a management organization, that we should establish the position of the association. The NIA is a chamber of commerce type of operation, starting some 20 years ago, and whose main objective is to seek ways and means of providing employment for people, civilian employees, at the Naval Air Station, North Island; and, of course, to provide some other benefits, such as group reduced rates for health insurance, automobile insurance, and things of this nature.

We do not engage in any activities that are the responsibilities of a labor or management organization per se; we represent no one. We have in our organization at the present time, 5,800 dues-paying members; the total civilian population at the Naval Air Station at this particular time is around 9,200.

Our main interest in being here is because we are vitally concerned about the reduction in force at the Naval Air Station, North Island, predominately within the Naval Air Rework Facility and primarily the lack of justification for executing a RIF. It is the association's firm conviction or belief that the reduction in force is caused by a statement that was made by the administration several years ago that there would be a reduction in the number of Federal people in

Federal employment. We do not basically disagree with the concept of a RIF where there is no work, but we feel that there should not be a RIF when there is work to be done. The report to Congress by the Comptroller General in 1971, I think, pretty well spelled out the position of the North Island Association in the statement that management by use of personnel ceiling controls is capricious, arbitrary, ineffective, and inefficient.

Mr. WALDIE. Who so characterized it?

Mr. AYERS. That was the Comptroller General. This was in his report to Congress on April 30, 1971.

As one of the gentlemen stated here earlier, personnel ceiling controls were removed for a short period of time after this report to Congress was received in DOD. However, the controls were reapplied in another manner, without stating a number and without saying you have ceiling controls. DOD then established the one-for-five rule, which basically meant for each five separations, you hire one replacement.

Mr. WALDIE. Now, when was that policy adopted?

Mr. AYERS. I believe that was in November 1971. I know it was late 1971. I could be off.

Mr. WALDIE. And from whom was that policy enunciated?

Mr. AYERS. The policy to the local level was handed down by the Naval Air Systems Command in Washington, D.C. I can only assume that the policy came to the Naval Air Systems Command from the Chief of Navy Materiel, or the DOD level.

Mr. WALDIE. All right.

Mr. AYERS. But the people that set our personnel ceiling, and the people we get our immediate directions from, is the Naval Air Systems Command in Washington.

Mr. WALDIE. And that policy was that out of every five that left the service, only one could be replaced?

Mr. AYERS. Yes.

Mr. WALDIE. In what period of time has this policy been in effect?

Mr. AYERS. That was in effect, I believe, commencing in November of 1971 and continued to sometime in January, when we received our new civilian ceiling figure of 6,435. So, when the new ceiling numbers were issued, that automatically voided the one per five, because we were at about the 7,000 figure at that time. So, in order to meet the new 6,435 magic number on June 30, we could not even hire the one for five.

Mr. WALDIE. Now, may I just get one more point clear?

These figures you have talked about in terms of policy have only application to the civilian work force?

Mr. AYERS. Yes. Within the Naval Air Rework Facility, we have a total of, no more than 50 military personnel. We have about 20 officers and approximately 30 enlisted personnel. If we were not test-flying airplanes, we would probably have no enlisted personnel whatsoever.

Mr. WALDIE. I see.

Mr. AYERS. Since the beginning of this reduction-in-force, there has been no reduction or increase in numbers of military enlisted or officers in the organization.

Mr. WALDIE. Well, we are talking about the three components of the force. What is the contracting out situation in those installations?

Mr. AYERS. The contracting out situation, to the best of my knowledge, at this time, Mr. Chairman, there has been no increase in contracting out. However, there are many pressures to increase the contracting out. I have written many letters on the subject. It is rather obvious that if you are going to operate with 600 or 700 people less than the projected requirement, you either have to do it with overtime hours or contract the overflow. At the time of the RIF announcement there was a projection for us to spend an average of 17 percent overtime in fiscal year 1973 and as high as 22 percent in the productive direct area in one of the quarters.

Now, either we work the overtime, get more people or the work gets contracted out because it is a must that it be done, to maintain the defense posture in this country. I don't know, if the planned RIF is to meet the establish goal of the administration to reduce Federal civil service employment or to provide a tool for contracting out. While I am not in a position to know all the answers I am sure DOD can explain whether we are traveling in the direction of meeting the magic number of 70/30. That is 70 percent in-house and 30 percent to the private sector.

Mr. WALDIE. Now, wait a minute. I am not aware of that.

Mr. AYERS. All right. Within the Department of Defense, some years ago, through some competition and complaints from the private sector, DOD decided that 70 percent of our type work would be done in-house and 30 percent would be done within the private sector. Prior to this reduction-in-force. Programs such as the H-46 helicopter, that was being reworked by the Navy, was shifted to private industry. This particular program was contracted out to Boeing VERTOL about 2 years ago.

I believe, based on the limited information that is available to us, that the outside contract is considerably more costly than the costs that were experienced in-house.

Mr. WALDIE. Tell me when that 70/30 policy came into existence.

Mr. AYERS. I am not sure of the date, but it was about 2 years ago that tremendous pressures were applied to get more work into private industry.

Mr. WALDIE. I do not mean to press you too hard on this point, but you use the description of tremendous pressure. How do you justify that term, relative to this policy?

Mr. AYERS. At the present time the greatest pressure comes from the group called Technical Service Industry. The group is headed up by top management people from Litton Industries, Packard Bell, and other big corporations. This group issues frequent publications, telling the Office of Management and Budget that our type work should go to the private sector because they can do it cheaper. Under Secretary of Defense, Mr. Packard, just prior to his leaving that office, encouraged the contracting out of work on new weapons. The maintenance type of work that we do now would be done at the contractor's plant until engineering stability was established.

I don't have an appreciation for the term engineering stability because we are now reworking airplanes at North Island now that have been flying in the fleet for almost 20 years and we still do not have engineering stability because we are continually modifying and updating those airplanes. We have requested clarification of the Packard memo and are still waiting for an answer.

Mr. WALDIE. In that 2-year period, as to when this policy came into effect, in your view, what has been the impact directly attributable to this policy on North Island?

Mr. AYERS. At this time, Mr. Chairman, I know of no impact.

Mr. WALDIE. Mr. Omelina?

Mr. OMELINA. Mr. Chairman, I do not wish to show any disrespect to the Congressmen, but Mr. Ayers referred to pressures being put upon the Department of Defense of allocate the workload at the 70/30 percent levels. Some of those pressures have come from Congress itself, Members of Congress, upon the officials of the Department of Defense. This is natural.

Mr. WALDIE. I can well believe that.

Mr. OMELINA. By the same token as your committee is interested in what we are doing presently in the reduction of force, the retirement aspects of our career employees as well as the benefits for the temporary employees. Certainly in this free enterprise system, the people, the Aerospace Industries' Association, are entitled to contact their Congressmen just as we are. That is where these pressures and opposing pressures generate, generally,

Mr. WALDIE. Well, they surely are and I don't want any questions that we ask to be interpreted as to any opinion, at least from this Member of the committee as to whether that policy is not in the best interest of the American people. I don't know. I do know this; I don't know anything about that policy and I think the Congress has an obligation to learn about the policy and its impact to determine whether it is, in fact, in the best interest of the American people.

Mr. OMELINA. If I may continue, sir, as far as the impact on the contracting out of aircraft workloads has had no immediate impact on North Island in general, or this naval air rework facility. However, it may well have on the total Navy industrial maintenance complex.

Mr. WALDIE. But, at this point, at least to your personal knowledge, the impact would be speculative, or I presume hearsay. You have no personal knowledge at your installation of the impact of this policy?

Mr. OMELINA. Not on my installation; no, sir.

Mr. ROUSSELOT. May I interject?

Mr. WALDIE. Yes.

Mr. ROUSSELOT. Mr. Ayers, you said that you had seen several bulletins from the technical service industry group on this subject of a 70 percent-30 percent formula?

Mr. AYERS. Yes.

Mr. ROUSSELOT. On what was it based? What were the reasons for it? Was it just congressional pressure, or what were the reasons?

Mr. AYERS. Perhaps I should clarify my statement. They did not attack, in these bulletins, the 70-30 percentage figures.

Mr. ROUSSELOT. They were advocating it, I thought you said.

Mr. Ayers. Yes.

These bulletins repeatedly tell the OMB how much cheaper private industry can do the work that we are doing.

Mr. ROUSSELOT. I see.

Mr. AYERS. And, this is their sole pitch, that they should be doing this work because they can do it much cheaper than we can do it in-house.

Mr. ROUSSELOT. So, part of the motivation, according to them, was less cost?

Mr. AYERS. Yes.

Looking at the problem unselfishly and as taxpayers, I think the people within my Association, if they could really be convinced that anyone could do the work better or cheaper and be more responsive than we at North Island, would readily agree to giving up the work.

Mr. WALDIE. I think that is a fair statement.

Mr. ROUSSELOT. Yes.

Mr. VAN DEERLIN. Yes.

Mr. WALDIE. I think that the committee would concur in that. I think the committees or at least my problem and I suspect yours is that the statistics and the information that we need to come to those conclusions are not yet available and that is what I think we are attempting to find out.

Mr. VAN DEERLIN. We are talking about maintenance work, maintenance work which requires a speed factor to return the craft to the line and we are talking about an area of work that simply cannot be delayed for the very obvious requirements of bidding for commercial work, aren't we?

Mr. AYERS. Yes, sir.

In all our correspondence on contracting out we push the total cost concept. This element is seldom considered when looking at contractual costs. A contract contains only contractual dollars which may be far less than our total bid. So, looking at contractual dollars alone the contractor states he can do the job cheaper than the Naval Air Rework Facility at North Island. But, when you get into fast overrides, penalties for schedule changes, lack of responsiveness, premium pay, strikes, delay in production, et cetera, which are not in the contractual dollar then your cost for the outside contract skyrockets. All these items are a part of the total cost. The Naval Air Rework Facility does not receive extra dollars for changes to the schedule, cancellation of contracts, cost overruns, double time for Sunday and holiday work, et cetera. We must be ready at all times to meet the fleet demands by providing weapons and material for early deployment and on very short notice. We do not get a dime's extra money from the Naval Air Systems Command for all the interruptions. In the private sector NavAirSysCom must pay for through the nose for the changes and disruptions to contracts.

Mr. WALDIE. It is not an assembly line operation?

Mr. OMELINA. Flexibility and response are what we pride ourselves in and we can respond immediately, at a moment's notice. This has been evidenced in the U.S.S. *Kitty Hawk* and the U.S.S. *Ticonderoga* stepped up deployment dates recently.

Mr. AYERS. So, we feel that personnel ceiling controls are ridiculous and impossible to live with. During a recent visit by Congressman Van Deerlin and Senator Tunney to our activity, Senator Tunney asked, "Who places these ridiculous demands on you?" and I said, "I don't really have an answer. I would assume that it comes from the Office of Management and Budget."

While I was in Washington with the National Council of Air Stations, I had the opportunity to pursue an answer to seek this out and Senator Tunney's question, and was told by an agent in OMB that personnel ceiling controls were levied by DOD not OMB. It all boils down to one thing, had we been able to control, by dollars, manage by dollars rather than manage by dollars and personnel ceiling con-

trol, we would never have been faced with this reduction-in-force. As Mr. Kearney said earlier, we needed an adjustment in force because we had too many engine mechanics due to a drop in the workload. By reducing the number of engine mechanics we could then hire electrical types for the increased workload. We have the dollars in hand to pay the work force that was on board prior to the RIF and cannot possibly understand or find out the real reason behind the RIF. Certainly it is not for economical reasons.

Mr. OMELINA. The problem that we have, as we see it, we have two constraints. One is the dollar constraint and the other is the ceiling constraint; we are operating within those two constraints. It was a refreshing sort of ceiling to operate during the period of time when the ceiling limitations were lifted and we were only required to operate within the dollar constraint or the dollar limitations. The single dollar constraint gives the Navy the opportunity to manage. Under those types of circumstances, we can avoid a reduction-in-force, we contend in that we would match the work force against the dollar limitations with workloads that fluctuate upwardly or downwardly. Through normal attrition we can accomplish work force reductions.

I would like to cite an example. We have, at the Naval Air Station, North Island, a public works department and other departments that are continually pressed to reduce their work force. The contracting out of janitorial services, trash collection, are caused by unreasonable requirements to reduce the civilian work force.

Mr. WALDIE. Now, what base is that again?

Mr. OMELINA. North Island.

Mr. ROUSSELOT. Is that North Island—

Mr. OMELINA. Yes, this the Naval Air Station, North Island.

The public works department has the responsibility to maintain the station, that is the buildings, the docks, the power, and what-have-you. Because of the ceiling limitations imposed upon the naval air station, they are forced to reduce their forces and thereby reducing reducing their capability to respond to various maintenance needs. Whenever we have a sewer line break or a water line break, we have difficulty in getting repairs made.

Now, there are certain inefficiencies that have developed as a result. The station departments that are unable to maintain their vital part of the program because of insufficient manpower impacts on the naval air rework facility. For example, if we have a power failure, our whole plant stops. Why did we have power failures? We were unable to have a sufficient amount of personnel on hand to be able to perform the normal routine maintenance of the power supply on North Island.

The lifting of ceiling limitations would relieve us, in my opinion, the most. We would become more effective managers and avoid reductions in force.

Mr. WALDIE. Let me ask you a question at this point.

If, on the ceiling limitations, you are told to reduce your personnel from 7,200 to 6,400 employees and assuming for the purposes of this question—though I know it is not a fact out at that base—that you have all of your janitorial functions being performed by a civilian work force, suppose that that is 200 people and then you contract out that responsibility to a private employer. Have you then complied with the reduction in your personnel by those 200 people?

Mr. OMELINA. Yes.

Mr. WALDIE. The cost, however, is not a factor in that decision; your ceiling on money, as long as you stay within that ceiling of money, the cost of contracting out compared to the cost of doing that service by governmental employees is not a factor?

Mr. OMELINA. It depends on where the determination is made.

Mr. WALDIE. Well, it may be a factor, but if your biggest job is to get rid of a number of employees, that would be your overriding motivation?

Mr. OMELINA. That would be the avenue to follow, yes.

Mr. WALDIE. In your base on North Island, since the reductions-in-force have been ordered to bring you down to a personnel ceiling, has the command, in any way, resulted to contracting out to get a personnel reduction anyway?

Mr. OMELINA. No.

Mr. WALDIE. And the reason for that, I presume, is that because most of those positions have been contracted out as to which it would be easy to contract out?

Mr. OMELINA. The positions have been contracted out, are janitorial services, and the trash disposal, these have been in effect for a number of years.

Mr. WALDIE. Are these the only positions, at this point, that have been contracted out on that base?

Mr. OMELINA. Outside of the fueling operation, to my knowledge, are the only services that are contracted out at North Island at the present time.

Mr. AYERS. They have not had the opportunity at this time. For instance, if we had not received permission to hire these temporary employees until September 1, to do this mass workload that we have just picked up, then that work would have to be contracted out. Fortunately, it cannot be contracted out within that time frame because there is too much legal ramifications when letting a contract. We were saved by the redtape. But, if we continue to reduce the personnel ceilings, say, to get us down to the pre-Vietnam figure of about 5,500 employees, and if we are to maintain the defense posture of this country, then the work is going to be contracted out, and at a much greater cost. Now, whether or not there is a move afoot at the present time, within DOD, to do this, we have no way of knowing.

Mr. VAN DEERLIN. Do either of you know how much money is being saved by contracting out in general, are there any figures at all to support this?

Mr. AYERS. I am sure that there are figures that would reflect the cost of doing the janitorial service at North Island versus the figures of contracting out. But, again, I think if you look at those figures, you would have to be very cautious to make sure they include the total cost and not just the contractual dollars. The difference in cost of contracting service in-house is purely an opinion because I do not have the facts. I am of the opinion that the contracting is much more expensive and a lot less satisfactory. An important item, is that when you have your own people performing janitorial services, you can tell the employee exactly what to do and when. But, when contracting, you don't have that control because everything is in writing and not very flexible. If you want to get an extra coat of wax on the deck a

week ahead of schedule, you pay extra dollars for it because it is a change in the contract.

Mr. VAN DEERLIN. You mentioned power failure. Do you have to call contract workers in in a situation like that?

Mr. OMELINA. No. We have not.

The point I was trying to make, Congressman Van Deerlin, was the reason that we have these failures is because our work force has diminished to the point where we cannot properly maintain the powerplant or the power stations.

Mr. VAN DEERLIN. Then this might not directly touch upon the principle of contracting out work.

Mr. WALDIE. Mr. Roussetot?

Mr. ROUSSELOT. So that I understand, Mr. Ayers, you mentioned that you have 5,800 members in your association.

Mr. AYERS. Yes.

Mr. ROUSSELOT. Are they all kinds and mix of people—production workers, supervisors, managerial personnel—what is the mix?

Mr. AYERS. I don't know. It is a general mix of everyone. All civilian employees are eligible for membership.

Mr. ROUSSELOT. Right.

Mr. AYERS. We get strong representation from the entire station. There are approximately 22 organizations at the naval air station at North Island and all support the NIA. Many of the employees hold plural membership by belonging to several organizations.

Mr. ROUSSELOT. It is a general population.

Mr. AYERS. Yes, sir.

Mr. OMELINA. The North Island Association is a chamber of commerce type of association.

Mr. WALDIE. He mentioned that.

Mr. OMELINA. I am a member of management, as I pointed out earlier, but I am also a member of the North Island Association because of its chamber of commerce reason for being in existence.

Mr. ROUSSELOT. The reason I asked the question is I don't know of too many associations like this. Are there many other associations like this?

Mr. AYERS. Within the Industrial Air Station complex, five of the Industrial Air Stations have such an organization. NAS, Alameda, Association has about 5,500 members. NAS, Pensacola and NAS Norfolk do not have an organization such as ours.

Mr. ROUSSELOT. In your opinion, do you believe that the temporary category is in anyway misused, or have you seen it misused?

Mr. OMELINA. If I may speak to that, sir. Personally, I have not seen it misused. The advantage of hiring a temporary employee to do a specific task for a short term, there are definite advantages in that, through the termination procedure a person can be given notice and terminated. Our policy is to give them 5 days notice, or longer if possible. But, at least a minimum of 5 days. From the managerial standpoint, and speaking as a manager at this point, it is advantageous to employ temporary employees if we are burdened with the types of constraints I mentioned earlier.

Mr. ROUSSELOT. Is it to the disadvantage of the employee?

Mr. OMELINA. If the employee is hired under the pretext of a prolonged employment, it is a disadvantage. But, if he is told that his

employment is temporary and may not be for more than 90 days, I think he knows whether to accept or not accept the appointment.

Mr. ROUSSELOT. Do you know whether or not there has been a tendency to hire the temporary category even though management at given places might be contemplating longer use of that employee?

Mr. OMELINA. No, sir.

Mr. AYERS. No, sir.

Mr. ROUSSELOT. In order to avoid putting in a career service employee?

Mr. OMELINA. No. Not in our command.

It is our policy to work within the ceiling constraints applied to permanent employees. We keep a conversion program going where we will always maintain that 6,400 level of permanent employees that is imposed upon us at the present time.

Mr. WALDIE. Let me just add some statistics so we can work on that point. It is my understanding that the manpower ceiling now is 6,400 employees.

Mr. OMELINA. 6,400 in the Naval Air Rework Facility.

Mr. WALDIE. And you have work for 7,200 employees?

Mr. AYERS. Yes. We feel we could employ 7,200 employees and, in addition to those 7,200 people, probably 3 to 5 percent overtime to take care of emergency situations.

Mr. WALDIE. And you have money for 7,200 employees?

Mr. AYERS. Yes, sir.

Mr. WALDIE. So, it is not a budgetary limitation that you are working on, it is a manpower limitation?

Mr. AYERS. Yes, sir.

Mr. WALDIE. And of your 6,400, I presume, that by tomorrow you will be down to that figure?

Mr. AYERS. Well, we will be down to that figure by June 30.

Mr. WALDIE. By June 30?

Mr. AYERS. Yes, sir.

Mr. WALDIE. Well, then, the notices go out tomorrow?

Mr. AYERS. Yes, sir.

Mr. OMELINA. There are some terminations extended beyond tomorrow.

Mr. WALDIE. Of that 6,400, how many temporaries?

Mr. AYERS. There are no temporaries in the 6,400.

Mr. WALDIE. Can you employ temporaries above your 6,400?

Mr. AYERS. That is what we are doing at the present time, yes.

Mr. WALDIE. What restrictions are on that opportunity?

Mr. AYERS. There are no restrictions, provided we acquire additional manpower within those skills that are needed.

Mr. WALDIE. Well, there is one restriction, isn't there, your budgetary restrictions, you must stay within that, or can you exceed that in employment of temporaries?

Mr. OMELINA. At this particular point in time, we have not been told that we do have a budgetary limitation.

Mr. WALDIE. Now, on the final statistic reference at this point, as of today, how many temporaries do you have employed?

Mr. AYERS. As of this point?

Mr. WALDIE. Yes.

Mr. OMELINA. Approximately 350. Now, I would like to qualify this.

Recently most of the 350 temporary employees, were given termination notices prior to this date. It was determined that because of the increased activity in Vietnam, our workload have been elevated to the point where we must now retain these 350 employees. In addition to that, we will hire additional employees to bring us up to the 7,200 level.

Mr. WALDIE. So that you will be hiring the difference between 6,435 and 7,200, and they will be temporaries?

Mr. AYERS. Counting the permanent, 6,400 ceiling, plus the 350 temporary employees, places us presently at about a 6,800-level employment so we will be hiring beyond that up to 7,200, and they will all be temporary employees.

Mr. WALDIE. Now, I am told that the regulations require, in a RIF that temporary employees be RIF'd before career employees.

Mr. OMELINA. That is true within the skill.

Mr. AYERS. Within the skill.

Mr. WALDIE. So that the 41 that are being RIF'd tomorrow, there are no temporaries within those skills?

Mr. OMELINA. No, sir. There are no temporary employees at North Island in the skills being RIF'd.

Mr. WALDIE. There are no temporaries at North Island?

Mr. OMELINA. In those skills that are being RIF'd.

Mr. WALDIE. Oh, in those skills.

Mr. OMELINA. In those skills that are being reduced. Yes.

Mr. WALDIE. So, does that give you any room to play? By that I mean if you have got temporaries employed, that would be the bodies to meet the 41 that you have to dispose of, you could dispose of temporaries to make the bodies to 41—no, you couldn't, because they are not career, are they?

Mr. OMELINA. Let's just say that we have temporary employees in the same skills in which the 41 people were employed, then we could not retain temporary employees.

Mr. WALDIE. No. But, if you discharged them, it would not have any impact upon your goal either, would it?

Mr. OMELINA. No; it would not in the balancing of skills.

Mr. WALDIE. Well, not in balancing of skills. In your obligation to reduce your force by 41 people tomorrow.

Mr. OMELINA. No; it would not.

Mr. WALDIE. Any temporaries that are reduced would not help that obligation?

Mr. OMELINA. No, sir.

Mr. WALDIE. So, the temporaries are better protected given this scheme than are the careers. There is a premium on hiring temporaries.

Mr. AYERS. Within this 6,400—

Mr. WALDIE. Let me suggest this: Just as an outsider trying to understand this, there is management premiums in having temporaries. They are easier to get rid of. They are less susceptible to the procedures for grievance about working conditions than are career employees. They have less protection. In addition, a temporary employee does not count toward your ceiling limitation, except the 7,200 limitation.

Mr. AYERS. He did when this 6,435 number was published, Mr. Chairman.

Mr. WALDIE. Oh, he did? If you reduced a temporary you got credit?

Mr. OMELINA. Yes, sir.

Mr. AYERS. Yes. We were at 6,900 or roughly 7,000 people when we got the 6,435 number, and that was one of the things that we went back to the Naval Air Systems Command and said is the 6,435 permanent-type ceiling for career-type employees and they said 6,435 is your personnel ceiling figure. It does not make any difference whether they are temporary or permanent.

Mr. WALDIE. I see. But, that is not changed?

Mr. AYERS. It has been changed because of the change momentary in the air operations in Southeast Asia. There is no other way to get aircraft in the air to meet the sudden increase in demand.

Mr. WALDIE. Did you have a question, Mr. Rousselot?

Mr. ROUSSELOT. Yes. Then, what you are saying is that the only reason that was changed, was because of the change in the war situation, and the maintenance that you are doing on those aircraft?

Mr. AYERS. That is correct.

Mr. WALDIE. We are going to have to recess for lunch.

We will reconvene at precisely 1 o'clock.

(Whereupon, at 12:15 the hearing was recessed to reconvene at 1 p.m. the same day.)

AFTERNOON SESSION

Mr. WALDIE. The subcommittee will come to order. We will continue with Mr. Ayers and Mr. Omelina.

Gentlemen, at the conclusion of the morning hearing, we had started into the area and, I believe this will be the last area, of what programs exist to assist the employee who is RIF'd in finding other employment. Mr. Van Deerlin had started asking you a question on that, and, if you will, just give us what information you have on those programs, we will appreciate it.

Mr. OMELINA. All right.

To the best of our knowledge, the program that I have described does not exist in the private sector, nor does it exist in any other Naval or DOD activity. We are concerned with the placement of employees both temporary and permanent in jobs outside of the Government.

It is our contention that our employees are one of our most valuable resource and in that light we have instituted for the second time this type of placement program within the last 4 years—a program of out placement of these unfortunate employees whom we had to terminate for various reasons. We have, under signature of our Commanding Officer, sent letters to approximately 1,000 prospective employers in the San Diego area that employ 25 or more employees, soliciting their support in the placement of our people with particular kinds of skills that are identified in the correspondence.

In that same correspondence, we identify a person who is known as the Reduction-In-Force Placement Coordinator, who operates out of my office. It is the responsibility of this person to prepare bulletins, make contacts and be the liaison between the private sector and the Naval Air Rework Facility in an effort to place as many employees, employees who were terminated or reduced-in-force, in an employment status.

In other words, we did not just terminate them and tell them that we are sorry and we are finished with them. We tried to be helpful in

this respect. I know that this program will pay dividends in that we have already heard expressions of appreciation and gratitude by—some of the unfortunate people who were terminated and were provided employment outside because of our effort.

Even those who were not accepted after an interview were very, very appreciative of what we had done as a Command in trying to place them in jobs.

Mr. WALDIE. In that regard, can you tell me how many have been placed out of what figure that were eligible for such service, that were attributable to the efforts of this program?

Mr. OMELINA. Well, this is an estimate, but I would say that approximately 40 people were placed in that program.

Mr. WALDIE. Out of how many potential?

Mr. OMELINA. Out of approximately 350 I would like to qualify this. Had we gone through the total termination in the reduction-in-force, the potential would have been 300 people, approximately. But, since the step up in Vietnam, we did not follow through with the termination or reduction-in-force of all of our employees, therefore the thing becomes somewhat soft in us determining just how many people we did place in the private sector.

Mr. WALDIE. How soft does it become, how many were your 40 out of how many?

Mr. OMELINA. Forty out of approximately 350 people that were seeking employment elsewhere. These were temporary employees primarily.

Mr. WALDIE. You say these were temporaries primarily?

Mr. OMELINA. Temporary employees, primarily.

Mr. WALDIE. Was this program a brainchild of this command, or is it in effect throughout the system?

Mr. OMELINA. It is the brainchild of this command. It began approximately 2 years ago, when we had the previous reduction-in-force in 1969-70.

Mr. WALDIE. Are you aware of the existence of any such program in any other command?

Mr. OMELINA. I am not aware of it; no, sir.

Mr. WALDIE. I commend you for that program, and I think it is a worthwhile effort and I am sorry others have not adopted it.

Mr. Rousselot?

Mr. ROUSSELOT: No. I have nothing further.

Mr. WALDIE. Mr. Van Deerlin?

Mr. VAN DEERLIN. No questions.

Mr. WALDIE. The committee has no further questions, so if either of you have any comments—

Mr. OMELINA. Mr. Chairman, in the area of the overtime that we are forced to work because of the ceiling constraints. At the North Island naval rework facility, in the overall spectrum are forced to work approximately 17 percent overtime. It is a slightly higher in the production areas, say 20 percent.

Mr. WALDIE. How does that situation compare to the situation prior to the reduction in force order?

Mr. OMELINA. This is what it is at the present time and certainly had we gone through the total reduction-in-force, of both temporary and permanent employees, overtime expenditures would have been much higher than that.

Mr. VAN DEERLIN. What was the percentage a year ago, Charlie?

Mr. OMELINA. Approximately 10 to 12 percent.

Mr. WALDIE. Any further questions?

Mr. AYERS. One comment.

Mr. WALDIE. Yes.

Mr. AYERS. The North Island association is confident that the Navairwork facility can do a better job for the Defense Department than anyone else and at lower cost, that we can produce the product and all that we ask is that DOD or OMB or whoever else is involved, permit us to manage our business by dollar controls and this will eliminate the need for these reduction-in-forces and this unstable situation. Give us the job and the dollars and don't tell us how many people we need or are allowed to hire, let us manage the business and we will get the job done for them.

Mr. WALDIE. That certainly makes sense.

Mr. AYERS. Mr. Chairman, I would like to make a short comment on your bill to provide insurance to the temporary employee. I am pleased to see this action and hope the bill will pass. Last year I spent considerable time looking into group coverage at group rates for temporary employees for health benefits. I talked with several companies and the prices that they quoted were extremely high. Some companies offered approximately a 10-percent discount if I would guarantee 200 policyholders. It would have been impossible for me to guarantee that many policies when we only had about 350 temporaries at that time. Thank you.

Mr. WALDIE. Thank you very much, Mr. Ayers and Mr. Omelina.

We are going to make a brief change in the witness list because of a matter that came up during the luncheon recess and which should not take much time. But, these people have traveled from a great distance away and I think the committee wants to hear their particular stories. Would Mr. Hixson, Mr. Quijada, and Mr. Flores please come forward?

Did I pronounce that right, Mr. Quijada?

Mr. Quijada: That is close enough.

Mr. WALDIE. Would you give your full name to the reporter.

Mr. HIXSON. Hunter P. Hixson, 6511 Test Parachute Group, Naval Air Facility, El Centro, Calif.

Mr. WALDIE. Mr. Quijada?

Mr. QUIJADA. Edward Quijada, 6511 Test Parachute Group, El Centro, Calif.

Mr. WALDIE. Mr. Flores?

Mr. FLORES. Gary L. Flores, El Centro, Calif., 6511 Test Parachute Group.

STATEMENTS OF HUNTER P. HIXSON, 6511 TEST PARACHUTE GROUP, EL CENTRO, CALIF.; EDWARD QUIJADA, 6511 TEST PARACHUTE GROUP, EL CENTRO, CALIF.; AND GARY L. FLORES, 6511 TEST PARACHUTE GROUP

Mr. WALDIE. Now, gentlemen, it is my understanding from a conversation that you had with the staff representative of this committee, that you have all been recipients of reduction in force notices. Is that correct?

Mr. HIXSON. Yes.

Mr. WALDIE. It is my further understanding that you are still employed in those respective positions at this moment in time?

Mr. HIXSON. Yes, sir. Until June 29.

Mr. WALDIE. Until June 29?

Mr. HIXSON. Yes.

Mr. WALDIE. And it is my further understanding that you are at the present time training replacements for your job from the military?

Mr. HIXSON. Yes, sir.

Mr. WALDIE. All right. Now, with that background, will one of you or all three of you act as spokesman and give the committee the story that you have told the staff people, plus any documents that you might have to substantiate that?

Mr. QUIJADA. Basically, sir, we were informed that Bell Aerospace was going to take over our jobs. Bell Aerospace was one of the civilian contractors there at our facility. At this time, Mr. Hixson wrote Congressman Tunney—Senator Tunney, I should say. When the letter came back, the answer came back, that the command had written to Senator Tunney and stated that Bell Aerospace was taking over our function, and our function was going to be taken over by civilian people already employed. In essence, we are the production-type personnel on that base. The whole production section of the base has been wiped out.

Mr. WALDIE. Can you tell me when this correspondence took place?

Mr. QUIJADA. Yes.

Mr. HIXSON. I have it right here in front of me.

Mr. WALDIE. We would appreciate it if you would provide the committee with copies of that correspondence.

Mr. QUIJADA. Since that time, I have written to the Secretary of Defense, and I have received a one-paragraph letter, which I will read at this time.

DEAR MR. QUIJADA: Your May 5th letter, 1972 letter to the General Accounting Office on reduction-in-force of civilian personnel at the Naval Air Facility, El Centro, California, has been referred to me. We are planning a review this summer of practices used by the military and civilian agencies in making reductions of civilian positions and personnel. Although we may not visit your facility, the information you have furnished us will be helpful to us in planning this review.

FOREST R. BROWN,
Deputy Director, General Accounting Office,
Washington, D.C.

Mr. WALDIE. Well, I suppose that will be a certain amount of comfort to know that when you are no longer employed there, somebody might be looking at that situation that caused you to lose your job.

Mr. QUIJADA. Yes, it is very comforting.

I also have this one from the Office of the Assistant Deputy of Defense:

Dear Mr. Quijada: This is in reply to your letter of May 5, 1972 concerning matters of reduction-in-force, employment of retired military personnel and replacement of civilian personnel with military personnel of the 6511 Test Group located at the Naval Air Facility, El Centro, Calif. We will bring these matters to the attention of the Department of the Air Force and you may expect to hear further from them in the near future.

This was written on May 12, and so far we have received no communication whatsoever from them.

Mr. WALDIE. Now, you are training, as I understand it, the military personnel to do the very job which you are presently doing?

Mr. QUIJADA. Exactly, sir. These people were taken from the rigging section. They are Air Force loadmasters, and they were taken off of flying status and are actually taking over our slot. We have a couple of personnel from the maintenance section who are also there.

Mr. ROUSSELOT. Could you just briefly describe your jobs?

Mr. HIXSON. Yes, sir. We cover all of the drop tests for the Air Force. Out in the desert they have a regular drop zone. It is everything from 50,000-pound platforms down to little 12-pound cans, whatever the test programs may be. We bring back the loads and the parachutes. We run heavy equipment, 50-ton cranes down to pickup trucks, cats, bulldozers—

Mr. ROUSSELOT. You are primarily equipment operators?

Mr. HIXSON. Yes, sir. Our title is crane shovel operator.

Sometimes we have to dig these things out. When the parachute does not work they bury themselves in the desert, and we have had them go as far as 40 feet in.

Mr. ROUSSELOT. Thank you.

Mr. WALDIE. How many people are employed in that particular function?

Mr. HIXSON. Five people, sir.

Mr. WALDIE. In the whole base?

Mr. HIXSON. Yes, there are five in this whole section of the base.

Mr. WALDIE. And all five of you are being replaced by military personnel?

Mr. HIXSON. Yes, sir.

Mr. QUIJADA. Yes, sir.

Mr. WALDIE. How long have all five of you been employed in that capacity?

Mr. QUIJADA. Frankly, sir, I was a temporary appointment for 6 years, which is—

Mr. WALDIE. Let me go into that a bit. That is unheard of, I gather from listening to the witnesses this morning. Were you discharged at any period in a year and then rehired?

Mr. QUIJADA. No, sir; at no time.

Mr. WALDIE. So, you were never even discharged to go through the form of making you a temporary employee?

Mr. QUIJADA. Exactly, sir.

Mr. WALDIE. You were considered and have been carried during that 6-year period as a temporary employee?

Mr. QUIJADA. Exactly.

Mr. WALDIE. Did you ever inquire as to how you could obtain permanent status?

Mr. QUIJADA. Yes, repeatedly.

Mr. WALDIE. And what was the response given to you?

Mr. QUIJADA. Often we were told the jobs are temporary—your position, yourself, you are temporary. The job is permanent.

Mr. WALDIE. I see. Now, is the job still in existence?

Mr. QUIJADA. Yes, sir. The job and the function still exist.

Mr. WALDIE. Is it now filled by a man who is permanent, or is he equally temporary?

Mr. QUIJADA. I was made permanent about a month ago, as a matter of fact, the day before I received my RIF notice.

Mr. WALDIE. I may have missed a point here. The job for which you were temporary status for 6 years is the job that you are now training someone else to fill?

Mr. QUIJADA. Yes, sir.

Mr. WALDIE. And you received your permanent appointment 1 day before you received your RIF notice?

Mr. QUIJADA. Yes.

Mr. WALDIE. Did you inquire as to the coincidence of these two events?

Mr. QUIJADA. Yes, I did.

Mr. WALDIE. And what response did you get?

Mr. QUIJADA. "Well, things happen."

Mr. WALDIE. Well, that is a fair response.

Mr. ROUSSELOT. Also it is a very precise response.

Mr. WALDIE. Do either of you other gentlemen fit into the same circumstances?

Mr. FLORES. I have been working on the job for 6 years. I was temporary for about 3 years and then became permanent.

Mr. WALDIE. You have been permanent now for 3—

Mr. FLORES. For 3 years.

Mr. WALDIE. And, Mr. Hixson?

Mr. HIXSON. I worked with the Navy before, and I made a mistake in transferring to the Air Force.

Mr. HIXSON. I was permanent when I transferred.

Mr. WALDIE. I see. You keep that permanent status as you go along?

Mr. HIXSON. Yes, sir.

Mr. WALDIE. I think that for the moment, while I digest all of this, I will turn to Mr. Rousselet.

Mr. ROUSSELOT. Let me be sure I understand.

Crane shovel operators that you are training to take your place are other military personnel.

Mr. QUIJADA. Yes.

Mr. ROUSSELOT. Where did you say that they had been previously assigned?

Mr. QUIJADA. They would be in the same section, sir.

Mr. ROUSSELOT. They were?

Mr. HIXSON. The same group.

Mr. ROUSSELOT. What were they doing?

Mr. QUIJADA. They are aircraft load masters. They take a load, place it on an aircraft, figure the center of buoyancy and what have you within an aircraft.

Mr. ROUSSELOT. Is that quite a bit different than what you are doing?

Mr. HIXSON. In some ways.

Mr. QUIJADA. They have a very, very basic knowledge of heavy equipment.

Mr. HIXSON. Because, they do have a crane over there at the hangar, that they work with. They have a crane that they use and they do have a forklift.

Mr. ROUSSELOT. Are each of you training your own replacement?

Mr. HIXSON. No, sir. It is nothing officially set up as a training program. It is all kind of thrown together. When you work with personnel, naturally they will catch on. They will absorb it. And, naturally, you are going to be careful with the man and make sure

he does not injure himself or you, or others. For safety sake, you do have to instruct the man.

When you have 50,000 pounds in the air, you have to know what to do with it and it has to be an instantaneous thing. You do not have time to decide what to do with it.

Mr. ROUSSELOT. Did any of your superiors, at any point, say these are the men that are going to replace you?

Mr. HIXSON. Yes, sir.

Mr. ROUSSELOT. Your superiors acknowledged that these men you were working with are in fact going to replace you?

Mr. HIXSON. Sergeant Powers, himself, told me that he has the job—he doesn't go out in the desert. He is the N.C.O.I.C. back at the base. The other six go out to the desert. But, he himself told me.

Mr. ROUSSELOT. Did you, at any time, make any inquiry as to why the military personnel were replacing you?

Mr. QUIJADA. I have got volumes of inquiries that I have written to the command, Congressmen, to——

Mr. ROUSSELOT. I mean in your conversations with your immediate superiors?

Mr. QUIJADA. Yes.

Mr. ROUSSELOT. What do they tell you is the reason?

Mr. HIXSON. They told me that they had to cut the force and this is where they started.

Mr. QUIJADA. These inquiries were directed to the commanding officer, a Colonel Corbett, both verbally and in writing.

Mr. ROUSSELOT. And what kind of an answer did you get, other than just that it was a r.i.f. occurring?

Mr. QUIJADA. Colonel Corbett said that he weighed all matters, but naturally he could not do anything, his hands were tied. It was an economic move. He said that he did not make the decision. He said that the only decision he had made was which people were expendable.

Mr. ROUSSELOT. I see. And he had come to a determination that these other men were less expendable than you?

Mr. QUIJADA. Exactly.

Mr. WALDIE. Mr. Van Deerlin?

Mr. VAN DEERLIN. Are these uniform personnel that we are talking about?

Mr. HIXSON. Yes, sir.

Mr. VAN DEERLIN. Now, have all of them worked in the same section with you so that this means a reduction in the total number of persons that are working and I mean both uniformed and civilian?

Mr. HIXSON. They are all in the same group, the same command, yes.

Mr. VAN DEERLIN. I know that, but you say there are five of you employed?

Mr. HIXSON. Yes, sir.

Mr. VAN DEERLIN. As civilians——

Mr. WALDIE. At that point, let me interrupt just to make your record straight.

The names of the five are the three before us and in addition, a Mr. Bill Brown and a Mr. Vernon Matthews.

Mr. QUIJADA. Yes.

Mr. WALDIE. The names of the military personnel that are being trained to replace them, and this is from a list that you gave me.

Mr. QUIJADA. Yes, sir.

Mr. WALDIE. M.S. William E. Powers, T.S. Terry Palomare, Sgt. Gerald Teacher, Y.S. James Ellison, Sgt. Roger Racette, Sgt. Byron Stafford, and S. Sgt. Stephen Schulz.

Mr. ROUSSELOT. The prime reason that was given by the superior, the colonel that you mentioned, was an economic reason?

Mr. HIXSON. Yes.

Mr. FLORES. Yes.

Mr. QUIJADA. Yes.

Mr. VAN DEERLIN. Perhaps you should feel quite flattered that they are putting seven men in to do the jobs that five of you were doing before.

Mr. HIXSON. Yes; but that does not help to pay my bills.

Mr. VAN DEERLIN. From the standpoint of the monetary outlay, I see that the lowest grade is a buck sergeant there. I think that they—

Mr. WALDIE. The highest is the master sergeant.

Mr. VAN DEERLIN. I believe that the rates of pay in the military have gone up a little bit since I was defending your way of life in uniform.

Mr. WALDIE. I would hope so.

Mr. VAN DEERLIN. I wonder, Mr. Chairman, if on the basis of pay and allowances alone, the Government, in supporting seven sergeants in this work is not actually, although out of other funds, paying out more money than is represented by the salaries and fringe benefits of the five civilians that are being laid off.

Mr. WALDIE. I think that is a worthy inquiry and clearly the substitution of military personnel for civilian personnel permits them to obtain that mythical objection of reducing the civilian personnel without having to account for those who substitute for them.

Mr. VAN DEERLIN. It could also have the effect, Mr. Chairman, of putting still further into the future the day when we shall be able to abandon the Selective Service System as a source of military manpower. I have no further questions.

Mr. WALDIE. Gentlemen, for our record, we will include in our record of hearing, and then return these documents to you, a letter addressed to Senator John Tunney, dated May 11, 1972, by Mr. Hunter Hixson; a Department of Air Force, Headquarters Air Force Test Center, Edwards Air Force Base, Calif., document with the subject: "Notice of Proposed Separation, Reduction in Force, Hunter T. Hixson" with attachments to that document; and a document dated February 22, 1971, Assistant Secretary of Defense memorandum for replacement of civilian personnel with military personnel, by Roger T. Kelly.

Tell us what that memorandum says.

Mr. HIXSON. As I understand it, sir, it says that military will not replace civilian jobs unless it is an emergency.

Mr. WALDIE. All right.

Mr. VAN DEERLIN. Well, to nail the record down, for how long has this work been done by civilians?

Mr. HIXSON. I do not know.

Mr. QUIJADA. I have been there approximately 10 years—10 or 12 years.

Mr. VAN DEERLIN. So that here we have what is clearly an outrageous evasion of Pentagon policy in this matter.

Mr. WALDIE. I see no other way of characterizing it. Let me also include in the record a response from Senator Tunney, dated May 2, 1972, to Mr. Hixson and an enclosure in Senator Tunney's letter addressed to him dated April 24, 1972, from the Department of the Air Force, John J. Shaughnessy, colonel, is signing it. It might be of interest to the committee, since I have never seen one, this is what a reduction-in-force notice is.

Mr. ROUSSELOT. I have seen them.
(The items referred to follow:)

DEPARTMENT OF THE AIR FORCE,
HEADQUARTERS, AIR FORCE FLIGHT TEST CENTER,
Edwards Air Force Base, Calif., April 17, 1972.

Subject: Notice of Proposed Separation—Reduction-in-Force.

To: Hunter P. Hixson, 6511 Test Gp (P), 6511 Test Sq, Oprs Div, Flight Ops Rigging & Recovery Br, TGTOO.

1. This letter is to notify you, with sincere regret that a cancellation request for the position currently occupied by you has been received in the Civilian Personnel Office. This is due to a reduction of authorized manpower spaces. Therefore it is necessary to propose to separate you, because of reduction-in-force, from your position of Crane Shovel Operator, WG-5710-9. Be assured that this proposed action is in no way a reflection upon your character or performance. It is sincerely regretted that you are personally affected by the requirement for reduction-in-force.

2. The effective date of this proposed action will be 29 June 1972. You will be retained in an active duty status until the above date unless it has been possible to effect your reassignment, or if you have resigned your position prior to that date.

3. The records of this office indicate that no offer of reassignment to a position for which you qualify can be made. You are therefore eligible for the benefits of the DOD Priority Placement Program, the Re-employment Priority List and Displaced Employee Career Program.

4. The reduction-in-force regulations and retention registers will also be available for your inspection in the Civilian Personnel Office, Room 33, Bldg. 539. If you wish to see the regulations or registers, please contact your Employee Management Relations Specialist as indicated in paragraph 6 of this letter.

5. If you believe that existing regulations have not been properly applied and that your rights have been violated, you may appeal under either the Air Force or Civil Service appeal procedures. Your appeal must be in writing and should include the following: (a) your full name, address, telephone number and signature, (b) the agency and organization unit or installation taking the action, (c) title of your position and grade or pay rate, (d) nature and date of the action, (e) date of this notice, and (f) your reasons for believing that this action is wrong. It may be submitted at any time after receipt of this letter, but not later than 15 calendar days after the effective date of this action. The 15 calendar day time limit for an appeal to the Civil Service Commission is not extended by an appeal to the Air Force. If you elect to file an appeal with the Civil Service Commission you forfeit your right to appeal the same issues under Air Force appeal procedures. Direct an appeal to the Civil Service Commission to: Director, San Francisco Region, U.S. Civil Service Commission, 450 Golden Gate Avenue, San Francisco, California 94102. Address an appeal to the Air Force to: Commander, Air Force Flight Test Center, ATTN: Civilian Personnel Officer, Edwards AFB, California 93523.

6. This Center sincerely appreciates your efforts and services rendered and regrets the necessity for this action. It is desired to give you every possible assistance. You are asked to contact Mr. Philip Seneschal, Bldg. 539, Room 33, telephone ext. 223 immediately upon receipt of this letter to arrange an interview to discuss placement assistance available and other questions you may have regarding this action.

JONES D. DAVIDSON,
JOHN N. BLOUSETT,
Chief Civilian Personnel.

Attachment.

ADDITIONAL STATEMENT REGARDING PLACEMENT ASSISTANCE AND OTHER
INFORMATION FOR SEPARATED CAREER OR CAREER CONDITIONAL EMPLOYEES

REEMPLOYMENT PRIORITY LIST

1. If you are a Group I employee your name will be entered on the Reemployment Priority List, and will remain thereon for a period of 2 years from date of separation. You will be considered for placement in any position for which you are qualified, available and entitled, either vacant or occupied by an employee in Group III. If you are not satisfied with the decision that there is no Group III employee at this installation occupying a position for which you are qualified, available and to which you are entitled you may appeal to the Director, San Francisco Region, U.S. Civil Service Commission, 450 Golden Gate Avenue, San Francisco, California 94102. Your appeal must be in writing and may be submitted at any time after receipt of this notice but not later than fifteen (15) calendar days after the effective date of the action, and should state any position to which you think you are entitled.

2. If you are a Group II employee your name will be entered on the Reemployment Priority List and will remain thereon for a period of one year from date of separation. You will be considered for placement in any vacant position for which you are qualified, available and entitled.

3. Your name may be deleted from the Reemployment Priority List earlier when one of the following occurs:

- a. You request in writing that it be removed; or
- b. You accept a full-time, nontemporary competitive position; or
- c. You decline a nontemporary, full-time, competitive position with a representative rate not lower than that of the position from which you were separated.

DISPLACED EMPLOYEE PROGRAM

1. You may file application for federal employment for assistance under the Displaced Employee Program for as many as five occupations with the U.S. Civil Service Commission, Washington, D.C. 20331 and with one regional office having jurisdiction over the area in which you seek employment. In addition, you may be considered for employment opportunities arising in other areas if you cannot be placed in the region of your original choice. Your applications may be submitted at any time after receipt of this letter but not later than 90 days from the date of your separation, and must be accompanied by a copy of this notice. Opportunities will be greater for positions for which the Commission has registers of eligibles. The following benefits are available under this program.

a. *Priority referral.*—The Commission refers displaced employees to agencies for placement in vacancies ahead of all other eligibles or refers to an agency to displace Group III employee serving in a position to which displaced employee is entitled. If you are not placed, the Commission may extend this benefit to certain other areas. This benefit is available in the commuting area from which you are separated and is granted to a Group I employee for two (2) years from the date of separation. A Group II employee is entitled to these benefits for a period of one year.

b. *Regular order certification.*—You will be certified in regular order to vacancies at grades for which qualified, including grades higher than those from which separated.

2. Your eligibility for the above benefits is terminated earlier if one of the following occurs:

- a. You request in writing that you be withdrawn from the program; or
- b. You accept nontemporary full-time appointment in the competitive service; or,
- c. You decline an offer of nontemporary, full-time appointment in the competitive service at a grade equivalent to that from which separated.

AFSC-WIDE PLACEMENT ASSISTANCE

1. When it has been determined that through base closure, transfer of function or reduction in force, there will be surplus AFSC employees, priority consideration will be given to the surplus employees in filling positions at other AFSC installations.

2. Consideration is limited to your current or lower grade. If applying for a position under a different salary scale, i.e., Wage Board (WG) to General Schedule (GS), determination as to whether the position is a promotion is determined by

comparing the 4th step of the GS position with the 2nd step of the WG position. This is known as comparison of representative rates.

3. Participation in the AFSC—Wide Placement Assistant Program is voluntary. If you wish to participate, the Civilian Personnel Office will assist you in the preparation of an experience and training resume.

DOD OUTPLACEMENT ASSISTANCE PROGRAM

Benefit.—Priority consideration in filling vacancies in Department of Defense activities in the following states: Arizona, Colorado, New Mexico, Utah, Wyoming, California, Hawaii, Nevada, Alaska, Idaho, Montana, Oregon, and Washington.

Administered by.—Central Referral Activity, Dayton, Ohio.

How obtained.—Registration through the Edwards AFB, Civilian Personnel Office.

Remarks

1. Registration is limited to 5 skills as determined by the Civilian Personnel Office.

2. Failure to accept a position in a locality and at a grade level you previously indicated as acceptable will satisfy the DOD requirement of a job offer.

3. If placement is not effected within a reasonable time, registration may be expanded to include DOD activities throughout the U.S.

4. Lowest acceptable grade and location are determined by the employee.

5. Consideration is limited to your current or lower grade. If applying for a position under a different salary scale, i.e., WG to GS, determination as to whether the position is a promotion is determined by comparing the 4th step of the GS position with the 2nd step of the WG position.

Annual leave

Annual leave remaining to your credit will be paid in a lump sum to the extent that it does not exceed the maximum accumulation permitted by law. Arrangements should be made with your supervisor for use of any excess leave prior to the effective date of your separation.

EL CENTRO, CALIF., March 20, 1972.

Senator JOHN V. TUNNEY,
Senate Office Building,
Washington, D.C.

DEAR SENATOR TUNNEY: I am writing you in regard to a R.I.F. (reduction in force) in the U.S. Air Force 6511th Test Group (Parachute) Recovery Division, located at the Naval Air Facility, El Centro, California. The headquarters for the 6511th Test Group are at Edwards Air Force Base, Lancaster, California.

Myself and four other civilian employees presently working in the Recovery Section have been informed we will be without jobs after 1 July 1972, due to a R.I.F. It is also supposed to effect six other civilian employees working for the 6511th Test Group, however, I don't know who they are or in which department they work.

My question in this R.I.F. is that the job will still have to be performed. Insofar as I have been able to determine, the Air Force plans to contract the recovery jobs/requirements out to Bell Aerospace (Private contractor) here at the Naval Air Facility, El Centro. What I cannot understand is how the Air Force plans to save money by doing this. They will, no doubt, have to pay Bell Aerospace more money than they are paying those presently doing the job under Civil Service. If I were to go to work for Bell, I would lose all my Civil Service time, benefits and retirement. Further, as in almost all privately contracted job opportunities, minimum, or at the very most low salaries (for like services) are offered to employees. I understand this practice has been tried at other facilities and has ended by costing the taxpayer more money than before. Since my wife and I both work, and during 1971 paid over \$3,000 in federal income tax, I feel I should have a say in what my government is doing. With the unemployment situation being what it is in the Imperial Valley (very high), I do not want to lose my job.

I would appreciate very much anything you may be able to do to help in this matter. Thank you very much for your time and trouble.

Sincerely yours,

HUNTER P. HIXSON.

EL CENTRO, CALIF., May 11, 1972.

Senator JOHN V. TUNNEY,
U.S. Senate, Washington, D.C.

DEAR SENATOR TUNNEY: I am writing in reply to your letter of May 2, 1972 and the letter to you from Colonel John J. Shaughnessy, USAF, Chief, Plans Group, dated April 24, 1972.

Colonel Shaughnessy states in his letter that the recovery workload will be performed by inservice civilians at El Centro. This is not true. There are five civilians in the Recovery Section and all five have received reduction in force notices effective June 29, 1972, as I stated in my previous letter. What the Air Force is doing is completely doing away with Recovery Section staffed with civilian employees and have already set up another section with USAF military personnel to do the same work. The person in charge is Master Sargent William E. Powers and he has six Air Force enlisted men under him. From what everyone tells me here at El Centro, this is going to be a permanent section with military personnel doing the job that civilians had. I am enclosing a copy of a memo from the Assistant Secretary of Defense, dated February 22, 1971, wherein it states that military personnel *will not* be substituted for civilian personnel being reduced in force. I would appreciate very much if you would once again have this matter looked into.

The Air Force has told too many different stories about this reduction in force and has yet to tell the true situation. There are other matters concerning hiring practices that should be looked into also. I was personally told by Colonel Corbitt, the 6511th Test Group Commanding Officer, that we would be replaced by contract people from Bell Aerospace. After your office started checking into the matter, this was changed. The letter from Colonel Shaughnessy states the Air Force is trying to find us acceptable employment; however, I do not see any possible way of anything here at El Centro in my field.

I am buying my home here and do not wish to leave the area if at all possible. I have gone out looking for a job in private industry and there is nothing to be found. It would be my preference to stay in Civil Service, since combining my military and civilian time I have 25½ years of service.

Again, I appreciate your help in this matter very much and am sorry I have to bother you; however, there are five people involved in this and we all feel it is very important.

For your reference, I am enclosing copies of all previous correspondence.

Thank you.

Sincerely yours,

HUNTER P. HIXSON.

ASSISTANT SECRETARY OF DEFENSE,
MANPOWER AND RESERVE AFFAIRS,
Washington, D.C., February 22, 1971.

Memorandum for the Chairman, Joint Chiefs of Staff, the Assistant Secretary of Defense (Administration), the Assistant Secretaries of the Military Departments (Manpower and Reserve Affairs), and the Directors of the Defense Agencies.

Subject: Replacement of Civilian Personnel with Military Personnel.

Department of Defense Directive 1400.5, subject: "Statement of Personnel Policy for Civilian Personnel in the Department of Defense," of January 16, 1970, provides that civilian employees shall be utilized in all positions which do not require military incumbents for reasons of law, training, security, discipline, rotation or combat readiness, or which do not require a military background for successful performance of the duties involved.

My memorandum of February 27, 1970, reaffirmed this policy and emphasized that it is also the policy of the Department of Defense that military personnel will not be substituted for civilian personnel being reduced in force. The memorandum of February 27 recognized that for reasons of operational necessity, local commanders might have to temporarily assign military personnel to civilian-type functions, but that as soon as practical, arrangements should be made to assign personnel in accordance with established policy. The memorandum also emphasized that planned reductions were not to be used as justification for the use of contract services.

During the past year numerous cases have been brought to our attention alleging widespread substitution of military personnel for civilian personnel being

reduced in force. These cases have been investigated and while local commanders were generally found to be applying the policies properly, some instances were found in which military personnel were substituted for civilian personnel, primarily for reasons beyond the authority of local commanders.

It is requested that you establish procedures to assure that local commanders are not placed in the position of having no alternative but to substitute military for civilian personnel in order to perform essential work. Reductions in civilian personnel authorizations should generally be required of local commanders only when associated with a corresponding workload reduction or increased productivity.

Controls should also be established over the authority of commanders to temporarily substitute military for civilian personnel being separated by reduction-in-force to assure that it is used, as intended, only in exceptional circumstances and after other alternatives have been exhausted and that such substitutions or augmentations are in fact limited to specified and temporary periods of time. In this connection, action should be taken to review those cases where military personnel are now temporarily substituted for civilian personnel to determine what action may be taken to make early staffing adjustments in accord with existing policies on military/civilian staffing.

I would appreciate being advised of the actions taken.

ROGER T. KELLEY.

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, D.C., May 2, 1972.

Mr. HUNTER P. HIXSON,
El Centro, Calif.

DEAR MR. HIXSON: Thank you for your letter regarding the reduction in forces at Naval Air Facility, El Centro, Calif.

In an effort to make sure that your request was answered, I took the liberty of forwarding your letter to the Department of the Air Force. I have received a copy of the letter they sent to you and if their reply is not adequate, or if I can be of any assistance to you, please let me know.

Sincerely,

JOHN V. TUNNEY,
U.S. Senator.

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 24, 1972.

Hon. JOHN V. TUNNEY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR TUNNEY: This is in further reply to your inquiry of March 31, 1972, in behalf of Mr. Hunter P. Hixson concerning a reduction in force in the 6511th Test Group located at the Naval Air Facility, El Centro, California.

The Air Force will be required to reduce civilian employment during Fiscal Year (FY) 1972 due to program and funding adjustments related to FY 1972 appropriations and the planned FY 1973 budget level. The 6511th Test Group will be required to reach a lower employment level during FY 1972 which will result in a reduction in the civilian work force. Mr. Hixson's position, together with a number of other positions, has been identified for cancellation in order to reach lower employment levels.

Between now and the end of FY 1972, career and career-conditional employees of the 6511th Test Group being adversely affected will be given maximum placement assistance in locating other acceptable employment. Such employees will be afforded the full advantage of the Department of Defense Program for Stability of Civilian Employment.

Regarding the recovery requirements workload mentioned in Mr. Hixson's letter, there are currently no plans to contract this workload. Management action is being taken to accomplish it within the reduced inservice civilian resources at El Centro.

We appreciate your interest in Air Force employment matters and hope this information will be helpful.

Sincerely,

JOHN J. SHAUGHNESSY, Colonel, USAF,
Chief, Plans Group, Office of Legislative Liaison.

Mr. ROUSSELOT. May I ask a couple of additional questions?

Mr. WALDIE. Yes.

Mr. ROUSSELOT. These other jobs that assumedly were left vacated by the seven that are replacing you, were they filled by some other military personnel?

Mr. HIXSON. No. They had to cut other military personnel, too.

Mr. ROUSSELOT. In other words, there was a general cut in military personnel. The jobs from which they came have not been filled?

Mr. HIXSON. No. The cut affected military and civilians both. But, it looks like the military just fell over and took ours.

Mr. ROUSSELOT. Is it your guess, at least in your section, that preference is given, as it relates to cuts, to civilian over military, that is, more cuts affect civilians than military?

Mr. QUIJADA. Any and all cuts seem to affect civilians and not the military.

Mr. ROUSSELOT. You mean that even the order may have been for reasons of economy, the cuts are not, necessarily, to the best of your knowledge, made equally?

Mr. QUIJADA. Exactly. For instance, the military, do, at times, go back and forth from our section to the other section where we do not. On the 29th of June we will be terminated and the military will still be there. Yet, the military are performing functions in their section and our section both.

Mr. ROUSSELOT. Now, you say that the jobs that you have held and now hold, have a great military nature to them. Would there be a great justification for replacing you with military personnel?

Mr. QUIJADA. No; I do not. If anything, the skill level you would acquire in military would be nowhere near as high as you would acquire as a civilian. For one thing, the military does not stay there. They are always in transit where the civilians are not.

Mr. ROUSSELOT. In other words, they are maybe assigned only for 1 or 2 years?

Mr. QUIJADA. Two years, usually.

Mr. ROUSSELOT. For 2 years, and then they move on?

Mr. QUIJADA. Exactly. For instance, we had the Apollo capsule, which were valued, I believe, upward of a million dollars per capsule. They were prototypes. There was no margin of error whatsoever. If you made any mistake, you just threw away a million dollars.

Mr. ROUSSELOT. So, in your cramework, you might be lifting one of these, or removing it?

Mr. QUIJADA. Yes, sir.

Mr. ROUSSELOT. Military personnel would come and go and although they may be just as careful, their knowledge of that particular item may not be as great as your longevity would provide you?

Mr. QUIJADA. Yes.

Mr. WALDIE. May I add this to this record, from the memorandum from the Assistant Secretary of Defense dated February 22, 1971, says:

My memorandum of February 22, 1970, reaffirmed this policy and emphasizes that it is also the policy of the Department of Defense that military personnel will not be substituted for civilian personnel being reduced in force.

Then, gentlemen, let me read to you—

Mr. ROUSSELOT. It makes you feel better, doesn't it? [Laughter.]

Mr. WALDIE. Let me read to you from the letter from John J. Shaughnessy, colonel of the U.S. Air Force, dated April 24, 1972, addressed:

DEAR SENATOR TUNNEY: Mr. Hixon's position together with a number of other positions has been identified for cancellation in order to reach lower employment levels.

I would think, on the record, gentlemen, that the substitution for your position of military personnel was contrary to the policy as stated by the Department of Defense and I can assure you that without objection from the other two members of this committee, that we will make an inquiry and we will make it today, by telegram, as to what has occurred in this instance and how is it not contrary to the express policy.

You are scheduled for departure on what date?

Mr. QUIJADA. The 29th of June, sir.

Mr. WALDIE. We will make that inquiry. Are there further questions?

Mr. ROUSSELOT. Mr. HIXSON, is your facility a part of the Air Force operations out of Edwards Air Force Base?

Mr. HIXSON. Yes, sir. The home base is at Edwards and the test range and everything is at El Centro.

Mr. WALDIE. You are looking at your new Congressman, Mr. Rousselet.

Mr. ROUSSELOT. For Edwards Air Force Base, not for your facility, at El Centro, but, the headquarters at Edwards Air Force Base.

Mr. HIXSON. Yes.

Mr. ROUSSELOT. I still would be very much interested.

Mr. WALDIE. Anything further, gentlemen?

Mr. QUIJADA. I would like to apologize to you, sir. We all came over here with the idea that we were not going to receive any action whatsoever.

Mr. WALDIE. I cannot guarantee that the action you will receive will be satisfactory, but we can guarantee to you that we will do our damndest to get you satisfactory action.

Mr. QUIJADA. Well, sir—

Mr. ROUSSELOT. We do not run the Air Force—yet.

Mr. WALDIE. Well, on the face of your case as it is made, it seems to me that this has been most unfair and most arbitrary.

Mr. QUIJADA. I have more or less been appointed unofficial spokesman for the group and I have to speak up. For myself, I am a college graduate. I am working on my masters. These others are going to be out of a job in a very high unemployment area. It is very difficult to get a job. I have always said, "Well, I can teach school if worse comes to worse." I hope that is not the case, because I have taken pride in what I am doing now.

Mr. WALDIE. Well, Mr. Quijada, we do appreciate all three of you coming before the committee today. You have made a contribution, which is quite extensive and you have opened up a line of inquiry that I can assure you we will pursue in all installations.

Mr. QUIJADA. Thank you.

Mr. WALDIE. Anything further?

Mr. RISTESUND. One item, if I may, Mr. Chairman?

Mr. WALDIE. Yes.

Mr. RISTESUND. These people are from one of our locals, 1406, Edwards Air Force Base, which also takes care of the El Centro area. Just to make it a matter of record, at the actual base, Edwards Air Force Base, there is an overload of military people. There is also an undue amount of contracting out being accomplished there. They have been in a RIF situation continually and they no longer can trim, so they abolish an entire area, and put it out to contract.

Mr. ROUSSELOT. Now, you are going to be testifying later, so you can comment on this. I am very much interested.

Mr. RISTESUND. Well, I wanted to tie it in to these, because these are the same base, the same locals.

Mr. ROUSSELOT. But, instead of contracting personnel they are being replaced by military.

Mr. RISTESUND. There are military also up there taking over civilian positions.

Mr. WALDIE. Mr. Ristesund, will you have those gentleman accompanying you identify themselves for the record?

Mr. RISTESUND. Yes.

Mr. EHRHART. G. E. (Bud) Ehrhart, president, local 1085, North Island Naval Air Station.

Mr. FLAUGHER. Bob Flaughter, vice president, local 1085, AFGE, North Island.

Mr. WHEELER. Henry Wheeler, I am the president of AFGE local 2623. We are the construction inspectors up and down the coast for the Naval Facility Engineering Command, the western division, we are headquartered in San Bruno, Calif.

Mr. MILLER. Wayne Miller, AFGE 1211. I am security guard at the Naval Station in San Diego.

Mr. HEPNER. I am Milton Hepner, national representative for the San Diego area of the AFGE.

Mr. PHELPS. Roy Phelps, national representative for the Oakland area, AFGE.

Mr. RISTESUND. Curtis Ristesund, national vice president for the 12th district, Nevada and California.

Mr. LOWE. Peter Lowe, business agent, AFGE local 1533, Oakland, Calif.

Mr. MOODY. Leroy Moody, unit vice president, Public Works Department, Naval Supply Center, Oakland, Calif.

Mr. CARTER. John Carter, president, local 1633, AFGE, Naval Supply Center, Oakland, Calif.

STATEMENT OF CURTIS RISTESUND, DISTRICT 12, VICE PRESIDENT OF THE AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, ACCOMPANIED BY G. E. EHRHART, PRESIDENT, LOCAL 1085, NORTH ISLAND NAVAL AIR STATION; BOB FLAUGHER, VICE PRESIDENT, LOCAL 1085; HENRY WHEELER, PRESIDENT, AFGE LOCAL 2623, SAN BRUNO; WAYNE MILLER, SECURITY GUARD, NAVAL STATION, SAN DIEGO; MILTON HEPNER, NATIONAL REPRESENTATIVE, SAN DIEGO AREA, AFGE; ROY PHELPS, NATIONAL REPRESENTATIVE, OAKLAND AREA, AFGE; PETER LOWE, BUSINESS AGENT, AFGE LOCAL 1533, OAKLAND; LEROY MOODY, UNIT

VICE PRESIDENT, PUBLIC WORKS DEPARTMENT, NAVAL SUPPLY CENTER, OAKLAND; AND JOHN CARTER, PRESIDENT, LOCAL 1633, NAVAL SUPPLY CENTER, OAKLAND

Mr. WALDIE. Now, Mr. Ristesund, may I make a suggestion?

Mr. RISTESUND. Yes.

Mr. WALDIE. It is obvious that the committee will not have time to hear from every individual at any great length. I would hope that you would speak for both the North and South in separate presentations and then call upon specific ones in those groups to emphasize whatever point you desire to make. Is that satisfactory?

Mr. RISTESUND. We would attempt to. We have several that are not present that we would like to touch on briefly.

Mr. WALDIE. You do not have to stand.

Mr. RISTESUND. I would feel more comfortable. I like to stand.

First of all, I would like to thank the committee for allowing us to make our appearance before you and also to let you know that we do have right in the neighborhood of 160 locals within California and Nevada. We represent close to 100,000 Federal employees in these two States. We have a considerable amount of problems throughout the Department of Defense in the area of military takeover after RIF action has been instituted.

The RIF's come first or people actually leave the Government service. The slot is closed, as far as anything else is concerned but a military suddenly appears and sits in the seat. We also find that many, many times the military person is not carried on the roles in this particular slot, but just filling the regular military slot he is regularly assigned to.

Mr. ROUSSELOT. Does that mean that he is filling two slots as far as the military is concerned?

Mr. RISTESUND. I imagine he is. I don't know just what his military duties were to start with, except, overseas and work that the civilians were doing.

Another area that we have is the Air Force where they have the guise of training the military and all at once the military turns around and takes over the civilian's position, or they leave for a year or two or three and then return and then they actually become supervisors of the individuals that trained them in the first place, and then turn around and train other military.

I think that if the committee would take a trip through some of our Air Force installations, they would find that they are completely overstaffed as far as the military is concerned. I think Mr. Van Deerlin made a comment on that when he made a trip into Nellis Air Force Base and George Air Force Base. He wanted to know how one military individual knew what the other one was doing. He said, "To me it looks like they are bumping into each other. How does one know what the other is doing?"

At this time I would like to refer to John Carter who is from the Naval Supply Center in Oakland. They have a RIF situation going on there at the present time and also the military is doing civilian jobs.

Mr. WALDIE. Mr. Carter, proceed.

Mr. CARTER. I would like to, if I may, refer to a letter that was sent to Congressman Waldie on February 17, 1972. Since that time we have received a reply through our national office in Washington from the Department of the Navy, Naval Supply Systems Command. I would like to read this letter, with your permission.

Mr. WALDIE. Before you do, let's clear up the record. I hate to ask the question, but, did you get a reply to the letter you wrote me?

Mr. CARTER. Yes. We did get a reply.

Mr. WALDIE. Wonderful. [Laughter.]

Mr. CARTER. A very good reply.

I will not read the cover letter from the national office, but I will read the letter that was mailed to Mr. George R. Boss, director, Labor Management Department, American Federation of Government Employees, 400 First Street NW., Washington, D.C.

That is the headquarters for the national office of the AFGCE.

DEPARTMENT OF THE NAVY,
NAVAL SUPPLY SYSTEMS COMMAND,
Washington, D.C., April 26, 1972.

Mr. GEORGE R. BOSS,
*Director, Labor Management Department,
American Federation of Government Employees, Washington, D.C.*

DEAR MR. BOSS: This is in reply to your letter of 14 April 1972 to Mr. Robert H. Willey, Director of Civilian Manpower Management regarding the reduction-in-force at the Naval Supply Center, Oakland, California. Mr. Willey referred your letter to this Headquarters for reply.

As part of Navy-wide reductions, the Naval Supply Center, Oakland has been given reduced resources, including employment ceiling for 30 June 1972 based upon a significantly decreasing workload. Recognizing that the need for permanent employees has decreased, there are requirements at the Center for work projects which are temporary in nature and not part of the normal, continuing mission. In order to carry out the necessary reductions to meet the reduced ceiling limitation by 30 June 1972, and to enable completion of these temporary projects within current resource limitations, the reduction-in-force was effected on 14 April 1972. Simultaneously, 22 of the employees being separated were offered temporary appointments to temporary positions for which they were qualified. These actions will allow continuance of the normal operation of the Center, plus allow retention of a number of employees on a temporary basis who would otherwise have been completely separated from the work force. Attrition, outplacement, retirements, and other personnel changes made it possible to reduce the number of separations by reduction-in-force from the original 140 to 11. In addition 22 employees were separated by reduction-in-force from permanent appointments and were given temporary appointments with no break in service. They will continue to be covered by various benefits including leave, retirement, and life insurance. The temporary appointment of these 22 employees brings the total number of temporary employees to 69. Every effort will be made to reinstate as many as possible to permanent positions as appropriate vacancies occur prior to 30 June 1972.

Insofar as contracting out of work is concerned, it is the Government's general policy to rely upon the private enterprise system to supply its needs, except where it is in the national interest for the Government to provide directly the products and services it uses. The Commanding Officer, Naval Supply Center, Oakland has advised, based on current level of operations, that any contracting out which will occur will be limited to those contracts which are already in existence. Fire protection at the Center has not been contracted to the City of Oakland. Sufficient fire fighting personnel to provide first-line fire protection on a round-the-clock basis have been retained.

The following quote from the Commanding Officer, Naval Supply Center, Oakland, letter provides specifics of the Naval Supply Center, Oakland's current policy on contracting out work: "Our already existing contract for equipment repair will be augmented by having more work done thereunder. This contract covers work that we cannot do, or takes care of peak work loads and has been renewed annually for some years. Also, we will further restrict our local truck delivery to the immediate Center locations and have the deliveries to the Shipyards, NAS Alameda, Travis Air Force Base, and Monterey done by commercial

firms as is done now in the case of longer hauls. Likewise, our existing janitorial contract will be expanded to cover work presently being done by the few janitors remaining on board. The net effect is that we are expanding the use of contracts already in existence."

The necessity for reduction-in-force requirements and the adverse effect on individual employees and the community as a whole are sincerely regretted. The Commanding Officer of the Naval Supply Center, Oakland has contacted other Federal activities and private employers in the Oakland area in a determined effort to obtain suitable employment for all affected employees. They are also entitled to the benefits of the Department of Defense Priority Placement Program. The Naval Supply Center, Oakland and this Command will continue to provide every assistance possible to assist those affected by reduction-in-force action. In addition, those employees who have been separated through reduction-in-force will be given priority consideration for future vacancies.

It is hoped that this information will be of assistance to you.

Sincerely yours,

PHILIP CROSBY,
Rear Admiral, SC, USN,
Acting Commander.

Mr. WALDIE. Do I gather by that letter that by "expanding existing contracts," they claim that they are not new ones, but expanding coverage and that they are thereby attempting to implement their reduction-in-force objectives, in other words, that they expand it to take care of the few remaining janitors on board, those janitors can be credited to their reduction in force?

Mr. CARTER. These janitors are no longer there. They are saying "remaining" is an error. They are gone.

Mr. WALDIE. What is the date of that letter?

Mr. CARTER. The date of this letter is May 10, 1972.

Mr. WALDIE. You don't happen to have a copy of that, do you?

Mr. CARTER. We can make available a copy of that to you.

Mr. WALDIE. All right. Please continue, Mr. Carter.

Mr. CARTER. So, the janitors are no longer there and Mr. Moody here, who is from the public works department, can expand upon the contracting out of the long hauling to Travis, Monterrey, and to other points.

Mr. WALDIE. How many people does that involve?

Mr. LOWE. There were five janitors left on the center at the time that the reduction in force went into effect there. Their competition date goes back to 1942. They are all 1-A veterans. They have now left the center and this is the letter that they sent prior to—this was in 1971 from the Commander, U.S. Naval Congressional Committee Liaison Division. It says:

Currently the Naval Supply Center provides janitorial service for itself and various tenant activities to the contract. The Center also has six civil service janitors on the roll. There are no plans to expand the scope of existing janitorial contracts or to reduce the number of current civil service janitorial positions.

This is to Mr. Fred Akin.

Mr. ROUSSELOT. Were any of these men offered jobs with the contracting service?

Mr. MOODY. Yes, sir. Some of them were offered jobs, but the contractor did not pay enough for them to buy the gas to come to work so they did not accept the job. I will speak a little more on these janitors, which I happen to be involved. They were in the Public Works Department.

When we were called by the Commander on January 26 of this year and told of the reduction-in-force, naturally I was interested in

the Public Works Department. So, I asked—I had got some wind of contracting the janitorial service out. So, I asked the commander who is the admiral, if he was going to layoff the Public Works' janitors and contract it out. We only had five left. He said I will not lay off nobody and contract out their job.

I went back to the shop and I was handed the note that they laid off five janitors and they contracted it out. At this time we have no civil service employee janitors on the Center. I have been told by all of the other unions, which Mr. Lowe, here, belongs to, that on different occasions they take the production worker off of his job because their heads and their buildings are not clean enough to work in, that they have to do this on productive time, not on time—they don't assign these people to this on janitorial service time. It is in productive time. This is all I have on the janitors. I have quite a bit on the contracting. But that is all on the janitors.

Mr. WALDIE. I think we ought to go to the truck driving next.

Mr. MOODY. The truck driving is a different situation, yes, sir.

The same date that we were told about the janitors, he said that he was not going to lay off any of the Public Works Department and contract out their work. When I got back, I has handed this note that 16 truck drivers would receive the RIF. Now, he had told us that this RIF would go into effect by the end of the fiscal year, which was June 30. They put these RIF's out immediately effective on April 14. That was two and a half months early. So, when I found out that they had laid off 16 of the truck drivers, I immediately—

Mr. WALDIE. Now, wait a minute.

Your meeting with the admiral or the commander was what date?

Mr. MOODY. January 26.

Mr. WALDIE. And the RIF notices to the truck drivers was effective what date?

Mr. MOODY. Let's see.

It was effective, but I got this handed to me on the first or the 31st and I met with the Admiral on the 27th.

Mr. WALDIE. When was it effective?

Mr. MOODY. April 1.

Mr. WALDIE. And you have copies of that there, the RIF notice?

Mr. MOODY. We have the RIF notices, yes, sir.

Mr. WALDIE. What are you looking at, a memorandum?

Mr. MOODY. I am looking at a piece of paper that was handed to me when I got back to building 533, by a supervisor, of how many people in the Public Works Department were going to get laid off.

Mr. WALDIE. All right. I think that the committee ought to have a copy of that.

Mr. MOODY. All right.

Mr. WALDIE. And also, do you have a RIF notice of the truck drivers?

Mr. MOODY. Yes, sir.

Mr. WALDIE. Please provide those to the committee.

Mr. MOODY. Yes, I will.

I immediately went to the head supervisor, whose name means nothing here, and asked if it is true that they are going to contract out the hauling and he said "Yes." There was a trucking firm that began to park their trucks and trailers in on the center about the 13th or 14th of April when the RIF was due.

Mr. ROUSSELOT. This was a private company that began to park their trucks on the base?

Mr. MOODY. Yes, the C. & T. Trucking Co. out of Richmond, Calif.

Mr. ROUSSELOT. All right.

Mr. MOODY. Not only did they hire the outside contractors, these 16 drivers' RIF's were up, they went to the union hall and they hired seven temporary drivers to come out and drive the Navy vehicles.

Mr. WALDIE. Now, wait a minute. Who hired seven temporaries?

Mr. MOODY. The Naval Supply Center.

Mr. WALDIE. And were the seven temporaries from those that were RIF'd?

Mr. MOODY. No, sir. They came from the union hall.

Mr. ROUSSELOT. Teamster Union?

Mr. MOODY. I beg your pardon?

Mr. ROUSSELOT. The Teamster Union Hall?

Mr. MOODY. Yes. Now, to answer your question, these 16 that had been RIF'd, they either had to accept what had been offered to them, or go out the gate. They had no choice to stay over.

Mr. WALDIE. What had been offered to them?

Mr. MOODY. Labor, laborer jobs, different jobs on the Center. Some of them were RIF'd completely out the gate.

Mr. WALDIE. All right.

Mr. MOODY. All right.

They had this hauling to do. The private carrier could not do it all, so they hired these seven people to drive the Government vehicles at wage grade 7.

Mr. WALDIE. Compared to what they were paid before the RIF?

Mr. MOODY. Wage grade 8. You see, they laid off 12 wage grade 8 truckdrivers.

Mr. WALDIE. Seven of them were replaced with temporaries that were grade 7?

Mr. MOODY. They claim that they were not replacing anybody. They just needed drivers and—

Mr. WALDIE. Your suspicion was that they were replacing them?

Mr. MOODY. Yes; I know they were.

Mr. VAN DEERLIN. Again, Mr. Chairman, for the sake of clarity, these seven that were brought out from the union hall, were they brought out as temporary Government employees?

Mr. MOODY. Yes; not to exceed 60 days.

Mr. VAN DEERLIN. Were the Government wage rates for truck-driver satisfactory to the union or comparable pay in the area?

Mr. MOODY. I cannot answer this, sir.

Mr. VAN DEERLIN. Well, did the union assign them to the Government?

Mr. MOODY. I cannot answer that either.

Mr. VAN DEERLIN. Well, you said they got them from the union hall.

Mr. MOODY. I was told that they came from the union hall. That is all the information I had.

Mr. VAN DEERLIN. They might have been shanghai'd. [Laughter.]

Mr. RISTESUND. I might add, at this point, that usually when they go to the union hall and hire them from the union hall, they pay the outside prevailing rates. This is on a temporary basis, I might add

that they have done this with craftsmen at the Oakland Army Terminal also.

Mr. MOODY. This did not happen here. I was told by the immediate supervisor that they were brought in under wage grade 7 rates.

Mr. WALDIE. Were they employed longer than the 60 to 90 days?

Mr. LOWE. In some instances, I don't know about the—

Mr. MOODY. Well, Mr. Chairman, we cannot get too much information from the naval supply center. We tried to get all of this information prior to coming down here.

Mr. WALDIE. We understand that.

Mr. MOODY. We didn't get anything.

Mr. WALDIE. If you don't have it, just say you don't have it.

Mr. MOODY. We don't have it.

Mr. WALDIE. All right. We will get that information.

Mr. MOODY. To give you an example on the hauling, I have a price list of the C. & T. Trucking Co., out of Richmond, Calif. This is a 1-day operation out of the naval supply center.

Out of 24 loads, trailer loads, from the naval supply center from various buildings to various installations, that day their total cost was \$1,398 for hauling this equipment.

If the navy supply center drivers had done the same hauling, it would have cost \$770.

Mr. WALDIE. Now, C. & T. Trucking Co., were they using their own equipment or the Navy's?

Mr. MOODY. They are using their own equipment.

Mr. WALDIE. In this particular case?

Mr. MOODY. Yes. I have it broke down right here. I figured it out.

Mr. WALDIE. All right.

Mr. MOODY. I figured this out just by the hour—how much more per hour, because that is about the only way that I can do it. Paying the rent on the equipment of the naval supply center and all, it would run on one trip—the C. & T. Trucking Co. charged \$174.89 and the naval supply center, with the rental of the truck and so much a mile, \$6.25 for the driver of which he doesn't draw all of this, this is part of the overhead figured in, on the one trip alone, it would cost \$107.77 more for the C. & T. Truck Co. to do it than it does the naval supply center. We have confronted management with this. They are not interested in the dollar. They are interested in bodies. They have a ceiling and they are going to cut it down to this ceiling.

Mr. VAN DEERLIN. When you say "one trip," what are you talking about?

Mr. MOODY. I am talking about a trip, say, for instance, from the naval supply center to Sacramento and return.

Mr. VAN DEERLIN. And that is a round trip?

Mr. MOODY. Yes.

Mr. ROUSSELOT. Roughly how many miles is that?

Mr. MOODY. I have the figure right here. To McCullough it is 200 miles.

Mr. ROUSSELOT. 200 miles round trip?

Mr. MOODY. Yes.

Mr. VAN DEERLIN. And it would be a difference of \$107?

Mr. MOODY. \$107.77, yes, sir.

Mr. ROUSSELOT. You figured in health benefits and everything?

Mr. MOODY. Everything is figured in.

Mr. ROUSSELOT. Everything you can figure in?

Mr. MOODY. Yes. I figured the driver at \$6.25 an hour of which he draws \$4.84. I figured it at \$6.25 which management figures it.

Mr. WALDIE. Let me interrupt you just a minute. Mr. Kearney, I am going to ask you a general question on this subject.

You will recall that I read the memorandum from the Department of Air Force that said in a reduction-of-force that you cannot fill a position by contracting out or by military replacement. Is that the same policy in the Navy?

Mr. KEARNEY. I don't know about the contracting out, but I do know about the military replacement.

Mr. WALDIE. It is the same policy, the military replacement?

Mr. KEDNEY. Yes. We have had a very strong directive from the Office of the Chief of Naval Operations which transmitted the Department of Defense directive mentioned earlier which prohibits the replacement of the civilian employees with military personnel.

Mr. WALDIE. Come to think of it, this was a Department of Defense directive, which would have equal application to the Navy and prohibits contracting out as a means of filling positions that have been r.i.f.'d.

Mr. KEARNEY. I am not familiar with the contracting out.

Mr. WALDIE. I know. But, you are familiar with that directive, are you not?

Mr. KEARNEY. With the military; yes, sir.

Mr. WALDIE. OK.

Mr. ROUSSELOT. On the basis of what you have heard occurred at El Centro and realizing that there may be some different facts of which we are not aware, would you have been permitted to do that?

Mr. KEARNEY. I did not follow the story that closely. I am sorry.

Mr. WALDIE. Please continue, Mr. Moody.

Mr. MOODY. I only have the 1 day of operation on this hauling.

I might add here, that we did try to get this information and they would not let us have it. I do have here one other item on contracting out in the Transportation Department. At the naval supply center we had one taxicab. It costs \$50 a day for our cab, counting the vehicle for 8 hours at 5 cents a mile, 89 cents an hour for the vehicle would come to \$60.12. They contracted that out.

Mr. ROUSSELOT. What was that cab used for, to take personnel around?

Mr. CARTER. To take personnel around the center.

Mr. ROUSSELOT. It is a jitney service, or something like that.

Mr. MOODY. Yes. It costs \$60.12. They contracted that one cab to a private carrier. For one to 30 calls a day it costs \$94. Anything over that he draws more money. They laid this man off that was driving the cab and hired a private carrier. Again, the dollar was not of essence. It was the body. They wanted to get rid of so many people, and they did.

I have the exact contract here on the cab and also on the hauling.

Mr. WALDIE. We would like those for the committee and we would appreciate your submitting them to us.

Mr. MOODY. Do you want to hear more on present contracts?

Mr. WALDIE. I do not want to hear a great deal more because of time restrictions. But, I can tell you this: from what you have told us

so far, we will be carrying our inquiry further into that particular situation at that base.

Give us the instances of contracting out, where you believe the contracting out has been utilized to provide a body that will assist them in meeting their r.i.f. objective.

Mr. MOODY. On the 30 mechanics, I was telling you about, that were laid off at one building, 331, I picked up several contracts.

Mr. WALDIE. Were these 30 mechanics r.i.f.'d?

Mr. MOODY. Yes, sir.

Mr. WALDIE. And then were the services they were performing contracted out?

Mr. MOODY. Yes.

Mr. WALDIE. To whom?

Mr. MOODY. To private contractors down to the city of Oakland and around, whoever they might be.

Mr. WALDIE. And you have in your hand one such contract?

Mr. MOODY. Yes, sir.

Mr. WALDIE. Mr. Rousselot?

Mr. ROUSSELOT. When were these mechanics r.i.f.'d?

Mr. MOODY. The same date. They left their jobs the 14th of April.

Mr. ROUSSELOT. The same day?

Mr. MOODY. Yes. This one contract I have in my hand was for 18 hours of labor at \$13 an hour, which the naval supply mechanics figured out, with their overhead and all, was \$7.25. On this particular job, it came to \$410.33. \$176.33 were for parts. These parts—I was told by the inspectors of the mechanics department was awful high—the labor on this one vehicle is \$104 more by sending it down to the contractor and letting him do it than it was for the naval supply center to do it. So, I went to the immediate supervisor and asked him what kind of work he was getting from the contractor and he said he could not get as good a work downtown because those people were not trained to work on military vehicles, which the supply center has to work on. So, consequently the contractor's work was not standing up as well as the people at the naval supply center, their mechanics were doing.

Mr. WALDIE. I doubt if you can answer this question, but in rebuttal, if I were the devil's advocate, could I make a case that though, on one contract, there is a disproportionate cost when it is done by contracting out, but over the period of a year, by doing it by contract, the cost would be less than having 30 mechanics?

Mr. MOODY. Would you repeat that?

Mr. WALDIE. Let me put it this way. Now they are trying to perform the function that the 30 mechanics would have performed by contracting out.

Mr. ROUSSELOT. On a job basis.

Mr. WALDIE. On a job basis. At the end of a year, would the total cost, job by job, be less than the total cost, than the 30 mechanics on a full time basis?

Mr. MOODY. About two and a half times as much.

Mr. RISTESUND. I think a better answer to that, Mr. Chairman, would be this: That it is not a lack of work that these mechanics were laid off. The work was there and it keeps them busy 8 hours a day for the entire year.

Mr. WALDIE. Yes; that would be one answer. Another answer would be to say what does it cost. You say that it costs twice as much.

Mr. ROUSSELOT. To do it on a contract basis?

Mr. MOODY. Yes, roughly twice.

Mr. WALDIE. But, that is not the only contract you have?

Mr. MOODY. No; I have several contracts.

Mr. WALDIE. But, these are on a job by job basis, aren't they?

Mr. MOODY. Yes.

Mr. WALDIE. What I am interested in is if you added up all those contracts during a year, would the cost of all of those contracts be the same as or more than or less than the cost of having it done by 30 Federal employees for a year.

Mr. MOODY. Oh, this outside contract would be much greater.

Mr. WALDIE. All right. That is what I wanted to know.

Mr. ROUSSELOT. Can you substantiate that, to some degree, on the basis of your work?

Mr. MOODY. This committee can get the information. They won't let me have it.

Mr. WALDIE. All right. We will get the information.

Mr. RISTESUND. I might also add that there is a fee for trucking material in and out of the center.

Mr. WALDIE. I think what might be helpful to us, with your great knowledge in this area, if you would provide to the committee as to the sort of costs that the committee should inquire when they are comparing the private contracting out with having the job done by Federal employees; I think there are two issues in what you proposed here. One, are they permitted under the DOD directive to contract out, to replace a service that has been denied them because of RIF; and my understanding of that DOD directive is that they would not. But, the second question is, if they are permitted, is the taxpayer taking a beating by providing the service of contracting out as compared to providing it by Federal employees?

Mr. MOODY. Yes, sir. Two and a half times. I have the figures to verify this. The committee will receive it in writing.

Mr. WALDIE. Yes; and any other material that you want to submit to the committee, by all means, feel free to do so.

Now, Mr. Ristesund, I think we have pretty well taken care of the truckdrivers, taxicabs, mechanics, and janitors. Have we got the picture of those problems?

Mr. CARTER. I might say that in the case of the contracting out of the work, you say there is no way of telling how much these parts for these operations cost. You know, if I were a garage owner and I really wanted to make some money and nobody checked me out because a lot of these parts go on the inside, they are internal, the inspector is not about to take a bolt or nut loose and go inside and see if there was a new one put in, there is no real gage on it. So, the contractor, because the inspector is at the base, he is not downtown, the contractor can put it up in what he thinks is reasonable, and if you have had automobile repairs, you know that there are major and minor tuneups now, and heaven only help you if you have a major repair.

Mr. ROUSSELOT. I want to establish one other point now on the trucking where the 16 truckers were r.i.f.'d. Do you feel, on the basis of your experience, that there was adequate work to keep all 16 truckers busy for the whole year?

Mr. MOODY. Yes.

Mr. ROUSSELOT. And the same question applied to that situation as applied to the mechanics and the janitor.

Mr. MOODY. Right.

Mr. RISTESUND. We might add here, that they are contracting out some hauling even though they have the 16 employees there.

Mr. ROUSSELOT. I see.

Mr. WALDIE. Yes. Their theory was that they have not engaged in new contracts; simply expanded the existing contracts.

Mr. LOWE. I would like to introduce a couple of documents here. One of them is involving where they are using nonunion labor, and also where they had a little trouble with Local 70 over to the naval facility, so they hired a nonunion firm to come in and haul perishable foods.

Mr. WALDIE. Well, Mr. Lowe, does this have anything to do with the problem of RIF'ing?

Mr. LOWE. Yes. I think this one has something to do with the problem of RIF'ing.

Mr. WALDIE. Because, you see, we are limiting this inquiry simply to the problems of RIFing and what practices are engaged in in RIFing. Do those controversies involve that practice?

Mr. LOWE. I will skip that one, then. But this one here——

Mr. WALDIE. What is the relevance of that one, what does that show relevant to RIFing?

Mr. LOWE. This is an inquiry into how much it would cost to haul certain foods.

Mr. WALDIE. Very good.

Mr. ROUSSELOT. And was that work done by the truckers that you speak of?

Mr. MOODY. Yes.

Mr. ROUSSELOT. Well, then, it relates to the same problem. Are there any other contracting services that you want to mention?

Mr. MOODY. Yes, sir. We have on the center what we call coal-iron. This is a generator and steamplant, portable generator and steamplant, to provide ships with steam and electricity, water, and so forth. We have these on the center, and they are maintained by an outside contractor.

Mr. WALDIE. Has that occurred subsequent to the RIF?

Mr. MOODY. Along about the same time this began to come in.

Mr. WALDIE. Is it your view that the people r.i.f.'d were replaced by the private contractor in that activity.?

Mr. MOODY. What I am fixing to get to will. They hired these people, and I went immediately to find out why they didn't let our people do it, and they said that we didn't have the staff. So, now, yesterday, I had to go back in and they are letting these standby people that maintain these generators and boiler plants when there are no ships in, they let them have the tools and they are tearing down generators that are not working to see what it will cost to fix them up. In the meantime, they got rid of 30 mechanics. We cannot see why this is going on. The supervisor said that by the time you figure in the supervisor's salary and the guys' salary and the building expense—— but, this goes on anyhow, because they did not get rid of any——

Mr. WALDIE. In other words, it is your opinion that these 30 mechanics that were RIF'd could have done this work?

Mr. MOODY. They could have been trained; yes, sir. This is a long mechanical work. This is all it is. They might not have been ready to step right into the job.

Mr. WALDIE. What is the other?

Mr. MOODY. They laid off our riggers because we had too many and now then, since they laid the riggers off, very conveniently on weekends they are bringing in what they call a training cargo landing unit, which unloads barges.

Mr. WALDIE. Now, wait a minute. Are these military people?

Mr. CARTER. Yes, reservists.

Mr. WALDIE. Reservists?

Mr. MOODY. Yes.

Mr. WALDIE. That is even worse. [Laughter.]

Mr. MOODY. They are bringing these people in on weekends.

Mr. WALDIE. How long has that practice been going on?

Mr. MOODY. This weekend was the second weekend they have been out, and I was notified yesterday—last Friday that they are going to come out for 2 weeks now, on training.

Mr. WALDIE. And they never did that before?

Mr. MOODY. They call this a training program.

Mr. WALDIE. I know. But, they never trained their reservists in this manner before?

Mr. MOODY. No. We have a training ship abroad. They come out and train to handle cargo on this training ship.

Mr. WALDIE. But, they never actually unload cargo?

Mr. MOODY. Not to my knowledge.

Mr. WALDIE. Until such time as the r.i.f. got rid of some of the civilian employees that were doing that job?

Mr. MOODY. Yes.

Mr. ROUSSELOT. How many civilian employees were r.i.f.'d?

Mr. MOODY. They got rid of 11 riggers. Some of them were transferred to the Army and I don't know where they all got scattered to. I have not caught up with them yet.

Mr. VAN DEERLIN. These are fellows who are normally available for weekend training.

Mr. CARTER. The command called the union on this and discussed it with us and we questioned—you know—what are these people going to do, what rates do they hold. They could not give a valid answer except to say that they would operate barges between Mare Island and Hunters Point and the Navy Supply Center. We end up last week, and we get a report yesterday that there are two of our foremen, who are reservists, carried 35 other reservists, who are, we assume, sailors, because we were not there at the time and they were issuing materials, documents.

Mr. WALDIE. In other words, civilian employees who are reservists are working at the base in their capacity as reservists, on weekends training other reservists to do the jobs that civilian employees have heretofore been doing; is that right?

Mr. CARTER. Yes. May I qualify by saying that they are not supposed to be there any longer than 2 weeks.

Mr. WALDIE. Well, if they are there 2 minutes, its too much.

Mr. CARTER. We will be watching this practice. They have been there on weekends. We weren't informed of this—

Mr. WALDIE. I hope you did not consent to that practice. Did you, as the union, consent to that practice?

Mr. MOODY. No.

Mr. CARTER. We did not.

Mr. WALDIE. It doesn't really make too much difference whether you consented to it or not, does it?

Mr. CARTER. We objected to that practice and they claimed that they were bringing them in for training and they discussed this with us a year or two ago, and now this has been snowballing. They are bringing them in—

Mr. WALDIE. There isn't an awful lot you can do, is there, as a union, when you object. You can go home and sulk. Is there any more that you can do beyond that?

Mr. CARTER. Not too much.

Mr. WALDIE. You can sulk, can't you. You can sulk, but that's about all you can do, isn't it?

Mr. CARTER. Before we consult they have to—

Mr. WALDIE. Not consult, you can sulk, is what I am saying.
[Laughter]

Mr. MOODY. I might add to this that they do pay two riggers time and a half and one operator time and a half to be out there to see that the equipment is taken care of, that they don't overload this equipment.

Mr. WALDIE. Are there any other outrageous examples?

Mr. MOODY. Yes, but I have taken enough time.

Mr. WALDIE. Well, you have presented us with a considerable amount of meat for the committee to look into. Mr. Ristesund, are there others?

Mr. RISTESUND. I think, for clarification, this is a Sea Bee unit. It is part of the Navy that comes in there.

Mr. WALDIE. What?

Mr. RISTESUND. It is the Sea Bee, part of the Navy that comes in there.

Mr. WALDIE. Is that a new development too, the Sea Bee—

Mr. RISTESUND. No, the Sea Bees were developed during World War II.

Mr. WALDIE. Oh, I know that, but I mean have they just moved into the base, this base, doing that work?

Mr. MOODY. This is the first time I have ever heard of it, less than a month ago.

Mr. WALDIE. All right. Is there a Sea Bee unit on the base now?

Mr. MOODY. No.

Mr. RISTESUND. No.

Mr. WALDIE. Is it coming into the base?

Mr. RISTESUND. They are a part of Port Hueneme, which is a Sea Bee base.

Mr. VAN DEERLIN. You mean the reservists are?

Mr. RISTESUND. These reserves, yes, are a part of the Sea Bee unit.

Mr. VAN DEERLIN. It is actually a Sea Bee Reserve unit?

Mr. RISTESUND. Yes. This is a part of the overall picture of what they have at Port Hueneme, which is just out of Mugu, Calif.

Mr. WALDIE. Because of our time restrictions, and the manner in which testimony has to be taken, this story becomes somewhat disjointed. Would you provide us with a memorandum on all of these

points that you have discussed with particular on this matter of using the reservists to do jobs, which were done by civilian employees prior to the r.i.f.?

Mr. MOODY. Yes, sir.

Mr. WALDIE. Mr. Mulholland has reminded me of something. There was the inquiry that the committee made as to whether temporaries were, in fact, apprised of their right to have health benefits to continue. There was some document you read, or some statement made, which indicated that the temporaries were told all of their benefits would continue. Curiously enough, in their list of benefits, health benefits was excluded. Life insurance was included and one thing or another. Now, I gather that a memo has been put out in the last day or two, that temporaries should take advantage of their right to continue their health insurance. Do you have a copy of that?

Mr. LOWE. Yes, I have a copy of that and I also have a copy of the notification of personnel action which says ineligible for health benefits, that this may be terminated at any time, this is a temporary promotion.

Mr. WALDIE. That is what it says, "appointment?"

Mr. LOWE. Yes.

Mr. WALDIE. All right. On the temporary appointment that they are ineligible for health benefits?

Mr. LOWE. Yes. That is what they said at that time.

Mr. WALDIE. Is there any distinction there, that if they are only unemployed for 3 days?

Mr. LOWE. They have not mentioned that in here.

Mr. WALDIE. Now, what does the memo say that was—

Mr. LOWE. When they made a change—the memo now is telling that life insurance, health benefits, and retirement, all benefits currently in effect will continue until expiration or termination of temporary appointment.

Mr. WALDIE. Now, that is not the law. Unless they move immediately from permanent status to temporary status—is that usually the case out at that base, when the fellow goes on temporary, he has gone from permanent to temporary?

Mr. LOWE. Well, the policy has been, until recently, when they first had the r.i.f., that when they hired employees, they hired them on a 39-hour week, no more than 39 hours a week. This deprives them of everything.

Mr. WALDIE. They would r.i.f. and then be hired as temporaries for 39 hours a week?

Mr. LOWE. For 39 hours a week.

Mr. WALDIE. The same people?

Mr. LOWE. Some of them the same people that were involved, yes.

Mr. WALDIE. Why 39 hours?

Mr. LOWE. So that they would not be eligible for health benefits, annual leave, sick leave, or what else.

Mr. WALDIE. Now, is that policy somewhere in writing?

Mr. LOWE. I have not seen their policy, but that was their practice. That is what they were doing.

Mr. WALDIE. How long has this been their practice?

Mr. LOWE. This is just happening in this last r.i.f., effective after the April 14 r.i.f.

Mr. WALDIE. Again, that is at what facility?

Mr. LOWE. Naval Supply Center, Oakland, Calif.

Mr. WALDIE. What is the name of that admiral?

Mr. LOWE. Adm. Wallace R. Dowd, Jr.

Mr. WALDIE. Are these Admiral Dowd's policies?

Mr. LOWE. To the best of my knowledge, and in inquiring with the people in civilian personnel, these are direct orders from Admiral Dowd.

Mr. WALDIE. All right. Has there been a change in that policy?

Mr. LOWE. It has been changed recently. When I left yesterday, and consulted with them and a couple of days prior to that they were hiring these people that had been downgraded from say the ungraded to the graded and lost pay. Some of them was down to GS-2 and 3 and they are not entitled to saved pay. They said now they are going to temporary promote them to positions not to exceed 1 year. They are going to give them all of these benefits now, they are entitled to the benefits. This is the memorandum that they are giving them along with their papers.

Mr. WALDIE. We would like to have both of those documents for the use of the committee.

Is it your understanding that with this new offer they are giving these temporaries, that they would then become permanents, but at a low status?

Mr. LOWE. No. They say that these are temporary appointments not to exceed 1 year, but during that time there is a possibility that they may go back to permanent status.

Mr. WALDIE. And they tell them that they have all benefits, too; with that?

Mr. LOWE. Yes. They are actually telling them also that they carry their career status under the GS or whatever grade they were on, but they are being temporary promoted not to exceed 1 year to a higher level than they were before they were r.i.f.'d.

When this r.i.f. went into effect, we wrote Admiral Dowd a letter and said we had received numerous complaints with regard to the alleged hiring practices of the center subsequent to the recent reduction-in-force and we requested to meet with him to discuss temporary, indefinite employees, and laborers performing warehousemen's types of duties, packers working out of classification and use and further anticipated use of military personnel to perform civilian type jobs.

To date, we have not received any reply from Admiral Dowd. They hire these people in as laborers and went out and had these people screened to see if they had previous packing experience and they brought them in and used them as packers. Now, the packer rate is a wage rate 6 and they were wage grade 3. Also, they were deprived of all of their benefits.

Mr. WALDIE. You mean they are hiring temporaries as laborers and using them as something other than laborers?

Mr. LOWE. They are using them as packers, warehousemen. They said they were not performing the full duties, but—

Mr. WALDIE. But, they were paying them at a lower scale?

Mr. LOWE. Yes.

Mr. WALDIE. And are these people filling positions that have been r.i.f.'d?

Mr. LOWE. Yes, they have been r.i.f.'d. These people received their notice that they were going to be r.i.f.'d and they have been r.i.f.'d.

Mr. WALDIE. Is there anyone from the South in terms of manpower management who could share any light on these practices?

Mr. PAUTLER. I am completely confused by all of this. Frank, do you have any—

Mr. KEARNEY. One thing may be operating here. I don't know.

Mr. WALDIE. I don't want to put you on the spot with this.

Mr. KEARNEY. I don't really—

Mr. WALDIE. We understand that it will be speculation, that you really don't know.

Mr. KEARNEY. This 39-hour business sounds like it might be what is known as intermittent employment. Now, that is not an appointment. It can be temporary intermittent or career intermittent. But, intermittent employment does not qualify for benefits such as health and life insurance or leave, too, as I recall. That may be what is involved there.

Mr. WALDIE. Does management use that little gimmick very often?

Mr. KEARNEY. It depends on operations. Where you have stevedoring, for example, as a work operation, sometimes you have to use intermittent employment.

Mr. WALDIE. Why do you have to use intermittent, why can't you put a man on for 40 hours rather than 30 hours?

Mr. KEARNEY. Well, it is not just 39. It is anything less than a week is the idea. In your stevedoring, you have to wait on ship arrivals.

Mr. WALDIE. All right.

Mr. VAN DEERLIN. Intermittent classification is a definite classification?

Mr. KEARNEY. No, sir. A working condition. It has nothing to do with your appointment or your classification.

Mr. RISTESUND. I think that clarifies everything. I have one young man here that has to leave. He is from our—Local AFGC—Local 1211, which is actually the public works center here in San Diego. This man was RIF'd from a wage board 10, third step, to a GS-4.

According to the information that I have from up north, the wage board 10 makes \$5.43 an hour. That is pretty close to \$11,000 a year. A 4, 10 step, is only \$8,506 a year. The reason for the r.i.f. was that—according to what I have here, which I gave you a copy of—is that they don't have sufficient duties. Now, the military are actually operating the boat that he was the skipper of at the time.

Mr. WALDIE. Would you give us your name and story?

Mr. MILLER. Yes, sir.

I am Wayne Miller.

Mr. WALDIE. It is not necessary to stand, Mr. Miller, unless you feel more comfortable doing so.

Mr. MILLER. All right. At the time that I was rified, it was the same old story; reduction-in-force. Well, there were two of us, two skippers and they retained one. They were supposed to abolish my boat, which was No. 3.

Mr. ROUSSELOT. What kind of a boat was this?

Mr. MILLER. A pusher boat.

Mr. ROUSSELOT. A pusher boat?

Mr. MILLER. Yes. At the time I was hired, they were going to turn the tugs over to the civilians and that is why I stayed with first-line operations so I would be first in line to get one of the large tugs. This never did come to pass, but when they did r.i.f. me, they said it was

because of the ceiling. In the meantime, I had been training Navy personnel to run the boat. Then, after I left, they immediately stepped in. This has been going on for 20 months now.

Mr. WALDIE. You have been training other Navy personnel for 10 months—

Mr. MILLER. No, sir. I mean the Navy personnel has been running the other boat for approximately—

Mr. WALDIE. How long were you training your own replacement?

Mr. MILLER. Oh, just off an on for a little over a year. I was there not quite 2 years. But, they said it was so that the Navy personnel could take it over at night when we were not there. I brought this up with our local union and nothing was ever done about it.

Mr. WALDIE. Navy personnel is today doing the job that you were doing prior to the r.i.f.

Mr. MILLER. That is right, sir.

Mr. WALDIE. And they started on the day you were rified; doing it?

Mr. MILLER. Well, I would not be as precise as that.

Mr. WALDIE. Would you know?

Mr. MILLER. It was shortly after; yes, sir.

Mr. WALDIE. But, in any event, that job is still in existence and it is being performed by military personnel?

Mr. MILLER. That is so, sir. One boat is being run by a civilian and the other boat is being run by military.

Mr. WALDIE. And the boat being run by the military had never, prior to the RIF, been run by the military?

Mr. MILLER. No, sir.

Mr. ROUSSELOT. Do you think that there is any military reason why it should be run by the military?

Mr. MILLER. Yes, sir. On account of the ceiling, the lieutenant commander told me.

Mr. ROUSSELOT. I mean a military reason, security—

Mr. MILLER. No, sir.

Mr. ROUSSELOT. They don't have to shoot a torpedo or something like that?

Mr. MILLER. No, sir. Nothing like that. If so, they would have to replace the other civilian boat and crew.

Mr. ROUSSELOT. Well, I understand that.

Mr. WALDIE. Are you from the San Francisco Bay?

Mr. MILLER. No; here.

Mr. RISTESUND. No; here in San Diego.

Mr. WALDIE. Can you shed some light on that?

Mr. PAUTLER. We are taking a note on it. I have not heard a thing on that.

Mr. WALDIE. Well, you have heard of it now. We would like a report to the committee, too. We would like to know how soon the man can get back to running his boat.

Go ahead, Mr. Rousselot.

Mr. ROUSSELOT. So, to the best of your knowledge, then, the only reason for the change to a military personnel was the r.i.f. and in your opinion, it was not because of a military reason; in other words, there was not some other duty needed to be performed by this pilot, or whatever you call it?

Mr. MILLER. Absolutely not.

Mr. ROUSSELOT. You really serve as a pilot; you take ships in and out, is that it?

Mr. MILLER. Well, we push ships in and out of berths and deliver fenders.

Mr. ROUSSELOT. How many years have you been on this job?

Mr. MILLER. As a pusher boat?

Mr. ROUSSELOT. Yes.

Mr. MILLER. Not quite 2 years, sir. The dates are here. I was hired December 1, 1967. At that time, the Navy was doing this, and then they hired all civilians to do this job. As of December 1, 1967—I was here until October 6, 1969.

Mr. VAN DEERLIN. Can you tell us the grade or rank of your Navy replacement in the job of skipper?

Mr. MILLER. No less than a third-class bosun's mate and up to first class. Sometimes a chief has to go out and run it.

Mr. WALDIE. Mr. Pautler, may I ask you a question?

Mr. PAUTLER. Yes.

Mr. WALDIE. Given the facts, just as we have heard them, and if I may restate them, so that you will understand how I heard them, there is a r.i.f. of a civilian position that was then replaced by a military personnel; and there does not seem to be, given these facts, any military reason for that change within the definition of the DOD directive. If there is no specific unique military reason, would that be contrary to the directive, to replace a civilian employee?

Mr. PAUTLER. Well, on the face of it, it sounds like it would be, yes. But, I think that we should check—

Mr. WALDIE. Yes. I don't want you to just make a conclusion because I don't know beyond—

Mr. PAUTLER. Just on the face of it, from the information that we have available, yes.

Mr. WALDIE. All right. I think we understand that. Do you have anything else?

Mr. MILLER. As I stated here, I asked the officer in charge of waterfront operations why, and he said because the workload is just too great for the one boat. He says, "I have to have military on the other boat so I can cover the work." He said, "If I had been here, if I had been in charge at the time you were rified, I would never have allowed it. I would have fought for you." He says, "But, I wasn't. I think it was silly for them to ever let you go."

Mr. WALDIE. Do you mean that your superior was replaced between the time you were—

Mr. MILLER. Yes, sir. They are replaced periodically every 2 years or so. You get a different lieutenant commander in charge.

Mr. WALDIE. I see. So he, in fact, admits he would not have replaced you?

Mr. MILLER. Yes, sir. Now, whether he would admit that to you folks or not, I don't know, but he admitted it to me.

Mr. WALDIE. Well, we will get him right up here. [Laughter.]

Mr. RISTESUND. I think it should be noted that this is off of the Personnel Navy Instructions 5312.19. We have covered this here with you.

Mr. WALDIE. We will make that a part of the record at this point. (The article referred to follows:)

DEPARTMENT OF THE NAVY,
OFFICE OF THE CHIEF OF NAVAL OPERATIONS,
Washington, D.C.

From: Chief of Naval Operations
To: All Navy Commands Employing Civilians
Subject: Navy Policy on Replacement of Civilian Personnel with Military Personnel

1. *Purpose.* To reaffirm existing policy with respect to the utilizing of military personnel in place of civilian personnel being reduced-in-force.

2. *Background.* In references (a), (b), (c), and (d) the Department of Defense and the Navy promulgated policy statements concerning the use of civilian personnel in positions which do not require military incumbents for reasons of law, training, security, discipline, rotation or combat readiness, which do not require a military background for successful performance of the duties involved, and which do not entail unusual hours not normally associated or compatible with civilian employment.

3. *Discussion.* In this period of financial and manpower austerity, special attention should be given to work assignments of both military and civilian personnel in order to ensure that such assignments are in compliance with the stated policy. In particular, every effort should be made to ensure that military personnel are not assigned to perform the duties of civilians who have been reduced-in-force. Reductions in civilian positions should be identified with a corresponding workload reduction, consolidation and reorganization of functions, or increased productivity. If, in exceptional circumstances, it becomes necessary to assign military personnel to perform such duties, the action should be considered temporary and steps should be taken to correct the situation as soon as possible.

4. *Action*

(a) Major claimants and local commanders will ensure that staffing procedures are in accordance with Navy and Department of Defense policy.

(b) Major claimants and local commanders will review staffing to determine whether military personnel are being used to carry out functions formerly performed by civilian personnel who have been reduced-in-force. When such instances are found, steps will be taken to correct the situation within 120 days. In future situations in which exceptional circumstances may require the temporary assignment of military personnel to a civilian function, major claimants and local commanders will ensure that corrective action is completed within 120 days of the date of the assignment.

(c) Navy Manpower Survey Teams will report any deviations from this Navy and Department of Defense policy found during the course of their normal survey schedule.

R. W. COUSINS,
Vice Chief of Naval Operations.

MAY 25, 1972.

I Wayne L. Miller, held the position of Motor Boat Captain Wage Board 10 step 3 from Dec. 1, 1967 to Oct. 6, 1969 at which time this job was abolished in a R.I.F. I was offered the job I am now holding, as D.O.D. Guard G.S. 4 step 10. Wage board 10 step 3 is I believe \$5.02 per hour & G.S. 4-st 10 is \$4.09 per hour, or \$.93 per hour differential. I have information & witnesses that, I have been replaced by military personnel, which is not allowable as stated in OPNAV instructions 5312.19 signed by R.W. Cousins, Vice Chief of Naval Operations, of which I have a copy in my possession. Dated Oct. 1971.

At the time of the said R.I.F., there were two Motorboat Captains & two pusherboats. There is still at this time two pusherboats & one Motorboat Captain. The second boat is & has been, for the past twenty months, manned by military personnel. I was told by the officer in charge of Waterfront operations that he had to man the second boat with military men, "because the workload was too heavy for the civilian operated boat". There is a Watch List posted for the military, as to the manning of aforesaid boat. The officer in charge also stated that, "if he had been in charge at the time of the R.I.F. he would never have allowed myself & crew be R.I.F.'ed.

Mr. RISTESUND. Now, I would like to refer to the national representative, Phelps, who is also from the north, and he will touch on Lemoore Naval Air Station.

Mr. WALDIE. Which naval air station?

Mr. RISTESUND. Lemoore Naval Air Station, which is our local out there.

Mr. WALDIE. Where is Lemoore?

Mr. RISTESUND. Lemoore is just this side of Fresno. He also has something from the Oakland Army Terminal, and Alameda Air Station, Alameda.

Mr. PHELPS. In the interest of brevity, as you can see, what I have here is quite extensive. I have brought samples from several different AFGE locals at different installations from the northern part of the State. My main reason in doing this is to try and convince this committee to give you enough documentation so that we may have hearings on the reduction-in-force procedures in the northern part of the State.

Mr. ROUSSELOT. Do you think that it is that extensive that we need to do that?

Mr. PHELPS. I think that when I am through here, sir, I hope I will convince you that it is.

Mr. WALDIE. I must say thus far, the south looks like—at least in the Navy—like an example of great propriety compared to what we have heard thus far in the Navy in the north. The Air Force is another matter. [Laughter.]

Mr. ROUSSELOT. When are we going to get to Edwards Air Force Base? [Laughter.]

Mr. PHELPS. I have here, from local 2111, Lemoore Naval Air Station—

Mr. ROUSSELOT. Since you have so many cases and since you are going to submit them for the record, could you give us what you consider to be the most—

Mr. RISTESUND. He is going to be very brief on it and present you the cases.

Mr. PHELPS. I am going to give you just a brief outline on these cases and then turn the entire file over to the committee.

Mr. WALDIE. How many cases, Mr. Phelps?

Mr. PHELPS. I have a case involving three at Lemoore. I believe that there are three at Oakland on the depot, local 1157 and 14—actually 16, from Alameda Naval Air Station.

Mr. WALDIE. But the 16 involve one case—I mean, are you going over 16 different cases from Alameda, for example?

Mr. PHELPS. No.

Mr. WALDIE. How many cases from Alameda?

Mr. PHELPS. I am going to turn over to you copies of the 16 cases, but I will only mention the high points in each one.

Now, for instance, in Lemoore Naval Air Station, we have a case of three individuals who were downgraded in 1970. That is in November of 1970. One was downgraded from a wage grade 9 to a W-3 laborer. He was downgraded from a gas heating mechanic; and in April of 1971, which is only less than 5 months later, he was detailed back to the position he was downgraded from. In the process, he went down from \$3.53 per hour to \$3.16 per hour. We have the case of two other individuals who were downgraded from wage grade 5 to wage grade 3, laborer; and as wage grade 3 laborers, they are driving 5-ton trucks and 2-ton trucks, pickup trucks, tractors, tractors with posthole diggers, scrapers, disks, attachments, and doing sandblasting. We feel that this is misassignment. There are copies of the reduction-in-force

action, copies of the job descriptions, and also some communication with—from the local to the installation at Lemoore, and some correspondence with Congressman Sisk from the 16th District.

I can leave this entire file for the committee.

Mr. WALDIE. Now, let me interrupt here, just a moment, because staff just reminded me of something. I understand that you have information concerning the famous 20-year temporary employee?

Mr. PHELPS. Yes, sir.

Mr. WALDIE. Tell us about that. Where is she employed?

Mr. PHELPS. Alameda Naval Air Station.

Mr. ROUSSELOT. Was she trying to seek permanent status?

Mr. PHELPS. I wish I could turn this entire file over to the committee, but this is the lady's personal record of Government employment that goes back 20 years.

Mr. WALDIE. Well, to answer the question, was she trying to achieve permanent status?

Mr. PHELPS. Yes. She took many different tests. Copies of the results of the tests are in here. This, by the way, is Agnes Martinez, and she is—has served at not only Alameda Air Station but also in Utah at Trillo Army Depot. In fact, that is where she started out 20 years ago. In this period of time, she has been separated under reduction in force four or five times, and she has many temporary appointments.

Mr. WALDIE. Has her employment been continuous for 20 years?

Mr. PHELPS. No.

Mr. WALDIE. How many interruptions of her employment?

Mr. PHELPS. This is difficult to state.

Mr. WALDIE. What is the longest duration of her interruptions?

Mr. PHELPS. On these actions here, I have service computation dates that say July 22, 1971, service computation date of May 20, 1963—

Mr. WALDIE. Well, just so the committee is not misled and that I am not misled, I was under the impression that this woman had been employed for 20 years continuously as a temporary.

Mr. PHELPS. No.

Mr. WALDIE. What is the longest length of employment as a temporary?

Mr. PHELPS. That is something that is going to be difficult to—

Mr. WALDIE. Well, has she ever been employed as long as a year?

Mr. PHELPS. Yes.

Mr. WALDIE. Has she ever been employed as long as 10 years?

Mr. PHELPS. In one stretch, I don't think 10 years. I would say probably 5 to 7.

Mr. WALDIE. Well, then she is not the oldest temporary employee in the Nation, is she?

Mr. PHELPS. No.

Mr. WALDIE. OK.

Mr. PHELPS. It might be interesting to know, just for the information of the committee, that when I started out in Federal service of which I have approximately 23 years now, I served my first 7 years as a temporary employee and I was very much flattered to be made a career employee under an act of Congress.

Mr. WALDIE. Well, I don't think that it is necessary to go into the lady's employment record because I was under a misapprehension. I

thought she had been working all of these years and never made permanent employee. If you think that there is something in her record that you need, you might summarize it for the committee and send it to us. In the meantime, why don't we go on with other matters.

Mr. PHELPS. All right.

Mr. ROUSSELOT. In the previous case you mentioned, the one that was so drastically reduced, was he replaced by contract personnel, temporary personnel, or whom?

Mr. PHELPS. Basically, sir, he replaced himself.

Mr. ROUSSELOT. All right.

Mr. PHELPS. He was detailed back into the position, at the lower rate of pay.

Mr. RISTESUND. If I may, Mr. Chairman, while Roy is looking this up, I may mention the fact that Lemoore Naval Air Station has no regard whatsoever for the job description. They float their employees back and forth between the different jobs wherever they feel they are qualified they use them. There is no hard and fast line——

Mr. VAN DEERLIN. What Installation is that?

Mr. RISTESUND. That Lemoore Naval Air Station.

Mr. VAN DEERLIN. All right.

Mr. PHELPS. For Oakland Army Depot, AFGE Local 1157, I have the case of a Mr. Edward Spalding. Mr. Spalding was a supervisory typewriter repairman and Mr. Spalding was, in fact, he contends, forced into retirement through reduction-in-force to save another employee that our AFGE local was fighting to save. The entire contents are contained in this packet on Mr. Spalding.

Mr. WALDIE. Is there a pattern, Mr. Phelps, that you could describe to the committee of the cases, rather than going over each one? We will take them all, but, is there a pattern that they seem to demonstrate?

Mr. PHELPS. Basically, what I plan on attempting to prove to the committee, I believe there was extensive misuse and misapplication of reduction-in-force regulations.

For instance, it is my contention, and my understanding of the reduction-in-force regulations that it was not intended for use as a mass downgrading regulation.

Mr. WALDIE. No, it was not. It surely is not. That is my understanding also.

Mr. PHELPS. Now, in the case of Alameda Naval Air Station and the reductions in force at Naval Air Station, it is a discouraging and confusing thing not only to the employees but to me. I have here a letter from Admiral Weitzenfeld, rear admiral of the United States Navy, vice-commander, Naval Air Systems Command. This is a letter in answer to a letter containing questions that I sent to Congressman Miller of the Sixth District.

Mr. PHELPS. Basically I had asked several questions. I was contending that the agency was downgrading employees on a mass scale without attempting to cut overhead costs. I was also contending that there was misuse of the reduction-in-force regulation in that the reduction-in-force regulation was being used to downgrade or basically reclassify. Now, in answer to my letter, in one place here, the Admiral tells Congressman Miller, "Mr. Phelps asked if there was an order to cut back grades in general. There has been increased emphasis on position management and in this connection directives have been

issued requiring that the average grade of personnel throughout the Government agencies and departments to be reduced."

Mr. RISTESUND. If I may interrupt Mr. Phelps for just a moment, I think what we should point out first of all, is that there are some 1,000 plus notices given of action at the Naval Air Station, Alameda, to reach some 200.

Mr. PHELPS. Yes.

Mr. RISTESUND. Some 200 r.i.f.'s. Now, this is actually started up in the upper echelons and moved all of these people on down.

Mr. WALDIE. Reduction in job status?

Mr. RISTESUND. Yes.

Mr. WALDIE. Mr. Phelps, do you have any examples of any of these?

Mr. PHELPS. One example I would like to give you of one individual being r.i.f.'d so he took the avenue of retirement. They found out they gave him the wrong r.i.f. notice after he had sold his home, put all of his money into a business with his brother. Then, they turned around and reissued the r.i.f. in order to keep him from receiving his severance pay, and then they turned right around after that and again corrected it for the third time to thoroughly confuse the one individual. This was only one case on the center, where it has actually been done.

Mr. ROUSSELOT. Are you going to submit that case for the committee?

Mr. PHELPS. No. It is just something to let you know what was going on within the command.

Mr. VAN DEERLIN. Do you have any people that are doing the same jobs in their reduced grade?

Mr. RISTESUND. Yes.

Mr. VAN DEERLIN. Demonstratively conclusive so that it is not a matter of doing one seventh of what they were doing before, but essentially on a new job; but, somebody who comes to work in the morning and hangs up his coat and goes to work pounding the same bolts, or whatever he was doing before at the same place and receiving less money for it?

Mr. PHELPS. Yes, sir.

Mr. VAN DEERLIN. We would sure like to have that, wouldn't we, Mr. Chairman?

Mr. WALDIE. Yes.

Mr. PHELPS. I have several cases of this—

Mr. WALDIE. Why don't you give us those right now, so the committee will have them for its study?

Mr. PHELPS. Now, on the 11th of February 1972, the commanding officer put out a message to all employees at the Naval Air Rework Facility at Alameda. He said first, "why is our size being reduced? A simple answer to that—a simple answer is there is not enough money to hold our present level, but the situation is more complicated than that. The size of the Navy is going down, and has been going down."

Also, this conflicts with what the admiral in Washington said in his letter, where he says that the average grade is being reduced.

Mr. WALDIE. The average what?

Mr. PHELPS. He says the average—that there have been directives issued requiring the average grade of personnel to be reduced.

Mr. WALDIE. What admiral said that?

Mr. PHELPS. Admiral Weitzenfeld.

Mr. WALDIE. Did he identify the directive?

Mr. PHELPS. No; he did not. But, he is vice commander of the Naval Air Systems Command in Washington.

Mr. WALDIE. That correspondence will be included in the record, without objection.

Mr. PHELPS. Yes.

Mr. WALDIE. That is the first I have heard of that. Do you mean that there has been a directive to reduce the average grade?

Mr. PHELPS. Evidently.

(The correspondence referred to follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 22, 1972.

MR. ROY L. PHELPS,
National Representative,
American Federation of Government Employees,
Oakland, Calif.

DEAR MR. PHELPS: The Naval Air Systems Command has responded to my intercessions regarding the conduct of the reduction in force at the Naval Air Rework Facility in Alameda, and I am enclosing the reply for your information.

I am most anxious to continue to be of all possible assistance to the Naval Air Station employees and will be glad to cooperate with you in any way I can.

With all good wishes, I am

Sincerely yours,

GEORGE P. MILLER.

Enclosure.

DEPARTMENT OF THE NAVY,
NAVAL AIR SYSTEMS COMMAND,
Washington, D.C., May 17, 1972.

HON. GEORGE P. MILLER,
House of Representatives,
Washington, D.C.

DEAR MR. MILLER: This is in further reply to your letter of April 25, 1972, in behalf of Mr. Roy L. Phelps, National Representative of the American Federation of Government Employees, who has written to you regarding the conduct of the reduction in force at the Naval Air Rework Facility, Alameda, California.

Mr. Phelps questions the right of the Rework Facility to downgrade wage grade positions without first attempting to reduce overhead costs. Inasmuch as requirements for overhead personnel do not fluctuate with each change in workload, as do requirements for production personnel, there is no compelling reason to reduce one before the other. The desirability of maintaining the lowest overhead rate practical is well recognized and efforts to achieve this are continuous. I am informed that the Rework Facility at Alameda has been very successful in this regard. The Facility reduced its overhead rate from 45.2% in fiscal 1970 to 40.5% in fiscal year 1972 (through the third quarter). Such efforts to improve efficiency will continue.

Mr. Phelps asks if there is an order to cut back grades in general. There has been increased emphasis on position management and, in this connection, directives have been issued requiring that the average grade of personnel throughout the government agencies and departments be reduced. These directives have been passed on to the Rework Facilities. We do not understand Mr. Phelps' comments on setting a "grade level average to be competitive" and we are unable to identify the purported source of this statement; there is no chief of personnel at the Rework Facility at Alameda and I am informed that there is no Mr. Olsen in the organization that provides personnel services to the Facility.

Mr. Phelps expresses the view that a proper reduction in force should be conducted by releasing excess employees first. In a sense, the Rework Facility has done exactly that. It determined its personnel requirements in terms of its projected workload, compared these requirements with on-board personnel to ascertain areas of deficiency and excess and took appropriate action to bring the existing situation into line with future requirements. To the extent possible,

elimination of excesses and deficiencies has been accomplished by selective hiring, retraining, and attrition (retirements, resignations, etc.). The Facility has sustained a net loss of 425 in fiscal year 1972 (July 1, 1971 through May 1, 1972), 331 by attrition and 94 by reduction-in-force action. All personnel who were slated for separation and who were qualified were given the option of displacing temporary personnel in continuing temporary positions.

Mr. Phelps indicates that the morale of the work force at the Rework Facility at Alameda has been practically destroyed by the manner in which the reduction in force has been conducted and suggests that the reduction should be closely supervised by the Civil Service Commission. Morale is always adversely affected by a sizeable reduction in force. That morale has nevertheless remained relatively high at Alameda is strongly indicated by an improvement in productivity of 3.5% this fiscal year, to date, over the level for fiscal 1971. Some changes and amendments to reduction notices have been issued, but no more than should be expected in a reduction of this size and complexity and all were issued with the intention of achieving the fairest reduction possible. All actions have been discussed with the San Francisco Regional Office of the Civil Service Commission, which has not disagreed with any of the actions taken, and this Regional Office will audit the reduction in force, in accordance with the Federal Personnel Manual.

I trust that this information will assist you in responding to Mr. Phelps. Your interest in the welfare of the personnel at the Naval Air Rework Facility, Alameda, is appreciated.

Sincerely,

D. K. WEITZENFELD,
Rear Admiral, U.S. Navy, Vice Commander,
Naval Air Systems Command.

Mr. PAUTLER. I think the directive he is referring to—

Mr. WALDIE. Have you heard of that?

Mr. PAUTLER. Yes, that is correct.

Mr. WALDIE. Tell us a bit about that.

Mr. PAUTLER. All right. We have gotten some relief. We are supposed to get down, I think, to 1.5 points by the end of June.

Mr. ROUSSELOT. 1.5 in grade level?

Mr. PAUTLER. I think that is the figure.

Mr. ROUSSELOT. That was your objective?

Mr. PAUTLER. Because it has been a real serious problem. They have given us a breather until next June.

Mr. WALDIE. Let me interrupt you at that point. Are the 200 folks that are being reduced in grade on your announcements tomorrow in compliance with that objective?

Mr. PAUTLER. It is my understanding that there is no relationship.

Mr. WALDIE. It would happen to work out in the favor of that objective, though, wouldn't it?

Mr. KEARNEY. Not really, sir. Most of the people being reduced are ungraded.

Mr. PAUTLER. You see, these are graded.

Mr. WALDIE. I see.

Mr. PAUTLER. This is graded employees, sir, that we are talking about. This is my understanding of the directive from the Office of Management and Budget.

Mr. WALDIE. Office of Management and Budget, not DOD?

Mr. PAUTLER. That's right. Overall.

Mr. ROUSSELOT. To all agencies?

Mr. KEARNEY. Throughout the Federal Government.

Mr. PAUTLER. And you see the real conflicts are at the same time, you are ordered to cut back and so you cut at the lower grades and the lower grades go out and that tends to increase your average grade level.

Mr. WALDIE. Have you seen that directive from the Office of Management and Budget to reduce by 1.5 or did it come through the normal channel, that would be the Department of Defense.

Mr. PAUTLER. It came through the normal channels.

Mr. RISTESUND. May I make a comment on that, Mr. Chairman?

Mr. WALDIE. Yes; but, before you do, let me make this comment; I think this sort of discussion again reemphasizes my belief that the impact falls most heavily on the employees, but a great deal of that impact is a matter that the managers of the base are confronted with because of the directives of several different agencies back in Washington and trying to reconcile what, in some instances, seem to be conflicting objectives, and they become your problems.

Mr. RISTESUND. I think this would be contrary to the wage board system. The wage board is graded according to the area wage, prevailing wage in the area. I do not believe that the directive has any bearing whatsoever on the wage board employee, which is quite apparent that that is what is being attempted at Alameda Naval Air Station.

Mr. WALDIE. Mr. Pautler agrees with you in that regard.

Mr. RISTESUND. Right. This is why I said up there, where they had 1,080 r.i.f. notices in order to deescalate their wage board people, which is contrary to the concept of the wage system.

Mr. WALDIE. I did not mean by my comment that Mr. Pautler agrees with your conclusion. He agrees with your interpretation of what the directive means.

Mr. LOWE. Mr. Chairman, wasn't that directive directed to GS-11's and above?

Mr. RISTESUND. The supergrades.

Mr. PAUTLER. This applies to the GS side.

Mr. ROUSSELOT. All GS grades?

Mr. PAUTLER. Right, on the GS side. They want to reduce the—

Mr. ROUSSELOT. By 1.5?

Mr. PAUTLER. Well, I think that is what the Navy's was, wasn't it Frank?

Mr. KEARNEY. It is 0.15.

Mr. WALDIE. 0.15?

Mr. KEARNEY. Yes.

Mr. WALDIE. Not a grade and a half?

Mr. KEARNEY. No.

Mr. WALDIE. That sounded pretty steep to me.

Mr. PAUTLER. I got the decimal point in the wrong place.

Mr. PHELPS. In Captain Henkle's notice to the employees here as commanding officer's message, he says that effective in March we have found it necessary to separate 49 career personnel, 62 temporary personnel, and to reduce 260 journeymen, WG-10 to worker WG-8.

Now, these people are all wage grade people. They do not come under this average grade directive that was issued, and it is my contention that the reduction-in-force procedure has been wrongly applied to mass downgrade 260 journeymen employees, some of which, I would like to mention, have been downgraded all the way to GS-3.

Mr. WALDIE. Now, you make a very good point. I presume that you have made that point in other forms than this. What other forms have you made that point and what response have you got?

Mr. PHELPS. I have made that point in letters to Congressmen, and also in the appeals to the Civil Service Commission.

Mr. WALDIE. And what has been the result of the appeals to the Civil Service Commission?

Mr. PHELPS. So far only requests for more information.

Mr. WALDIE. And those cases, then, are still in process, then, of disposition?

Mr. PHELPS. Yes, they are.

Mr. WALDIE. And all of the cases which you will submit to the committee, I presume, are in that status?

Mr. PHELPS. Yes.

I have individual cases on each one of these 14, which includes the copy of the reduction-in-force action and my letter of appeal to the Civil Service Commission.

Mr. WALDIE. That would be very helpful to the committee. We will accept all of those cases as part of the record and it will not necessitate your describing them. I think the point you made, we understand.

Mr. PHELPS. Now, one other item that seems important to me, I also have here a copy of the same vacancy announcements that you read at the beginning of the hearing from the Civil Service Commission.

Mr. WALDIE. You are referring to that advertisement for aircraft mechanics?

Mr. PHELPS. Yes. The part that is interesting to me is airframes mechanic WG-10 and airframes worker WG-8. Now, these are two sections that were very hard hit in reduction-in-force. There were many downgrades at Alameda Naval Air Station.

Mr. ROUSSELOT. At the same time that this notice was issued?

Mr. PHELPS. Since the notice was issued. The date issued on this—the reduction-in-force notices on all of these people, the first notices were issued on January 4, 1972.

Mr. WALDIE. And to put that in the proper time reference, John, the announcements were first published April 19, covering the period to May 17, 1972.

Mr. PHELPS. Right. This was during the reduction-in-force before the effective date on most of these people.

Mr. ROUSSELOT. Now, that shows you how alert our bureaucracy is in knowing what the other hand is doing.

Mr. PHELPS. This is not the only indication of this, sir. I have copies of the Alameda Air Station newspaper where they are advertising, during the reduction-in-force, for aircraft ground equipment mechanics, WG-10, aircraft equipment mechanics WG-8, and an entire list of GS positions which I will submit to the committee.

It has also come to my attention that not only in the airframes section, which is one of the hardest hit, they were working in the airframes section after the notices of reduction-in-force, 10 hours a day, 6 and 7 days a week, and they have continued this after the effective date of the reduction-in-force. This does not indicate to me that there was a shortage of work or a shortage of funds as the commander announced in his message. It indicates to me that there was—there is and there was a typographical error in one of my letters, the director of personnel at the naval air rework facility is listed in

there as Mr. Olson. It is not. It is Mr. Anderson; Mr. A. O. Anderson. He told the national vice president and myself when I asked him—we met with him and I asked him what was the reason for the reduction-in-force and his answer to us was that it was to lower the average grade to be more competitive with other north installations.

Mr. WALDIE. Is this correct?

Mr. RISTESUND. Yes.

Mr. PHELPS. Now, I claim that to conduct a reduction-in-force, for this purpose, is a violation of the coordinated Federal wage system, F.P.M. 532-1. This is where the wage grade employees are paid on the basis of the prevailing rates compared with outside industry and paid for the duties they perform. Now, I have one particular case that I am submitting to the committee where an employee has approximately 17 years of service. He is a 10-point veteran. He has been downgraded from a W-10 to a W-8. He is sitting at the same bench, working for the same supervisor, and doing the same work.

Mr. WALDIE. What is the name of that case?

Mr. PHELPS. Murl Nichols. He also happens to be the president of the AFGE local at Alameda Naval Air Station.

Mr. WALDIE. Now, Mr. Phelps, does that conclude your presentation?

Mr. PHELPS. I have the case of Ruby Evans, who lacked 6 months of having 30 years of Federal service. She is a disabled employee, she has arthritis very badly. She has had it for 25 years. Pressure was brought on this lady to force her to retire and she did retire. She does not want me to appeal. She said that she found it unbearable, so she left. But, she did want it brought to the Congressman's attention so that if there was anything you could do to stop the practice in other areas—

Mr. WALDIE. Her position is that she was pressured to retire since she was eligible for retirement?

Mr. PHELPS. Yes. She even put it on her statement when she went out.

Mr. VAN DEERLIN. What did the Government save as a result of her early retirement?

Mr. PHELPS. There was quite a—basically her supervisor came to her and asked her to sign her retirement form and postdate it. He wanted a definite date as to her retirement. She was shookup about this, so she went to the personnel office and they told her not to sign it. She went back. Her supervisor was very angry and from that time on kept on bringing pressure, nitpicking, applying pressure in different ways and forced the lady to retire. In fact, even tried to send her for a physical examination to show physical disability to do the work, the same job that she had been on for 25 years.

Mr. VAN DEERLIN. What did the Government save in money as the result of her retiring 6 months before 30 years?

Mr. PHELPS. Very little, except it was the lady's goal to go 30 years before she retired.

Mr. WALDIE. She did not take any great monetary loss by going out 6 months early?

Mr. PHELPS. No. Now, she didn't because she had enough leave to carry her through to the first of July deadline. In fact, she will lose some leave.

Mr. WALDIE. So, that gave them a body for the reduction-in-force?

Mr. PHELPS. Right.

Mr. WALDIE. Without any necessary adverse consequences to her except the failure to obtain her goal of staying there 30 years.

Mr. PHELPS. Right.

Mr. WALDIE. What is your next case?

Mr. PHELPS. I have one more. This lady wanted me to appeal her reduction-in-force action. She has been downgraded from a WG-10-3 to a metals worker WG-8. When I called her just before the time to appeal the action, she said, "Please don't appeal. My supervisor says that if I don't fight this, I might get my grade back."

Mr. WALDIE. Well, we will not ask for her name, if that is the case, and maybe you ought not include that in the record, if the lady is that concerned.

Mr. PHELPS. I would like to submit to the committee that one of the most damaging things to the morale of the Federal employee is the response and the action that they are getting from the Civil Service Commission. I have here the cases of two Federal employees at Defense Depot Tracy that were hit by the reduction-in-force. They wrote to the Commission, not as an appeal, but for advice and the letter that came back from the Commission, I will submit to the committee. It is interesting to note what the U.S. Civil Service Commission, under the signature of Mr. Asa P. Briley, Director for the San Francisco Region says.

(The letter referred to follows:)

U.S. CIVIL SERVICE COMMISSION,
SAN FRANCISCO REGION,
San Francisco, Calif., May 1, 1972.

Mr. J. R. DUNNING,
Manteca, Calif.

DEAR MR. DUNNING: In our letter of April 7, 1972 we informed you that our representative would look into the reduction-in-force matters raised by you and Miss Rae in your letter of March 20, 1972, and report to you on their findings.

As you know the Depot has been in a drawdown situation for approximately two years. Fortunately the major reduction of approximately 300 positions was accomplished through attrition. The attrition, however, resulted in skill imbalances and adjustment of those imbalances to achieve more efficient and economical operations necessitated the present reduction-in-force action which included the positions occupied by you and Miss Rae.

Our representatives reviewed the reduction-in-force records pertaining to you and Miss Rae and found that both actions complied fully with the RIF regulations. They also found there were no equivalent positions to which you had assignment rights under reduction-in-force procedures, nor were there positions of equal grade to which you had assignment rights. The reduction-in-force regulations do not require an agency to fill a vacancy in a reduction-in-force. Management has not elected to fill the higher grade vacancy (Supervisory Accountant, GS-11) to which you referred. When a decision is made later to fill this position you will be given full consideration along with other qualified applicants in priority order.

From the information contained in your letter it appears that the "bumping" and "retreat" rights to which employees are entitled in a reduction-in-force are not clearly understood. You did not have retreat rights to the GS-7 level because you had not been promoted from or through that grade. Since there were no employees in a lower sub-group at GS-7, you were offered an Accounting Technician, GS-525-6 position in exercise of your "bumping" rights. Because you were leaving your position in the Accountant GS-510 series you no longer were entitled to the special rate of \$15,424.00 per annum under the provisions of 5 U.S. Code 5303. However, you were offered saved pay at the regular rate for GS-9, Step 10 (\$14,358.00) to which you would be entitled for a period of two years.

Our representatives found that you could not be given Priority I placement under the provisions of the DOD Stopper List because Chapter 3, paragraph

V C of DOD Manual 1400.20-1, the DOD Program for Stability of Federal Employment, restricts Priority I to employees scheduled for separation without an offer of continued employment. Since you received an offer of continued employment you were ineligible for Priority I referral benefits.

In discussing your case with Depot officials our representatives were assured that the installation had no intent to induce retirement of any employee adversely affected, and that every effort was being expended to make the best possible offers considering tenure, status and qualifications. Our representatives' review of the situation indicated that the reduction-in-force regulations had been equitably and consistently applied in your case.

We regret that you were reached for reduction-in-force action and hope that you locate employment commensurate with your abilities at an early date.

Sincerely yours,

ASA T. BRILEY, *Director.*

Mr. PHELPS. The interesting thing about this, sir, is that the agency made a mistake when they made these first notices to the employees. This answer is the same answer that the agency gave these employees. When I went in to represent the employees, we found that they were, after checking with the Civil Service Commission, entitled to the full save rate; one of them. The other was not entitled to any save rate, since he lacked 3 months of having the qualifying time of 2 years grade. Yet, they get an answer from the Commission telling them the same thing that they got in their first reduction-in-force notice, which was later amended to reflect the changes by the agency.

My conclusion is, sir, that the Civil Service Commission could have done nothing less than call on the phone, had them read the answers that the agency had given and came back with the same answer, which was wrong. I asked the Chief of Personnel for this installation had—in fact, I showed him this letter and he made a copy of it. I asked him had any representative from the Civil Service Commission been there to investigate these people. He said that they had not.

Mr. WALDIE. You are the national representative and I assume that in that capacity you handle many of these appeals to the Civil Service Commission of your installations that you represent. Is that correct?

Mr. PHELPS. Yes, sir.

Mr. WALDIE. What is your batting average with the Civil Service Commission?

Mr. PHELPS. I would say that the percentage is less than 50 percent by quite a bit.

Mr. WALDIE. That is not too bad.

Mr. ROUSSELOT. That is pretty good.

Mr. PHELPS. I would be able to give you a better estimate when I get the answers on these some 20-odd reduction-in-force actions.

Mr. WALDIE. I will tell you what you do; provide the committee with your experience to date, we would like to have it.

Mr. Lowe, you have said that your batting average is zero.

Mr. LOWE. Zero.

Mr. WALDIE. You have never succeeded in an appeal to the Civil Service on behalf of one of your employees?

Mr. LOWE. Never.

Mr. ROUSSELOT. How long have you been on the job?

Mr. LOWE. Three years.

I have appealed to the Commission at least, I would say, 10 times and I have two appeals now in the B.A.R., which is—one of the Congressmen wrote to Mr. Hampton in regard to the service we were getting on the Civil Service Commission in San Francisco.

Mr. WALDIE. Let me ask you, and also Mr. Phelps, and perhaps Mr. Ristesund, another question.

In those appeals to the Civil Service Commission, if you have congressional intervention on your behalf, does it assist, or does it not, or is it measurable?

Mr. LOWE. Well, this is the first time. I don't know. I couldn't answer because I have not had any results.

Mr. WALDIE. Mr. Phelps?

Mr. PHELPS. So far I have not seen any appreciable assist.

Mr. WALDIE. Mr. Ristesund?

Mr. RISTESUND. We usually don't bring the Congressmen into it as long as we are in the district. When we bring the Congressmen in, is when we go back to headquarters in Washington, D.C. There we get the assistance.

Mr. WALDIE. Is the Congressman of assistance to you?

Mr. RISTESUND. Yes.

Mr. WALDIE. Is there a demonstrable increase in your effectiveness if there is congressional intervention?

Mr. RISTESUND. We also have our national headquarters that works with us back there and that is where we—I would say that 95 percent of our wins come within the Civil Service Commission back at headquarters, not out here in the local.

Mr. WALDIE. So, you get better treatment once you get back to Washington, D.C.

Mr. RISTESUND. Well, Mr. Gordon Peterson, who is one of the investigators up there, is actually a rubber stamp for management.

Mr. WALDIE. Well, I don't want to pass judgment on that.

Mr. RISTESUND. This is our opinion.

Mr. WALDIE. Yes. Let me just ask you; you apparently have a better batting average once you get to Washington. Is that because you have more experienced and skilled representatives at the Washington level?

Mr. RISTESUND. I don't believe it would be on that alone.

Mr. WALDIE. It is not that?

Mr. RISTESUND. I believe it is the Congressmen themselves that intervene with us. That has a certain amount of effect, plus the fact that our own cases, when they go back there, are used to present the same thing that is presented out here to Mr. Peterson or Asap Brown.

Mr. WALDIE. Well, that is another inquiry, I suppose.

Mr. MOODY. I have got one case in the Civil Service Commission now that has been in there ever since 1968. We have hit a thousand batting average over here in San Francisco and lost a thousand in Washington. We have won the case three times in San Francisco and lost it three times in Washington, and this is still going on.

Mr. ROUSSELOT. They certainly do give you prompt action, don't they.

Mr. RISTESUND. That is the heavy-duty mechanics.

Mr. WALDIE. Well, I am inclined to think that that is another area that the committee might ultimately go into.

I might add, as just an extra comment, that we have had fair indication in terms of the Post Office problem that the Civil Service Commission leaves a great deal to be desired in its zeal on behalf of employees when they are opposed to any of the agencies and the departments.

Mr. ROUSSELOT. Especially the time factor.

Mr. WALDIE. And the delay.

Mr. PHELPS. I would like to submit here a copy of a warning from the Civil Service Commission to agencies to not illegally downgrade Federal employees. I would like to submit that.

Mr. WALDIE. That will be accepted.

Mr. PHELPS. I would like to call to the committee's attention and submit a story from the Oakland Tribune, Wednesday, March 29, 1972, where it seems that Senator Proxmire had found that the Navy had received orders from Zumwalt to spend and spend like mad because they were \$400 million dollars behind its outlay for 1972.

Mr. WALDIE. It may be part of the record.

We are now going to take a short recess.

(The article referred to follows:)

[From the Oakland Tribune, Wednesday, Mar. 29, 1972]

ZUMWALT ORDERS NAVY TO SPEND ALL FUNDS

Washington (UPI).—Sen. William Proxmire, D-Wis., has come up with a directive from the Navy's top uniformed officer that he says orders all hands in procurement to "spend, spend, spend" so that Congress won't think the Navy can get along on less money next year than it was given this year.

Adm. Isaac C. Kidd, chief of naval materiel, acknowledged at Proxmire's economy in government subcommittee hearing yesterday that he was under pressure to use appropriated funds before they run out at the end of the current business year June 30.

But Kidd said he would not spend a dime wastefully, and Adm. Elmo R. Zumwalt Jr., the chief of naval operations and the author of the directive, would not want him to.

"We're string savers like the next fellow," said Kidd.

But, he said, "If we are not able to expend the funds in time, it's my understanding that we could stand to lose the money. So we must do our best to commit these funds within the prescribed plans."

The process, he insisted, saves money; what the Navy does not buy in fiscal year 1972, he said, it would have to buy at a higher price in fiscal 1973.

Zumwalt's telegram to procurement officers said the Navy was running \$400 million behind its "outlay targets" for fiscal 1972, which ends June 30.

It added:

"Difficulty of achieving these targets during the remaining months of 1972 fully appreciated, but importance of avoiding shortfall in meeting newly established FY 72 targets to avoid resultant adverse effects on anticipated FY 1973 outlay ceilings dictate need for top management attention."

"In other words," said Proxmire, "spend, spend, spend. Spend to the hilt!" He said he was appalled because hasty spending merely to beat the June 30 deadline is bound to cause waste.

"We've been working for five years (on this subcommittee) to hold back, to save money," he said. "Now we find Admiral Zumwalt's memo. They're on the other side. They want to spend, spend, spend. They're sending teams out to expedite the order."

He was particularly vexed by one part of the Zumwalt directive which singled out "easement of current overtime restrictions" as one of the areas "which appear to offer the best potential for meeting . . . outlay targets."

Sen. Charles H. Percy, R-Ill., another subcommittee member, said 25 years ago, when he was a naval procurement officer, the same type of directives were going out.

"We had a goal to spend money before June 30," Percy said. "We got a letter commending us for spending more money than any other department.

"I never wasted more money faster than I did then. I've been trying to make up for it to the taxpayers ever since," he said.

Mr. WALDIE. The subcommittee will be back in session. We will go on to sort of a deviation from the schedule. We are going to ask Mr. Ristesund to expand on the Edwards Air Force Base problem in

response to some questions Mr. Rousselot has, and then after Mr. Ristesund, we hope to go to the San Diego problems.

Mr. RISTESUND. San Diego is next on the agenda.

Mr. WALDIE. All right. Mr. Rousselot?

Mr. ROUSSELOT. Thank you. On Edwards Air Force Base, I have had quite a bit of mail from various civil service employees saying categorically that they have been clearly replaced by contracting people. What is your comment on that? You started to comment on it previously.

Mr. RISTESUND. The reason I did not comment any further was that the individual that was supposed to be here is sick and could not attend and he has the documents.

Mr. ROUSSELOT. Could you make sure that they are submitted to us for our files?

Mr. RISTESUND. We can get them from the local.

Mr. ROUSSELOT. Do you know of any instances in which you have personal knowledge which you can give us as an example of that specific charge?

Mr. RISTESUND. I think the last that I heard of was on the repair line, where they had to eliminate a complete section of it and did put it out to contract.

Mr. ROUSSELOT. And this was done through the RIF procedure?

Mr. RISTESUND. Yes.

Mr. ROUSSELOT. Do you recall how many were in the section?

Mr. RISTESUND. If I remember the number correctly, it was less than a hundred.

Mr. ROUSSELOT. Less than a hundred?

Mr. RISTESUND. Yes.

Mr. ROUSSELOT. Were they mechanics?

Mr. RISTESUND. They did different types of mechanical work, as far as the aircraft itself was concerned. They do a lot of modification on aircraft.

Mr. ROUSSELOT. Yes; I know. And was this in the aircraft experimental field in association with NASA or was it just straight Air Force?

Mr. RISTESUND. I really don't know just what they were working on. If my memory serves me correctly, they worked on all types of aircraft; the experimental craft that had modification done on it and any other conventional type.

Mr. ROUSSELOT. But you are convinced that it is a genuine complaint and needs our further investigation?

Mr. RISTESUND. This has been over the last 2 or 3 years that this has been going on. It is not just recently. It has been right along the line.

Mr. ROUSSELOT. But, the r.i.f. procedures are used as an excuse to bring in the contractors?

Mr. RISTESUND. Yes.

Mr. ROUSSELOT. Thank you very much.

Mr. WALDIE. Mr. Ristesund, will you go now with the San Diego area problem?

Mr. RISTESUND. Mr. Hank Wheeler, from the San Diego area is next.

Mr. WHEELER. I am the president of the local 2623 and we represent the construction technicians, inspectors, and clerks and con-

tract specialists, et cetera, for the western division of the Naval Facilities Engineering Command. This command is centered at San Bruno, Calif. However, the union is centered at San Diego. The engineering command we are speaking of has the responsibility for the construction of the naval facilities and buildings in Arizona, California, Oregon, Washington, and Alaska.

In the next fiscal year, I think the amounts they are talking about in terms of facilities are something like \$200 million worth of construction work and buildings at the facilities. Now, historically this work has been supervised by civilian engineers and technicians and in the field inspected by civilian inspectors and representatives.

Now, there seems to be a trend for young naval officers to replace a lot of this—doing a lot of this work and replacing some of these people. We have specific instances here. I am trying to give you a little background, briefly, here.

The young naval officers are just out of college and some with college degrees and some with degrees in other than engineering, some with no degrees at all. Some are termed engineers-in-training. They are run through a civil engineering school for the Navy and they are then placed in charge of millions of dollars worth of construction work and they are the officers who are in charge of the decisions that have to be made on these construction sites. The decisions are uncovered by the construction inspectors and representatives. These officers have no experience in the field and they are supposed to be in training, which we don't mind at all. We don't mind the Navy training their officers, but in the course of their training to be in charge of millions of dollars worth of taxpayer's money, as far as this is concerned, we think that this is felicitous and irresponsible.

We have already had some r.i.f. actions in the duties of long time civilian construction technicians. These people are responsible for reviewing the submitted documents of the contractor, which—in which he expresses his proposals to use certain methods and certain materials in these structures. It requires a very sharp eye and an experienced eye to uncover some practices that the contractor might want to force on the Government in terms of cheaper materials and cheaper workmanship. This requires an experienced eye, as I said.

The Navy, under its new contractor quality control program allows the contractor to approve his own submittals. The only thing he must do, however, is to submit these approvals to the Navy for record purposes. Now, these young officers are receiving these submittals in lieu of the previously—well, the previous people that were receiving these, and these were the experienced engineering technicians. These officers, due to their inexperience, cannot see anything wrong with these submittals when there are glaring examples of inferior materials, cheaper materials that are being submitted and approved.

If nothing is done about this, the resulting—the result of this thing is that the Navy and the taxpayer is getting cheaper buildings for what they are paying for and the contractor is getting unnecessary rewards.

We have a case in Camp Pendleton and a case at Long Beach where these engineering technicians, their positions have been abolished. However, they are said to have not—nothing to worry about because they will be absorbed in the construction representative field and they will not actually have to go out on the street. But, it is only a matter of time when some of these people who do not have that much time in

service to compete with the inspector field that they might very well be on the street by July 1. In any event, the replacement of these people with military is against the DOD regulations.

In this instance, replacing them with inexperienced people is a very great, grave situation when you think of \$200 million being spent and they are not being spent properly. The man who stands and reviews these submittals that the contractors make, he is performing a necessary duty to catch any mistakes and misactions that the contractor might wish to force off on the Government.

We have an instance in San Diego where a Mr. Richard Gilbert—his job has not been abolished—but they are very quietly taking his work away from him and channeling it to these junior officers. Mr. Nelson, at Camp Pendleton, has already issued his reduction-in-force notice. There is a Mr. Rackerby in Long Beach and they all perform this very important task. Now, it is going to be performed by an inexperienced military junior officer.

Mr. ROSSELOT. May I interrupt?

You mentioned San Diego, Camp Pendleton, and Long Beach where these construction technicians have been r.i.f.'d and have been replaced either by the contractor's people or whatever. What are we talking about in numbers of personnel that have been r.i.f.'d in those three areas?

Mr. WHEELER. Well, we are talking about three people in three specific instances. One was in Long Beach, one at San Diego, and one at Camp Pendleton.

Mr. ROUSSELOT. You are not talking about great numbers, you are just talking about the three that you mentioned?

Mr. WHEELER. We are fearful that this situation, this practice is going to be carried into our construction representative field and in the very near future we will be subject to reduction-in-force notices and also be replaced by these junior naval officers. We have these three specific people right now.

They have already instituted the practices to replace these long-time experienced people, civil-service type.

Mr. ROUSSELOT. Mr. Ristesund, does this appear to you to be a widespread practice?

Mr. RISTESUND. Well, we feel that it will be widespread. But, one reason, there are not too many of these construction inspectors around.

Mr. ROUSSELOT. I see. In other words, it is a highly technical job?

Mr. WHEELER. We do have quite a few. We have about 35 inspector types in the San Diego area.

Mr. ROUSSELOT. I see. Your concern is that these 35 may all be r.i.f.'d and replaced by contractors.

Mr. WHEELER. In time, they will; yes, sir.

Mr. ROUSSELOT. Are the contractors now offering to hire them?

Mr. WHEELER. I don't know what the situation is. It is hard to say what the situation is.

Mr. ROUSSELOT. But, the specific result right now is three people and you are afraid it will be more?

Mr. WHEELER. Yes.

Mr. RISTESUND. We would like to say that any time the contractor can hire his own inspectors it is a little bit disturbing to me.

Mr. ROUSSELOT. It is a very cozy situation.

Mr. WHEELER. We have a recent case, about 6 months or a year ago, something like that, at Twentynine Palms. Our command paid, on a contract basis, when they already had an inspector at the Twentynine Palms Marine Corps Base for the inspection of a new administration building there. They ignored this. They hired the contract inspector at the cost of \$32,000 and the existing inspector who gets somewhere between \$10,000 and \$14,000 as a salary was completely ignored. He was doing some small inspection work on public works jobs. So, they unnecessarily contracted out for this what they call title 2 inspection services from an engineering firm, somewhere up in that area, and it cost them \$32,000 instead of assigning one of our people to the job. We feel that this practice will be continued in the future also. Obviously, the cost is much greater to the taxpayer. But, they don't have to bother with civilian personnel who have a multitude of personnel problems.

I appeal to the committee. There is one instance at Camp Pendleton where the construction was so shoddy, that we took photographs of this thing and sent it to Washington to our national office and the same people who built this shoddy construction of officers housing at Pendleton, they are being sued, I believe, right now by another group of people for which they built some shoddy construction in the San Diego area. This job was supervised by a young, inexperienced officer.

Mr. WALDIE. All right.

Mr. WHEELER. Thank you very much for your time.

Mr. WALDIE. May we hear from Mr. Ehrhart, now?

Mr. EHRHART. Thank you, Mr. Chairman. With your permission, I would like to have Mr. Flaughner carry the ball for me at this time, with the privilege of coming in with a little voice now and then.

Mr. WALDIE. Very well.

Mr. FLAUGHER. The first thing that I would like to speak on is the 40 billits that were held during the r.i.f. These 40 billits were GS-3's. They were not filled. They were open billits and held. The production dispatcher, at that time, carried a wage grade 7. They received r.i.f. notices to a GS-3. This was given to them with save pay. It gave them an 84-cent-an-hour decrease in pay. My question is, why could not these 40 GS billits that had not been filled, but were held vacant, why could not they have been thrown out and counted toward the r.i.f. If we are not interested in downgrading the jobs of the wage-board people, then why downgrade them to GS-3 and require them to work at their same job?

Mr. WALDIE. Let me interrupt for a moment.

Mr. FLAUGHER. Yes.

Mr. WALDIE. That is a good question that had not occurred to me.

Mr. PAUTLER, can you answer that? The question is essentially if there are unfilled slots that are authorized, and you are ordered to r.i.f. from say 7,200 and say you have got 6,900 filled, could you use the 300 slots that are not filled as part of your r.i.f. statistics, or do you have to have existing bodies to comply with r.i.f. orders?

Mr. PAUTLER. It is a question of whether or not it is a ceiling problem. Frank, are you familiar with this? Is this a North situation?

Mr. WALDIE. Do you understand the problem I have, Mr. Kearney, in trying to understand this?

Mr. ROUSSELOT. Have you ever heard of this situation?

Mr. KEARNEY. I think I understand. I think I know what he said.

Let me try to answer it.

There seems to be two questions here. One is what do you do with the vacant positions in a r.i.f., is the vacant position to be made available during a r.i.f. The answer to that is; it is management's prerogative and it is supplemented by local policy.

Mr. WALDIE. Now, what does that mean?

Mr. ROUSSELOT. It means if you want to use them locally, you can.

Mr. KEARNEY. Not quite.

As I recall, our policy—I may be a little vague—as I recall, GS-3 positions and below, by policy, are made available during a r.i.f.

Mr. WALDIE. Made available for what?

Mr. KEARNEY. For placement. If someone is bumped at a higher grade.

Mr. WALDIE. That is part of it. But, suppose the position is vacant and not used, could you say I have been told to reduce my authorized work force by x number of employees. Here is a position I have never filled. Can that be counted toward your reduction in force?

Mr. KEARNEY. I think the terms we are using are ceiling and position, as Mr. Pautler said. The ceiling is the authorization to establish positions.

Mr. WALDIE. Well, when you are ordered to r.i.f., are you ordered to r.i.f. to positions, or ceilings?

Mr. KEARNEY. To ceilings, and if you have to make positions, you have to abolish positions and get back to the limits set by your ceiling.

Mr. WALDIE. So, if you are told to r.i.f. down to a ceiling, and you have vacancies, they count toward that number.

Mr. KEARNEY. Yes, if you had vacant positions, they would count.

Mr. WALDIE. But, I think Mr. Ehrhart's question also was there are vacant positions that you have not abolished, they are within your ceiling. Are these available for placing?

Mr. KEARNEY. As I recall our policy, at GS-3 they are.

Mr. FLAUGHER. No. That was not the question. My question was, why were these positions not abolished, why were the people from wage grade 7 demoted to these positions.

Mr. KEARNEY. Well, as I understand the circumstances—I am not the one that established them, of course—these were positions established for a different program and where vacancies could have been staffed through the higher grade people being reduced, or by hiring other individuals into the work force, these were staffed by North policy with people in the r.i.f. But, had these people not gotten the GS-3 vacancies, they would presumably have gotten a lower grade or have been separated.

Mr. WALDIE. But they were not positions that you could abolish and take credit for them toward complying with the r.i.f.?

Mr. KEARNEY. No, because they had already done that, apparently. These were ones that we still needed and they were within the total ceiling, but vacant.

Mr. VAN DEERLIN. Were these job descriptions and actual positions?

Mr. KEARNEY. A position. That is the work assigned to an employee to be done. The record of it is the description. A position is either filled or vacant. It is filled when someone is doing the work and it is vacant when someone is not doing it.

Mr. VAN DEERLIN. Do I understand that there were some GS-7's?

Mr. KEARNEY. Wage grade 7's.

Mr. FLAUGHER. There were wage grade 7's, yes, sir. I have papers here on the r.i.f. notice for Mrs. Woodburn, who is in the audience at this time. She was reduced from a wage grade 7 to a GS-3.

Mr. WALDIE. Why couldn't you have kept her at a wage grade 7 and abolished the open position, the open position 3 to comply with the r.i.f.?

Mr. KEARNEY. The reason was that the wage grade 7 position she was in—that of dispatcher—we were reducing the number of them.

Mr. WALDIE. Why were you doing that?

Mr. KEARNEY. Because the manpower planners had deemed we had too many of them.

Mr. WALDIE. Despite the r.i.f., that had nothing to do with the r.i.f.?

Mr. KEARNEY. That is right.

Mr. WALDIE. That was a decision independent of the r.i.f.?

Mr. KEARNEY. That's right.

I said this morning that there were two concurrent reasons—

Mr. WALDIE. I understood that.

Mr. KEARNEY. This is one of them.

Mr. WALDIE. I never believed that, but I understood it. [Laughter.] I don't mean to suggest I didn't believe you. I will tell you how cynical I am.

I believe that because you had a 7 position that was quite costly and here you had an excuse, you could say we have a r.i.f., it is orders from above, we will take this person and put them in a 3 position because it costs less, when you could have said, well, to comply with the order from above, we will abolish the 3 position, which gets rid of the position and brings us down to a ceiling. But, then you would have to keep the person employed as a 7. But, I am a very, very cynical person.

Mr. ROUSSELOT. Well—to follow through on that further—if the order came as a result of an economy move, and what you had said would be in compliance with that as a management decision, it may not help the employee very well, but as a management decision, that would be the way it would be made. Is that not possible?

Mr. KEARNEY. Yes. The work force must be kept balanced.

Mr. ROUSSELOT. Well, no. If the prime objective was an economic reduction, because the appropriation was not there, the dollars were not there and that was the reason for this r.i.f., then it would be very logical, not from the employees standpoint, but from the management standpoint to take a lesser job. Is that not correct?

Mr. KEARNEY. Yes.

Mr. ROUSSELOT. Now, I agree with him. I am not sure that that is wisdom in the longrun, from the employees standpoint, morale or confidence, or anything else. But, I can understand why it was done.

Mr. FLAUGHER. Sir, wasn't earlier testimony given here by management from North Island that it was not a dollar valuation, but a body valuation?

Mr. ROUSSELOT. Yes. I was trying to follow through on the orders given—

Mr. FLAUGHER. Also, on this same RIF, Mrs. Woodburn applied and wanted to grieve it. She asked to grieve it to the commanding officer. She was told, "No."

Mr. ROUSSELOT. By whom?

Mr. FLAUGHER. By the industrial relations department, that that was not the route to go.

Mr. ROUSSELOT. Why?

Mr. FLAUGHER. We called IRD and they told her to submit the letter. Mr. George Soule, the assistant production control officer, himself, took it to IRD. She was told last Friday that she should get an answer. I do not believe that Bobbie has an answer as yet to the letter on her grievance.

Since then, exactly 2 months later—this notice is dated the 23rd of May, where she has been offered a wage board 5 with the save pay clause as a warehouseman because she protested the RIF. They went back into it again and found suddenly that they could give her a wage board 5 as a warehouseman, with the save pay clause. She will draw the same pay for 2 years.

Mr. VAN DEERLIN. Then, what will be her reduction?

Mr. FLAUGHER. Her reduction then will be down to a wage grade 5 from a wage grade 7.

Mr. WALDIE. How much money are we talking about?

Mr. FLAUGHER. About 40 cents an hour.

Mr. WALDIE. On the same job?

Mr. FLAUGHER. But, at the same time, for 2 years, she will draw the same pay.

Mr. VAN DEERLIN. The same job, or a different job?

Mr. FLAUGHER. A different job. Although, in many cases, where some of the people have been reduced to GS-3, they have been asked to remain on and do the same job at a reduction in pay.

Mr. WALDIE. Now, can you provide the committee with some documentary evidence of that?

Mr. FLAUGHER. Yes, sir, we can.

Mr. WALDIE. Where people have been offered the opportunity to take a position at a lower grade, as long as they will continue to do the same job?

Mr. FLOWER. They have been asked, not as a condition of remaining there, but they have been asked to stay at the same job and do the same job.

Mr. WALDIE. Well, isn't that a condition? Suppose they say, "No; I won't do the same work for less pay." What would happen?

Mr. FLAUGHER. I don't know what would happen, none of them have, as far as I know.

Mr. WALDIE. Have you tried it?

Mr. FLAUGHER. No; they have not.

Mr. WALDIE. I wouldn't blame them. It does seem to me that that is a condition.

Can you document that people are still doing the same job as they were doing before the reduction at a reduced pay?

Mr. FLAUGHER. Yes, sir.

Mr. WALDIE. All right. Will you please provide the committee with that?

Mr. FLAUGHER. Yes.

Mr. RISTESUND. May I bring a point out here?

Mr. WALDIE. Yes, Mr. Ristesund.

Mr. RISTESUND. On the difference in the scale—I don't have the area wage board here—but the \$4.84 up north, if they went to the top

step of the 3, it is \$3.64 an hour, or to the first step of the 3 is \$2.80 an hour. When a wage board employee goes to a GS rating, they have no save pay clause.

Mr. ROUSSELOT. Well, I would like to pursue one more thing here that disturbs me very much that you brought up. Somebody advised her not to protest?

Mr. FLAUGHER. No, sir. They told her she could not protest to the commanding officer, that was not the proper procedure.

Mr. ROUSSELOT. But, it is.

Mr. FLAUGHER. But it is; yes.

Mr. WALDIE. Well, who advised her on that?

Mr. FLAUGHER. The industrial relations department.

It was only after a call from the union, when we advised her to go back down and talk to Mr. Bagley in building 288, IRD and Mr. Soule, the assistant production control officer took the letter and gave it to Mr. Bagley that it went to the commanding officer. She had been told that she will get a reply and she was supposed to have gotten it either Friday or Monday, and at this time she still does not have this answer.

Mrs. WOODBURN. I understand that they are going to replace me with a GS-3.

Mr. WALDIE. Will you identify yourself for the record?

Mrs. WOODBURN. Yes. I am Mrs. Woodburn.

Mr. FLAUGHER. One other thing that I would like to bring up is the fact that they are hiring people on the bases while people are being r.i.f.'d out the door. These are not only temporaries, but these are permanent employees that are being hired in as GS-3's and others to fill the vacancies that the production supervisor cannot qualify for. One of the qualifications is that they must type. Some of the production dispatchers cannot type, they cannot qualify for the job, so the jobs are open. So, they are hiring GS-3's in on a permanent basis.

Another thing is that we are asked repeatedly by our members why there has been no reduction-in-force above GS-11, or very little. I understand that it was stated awhile ago that they have a time delay to make this adjustment on the demotion down. But, I think that if a close look was taken at the promotional register, and the job opportunities opening, you will find that during this r.i.f. there have been promotions in supervision, not reduction, or not even a standstill. They are given promotions. Yet, the wage board people are asked to take the reduction in pay and in many cases to return to their own work, the jobs they were doing as production dispatcher; has been reclassified as GS-3's and they will be doing virtually the same work they were doing before at 83 cents an hour less.

Also, on the job title that they gave as GS-3 supply clerk, the physical examination and the physical requirements for this, we have not been able to secure a copy of, but it just seems a little ridiculous that some of the things they are required to do on the physical examination for a GS-3 file clerk. They are by far more than ever was required of a production dispatcher, which was a greater rate and required—paid more money. But, they are going to be doing virtually the same job.

Mr. WALDIE. What is your point? Are they going to be using the physical exam as a means of eliminating others that could qualify?

Mr. FLAUGHER. Our personal opinion among the union people here

is that one reason this was written this way was for environmental pay. Environmental pay has become a portion of concern at this station. I believe that the command is one of the foremost in granting environmental pay. They have set a pace that I don't believe any other station can compete with.

Mr. WALDIE. What is environmental pay?

Mr. FLAUGHER. Environmental pay, sir, is pay for extra—extra pay for people working in environmental areas that are injurious or dangerous to their health. The command is really to be congratulated that they are going forward in this more than any other station.

Now, we feel that when these job descriptions were written up, they were written up in such a way that would preclude these people from filing for it, because it would be written into their job description, whereas before it was not. This would be a cost, money, saved for a wage board person of 8 percent and for GS employees of 25 percent.

Mr. WALDIE. If I follow what you are saying, you are saying that the physical requirement required for this lesser position has been made more difficult because if they are reduced to the lesser position, they would draw environmental pay?

Mr. FLAUGHER. No, sir. If it is in their wage grade and job description; they do not draw it. If it is written in there, they cannot draw it. Without it being written in there they are entitled to file for it. Then, if it is granted, they would receive an 8-percent pay increase.

As I said, the station is far ahead of any other N.A.R.F. that I know of in environmental work.

Mr. VAN DEERLIN. What kind of jobs are we talking about?

Mr. FLAUGHER. The jobs in some areas are in metal grinding areas. Noise, such as in building 65, where we have a stamp press, we have continual riveting, continual metal thawing. In 379 we have continual grinding, cobalt dust particles in the air, sandblasting, metal spray—

Mr. VAN DEERLIN. Paint stripping?

Mr. FLAUGHER. Yes, sir. Paint stripping is another area. We have our processing for chemical-treating metals, our plating shops, they are entitled to it. We have areas where they are required to wear masks, earplugs, safety shoes, and glasses to work in these areas. These have been considered as environmental areas and the pay is being made to them.

Mr. WALDIE. That is a good policy.

Mr. FLAUGHER. We, at this time, have a case on appeal to the Secretary of the Navy on reappeal where wage board personnel are drawing it, but GS employees are denied it.

Mr. WALDIE. On the same job?

Mr. FLAUGHER. Yes, sir; on the same job.

Mr. WALDIE. Well, that obviously is an inequity.

Mr. VAN DEERLIN. It is an inequity.

Mr. FLAUGHER. It is a problem that is before the Civil Service Commission.

That concludes my comments sir, except that I hope that if we do have a hearing in the north, that our northern counterparts will invite us and grant us equal time.

Mr. WALDIE. You can rest assured that they will.

Mr. EHRHART. Mr. Chairman?

Mr. WALDIE. Yes.

Mr. EHRHART. Mr. Chairman, I am only sorry that I did not have more time. I would have come in here with folders for you.

Mr. WALDIE. Well, you can always give them to Mr. Van Deerlin.

Mr. EHRHART. We shall, I promise you.

I was quite interested in the gentleman from the north speaking about the janitors. I think that they are better paid than ours. Ours are on contract too; that is, most of them. Those that take care of the latrines—one day I walked, to disgress a little bit, to tell you a story—one day I walked down the aisle going to the latrine. I noticed that the hoses were going all over the sides. One man was in boots. I was in a hurry and I did not have time to speak to the man who was in his bare feet. By the time I came back from upstairs he was gone. I don't know whether he lost his feet from the chemicals or not. They told me the place came alive, so they had to clean it up real quick. I would hope that we could get back to our janitors where we could have a cleaner latrine than we do at this time.

I tried, at the time, to catch up with the man. By the time I got to the supervisor, he was gone. I have yet to see the man, so maybe he does not want to come back. But, I do wish that we could come back to the cleaner heads with our own janitors. I feel that we would be money ahead.

Mr. WALDIE. There seems to be a thread running through here that the janitors are being replaced all over the place by contracting out. Is that a policy that is pretty common throughout the installations?

Mr. EHRHART. Ours were replaced about a year and a half ago or 2 years, or 3 years, if my memory does not fail me, approximately that. They have a few in the security areas.

Mr. WALDIE. Isn't that interesting that that is the one activity that everyone quickly identifies as being the one best able to be performed by private enterprise? That is just an observation. The trucks by private industry are brought aboard the base, or were, and they would spot them in a given area. Then, the Navy tractors would attach themselves to the trailers of civilian or military or what ever it may be and then they would spot the trailer where it would be loaded. After the trailer was loaded, then the military vehicle with the military driver would again spot this trailer where the private contractor would be able to come, pick the trailer up and leave for his run. I have not received this report of late months. I have had no opportunity to get back to this or I would have. This is one thing that has caused great concern among our people, or it did, I should say. The next thing that I would speak of is the reduction in force.

The reduction in force, the way it is handled aboard our base—Mr. Flaughner has commented about the "straight talk"—it was a very disturbing thing to the people. We will endeavor to give you a copy of this. We feel that if more consideration for the employee was placed when they started to prepare these reductions in force, they would improve everything. It would improve morale and they would have a higher standard of production. This is what we are striving to have done.

Mr. WALDIE. Yet, listening to the description so far, it sounds almost exemplary compared to what happened to your bretheren in the north.

Mr. EHRHART. Our people have been changed. We have had people with over 30 or 31 years in the service, unbroken, who have been

affected by this reduction in force. They have had their positions changed from three to four times. We are glad that it has been lifted to a higher level. But, in the meantime, the people are very concerned and worried. They all have families and they should be considered, we feel, more than they are, especially if a man has 30 years in and he finds himself confronted with a reduction in force. It is the time when he feels the pain the greatest, when he is about ready to step into retirement, but yet he is not really ready.

Mr. VAN DEERLIN. Would this legislation, Mr. Chairman, for combined 80 age and years experience be part of this?

Mr. WALDIE. Well, it would here; but I gather in what Mr. Ehrhart is saying is roughly the same sort of testimony regarding the lady who had almost 30 years, but was short 6 months. There is no great financial loss to her because they generally have leave time, sick time, that they can accumulate to make the 6 months to get the 30 years. It is a matter of pride and prestige in completing 30 years.

Mr. FLAUGHER. I think on the 80-point bill that Mr. Van Deerlin was referring to—and management will bear us out—is that there is a considerable interest among Government employees for this bill and considerable interest among the unions. With this 80-point bill going through, I don't think that there would have been anybody who lost their job. I think there would have been enough voluntary retirees; that there would have been absolutely no reduction in force. In fact, there probably would have been a little hiring.

Mr. WALDIE. I think that that is essentially the purpose of the 80-point bill. Well, the theory of the bill, based on reductions in force, is that it gives those who are confronted with the possibility of a reduction in force another alternative—which is retirement—without any great monetary loss. There will still be a loss, but not as great a loss as there is now. The theory is that after a man has a combination of 80 years and employment, he ought to be able to retire and that is not an unreasonable figure, when we are trying now to provide jobs for a work force in the Nation for which jobs do not now exist. We are trying to get people into retirement to make room. As the society gets more technologically developed, there are less and less jobs, unhappily, so we are going to have to be retiring people earlier and earlier in both the private and public sector, and that is what the combination the 80-point bill strives to do.

Mr. EHRHART. I have just handed Congressman Van Deerlin several copies of material that we have submitted, and I am sure you have received copies of this. We have submitted it even to the President of the United States, hoping that it would help to bring about the earlier retirement with less loss to the employee as we do have many people with 30 years, who are too young to go and would retire if they had the opportunity.

Mr. WALDIE. Yes. I appreciate this letter in support of that measure and we will certainly include that in our files.

Mr. EHRHART. The next thing that we have that I would make comment on, Mr. Chairman, is I have not had this problem because the people tell me that they are receiving the opportunity of their status, insurance-wise, to date. Those who have had their temporary—

Mr. WALDIE. You mean there is no problem that has come to your attention in that regard?

Mr. EHRHART. Not yet. But, at the last reduction-in-force, the failure of complying with the Office of Manpower Management instructions, I have two letters here that I will submit to you which have caused two of our members considerable, what we would term to an employee of this, a large expense that was needless and they complied with the instructions as written. Yet, this instruction had to be, and I will find it here, it is OCMM Notice 12310. Yet, this member found it necessary to transport himself from here to Las Vegas to meet with Mr. Andhalsig, to enable him to bring about the much-needed insurance.

The other man did not go to Las Vegas to meet with Mr. Andhalsig, but he did remain here and offer the advice and information he received from us and our discussions. I was present at the time with Mr. Andhalsig, and he was able to bring this about and receive the insurance as he should receive it. The other man's wife gave birth to two sons prematurely at great expense and the young man had to file bankruptcy which is indeed an embarrassing thing to him. As you read this, you will know what I am referring to.

Mr. WALDIE. We will accept those for the committee files.

So that I understand exactly what the purpose of these matters are, in a previous reduction-in-force, these people were not apprised of their opportunity to continue their health insurance and therefore were caught in a situation where they had an illness or a medical problem without any insurance. Is that essentially your position?

Mr. EHRHART. Essentially, that is. But, my main point, Mr. Chairman, is that we, of the union feel that greater pains should be taken by those of management to read and interpret the regulations without the employee being forced to compel them to comply. This is the main issue. As you read this, you will find out.

Mr. WALDIE. We will read that and I am certain that I will understand the point that you are making.

Mr. EHRHART. I say that without condemnation toward anyone in management. Believe me.

Mr. WALDIE. I understand that.

Mr. EHRHART. The next question I have, Mr. Chairman, pertains to leave. Are those of us who come here today to testify before your group required to be on annual leave, or are we on administrative leave, or are we on leave without pay?

Mr. WALDIE. At the time that you are here?

Mr. EHRHART. Yes.

Mr. WALDIE. Well, I don't know in which leave category you fall, but we are glad to have you.

Mr. OMELINA. I, for one—

Mr. WALDIE. Please identify yourself for the record.

Mr. OMELINA. I am Charlie Omelina, production superintendent at Naval Air Rework Facility, North Island. For the record, I, for one, plan to take annual leave. That is what I plan to do unless I have other direction.

Mr. WALDIE. We will give you no other direction.

Mr. OMELINA. Thank you.

Mr. EHRHART. I assume that that answers the question, then.

Mr. WALDIE. Well, what is the point?

Mr. EHRHART. The point was, Mr. Chairman, as we left our employment, no one knew what to do with our leave, whether it be

administrative, annual, or what. So, it was suggested that we find out. So, I became obedient in making the inquiry.

Mr. WALDIE. You mean they thought I could provide you with the answer?

Mr. EHRHART. They assumed that you or somebody present.

Mr. WALDIE. It is my understanding that you would be paid double time while you are here. [Laughter.]

Mr. EHRHART. Very interesting.

Mr. FLAUGHER. Sir, you will be the most popular person to hold a hearing in a long time.

Mr. WALDIE. Please continue.

Mr. FLAUGHER. I believe that is all we have.

Mr. EHRHART. That is all we have at this time. But we would like the opportunity of submitting to you, as the committee chairman, and Congressman Van Deerlin this material, as I am able to acquire it from the drivers, and so on.

Mr. WALDIE. Well, we would appreciate your doing that and may I also say to you and to others present in the hearing room, this inquiry will be a continuing inquiry and any information that you find in the performance of your obligations, that would seem relevant to our inquiry, do not hesitate to send it to us, because we will fit it into the puzzle we are trying to work out and it would be helpful to us.

Mr. EHRHART. Thank you.

Mr. WALDIE. Mr. Ristesund, you had another gentleman to your right that has not yet favored us with his comments.

Mr. RISTESUND. That is Mr. Hepner, national representative for the San Diego area.

Mr. WALDIE. Mr. Hepner?

Mr. HEPNER. Mr. Chairman, I really don't have anything to present unless you want to go back a few years. Do you want to hear this? It is at Norton Air Force Base?

Mr. WALDIE. Well, do you think it will help us?

Mr. HEPNER. It will.

Mr. WALDIE. All right, then, we will hear it.

Mr. HEPNER. When I organized in the southern part of California, from 29 Palms and Edwards Air Force Base, when I first came out here about 6 years, 7 years ago, I was at Norton Air Force Base for approximately 3 months organizing. It was quite large, and at that time had about 10,000 employees.

I ran into a group at Norton Air Force Base of about 1,500 people that insisted that I try to get them the benefits of health insurance and retirement. I took this up with Mr. Griner and the national office and the final result was that Mr. Griner said there was nothing they could do at this time. Well, these people—what happened was these people, some of them had worked as long as 12 or 15 years at Norton Air Force Base on temporary status. What they would do is give them a year's status and then lay them off and then they would rehire them probably the next week.

Mr. WALDIE. Is that still the practice?

Mr. EHRHART. So far as I know, it is. I have not worked there at Norton Air Force Base. Do you know what it is?

Mr. RISTESUND. That has been stopped.

Mr. WALDIE. That has been stopped; you say?

Mr. RISTESUND. Yes.

Mr. HEPNER. Do they still have temporary employees?

Mr. RISTESUND. Yes.

Mr. HEPNER. Well, the temporary employees have not been able to get any insurance.

Mr. WALDIE. Well, I wonder if you would, for the purposes of the committee, make an inquiry into that situation to see if the pattern has been changed or what.

Mr. HEPNER. They were not able to get any health insurance and they were not able to get any of their retirement.

Mr. WALDIE. Well, if I understand the law, and perhaps one of the management people could help the committee in that regard. If I understand the law, the temporary is not entitled to have health insurance unless he is reemployed as a temporary within 3 days of his termination as a permanent. Is that a correct assumption?

Mr. PAUTLER. We checked that just yesterday.

Mr. WALDIE. Yes.

Mr. HEPNER. Mr. Chairman, the reason I was so interested is that about 1,500 of them said they would sign up if I would get it for them.

Mr. WALDIE. Well, we have a bill in to do just that. So, you can tell them that for us.

Mr. HEPNER. I think it will be a big benefit to all of the employees and I am sure that they will appreciate it and I certainly will too.

Mr. WALDIE. Well, it seems to me the bill has even greater relevance than I thought when we first considered it, when I note the trend to move to temporaries. I am not sure that I approve at all of the trend, but the fact of the matter is, I suspect my approval or disapproval is going to do little about changing it.

Mr. RISTESUND. We have one comment here from Mr. Moody.

Mr. MOODY. I would like, when we send the record to your office, that you will note 9 out of 10 of the contracts that have been let at the Naval Supply Center for vehicle repair goes to the same contractor.

Mr. WALDIE. Is that Dahl Chevrolet?

Mr. MOODY. Yes.

Mr. WALDIE. You mentioned that earlier. Are those contracts put out to bid, or do you know?

Mr. RISTESUND. No; they are not put out to bid.

Mr. LOWE. I have a comment in one of the exhibits I am going to submit.

Mr. WALDIE. Yes.

Mr. LOWE. It says student aide. Now, they have a student aid program at the Naval Supply Center where the people only work three hours a day. However, we have about 40 of them and they are actually performing the work, the same work as warehousemen or other people perform, which I believe has something to do with the reduction-in-force.

Mr. WALDIE. That is a program which you think might very well be substituted for the career status employees that they are RIF'ing out?

Mr. LOWE. Yes.

Mr. WALDIE. I will check that out too.

Mr. LOWE. All right.

Mr. WALDIE. I will tell you, gentlemen, that the story you have given concerning facility has been the most disturbing story of those we have heard today. I think that every facility is deserving of an

examination as to how the practices are being implemented. But, I think that facility particularly is due for an examination and I will assure you it will relieve the examination you have requested.

Mr. RISTESUND, we appreciate the testimony that your group has provided us.

Mr. RISTESUND. I want to thank you again.

Mr. WALDIE. The next witness is Mr. John D. Chatten, grand lodge representative, International Association of Machinists, accompanied by Mr. Joseph Sandoval, president of the Metal Trades Council, Mare Island Naval Shipyard, Business manager, Local 2145 International Brotherhood of Electrical Workers.

I apologize, Mr. Chatten, for not getting to you earlier on the agenda. You were listed earlier, but we have been sort of playing it by ear.

Mr. ROUSSELOT. I have to apologize. I have to leave to catch a plane. It is not because I do not want to hear the next witness. I am sure my colleagues will keep me informed. Thank you.

Mr. WALDIE. Mr. Rousselot, thank you for being with us here today. Have a good trip.

Mr. Chatten?

STATEMENT OF JOHN D. CHATTEN, GRAND LODGE REPRESENTATIVE, INTERNATIONAL ASSOCIATION OF MACHINISTS, ACCOMPANIED BY JOSEPH SANDOVAL, PRESIDENT, METAL TRADES COUNCIL, MARE ISLAND NAVAL SHIPYARD, BUSINESS MANAGER, LOCAL 2145, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS

Mr. CHATTEN. Mr. Sandoval, will speak first.

Mr. WALDIE. Mr. Sandoval?

Mr. SANDOVAL. For the record, Mr. Chairman, shipyard commander, Adm. Willis C. Barns, through his industrial relations staff, has embarrassed the 14 labor unions at Mare Island naval shipyards in the lack of courtesy extended to our group and your aide, Mr. Jim Mulholland, when he first refused to permit Mr. Mulholland to come to our office at the Mare Island Naval Shipyard to confer about this meeting today.

Mr. CHATTEN. Mr. Chairman, I have two complete documents. These happen to be the only containers I had to put them in, but we will not have to bother to copy them because we have got them all. If you care to ask questions on those, as we go along, it might facilitate.

But, the first one that is marked "I.A.M. exhibit No. 1" has to do with inspectors at the Mare Island Naval Shipyard. The first cover letter is an appeal to the Commission, which was returned the day before yesterday saying that we have nothing to say to an activity but what they can cancel out on a classification. These are self explanatory and I do not want to get all involved. All of them are marked as exhibits, but these are inspectors that are being replaced by a so-called higher rated inspector, which incorporates their job. The copies of the job descriptions are enclosed and it is, I think, worthy of note to note that all of the—well—I don't find it real quick here. But, we hasten to add that 11 of the 12 inspectors, mechanical equipment, which are the ones being r.i.f.'d are all veterans, while the

inspectors, ships mechanical, are not. This is a subgroup which has less retention points. But, by the manipulation, which is allowed an activity, under the civil service rules, are r.i.f.'ing out of complete classifications. These same people are training these people, their replacements, to take over their jobs.

Mr. WALDIE. I do not understand. Who are their replacements? Are they civil service employees?

Mr. CHATTEN. They are civil service.

Mr. WALDIE. But, they are lesser paid?

Mr. CHATTEN. In this particular case they are higher paid.

Mr. WALDIE. Well, what is the problem, then, with that consequence of a RIF?

Mr. CHATTEN. The activity is claiming that they no longer need this complete classification at the Mare Island Naval Shipyards.

Mr. WALDIE. Well, is it your theory that they are not abusing the RIF procedure here, apparently, because they are replacing people with the civilian people at an even higher grade; is that correct?

Mr. CHATTEN. Yes; that is true.

Mr. WALDIE. So, your protest is on behalf of those being replaced, the fact that they are being replaced?

Mr. CHATTEN. Well, more than that. This is a nonveteran group that are the ones that are replacing the 12 of the 16 inspectors.

Mr. WALDIE. Does it just happen that all of these people are nonveterans and all of them are in one category?

Mr. CHATTEN. No; it does not just happen. If you understand the system, and I am sure you do——

Mr. WALDIE. I do not.

Mr. CHATTEN. There is a means and it is practiced and we acknowledge it and we have our hands tied by regulations. There are ways of manipulating under the civil service rules by isolating them, putting them into positions and just this sort of thing, whereby people that are in a retention group that are of the highest, not all of them, I have to admit, but 12 of the 16, as I understand, that are of the highest retention group in the civil service, with the exception of the returnee veterans for 1 year, these are being replaced by all of a higher classification, but a lower retention group.

Now, this is a practice and I do not want to dwell too long on it, but, it is a thing that exists. It is not a case of a lower classification doing their work.

Mr. WALDIE. What are the other matters that you wish to be considered?

Mr. CHATTEN. That portion that is marked as "Exhibit No. 2" has to do with apprentices. The cover letter, which was to the appeals examiner was returned with the same notation.

Mr. WALDIE. Why don't you tell us what the problem is involving apprentices and then what the documents will conform or deny.

Mr. CHATTEN. I have a copy of the r.i.f. notice that was put out for the yard which totals all of the classifications and I will touch on just the apprentices. In shop 17, six first-year apprentices, shop 26, five first-year apprentices; shop 26, two machinist-maintenance apprentices; shop 91, 15 first-year apprentices; shop 38, five machinist apprentices, first year; and then—well, the foundry, they are closing that down. That is another question—another things; three apprentices in shop 36; electricians, no apprentices; shop 67, 10 apprentices.

The glaring thing is that more than half of them were veteran returnees from Vietnam. The others had been recruited as graduates through regular civil service appeals from as far away as Illinois, I believe it was. But, no; I checked into that and he was from there, but he was discharged here locally on the coast, so he is a veteran returnee.

They have, under the system, two chances for education under the veterans act. This is one bite of the apple that they have chosen to take. Now, this is being taken away from them through no fault of their own. In following this through and checking with personnel at Alameda Air Station, the other day, I found out they had openings and, yes—this is good—we believe in these things being taken care of geographically, but the openings that were being made available were only through career and career-conditional employees and the veteran again—the Vietnam veteran that is on the program—is not being given an opportunity.

Mr. WALDIE. Well, what is your conclusion, that apprentices should not be considered among those subject to reduction in force when you are to find ceiling limitations?

Mr. CHATTEN. I was just coming to that, Mr. Chairman.

My conclusion is that they should use the same ratio principle in rifting apprentices. I think it is management's prerogative to manage their slots. But, to use the same principle in laying them off that they do when they put them on.

Mr. WALDIE. What is that?

Mr. CHATTEN. Which is on a ratio.

Mr. WALDIE. A ratio to—you mean—

Mr. CHATTEN. To the number of people in their plant.

Mr. WALDIE. I see. And, they do not do that with the reduction in force?

Mr. CHATTEN. That is right.

Mr. WALDIE. They are the first to go, I presume, because they were the last to be hired?

Mr. CHATTEN. It is not even a consistent policy from one Navy activity to another. Some of them take off the ones with less time in, saying they do not have so much invested. By the same philosophy we look at it because the lads do have to buy some of their own books, and so forth, so they have got more to lose quickly in the first year.

Mr. WALDIE. That is a very worthwhile matter for us to inquire into and I appreciate your bringing it to the attention of the committee.

Mr. CHATTEN. This note was handed to me today and the number of apprentices—the latest number—was 40. As I say a very large number of those, unfortunately, are returnee vets and it just does not seem equitable.

Mr. WALDIE. No; it does not. What is the other matter? Is that matter contained in your exhibit No. 2?

Mr. CHATTEN. Yes.

Mr. WALDIE. Now, exhibit No. 3, what is that?

Mr. CHATTEN. Exhibit No. 3 is one again, that is just a little bit like the earlier testimony that is taking effect at Alameda Air Station at the end of this month. This has to do with aircraft neumatic systems mechanics and neumatic systems worker and adjustment of the work force.

I have the cover letter which is from the commander, K. Nelson, who is the commanding officer, acting, and signed the letter, the north letter of January 4 and it is the adjustment to the work force bit. "B" contains a listing of the people that were offered—you can see some of them accepted—most of them accepted the downgrade. Maybe by the time you come north, we will have this pinned down because a lot of them are accepting the downgrade. They contend that they will be doing the same work because there is not that much difference of it on the bench.

Mr. WALDIE. I see.

Mr. CHATTEN. And the other is their job description there. You will notice here on Earl Wooten, which happens to be the "F".

Mr. WALDIE. Yes.

Mr. CHATTEN. It says that the reason for the adjustment is just the adjustment of the work force.

Mr. WALDIE. That is a fairly specific reason.

Well, all of these documents will be included in among our working materials here and I do want to assure you that if this subcommittee does come north—I hope to be able to get authorization to do that, particularly in view of the matters we have heard discussed today—I personally will ask other Congressmen in the northern area to join in a hearing that we ourselves will schedule on this very subject in both Mare Island, Oakland, and San Francisco, at which time further elaboration of the matters that you have brought to our attention can be given to us and further confirmation.

We are particularly interested in the manner by which the reduction in force is accomplished, whether the positions that thereby become vacant are filled either by people who have been reduced in stature, or by military personnel, or by contracting out. We would want to know what your base shows in that regard. We would also want to know more about this apprenticeship policy, which has not come to my attention prior to your description of it and it seems to be worthy of further inquiry.

Mr. CHATTEN. The same thing applies, not as glaringly, and I don't have as much on it, at Hunter's Point.

At Hunter's Point Naval Shipyard, welders, shipfitters, painters, and sheet metal people and certainly a few others but, I know particularly of these classifications, that in a reduction in force over a year ago that took those people out, a few of them went on to temporaries immediately maintaining their benefits. The painters I happen to know, because I was in the metal trades office the day we were discussing how to save these guys. Then, some of the others went out and were hired back recently. They are gone now because we have gotten rid of the temporaries in nearly all cases. But, on a bulletin board at the activity, about 2 weeks ago, there were letters saying that they were hiring pipefitters and electronic types. They don't tell you that it is temporary, but that is what it was, for a short time. I think that everybody has made it clear that everybody being hired today is a temporary employee and this has been the case in reduction-in-force conditions in the last 2 or 3 years.

At Alameda Naval Air Station, when the ceiling was put on for an absolute no-hiring of anybody, they had intermittents; that is, 39-hour people by the dozens and dozens and dozens; I would say almost in the hundreds. All of this was based on this ceiling business of not

being able to hire anybody, or to even take anybody transferred in from any other activity if they were qualified. They had a lot of moonlighters, which, of course, is a nasty word to us anyway, but there was a lot of people there.

Now, there was no denying that the work was to be done, because they added work due to Vietnam. Alameda did produce a lot of work that needed to be done. These people were being hired at 39 hours and they never got any benefits. Some of them wanted to quit their other place and come to work full time for the Navy but there was no way for it to happen.

Mr. WALDIE. We will get information on that situation also.

Mr. CHATTEN. Particularly in the Transportation Department, Naval Station, Alameda, due to attrition, there has not been any reductions in force that I know of for sometime. But, due to attrition, their transportation, their drivers and what-not have gone down and there has been considerable influx of military people driving, only during the day, perhaps taxi, like down to the docks, and so forth. When we objected to it, they said that these are ships—we have got to conserve money. You are not going to let these people stagnate. We have got them aboard and we are going to use them. These people need training. Training aboard an aircraft?

He said, "Sure", and they do have. We have equipment they take ashore at installations, but these people are military people and are doing work that has formerly been civilian jobs, historically. I know. I worked there 14 or 15 years ago and this thing has gotten worse all of the time.

Mr. WALDIE. Please provide the committee with the specific illustrations of that.

Mr. CHATTEN. Of course, they pull the emergency bit quite often on the Saturday and Sunday of using military personnel.

Mr. WALDIE. Well, anything you can document on that, we would particularly appreciate.

Mr. Sandoval?

Mr. SANDOVAL. At the Mare Island Naval Shipyard, we have a reduction in force of 488, approximately. Our new ceiling will be 8,056.

Due to this reduction in force, we have an increase of military personnel doing work which is normally done by civilians, particularly in the guard force, which has a limited guard force. Then, to supplement the guard force, they use people who are on—military people who are on shore duty, directing traffic and taking care of some of the guard force problems.

Mr. WALDIE. Mr. Sandoval, how many people were reduced from the guard force?

Mr. SANDOVAL. I would say about 50 people.

Mr. WALDIE. Fifty people have been affected by the reduction in force?

Mr. SANDOVAL. Over a period of about 6 or 7 months.

Mr. WALDIE. Over 6 or 7 months?

Mr. SANDOVAL. Yes.

Mr. WALDIE. And, in every instance of which you are aware, they have been replaced by military personnel?

Mr. SANDOVAL. Right. Also, too, in the janitorial service that has gone to contracting out.

Mr. WALDIE. Now, when did the janitorial service go to contracting out?

Mr. SANDOVAL. It has been gone for about a year and a half to 2 years, and they now—they had some janitors and they finally got rid of all janitors and now it has gone to contracting out.

Mr. WALDIE. When was the last reduction of janitors?

Mr. SANDOVAL. It is a reduction in force which terminates this month.

Mr. WALDIE. How many janitors involved?

Mr. SANDOVAL. About seven or eight.

Mr. WALDIE. And they are all now replaced by contracting out?

Mr. SANDOVAL. And due to the fact that we have some sensitive areas or nuclear areas that cannot be serviced by janitors, they have hired, on moonlighting, some sailors who are either chiefs and have clearances to do janitorial work here because of the fact that the janitors do not meet some of the requirements.

Mr. WALDIE. How were some of those situations handled before reduction in force?

Mr. SANDOVAL. We had civilian janitors.

Mr. WALDIE. That had security clearance?

Mr. SANDOVAL. Right. We had naval shipyard employees, civil service employees, who did the work.

Mr. WALDIE. Were they moonlighting as janitors?

Mr. SANDOVAL. No. They were doing the work in these buildings.

Mr. WALDIE. I know, was that their jobs, as janitors?

Mr. SANDOVAL. Yes.

Mr. WALDIE. So, they were janitors with security clearance?

Mr. SANDOVAL. Right. Then, when the contractors came in, they hired such a low class that some people cannot get clearance. So, to get so-called fast clearance, they hired people who were military and who already had the clearance.

Mr. WALDIE. Well, that might be—this is just a speculation—but that might be in compliance with the DOD memorandum, that one instance of the security clearance.

Mr. SANDOVAL. Another area, when we have ships come into the shipyard that we have done work for, the sailors are doing more and more of our work, electrical work and machine work and what-have-you. Also, they are contracting out more work because of the fact that the manpower ceiling—before a ship leaves, goes from San Diego up to Mare Island, they contract a lot of work out to outside contractors under the guise of saying that the manpower ceiling at Mare Island would not allow us to accept this kind of work and the ship has to have the work, so they contract it out to outside contractors.

Mr. WALDIE. Do they say that in any written memorandum?

Mr. SANDOVAL. No. What they say is that this ship's captain, may authorize, through some money—he can say to them we want to refurbish the ward room, or refurbish the galley. We are giving this as a contract. They have the so-called right to contract it out and we have no jurisdiction over what the captain wants to do.

Mr. WALDIE. And the Government pays for that?

Mr. SANDOVAL. Yes, sir. They take it out of one pocket, Government pocket, and it is just a juggling of funds.

Mr. WALDIE. Has that been a practice of long duration?

Mr. SANDOVAL. Only because of the ceiling imposed on the shipyard, false ceilings, really.

Mr. WALDIE. It has only started since those ceilings were imposed?

Mr. SANDOVAL. Yes. As it stands now, Mare Island Naval Shipyard has a projected workload of—we are being short 200 people. We have work for 300 people over a long period of time, yet we don't have them because of the ceilings.

How we are getting over the ceiling is that we are borrowing people from Philadelphia, Hunter's Point, Long Beach, and other naval shipyards to do work at Mare Island, which should—

Mr. WALDIE. How do you borrow those people?

Mr. SANDOVAL. Well, they ask another shipyard, can you send us 50 pipefitters or 50 welders, or whatever it is.

Mr. WALDIE. And they send them out from Philadelphia?

Mr. SANDOVAL. Yes; at \$25 per day. Money does not seem to be a problem. They have all the money to spend. The only position they have is ceilings. Manpower ceilings. Money does not seem to be a problem. They will fly you out here, and keep you out here at \$20 per diem and think nothing of it. In fact, we have about a hundred and some odd people at Mare Island doing work on two boats.

Mr. WALDIE. From other bases?

Mr. SANDOVAL. Yes.

Mr. WALDIE. And where do they live; in town?

Mr. SANDOVAL. Yes; on a \$25 per diem in town.

Mr. WALDIE. And you have about a hundred people out there now?

Mr. SANDOVAL. We are short 200 people and if there was any way we could get pipefitters, we would hire any legitimate pipefitter at the drop of a hat.

Mr. WALDIE. What do you do now for a pipefitter, you raid another base or contract it out?

Mr. SANDOVAL. We loan them from other bases for 30 or 90, or 120 days, or 6 months. Any amount that any shipyard will loan. We have, from Long Beach about—it keeps changing, rotating people.

Mr. WALDIE. Then, do you loan to Long Beach too?

Mr. SANDOVAL. That's right.

Mr. WALDIE. Are there people from Mare Island working at Long Beach now?

Mr. SANDOVAL. Prior to this big incursion by Mr. Nixon there were some nuclear ships here and we provided service from Mare Island to the nuclear crews that were here. We also sent some people to Vietnam to do some inspection services because of the fact that the military bases are being given to the Vietnamese and we want to know what is in there, so we send inspector teams to say this belongs where.

So, like I say, money does not seem to be the object. Manpower ceilings is the controlling factor.

Mr. WALDIE. OK, Mr. Sandoval, that is a new one for us. We will look into that.

Mr. SANDOVAL. That is all I have.

Mr. WALDIE. Mr. Van Deerlin?

Mr. VAN DEERLIN. Do some of these per diem people come from the east coast?

Mr. SANDOVAL. From Philadelphia.

In fact, since we phased out the foundry, we have what we call patternmakers and they called up and said we need patternmakers

and these patternmakers were on a RIF situation at Mare Island Naval Shipyard. The RIF status was canceled and extended 2 more months and they are in Philadelphia doing pattern work.

Since we need pipefitters to get the nuclear boats out, the *Seawolf* and the *Proteous*, we are borrowing pipefitters. That is the thing that is controlling our job, to have them out on the so-called time—time factor because of the fact that since they have nuclear capabilities, these boats are classified as the No. 1 deterrent. So, they have been put on a so-called crash priority deadline, so another nuclear boat can come in within the sequence of time for fueling and refueling of nuclear boats.

Mr. WALDIE. Mr. Sandoval, we very much appreciate your testimony and you have given us a great deal of matters to inquire into and we intend to. Mr. Chatten, we appreciate your contribution. You will both hear further from the committee and we appreciate your cooperation.

Mr. CHATTEN. Thank you, sir.

Mr. WALDIE. Have a nice trip back north.

(The following three exhibits were furnished by Mr. Chatten. Portions of the exhibits are retained in the subcommittee files:)

EXHIBIT No. 1

MAY 1, 1972.

To: Gordon J. Peterson, Appeals Examiner, U.S. Civil Service Commission, 450 Golden Gate Avenue, Box 36010, San Francisco, Calif. 94102.

From: Inspectors (Ships Mechanical Equipment) Code 133, Mare Island Naval Shipyard.

We are appealing being removed from the rate of Inspector (Ships Mechanical Equipment) by R.I.F. procedure while employees classed as Inspector (Ships Mechanical Systems) are being trained by us to take over the duties of our rate.

It is our contention that the ceiling is not being reduced, as proposed, but employees just recently hired into the higher inspection rate are taking over the work we have historically performed in its entirety. These Inspectors are from the classification of Inspector (Ships Mechanical Systems), a classification that has a pay rate of \$.40 an hour higher than ours and are not under R.I.F.

The jobs performed by the personnel of these two position descriptions are completely different to the extent that the Inspector (Ships Mechanical Systems) duties are performed aboard ships and in production shops while the Inspector (Mechanical Equipment) inspects material received on the Shipyard, from vendors, to verify compliance to contractual, drawing and specification requirements.

If the position description of the Inspector (Ships Mechanical Systems) is to be changed to the extent that it includes all the duties of the Inspector (Mechanical Equipment), we then allege that it constitutes a major enough change to place the "new job" within the realm of the Merit Promotion Program as a new job.

We hasten to add that eleven (11) of the twelve (12) Inspectors (Mechanical Equipment) being R.I.F.ed are Veterans while the Inspectors (Ships Mechanical Systems) are not.

We request that the R.I.F. of Inspectors (Mechanical Equipment) be stopped and if there is in fact a need to reduce the number of people in the Inspection Department, the reduction should take place in the section that obviously has an over abundance of people.

This background information has to do with the Inspectors of Code 330 as representative of what is going on with the Quality Assurance Group, Code 130.

On about February 18, 1972, the Shipyard Commander passed the word that a rif was due May 24, 1972, and he gave out shop and code ceilings for the cut, and passed the word that the classified employees on the Yard were to drop to a Grade "GS-9.5" average by that date. He left the details to each Shop and Code Head.

Needless to say, the maneuvering began at that point, and still goes on—each to save his own rate and job, and to preserve that of his closest friends. "Merit" is obviously a word no longer known nor honored.

From the information the Inspectors (Ship's Mechanical Systems) have related to me there were sixteen (16) men moved up from the shops to the Test Section of Code 330 on a heavy workload problem. On the completion of the job, the issue of their return to the shops was raised, but some were pretty well liked by management, who now decided (knowing the future cuts were pending) to create a new position of "Systems Test Group" where the individuals would not be listed as "Inspectors, Machinery"; Inspectors, Hull; or Inspectors, Piping, but "Systems Inspectors" and would be able to cross-over the traditional trade lines and be "jacks of all trades", using *the system* as a basis for their title, ignoring the trade designation.

Logically, the best qualified would be those who already *knew* one system, and the basic knowledge of inspection procedures, i.e.: those with the years of back-ground experience, so that the least training could be utilized.

However, management felt differently. They established a "Crash Training Program" to February 21, of "Six (6) months training for those magic sixteen (16), or those left of the group, filling the absence of others with other inspector groups, particularly the Test Group.

The rifs are now out, and all the rif's have fallen in the old structure, and the Inspectors (Ship's Mechanical Equipment) are wiped out, and the new Systems Group will take over their workload and slots. We point out that the *magic sixteen* are all non vets while eleven (11) of the twelve (12) Inspectors (Ship's Mechanical Equipment) are vets.

If all the proper regulations were to have been put into play there certainly could not have been promotions made in a code (shop) while a rif is in progress or planned and if a job is changed the extent the systems job is proposed, it certainly follows that all the criteria outlined by the Civil Service Commission must be met. We submit that the criteria has not been met and the incompleting changed job is being filled by a mass crossover of the *magic sixteen* (16) without an announcement or a register.

(Note.—The 12 reduction-in-force notices referred to are retained in the sub-committee files.)

DEPARTMENT OF THE NAVY,
MARE ISLAND NAVAL SHIPYARD,
Vallejo, Calif., March 20, 1972.

MEMORANDUM

From: Head, Non-Nuclear Inspection Division, Code 133.

To: (1) Head, Inspection Branch, Code 133.1. (2) Head, Test Branch, Code 133.2.

Subject: Reductions-in-force.

1. Effective June 30, 1972, Code 133 ceiling has been reduced from 142 to 125. However, instructions are that any reductions-in-force actions necessary to reach this ceiling must be issued in time to be effective May 24, 1972. In addition, these actions must include those necessary to maintain the proper supervisory ratio and reduce the average grade level of graded employees by 1½%.

2. Actions necessary to meet these instructions are:

(a) Code 133.1 present on-board count is 76. The new ceiling is 67. This includes one ceiling point to absorb Mr. Cooney, who is returning in July 1972. This means Code 133.1 must reduce by 10 people.

(b) Code 133.2 present on-board count is 61. The new ceiling is 54. This means Code 133.2 must reduce by 7 people. Included in these 7 people is one GS-9, (to reduce the average GS grade level), and one Inspector (Ship's Electrical Systems) who is retiring.

(c) Requests for reductions-in-force have been forwarded for:

- 12 Inspector (Ship's Mechanical Equipment)
- 3 Inspector (Ship's Mechanical Systems)
- 1 GS-9 Engineering Technician

(d) Since requests for reductions-in-force are not compatible with Code 133.1 and 133.2 ceilings, any differences will be reconciled by transfers between the branches.

(e) Supervisory personnel will be reduced by 2 Associate Supervisory Inspectors, one from each branch. Since Code 133.1 has had three Associate Supervisory positions filled from time to time on a temporary basis, these will be terminated

and only two positions filled permanently. One will be filled by Mr. Cooney, who is returning in July, and the other filled by transferring one Associate Supervisor from Code 133.2.

(f) Any transfers between the two branches will be made by selecting the lowest on the retention register, in the branch losing the personnel, in the same manner as though they were receiving a reduction-in-force notice.

W. C. HIRSCH.

EXHIBIT No. 2

MAY 12, 1972.

To: Gordon J. Peterson, Appeals Examiner, U.S. Civil Service Commission, 450 Golden Gate Ave., Box 36010, San Francisco, Ca. 94102.

From: Machinist Apprentices (Shop 31, 1st year), Mare Island Naval Shipyard.

We are appealing being removed from the Apprenticeship Program at Mare Island Naval Shipyard by R.I.F.

We were hired on the basis of a ration of apprentices to Journeyman but when it comes to a R.I.F. it seems that the ratio and all other considerations are out the window. It appears that the R.I.F. brought on an incomprehensible transformation from a ratio to being included as part of the shop ceiling.

Aside from the above mentioned facts approximately half of the twelve (12) apprentices involved in this R.I.F. are Viet Nam Veterans. Added to the above is the fact that among the total of 148 apprentices hired by Mare Island in the past year are sixty two (62) VRA appointments.

As a side effect to everything else to be considered in this matter is the payment by the Veterans' Administration under the G.I. Bill. The Veterans have only two opportunities to use the G.I. Bill for education and this R.I.F. will now cancel out one of these opportunities through no fault of the Veteran.

We request that this R.I.F. of Apprentices be cancelled and if Apprentices are to be R.I.F.ed the same ratio be applied that was used for establishing this class of Apprentices.

Yours truly,

LOUIS H. HESS,
(For and in behalf of

Shop 31 Apprentices whose authorization to represent are included).

(NOTE.—Reduction in force forms which were submitted with this exhibit are in subcommittee files.)

EXHIBIT No. 3

JANUARY 4, 1972.

MEMORANDUM FOR ALL EMPLOYEES

Subject: Adjustment on Work Force.

1. On 15 December you were informed that changes in our scheduled work requirements for the coming quarters made it necessary to conduct a reduction in force of 49 personnel. At the same time, you were informed that other steps would be taken to further balance our work force. These steps include the adjustments of journeyman/worker/helper ratios, reduction in overhead, material costs, Station support, and other actions deemed necessary to reduce the cost of doing business.

2. The changes in work requirements, and the fact that our journeyman/worker ratio is not in consonance with the changed requirements (a fact which was confirmed during a series of audits recently completed by the Industrial Relations Department) now makes it necessary to initiate an adjustment of the ratio between the journeyman level (WG-10) and the worker level (WG-8) within the production shops. This adjustment will affect approximately 260 journeymen in the Airframes Mechanic, Aircraft Metalsmith, Aircraft Engine Mechanic, and Pneumatic Systems Mechanic ratings, although others may be affected by displacement actions. Sixty-day advance notices will be issued to those journeymen to be reduced to the worker level, as well as to any others affected by this action, during the first week in January 1972. Journeymen who have been in pay level WG-10 for two or more years will be entitled to have their current pay rate saved for a period of two years.

3. It is regretable that this action must be taken at this time. It was hoped that the necessary balances could be achieved through regular attrition; however,

this hope has not been realized. Everything possible will be done to minimize the impact of these actions which must be taken if we are going to keep NARF Alameda as an essential part of the Navy's industrial complex.

K. NELSON,
Commander, USN,
Commanding Officer, Acting.

(NOTE.—Portions of this exhibit, including various job descriptions and un-reproducible forms, are retained in subcommittee files.)

Mr. WALDIE. Our next witness is Mr. Russ Hatfield. Mr. Hatfield is the president of the Federal Employees Metal Trades Council, Long Beach. He will be accompanied by Mr. Martin Rosiere, Mr. Paul Ennis, and Mr. Bob Owens. Do I have all of the gentlemen listed in the proper order?

Mr. HATFIELD. Yes.

Mr. WALDIE. Gentlemen, please be seated and will you identify yourself once you are seated in the order in which you wish so that we can identify you for the record?

Mr. OWENS. I am Robert Owens.

Mr. ENNIS. My name is Paul Ennis, Long Beach Naval Shipyard.

Mr. HATFIELD. My name is Russ Hatfield, from the Long Beach Naval Shipyard.

Mr. ROSIERE. My name is Martin Rosiere, president of the AFGE at the Long Beach Naval Shipyard.

Mr. WALDIE. I am sorry. I did not get the title for Mr. Ennis and Mr. Owens. Would you give me those, please?

Mr. OWENS. Yes. Business agent for the Pipefitters, Local 831.

Mr. WALDIE. Mr. Ennis?

Mr. ENNIS. Secretary of the Metal Trades Council, Long Beach Naval Shipyard.

Mr. WALDIE. All right. Gentlemen, if you will proceed as you desire.

STATEMENTS OF RUSS HATFIELD, PRESIDENT, FEDERAL EMPLOYEES METAL TRADES COUNCIL, MARE ISLAND NAVAL SHIPYARD, BUSINESS MANAGER, LOCAL 2145, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, ACCOMPANIED BY ROBERT OWENS, BUSINESS AGENT FOR THE PIPEFITTERS, LOCAL 831; PAUL ENNIS, SECRETARY, METAL TRADES COUNCIL, LONG BEACH NAVAL SHIPYARD; AND MARTIN ROSIERE, PRESIDENT, AFGE, LONG BEACH NAVAL SHIPYARD

Mr. HATFIELD. Mr. Chairman, in the interest of time, we have prepared a brief anticipating what would take place here today.

Mr. WALDIE. Let me assure you that though we have time limitations, I have no intention of cutting you off. Mr. Van Deerlin will be required to leave because of a prior engagement, but I will stay here until we are concluded, so, feel free.

Mr. HATFIELD. Thank you very much.

As you may be aware, the Long Beach Naval Shipyard has been hit extremely hard by the reduction in force. February 18 they were notified to go from 7,302 people down to 6,398. As of May 6, 216 career employees have gone out the gate with no jobs. Approximately 565 temporary employees have gone out the gate and we have about a 115 left to go that have been extended until June 26, based upon the

fact that the 4.8 percent incentive for the increased annuity came out last week. We anticipate that there will be somewhat few cancellations.

Mr. WALDIE. Let me interrupt you just a moment.

Those reductions in force occurred during what period of time?

Mr. HATFIELD. We were notified February 18 that we would have to reach the ceiling limit by June 29 or June 30.

Mr. WALDIE. And of the 115 still remaining, holding in suspension, how many of those are career and how many are temporary?

Mr. HATFIELD. All are career. I believe it was 378 total career people that we knew would have to go. So far we have been able to achieve 47 cancellations in the career area by people who have retired, died, left, and so on.

We are primarily concerned about several areas that you are entertaining ideas on here today.

No. 1, what we are really concerned about is the significant increase in contracting that has taken place as a result of the reduction in force. We have prepared in our brief some specifics and facts that are taking place now. If there is any desire for further information on it, we would be glad to forward it to you. Yesterday, as I was leaving the shipyard to prepare for this trip today, I was told by the production officer, who told us that two major sheet metal jobs were going to have to be contracted out, amounting to about 2,080 man-hours each. Figuring on the overhead rate of about \$10 to \$12 an hour for the overhead rate per man-hour, this runs to right at half a million dollars.

Mr. WALDIE. Why were you told, or what reason was described to you for the contracting out?

Mr. HATFIELD. We have an extremely militant union at the Long Beach Naval Shipyards. When something like this happens—we also have it in our contracts that anytime the contractor comes within our unit, we must be notified first of all. We want prior consultation before this contract is let.

Mr. WALDIE. OK. But what did they tell you was the reason?

Mr. HATFIELD. Mainly because we don't have the manpower to do the job. After some heated debate yesterday, on this very subject, after they had rified the president of the sheet metal union in this last bunch that has gone out, we let them know—of course, officially, they can bring them in. But, when they do bring them in, they must pay penalty. The unions are certainly not going to sit back and see any contractors come in and work right beside the guys that have got the r.i.f. notice in their hand if there is anything in the world that we can do about it.

Mr. WALDIE. What is the penalty?

Mr. HATFIELD. Well, at this stage of the game, we have got about a hundred and ninety-two sheet metal workers and the penalty tomorrow will be each guy would file a grievance on this, and we would go through the grievance procedure and the idea would be to bog the system until the employer is going to have to meet some of our demands.

Mr. WALDIE. Your point being that you don't have many things that you can do as a union to enforce your demands?

Mr. HATFIELD. That point is very very clear, but we do have the grievance procedure.

Mr. WALDIE. So, you take advantage of whatever there is?

Mr. HATFIELD. Right. We have another ship in drydock right now, the U.S.S. *Ogden*. About a year ago we went through the same routine with the *Ogden*, which amounts to sandblasting. They riffed out a lot of our sandblaster-type people and now we cannot meet the commitments on the job.

Mr. WALDIE. Well, let me ask you a question at this point. Is it possible that they are right, that you do not have enough people to do this job, given the ceiling on positions that has been imposed on that yard?

Mr. HATFIELD. I would say that they probably are right. I do not deny that. We would never agree to it. We would never agree to it. We would never agree to the contracting end of it. We may recognize that they do have a valid point, but we will never agree to riffed our people out and at the same time a guy has got a r.i.f. notice in his hand, he has got a contractor working right beside him, using a lot of Government material and Government services to do the job. We will never agree to it and accept it as a matter of employment.

Mr. WALDIE. So, your point is that here they are riffed to meet an artificial ceiling on employees, and are attempting to get over the hurdle of their official ceiling by contracting out?

Mr. HATFIELD. It is definitely—as everybody has said today, Mr. Chairman—a manpower problem. It is the ceiling points. It is not money. They have got money to burn. Right now they are running approximately 40 percent overload on the naval shipyard. NAV ship has had us under a 5-percent overtime limitation for approximately a year. Now, it has gone completely out of sight. Last Saturday and Sunday we worked 3,500 people in that shipyard. This weekend we are working every man that is available.

Mr. WALDIE. So, they are using overtime in order to compensate also for the effect of the reduction in force?

Mr. HATFIELD. Right. A while ago, they touched on a very good point on the Mare Island Shipyard about loaning from shipyard to shipyard. We have loaned people—we have got about 35 people who are loaned to Mare Island and in turn, we have got 25 borrowed from the Charleston Naval Shipyard and paying the per diem rate of \$25 plus their wages and other expenses so that they are living up there. We consider this an extremely poor judgement in management.

Mr. WALDIE. Well, it is poor judgment, and I don't think anyone on this committee has heard of that practice until we got out here today.

Mr. HATFIELD. It is quite a common practice and has been going on for a number of years among the shipyards, especially when we have ceilings on us and we cannot get more people. I don't blame it on the command at all.

Mr. WALDIE. Mr. Van Deerlin said at noontime today, when he was being interviewed, and I happened to be listening to him, that it appears there is a possibility that what we are doing here is playing games with numbers, playing a game with numbers and bookkeeping entries to try and struggle through a situation imposed by someone up high in the echelon that has no understanding of the problems it is causing the yards.

Mr. HATFIELD. We feel that it is 100 percent political, something that is being imposed by the present administration to account for some political goals that are trying to be reached. But, at the same

time, the people, the human beings, that are being shuffled around and being shoved out the gate into the Los Angeles area, which is an extremely high unemployment area, they are being shoved out where they cannot get jobs. You know how the reduction in force procedures take place. You start at the top and everybody bumps down. You get down at the bottom and the laborer and the janitor, the tank cleaners and these type people are shoved out. Hard core, minority-type people with no skills. There is no place for them to go to work. The top choice jobs in the wage board area are the blue collar type people, the planner and estimator and these type people. There was not one r.i.f.'d and there were 10 of them scheduled to go, and they canceled everyone of them. In turn, someone had to take his place.

Mr. WALDIE. Why did they cancel them?

Mr. HATFIELD. Well, it is a management decision of who you are going to need, where the need lays. They say we need more planners than we do sandblasters, or more planners than we do laborers. So, naturally, further down the line, they have less horsepower. These people are not recognized as much. But, the planners and estimators work closer to the captain's office, they have more pull than the rest of the people.

Mr. WALDIE. Is it your feeling that in this selection out process that is apparently greatly within the purview of each commander, that there is a great deal of personal impact upon the decisions?

Mr. HATFIELD. Certainly. He decides who is going to go and in what category. Maybe in the planner and estimator—of course, they didn't get their r.i.f., but you take the sheetmetal shop. They decide how many mechanics, how many limited and how many helpers.

Mr. WALDIE. Is there any indication or suspicion that the president of the union that was r.i.f.'d was r.i.f.'d, in part, because of his activities on behalf of the union?

Mr. HATFIELD. To be honest with you, no. I think the procedures, the reduction in force was carried out—they were carried out pretty fairly. I think, if it was possible, he would have been saved. He fell in such an area on the retention list, that he could not be reached.

Mr. WALDIE. Am I also fair in concluding that you do not assess as much responsibility to the local people at Long Beach as you do to the administration and to the people in Washington?

Mr. HATFIELD. Certainly. We are given a ceiling level to go to and there is nothing that this shipyard commander or any other base commander can do. You have got to go to that level and yet you still have to get your work done and you must RIF proportionately and still meet your needs. After listening to some of these folks here today, I probably consider us to be in pretty good shape after listening to the problems of the military.

Mr. WALDIE. We are going to excuse Mr. Van Deerlin and thank him for his attendance at the committee today.

Mr. VAN DEERLIN. Thanks very much for bringing this committee and this investigation up to my area, Mr. Chairman.

Mr. WALDIE. We will probably be back.

Mr. HATFIELD. I listened to my counterpart from Mare Island talk about RIFing the apprentices. We have got the opposite situation at the Long Beach Yard and I disagree with the manner in which it is done. Our training department figures indicate that it takes approximately \$102,000 per man to get the man completely trained

and through the 4-year apprenticeship, and we had 26 newly graduated apprentices and 21 of them have RIF notices in their hand. These people are going out the gate. They had their first year apprentice, which is of no significant value productionwise at all, and yet these people are being retained. Today we have the announcement on the street and our testing and categorizing of approximately 300 apprentices for September employment now, and I take strong exception with this type of judgment, which is being applied to employment.

Getting back to the contractor, we have a ship sitting in drydock now that has got \$146,000 worth of sandblasting contracted out. This same ship that was in before, we contracted it out before because we could not meet the commitment on it then, keeping in mind and agreeing with you that we probably don't have the manpower to do it, but the last time we contracted it out, we had to do it all over again. The shipyard employees, the civil service employees, had to do it over because of the type of contractors they get. They are building sandblasters, not people who are orientated toward marine surface preparation. We had the problem after paying these people to do it, we must go back and do it ourselves. I am looking forward to a similar incident on this same ship again. But, keeping in mind that there is a large work package of several hundred thousand dollars in this ship, possibly a million dollars. In order to get the big package they have to contract this out and we will never agree to this. It would be illogical.

I didn't come down here to do all of the talking. I brought some horsepower with me and I will now yield.

Mr. Rosiere is from the technical engineers and he has a very unique problem with the engineers versus the technical engineers.

Mr. WALDIE. Mr. Rosietre?

Mr. ROSIERE. Our local represents the technicians within the shipyard.

In the 28 years that I have been there, a little over 28 years, almost 29, we were not able to hire engineers because the pay was so low that they would not hire in until, luckily for the Long Beach Naval Shipyard, they started the Vietnam war and they recruited them from the colleges by giving them exemptions from the service. So, now we are stuck with a bunch of uneducated, shipwise, engineers.

These engineers are being trained and have been by the technicians. Incidentally, the Navy rates the Long Beach Naval Shipyard as No. 1 of all the shipyards. A shipyard, today, in the Navy, is a garage. We do not build ships. We repair them, modify them, put them out to sea to go to work. We don't need engineers. Now, we had 78 grievances filed in the Long Beach Naval Shipyard in connection with this particular subject. In that, the hearing officer agreed that the engineers and the technicians were doing identically the same job. The reason that it was filed was that there was no promotional plan for the technicians. However, when RIF came along, due to the fact that the— my personal feeling is, that the engineers did not belong to the union, they only riffed one out of five of the engineers. So, that meant that we lost 35 technicians and only six engineers.

We feel that some of these people who have 24 or 26 years in, while they are keeping engineers that have only 8 or 9 months. This is a loss to the Navy.

Now, on appeals—we have appealed to the Civil Service Commission—I would like to enter into the record here that we followed the appeals procedure set down by the Long Beach Naval Shipyard on an appeal on a RIF. This was forwarded to the San Francisco U.S. Civil Service Commission, Golden Gate Avenue, San Francisco, Calif., and signed by Gordon J. Peterson, appeals examiner. He used a standard form here however, at the bottom he added one little note on what we appealed on. He said, “No, an agency decision to abolish civilian positions and establish military positions is a matter wholly within the management of the agency, and not under the jurisdiction of the Commission to review in a reduction-of-force appeal.”

In other words, what we really had was Rome investigate Rome, management investigating management, they came back and said, “This is fine, replace with military.”

Mr. WALDIE. I do not understand exactly where the military came in. Are these engineers military?

Mr. ROSIERE. I will present this to you.

Mr. WALDIE. What military are replacing what civilian employees in a RIF?

Mr. ROSIERE. We have about 10 positions in the shipyard and where the employee was RIF'd and the military is now going to be replacing them.

Mr. WALDIE. What position was that?

Mr. ROSIERE. GS-12.

Mr. WALDIE. And what did they do?

Mr. ROSIERE. They are type desk. In other words, that is where all of the work comes in from all of these ships.

Mr. WALDIE. And they are now being replaced with military?

Mr. ROSIERE. With military.

Mr. WALDIE. Now, you heard, I presume, this afternoon, the contents of that DOD directive that it is not a permissible activity in connection with a reduction in force.

Mr. ROSIERE. Yes.

Mr. WALDIE. But, that does not necessarily seem to imply that it is an impermissible activity, relative to the regulations of the Civil Service Commission.

Mr. ROSIERE. That is the way I understand it. I asked the captain about this. He said that it was the management's prerogative and that they had to place the military people somewhere.

Now, we have 44 military high official positions at the shipyard.

Mr. WALDIE. Excuse me a moment. Before we move on off of that, is that problem of those 12 positions being replaced by the military people contained in these two submissions?

Mr. ROSIERE. Yes, sir; along with the Civil Service standard report.

Mr. WALDIE. These two submissions are comprised of a letter from the American Federation of Technical Engineers, Mr. Rosiere, to the General Accounting Office, dated May 18, 1972, and a U.S. Civil Service Commission letter, dated May 19, 1972, signed Gordon M. Peterson. Those items, along with any supporting material, will be included in the record at this point.

(The material referred to follows:)

AMERICAN FEDERATION OF TECHNICAL ENGINEERS,
Lakewood, Calif., June 7, 1972.

JEROME R. WALDIE,
Chairman, Subcommittee on Retirement, Insurance, and Health Benefits of the Com-
mittee on Post Office and Civil Service, Washington, D.C.

HON. JEROME R. WALDIE: As a result of our meeting in San Diego, California
in May, 1972, the following facts are provided for your information:

Enclosures:

- (1) (A) AFTE Ltr. 18 May 1972 to GDA
 - (2) (B) GDA Ltr. of reply 31 May 1972
 - (3) Messrs. Cluny and Payne Ltr. of 13 May 1972
 - (4) U.S. Civil Service Comm., San Francisco Ltr. of 13 May 1972
 - (5) OCMM Volume VI, No. 4 of May 1972
 - (6) U.S. Naval Supply Officer, Capt. S. C. Sharf, Jr. Memo. of 14 April 1972
 - (7) Mr. Steve F. Capasso, U.S. Naval Supply Memo. of 26 January 1972
1. Codes 211 and 214 have existed for 29 years headed by civilian employees, in this Naval Shipyard, as General Scale—12 positions as outlined in enclosure (1).
 2. Enclosure (2) is the reply of the General Accounting Office's relative to the validity of enclosure (1).
 3. An appeal was made to the Director of Civil Service Commission's Office in enclosure (2).
 4. Enclosure (4), a standard reply, with notation "civilian positions may be filled with Military personnel wholly within the management of the Agency."
 5. Enclosure (4) above, is contrary to enclosure (5), page 2, which states that Military personnel cannot fill civilian positions at any time.
 6. An example of a civilian position being filled by a Military officer is outlined in enclosure (6). (Ed. note: Copy illegible.)
 7. One of the numerous methods of reducing the general scale level in this Shipyard is outlined in enclosure (7).
 8. There are presently twenty-three Ship Superintendent positions in this Shipyard occupied by Military personnel. In other Shipyards these billets are filled by civilians.
 9. As you can see we have appealed these infractions as far as we can, to date, without relief. Where do you suggest we go now? Any information received from your Office will be kindly appreciated.

Sincerely yours,

M. A. ROSIERE, *President.*

ENCLOSURE No. 1

AMERICAN FEDERATION OF TECHNICAL ENGINEERS,
LOCAL No. 174,
Lakewood, Calif., May 18, 1972.

U.S. GENERAL ACCOUNTING OFFICE,
Washington, D.C.

DEAR SIR: About a month ago, your office issued a report accusing the Defense Department of excessively filling civilian vacancies with military personnel.

It appears that your accusation is going relatively unheeded at this activity as two civilian GS-12 positions are scheduled to be filled by Naval Officers.

The positions are in Codes 211 and 214 (Type Desk) and are to be vacated this month. Plans to fill the vacancies with officers was announced by the Shipyard Planning Officer, Captain N. O. Larson.

As it is, we have enough problems with officers catering to unrealistic requests from line officers of superior rank. There are far too many instances where such requests are carried out merely because the junior officer is entrenched in the "chain of command" system and to obey such requests in the same light as if they were official orders.

Civilian supervisors are not so susceptible to this type of situation and rather they serve to temper such request by determining if they would be beneficial to the ship and the Navy as a whole.

The above stated objection to officer/civilian replacement is on an equal priority with our objection to the fact that experienced civilian personnel will be excluded from the opportunity to fill the vacated positions. To add insult to injury, officers going in as replacement probably would not have one tenth of the experience any one of the civilians vieing for the job would have. Even then, the officers' tour of

duty would only be temporary and would soon be replaced by another officer of limited starting inexperience.

Each time a new officer took over, the civilian subordinates would have to "retrain" him in the difference between a ship at sea and a shore assignment and to establish a rapport with other supervisors, vendors, etc. That is an absolute necessity in such a position. It is doubtful that any officer would ever be afforded the time to develop such a capability before he is rotated. Not that he personally would not be capable, but such a rapport takes many years of experience that only career civilians can lay claim to.

Ultimately, officer replacement would be very detrimental to the Navy as well as leading to destruction of the Civil Service System.

Therefore, we must ask that your office take action on the present situation in Type Desk and prevent any other civilian positions, at the Long Beach Naval Shipyard, from being filled by military personnel.

Sincerely,

M. A. ROSIERE, *President.*

ENCLOSURE No. 2

U.S. GENERAL ACCOUNTING OFFICE,
FEDERAL PERSONNEL AND COMPENSATION DIVISION,
Washington, D.C., May 31, 1972.

AMERICAN FEDERATION OF TECHNICAL ENGINEERS, LOCAL NO. 174,
Lakewood, Calif.

Attention: M. A. Rosiere, President.

DEAR MR. ROSIERE: We refer to your letter of May 18, 1972, questioning plans to fill two civilian positions at the Long Beach Naval Shipyard with military personnel.

In our report to the Congress on the Extensive Use of Military Personnel in Civilian-Type Positions (B-146890, March 20, 1972), referred to in your letter, we recommended that the Secretary of Defense direct that each military department headquarters review all types of positions, except those designated as being in deployable military units having a combat or combat-support mission, to determine whether the position must be filled by military personnel, could be filled by either military personnel or civilians, or should be filled by civilians. This was to urge the Department of Defense to formulate a sound basis for determining requirements for both military and civilian personnel.

The General Accounting Office has a continuing interest in the management of personnel resources by the agencies of the Government. However, it is the responsibility of the agencies, not this Office, to determine which positions should be filled by military personnel and which should be filled by civilians.

We regret that we cannot directly assist you in preventing civilian positions being filled by military personnel at the Long Beach Naval Shipyard. The information furnished in your letter will be helpful to us in planning a review of the implementation and impact of reductions of civilian positions and employment scheduled to begin in July.

Thank you for bringing this matter to our attention.

Sincerely yours,

FORREST R. BROWNE,
Deputy Director.

ENCLOSURE No. 3

DIRECTOR, SAN FRANCISCO REGION, U.S. CIVIL SERVICE COMMISSION,
San Francisco, Calif.

Subject: Reduction in Force Notice of Joseph W. Cluney and Mr. James Payne,
Production Controllers GS-12.

1. I have been employed in various capacities in the Long Beach Naval Shipyard and Resident Supervisor of Shipbuilding Office, Long Beach, for the past 24 years. Since 1968, I have served in the capacity of Production Controller GS-1152-12 series.

2. In December 1971, I received a transfer due to abolishment of position in Resident Supervisor Office to Long Beach Naval Shipyard Planning Department.

3. The combined Production Controller Register, GS-12, for both installations

was comprised of 14 employees. Six employed by Resident Supervisor and eight at Long Beach Naval Shipyard. At this time an employment announcement was issued to fill one new position at Long Beach Naval Shipyard.

4. Since this time there have been three Production Controllers, GS-12 Series, retired. Therefore, leaving a total of 11 on the register with two Reduction-in-Force notices in effect which will reduce this total to 9.

5. The structure set up in Long Beach Naval Shipyard in Type Desk Organization was prior to Reduction-in-Force Codes 211, 212, 213, 214 and 217 each employing one GS-12 with the exception of Code 214 which was vacant but had been previously advertised. One GS-11 in this Code was listed as Acting Supervisor.

6. The present organizational plan will only employ 3 GS-12 positions in Codes 217, 212 and 213. RESUPSHIP will be left with 3 GS-12 Production Controllers with the other 3 on register in L.B.N.S.Y. serving in Scheduling and Progress Departments.

7. On Wednesday 3 May 1972, at the Planning Officers Conference held in Planning Department Conference Room, Long Beach Naval Shipyard, Capt. N. O. Larson announced that some actions would be forthcoming on cancellations of Reduction-in-Force notices. The following week all Reduction-in-Force Notices affecting Planners and Estimators were cancelled, but no cancellations for Type Desk personnel were issued even though the Planning Department work is generated in this Department.

8. On Friday 12 May 1972, at approximately 1100, Enclosure (2) was presented to me by Commander Dunbar, Code 210, Planning Officer.

9. Although the Type Desk, Code 211, was not abolished, the Supervisor Position in this Code and Code 214 will become vacant due to Mr. Payne's and my R.I.F. The intent stated to fulfill the duties of these positions was that the Naval Officer assigned to these Codes would perform all of their functions, even though the other three Codes 212, 213, 217 would retain Supervisors rated GS-12 in these same positions.

10. The use of Officer personnel to fulfill Civilian personnel duties in Civil Service System Position would therefore set a precedent and thereby destroy the career status of Civil Service Personnel, leading to detrimental effects on all Civil Service Positions.

11. Long Beach Naval Shipyard Instruction 12351.1F of 17 March 1972, Page 4, Paragraph E states, Quote "In the abolishment of positions necessitated by Reduction-in-Force Departments, and Offices are responsible for promptly and properly notifying the incumbents of the affected positions, regardless of whether the employees have received notice of proposed separation by Reduction-in-Force." Unquote. This action has never been carried out officially.

12. A recent report of General Accounting Office expressed grave concern accusing the Department of Defense in using Military personnel in Civilian capacity and asked Congress to authorize transfer of funds from Military personnel appropriations to Civilian appropriations to protect Civilian Status in Defense Department Positions.

13. This appeal is predicated on the fact that within the Department of Defense the Spoil System is still in effect, if Civilian Employees can be replaced with Military Personnel to fulfill their duties; therefore, usurping all Civil Service Rules and Regulations enacted to protect Career Civil Service Employees. If Codes 212, 213, and 217 require supervisory positions, why should without being abolished Codes 211, 214 be administered by Military Personnel; therefore, setting a precedent to dispose of GS positions in other Codes.

14. It is therefore, requested that the Reduction-in-Force notices of Mr. James Payne and Joseph W. Cluney be cancelled, and they be assigned to fulfill the duties of Codes 214, 211 respectively.

JOSEPH W. CLUNEY,
JAMES PAYNE.

ENCLOSURE No. 4

U.S. CIVIL SERVICE COMMISSION,
SAN FRANCISCO REGION,
San Francisco, Calif., May 19, 1972.

MR. JOSEPH W. CLUNEY,
Bellflower, Calif.:

Your letter indicated that you want to file a reduction-in-force appeal with the Commission.

The Civil Service Commission regulations which must be followed by Federal agencies in reduction in force are contained in Federal Personnel Manual Supplement 990-1, Book III, Part 351. The enclosed FED FACTS 13 explains how these regulations are applied.

An employee covered by the Commission's reduction-in-force regulations has the right to appeal to the Civil Service Commission from reduction in force whenever he believes his agency has not properly applied the reduction-in-force regulations. It is, of course, the responsibility of each agency, not of the Civil Service Commission, to decide when to carry out a reduction in force and what positions to abolish. If the agency has properly applied the regulations in a reduction-in-force situation, the Commission will not decide in favor of the appellant. If, however, the regulations have not been properly applied, the Commission can be and wants to be of assistance.

In order to process your appeal, we need information not contained in your letters. Therefore, please complete sections I and II of the attached form (and provide any information requested by section III), sign, date, and return the form to this office.

If we do not receive this information from you within 7 calendar days from your receipt of this letter, we will assume that you are not interested in continuing your case.

Sincerely yours,

GORDON J. PETERSEN,
Appeals Examiner.

For the Director.

Note: An agency's decision to abolish civilian positions and establish military positions is a matter wholly within the management of the agency, not under the jurisdiction of the Commission to review in a reduction-in-force appeal.

ENCLOSURE No. 5

TRADE TALK

(By the Office of Civilian Manpower Management, Navy Department)

RECRUITMENT FOR OVERSEAS POSITIONS

In September 1970, the Assistant Secretary of the Navy (Manpower and Reserve Affairs) published the policy of giving priority consideration for overseas vacancies to current Navy and Marine Corps career employees. The policy has two primary purposes: (1) to provide overseas assignments with minimum orientation, and (2) to offer career development opportunities to current employees.

During 1971, 85% of the U.S. recruits for overseas vacancies were from within the Department of the Navy. In the Pacific area, where Navy and Marine Corps positions are most heavily concentrated, 84% of the selectees were from the Department of the Navy as compared with 71% in 1970, 56% in 1969, and 48% in 1968. The remaining positions were filled from other sources, primarily by career employees of other DOD activities in the absence of well-qualified Navy/Marine Corps applicants.

The 1972 OCMM-approved goal for overseas recruitment reads:

"Maximize recruitment of the Department of the Navy career employees, preferably on lateral reassignments, with least possible disruption to stateside commands. Specific goal: approximate 100% career selections."

How will careerists be recruited? From three sources:

1. Career programs.
2. The DOD Overseas Employment Program (OEP).
3. The Overseas and Return Placement Staff bi-weekly vacancy listing, "Overseas Civilian Employment Opportunities with the Department of the Navy," NAVSO P-3078.

Emerging career programs have first priority and will account for increasing numbers of overseas selections. Programs are operable now for the following position categories:

- Quality and Reliability Assurance
- Procurement
- Civilian Personnel Management
- Intelligence, Counterintelligence and Cryptologic
- Financial Management
- Supply Management

OEP (formerly AOERP) has second priority after career programs. Two major problems persist with this program, however: (1) the high declination rate of current registrants—above 50% for many positions, and (2) registration deficiencies. Many career employees say they are unable to obtain registration information or assistance. Activity responsibilities in this program are outlined in CMMI 301 and the new DOD Manual on Stability of Civilian Employment, DOD 1400.20-1-M.

NAVSO P-3078 will continue to provide the largest volume of selectees. Distributed to Navy and Marine Corps activities worldwide and selected addressees, this publication accounts for more than 70% of career selections, undoubtedly because the applications received in response to published vacancies are both timely and relevant.

HOW WOULD YOU DECIDE?

An intruder entered an activity and stole some items. Soon after the incident, the police arrested a suspect.

Because of the circumstances, it seemed likely that George T., an employee of the activity—George was in no way personally implicated in the matter—had seen the intruder and could offer positive identification. George was asked if he had seen the man, and he answered that he had not. This was, of course, disappointing; the suspect was released from custody.

In subsequent conversations with other employees, however, George admitted that he had seen the intruder, that the police did indeed have the right man. Why, then, had George denied all knowledge? He did so, he explained, because he "did not want to get involved in a police matter."

Offended by this attitude, management discharged George. It was made very clear that the reason for the dismissal was not any suspicion that George had been a confederate of the intruder. The discharge was based solely on the false answer he had given to civil authorities.

The union took to arbitration the sole issue of whether, under the usual just-cause-for-discharge clause of the collective agreement, an employer may discharge an employee for refusing to get "involved."

How would you decide this case?

For the union?

For the activity?

Compromise? If so, how?

MILITARY-CIVILIAN STAFFING

Reductions in the number of civilians employed by Navy are expected to continue. Interfaced with these reductions is the Navy-wide drive to locate additional suitable shore billets for the rotation of deprived ratings—a goal of increasing importance as we head toward an all volunteer Navy. Occurrence of these two movements together creates a natural tendency for the possible migration of military personnel into jobs currently or formerly held by civilians.

DOD's position on the substitution of military personnel for civilian personnel is succinctly stated in DOD Directive 1400.5 of 16 January 1970, "Civilian employees shall be utilized in all positions which do not require a military incumbent for reasons of law, training, security, discipline, rotation or combat readiness, or which do not require a military background for successful performance of the duties involved." Navy's affirmation of this policy is stated in CMMI 300.13. It was reaffirmed, in a memorandum from ASN(M&RA) in March 1971 to ASD (M&RA); by CMC in MARCORPS Order 5312.11 of 11 May 1971; and in OPNAV Instruction 5312.19 of 6 October 1971 from CNO to all commands. This latter instruction particularly emphasized that "every effort should be made to ensure that military personnel are not assigned to perform the duties of civilians who have been reduced in force."

The instructions recognize that exceptional circumstances may arise wherein local commanders might have to temporarily assign military personnel to civilian-type functions. However, assignments are to be made only after all other alternatives have been exhausted. Additionally, such substitutions are to be limited to a specified and temporary period of time.

On occasion Navy is called upon by Members of Congress, employee unions and others to explain such military assignments. Explanations provided must be consistent with the assignment criteria cited above if the assignment is to continue.

ENCLOSURE No. 6

APRIL 14, 1972.

MEMORANDUM

To: LCDR C. W. Stone, Jr.
 From: Captain S. L. Scharf, Jr.
 Subject: Additional duty.

1. Effective this date, during any absence of Mr. Steven F. Capasso, GS 14 Code 502, you are to assume the duties of Acting Head Administrative Division, Code 502.

6. This is in addition to your present duties as Head, Material Division, Code 560.

S. L. SCHARF, Jr.

AMERICAN FEDERATION OF TECHNICAL ENGINEERS,
 LOCAL No. 174,
 Lakewood, Calif.

HON. JEROME R. WALDIE,
 Chairman, Subcommittee on Retirement, Insurance, and Health Benefits of the Committee on Post Office and Civil Service, Cannon House Office Building, Washington, D.C.:

Topics for this brief are not listed in order of importance since each constitutes a very serious problem to the federal employee.

The methods used in formulating retention lists is of grave concern. When a lay-off occurs, employees with the least seniority are the ones hit, leaving the higher seniority employees on board. By using a straight seniority system, employees with longer employment records are left on board. However, the recent Reductions In Force had the retention lists divided up into so many small sections that veterans and long time career employees were hit. Some with as many as twenty-four years service, literally forcing them to take an early retirement at a reduced annuity. Yet many men with as little as eight months service were retained. Other career employees, who were layed off, have been able to bump down to lesser jobs, many at much lower pay and some have even had to retreat back to the shops from which they came from three to six years ago. Something smells fishy.

Another major gripe is on the mish mash we have for a health insurance system. On the surface, it seems wonderful that government employees have a choice of different health plans. When you boil off the gingerbread, they are all about the same with equally increasing premiums—and the government pays less than half. Many private companies pay the full premiums for their employees including dental insurance. We have absolutely no dental coverage whatsoever and other medical insurance rates are so high that many employees cannot even afford their reduced share and are cancelling out in favor of T.V. specials, Sunday supplement advertisements and third class mail literature. Obviously such cheap plans can never hope to give the coverage of the plans we now have options for, but unless the government makes some really big increases in its share of premium payments, a lot of citizens are going to get their medical care through the Welfare Department.

The most constant complaint is one that has been bounced around for the past twenty years. That is the thirty year retirement bill.

There is a great demand for job openings for our future generations, but there will be very few openings if the present retirement qualifications are not shortened. Presently, an employee must be fifty-five years old or more, with twenty years service and with a lay-off notice in his hand before he can apply for a full annuity retirement. Beyond that, he must be sixty-two years old with thirty years service to meet the minimum qualifications. As a result, some employees stay on until they are forced to retire at age seventy.

A straight thirty year bill can have many employees retiring at full annuity when they are less than fifty. Thus opening up jobs for the millions of high school and college graduates and veterans that will be flooding our employment and unemployment offices.

My final complaint is the assigning of military personnel to positions vacated by retiring or transferring civilian employees.

On the surface, it seems our only gripe is the fact that such assignment robs another civilian of a job.

This is true, but the problem goes much deeper than that. Most of the job assignments require the person to be in contact with other Naval officers as well as key shipyard civilian personnel.

Harmless? Hardly if you properly analyze the military mind in a civilian job. Let's take our Type Desk office for example, where, incidentally, two officers are replacing civilian supervisors.

This office is responsible for analyzing material and manpower costs required to accomplish Ship Alterations, ordered by NAVSHIPS, and work requests suggested by the Ship under repair or modernization. The biggest problem is in the work requests wherein a ship's officer wants production work accomplished that is totally unrealistic or may even be detrimental to the ship's mission if not properly analyzed. But if the Type Desk officer is of a lower rank than the ship's officer, especially if the ship's officer is the Captain, you can be assured the request will be regarded almost like an order. Additionally, the Type Desk personnel must be in constant contact with key civilian supervisors and a large number of private contractors and vendors. It takes many years of experience for the civilians in the Type Desk offices to establish the proper relationships required to be of the best benefit to the Navy. An officer, as supervisor, can never hope to match this type of relationship no matter how competent he may be or how hard he tries. His tour of duty would be over just about the time things are running smoothly.

We have a similar problem with the office of Ship Superintendents, made up entirely of officers. They are basically supposed to be schedule coordinators and liaison between the ship and the shipyard. However, they too often get involved in design changes suggested by a higher ranking ship's officer. For example, the Engineering officer of one destroyer objected to the loss of two file drawers in the log room. The drawers had to be eliminated when they were moved a few feet to make room for an air conditioner. However, the drawers interfered with the air dehydrators of the ASROC missile launcher. Therefore, two drawers were destined to be cut off. But the ship's officer convinced the ship superintendent that it would be better to move the dehydrators out of the log room, further away from the missile launcher, beyond the maximum required separation, and over a bed in the sick bay. To the military mind, this was logical since a superior officer requested it. It took two civilian design technicians two days to straighten this out, including a conference with the ship's Captain and a loss of time that could have been averted if the ship superintendent's office had not been involved.

Ladies and gentlemen, these are our basic problems. Some are strictly of local concern, others that are nationwide. They consist of bona fide and I've only outlined them. There has been no optimistic nor candy coated statements offered.

The problems faced by my union local are very serious, and if not resolved soon, the Navy will suffer immeasurably.

At this point in time, the United States Navy cannot afford to be less than the best in the world.

MARTIN A. ROSIERE, *President.*

Mr. ROSIERE. On the back of the letter here, that I intended to give to you, is another position within the 500 code where another captain is replacing another civilian with a military officer. This seems to be a trend at the Long Beach Naval Shipyard.

Mr. WALDIE. Well, we will examine that trend in some detail.

Mr. ROSIERE. At the present time there are approximately 20 superintendent's jobs who oversee the work and coordinate the work overall in the shipyard. These are now being filled by officers which should be civilian.

Mr. WALDIE. And have been, I presume?

Mr. ROSIERE. They have been officers. They have been officers all along, always were.

Mr. WALDIE. Now, wait a minute. Have they been held by civilians?

Mr. ROSIERE. No; not at the Long Beach Naval Shipyard.

Mr. WALDIE. They have always been held by officers?

Mr. ROSIERE. Right.

Mr. WALDIE. And now, they are being—they were held temporarily by civilians and now they are being replaced by officers?

Mr. ROSIERE. At the Long Beach Naval Shipyard they have never been held. They have been assigned temporarily for training purposes for some of the supervisors. But, they have never held the job at the Long Beach Naval Shipyard.

Mr. WALDIE. Your point is that they should have been civilian personnel?

Mr. ROSIERE. Right.

Mr. WALDIE. Well, that really is another subject, though, is it not, that has nothing to do with the RIF. The RIF situation has to do with if they were civilians and were RIF'd and replaced by military.

Mr. ROSIERE. That is correct.

Mr. WALDIE. Your problem is one of classification and you maintain that it is an improper classification; it is classified as a military slot when it should be a civilian slot.

Mr. ROSIERE. That is correct.

Mr. WALDIE. Well, that really isn't part of our hearing, but it is something that is certainly worth looking into.

Mr. ROSIERE. These two positions, the two type desks, GS-12 positions are part of the RIF and where the gentleman is retired, he is now replaced by military.

Mr. WALDIE. Right; we will check that out.

Mr. HATFIELD. I have an item or two further on contracting that I would like to talk on.

In our transportation department, there has been some somewhat insignificant amount of RIF, not a great number. What they have done is they have RIF'd a few, but as the positions vacate they are not filled again. As a result, all of the preventive maintenance, such as oil changing, grease jobs, fan belts, and the minor type of work is being farmed out and as a result of this we have filed a flock of grievances on it. But, the point I am trying to make on it is—I have got some documents I am going to submit on it.

They send a bus out for an oil change and the bill on it is \$3. It takes \$19 worth of labor and time to get the bus transported over with two drivers and another truck to the contractor outside. They leave it and come back and at a later date, go back and pick it up with another driver and truck. It runs about \$19 in labor and \$3 worth of oil to bring this about. We have a package of this type of farm-out work that—

Mr. WALDIE. I hope you will submit them to us.

Mr. HATFIELD. Yes, we will. It is not of a great dollar value, at this level, because it is just getting started. But, it is starting as a result of the RIF, and in this same department, all of the engine rebuilding, which I have got the package on here, I think it is two hundred and seventy something thousand dollars that is being spent to an outside outfit called Ripco Industries to rebuild all of the engines. At the same time they have—they take their heavy duty mechanics, people that could well be doing this and they are assigned to menial type jobs, to cover areas where other people have been RIF'd.

I think in the overall picture, Mr. Chairman, of the overall RIF throughout the Federal Government and particularly in our activity here is the fact that they are juggling people and have buckets full of money to spend and the money is going to be spent, the work is going to be done. I think the determination we are after today is who is going to do the work. We feel that our people are going out the gate,

which is going to be 478 of them, career-type people, with better than 500 temporary people who have already gone. I think there has been a terrific injustice placed on these people. We have been hit quite a bit harder than any of the other naval shipyards on the west coast.

The temporary employee business, as of yet, we have not had anybody rehired as a temporary employee. We have been informed that when the RIF is complete, as of June 30, they are going to start hiring people back on a temporary basis, but, if they are going to be intermittent employees, or how they are going to get under the ceiling points, I don't know. They have told us to sit tight. Many of our people have taken downgrading actions, they have taken benchmarks mechanics down to sandblasters and laborers and they are trying to hold on in anticipation of coming back up to their job, when the ceiling—they hope to lift the ceiling or to get back in some manner.

In Mr. Rosiere's section of design, we have, I think, about 70 RIF's or something of the engineer-type people, technicians to draw the plans. As a result, the contract has gone out and is running about \$200,000 a month for far-out design services. This does not include the reproduction of these plans once they are drawn and the map comes back they are farmed out again to a reproduction system at about \$20,000 a month for the reproduction of these plans. This gets to be quite expensive. I touched base with our commanding officer before I came down here and he tells me that our overall expenditure for funds and contracting runs about \$135 million a year. Out of that there is \$20 million allowed strictly for contractors. These are unofficial figures with no orders from anybody that this is what he anticipates to spend this year. This is what it has been in the past. But, with the RIF on us and unless the ceiling is lifted, we are going to be in serious trouble as far as the work to be done.

From listening to—I had lunch yesterday or the day before with Admiral Burke, who has been appointed by NAV ship to productivity and it appears to me, Mr. Chairman, that in order to increase productivity in the Navy Department, that the RIF is pretty well coordinated to cut the manpower down, but not the work, and they hope to get more work out of each employee and get him to pick up the part that was being done by his counterpart that got RIF'd to increase the productivity of their employees throughout the Navy. This is a problem that we realize must be done throughout the country and productivity must be increased. We certainly hate to see it at the expense of our employees going out the gate,

Mr. ENNIS. Mr. Chairman, getting back to the travel and the loan-out to other yards, we have a problem in connection with that while the RIF is going on.

I believe Mr. Hatfield has a letter I gave him today where the men have gone to San Francisco, Hunter's Point, 40 of them. They came back about 2 months ago and upon returning, they were investigated by the Comptroller Department and requested funds back from their expense account based upon the fact they could not verify they spent the \$25 a day per diem. They were told prior to going that they were allowed \$25 per day per diem as that bulletin indicates, that letter. They do not have to verify, according to the DOD's travel orders, verify or furnish receipts.

But, upon returning, they had some man that was hurt in Hunter's Point and upon investigation by this man's wife, they found out that

he was not living in a \$15 per night hotel or motel, but was sharing a room cost and they began to investigate all of the men and where the men had taken the \$25 per day for the 2-month period, prior to going, they had about \$1,500 advanced to them. When they came back, many of them had spent the money and now they were demanding that money back, the difference between the average cost of living and the \$8 a night.

Mr. WALDIE. In San Francisco?

Mr. ENNIS. For Hunter's Point, yes.

Mr. WALDIE. \$8 per night?

Mr. ENNIS. That is basically what they averaged out with the group of men. Many of them shared quarters together.

Mr. WALDIE. The point is what they were attempting to do was discourage people from getting as reasonable accommodations as they could and encouraging them to get the more high-priced accommodations so they would spend the \$25.

Mr. ENNIS. Or to spend the entire amount; yes.

Mr. WALDIE. Certainly that is a stupid policy, isn't it?

Mr. ENNIS. Well, from the standpoint of morale, it is very foolish, because—

Mr. WALDIE. Well, from the standpoint of the Government. It doesn't save the Government any money to encourage them to spend the whole amount. I do not know where you can live in San Francisco for \$25 a day. I don't care how often you group together.

Who is handling that matter for you? Is the union handling it?

Mr. ENNIS. There were 40 grievances filed and it went through the third step. That particular letter, we will submit to you. That was the result of the third step whereby the officers concurred, the commanding officer concurred that he would stand with the decision at the second step, which was further lip service on the original grievance. Forty men had set through those grievances at the expense of probably many many thousands of dollars off production, while they were presenting their story and one letter that he has, which we will present to you, is requesting \$598 back immediately.

Mr. WALDIE. Well, if you will leave that with the committee, we will make an inquiry on behalf of those employees. I might suggest also that you contact your respective congressional representatives in the Long Beach area. That does not seem to me to be a proper decision and neither an equitable decision, and I would imagine that congressional intervention might be of some assistance.

Mr. ENNIS. We have already contacted Congressman Anderson.

Mr. WALDIE. Good, we will talk to Glen also.

Mr. HATFIELD. With your permission, Mr. Chairman, I will submit that letter with a package. I would like to mail the whole package to you.

Mr. WALDIE. That would be helpful, Mr. Hatfield, if you would do that, and also any comments you would care to make on other matters, that you have heard during this long day.

Mr. HATFIELD. I understand that.

We have had several calls at our office recently of 10-point disabled veterans that are disabled in one way or another that are being forced out on this RIF situation, they are not being RIF'd, but they are being forced to submit to medical determinations and the examinations are revealing that they can no longer perform the full scope

of their duties. They have been doing this job for "x" number of years, but now, they are going to have to submit to a medical examination.

Mr. WALDIE. The theory being, if they can get them out medically, that complies with the removal of the body that the RIF ceiling requires?

Mr. HATFIELD. It saves a body.

Mr. WALDIE. Have there been such decisions, or is it a fear that there will be?

Mr. HATFIELD. No. I have had a watchmaker who is the watchmaker in the shipyard, he is the only watchmaker in the shipyard, he had 30 years in and he was not ready to retire, and they abolished his position and offered him a job on the waterfront, where he would have to climb ladders and have to undergo the hardship of waterfront labor.

Mr. WALDIE. What do they need a watchmaker for?

Mr. HATFIELD. To fix the watches.

Mr. WALDIE. The watches of whom?

Mr. HATFIELD. The ship's clock. All of the ships have a clock.

Mr. ENNIS. Lots of them.

Mr. WALDIE. Is that what he worked on?

Mr. HATFIELD. He is a watchmaker. He repaired the clocks and the small instruments calibration, which is a very meticulous type of work. He was classified as a watchmaker. They abolished his position and offered him a waterfront-type job, knowing that he could not do it. When he told them that he could not do it, they said OK, you will have to submit to a physical and the physical then revealed that the guy would not be able to perform the heavy labor that was being put upon him and he had no choice except to accept a disability retirement and go out.

Mr. WALDIE. What did that mean in terms of loss?

Mr. HATFIELD. In terms of his pension it doesn't mean anything. But it means a considerable amount between what his pension will be and what he is drawing now, on a day-to-day basis.

Mr. WALDIE. Had he been able to remain employed full time, he would earn more money, but his retirement would not force him into a lesser position in terms of retirement?

Mr. HATFIELD. No.

Mr. WALDIE. He has retained the maximum in that regard?

Mr. HATFIELD. Yes, he was a wage grade 10.

Mr. WALDIE. Well, I suppose if you have to select between people who have to lose jobs and you have a choice between a man who has full retirement, and a man that does not, it make sense to select the man that has full retirement, does it not?

Mr. HATFIELD. It does until you actually sit down with the guy and see that due to no fault of his own, a financial burden has been placed upon him, that he is going to be in a very serious situation when he goes out.

Mr. WALDIE. He will be, but he will be in less serious situation than the man that has no pension.

Mr. HATFIELD. Yes, Mr. Chairman; but, if you were RIF'ing a guy my age, a skilled journeyman who has a union card in his pocket, very likely he could go find a job at the union hall, some union hall

and go to work. But, you take a guy who has given his life, given his youth to the Federal Government, and they decide he is no longer worthy and he has to go, it is not too difficult when you sit back from a distance. But, when you sit down with this guy and go through it, it is displeasing to have to bear.

I might add also, that in conjunction with the rest of the witnesses who were here today, in our janitorial service we have experienced difficulties for some time with this particular problem. We have tried just about everything.

Mr. WALDIE. Is it all contracted out?

Mr. HATFIELD. We have contracted it out, we have hired our own, and we could not get a satisfactory—and today we do not have a contract. We have a contract that we contracted from another Government activity and other Government janitorial employees who are hired on a temporary basis from the naval station. They are not under this RIF situation, they are under NAV docks and they are not faced with the RIF situation we are in that activity.

Mr. WALDIE. Is that another way of getting around those limitations and ceilings?

Mr. HATFIELD. Yes. They eliminate these positions on our ceiling points and contracted services from the Naval Station. They send people over there in a truck and they do the work that way.

Mr. WALDIE. Are these civilians?

Mr. HATFIELD. They are civilians although a lot of them are military people during the day time and they work night time as temporary, people that are stationed on the base permanently.

Mr. WALDIE. Are there any other comments, gentlemen?

Mr. ENNIS. To get back to something to think about, to combine the one package, the cost of this RIF situation does not really meet the eye on the surface.

The Long Beach naval Shipyard was an awful lot of work. Our RIF'ing out employees and paying them severance pay up to \$1,500 or \$2,000 severance pay, based upon their length of employment. Along with that, many of those men will go out, due to the fact that they have been working 15 or 20 years, will go outside on the open market and will request unemployment insurance. The Federal Government does not pay unemployment insurance to the State during our employment. But, once we go out on a RIF, they have to request, I believe, an act of Congress to appropriate the funds to pay the State for unemployment insurance.

Along with that, we are borrowing men from Charleston, S.C. I think they are still in the yard.

Mr. HATFIELD. Thirty-five of them.

Mr. ENNIS. We are paying those men at least \$25 a day plus per diem, plus they are still working overtime.

Mr. WALDIE. I don't understand something you said. If you are RIF'd, are you entitled to draw State unemployment insurance?

Mr. ENNIS. After you have used up the annual leave that you have accumulated; yes.

Mr. WALDIE. Even though you have not contributed to the unemployment insurance?

Mr. ENNIS. Well, it is Federal money that is administered by the State and it amounts to \$75 a week for the extended period of time.

It is up to \$75 in the Los Angeles area now, because of the high unemployment. Once they have used their annual leave, if you sell 30 days' annual leave back to them and you have used up this 30-workday period, then you can apply for unemployment insurance, and sit back for 26 or I believe it is 35 weeks now, in Los Angeles, and draw unemployment.

Mr. WALDIE. All right.

Mr. ENNIS. Then, when you total—take the per diem pay, the unemployment insurance that the Government has to appropriate and give to the State to cover that number of men that apply for unemployment insurance, you take the severance pay they pay those men when they go out and you total those figures up with the per diem that is on the loan-out that we have already talked about, plus the overtime that this yard is now engaged in, and has been right along and, as Mr. Hatfield mentioned a moment ago, is stepped up almost to a hundred percent over the weekend, even the holiday weekend, you total those figures up, and there is no money involved, as far as the level in money.

Mr. WALDIE. I gather that everybody has concluded that this policy, whatever its merits might be, does not have among its merits saving money.

Mr. ENNIS. I would think not.

Mr. WALDIE. Mr. Owens, do you have any comments?

Mr. OWENS. Well, here, and I am going to maybe sound a little abrupt at different times in my comments. I am just going to expound on a few things that my constituents have expounded on, the movement of personnel. We are all laymen here, people that came up from the waterfront. We are people that worked under a uniform code of regulations, reduction-in-force, that should be applied in every naval shipyard equitably and fair. It is not applied that way. It is only a fantasy.

As you have received testimony and your committee from different organizations of people, the problems they are having in the reduction-in-force, promotions off of the merit promotion register, while the reduction-in-force is taking place, which destroys the intent of the reduction-in-force, which happened at Long Beach in a slight manner, but it has gone on in a mass volume in other Federal activities. My main interest is Long Beach right now.

Forcing people to work overtime, how can you make sense to a guy that works in a shipyard that you have got maybe 30 or 40 or whatever number it is—I am a pipefitter, myself—you have got pipefitters at Mare Island and you pay them \$25 a day and you have turned around and RIF'd the marine pipefitters, Vietnam veterans; you have RIF'd men who are 50 years old. You have RIF'd all ages, all aspects of the employment at the Long Beach Naval Shipyard.

The Long Beach Naval Shipyard turns around and starts pumping overtime to meet the work commitments and then they turn around and tell our people that they have to work the overtime because they have to meet the commitments. The guy who is going out the gate asks you why they are working overtime and how come they have got people from Mare Island and how come I am getting RIF'd. What are you going to answer them? You go to OCMM and they can't give you no answer. All they give you is lipservice. You go to the Navy Depart-

ment and all they give you is lipservice. You go to the Department of Defense, and all they do is give you lipservice.

So, the Federal employee who has been a career or temporary at Long Beach, they have been the most heavily affected of all throughout the country, we can't explain these things to the people when they come to the bargaining agent. As all of this takes place, and all of the implementations for the reduction-in-force by a so-called ceiling by the Navy Department and yet I cannot talk to no one who understands what a ceiling is and why they are having a reduction-in-force.

I still can't understand today why they have reduction-in-force. I don't know. I cannot explain to the people I represent why they are doing all of this. They are increasing the contracting in the Long Beach Naval Shipyard. We confront the command about why they are having a reduction-in-force and why they are loaning people out and why they have increased work and why they contract. These are "whys" we want to know and "whys" our people want to know. No one can answer us. You know, you have got a feeling here and Washington comes down with a makeshift ceiling and so that is a way of life.

You asked a question there, and I am going to be kind of point blunt. RIF's have not been designed to get union officials in the shipyard. But, the implementation and application of the RIF procedures can actually be designed to get union officials, and can very easily be designed and manipulated at the command level to get union officials.

Mr. WALDIE. Mr. Owens, let me interrupt you a moment. Have you ever gone on a strike out there?

Mr. OWENS. Not yet.

Mr. WALDIE. Can you do so under law?

Mr. OWENS. We are prohibited, yes. I am going to get into that. We are prohibited to strike under the law.

Mr. WALDIE. Would you like the right to strike as a matter of legal right?

Mr. OWENS. Yes, sir.

Mr. WALDIE. Does everybody at the table agree with that?

Mr. HATFIELD. We will get the right to strike. I think we would like the right to strike, not so much as to walk off the job, but as a lever.

Mr. WALDIE. Nobody wants to strike.

Mr. HATFIELD. That is correct.

Mr. WALDIE. What they want is the right to strike.

Mr. HATFIELD. Yes.

Mr. OWENS. Let me bring something else out.

The adverse effects this RIF is having on the Long Beach Naval Shipyard, and I suspect the morale in the other naval shipyards, Mr. Hatfield stated that to Admiral Burke, and wanted to know from Admiral Rickover and some of the other high brass in the Navy, what is the problem in morale, why aren't shipyards in the Navy not producing today the way they were 3 or 4 or 5 years ago.

Now, I ask you, Mr. Chairman, with all of the problems you have encountered today on reduction in force, in this area, and the things that have been brought to you as Chairman of this committee and things we don't understand as union officials of having a reduction in force, it would be very well understandable why they are having this production problem they are having in shipyards today.

The morale is a complete chaos. The morale in the Long Beach Naval Shipyard and our constituents up and down the coast are a complete chaos because of the Navy themselves. They have perpetuated this monster. They have played games with the Federal work force. They pound them like a tool. They have not considered their careers, they have not, themselves, protected their jurisdiction, their jobs. They come down with a political game and said we are going to have a reduction in force here, here, and here, and nothing makes sense to the employees. Even the ones that are staying, nothing makes sense, why they are having a reduction in force.

The reduction in force for the Federal employee is going to get harder and harder for the Navy to get away with because you are going to see, in the years to come, and very shortly you are going to see mass boycotts, mass legitimate boycotts. People are getting a hump on backs. They don't like their blue collar worker being laid off with no reason for why they are being laid off.

Mr. WALDIE. What do you mean by boycott?

Mr. OWENS. Well, we are talking about boycotts. We went into a bond boycott because we had to make an issue with an agency. You are probably going to see in the next big RIF that comes along, you are probably going to see a nationwide boycott from Federal employees on bonds. It might be initiated right here. It might be initiated with this party right here, because the Navy Department and the Department of Defense has not explained to the Federal employee properly why he is laid off. They have got an obligation to that employee.

I cannot understand today why they are having this reduction in force. It makes no sense to me. It is because somebody up there in Washington, D.C., has a political fantasy that they want to cut back the Federal employee and then add to the Federal rolls again, to make it look better. They are making scapegoats out of the Federal employees. He is getting more militant, he is not going to accept that as a way of life. I think that you are also going to see that we are going to go into injunctions against the agency. The Navy can turn right around and categorically contract my work out and affect me as a Federal employee and say that I have no work, but yet they have money, yet they have got to have a ceiling that comes down, and they can't explain to me, through the Federal Statutes somewhere I might have an injunction put against the agency to prohibit the Navy from having a reduction in force.

Mr. WALDIE. Another interesting thing on this area of contracting out is, every single employee that is working side by side with you for a private contractor has the right to strike.

Mr. OWENS. That's right and we don't.

Mr. WALDIE. The janitor who contracts out has the right to strike. The truck driver who contracts out has the right to strike. Every person you describe, as a private employee under our system, has the right to strike.

Apparently, the fear of right to strike for Federal employees has not translated itself in those that have that fear in terms of contracting out policies.

I think that your description of the moral of the public employee in your area is the correct description, but I would be very quick to assure you that it is not limited to that area of Federal employee. You have described, I think, pretty accurately, the morale of a great part

of the Federal work force, namely, for the very same reason that affects the morale of your establishment, the uncertainty of the employment policy of the Government, and the lack of anyone in the Government to give a rational explanation of why they are following those policies including, obviously, and foremost, Congressmen who should attempt to give some explanation to their constituents.

There really is no rational explanation and I don't blame the employees for being justly concerned about what the future holds for them as Federal employees. Neither do I blame them for beginning to search for another entity to whom their affection and dedication will be given rather than the employer. That entity is generally going to be a union. They will probably find that the union will be far more solicitous of their interest than has been the Federal Government.

Mr. HATFIELD. We have found this to be quite true, Mr. Chairman, in the last 2 or 3 years, particularly at the Long Beach Naval Shipyards. The employer is driving the employees to the union.

Mr. WALDIE. Yes. I say that with some regret because I think it would be wonderful, I suppose, if the employees were all happy and satisfied working for their Government. But they are not and they are not going to be in the future. I personally find some encouragement in the fact that they are now turning to someone else to provide them protections that they used to take for granted, but have not been forthcoming. The Federal employee has been taken for granted, first, because he has been very quiet and secondly because there was not much he could do about abuses that he had to experience. I don't think that you are unlike the rest of the country now, in massive groups in the country that are no longer being quiet about what they construe to be injustices. That may be a very helpful sign for the Federal Government to recognize that the employees are no longer going to remain mute and passive.

Mr. OWENS. One thing further, Mr. Chairman, and I will close the statements I have made. If the Federal employee could have an answer as to why this is being done, I think he would accept the reduction in force.

Mr. WALDIE. He would not accept the answer if it were being done for political cosmetics, would he?

Mr. OWENS. No, I agree.

Mr. HATFIELD. Never.

Mr. WALDIE. Well, that is the answer.

Mr. OWENS. Well, I am saying this, that the management of the different Navy offices—I don't mean to point fingers—they continue to give lipservice to the agencies when the agencies have to return and cannot transpire the needs of the work force. When you have an admiral from the Navy Department who comes down and meets with a bargaining agent, from Admiral Rickover, his designee, and says that he is concerned about the productivity in a shipyard and yet turning around and issuing a reduction in force that should have never—in this country, in my opinion, should never have been issued in the first place, to me they are not looking very far.

Mr. WALDIE. Except you may be loading too much on the admiral. He has the right to be concerned, does he not, about the productivity?

Mr. OWENS. I agree.

Mr. WALDIE. And he may not have had anything to do with the reduction in force. He may be the instrument by which that reduction in force is channeled, but I doubt very much if any of those admirals, to which you have referred, had anything to do with the reduction in force. Their normal inclination would be to expand the Navy so that it encompassed the whole world. I have never seen an admiral who was desirous of contracting anything to do with the Navy. Admirals have to follow orders and I believe that admiral was following orders.

Mr. ENNIS. I think, along with that, this admiral, I sat in on his meeting and the communication factor, which you hear banted about an awful lot today, among every segment, I think it will be borne out with that letter about the return of the money when they state in there it is not necessary for them to give the employees all of the information pertaining to travel orders. That will be underlined, that paragraph. You see, this is the same thing that Bob has been talking about and Mr. Hatfield and many others. They feel that there is a certain class of citizen that works in the blue-collar field, that they cannot relay information of that type to, they cannot really communicate or they don't wish to, or they do not wish to give up—they use the word "prerogative" at every step of the way. They do not wish to give up that God-given right of managerial prerogative to the man on the street.

They will always be at odds with each other as long as this exists.

Mr. WALDIE. You have another disability. Not only do you not have any of the rights that private employees have, but you don't even have the rights that every citizen has. You cannot do anything politically about it.

Mr. HATFIELD. No; we are in hot water right now. We did it last week and we are already in hot water about that. So, we take our lumps and we get them.

Mr. WALDIE. Well, the law says that you cannot do anything about it.

Mr. HATFIELD. Right. Mr. Chairman, we have spent quite a bit of your time.

Mr. WALDIE. You have spent it well.

Mr. HATFIELD. I would certainly hope that your legislation, the two items that we are really here for is to be able to give some benefits, medical and health insurance to the temporary employees, as I certainly hope that this can come about.

Mr. WALDIE. I think we can get that through; but I will tell you I have misgivings about that legislation that I did not have before I heard this hearing today. That misgiving is I really don't want to do much to encourage the managers of the system to move from the career to the temporary.

Mr. HATFIELD. I think it has to be, particularly in our situation, with the flexibility of the job.

Mr. WALDIE. I think, if we can make the cost of that temporary somewhat equivalent to the career that would be some hindrance for them to move so blithely to the temporary.

Mr. HATFIELD. Yet, it won't because the advantage to the employer—if any of us four here today were temporary employees, we would have been discharged years ago.

Mr. WALDIE. Yes.

Mr. HATFIELD. When a guy raises his head up above the—gets off his knee from in front of that first-line foreman, and raises his head up and says why, he is looking for a job.

Mr. WALDIE. He is really vulnerable.

Mr. HATFIELD. I have got a case I am forwarding to you, a temporary sandblaster that has been in and out of that yard 13 times since 1953, and he has never been able to get permanent employment, and to this day he is out on the street because of not being able to obtain status. I think that is a lever that the Federal manager always wants to retain.

Mr. WALDIE. Yes; and if I were a manager, I would, too.

Mr. HATFIELD. I can imagine—the flexibility needs to be there because of the time element.

Mr. WALDIE. Well, I don't happen to sympathize with having temporaries at all. But, as far as managers are concerned, the less restrictions he has in the way of handling his employees, the better off he construes his role to be.

Mr. HATFIELD. Right.

Mr. WALDIE. But one outfall of that is something that is not normally looked at, the decrease in morale and the fall in productivity that stems from the decrease in morale.

Mr. HATFIELD. I think, if you really analyze the situation carefully, you will see that a large percentage of your temporary employees are lower level, less skilled people of a minority-type nature.

Mr. WALDIE. I am sure they are.

Mr. HATFIELD. These are the people that cannot get good jobs, permanent employment; and they must take—they grab these temporary jobs because they must eat.

Mr. WALDIE. That is always the case, isn't it, the powerless take the positions that have no power?

Mr. HATFIELD. I sincerely hope the legislation for the temporary employees can be passed. I would say that if the 80-point retirement bill was in effect today, I would guarantee the Long Beach Naval Shipyard there would be no reduction.

Mr. WALDIE. Well, I appreciate that, Mr. Hatfield. Maybe we will be able to get at least one of those pieces of legislation on the way. The administration has committed themselves to a veto on the 80-point legislation.

Mr. HATFIELD. You have several pieces pending that I think he has committed himself to a veto on, but maybe there is a possibility of an override?

Mr. WALDIE. There is always that possibility depending on how active those who are interested in the bill become. Gentlemen, thank you very much.

Mr. HATFIELD. Thank you.

(Mr. Hatfield's prepared statement follows:)

PREPARED STATEMENT OF RUSSELL HATFIELD, PRESIDENT, FEDERAL EMPLOYEES METAL TRADES COUNCIL, LONG BEACH, CALIF.

The following is a statement prepared for delivery by Mr. Russell Hatfield, President, Long Beach Federal Employees Metal Trades Council to the Congressional Retirement, Insurance and Health Benefits Subcommittee hearings chaired by Congressman Jerome Waldie in San Diego, Calif.

Topics for this statement are not listed in order of importance since each constitutes a very serious problem to the Federal Employee.

Temporary employees

The foremost problem confronting those employees on a temporary status is the lack of health insurance coverage at a reasonable rate for the protection of himself and his family. This, in itself, places a serious financial burden upon the employee. Secondly the temporary employee cannot plan on the security afforded the Career Employee. He cannot plan for the future beyond the extent of his appointment, generally not to exceed one year.

He is not entitled to any retirement benefits because of his temporary status. These employees are utilized by the employer as a buffer to overcome the rise and fall of the employee levels often created by and as a direct result of poor planning on the part of the employer.

None-the-less these employees are human beings—they are United States Citizens—they are entitled to proper medical care for their families and they are also entitled to some job security and a future to look forward to.

Some employees at the Long Beach Naval Shipyard have been on and off the rolls many times. One employee in particular has been on Temporary Status no less than thirteen times since 1953 without being converted to Career Status. Many of these employees have not had the opportunity to receive a good education nor the ideal background, but it remains that they are human beings and as such have a right to expect more than that which they now receive. They are certainly in dire need of assistance from your direction.

Health insurance

The Health Insurance Plans afforded the Federal Employee, at outrageously high cost to the employee due to the employer's minimal financial contribution, are highly unsatisfactory and extremely inadequate to meet the needs of the employee and his family. No provisions are made for dental or optical treatment by any of the participating carriers. An insurance package including medical, dental and optical coverage is long past due for the Federal Employee and should at this time become a prime target for those Representatives Of The People who are concerned with the welfare of those people. A plan of this type, at reasonable cost, would be most welcome. The services provided by the insurance carriers is unsatisfactory in that the allowable coverage is often insufficient and in the case of Kaiser Permanente, the employee has difficulty securing appointments for treatment or surgery. During this time the employee may be forced to use all available sick leave and in turn jeopardize his position in regards to future continued employment and opportunities for advancement, since the employer places emphasis on a good leave record when considering either. The employee often may find himself the center of a dispute between the doctor and the insurance carrier on the cost of treatment. He may also find that he is, in essence, "holding the bag" when the coverage is insufficient. Federal Employees are afforded but one recourse for consideration when confronted with insurance problems and that is an appeal to the Civil Service Commission who will readily admit that they cannot offer a solution, and are powerless to intervene. The Federal Employee may also find himself the recipient of a letter of warning from the employer whenever the doctor becomes impatient at the delay in payment from the carrier and duns the employee through the Industrial Relations Office. This letter from the employer is inserted into the Employee's Personnel Jacket and threatens his continued employment, irregardless of the dispute between the doctor and the carrier.

Contracting

The U.S. Navy is continuing to contract out work which can and should be retained within this Activity, on the assumption that the work force is incapable of performing such work. At present, the Shipyard budget is in the area of 135 million dollars, approximately 20% or 27 million dollars of this is being contracted out.

For example, the U.S.S. *Ogden* is in the process of having six fuel tanks cleaned and conditioned by an outside contractor. The reason cited is lack of manpower to meet ship availability. Approximately a year ago these same tanks on the U.S.S. *Ogden* and the U.S.S. *Duluth* were contracted out and the end result was that the Shipyard re-did the work because the contractor could not meet the Government specifications, the cost was in excess of \$146,000.

Design Farmout and Farm-In procedures for plans is a major problem among the Technical Engineers. Approximately \$200,000 per month is spent in this manner. A heavy amount of rework results from this process because Farmouts and Farm-Ins are not familiar with Naval shipboard procedures.

The Shipyard Print Shop and Reproduction Shop contracts out approximately \$20,000 per month to private contractors.

For the year 1970-71 Repeco Industries received \$50,000 for engine rebuilding. The employer is currently contracting-out preventive maintenance on vehicles. Example, \$19.00 for 3 quart oil change plus two operators each way to deliver and pick up vehicle.

Employer currently contracting-out acid cleaning of ship's boilers at the cost of \$12,000 per ship.

Employer currently contracting-out ship's safety valves for repair and reconditioning without guarantees. These valves are frequently in need of rework by shipyard personnel upon their return.

Most private contractors performing work within the Shipyard do not observe the rules of safety and apparently are not subject to the same requirement as shipyard personnel. The presence of these contractors presents a morale problem among shipyard personnel, especially during the Reduction-In-Force periods. Many times these contractors interfere with normal shipyard production by blocking off areas and streets commonly used.

Many contractors have made use of shipyard materials and equipment in accomplishing their work.

Reduction in force

The current Reduction-In-Force action in effect at the Long Beach Naval Shipyard has no sound basis for justification, since the workload is excessively high with approximately a 40% overload and a 12% overtime factor. The shipyard has ample funds available for contracting-out work and also for borrowing employees from other shipyards at the rate of \$100 per day plus travel costs.

At present, the shipyard is working 3500 employees on Saturday and Sunday at the overtime rate. The shipyard has been ordered to cut approximately 900 employees from the rolls including 400 career employees and 500 temporary employees, most of whom are members of the minority group with lower level skills such as laborers, sand blasters, tank cleaners, etc., etc. The majority of these individuals can look forward to nothing more substantial than a place in the unemployment lines.

Military performing civilian work

Shipboard personnel has instituted a program substituting military personnel for civilian employees to accomplish work historically performed by civilian employees. This work being performed by military personnel with little or no experience can in no way contribute toward lowering costs or improving the quality of the Final Product. It can do nothing more than create an impossible situation wherein nothing will be accomplished except an upward swing of costs.

Working military and civilian employees in common areas will create untold problems with safety, coordination, responsiveness and ability to meet availability schedules.

Currently there are 44 military officers assigned to key positions, within the shipyard these positions include Heads of Departments, Ship Superintendents, etc., etc.

Maintaining the military in such positions creates untold problems which in turn slows production.

The tour of duty of most military is limited, resulting in a constant turnover of key personnel. Each officer assigned is faced with the difficulty of becoming oriented with the shipyard organizations. Each officer assigned also institutes new programs and new policies in accordance with his ideas which poses the problem of inconsistency. To maintain consistency and a systematic operation, these positions should be filled by civilian career personnel.

FEDERAL EMPLOYEES METAL TRADES COUNCIL, AFL-CIO,
Long Beach, June 20, 1972.

Re: Loans between activities during R.I.F. periods.

HON. JEROME B. WALDIE,
408 Cannon Building, Washington, D.C.

DEAR MR. WALDIE: I wish to direct your attention to a very serious problem which has arisen to further harass and inconvenience the Employees within the Federal Service. This problem revolves around the interpretation and application of the Joint Travel Regulations dealing with off station travel and per diem for temporary assigned duty Employees.

The Employee with the understanding that he will receive \$25.00 per diem, being led to believe this by management, fulfills his obligation oblivious of the pitfalls being prepared for him by management. In the past the Employee received a flat rate of \$25.00 per diem and was not required to itemize his expenses, as to food and lodging.

Now a new policy has been initiated by the Travel Section requiring that the Employee produce receipts for lodging, etc. The current Travel Regulations definitely states that receipts for lodging are not required of an Employee on T.A.D.

Management is soliciting these Employees for temporary attached duty at various installations and proceeding to send them out without a thorough briefing of the per diem allowances, purpose and duration of assignment, mode of transportation, and conditions of per diem allowances in regards to sick and annual leave. Management maintains, through a written directive, that they are not responsible for providing this information to the Employee.

Nothing in Joint Travel Regulations, Volume 2, change 80 requires that Employees make Public their place of residence during their stay on temporary attached duty. This information is required by Management at Long Beach Naval Shipyard. These and other actions by management are creating a hardship for those Employees assigned to Loan-out at other installations.

As indicated in Enclosure (1) this Office has pursued this problem through our own Negotiated Grievance Procedures without a satisfactory solution. Therefore, this Office is soliciting your assistance in search of fair treatment for those Employees involved.

This problem is growing daily at this activity. Currently we have 35 pipefitters loaned out to Mare Island Naval Shipyard. We are borrowing 75 riggers, 50 painters & sandblasters and 25 shipwrights. In addition we are rehiring 50 pipefitters (temporary). It would be appreciated if the information in this paragraph was entered into the record of your sub-committee.

Any assistance you may offer will be appreciated by all concerned.

Respectfully submitted.

RUSSELL HATFIELD,
President.

Attachments.

Memorandum from: Group superintendent, structural group.

To: Messr. James W. Beals, badge No. 79751, boilermaker, shop 41; Thomas E. Smith, badge No. 71849, welder (special), shop 26; Stanford J. Fassett, Badge No. 62806, shipfitter, shop 11.

1. In accordance with the provisions of Section 4 of Article XXIX of reference (a) pertaining to grievance procedure, this memorandum sets forth my decision as taken at the second step in the processing of your grievance, which you presented in enclosure (1). By enclosure (2) it was agreed to extend the time limitations for conducting the second step inquiry due to the absence of your representative. Therefore, you will recall that on Friday, 7 April 1972 at 1215 we discussed your grievance in my office. Also present during our discussion were your representative, Mr. J. Monath, Shop 41 Steward; and Mr. J. C. Guttry, Boilermaker Superintendent, Shop 41.

2. Specifically, we discussed your allegation that you were not properly informed regarding travel allowances granted by Joint Travel Regulations prior to departing on travel assignments. You also stated that as a result of this lack of information you now owed money that had been advanced to you. Mr. Monath also questioned the right of management to require employees to give information that is not mentioned specifically in the travel regulations. You agreed during this discussion that Mrs. Blunk, Structural Group Office Supervisor, and members of our office staff had held a meeting with the travelers prior to the trip to Hunters Point Naval Shipyard. I stated that Mrs. Blunk had covered all available information at the meeting including pay allowances. In addition, I also stated that travel vouchers are subject to audit and that management has the prerogative to request information for audit purposes to substantiate employees' claims, to clarify an irregularity of the claim, and to answer questions from the Navy Finance Office who processes the claim for payment.

3. You have requested the following corrective action:

a. The aggrieved employees not be required to pay back money spent on travel due to violation of Article XXIV.

Answer. It is possible that the aggrieved employees misunderstood the information that was given them regarding travel and pay allowances. However, there is

no way that an employee could be paid for a travel claim which cannot be supported on the travel voucher. Lack of knowledge does not make the claim valid. Employees shall receive pay, per diem and travel allowances as provided by applicable laws and regulations.

b. Employees be counseled and be provided information concerning Joint Travel Regulations prior to departing for travel assignments.

Answer. Employees will continue to be counseled and provided available information regarding the purpose and duration of the assignment, the mode of transportation authorized, the conditions for sick and annual leave, and pay allowances in their temporary assignment. We have initiated action to improve communications based on the fact that it is always possible that misunderstandings can exist. The employees that left for Mare Island Naval Shipyard in January 1972 were given copies of the Travel Information Sheet as presented by enclosure (3). The Production Department has developed a Travel Briefing Sheet that was issued in February 1972, presented as enclosure (4), which will be issued to all future travelers. We also welcome any suggestions that you might have to improve travel information.

c. Clerical workers cease immediately requiring the employee to give information not required by the Joint Travel Regulations.

Answer. There is no actual statement in the Joint Travel Regulations stating that the employee must state name or place while on temporary duty. However, this is a basic general fact that management has the prerogative to request such information for audit purposes, to substantiate employee's claim, to clarify an irregularity of the claim, and to answer questions from the Navy Finance Officer who processes the checks for payment.

F. J. MILLER.

LONG BEACH NAVAL SHIPYARD,
Long Beach, Calif., May 24, 1972.

From: Commander Long Beach Naval Shipyard.

To: Mr. J. W. Beals, shop 41, badge No. 79751, Mr. S. J. Fassett, shop 11, badge No. 62806; Mr. T. E. Smith, shop 26, badge No. 71849.

Subject: Final third step decision.

1. In accordance with the provisions of Section 4, Article XXIX, Grievance Procedure of reference (a) this letter will serve to render a final third step decision on your grievance of 28 March 1972.

2. In your grievance of 28 March 1972 you alleged violations of Article XXIV, Section 3 of reference (a) and applicable FPM's regarding Joint Travel Regulations. Accordingly, you requested that: (A) The aggrieved employees not be required to pay back money spent on travel due to violation of Article XXIX, (B) Employees be counseled and be provided with all available information concerning Joint Travel Regulations prior to departing for travel assignments, and (C) Clerical workers cease immediately requiring the employees to give information not required by the Joint Travel Regulations.

3. At the end of November 1971, you and a number of employees from Shops 11, 26, and 41 were temporarily assigned to work at Hunters Point Naval Shipyard. Code 920 Personnel Assistants conducted several meetings with the various groups of travelers to inform them of travel regulations including the changes in per diem rates and pay allowances. This included the change effected by reference (b) which per diem rate will be fixed partly on the average amount the traveler pays for lodging. To such amount is added \$11.80 for meals and incidental expenses and the total is rounded off to the next dollar. If the resulting amount is more than \$25.00 a per diem rate of \$25.00 will be prescribed. Receipts for lodging are not required. The employee, however, will be required to state on his voucher the average cost for lodging." You received a cash advance based on the \$25.00 per diem rate prior to your departure to Hunters Point. Upon your return to Long Beach your travel vouchers were reviewed and pay allowances were computed in compliance with reference (c) as modified by reference (b). Accordingly, you were requested to repay the overpayments from the cash advance. In processing your travel claims, Code 860 personnel requested the name of your temporary quarters and contacted the facility to verify payment.

In regard to your request that you not be required to pay back money spent on travel due to a violation of Article XXIV, Section 3 of reference (a) it must be pointed out that it is a requirement of paragraph 11010 of reference (b) that employees pay back excess money received for advance travel allowances. Furthermore, Article XXIV, Section 2 of reference (a) states "Employees shall receive

pay, per diem, and travel allowances as provided by applicable laws and regulations.

In regard to your request that you be counselled and provided with all available information concerning Joint Travel Regulations prior to departing for a travel assignment, it must be pointed out that Article XXIV, Section 3 of reference (a) states "All employees involved will be provided all available information regarding the mode of transportation authorized, the conditions for leave, sick and annual, and pay allowances." There is no requirement in reference (a) that employees will be provided with *all* available information concerning the Joint Travel Regulations in compliance with Article XXIX, Section 3. Employees are given the required information including pay allowances, travel and per diem.

In regard to your request that clerical workers cease requiring employees to give information not required by the Joint Travel Regulations it must be pointed out that reference (b) states that the "employee will be required to state on his voucher the average cost he paid for lodging during the period covered by the voucher." Accordingly, paragraph 10014, of reference (c) states "When items claimed on a voucher require a determination of advantage to the Government before payment may be made and such determination was not included in the travel order, the travel approving official is responsible for making the determination and including the necessary statement in the voucher if an affirmative determination is made." "The travel approving official may also approve the following . . . (5) per diem rates when unintentionally omitted from the travel order." Para. 10014 of reference (c) also states, "The travel approving official is responsible for reviewing each item on the voucher requiring his approval in accordance with the provisions of this volume." The requirement for employees to give information in support of travel claims is in compliance with applicable rules and regulations.

It is my decision that the Shipyard's actions in this matter were made in compliance with existing rules and regulations. In view of the above, your requests for the corrective action presented in your grievance is hereby denied. This final third step decision exhausts your appeal rights in this regard.

RICHARD C. FAY.

Mr. WALDIE. We have one last witness, Shain B. Haug.

Mr. Haug, you have someone with you?

Mr. HAUG. With me is Joseph Wagner, to my right, for whom I speak.

Mr. WALDIE. Mr. Haug, you are an attorney at law?

Mr. HAUG. Yes.

I speak for Mr. Wagner and for seven other employees subject to a RIF notice.

Mr. WALDIE. Are they the gentlemen that sent me the telegram this morning?

Mr. HAUG. Yes.

Mr. WALDIE. That telegram is acknowledged. Do you want the names of those in the record?

Mr. HAUG. If I may.

STATEMENTS OF SHAIN B. HAUG, ATTORNEY, ACCOMPANIED BY JOSEPH WAGNER

Mr. HAUG. Joseph Wagner, who is with us, Mr. Antone Severino, Mr. H. F. Hoffeld, Mr. C. H. Sumpton, Mr. Miles L. Gallagher, Mr. William E. Hague.

Mr. WAGNER. Excuse me. There is a correction. It is Fumpter.

Mr. HAUG. Those gentlemen, other than Mr. Wagner, have left.

We hope to briefly and succinctly show the Chairman a very specific inequity that is occurring in conjunction with the recent RIF that has been the subject of much conversation here today.

Mr. WALDIE. May I say I hope it will be brief and succinct?

Mr. HAUG. Yes. It is quite late.

The situation at the Public Works Center at the Naval Station, San Diego, within the maintenance control department, I think, is representative in our experience, our experience in representing the AFGE and many employees there, it is fairly representative of the manner in which the RIF has been effected. We have a situation there which is apparently entirely legal on its face, but on closer examination, we can see several clear cut inequities. In laying the groundwork, within that department, we have planners and estimators which are in a higher pay grade who deal in the more general area of planning jobs. We have inspectors, the level of which are represented here by the people for whom I speak, Mr. Wagner and his compatriots, whose jobs are closer to the shop and involve actual onsite inspection, correction, determination of deficiencies, and inspections of jobs thereafter. And, lastly, we have the shop level personnel. The reduction in force within this department, within the naval station, was effected in the following manner:

All inspectors were terminated, every last one. There were some 13 as I recall. Their job titles and their individual status was terminated. However, their job function was retained. It was a necessary and essential function and that function was placed with the planning and estimators, none of which were RIF'd.

There are some specific inequities in conjunction with the RIF within the inspector level. But, first of all, let's point out that at the same time, they did not RIF the inspectors—at the same time they RIF'd all of the inspectors, they had RIF'd none of the planners and estimators. They increased the planners and estimators staff by some eight temporary employees, drawing them from the shop level, that is the level below the inspectors. Then, they replaced the members in the shop level with temporary employees from the street. I think it should be pointed out how temporary some temporary employees can be. As I understand it, they increased the planner-estimator level by some one-third with these temporary employees. This is going on at the same time that the inspectors themselves are universally required to work overtime and the RIF, which was to occur on March 13, has been extended to June 30. So, they simply singled out a group of people, eliminated jobs by increasing from lower level a higher level paying job. Then, we get into some more specific inequities.

In the case of Mr. Wagner—Mr. Wagner carries a letter of qualification from the Civil Service Commission indicating that he is eligible and highly qualified for the job of planning and estimating. That is the job that is beefed up with the temporaries, he was offered a job as a boiler tender, a comparable pay job, comparable pay to an inspector. However, his record, the years he has been with civil service, he is a disabled veteran, his record with the civil service indicated that it would be impossible for him to take the job as boiler tender. So, after he was given the RIF notice—

Mr. WALDIE. Now, wait a minute. Why would it be impossible?

Mr. HAUG. Because he is unable to lift, push, or pull over 25 pounds.

Mr. WALDIE. Physically—

Mr. HAUG. Physically disqualified, while he is eligible and highly qualified for the planning estimator level, indicating a level of training and intelligence.

The RIF notice moved him over to boiler tender. His records revealed his disability would prevent him from taking such a job. He accepted the job as a modification to his RIF notice and he was told: you are physically disqualified, separation is your only alternative. This has happened to at least one other of this group, and he has simply accepted his retirement.

Mr. WALDIE. Let me go back a bit.

The people that were moved up from a position lower than his, to temporary planners and estimators, did they receive in that position a higher pay than he was receiving in his position as inspector?

Mr. WAGNER. Yes, Mr. Chairman.

Mr. WALDIE. Even though they had no experience as planners or estimators?

Mr. WAGNER. Right.

Mr. WALDIE. They started immediately at a higher pay level?

Mr. WAGNER. Yes.

Mr. HAUG. That is right. For the most part, these would be the shop foreman, or the shop planner.

Mr. WAGNER. No; they come from the shop. They are journeymen. They are the journeyman trade, Mr. Chairman, and they bring them up to P. & E. and when they come up to P. & E. levels, they usually step into the first step of a P. & E. which is more than our third step is, which our third step, Mr. Chairman, is \$5.99 an hour. Their third step is \$6.02, I believe.

Mr. WAGNER. Our beef, Mr. Chairman, is that the RIF was incorrect when it started. It should have started at the P. & E. level, which it did not. They are protecting some nonveterans.

Mr. HAUG. I will get to that in a moment because that is the reason I think your telegram would indicate we came before here. But, I see broader inequities the more I get into it.

Mr. WALDIE. Didn't we talk about this instance briefly sometime during the day?

Mr. HAUG. I mentioned it to Mr. Mulholland during the lunch break.

Mr. WALDIE. I have some recollection of these facts and that might have been the conversation you had with Mr. Mulholland. Continue, please.

Mr. HAUG. Now, it becomes more complex as we go along. In the letter of May 2, 1972, to Mr. Van Deerlin, Captain Severino, the commanding officer of the naval station commented on this fact of the people from the inspector level not being moved to the P. & E. or the planning and estimator levels. He said back prior to 1969 the Civil Service Commission authorized training to move these inspectors into P. & E. level, but they did not take the opportunity. To the extent—it would appear that management in this case is trying to justify an action to protect itself, but, at the same time, they say this; they provided Mr. Wagner and others within this group with a notice of writing which say they are qualified and now eligible to take the P. & E. level.

Yet, they specifically moved the man into a job, specifically moved the man into a job that they knew full well from his records he could not take, and no further offer to help. Now, they filed a stop.

This is a program for stability of civilian employment opportunity and this is the registration, this is the stopper list and this is after being filed, comes out in the stopper list and represents the first list to which

the employee must turn in order to rehire. Having eliminated the job of inspector on Mr. Wagner, they put in a stopper notice and said when the job of inspector reopens, bring him in. Right at the top they put the very job that he has been eliminated. This practically foreclosing him from further employment on a reemployment basis. They did not put in a P. & E. level for which he is qualified.

Mr. WALDIE. What does all of this complicated maneuvering add up to, what are they after?

Mr. HAUG. Manipulation.

Mr. WALDIE. Well, obviously I see the manipulation and the process of manipulation, which, if you will submit it, the committee will examine. But, let me just take the given assumption of manipulation, why?

Mr. HAUG. I am going to ask Mr. Wagner to give you his views on that. I think there is one view that we want to express. All of the members at the inspector level that were RIF'd out were vets or disabled vets. In the planner and estimator level we know of at least nonvets who are being protected by a nonvet who is in charge of the department. Further, we know of at least one temporary that has been moved up, who is a nonvet and we feel in part, at least, a specific attempt is being made to avoid the preference to the vet to which the vet is entitled, by singling out this group, which is composed entirely of vets and protecting the group.

Mr. WALDIE. But why?

Mr. HAUG. Why?

Mr. WALDIE. Yes.

Mr. HAUG. Mr. Wagner?

Mr. WAGNER. Well, it is a contention of us inspectors that they are protecting the nonvets in the P. & E. level. The RIF never started in the P. & E. and it is a biased deal because the head of the M.C.D. happens to be a nonvet.

Mr. WALDIE. Are you under M.C.D.?

Mr. WAGNER. Yes; Means Control Department.

Mr. WALDIE. Well, but what you are saying is that the man that really has the say as to who will be RIF'd prefers nonvets to vets?

Mr. WAGNER. Right. He is protecting nonvets in the P. & E. level, right.

The RIF should have started right on down the line, seniority, nonvets first—temps, nonvets, and then your vets, right on down the line. On the P. & E. level, right on down to inspection because most inspectors have P. & E. experience. Most of the inspectors do.

Mr. WALDIE. Well, you make a sufficient prima facie case that I think an explanation will be asked of the base by the committee as to why this peculiar sequence of events unfolded in the manner in which it did.

Mr. HAUG. But, in that regard, Mr. Chairman—

Mr. WALDIE. You have filed a law suit, do I understand?

Mr. HAUG. In that regard there has been filed with the director of the San Francisco Region Civil Service, a reduction-in-force appeal for these seven employees to whom we have referred. Unfortunately, we have had past experiences, not particularly good. However, the Civil Service Commission did come down in March of this year when the attempts were made to reduce or eliminate these jobs first this year.

It was done through a ceiling reduction. The Civil Service Commission stepped in and required that that particular process be terminated because of the inequities and the accuracy of the proceeding. Then, immediately following on its heels, again, the same group was the target. At that time it was reduction of ceiling, and the inspector group we are talking about. In the reduction in force, simply all inspectors were eliminated, without eliminating the need to do the job.

I have been struggling with this since I first began talking with Mr. Wagner, to find motives. I am afraid I can't, except I would like to point out that it is a singling out of a group which I think you used the word *prima facie* showing something is going wrong. I wish I had more hard details, but unfortunately these men are in a position, they are subject to the RIF, but they are the middle lower position. We don't have access to all of these details.

I would like to provide you documentary evidence, but we will probably not obtain that until after the matter of the appeal is processed and even then it is doubtful. The letter of May 2 from the acting commanding officer of the naval station indicates that they are already trying to cover their tracks in this matter.

Mr. WALDIE. Well, we will certainly look forward to that letter. Do you have an extra copy of it, which the committee can have?

Mr. HAUG. I have a copy of our letter.

Mr. WALDIE. Let me just suggest this. Would you just simply provide the committee the materials which you think are most relevant in describing what has happened so that we may then solicit an explanation on the basis of what the facts seem not to add up to? Do you get what I am trying to suggest?

Mr. HAUG. I certainly do, and that is just exactly what I talked to my partner about this noon hour and that is what we are going to do.

Mr. WAGNER. The Commission was brought down on the 27th of March. The reason was brought down Mr. Downer, he is DAV officer. He called this Civil Service Commission in San Francisco. First, he had to verify that the 13 inspectors were being RIF'd, so he had to call the personnel officer, Mr. Fred Smith, which he verified that 13 were being RIF'd. He picked up the phone and called the VA office in San Francisco. The VA office called the Civil Service Commission and they were discriminating against us. So, immediately the Civil Service Commission arrived on a Monday. This was the 27th of March. They covered the whole deal up by going from reduction of ceiling—they covered it up by abolishing the whole inspection division. I would like to bring that in because I think it is important.

Mr. WALDIE. I think that is important. I appreciate your doing so.

Mr. HAUG, we appreciate your consideration of the time and your concise and very very clear explanation of this problem and we will try to provide you and Mr. Wagner with some answers.

Mr. HAUG. Mr. Waldie, as I said, I have found this a most illuminating session. It touched on things I didn't know existed and I find myself much more involved in this whole process.

Mr. WALDIE. It is a very complicated subject. Thank you.

Mr. HAUG. Thank you.

Mr. WAGNER. Thank you.

Mr. WALDIE. Before I close this hearing, Mr. Reporter, I will ask you what is your name?

The REPORTER. Jerry Dorrough.

Mr. WALDIE. I want to commend you and compliment you on a very long day without asking for breaks and without asking for clarification. It has been difficult and we do appreciate your work.

The hearing is concluded, and the committee stands in adjournment. (Whereupon, at 6:15 p.m., the hearing in the above-entitled matter was adjourned.)

(The letters which follow were received for inclusion in the record:)

NATIONAL CITY, CALIF., May 23, 1972.

HON. JEROME WALDIE,
Democrat, California,
Chairman, Civil Service and Retirement Committee.

On May 25th and 26th your committee will be conducting a hearing in San Diego concerning (RIF) (Reduction in Force) at local bases and the loss of workers retirement and insurance benefits.

Myself and other employees were hired between July and Oct. 1965 as temporary employees without health insurance and retirement benefits.

I was a temporary employee for more than two (2) years. I received my career status five (5) years after being hired.

My wife gave birth to twin boys in 1966. The babies were born prematurely thru Cesarean operation, and were in the incubator for almost two (2) months.

I had no group medical insurance and my total bill including a previous operation on my wife was over \$5,000.00. It was difficult to attempt to pay this bill so I filed and completed my bankruptcy proceedings against my medical bills in the year 1969.

My contentions are all temporary employees should have the option of group insurance because there are times when an employee is employed for a long period of time without the benefits.

Myself, and Mr. Duane B. Dubke had hospital and other medical expenses incurred without having medical insurance. I appreciate the opportunity to express my thought that there is a great need for temporary employees to have group insurance and if possible retirement benefits.

If you desire to have my position clarified please feel free to contact me.

I am currently employed in the Naval Air Rework Facility at North Island, Code 51710 (Production Control).

Sincerely,

FRANCISCO ZUNIGA.

SAN DIEGO, CALIF., May 24, 1972.

HON. REPRESENTATIVE JEROME WALDIE,
Chairman Civil Service and Retirement Committee.

DEAR MR. WALDIE: In regard to your hearing to be held in San Diego May 25th and 26th.

Myself and many others at North Island, though we now have career appointments, want to express the great need for temporary employees to have group health insurance.

I, along with approximately 500 persons hired into North Island in 1965. Many of us were offered employment with the expectation a freeze on permanent jobs would be lifted, but for many it was a false empty promise.

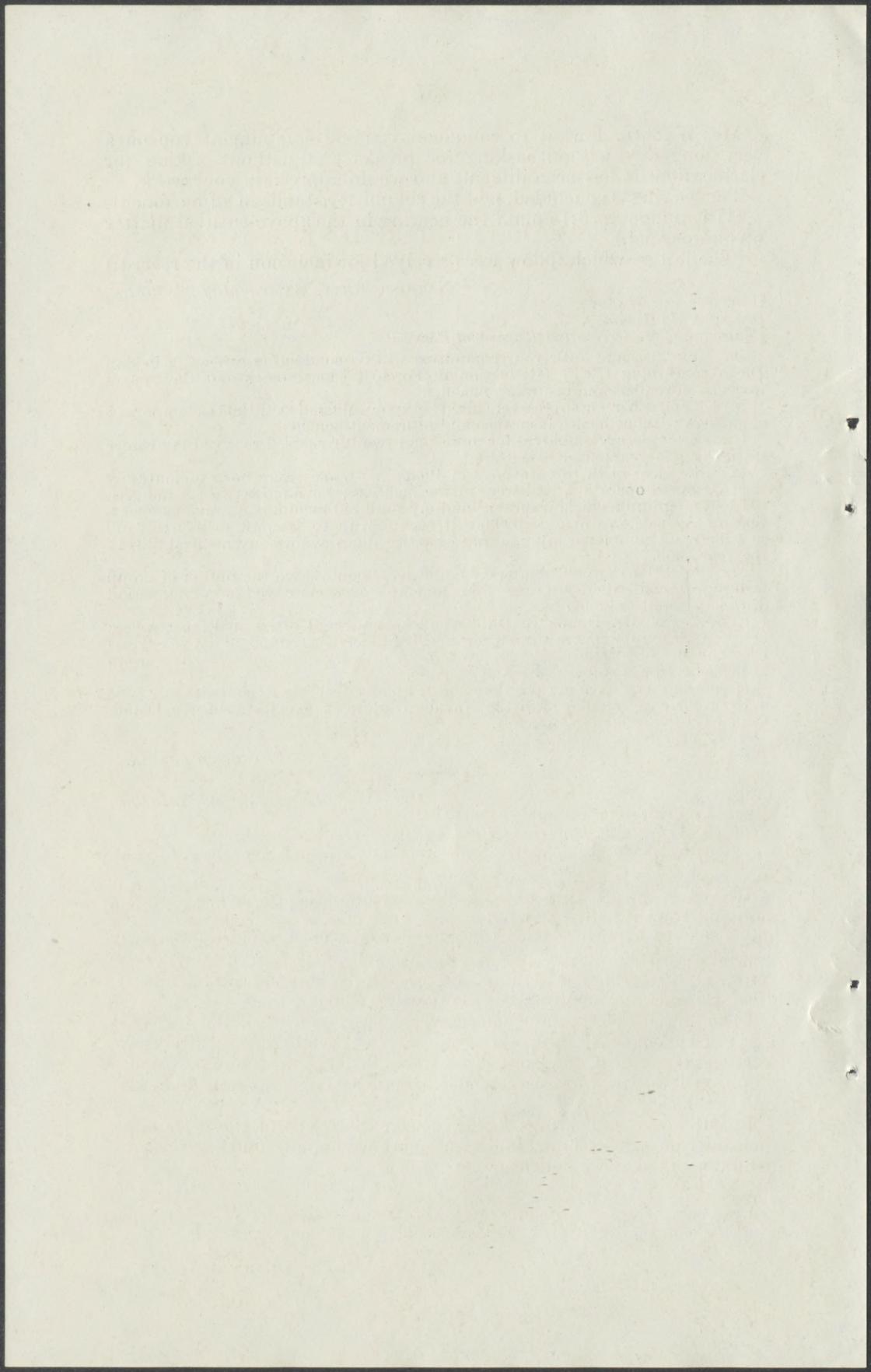
I found myself without group insurance for almost 3 years. My wife was uninsurable under private plans, due to a heart condition. Though this has never been a medical expense, it could lead to other problems. I had a small child that needed hospital care and waited in vain for North Island to give me a term appointment under OCMM Notice 12310, dated February 1968. This should have been effective April 7, 1968, but did not become effective until June 1968 for me. I in May of 1968, had gone through several hundred dollars medical expense that were inadvisable to delay. If the Command had acted in a prompt manner this could have been covered by the insurance.

Briefly, if the government in emergency situations is wanting to get the best employees available they will have to offer group insurance. Most potential employees, I feel would be willing to pay the premiums just as career workers do. I strongly urge that your committee give this need prompt consideration to improve the moral and family needs.

I can be available if desired for further testimony. I currently work at NARF, North Island, Code 517-10 or can be reached by home phone, 281-3605.

Sincerely yours,

DUANE B. DUBKE.



REDUCTION-IN-FORCE, RETIREMENT, AND FRINGE BENEFIT LEGISLATION

THURSDAY, JULY 21, 1972

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RETIREMENT,
INSURANCE, AND HEALTH BENEFITS,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 207, Cannon House Office Building, Hon. Jerome R. Waldie (chairman of the subcommittee) presiding.

Mr. WALDIE. The Subcommittee on Retirement, Insurance, and Health Benefits will come to order.

Today the Subcommittee on Retirement, Insurance, and Health Benefits is holding a hearing on several matters related to legislation before this subcommittee on early retirement and fringe benefits for temporary employees.

We have called representatives of the Department of Defense, Department of the Navy, and the Civil Service Commission because of the serious hardships to Federal employees employed by these agencies who have been terminated in reductions-in-force recently at military bases.

The subcommittee held its first hearing on this subject almost 2 months ago in San Diego, Calif., an area particularly hard hit by military reductions-in-force.

During that hearing the subcommittee received testimony on the growing practice of using the civil service retirement fund as a tool for management to help reduce their work force.

However, during this investigation, numerous complaints of questionable Department of Defense personnel policies were brought out, including the extensive use of temporary employees, replacing civilian employees with military personnel, coercion of certain employees to retire, questionable contracting out procedures and the establishment of what appear to be arbitrary manpower ceilings.

I am convinced that the manpower ceiling policies of the Department of Defense have not resulted in any real economies, rather, they have resulted in a deterioration of the Federal retirement system, employee morale, and effective performance of the mission of many military bases.

In our previous hearings we have seen the result of these Department of Defense personnel policies. Today we hope to find the reasons behind some of these policies.

It has recently come to the subcommittee's attention that immediately after the completion of the 27 reduction-in-force actions in California by the Department of Defense which eliminated approximately 4,390 civilian jobs by June 30, 1972, the Department of the Navy, alone called for the hiring of nearly 1,000 additional temporary employees at two major bases.

It is hard to understand why such massive reductions-in-force have been carried out when workloads and overtime are increasing, not decreasing.

I have become distressed with the obvious absence of the Civil Service Commission from the scene during reductions-in-force, especially when it has become apparent that certain reduction-in-force regulations are being misused or violated by agencies conducting a reduction-in-force.

With this lack of immediate oversight and protection by the Commission the Federal employees' uncertainty in working for the Federal Government is only increased.

The formal appeals process should hardly be an employee's first line of defense against an unfair action by an employer. As we have seen in the past, Civil Service Commission appeals can take many, many months to process and even a favorable decision on the behalf of the employee is nothing more than a moral victory after he has been separated from service.

It is apparent that the Federal employee is becoming increasingly disenchanted with his employer, the U.S. Government, and is changing his allegiance from the employer to other groups, usually a union.

I can readily see the fast approaching day when Federal employees are going to join with their fellow workers in the private sector and demand a stronger voice in negotiating for better working conditions and employee rights.

The Federal employee is in an extremely vulnerable position in negotiating for employee benefits enjoyed by virtually all workers in the private sector.

He has no right to strike, no political allegiances on which he may rely, and he is generally at the mercy of the Federal agency for which he works.

As this situation becomes more intolerable—and these recent reductions have done much to increase disenchantment—I believe that Federal employees may be driven to take drastic work stoppage actions against the Federal Government.

The first witness in our hearings today will be Mr. William C. Valdes, Director of Personnel Management, Office of the Assistant Secretary of Defense for Manpower and Reserve Affairs, Department of Defense.

Mr. Valdes, will you come forward, please?

Mr. Valdes, is it my understanding you and Admiral Moore would both prefer to testify at the same time?

Mr. VALDES. Yes, Admiral Moore is the witness, and I am accompanying him.

Mr. WALDIE. Fine. Then we will hear from both Mr. Valdes and Admiral Moore at the same time.

So that our hearing record is in orderly fashion, I will introduce for our record correspondence between my office and the Honorable

Melvin Laird, Secretary of Defense, wherein I submitted to the Secretary a list of questions.

(The letters referred to follow:)

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RETIREMENT, INSURANCE,
AND HEALTH BENEFITS,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C., March 9, 1972.

HON. MELVIN LAIRD,
*Secretary of Defense, Department of Defense,
The Pentagon, Washington, D.C.*

DEAR MR. SECRETARY: In recent testimony before the Committee on Post Office and Civil Service, Mr. Robert Hampton, Chairman, U.S. Civil Service Commission, discussed the reduction-in-force issue in response to a question posed by Congressman Scott. Mr. Hampton stated that ". . . if the Department of the Army was conducting a reduction in force, we do not exercise any general supervision over their conduct, but through our regular inspection program and our personnel management evaluation, we review those actions and make corrections through that process." I have asked Chairman Hampton to conduct such an inspection of each military installation in California undergoing a major reduction-in-force and to supply me with a full report on each (see enclosed letter).

I would appreciate it, Mr. Secretary, if you would supply me with a complete and detailed analysis of the situation in California related to any upcoming reductions-in-force, also. I am particularly interested in determining what exact criteria is used in deciding which installations will be forced to institute reductions-in-force and which employees are to be RIF'd or to be offered reductions in pay or temporary positions.

Please tell me if "contracting out" of projects is utilized to perform those jobs previously done by the civilian Federal employees at military installations. I am also curious about what effect the unemployment rates in areas surrounding military installations has upon the RIF decisions. In addition, I am interested in the effect that normal attrition rates of Federal employees might have if used as a tool in achieving reductions-in-force.

I would appreciate a complete report on each installation where a reduction-in-force is planned. I would also appreciate a complete listing of all Federal military installations in California (and the name of the commanding officer at each base) which are scheduled for a reduction-in-force, including information on how many jobs are to be cut out at each base and a full breakdown of the specific work areas in which these reductions are to take place.

Thank you for your assistance in this important matter.

Sincerely,

JEROME R. WALDIE, *Chairman.*

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., March 31, 1972.

HON. JEROME R. WALDIE,
Chairman, Subcommittee on Retirement, Insurance, and Health Benefits, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Secretary of Defense has asked me to reply to your letter dated March 9, 1972, requesting information on reductions of civilian personnel positions at military installations in California.

We are in the process of developing the information you requested and expect to be able to provide you with a final reply within the next several weeks.

Your interest in this matter is appreciated.

Sincerely yours,

EDWARD J. SHERIDAN,
Deputy Assistant Secretary of Defense (Installations and Housing).

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RETIREMENT, INSURANCE,
AND HEALTH BENEFITS,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C., March 23, 1972.

HON. MELVIN LAIRD,
*Secretary of Defense, Department of Defense,
The Pentagon, Washington, D.C.*

DEAR MR. SECRETARY: On March 9, 1972, I sent you a letter regarding the planned reductions in force for civilian personnel at military installations in California. As that letter pointed out, I have deep concerns about the merits and effects of extensive reductions in force, especially when so many important questions relating to the reductions remain unanswered.

There are several major bills pending before the Committee on Post Office and Civil Service relating to the planned reductions, and some fourteen of these bills are now pending before my own Subcommittee on Retirement, Insurance, and Health Benefits alone. Yet, before this Subcommittee, or any other Subcommittee, can fully understand the scope of these reductions in order to deal with the many proposals now pending, a very comprehensive review by Congress of these reductions is required. Many of my colleagues on the Full Committee have expressed their deep concerns about the implications of these reductions and request time to determine the most equitable manner in which to achieve the goals which the Administration is seeking through instituting these reductions in force.

I am not opposed to the goals of economizing and reducing our military spending in this country, and I realize that in the end it will mean reductions in both military and civilian support personnel. I agree with your ends, but I cannot agree with the unjust means being used. We cannot merely turn so many loyal and dedicated Federal Employees and their families out on the streets with little or no financial assurance in these trying times of unemployment, especially when they have served their country so long and hard. We owe them much more than an awkward and rushed attempt to achieve our economic goals at their expense. I honestly think that we can achieve both reduced military operational costs and offer viable alternatives to Federal Employees whose services are no longer required. There are creative proposals before Congress now to permit equitable treatment of these employees. Early retirement incentives and reductions through attrition are but two of the many viable alternatives which deserve active consideration.

Whenever the military decides to increase or decrease its work load, and subsequently its work force, it uses the Federal Civilian Employee market as the yoyo to achieve it. While the military force remains constant, and "contracting-out" remains almost as constant, it is the civilian work force that is continually used to take up the slack. The current reduction is just another example of this theory at work. The outside contractors seem to be benefiting (and costing the taxpayers as much) at the expense of the Federal civilian employees whose jobs are being taken away. I have been looking at this problem for months now, and have yet to see anything that would disprove this conclusion.

As a member of the House Post Office and Civil Service Committee, and as Chairman of the Subcommittee on Retirement, Insurance, and Health Benefits, I urge you, along with many of the other members of the Committee, to initiate an immediate temporary freeze on all planned reductions in force until my Subcommittee and other interested Subcommittees have had a full opportunity to hold hearings both in Washington and in California, on legislation before them dealing with reductions in force. I will do everything possible to expedite our investigation and inquiry, but it is essential that Congress have an opportunity to learn much more fully what the effects of such reductions will be on the personnel and the economy, in order to determine exactly what steps Congress should take to make these reductions as equitable as possible for all concerned.

Your immediate attention to this matter is requested, and I would appreciate any assistance which you can provide me in reviewing this situation. Mr. Secretary, I cannot emphasize strongly enough the necessity of calling a halt to these reductions to allow Congress the proper opportunity to examine this situation. -

Sincerely,

JEROME R. WALDIE, *Chairman.*

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D.C., April 6, 1972.

HON. JEROME R. WALDIE,
Chairman, Subcommittee on Retirement, Insurance, and Health Benefits, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Secretary Laird has asked that I acknowledge your letter of March 31 regarding reductions in civilian personnel.

Your letter is receiving attention and you can expect a further reply at an early date.

Sincerely,

RADY A. JOHNSON,
Assistant to the Secretary for Legislative Affairs.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., April 25, 1972.

HON. JEROME R. WALDIE,
Chairman, Subcommittee on Retirement, Insurance and Health Benefits, Committee on Post Office and Civil Service, House of Representatives.

DEAR MR. CHAIRMAN: The Secretary of Defense has asked me to reply to your letter of March 31, 1972 in which you expressed concern over the planned reductions in force for civilian personnel at military installations in California, and inquired as to the possibility of temporarily freezing all reductions in force until the Congress can review pending legislation on this subject. You suggest that alternative measures, such as early retirement incentives and personnel reductions through attrition, might achieve the reductions in both military and civilian support personnel, which can be anticipated as our military forces are phased down in total strength.

It became apparent, once the Department of Defense appropriation for this fiscal year cleared the Congress, and as we completed the preparation of the fiscal year 1973 budget, in December 1971, that reductions in both military and civilian personnel strengths would have to be made by June 30, 1972. Immediate action was taken to determine the level of civilian employment which could be supported in Department of Defense after that date, and efforts to reach these levels by attrition and retirement (as you have suggested) were begun at once. For example, the military departments placed restrictions on the filling of vacancies with new personnel from outside the Department of Defense. It is now clear that a very substantial portion of the civilian reductions we must make will be achieved by these methods.

As you may already know, we are making a special effort to minimize the adverse effects of reductions in force on individual Department of Defense employees. Because of the concentration of Department of Defense installations, and therefore of military personnel and civilian employees, in the state of California, a significant number of civilian manpower reductions can be expected, especially in Southern California. There we are implementing a Department of Defense Concentrated Placement Program, covering the Federal, State and private employment sectors, and designed to provide maximum job placement opportunities for displaced Department of Defense employees in Southern California. Specifically, a Joint Committee of Department of Defense, Department of Labor, and Civil Service Commission representatives will direct working groups in: (1) developing inventories of the skills of displaced Department of Defense employees, (2) seeking out vacancies existing in other Federal agencies, local and state offices, and private industry, (3) endeavoring to match skills of employees with such vacancies to effect placements, and (4) establishing contacts with communities, Chambers of Commerce, city and county governments, labor unions etc. to help locate or identify opportunities for placement.

The above program is an extension of the nationwide system which was updated and improved last fall by the Department of Defense to minimize the adverse effect upon individual workers affected by base consolidations, transfer of function and reductions that come from the technological and organizational changes resulting from reduced military spending and staffing levels.

However, the total reductions to be made by June 30th are very substantial, in view of reduced Department of Defense funding, decreasing workloads and overall strength reductions in the Military Establishment programed since 1971. Since

attrition does not always occur where and to the extent required, involuntary separations are sometimes required to balance the work force even though the net reduction required is small. At the same time, normal attrition has fallen off; it has been our experience that workers tend to hold on to their jobs when the non-Federal job market is tight, as it is today. Thus, despite our best efforts to make full use of attrition and retirements to reduce our civilian work force some RIF actions are inevitable.

We are hopeful that our efforts will greatly lessen the effect of these reduced programs upon our personnel. The additional retirements expected to result from the upcoming cost-of-living increase for retirees may also reduce the impact of previously-announced reductions in force.

We would much prefer the approach to personnel reductions which you mentioned, i.e. gradual elimination of excess personnel through voluntary retirement and normal attrition. However, the constraints put upon us by funding levels, the need for efficiency in the use of our limited resources to accomplish essential functions, and the necessity to reach the lower manning levels before the beginning of fiscal year 1973 limit us in the use of these methods. We will continue, as I have outlined above, doing everything we can to provide other employment for the displaced workers through a coordinated search for suitable positions for them.

Thank you for the opportunity to explain this situation and our efforts to provide a solution to what is certainly a very difficult problem.

Sincerely,

ROBERT C. MOOT,
Assistant Secretary of Defense.

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RETIREMENT, INSURANCE, AND
HEALTH BENEFITS,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C., July 10, 1972.

HON. MELVIN LAIRD, *Secretary of Defense, Department of Defense, The Pentagon, Washington, D.C.*

DEAR MR. SECRETARY: The Subcommittee on Retirement, Insurance and Health Benefits of the Post Office and Civil Service Committee, of which I am Chairman, has held rather extensive hearings on legislation relating to Department of Defense reductions-in-force both in San Diego and San Francisco, California. These hearings have been extremely useful in pointing out some of the problems facing long-time federal employees who are forced into early retirement through reductions-in-force. The Subcommittee has examined these problems in detail on the local and regional levels in California. However, there is an impelling need to hear from those who are responsible for the establishment of the reductions-in-force policy and the imposition of manpower ceilings that we have seen in California.

Therefore, Mr. Secretary, I am scheduling a hearing in Washington on July 21, 1972 at 10:00 a.m. in Room 210, Cannon Building to hear testimony from the Department of Defense and the Department of the Navy on many of the issues and unanswered questions from the California hearings. In particular, I would appreciate hearing detailed testimony about the nature and use of temporary employees to perform what have in the past been permanent workloads. The Subcommittee is presently considering legislation to allow temporary federal employees to receive health and life insurance benefits as well as civil service retirement credit. It is essential that the Subcommittee know how the Department of Defense plans to use its temporary workforce in the future because DOD is by far one of the largest users of the temporary workforce.

In addition, I would appreciate hearing detailed testimony on the matters outlined in my June 29, 1972 letter to you. (copy enclosed). The questions in that letter dealt directly with the use of temporary employees, increases in the use of military personnel and the use of contracting out subsequent to reductions-in-force, exact cost comparisons for contracting out certain services as opposed to performing work in-house, and the reasons for establishing what appear to be arbitrary manpower ceilings, especially in view of the continuing escalation of the naval and air operations in Southeast Asia.

I would appreciate receiving detailed answers to the 19 questions which I submitted to you on June 29, I may also be submitting additional questions during

the coming week after I have reviewed the transcripts from our July 5 hearing. I hope that through Department of Defense testimony that you may shed some light on OSD policy areas which have to date gone unanswered.

As I mentioned in an earlier letter to you, I have been most appreciative of the cooperation of your staff in earlier hearings in California.

Sincerely,

JEROME R. WALDIE, *Chairman.*

**STATEMENTS OF WILLIAM C. VALDES, DIRECTOR OF PERSONNEL
MANAGEMENT, OFFICE OF THE ASSISTANT SECRETARY OF DE-
FENSE FOR MANPOWER AND RESERVE AFFAIRS, DEPARTMENT
OF DEFENSE, AND VICE ADM. G. E. MOORE II, VICE CHIEF, NAVAL
MATERIEL, DEPARTMENT OF THE NAVY**

Mr. WALDIE. Admiral, please introduce your associate.

Admiral MOORE. This is my aide, who is not a witness, but he will assist me with some of the questions.

Mr. WALDIE. Will you please be seated, gentlemen. With me on the committee is the ranking minority member, Mr. Hillis. We are very proud and appreciate your coming before the committee. You may proceed as you desire.

Admiral MOORE. Thank you, sir.

I am Vice Adm. G.E. Moore, and I appreciate this opportunity to be here.

I am vice chief of naval material in the Headquarters, Naval Materiel Command.

In response to your letter of July 10, I have been asked to provide testimony for the Department of the Navy.

The Naval Materiel Command employs the largest number of Navy civilian employees through its six systems commands.

All of these have field organizations in the State of California and some, such as the shipyards, the Naval Aircraft Rework Facilities (NARF's), the Supply Center at Oakland and the Construction Battalion Center, Port Hueneme are among the largest Government industrial facilities.

Responses which have already gone to your committee inquiries include: a letter of April 25, 1972, signed by Assistant Secretary of Defense (Comptroller), Mr. R. C. Moot.

Mr. WALDIE. I would like to interrupt you occasionally as you go along so I can clarify some matters. One of the matters involves a letter I have here, and from the first sentence that you quote in your statement: "It became apparent once the Department of Defense appropriations for this fiscal year cleared the Congress, and as we completed the preparation for fiscal year 1973 budget in December 1971"—that I would presume was the date at which recognition became certain that a reduction-in-force was to occur?

Admiral MOORE. That is true, sir.

Mr. WALDIE. And apparently that recognition came about because of actions, reduced DOD appropriations, which are attributable to Congress, and the preparation of the fiscal year 1973 budget, which is attributable to the executive branch; is that a fair statement?

Mr. VALDES. There was a programed reduction of 12,000 positions in the original budget before the Congress reduced it.

Mr. WALDIE. Before the Congress reduced it, there were still 12,000 reductions.

The reductions in the appropriations by Congress that translated to a further reduction of the total of 40,000 if my correction is correct.

Mr. VALDES. 41,000.

Mr. WALDIE. Now, did Congress itself, through reduction in the Defense budget, ascribe that reduction to personnel, or did we just reduce the totals, and then the decision as to where the moneys would be expended were made in DOD?

Mr. VALDES. The reductions were not attributed to any one source.

The reduction in the total appropriations was in the magnitude of \$3 billion coming after the fiscal year was half over.

That was one of the factors.

Mr. WALDIE. Let me stop you there.

The total appropriation was \$3 billion compared to what?

Mr. VALDES. It was reduced from \$73.5 to \$70.5.

Mr. WALDIE. Regarding that \$3 billion reduction, did the Congress make determination as to where the reduction should occur?

Mr. VALDES. No, sir; but because of the time ordinarily required to translate overall fund reductions into specific employment and contracting, it was necessary to estimate at headquarters level the effect on employment and to impose ceilings so reductions could get underway as soon as possible.

Mr. WALDIE. The 41,000 determination, a determination of DOD reflecting reduced appropriations of Congress; is that a fair statement?

Mr. VALDES. Reflecting that and a number of the other factors.

Mr. WALDIE. What I am trying to determine for the record, I find in correspondence constant reference to the role of Congress in the necessity of a reducing of force, and I want to define that role as compared to the role of the executive branch.

Can you help me with that?

Mr. VALDES. I do not believe I can help you any further than I have, except to say the overall fund reductions did have to be translated by the executive branch into reductions in programs, and reduction in civilian personnel was not the only thing that happened.

There were many other actions, work plan changes, cancellation of work by contract and in-house, reduction of inventories and curtailment of other in-house operations.

Mr. WALDIE. Am I correct in saying that Congress did not make the determination?

Admiral MOORE. May I respond?

I think that a slightly incorrect impression was given earlier in response to one of your questions which indicated a desire to have a response on the issue of whether Congress specified certain manpower reductions, and I think the answer was in the negative.

Mr. WALDIE. It was.

Admiral MOORE. This is not quite true, sir, because there are in some parts of the budget very specific reductions that come down, and I refer at the present moment to the Report 92-666, which, for example, contains this phrase, "the reductions associate with 3,000 man-year reduction in military personnel strength amounts to \$2,200 million."

Civilian personnel was reduced from 7,900,000, and other personnel benefits by \$630,000, so there are certain dualities in this particular

thing where at times the committees of Congress, and the Congress itself has specified certain personnel reductions, but I think that Mr. Valdes is making the overall assessment that they in turn have to be then worked into the total picture in the executive branch.

Mr. WALDIE. Am I correct then in assuming that wherein Congress specified certain and particular personnel reductions, they were accomplished?

Admiral MOORE. Yes, sir.

Mr. WALDIE. The one for example you related to?

Admiral MOORE. Yes, sir.

Mr. WALDIE. Do you have any idea what percentage of the 41,000 that represented?

Admiral MOORE. No, sir.

Mr. WALDIE. Now, in the preparation of the fiscal year 1972 budget, how many civilian personnel positions were built in there for reduction?

Mr. VALDES. Fiscal 1972, sir?

Mr. WALDIE. Yes.

Mr. VALDES. I think I have it.

It indicates that we are supposed to arrive at end strength, civilian end strength of 1,041,000.

Our figures are not quite in, but next year in the President's budget there is provided 1,036,000 positions, a reduction of 5,000 in the present budget.

Mr. WALDIE. Is that 5,000 figure what was meant by that phrase, and as we completed the preparation of the fiscal year 1972 budget?

Mr. VALDES. In part, sir, but some of the work which is begun with fiscal 1972 money carries over into fiscal 1973, and when you have less fiscal 1972 money, you have less in fiscal 1973, so I believe that is what was alluded to there.

Mr. WALDIE. OK.

Now, with the reduction of 41,000 civilian employees, because of the DOD appropriation reductions of fiscal 1972; is that correct so far?

I am not playing games.

Admiral MOORE. No, sir. It is the result of the 1972 appropriations and the anticipation of the 1973 actions.

Mr. WALDIE. What do you anticipate the 1973 budget is to be?

Mr. VALDES. That is what is provided in the President's budget.

Of course, we are all faced with great uncertainty because we do not get our budget from the Congress until the year is half over, as happened last year, which contributed greatly to this problem.

Mr. WALDIE. There is no question that is a deplorable management problem on the part of the Congress, but the question I have, does the 41,000 include a projection into 1973?

I assume it is a figure of projection of reduction in personnel, and one figure was 5,000, and the administration still has a budget of 5,000 reduction, but I presume your Department is projecting because of uncertainties a higher figure.

Am I wrong?

Mr. VALDES. That is really beyond my realm of capability.

Mr. WALDIE. Am I correct in saying that the 41,000 reduction in personnel is a figure which is based upon the known reduction of the 1972 fiscal year budget, and the anticipated action on the 1973 budget?

Mr. VALDES. That is correct.

Admiral MOORE. We must get down to a yearend figure, based upon considerations of what you have to operate on for this particular year, against your program, plus your anticipation, and in this particular case, the executive department's plan for operating in the succeeding year, or you will go into the year with a yearend total carried forward from the year before, which will not be viable, and consistent with your plans for the forthcoming year.

Mr. WALDIE. Of the 41,000 civilian reductions, how does that compare with the military reductions, which comes out of the same appropriated fund?

I am trying to find out if the impact falls most heavily on a civilian work force, or does it fall equally?

Mr. VALDES. We have had since the buildup for Vietnam, the peak of 1968, a reduction of about 1,150,000 military personnel.

Mr. WALDIE. Since 1968?

Mr. VALDES. I will come to your question.

Mr. WALDIE. I am interested in the President's statement that we had to reduce workload by 5 percent, and I presume that meant civilian and military, or does it just mean civilian?

Mr. VALDES. Fiscal 1972 military and strength is 2,391,000.

The President's budget provided to the end of fiscal 1972 for 2,391,000 military, so I guess we could do a little subtraction.

Mr. WALDIE. About 300,000?

Mr. VALDES. Yes.

Mr. WALDIE. As compared to 41,000 in the civilian?

Mr. VALDES. That is right.

Mr. WALDIE. And that is in the period of that time?

Mr. VALDES. That is in fiscal year 1972, from fiscal year 1971 end strength.

Mr. WALDIE. What about the fiscal year 1972 to fiscal year 1973, what will be the reduction in military?

Mr. VALDES. 2,358,000 end strength for fiscal year 1973 for military.

Mr. WALDIE. That would then mean it would be a 33,000 reduction in military?

Mr. VALDES. 33,000, right.

Mr. WALDIE. And during that period of time, there is a 41,000 reduction in civilian?

Mr. VALDES. Excuse me. I was talking end fiscal 1972 to end fiscal 1973 in that military figure.

In the civilian, it is only 5,000.

Mr. WALDIE. I see. So a fair comparison would be between fiscal 1972 and the beginning of fiscal 1973, there was a 300,000 reduction in military?

Mr. VALDES. We have just entered the period in which we are going into 1973.

Mr. WALDIE. Straighen out my bookkeeping here.

At the time we reduced the civilian 41,000, we reduced the military by what, 300,000?

Mr. VALDES. From 2,713,000 to 2,391,000 which is a 322,000 reduction, I believe.

Mr. WALDIE. And then in fiscal 1973?

Mr. VALDES. Now we are talking ahead.

Mr. WALDIE. We are projecting a 5,000 reduction in civilian, and a 35,000-and-some reduction in military?

Mr. VALDES. 33,000.

Admiral MOORE. I can perhaps talk in comparable terms for 1972, just for the Navy.

Mr. Valdes was talking overall total of the Department of Defense.

This is in dollars, it was \$269 million in 1972 in the Navy, as contrasted with the minus Delta in our operations and maintenance appropriations, not all of which applies to civilian.

The 269 figure I mentioned is totally applied to reduction of military personnel.

It could come out no other way. It pays their salaries.

Mr. WALDIE. One final question in this particular area, all of these figures include temporaries, do they not, when we are talking about reduction of 41,000, we are talking about total reduction, we include temporaries?

Mr. VALDES. The figure I used is total employment.

Mr. WALDIE. Has the buildup in Southeast Asia in the escalation by North Vietnam increased, or altered these figures in any way?

Admiral MOORE. It severely affected our operation during the last two quarters.

Mr. WALDIE. Could you describe that?

Admiral MOORE. I will get to this in some detail in the statement.

Mr. WALDIE. Then proceed.

Admiral MOORE. A letter of May 15, 1972, from the Assistant Secretary of Defense (I. & L.) signed by Mr. Edward J. Sheridan has also been forwarded to your committee.

Mr. Moot's letter described the financial situation which required the manpower strength reduction and a few quotations from it give needed perspective:

It became apparent, once the Department of Defense appropriation for this fiscal year cleared the Congress, and as we completed the preparation of the fiscal year 1973 budget, in December 1971, that reductions in both military and civilian personnel strengths would have to be made by June 30, 1972.

Immediate action was taken to determine the level of civilian employment which could be supported in Department of Defense after that date, and efforts to reach these levels by attrition and retirement (as you have suggested) were begun at once.

For example, the military departments placed restrictions on the filling of vacancies with new personnel from outside the Department of Defense.

It is now clear that a very substantial portion of the civilian reductions we must make will be achieved by these methods.

However, the total reductions to be made by June 30th are very substantial, in view of reduced Department of Defense funding, decreasing workloads and overall strength reductions in the Military Establishment programmed since 1971.

Since attrition does not always occur where and to the extent required, involuntary separations are sometimes required to balance the work force even though the net reductions required is small.

At the same time, normal attrition has fallen off; it has been our experience that workers tend to hold onto their jobs when the non-Federal job market is tight, as it is today.

Thus, despite our best efforts to make full use of attrition and retirements to reduce our civilian work force some RIF actions are inevitable.

We would much prefer the approach to personnel reductions which you mentioned, i.e., gradual elimination of excess personnel through voluntary retirement and normal attrition.

However, the constraints put upon us by funding levels, the need for efficiency in the use of our limited resources to accomplish essential functions, and the necessity to reach the lower manning levels before the beginning of fiscal year 1973 limit us in the use of these methods. We will continue, as I have outlined above, doing everything we can, to provide other employment for the displaced workers through a coordinated search for suitable positions for them.

Mr. WALDIE. Let me interrupt you there.

Will you turn to page 7 of your statement, the second sentence on that page states retirements and other types of attrition were far higher than originally estimated.

Now, is that a contradiction when you say on page 7, retirements and other types of attrition are far higher than originally estimated?

Admiral MOORE. I can explain the exact experience that we had.

We looked forward to the reductions, and plotted out the numbers of reductions that we could take through attrition and let's say non-compulsory means.

We looked at our experience in the most recent past, which was the first two quarters of this last fiscal year, fiscal 1972.

Our attrition was very, very small, unprecedentedly small, and we consequently were led to believe, and it was true, that when times were tight, and things in effect were constricting all around, that people hung onto their jobs, and we did not get the normal fluidity and voluntary quits and retirements that had been our previous norm.

We consequently projected against very, very small attritional factors.

As we got into the spring quarters, and particularly the 4.8 percent retirement benefit, we found that our experience in attrition and voluntary separation far exceeded when we got into the actual administration of our forced reduction program, that which we had anticipated, and which frankly had been based on the most recent past experience, and this actually resulted in some statistics that I will read into the record, that illustrate that our actual experience in people forced out the door was something like 40 percent of what we had anticipated, and—

Mr. WALDIE. Particularly when you do give us those statistics, I would like to have a breakdown as to what parts, the 4.8 percent additional retirement played in encouraging people to retire.

Admiral MOORE. I am not sure I can quantify that in the context of the total reduction in personnel totals.

I can, however, say it was very substantial.

Mr. WALDIE. I suspect it was, and that is part of the committee's inquiry with reference to the opening statement that the retirement fund may very well now be used as a tool on the part to accomplish reductions in force, and maybe that is what Congress intended to do.

I am not passing any judgment at this point, but I think Congress ought to understand that the retirement fund might very well now be used for that sort of purpose.

We have to determine whether that is the policy it wishes to play.

All right, Admiral, continue.

Admiral MOORE. Mr. Sheridan's letter of May 15 provided for each activity an estimate of the number of jobs to be eliminated and personnel to be reduced.

It also commented on the "contracting out" policy. My statement will provide you more recent information regarding the actual reductions which have been made in some of the principal naval activities in California.

Mr. WALDIE. One of the things that ran through the hearing in San Diego, and a similar one held in San Francisco, was the complaint it

was not over, but nonetheless it was well understood, I think by those in attendance by the commanders of the base, that though they recognized the need for economy, and they supported that need, they felt the imposition of manpower ceilings was a constraint that made the management task extremely difficult.

They would much prefer to have the imposition of a dollar ceiling within which they could make the determination of management, rather than a manpower ceiling, and with that background, I want to ask about your view on the constraints that limited you from the approach which you would have preferred, a gradual elimination to voluntary retirement through normal attrition, and the necessity to reach the lower manning levels before the beginning of fiscal year 1973 the most important constraint, does that impinge on management in this field?

Admiral MOORE. No, sir.

I think that there are three essential factors, two of which are far larger than the third.

In general experience, that must be recognized when approaching a reduction in overall strength, and this of course has its manifestation activity by activity, function by function.

First is the amount of money against the program, (1) the resources versus the workload in the current budgetary climate, the current year—the money you know you have got—and, (2) then there is the equally weighted factor of how much you are going to have next year.

You cannot just depend on this year, and get yourself into an totally unbalanced situation as you face the projected realities of the ensuing year.

These play together, and are the major effects in any reduction situation.

The third thing and generally in our experience, by far the lesser factor, is the fact that you must come out in balance, and as I think it was stated by Mr. Moot earlier, you do not always get the attrition where you would like to have it.

You fund fully all of your metalsmith functions and you have to, in effect, do something to bolster up the metalsmiths, because you don't have them, whereas there are too many pipefitters.

Mr. WALDIE. That was a major point.

Admiral MOORE. This is of the three factors enumerated in the average situation, quite minor, compared to the impact of the other two, but it is in there anyway.

Mr. WALDIE. Just the other two constraints, would there be another method of meeting the budgetary restraints, other than by manpower ceilings?

Do you think that is the easiest and most efficient way to meet budgetary restraints, the imposition of manpower ceilings on each base?

Admiral MOORE. I am not necessarily speaking for the Department of Defense, or even the U.S. Navy, but I will say I would like to administer a program without manpower ceilings.

We have tried to administer programs without manpower ceilings, and I will say quite sincerely, that I believe this idea of finding a way to administratively proceed without the duality of funding constraints and manpower ceilings, still goes on, sir; but it is a most complex situation, and I have come to regard manpower ceilings somewhat in the area of a necessary evil.

I do not know at the present situation, faced with the programs that we must meet, and the reductions that come up from time to time, and must be faced administratively, how we could do it on another basis.

Mr. WALDIE. Well, you apparently attempted it, and this would be a good time for you to explain how that experiment went.

We have that correspondence here, unhappily I do not have the document.

On January 14, 1972, from the Office of Civilian Manpower and Management, the Director of Civilian Manpower and Management, there was a directive put out discussing—Mr. Willey signed it.

Admiral MOORE. Could I have the date?

Mr. WALDIE. January 14, 1972.

Tell me the background. I gather it was only in the Navy.

Admiral MOORE. I do not believe so, sir.

It was throughout the Department of Defense, and to the best of my knowledge, it was arranged by the Manpower people in the Office of the Secretary of Defense, conferring and convincing Mr. Laird that we could, given a normal situation, perhaps indulge in a test; and I believe there were discussions with the Office of Management and Budget which resulted in an OMB-Secretary of Defense agreement to proceed under Mr. Laird's auspices with a 1-year test, I believe, of how we could manage it.

Mr. WALDIE. Without manpower ceilings?

Admiral MOORE. Without manpower ceilings.

Mr. WALDIE. And at that point in time, you were the only agency, I mean the military, was the only agency in the executive branch that was permitted this trial, to attempt to work within those fiscal constraints without manpower ceilings?

Admiral MOORE. I would think so, but I am not absolutely sure of that.

Mr. WALDIE. What was the result of that experiment?

Obviously it was discontinued, and there must have been a reason.

Admiral MOORE. The result of that experiment was that we got off to a pretty good start, had a reasonably level situation, and in the fall found that we were not coming down the glidepath under this particular means of administration.

Mr. WALDIE. That would be the fall of what year, Admiral?

Admiral MOORE. That would be the fall of last year, sir.

Mr. WALDIE. 1972?

Admiral MOORE. That would be the fall of 1971 that there was given confidence and credibility that we would reach the yearend totals of permanent manpower that would enable us to go properly into the ensuing fiscal year when this starts in 1973.

Mr. WALDIE. You said permanent manpower, do you distinguish that from temporaries?

Admiral MOORE. I am talking about our permanent work force on-board, that which we planned.

The temporaries are included in which we planned.

Which, incidentally, we could already see in the fall would be pretty nearly eliminated with the amount of money we were going to have to work through 1972, so it is the ongoing permanent work force 1973 level that was the point of aim, and, frankly, employment under the no manpower ceiling control was going along at a rate in variance with

what I will call the glidepath down to our objectives, that convinced our superiors, I cannot name names, but we were not going to make it, and they knocked off the trial.

Mr. WALDIE. Did that experiment in any way make the impact that ultimately occurred more harsh, because of the fact you were not eliminating during that year at the rate you should have, and, therefore, had to redouble efforts in the remaining time given?

Admiral MOORE. I do not think so, sir.

I think the thing that had more affect than anything else on the arduousness of the last two quarters was the fact that we did not really know how much money we were going to have, until very, very late in the second quarter, consequently, we had to make an adjustment for the entire fiscal year in the last half of it.

Mr. WALDIE. Well, I guess then that at least your experiment, those that make the decisions, has answered my question, that manpower ceilings are the only way you can get the commanders to comply with the desire to cut back the work force.

Admiral MOORE. This is the most positive control, sir.

I would still hope that procedures could be developed to proceed on a single method of control, the resource availability, but in fluctuating situations, where we are faced with sudden and late changes in the fiscal year, ups and downs, I am not sure that the resource dollar control alone has in at least its present administrative context enough positive control to make your target.

Mr. WALDIE. Excuse me.

Congressman Van Deerlin, representing San Diego, and who participated in the San Diego hearing, will be sitting in as a member of our hearings also.

To bring you into some background of what has transpired, we have not been going too long, we have been asking questions as to the complaint of the commanders that manpower ceilings represent too great a strain on management activities, and that they would much prefer a budgetary restraint within which they could work out the performance of their mission, and keep the dollar amount of expenditures within those ceilings.

We have discovered that in fact the military establishment had procured an exception for a year's time to the manpower ceiling requirements presently imposed, and they operated for a year without manpower ceilings, and then in January 1972, were directed to discard that and go to the same constraints all over, in all other agencies as they were operating under manpower ceilings, and I had asked the admiral as to whether he believed that the manpower ceiling was an undue restriction upon the function of management in performing the mission, that if there would not be a better way of doing that, and it is in the discussion of this trial experiment that I concluded, and the admiral, if I am not wrong, stated that the powers that make the determinations, that gives the experience, it was not a sufficient constraint on the commanders, because they did not in fact reduce their employee work force by normal attrition methods, and it was necessary then to impose manpower ceilings on the commanders to get their response, is that a fair summary of it?

Admiral MOORE. That is a fair summary. I would say that our resource availability, and our workload were somewhat inconsistent, and the controls had to be exercised to achieve the yearend objectives.

Mr. WALDIE. The violent fluctuations to which you referred did not in fact occur though in that year of the experiment, there was no major buildup in Indochina, for example?

Admiral MOORE. No, sir.

The budget, however, the budget prospects that became very, very real to us with a major impact in the second quarter of fiscal 1972.

Mr. WALDIE. The budget prospects for fiscal year 1972?

Admiral MOORE. Yes, sir.

Mr. WALDIE. On August 25, bulletin 72-5—again from the Office of Management and Budget, signed by George Shultz:

To the heads of Executive Departments and establishments, purpose: this bulletin provides initial guidance on the five percent reduction.

As I understand it, your experiment had been in process about 6 months prior to that?

Admiral MOORE. About 4 months, sir.

Mr. WALDIE. Were you aware of the manpower ceiling of August 25, 1971?

Admiral MOORE. I do not understand your question.

Mr. WALDIE. I am having some trouble.

Admiral MOORE. I was aware of the President's statement on August 15.

Mr. WALDIE. And your experiment started before August 15?

Admiral MOORE. Yes, sir.

Mr. WALDIE. Why would you require an exception prior to August 15, when there was no policy of manpower ceilings?

Admiral MOORE. There was a policy, sir, that had been traditional, in fact was directed. Mr. Laird's correspondence with Mr. Shultz had resulted in the lifting of this particular ceiling or manpower constraint, and we were truly hoping to continue through an experimental year so as to prove it feasible by this past June 30.

Mr. WALDIE. Was that ceiling the same as the one announced by the President on August 15?

Admiral MOORE. We had eliminated the ceiling, sir.

Mr. WALDIE. I know, but the ceiling you eliminated, was it the same one announced by the President on August 15?

Admiral MOORE. As I recall it, the context of the President's announcement was a 5-percent reduction which was interpreted to be a 5-percent reduction of overall figures by June 30, end of the fiscal year of this past year.

That would be June 30, 1972.

Mr. WALDIE. But you had before this pronouncement from OMB, and before the President's announcement of the 5-percent reduction, I gather there had been a ceiling that you had received an exception to, because you started your program in July.

Admiral MOORE. Yes, sir.

Mr. WALDIE. Of 1972, and you started it after Secretary Laird received an exception on the part of DOD to some ceiling, that had been imposed by somebody. Was it OMB?

Admiral MOORE. It was a method of management.

Mr. WALDIE. And was that ceiling imposed by OMB, 5 percent, the same as the President announced on August 15?

Admiral MOORE. OMB had prescribed the method of managing, utilizing personnel ceilings, and had at times, the power to direct manpower ceilings.

The OMB policy that applied to the lifting of this method of administering total defense civilian personnel numbers, may or may not have corresponded to their action following the President's announcement, and I would be unable to say, sir.

Mr. WALDIE. OK. Please continue.

Admiral MOORE. After the reduction plans had been drawn up, sharp increases in maintenance and operation workload in direct support of Southeast Asia had to be accommodated.

Since these were temporary surges, authority for essential numbers of additional temporary workers was issued with the funding coming from reprogramming actions.

For the fiscal year 1973 portions of these temporary increases, additional funds have been requested by the Secretary of Defense, and I would add parenthetically for all of the major programs.

Mr. WALDIE. What does that mean?

Admiral MOORE. That means our immediate need was ammunition, bombs, more aircraft flying more missions, more aviation gasoline payments out of the operations and maintenance appropriations; and, consequently, our plans as projected, based upon the past 1972 budget, had no such level of activity built into it; consequently, the assault came, the response was ordered, and we scurried around taking all sorts of actions to convert what I will call program dollars looking forward to next year's hardware into the immediate problem of getting ships on the line, making repairs earlier, deploying larger forces, loading out bombs at three, four, five times that rate that we had projected.

Mr. WALDIE. You are permitted to do that? You can juggle the funds within your budget to take care of those sort of things?

Admiral MOORE. We have got certain abilities that are conveyed to the Department, and we have got certain others that require clearance with the committees of Congress.

Mr. WALDIE. But in these they are not required clearing with the committees of Congress?

Admiral MOORE. I do not believe that they are.

Mr. WALDIE. Would it be at the time the reduction in force was ordered, you could have, if you were not confronted with a personnel ceiling, done the same thing, to keep employees on board, you could have postponed reprogramming actions, and taken money from that to keep employees, and still kept it in a budgetary level, if you had not been confronted with manpower ceilings?

Admiral MOORE. It is possible. We could have done this.

Mr. WALDIE. It would have been legal?

Admiral MOORE. It would have been legal. It would not have been administratively feasible to do this, faced with the forthcoming fiscal year prospects, sir.

Mr. WALDIE. Well, when you switched from reprogramming actions, to bombs, and on-the-line ships and planes, did you increase your personnel?

Admiral MOORE. Yes, sir.

Mr. WALDIE. Did you exceed your personnel ceilings?

Admiral MOORE. Yes, sir; with temporaries, which went up above the line that we were coming down to.

Mr. WALDIE. And temporaries counted toward the President's personnel ceiling?

Admiral MOORE. They do not, sir.

Mr. WALDIE. They do not?

Admiral MOORE. They did not in the target we were objectively pursuing.

Mr. WALDIE. Do you require special authority to exceed the personnel ceilings that the President had imposed on his August 15 statement?

Admiral MOORE. I believe that the answer to your question is there needs to be an understanding between the Office of Management and Budget, and the Department of Defense.

The Office of Management and Budget representing the White House program in these areas, and that of the White House, I am speculating, sir, I do not really know these, but to meet the directed response to the situation in Southeast Asia, we needed more personnel to meet the workload that was immediately upon us, and we were granted authority to hire temporary workers to meet this situation.

Mr. WALDIE. Was it just authority to hire temporaries?

Admiral MOORE. Yes, sir.

Mr. WALDIE. No authority to increase your permanent?

Admiral MOORE. No, sir. The yearend objectives for permanent employees remained in effect.

Mr. WALDIE. How does that benefit the taxpayer, at which I presume is one of the essential objectives, to hire a temporary, rather than a permanent?

Admiral MOORE. The rate of pay?

Mr. WALDIE. Is it lower for temporaries?

Admiral MOORE. No, sir. The rate of pay goes with the job, and I do not see any particular benefit to the taxpayer one way or the other, with the exception that to meet a temporary situation, the flexibility of the temporary employee coming on, and in effect then the situation having been reduced, does not get you into the very great echelon effect where three or four people are affected through the riff procedure in the reductions of regular work forces.

It is much more administratively feasible to meet immediate situations with temporaries.

Mr. WALDIE. Hiring of temporaries makes it an easier management job?

Admiral MOORE. Yes, sir.

Mr. WALDIE. A temporary can be hired for what length of time?

Admiral MOORE. Generally speaking, a temporary is expected to be hired for a situation that will be over in a year or less.

We have got incident to the prolongation of the Southeast Asia situation, general authority to extend such temporaries on a year-to-year basis. We also have been directed—

Mr. WALDIE. I do not understand that. Is that an assumption that the temporary feature that required you to hire these people might extend beyond a year?

Admiral MOORE. It is a recognition of the fact that the temporary situation that caused us to hire these people did extend beyond a year, sir.

Mr. WALDIE. When were they hired? I thought they had been only hired since the buildup, that they were hired to provide the bombs, and the airplanes and the ships. That was the temporary thing we are talking about?

Admiral MOORE. Yes, sir. That is the temporary surge that took place in the past two quarters.

Mr. WALDIE. That has not extended beyond a year?

Admiral MOORE. No, sir; but we have a considerable number of temporaries on our rolls, most of whom are scheduled for reduction incident to meeting the yearend targets.

Mr. WALDIE. You do reduce when you are faced with a reduction, and you have temporaries, they are the first to go?

Admiral MOORE. Yes, sir.

The first temporaries to go are those that are not——

Mr. WALDIE. Let me ask you something on that question, because we have some information that would indicate that that procedure was not followed, and I would like to examine it with you.

We do have a conflict in our San Diego hearing, which I presume you have clarified, Mr. Pautler, who was of the Civilian Personnel Office of the DOD, I asked him, do you understand when you were trying to reach the ceilings that were imposed on you from Washington, temporaries are not counted toward that ceiling.

He said that they are included.

Is that a correct statement?

Admiral Moore. Probably in the terms that he gave it, I would believe it was.

I am sure he would know.

Mr. WALDIE. Now, this statement that I want to have clarified, DOD provided with us a statement concerning North Island, and they said in a statement 338 temporary employees were scheduled for release on May 24, 1972, and then they describe what actually happened in the rift, and they also have the scheduled termination of temporary employees which were cancelled due to the authorized increase in temporary employment, with the exception of 16.

They were released on May 26, 1972. I gather though that, I know there were permanent people separated.

Am I misreading this?

Should permanent people have ever been separated, when there were temporaries still working?

Mr. VALDES. Yes; you can have different occupational groups affected, you can have different competitive levels affected, and it is entirely possible that at the time you are cutting back, in one area, you might even be building up in another.

In other words, there is a mix of occupations, and it affects people in different ways.

Mr. WALDIE. When the reduction rules require temporaries to be released before permanent, that is qualified within a certain position?

Admiral MOORE. Yes, sir.

Mr. WALDIE. So on a particular base, you get rid of all of the temporaries, and then start working on your full-time employees, is that correct?

Admiral MOORE. This is required.

Mr. WALDIE. Who makes the decision by the way as to what skills are reduced when you are confronted with a manpower ceiling, does the commander make that decision?

Admiral MOORE. Yes, sir.

Mr. WALDIE. You may continue.

Admiral MOORE. The planning——

Mr. WALDIE. First, before you do continue, how much is that that as outlined at the end of the first paragraph on page 4 is additional funds requested?

Admiral MOORE. I do not know, sir.

Mr. WALDIE. That would be additional funds to cover what?

Admiral MOORE. The increased tempo of operations, carrying over into this fiscal year, from the last fiscal year, and presumably to end with what we hope to stop the successful conclusion of the North Vietnamese assault.

Mr. WALDIE. Are there any descriptions at all, Admiral, on the ability of DOD to say a certain workload is only temporary, so we will hire only temporaries, and we will get authority to increase them each year when that temporary work load becomes more permanent?

Is there any way that anybody can prevent that being abused, and it would seem to me, if you would forgive my editorial comment, it has been abused in this instance, you are in fact hiring temporaries, because they are easier to management.

A man hired for a year to perform a job, that is so uncertain, it would hardly seem to me to be a temporary, you can hire him for other years, but what I am really asking, are there any restrictions on your ability to say hire a thousand people in North Island, designate them as temporaries, get them for a year, and if you need them beyond that, we will get them another year.

What rules exist to prevent abuses?

Admiral MOORE. There are very practical restrictions which, perhaps we could just cast our eyes backwards in perspective, as we look at this whole Southeast Asia thing, at which time we built up to meet this, and this would be in the Johnson era, our initial move into this incremental type of operation that we have been conducting was to get increased ceilings, and hire more permanents, and this was done, for perhaps a year and a half, 2 years.

This gave way to a recognition and a direction that we are going to wind this thing down, and we do not want to have our hands filled with a problem that gives people the false confidence that they are members of what we intend to be a continuing high work force, which it is not, therefore, stop increasing your numbers in support of this effort and take them on as temporaries.

We did that, and the thing held on some more.

At that particular time, somebody said temporaries are here for a year.

Now, we have extended them for another year, and the end is not in sight.

Give these people some guarantees, so we converted many of those to term employees, so for terms I believe of up to 4 years.

Mr. WALDIE. Where do I find that authority?

Is that in the Civil Service Commission's authority?

Then there are permanent, term, and temporary employees?

Admiral MOORE. Term employees are term temporary employees.

Mr. VALDES. This is a special category.

It is a term appointment. We do have authority from the Civil Service Commission to appoint these people up to 4 years.

Mr. WALDIE. Are their rights similar to a permanent employee?

Mr. VALDES. Not as much. It does give them additional rights, and does bring them into benefit programs.

Mr. WALDIE. In the way of comment, it seems to me we have a work force in the Government that is treated as a second-class work force.

They are not entitled to benefits, and I would think without demeaning the managers of the system, that there would be enormous motivation to try to get your employee work force, largely temporary or term, so that they would have less ability to resist your management prerogatives.

You do not have to comment on that.

Mr. VALDES. I think one of the purposes is really to benefit the career work force, and to protect them from the hardships that are involved in continual expansion and contraction with the bumpings and downgradings that accompany it.

In other words, it is not done solely for the purpose of management benefit in terms of flexibility.

It also has advantages for people who are career employees.

Mr. WALDIE. Well, I guess there is not much question it benefits the career employee, but it certainly does not have much benefit for the people in that status.

What is the percentage of the work force—

I will ask the civil service representative this question.

Do you have those figures?

Mr. VALDES. I have the figures on the number of temporary employees that we have in the Department of Defense.

Mr. WALDIE. What is that?

Mr. VALDES. These are people with temporary appointment, 43,000.

I do not have the figure on term. We discontinued the use of that about a year ago.

Mr. WALDIE. Do you have any estimate of that?

Is it anywhere near the 43,000?

Mr. VALDES. No, sir.

Mr. WALDIE. Okay.

Admiral MOORE. Could I give the Navy employment figures?

Mr. WALDIE. Yes.

Admiral MOORE. As of our plan for June 30, 1972, our grand total of employment, 324,531, of which temporaries, and part-time employees lumped to 13,674.

Mr. WALDIE. What is a part-time employee?

Mr. VALDES. It is not necessarily a temporary employee.

It is a person who does not have a full 40-hour workweek.

He may be a career employee, or he may be a temporary employee.

It is actually the amount of time he is employed, it is less than a full workweek.

Mr. WALDIE. But he could be either a temporary or a full time in that regard?

Mr. VALDES. Yes.

Mr. WALDIE. Are they generally though mostly temporaries, part-time employees?

Mr. VALDES. Well, I am not sure in terms of statistics.

Admiral MOORE. They are quite a small fraction. There is an exceptional way to do business to meet a rather unusual situation.

Mr. WALDIE. So I can relate those figures, and they do not seem to me to be very disturbing.

Admiral MOORE. I have got some further figures.

Mr. WALDIE. Before that, could you tell me so I could have some feeling for those figures, what was the temporary, the total work force in temporaries in fiscal year 1971?

Admiral MOORE. I do not have this.

Mr. VALDES. If I understand the question, I do have the figure on the number of temporary employees that we had on board June 30, 1971, in the Department of Defense.

Mr. WALDIE. No; that would not help, because the figure the admiral gave was June, yes, you are right.

Mr. VALDES. I am talking about temporaries, not about part-time employees.

He included those figures with part-time employees. That figure for June 30, 1971, for temporary employees was 51,189.

Mr. WALDIE. So your point is that temporaries have been reduced from fiscal year 1971 compared to fiscal year 1972?

Mr. VALDES. Overall in the Department; yes.

Mr. WALDIE. All right, Admiral.

Admiral MOORE. I can contrast a 1971 figure of 346,500 to a plan for June 30 of 340,531.

Mr. WALDIE. What are the temporaries?

Admiral MOORE. I do not have temporaries as of December 31.

The temporary fraction of that plan was 15,674, which included a few part-time employees.

Mr. WALDIE. OK.

Admiral MOORE. It also might be of interest at the present moment to sum up the San Diego and San Francisco totals of temporary employees.

We made a special research into how many of them had been employed in their status for over a year.

This was as of June 30, 2,628 temporary employees in the San Diego and San Francisco Navy activities.

Mr. WALDIE. As of when?

Admiral MOORE. June 30.

Mr. WALDIE. June 30, 1972?

Admiral MOORE. Of which 380 had been in this capacity over a year.

Mr. WALDIE. Do you have any figure as to what the span might be of that 380, from the extreme to the minimum?

Admiral MOORE. I do not know.

Our statistics are inadequate in that respect, sir.

Mr. WALDIE. OK.

Mr. VAN DEERLIN. I was wondering why San Diego and San Francisco were combined.

Admiral MOORE. They are not. They are broken down. I gave you a total.

I will submit these for the record.

(The information referred to follows:)

NAVY TEMPORARY CIVILIAN EMPLOYEES IN CALIFORNIA—MAY 1972

	Total	Those employed more than 1 year
San Diego region.....	1,412	280
San Francisco region.....	1,216	100
Total.....	2,628	380

Mr. WALDIE. Please continue, Admiral.

Admiral MOORE. The planning for our industrial work during a constraints necessitates delicate balancing of funding and manpower in a constantly changing workload situation.

Navy set strict limitations on the number of full-time permanent positions to be occupied at the end of fiscal year 1972 so as to be in consonance with final congressional action on the fiscal year 1972 Defense appropriation bill last December, and to be in consonance with subsequent instructions from the Office of the Secretary of Defense.

These limitations were based not only on available funds in fiscal year 1972, but were planned for an orderly transition to manpower levels for which funding was being requested in our fiscal year 1973 budget.

It was realized that these limitations might be somewhat restrictive toward the end of fiscal year 1972, should unplanned requirements develop, but we intended that such exigencies be met by the creation of temporary positions.

The requirement for such temporary positions turned out to be much greater than anticipated because of the sudden increase in the tempo of operations in Southeast Asia.

It is expected that this tempo will decrease early in fiscal year 1973, at which time the temporary positions created for this purpose will be abolished.

The Navy's fiscal year 1972 reduction in civilian personnel was concentrated in selected areas related directly to fleet support—shipyards, naval air rework facilities, and naval supply centers—and resulted from a decrease in the size of naval-operating forces.

Admiral Zumwalt said in his fiscal year 1973 program and budget statement last January to the House Armed Services Committee that the Navy budget provides for forces that are reduced below the levels of 1965; that is, before the Vietnam buildup, as follows. Ships, down 37 percent; aircraft, down 18 percent; and military personnel, down 10 percent.

The concentration of the Navy reduction in selected areas accounts for the greater number of RIF actions required to meet lowered employment levels.

This condition was especially true in naval shipyards, not only because of the reduced number of active ships, but also because of the greater proportion of ships deployed in SEA and therefore unavailable for overhaul, and I would say parenthetically, slipping their overhauls.

On the question of whether the reductions are caused by congressional ceilings on appropriations, it is suggested that the answers are found in the reports from the House and Senate Appropriations Committees: House Report No. 92-666 of November 11, 1971, 139 pages; and Senate Report No. 92-498 of November 18, 1971, 210 pages.

These reports contain the specific changes to the Department of Defense budgets which had been submitted by the President for fiscal year 1972.

Mr. WALDIE. On that, Admiral, I think you really confront the question that is concerning us.

Let me lay the question out as I see it.

I really think that Secretary Laird is attempting to shift the responsibility for reductions-in-force to the Congress.

Every statement I heard from him, I gather that. This paragraph you just read would seem to be total confirmation that the reductions are caused by congressional ceilings on appropriations.

I gather this is clearly your view.

Admiral MOORE. That is not my view.

Mr. WALDIE. Whose view is that?

Admiral MOORE. It is very, very clear that as we mentioned earlier, Mr. Waldie, some of the actions in the House and Senate reports did specifically refer to reduced manpower totals.

Mr. WALDIE. I want to go into that, because there obviously must be a means of defining what those specific instructions from Congress meant in total numbers of people reduced in force.

I asked that question, and I gather it is not available to you at this moment.

I want to know in the references to which you made here, how many specific jobs were required by Congress to be eliminated, and then I would like to compare to that the specific number of jobs that were in fact ordered to be eliminated by the Secretary to determine the will of the Congress in reduction in force.

Admiral MOORE. I think we will need to provide that for the record.

Mr. WALDIE. Fine. I presume that would then give us a fair answer, would it not?

Admiral MOORE. I would think so.

Mr. WALDIE. If the Secretary is right, the references that you made to those House reports, and I presume you include the whole report?

Admiral MOORE. Yes, sir.

Mr. WALDIE. Not any specific portion of the whole report?

Admiral MOORE. Yes, sir; the whole report, the references in those reports ought to provide us with a numerical figure representing the number of jobs, and the particular jobs that Congress ordered reduced.

Mr. WALDIE. I would like to know what that number is, and then I would like to know whether in fact those specific jobs, and those specific activities were in fact reduced, and the numbers that we get, and that should give us a fair basis to determine whether the Secretary suggests they would not have reduced forces if it were not for Congress, if that is a correct conclusion, that is what he is really saying, at least as I see it.

The Secretary gets up, he says we would not reduce forces, we like a lot of people, but the Congress has insisted we do it.

OK. You provide us with that information, and I would appreciate it.

(The following information was furnished:)

FISCAL YEAR 1972 EMPLOYMENT

As indicated in the table below the Defense Components estimated that the dollar reductions recommended in House Report 92-666 would reduce employment 30,668 during fiscal year 1972, in addition to a budgeted reduction of 12,990. These were related by each component to the magnitude and nature of the Congressional cuts and not to specific positions. All other considerations subsequently resulted in additional planned employment of 7,248, DoD-wide. This resulted from many individual changes and involved the reapplication of funds to support higher employment in some cases; and, in others, further employment cuts based on the availability of funds, or to offset unbudgeted cost or program increases.

The House Report (on page 50) indicates that \$46.035 million of its reduction in Operations and Maintenance (O&M) appropriations related to the President's

announced intention to reduce Government-wide employment. However, no Administration plan to reduce DOD employment specifically had been announced.

To save even \$46 million subsequent to the passage of the Defense Appropriation Act, would require substantial civilian reductions-in-force since both attrition and the time required to plan RIFs limit savings to only a fraction of a year's pay per person. An additional \$3.9 million of Research, Development, Test and Evaluation (RDT&E) reductions, and two items in O&M, Defense Agencies totalling \$5.2 million, also apply specifically to civilian payroll. The nature of many Operations and RDT&E programs is such that the reductions indicated by both House and Senate could not be effected without cutting employment. Examples are:

	<i>Millions</i>
1. Support of military manyears.....	-\$121.5
2. Intelligence and cryptologic operations.....	-51.4
3. Headquarters and public affairs activities.....	-17.2
4. Training operations.....	-1.8
5. Project referral and claims filing assistance.....	-1.2
6. Base operations.....	-9.6
7. Testing.....	-6.5
8. Phase-out of the Defense special projects group.....	-4.7
9. General reductions in the Defense supply agency.....	-3.4
10. Elimination of the institute of the individual soldier.....	-5.7

In addition, reductions in procurement programs also had impact on employment, particularly in depots and arsenals.

In the case of the Navy, where Congressional cuts were imposed upon an already large budgeted reduction, the resultant employment levels were actually adjusted upward to minimize reductions-in-force which would have been necessitated by such a large cut so late in the year. This required requests for additional funds to be transferred to Operations and Maintenance, Navy under the authority of Section 736, which were approved, in part, by the appropriations subcommittees.

FISCAL YEAR 1972 EMPLOYMENT CHANGES

	Army	Navy	Air Force	Other	To tal
Congressional reductions ¹ (millions).....	-\$1,049.3	-\$836.4	-\$758.1	-\$113.8	-\$2,757.7
Estimated employment impact ²	-10,429	-8,112	-11,058	-1,069	-30,668
Budgeted change.....	+1,900	-11,853	-2,026	-1,011	-12,990
Subtotal.....	-8,529	-19,965	-13,084	-2,080	-43,658
Reduction reflected in fiscal year 1973 budget.....	-8,186	-14,725	-10,728	-2,771	-36,410
Difference.....	+343	+5,240	+2,356	-691	+7,248

¹ Military functions excluding military and retired pay, which do not support civilian employment.

² This was estimated by the DOD components based on the House report. Additional Senate/Conference reductions were not separately estimated at the time, but would have been relatively insignificant.

Admiral MOORE. During the period in which the RIF's occurred the limited number of military personnel at these industrial bases generally remained about the same or declined slightly.

At only one base in California did enlisted personnel increase—the CBS Port Hueneme, as a result of returned CB personnel from South-east Asia as our forces withdrew.

The actual RIF's in recent months were much smaller than had been anticipated. Retirements and other types of attrition were far higher than originally estimated. Thus, at the seven principal industrial activities in the table below the actual RIF's were less than 40 percent of the estimate.

Downgradings were about 10 percent higher than the number of RIF's.

I am submitting for the record the RIF's in selected Navy industrial activities in California.

(The table follows:)

R.I.F.'S IN SELECTED NAVY INDUSTRIAL ACTIVITIES IN CALIFORNIA, JANUARY-JUNE 1972 ¹

Base	Personnel to be separated by reduction in force		
	Plan	Actual	Downgradings
NSC, Oakland.....	60	8	72
Shipyards:			
Hunter's Point.....	134	128	12
Mare Island.....	500	125	156
Long Beach.....	395	160	91
Subtotal.....	1,029	413	259
NARFS:			
Alameda.....	160	94	132
North Island.....	266	38	185
CBC, Port Hueneme.....	118	72	44
Total, selected activity.....	1,633	625	692

¹ Preliminary; complete data is not yet available from all activities.

Mr. WALDIE. Admiral, in reading the chart, do I compare the 38 with the 266?

In other words, the plan to send the 266 out the door?

Admiral MOORE. Yes, sir; 38 went, but 185 others were affected in the process.

Mr. WALDIE. Of the 38 that went, you mean they were forced, actually 266 went out the door, but the balance of them went voluntarily?

Admiral MOORE. Yes, sir. More than that were reduced.

This is just the plan for the r.i.f.

Thirty-eight fellows finally lost their jobs; 185 fellows had a lesser job than they had before.

Mr. WALDIE. Because of the impact?

Admiral MOORE. Yes, sir.

Mr. WALDIE. Your plan was to having out the door by one means or another 266?

Admiral MOORE. No, sir. Our plan was somewhat larger than that, but as I indicated earlier, our experience in the first and second quarters of this year, and this essentially was a very, very late second quarter, very, very early third quarter reduction plan, in which we were trying to take maximum benefit of nonforce reduction means.

This was the residual, that after we calculated all of the people that would retire, all of the people that would transfer, all of the people that let's say husbands would take a job in some other section of the country, and his wife would follow him, after we had taken a maximum projection of people that would leave that way, we still had 266 to go.

Many more people left voluntarily than we had anticipated, and so that 266 figure plan only equated in the actual circumstances with 58 people going.

Mr. WALDIE. Did the plan also encompass a percentage of downgrading that you were seeking?

Admiral MOORE. No, sir. We were not seeking downgrading.

Downgrading happened as a result of it, of the actions that were natural in the civil service reductions in force procedure.

Mr. VAN DEERLIN. Where are the 185 that were downgraded?

Admiral MOORE. They are working at North Island. In some cases, in the next lower grade. These were people who had retreat rights, who were in some way bumped, and they in turn bumped down themselves, and at the tailend of the line were 38 people who had no place to go.

There was nobody they could find.

Mr. WALDIE. The confusion that brought the question as to whether your plan included an objective for downgrading, stems from a dialog with Mr. Kaupler during the San Diego hearings, where we were talking about a directive that was never identified, and Mr. Kaupler says we have gotten some relief, we are supposed to get down I think to 1.5 points by the end of June. That is 1.5 in grade levels.

Admiral MOORE. I think that is the figure.

Mr. WALDIE. Is that your objective, and he says it has been a real serious problem, and they have given us a breather until next June, and then that was corrected to 1.5.

Admiral MOORE. This is a totally unrelated program.

This is the grade point reduction program directed overall Federal employees by the Office of Management and Budget, and this is a program where 0.152 is a big reduction in your average grade structures, and this is a long-term program.

Incidentally, this is a fairly impossible target for in-grade reductions.

We are not able to make it in many cases, but it has really no direct bearing on the particular statistical chart I have here.

It is a different program, it applies totally across the Federal employment spectrum, and it is predicated on lowering slightly, and reversing the trend to having all chiefs and no indians.

Mr. WALDIE. I gather in your dialog, it had most reference to supergrades?

Admiral MOORE. Supergrades, but we are directed and struggling hard with the administrative means available to us when a grade 15 retires, to fill his position with a 14, if we can classify it that way, and in this particular way, we get a fragmentary grade point reduction in our average grade employment level.

Mr. WALDIE. That is an OMB instruction?

Admiral MOORE. This is an OMB program, sir.

Mr. WALDIE. These statistics, however, would in fact give credit to you toward attainment of their objectives in grade point reduction?

Admiral MOORE. No, sir. Really, it works out the other way.

Mr. WALDIE. It does?

Admiral MOORE. Yes, sir. You must recognize that the 38 people that finally left, were probably the lowest people on the pole, and when you lose your bottom, they were or would be below the average, and your net goes up.

This is how it works out in practice, and this is why, when you are in a reducing situation, and complying with the instructions on reduction-in-force, that to complete these grade point reductions is just a little bit impossible.

Mr. WALDIE. That clarifies that. It is very understandable.

Admiral MOORE. The fluctuating workload at these industrial organizations requires the use of temporary positions in many different occupational categories to accommodate to the peaks and valleys and changing skill mix requirements.

Use of temporary appointments to meet these fluctuations also helps to avoid the instability as in the career work force that would be created if temporary adjustments were to be made by repeated RIF's, bumping and downgrading actions among the career work force.

Temporary appointments are made for 1 year but are renewable. As regards records and reports on such appointments, Navy does have centralized information on the total numbers of temporary positions authorized and on the numbers of temporary employees on the rolls at each activity.

No information is required centrally, however, as to how long temporary employees have been in that status.

Mr. WALDIE. I would think that the Navy would be interested in knowing, if that there were abuse, and one would be if that temporaries were in their position for 5 or 6 years, I am surprised you do not have a reporting on that that lets you know how your managers in the field are managing these temporaries, rather than employing a permanent work force.

Admiral MOORE. We may have to institute that.

Mr. WALDIE. It would seem to me, it would give you some indication, and it is a privilege to employ temporarily.

It is a privilege for a man to use a temporary rather than a permanent work force.

It is a major privilege, and it is a privilege that is subject to abuse, and I do not say, your statistics at least do not indicate if it has been going on, but it would appear to me you would want to know whether your managers, we have had testimony, where we have not been able to ascertain, because of restrictions on our work force, and so we are not able to ascertain the truth.

We have testimony some temporaries have been in that status for 7 and 8 years.

I cannot conceive of any situation that would warrant justifying keeping a temporary in that status for that length of time.

Admiral MOORE. I cannot either, sir.

I can merely state that I am positive that such cases are very much the exception.

Mr. WALDIE. I think they are too.

Mr. VAN DEERLIN. If true, they might have learned from the Post Office.

Mr. WALDIE. The Post Office had an enormous abuse of that privilege, but at least a central reporting system might help in determining answers to questions from curious Congressmen as to whether abuses have been cleared up.

Admiral MOORE. During the latter half of fiscal year 1972, as previously indicated, Navy was reducing the number of its full-time permanent employees toward the lower levels authorized for the end of fiscal year 1972 and the still lower level planned for fiscal year 1973.

As this was being accomplished, primarily through attrition but supplemented by some RIF's, a temporary surge in workload in some functions occurred as a result of the sudden acceleration of operations in Southeast Asia.

This temporary workload increase resulted in an increase in temporary jobs in some occupational categories but did not change the established requirements for a smaller permanent work force.

With regard to some of your questions, in order to rife a career mechanic and rehire a temporary, it is necessary that the former full-time need for a mechanic legitimately change into a temporary need.

In filling the temporary job, our first effort would be to locate a surplus—rified—employee having the required specific skill who was—or was scheduled to be—separated.

Regradless of whether we rehire or reassign a former full-time employee or hire a new temporary employee to fill the temporary job, the basic hourly rate of pay for the temporary job would be the same as it was when the same job was performed full time.

The job, not the incumbent, determines the basic rate of pay.

A lower rate of pay or a different job description would not be in order unless there was a material change in the duties and responsibilities of the job. Any inference that permanent employees have been separated and rehired as temporaries to save fringe benefit dollars is erroneous.

Mr. WALDIE. The inference may be erroneous, but is not that often the result?

Admiral MOORE. It certainly does result. There is strict policy prohibition for such a program.

When it happens, it happens because we are giving all of the consideration that can be given to rehiring reduced employees, and at times, they cannot be rehired—in fact, more often than not, they cannot be rehired with the less than 3-day separation, which is the current limit upon us for the retention of their fringe benefit rights.

It is very remarkable, in a few cases, we have been able to do this, but I would not say it was percentagewise very likely.

Mr. WALDIE. I think Congress is at fault there though.

Personally, I think we ought to make the use of temporaries a little more difficult decision than it presently is budgetary, not to have a situation where we have thousands of Federal employees that are in fact second-class employees.

If we provided temporary employees, with all of the fringe benefits the permanent employees have, that at least would be some constraint, if such motivation does exist for replacing a full-time employee, with a temporary employee, and we ought to do that eventually.

A temporary that is employed by the Government for years, should have the authority to extend his status additional years is really not a justifiable excuse for us to say, we have no obligation to treatment in terms of fringe benefits the same as we treat our permanent full-time employees, but that is our omission, not yours.

Admiral MOORE. I think I would defer comment on it.

Mr. WALDIE. Yes, I can understand that.

Admiral MOORE. On the other hand, there were instances of employee conversions from permanent to temporary appointments when an employee subject to RIF could be immediately utilized elsewhere for temporary work.

By using this procedure, the employees continued to be covered by various benefits, including leave, retirement, insurance, and health insurance benefits.

Every effort was, and is, being made to convert as many as possible back to permanent positions as appropriate vacancies occur.

It is also possible for an employee occupying a permanent position that was abolished to be later hired in a temporary position as workload fluctuated.

He would have, therefore, temporary employment in place of possibly having no employment at all.

Mr. WALDIE. The last sentence, I do not think it adds a great deal of comfort to people in giving temporary employment, not as good as he had before, but no employment at all.

That is a management attitude that is particularly objectionable, and one of the reasons why employees have become disillusioned, I think, with employer-management attitudes in the Federal Government.

That is doing him no favor to say, look, quit complaining about your losing your permanent position, we are going to give you a lesser position without any fringe benefits or protection, and that is better than being out of work, which would be the alternative.

Admiral MOORE. I think that this has got to be taken in the context, that once rehired as a temporary, this man is first on the list to get into the permanent work force, when further attrition, further vacancies occur. We in fact have been able to do this.

Mr. WALDIE. But the thing that is not answered by that paragraph—you raise unanswered questions that I will be seeking answers to—is to satisfy me, and other Congressmen that are interested in this problem, that the managers of the work force do not simply abolish a position, in order to get rid of a career, and a satisfied body count with that is imposed on them for personnel ceilings, and then put that same guy back in that same slot, doing the same job as the temporary employee, because you justified him on the basis that the workload has now fluctuated, and we made a mistake getting rid of that job, so we abolish the job, which satisfies the body count, and we hired the fellow as a temporary, which is not counted against us.

He is doing the same job he was doing before. It is only temporary, and he will do it for a year, or perhaps another year after that, but that is all.

I see that as an enormous tool for abuse by managers, and I am sure you will conclude it has not been abused, but the answer to that ought to be very clearly available.

I would like to know, and perhaps you can provide it to me, at North Island, and in the San Francisco area, how many employees have had their positions abolished, and then those positions were later made temporary, to meet a fluctuating work schedule?

Admiral MOORE. I made particular inquiry, sir, at the Naval Supply Center at Oakland.

I do not have comprehensive statistics, and I will attempt to get them.

Mr. WALDIE. OK.

Admiral MOORE. I discussed this thing directly at the Naval Supply Center, Oakland, with regard to the reduction in force which was completed the 14th of April, which was discussed, I understand, in your San Francisco hearing.

Mr. WALDIE. Yes.

Admiral MOORE. There were 185 personnel actions at the Naval Supply Center, resulting in 72 reductions, 41 reassignments, there

was attrition to the tune of six voluntary retirements, and seven resignations.

There were 28 transfers to other activities, and there were 31 separations.

Of these 31 separations from regular staffs, 24 were converted to temporaries, and 12 of those in the period subsequent to April 14 have been reconverted to permanent status.

Mr. WALDIE. Do I gather by those statistics, that at no time in that situation was a permanent position abolished?

Admiral MOORE. There were 31 separations, 31 people lost permanent status.

Mr. WALDIE. Does that mean the position was abolished?

Admiral MOORE. Yes, sir.

Mr. WALDIE. When a man loses permanent status, is the position abolished?

Admiral MOORE. That is the real initial triggering action to the reduction in force.

Mr. WALDIE. Okay.

Now, does that mean that in all of the statistics, of all of the bases, when I find the final figure, the guy forced out of the door, his position was abolished?

Admiral MOORE. Yes, sir.

It means also there were normal positions abolished other than that, some of the people not being forced out of the door, but going voluntarily.

Mr. WALDIE. But I guess what I really need to know, during the reduction in force in the period, how many positions were abolished, and then what I need to know, is how many of those positions have now been refilled by temporaries, because of the fluctuating work force.

Admiral MOORE. None of those positions have been refilled by temporaries.

Mr. WALDIE. What happens then to the temporaries, do you create a new job, and say this is now a temporary position?

Admiral MOORE. Yes, sir. You cannot rehire a temporary into those jobs.

Mr. WALDIE. So whenever you hired those thousands of temporaries out in North Island, you created a thousand new positions?

Admiral MOORE. Temporary. I do not know that a thousand were —

Mr. WALDIE. Whenever a temporary is hired, he is hired into a position that is created?

Admiral MOORE. It is an additional job that is not the permanent job that was there.

Mr. WALDIE. It is also possible for an employee occupying in a permanent position, to later be hired in a temporary position?

Admiral MOORE. Yes, sir.

Mr. WALDIE. If you describe the job position differently, it is not then, you are not hiring a temporary to fill a position that has been abolished?

Admiral MOORE. You cannot hire somebody to fill a position that has been abolished.

That is technically true. I would like to turn this over to greater civil service technicians than I am.

Mr. WALDIE. Before you do, let me give you my suspicions, that I am asking you to address yourself to.

If I were a manager who had no consciousness that was extreme about the welfare of employees, and were forced with a body count from DOD, Office of Management, that I had to get rid of so many bodies, one method of doing it would be to abolish positions, when I finally got down to the last wire, I would abolish 36 positions, but that work had to be done, because my workload has increased.

They really were not worrying about my mission, so then I would hire 36 temporaries, and I would redefine the positions, so they were doing essentially the work of the 36, but I would create new positions, and redescribe them.

Now, address yourself to that comment, and tell me why that does not occur, or how it could not occur?

Admiral MOORE. The jobs that were abolished would have to be jobs that were recognized in your mission as part of your level of continuing workload.

If your level drops, if the future workload for you would not require the services of that many permanent employees, you are going to be funded on the basis of your ongoing workload, you are not going to have money to pay those permanent employees, therefore, something has got to be done to balance your work force on board with these resources that are going to equate to their salaries.

This of course is the bug-a-boo of the field commander.

He has every motivation in the world to keep his numbers high.

He initiates no reduction in force action himself. They are imposed on him by the higher headquarters in Washington, which must balance the entire work force activity by activity, throughout the entire spectrum of the operation, not by the individual commander.

The individual commander is frankly sick about the orders that require him to reduce work force.

His individual employees are made more nervous, his efficiency goes down.

He knows that three people are going to be bumped around in his organization, and show up in new jobs on Monday, new desks, new relationships, and consequently, he has every motivation in the world to force the turmoil in his command, into as absolutely small proportions as he can.

Having done this, and having bitten the bullet to the eventual necessity to separate his permanent work force, he will so do.

Now sometimes he then, in effect, has a Southeast Asia incident.

In Admiral Dowd's case, I believe something like 69 additional temporary people were authorized to come onto his work force, very coincident with the completion of these reduction actions.

Consequently, every one of those reduced permanent work force employees that could be taken on in one of his 69 additional temporary workload billets, I am sure he took on.

He says of the 31, he took on 24, and of those 24, 12 had now through subsequent attrition in his regular work force made it back into the regular group again, and this is very, very fundamental leadership and motivation, and it just is not commonsense for the commander of an activity to do other than that, it breeds chaos.

Mr. WALDIE. You say the commanders in the hearings that we have had, that they have been greatly disturbed by these impositions of these restraints on them?

Admiral MOORE. I have been on both ends of this game, and it is not much fun on either.

Mr. WALDIE. What I am saying, what you described Admiral Dowd's position, he was forced to abolish the positions, and it funneled down to the point where DOD says you have to get rid of those 36 bodies, I do not care what your mission says, you have to get rid of them, and so you abolish the positions.

But you do not abolish it actually because your mission permits you to abolish it.

You have abolished it because you have been commandeered to abolish it from above, and my suspicion is you performed it with temporaries.

You cannot get permanents because you have to abolish the positions, because some guy up there says get rid of 36 bodies, and you call back, and you say I have done everything I could.

The work force's morale is fairly good, but if you force me to get rid of those 36 people, I have to abolish those positions, and I need those positions to accomplish my mission, but I am sorry, the body count says you are not down to the right number, you have to get rid of it, abolish the positions.

He abolishes the positions, but that does not mean the mission can be concluded without those positions, and so he has to have the work done, and the work can only be done by temporaries, who are in essence performing the positions he abolishes, and he can only do that by redescribing those positions, so the new positions permit him to hire temporaries.

Admiral MOORE. In this case, the workload indicators for the Naval Supply Center, Oakland, lead time ahead, April 14, as a combination of his projection of workload, as contrasted to projection of workloads throughout the naval supply system, and as a function of the projected percentage reduction in the supply system, over the total percentage cuts that the Navy had to take, dictated this reduction in force, which was the best cut that could be made of balancing our allocated work force against the total mission requirements, in the supply system of the Navy.

It became very obvious with the increase in hostilities, the need for very great emergency shipments, which were quite a reversal of trend, incident to the North Vietnamese assault, we thought this was winding down, our plans were made on the basis it was winding down, all of a sudden it flared up, that there was no assurance it was going to flare up on a permanent basis, and there was no money in the budget to handle such things, some temporaries were authorized, and I think Admiral Dowd did the action that any smart field commander would have done, he took as many of his reduced employees back on his rolls as fast as he could.

Mr. WALDIE. I had listened to Admiral Dowd in San Francisco, and I was enormously impressed, as I have been very frankly with all of the commanders.

I think the commanders are living under restraints that are imposed up here essentially for political capital, if you will forgive the comment, it sounds good to stand up and say we are reducing the work force by x number of bodies, and, therefore, our commitment to economies in government is extreme, but if you examine the rhetoric, and the consequent actions, it does not always seem to me that it follows obviously.

I do not even want you to comment on it, but my own view is that you people, as is frequently the case, are suffering under the delusion of politicians, that they have to make their points with the public, and they make them at your expense, and I find it intolerable for managers, the commanders, who have a mission, and the employees who are doing their best to perform that mission, and they are stuck with all of the consequences of their political gamesmanship that we all play, not just the President or the Secretary of Defense, but myself included, and it is not a very pleasant picture for anybody.

All right, go ahead.

Admiral MOORE. Because of the Civil Service Commission rules and regulations governing retention in reductions-in-force, a number of downgradings invariably accompany all RIF separation actions.

Nonetheless, the major effect and objective of a RIF is to reduce the size of the work force through the elimination of certain jobs. Management identifies the specific jobs which will be abolished.

Mr. WALDIE. On that basis, do you make that identification early in the process, or do you wait to see how people are voluntary, and finally end up with a pretty good idea of what you are finally going to have to separate, and decide those will be the jobs you will abolish?

Admiral MOORE. Well, as a practical matter, the decision has to be made early in the process because of the leadtime that is upon you to get the people off your rolls.

If you must reduce 36 jobs in May, and you have got to start this action in February, because notification must go out, 60 and sometimes 90 days ahead of the actual reducing action, so you are taking action, hoping at times that you will be able to cancel some or all of it, because voluntary attrition transfers other people volunteering to do something, will nullify, or at least lessen the effect of your action.

Mr. WALDIE. When you started out with a RIF notice, and consent to far more than you anticipate will ultimately be RIFFED, but you have to do it because of the rules, does the RIF notice, in effect, say your job is going to be abolished, is that the impact of that RIF notice?

Admiral MOORE. The personnel people start this particular action, and it then in effect starts with the person whose job is affected.

Mr. WALDIE. But does that mean it will be abolished?

Admiral MOORE. Yes.

Mr. WALDIE. So that when you have a ceiling personnel reduction, the difference between what you have and what you end up with, are positions that have been totally abolished?

Admiral MOORE. That is right.

Mr. WALDIE. And then if you were to look, for example, at a particular base, the day they sent out the notices, and examined all of the people to whom the notices were sent, and their jobs, I would find at the end, when they finally ended up, say forcing 30 out, whereas they may have sent out 500 notices, I would find at the end, all of those positions have been, in fact, abolished, though the occupants in the positions left in various ways?

Admiral MOORE. Yes, or might be somewhere else in the organization in other places, and forcing other people out of the organization, whose jobs have not been abolished.

Mr. WALDIE. But the positions that were—

Admiral MOORE. You start the RIF by identifying the positions to be reduced, to be abolished.

Mr. WALDIE. OK. I understand that now.

Admiral MOORE. The specific individuals who will actually be separated are identified on the basis of their retention standing.

In the identification process certain chain-reaction displacements take place which cause individual downgradings.

Thus, short of the revision of current regulations, the situation whereby "many are affected before a few leave" will persist. It has been my experience that in any RIF situation, about three people are affected for one who may leave.

Available statistics from seven major activities in California show that the number of employees downgraded was about 10 percent higher than the number who were RIF'd.

I might add that this varies widely

Mr. WALDIE. Those statistics you gave us on the San Francisco Bay area did not seem to follow that.

Admiral MOORE. Overall summation, they did. In individual cases, they varied widely.

Mr. WALDIE. I see. You are talking about the actual RIFs, the numbers who were downgraded?

Admiral MOORE. The actuals out the door, the second column versus the third column.

Mr. WALDIE. It is an awful lot higher in North Island than 10 percent, 38 versus 185.

Admiral MOORE. Yes, sir.

Mr. WALDIE. In Long Beach, less. Really, they are odd statistics. There does not seem to be a pattern.

Admiral MOORE. No, sir, and, of course, it does relate to the individual situation that exists in a given activity as played against the particular decision of the commander as to where he can take his losses in job abolition. That sometimes creates a lot of turmoil in the working force.

Mr. WALDIE. In every case it does, at least in every case we have been involved with. The workforce is terribly demoralized.

Admiral MOORE. It is less likely, but entirely possible, for a laid-off employee to be rehired into a lower grade job.

However, in both situations, the reduced employee must perform the duties of the job to which he is currently assigned.

It would be a violation of law, regulation, and policy to require an employee to continue to perform the higher level duties of the position from which he was demoted.

In any reduction in force situation, persuasive reasons can always be given for excluding this or that group of employees from any involvement.

It is argued that apprentices should not be reduced because of our investment in them.

Similar arguments are advanced in behalf of journeymen on the grounds that our investment in them is even greater and that they have already reached the full performance level where the investment is beginning to pay off.

The right answer, of course, is to plan reductions which best preserve a balanced residual work force which is geared to handle the current and future workload.

Generally speaking, where across-the-board cuts are required, reductions of journeymen as well as apprentices at all levels will be made.

In most reductions where all missions and functions will continue, but on a reduced scale, the "after RIF organization" should be basically the same as the "pre-RIF organization," only it will be somewhat smaller.

If, on the other hand, a function is to be phased out or drastically reduced over a period of years, it would be entirely proper to make proportionally larger reductions in the apprentice ranks associated with the function. (That is, no long-term new input into the trade could be justified.)

Limited use of overtime is necessary in some industrial shops and for some categories of most urgent fleet repair work.

Although some increase in overtime may result from a RIF, it would not be permitted to increase merely because of the RIF.

Workload, rather than the RIF, drives the requirement for overtime.

In the California shipyards overtime data for the period of January through May 1972 was as follows:

	<i>Percent</i>
Mare Island.....	3.0
Hunter's Point.....	5.3
Long Beach.....	7.3

Increased Southeast Asia workload was especially heavy at Long Beach in May.

Mr. WALDIE. Let me interrupt you for a moment on some contrary information we have procured.

Admiral MOORE. Yes, sir.

Mr. WALDIE. Mr. Romalino of the North Island facility, which is not included within your figures, cites these figures——

VOICE. Mr. Chairman, it would be necessary to know what the base of the information is, hours or money.

To what do the percentages refer?

Mr. WALDIE. I am a little bit uncertain myself. I believe they are man-hours. Total productive man-hours, 3 percent of overtime. I can clarify that and would be glad to submit that for the record.

VOICE. Mr. Romalino might have been referring to something else, Admiral MOORE. Is he speaking about the entire work force, overhead and nonoverhead?

Mr. WALDIE. He does not say.

Admiral MOORE. He indulges in a rather large number compared to my experience in this.

Mr. WALDIE. And his figures get larger.

VOICE. He is a management level employee.

Mr. WALDIE. On page 102 of the transcript, do you have the San Diego transcript?

Admiral MOORE. Yes, sir.

Mr. WALDIE. The last line, that is what we are referring to.

That is North Island?

Admiral MOORE. Yes, sir; I see it.

Mr. WALDIE. Are those equated with the percentages that you use or do you know?

Admiral MOORE. I am talking of course about shipyards, and I do not have comparable statistics, I do not know that comparable statistics exist.

Our control of overtime has been very extensive in shipyards. That is where we have gotten into trouble, and consequently, we have got a very, very tight control system on overtime allocations to naval shipyards.

I am not able to speak to the same degree of personal knowledge with regard to the facilities you mentioned, and I will be glad to go into this particular part and supply you a comparable statement for what is involved, for the record, if I may.

(The following was furnished:)

The projection of 20% overtime at NARF, North Island in direct manhours for FY 73 was correct at one point in time. This projection was based upon data available concerning the Southeast Asia buildup. Since that time the program has changed, the CH-46F aircraft workload has been assigned to a contractor and the overall workload reduced. Currently the FY 1973 projection is as follows:

First quarter, 17.2 percent; second quarter, 8.3 percent; third quarter, 1.8 percent; fourth quarter, 1.1 percent; total, 7.3 percent.

The first and second quarter figures include programmed workload associated with the SEA effort.

Mr. WALDIE. Will you turn to page 315 of that San Diego hearing transcript, the testimony of Mr. Hatfield, who was at the Long Beach facility, and he says, and I will have this inserted into the record at this point:

(The material referred to follows:)

Mr. HATFIELD. It is definitely a—as everybody has said today, Mr. Chairman, it is definitely a manpower problem. It is the ceiling points. It is not money. They have got money to burn. Right now they are running approximately 40 per cent overload on the Naval Shipyard. NAV ship has had us under a 5 per cent overtime limitation for approximately a year. Now, it has gone completely out of sight. Last Saturday and Sunday we worked 3500 people in that shipyard. This weekend we are working every man that is available.

Mr. WALDIE. I don't know what the 40 percent overload refers to, and I doubt it refers to overtime.

It probably refers to the amount of work that they have, over and above which they had anticipated having, but perhaps you could clarify that situation at the Long Beach Shipyard.

Admiral MOORE. We will try to, sir.

Mr. WALDIE. And particularly the Navy projections, in fiscal year 1973, as to overtime, are those figures included in your projected budgets, the amount of overtime you project in the fiscal year?

Admiral MOORE. Yes, sir.

Mr. WALDIE. I would like to see what the overtime is running in the period, January through May 1972, and what the projections for overtime was.

Admiral MOORE. I would like to give you the information I do have, which happens to be from our routine report.

In Long Beach, in the third quarter, January, February, March, they actually functioned at the 5.2 rate, against a target of 5.

Mr. WALDIE. The target being the fiscal year 1972?

Admiral MOORE. This is fiscal year, third quarter 1972 target.

You work not more than 5 percent. They worked 5.2 percent, and this was under the exigencies of the situation.

Mr. WALDIE. That apparently is what he referred to.

Admiral MOORE. With an authorized exception in the fourth quarter with 12 percent, which seems to recognize some of the overload situation referred to by Mr. Hatfield.

They actually worked for the month of April, this is the month of April, 9.6, so they did not get to the 12 percent that they were authorized, but they did work considerable overtime, and that is reflected in the fact that they were 7.3 percent, the highest shipyard by quite a good deal, in the 5-month period, that I set forth in the statement.

Mr. WALDIE. This line of questioning only goes to the point of trying to determine whether or not a ceiling on personnel is compensated for by using yourself reduced work force in overtime, and bearing on that conclusion, I suppose, would be the contention that the Southeast Asia buildup was unexpected, but that unexpected Southeast Asia buildup is being met by the employment of temporaries, so there should be no increase in overtime.

Admiral MOORE. This of course drives back into the skills, and in general, I am certain that insofar as the reprogramed funds were available, and the temporaries were authorized, the fact is when it comes down to a particular skill in a particular shop, recruiting is always a problem, and certain of the metal trades have been perrenial problems.

I think Mare Island has had more problems than any other west coast shipyard in balancing their particular skills.

Mr. WALDIE. While we are on that, there is another threat that came up in both San Francisco and San Diego, and that is in those sort of situations, there is apparently a floating work force throughout the country, for example, Mare Island has a number of its permanent work force assigned to Long Beach to help out.

Admiral MOORE. In a situation that would put Long Beach that far ahead, one of our very early alternatives would be to move certain skills from another naval shipyard to help out.

This is going on extensively at the present moment in Norfolk, as we are repairing the ravages of fire on the *Forrestal*.

Mr. VAN DEERLIN. Do these people then remain on the table of the installation on which they are on loan?

Admiral MOORE. They are permanent employees, and in most cases, I do not know of any cases, that they have not volunteered to take the work.

They are paid of course accordingly.

Mr. WALDIE. What would be interesting in that regard too, to know whether at Norfolk, for example, there has been a reduction in force, that affected that sort of employee, who is being now sought all over the country.

Admiral MOORE. It is very possible that there was, but I don't know the particular mix of skills, and without going into the individual situation, sir—

Mr. WALDIE. And that would only bear down on the conclusion that we are seeking to make, that is where the present procedures are inefficient, and it would bear on this regard, that if a base is required, they have been instructed to get rid of so many people, to reduce their force in that particular trade, and makes up the difference, by having a floating workforce throughout the country that can be called on.

That seems to me to be costly and very inefficient, costly because we have to pay them per diem, costly because we pay transportation, and there would be some comparison.

Is that a common practice, Admiral?

Admiral MOORE. This is an emergency practice which however is far from uncommon. It is and has often been done, particularly to meet casualty situations. I wish we had less casualties, but casualties that seem to grow on the *Forrestal* in recent years, have resulted in a fair amount.

The people have responded, I do not want to say to a plan, because we did not stop work at the Bremerton Shipyard, but responded magnificently, to the tune of 350 or 400 people, and they returned to Pearl Harbor to put the *Forrestal* back into shape after the rather tremendous problem it had a few years ago.

Their response is marvelous. This is not a regular way of doing business, but when you meet these very strenuous situations, strenuous means are taken to meet them.

Mr. WALDIE. I could see where that would be important. My only concern is that it not be a way of doing business.

Admiral MOORE. It is not a regular way of doing business.

Mr. WALDIE. All right. Please continue.

Admiral MOORE. The Government's policy on contracting to the private sector is set forth in the OMB (Office of Management and Budget) Circular A-76.

Specifically, the policy is to rely on the private enterprise system to supply its needs except when it is in the national interest for the Government to provide directly the products and services it uses.

The OMB circular is implemented by DOD Directive 4100.15 and DOD Instruction 4100.33 issued in July 1971, SFCMAV Instruction 4960.44A of October 27, 1971, and NAVMAT Instruction 4860.12A of January 25, 1972.

The guidelines of all these instructions set forth circumstances when "in-house" services may be initiated, continued, or discontinued. These circumstances involve nonavailability of commercial sources, military security and combat support, and economics. New starts (in-house) require the approval of the Assistant Secretary of the Navy (I. & L.).

Mr. WALDIE. Let me stop you there.

I have some difficulty in finding out how that is implemented.

At the San Francisco hearing, I was trying to get a cost analysis for a recently contracted out activity, and found a cost analysis is made by an agency in the command, that is not connected with the individual bases.

The gentleman testified that when a facility is about to contract out a service that had been heretofore performed by civilians, San Bruno will do a cost analysis if requested.

Admiral MOORE. If requested, I was going to say I know of nothing that requires that they do it.

Mr. WALDIE. Unhappily, they are rarely requested, and the regulations require a cost analysis being made.

Admiral MOORE. Yes, sir.

Mr. WALDIE. So I could find cost analysis on every base in which a contracting out exists?

Admiral MOORE. I would hope so.

Mr. WALDIE. And if I do not?

Admiral MOORE. There would be a failure to comply with our instructions.

Mr. WALDIE. So that at anytime I or the committee is interested, in a cost analysis of a particular contracting-out operation, we can find that cost analysis on that base?

Admiral MOORE. I am satisfied, I have been personally involved in jacking up the Navy response to this particular procedure, which quite frankly we found was lousy, about 4 years ago, and at that particular time, I was in one echelon down the chain from my current position, and I was the Deputy Chief of Naval Material for Logistics Support, and I was personally involved in jacking up our instructions, and getting what we call commercial-industrial analyses performed.

One of the checks that I was able to institute was to get our naval area audit offices, who were organized regionally, to include the fact that a program was being, in effect, conducted at the local stations, in their annual audit, and I have only found them to slip once since that particular time.

Mr. WALDIE. Well, we will inquire into some of the ones that have troubled the committee, particularly, because I was not certain that any cost analysis have, in fact, been made, and I assume cost analyses will conclude, or must conclude by regulations, it is more effective costwise to have it done by contracting out, than have it done by civilian employees.

Admiral MOORE. There is a 10-percent differential. This of course would apply to moving something that was done in-house out of house.

Generally speaking, the bias is the other way, that it will be done outside, unless—

Mr. WALDIE. I gathered that, because to do something that is being done on the outside, to do it inside, you have to get the Secretary of Navy to get rid of something you are doing, and have the private sector do it.

Why is that, to protect the private contractor, that the Secretary of the Navy has to determine whether his contract will be lifted?

Is the interest in protecting the private contractor greater than protecting the civilian employee?

Admiral MOORE. I can only conclude in the tenor and the wording of the OMB circular, that the answer to your question is a qualified "Yes," that we are, as a Government institution, living in a fish bowl, fundamentally beholden to private enterprise, and what we do in-house comes somewhat after that.

Mr. WALDIE. The thrust of this portion of the inquiry is to determine whether or not again to comply with this body problem, positions problem, that you RIF'd your janitors and then contracted out that service.

Am I unfair in my supposition at this point, that in fact that has occurred?

Admiral MOORE. I am sure it has occurred.

Mr. WALDIE. And if that does occur, as a means of meeting a personnel ceiling, is that not contrary to the regulations, you cannot RIF according to the regulations and then contract out that duty?

Admiral MOORE. You will not contract out that duty incident to the RIF, I think is the way the Department instructions read.

When you are faced with a firm personnel ceiling, and the necessity to achieve certain set number of objectives is upon you, I am aware that local commands have to hold up various functional areas, analyze

them, and probably the low man on the pole becomes the most vulnerable.

Whether he would be identified totally to the RIF, I do not know.

Mr. WALDIE. If he were identified totally on the RIF, it would be illegal, would it not?

Admiral MOORE. I do not think it would be illegal.

Mr. WALDIE. Does not the regulations on RIF, are they not very clear, saying you cannot replace a man's position who has been RIF'd, by contracting out?

Admiral MOORE. They are not nearly as burdensome on a commanding officer as the alternative which would be to retain personnel on its rolls over authorized levels.

There may be inconsistencies.

Mr. WALDIE. Well, I agree by the evidence that we have gotten, but they are burdensome themselves on the poor civilian who has been RIF'd out, and then the job is contracted out, and the taxpayer suffers a burden, if you are contracting it out at a higher rate, than the civilian would have performed it.

Let me suggest, I have got information that shows that during the RIF periods, janitorial services, particularly, and the janitors who were doing it showed up in the RIF.

I am going to be requesting of those base commanders, that they audit the cost effectiveness of contracting out, and then I am also going to be asking the Civil Service Commission, if replacing a janitor who is RIF'd by contracting the position out is not a violation of RIF procedures.

VOICE. Did I understand the chairman to say that some of the same bodies are involved as employees of the contracting firm?

Mr. WALDIE. Not to my knowledge. Here is the testimony, for example, from Oakland, this is Mr. Moody, and he says, and I will submit this to be inserted at this point in the record. This is page 173 of the transcript.

(The part referred to follows:)

Mr. ROUSSELOT. Were any of these men offered jobs with the contracting service?

Mr. MOODY. I will speak on that. Yes, sir. Some of them were offered jobs, but the contractor did not pay enough for them to buy the gas to come to work so they did not accept the job. I will speak a little more on these janitors, which I happen to be involved. They were in the Public Works Department.

When we were called by the Commander on January 26 of this year and told of the reduction-in-force, naturally I was interested in the Public Works Department. So, I asked—I had got some wind of contracting the janitorial service out. So, I asked the Commander who is the Admiral, if he was going to lay off the Public Works' janitors and contract it out. We only had five left. He said I will not lay off nobody and contract out their job.

Mr. WALDIE. Now, I will be seeking the date when that contracting was issued, and whether the five janitors were RIFF'd, and also be seeking the cost effectiveness of the report on that position.

Here are the allegations, and whether or not they are correct, a summary of that hearing in San Diego, Naval Supply, Oakland, all allegations by the way are made by Mr. Moody, an employee representing them.

He talks about military reserves doing those jobs, and also he says the taxicab now is contracted out.

He has some figures which I will not recite to you, but they are on page 184 of the transcript.

My interest in those will involve the dates of the contracts, if they coincide with the requirements of the RIF, and the cost effectiveness of the contracts of each, and I will ask the Civil Service representative, regardless of cost effectiveness, if you contract out, as a result of the RIF, you get rid of civilian employees, and personnel ceiling demands are in violation.

OK. You may proceed.

Admiral MOORE. Economic situations are based on comparative cost analysis. Discontinuance of in-house operations for reasons of cost are approved by the commanding officer of the activity.

DOD Instruction 4151.1 of June 20, 1970, implements OMB Circular A-76 in the equipment maintenance area. This directive provides that facility capability and capacity within the military departments for depot maintenance support of mission-essential equipment be sustained at the minimum level required to insure a ready and controlled source of technical competence and resources necessary to meet military contingencies.

Mr. WALDIE. Admiral, would the buildup in Southeast Asia be the type of military contingency that you have reference to?

Admiral MOORE. No, sir.

Mr. WALDIE. It is a normal buildup?

Admiral MOORE. This would be all out. It is considerably broader than this surge.

Mr. WALDIE. Really, that you have to maintain on your depots sufficient level required to insure a ready and controlled source of technical competence, and resources necessary to fight an all-out war?

Admiral MOORE. We are trying hard to preserve the capability of meeting the exigencies that may be thrust on us.

Mr. WALDIE. Could you under that directive ever contract out vehicle maintenance to a civilian contractor?

Admiral MOORE. That would not be considered mission essential.

They are not letting us keep—

Well, let me say, under the OMB guideline, 70 percent is the maximum. That means mission essential must be in-house, and the implication is all nonmission essential will probably go out.

Mr. WALDIE. Vehicle maintenance would be nonmission essential?

Admiral MOORE. It would be. It would depend on what vehicle. To the Army, I am sure the Tank Corps, I am sure it is their main-stream, but for somebody using vehicles for a taxi service, it is pretty far down the military essential list.

Mr. WALDIE. I can understand that.

Actually, the type of thing they are doing in Oakland, contracting out their truck maintenance too.

Admiral MOORE. That also would be probably compared to maintenance of weapons systems aboard ship, would not be classified mission essential, but we have, as an aside, discussions with the Office of the Secretary of Defense, on the position of aviation training, this is the kind of thing we must consider.

Mr. WALDIE. OK. Please proceed.

Admiral MOORE. Generally, organic depot maintenance capacity will be planned to accomplish no more than 70 percent of the gross mission essential depot maintenance workload requirements with a

facility capacity loading at a minimum rate of 85 percent on a 40-hour week, one-shift basis, thus, 30 percent of the workload is to be contracted out.

Thirty percent of our mission aircraft will be overhauled at commercial aircraft plants.

We will not maintain a plant. This is emphasized as more of a maintenance plant expansion than it was ever intended to be a workload people related thing.

It is the military construction implications of building overhaul and maintenance facilities for new weapons that cause this particular type of control to come on, and it really should be looked at in this context.

Comparison of on-board civilian personnel on June 30, 1971, and June 30, 1972, for California naval activities indicates that notwithstanding reductions consideration was given to provide for the increased tempo in Southeast Asia operations. Further review of the reduction also reflects that a large number were due to retirements, termination of temporary employees and other separation reasons.

During fiscal year 1971, \$221 million was expended navywide for contractor-performed services. A total figure for fiscal year 1972 has not yet been compiled, however, it is anticipated that any increase over fiscal year 1971 will be more the result of cost escalation than the result of expansion of contracting out endeavors. The following reflects the situation at the California activities indicated:

	Fiscal year—	
	1971	1972
Alameda Naval Air Rework Activity.....	0	302
Oakland Naval Supply Center.....	2,429	1,432
Hunters Point Naval Shipyard.....	1,937	1,942
Mare Island Naval Shipyard.....	5,307	5,050

Functions contracted out at Alameda include: custodial, laundry, dry cleaning, and data processing services; at Oakland, custodial, administrative telephone, and data processing services; and at Hunter's Point and Mare Island, custodial, refuse collection, and data processing services, and repair and maintenance of vessels.

At this point I am providing the committee a copy of our instructions for preparation of the Comparative Cost Analysis which includes the specific Department of Defense guidelines which apply to proposed contracting for services.

Mr. WALDIE. That would end May 30?

Admiral MOORE. This is June 30, the last figures, over June 30, the year before last figures.

Mr. WALDIE. So the net result in other than Alameda in which no contracting out has been done, contracting out has not increased?

Admiral MOORE. That is correct, and we are satisfied, even though we do not have our year-end total for the entire Naval establishment, that we will not be totally across the Navy, very much out of line with the \$221 million figure which is the total for fiscal 1971.

Mr. WALDIE. Apparently at Oakland, there was a massive reduction in contracting out?

Admiral MOORE. There was a large reduction.

Mr. WALDIE. All of which had to be approved by the Secretary of the Navy?

Admiral MOORE. No, sir.

Mr. WALDIE. I thought any elimination of contracting out had to be—

Admiral MOORE. A new start. This is dollar volume, sir.

I do not have information on that.

If they actually took a function inhouse that previously had been contracted out, it would have to have the Secretary of the Navy's approval.

Mr. WALDIE. Maybe the figures would have more meaning to me if you provide me with this information, in the fiscal year 1972 figures, do any of those figures for contracting out represent new contracting out activities?

That is what I would really be interested in.

Admiral MOORE. I will supply that for the record.

(The following information was furnished:)

The figures for contracting out included new contracts in the amount of \$925,000.

Mr. WALDIE. That would bear on my thesis, one of the means of avoiding the restriction of this ceiling on personnel, is the result of contracting out.

The figures on their face will appear they are not doing that, but there was a million less at Oakland Navy Supply Center, and I would like to know why that occurred.

They must have discontinued some contracting out.

Admiral MOORE. Or vastly curtailed the volume of it, vastly curtailed the dollars to do this.

Mr. WALDIE. If he did not do as much, somebody had to do it, because costs have gone up and not down.

Admiral MOORE. Their overall budget was reduced sir, at the same time.

This is to some extent a correlary function of the total dollars available to Oakland, which were less than in 1972 than 1971.

Mr. VAN DEERLIN. Sometimes painting and renovations are postponed to comply with the budget.

Mr. WALDIE. Is that usually done by contracting out?

Admiral MOORE. Yes, sir; patching a roof.

Mr. WALDIE. That could very well explain it.

Get me that figure, if you will.

What do these figures involve in the way of new starts outside?

Admiral MOORE. I will be glad to get that.

(The following was furnished:)

The reduction of \$1 million dollars was in data processing services because of the procurement of equipment and this resulted in saving about \$1 million equipment rental cost.

Mr. WALDIE. Could you tell me with whom these facilities contract for the data contracting services?

Admiral MOORE. No, except I am sure it is competitive.

Mr. WALDIE. That was the other question, by the way.

Admiral MOORE. There are a number of service bureaus available in the bay area, as there are in Washington, highly competitive field.

Mr. WALDIE. Find out if you will for me, if all three of these are being done by the same data processing firm.

Admiral MOORE. I will be glad to, Mr. Chairman.
(The following information was furnished:)

No. All of the data processing contracts were not let to the same contractor. The following is a listing by activity of their respective data processing contractors:

- (1) Alameda Naval Air Rework Facility
 - University Computer
 - National Computer Service
 - IBM Terminal
 - Terminal Communicators Inc.
- (2) Hunters Point Naval Shipyard
 - UNIVAC
 - IBM
 - Genesis I
 - UARCO
 - University Computer
- (3) Mare Island Naval Shipyard
 - IBM
 - UNIVAC
 - University Computer
 - Mohawk Company
 - Control Data Corporation
- (4) Oakland Naval Supply Center
 - Efficient, Fast and Economical Key Punch Service
 - Genesis I
 - Honeywell
 - IBM
 - International Data Products
 - LMC Data Inc.
 - Nashua Corporation
 - Potter Instrument Corporation

Mr. WALDIE. Are all these contracting-out contracts competitive contracts?

Admiral MOORE. I would be very sure they would be, sir.

Mr. WALDIE. The regulations require that?

Admiral MOORE. The regulations require competition.

Mr. WALDIE. So they would have to be?

Admiral MOORE. I could not foresee an instance where they would not be competitive.

Mr. WALDIE. So there is no way they could avoid the regulations?

Admiral MOORE. I am satisfied in my own mind they were contracted for in accordance to the Armed Services Procurement regulations, and they are competitive.

Mr. WALDIE. Does that mean they give a man a contract for a limited period of time, and then when it comes up for renewal, it is submitted for bid?

Admiral MOORE. No, sir, they compete for the first one.

Mr. WALDIE. But after he has won the first bid, it is for a limited period of time?

Admiral MOORE. Yes, sir, depending on what the work is.

Mr. WALDIE. Are there any regulations bearing on that, that have any bearing?

I am trying to find out if in a facility, there is any sweetheart contract, with a particular supplier, the commander likes or something of that nature.

Admiral MOORE. Sir, it is done by regulation.

Mr. WALDIE. Well, we are greatly impressed with your appearance before the committee, and the knowledge you have, and with your willingness to testify.

I have no further questions, and I thank you very much.

It really has been most helpful, and I appreciate the additional information that we have requested at the earliest date.

Thank you very much.

Admiral MOORE. Thank you, sir.

Mr. WALDIE. We will now recess until 1:30.

(The attachment to the witnesses' prepared statement follows:)

INSTRUCTIONS FOR THE PREPARATION OF COMPARATIVE COST ANALYSIS
WORKSHEET

When cost is the justification for the recommended action, a comparative cost analysis in the format shown in Attachment 1 will be completed. The following step-by-step procedure will be used in completing the comparative cost analysis worksheet. When the cost analysis is submitted, data explaining the composition of each cost element will be provided.

Cost elements involved in procurement from private commercial sources

1. *Contract cost.*—Enter on Line 1 of the worksheet (Attachment 1 of this Appendix) the current contract cost (net of all allowable discounts) or, in the case of proposed new procurement, the anticipated price from commercial sources. Normally, the "going contract price" for the service or product in the local or regional area will be used as a basis for this entry. Installations should avail themselves of the services of General Services Administration, Small Business Administration, Purchasing Offices, Defense Contract Administration Services Office, etc., in attempting to obtain comparable contract costs. Although there may be no comparable contract cost data covering the entire functional area, there are comparable cost data available for many tasks or jobs within these functions. For example, contract painting of the exterior or interior of structures has been accomplished for many years by both government and private industry.

a. "Estimating" contractual cost based on equating contractor labor-hours, methods and techniques, tools, and materials directly to those of the government is not the best approach. Only where it can be clearly demonstrated that this method is in fact valid should this be used.

b. In addition, an "informational quotation" should not normally be considered as a valid expression of contract costs unless there is reasonable assurance that the contractor is capable and willing to provide the service for the quoted price. Therefore, resorting to any wide-spread use of informational quotations is not recommended. See ASPR 1-309 for conditions under which price solicitations from contractors may be obtained for information or planning purposes when comparative cost data are not otherwise available.

c. There may be instances where decisions to utilize commercial sources were based on anticipated contract prices, which, on later receipt of firm bids, proved to be higher than the previous estimates. In these cases, reconsideration of the decision to utilize commercial sources will be necessary.

2. *Transportation.*—Enter on Line 2, any transportation charges not included elsewhere in the contract cost.

3. *Contract administration and related costs.*—Enter on Line 3, the total of all contract administration and related costs which the government must pay because of the existence of the contract, but which it would not otherwise have to pay. This will include, but will not necessarily be limited to costs for preparation of specifications, bid invitations, pre-award surveys, contract negotiation including award, inspection and acceptance, and contract administration subsequent to award. Only the additional/incremental administration and related costs will be entered in this cost element if the contract is administered by the installation. If the contract is administered by another agency, enter only those costs for which the agency requires reimbursement.

4. *Government-furnished materials and supplies.*—Enter on Line 4 the actual cost to the government of materials and supplies consumed by the contractor (including any costs of transportation, storage, etc.), which may be involved, as described in Materials, Supplies, Utilities and Other Services.

5. *Contractor use of Government-owned equipment and facilities.*—Enter on Line 5 the reduction in procurement costs to be made to cover contractor use of government-furnished equipment and facilities. See ASPR 7-702.12 for rental factors to be applied for contractor use of government-furnished equipment and facilities. These factors will be applied in determining the reduction in procurement costs.

6. *Rehabilitation, modification, or expansion of Government-owned equipment and facilities.*—Enter on Line 6 the cost to the government of rehabilitating, modifying, or expanding government-owned equipment or facilities provided the contractor.

7. *Incentive or premium costs.*—Enter on Line 7 the costs caused by incentive or premium provisions in the contract.

8. *Stand-by maintenance cost.*—Enter on Line 8 the cost of preparing a government facility for stand-by status, and the annual cost of its stand-by maintenance if this results from the commercial procurement action.

9. *Other costs.*—Enter on Line 9 any additional costs which would result from commercial procurement and which are not covered elsewhere. Termination costs for government personnel such as premature retirement causing a significant increase in the retirement costs to the government, severance pay, home-owner's assistance, and moving/relocation expenses which will actually be paid solely because a government in-house activity is discontinued will be included when appropriate. Terminal leave costs are not allowed.

9a. *Total.*—Enter on Line 9a the sum of elements listed on Lines 1 through 9.

Cost elements involved in DOD commercial or industrial activities

10. *Military personnel services.*—Enter on Line 10 the cost of all military personnel (including supervisory, administrative and supply personnel) who are for work measurement or cost accounting purposes identified to the function. This cost will be computed in accordance with instructions contained in NAV-COMPT Manual 035750.

11. *Civilian personnel services.*—a. Enter on Line 11 the cost of civilian authorizations which are for work measurement or cost accounting purposes identified to the function. The cost of the civilian positions will be gross annual pay as shown in current pay tables, plus the government's contribution for civilian retirement (or social security if applicable instead of civilian retirement), disability, health, and life insurance. These contributions should be determined by multiplying the following percentage factors to the base pay:

	<i>Percent</i>
Retirement and Disability (for employees under Civil Service Retirement) ¹	7.14
Health	1.0
Life Insurance	.3

¹ A lower factor for retirement and disability should be applied if a part of the work force would be permanently subject to the Social Security Act rather than the Civil Service Retirement System. The current social security rate will be used in making cost studies.

b. If labor costs are determined on the basis of direct labor hours applied, the civilian pay rate increased by 29.34 percent to include leave and other benefits would be used. The 29.34 percent acceleration of civilian pay represents the average cost of leave (20.9 percent for sick leave taken and for annual, holiday and other paid leave accruals), plus 8.44 percent for average government contribution for other benefits.

12. *Other personnel costs.*—Enter on Line 12 the sum of personnel costs which pertain to performance of the function under consideration and which are not included in lines 10 or 11, such as travel, per diem and moving expenses, living and uniform allowances, initial and recurring costs of personnel training.

13. *Materials, supplies, utilities and other services.*—Enter on Line 13 all costs to the government of supplies and materials used in providing a product or service. Include in this figure the costs incurred by the installation for transportation, handling, storage, custody and protection of these materials and supplies, and the cost of utility services including specifically electric power, gas, water, and communications related to the function. Initial startup costs for new activities will also be included. Cost of material and supplies will include consideration for reasonable overruns, spoilage, or defective work. To cover central procurement and supply system costs above the installation level, a factor of five percent should be added to the total cost of materials and supplies obtained through the Defense Depot Supply System. The five percent cost factor should not be applied to items procured locally or through GSA.

14. *Maintenance and repair.*—Enter on Line 14 the cost of maintenance and repair to the buildings, structures, grounds and equipment utilized by the function involved in producing the goods or services. Care must be exercised not to include capital improvements. Engineering estimates may be used to compute proper proportions of costs chargeable. Include on this line only those maintenance and

repair expenses directly attributable to the in-house performance of the service. Any maintenance and repair expense that would continue whether the service under study were procured or were performed in-house should be excluded from in-house cost of performance for the purpose of this analysis.

15. *Overhead costs.*—Enter on Line 15 the additional costs which are or would be incurred at the installation level because of performing the function in-house. These include the additional (incremental) costs of general overhead, such as finance and accounting, personnel, legal, local procurement, medical services, receipt, storage and issue of supplies, police, fire and other services, management, direction and administration above the organization performing the function. This excludes the costs of performing or directly supporting the function recorded on Lines 10 through 14.

a. If the operation is currently performed in-house, the amount to be reported on Line 15 represents only those costs which can be identified to the support of the operation and which would not be necessary if the function were not being performed. The amount represents the actual dollar savings of overhead costs that would be realized if the operation were discontinued.

b. If the operation is not being performed in-house, i.e., not currently being performed, or being performed by contract, the amount to be entered on Line 15 will represent those additional overhead costs that would be incurred by commencement of an in-house operation.

15a. *Subtotal.*—Enter on Line 15a the sum of elements 10 through 15.

16. *Federal taxes.*—a. Enter on Line 16 Federal taxes as appropriate for each industry. These include income tax and other Federal tax revenue (except Social Security taxes) which would be received from the commercial firm (but not from its individual employees or stockholders) if the product or service is obtained through commercial sources. To facilitate the computation of these taxes, the Table below may be used. The functional codes cited are from Appendix A. These rates are based on ratios of taxes to income by industry. To use the Table, multiply the costs shown on Line 1 by the percentage factor listed for the appropriate functional code. The result is the tax estimate.

Functional area:	<i>Cost factor (percent)</i>
J, K, M, S, W, T (except S725, T809)-----	10. 50
S725, T809-----	10. 50
X931, 936, 940, 942, 943, 944-----	2. 54
X932, 934-----	1. 52
X933, 938, 939, 937-----	3. 46
X935-----	5. 63
X941-----	4. 75
Z-----	1. 83

b. The actual experience of the contractor under consideration may, if available, be used to calculate tax estimates.

c. If the factors cited in the Table above are not applicable because of special circumstances, estimates of corporate incomes may be based upon the earnings experience of the industry, if available; but if such data are not available, the Quarterly Financial Report of Manufacturing Corporations, published by the Federal Trade Commission and the Securities and Exchange Commission may be consulted. Alternatively, the Internal Revenue Service Publication No. 16 entitled Corporation Income Tax Returns may be used. Assistance from appropriate government regulatory agencies may be obtained in estimating taxes from regulated industries.

17. *Depreciation.*—Enter depreciation costs on Line 17.

a. *New or additional facilities or equipment.* Depreciation should be computed as a cost for any new or additional facilities or equipment, and for any rehabilitation, modification or expansion of existing facilities or equipment which will be required if a government activity is started or continued. In computing the depreciation cost of new or additional facilities or equipment to be acquired if a government activity is started or continued, and in determining the comparative costs under lease-purchase alternatives, appropriate recognition should be given to estimated salvage or residual values of the facilities or equipment. The Internal Revenue Service publication, Depreciation: Guidelines and Rules, may be used in computing depreciation. A condensed listing of these depreciation rates is provided in Attachment 2 of this Appendix. However, these rates are maximums to be used only for reference purposes and only when more specific depreciation rates are not available. Accelerated depreciation rates permitted in some instances by the Internal Revenue Service shall not be used.

b. Existing Equipment or Facilities ("Opportunity Costs"). Depreciation will not be allocated for facilities acquired by the government before the cost comparison study is started. However, if reliance upon a commercial source will cause government-owned equipment or facilities to become available for other Federal use or for disposal as surplus, the cost comparison analysis should include as a cost of the government activity an appropriate amount based upon the estimated current market value of such equipment or facilities. (Footnote and explain.) This amount represents an opportunity cost, which is the money the government would lose by continuing this activity with its existing equipment and facilities. If the government would discontinue the function, it would have an opportunity to recoup certain monies for its equipment and facilities.

18. *Interest.*—Enter on Line 18 the computed interest for any new or additional capital to be invested by the government. This entry is used to estimate the interest the government would have to pay when borrowing to make the capital investment. Interest for the first year of cost comparison will be computed on the full value of the new or additional capital investment. Interest for subsequent years will be computed on the value of the capital investment reduced by annual depreciation. The rate of interest will be the current interest for long-term Treasury obligations. Yield rates are reported in the current issue of the Treasury Bulletin, Table 1, Average Yields of Treasury and Corporate Bonds by Periods, and shall be used in these computations regardless of any rates of interest which may be used by the agency for other purposes.

19. *Insurance (property and employee liability).*—Enter on Line 19 the costs incurred or to be incurred by the activity which results from uninsured losses caused by fire or other hazard; insurance premiums and settlement of loss and damage claims; and the cost of claims paid through the Bureau of Employees' Compensation. To simplify calculation of these total insurance costs, they should be estimated by applying a factor of 0.3 percent of all government costs shown on Line 15a.

20. *Other indirect costs.*—Enter on Line 20 additional indirect costs incurred or to be incurred because commercial procurement is not utilized. These indirect costs consist of the various central administrative services above the installation level, such as centralized accounting, personnel, and legal assistance or other government-wide services of such organizations as the Public Buildings Service and the General Services Administration. It is not always feasible to determine the extent to which the costs of these types of central services should be allocated to a government commercial or industrial activity on an individual basis. To cover these services, a cost factor of two percent may be applied to Line 15a and the result will be entered on Line 20 of the worksheet. In lieu of the two percent factor, a higher or lower amount may be used in unusual cases provided the basis for the substitution is fully justified in the cost comparison.

Cost elements involved in DOD commercial or industrial activities—intraservice, interservice, interdepartmental and interagency support

21. *Reimbursable costs.*—Enter on Line 21 the actual reimbursable costs, or in the case of a proposed new support agreement, the anticipated reimbursable costs for products/services furnished by another installation, another military service, or another governmental department or agency.

(*Note.*—All entries recorded in Lines 22 through 26 will represent those additional costs incurred by the installation receiving support not included in Line 21 and which it would not have incurred without the existence of the support agreement.)

22. *Administrative costs.*—Enter on Line 22 the actual or anticipated administrative costs which the installation incurs or will incur because of the existence of a support agreement with another installation.

23. *Transportation.*—Enter on Line 23 the actual or anticipated transportation and travel costs incurred by the installation receiving support.

24. *Materials, supplies, utilities and other services.*—Enter on Line 24 the actual or anticipated costs incurred by the receiving installation for materials, supplies, utilities, and other services furnished to and used by the supporting installation in producing the product or performing the service.

25. *Personnel costs.*—Enter on Line 25 the actual or anticipated costs of personnel assigned to the supporting installation, if its manpower requirements are provided on a joint staff basis.

26. *Other costs.*—Enter on Line 26 any additional costs, not included in Lines 21 through 25, which are or will be incurred by the installation receiving support.

COST ANALYSIS WORKSHEET

NAME OF INSTALLATION: _____

FUNCTION: _____

COST ELEMENTS	FUNCTION:			
	1ST YR. OF OPERATION	2ND YR. OF OPERATION	3RD YR. OF OPERATION	4TH & FOLLOWING YRS. OF OPERATION
CONTRACT OPERATIONS				
1. CONTRACT COST (PRICE PAID TO SUPPLIER)				
2. TRANSPORTATION				
3. CONTRACT ADMINISTRATION & RELATED COSTS				
4. GOVERNMENT- FURNISHED MATERIALS AND SUPPLIES				
5. CONTRACTOR USE OF GOVERNMENT-OWNED EQUIPMENT AND FACILITIES				
6. REHABILITATION, MODIFICATION, OR EXPANSION OF GOVERNMENT-OWNED EQUIPMENT AND FACILITIES				
7. INCENTIVE OR PREMIUM COSTS				
8. STANDBY MAINTENANCE COST				
9. OTHER COSTS				
9A. TOTAL				
GOVERNMENT OPERATIONS (IN-HOUSE)				
10. MILITARY PERSONNEL SERVICES				
11. CIVILIAN PERSONNEL SERVICES				
12. OTHER PERSONNEL COSTS				
13. MATERIALS, SUPPLIES, UTILITIES AND OTHER SERVICES				
14. MAINTENANCE AND REPAIR				
15. OVERHEAD COSTS				
15A. SUBTOTAL (SUM OF ELEMENTS 10 THROUGH 15)				
16. FEDERAL TAXES				
17. DEPRECIATION				
18. INTEREST				
19. INSURANCE				
20. OTHER INDIRECT COSTS				
20A. TOTAL				
GOVERNMENT OPERATIONS - OTHER (ISS/IDS/IAS)				
21. REIMBURSABLE COSTS				
22. ADMINISTRATIVE COSTS				
23. TRANSPORTATION				
24. MATERIALS, SUPPLIES, UTILITIES AND OTHER SERVICES				
25. PERSONNEL COSTS				
26. OTHER COSTS				
26A. TOTAL				

Depreciation guidelines

<i>Asset</i>	<i>Depreciation time (years)</i>
I. General:	
1. Furniture, fixtures, machines, and equipment-----	10
2. Transportation equipment:	
(a) Aircraft-----	6
(b) Automobiles-----	3
(c) Buses-----	9
(d) Trucks:	
Light (under 13,000 lbs.)-----	4
Heavy (over 13,000 lbs.)-----	6
(e) Railroad cars-----	15
(f) Tractor units-----	4
(g) Trailers-----	6
(h) Vessels-----	18
3. Land improvements-----	20
4. Buildings:	
(a) Apartments, hotels, theaters-----	40
(b) Dwellings, factories, garages, machine shops, office buildings-----	45
(c) Banks, loft buildings, stores-----	50
(d) Grain elevators, warehouses-----	60
(e) Telecommunications switching equipment-----	30
II. Equipment for nonmanufacturing industries:	
1. Agriculture:	
(a) Machinery and equipment-----	10
(b) Farm buildings-----	25
2. Contract construction:	
(a) General-----	5
(b) Marine-----	12
3. Logging and sawmilling:	
(a) Logging-----	6
(b) Sawmills-----	10
(c) Portable sawmills-----	6
4. Mining-----	10
5. Recreation and amusement-----	10
6. Services-----	10
7. Wholesale and retail trade-----	10

III. Equipment for manufacturing industry:

1. Aerospace industry.....	8
2. Apparel and fabricated textile products.....	9
3. Cement manufacture.....	20
4. Chemicals and allied products.....	11
5. Electric equipment:	
(a) Electric.....	12
(b) Electronic.....	8
6. Fabricated metal products.....	12
7. Food and kindred products except grain, sugar, and vegetable oil products.....	12
8. Glass and glass products.....	14
9. Grain and grain mill products.....	17
10. Leather and leather products.....	11
11. Lumber, wood products, and furniture.....	10
12. Machinery, except electrical machinery, and transportation equipment.....	12
13. Motor vehicles and parts.....	12
14. Paper and allied products:	
(a) Pulp and paper.....	16
(b) Paper finishing and converting.....	12
15. Petroleum and natural gas:	
(a) Drilling, geophysical and field services.....	6
(b) Exploration, drilling and production.....	14
(c) Petroleum refining and marketing.....	16
16. Plastic products.....	11
17. Primary metals:	
(a) Ferrous.....	18
(b) Nonferrous.....	14
18. Printing and publishing.....	11
19. Professional scientific and controlling instruments; photographic and optical equipment; watches and clocks.....	12
20. Railroad transportation equipment.....	12
21. Rubber products.....	14
22. Ship and boat building.....	12
23. Stone and clay products except cement.....	15
24. Textile mill products:	
(a) Textile mill products, excluding finishing and dyeing.....	14
(b) Finishing and dyeing.....	12
(c) Knitwear, knit products.....	9
25. Other manufacturing.....	12
IV. Transportation, communications, and public utilities:	
1. Air transport.....	6
2. Central steam production and distribution.....	28
3. Electric utilities, includes the related land improvements:	
(a) Hydraulic.....	50
(b) Nuclear.....	20
(c) Steam.....	28
(d) Transmission and distribution facilities.....	30
4. Gas utilities, includes the production, transmission, and dis- tribution of natural and manufactured gas for sale, and re- lated land improvements:	
(a) Distribution facilities.....	35
(b) Manufactured gas production plant.....	30
(c) Natural gas production plant.....	14
(d) Trunk pipelines and related storage facilities.....	22
5. Motor transport:	
(a) Freight.....	8
(b) Passengers.....	8
6. Pipeline transportation.....	22
7. Radio and television broadcasting.....	6
8. Railroads:	
(a) Machinery and equipment.....	14
(b) Structures and similar improvements.....	30
(c) Wharves and docks.....	20

(d) Powerplant and equipment (electric generating):	
(1) Hydraulic.....	50
(2) Nuclear.....	20
(3) Steam.....	28
9. Water transportation.....	20
10. Water utilities.....	50
11. Radio communications.....	8
12. Telephone communication systems:	
(a) Station apparatus including station connections.....	12
(b) Transmission and distribution media.....	30
(c) Pole lines.....	25
(d) Mobile telephone systems.....	8
(e) Test equipment and generators.....	12
(f) PBX switching equipment.....	15

AFTERNOON SESSION

Mr. WALDIE. Our final witness today is Mr. Ray Jacobson, Director, Bureau of Policies and Standards, U.S. Civil Service Commission.

Mr. Jacobson, you may proceed as you desire.

**STATEMENT OF RAY JACOBSON, DIRECTOR, BUREAU OF POLICIES
AND STANDARDS, U.S. CIVIL SERVICE COMMISSION**

Mr. JACOBSON. Thank you, Mr. Chairman.

I appreciate this opportunity to give you our views on problems related to reductions in force. As I understand your invitation to the Commission to send a representative to participate in today's hearing, you especially felt the need for some testimony on the protection given employee rights in reductions in force. Accordingly, I have confined my prepared remarks to these regulations and instructions and those governing the use of temporary employees.

In addition, I hope I will be able to answer helpfully any questions that arise in connection with the many aspects of reduction-in-force procedures and the problems in administering them.

This is a difficult subject because any staff cut by any means other than attrition will inevitably cause hardship. We all recognize that any reduction in force is bad news—bad from the standpoint of the agency who suffers a cut in funds or number of authorized employees and bad from the standpoint of every employee who loses his job or takes a demotion. No one is happy with a reduction in force.

The basic policy on this subject is found in law and is amplified by the Commission's regulations and instructions. The law and instructions are essentially simple. The last hired are the first to go when a reduction in force is necessary. This principle is modified by tenure and veteran preference and to a modest degree by performance.

The procedures used are aimed at treating everyone fairly and giving the greatest protection to those employees with the strongest claim to continued employment. Within each tenure group, the least-senior are the first to go. In applying these essentially simple principles to individual situations, complexities do arise. In order to give maximum appropriate protection to employees, the regulations give them bumping and retreat rights to positions they are qualified to hold.

This may require the position movement of several employees for each job that is ultimately lost. This, in turn, may require the issuance of many more notices of possible reduction in force than the number of people finally released. The notices themselves are, of course, upsetting and disturb the morale of an organization.

It would be far easier to dismiss those whose work is eliminated and less disturbing to other employees. However, that would be unjust, and we feel that the complexity and turmoil are bad side effects we must tolerate for the sake of maximum justice to all employees.

The decision to reduce the number of employees as well as the planning for and administration of a staff cut are management responsibilities of the department or agency involved.

I might interject here that I think the testimony by the Department of Defense witness this morning was a rather detailed explanation of how that Department, the Navy particularly, went about planning for and administering the staffs cut they have had to undergo.

Agency management must plan the work and organize the work force in order to accomplish agency goals within available resources; an agency affected by manpower or budgetary constrictions must decide: (1) whether a reduction is necessary; (2) which and how many jobs will be abolished; (3) whether the reduction will be accomplished through attrition or reduction in force; and (4) when the actual release of employees, if necessary, will take place.

An agency's decisions on these matters are not reviewed by the Civil Service Commission either in the appellate process or in our regularly scheduled surveys of personnel management in the agencies. It is not within the authority of the Civil Service Commission to do this.

However, when an agency determines that separations of employees will be necessary, it must apply the instructions prescribed by the Civil Service Commission for carrying out a reduction in force and, in particular, for identifying which employees will be released, which will remain, and which will be shifted to other positions. Under these instructions employees compete for retention on the basis of four factors prescribed by law. These factors are: (1) type of appointment (tenure); (2) veteran preference; (3) total length of civilian and creditable military service; and (4) performance rating.

In addition, the agency must identify reasonable geographic and organizational limits and determine the types of jobs within these limits in which employees will compete with each other for retention. For example, a sheet metal worker in one city would not ordinarily compete with a sheet metal worker in another city, nor would he compete with persons in different types of jobs.

The principal way through which we attempt to safeguard an employee's rights in a reduction in force is through the appellate process. The Commission will hear an appeal from any employee affected by a reduction-in-force action if the employee believes the Commission's regulations were incorrectly applied to him. In this manner, the specific issues raised by an employee in his appeal will be reviewed and appropriate corrective action, if needed, will be ordered.

Mr. WALDIE. Let me interrupt you there.

Given this last reduction in force which had to be concluded throughout the executive branch by June 30, 1972, how many appeals

have you received from employees who have alleged their action did not comply with regulations of law?

Mr. JACOBSON. I have some statistics on appeals. I am not sure if I have them totally. The statistics I have, Mr. Waldie, relate to relatively recent appeals in the San Francisco region. I picked these particularly because I knew of your recent hearings and your special interests in that area. I can identify for you the reduction-in-force appeals in that region.

Over the last 3 months of the fiscal year, that is, April 1 through June 30, 1972, we received a total of 233 appeals. We sustained the Agency in 143 of the 233 cases.

We reversed the Agency in five instances. The remaining cases are on hand. I count 206 on hand, and that includes some received prior to April 1.

Mr. WALDIE. Is there any other way of stating that you have reviewed 148, and have found in favor of the employee in five?

Mr. JACOBSON. That would be correct. We found the Agency's action was correct in 143 of 148 cases.

I might add that in four of the 148 cases we have had a request for and have held a hearing.

Most cases do not have a hearing, but are decided on the record.

Mr. WALDIE. Of the five reversals, are they hearings or record?

Mr. JACOBSON. I do not have that. I can get it for you. My impression is that at least a couple did not have hearings. I do not believe there is any particular relationship but we could check it for you.

Mr. WALDIE. Actually the appeals process does not indicate that reversals of the agency occur very often.

Mr. JACOBSON. That is right.

We find, generally speaking, that the agencies do apply the regulations correctly in an employee's individual case; very rarely do we find it necessary to reverse the Agency.

I feel that that is a reasonable expectation in view of the fact that the regulations are quite precise. It is difficult to be in error if you are doing your job conscientiously and I feel most agencies do their job conscientiously. I would like to add one other thing, if I may, Mr. Waldie.

I would emphasize that the application of the regulations to an individual would also include any allegation that an employee might make that the reduction-in force was a subterfuge for some other action.

We have had very few such instances in which the employee makes this allegation. When we on investigation find it is true, we reverse the agency's action promptly.

Mr. WALDIE. Would you be able to provide me with some break down of the nature of these appeals, do they break down into any pattern, or is it just that I have lost my job, and I do not think it is fair.

Mr. JACOBSON. Normally, we expect the employee to state in what respect it is not fair.

I think we can provide you with a breakdown. I will give you an impressionistic picture, however, which might turn out to be somewhat off after we obtain the details.

I think, in most cases, employees who challenge a reduction-in-force action challenge the correctness of the competition, that is, the competitive level. They question whether they should not have been in competition with someone else, or they question whether they should not have been held qualified to bump another employee.

I would say that these represent the bulk of the cases, and that these are the two areas in which the most judgment by the agency is involved.

The business of calculating, for example, the specific retention credits to which an employee is entitled is a relatively mechanical process in which agencies rarely make errors, and on which the agencies are rarely challenged when the employee understands how it is done. The other issues are judgment matters.

Mr. WALDIE. And being judgment matters, and not subject to reversal?

Mr. JACOBSON. No; we would reverse an agency, Mr. Chairman, if we find that, in our judgment, the agency's judgment was not well based.

We give all due credit to the agency's knowledge of its own job requirements, but we will reverse on an appeal when we feel that the competitive level was not properly defined under the regulations.

Mr. WALDIE. And then will you outline for me the five reversals out of the 148 of the agency decisions that have occurred, so I could determine if any have fallen into the category that you suggest, which you exercise some independence of the agencies in their decisions, and I would like to know what of the 143 that fall into reduction-in-force category.

You do not monitor reductions in force in any way, the only role you play in determining whether reductions in force has been carried out properly, is acting on appeals from the action of a reduction in force, is that a correct assumption?

Mr. JACOBSON. Yes; that is generally correct.

Mr. WALDIE. They do not present their proposals to you for approval before they start executing?

Mr. JACOBSON. That is correct.

An agency on occasion will request advice and an interpretation of our instructions, if they feel they have a situation they do not understand. When they ask us for advice, we will give it, and, of course, we also provide as part of our training of agency personnel people, training in reduction-in-force regulations. When an agency feels it is facing a serious problem, it may ask for a special training program. It is our responsibility to give training so our actions, therefore, are not limited to appellate decisions.

In short, we do give advice, assistance, and training. In terms of a specific reduction in force, however, we regard our function as essentially an appellate one to determine whether the regulations are applied properly.

Mr. WALDIE. One final question on those figures, would you also tell me of the total number of appeals that have been processed through April, June, and I gather it is more than 233, what were the total numbers of reduction in force actions from which that group of people came.

In other words, there must be a pool of people, a number that would tell me how many of them thought it was unfair to the extent where they appealed, 233 out of what?

Mr. JACOBSON. I do not know that we have such a number. Maybe we can get it by going back to the individual establishments. You see, as I indicated earlier, the number of people actually separated from an establishment will be far fewer than the number who receive a reduction-in-force notice.

They may not be separated, they may be downgraded or reassigned.

Mr. WALDIE. But they can appeal just from receiving a notice? Action has to occur from which they are served a notice?

Mr. JACOBSON. That is correct.

Mr. WALDIE. Well, find out, if you can, the answer to that, and then the other answer I would like to know, of the appeals you received during that period, if there is any indication that one base produced a greater number of appeals than another base.

Mr. JACOBSON. I will try to get that for you.

The figures I gave you were for the entire San Francisco Civil Service region. If we can break this down by base, as I am sure we can, we will have the specifics.

Mr. WALDIE. That would include San Diego?

Mr. JACOBSON. Yes.

Mr. WALDIE. What is the region we are talking about?

Mr. JACOBSON. Our San Francisco region includes the States of Nevada, California, and Hawaii.

Mr. WALDIE. That does not seem to be a very large number of appeals from that group.

Mr. JACOBSON. No; considering the fact there were very substantial reductions in force.

Mr. WALDIE. I doubt you would need provide me with the figure of the number of people that were potential appellates.

Mr. JACOBSON. I would say that would be a much larger figure.

Mr. WALDIE. Find out from what bases they have come, and that would be helpful to me, and a description of the pattern it seems to show. Is there any pattern that shows a decision, which is the most disruptive of the multitude of decisions that are made, and what base if any they are in? Then I would like to know something about the five reversals, and then finally, has there been any since June 30, any seemingly significant change, any trends that might be displayed from the end of June. Can you answer that now?

Mr. JACOBSON. In terms of the San Francisco region, my understanding is that there has been no significant upward jump. Nationally, I think the activity has leveled off or decreased.

If I may, Mr. Waldie, I think I would like to furnish you with at least gross information nationally, as well as more detailed information on the San Francisco area.

Mr. WALDIE. I think that would be fine.

Mr. JACOBSON. We will do the best we can.

When the manner in which a particular reduction has been conducted is included as part of one of our personnel management surveys, we review agency compliance with our instructions, and, at that time, make any recommendations that may be needed.

We do not believe that it is appropriate, in view of our possible later involvement in deciding employee appeals, to make on-site

reviews of an agency's conduct of a reduction in force while it is currently being planned or carried out. To do this at the time the reduction is imminent or in process could jeopardize the fairness and objectivity of the appellate process.

Mr. WALDIE. I am not sure I understand that. You do not look at their plans before they implement them, because you think it might prejudice if you receive appeals from the implementation of the plan, essentially that is what you are saying; is that right?

Mr. JACOBSON. That is right.

Mr. WALDIE. Why would that prejudice you? You would look at it and see if they followed the regulations in the proposal. How would that prejudice your determination on later appeals, as to whether the regulations are followed?

Mr. JACOBSON. As I indicated, the basic question for dispute, is one of judgment—whether jobs are properly in a particular competitive level, whether two jobs belong in competition with each other.

Mr. WALDIE. And your conclusion is if you had approved it you might be inclined to sustain the agency?

Mr. JACOBSON. If we had approved it, there is no point in appealing to us.

Mr. WALDIE. I think you make it clear on your statistics, 148 appeals, and five, the employee was sustained in only five, I do not see how the employee could be anymore prejudiced than that. Could you possibly have a record by prereview, that would show greater solicitation for the agency's plan than that record now shows?

Mr. JACOBSON. You could have a hundred percent.

Mr. WALDIE. OK. Please proceed.

Mr. JACOBSON. When career employees are no longer needed where they have been working, both the employing agency and the Commission will try to help them locate other employment. The Commission issues guidelines governing the operation of reemployment priority lists (RPL) which must be established and maintained by each agency involved in a reduction in force.

Generally, an agency is required to use its RPL when filling a vacancy if there is a qualified person on the list.

Mr. WALDIE. Let me interrupt you for a moment here. Assistance is given to help them locate other employment. Agencies talk about that. The Civil Service Commission always talks about that. What is your statistical study on that, how many of those have you found other employment for?

Mr. JACOBSON. There are two aspects to the program. One is run by the agencies. Each agency is required to have its own employment priority list.

The other, the Civil Service Commission runs to supplement an agency's program.

Mr. WALDIE. Let's deal with yours.

Mr. JACOBSON. I can give you the statistics now on ourselves. I cannot give you the statistics on the agencies.

During a four-week period ending June 30, 1972, under the displaced employees program, we placed 292 out of 1,197 displaced employees who registered with us for employment in that period. These are national figures.

We can give you this by different areas also. In the San Francisco regional area, 240 registered and 99 obtained employment.

Mr. WALDIE. Where do you place them?

Mr. JACOBSON. In Federal agencies that have recruitment needs, we accept an application from an employee who has been affected by a reduction in force and who wants assistance. The application is evaluated and receives priority referral for vacancies.

When an agency requests eligibles from us, if we have a displaced employee who is eligible and qualified for the job, we require the agency to consider the displaced employee first before we will certify names of eligibles from the regular list.

In other words, displaced employees have priority consideration, and if agencies do not show good reason from our standpoint for not employing such an individual, we will refuse to let them appoint from the regular list. However, we find a great deal of cooperation from the agencies; they are actually glad to have these employees.

We would like to have a much better record, but considering the fact that Government employment generally has been at a low level, my own impression is that the record is not too bad.

Mr. WALDIE. I think it is a pretty good record for a discharged employee to be placed on that list, he must ask to be placed though?

Mr. JACOBSON. He must be notified of that opportunity. The agency provides assistance either by preparing the forms or providing copies of the employee's personnel records.

Mr. WALDIE. Is that generally availed of by the employee percentage-wise? Could you make any guess as to those who are finally terminated who seek this preferential position on hiring?

Mr. JACOBSON. I really find it very hard to estimate, the number of people, Mr. Waldie.

We encourage the people who do not see much hope of getting back in their own agency to come to us. I might say we have worked with the agencies, with the U.S. Employment Service, and with other organizations in an effort to place people.

When we have no appropriate vacancies, but know of opportunities, say in State and local government, we will bring these people to their attention. What I have been referring to has to do strictly with the effort to place people in career jobs in the Federal service. Beyond that, our managers have organized an intergovernmental service.

We have had excellent cooperation from the business community as well as the agencies of Government.

Mr. WALDIE. It sounds like a good program.

Mr. JACOBSON. We are very pleased with it. Further, selections from the RPL must be made in tenure group order. This means, for example, that a career employee would be selected before a career-conditional employee. Within each tenure group, preference eligibles have priority over nonpreference eligibles.

The Commission's displaced employee program supplements an agency's efforts to place its separated employees through such methods as the use of its RPL.

Commission offices maintain applications from displaced employees according to occupational specialties. The applications are referred to agencies which have vacancies and must be considered ahead of eligibles on civil service registers.

In short, the Commission's functions relating to reductions in force are: (1) To prescribe procedures to be followed by departments and agencies in administering staff cuts; (2) to hear and decide employee

appeals; (3) through regularly scheduled evaluations to look into an agency's activities in connection with planning for and administering a RIF; (4) to prescribe procedures under which an agency must establish and maintain a reemployment priority list of employees separated in a RIF; and (5) to supplement an agency's efforts to reemploy those separated in a RIF by our own displaced employee program.

Mr. WALDIE. You do not really do much of that regularly scheduled evaluations, looking into activities, do you?

Mr. JACOBSON. Wherever an agency has had, or apparently will have reduction in force, and we have a scheduled evaluation of that agency, we look at the reduction in force.

Mr. WALDIE. Do you make some reports on the evaluations?

Mr. JACOBSON. The reports are total evaluations of the personnel management effectiveness of the agency.

Mr. WALDIE. Those reports are available for inquiry?

Mr. JACOBSON. Yes.

Mr. WALDIE. So if I were interested in how well a RIF was conducted, in a particular base, I could find out through your files on that subject?

Mr. JACOBSON. If we had reviewed that installation in recent times.

Mr. WALDIE. And what would the possibilities of your having reviewed North Island, for example, be, would it be frequent as a possibility, or just an occasion?

Mr. JACOBSON. I would hate to speculate. I would have to check our records.

Mr. WALDIE. How often do you get around to a base and evaluate it? A RIF occurs generally, maybe once in 10 years.

Mr. JACOBSON. Some bases have had more than one RIF in a year while others go for many years without experiencing one.

Mr. WALDIE. In any event, you could tell us when you last evaluated any number of bases, and if you had evaluated them at any time, we could get your comments as to how well they planned and conducted a RIF?

Mr. JACOBSON. Yes, sir.

Mr. WALDIE. All right. We will provide you with a list of bases that we would like that information on.

Mr. JACOBSON. The Commission has no authority to review an agency's decision to reduce its manpower, nor can it direct where and how the cuts can be made or determine how the agency can still perform its mission—sometimes with increased responsibilities. Beginning in the fall of 1969, the Commission conducted an extensive study into the way the reduction-in-force system works and the way it affects agencies and employees.

This study produced a great mass of information and a great many arguments for changes in the system but little evidence of an actual need for change—no evidence, in fact, that would justify our recommending any change in the law. I do not think this is a particularly surprising situation. The inescapable hardship of any reduction in force provokes complaints and encourages a search for better ways of doing what must be done, but it is very difficult to devise basic improvements and impossible to make the final outcome really palatable. The Commission did, however, approve four changes in the administration of the system.

We now: (1) Require that employees' retention standing be determined on the basis of performance ratings of record on the date RIF

notices are issued; (2) require that employees' bumping and retreat rights be determined on the basis of pay scales in effect on the date RIF notices are issued; (3) permit agencies to extend the maximum length of RIF notices from 90 to 180 days without prior Commission approval; and (4) require that an employee's name be removed from the agency reemployment priority list when he accepts a nontemporary, full-time, competitive position with another agency.

I might add that we do not consider these major changes. They are all minor improvements as a result of the study.

In a reduction in force, three types of employees are not placed on the retention register: (1) Employees with temporary appointments limited to a year or less—

Mr. WALDIE. Do you have a temporary appointment over a year?

Mr. JACOBSON. We have what is called a term appointment.

Mr. WALDIE. We are talking about temporary appointments here, so in fact no temporary employees are placed on a retention register?

Mr. JACOBSON. That is correct.

Mr. WALDIE. And it was redundant to say employers with temporary employment were temporarily limited to a year or less?

Mr. JACOBSON. We are trying to define temporary.

Mr. WALDIE. Maybe we better stop at this moment and talk about temporary appointments. We received a lot of testimony that we have not yet worked out, though we are pursuing it, that temporary appointments are being abused, that many people hold temporary appointments over a year. No person in the system can hold it over a year without your approval; is that correct?

Mr. JACOBSON. It does not require our prior approval under some circumstances. The normal rule is prior approval, but—

Mr. WALDIE. I am reading from the Federal Personnel Manual, subchapter 4, temporary limited employment 4-4, duration and extension of temporary limited employment, subparagraph 1, temporary limited appointments may be made for the full period of 1 year, and when made initially for less than 1 year, may be expended without prior approval of the Commission for a period not extending beyond 1 year from the date of initial appointment. Any extension beyond 1 year requires a prior approval of the Commission.

Mr. JACOBSON. What I was thinking of, Mr. Waldie, and I was trying to find it is the special authority the Commission gave the Department of Defense sometime ago. I believe we gave them a special authority which, in effect, said that they may under certain circumstances extend temporary appointments beyond 1 year.

Mr. WALDIE. Could you give me the general authority, under what authority did you give them general authority to make the decisions the statute says you are to make?

Mr. JACOBSON. I think you are referring to an instruction of the Commission rather than a statute.

Mr. WALDIE. But it does affect the statutory authority.

Mr. JACOBSON. Right.

Mr. WALDIE. Is there an authority in your regulation that says, and extend to agency authority, general authority to do that which your regulations say you shall do?

In short, what you are saying to the Department of Defense, you do not need the prior approval of the Commission in these instances, you can do it without prior approval; is that right?

Mr. JACOBSON. That is as I recall it.

Mr. WALDIE. Under what authority do you issue that, under your general authority?

Mr. JACOBSON. Yes.

Mr. WALDIE. Perhaps for our records, you could give me a reference to that delegation of general authority for the Department of Defense?

Mr. JACOBSON. Yes; I will do that. The Commission issued an exception, and I am afraid I had better do that later for the record, Mr. Waldie, because I have to pore through quite a few pages here to identify the specifics.

The general situation that we were trying to deal with developed back in 1965, when the Department of Defense had to hire a large workforce to support the Southeast Asia operation. The needs were expected to be temporary and the decision was to make temporary appointments even though there was an expectation that the appointments would have to be extended. We provided a general authority to extend for this situation.

Mr. WALDIE. What was the duration of that authority. Was it limited in duration?

Mr. JACOBSON. It was extended in January 1968. Then we moved to the use of a different authority and that is the authority referred to earlier here today as a term appointment, which permitted appointment for a period of up to 4 years. That authority was issued in January 1968.

Mr. WALDIE. At the time you did that, did you pull back the authority you had given them to extend temporaries without prior approval, or did you just add another authority to put term appointments in?

Mr. JACOBSON. My recollection is we discontinued that authority at the time, and we gave the Defense Department authority to convert to term employment the temporaries whose services would be needed beyond 1 year.

Mr. WALDIE. Will you please give me a memo, as to the developments, years, and dates of this?

I really think it is very important policy on the part of the Civil Service Commission to have given to an employer a power that had been circumscribed because of the fear they would abuse it, and the prior approval was the recognition of that fear, take the employer, the agency would abuse the power of appointing temporaries, and you have apparently lost that fear, and I do not share that feeling, the fear should not exist, and I would like to understand how many other agencies have had exemptions from this restriction requiring prior approval before extending temporaries. Are there other agencies?

Mr. JACOBSON. I do not remember any others that were given this general extension of authority. We will check that out, however. There may well have been some under special circumstances.

Mr. WALDIE. Then I presume you have in your files statistics that will tell me how many temporaries are still temporaries, and that have been employed over a year, you can tell me how long they have been in temporary status, and how long they have been employed, and still retained under temporary status? You surely have DOD reporting to you, as to how they exercise the responsibility you have relinquished to them?

Mr. JACOBSON. We have detailed data on the number of temporary employees.

Mr. WALDIE. I do not want that.

Mr. JACOBSON. I understand you want numbers of the different types of employees and how long they have been on the rolls. I do not believe we have any regular statistical tabulation of the number of temporary employees who have been on the rolls for more than any specified period of time.

Mr. WALDIE. Can you tell me whether the DOD has abused that authority that you used to exercise that you relinquished to them? You really cannot tell me that, can you?

Mr. JACOBSON. I can tell you that through our evaluation programs, we do examine, on a sample basis, their use of this, as well as other authorities.

Mr. WALDIE. Will they have statistics on the various bases, and as to how long they have been in temporary positions?

Mr. JACOBSON. They may or may not. I do not know that they do.

Mr. WALDIE. If you evaluate it, how do you evaluate it if they do not?

Mr. JACOBSON. You may evaluate a process of this type, perhaps more effectively than by statistics, by examining case actions to see whether in fact the extension of a temporary, for example, or the use of a temporary appointing authority was consistent with the requirements of regulations. We would have reviewed those cases.

Mr. WALDIE. How could you do that unless you have statistics from DOD showing how they exercise this power?

Mr. JACOBSON. Because our evaluations are made by site visits. We sit down in the personnel office and review the personnel folders from which the statistics are created.

Mr. WALDIE. I want you to provide me with your latest evaluation of a military site, and your conclusions in that evaluation, note that they have been obtained subsequent to this committee hearing, but the conclusions of this problem of relinquishing authority to extend authorities, and whether it has been abused. It is an enormous authority you have relinquished.

Prior approval had to be included, because you were not confident they would exercise the authority to utilize temporaries, is not that correct?

Mr. JACOBSON. The basic reason for providing for a prior review on temporaries is, of course, that we do not want temporary employment to be used as a way of avoiding making permanent appointments when permanent appointments should be made.

Mr. WALDIE. I have relied on the fact the Civil Service Commission, I thought, had to review those decisions. In their personnel manual, I find a footnote to this regulation, saying it is not in effect for DOD.

Mr. JACOBSON. In my copy I do not see it.

Mr. WALDIE. It is not. How is a personnel management manual, how is one to know what the situation is? How would I know reading in this statute, I did not know obviously, but how would I have known that you had relinquished that authority, which I thought was the key to prevent abuse in this field to DOD? Only by asking you, I guess. Has DOD abused it?

I have asked you that, and you cannot tell me, because you have relinquished the authority and not required them to report. That is incredible, if you will forgive me, Mr. Jacobson.

Somebody made the decision, that you have such total trust of DOD, you did not require them to report their performance under this authority.

Mr. JACOBSON. Mr. Waldie, I urge that you recognize that the Commission's responsibility for review of agencies' use of delegated authority is a very broad one. It is one we exercise sometimes by asking agencies to simply make reports to us, but we feel the most effective way to review the agency's performance under delegated authority is by actual onsite evaluation. We feel that this tells us far more than agency reports can tell us.

We do have statistical data as to employment and employment in various categories including temporary categories. It shows generally that there has been a decrease in the use of temporaries. The specific possibility of abuse of a particular establishment, or by the Department of Defense as a whole, is one we evaluate through evaluation of a program. There are many delegated authorities which an agency has.

Mr. WALDIE. It is your conclusion from whatever processes of review, that there has been no abuse by DOD of this authority to extend temporaries beyond the 1 year without your prior approval?

Mr. JACOBSON. Mr. Waldie, it is my conclusion that there has been no general abuse. I would be unable, certainly, to say there has not been any instance, several instances, or even a significant number of instances in which there has been abuse.

We certainly are confident generally that the authority has been used well. We think it is quite clear that, based on some of the evidence that you have uncovered and some information that we have received, that there are some abuses; for example, the people who have had temporary appointments for rather substantial periods of time. These seem to be unexplainable, but they also seem to be extremely small in number.

Mr. WALDIE. In the agencies in which you did not relinquish your power, I presume, I could ask you to provide me with a list of those who have sought extension of temporary appointments beyond 1 year, as they had to request prior to approval, and you then had a list of those granted requests that were made, and those grants that were given, is that correct?

Mr. JACOBSON. Yes, sir.

Mr. WALDIE. Then provide me, if you will, with a number of temporaries in the Department of Health, Education, and Welfare, that have held their position in excess of 1 year, the number of requests for prior approval that were received in fiscal year 1972, from HEW to you, and the number of consents that were given, and the numbers of temporaries in HEW that exceed 2 years in service. In other words, serve for a year as a temporary, and then another extension was given.

Mr. JACOBSON. One year and then beyond to 2 years?

Mr. WALDIE. Yes. Now, there would be no possibility in HEW of an employee being appointed temporarily beyond 1 year without prior approval from the Commission, is there?

Mr. JACOBSON. No possibility of an extension beyond a year, no.

Mr. WALDIE. Okay. Will you please continue.

Mr. JACOBSON. To continue with the types of employees not placed on the retention register: Employees with temporary promotions to the positions affected, and employees with "unsatisfactory" performance ratings. These employees do not compete for retention in a competitive level and must be released ahead of any employee in that level. The release of an employee with a temporary appointment is accomplished by separation from the Federal service. This leads me to the second subject on which you requested testimony from the Civil Service Commission—regulations covering temporary employees.

The authority to make temporary-type appointments allows agencies to hire additional employees to take care of special workload situations without building up the permanent workforce to levels that cannot be maintained. This kind of flexibility is essential if an agency is to get its work done and still have control over the size of its work force.

Ordinarily, a temporary limited appointment is made when a position is not expected to last more than 1 year or when a continuing position will be vacated in less than 1 year. These appointments are also appropriate for seasonal positions and for positions occupied by persons 70 years or older.

Temporary limited appointments are made from civil service lists of eligibles for a period not to exceed a maximum of 1 year. The appointment may be extended beyond 1 year only with the Commission's prior approval. Our general policy has been to require substantial justification before approving extensions of this type. Appointment may be extended beyond 1 year with the Commission's approval.

Mr. WALDIE. Unless it is in the Department of Defense?

Mr. JACOBSON. In the special situation regarding Southeast Asia.

Mr. WALDIE. It was not limited to Southeast Asia.

Mr. JACOBSON. Yes, it was.

Mr. WALDIE. It was created in 1965.

Mr. JACOBSON. Yes, and limited to appointments to jobs that were specifically related to Southeast Asia expansion.

Mr. WALDIE. Then are there jobs in DOD that still require prior approval?

Mr. JACOBSON. Yes, any one that is not associated with Southeast Asia. I thought I made that clear.

Mr. WALDIE. Then I think you should provide me with additional information, the number of requests for extensions in DOD beyond the period of 1 year that were made in fiscal 1972, and the number of agreements.

Mr. JACOBSON. The same type of information that we furnish about HEW, except for the DOD program that is under their control?

Mr. WALDIE. Yes.

Mr. JACOBSON. The special exception, Mr. Waldie, is for the Southeast Asia direct support activities. The Department had to identify, and we checked their identification and evaluations, these-as jobs designated under the manpower ceiling as related to Southeast Asia support and build-up. The desire was to make sure that we did not create an unwarranted assumption on the part of employees that they were entering into permanent employment when no one had

any idea how long this involvement would be and how long these jobs would be necessary. I think it should be very clear this was only done for the Southeast Asia jobs, and they were clearly identified.

Mr. WALDIE. I did not understand that. The clarity will be further revealed as to the request for the numbers that were made to extend beyond the year.

Mr. JACOBSON. I would assume they would be very small as they would be in HEW, but we will find out for you.

Another type of temporary employment is called a term appointment. Under this authority an agency may make appointments that will last at least 1 year but less than four. The agency must obtain authority from the Commission before making a term appointment.

Mr. WALDIE. Do I understand that is beyond DOD, that others have term authority?

Mr. JACOBSON. This is an authority that has been in the regulations for awhile.

Mr. WALDIE. Could you give me a situation for that? You can provide me with that, if you will, as to a term appointment; prior approval is still required from the Civil Service Commission?

Mr. JACOBSON. That is correct.

Mr. WALDIE. And are there any exceptions to that?

Mr. JACOBSON. The exception again is for the Defense Department in connection with South Vietnam, the Southeast Asia situation.

Mr. WALDIE. Is that the only exception?

Mr. JACOBSON. Well, we could give you a full history.

There are relatively few such appointments but, for example, we might have provided, and this is one that sticks in my mind (for what reason I do not know) a term appointment authority for a particular agency that had a scientific program for which they wanted to get three or four outstanding scientists. We provided the authority because the job was going to run a couple or 3 years and the people were not interested in a career appointment. It was a temporary program; but temporary for a longer period than 1 year.

A term appointment authority is usually restricted to a specific number, for example, not more than four positions of a kind from civil service registers. The specifications for the use of the authority spell out the conditions for its use. There are two term authorities that I remember.

One is for the Defense Department's Southeast Asian operations and the other is to the Internal Revenue Service in connection with their automation conversion program. The latter would effect such a problem of readjustment of manpower within the different kinds of Internal Revenue Service offices that they felt, rather than build up additional permanent employees in positions which would last for more than a year, that term appointments were appropriate.

We provided such an authority to Internal Revenue Service several years ago and have extended it on two occasions. Internal Revenue reports to us on their use of that authority and we think it has been very effective in helping them achieve a massive change in their workforce without either undue interruption of the work or without difficulty to employees. It protects the rights of career employees.

Mr. WALDIE. How does that protect the right of the career employees?

Mr. JACOBSON. By not putting in competition with permanent people those hired for a specific term.

Mr. WALDIE. He cannot bump them either, can he, in a RIF?

Mr. JACOBSON. If there is a reduction in force that affects a particular competitive level of positions in which there are both permanent and term people, the term people are released first.

Mr. WALDIE. The term appointment, he is not in the competitive position?

Mr. JACOBSON. No, he is not in the same competitive tenure group even if he is doing the same work. Usually career and term appointees are not doing the same work.

Mr. WALDIE. Would he be giving them a term appointment, if he is doing the same work, except in DOD in Southeast Asia?

Mr. JACOBSON. The protection I believe the career employee has is that the displacements would be from the term group first. Displacements would be from the temporaries first, then from the terms, and finally from your regular work force.

Mr. WALDIE. You get rid of a term appointee, you get a credit toward your reduction of authorized ceiling, do you? Your authorized ceiling deals with a permanent work force, so you get rid of the term employee, and you have not helped the permanent work force.

Mr. JACOBSON. Ceilings provided for most agencies, as I understand it—I know this is so as they are applied to the Civil Service Commission as an agency—are usually given to the Agency in two forms: a total ceiling, which includes all kinds of employment (temporary, part-time, intermittent, and permanent) and a separate, somewhat smaller ceiling, for full-time permanent. Usually, therefore, there is a ceiling control on total work force as well as on full-time permanent work force.

As I understand it, the ceiling is determined by the Office of Management and Budget. From what I read that is how they do it. There is a ceiling for temporaries and, therefore, I do not see how there is an escape valve here.

Mr. WALDIE. Well, I do not either understand it, but the admiral has maintained the more temporaries, the more temporary employees, the better off the permanent work force is, and I have difficulty in following that analysis.

It would appear that you are doing this to protect the permanent work force, you are suggesting, and you may be. And then I think of the fellow that holds the temporary position, he is getting less than he would be if he were a permanent work force employee.

Mr. JACOBSON. One of the reasons we provided for special term appointments was to give the employee with a longer appointment more protections and more fringe benefits than an employee who has a temporary limited appointment, that is, 1 year or less.

Mr. WALDIE. Does a term appointee get the same fringes as the regular?

Mr. JACOBSON. He gets the health insurance and life insurance. He does not get the retirement. He has the same leave privileges.

He has also the advantage of getting the salary advances, which the temporary does not have. In many ways, the term appointee in terms of fringes is more closely related to a permanent employee than is the truly 1-year temporary. That is one of the reasons why the Commission felt it was appropriate to start using term employment for the

Southeast Asian situation when it became evident that the situation was going on and on. Termination in a reasonable period of time was something that could no longer be predicted so the additional benefits were provided.

I would just like to comment briefly on your point about your understanding of my position regarding the fact that it is better for the Government to have more temporary and more term employees. I do not regard that as my position at all nor is it the Commission's position. We do not think that is better for the Government in general.

We think that where there are specific emergency or difficult situations of major staff readjustment that we ought to be flexible enough in the system to allow for an adjustment that seems peculiarly adapted to that situation.

Generally speaking, we would much prefer, as I think all Government managers and all Government employees, generally would prefer, to have a full-time permanent work force with all of the benefits that go with it. Aside from the standpoint of the individual employee, you have to remember that in terms of our ability to get quality personnel, we would much prefer to have a permanent work force.

A permanent job is a much greater attraction. It is very difficult sometimes to fill jobs on a temporary basis. This is not an advantage to the manager; it is not an advantage to the Government; and, I want to emphasize to you, Mr. Waldie, we are not interested in unnecessary enhancement of the temporary work force.

However, we feel that in a work force of this size, with the tremendously varied missions that the Government faces, the tremendous dynamism of the service, and the varied requirements of the service, that an authority for temporary employment is absolutely essential. We feel that the types of authorities have been reasonably and flexibly used to accommodate the specific situations we have faced. I think the IRS is an excellent illustration and I think their use of authorities has been beneficial to the employees, the management, and the taxpayer.

Mr. WALDIE. I think I could concur in everything you said, if I did not find that your philosophy seems to be to encourage the use of temporaries, by extending them beyond a year, by delegating your authority to the agency that makes the decision, by then creating a whole new class of temporaries, for 4 years instead of 1 year.

It used to be 1 year, but it is now 4 years, but do not have the rights of the permanent employees. I see the trend to increase the availability of temporaries, not to restrict its use, and that is what leads me to conclude that the system, the managers of the system have determined they like that idea of having a great big reservation of temporaries, that they can swing into action and swing out, without having any responsibility to the employees involved.

It is true, you have no responsibility of any real nature to temporaries, but you do have to permanent ones, and the idea is to keep the permanent work force as low as possible, but your temporaries seem to be increasing. I guess historically, has it not increased?

Mr. JACOBSON. No.

Mr. WALDIE. Have you got less temporaries now than a decade ago, percentage-wise?

Mr. JACOBSON. I could not go back a decade, but I could go back to 1966. Since then I would say the level has held rather steady.

I have the figures by month and by year, and I do not know if you want me to give a yearend figure, like December, or another date because the temporary picture is complicated by the large group of summer temporary employees.

Mr. WALDIE. I would not have one objection to the use of temporaries, if you kept that 1-year prior approval, but I do not see you keeping that 1 year. I so not see you even keeping prior approval.

I see all of the tendencies are to remove the restrictions on the use of temporaries, and one of the restrictions, you cannot employ them for a period of time over a year, and the other restriction is if you want to reemploy them, you must get prior approval, and one of the reasons for that restriction is to get the managers not to abuse their authority. That is the only reason for this restriction.

Mr. JACOBSON. Certainly.

Mr. WALDIE. So when you relax those restrictions, you are getting further away from that objective of making certain that management does not abuse the use of temporaries, and my concern, I see you getting away from that objective.

Mr. JACOBSON. As I have indicated, I feel we have only acted where we had very good reason. I think in the case of the Southeast Asia buildup, we had very good reason, and I think in the case of IRS, we had very good reason. I think these were considered at some length by the Commission before they granted the authorities and several times since, they have been reconsidered, I think, quite carefully. I really feel these were in the public interest. Obviously the Commission believed that. I do not think this is a general attitude toward relaxation.

Mr. WALDIE. It may be. I may be drawing inferences from sparse evidence that is erroneous. Just a general question, I continually get the feeling, everytime I come across the Civil Service Commission, in health benefits, and now in RIF authority, I continually get the feeling there is a much greater response on the part of the Civil Service System for the managers of the system than for the employees.

I believe you would respond in the negative to that feeling, the Civil Service Commission has an equal responsibility for the employees as well as for the managers. I see you as the agents for the management, is that unfair?

Mr. JACOBSON. If I may philosophize with you a bit, although to what extent I am speaking officially for the Commission, I do not know.

Mr. WALDIE. I would not hold you to it. I hope some day to get Mr. Hampton up here. It is very difficult, but we will keep trying.

Mr. JACOBSON. He was out of town today.

Mr. WALDIE. You might convey to him my desires to have him up here. We will keep requesting.

Mr. JACOBSON. We would be glad to. I think it is important to go back to the Civil Service Act of 1883 which created the Civil Service Commission. It is very interesting to note that it provided that the Commission, if I may use the expression, was to be a creature of the Presidency.

The rules under which the Civil Service Commission operates are the President's rules under the general law of the Congress.

Generally it is true, not only of the Civil Service Act but of all subsequent legislation, that the general thrust of the Civil Service Commission's functions is that of responsibility to the President for the

efficient and effective administration of the civil servants. Now, this does not mean that we do not have a deep and abiding concern for the civil servant, because we do.

We think we are charged not only by law but by the President with having that concern. We are clearly, it seems to me, however, an arm of the Presidency and not a neutral third party. Our responsibility, for example, in our appellate role, is clearly one of seeing to it in the interest of the employee that there is efficient and effective administration of the civil service laws.

Mr. WALDIE. As long as it does not intrude heavily upon the Presidential policies.

Mr. JACOBSON. I do not think we can go counter to Presidential policies.

Mr. WALDIE. Actually you really ought not be the agency that handled employees appeals, because you do, and you find yourselves in conflicts of interest.

You are the creature of the President, and he appoints the Commission, and you better do his bidding, and those who work for the Civil Service Commission, better do the work of the Commission, and the employees are generally complaining about actions of the executive branch, the managers of the executive branch, and it does place them in a difficult position to appeal to a body whose responsibilities are to comply with the executive branch's policies.

Mr. JACOBSON. I think I would like to comment also that the laws we administer were passed by Congress and that we do make every effort to administer them faithfully.

Mr. WALDIE. I think you do. I have not really thought of it until you pointed it out.

We may have created a situation which may have inherent conflicts of interest.

For example, on the appeal of employees complaints of administration of their health insurance programs, the Civil Service Commission does not feel they have any ability at all under the statute to reverse the decision of any carrier, none whatsoever. I was astounded when I heard that, but the statute seemed to sustain that conviction.

I do not see anywhere in this system, very frankly, an independent body to whom the employee can turn for a judgment as to whether he has a grievance that is just, as to which does not have great conflicts of interest.

Mr. JACOBSON. Obviously my remarks have been interpreted somewhat differently from the way I would like. It seems to me it is in the interest of the President, and I am not talking about any particular president, to see to it that employees are treated fairly and that managers of Federal departments and agencies do not behave in a way in which they should not behave regarding their employees. The Civil Service Commission has not hesitated to direct the restoration of employees even in cases where an agency head has personally appealed to the Commission and indicated his desire not to take a directed action.

We do not regard our responsibility to the President as meaning that we are on management's side in a situation where management may have been wrong, and it is in the interest of the executive branch as a whole to correct that action. I think we will stand on our record, that we have corrected agency actions and will continue to do so.

Mr. WALDIE. But the presumption is what I think operates against the employee, I think the manager is right, and the burden of proof is on the employee—148 appeals, 143 of them sustained on behalf of the agency, five reversed.

It has to have some meaning, either the employees are frivolously filing appeals, or the Commission is zealously concerned with protecting management. There does not seem to be anything in between.

Mr. JACOBSON. Look at it this way, Mr. Waldie. If we were to find that an agency personnel official, who had the responsibility for carrying out a reduction of force, for example, was so incompetent as to be wrong even half the time, we would be seriously disturbed and would try to have something done about that particular personnel official because our RIF regulations have been in existence and substantially unchanged for a very long period of time.

There was a period in the 1950's when reversal rates on reduction in force actions were very much higher. We made a much greater effort then to look at and improve both the clarity of the instructions and the training of the people who were doing the job. Now, if they are doing their job right, we ought to sustain them.

Mr. WALDIE. I am going to present you with a series of cases about contracting out, I will show you the contracting contract, signed during the reduction in force, and that seven civilian employees were replaced, and reduced in force, and that contract was now being performed by the civilian contractor. If I were to show you those facts as I have laid them out, would that be a violation of the RIF?

Mr. JACOBSON. No.

Mr. WALDIE. Can they do that?

Mr. JACOBSON. The RIF regulations do not speak to contracting out.

Mr. WALDIE. The RIF regulations did speak to contracting out. It is in our record, that says you cannot replace RIF'd employees by contracting out.

Mr. JACOBSON. The authority for that comes from an OMB circular that says the same thing. It does not come from the reduction-in-force regulations.

Mr. WALDIE. Is what you are telling me that that circular, the OMB circular, is not based on any regulations?

Mr. JACOBSON. I do not seem to have a copy but the OMB circular No. A-76, revised, which was referred to, I believe, provides guidance to all departments and agencies on contracting for services. It is an extensive circular and it has a good many instructions in it. I would not attempt to cite for you the authority under which that circular is issued.

It is issued by the Director of the Office of Management and Budget and I am sure that authority is clear even though I do not know what it is.

Mr. WALDIE. But you would not find it a violation of regulations if a defense installation contracted out activities that were being performed by civilian employees in order to reduce their positions that this agency was required to reduce?

Mr. JACOBSON. We would not find it a violation of our regulations, Mr. Waldie.

Mr. WALDIE. Is that right?

Mr. JACOBSON. I am subject to correction but as I recall, there is nothing in our regulations on this subject.

There is an executive branch policy on the subject, which says something like you will not use contracting out as a substitute or for that matter, overtime, as a substitute for or as a device to get around ceilings.

There is specific language in the circular of the OMB. We do not enforce that circular. We have no authority to enforce that circular.

Mr. WALDIE. OK. Then the employee feels he is aggrieved, he cannot go to you, you say you have nothing to do with that, so he has to go to court. Is not that beautiful?

Mr. JACOBSON. I know of no other relief.

Mr. WALDIE. I know of no other relief either. I always assumed he could come to you. I always assumed an employee could come to the Civil Service Commission, if they were improperly treated, and that means if the employer's directives were not followed out, and that is not the case, there is no basis of appeal given those facts?

Mr. JACOBSON. As far as I can see, there would be no such basis because the right of appeal to us derives from a claim of violation of our regulations and our authority to enforce actions on agencies arises from violations of our regulations, not somebody else's.

I believe, in fact, there were some cases of this type some years ago involving some NASA employees. Perhaps I could provide some information to you on those cases in which we denied the appeals, they went to court, and the court upheld our action.

There were, however, other issues involved in those cases. In some, I believe we acted on the appeals when we thought that improper actions under our regulations were taken but on this issue we feel that we have no regulatory involvement and, therefore, no enforcement authority.

Mr. WALDIE. This is a statement I guess to which you have reference, it is a statement from the Executive Office of the President:

Contracts with private firms or individuals will not be increased or used as a way to circumvent the required reduction in employment.

Mr. JACOBSON. The prohibition against the use of contracting out to avoid ceilings is repeated in OMB Circular No. A-64, revised, section 4d which states:

Any decision to substitute the use of service contracts for direct employment, or change the proportionate use of full-time permanent or temporary, part-time or intermittent employment, must be based on considerations of effectiveness of economy in administering Federal programs, and must not be used as a device to avoid compliance with the ceilings.

Mr. WALDIE. OK. You are a creature of the President, you have regulations that you can independently adopt, independent and expanding your authority the Congress gave you under the statute, and the President says this is his policy. His policy is not followed, and an employee is aggrieved. The present situation is the employee has to go to court.

Mr. JACOBSON. The first redress of an employee in a situation of that type is through his agency grievance procedure.

In other words, he can present his grievance on an issue of that kind and bring it to the top management of the agency. In the case of a situation in which perhaps a local commander took an action which the employee deems improper, there is a grievance procedure within the agency. There is no provision for grievance to the Civil Service Commission except on matters that come under our statutory authority

and for which we have established a regulatory right of appeal of the Commission.

Mr. WALDIE. The more I learn, it leads me to believe the employees are in worse shape than I thought they were. It is incredible what few rights the employees have to get grievances redressed.

The employee gets to the end of the line of the grievance procedure, it is no, no, no, and the employee then goes back to work or he quits. That is it.

Well, you have been very helpful to me, and I appreciate your knowledge of the matter. I would like to have that initial material at your early convenience. We could draw some conclusions from it.

Just for my information as a lawyer and as a Congressman, how does a regulation get into the personnel manual? Do you have to follow an administrative procedure?

Mr. JACOBSON. Mr. Congressman, I am not a lawyer, but our regulation making authority is not subject to the Administrative Procedures Act.

We do, however, have to publish our regulations in the Federal Register. It is not subject to the rulemaking procedures and it is specifically excepted in the APA.

The Commission does, as a matter of longstanding practice in any manner of regulation, consult with all interested parties—with the agencies, with the unions, and frequently with other organizations that have expressed an interest. Recently, we have followed a practice which is similar to APA practice and even though we are not bound by it of putting draft regulations on major matters in the Federal Register so that there may be a broad public view of them. Even where we have not done this, however, we do make it a point to consult all parties.

Mr. WALDIE. The question involves my astonishment at finding that this beautifully laid out section 4.4 of subparagraph 4, temporary limited employment, has no application to the problem, because there was something else done which did not appear anywhere. Does that appear anywhere except in your files? Is it published for the public to know they were exempted?

Mr. JACOBSON. I believe it is. I believe it is in the Federal Personnel Manual. The manual itself consists of regulations and additional instructions.

Mr. WALDIE. Yes; this one is instruction 86, February 10, 1967.

Mr. JACOBSON. I am afraid that stands—I am sorry, but there are frequently supplemental materials that are issued.

Mr. WALDIE. The poor fellow going through and reading this thinks he finally has got the law, since he does not find any footnote to let him know that it has been changed. Where does he go to be sure?

Is there anywhere a Congressman can turn, to say, by golly, those are the rules of the Civil Service Commission?

Mr. JACOBSON. We will try to provide the answer for you.

Mr. WALDIE. That exemption was first granted in 1965. This is 1972, so I presume, it should have worked its way into the public notice somewhere.

Mr. JACOBSON. I think there was general public knowledge of it at the time. If I am not mistaken, we may have issued a press release. You are talking about some place in the permanent record?

Mr. WALDIE. To try to find out what his rights are, and who comes all excited to get you before the committee, you pointed it out, but

others do not have that privilege, but I was led to believe that what you were doing was improper, or I assumed so, and then you come up with this.

Mr. JACOBSON. I will provide as complete an answer as I can to that. Frankly, I am not sure of the answer at this point but I will obtain it for you.

Mr. WALDIE. Counsel underlines a portion of your statement that had escaped my attention, so I could clear it in my own mind, that a 4-year term of appointment, authority no longer exists apparently, on page 8 of your first paragraph.

Mr. JACOBSON. Let me read this last page, Mr. Chairman.

We have authorized the Department of Defense to make term appointments to jobs that are expected to disappear as the need decreases for civilian support of the Southeast Asia emergency. The use of this authority was discontinued about a year ago. The aim of this type of noncareer appointment is to avoid bringing in more career employees at the same time the Department is closing bases and working hard to find other jobs for the career employees who are slated to be separated.

Briefly, employees with temporary limited appointments have no protection in a reduction in force. They are the first to go because of the very nature of the employment contract—temporary, not to exceed 1 year.

Those with term appointments have very limited protection—they are in the lowest retention group and are among the first to be separated in a reduction in force.

What we said on this page, Mr. Chairman, was that the use of this authority, the authority to the Department of Defense to make term appointments, was discontinued.

Mr. WALDIE. Discontinued by them?

Mr. JACOBSON. By them, with understanding from us.

Mr. WALDIE. But they still have the authority?

Mr. JACOBSON. Let me put it this way, technically, the term appointment authority generally has been in existence for all agencies for a substantial period of time, predating any special authority to the Department of Defense. It is a thing that we originally created to deal with very specialized problems, largely of a scientific nature.

It is a long-range project, for which it is not intended to give permanent employment and it has very limited use.

I would doubt that there is anything like more than several hundred at the most of such appointments at any one time. The authority is still on the books for all agencies.

DOD issued instructions to its field activities in, I believe, August of last year to discontinue term appointments in the future and to make no further term appointments. At this point, it is apparent that the authority will be officially removed from the DOD books. However, there is still a special need for a continuing authority for similar situations.

Mr. WALDIE. The last question, in the event that there is a regulation concerning employees and employment rights that has not been published in the Federal Personnel Manual; is it enforceable?

Mr. JACOBSON. There would be no regulation of the Civil Service Commission that would not have been published in the Federal Personnel Manual.

Mr. WALDIE. So this DOD exemption has to have been published in the Federal Personnel Manual. It is a regulation?

Mr. JACOBSON. It is an exception. We have a general exception authority, under both our law and the President's rules, and that is why I am not sure about the question that you asked me earlier.

Mr. WALDIE. Ask your counsel, or whoever is involved, No. 1, where is that exception published.

No. 2, if it is a regulation of the Commission, the exception, No. 3, is it, if in fact there is a failure to have it published in the Federal Personnel Manual, does it have any bearing on its enforcement, but normally, a regulation that is scheduled for inclusion here, Federal Personnel Manual, that is not published, is it enforceable until it is published.

Mr. JACOBSON. If it is published in the Federal Register as all regulations are at first, it is certainly enforceable, to the effect that it is specified in the regulations. That would be the legal situation, I am sure.

Mr. WALDIE. Would that exemption be published in the Federal Register for DOD?

Mr. JACOBSON. Again, I will have to inquire into that.

That is part of the general question you asked me as to what we have done in order to make that exception to the regulation part of public knowledge.

Mr. WALDIE. Right. I suspect this manual itself has no function other than to let the public know what the situation is.

Mr. JACOBSON. It is essentially instructions directed to the Federal departments and agencies. As a matter of service it is available to the general public.

Mr. WALDIE. Thank you very much. You have been very, very helpful.

Mr. JACOBSON. Thank you, Mr. Chairman.

Mr. WALDIE. The meeting is concluded.

(Whereupon, at 3:10 p.m., the meeting was concluded.)

(The letter which follows was furnished for the record in answer to several questions during the preceding testimony.)

U.S. CIVIL SERVICE COMMISSION,
BUREAU OF POLICIES AND STANDARDS,
Washington, D.C., September 8, 1972.

HON. JEROME R. WALDIE,
Chairman, Subcommittee on Retirement, Insurance, and Health Benefits, Post Office and Civil Service Committee, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request for additional information in the July 21 hearing before the Subcommittee on Retirement, Insurance and Health Benefits I have attached:

An excerpt from the evaluator's handbook concerning the review of reductions in force (attachment I);

Excerpts from three evaluation reports on DOD activities in which a reduction in force was discussed (attachment II, reference, p. 130 of the transcript);

An example of a recent study made on the general use of temporaries in the federal service (attachment III, reference, p. 139); and

An example of Civil Service Commission action when there appeared to be abuse of temporary appointments (attachment IV, reference, p. 139).

It should be noted that CSC evaluation reports are problem oriented; that is, a report might not discuss any particular program in detail, even though it was reviewed thoroughly, unless a problem was found or if we had recommendations for improvements. In reviewing RIF activity, we are concerned not only with assuring that activities are adhering to the letter of our regulations but also that

maximum efforts are being made to minimize the adverse effects of a RIF. The above mentioned material is taken from internal memoranda which are covered under Section 552(b) of Title V, U.S.C., and Part 294 of the Commission's regulations and should not be released to the public. The material is submitted for your information only.

In addition, I am enclosing the following material which has no restriction on its use:

A statistical summary of RIF activity at a significant number of DOD activities in California (We do not have statistics on the total number of employees affected by the RIFs, only on those who were actually separated as a result of a reduction in force.) (attachment V(a), reference, p. 122);

A breakdown of RIF appeals at DOD activities (In the eight appeals in which the decision was to reverse the agency, each employee had appealed a change to lower grade. The decision was based on the failure of the agency to make a proper reassignment offer.) (attachment V(b), reference, pp. 116, 118, 120, 122);

A copy of the CSC form completed by appellants of RIF actions (attachment V(c), reference, p. 122);

A statistical summary of all RIF appeals in FY 72 (attachment V(d), reference, p. 122);

Statistics on the extension of temporary appointments approved by the Commission for HEW and DOD in FY 72 (attachment V(e), reference, pp. 142, 143, 146, 147);

A statement on the Commission's authority to allow agencies to make temporary appointments for longer than one year (attachment V(f), reference, pp. 134, 169, 170, 173);

Two other instances in which the Commission has authorized agencies to extend temporary limited appointments beyond one year without prior approval (attachment V(g), reference, p. 137); and

Letters of authority (attachment V(h), reference, pp. 135, 136, 173).

I hope this information will be of assistance to the Subcommittee. I will be glad to discuss any of these matters with you or your staff and answer any questions about these data.

Sincerely yours,

RAYMOND JACOBSON,
Director, Bureau of Policies and Standards.

(Enclosure.)

ATTACHMENT V(a)

AGENCY—ARMY

[Fiscal year 1972]

	RIF notices issued	Separations
Sacramento Army Depot.....	106	0
Sharpe Army Depot.....	900	50
Presidio of San Francisco.....	28	1
Fort Mac Arthur.....	5	2
Corp of Engineers, Los Angeles.....	30	7
Tracy Defense Depot.....	54	0

AGENCY—NAVY

Long Beach Shipyard.....	550	160
Construction Battalion Center.....	177	92
Weapons station, Seal Beach.....	5	2
Air station, Alameda.....	26	10
Supply Center, Oakland.....	679	57
Air rework facility.....	672	78
Weapons station, Concord.....	39	15
Mare Island Shipyard.....	755	135
Weapons station, China Lake.....	36	0

AGENCY—AIR FORCE

Edwards Air Force Base.....	266	10
Air Force contract management division.....	24	3
McClellan Air Force Base.....	500	2
Hamilton Air Force Base.....	58	1
Air Force space and missile systems.....	201	7
Vandenberg Air Force Base.....	225	28

ATTACHMENT V(b)
FISCAL YEAR 1972

Appeals activity	Action			Personal appearance			Agency sustained	Agency reversed	Pending
	Total	Reass.	CLG	Sep.	Veteran	Yes			
ARMY									
WA—MTMTS, Oakland Army Base.....	9	2	6	1	4	1	8		3
Sharpe Army Depot.....	11		10	1	7		11		
Fort Ord.....	1		1		1		1		
Hughes plant activity, Culver City.....	1	1			1		1		
Sacramento Army Depot.....	1	1					1		
San Francisco Procurement Agency.....	2		2		2		2		
San Francisco Procurement Agency.....	1			1			1		1
Army Material Command.....	1				3		4		2
Defense Depot Tracy.....	6	1	5				6		
Total.....	32	5	24	3	18	2	30	27	5
NAVY									
Naval Weapons Station, Concord.....	3	1	1	1	2		3		
Hunters Point Nevada Shipyard.....	4	1		3	1		4		
Mare Island Naval Shipyard.....	31	1	26	4	16	1	24	3	4
Naval Ship Systems Command and Naval Engineering Battalion, Port Hileneme.....	5	1	2	2	3		5		
Naval Station, Treasure Island.....	3		1	2	6		3		
NAS at NAF, Alameda.....	12	1	5	6	6		12		
Amphibious Base, Coronado.....	1			1	1		1		
Naval Supply Center, San Diego.....	1		1				1		
Naval Personnel and Training Research Laboratory, San Diego.....	2		2		1		2		2

ATTACHMENT V(c)

There has been no discernable pattern as to the nature and basis of appeals accordingly to our appeals examiners in California. Attachment V(c) is a copy of the CSC form completed by appellants of RIF actions. The items circled in Section II of that form are generally noted by appellants as being the basis for their appeal. These are regulatory issues and the appeals are decided on the basis of the regulatory correctness of the agencies' actions.

UNITED STATES CIVIL SERVICE COMMISSION			
REDUCTION-IN-FORCE APPEAL -- REQUEST FOR ADDITIONAL INFORMATION			
(Please complete Sections I and II and provide any information requested by Section III)			
SECTION I. GENERAL.			
1. NAME (Last name, first name, initial)		2. ADDRESS (Street & No., city, State and ZIP Code)	
		3. HOME PHONE	
		4. OFFICE PHONE	
5. POSITION		6. GRADE AND SALARY	
7. AGENCY		8. BUREAU	
9. LOCATION OF AGENCY ESTABLISHMENT		10. ARE YOU ENTITLED TO VETERAN PREFERENCE?	
		<input type="checkbox"/> YES <input type="checkbox"/> NO	
11. DATE YOU RECEIVED NOTICE		12. EFFECTIVE DATE OF RIF ACTION	
13. TENURE SUB-GROUP		14. SERVICE DATE	
<input type="checkbox"/> 15. HAS YOUR AGENCY OFFERED YOU ANOTHER POSITION IN LIEU OF SEPARATION? <input type="checkbox"/> YES <input type="checkbox"/> NO. IF YOUR ANSWER IS "NO," SEE ITEM 16 BELOW; IF YOUR ANSWER IS "YES," PLEASE GIVE THE FOLLOWING INFORMATION:			
(A) TITLE OF POSITION OFFERED TO YOU _____			
(B) GRADE AND SALARY OF POSITION OFFERED TO YOU _____			
<input type="checkbox"/> (C) DID YOU ACCEPT THIS POSITION? <input type="checkbox"/> YES <input type="checkbox"/> NO. IF YOUR ANSWER IS "NO," SEE ITEM 16 BELOW.			
<input type="checkbox"/> 16. IF NO POSITION HAS BEEN OFFERED TO YOU OR IF YOU HAVE DECLINED A POSITION OFFERED TO YOU, WHAT IS THE LOWEST POSITION YOU WILL ACCEPT? _____			
IF YOU WISH TO BE CONSIDERED FOR ALL POSSIBLE ASSIGNMENTS, DO NOT ANSWER THIS QUESTION. IF YOU ANSWER THE QUESTION, WE WILL CONSIDER YOUR ASSIGNMENT POSSIBILITIES ONLY FOR POSITIONS AT AND ABOVE THE LEVEL OF THE POSITION INDICATED BY YOU AND IT WILL BE CONSIDERED THAT YOU WILL HAVE FORFEITED WHATEVER RIGHTS YOU MIGHT HAVE TO BE ASSIGNED TO POSITIONS BELOW THE LEVEL OF THE POSITION INDICATED BY YOU.			
SECTION II. BASIS FOR APPEAL. PLEASE CHECK THE BOX OR BOXES BELOW WHICH INDICATE THE BASIS FOR YOUR APPEAL. FOR THOSE BOXES CHECKED, PLEASE GIVE US AS MUCH INFORMATION AS POSSIBLE TO SUBSTANTIATE YOUR CLAIM			
<input type="checkbox"/> 1. AGENCY MADE AN ERROR IN COMPUTING MY SERVICE DATE. EXPLAIN:			
<input type="checkbox"/> 2. I WAS PLACED IN THE WRONG TENURE SUB-GROUP. EXPLAIN:			
<input checked="" type="checkbox"/> 3. MY COMPETITIVE AREA IS TOO NARROW. EXPLAIN:			
<input checked="" type="checkbox"/> 4. MY COMPETITIVE LEVEL IS TOO NARROW. EXPLAIN:			

ATTACHMENT V(d)
RIF APPEALS—FISCAL YEAR 1972

Region	On hand	Received	Canceled	Decided				Percent of reversals
				Total	Upheld	Agency reversed	Pending	
Atlanta.....	14	404	47	243	235	8	128	3.3
Boston.....	16	134	27	83	77	6	40	7.2
Chicago.....	17	252	42	178	170	8	49	4.5
Dallas.....	25	317	92	213	191	22	37	10.3
Denver.....	11	130	24	81	80	1	36	1.2
New York.....	15	149	21	82	71	11	61	13.4
Philadelphia.....	36	330	19	289	222	167	58	23.2
St. Louis.....	7	115	30	48	46	2	44	4.2
San Francisco.....	67	357	21	316	301	15	87	4.8
Seattle.....	4	71	8	57	57	0	8	0
AEO.....	44	329	27	249	205	44	97	17.7
Total.....	254	2,588	358	1,839	1,655	184	645	10.0

143 were Army and Navy.

ATTACHMENT V(e)

FISCAL YEAR 1972 REQUESTS FOR CSC PRIOR APPROVAL TO EXTEND TEMPORARY LIMITED APPOINTMENT BEYOND 1 YEAR (BY CSC REGION)

Region	Department of Health, Education, and Welfare		Department of Defense	
	Number of positions for which prior approval was requested	Number of positions for which prior approval was granted	Number of positions for which prior approval was requested	Number of positions for which prior approval was granted
Atlanta.....	14	14	403	400
Boston.....	1	1	30	27
Chicago.....	18	17	138	138
Dallas.....	7	7	620	616
Denver.....	9	9	166	164
New York.....	30	30	26	26
Philadelphia.....	30	28	36	36
Seattle.....	0	0	101	83
San Francisco.....	8	6	276	271
St. Louis.....	5	5	174	127
District of Columbia metropolitan area.....	6	6	6	6
Total.....	128	123	1,976	1,894

ATTACHMENT V(f)

THE COMMISSION'S AUTHORITY TO ALLOW AGENCIES TO MAKE TEMPORARY APPOINTMENTS FOR LONGER THAN 1 YEAR

You have asked on what basis the Commission authorized the Department of Defense to extend beyond one year temporary limited appointments made in connection with operations in Southeast Asia. Ultimately, of course, our authority to do so is based on the civil service laws. The following is an outline of the sources from which that authority is derived.

Section 3301 of title 5, United States Code, provides, in pertinent part:

The President may—

(1) prescribe such regulations for the admission of individuals into the civil service in the executive branch as will best promote the efficiency of that service

Section 3302 of title 5 provides, in pertinent part: "The President may prescribe rules governing the competitive service."

Acting under authority of these two sections, the President on November 22, 1954, issued Executive Order 10577 promulgating a number of Civil Service Rules. These Rules provide, among other things, that: "The Commission may determine the types, duration, and conditions of . . . temporary appointments . . ." (Section 2.2(c) of Rule II.)

Exercising the authority so delegated to it by the President, the Commission has adopted regulations establishing and governing temporary limited appointments (that is, appointments in the competitive service normally limited to one year or less). Section 316.402(a) of the Commission's regulations provides:

General rule.—An agency may make and extend a temporary limited appointment only with specific authorization from the Commission, except under the conditions published by the Commission in the Federal Personnel Manual or as provided in paragraph (b) of this section.

(Paragraph (b) is concerned with noncompetitive temporary limited appointments and is not relevant to this discussion.)

In the Federal Personnel Manual, the Commission's instructions on temporary limited appointments are found in chapter 316. Two sections of that chapter are pertinent here—sections 4-4 and 4-10. Section 4-4 provides that the Commission may authorize the extension of a temporary limited appointment beyond 1 year when it is shown that the following conditions exist:

- (1) the original temporary appointment was made in good faith;
- (2) the extension is required to complete the work on which the temporary appointee is engaged; and
- (3) the extension is not so long that in the interest of the competitive system a career or career-conditional appointment would be preferable.

Section 4-10 provides that temporary limited appointments may be made only as spelled out in chapter 316 unless the Commission otherwise specifically authorizes.

As a result of operations in Southeast Asia, it was necessary for the Department of Defense to enlarge its civilian workforce. But the need for these employees would end with the conflict in Southeast Asia. Consequently, DoD did not want to make career-conditional appointments because to do so would build up the workforce with career employees and eventually necessitate a reduction in force on a large scale. Moreover, offering career-conditional appointments to positions that would not extend beyond the emergency would be misleading to appointees. DoD considered that temporary limited appointments would be most appropriate.

While the Department could not say definitely how long the additional employees would be needed, it felt that, in view of the nature of the work they would be performing and the importance of this work to the emergency in Southeast Asia, it was important to be able to extend their appointments beyond the normal one-year period if the situation in Southeast Asia was still critical. DoD asked the Commission for authority to do so.

As explained above, section 4-4 of FPM chapter 316 provides that the Commission may authorize the extension of temporary limited appointments beyond one year when it finds that specified conditions exist. While these extensions are generally handled on an individual-case basis by the Commission's Area Offices, there is nothing in our instructions to preclude giving prior approval for a "class" of cases, if appropriate. After careful consideration of all the factors in this unusual situation, we decided that we could say in advance that the specified conditions would exist if the Southeast Asia situation lasted beyond the point when the temporary limited appointments would ordinarily run out. By giving advance approval on a class basis, we could assure the Department that its ability to support military operations in Vietnam would not be impaired through unreasonable personnel requirements. We also could avoid the need for Commission offices to process a large number of essentially identical individual cases.

Therefore, in January 1966 we authorized the Department of Defense to extend temporary limited appointments for not to exceed one additional year at a time when the appointments were the result of Southeast Asia operations and the employees' services were still needed. The Commission's Executive Director notified the Department of his prior approval action by letter of January 28, 1966 and Commission offices by Federal Personnel Manual Letter (Internal) No. 316-17 dated February 4, 1966.

A copy of the FPM Letter (Internal), which includes a copy of the letter to the Department, is attached for your information. This authorization was not incorporated in the basic Federal Personnel Manual because it is not our practice to put into the Manual matters which concern only one agency.

Since we believed that some kind of limitation should be placed on the authority to assure that the need for it was reviewed after a reasonable period, we asked the Department of Defense to report to us by January 1, 1968, on whether the authority was still needed. In December 1967 the Department reported that a temporary workforce was still needed to support Southeast Asia operations. It was still not possible to say how long the conflict would last, but now there seemed

every likelihood that its duration would be reckoned in years rather than months. After exploring the problem carefully, it was agreed that term appointments (appointments for more than one but not more than four years) offered the best solution to the problem of how to maintain an adequate support staff without building up the permanent workforce to levels that could not be sustained. With term appointments, employees would have the health benefits, life insurance, and within-grade increases not available to employees with more limited appointments. In January 1968, DoD was authorized to make term appointments for up to four years to positions involving Southeast Asia operations. In addition, the Department was authorized to convert to term employment those employees then serving under temporary limited appointments in positions involving Southeast Asia operations, provided it was anticipated that the need for their services would extend beyond one year.

At the same time, DoD was authorized to reappoint temporary limited appointees in positions involving Southeast Asia operations *when it was not expected that their services would be needed for more than one additional year*. These reappointments were authorized under section 4-10 of FPM chapter 316 which, as explained above, allows the Commission to authorize methods of making temporary limited appointments other than those specified elsewhere in the FPM. We made clear to the Department that, in the future, new temporary limited appointments to positions involving Southeast Asia operations were to be made only when it was anticipated at the time of appointment that the need for the appointees' services would not extend beyond one year.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., January 28, 1966.

HON. THOMAS D. MORRIS,
Assistant Secretary of Defense (Manpower),
Washington, D.C.

DEAR MR. MORRIS: This is in reply to your letter of December 7, 1965, requesting authority to extend certain temporary appointments beyond one year. In this connection consideration was also given to a proposal discussed by members of our staffs relating to position change of temporary personnel.

In view of the circumstances, you are authorized to extend temporary limited appointments for not to exceed one additional year at a time without prior approval of the Commission when the appointments are the result of the Southeast Asia operations and the employees' services are still needed. Appointing officers should report extensions in the usual manner, citing this letter as authority. (See FPM Supplement 296-31, item 2-9-G, page V-60.) In this connection, it is understood that the Department will establish such controls as may be needed to assure that the authority in this letter is used only for the purpose indicated.

While no specific time limitation is placed on this authority, please let me know no later than January 1, 1968, as to whether the authority is still needed in the light of subsequent developments. If they are, we will want to consider whether some other arrangement might not be more appropriate.

We have given careful consideration to the proposal that this authority be coupled with authority for the noncompetitive movement of the employees concerned. Temporary limited employees are, of course, ineligible for noncompetitive movement under our present appointment system. In essence, this particular proposal would modify one of the basic concepts of the career-conditional system. We would be loath to go this far without giving the matter some very careful study. We would be particularly reluctant to move in this direction in advance of a demonstrated need. If such a need materializes, we can, of course, give the matter further consideration at that time.

Sincerely yours,

NICHOLAS J. OGANOVIC,
Executive Director.

U.S. CIVIL SERVICE COMMISSION,
FEDERAL PERSONNEL MANUAL SYSTEM,
Washington, D.C., February 4, 1966.

LETTER (INTERNAL)

Subject: Extension of Certain Temporary Limited Appointments in the Department of Defense.

Central and Regional Office Officials:

The Department of Defense has been authorized to extend temporary limited appointments for not to exceed one additional year at a time without prior approval of the Commission when the appointments are the result of the Southeast Asia operations and the employees' services are still needed. While no specific time limitation has been placed on the authority, the Department has been requested to inform the Commission no later than January 1, 1968, whether the authority is still needed in the light of subsequent developments.

Attached is a copy of the letter to the Department of Defense concerning the above authority.

NICHOLAS J. OGANOVIC,
Executive Director.

ATTACHMENT V(g)

OTHER INSTANCES IN WHICH THE COMMISSION HAS AUTHORIZED AGENCIES TO
EXTEND TEMPORARY LIMITED APPOINTMENTS BEYOND 1 YEAR WITHOUT
PRIOR APPROVAL

You also asked for information on other instances in which the Commission has authorized agencies to extend temporary limited appointments beyond one year without our prior approval. Two cases are discussed below.

INTERNAL REVENUE SERVICE

In 1961 the Internal Revenue Service began a program of converting from manual to automatic data processing. As a result of this conversion, a significant number of jobs were to be abolished, and, at the same time, new—and, generally, different—jobs were to be created. In addition, there would be a change in the geographical location of some employees' worksites.

IRS wanted to do everything possible to reduce the adverse impact of the conversion program on its career workforce. Therefore, the Service planned, whenever possible, to retrain employees whose jobs were being abolished and to give employees every opportunity to move to jobs at new worksites or to continuing positions at their current locations. But it was also necessary to continue day-to-day operations during the conversion program.

IRS was, thus, faced with the problem of filling vacant jobs which were essential to ongoing operations but which would eventually be abolished. Since these were not continuing positions, it was not desirable to fill them by career-conditional appointment. Moreover, the Service wanted to "save" jobs for its career employees whose old positions would be abolished by filling continuing positions on a temporary basis until the career employees could be assigned to them.

The only type of nonpermanent appointment available for filling these jobs was the temporary limited appointment. (Term appointments were not created until 1962.) However, the conversion program was going to require several years. So filling the positions by temporary limited appointment was practical only if the appointments could be extended beyond one year.

After considering the matter carefully, the Commission, in 1961, authorized IRS to renew for up to two additional one-year periods the initial temporary limited appointments of persons hired in connection with the conversion program.

In 1964 the Commission reviewed the situation and concluded that the authority to make renewable temporary limited appointments should be replaced with

authority to make term appointments, and this was done. In addition, IRS was authorized to convert noncompetitively to term appointment those employees serving under temporary limited appointments in connection with the ADP conversion program.

In 1965, the pace of the conversion program accelerated and IRS felt that most new persons hired from then on would be needed for no longer than a year. But it wanted to be sure that it could extend an appointment beyond a year if unanticipated delays developed. The Commission agreed to restore IRS's earlier renewal authority to provide this flexibility, which it considered reasonable in light of the objectives.

DEPARTMENT OF DEFENSE

In late 1963 and in 1964, the Department of Defense announced that a number of installations would be closed or have their workforce substantially reduced. At the same time, Secretary McNamara committed the Department to offering another job to every employee whose job was eliminated in this base closure and reduction program.

As one step in carrying out this commitment, DoD proposed to fill vacancies in continuing positions at Defense installations not affected by reductions in force on a nonpermanent basis if the vacancies could be used later to place career employees being displaced at other installations. Without any special authority, DoD could not use temporary limited appointments to fill continuing positions, and setting up temporary (one-year) positions for the purpose would not take care of the problem. The base closure and reduction program was scheduled to extend over several years, and DoD anticipated that it would need to "save" some positions for more than one year. Therefore, the Department asked the Commission for a special authority to accommodate the situation.

On the face of it, term appointments would have been the answer since they can be made for as long as four years. But term appointments are made for specific time periods and it was impossible to say in advance exactly how long it would be before DoD might want to vacate a particular "saved" position to make way for a displaced career employee. Consequently, term appointments were not practical in this instance.

The Commission felt that the best solution to the problem was to permit temporary limited appointments initially and authorize DoD to renew them as required. This is what the Commission did in December 1964, but it imposed a limit of three years of total service under the authority.

ATTACHMENT V(h)

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., December 15, 1964.

Mr. LEON L. WHEELLESS,
*Director, Civilian Personnel Policy, Office of the Assistant Secretary of Defense,
Department of Defense, Washington, D.C.*

DEAR MR. WHEELLESS: In your letter of November 20 you indicated that certain special authorities, if approved by the Commission, would greatly assist the Department of Defense in achieving its objective of giving another job opportunity to employees affected by the base closure and reduction program.

After careful consideration the Commission has approved two of the authorities requested. The other proposals are still under consideration. This letter will advise you of the action taken to date.

The first authority requested was authority to make temporary appointments to continuing positions pending the referral for placement of displaced career and career-conditional employees. As we understand your proposal, temporary appointments could be made to continuing positions anywhere in the Department of Defense when the positions in question offered placement opportunities for career and career-conditional employees scheduled to be displaced as the result of the base closure and reduction program, other reductions in force, or employees' failure to transfer with their function to a new location. The Commission has approved the making of temporary limited appointments to continuing positions on this basis.

Mr. Valdes has informed us that the Department of Defense wishes advance authority to renew these temporary appointments when the positions have not

been filled on a permanent basis within one year, and the positions continue to afford placement opportunities for career and career-conditional employees scheduled for displacement. The Commission has authorized one or more renewals of these temporary limited appointments as necessary under the conditions indicated, up to a maximum of 3 years of temporary service.

The authority to make and renew temporary limited appointments to continuing positions is limited to the duration of the base closure and reduction program.

The second authority requested was authority to terminate temporary appointments in any military department or agency for the purpose of placing a career or career-conditional employee from any other military department or defense agency who is scheduled to be displaced. Since no special authority is needed to separate temporary limited appointees, this authority applies to TAPER employees only. The authority would constitute an exception to section 316.801(b) of the regulations. The Commission believes the proposed authority will be useful if it succeeds in creating job openings for career employees. The authority is accordingly approved, with the understanding that in any case where all TAPER employees in a particular competitive level are not separated, separation will be in the order prescribed in FPM Chapter 316, Subchapter 8. In order that all employees, to the maximum extent practicable, will be put on notice as to the possibility of displacement, it is requested that temporary appointees hereafter be officially notified of this possibility at the time of appointment. An appropriate statement under "Remarks" on Standard Form 50 will suffice. This authority too is limited to the duration of the base closure and reduction program.

The third authority requested pertained to a proposed waiver of qualification requirements. We are exploring the various issues involved in this proposal, and will be in further touch with you on this.

Item 4 in your letter concerning a delay in the application of qualification standards and procedures in Handbook X118-C also requires a careful study of the issues. Members of my staff have already had one discussion with Mr. Valdes and representatives of the military agencies. This discussion was very helpful in clarifying the problems which were outlined in your letter of November 20 to Mr. Stahl. We are reviewing the matter very carefully and expect to discuss it further with your staff in the near future.

By direction of the Commission:

Sincerely yours,

WARREN B. IRONS,
Executive Director.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., January 28, 1966.

Hon. THOMAS D. MORRIS,
*Assistant Secretary of Defense (Manpower),
Washington, D.C.*

DEAR MR. MORRIS: This is in reply to your letter of December 7, 1965, requesting authority to extend certain temporary appointments beyond one year. In this connection consideration was also given to a proposal discussed by members of our staffs relating to position change of temporary personnel.

In view of the circumstances, you are authorized to extend temporary limited appointments for not to exceed one additional year at a time without prior approval of the Commission when the appointments are the result of the Southeast Asia operations and the employees' services are still needed. Appointing officers should report extensions in the usual manner, citing this letter as authority. (See FPM Supplement 296-31, item 2-9-G, page V-60.) In this connection, it is understood that the Department will establish such controls as may be needed to assure that the authority in this letter is used only for the purpose indicated.

While no specific time limitation is placed on this authority, please let me know no later than January 1, 1968, as to whether the authority is still needed in the light of subsequent developments. If they are, we will want to consider whether some other arrangement might not be more appropriate.

We have given careful consideration to the proposal that this authority be coupled with authority for the noncompetitive movement of the employees concerned. Temporary limited employees are, of course, ineligible for noncompetitive movement under our present appointment system. In essence, this particular proposal would modify one of the basic concepts of the career-conditional system. We would be loath to go this far without giving the matter some very careful

study. We would be particularly reluctant to move in this direction in advance of a demonstrated need. If such a need materializes, we can, of course, give the matter further consideration at that time.

Sincerely yours,

NICHOLAS J. OGANOVIC,
Executive Director.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., January 30, 1968.

Mr. CARL W. CLEWLOW,
Deputy Assistant Secretary of Defense, Office of the Assistant Secretary of Defense (Manpower), Department of Defense, Washington, D.C.

DEAR MR. CLEWLOW: The Commission has given careful consideration to your December 20, 1967, request for appointing authorities for temporary and term employment in positions involving Southeast Asia operations and has approved the following authorities for use under the circumstances indicated.

(1) The Department is authorized to make term appointments for periods of more than one year but not to exceed four years to positions involving Southeast Asia operations. FPM chapter 316, subchapter 3, contains applicable procedures and requirements for making term appointments. Reporting instructions are in FPM Supplement 296-31. Persons given term appointment under this authority may be promoted, demoted, or reassigned to other positions involving Southeast Asia operations under the authority of section 335.102(e) of the Commission's regulations.

(2) The Department is authorized to convert to term appointment employees presently serving under temporary limited appointment in positions involving Southeast Asia operations, provided it is anticipated that the need for the employees' services will extend beyond one year. To insure comparable treatment for affected employees, it is requested that within each military department, and within the Department outside the military departments, all conversions be made effective on the same date. As you requested, the four-year limitation on term appointment will be considered to run from the effective date of the conversion.

(3) The Department is authorized to extend temporary limited appointments involving Southeast Asia operations for additional periods not to exceed one year, when it is anticipated at the time of extension that an employee's services will not be needed for more than one additional year. In this connection, it is understood that temporary limited appointments to positions involving Southeast Asia operations will be made hereafter only when it is anticipated at the time of appointment that the need for appointees' services will not extend beyond one year.

The Commission's examining offices are being notified of these authorities and upon request will either certify for term appointment or will issue authority for recruitment outside the register in the absence of eligibles.

By direction of the Commission:

Sincerely yours,

NICHOLAS J. OGANOVIC,
Executive Director.